

Dart Energy to buy Apollo Gas

UPDATE: Ross Kelly | From:Dow Jones Newswires | September 28, 2010 1:02PM

DART Energy said today that it could be selling gas to the NSW power market by 2012 after it unveiled a friendly takeover offer for Apollo Gas.

The share-based offer gives the target an enterprise value of about \$145.5 million.

And it values **Apollo's** shares on issue at \$71.4m but an Apollo spokeswoman said Apollo also has 109.6 million shares subject to escrow and cash on hand of \$12m.

The acquisition will give **Dart** its first material interest in an Australian asset, adding to its undeveloped coal seam gas acreage in China, India, Vietnam and Indonesia, and follows the company's spin off from Arrow Energy earlier this year.

Australia's large coal endowment has contributed to its status as the world's biggest carbon emitter per head of population but increasing public concern about climate change is strengthening the investment case for natural gas.

Dart, which already owns 21 per cent of Apollo, is offering three of its shares for every four Apollo shares, or about 79 cents per Apollo share, based on their most recent value before the deal was announced.

Apollo directors and major shareholders representing 54 per cent of the company's shares on issue intend to accept the offer, Dart said.

Dart chief executive Simon Potter said Apollo's gas fields are close to existing power generation infrastructure, minimizing development expenses and helping to make first gas sales possible by 2012 if planned exploration and appraisal drilling proves successful.

Dart's parent Arrow and its coal seam gas assets in Queensland were bought by Royal Dutch Shell and PetroChina for \$3.44 billion to fuel the pair's proposed liquefied natural gas plant there.

Potter said Apollo's gas, in the far more immature NSW coal seam gas market, could possibly be fed into a proposed LNG plant in that state or in Queensland.

"We'd have initial targets to get gas into power as soon as possible but following on later, the portfolio offers sufficient optionality for scale to put gas into a pipeline north," Mr Potter said.

Dart may consider listing its offshore assets separately through an initial public offering of shares once the Australian business "reaches critical mass", Mr Potter said, without providing a specific timeline.

He reiterated that Dart will consider launching an equity raising within the next 12 months to fund its exploration program.

Apollo Gas Jumps After Takeover Offer by Dart Energy

September 28, 2010, 2:36 AM EDT *By Ben Sharples*

Sept. 28 (Bloomberg) -- Apollo Gas Ltd. surged the most in nine months after Dart Energy Ltd. agreed to acquire the 79 percent of the Australian coal-seam gas explorer it doesn't already own to take control of permits in New South Wales state.

Apollo rose 30 percent to settle at 79 Australian cents at 4:10 p.m. in Sydney, the biggest gain since Dec. 15, valuing the company at A\$158 million (\$152 million). Dart climbed 4.8 percent to A\$1.10, while the benchmark S&P/ASX 200 Index declined 0.1 percent.

Dart, which already owns 21 percent of the gas explorer, offered 3 of its shares for every 4 Apollo shares, the Brisbane-based company said in a statement today. The bid has been recommended by Apollo's independent directors, said Dart, which holds assets in Australia, China, Indonesia, India and Vietnam.

"This begins our realization of the strategy in Australia to grow big, and grow fast," Dart Chief Executive Officer, Simon Potter, said on a conference call with investors. The deal enhances the potential option to spin off the international assets through an initial public offer, Potter said.

Dart was spun off from Arrow Energy Ltd., which agreed in March to sell its Australian business to Royal Dutch Shell Plc and PetroChina Co. for A\$3.5 billion. Apollo's New South Wales permits may start producing gas for the domestic market by 2012, Potter told reporters on a separate conference call.

Composite Energy sells 10% stake to Australian firm Dart

SIMON BAIN

4 Sep 2010

Composite Energy, the Scottish-based specialist in the extraction of natural gas from coal seams, is likely to surrender its independence next year to Australian counterpart Dart Energy, after a first stage deal valuing the company at \$70 million (£45m).

Composite has landed a \$7m investment from Dart in exchange for a 10% stake in the company, and granted the Australian firm an option to double the stake by January and buy out the rest by June 2011.

A deal at the current valuation would see management's 28% stake valued at £12.6m, including £2.7m for chief executive Keith Lough, the former British Energy executive who founded Composite six years ago. The business employs 25 in Stirling and a further 70 in its drilling subsidiary.

It gives Dart exposure to the CBM and shale gas sectors in the UK and Europe and is part of its strategy to create a global CBM firm, but finance director Colin Bousfield said there was "no reason for any jobs going or any fundamental change".

He added: "One of the key things about our business is the ability to work in cooperation with stakeholders such as local landowners. Maintaining the integrity of that is vitally important."

Mr Bousfield said other shareholders including BG Group with 10%, and RBS with 18%, were supportive of the decision to abandon plans for a market listing.

"We had reached a point where we have seen that the market is reluctant to put up funds for new issues... and this business needs capital to expand and fulfil its ambitions."

The biggest shareholder is business angel Stanley Fraser who held 25%. BG last year bought Australian CBM specialist Pure Energy, while Dart recently demerged from Arrow Energy and is focused on the development of CBM in Australia, Indonesia, China, India and Vietnam.

Mr Lough said: "Dart is a highly experienced coal bed methane operator and one of the few companies in the world to have taken coal bed methane from exploration through to production. We are delighted to welcome Dart not only as an investor in Composite, but as we continue to build our CBM and shale gas extraction business in the UK and Europe we also expect to benefit from the technical experience of the Dart team."

He said the funds would support the 20-well drilling programme secured in the 13th UK onshore licensing round in a 50-50 partnership with BG, half of which had already been successfully drilled.

Mr Lough said earlier this year that expertise from the US was needed to help crack the technical challenges in CBM removal.

Simon Potter, chief executive of Dart Energy, said Composite had "laid the foundations for a strong UK and European CBM business".

Dart Energy calls force majeure on Rajmahal, Mand Raigarh

Eric Yep | From: Dow Jones Newswires | August 10, 2010 4:16PM

DART Energy, which now holds the global assets of Arrow Energy, today said it will withdraw from two coal bed methane blocks in India.

Dart Energy has made a force majeure request to India's federal government to withdraw from the Rajmahal CBM block, in the eastern state of Jharkhand, due to ongoing social unrest, Gareth Quinn told Dow Jones Newswires.

The company is also in the process of relinquishing a CBM block at Mand Raigarh in central India's Chhattisgarh state, as it doesn't have sufficient production potential, Mr Quinn said.

Arrow Energy won the Jharkhand block in a consortium with Gail, Tata Power and EIG Energy Infrastructure in 2006. It won the Chhattisgarh block along with Gail India and EIG in the same year.

Dart Energy hits target on market debut

Matt Chambers | From: [The Australian](#) | July 23, 2010 12:00AM

ARROW Energy shareholders received a small boost from the demerger of Arrow's overseas assets in the form of Dart Energy.

The new stock ended its opening day 15 per cent higher than the market was valuing it before the spin-off.

Dart closed at 78c yesterday, up 9c from a 69c institutional issue price finalised on Wednesday.

Based on Arrow's closing share price on the days before and after the demerger of Dart, the market had been valuing the company at 68c.

Dart, which contains the Chinese and Indonesian coal-seam gas assets of Arrow, will be headed by former Hardman Resources managing director Simon Potter.

Royal Dutch Shell and PetroChina have made a joint \$4.70-a-share cash bid for the rest of Arrow in a bid to build a liquefied natural gas plant at Gladstone, Queensland.

Arrow shares closed flat yesterday at \$4.66.

Yesterday Dart said it had raised \$35 million from institutions at 69c a share after a bookbuild on Wednesday. The company will look at a share placement after the next three months to raise up to \$45m.

It is believed shareholders will get the chance to pick up stock at the same price as the institutions that bought in at 69c.

Deutsche Bank analyst John Hirjee said he did not expect Dart to trade above a calculated net present value of 90c in the near term because it had no immediate cashflow, its assets were in unfamiliar locations and the rights issue would hang over the stock.

Mr Hirjee also pointed to the fate of Buru Energy, which was demerged from ARC Energy in 2008 and is still trading below both Deutsche Bank independent valuations at the time, partly because of a lack of cash generation.

Dart has indicated it will spend about \$36m for the rest of this year and \$100m next year.

Dart's placement scores a bullseye

Bryan Frith | From: [The Australian](#) | July 22, 2010 12:00AM

THE unprecedented pre-listing placement of shares in Dart Energy has been more successful than earlier envisaged.

Dart was demerged from Arrow Energy as part of the process under which Shell and PetroChina acquired Arrow's Australian coal-seam gas assets for \$4.70 cash a share.

Dart holds Arrow's former CSG exploration interests in China, Indonesia and Vietnam and aims to replicate Arrow's Australian success story with the international prospects.

Dart is in need of capital to fund its exploration efforts and has foreshadowed plans to raise in the order of \$75 million by way of a placement and an entitlement offer to shareholders.

The company was given permission by the Australian Securities Exchange to undertake an institutional placement of up to 15 per cent of the capital ahead of listing.

The bookbuild got under way late yesterday, with Citi, UBS and Wilson HTM the joint lead managers and bookrunners.

The proceeds will be used to assist in funding of incremental and new business expenditure, which together may total up to \$45m in 2010 and \$67m in 2011.

Trading in Dart shares will start today on a deferred settlement basis.

Arrow shares were yesterday quoted ex-entitlement. Tuesday's cum-entitlement close of \$5 a share gave Dart shares a theoretical value of 60c, and a placement at around that price would raise between \$30-\$35m.

However, Arrow shares closed yesterday, on an ex-entitlement basis, at \$4.66, which implies a theoretical value of 68c a Dart share.

Moreover, there has been stronger institutional interest in Dart than had been envisaged.

Emboldened by these trends, the bookbuild went out with an indicative price range of 65c to 85c a share, which if successful would raise up to \$40m.

The bookbuild placement will underpin the price of Dart shares when the company makes its debut today.

Timis hits paydirt

WHILE the controversial Romanian-born entrepreneur Frank Timis is not on the ASX's invite list, his Britain-based African Minerals has been kicking some goals lately.

African Minerals, which is listed on Britain's AIM market, is seeking to develop a \$US2.6 billion (\$2.93bn) magnetite iron ore project at Tonkolili in Sierra Leone. The massive deposit is said to be the third largest in the world, with resources of 10.5 billion tonnes.

Last week the company announced that it had signed an MOU (memorandum of understanding) with Shandong Iron and Steel under which the Chinese group may pay up to \$US1.5bn to secure a 25 per cent stake in the mine and the right to a long-term supply agreement of 10 million tonnes of iron ore a year at prices discounted by up to 15 per cent below the spot benchmark price.

It's the second deal with Chinese companies in relation to Tonkolili. In June, China Railways Materials Commercial Corp took a 12.5 per cent stake in African Minerals for pound stg. 168m and also agreed to take a portion of the iron ore production for 20 years. Timis is the executive chairman of African Minerals.

Timis has been effectively blackballed by the ASX, which has refused to reinstate quotation of the shares of two WA-based companies, International Petroleum (IPO) and African Petroleum (AFQ) because they entered into "company transforming" transactions that resulted in Timis obtaining significant, if not controlling, shareholdings and a board seat on both companies.

The ASX was concerned at the influence Timis may have on the companies' compliance with their continuous disclosure obligations.

This is despite the companies' undertaking to enter into deeds which would effectively render his shareholding non-voting, and that he would have no executive or management role in the companies.

Moreover, the ASX got a slap in the face when the ASX Appeals Tribunal found that its decision was "infected by error and must be set aside" and that ASX concerns about the potential influence of Timis were "mere conjecture and speculation" and that past behaviour was not necessarily a guide to the future.

The Newcastle-based National Stock Exchange has accepted the undertakings and has granted listing to IPO and AFQ.

Timis companies have a chequered history in relation to disclosure. Regal Petroleum, another AIM-listed company, was last year hit with a record fine of pound stg. 600,000 in relation to overblown statements about a potential oil discovery in Greece, which subsequently turned out to be non-commercial.

Toronto Stock Exchange considers Timis to be unsuitable to act as a director, officer or major shareholder of a listed company.

Regal recently came under fire over claims that it took more than a month to disclose that the Ukraine-based explorer had received a state order suspending two of its key licences, and AIM is said to be investigating. But Timis has had no role with Regal for more than two years and has been selling down his stake, which now stands at only 4 per cent.

Timis has some deep-pocketed supporters, including some foreign institutional investors, who pumped \$30m into IPO and \$220m into AFQ to drill for oil in largely unexplored areas of Kazakhstan and Liberia.

The prospectuses for those issues noted the Regal fine and also referred to a private censure and fine in 2008 of an AIM-listed company of which Timis was chairman in relation to "misleading and unrealistically optimistic" statements about the company.

The Financial Times last week revealed that the company was none other than African Minerals and the fine related to statements in 2006 (when the company was known as Sierra Leone Diamond Co) about the discovery of a significant number of rare pink diamonds, which subsequently lost their colour when put through an acid cleaning process.

African Minerals also came under criticism late last year over claims that it was in advanced talks with Eurasian Natural Resources Co (ENRC) and other Asian groups about investing in the company. The claims pushed up the share price of African Minerals, but ENRC downplayed the claims and the talks have quietly ended.

The ASX may consider some of those developments when deciding on its response to the Appeals Tribunal ruling -- in particular whether or not to stand by its decision to refuse quotation of IPO and AFQ shares.

Dart Plans to Spend A\$100 Million on Gas Exploration

July 22, 2010, 2:27 AM EDT By James Paton

July 22 (Bloomberg) -- Dart Energy Ltd., the Arrow Energy Ltd. spinoff whose shares began trading in Sydney today, aims to spend A\$100 million (\$88 million) on exploration and development through 2011 and to expand in Europe and southern Africa.

The shares reached 78 Australian cents by the market's 4:10 p.m. close, valuing Dart at about A\$286 million. The gas explorer said today it raised an initial A\$35 million selling shares to institutions at 69 cents apiece. Dart may seek a further A\$45 million later this year selling shares, Chief Executive Officer Simon Potter said in a telephone interview.

"There was obviously strong support from existing shareholders of Arrow," Potter said from Singapore, where Dart has its headquarters. "A lot of people have made a lot of money from the success of Arrow and are betting on hopefully the management team carrying on with that success at Dart."

Arrow agreed in March to sell its Australian business to Royal Dutch Shell Plc and PetroChina Co. for A\$3.5 billion. Arrow investors also received one share in the newly formed Dart for every two they held in Arrow. Dart, which holds exploration assets in China, Indonesia, India and Vietnam and stakes in Australian-listed companies Bow Energy Ltd., Liquefied Natural Gas Ltd. and Apollo Gas Ltd., expects first gas sales in 2012.

Dart is likely to trade below an estimated value of 90 cents a share in the "near term," according to John Hirjee, an analyst at Deutsche Bank in Melbourne. Its coal-seam gas holdings offer "significant upside if the commercial viability of assets can be demonstrated," he said in a July 21 report.

Risk Profile

Nik Burns, an analyst at RBS Morgans in Melbourne, forecasts Dart will climb to A\$1 a share in the next 12 months. Dart will face "headwinds in the short-term," he said.

The company will need to raise additional equity and "there is likely to be a level of churn in the registry as existing Arrow shareholders seek to exit Dart because of the change in the risk profile of the company," he said by phone on July 20. "Arrow was certainly a lower-risk proposition for investors. Dart has minimal reserves and no production."

Dart intends to start exploration drilling on the Dajing permit in China in October and to grow reserves in that country "pretty substantially in the near term," Potter said.

New Hope Corp. and other shareholders in Arrow indicated they plan to keep their shares in Dart Energy or add to their holdings, said Potter, who traveled to Asia, Australia, Europe and the U.S. to pitch the company to

investors. New Hope owned about 17 percent of Arrow, or 123 million shares, at the end of January, the Queensland-based shareholder said in March.

New Hope

"We've been there for the journey so far, and all I can say is that we're in that space and we'd expect to continue to be in that space," Robert Neale, New Hope's chief executive officer, said in a phone interview today. New Hope also owns almost 20 percent of Australian coal-seam gas company WestSide Corp.

Dart's next capital raising is at least 90 days away, and any sale of shares in 2011 to fund growth would depend on the success of the company's exploration campaign, Potter said today. Dart Energy has about A\$20 million in cash, he said.

Europe and southern Africa are areas being evaluated for potential expansion, he said. "There's a thriving energy demand in southern Africa, with a coal-bed methane resource right on its doorstep," he said. "The same in Europe, where there is considerable resource and extensive infrastructure."

Court approves Arrow's Dart spin-off

Sydney Morning Herald July 16, 2010

AAP

The Federal Court has approved Arrow Energy Ltd's spin off of its Dart Energy Ltd unit, which will be followed by a \$3.4 billion joint takeover of Arrow by Royal Dutch Shell and PetroChina.

Under the demerger, shareholders will receive one Dart share for every two Arrow shares they hold.

Dart will be listed on the Australian Securities Exchange (ASX) and will consist of Arrow's overseas coal seam gas assets, its interest in Bow Energy Ltd, LNG Ltd and Apollo Gas, and farm-in rights to two of Apollo's tenements.

Advertisement: Story continues below

The demerger scheme of arrangement will become effective on Monday after Arrow lodges the Federal Court orders with the Australian Securities and Investments Commission.

After the demerger is complete, energy giants Shell and PetroChina will takeover Arrow for \$4.70 per share, valuing the target at \$3.45 billion.

The final bidder conditions were satisfied on Wednesday when the National Development and Reform Commission of China approved the takeover bid and a waiver was received from the State Administration of Foreign Exchange of China.

Dart is expected to commence trading on the ASX on July 22 on a deferred settlement basis, with normal trading of its shares to follow on August 6.

Shares in Arrow were steady at \$4.94 at 1213 AEST.