

ASX ANNOUNCEMENT
19 April 2006

Agreement for Funding, Ownership and Operation of
Tipton West Gas Processing Facilities

The Directors of Arrow Energy NL (Arrow) advise that a Heads of Agreement (HOA) has been signed between the Tipton West Joint Venture (**Arrow Energy (AOE) - 60%, Beach Petroleum (BPT) - 40%**) and the Australian Pipeline Trust (APA) for APA to fund, own and operate the Tipton West central gas processing facilities and associated lateral pipelines (the Facilities).

The estimated cost of the Facilities is \$50 million and the Facilities are planned to ultimately provide the capacity to process and deliver up to 17 petajoules per annum of gas from the Tipton West coal seam gas field to the following customers:

- ERM / Babcock & Brown for their 450MW gas fired Braemar Power Project (GSA);
- Ergon Energy for their proposed 52MW gas fired electricity generation project near Dalby (conditional GSA); and
- BP via the Roma to Brisbane Pipeline for transportation to BP's Refinery at Bulwer Island, Pinkenba, Brisbane (MOU).

The Tipton West Joint Venture and APA are working towards completion of final documentation and financial close before the end of the financial year.

As previously advised development activity for the Tipton West project is already well advanced with compressor packages ordered, detailed design in progress and production drilling underway. First gas sales are targeted from the field for early 2007.

For and on behalf of the Board of Directors

JPK Marshall
Company Secretary

For further information contact:

Stephen Bizzell or Nick Davies

Phone (07) 3105 3400

Fax: (07) 3105 3401

E-Mail: info@arrowenergy.com.au

Website: www.arrowenergy.com.au

Arrow Energy NL

ACN 078 521 936

Level 13, 10 Eagle Street, Brisbane QLD 4000, Australia

GPO Box 5262, Brisbane QLD 4001, Australia

Telephone: 07 3105 3400 Facsimile: 07 3105 3401 Email: info@arrowenergy.com.au