



**ASX ANNOUNCEMENT
13 September 2005**

**Arrow Energy and Beach Petroleum Agree Terms
for \$35 million Upstream Funding of Tipton West Project**

The Directors of Arrow Energy NL (Arrow) are pleased to advise that Arrow has concluded an agreement with Beach Petroleum Ltd (Beach) for Beach to farm-in to the Tipton West project by providing development funding in return for upstream equity.

Under the terms of the agreement (which is subject to final long-form documentation and an agreed development plan) Beach will provide \$35 million of development funding for the initial Tipton West Stage 1 development to produce 10 PJ of gas per annum. Beach will receive 40% upstream equity in the Dalby Block in ATP 683P and 40% equity in PL198 in return for this funding.

Additionally, Beach will have an option to farm-in to the Dalby South and Millmerran Blocks of ATP 683P and into ATP 689P by spending \$7 million to earn a 40% interest.

This farm-in completes funding for the upstream portion of the Tipton West Stage 1 development. Negotiations are well advanced for the funding of the gas compression facilities and lateral pipelines. Tipton West Stage 1 is on track for financial close in November 2005, with first sales gas planned 12 months later. Arrow will retain 60% of the Joint Venture upstream equity and continue as the operator.

Arrow recently announced the execution of a gas sales agreement (GSA) with Braemar Power Project for the supply of up to 13.3 PJ of gas per annum. This GSA together with the Beach funding underpins the development of the project.

For and on behalf of the Board of Directors

JPK Marshall
Company Secretary

For further information contact:

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