



ASX ANNOUNCEMENT

12 September 2006

Beach Petroleum to Extend Arrow Surat Basin Farm-in

The Directors of Arrow Energy NL are pleased to announce that Beach Petroleum Limited has elected to spend up to \$3m to farm-in to Arrow's Dalby South Block within ATP 683P.

Under the terms of the original farm-in by Beach to the Dalby Block of ATP 683P (containing PL198 and the Tipton West Project), Beach has earned a 40% interest in the Dalby Block by spending \$35m on the Tipton West development. In addition, Beach was granted three options to earn up to 40% of each of the Dalby South and Millmerran Blocks of ATP 683P and 40% of ATP 689P by spending \$7m of exploration and appraisal funds.

Beach's current election is for the first tranche of that spending. Beach has the right to make two further elections over the next 24 months, to spend the second two tranches (of \$2m each).

This current election will allow further appraisal of the highly prospective Meenawarra field in the Dalby South Block. There have been 4 wells drilled on Meenawarra to date and these have exhibited a good Walloon Coal section with attractive gas contents.

Arrow is very pleased to be continuing and expanding its relationship with Beach Petroleum and looks forward to adding Meenawarra and/or other Dalby South projects to its growing list of developments in the Surat Basin which so far includes Kogan North, Daandine, Tipton West and prospectively, Dundee, Meenawarra and Millmerran projects.

For and on behalf of the Board of Directors

Kerry Parker

Company Secretary

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