

18 January 2007

Company Announcements Office  
Australian Stock Exchange Limited  
20 Bridge Street  
Sydney NSW 2000

**URANIUM OIL & GAS LIMITED ANNOUNCES THAT ARC ENERGY LIMITED HAS ENTERED INTO AN OPTION AGREEMENT ON EP 448, CANNING BASIN.**

Uranium Oil & Gas Limited ("UOG") is pleased to announce that ARC Energy Limited ("ARC") has entered into an agreement with UOG on its Canning Basin permit, EP 448.

The ARC farm-in in EP 448 involves the acquisition of aeromagnetic data over the permit as part of ARC's wider aeromagnetic surveys within the Canning Basin. ARC will earn an initial 5% interest and the right to earn up to 75% interest by performing additional exploration expenditure up to A\$3 million on the permit.

**EP 448 INTERESTS**

COMPANY	Prior to ARC Earning	Post Full Earning Program
ARC Energy	0%	75%
Empire Oil & Gas Ltd	25%	6.25%
Maneroo Oil Company Ltd	45%	11.25%
Indigo Oil Pty Ltd	20%	5%
Uranium Oil & Gas	10%	2.5%

UOG welcomes the entry of ARC into the permit and regards this as a positive step in the evaluation of the oil and gas potential of the area.

URANIUM OIL & GAS LIMITED



J. Karajas B.Sc (Hons), MAIG  
Non Executive Director