



# Arrow's bottom line on target if LNG plans pan out

Tony Grant-Taylor

COAL seam gas group Arrow Energy says it could be churning out between \$600 million and \$850 million in earnings before interest, tax, depreciation and amortisation in five years' time — provided its liquefied natural gas plans pan out.

Arrow Australian chief executive Shaun Scott told a conference yesterday that its planned Gladstone LNG project, in association with Liquefied Natural Gas Ltd, could produce its first LNG by 2011. And with a projected two LNG trains of 1.5 million tonnes a year each in place, Arrow's revenue could be between

\$1.2 billion and \$1.7 billion in 2013.

Arrow, which recently signed up Royal Dutch Shell as a partner in its plans for the Gladstone LNG plant — and its international ambitions — had sales of \$70.6 million in the year ended June 30.

And its maiden full-year net profit was \$17.8 million in 2006-07, a pittance compared with Mr Scott's estimate of what it might be making if and when the LNG plant is up and running at 3 million tonnes a year.

Arrow is due to report its 2007-08 result next Monday. Arrow's shares closed yesterday

up 19¢ at \$3.23.

Mr Scott conceded, however, Arrow had a lot of work to do to ramp up supply for the Gladstone plant.

It will need to drill 350 to 400 wells over two years, with its drilling rate now running at about 250 a year.

It will need to find ways to dispose of the large quantities of water produced from CSG wells and hire about 80 extra staff.

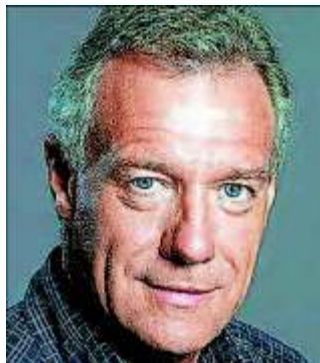
Pipelines, either from Moranbah or the Surat Basin to Gladstone — and perhaps both — need to be built.

But it believes its deal with Townsville's gas-fired power station and its plans to build the

Braemar 2 power plant in the Surat will cope with ramp-up gas ahead of Gladstone production.

Meanwhile, Britain's BG Group, which has joined Queensland Gas Co in an even more ambitious Gladstone LNG project — and is also bidding for CSG major Origin Energy — has appointed Les Guthrie to lead its Gladstone development.

Mr Guthrie, 54, who has been appointed president, LNG, was previously BG's general manager projects, responsible for execution across BG's global project portfolio.



NEW chief ... Les Guthrie