

## Appendix 5B Mining exploration entity quarterly report

Name of entity

**ARROW ENERGY LTD**

ACN or ARBN

**73 078 521 936**

Quarter ended ("current quarter")

**30 June 2009**

### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (12 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.01 Receipts from product sales and related debtors	23,442	91,849
1.02 Payments for		
(a) exploration and evaluation	-	-
(b) research & development (LNG project) <sup>1</sup>	(3,771)	(4,765)
(c) production	(12,962)	(49,230)
(d) royalties	(1,507)	(2,998)
(e) administration	(4,716)	(17,636)
(f) business development (international)	(5,232)	(7,418)
1.03 Dividends received	-	-
1.04 Interest and other items of a similar nature received	5,490	11,692
1.05 Interest and other costs of finance paid	(2,970)	(10,868)
1.06 Income taxes paid	-	-
1.07 Other	(169)	(169)
<b>Net Operating Cash Flows</b>	<b>(2,395)</b>	<b>10,457</b>
<b>Cash flows related to investing activities</b>		
1.08 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	(26,206)
(c) other fixed assets	(4,660)	(13,497)
(d) Beach Petroleum 40% interest in Tipton West joint venture <sup>2</sup>	(263,532)	(263,532)
1.09 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	46,326	208,383
(c) North Queensland Pipeline Business	-	101,108
(d) Upstream domestic tenements to Shell	940	464,106
1.10 Loans to other entities	(2,077)	(26,916)

<sup>1</sup> Payments made were for activities associated with developing Arrow's conceptual solution for delivering first LNG from the Fisherman's Landing project in Gladstone.

<sup>2</sup> Payments made were for the acquisition of Beach Petroleum's interest in the Tipton West Joint Venture coal seam gas project and surrounding exploration acreage. The acquisition included Beach's interests in tenements covering 5,105 square kilometres comprising ATP 683P (Dalby Block), ATP 683 (Millmerran Block), ATP 689P, PL198, PLA 238, PLA 258 and PLA 260 and was effected by Arrow purchasing 100% of the shares in Beach Petroleum (Surat) Pty Ltd ("Beach Surat") a wholly owned subsidiary of Beach

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1.11	Loans repaid by ERM Power	-	25,700
1.12	Other		
	- security deposits	13,381	(30,448)
	- Payments to blocked construction account	-	-
	- Net payments for development	(31,505)	(158,247)
	- Payments for exploration and evaluation	(14,236)	(52,303)
	- Payments for construction of Braemar 2 Power Station	(23,466)	(260,331)
	- Reimbursement of costs from Braemar 2 Partnership	-	73,191
	<b>Net investing cash flows</b>	<b>(278,829)</b>	<b>41,008</b>
1.13	Total operating and investing cash flows (brought forward)	(281,224)	51,465
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc. <sup>3</sup>	1,087	101,945
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	7,971	168,906
1.17	Repayment of borrowings	-	-
1.18	Other	-	-
1.19	Other (provide details if material)		
	- Finance Lease payments	(395)	(1,195)
	- Share issue expenses	(52)	(52)
	<b>Net financing cash flows</b>	<b>8,611</b>	<b>269,604</b>
	<b>Net increase (decrease) in cash held</b>	<b>(272,613)</b>	<b>321,069</b>
1.20	Cash at beginning of quarter/year to date	658,664	64,982
1.21	Exchange rate adjustments to item 1.20	(7,711)	(7,711)
1.22	<b>Cash at end of quarter</b>	<b>378,340</b>	<b>378,340</b>

**Payments to directors of the entity and associates of the directors**  
**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.02	355
1.24	Aggregate amount of loans to the parties included in item 1.10	2,077
1.25	Explanation necessary for an understanding of the transactions	
	1.23 Payments made were for director fees, salary, superannuation and consultancy fees for executive directors.	
	1.24 Payments made represent funding provided to incorporated joint ventures and to support joint venture operations.	

<sup>3</sup> Proceeds represent USD 66m received from Shell for subscription of shares to Arrow's International business.

+ See chapter 19 for defined terms.



### Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			
	PL 198		42%	82%
	PLA 238		42%	82%
	PLA 258		42%	82%
	PLA 260		42%	82%
	ATP 683P (Dalby South Block)		42%	82%
	ATP 683P (Millmerran Block)		42%	82%
	ATP 688P		42%	82%
	ATP 683P (Dalby Block)		42%	82%

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+ See chapter 19 for defined terms.

### **+Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

<b>Quarter Ended 30 June 2009</b>	Number issued	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference<sup>+</sup> securities</b> <i>(description)</i>	nil			
7.2 Changes during quarter				
(a) Increases through issues				
(b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b> - fully paid	727,151,739	726,196,918		
7.4 Changes during quarter				
(a) Increases through issues				
- Option exercise 28/06/2008 AOE24	1,357,740	1,357,740	80cents	
- Share Allotment	20,613,699	20,613,699	\$3.3958	
- Share Purchase Plan	-	-	-	
- Employee Allotments	-	-	-	
- Convertible Notes Redemption	-	-	-	
(b) Decreases through returns of capital, buy-backs	-	-	-	
(c)				
Unlisted employee tranche shares cancelled	(6,432)	-	-	
Unlisted employee tranche shares allotted	-	-	-	
Unlisted employee tranche shares released	-	-	-	
Current Total Unlisted Securities				
- Employee incentive plan AOE 34	142,899	-	63.5cents	
- Employee incentive plan AOE 35	62,420	-	\$2.35	
- Employee incentive plan AOE 36	160,488	-	\$2.35	
- Employee incentive plan AOE 70	305,086	-	\$2.13	
- Employee incentive plan AOE 71	283,928	-	\$2.13	
7.5 <b>+Convertible debt securities-</b>	Nil	Nil		
7.6 Changes during quarter				
(a) Increases through issues				
- Interest Reinvestment Plan	-	-	-	
(b) Decreases through returns of capital, buy-backs or conversions/redemption	-	-	-	

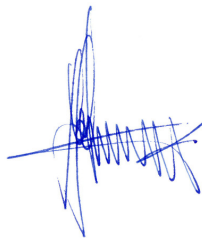
+ See chapter 19 for defined terms.

7.7	Options (description and conversion factor)			<i>Exercise price</i>	<i>Expiry date</i>
	- to purchase one ordinary share AOE 25	517,000	Nil	75 cents	28/06/2010
	- to purchase one ordinary share AOE 26	517,000	Nil	85 cents	28/06/2010
	- to purchase one ordinary share AOE 27	516,000	Nil	95 cents	28/06/2010
	- to purchase one ordinary share AOE 31	13,356	Nil	55.2 cents	21/08/2011
	- to purchase one ordinary share AOE 33	924,500	Nil	57.2 cents	21/08/2011
	- to purchase one ordinary share AOE 37	4,999,959	Nil	\$3.00	31/12/2010
	- to purchase one ordinary share AOE 38	591,000	Nil	\$2.75	31/12/2011
	- to purchase one ordinary share AOE 39	333,000	Nil	\$3.00	31/12/2011
	- to purchase one ordinary share AOE 40	591,000	Nil	\$3.25	31/12/2011
	- to purchase one ordinary share AOE 41	333,000	Nil	\$3.50	31/12/2011
	- to purchase one ordinary share AOE 42	588,000	Nil	\$3.75	31/12/2011
	- to purchase one ordinary share AOE 43	334,000	Nil	\$4.00	31/12/2011
	- to purchase one ordinary share AOE 47	150,000	Nil	\$3.00	31/12/2012
	- to purchase one ordinary share AOE 48	150,000	Nil	\$3.50	31/12/2012
	- to purchase one ordinary share AOE 49	150,000	Nil	\$4.00	31/12/2012
	- to purchase one ordinary share AOE 50	90,000	Nil	\$3.00	31/12/2013
	- to purchase one ordinary share AOE 51	90,000	Nil	\$3.50	31/12/2013
	- to purchase one ordinary share AOE 52	90,000	Nil	\$4.00	31/12/2013
7.8	Issued during period *				
	- to purchase one ordinary share AOE 38	90,000	Nil	\$2.75	31/12/2011
	- to purchase one ordinary share AOE 40	90,000	Nil	\$3.25	31/12/2011
	- to purchase one ordinary share AOE 42	90,000	Nil	\$3.75	31/12/2011
	- to purchase one ordinary share AOE 47	150,000	Nil	\$3.00	31/12/2012
	- to purchase one ordinary share AOE 48	150,000	Nil	\$3.50	31/12/2012
	- to purchase one ordinary share AOE 49	150,000	Nil	\$4.00	31/12/2012
	- to purchase one ordinary share AOE 50	90,000	Nil	\$3.00	31/12/2013
	- to purchase one ordinary share AOE 51	90,000	Nil	\$3.50	31/12/2013
	- to purchase one ordinary share AOE 52	90,000	Nil	\$4.00	31/12/2013
7.9	Exercised during period				
	- to purchase one ordinary share	1,357,740	1,357,740		
7.10	Expired during period	nil	nil		
7.11	<b>Debentures (totals only)</b>	nil	nil		
7.12	<b>Unsecured notes (totals only)</b>	nil	nil		

\* exercise prices are based on pre 30 June 2009 grant dates.

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: .....

..... Date: 30<sup>th</sup> July 2009

Print name:           **GRAHAM YERBURY**  
                              **CHIEF FINANCIAL OFFICER**

+ See chapter 19 for defined terms.

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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