ARROW ENERGY
SURAT BASIN
Community Information Session
October 2011
ARROW ENERGY
TODAY’S AGENDA

- Arrow Energy introduction and overview of session
- Surat Basin update
- EIS process and overview of findings
- Agricultural findings and strategies
- Introduction to groundwater modelling
- Water findings, strategies (EIS) and future actions
Arrow is a leading coal seam gas company with five domestic gas supply operations, interests in three gas-fired power stations and plans to deliver liquefied natural gas to the international market through a world class plant in Gladstone.

- Queensland based company which started in 2000
- Joint venture Shell (50%) and PetroChina (50%) established owners committed to safety, environment and long term relationships with stakeholders
- Currently have almost 500 producing coal seam gas wells across Queensland
- Provide approximately 20 per cent of Queensland’s gas needs which is primarily used for electricity
ARROW ENERGY
OUR STORY

Gross Reserve Position (PJ)

First gas sold
Shell / PetroChina Takeover
Today’s value $5bn (indicative)

$250m

Listed at $20 m

Staff numbers

<table>
<thead>
<tr>
<th>Year</th>
<th>Staff Numbers</th>
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<tbody>
<tr>
<td>2007</td>
<td>212</td>
</tr>
<tr>
<td>2008</td>
<td>235</td>
</tr>
<tr>
<td>2009</td>
<td>372</td>
</tr>
<tr>
<td>2010</td>
<td>432</td>
</tr>
<tr>
<td>2011*</td>
<td>900</td>
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*year to date
### ARROW ENERGY
### GAS RESOURCES IN THE TENEMENTS

<table>
<thead>
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<th></th>
<th>Surat Basin</th>
<th>All Qld Arrow tenements</th>
<th>Current Qld usage</th>
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<tbody>
<tr>
<td>Gas resources:</td>
<td>18 000 PJ</td>
<td>74 000 PJ</td>
<td>150 PJ</td>
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<tr>
<td>Equivalent to:</td>
<td>3 billion barrels of oil</td>
<td>12 billion barrels of oil</td>
<td>25 million barrels of oil</td>
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![Bar chart showing gas resources in the Surat Basin, All Qld Arrow tenements, and current Qld usage.]

- Surat Basin
- All Qld Arrow tenements
- Current Qld usage
Arrow has entered definitive agreement to acquire Bow Energy via a Scheme of Arrangement.

The offer is subject to customary conditions including regulatory, court and shareholder approvals.

Bow directors unanimously recommended shareholders to vote in favour of the offer.

This is an all cash offer of $1.52 per share and represents 72 per cent premium to the Bow closing price before the initial approach.

The acquisition of Bow enhances our opportunity to expand the size of the project trains at our planned liquefied natural gas (LNG) on Curtis Island.
ARROW ENERGY IN THE SURAT BASIN
OVERVIEW

• Surat Gas Project (SGP) produced its first gas in 2005
  – Daandine
  – Kogan North
  – Tipton West
  – Stratheden

• Supply gas to power homes, businesses and industry:
  – Daandine Power Station
  – Braemar 1 Power Station
  – Braemar 2 Power Station
  – Swanbank Power Station

• Approximately 130 staff in Dalby
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CURRENT ACTIVITIES

- Currently transporting water from Daandine Reverse Osmosis plant to Theten Farm for irrigation trials

- In process of building Reverse Osmosis plant at Tipton

- Rehabilitation work in Cecil Plains region
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CURRENT ACTIVITIES – RIVER ROAD/GLENBURNIE PILOTS

Hillview (400ML) aggregation dam
- Earthwork largely completed
- HDPE liner installation in progress
- Scheduled completion mid Nov

River Road Pilot
- Pilot wells drilled
- 3 wells has been completed
- Surface equipment on site
- RR-HV pipeline (5km) late Oct start
- On pump Dec 2011

Glenburnie Pilot
- Pilot wells drilled
- Well completions start in next 2 weeks
- GB-RR pipeline (15km) early Nov start
- On pump Q1 2012
SURAT BASIN
GAS IN PLACE AND RESOURCE IMPLICATIONS

2012:
- Drill two core holes around central north portion of the tenement;
- Obtain clearances to test one core hole within a current Native Title area.
- Relinquish 15 blocks in non- to poorly prospective areas of ATP689

2013-2016:
- Drill one core hole in 2013;
- Re-evaluate tenement potential and establish strategies until 2016
SURAT BASIN
GAS IN PLACE AND RESOURCE IMPLICATIONS
Arrow currently has a licensed pipeline route (PPL 141)

Considering re-routing 70km to minimise impact on good quality agricultural land in Chinchilla area

Potentially affected landholders have been consulted
Local employee committees assess applications for donations, sponsorships and partnerships in the following focus areas:

- Health and safety
- Education
- Environment

Recent successful applicants in the Surat Basin include:

- Dalby Delicious and DeLIGHTful Festival
- Bluecare Dalby
- Bowenville Ladies Auxiliary
- Brigalow State School
- Chinchilla Ambulance Committee
- Goondir Health Services
- Lions Club of Cecil Plains
- Waminda Services

2011 applications have now closed. We invite applications for 2012 – first round closes March 30.
Questions and Answers

Freecall: 1800 038 856

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