

ASX ANNOUNCEMENT - 10 March 2005

Operations Update

- Dundee Pilot begins production testing
- Tipton West Development drilling underway
- Kogan North gas flow rates continue to rise and CGPF Commissioning nearly complete

The Directors of Arrow Energy NL (Arrow) are pleased to advise the following operations update.

Dundee Field (ATP 676, PLA 185 – Arrow 100%)

The first Dundee pilot well was brought on stream today and is dewatering into the evaporation dam. Additional well start-ups will be staged over the next few weeks. The Dundee field is south of the town of Chinchilla, approximately 350 km west of Brisbane. Arrow has previously drilled and flowed gas from 3 exploration wells on the block. The company believes there are substantial gas reserve volumes available and is targeting a mid year gas reserve certification.

Tipton West Field (PL 198, Arrow 60%)

Development drilling has commenced on the Tipton West field. Two rigs are currently on-site and others will be added in the near future. The first well is close to completion. 75 wells are planned in the initial 10 PJ p.a. development program.

A Letter of Intent has been signed with Delco Australia Limited for the engineering, procurement and construction of the Tipton West Processing facilities and surface gathering network. Compressors have been ordered from Universal Compression in the United States.

First gas on the Tipton west Project is scheduled for first quarter 2007. Beach Petroleum are farming in for 40% equity in the project by funding the first \$35m of the upstream development program. Negotiations are well advanced for downstream (Processing and pipelines) funding but in the meantime this is being funded by the upstream partners.

Daandine Field (PL230, Arrow 100%)

Nine of the proposed fifteen development wells on the Daandine Field have been drilled and completed. The rigs have now been moved to Tipton to commence development drilling there. Planned development drilling on Daandine will resume in the second quarter.

Surface gathering and down-hole equipment has been ordered and dewatering of the field is scheduled to commence around mid year.

The Daandine upstream project is designed to provide 2PJ p.a. to a 27.4 MW power station, to be built on the Daandine site by Australian Pipeline Trust. Arrow will toll the Daandine gas through the plant and then sell the electricity to Country Energy under an agreed, long term Power Purchase Agreement. First electricity sales are planned to occur before the end of 2006.

Arrow Energy NL

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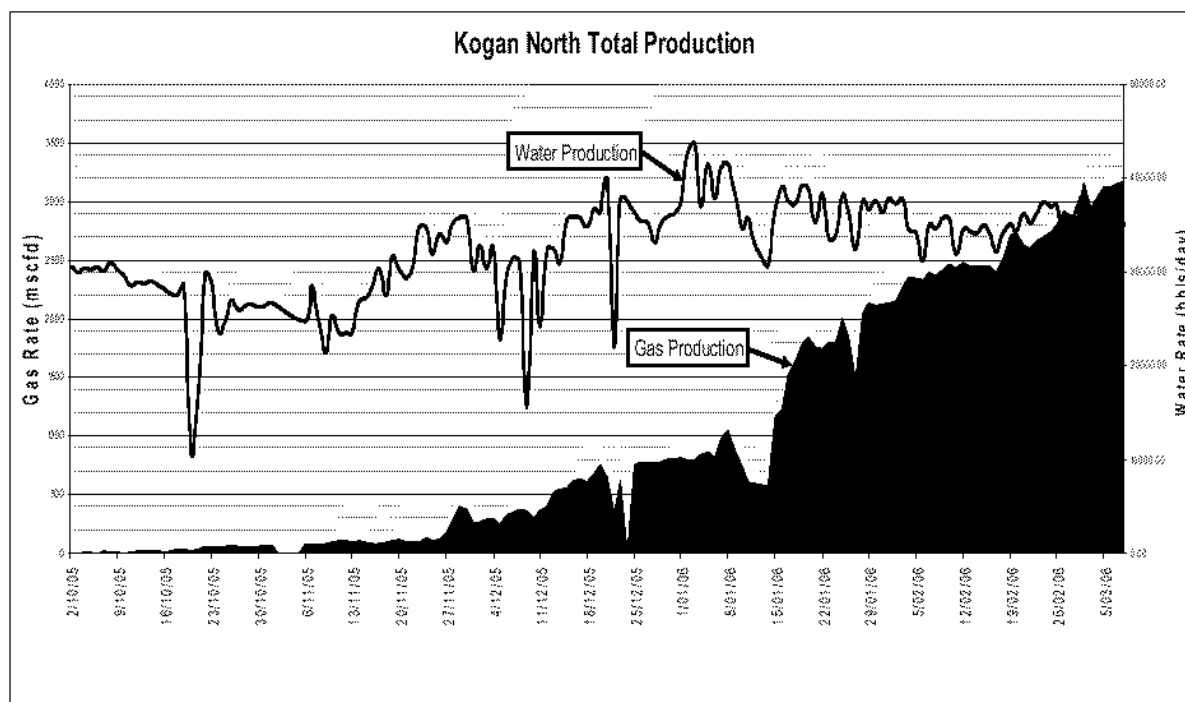
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Kogan North (PL194, Arrow 50%)

Major commissioning items are now complete on the Kogan North Central Gas Processing Facilities. The facility has recently started 24 hour operation. The field continues to de-water and gas production continues to ramp up. The current rate of increase in production is about 1,000,000 cubic feet per day (cfd) per month. The latest field production rate is 3,200,000 cfd. A Plot of gas and water production is shown below:



Peak individual well production to date has been from KN-16, which has produced over 600,000 cfd.

Exploration (Clarence Moreton Basin – Arrow 100%)

Arrow has completed the second phase of its exploration program in the Clarence Moreton Basin. Laboratory test are being finalised on the most recent well, Geneva -1. In total, the company has now drilled 12 wells in the basin, 11 of which have been successful. When the Geneva results are finalised in the next few weeks, the company will issue a summary of results to date and forward plans for the basin.

For and on behalf of the Board of Directors

JPK Marshall
Company Secretary

This announcement has been approved by the board of Arrow and the technical information herein has been provided by a consultant (Dr R W Day) with more than 25 years experience in petroleum exploration.

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