



## ASX/Media Release

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FOR IMMEDIATE RELEASE

### **SHELL SIGNS LETTER OF INTENT FOR EXERCISE OF TIPTON WEST PRE-EMPTIVE RIGHTS**

Shell CSG (Australia) Pty Ltd has signed a letter indicating that it intends to exercise joint venture pre-emptive rights to take up a share of the Tipton West assets recently acquired by Arrow from Beach Petroleum, subject to corporate, third-party and regulatory approvals.

Arrow Energy Limited (Arrow) will also seek necessary third party consents and final Board approvals.

On finalisation, Shell will pay Arrow A\$99 million to obtain a further 12% of the Tipton West Joint Venture. In addition to the initial payment of \$99 million, Shell will also reimburse Arrow for 30% of any contingent payments (up to \$21 million) that Arrow makes to Beach under the terms of the Arrow/Beach Tipton West sale agreement.

Post completion of the transaction, ownership of the Tipton West Joint Venture will be 70% Arrow and 30% Shell.

Arrow Energy CEO (Australia) Shaun Scott said "We welcome Shell's intention to exercise their pre-emptive option at Tipton West. This letter of intent marks another step in progressing the joint venture between Arrow and Shell as we mature our field development plans for first LNG output at Gladstone by 2012."

For further information contact:

Mr Nicholas Davies, Chief Executive Officer and Managing Director, Phone +65 9655 2959  
Mr Shaun Scott, Chief Executive Officer (Australia), Phone +61 7 3102 4000  
Mr Stephen Bizzell, Executive Director, Phone +61 7 3102 4000