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ASX and Media statement

18 November 2010

Attached is a media statement from Arrow Energy advising that secondary tests have confirmed trace amounts of BTEX group chemicals in three wells, including two which form part of the Moranbah Gas Project. Arrow Energy is the operator of the Moranbah Gas Project, in which AGL is a joint venture partner.



Paul McWilliams
Company Secretary



Media Release



17 November 2010

FOR IMMEDIATE RELEASE

Notification of Secondary Test Results

Arrow Energy has advised Government authorities and relevant land holders this afternoon that independent secondary tests have re-confirmed trace amounts of BTEX group chemicals in three wells in the northern Bowen Basin, in Central Queensland.

Last Monday, Arrow stated minute traces of benzene had been detected in three of 60 water samples taken in the northern Bowen Basin. Independent secondary testing commenced the same day and the results were made available to Arrow last night.

The secondary tests have confirmed similar or lower levels of the BTEX group chemicals in all three wells (between 1 and 3 parts per billion).

Arrow has not used chemicals containing benzene (or any other members of the BTEX group of chemicals) in its fracking fluids. More detailed testing is already underway to identify if the chemical is naturally occurring or introduced by another means. BTEX group chemicals can be present in oil based lubricants, diesel and petrol.

Arrow has already advised the Department of Environment and Resource Management (DERM) that due to the very low levels detected and the isolation of the wells, any risk to public health is unlikely. The water from these wells is managed in accordance with regulations governing coal seam water and is contained in lined, fenced ponds for treatment or removal. There are no registered bores within at least five kilometres of the three wells, and coal seam water is not used for feedstock.

However, as a precaution, Arrow will conduct testing of water from bores closest to the area.

BTEX is an acronym for the group of chemicals benzene, toluene, ethylbenzene and xylene.

ENDS

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