

ASX Announcement



12 July 2010

Issue of Unlisted Options in accordance with Employee Remuneration contract

Please find attached an Appendix 3B in relation to the issue of the following securities:

- The issue of 450,000 Unlisted Options in accordance with employee remuneration contract
 - 150,000 31/12/2013 unlisted options with a strike price of \$4.00
 - 150,000 31/12/2013 unlisted options with a strike price of \$4.50
 - 150,000 31/12/2013 unlisted options with a strike price of \$5.00

For and on behalf of the Board

Paul Marshall
Company Secretary

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003.

Name of entity

ARROW ENERGY LIMITED

ACN, ARBN or ARSN

73 078 521 936

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|---|
| 1 | +Class of +securities issued or to be issued | Unlisted Options |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 450,000 Unlisted Options in accordance with employee remuneration contract |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | 450,000 Unlisted Options in accordance with employee remuneration contract:
150,000 – 31/12/2013 exercisable at \$4.00
150,000 – 31/12/2013 exercisable at \$4.50
150,000 – 31/12/2013 exercisable at \$5.00 |

+ See chapter 19 for defined terms.

<p>4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities? If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>Shares issued upon exercise of options will rank equally with ordinary existing shares.</p>
<p>5 Issue price or consideration</p>	
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>Issue of Unlisted Options in accordance with employee remuneration contract.</p>
<p>7 Dates of entering +securities into uncertificated holdings or despatch of certificates</p>	<p>12 July 2010</p>

+ See chapter 19 for defined terms.

	Number	+Class
8	734,120,686	Ordinary shares (AOE)

	Number	+Class
9	3,750,967	31/12/10 \$3.00 options
	13,356	21/08/11 \$0.552 options
	924,500	21/08/11 \$0.572 options
	591,000	31/12/11 \$2.75 options
	333,000	31/12/11 \$3.00 options
	591,000	31/12/11 \$3.25 options
	333,000	31/12/11 \$3.50 options
	588,000	31/12/11 \$3.75 options
	334,000	31/12/11 \$4.00 options
	150,000	31/12/12 \$3.00 options
	150,000	31/12/12 \$3.50 options
	150,000	31/12/12 \$4.00 options
	90,000	31/12/13 \$3.00 options
	90,000	31/12/13 \$3.50 options
	883,642	31/12/13 \$4.00 options
	150,000	31/12/13 \$4.25 options
	150,000	31/12/13 \$4.50 options
	150,000	31/12/13 \$4.75 options
	150,000	31/12/13 \$5.00 options
	150,000	31/12/13 \$5.25 options
	91,525	Employee shares vesting 30/06/11
	132,303	Employee shares vesting 30/06/11
	157,998	Employee shares vesting 30/06/11 & 30/06/12

10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	N/A
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Part 2 - Bonus issue or pro rata issue

11	Is security holder approval required?	
12	Is the issue renounceable or non-renounceable?	
13	Ratio in which the +securities will be offered	
14	+Class of +securities to which the offer relates	
15	+Record date to determine entitlements	

+ See chapter 19 for defined terms.

- | | | |
|----|---|--|
| 16 | Will holdings on different registers (or subregisters) be aggregated for calculating entitlements? | |
| 17 | Policy for deciding entitlements in relation to fractions | |
| 18 | Names of countries in which the entity has +security holders who will not be sent new issue documents

Note: Security holders must be told how their entitlements are to be dealt with.

Cross reference: rule 7.7. | |
| 19 | Closing date for receipt of acceptances or renunciations | |
| 20 | Names of any underwriters | |
| 21 | Amount of any underwriting fee or commission | |
| 22 | Names of any brokers to the issue | |
| 23 | Fee or commission payable to the broker to the issue | |
| 24 | Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders | |
| 25 | If the issue is contingent on +security holders' approval, the date of the meeting | |
| 26 | Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled | |
| 27 | If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders | |
| 28 | Date rights trading will begin (if applicable) | |
| 29 | Date rights trading will end (if applicable) | |
| 30 | How do +security holders sell their | |

+ See chapter 19 for defined terms.

- entitlements *in full* through a broker?
- 31 How do +security holders sell *part* of their entitlements through a broker and accept for the balance?
- 32 How do +security holders dispose of their entitlements (except by sale through a broker)?
- 33 +Despatch date

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

- 34 Type of securities
(tick one)
- (a) Securities described in Part 1
- (b) All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

(If the additional securities do not form a new class, go to 43)

Tick to indicate you are providing the information or documents

These details will be provided at a later date

- 35 The names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
- 36 A distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over
- 37 A copy of any trust deed for the additional +securities

(now go to 43)

+ See chapter 19 for defined terms.

Entities that have ticked box 34(b)

38	Number of securities for which +quotation is sought					
39	Class of +securities for which quotation is sought					
40	<p>Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 					
41	<p>Reason for request for quotation now</p> <p>Example: In the case of restricted securities, end of restriction period</p> <p>(if issued upon conversion of another security, clearly identify that other security)</p>					
42	Number and +class of all +securities quoted on ASX (including the securities in clause 38)	<table border="1"> <thead> <tr> <th data-bbox="718 1344 981 1388">Number</th> <th data-bbox="981 1344 1315 1388">+Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="718 1388 981 1568"></td> <td data-bbox="981 1388 1315 1568"></td> </tr> </tbody> </table>	Number	+Class		
Number	+Class					

Quotation agreement

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.
- 2 We warrant the following to ASX.
 - The issue of the securities to be quoted complies with the law and is not for an illegal purpose.

+ See chapter 19 for defined terms.

- There is no reason why those securities should not be granted +quotation.
- An offer of the securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty.

- Section 724 or section 1016E of the Corporations Act does not apply to any of the applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- We warrant that if confirmation is required under section 1071F of the Corporations Act in relation to the +securities to be quoted, it has been provided at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here: Paul Marshall

Paul Marshall
Company Secretary

Date: 12 July 2010

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