

8 April 2010

Potential major gas resource identified in NSW Apollo farm-in.

Arrow Energy Limited (ASX:AOE, Arrow), with partner Apollo Gas Limited (ASX:AZO, Apollo), is pleased to announce that early stage exploration work has confirmed the potential of a new gas resource on the doorstep of Newcastle. Based on the excellent results obtained to date, exploration works will move rapidly to confirmation of gas production potential as a key step toward reserve certification.

This work is being conducted under a farm-in agreement over two Petroleum Exploration Licences (PEL's) whereby Arrow can earn up to 50 percent interest in each of the tenements (see attached map).

Arrow has recently announced that these farm-in rights will be contained with-in a new de-merged entity to be called Dart Energy Limited (Dart Energy), subject to shareholder approval of the proposed de-merger.

PEL458

PEL458 contains multiple gas exploration targets within coal, shale and sandstone formations. First stage exploration has focussed on highly prospective coal formations within the upper Tomago Coal Measures in the Fullerton Cove area, approximately 15 kilometres north of Newcastle. Future exploration works will target the equally prospective Lower Tomago Coal Measures and Greta Coal Measures which are developed over wide areas of PEL458.

Two exploration wells have been completed, and work is in progress on two other wells, as part of the Upper Tomago exploration program.

The first well (Fullerton-2) was drilled to a total depth of 1082 metres and intersected the full coal measure section of the Upper Tomago Coal Measures. This well intersected 34 metres of total net coal contained in 14 coal seams ranging in thickness between one to eight metres.

The second well Fullerton-4 reached a total depth of 750 metres and intersected in excess of 37 metres of net coal in 18 coal seams. Gas content and composition testing is still in progress, although preliminary results confirm the seams have high gas content. Early stage permeability test results show the seams to have moderate to low permeability of approximately 5mD at depth. This result is favourable and suggests that higher permeabilities will occur at shallower depths.

Drilling of Fullerton-3 is well advanced, and drilling of the fourth well of Stage 1 (Fullerton-1) will commence in early April.

The results from the Fullerton Cove program are very encouraging and confirm the presence of thick, gassy coal seams which demonstrate the resource potential of the Upper Tomago Coal Measures. The success to date supports rapid progress to the next phase of Arrow's farm-in work program. This will comprise pilot testing, aimed at proving reserves, as well as additional exploration boreholes to extend the reserve areas.

PEL464

Phase one of the exploration program on this licence has involved acquisition of 36 kilometres of 2D seismic over six lines in the Boggabri and Gunnedah areas. The field data is currently with Velseis (the seismic acquisition and processing contractor) for processing and interpretation. Early results show good benign seam structure, with significant extension of coal seams from shallow (mining) areas outside of the PEL area.

Two stratigraphic exploration boreholes are planned for drilling during April to aid in the interpretation of the seismic profiles.

Shaun Scott, CEO – Australia, said “These early test results confirm the presence of a significant gas resource located only 15 kilometres from an established gas market in Newcastle.

We are looking forward to moving quickly to the next phase of exploration as these farm-in rights will underpin the Australian component of an exciting portfolio of assets that will be contained within Dart Energy”

ENDS

For further information contact:

Mr Shaun Scott- Chief Executive Officer - Australia
Mr Andrew Barber General Manager Investor Relations

Tel: +61 7 3012 4000
Tel: +61 7 3012 4538

www.arrowenergy.com.au

(2 attachments)



NSW - PEL458 NEWCASTLE - Proposed Drillhole Locations

Source: Arrow Energy Limited
Geosciences Australia
Dept. Envir. and Resource Mgmt.

Date: 31.3.2010

Issued To: A.K.

Author: H.R.

0 20km
Scale 1:500,000 MGA94 Zone 56



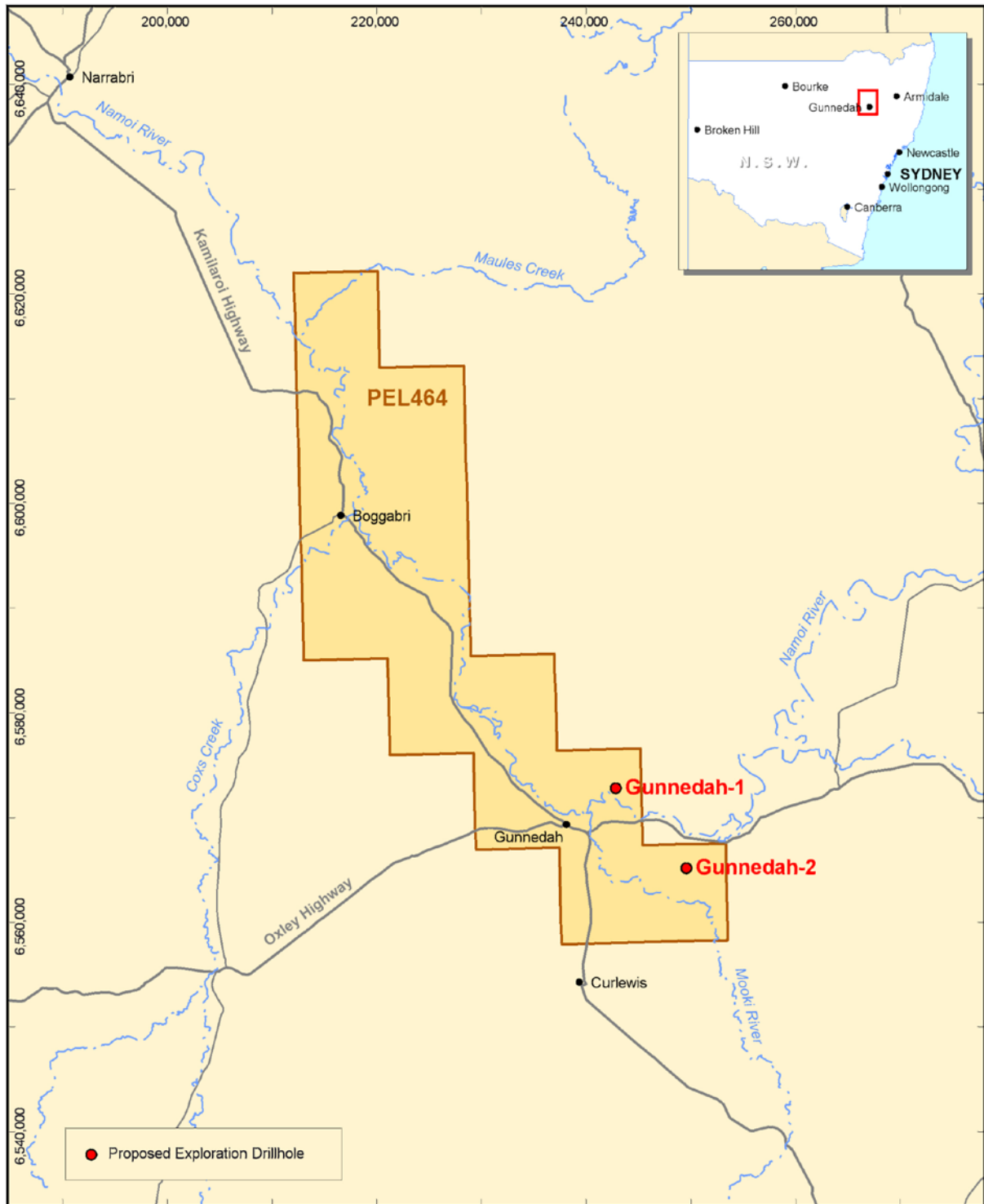
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Note: The dimensions, areas, number of lots, size & location of corridor information are approximate only and may vary.

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NSW - PEL464 Gunnedah - Proposed Drillhole Locations

Source: Arrow Energy Limited
Geosciences Australia
Dept. Envir. and Resource Mgmt.

Date: 31.3.2010
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Author: H.R.

0 20km
Scale 1:500,000 MGA94 Zone 56



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