

ASX Announcement



3 June, 2010

Dart Energy Presentation to UBS Resources and Energy Conference

Simon Potter, CEO Dart Energy, will be presenting at the UBS Resources and Energy Conference in Sydney today.

The presentation material is attached to this announcement.

ENDS

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DART ENERGY

SIMON POTTER
CEO, DART ENERGY

3 June 2010



DART ENERGY

CREATION OF A NEW GLOBAL CBM COMPANY



DART ENERGY

- International PSCs and opportunities
 - ✓ China, Indonesia, India and Vietnam projects for PACE and SCALE
 - ✓ Extensive business development pipeline in existing countries and new geographies
- Australian assets and tenements
 - ✓ Farm-in rights to NSW tenements
 - ✓ Opportunity to grow fast, grow big
 - ✓ Bow Energy, Apollo Gas, LNG Ltd shareholdings
- Experienced team (6 offices; 83 employees) led by ex-Arrow executives
- 10 percent shareholding retained by Shell in Dart International
- Transition arrangements

New company listed on ASX

Arrow Energy domestic assets

- Arrow Queensland CBM tenements
- Power stations
- Arrow Energy Brand



PetroChina



\$3.5 Bn cash offer from CSCo

DART ENERGY

INVESTMENT HIGHLIGHTS

- ✓ Globally diversified portfolio of quality CBM projects
 - ✓ Significant acreage targeting 2P reserves by end of 2011 and near term production potential
 - ✓ Portfolio of assets located in attractive markets of Australia, China, India, Indonesia and Vietnam
 - ✓ Proximity to key markets and infrastructure providing access to viable near term commercialisation alternatives
 - ✓ Well established operations, with significant scale, staff base and local presence in each country of operation
 - ✓ Management team and Board with proven track record in CBM development and shareholder value creation
 - ✓ Strong in-country relationships with leading State and private participants in the energy sectors
 - ✓ ASX listed platform
-

PROCESS TIMETABLE

ON TRACK TO MEET KEY MILESTONES

On track to meet key Demerger and Acquisition Scheme dates

14 July	Scheme meetings to vote on both Schemes
16 July	Second Court Date for Demerger Scheme
20 July	Dart Energy admitted to official list
22 July	Dart Energy commences trading on a deferred settlement basis
28 July	Implementation Date for Demerger Scheme
29 July	Second Court Date for Acquisition Scheme
30 July	Effective Date for Acquisition Scheme Last Day for trading in Arrow shares on ASX
23 August	Implementation Date of Acquisition Scheme

DART ENERGY'S CORPORATE VISION AND PURPOSE

A GLOBAL, COMMERCIALY FOCUSED, RESPONSIBLE BUSINESS

To be the leading global coal bed methane company

- Create value for shareholders and key stakeholders by applying our experience and skills to discover, define and develop unconventional gas resources capable of rapid commercialisation
- Establish presence in high growth markets before competitors and create multiple monetisation options – both technical and commercial
- Lead the industry sector in terms of safety and environmental care, innovation, operational and commercial excellence and profitability
- Make a difference for host countries by providing cleaner, safer, more cost-effective energy solutions

ESTABLISHED PRESENCE IN KEY GROWTH MARKETS

AN ADVANTAGED STARTING POSITION

Dart Energy is beginning from a position of strength and is already larger than Arrow Energy was in early 2007

Large Acreage and Resource Positions



- Large acreage positions in areas with strong CBM potential
 - Significant appraisal program to date – 200 surface to in-seam wells and over 600 CBM wells drilled
-

Strong In-country Relationships



- Relationships with leading gas players including national and local authorities, NOCs
 - Large local enterprises, major operators – CBM and coal
-






Established Operating Business



- 83 staff; offices, local leadership and professional services in six countries
 - Comprehensive sector and industry database for all regions, retained IP and experience
-

ARROW'S MANAGEMENT TEAM REMAINS IN PLACE TO DRIVE THE DART ENERGY GROWTH STRATEGY

Dart Energy's business will be led by Arrow Energy's proven management team
- global oil and gas experience + proven track record

	Key Executive	Current Role	Dart Energy Position	Industry Experience
	Nick Davies	Executive Director (former CEO and MD, Arrow Energy)	• Chairman	• ARCO / BP/ Arrow
	Simon Potter	CEO/MD, Dart Energy	• CEO & MD	• BP / VICO / TNK-BP Hardman Resources
	Graham Yerbury	CFO, Arrow Energy	• CFO	• ARCO / BP /Arrow
	Shaun Scott	CEO, Arrow Energy	• Executive Director	• ARCO / EDL /Arrow
	Stephen Bizzell	Executive Director, Arrow Energy	• Executive Director	• Arrow / Bow / Apollo

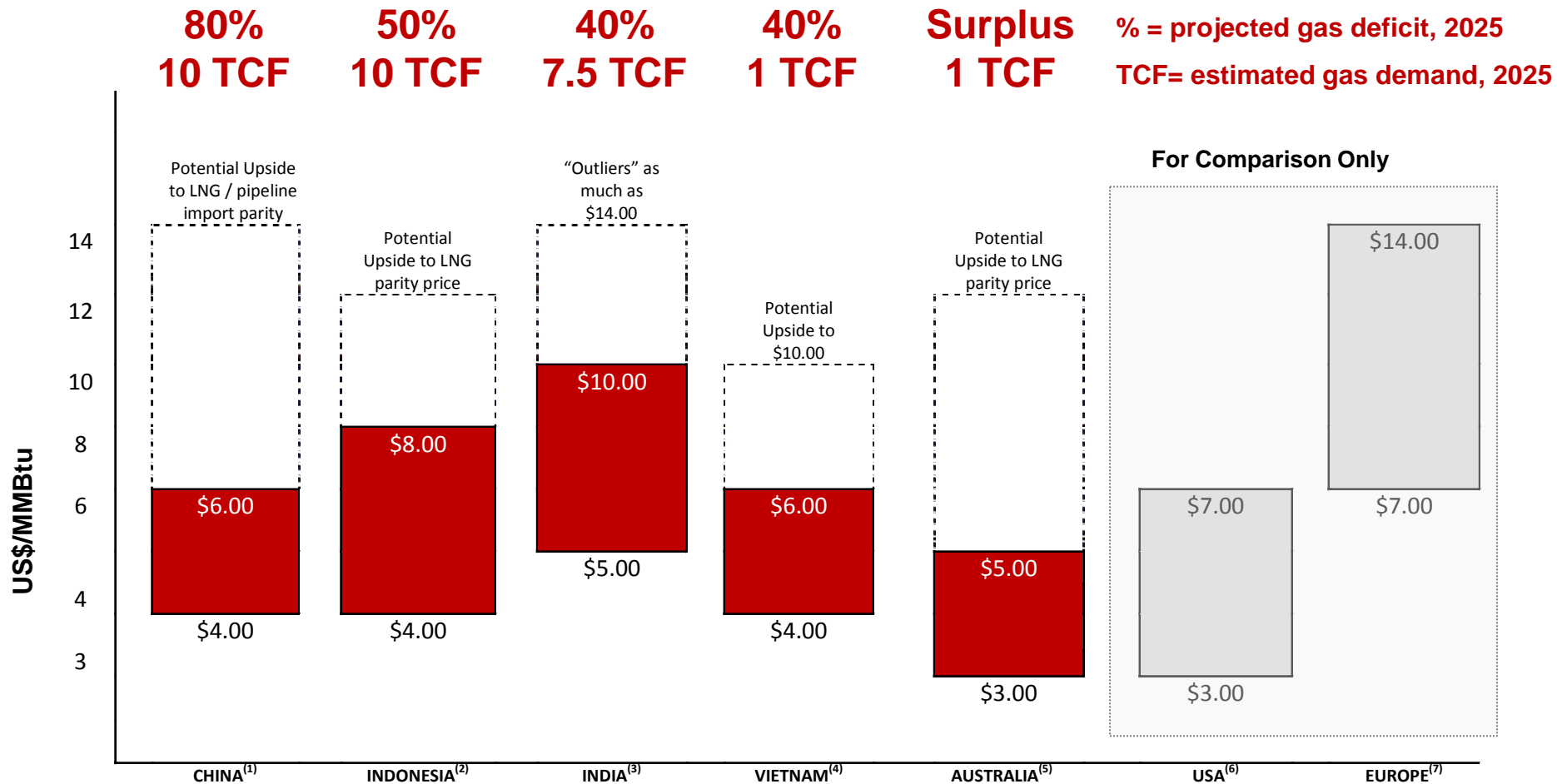
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CLEAR COMMERCIAL TARGETS

- First reserves certifications now achieved, targeting 2P reserves by end 2011
- Achievement of commercial production rates during 2011
- Gas sales commencing by end 2012
- Target of 50 PJ per annum net production by 2015
- Continual development of a global project portfolio, balanced across the risk/reward spectrum:
 - Early stage exploration to production delivery - LIFECYCLE
 - Balance of SCALE/difficulty versus PACE/cost
 - Developed/developing geographies - MANAGEABILITY

DART ENERGY OVERVIEW

TARGETS REALISTIC - PRICING AND DEMAND



Sources:

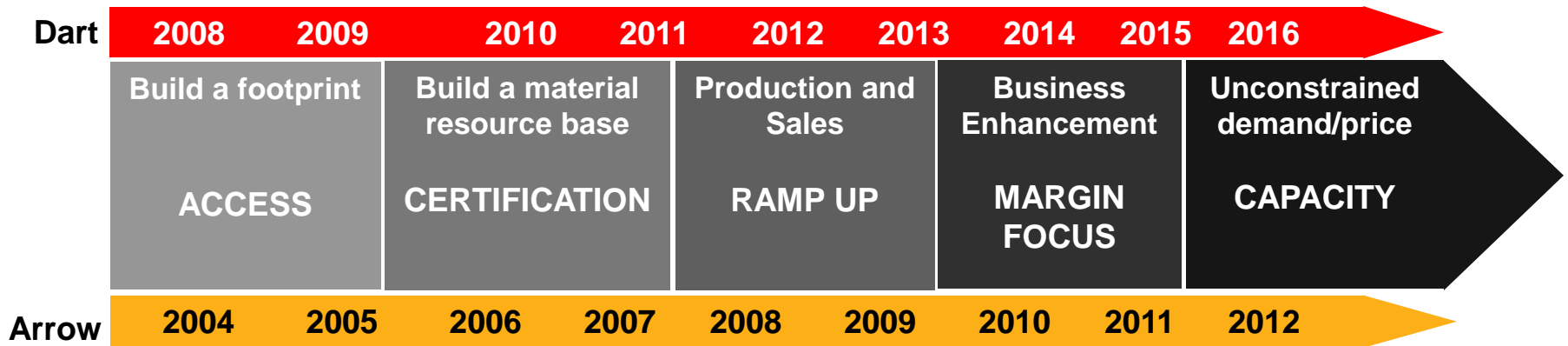
1. China CBM Study, Final Report, January 2009; South Shanxi Market Study, Final Report, September 2009; Commercial Assessment – Liulin Block, December 2009; all Datafusion Associates Singapore; research studies commissioned by Dart
 2. Indonesia Gas Netbacks; Datafusion Associates Singapore; April 2010; research study commissioned by Dart
 3. Scenario for Natural Gas Demand-Supply and Pricing for select CBM and CMM Blocks; Feedback Ventures; April 2010; research study commissioned by Dart
 4. Final Report, Preliminary Study for Hanoi trough Gas Market; Vietnam Petroleum Institute, Research Centre for Petroleum Economics and Management; July 2009; research study commissioned by Dart

5. Australian Energy Resource Assessment, Australian Government – Geoscience Australia; March 2010
 6. Annual Energy Outlook 2010, US Energy Information Administration, May 2010; World Bank Commodity Price Data
 7. World Energy Outlook, International Energy Agency; November 2009; World Bank Commodity Price Data

DART ENERGY'S HERITAGE

REPLICATING ARROW'S SUCCESS ON A GLOBAL SCALE

Multiple geographies – 5+ opportunities to replicate the Arrow business model



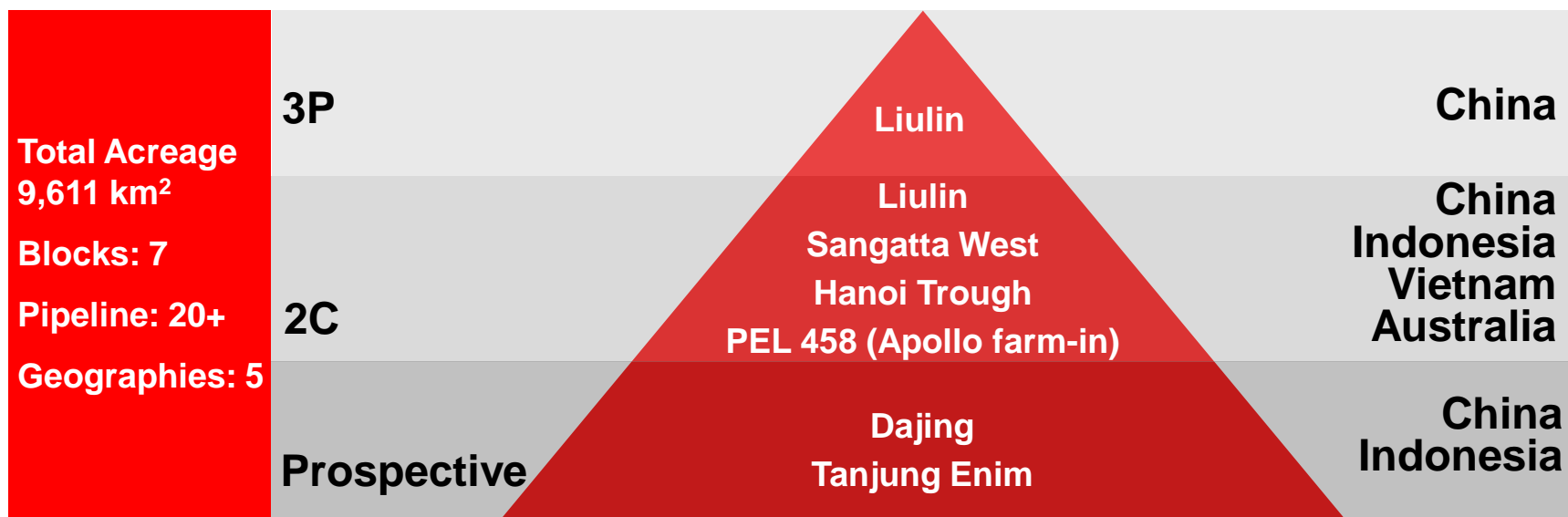
Underpinned by experienced management:

- Knowing and applying core competencies
- Delivering results and efficiencies
- Unwavering focus on being low-cost

**Creation of
substantial
shareholder
value**

DART ENERGY

TARGETS - DELIVERY ASSURANCE

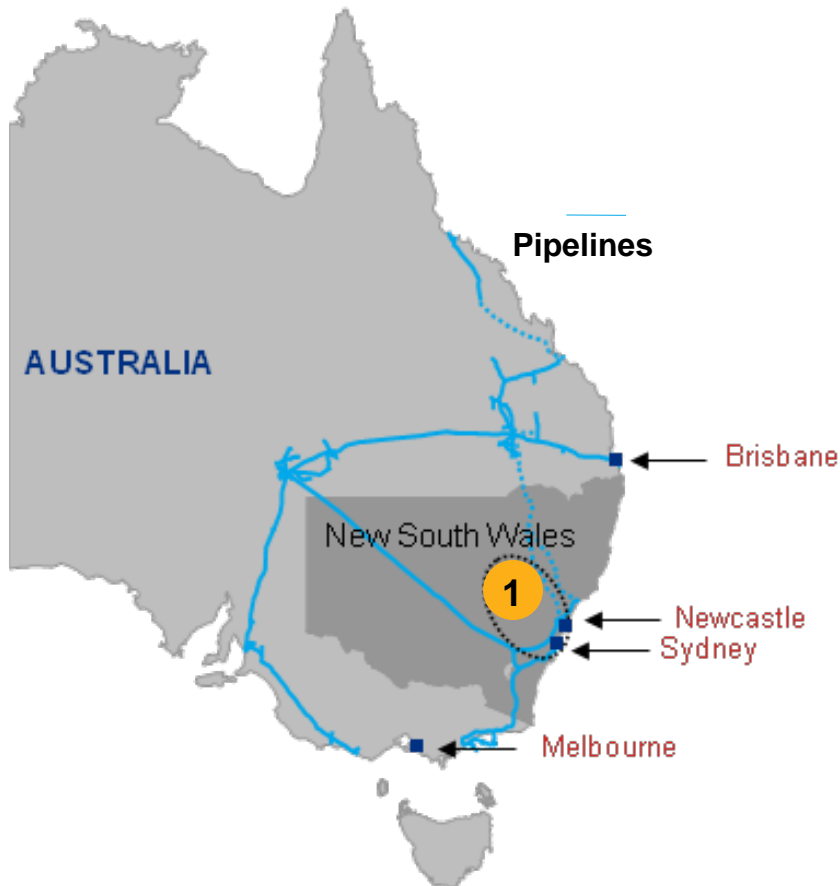


Other Assets	India CBM III blocks	Apollo Energy – 21%
	PEL 464 , NSW, Australia	Bow Energy – 1.4%
	Far East Energy, China	LNG Limited – 7.5%

Business Development	<u>China:</u> New PSC FEEC assets NOC Framework Agreement CMM Liulin equity increase	<u>Indonesia:</u> Adaro PSCs (x2) Kebur PSC HoA Salamander HoA MedCo Various other HoA / JEs	<u>India:</u> CBM-IV (x2) CMM (x3) ONGC farm-ins	<u>Australia:</u> Additional tenements
			<u>Vietnam:</u> Incremental PSC	<u>New Geographies:</u> Additional tenements

AUSTRALIAN ASSETS

GOING AGAIN – GROW FAST; GROW BIG



PACE

- ✓ Extensive domestic gas networks and capacity
- ✓ Existing pipeline infrastructure
- ✓ Advantaged domestic pricing

SCALE

- ✓ Possible LNG export – studies underway
- ✓ Domestic integrated power generation opportunities

MANAGEABILITY

- ✓ Been here before, know the territory
- ✓ Ability to grow reserves; low cost operations
- ✓ Optimisation across the value chain

PLAN

- ✓ Complete farm-in obligations – Drill 4 further wells
- ✓ Build acreage position

1 Farm-in rights being exercised

VIETNAM ASSET

NICHE PRODUCTION POTENTIAL

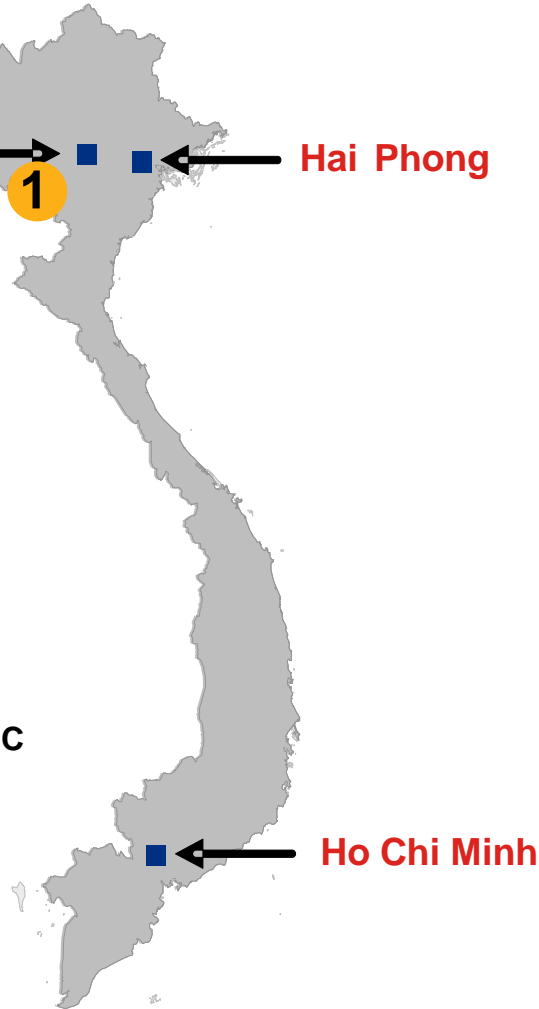


Ha Noi → 1 ← Hai Phong

Hanoi Trough PSC



1 Existing CBM PSC



PACE

- ✓ Exploit existing under-utilised gas infrastructure
- ✓ Current supply mature and in decline.

MANAGEABILITY

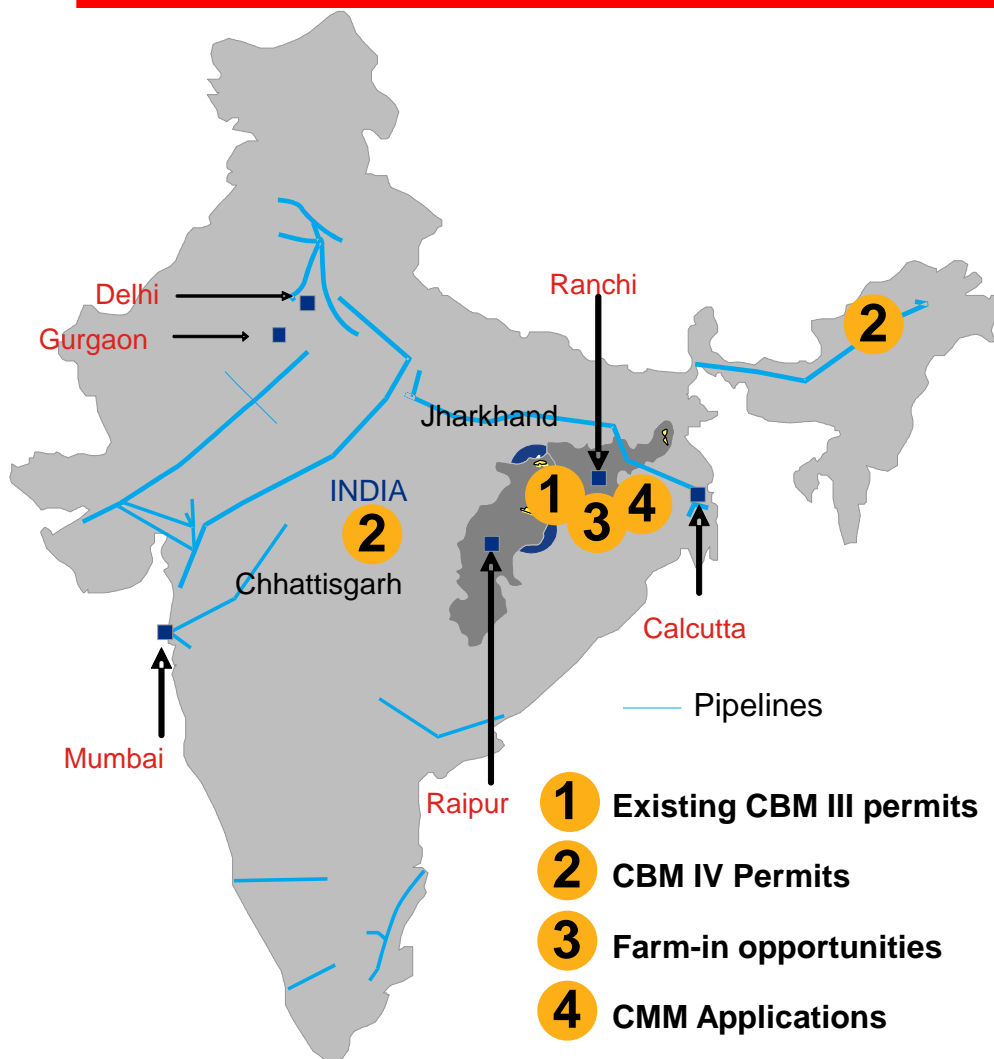
- ✓ Growing industrial customers in expanding Hanoi market
- ✓ Limited competition

PLAN

- ✓ No further obligations
- ✓ Peer Review to determine forward appraisal

INDIA ASSETS

CONTINUED ASSESSMENT OF OPPORTUNITIES



PACE

- ✓ Strong demand from large population centres
- ✓ Huge expansion of domestic infrastructure, focus on city gas distribution
- ✓ Local CMM options potentially attractive

SCALE

- ✓ CBM IV, CBM I – III Farm-in options
- ✓ Partnerships – e.g. OIL in Assam

MANAGEABILITY

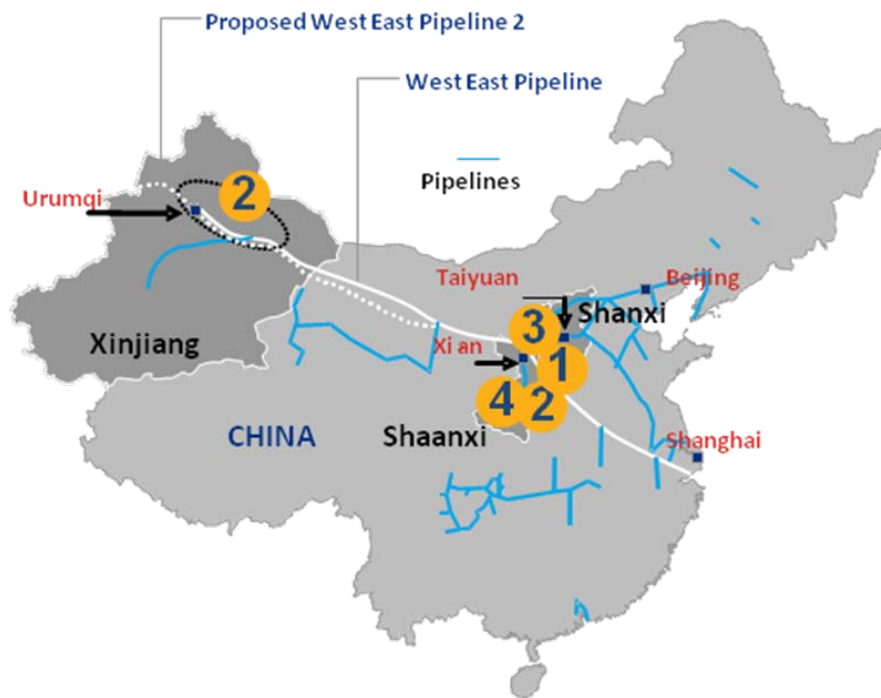
- ✓ Exploitation plagued with bureaucracy

PLAN

- ✓ Drill 5 Tatapani-Ramkola CBM III wells
- ✓ Await CBM IV award
- ✓ Deliver pending ONGC Farm-in
- ✓ Progress CMM commercial negotiations

CHINA ASSETS

ELEPHANT HUNTING



PACE

- ✓ Extensive domestic gas networks and capacity
- ✓ Coal mine degassing a safety imperative
- ✓ Establish presence in the gas value chain to leverage upstream exploitation opportunities

SCALE

- ✓ Largely unexplored basins – coal thicknesses in excess of 70 metres

MANAGEABILITY

- ✓ Partners with scale and influence

PLAN

- ✓ Liulin wells, demonstrate commercial rates
- ✓ Commence Dajing exploration
- ✓ Sign new PSC, deliver NOC framework agreement
- ✓ Explore CMM opportunity

- 1** Existing CBM PSC (Luilin)
- 2** New PSC (Dajing)
- 3** Farm-in opportunities
- 4** CMM opportunities

INDONESIA ASSETS

POTENTIAL FOR EARLY PRODUCTION



- 1** Existing CBM PSCs
- 2** Joint Evaluations commenced
- 3** Executed HOAs

PACE

- ✓ Focus on advantaged access to export infrastructure – East Kalimantan and South Sumatra
- ✓ Local power options exist for proof-of-concept
- ✓ Govt. domestic focus for CBM - advantaged pricing

SCALE

- ✓ LNG Export facility
- ✓ Major coal company resources – South Kalimantan

MANAGEABILITY

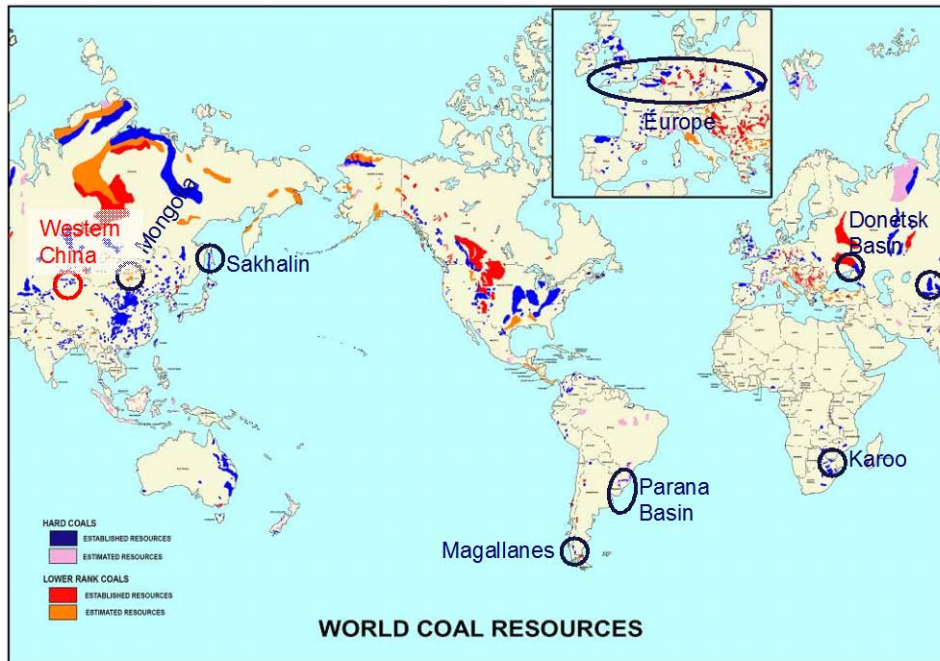
- ✓ Strategic partnerships with local influence
- ✓ No shortage of gas, lack of distribution mechanism
- ✓ Government striving for more supportive fiscal regime

PLAN

- ✓ East Kalimantan Pilot program to commence 4Q
- ✓ Drilling to commence in South Sumatra – 6 wells
- ✓ Pending 3 PSC awards
- ✓ 3 HoAs to define new opportunities

GLOBAL AMBITIONS

LOOKING FURTHER








Opportunity

- ✓ Extensive undeveloped CBM resources exist globally
- ✓ Application of Dart Energy's core skills could enable commercialisation of these resources
- ✓ Dart Energy has undertaken market analysis in a number of high prospect new territories
- ✓ Evaluating a broad range of unconventional gas opportunities – asset and corporate.

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SIGNIFICANT NEAR TERM WORK PLAN

Country	Relationships	Projects	Program
China		Dajing Block Liulin Block FEEC Investment	<ul style="list-style-type: none"> Liulin equity contribution; move to early production Total of 16 wells to be drilled, 6 completed; reserves upgrade Dajing to commence work Relationships to deliver new options / PSC's
India		TR Block	<ul style="list-style-type: none"> Commencing 5 well Tatapani-Ramkola Block program 6 CBM III wells completed CBM IV, farm-in and CMM Delivery
Indonesia		Sangatta West Tanjung Enim	<ul style="list-style-type: none"> Sangatta West, 3 wells drilled, final well commencing Reserves certification; move to early production Tanjung Enim to commence 6 well program 2/3 New PSC's 3 HoA's to crystalise opportunities
Vietnam		Hanoi Block	<ul style="list-style-type: none"> 8 well obligation discharged 2 wells deepened Determine way forward
Australia		PEL 458 PEL 464	<ul style="list-style-type: none"> PEL 458 3 core holes completed, 2 stratigraphic wells remain PEL 464 seismic and 2 stratigraphic wells Portfolio options

DART ENERGY

TANGIBLE MILESTONES

Dart Energy represents a continuation of Arrow's international expansion strategy, has an exciting future assured by continuity of leadership, the quality asset base and an extensive business development pipeline

- Potential portfolio of 10 - 16 PSCs / tenements by end 2010 - current countries
- New geographies under consideration
- Targeting 2P reserves by end 2011
- First CBM sales in 2012
- Target of 50 PJ per annum net production by 2015

DISCLAIMER AND IMPORTANT NOTICE

This presentation contains forward-looking statements that are subject to risk factors associated with the gas and energy industry. It is believed that the expectations reflected in these statements are reasonable, but they may be affected by a range of variables outside the control of Arrow Energy Limited and its Directors which could cause actual results or trends to differ materially, including but not limited to: price and currency fluctuations, geotechnical factors, drilling and production results, development progress, operating results, reserve estimates, legislative, fiscal and regulatory developments, economic and financial markets conditions in various countries, approvals and cost estimates. Therefore, undue reliance should not be placed on forward-looking statements.

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The 1P, 2P and 3P reserves estimates used in this statement were compiled by John Hattner of Netherland, Sewell & Associated, Inc., Dallas, and are consistent with the definitions of proved, probable, and possible hydrocarbon reserves that appear in the Australian Stock Exchange (ASX) Listing Rules. Mr. Hattner is qualified in accordance with the requirements of ASX listing rule 5.11 and consents to the use of the reserve figures in the form and context in which they appear in this announcement. The resource information in this ASX release has been compiled by Dave Mathew, Tony Knight and Barbara Pribyl who are fulltime employees of the Company. Mr Mathew, Mr Knight and Ms Pribyl are qualified in accordance with ASX listing rule 5.11 and has consented to the form and context in which this statement appears.