



NEWS RELEASE

8 NOVEMBER 2007

Gladstone LNG Project “Arrow-AGL Joint Venture Acquires Enertrade’s Gas and Pipeline Business”

The Company’s directors are pleased to attach a copy of Arrow Energy NL’s (**Arrow**) news release of 7 November 2007 in relation to Arrow’s and AGL Energy Limited’s joint acquisition of Enertrade’s gas and pipeline business in Queensland. The assets acquired include the right to develop the Central Queensland Gas Pipeline (**CQGP**) between the North Bowen Basin and Gladstone.

The Company’s Managing Director, Maurice Brand, said “this is another major development for the Company’s planned construction of a mid-scale liquefied natural gas (**LNG**) production and export project at the Port of Gladstone, Queensland (**Gladstone LNG Project**). The CQGP will facilitate the delivery of gas from Arrow’s coal seam gas acreage in the North Bowen Basin to the proposed location of the Gladstone LNG Project at the Port of Gladstone. Under the gas supply agreements between Arrow and the Company, Arrow is responsible for delivery of the agreed gas volumes to the boundary of the Gladstone LNG Project”.

The Gladstone LNG Project comprises 4 key components:

- Gas Supply: to be supplied by Arrow from its extensive coal seam gas acreage interests in Queensland;
- Gas Delivery: to be delivered to the Gladstone LNG Project by Arrow, with the CQGP to provide this important link;
- LNG Project: to be developed and owned by the Company’s wholly owned subsidiary Gladstone LNG Pty Ltd, with an initial LNG production capacity of 1.0 to 1.3 million tonnes per annum and scope for significant production capacity expansion subject to the availability of additional gas supply; and
- LNG Marketing and Offtake: being managed by the Company with strong expressions of interest received from several major existing LNG buyers.

“The Company is pleased that the right to develop the CQGP has been jointly secured by Arrow, as the gas supplier to the Gladstone LNG Project, and AGL Energy Limited, a company with extensive experience in the gas distribution business in Australia. The Company is continuing to progress the Gladstone LNG Project detailed (bankable) feasibility study and importantly remains on schedule to meet its targeted financial close in the September 2008 quarter and first LNG production in late 2010”, Mr. Brand further said.

For further information please contact:

Mr Maurice Brand
Managing Director & Chief Executive Officer
Telephone: 08 9366 3700
Email: mbrand@lnglimited.com.au

Mr Norman Marshall
Director & Chief Financial Officer
Telephone: 08 9366 3700
Email: nmarshall@lnglimited.com.au

Mr Paul Bridgwood
Director & Chief Technical Officer
Telephone: 08 9366 3700
Email: pbridgwood@lnglimited.com.au

Liquefied Natural Gas Limited
Ground Floor, 5 Ord Street, West Perth WA 6005
Telephone: (08) 9366 3700 Facsimile: (08) 9366 3799
Email: LNG@LNGLimited.com.au; Website: www.LNGLimited.com.au



7 November 2007

FOR IMMEDIATE RELEASE

Arrow – AGL joint venture acquires Enertrade's gas and pipeline businesses

The Directors of Arrow Energy N.L. ("Arrow") are pleased to announce that Arrow in conjunction with AGL Energy Limited ("AGL") will acquire the merchant gas and pipeline businesses of the Queensland Power Trading Corporation ("Enertrade") from the Queensland Government. The business will be acquired in a 50/50 joint venture with AGL for a total purchase price of \$268 million plus transaction costs of approximately \$12 million (total cost to Arrow of \$140 million).

Arrow's Chief Executive Officer, Nick Davies said, "For a number of years Arrow has been pursuing a high growth strategy both in Queensland and internationally, focussed on the acquisition and development of world class coal seam gas projects and has built a quality portfolio of assets with significant gas reserves. Recent initiatives have been directed at leveraging off this solid foundation and targeting high margin value add opportunities and this acquisition provides an immediate exposure for Arrow to all components of the energy value chain from gas production through to electricity sales. The Enertrade business acquisition is a natural addition to our existing Moranbah coal seam gas project that was acquired through our merger last year with CH4 Gas Limited. Enertrade is currently our major customer for gas produced at Moranbah and the acquisition provides immediate upside value creation for the Moranbah Gas Project Joint Venture (50% AGL) as well as significant growth opportunities for our north Queensland project portfolio."

"This deal effectively creates a mid-size integrated energy company for us in the high growth energy market of the Gladstone to Townsville corridor and further enhances the business alignment of AGL and Arrow. It will form the largest integrated gas project of its type in Australia."

Mr Davies added, "The acquisition will give Arrow immediate exposure to the wholesale electricity generation market at a time of historically high electricity pool prices."

"The acquisition of the North Queensland Gas Pipeline (NQGP) which runs from Moranbah to Townsville is important to ensure the joint venture can unlock maximum value from integration of Enertrade's business, and will provide considerable value upside, operational flexibility and cost savings to the joint venture. "

"The Central Queensland Gas Pipeline (CQGP) development opportunity acquired will provide a strategic link for gas supply between the North Bowen Basin and Gladstone and interconnection of the NQGP to the existing state gas transmission network. This pipeline infrastructure when built will facilitate the supply of gas to Gladstone from Arrow's Bowen Basin project portfolio to underpin the proposed Gladstone LNG export facility."

Arrow Energy NL

ACN 078 521 936

Level 13, 10 Eagle Street, Brisbane QLD 4000, Australia

GPO Box 5262, Brisbane QLD 4001, Australia

Telephone: 07 3105 3400 Facsimile: 07 3105 3401 Email: info@arrowenergy.com.au

For personal use only

Under the terms of the agreement reached with AGL, Arrow will manage the gas processing and compression facilities acquired together with continuing the operation of the upstream Moranbah Gas Project on behalf of the joint venture and AGL will manage the merchant gas business for the joint venture and manage dispatch of the output of electricity generated at the Yabulu Power Station. The existing operational team responsible for the NQGP pipeline will transfer across to and be managed by the joint venture.

Arrow will fund its approximately \$140 million share of the acquisition through existing cash reserves, debt facilities being finalised and an equity raising. The company, with its advisers is evaluating various equity capital raising options. The transaction is expected to be completed by 30 November 2007.

The businesses being acquired had combined EBIT of \$56m in the year ended 30 June 2007 and will boost Arrow's revenues considerably and will be immediately earnings per share accretive to Arrow.

STRATEGIC RATIONALE - SUMMARY

- Provides substantial value benefits from integration with the JV's existing upstream gas position in the Moranbah Gas Project (MGP);
- Provides ability to streamline and unlock maximum value from pipeline transportation arrangements and allows operational flexibility and cost savings to be realised by the joint venture's upstream gas business;
- Delivers a material integrated wholesale gas and electricity portfolio in Queensland;
- Well understood business/assets enables smooth and timely integration;
- Strengthens relationship and alignment of the Arrow / AGL joint venture in the Bowen Basin;
- Secures the rights for Arrow and AGL to develop the Central Queensland Gas Pipeline; and
- Acquisition will be earnings per share accretive from day one.

Paul Marshall
Company Secretary

For further information contact:

Mr Nicholas Davies, Chief Executive Officer ndavies@arrowenergy.com.au	Phone 61 7 3105 3400 Fax: 61 7 3105 3401 E-Mail info@arrowenergy.com.au Website www.arrowenergy.com.au
Mr Stephen Bizzell, Executive Director sbizzell@arrowenergy.com.au	
Mr Shaun Scott, Chief Commercial Officer sscott@arrowenergy.com.au	

For personal use only

Enertrade's Gas Business Fact Sheet

WHAT IS THE GAS MERCHANT BUSINESS?

Enertrade's Gas Merchant Business comprises two key parts:

- Purchase of gas from the Moranbah Gas Project (MGP) coal seam gas operations to sell to large customers in Townsville; and
- Dispatch management of the 230 MW Yabulu Power Station (YPS) in Townsville into the National Electricity Market (NEM).

The Gas Purchase Agreement with the MGP joint venture (50/50 AGL/Arrow) is for up to approximately 20 PJ per year for 15 years. The Agreement commenced in 2005.

The first part of the Gas Merchant Business is the supply of gas to two large industrial customers in Townsville and to Enertrade Electricity Trading under a:

- Gas Supply Agreement with Queensland Nickel Industries (QNI) for up to 6 PJ per year;
- Gas Supply Agreement with Copper Refineries Pty Ltd (CRL) for up to 0.25 PJ per year; and
- Self-supply arrangement for the balance of the Gas Purchase Agreement volumes to service the YPS Power Purchase Agreement (PPA).

The second part of the Gas Merchant Business is the right to dispatch the electricity generated from the 230 MW YPS under a long term PPA with Transfield Services for about 17 years.

WHAT ARE THE GAS PIPELINE ASSETS?

Enertrade's Gas Pipeline Assets include the North Queensland Gas Pipeline (NQGP) and the Moranbah Gas Processing Facility (MGPF).

The NQGP is a gas transmission pipeline that was commissioned in September 2004. It comprises:

- A 370 km, 12 inch diameter high pressure pipeline from the MGPF to YPS and QNI refinery;
- A 22 km, 10 inch diameter lateral pipeline connecting the mainline at Woodstock to the Stuart industrial precinct which houses CRL's 270,000 tonne per year copper refinery and a 288 MW open cycle gas turbine peaking power station; and
- Delivery facilities at the YPS and Stuart.

The NQGP has a free flow capacity of approximately 108 TJ per day (about 30 PJ per year) based on a load factor of 1.0, however with the installation of mid-line compression this could be increased to approximately 158 TJ per day (about 58 PJ per year). The pipeline route is shown on the map following (Figure 1).

The MGPF currently comprises inlet gas conditioning, four 2.6 MW reciprocating gas engine compressor units, a triethylene glycol (TEG) gas dehydration unit and export gas metering and monitoring. The facility is used to process gas for injection into the NQGP.

The current gas export capacity from the MGPF is approximately 51 TJ per day (about 19 PJ per year) with three compressors running and approximately 68 TJ per day (about 25 PJ per year) with all four compressors running.

The MGPF design and plant layout allows for incremental expansion to double the current capacity by increasing the number of compressors up to a maximum of eight units plus an additional TEG gas dehydration unit.

WHAT IS THE CENTRAL QUEENSLAND GAS PIPELINE DEVELOPMENT OPPORTUNITY?

The Central Queensland Gas Pipeline (CQGP) is a development opportunity to build a 440 km high pressure gas transmission pipeline from Moranbah to Gladstone. The AGL-Arrow joint venture will purchase the separate special purpose vehicle established by Enertrade which contains the assets, rights, easements and intellectual property associated with the CQGP development opportunity.

The CQGP could provide a strategic link for gas supply between the North Bowen Basin and Gladstone and interconnection of the NQGP to the existing state gas transmission network. The planned pipeline route would enable gas reserves within the Northern Bowen Basin coal fields to be developed and provide an alternative source of gas for Gladstone and/or facilitate an additional source of gas for Townsville.

WHAT ARE THE BENEFITS OF THIS TRANSACTION FOR NORTH QUEENSLAND?

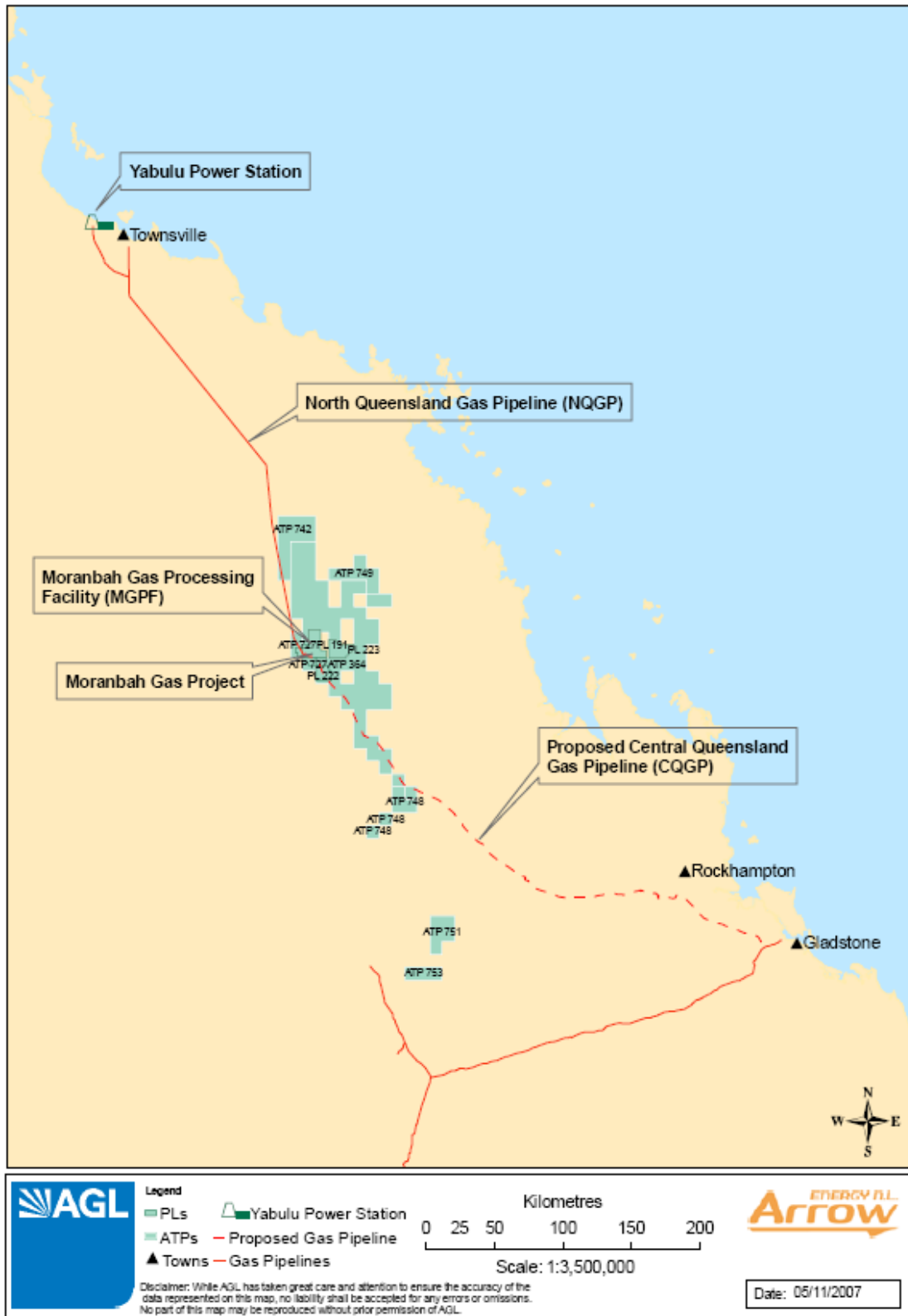
Customers in Townsville will for the first time have a direct contractual relationship with the upstream gas suppliers – AGL and Arrow. This will enhance field development planning, security of gas supply and promote more efficient and optimised commercial outcomes for customers.

AGL and Arrow will have a much broader involvement in participating and promoting energy market developments in North Queensland, including along the Townsville to Gladstone corridor. Power generation and other gas market development opportunities in Townsville can be reviewed and assessed by AGL and Arrow from a 'whole of energy supply chain' perspective.

The prospects of further gas market and energy infrastructure development are enhanced through the direct market involvement of the North Queensland region's major gas producers.

For personal use only

FIGURE 1 – Location of Enertrade’s Gas Business Assets



For personal use only