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AVIVA AND ARC ENERGY PARTNER IN MID WEST SEQUESTRATION STUDY

Aviva Corporation (ASX:AVA, BSE:Aviva) and ARC Energy (ASX:ARQ) have agreed to a partnership to study the potential for sequestration of carbon dioxide in depleted oil and gas reservoirs in the North Perth Basin.

As a first step, ARC Energy will join the existing study commissioned by Aviva and being conducted by CO2CRC Technologies, which is investigating sequestration sites for future emissions from Aviva's planned 400MW Coolimba Power Project in the Mid West region.

Aviva's Chief Executive Officer Lindsay Reed welcomed the participation of ARC Energy in the milestone study. He said ARC Energy's experience in, and knowledge of, oil and gas reservoirs in the Mid West region of Western Australia would significantly enhance the study.

The CO2CRC is one of the world's leading collaborative research organisations focused on carbon dioxide capture and geological storage (geosequestration).

"The North Perth Basin offers potentially the most promising sites in WA, if not Australia, for sequestration of carbon dioxide, and this study puts WA at the forefront of tackling greenhouse gas emissions from power stations and other industrial projects," Mr Reed said.

Aviva is currently developing the Coolimba Power Project, a \$1 billion investment based on a 400MW coal fired power station 20km south of Eneabba, which will be key to unlocking the considerable economic potential of the Mid West region by powering local development.

"Coolimba will establish Eneabba as an energy hub in the Mid West, balancing Collie in the State's south and Kwinana in the metropolitan area."

"But the other exciting thing about this project is the opportunity for it to become Australia's first and largest commercial "carbon capture" project, through sequestering and storing its future carbon dioxide emissions," Mr Reed said.

ARC Energy's Executive Director-Operations, Gary Jeffery expressed ARC's eagerness to extract practical outcomes from the relationship with Aviva.

"There are many opportunities for both companies to gain from working together as neighbours and partners."

In particular, the geosequestration studies will also examine the use of carbon dioxide to enhance hydrocarbon recoveries from ARC Energy's mature oil and gas fields.

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ABOUT AVIVA

Aviva is listed on the Australian Stock Exchange and the Botswana Stock Exchange with its head office in Perth. The company is growing a portfolio of energy assets. Aviva's most advanced asset is the Coolimba Power Project in Western Australia.

Aviva is earning a 90% interest in the Mmamantswe project in Botswana, where it is has outlined a 1.3 billion tonne coal resource. The project is well positioned, being on the South African border and adjacent to key infrastructure including, highway, railway, and high voltage transmission lines.

ABOUT COOLIMBA

The Coolimba Power Project is based on based on a 400MW base load power station near Eneabba, in the Mid West region of WA. The project is ideally located in the northern half of the SWIS power grid to take advantage of demand growth both in the SWIS and from new resource projects in the Mid West Region. The location has the advantage of low cost fuel, available water, adjacent infrastructure, existing mining lease and freehold land. Coolimba Power will also incorporate the latest carbon capture technology. The project name is derived from the coastal region west of Eneabba, which is known as the Coolimba coast. Coolimba is an Aboriginal word which is said to mean "place by water".

Please visit: www.avivacorp.com.au

ABOUT ARC ENERGY

ARC Energy is one of Australia's pre-eminent energy companies. The company has a substantial and focused Australian oil and gas exploration and production portfolio, increasing international operations and a proven track record of exploration and commercialisation success. The company's aggressive growth strategy is focused on developing its local assets while pursuing corporate growth opportunities.

Please visit: www.arcenergy.com.au