



QUEENSLAND GAS COMPANY LIMITED

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ASX ANNOUNCEMENT

QGC Statement on ACCC decision

Today's decision by the ACCC not to oppose AGL Energy's proposed acquisition of an initial 27.5% stake in QGC confirms QGC's presence as a major independent coal seam gas producer in the southeast Queensland market.

QGC Managing Director Mr Richard Cottee said the ACCC's decision recognised that QGC had become a significant producer of CSM gas and has enormous potential to expand beyond the Berwyndale South gasfield by proving-up substantial 3P reserves in the areas outside Berwyndale South.

"While QGC's 2P reserves of 695 PJ at Berwyndale South represent immediate value realisable through sales contracts, the company's 3P reserves of 2556 PJ represent even greater potential and ensure QGC will continue as a strong competitor into the future.

"QGC's Growth Acceleration Strategy announced last August enabled rapid development of the Berwyndale South CSG field and an accelerated drilling program of exploration wells in highly promising areas in related tenements.

"QGC's successful exploration program and gas field development has established the company as a competitive force in the market," Mr Cottee said.

QGC's Board has unanimously recommended an offer from AGL, subject to no superior offer emerging, to initially acquire 27.5% of QGC for \$1.44 per share, including a contract for AGL to buy 540 PJ of QGC's gas over 20 years and a gas market development agreement whereby QGC will obtain rights to use AGL's excess pipeline capacity.

The AGL proposal is due to be considered by QGC shareholders in early March at an Extraordinary General Meeting.

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