



QUEENSLAND GAS COMPANY LIMITED

Level 11, 307 Queen Street, Brisbane QLD 4000

GPO Box 3107, Brisbane QLD 4001

Tel: 07 3004 1000 Fax: 07 3012 8411

Website: www.qgc.com.au

Email: ggc@ggc.com.au

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ASX ANNOUNCEMENT

QGC TO PROCEED WITH EGM, AND RE-AFFIRMS IT'S RECOMMENDATIONS

The Queensland Gas Company (QGC) Board of Directors has today considered the conditional takeover offer from Trust Company of the West (TCW) that was announced yesterday.

The Board notes that contrary to most press reports, the consideration offered by TCW is a combination of cash (75%) and preference shares (25%). The terms that TCW has outlined are such that even if a QGC shareholder accepts the all cash alternative of \$1.51, they may only receive cash for 75% of their shares and they may be required to accept preference shares for up to 25% of the consideration. The amount offered in cash is \$1.51 per share, but it is unclear what value would be placed on the preference shares.

If the consideration offered by TCW was cash alone, the TCW offer would be close to the bottom of Independent Expert Deloitte's "fair and reasonable range" for majority control of \$1.49 to \$2.00 per share.

A further consideration is that if QGC shareholders do not approve the AGL transaction by this Sunday 4 March 2007, AGL will be entitled to terminate the transaction. QGC has asked AGL to extend this deadline, but they have refused.

Taking account of all these issues, the QGC Board has determined to proceed with the Extraordinary General Meeting at 10.00 am tomorrow. Furthermore, the Board sees no reason for changing its recommendation in favour of the AGL transaction, in the absence of a superior proposal.

For further information contact:

Mr Richard Cottee

Managing Director

Queensland Gas Company Limited

Telephone: (07) 3004 1000

Facsimile: (07) 3012 8411

Website: www.qgc.com.au

