



Queensland Gas Company Limited

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5 March 2008

## CLARIFICATION ON EXERCISE OF AGL ENERGY OPTION

QGC Managing Director Richard Cottee was asked during the Half Year presentation today about a current Gas Sale Agreement (GSA) between AGL Energy and QGC.

Under the agreement AGL Energy agreed to buy 540 PJ of gas - with QGC granting AGL Energy two options to buy a further 200 PJ. To date AGL Energy has exercised only one of these options involving 100 PJ.

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### ABOUT QGC

**Queensland Gas Company is a rapidly-evolving integrated energy business strategically positioned to meet rising demand for its abundant coal seam gas, cleaner power and ample water.**

Since listing on the Australian Stock Exchange in 2000 QGC has become Australia's leading coal seam gas producer, Queensland's third largest company, and an award-winning business noted for nimble and innovative action to create greener energy.

Based on currently committed demand, the company's world-class reserves in the Surat Basin are projected to supply around 20% of the Queensland domestic gas market in 2009. QGC's robust domestic market is underpinned by Queensland Government policy and firm long-term contracts. Its commercial success in that market is sure to profit from Australia's move to cleaner, more efficient fuel sources and the advent of a national carbon trading scheme.

The quality and depth of QGC's assets and management has been recognised by Britain's BG Group (formerly British Gas), a global energy company seeking to partner with QGC to export gas to higher value overseas markets. In February 2008 QGC and BG Group announced a joint commitment of about \$8 billion to enable the annual export of 3-4 million tonnes of liquefied natural gas (LNG) for 20 years.

The LNG project involves a significant exploration phase, targeting more than 7,000 petajoules (PJ) of 2P (proved and probable) gas reserves, construction of a 380 kilometre pipeline to the city of Gladstone, development of an LNG terminal, and several thousand new jobs.

Next year QGC will join the National Electricity Market. In February 2009 QGC will start supplying gas to the company's new gas-fuelled Condamine Power Station, which will produce 140 megawatts of electricity with minimal greenhouse emissions.

Large volumes of water yielded during the release of coal seam gas have the potential to help drought-proof communities, towns and farms in the Surat Basin.

