

MALLESONS STEPHEN JAQUES

Company Announcements Platform
ASX Limited
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28 October 2008

Tim Bednall
Partner
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Attention: the Manager

Dear Sir

BG International (AUS) Investments Pty Limited - on-market takeover bid for Queensland Gas Company Limited (ABN 11 089 642 553) ("QGC")

We act for BG International (AUS) Investments Pty Limited (ACN 131 104 651) ("BG AUS"), a subsidiary indirectly wholly owned by BG Group plc ("BG Group").

Attached is an announcement by BG Group relating to a transaction with AGL Energy Limited (ACN 115 061 375), to be published in connection with the on-market takeover offer to be made by BG AUS for all of the shares in QGC.

Yours faithfully

Mallesons Stephen Jaques

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News Release



28 October 2008

AGL intention to sell into BG Group recommended takeover for QGC

BG Group ("BG Group" – LSE:BG.L) today announced that AGL Energy Limited ("AGL" – ASX:AGK) has indicated that AGL intends to sell its 22% shareholding in Queensland Gas Company Limited ("QGC" – ASX:QGC) into BG Group's recommended takeover bid for QGC, in the absence of a superior offer for the entirety of QGC. AGL's shareholding will be sold at the offer price of \$5.75 cash per share, for a total consideration of \$1.18 billion (£485 million).

Further details of the recommended on-market cash takeover offer for QGC by BG Group's wholly-owned Australian subsidiary, BG International (AUS) Investments Pty Limited ("BG AUS"), can be found at www.bg-group.com

Option agreement

Separately, AGL has also entered into an option agreement with BG AUS under which AGL has the right (but not the obligation) to acquire either or both of:

1. 100% of the Lacerta gas field and a 15% interest in the Polaris gas exploration licence, amounting to certified 3P reserves of 1 097 petajoules (PJ) and 2P reserves of 469 PJ. For an explanation of reserves classification, please see the Notes for Editors, below; and/or
2. the 140MW Condamine combined cycle power station project currently under construction, together with an associated 10 PJ per annum gas supply contract until 1 January 2014.

The exercise price for the Lacerta and Polaris interests is \$0.78 per gigajoule (GJ) on existing 3P reserves of 1 097 PJ, valuing those interests at \$856 million (£352 million). The exercise price for the Condamine power station will be the higher of the costs paid up to completion or the fair market value to be determined by an independent expert.

The options are conditional on BG AUS acquiring at least 50.1% of the issued share capital in QGC.

AGL has no obligation to accept the BG Group takeover offer for QGC, nor is the exercise of the option agreement conditional upon AGL's acceptance of that offer.

AGL's existing 740 PJ gas supply contract with QGC will remain in place on identical terms and conditions.

Queensland Curtis LNG Project

AGL and BG Group have also agreed to discuss in good faith a future option for AGL to supply gas from the Lacerta development to the QGC-BG Group Queensland Curtis LNG Project. Should AGL exercise the option to acquire an interest in the Polaris gas exploration project, 100% of AGL's share of any gas produced from Polaris may also be dedicated to the Queensland Curtis LNG Project.

Ends.

Notes for Editors

About BG Group

BG Group plc (LSE: BG.L) is a world leader in natural gas, with a strategy focused on connecting competitively-priced resources to specific, high-value markets. Active in 27 countries on five continents, BG Group has a broad portfolio of exploration and production, Liquefied Natural Gas (LNG), transmission and distribution and power generation business interests. It combines a deep understanding of gas markets with a proven track record in finding and commercialising reserves.

Reserves classification

Under Society of Petroleum Engineers (SPE) guidelines, reserves are categorised according to their probability of production. 1P reserves are reserves with a 90 per cent probability of successful commercial production. 2P reserves consist of 1P reserves plus other reserves with a 50 per cent probability of successful commercial production. 3P reserves consist of 1P reserves plus 2P reserves plus other reserves with a 10 per cent probability of successful commercial production.

1P reserves are known as proved reserves; 2P reserves are known as proved plus probable reserves; and 3P reserves are known as proved plus probable plus possible reserves.

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