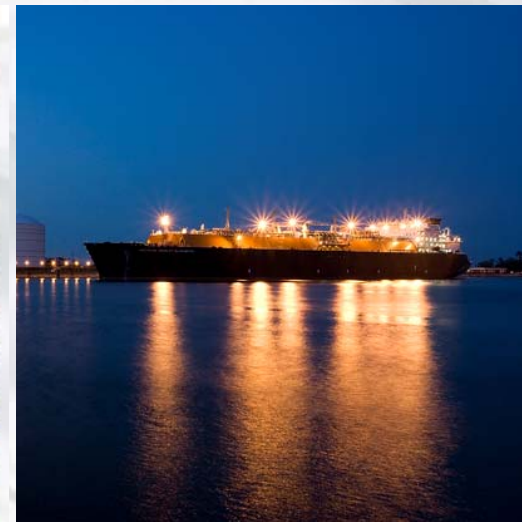


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# BG Group recommended offer for QGC

28 October 2008





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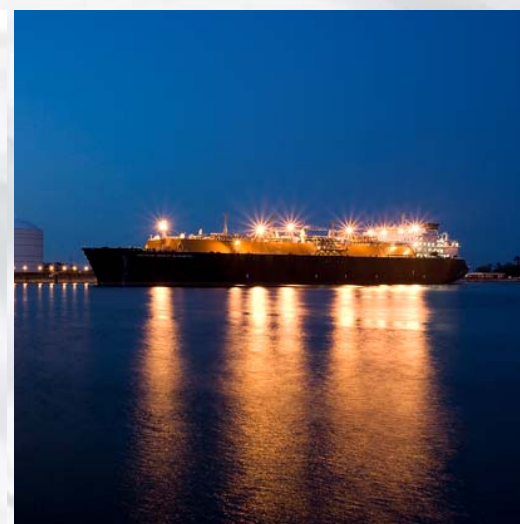
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Ashley Almanza – Chief Financial Officer, BG Group plc





## Key messages



- On-market cash offer for QGC at \$5.75/share
- Fair and certain value for QGC shareholders
- The offer price is final\*
- Asia-Pacific resources and LNG supply for BG Group
- Value creation from combination of QGC and BG Group assets and skills
- Funded from BG Group's cash reserves, supplemented, as required, from existing committed facilities



## Transaction details - 1



- Full and fair offer at 80% premium
- QGC Voting Directors unanimously recommend acceptance\*
- QGC Chairman Robert Bryan & Managing Director Richard Cottee have signed pre-bid acceptances
- Total pre-bid acceptances (including also ANZ and Sentient) of 8.4% - giving BG Group 17.1%
- Directors holding a further 7.1% have declared they will accept\*
- AGL (22% QGC shareholder) has announced its intention to accept\*
- Existing holding + total acceptances + declared intentions = **46.2%**

- **Timing:**
  - QGC shareholders are able to sell their QGC shares to BG Group from **today**
  - Bidder's Statement lodged today; despatch to shareholders by 11/11/08
  - QGC Target's Statement by same date
  - Offer closes by 15/12/08\*
- **Funded from BG Group's cash reserves, supplemented, as required, from existing committed facilities**
- **BG Group remains strongly financed:**
  - Strong operating cash flow
  - Modest gearing
  - A-rated credit status



## BG Group strategic drivers



- Material business in a stable, OECD country
- Step change to Asia-Pacific business
- Resources to supply domestic and regional markets
- Enhances BG Group's global LNG position
- CSG skills give access to an emerging resource play
- QGC's staff and skills can be developed across BG Group's portfolio
- Secures creation of material LNG business in Queensland





## Key messages

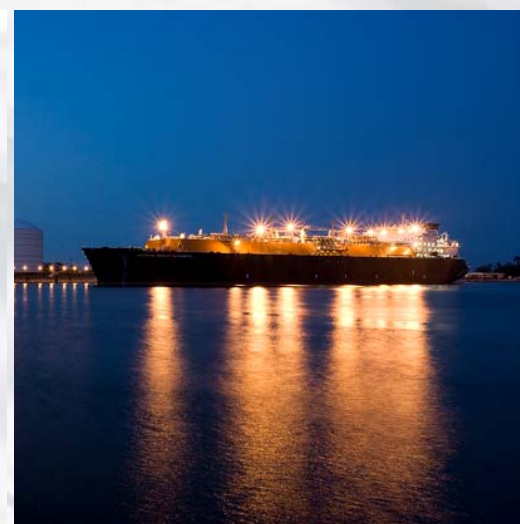


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Richard Cottee – Managing Director, QGC





QGC is crystallising shareholder value now



- QGC has achieved extraordinary rates of exploration and reserve certification growth
- Next phase in QCLNG would require more resources, skills and balance sheet capacity for QGC
- Accepting BG Group's offer will crystallise value today from QGC's stake in QCLNG
- Shareholders will receive immediate, certain and significant cash premium from BG Group offer
- QGC's reserves, staff and other assets will be further developed by BG Group for QCLNG



## A great partnership going to the next level



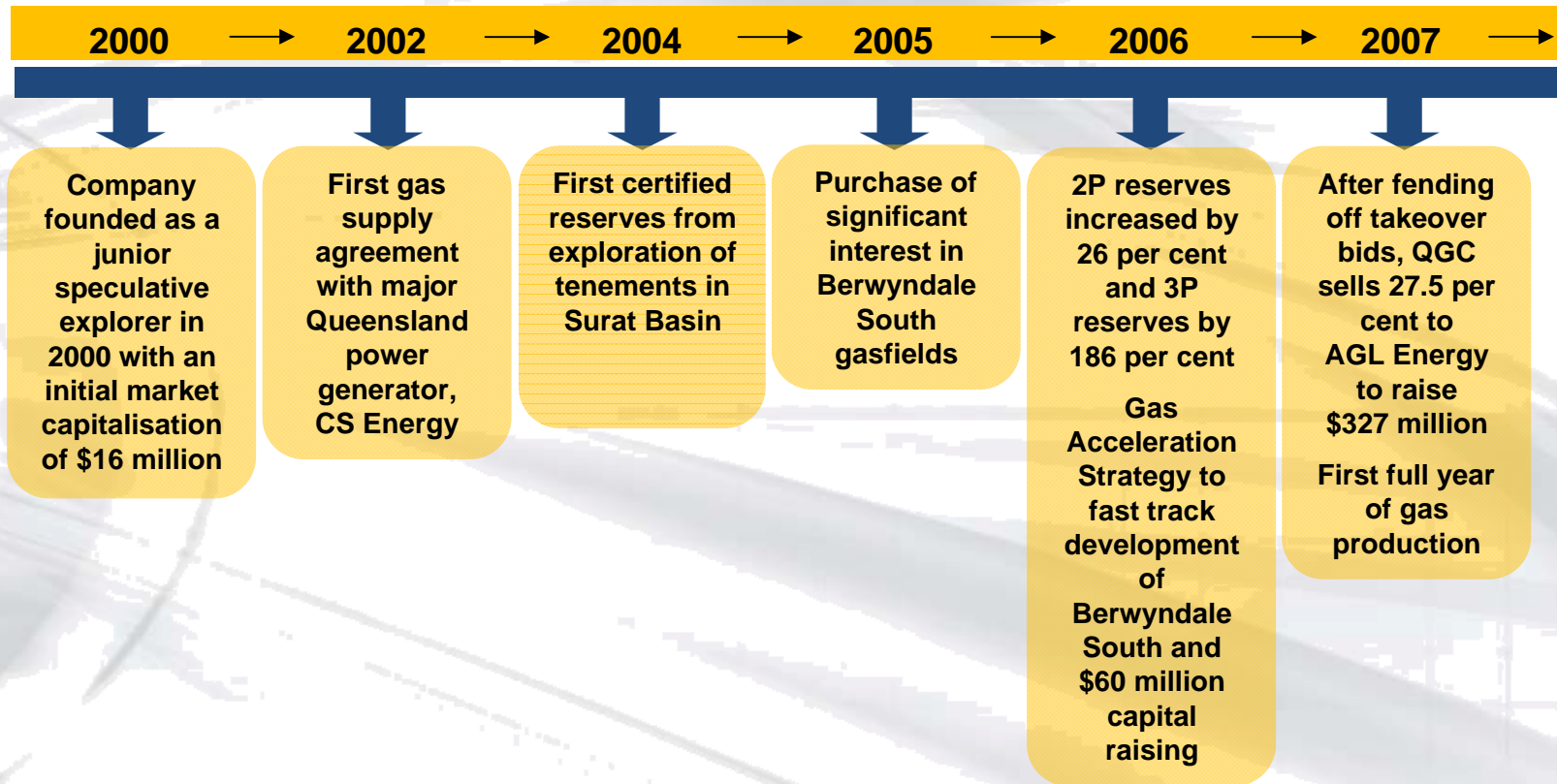
- QGC is a leading Australian developer of coal seam gas with outstanding Surat Basin acreage and large reserves
- BG Group is a world leader in natural gas with broad and specialised skills in LNG and access to high value markets
- QGC and BG Group formed Queensland Curtis LNG Alliance in February 2008
- Transaction completed in April 2008 with 9.9% of QGC sold to BG Group for \$3.07 a share
- Queensland Curtis LNG Project proceeding on schedule with commissioning anticipated to begin in 2013
- October 2008 on-market, all-cash offer from BG Group for \$5.75/share values QGC at \$5.6 billion



## A great partnership going to the next level



- Synergies from a complete partnership can create:
  - The only seamless, vertically-integrated LNG proponent in Queensland under single-company ownership
  - The best combination to develop QGC's resource base for domestic and export markets
  - A 2-train LNG project at Gladstone for 7.5 mtpa and planned capacity for up to 12 mtpa
  - Up to 4,400 jobs in construction and operating phases with the ongoing development of QCLNG
  - Financial strength and capability to realise QCLNG's full potential



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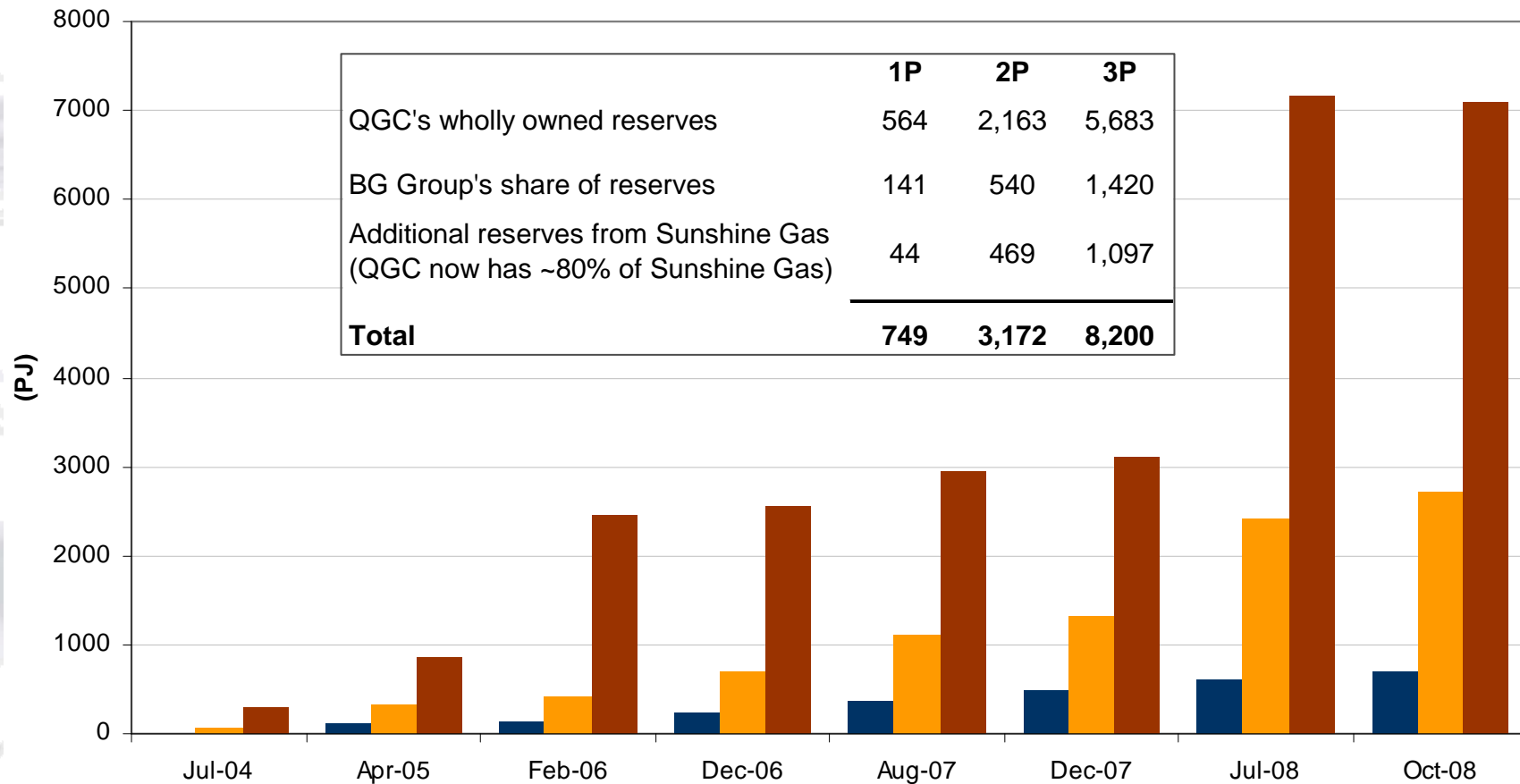
- Agreement with AGL Energy for a 115 kilometre pipeline
- Alliance with BG Group for Queensland Curtis LNG Project
- Receipt of \$664 million from BG Group for 9.9% of QGC and 20% of reserves
- Upgrades of approximately 200 PJ of 2P reserves a month from February to September
- Promoted to S&P/ASX 100 Index
- Record production from Berwyndale South processing plant
- Friendly takeover of Roma Petroleum – more than 98% acceptances
- Friendly takeover of Sunshine Gas – more than 81% acceptances

- Standout leader in the S&P/ASX 100 in terms of Total Shareholder Return over one and two years
- Nearing completion of gas-fired 140 MW Condamine Power Station
- Commitment to cleaner energy for Queensland and Australia with low-carbon CSG
- Market capitalisation of more than \$5.5 billion
- Community partnerships and award-winning Drama At The Gasfields



# Strong growth in certified gas reserves

■ 1P reserves ■ 2P reserves ■ 3P reserves



Note: Chart shows QGC's wholly owned reserves and BG Group's share of reserves only

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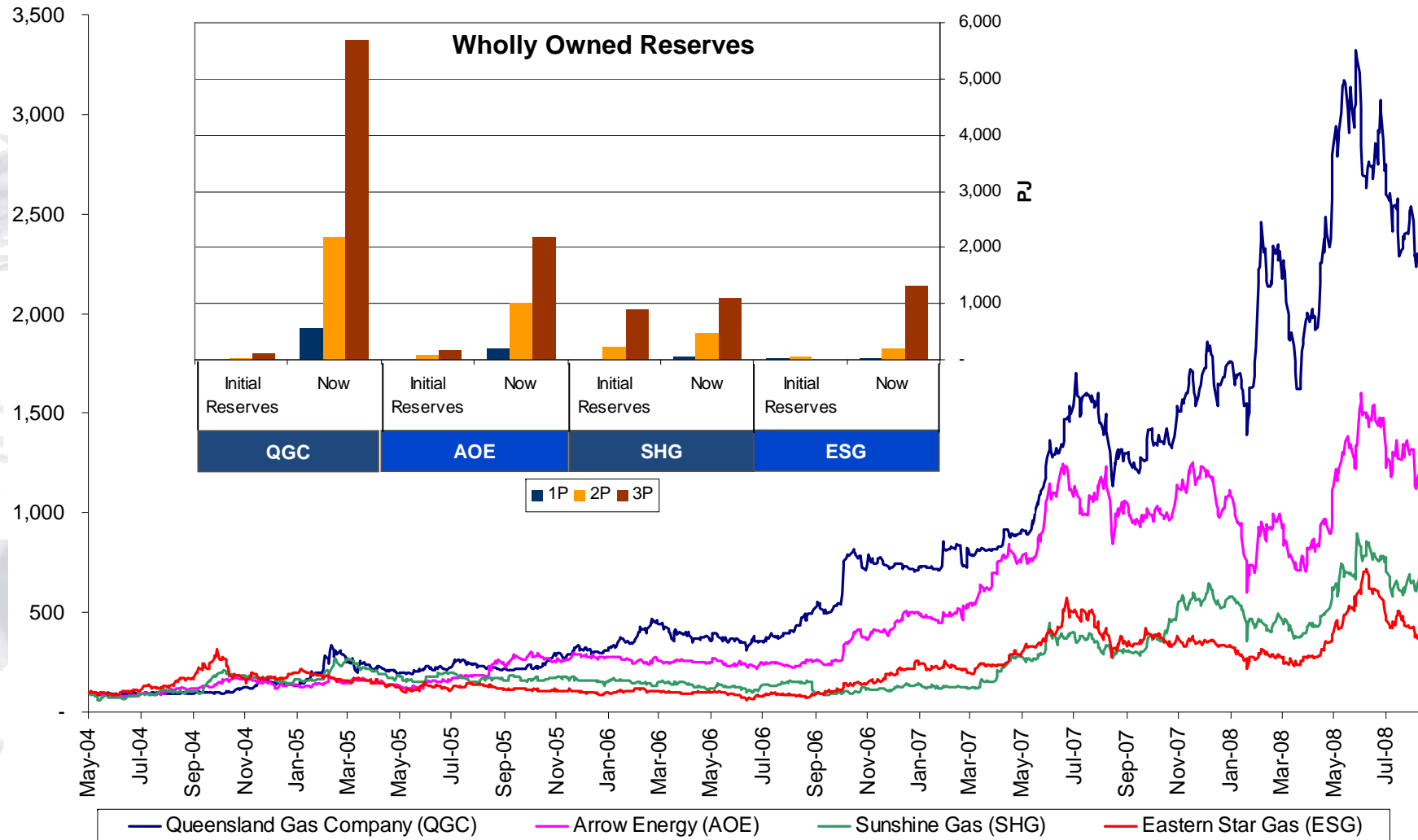


Chart range is from May 2004 (when QGC and AOE announced first reserves) to August 2008 (the day before QGC bid for SHG)

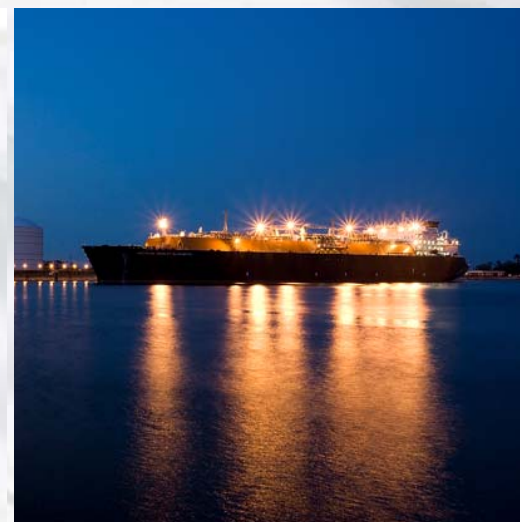
Prices indexed to 100 at May 2004

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Thank you



<b>\$</b>	<b>Australian dollar</b>
<b>£</b>	<b>UK pounds sterling</b>
<b>AGL</b>	<b>Australian Gas Light Company Limited</b>
<b>billion or bn</b>	<b>One thousand million</b>
<b>CSG</b>	<b>Coal Seam Gas</b>
<b>LNG</b>	<b>Liquefied Natural Gas</b>
<b>mtpa</b>	<b>million tonnes per annum</b>
<b>OECD</b>	<b>Organisation for Economic Co-operation &amp; Development</b>
<b>QCLNG</b>	<b>Queensland Curtis LNG</b>
<b>QGC</b>	<b>Queensland Gas Company Limited</b>