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media release

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APC calls for tenders for PNG pipeline FEED

The AGL-Petronas Consortium (APC) comprising The Australian Gas Light Company (AGL) and Petronas Australia Pty Ltd, today announced the consortium is calling for tenders for the Front End Engineering and Design (FEED) phase of the Australian component of the Papua New Guinea to Queensland natural gas pipeline.

Speaking on behalf of the consortium AGL Managing Director Greg Martin said, "This call for tenders reflects APC's confidence with the level of commitment from the ExxonMobil led PNG Gas Project participants to successfully implement the gas project.

"This project will be a significant development for both PNG and Australia and highlights APC's optimism that Eastern Australian gas markets will develop in a timely manner to enable the APC consortium, in conjunction with the PNG Gas Project participants, to reach financial close on the pipeline in 2006.

"The PNG pipeline project will also provide significant strategic value to AGL by introducing new gas supplies from Northern Australia, enabling AGL to increase its participation in the downstream energy sector in markets supplied by the PNG pipeline. It also will provide an opportunity for a major new revenue source for AGL's infrastructure management subsidiary Agility", Mr Martin said

APC will call for tenders in March 2005 for a AUD \$25 million FEED Program which will see work undertaken on engineering design, route selection, regulatory and financial viability assessments and environmental and native title clearance processes. The PNG pipeline project involves the development of a natural gas pipeline linking gas from the PNG Highlands to East Coast markets in Australia. The PNG Gas Project participants are targeting initial gas deliveries to customers from late 2008.

"A final investment decision will be undertaken at the completion of the FEED program, subject to the PNG Gas Project participants securing sufficient gas sales agreements to enable the project to proceed and APC concluding corresponding gas transportation arrangements with the PNG Gas Project participants," Mr Martin concluded.

APC was selected as the preferred developer for the Australian component of the pipeline in April 1998 following an international competitive tender. In October 2004, APC and the PNG Gas Project participants executed a binding letter of intent that provides APC with the responsibility for designing, owning and operating the pipeline, as well as securing all project approvals in Australia.

The PNG Gas Project participants are ExxonMobil subsidiaries 39.4 per cent (Esso Highlands Limited as project operator), Oil Search 54.2 per cent, MRDC (PNG Company representing landowner interests) 3.0 per cent and Nippon Oil Exploration Limited 3.4 per cent.

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