



ASX and Media release

AGL acquires gas bank and minority interests from Tri-Star

5 November 2008

AGL Energy Limited (AGL) advises that it has acquired a 400TJ gas bank and 50% of Tri-Star Petroleum Company's (Tri-Star) current joint venture working interests and related assets in the Spring Gully Project for \$15.75 million.

Commenting on the transaction AGL Managing Director, Michael Fraser, said: "Whilst a modest transaction, this investment is consistent with our objective of increasing direct access to gas reserves. Tri-Star discovered two of the largest CSG fields in Australia and AGL is keen to develop an ongoing relationship with the company."

The Managing Director of Tri-Star, Mr James Butler, Jr, said: "Tri-Star and AGL are keen to broaden their gas market activities in Australia and after assessing AGL's energy business in eastern Australia we decided to select it as a partner in pursuing gas market development activities."

Further enquires:

Media

Nathan Vass, Senior Media Adviser
Direct: + 61 2 9921 2264
Mobile: + 61 (0) 405 040 133
e-mail: nvass@agl.com.au

Analysts & Investors

Graeme Thompson, Head of Investor Relations
Direct: + 61 2 9921 2789
Mobile: + 61 (0) 412 020 711
e-mail: gthompson@agl.com.au

About AGL

AGL is one of Australia's leading integrated energy companies and is taking action toward creating a sustainable energy future for our investors, communities and customers. Drawing on over 170 years of experience, AGL operates retail and merchant energy businesses, power generation assets and an upstream gas portfolio. AGL has Australia's largest retail energy and dual fuel customer base. AGL has a diverse power generation portfolio including base, peaking and intermediate generation plants, spread across traditional thermal generation as well as renewable sources including hydro, wind, landfill gas and biomass. AGL is Australia's largest private owner and operator of renewable energy assets and is looking to further expand this position by exploring a suite of low emission and renewable energy generation development opportunities.

About Tri-Star

Tri-Star is a Houston- and Brisbane-based oil and gas exploration and production company with oil and gas interests in the USA and Australia. Tri-Star is credited with developing Australia's first commercially viable coal seam gas produced from the Comet Ridge Production Facility at the Fairview CSG field, which is now operated by Santos. Tri-Star also discovered the Durham Ranch CSG field, which is now operated by Origin, and has been developed as the Spring Gully CSG Project. Tri-Star retains various economic interests in both of these fields.



Key Transaction Elements

- Tri-Star currently holds a 1.5% interest in the project agreement in relation to ATP 592P, PL 195 and PL 203 and a 0.075% interest in the project agreement in relation to in PL 204. AGL has acquired 50% of these interests and will become a participant in the associated joint ventures, which are operated by companies that are wholly owned by Origin Energy Limited (Origin).
- Tri-Star has an entitlement to take in excess of 400 TJ of banked gas from the Spring Gully Project comprising past production where Tri-Star has elected not to participate in gas sale agreements. Tri-Star has the right to take this gas at any time by notice to Origin. AGL has acquired the rights to take 400 TJ of this gas.
- As joint venture participants, both Tri-Star and AGL have the right to take their future share of gas produced from the Spring Gully Project. AGL has entered into a five-year master gas sale agreement with Tri-Star to enable sales of gas to AGL.

Spring Gully Project gas reserves (PJ)

	2P	3P
Spring Gully Project	1,493	1,723
AGL share (Pre-Payout)	6	8
AGL share (Post-Payout)	9	10

Source: AGL estimate of reserves as at June 2008

The combined production of the Spring Gully Project is currently about 110 TJ per day and is ramping up to about 150 TJ per day. Post transaction, AGL will be entitled to its joint venture share of gas production from the Project. Additionally, under the gas sale agreement with Tri-Star, AGL will be able to purchase Tri-Star's joint venture share of gas production from Spring Gully which when combined, is equivalent to about 0.5 TJ per day (pre-payout) and 1.5 TJ per day (post-payout).

Tri-Star's interest in the project agreement for PL204 is currently in its "pre-payout" period. After "payout" (to allow the operator, Origin, to recoup its operating and capital costs from production revenues), Tri-Star's interest will increase from 0.075% to 0.75%. AGL's project interest will also increase without additional cost.