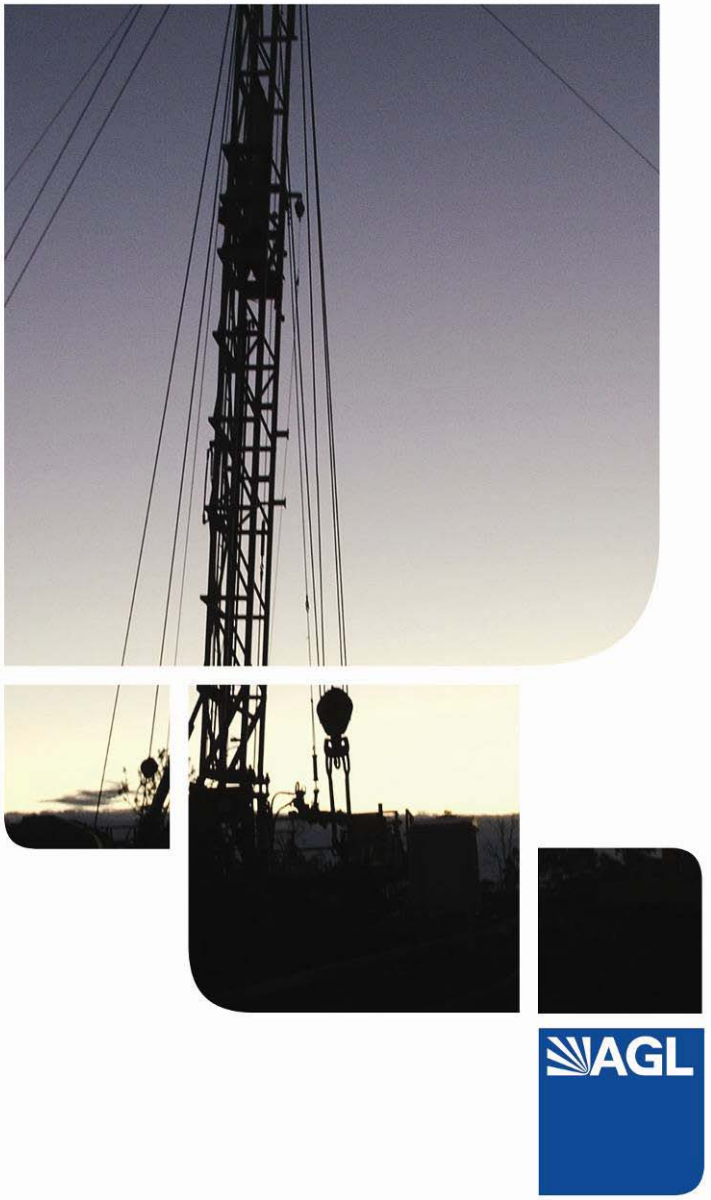
Hunter Gas Project

“Spring Mountain” and “Windermere”

Exploration Drilling Proposal Information.



August 2009.

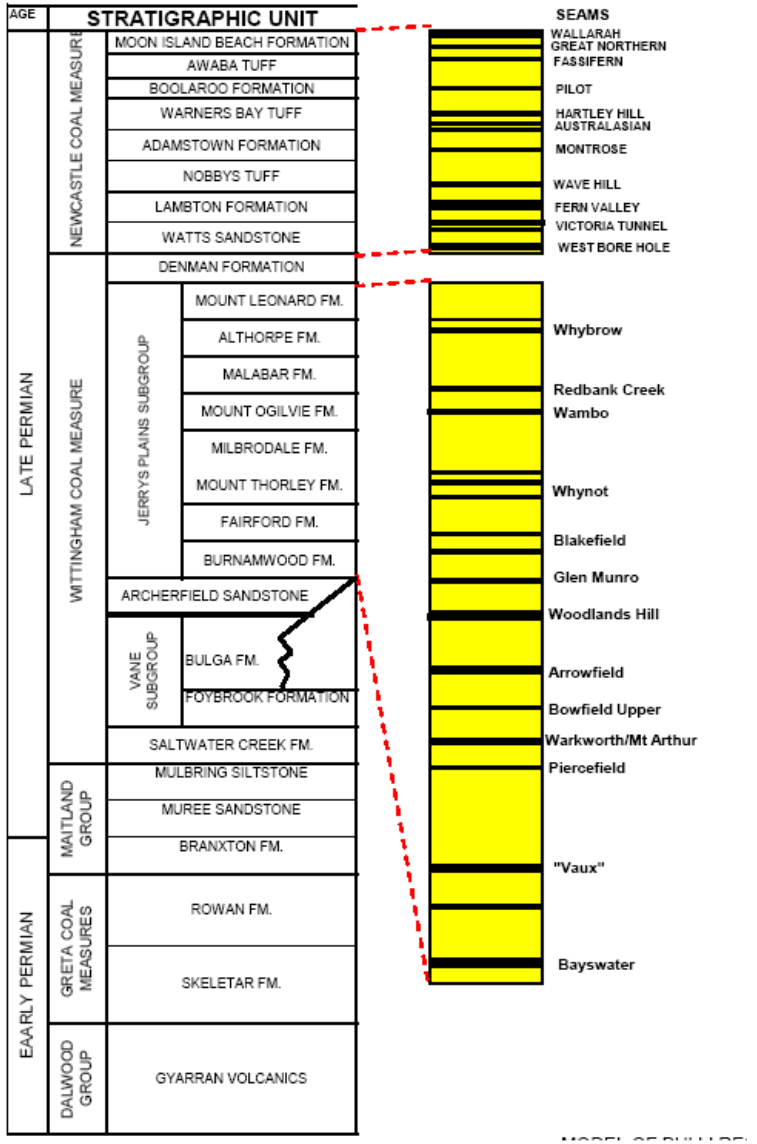
Exploration for the Hunter Gas Project

5 Stage Process for core and stratigraphic exploration holes:

- Initial Geological Appraisal
- Site Location & Approval Process
- Exploration Drilling and Testing
- Rehabilitation
- Plug and Abandonment

Geological Appraisal

- Wittingham coal measures form the main target for exploration
- Newcastle coal measures are also being evaluated in some areas
- The Greta coal measures only form targets in limited areas



Site Location

- Identify areas where data is required
- Identify land parcels suitable for the drilling process
- AGL prefers:
  - Little or no earthworks
  - Flat, cleared area
  - Easy to access for operations and site rehabilitation

Location of drill compound, Dartbrook 1 (DB01) Scone. **(above)**

Approval Process

- Prepare an environmental assessment, in this case a Review of Environmental Factors (REF), to assess the proposal (including noise, heritage, flora and fauna)
- Consult with the landowner, neighbours, local councils and relevant government agencies
- Submit an application and environmental assessment, including comments arising from consultation
- The Department of Primary Industries - Minerals will review and determine the application
- An approval for the work may then be granted

Exploration Drilling

- Drilling operations will take approximately
  - 3 months for exploration core holes, and
  - 1 month for stratigraphic exploration holes

depending on weather, working hours and hole depth

- Crane on site for 1-2 days to install surface casing
- Tanks or lined pits will be used to contain drill cuttings and will be disposed to a licensed facility
- Drilling may occur on some holes for 24 hours where compliant with noise criteria at nearest residence to reduce time onsite
- Otherwise drilling during daytime hours from 7am until 6pm on weekdays and 8am to 1pm Saturdays (no work Sundays or public holidays)

A typical exploration drill rig **(above)**

Exploration and Testing

- The exploration hole would be drilled using percussive or rotary drilling methods
- Drill core and cuttings would be collected and logged at the surface
- Testing of coal samples in site office for initial gas content and composition data
- Small silenced generator required to run 24 hours a day for testing of coal samples in site office
- Down hole testing (including geophysical logging) is then conducted
- A pressure monitor (piezometer) may be installed in holes for long term data collection

Plug and Abandonment

- After all testing has been carried out, the hole is filled with cement
- The casing is removed where applicable and a steel plate is installed at the top of the hole, approximately 2 metres below the surface
- Remaining hole and pits are then backfilled and site rehabilitation can commence

An exploration core hole during plug and abandonment **(above)**

Site Rehabilitation

- Rehabilitation of exploration sites is prompt and thorough
- The fenced drill compound is rehabilitated in consultation with the landowner and the approval
- The land is rehabilitated to a state as good as or better than its previous condition

An exploration site after rehabilitation **(above)**