



AGL Energy Limited
ABN 74 115 061 375

Tel: +61 2 9921 2999
Fax: +61 2 9921 2552

AGL Centre, 72 Christie Street
St Leonards, 2065

Locked Bag 1837
St Leonards, 2065
www.agl.com.au

asx & media release

1 February 2007

AGL announces lapse of conditional obligation to take PNG gas

AGL announced today that the conditional gas supply agreement it had entered into with Esso Highlands Limited and other PNG Gas Project participants to take PNG gas has lapsed.

Notice of such lapse was received today as a result of the PNG pipeline project not proceeding. At the same time ExxonMobil, the operator of the PNG Gas Project, has advised participants that the cooperative heads of agreement between the parties has also lapsed.

AGL still believes that the PNG Gas Project remains potentially viable in view of eastern Australia's long term demand for natural gas. AGL will be working closely with all parties in the project to extract maximum value from its gas reserves which it acquired for a very modest consideration. The future developments will include a range of other gas project concepts including LNG and petrochemicals and we expect to make a decision on these projects later this year.

AGL's equity gas interests in PNG are 11.9% of PDL 2 (Kutubu field) and 66.7% of PDL 4 (Gobe field). AGL's equity oil reserves and production interests in PNG are unaffected by these developments.

Further enquiries:

Media

Deane Russell, General Manager External Affairs
Direct: + 61 2 9921 2336
Mobile: + 61 (0) 402 060 528
e-mail: drussell@agl.com.au

Investors & Analysts

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