

11 July 2008

ASX RELEASE

AGL to invest A\$37M in joint venture with Eastern Corporation's Galilee Energy coal seam gas project

- **Important development in growth of Eastern Corporation as a significant energy company**

AGL Energy Limited (AGL) today announced a \$37 million investment in a coal seam gas production pilot and exploration and appraisal program with Galilee Energy Limited (Galilee Energy)

The farmin agreement will see AGL taking up a 50 per cent interest in ATP 529P for an expenditure of \$37 million. ATP 529P is jointly held by Beaconsfield Energy Development Pty Ltd (Beaconsfield) and Capricorn Energy Pty Ltd (Capricorn), both wholly owned subsidiaries of Galilee Energy.

Galilee Energy is 68% owned by the ASX-listed Eastern Corporation (ECU).

Galilee Energy holds two tenements covering approximately 10,000 square kilometres in the Galilee Basin - ATP 529P held through Beaconsfield and Capricorn and ATP 799P held directly.

Under the terms of the farmin in ATP 529P, AGL will be the operator of the joint venture under a Joint Operating Agreement. Stage 1 of the program will involve the Rodney Creek production pilot in ATP 529P and Stage 2 of the program will involve an exploration and appraisal work program. The parties have also entered into a 10 year gas marketing agreement.

AGL will lead the two stage program under the Joint Operating Agreement executed this month. Work on Stage 1 of the program is expected to commence before November 2008.



For personal use only

The agreement is subject to an affirmative indicative approval from the Minister to the transfer of the farmin interest and confirmation that the conditions imposed on the ATP do not vary materially to those that currently exist.

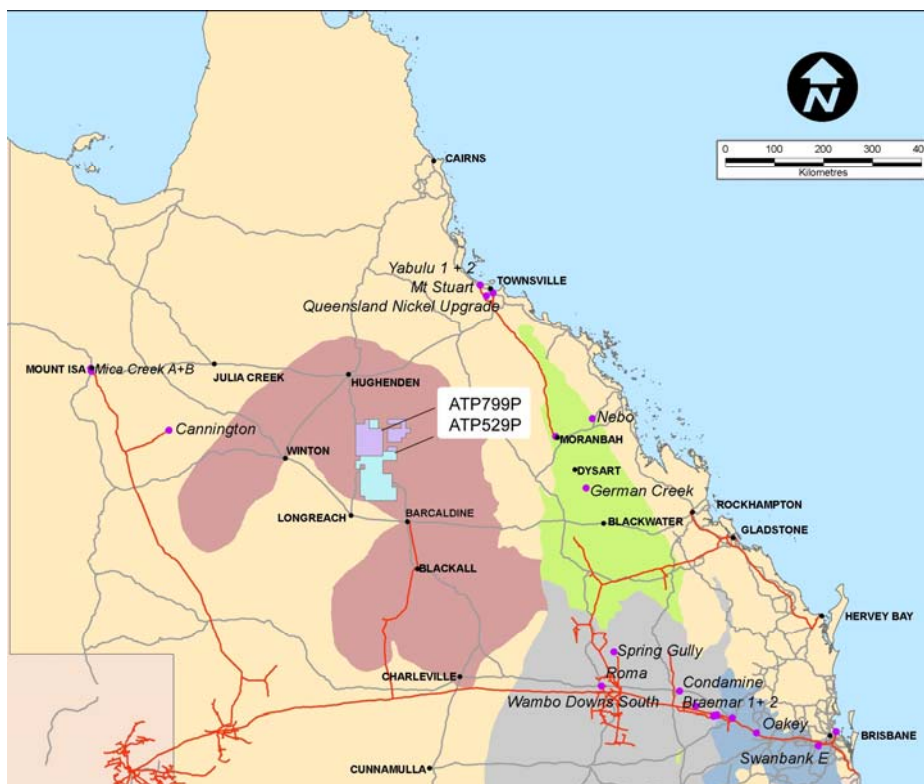
ECU Managing Director Mr Campbell Smith said the agreement with AGL was an important development in ECU's strategy of building a significant energy company.

"We welcome the association with AGL", he said. "A large and experienced integrated energy company, AGL brings both capital and expertise in gas exploration, development, production and marketing.

"ECU is well positioned with coal seam gas assets in the Galilee Basin through its major shareholding in Galilee Energy.

"As well as ATP 529P, we have a similar interest in ATP 799P also through Galilee Energy. Both tenements are considered highly prospective for the development of coal seam gas production.

"With AGL engaged in ATP 529P, Galilee Energy has advised that it will now focus on capital raising to fund further exploration and development in ATP 799P," Mr Smith said.



For personal use only

Access to markets

ATP 529P is located 80km north-west of the Barcaldine gas power station which is linked by a gas pipeline to Moomba and Brisbane.

Substantial gas resource

As reported on 30 April 2008, consultants J R Holland & Associates concluded in a preliminary Exploration & Well Completion Report for the Rodney Creek 8 well in ATP 529P that

- the gas resource is substantial,
- is characterised by 24 net metres of gassy coal measures (considered thick enough to enable coal seam gas production),
- coal seams are low in ash and exhibit strong cleating (fracturing), and
- gas composition is of pipeline quality with 97-98% methane.

The gas in place in ATP 529P and ATP 799P, as currently held, is estimated to be greater than 20 TCF, based on the observed coal thicknesses and the measured gas contents of the coals in Rodney Creek 8.

A desktop study has indicated the possibility for conventional oil and gas to exist in a structure known as Bromvil which occurs over both ATP 529P and ATP 799P.

AGL comment

Announcing the investment for AGL today, AGL Managing Director Mr Michael Fraser said AGL was pleased to be working with ECU and Galilee Energy in the Galilee Basin.

“This is an excellent transaction for ECU and Galilee as it provides certainty for the next stage of development to prove up reserves, and provides a joint venture partner in AGL who has the capabilities to develop and commercialise gas discovered in the Galilee Basin,” Mr Fraser said.

Further enquiries :

Sam Aarons
Manager – Business Development & Corporate Relations
Eastern Corporation Limited
Tel : +61 7 3216 1155
Mobile : +61 418 906621
Email : saarons@easterncorp.com.au

About Eastern Corporation Limited

Eastern Corporation Limited (ECU) is an emerging energy company targeting coal seam gas production in the Galilee Basin of Queensland through its 68% interest in Galilee Energy. ECU is engaged in coal production and exploration in New Zealand, and has a coking coal tenement in Queensland's Bowen Basin.

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.