AGL Energy Limited
ABN: 74 115 061 375

Level 22, 101 Miller Street
North Sydney, NSW 2060
AUSTRALIA

Locked Bag 1837
St Leonards NSW 2065
AUSTRALIA

T: +61 2 9921 2999
F: +61 2 9921 2552
www.agl.com.au

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ASX & Media Release

AGL Annual Reserves Assessment

AGL announces reduction in 2P gas reserves

28 August 2013

AGL Energy Limited (AGL) today announced that it has reduced its total proved plus probable (2P) gas reserves entitlement as at 30 June 2013 to 1,729 petajoules (PJ), a decrease of 341 PJ (16.5%) over the past 12 months. This is net of gas sales over the intervening period.

The main reason for the reduction was the proposed changes to New South Wales Government regulations which introduce exclusion zones affecting a number of AGL's projects that have not been approved.

While the NSW Government is yet to finalise the changes to the regulations, AGL has considered it prudent to recognise a provision for impairment of the book value of these projects resulting in a $343.7 million pre-tax impairment charge as disclosed in AGL's results for the year ended 30 June 2013, also announced to the market today.

Further details are included in Appendices A and B.

Further inquiries:

Investors

John Hobson, Head of Capital Markets
Direct: +61 2 9921 2789
Mobile: +61 (0) 488 002 460
email: john.hobson@agl.com.au

Media

Karen Winsbury, Head of Corporate Communications
Direct: +61 3 8633 6388
Mobile: +61 (0) 408 465 479
e-mail: kwinsbury@agl.com.au

About AGL

AGL is one of Australia's leading integrated renewable energy companies and is taking action toward creating a sustainable energy future for our investors, communities and customers. Drawing on 175 years of experience, AGL operates retail and merchant energy businesses, power generation assets and an upstream gas portfolio. AGL has one of Australia's largest retail energy and dual fuel customer bases. 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.

Appendix A

The summary tabulations below show breakdowns of AGL's interests in gas reserves as at 30 June 2013. All data represents AGL's net equity interest.

Consistent with ASX Listing Rules reporting requirements which come into effect on 1 December 2013, gas reserves are reported net of 'lease fuel', i.e. net of estimated own use fuel consumption upstream of the point of sale. Reserves as at 30 June 2012 have been restated accordingly in all the following tabulations for comparison purposes.

Also consistent with ASX Listing Rules, proved (1P) and best estimate contingent resources (2C) are also disclosed for the first time as at 30 June 2013.

AGL gas reserves and resources (PJ)	1P	2P	3P	2C
Total reserves as at 30 June 2012		2,070	3,812	
− FY13 net sales[1]		(12)	(12)	
± Acquisitions and divestments		0	0	
± Discoveries, extensions and revisions[2]		(329)	(474)	
Total reserves and resources as at 30 June 2013	**182**	**1,729**	**3,326**	**2,719**
New South Wales				
Gloucester (100%)	50	454	565	0
Camden (100%)	44	50	50	0
Hunter (100%)	0	0	0	3
Queensland				
Moranbah/ATP 1103 (50%)	81	1,159	2,552	2,470
Silver Springs (various)	3	58	150	120
Spring Gully (various)	4	8	9	3
Galilee (50%)	0	0	0	123

AGL 2P gas reserves (PJ)	Reserves as at 30 June 2012	Net sales[1]	Changes[2]	Reserves as at 30 June 2013
Gloucester (100%)	635	0	(181)	454
Camden (100%)	138	(5)	(83)	50
Hunter (100%)	134	0	(134)	0
Moranbah (50%)	361	(7)	(63)	291
Silver Springs (various)	58	0	0	58
Spring Gully (various)	7	0	1	8
Sub-Total	**1,333**	**(12)**	**(460)**	**861**
ATP 1103 rights (50%)[3]	737	0	131	868
Total	**2,070**	**(12)**	**(329)**	**1,729**

[1] Net of 'lease fuel'; excludes AGL's share of gas stored in petroleum reservoirs and not sold.

[2] Includes acquisitions, divestments, discoveries, extensions and revisions; and balancing items due to rounding.

[3] Under a 50-year project agreement that commenced in 2000, AGL has no effective exploration rights (or ongoing cost obligations) within exploration tenement ATP 1103 as these were assigned to Arrow Energy. However, AGL is entitled to participate up to a 50% interest in any commercial development by contributing its share of past costs.

Appendix B

Information about this report

The estimates of gas reserves and resources shown in this report were prepared in accordance with the definitions and guidelines set out in the 2007 Petroleum Resources Management System (PRMS) approved by the Society of Petroleum Engineers. AGL has reported proved reserves (1P) and best estimate contingent resources (2C) this year in accordance with ASX Listing Rules Guidance Note 32.

AGL engages independent experts SRK Consulting Australia (SRK) to evaluate gas reserves and contingent resources for the Gloucester, Camden, Hunter, Silver Springs and Galilee projects. Dr Bruce McConachie is a full-time employee of SRK and has the necessary qualifications and 15 years relevant experience to act as a competent person to report reserves under PRMS. SRK used deterministic methods to evaluate reserves and resources.

An updated independent reserves assessment of the Gloucester, Camden and Hunter Gas Projects was undertaken as at 30 June 2013. This included an estimate of the impact to reserves and resources of proposed changes to the New South Wales *State Environmental Planning Policy (Mining, Petroleum Production and Extractive Industries) 2007* (Mining SEPP) regulations which introduce residential and certain industry cluster exclusion zones affecting projects that have not been approved. The impact of the proposed Mining SEPP changes was to reduce AGL's total 2P reserves in New South Wales, net of gas sales over the year, by 403 PJ (44.4%) to 504 PJ.

Gas reserves within the Moranbah Gas Project (MGP) and exploration permit ATP 1103 were reassessed by independent reserves evaluation company Netherland, Sewell & Associates, Inc (NSAI) as at 31 December 2012. AGL's entitlement of 2P reserves within the combined MGP and ATP areas, net of gas sales over the year, increased by 61 PJ (5.6%) to 1,159 PJ as a result of exploration and appraisal activities during the past 12 months.

The gas reserves and resources associated with the AGL-operated Silver Springs Project were estimated by SRK and previously reported as at 30 June 2012. This was the first independent review undertaken by AGL since it acquired the assets of Mosaic Oil NL in October 2010. No material new data for this asset was acquired over the past 12 months, so a review of this asset was not undertaken this year.

AGL's joint venture share of gas reserves associated with the Spring Gully Project was reassessed as at 30 June 2013 using information provided by the operator, APLNG.

SRK reviewed the AGL-operated Galilee Gas Project in 2011. Contingent resources were assigned at that time due to the absence of a stabilised commercial gas flow. Production testing to reduce water pressure in the coal seams and initiate gas flow continues.

The information in this report has been compiled by Andrew Falkner, a full-time employee of AGL. Andrew Falkner is qualified in accordance with ASX Listing Rule 5.11 and has consented to the form and context in which this statement appears.