

MEDIA RELEASE

CAMDEN GAS PROJECT CONVENTIONAL EXPLORATION DRILLING UPDATE

5 June 2007

Sydney Gas Ltd is pleased to advise that the Camden Joint Venture has successfully completed the drilling of second conventional exploration well EM31 on 14 May 2007 after reaching a Total Depth of 918 metres. The decision to drill EM31 was based on the analysis of log and other Marrangaroo reservoir data collected during the drilling of APAP 1 (re-entry) in March 2007. The primary objective of this well is to test the gas potential of the Upper Permian Marrangaroo Conglomerate which is located in the Illawarra Coal Measures.

EM31 is located approximately 5.3km southeast and approximately 75 metres up-dip from APAP 1 where a low flow rate of gas was encountered. Picton 3 and MT 9 previously flowed small volume of gas from Marrangaroo Conglomerate and these wells are located approximately 10km southwest and 3km southeast respectively from EM31.

EM31 has intersected Marrangaroo at a depth of 845 metres with gross thickness of 9 metres. Following drilling the geophysical logging of the well was completed on 15 May 2007 for reservoir characterisation of the potential pay zones.

Given the expected low permeability of the Marrangaroo reservoir and the gas flow test results at APAP 1, it was decided to fracture stimulate EM31, this was successfully completed on 31 May 2007. The well is expected to be completed on 5 June 2007 for subsequent gas flow testing and reservoir pressure measurements.

AGL Energy Ltd is the operator of the Camden Gas Project in 50-50 joint venture with Sydney Gas Ltd.

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