Alinta

Alinta Limited
ABN 11 119 985 590

Alinta Plaza
12 – 14 The Esplanade
Perth WA 6000

GPO Box W2030
Perth WA 6846

Telephone +61 8 6213 7000
Facsimile +61 8 6213 7001

www.alinta.net.au

29 June 2007

To: Company Announcements Office
ASX

By: Electronic Lodgement

Alinta and APA Agree Negotiated Separation

Attached is a News Release regarding the above.

Patrick McCole
Company Secretary

Enclosure

News Release

29 June 2007

ALINTA AND APA AGREE NEGOTIATED SEPARATION

Alinta announces that it has reached a negotiated agreement with APA Group (ASX Code: APA) to conclude all equity and operating relationships as well as outstanding legal proceedings between the companies. The agreement will conclude the following items:

1. Alinta's 35% equity interest in APA;
2. Alinta Asset Management's operating and maintenance contracts over various APA pipelines, including the Moomba to Sydney Pipeline; and
3. Termination of a number of legal proceedings.

Alinta's Acting CEO, Mr Peter Magarry said "It is good that a conclusion to our relationship with APA has been negotiated in advance of our upcoming scheme meeting. The settlement is likely to result in a net positive profit impact for Alinta. The settlement terms have the support of the Babcock & Brown/Singapore Power consortium."

35% Equity Interest

Alinta intends to distribute its 35% security holding in APA Group to Alinta shareholders on a pro rata basis, as part of the Babcock & Brown/Singapore Power International proposal for the acquisition of Alinta (to be voted on by Alinta shareholders in August this year). If that proposal does not proceed, Alinta still intends (and has agreed with APA Group) to distribute the APA Group securities either pro rata or by book build by 14 December 2007.

The distribution or sale of the APA securities will require Alinta's holding to be effectively marked to market resulting in either a gain or loss on sale. Alinta owns 150.7 million APA securities at an average entry price of $4.39.

Sale of Pipeline O&M Contracts

Alinta and APA Group have agreed arrangements which will enable termination of the Pipeline Management Agreement (pursuant to which an Alinta subsidiary operates and maintains various APA Group pipelines, including the Moomba to Sydney Pipeline) and all other operating arrangements relating to APA pipelines. The agreement also provides for the transfer to APA of all operating arrangements relating to non APA pipelines which are operated in conjunction with APA pipelines.

This aspect of the arrangements is conditional on ASX granting APA a waiver of ASX Listing Rule 10.1 or APA security holders approving the entry into the agreement with a substantial security holder (Alinta). If this condition is not satisfied, APA must take certain steps to facilitate Alinta disposing of the operations and maintenance contracts relating to APA pipelines to a third party.

The gross consideration payable by APA Group for the arrangement is $210 million which is expected to result in a profit on sale in the order of $40M after tax. The ultimate quantum will be dependant on the outcome of the scheme proposal.

Termination of Litigation

Alinta and APA Group have also agreed to terminate immediately a number of legal proceedings between them.

This includes litigation concerning Alinta's acquisition of securities in APA last year. Alinta is firmly of the view that it acted lawfully at all times in relation to its acquisition of APA securities. However, it considers that it is in the best interests of shareholders to reach this agreement which permits it to distribute all its APA securities in the manner outlined above. Alinta does not consider that the alternative course of action of pursuing litigation (including its application for special leave to appeal to the High Court) are justified in pursuit of its objective to distribute the securities.

The other legal proceeding which has been terminated is the action brought by Alinta against Australian Pipeline Limited (APL) (both in its own capacity and in its capacity as responsible entity of the Australian Pipeline Trust) and certain of its directors in connection with the issue of 5 million shares by APL to APT Pipelines Limited last year.

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For more information please contact:

Media

Tony Robertson
Group Manager Corporate Affairs
Phone: (08) 6213 7362
Mobile: 0419 867 230

Investor Relations

Shaun Duffy
Group Manager Investor Relations
Phone: (08) 6213 7348
Mobile: 0404 094 384