



## OIL SEARCH LIMITED

(Incorporated in Papua New Guinea)  
ARBN – 055 079 868

### AGL PNG ASSET SALE COMPLETION 18 December 2008

AGL has announced today that it has completed the sale of its PNG oil and gas assets for a total consideration of approximately US\$800 million (see attached announcement from AGL). Merlin Petroleum Company, an affiliate of Nippon Oil Exploration Limited (NOEX), exercised its pre-emptive rights and has acquired AGL's interests in production licences PDL 2 and PDL 4. Both Merlin Petroleum and Petroleum Resources (Kutubu) have elected to exercise their pre-emptive rights in respect of PL 2, the Kutubu pipeline licence, and will acquire 6.0% and 5.9% of the 11.9% AGL interest in this licence respectively.

The revised joint venture interests in PDL 2, PDL 4 and PL 2 and the FEED funding interests in the PNG LNG Project will be as follows:

	<b>PDL 2</b>	<b>PDL 4</b>	<b>PL 2</b>	<b>PNG LNG</b>
Oil Search	60.0%	10.0%	60.0%	34.0%
ExxonMobil	14.5%	14.5%	14.5%	41.5%
Merlin Petroleum	18.7%	73.5%	12.8%	5.4%
Petroleum Resources (Kutubu)	6.8%	-	12.7%	-
Petroleum Resources (Gobe)	-	2.0%	-	-
Santos	-	-	-	17.7%
Landowners/State	-	-	-	1.4%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Commenting on this transaction, Oil Search's Managing Director, Peter Botten said:

"We believe this is a good outcome for the PNG LNG Project and it has been welcomed by the Project Joint Venture Partners. Following the announcement by AGL that it had reached an agreement to sell its interests in PNG for a consideration of US\$800 million, Oil Search carefully considered whether or not to exercise its pre-emptive rights to match the offer made to AGL. While we regarded the price offered as attractive, Oil Search decided not to pre-empt.

We are delighted that NOEX, which, through Merlin Petroleum, is an existing partner in all three licences, has increased its interests in PNG. This acquisition by NOEX demonstrates its high level of commitment to the PNG LNG Project, maintains the stability and strong alignment of the

#### **AUSTRALIAN REGISTERED OFFICE**

Level 27 Angel Place, 123 Pitt Street, Sydney NSW 2000 Australia.  
GPO Box 2442, Sydney NSW 2001 Australia.  
Telephone: (61) 2 8207 8400 Facsimile: (61) 2 8207 8500

PNG LNG joint venture structure and endorses the widely held view that there is a high level of certainty that the PNG LNG Project will proceed.

Based on the price paid by NOEX for the AGL assets, the see-through value to Oil Search for these assets **only** (excluding our other extensive gas interests outside the PNG LNG Project, exploration acreage and cash) is approximately A\$8.00 per share."

Peter Botten, CBE  
Managing Director  
OIL SEARCH LIMITED

For further information, please contact:  
Ann Diamant  
Investor Relations Manager  
Tel: +61 (0)2 8207 8440  
Mob: +61 (0) 407 483 128



## ASX and Media release

### AGL finalises sale of PNG assets for A\$1.127 billion net

18 December 2008

AGL Energy Limited (AGL) has today completed the sale of its oil and gas interests in Papua New Guinea (PNG) for a price of A\$1,127 million after the close out of oil and currency hedges.

No capital gains tax will be payable in either PNG or Australia on proceeds from the sale. AGL anticipates receiving the bulk of the proceeds by close of business Friday 19 December 2008 with minor cash flows relating to purchase price adjustments and a pipeline licence interest occurring in January 2009.

Two joint venture parties exercised their pre-emptive rights and purchased the assets at the same price as announced on 30 October 2008. The sole buyer of the bulk of the interests for US\$795 million was Merlin Petroleum Company (Merlin) – an existing co-venturer and an affiliate of Nippon Oil Exploration Limited. A pipeline licence interest was sold for US\$5 million and split approximately 50/50 between Merlin and an existing landowner company – Petroleum Resources Kutubu Limited.

Commenting on the transaction, AGL Managing Director Michael Fraser said, "These proceeds will provide a valuable buffer against the current financial markets turmoil. They also gives us the flexibility and capacity to transact on future growth options across all our businesses as evidenced by our recent purchase of the Gloucester basin coal seam gas assets."

#### Further enquiries:

##### Media

Andrew Scannell, Head of Media  
Direct: + 61 3 8633 6167  
Mobile: + 61 (0) 407 290 658  
e-mail: [ascannell@agl.com.au](mailto:ascannell@agl.com.au)

##### Analysts & Investors

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

#### 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.