



ASX & Media Release

AGL agrees to sell North Queensland gas assets

25 August 2017

AGL Energy Limited (AGL) today announced it has agreed to sell its North Queensland gas assets to a consortium of Shandong Order Gas Co. Ltd. (Shandong) and Orient Energy Pty Ltd (Orient).

The assets comprise AGL's 50 percent interest in each of the Moranbah Gas Project Joint Venture (MGPJV) and the North Queensland Energy Joint Venture (NQEJV) and AGL's participation rights in the ATP1103 exploration licence located in the Bowen Basin.

Arrow Energy Limited (Arrow) is the joint venture partner in the MGPJV, NQEJV and ATP1103 assets. AGL's sale agreement with Shandong and Orient is subject to pre-emptive rights Arrow holds over the MGPJV and NQEJV assets. If Arrow does not exercise these pre-emptive rights, the sale to Shandong and Orient remains subject to receiving Australian and Chinese regulatory approvals and securing consents from joint venture counterparties.

The sale agreement is consistent with AGL's February 2016 announcement that it intended to exit the exploration and production of natural gas. This February 2016 announcement included the impairment of the carrying value of AGL's gas exploration, evaluation and development assets and associated property, plant and equipment. AGL will provide further details of the financial outcome of the sale once it achieves financial close but does not expect any further impairments as a result of the sale of these assets.

The MGPJV comprises producing gas fields near Moranbah and associated gas sales contracts. The NQEJV comprises transportation rights on the North Queensland gas pipeline, a power purchase agreement to toll gas through the Yabulu power station and gas purchase and sale agreements.

Shandong is a Chinese gas distribution company that supplies gas to 7 million residents and 20,000 industrial customers. It owns and operates 3,000 kilometres of gas pipelines. The corporation's total assets exceed US\$5.5 billion, of which US\$3 billion are energy assets. Orient is an Australian energy investment company with extensive experience in the exploration and production of gas in the Bowen Basin.

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About AGL

AGL is committed to helping shape a sustainable energy future for Australia. We operate the country's largest electricity generation portfolio, we're its largest ASX-listed investor in renewable energy, and we have more than 3.6 million customer accounts. Proudly Australian, with more than 180 years of experience, we have a responsibility to provide sustainable, secure and affordable energy for our customers. Our aim is to prosper in a carbon-constrained world and build customer advocacy as our industry transforms. That's why we have committed to exiting our coal-fired generation by 2050 and why we will continue to develop innovative solutions for our customers.