

Multi-lateral Production Pilots Completed

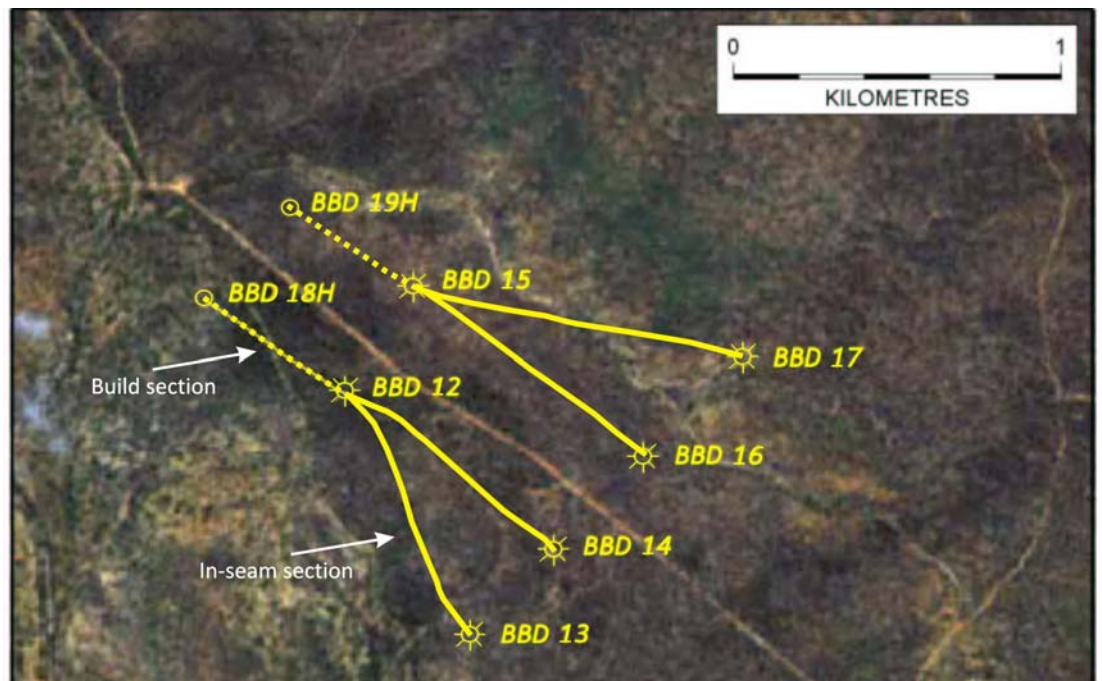
Status Update and Outlook

Sydney, Australia - 27 April, 2009 - Eastern Star Gas Limited (ASX:ESG; OTCQX:ESGLY), together with joint venture partner Gastar Exploration Ltd (NYSE Alternext:GST & TSX:YGA.TO), is pleased to announce the successful completion of drilling at the Bibblewindi lateral production pilot following intersection of the final vertical well over the weekend.

Mr David Casey, Managing Director of ESG, said "We have now completed four lateral wells each about one kilometre deep and extending for in excess of a kilometre in-seam. Despite the depth and length of the laterals, the vertical well intersections were achieved without difficulty, validating our choice of steering technology."

The two Multi-lateral Production Pilots are located side by side, as illustrated below, about 4 km south of the existing Bibblewindi Production Pilot. The production wells for the first well set (namely wells 12, 13 and 14) were completed and commenced production testing in early April. The production wells for the second dual lateral (namely 15, 16 and 17) will be completed and brought on line consecutively over the next fortnight. Completion involves the use of a workover rig to ensure the wells are free of debris, installation of pumps and connection of well head facilities. Water and gas from the Multi-lateral Production Pilots is transported by flowline to Bibblewindi for processing and use.

Mr Casey explained that "To avoid issues while drilling the second lateral pair, dewatering of the first pilot was controlled to maintain water levels well above the Bohena Seam to minimise interference which was evident during both drilling and initial pumping. Now that drilling activities are complete, the dewatering process can be accelerated".



Mr Casey added "It is anticipated that over the next few months, as water levels are progressively drawn down and the coal depressurised, gas production rates will climb."

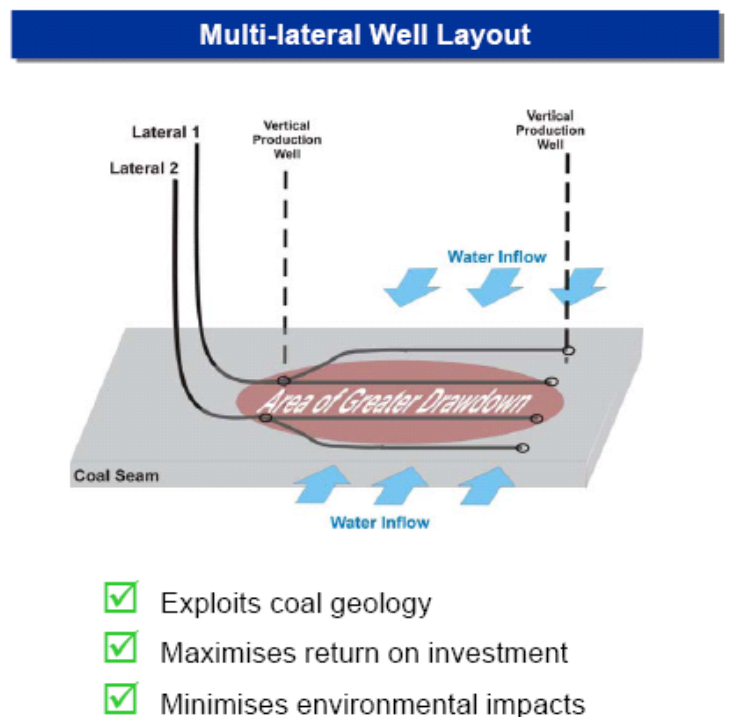
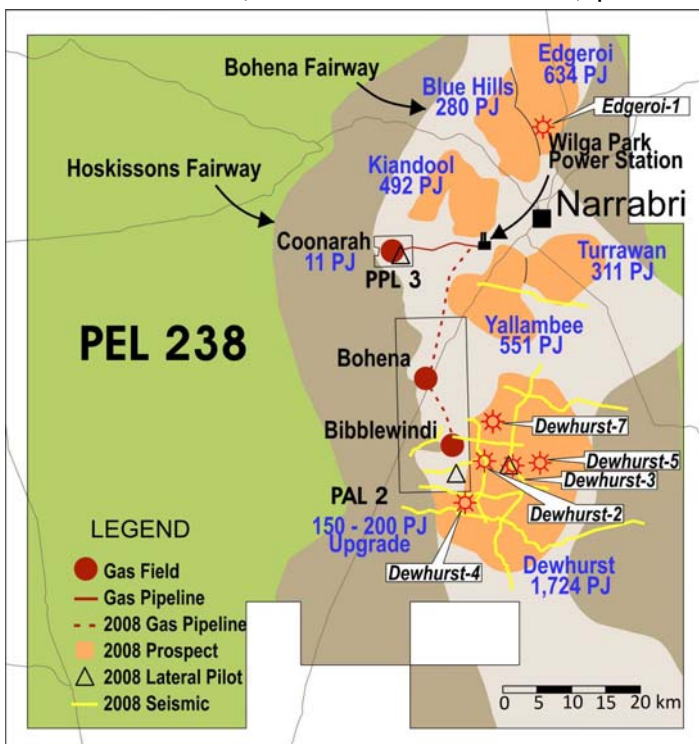
About ESG

(ASX:ESG OTC:ESGLY) is focused on exploration, development and production of coal seam gas in Australia.

The Company's main activity, the Narrabri Coal Seam Gas Project, is located in Petroleum Exploration Licence 238 adjacent to the township of Narrabri in the state of New South Wales Australia. ESG holds a 65.0% interest in the PEL 238 and is the operator. The remaining 35% interest is held by Gastar Exploration Limited (AMEX: GST TSX: YGA). PEL 238 covers 9,100 kms² (2.25 million acres) of the Gunnedah Basin, the most lightly explored portion of the Bowen-Gunnedah-Sydney Basin complex which presently supplies the dominant proportion of Australia's coal seam gas production. Production testing is underway at two locations (Bibblewindi and Bohena) and, on the basis of the production pilots and the first four coreholes drilled in the Dewhurst area, 2P gas reserves of 336 Petajoules (316 BCF) and 3P gas reserves of 1,300 Petajoules (1225 BCF) were independently certified as at on 30 September 2008.

Further reserves will be generated in 2008/09 in PEL238 through the current corehole programme and the completion of 4 multi-lateral production pilot wells at Bibblewindi and Dewhurst. The in-seam, or horizontal, section of the multi-lateral wells will have a notional length of around 1 km (3,300 feet), and will be drilled perpendicular to the fracture system within the target coal seams to maximise connectivity resulting in many times greater flow rates than can be achieved from vertical, fracture-stimulated wells.

Test gas from the production pilots will be connected into ESG's Wilga Park Power Station which will, be expanded to take production test gas in addition to gas currently supplied from ESG's Coonarah gas field. MOU's for the supply of gas from PEL 238 have been signed with Macquarie Generation (up to 500 PJ / 471 BCF) and Babcock & Brown (up to 40 PJ/a / 38 BCF/a).



This announcement contains forward-looking statements that are subject to risks and uncertainties. These forward-looking statements include information about possible or assumed future results of our business, financial condition, liquidity, results of operations, plans and objectives. In some cases, you may identify forward-looking statements by words such as "may," "should," "plan," "intend," "potential," "continue," "believe," "expect," "predict," "anticipate" and "estimate," the negative of these words or other comparable words. These statements are only predictions. One should not place undue reliance on these forward-looking statements. The forward-looking statements are qualified by their terms and/or important factors, many of which are outside the Company's control, involve a number of risks, uncertainties and other factors that could cause actual results and events to differ materially from the statements made. The forward-looking statements are based on the Company's beliefs, assumptions and expectations of our future performance, taking into account information currently available to the Company. These beliefs, assumptions and expectations can change as a result of many possible events or factors, including those events and factors described in "Risk Factors" in the prospectus, not all of which are known to the Company. Neither the Company nor any other person assumes responsibility for the accuracy or completeness of these statements. The Company will update the information in this press release only to the extent required under applicable securities laws. If a change occurs, the Company's business, financial condition, liquidity and results of operations may vary materially from those expressed in the aforementioned forward-looking statements.

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ASX : ESG



Class: American Depositary Receipts
Ratio: 1ADR=20 ASX Ordinary Shares

OTCQX: ESGLY