



Share Purchase Plan

SPP Funding Hits the Mark

Sydney, Australia - 24 November, 2009 - Eastern Star Gas Limited (ASX:ESG) is pleased to announce that it has successfully raised \$20.56 million under its Share Purchase Plan ("SPP").

The SPP was set up to allow shareholders the opportunity to acquire new ESG shares at potentially attractive pricing ahead of further reserve upgrades and project development. Funds raised from the SPP will be used for accelerated exploration and drilling activities in the development of ESG's Narrabri coal seam gas assets.

Mr David Casey, Managing Director of ESG, said "the funds raised show significant support for the direction of the company and were in line with expectations, an excellent result in the circumstances".

Details of the placement are as follows:

- 24,188,000 ordinary shares (approximately) to be issued at a price of \$0.85 each;
- \$0.85 represents a 10% discount to the 7 day VWAP of 22 October 2009;
- new shares will rank equally with existing shares;
- issue date - 26 November 2009;
- date of quotation on ASX - 27 November 2009;

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION IN WHOLE OR IN PART IN OR INTO THE U.S.

This statement does not constitute an offer of any securities for sale. The securities offered will not be registered under the U.S. Securities Act of 1933 and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements.

About ESG

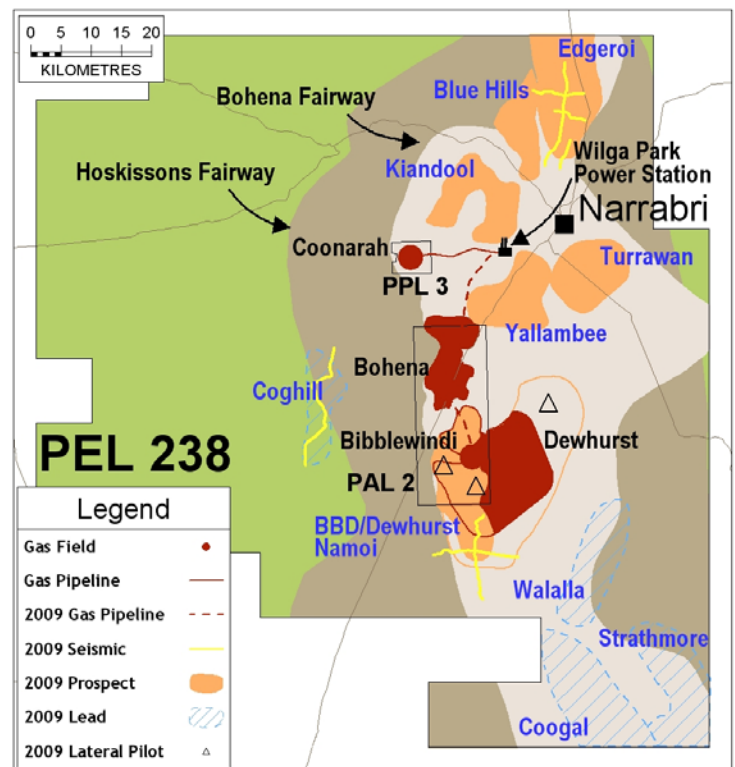
Eastern Star Gas (ASX:ESG OTCQX:ESGLY), is focused on exploration, development and production of coal seam gas in Australia.

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 Santos Limited (ASX: STO). 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 a large proportion of Australia's coal seam gas production. Production testing is underway at three locations; the Bibblewindi vertical pilot, Bibblewindi multi-lateral pilot and Bohena vertical pilot. As at 30 June 2009, certified 2P reserves increased by 79% to 602 PJ (of which ESG's net interest is 392 PJ). The updated gas reserves estimate takes into account the flow testing of the Bibblewindi West multi-lateral pilot and the outstanding results from coreholes and appraisal vertical wells drilled across the Dewhurst area. At the same time certified 3P reserves increased by 51% to 1,959 PJ (of which ESG's net interest is 1,273 PJ).

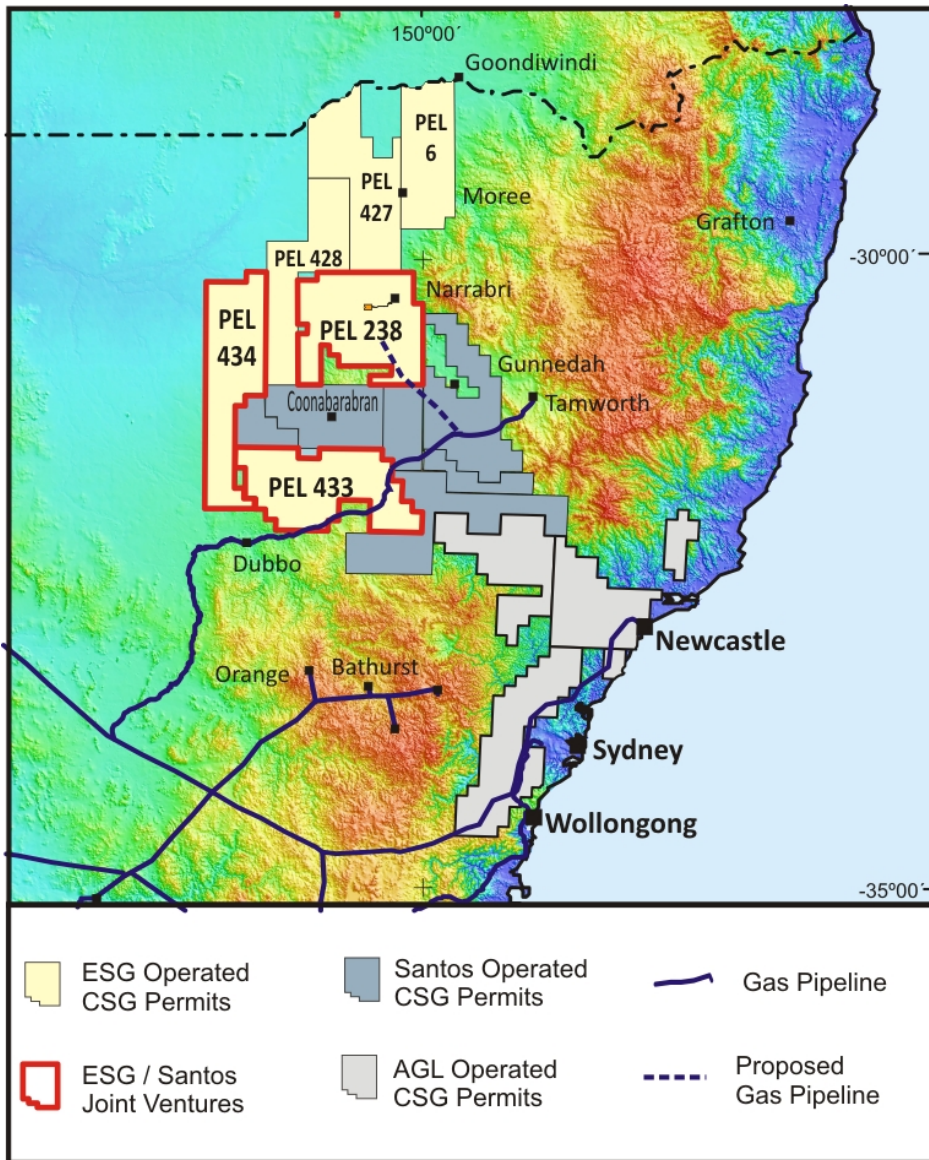
Further upgrading of reserves will be generated in 2009/10 in PEL238 through an ongoing corehole programme and the tie in and completion of 3 additional multi-lateral production pilots at Bibblewindi West, Dewhurst and Coonarah.

Like the Bibblewindi multi-lateral pilots, new pilots will incorporate in-seam, or horizontal wells with a length of around 750 - 1,000m (up to 3,300 feet) drilled perpendicular to the fracture system of the target coal seams. This well design maximises connectivity with the coal, resulting in many times greater flow rates than can be achieved from vertical, fracture-stimulated wells.

Test gas from the production pilots is delivered by flowline to the joint venture'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) and Babcock & Brown (up to 40 PJ/a).



PEL238 Prospects & Leads Map



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.

For further information contact:

David Casey Managing Director Tel: 61 2 9251 5599	Ian Kirkham Company Secretary Tel: 61 2 9251 5599
---	---

Street Address:
Level 7, 51 Pitt
Street,
Sydney NSW 2000

Postal Address:
GPO Box 4526,
Sydney NSW 2001
office@easternstar.com.au