



Narrabri Coal Seam Gas Project

UBS Australian Resources,
Energy & Utilities Conference

18 June 2009

David Casey
Managing Director



Corporate Overview

Narrabri Coal Seam Gas Project

UBS Australian Resources, Energy & Utilities Conference

Update 18 June 2009

Company Overview - Commercial & Financial

Highlights

- ASX ('ESG') and OTCQX ('ESGLY') listed
- Included in ASX200
- Absolute focus on Coal Seam Gas
- Market development progressing
 - ✓ MoUs with Macquarie Generation and Babcock & Brown - total 1,300 PJ
 - ✓ HoA with APA Group to access NSW markets
 - ✓ Wilga Park Power Station expansion underway
 - ✓ Investigating greenfields market opportunities

Operated Acreage Comparison

Share Price ¹	\$0.825
Market Capitalisation	\$704m
Cash ²	\$68.1m
Debt	nil

Notes:

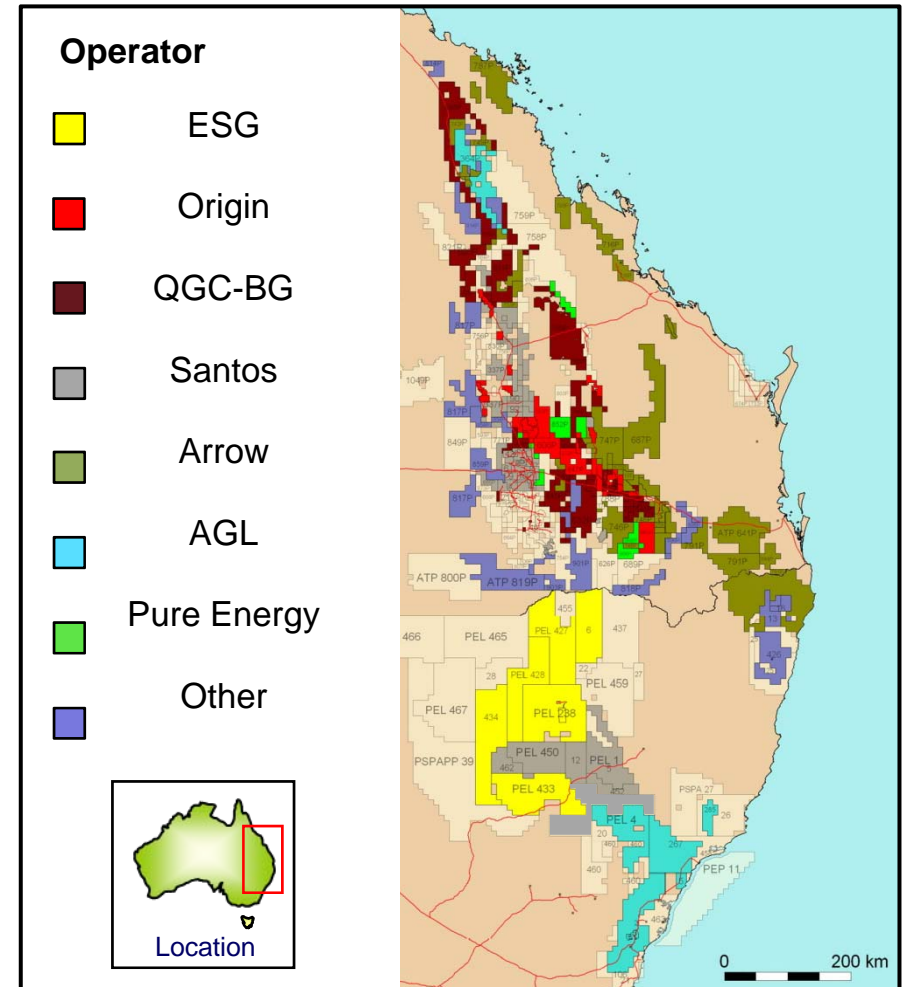
1. Share price at close 12 June 2009
2. Cash as at 31 March 2009

ESG's vision is to be NSW's leading supplier of natural gas

Highlights

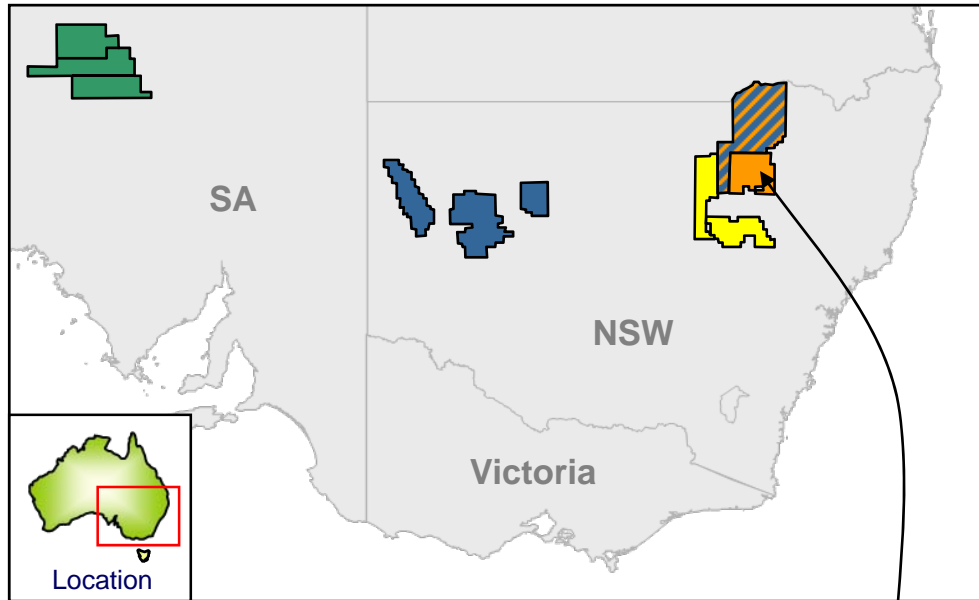
- Largest operated CSG acreage position in NSW
- 2P Gas Reserves 336 PJ (ESG 65%)
- Contingent Resources 6,128 PJ (ESG 65%)
- Reserves Upgrade Programme early successes:
 - ✓ Dewhurst coreholes confirm easterly extension of thick Bohena coal seam
 - ✓ Edgeroi-1 wildcat corehole confirms potential of northern portion of PEL 238
 - ✓ First two multi-lateral pilots online
 - ✓ Drilling of tri-lateral pilot is underway

Operated Acreage Comparison



Company Overview - ESG Tenements

Key Assets - Substantive CSG Position with Focus on Narrabri CSG Project



PEL 238
9,095 km²
(Narrabri CSG Project)
ESG 65%

PEL's 433 & 434
15,399 km²
ESG 65%

Orion Petroleum
(ESG holding 23%)
Pursuing conventional opportunities

PELs 6, 427, 428
18,200 km²
40% - 50% - 75% farm-in

Arckaringa Basin
27,922 km²
25% to 50% CSG farm-in

Wilga Park Power Station
Expandable to 40MW
ESG 65%

70,616 km² operated, including 24,494 km² in NSW



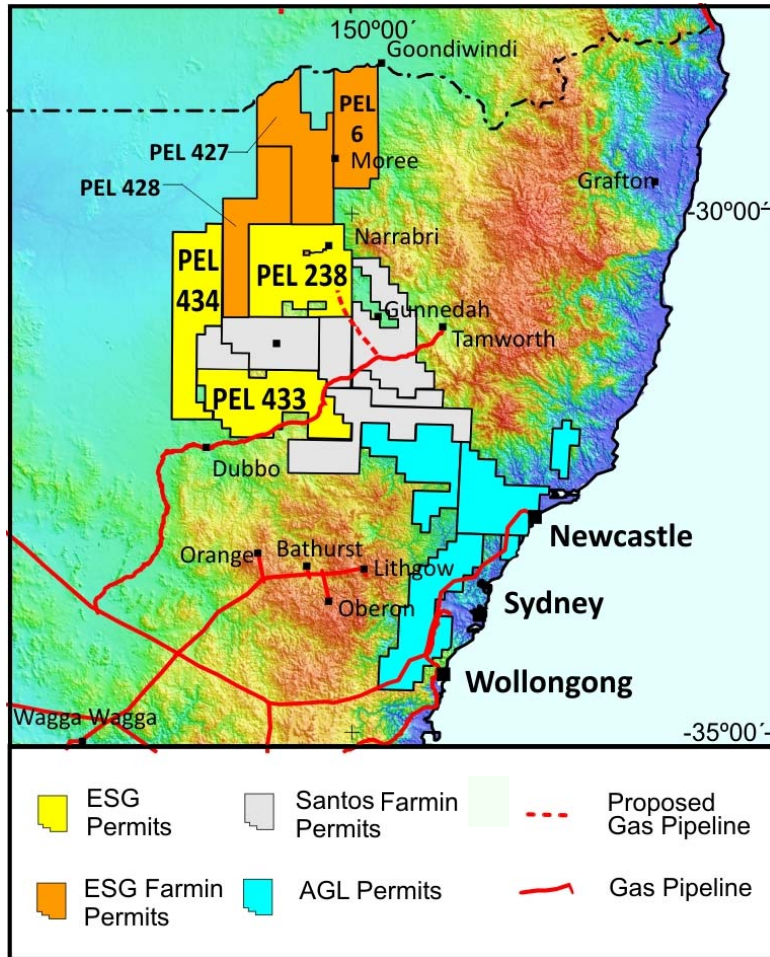
Project Overview

Narrabri Coal Seam Gas Project

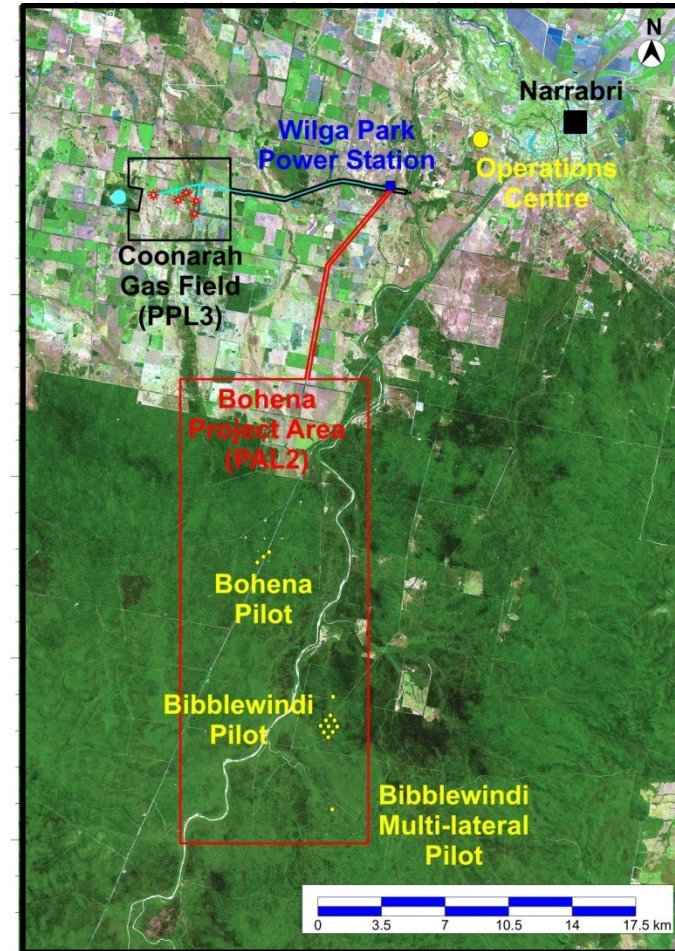
June 2009 Update

Narrabri CSG Project - Current Operations

NSW Permits

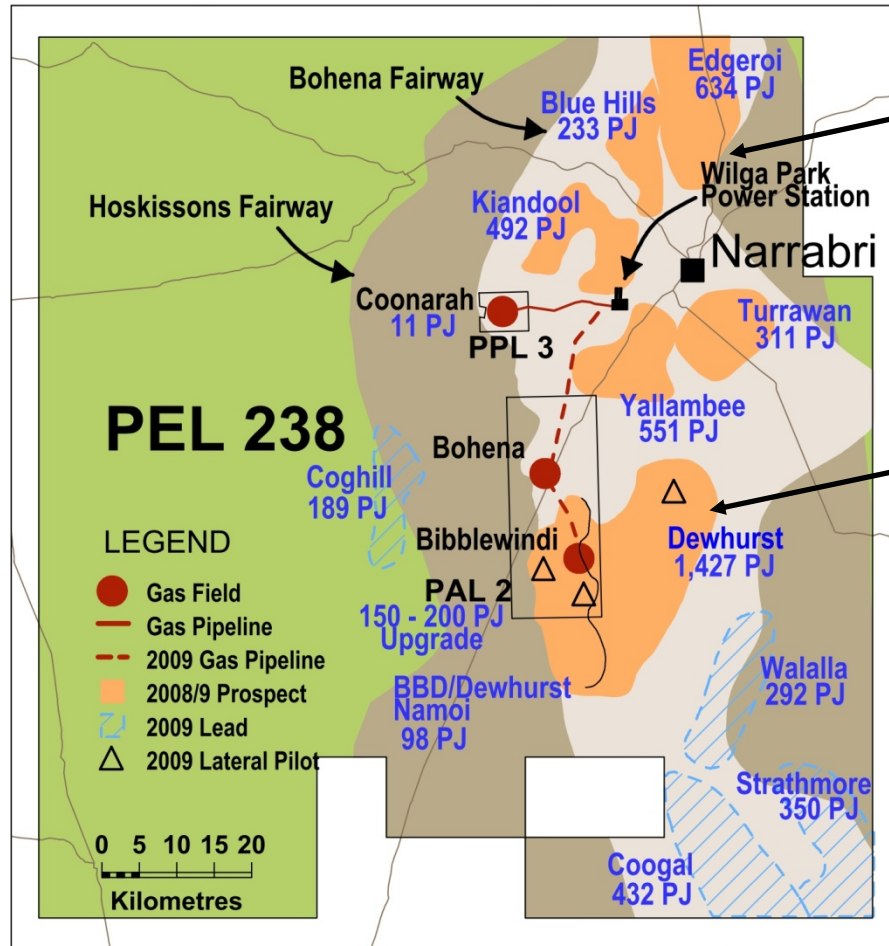


Current Operations



Narrabri CSG Project - Gas Reserves Upgrade Program

Outstanding results so far from 2008/09 Reserves Upgrade Program



Edgeroi Corehole Results

Confirmed permit-wide development of thick, gas saturated coal

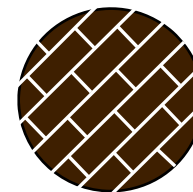
Dewhurst Coreholes: already contributing to certified reserves

Total Coal Thickness: 33.5m to 42.5m

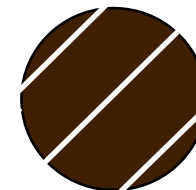
Bohena Seam Thickness: 16.2m to 21.7m

Bohena Coal Permeabilities: up to ~100 mD

Unique Architecture of Bohena Coal



Typical Coal



Bohena Coal

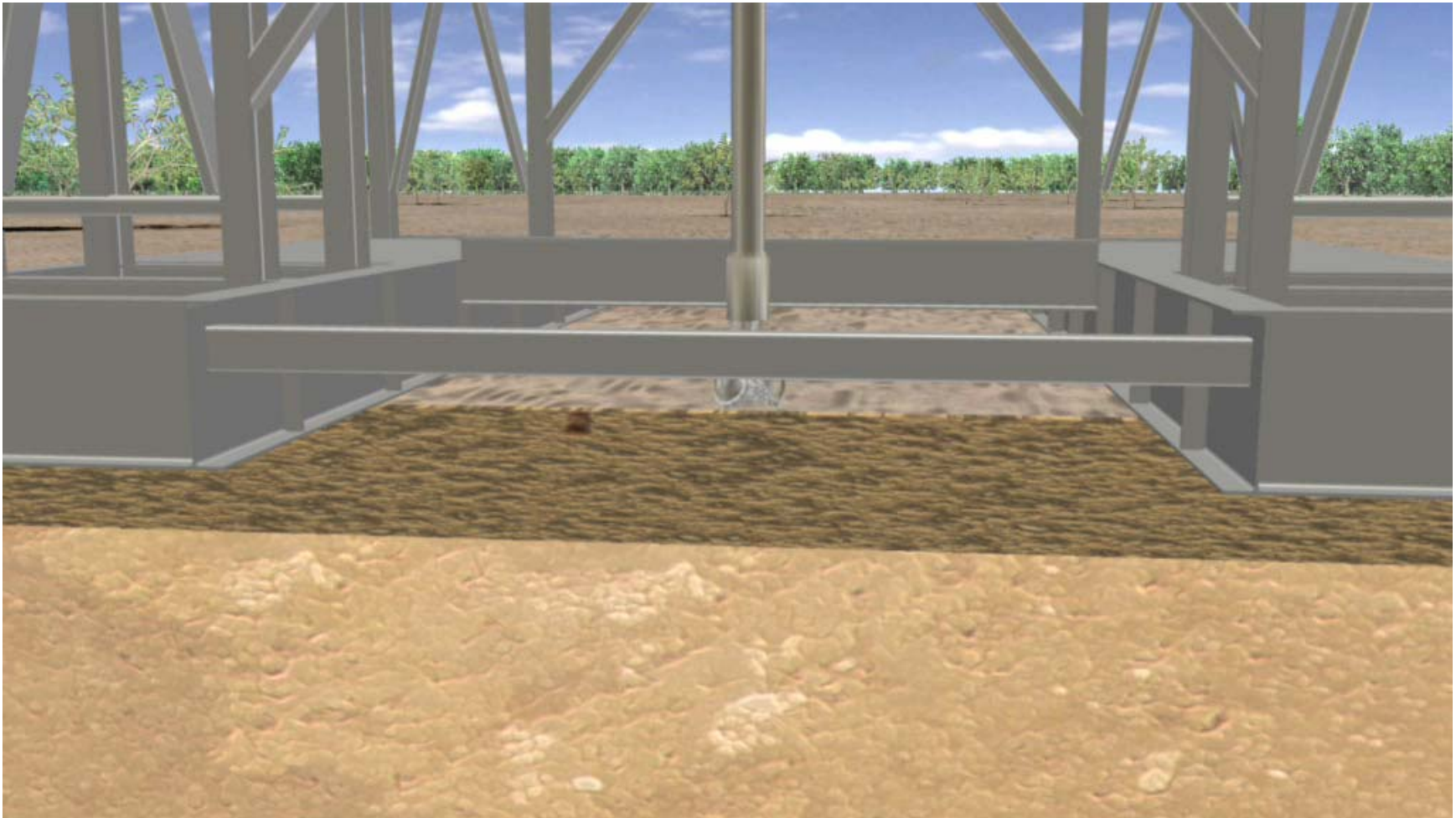
Programme Potential in excess of 5,000 PJ Recoverable

Multi-lateral Production Pilots



Schramm TXD Drilling Rig on site at Narrabri

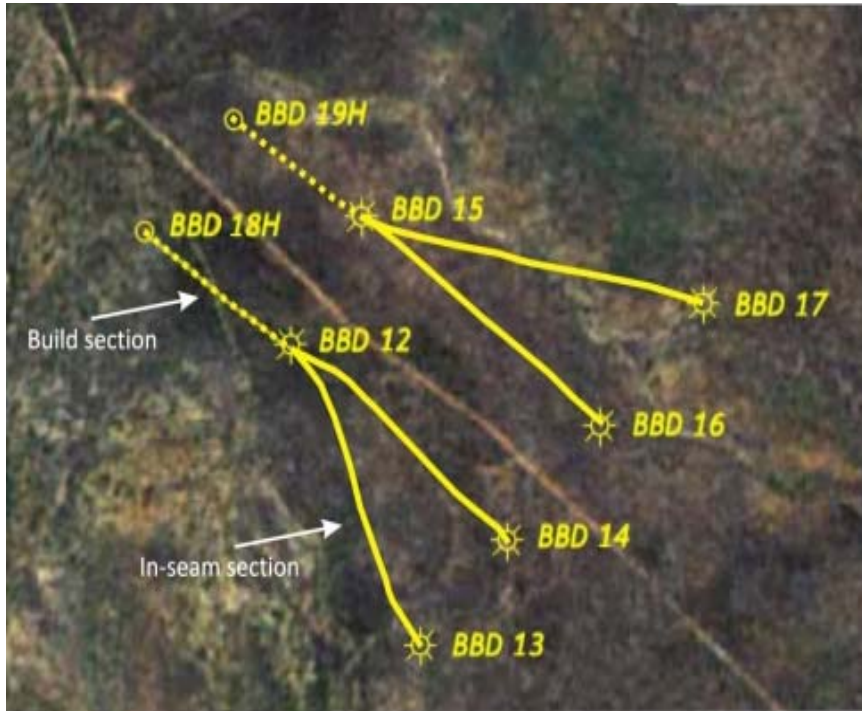
Multi-lateral Production Pilots



Animation of Multi-lateral drilling process

Biblewindi Multi-lateral Production Pilots

Plan View of First 2 Multi-lateral Pilots

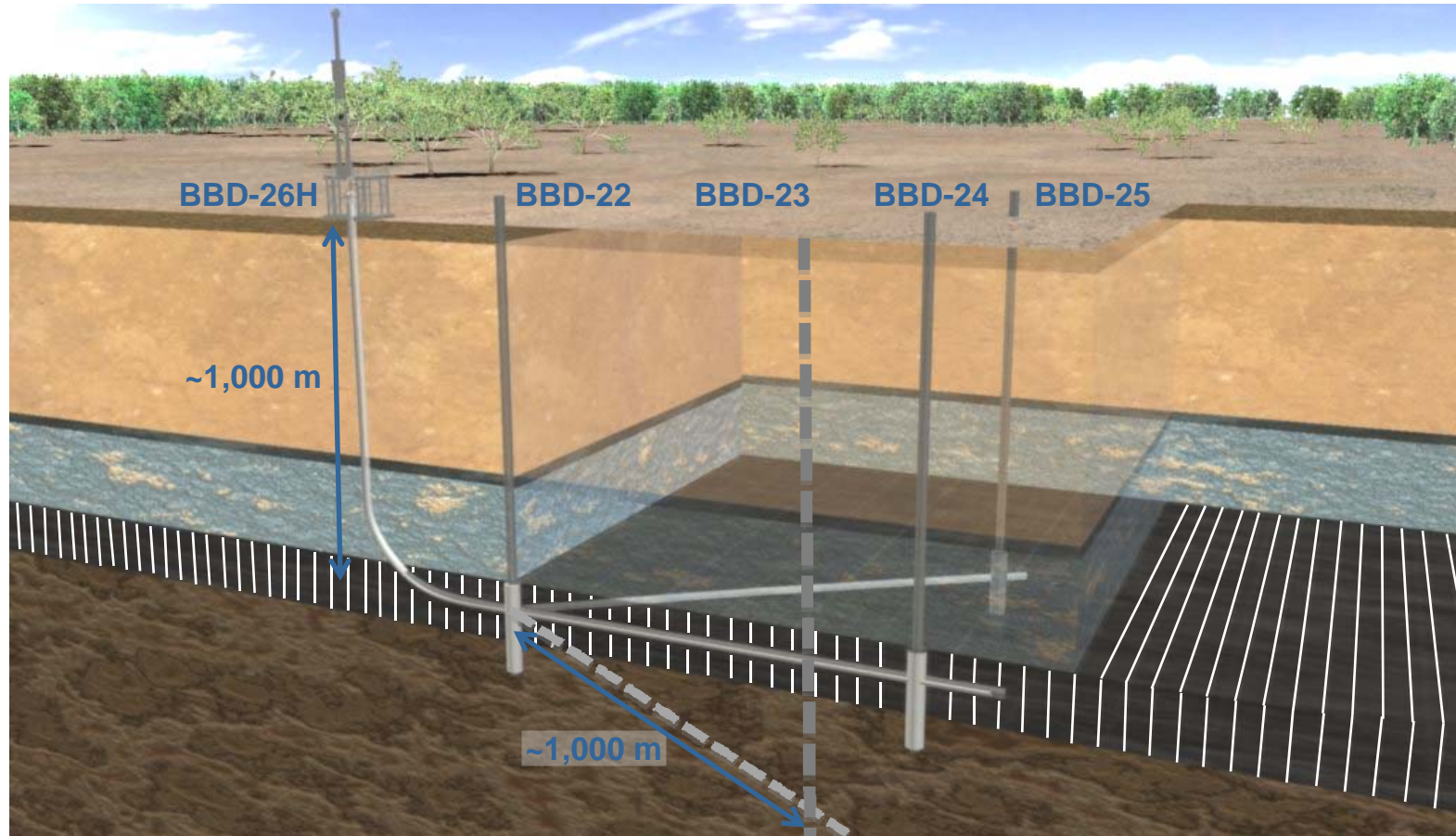


Outstanding Success of First Two Pilots

- Effective communication through coal fracturing system indicates lateral can be significantly increased.
- Strong water flows confirm widespread fracture network and high permeability.
- Immediate gas production confirm coal is fully saturated (~15 m³ of gas per tonne).
- New drilling, steering and intersection techniques have exceeded expectations.

Biblewindi Multi-lateral Pilots Completed and Online (early May 2009)

Biblewindi West Trilateral Production Pilot



Drilling of Trilateral Production Pilot is underway at Biblewindi West



Realising Project Potential

Narrabri Coal Seam Gas Project

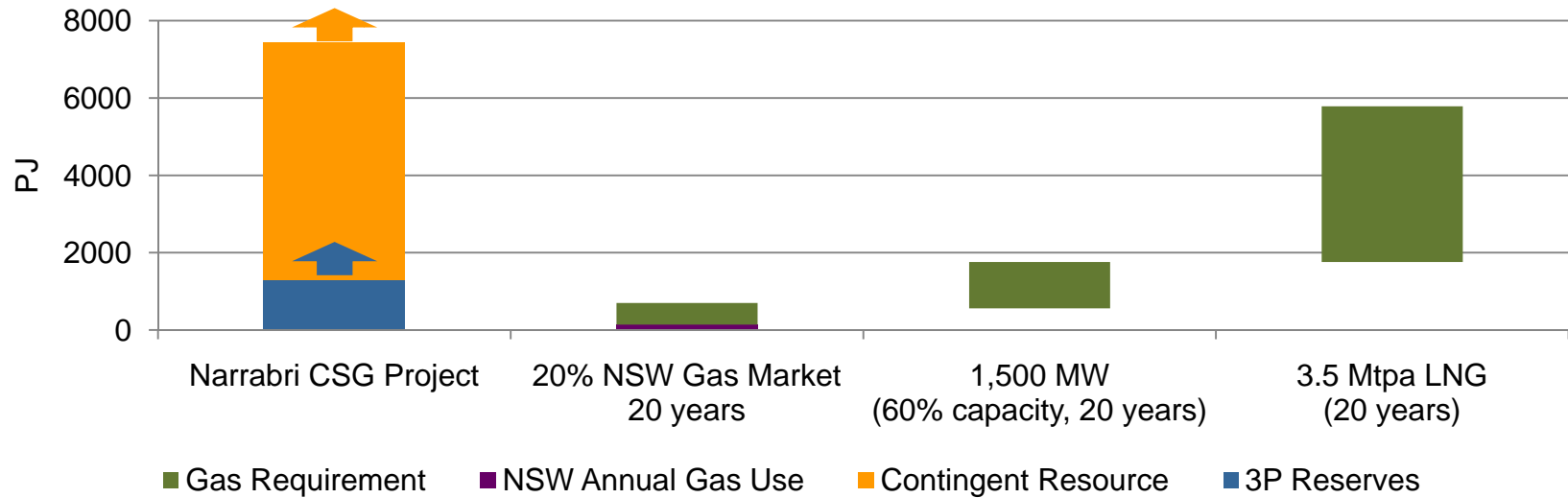
June 2009 Update

Realising Project Potential - Reserves and Resources

Independently Certified Reserves and Contingent Resources are Already Material

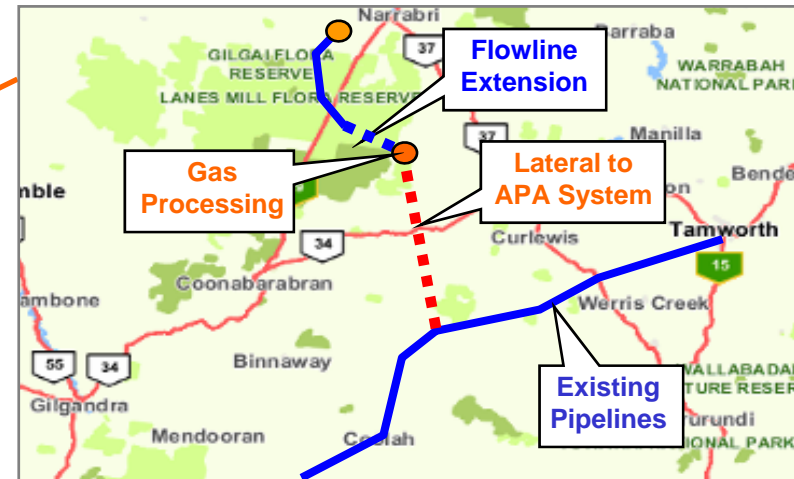
PEL 238 Certified Gas Reserves		
1P	2P	3P
21 PJ	336 PJ	1,300 PJ

PEL 238 Certified Contingent Resources		
1C	2C	3C
1,195 PJ	3,053 PJ	6,128 PJ



Realising Project Potential - Development Stages

Stage 1: Wilga Park Expansion (**underway**) and Stage 2: Early Access to NSW Gas Market



Wilga Park Power Station Expansion



Provision has been made for installation of up to 12 new 3 MW generators

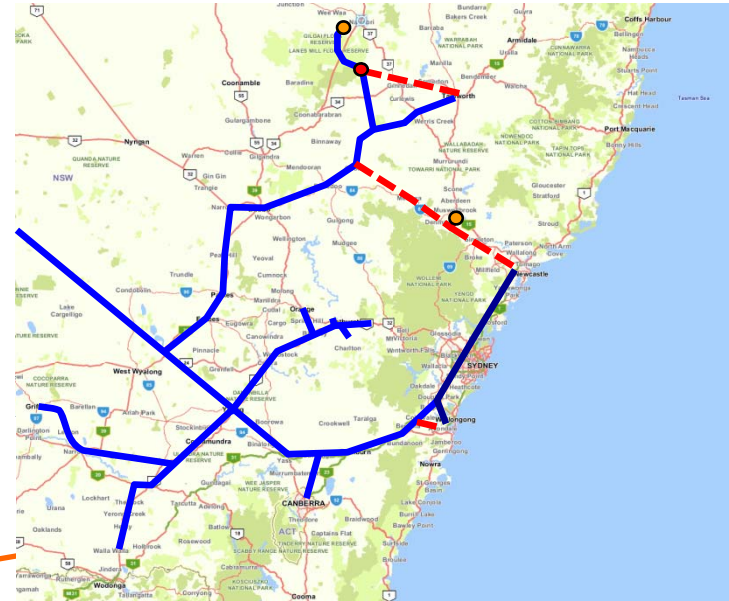
Biblewindi to Wilga Park Flowline



Over-the-trench construction technique minimises right-of-way width

Realising Project Potential - Development Stages

Stage 3: Major Domestic Greenfield Opportunities and Stage 4: 'Global' Opportunities



Realising Project Potential - Path to Commercialisation

Eastern Star Gas – ticking off the prerequisites for success

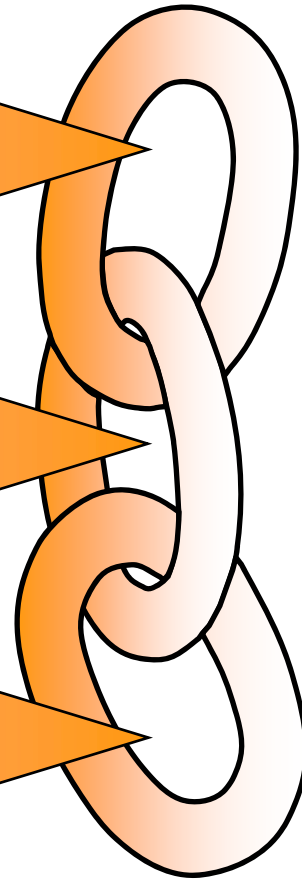
Gas reserves



Gas market



Infrastructure



Disclaimer

This presentation may contain forward looking statements that are subject to risk factors associated with oil and gas businesses. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results or trends to differ materially, including but not limited to: price fluctuations, actual demand, currency fluctuations, drilling and production results, reserve estimates, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, economic and financial market conditions in various countries and regions, political risks, project delay or advancement, approvals and cost estimates.

Investors should undertake their own analysis and obtain independent advice before investing in ESG shares.

All references to dollars, cents or \$ in this presentation are to Australian currency, unless otherwise stated.