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ASX statement

AGL commences Cooper Basin oil drilling program

28 September 2011

AGL Energy Limited (AGL) today announced that it had commenced drilling the first of a minimum four well oil exploration program in ATP 1056P, south-west Queensland. The Ensign #18 rig has commenced drilling the Andromedae 1 well on the highly prospective eastern flank of the Cooper Basin, close to the productive Watson oil trend. The program follows on from the Togar 3D seismic survey completed in April 2011.

AGL has a 40% participating interest and is operator of the ATP 1056P joint venture. AGL's interest in the permit was acquired as part of its Mosaic Oil acquisition completed in October 2010.

The four firm wells to be drilled are located on the attached map. The program is expected to take up to eight weeks to complete, after which up to three additional wells may be drilled. The primary reservoirs to be targeted are the Hutton Sandstone and sandstones within the Westbourne Formation. The prospects to be explored range in size up to 2.2 million barrels of recoverable oil on an unrisks basis (P50).

The ATP 1056P joint venture participants are AGL, Carson Energy, Inc (12%), CG Operating, Inc (15.277%), Discovery Geo Corporation (3%), Foresight Australia Pty Ltd (10%), Matariki Petroleum Partners (3%), Rockwall Oil, LP (5%) and Tamark Pty Ltd (11.723%).

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About AGL

AGL is one of Australia's leading integrated renewable 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 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.



