



VICTORIAN WHOLESALE GAS SUPPLY AGREEMENT SECURED

- **Term agreement to meet Victorian gas purchase requirements**
- **Provides price certainty to minimise risk and drive profitability**
- **Underpins rapid growth into the valuable dual fuel Victorian Market**

Australian Power & Gas Company Limited (ASX:APK) is pleased to announce that it has entered into an agreement with Esso Australia Resources Pty Ltd and BHP Billiton (Gippsland Basin Joint Venture) that secures the company's gas purchase requirements through to 2012.

The contract is effective from 1 June 2008 and provides price and volume certainty into the future and allows, when combined with its previously announced fixed price electricity supply contract, for the Company to continue its growth into the valuable Victorian dual fuel market while minimising wholesale price risk.

"This is an excellent result for our Company and for Victorian energy consumers," said James Myatt, chief executive officer of Australian Power & Gas. "It will underpin our continued growth into the Victorian market as Australian Power & Gas offers real choice to Victorian energy customers. We are very pleased with the terms of this agreement and look forward to building a strong relationship over the term of this deal with our wholesale gas provider."

Mr Myatt said Victoria continues to lead the nation in energy competition at every level. "This deal is reflective of an efficient and effective market supportive of competition and new retail entrants," he said.

Australian Power & Gas now has a full set of gas and electricity licences in Victoria, Queensland, New South Wales and South Australia.

"We continue to look at entry and re-entry strategies into these markets that fit with our risk management approach. Our business model is strong and flexible and has proven operational and management capability. Our revenue forecast of \$30M for this financial year remains." Mr Myatt said.

About Australian Power and Gas

Australian Power & Gas Company Ltd is listed on the Australian Stock Exchange (ASX) under the code APK. Australian Power & Gas holds a full suite of gas and electricity retail licences in Victoria, New South Wales and Queensland and has been approved to operate by NEMMCO, the National Electricity Market Company. The company benefits from a strong management team with more than 50 years combined experience in the energy industry.

- ENDS -

For further information please contact:

Andrew Butler, Australian Power & Gas
02 8908 2711 / 0419 818 866

Michael Mullane, Savage & Partners
02 8281 3257 / 0414 590 296

For personal use only