

Multi-lateral Production Pilots

Proving to be an Outstanding Success

Sydney, Australia - 18 June, 2009 - Eastern Star Gas Limited (ASX:ESG OTCQX:ESGLY) together with joint venture partner Gastar Exploration Ltd (NYSE AMEX:GST & TSX:YGA.TO), is pleased to announce that the aggregate rate of gas production from the Bibblewindi multi-lateral production pilots has reached 250,000 standard cubic feet per day. Water production continues at approximately 3,500 to 4,000 barrels per day.

Mr David Casey, Managing Director of ESG, said "the strong and steadily increasing rate of gas production at this early stage of dewatering is closely aligned with performance expectations based upon predictive modelling. This confirms we are not only on track to achieve our reserves upgrade targets, but also to move quickly to project commercialisation and full-scale development".

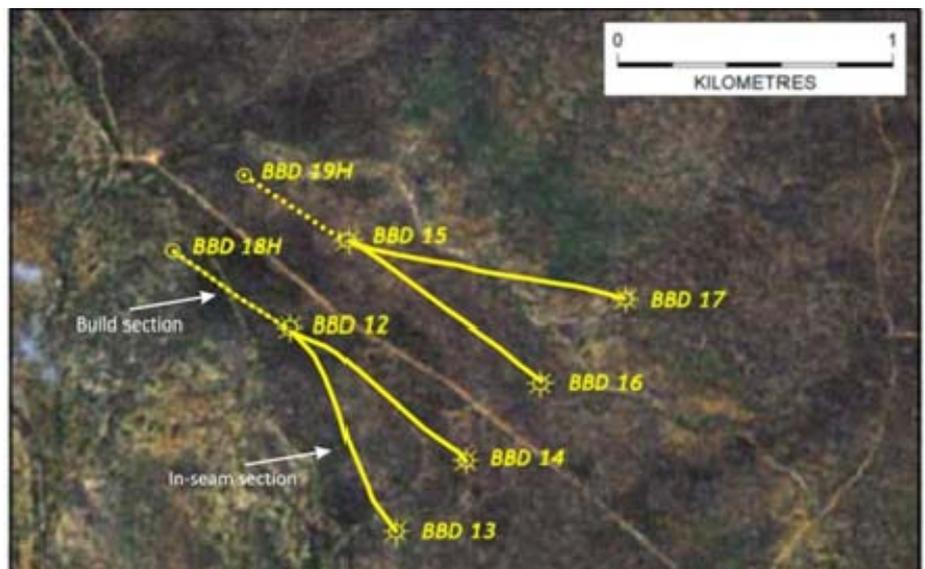
Mr Casey added "In addition to the gas production achievement, the Bibblewindi multi-lateral pilots have been an outstanding success in a number of other ways".

"Firstly, the drilling, steering and intersection techniques adopted by ESG have exceeded expectations. We are now confident that laterals well over 1 km in length can be comfortably drilled".

"Secondly, strong water flows, the precursor to strong gas flows, have confirmed the anticipated widespread fracture network and high permeability of the Bohena coal seam".

"Thirdly, there is clear pressure communication between the lateral wells, which means the spacing between the laterals can be greatly increased. We anticipate a spacing of up to 1 km will be achievable, increasing the total quantity of gas that will be produced from each well and materially reducing gas production costs".

"Finally, when dewatering of the multi-lateral pilots commenced, gas production was immediate. This confirms the Bohena coal seam is fully saturated, with a gas content of around 15 standard cubic metres (530 cubic feet) per tonne of coal. Full scale dewatering from all six production wells only commenced in early May. It is expected that gas production rates will continue to climb over coming months as dewatering continues."



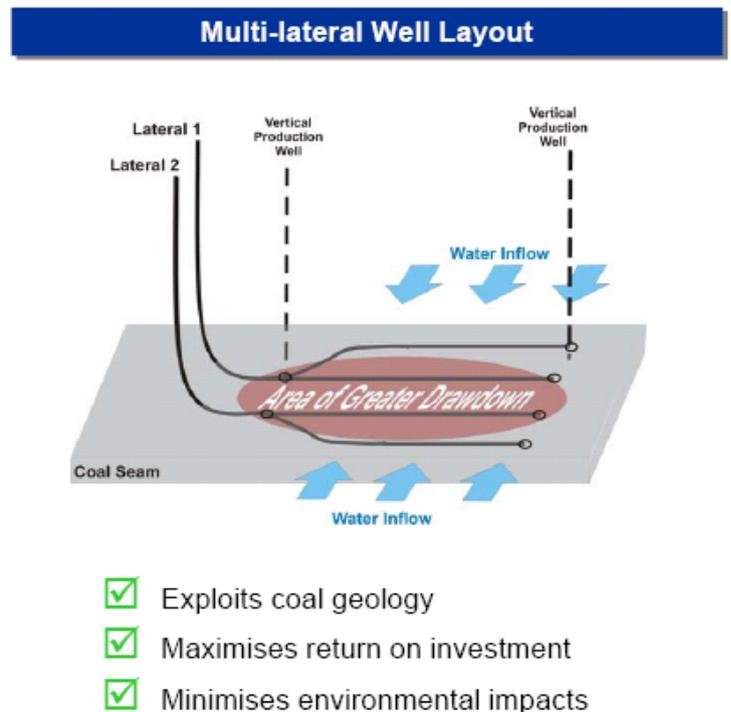
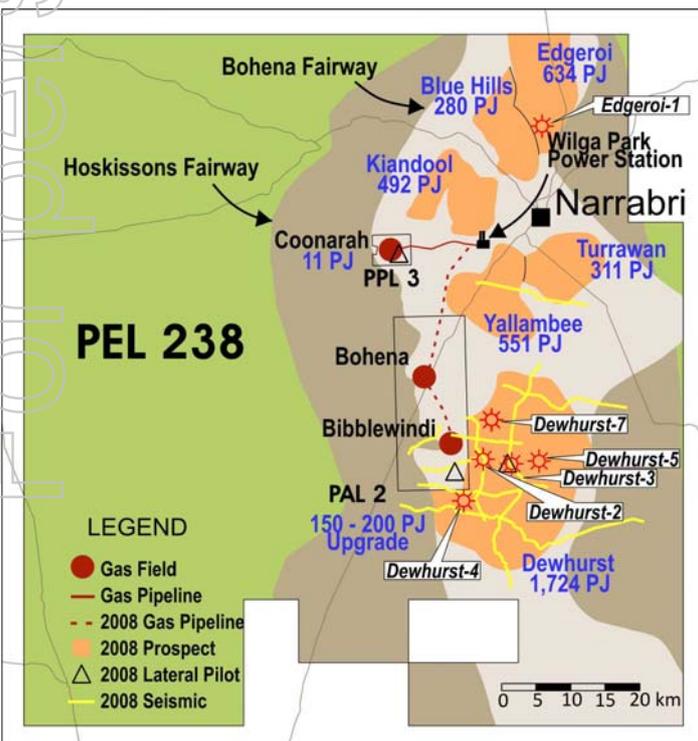
About ESG

(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 Gatar 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 and 3P gas reserves of 1,300 Petajoules were independently certified as at on 30 September 2008.

Further reserves will be generated in 2009 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) and Babcock & Brown (up to 40 PJ/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.

For further information contact:

David Casey
Managing Director
Tel: 61 2 9251 5599

Peter Lansom
Exec. Director - Operations
Tel: 61 7 3136 1515

Street Address:
Level 7, 51 Pitt Street,
Sydney NSW 2000
Tel: 61 2 9251 5599

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

www.easternstar.com.au



ASX : ESG



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

OTCQX: ESGLY