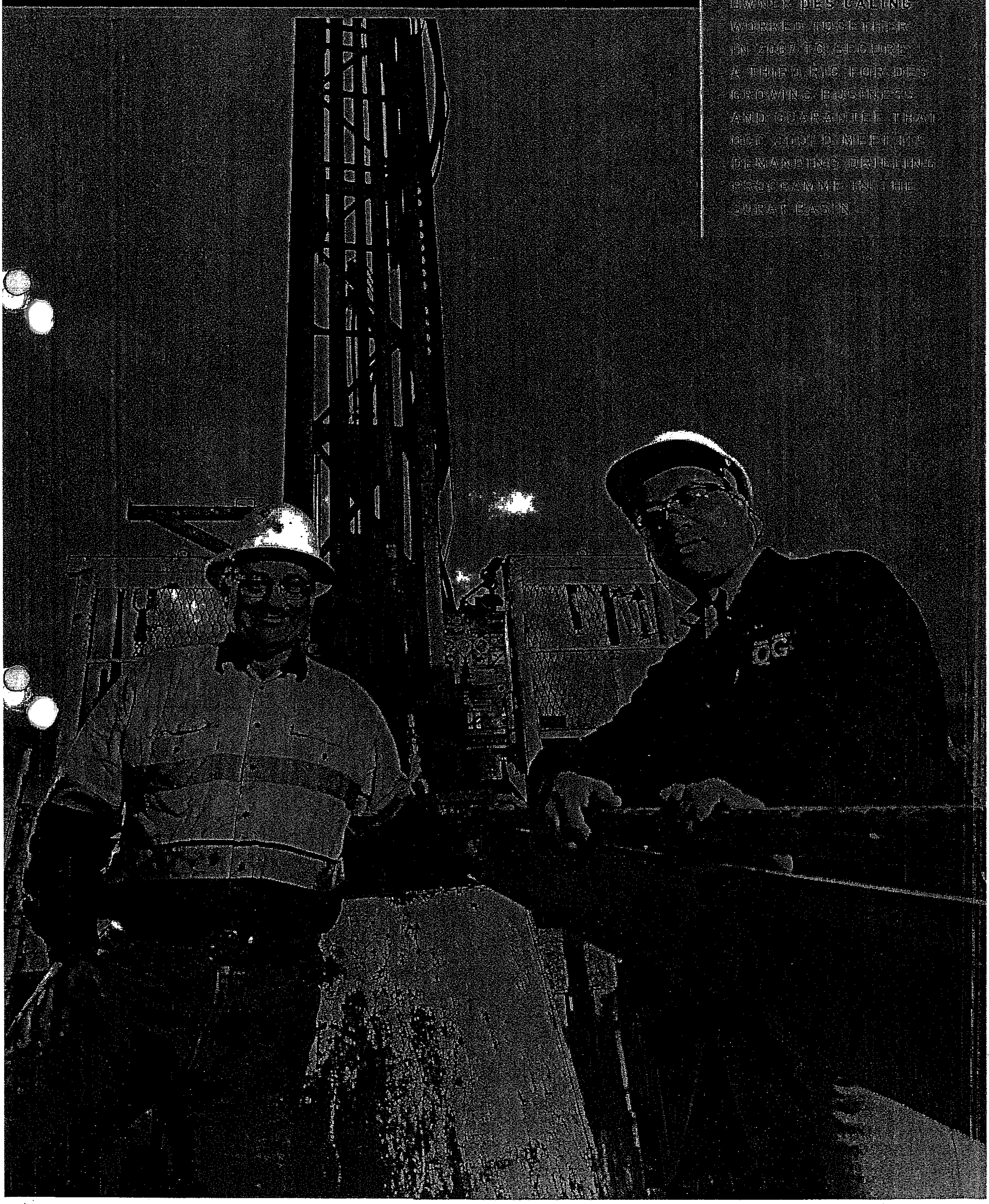
the explorers



QGC'S DRILLING MANAGER **CANH NGUYEN** AND RIG OWNER **DES CALING** WORKED TOGETHER IN 2007 TO SECURE A THIRD RIG FOR DES' GROWING BUSINESS AND GUARANTEE THAT QGC COULD MEET ITS DEMANDING DRILLING PROGRAMME IN THE SURAT BASIN.

Exploration

In July 2006, QGC launched a Growth Acceleration Strategy [GAS] and successfully raised $60.3 million through a Share Rights Issue to fund the plan.

The GAS commenced in late September 2006 and focussed on four key areas with a prime target of increasing QGC's share of 2P gas reserves to 1,000 PJ within a year. The GAS objectives and outcomes are summarised in the table below:

		Investment	2P reserves contributed (PJ)
✔	Accelerated commercialisation of Undulla Nose	$12.5 M	214
✔	Early Kenya-Argyle development	$22.0 M	267
✔	Berwyndale South reserves expansion	$14.9 M	216
✔	Enhanced exploration development	$ 7.0 M	–
	Total	$56.4 M	697

Reserves growth

QGC's GAS aimed to increase the Company's share of 2P reserves to 1,000 PJ by August 2007 and stamp the Surat Basin as a world class coal seam gas resource.

The Company exceeded its target in the 12 months to August 2007:

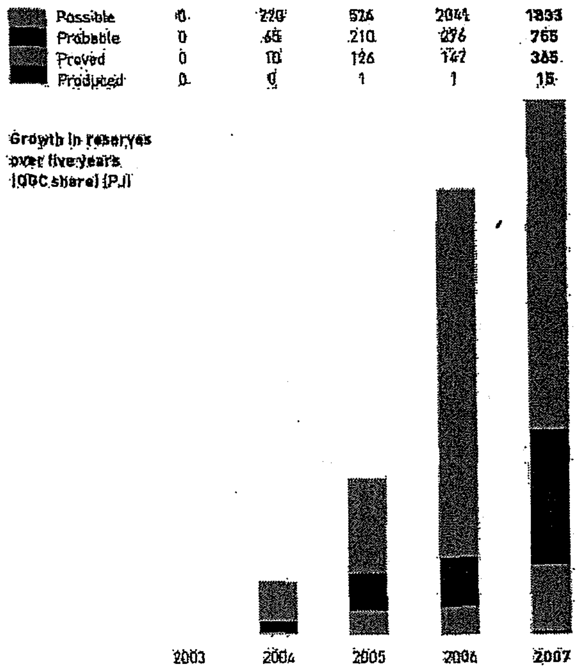
- Three months after announcing the GAS, QGC achieved a 64% upgrade of its 2P reserves to 696 PJ following a review by Netherland Sewell & Associates Inc (NSAI).
- A further review by NSAI in early 2007 resulted in a 27.5% upgrade, with total 2P reserves increasing by 191 PJ to 883 PJ. (Taking into account the Sentient Transaction which was approved at a General Meeting on 2 March 2007, QGC's share of 2P reserves increased by a further 10%, to 923 PJ.)
- On 16 August 2007, QGC announced that it had exceeded its 2P reserves target, with NSAI upgrading the Company's 2P reserves to 1,120 PJ – a 20% increase.

The upgrades were based on the results of QGC's recent exploration, appraisal and development drilling right across its areas of operation and included improvements in volumetric reserves within both the Juandah and Taroom Coal Measures.

These reserves are contained within the following Authorities to Prospect (ATP), Petroleum Lease (PL) and Petroleum Lease Application (PLA) areas:

- Bellevue (PLA 247) (QGC's share 70.625%)
- Berwyndale/Berwyndale South/Berwyndale South Extension (PLA 211/PL 201/PLA 212) (QGC's share 100%)
- Argyle/Argyle East/Kenya/Lauren/Codie (PL 179/PL 229/PL 228/PLA 180) (QGC's share 59.375%)
- Martin (ATP 620P) (QGC's share 59.375%)
- Kenya East/Jammat/Sean/Broadwater (ATP 648P) (QGC's share 68.75%)

QGC has produced 15.2 PJ from its reserves to date, of which 14 PJ has been produced for sale from Berwyndale South and Kenya-Argyle.



Exploration (continued)

Exploration and appraisal activities

QGC conducted a broad range of drilling and exploration activities for the GAS in the 12 months. Work focussed on prospects all along the Walloon Fairway, with a particular emphasis on areas to the north, south and east of Berwyndale South, in the Central Walloon Fairway.

Northern Walloon Fairway

An appraisal well, Woleebee Creek #3, was drilled in ATP 651P and initial testing on the well showed good indications of gas and water flow. On the strength of these initial results, QGC and its partner, Lucas Coal Seam Gas, are planning a substantial exploration and appraisal programme with a view to securing a petroleum lease in the area within 12 months.

Central Walloon Fairway

QGC completed the installation of gas and water gathering lines to the north of Berwyndale South, including a crossing of the Condamine River, to link the Bellevue and Berwyndale Pilots to the existing gas processing facility. This enabled ramp up gas to be sold to customers rather than flared during production testing.

A five-well pilot was completed at Bellevue in PLA 247 and is undergoing production testing. Two of those wells were designed to test only the Taroom coal seams and have shown that the underlying Taroom Coal Measures are productive at least 12 km north of Berwyndale South.

Another five-well pilot was completed at Berwyndale in PLA 211, midway between Bellevue and Berwyndale South. Production testing is underway with the wells contributing to total gas production. QGC also re-entered the Berwyndale #2 core well and deepened the well to collect coal samples in the lower Juandah and Taroom Coal Measures. The samples indicated that the gas contents were in line with expectations (>5m³/t in the Juandah Coal Measures and >6m³/t in the Taroom Coal Measures). Permeability testing indicated high permeabilities in the lower Juandah Coal Measures (~100md) and low permeabilities in the Taroom Coal Measures (<5md).

Several kilometres to the south of Berwyndale South, QGC drilled five step-out development wells to expand the production capability of Berwyndale South (PL 201) and extend the Company's geological understanding of areas to the south.

At Codie in PLA 180, desorption of the coal core from Codie #1A was completed and the results confirm the work from the Lauren wells, 6 km to the north in PLA 180, which showed very high gas contents in both the Juandah and Taroom Coal Measures. Five new wells were drilled in July and August 2007 to create a five-well pilot at Codie.

In PL 179 and PL 228, 25 appraisal/development wells were drilled by the end of June 2007 to meet QGC's gas supply agreement with IPL. The Kenya and Argyle wells provided positive initial indications with several flowing gas and water during drilling.

Eastern Walloon Fairway

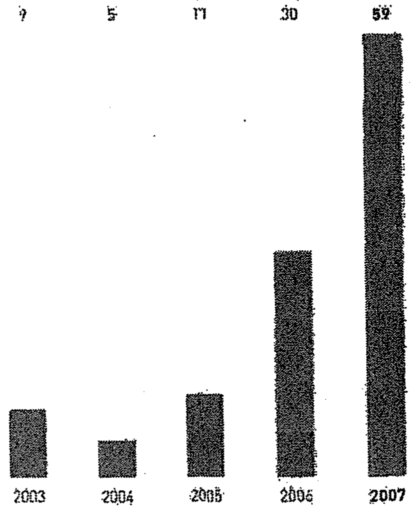
Further east in ATP 648P, QGC drilled Kenya East #2 and Kenya East #3 as production test wells to investigate the coal seam gas potential east of PL 228. Kenya East #2 commenced production testing in late November 2006 and since that time the well has achieved daily gas flows of over 800 GJ per day, which is considered an outstanding result for an isolated appraisal well.

In ATP 621P, an appraisal well (Aberdeen #8) was drilled at the old Aberdeen pilot which had been suspended in 2004. The well was completed across both the Juandah and Taroom Coal Measures and the Juandah Coal Measures were placed on production testing in early November 2006. By the end of February 2007, the well was producing approximately 70 GJ per day. This is far better than the results from the original Aberdeen pilot, particularly considering it is an isolated well. Gas production is certain to increase with the drilling of additional production wells, which will assist in the dewatering of the coal.

A new core well, Ridgewood #2, was drilled in ATP 621P to collect coal samples in the Juandah and Taroom Coal Measures. The samples underwent desorption testing and the results indicated that the gas contents were in line with results from Aberdeen (>7m³/t in both the Juandah and Taroom Coal Measures). Permeability testing was also conducted with results indicating low to moderate permeabilities in the upper Juandah Coal Measures (~10md), moderate permeabilities in the lower Juandah Coal Measures (~20md) and low permeabilities in the Taroom Coal Measures (<1md).

Exploration	9	5	11	6	22
Development	0	0	0	24	37
Total	9	5	11	30	59

Wells drilled over five years

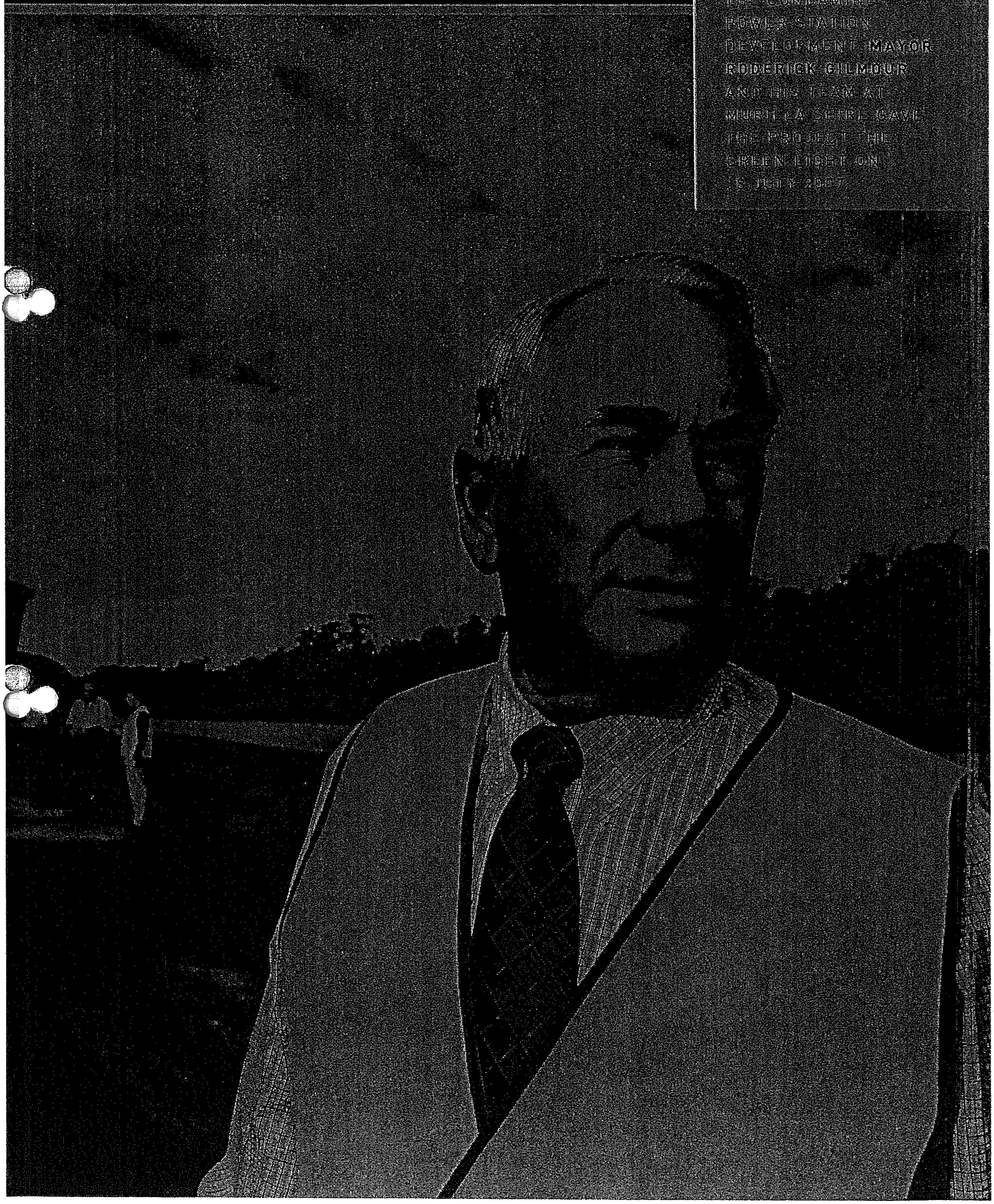


Tenement[1]	Name	Area	Current interest	Joint Venturer
Authorities to Prospect				
ATP 574P	Pinelands	Shallows[2]	60%	Victoria Petroleum 30% Australian CBM 6.25% SEQ Oil 3.75%
ATP 620P	Martin	Shallows	59.375%	Origin Energy CSG 40.625%
		Deeps[3]	26.25%	Pangaea 73.75%
ATP 621P	Aberdeen & Ridgewood	All of Authority to Prospect area	100%	
ATP 632P[4]		All of Authority to Prospect area	100%	
ATP 647P[5]	Myall Creek East	Myall Creek East[6] (graticular block 2656)	50%	Origin Energy CSG 50%
		All other blocks (other than Myall Creek East block above)	100%	
ATP 651P	Woleebee Creek, Ogle Creek, Mamdal	All of tenement area (Royalty applies)	85%	Lucas Coal Seam Gas 15%
ATP 676P	Owen, Avon Downs, McNulty, Wyalla	Section 1 blocks (ie graticular blocks number 2237, 2386, 2456, 2457 and 2458)	50%	Australian CBM 50%
		Section 2 blocks (ie graticular blocks numbered 2309, 2528, 2529 and 2530)	25%	Australian CBM 75%
ATP 648P[4]	Kenya East	Shallows	68.75%	Origin Energy CSG 31.25%
		Deeps	60%	Pangaea 40%
Petroleum Leases				
PL 179	Argyle	Shallows	59.375%	Origin Energy CSG 40.625%
		Deeps	26.25%	Pangaea 73.75%
PL 201[4]	Berwyndale South	All of Petroleum Lease area	100%	
PL 228	Kenya	Shallows	59.375%	Origin Energy CSG 40.625%
		Deeps	26.25%	Pangaea 73.75%
PL 229	Argyle East	Shallows	59.375%	Origin Energy CSG 40.625%
		Deeps	26.25%	Pangaea 73.75%
Petroleum Lease Applications				
PLA 180	Codie & Lauren	Shallows	59.375%	Origin Energy CSG 40.625%
		Deeps	26.25%	Pangaea 73.75%
PLA 211[4]	Berwyndale	All of Petroleum Lease Application area	100%	
PLA 212[4]	Berwyndale South Extension	All of Petroleum Lease Application area	100%	
PLA 247 (formerly ATP 610P)	Bellevue	Shallows[4]	70.625%	Origin Energy CSG 29.375%
		Deeps	56.25%	Pangaea 43.75%
PLA 257[4]	Jammat & Kenya East	Shallows	68.75%	Origin Energy CSG 31.25%
Pipeline Licences				
PPL 91[7]	Windibri Export Pipeline		100%	
PPL 107	Kenya Export Pipeline (not constructed)		59.375%	Origin Energy CSG 40.625%
PPL 108[7]	Kenya Trunkline		100%	
PPL 119[7]	Berwyndale South Area Pipelines		100%	
Pipeline Licence Applications				
PPLA 123	Wallumbilla Export Pipeline		100%	
PPLA 125	Northern Corridor Pipeline		100%	

Notes
1 QGC is the operator of all areas except the Myall Creek East block in ATP 647P.
2 Shallows are all stratigraphic divisions underlying the surface area down to a depth of 100 feet below the Walloon Coal Measures.
3 Deeps are all stratigraphic divisions below a depth of 100 feet below the Walloon Coal Measures.
4 10% of QGC's interest is held through its wholly-owned subsidiary SGA (Queensland) Pty Limited.
5 QGC's interest in ATP 647P is held through its wholly-owned subsidiary, Starzap Pty Ltd.
6 Operated by Origin.
7 QGC's interest is held through two wholly-owned subsidiaries: QGC (Infrastructure) Pty Ltd (90%) and SGA (Queensland) Pty Limited (10%).

the power

NEW ROADS ARE BEING BUILT IN THE MURILLA SHIRE AS PART OF THE CONDAMINE POWER STATION DEVELOPMENT. MAYOR **RODERICK GILMOUR** AND HIS TEAM AT MURILLA SHIRE GAVE THE PROJECT THE GREEN LIGHT ON 18 JULY 2007.



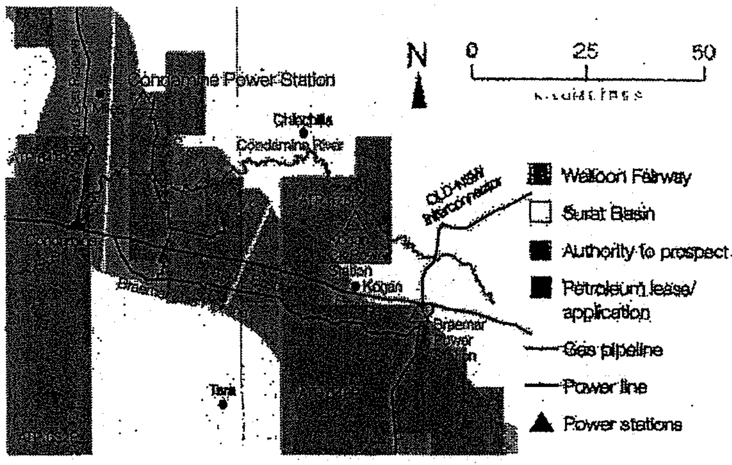
Electricity

Condamine Power Station

QGC is on track to enter the National Electricity Market in 2009. Construction commenced in August 2007 on the 135 MW Condamine Power Station in southern Queensland and it is expected to begin operating in February 2009.

Condamine Power Station will be located on QGC property 8 km east of Miles as shown in the adjacent map. It will be supplied with coal seam gas from QGC's nearby gas operations to generate electricity and will rely entirely on the waste water recovered as part of the gas production process for its water supply needs.

The power station will be fully funded and owned by Energy Infrastructure Trust, a fund managed by ANZ Infrastructure Services (ANZIS), with ownership reverting to QGC after 20 years. QGC will fund necessary production infrastructure to supply the power station with around 10 PJ of gas a year.



Construction

Following a comprehensive tender process in late 2006, QGC and ANZIS appointed Austdan Energy and Environment to build the power station through an Engineer, Procure, Construct (EPC) contract. The EPC contract was signed on 26 April 2007 and on 1 June 2007, QGC achieved financial close when all conditions precedent were satisfied. Under the EPC contract, Siemens will supply two SGT 800 gas turbines and one steam turbine, and the combined cycle gas fired facility will have the capacity to generate 135 MW.

On 18 July 2007, QGC received development approval from the Murilla Shire Council to proceed with the power station development and construction on the project began in late August.

Commissioning

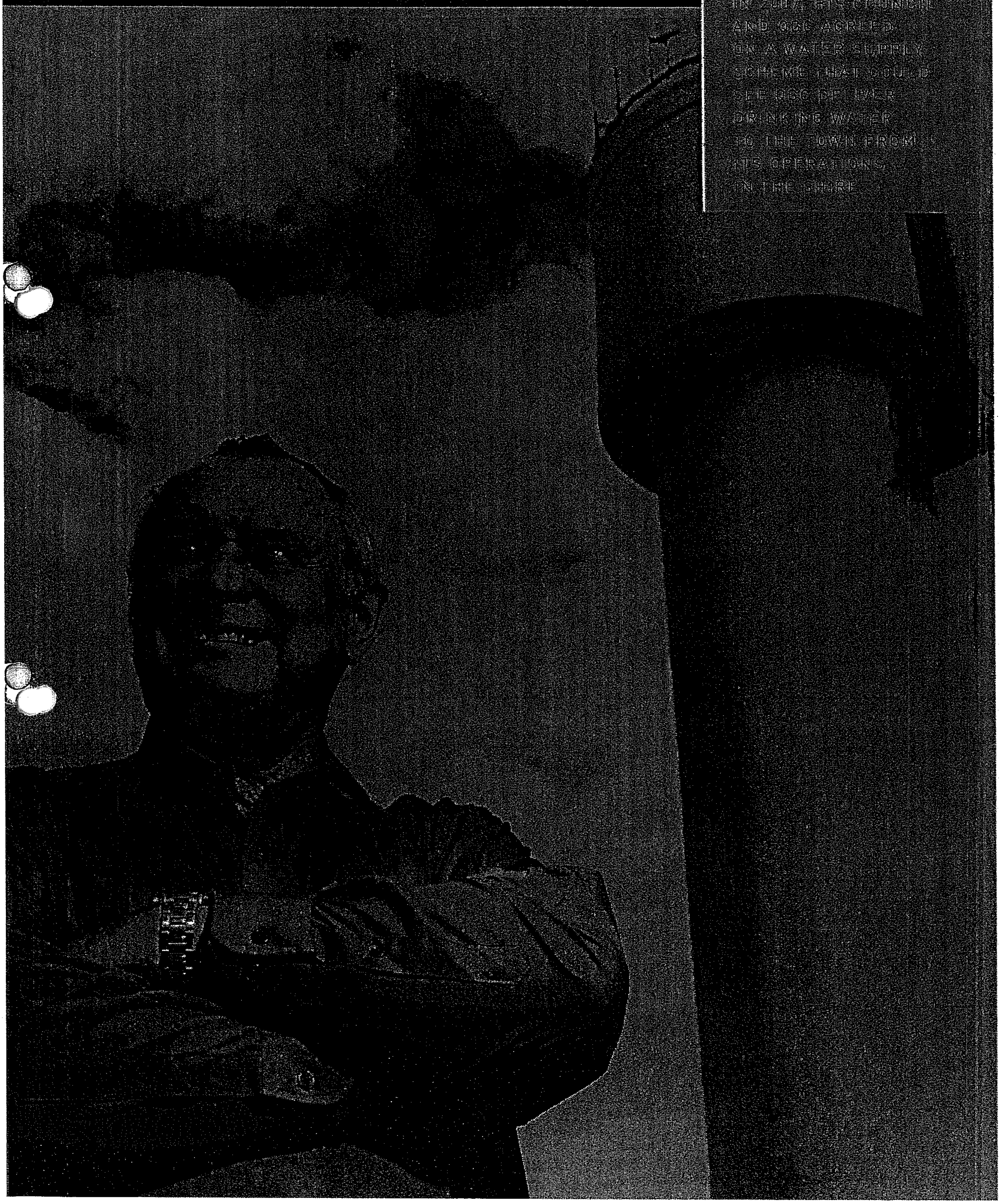
At the end of July 2007, QGC and ANZIS approved a plan to commence electricity sales from the plant six months earlier than the original August 2009 target. At the extra cost of $7 million, the design will be revised to enable the power station to commence generating electricity in open-cycle from February 2009 and in closed-cycle from August 2009.

Operation

Condamine Power Station has been designed to operate as a base load power station, operating 24 hours a day, but it will not be constrained by long term supply and transportation agreements. As the operator of the power station, QGC will be able to participate in the gas and electricity markets at its discretion – selling gas and electricity into the most favourable market at any given point in time.

the network

CHINCHILLA MAYOR BILL McCUTCHEON HAS REASON TO SMILE. IN 2007, HIS COUNCIL AND QGC AGREED ON A WATER SUPPLY SCHEME THAT COULD SEE QGC DELIVER DRINKING WATER TO THE TOWN FROM ITS OPERATIONS IN THE SHIRE.



Water

QGC recognises that the water produced as a result of its coal seam gas business is a valuable commodity, particularly in drought-starved southern Queensland.

In 2007, QGC continued to investigate ways to maximise the value of this precious resource for the business and for neighbouring communities.

A water management team within QGC has been established with responsibility for addressing the challenges associated with harvesting water in an economical and environmentally responsible way. This multi-disciplinary team is working on a range of commercial opportunities in southern Queensland including water supply to power stations, coal mines and local councils as well as various agricultural applications including feedlots, aquaculture and pastoral use.

In 2007, three major water use projects were investigated:

Treated water supply to Chinchilla Shire Council

Chinchilla Shire Council, QGC and joint venturer Origin Energy CSG are working together to secure funding for the development of a 3 megalitre per day water pipeline and reverse osmosis water purification plant to supply the town of Chinchilla with drinking water from QGC's existing coal seam gas operations in Chinchilla Shire. A joint project team is working to determine the optimum purification method, water pipeline route and commercial terms. They are also holding discussions with Queensland Government agencies to secure necessary approvals to proceed.

Treated water supply to Condamine Power Station

The water required by the Condamine Power Station will be supplied from QGC's nearby gas operations using water harvested from coal seams. This will avoid any need to use water from other sources such as existing artesian bores, rivers or other surface water flows. While the harvested water in its untreated state contains some dissolved salts, it can be used in the cooling tower of the power station, and after treatment, it will be used in the boiler. The supply of drinking water to the town of Miles will also be considered as part of the Condamine Power Station development.

Use of untreated water from coal seams for local crop production

Throughout 2007, QGC worked with agricultural scientists investigating whether untreated water from the gas production process could form the basis of a sustainable farming system. QGC conducted a 20 hectare crop trial at Berwyndale South using harvested water to irrigate conventional crops on the regional soil types. Preliminary results of the trial show that sustainable use can be achieved through field rotation, mixing with treated or river water or reverse osmosis treatment. Further analysis is underway.

Water storage

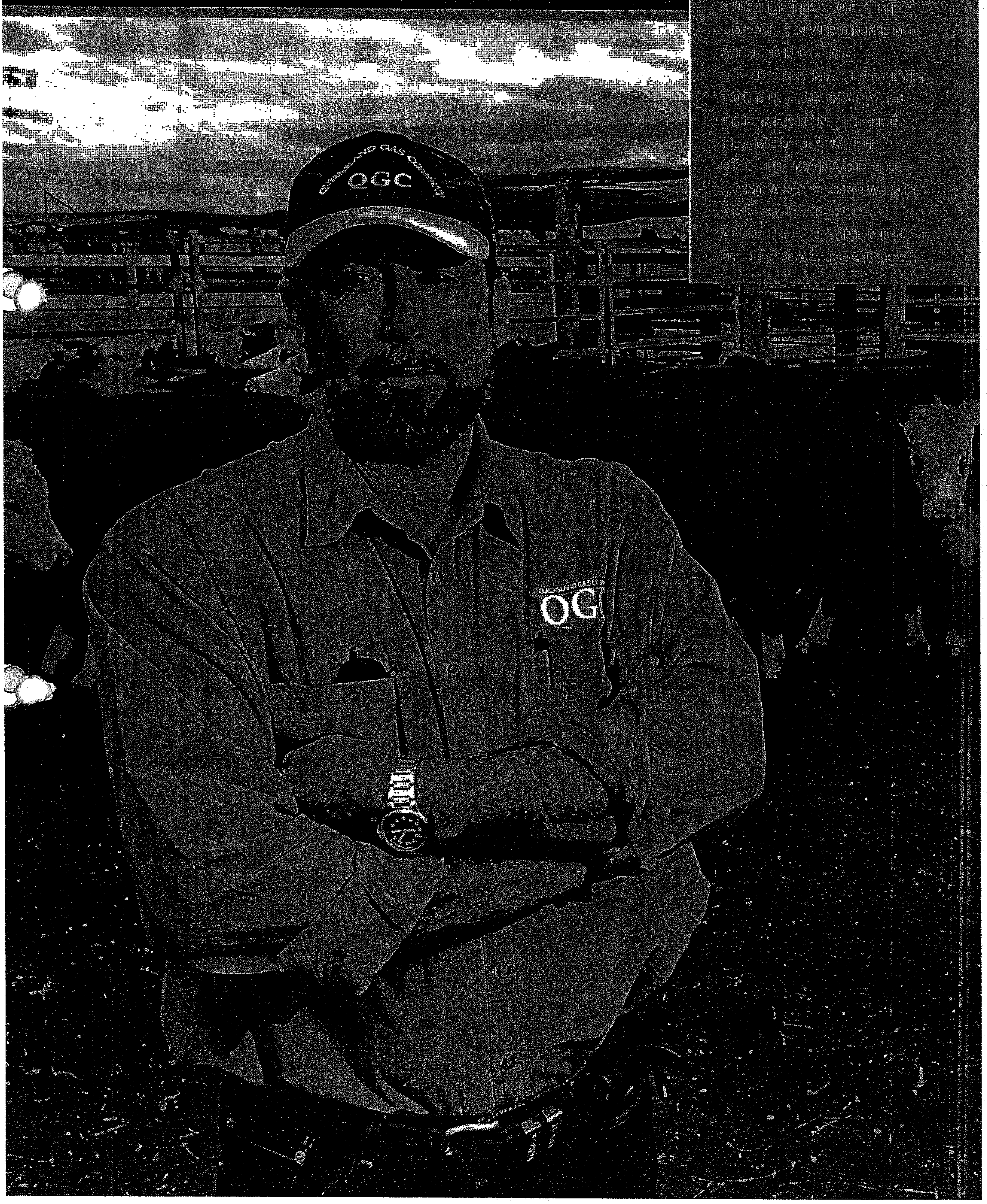
Until long-term water supply arrangements are finalised with potential customers, QGC will continue its practice of storing water in evaporation ponds close to its operations. To this end, QGC established a comprehensive water storage and transportation network in 2007:

- A 91 hectare dam was completed at Berwyndale South in September 2006.
- Following successful applications to the Environmental Protection Agency, construction of a second large dam began at Kenya-Argyle in August 2007.
- An extensive system of water pipelines has been installed across QGC's tenements to facilitate the movement of water across its operations and thus minimise the number of storage facilities required. This water network will further facilitate the development of opportunities for beneficial water reuse.

A water management team within QGC has responsibility for addressing the challenges associated with harvesting water in an economical and environmentally responsible way.

the knowledge

PETER DOUGALL KNOWS CATTLE AND HE UNDERSTANDS THE SUBTLETIES OF THE LOCAL ENVIRONMENT. WITH ONGOING DROUGHT MAKING LIFE TOUGH FOR MANY IN THE REGION, PETER TEAMED UP WITH QGC TO MANAGE THE COMPANY'S GROWING AGRIBUSINESS – ANOTHER BY-PRODUCT OF ITS GAS BUSINESS.



People, safety and environment

QGC is a values-driven business where people recognise that the success of the business depends on the way it cares for people and interacts with the environment.

The Company's management team is working to cultivate a culture where the people associated with QGC's operations respect one another, look out for each other and have the training and equipment to undertake their work safely and responsibly.

In 2007, this has been a considerable challenge given the rapid expansion of the business. The geographical extent of the business quadrupled in the year and QGC's core team increased from 47 to 85 within 12 months. Nonetheless, the Company was successful in establishing the framework for core systems, processes and training programmes that will enable the Company's planned future growth.

Managing a growing team

In 2007, QGC almost doubled its core team and saw its network of contractors and consultants expand considerably to encompass new areas of expertise. To manage that growing team, QGC appointed in-house resources to manage human resource functions and implemented a human resource management system when it installed a new company-wide information management system, SAP, in July 2007. The technology-based system is expected to deliver significant benefits in coming years, providing a comprehensive platform for employee services and relationships with contractors, consultants and suppliers. The effectiveness of the platform will be crucial given further expected increases in team numbers in 2008.

Safety performance

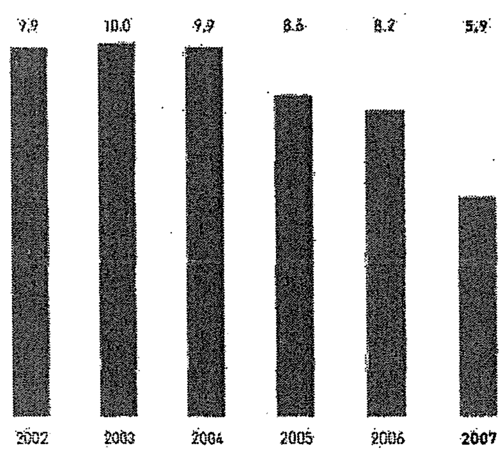
QGC maintains a comprehensive incident database that records incidents and allocates responsibilities for remedial actions which are reviewed monthly. Of the total number of incidents recorded in 2007, 60% resulted in no injury at all and the remaining 40% resulted in either trivial or minor injury, requiring simple medical intervention. Of those injury-related incidents, only two involved lost time. This is a very positive achievement given that the total number of hours worked by QGC employees and contractors more than doubled for the year.

The adjacent chart illustrates the reduction in the lost time injury frequency rate for QGC employees since 2002. QGC achieved a significant reduction in 2007 despite a major increase in employee numbers.

During the year, QGC established the framework for an innovative health and safety management system to ensure it adopts best practice in all areas of its operations. The system is being designed to meets the criteria specified in legislation and by a variety of risk management standards. In addition, QGC developed a comprehensive risk management process through a consultative process with operational staff, management staff and suitably qualified and experienced third parties.

QGC prepares safety management plans for all of its activities including the development of its gas business, construction of pipelines and exploration activities. Each plan outlines the specific safety requirements, recommendations and expectations for QGC staff, contractors, visitors and service providers. All safety management plans are actively reviewed and amended as required to ensure they contain the necessary components, structure and tools to provide a safe place of work. QGC established and implemented an operations and maintenance plan to provide a detailed account of the structure and processes associated with operation and management of its gas production assets. As part of this plan, QGC contracted its plant operating and maintenance activities to Universal Compression, the company that supplies the reciprocating compression units.

Lost time injury frequency rate (3 year rolling average)



People, safety and environment (continued)

Environmental performance

Both State and Federal laws regulate QGC's environmental obligations. The Company's policy is to meet all compliance requirements and, where practicable, exceed environmental expectations. In 2007, QGC operations were carried out with only one minor incident being notifiable to the Queensland Environmental Protection Agency (EPA). This related to the decommissioning of a small production water pond and QGC has submitted an Environmental Management Program to the EPA which was accepted by the EPA for implementation.

In 2007, QGC initiated a series of environmental reviews and improvements which included increasing its in-house environmental resources, upgrading environmental awareness training and implementing additional water management measures. The review confirmed that QGC is working toward a high standard of environmental management at all QGC operated locations. Relevant improvements from the review have been incorporated into an Environmental Improvement Plan which is now 70% implemented.

QGC maintains a complex network of partnerships with people in the communities surrounding its operations, including landholders, traditional owners, local councils and local businesses.

QGC has been keen to work closely and cooperatively with the EPA and this has led to improvements in environmental conditions for the Company's tenements. QGC is now quickly moving towards a goal of exceeding its environmental performance obligations, recognising that environmental management will be key to the success of the Company, both as a financial entity and a corporate citizen.

Supporting community and the arts

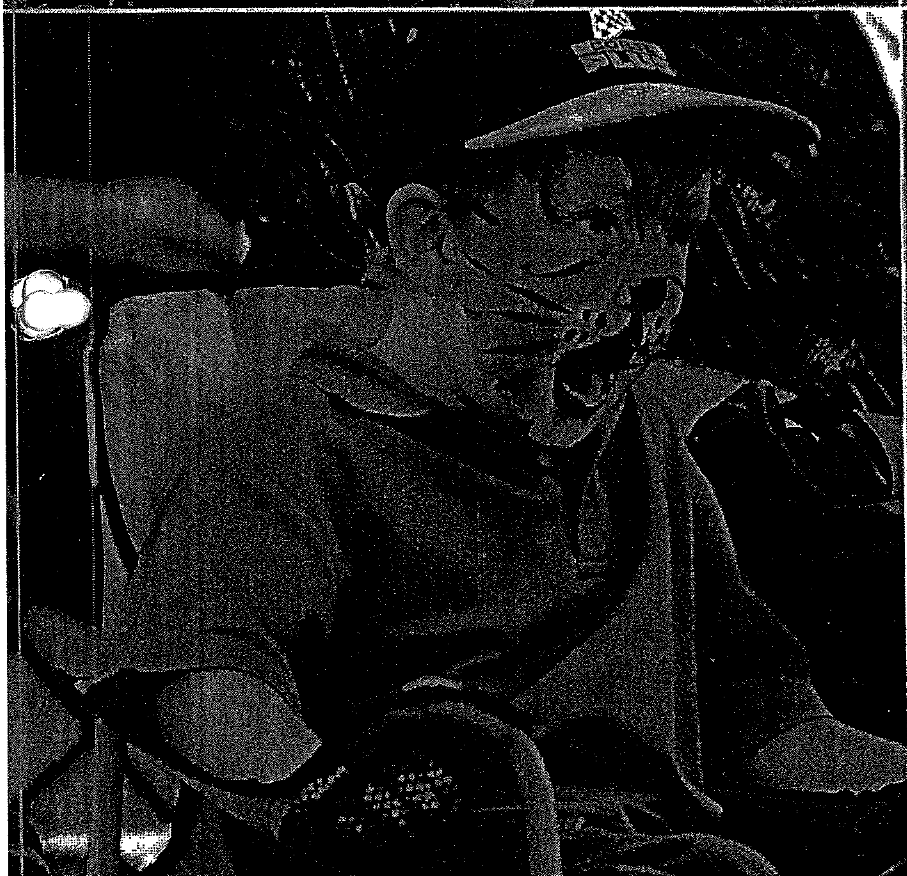
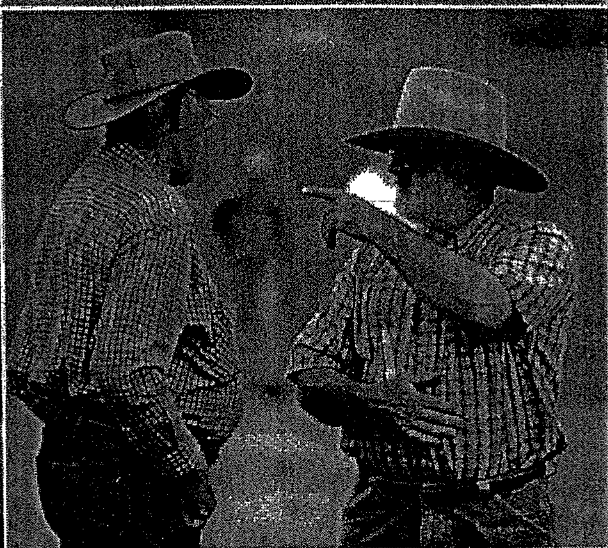
QGC maintains a complex network of partnerships with people in the communities surrounding its operations, including landholders, traditional owners, local councils and local businesses. As a growing business in southern Queensland, the Company is making a real contribution to improving regional economies by employing local people, buying goods and services locally and attracting business opportunities to the region by developing viable gas and electricity supplies.

In October 2007, 500 people attended a free community event at Berwyndale South hosted by QGC to thank the community for their part in enabling the Company's rapid growth. "Drama at the Gasfield" was centred on a musical play produced and presented by La Boite Theatre Company called "Way out West". The event also featured stalls and entertainment by local service groups and schools, and offered local people an opportunity to tour QGC's 20 hectare crop trial. On 18 September 2007, QGC was recognised for its community-focussed partnership with La Boite Theatre Company when it was awarded the Toyota Community Partnership Award for Queensland by the Australian Business Arts Foundation.



QCC
WELCOME TO




the results

In its first full year of commercial gas production, QGC achieved sales well above budget on the back of strong gas flows, efficient production techniques and improving economics.

Sales

For the 12 months to 30 June 2007, QGC achieved sales revenue of $27 million from total sales of 11.5 PJ of gas. The weighted average sales price for the year was $2.35 per gigajoule.

Gas sales during the year were primarily to two Queensland power companies: CS Energy and the Braemar Power Project. Sales to these customers were underpinned by two 10 year gas supply contracts to deliver a minimum of 8 PJ a year. In September 2006, QGC secured additional short-term sales contracts with the Braemar Power Project that increased firm gas sales by more than 50%.

In the June quarter, gas sales of 4.15 PJ represented an increase of 70% on the average of the previous three quarters. QGC achieved a weighted average sale price of $2.43 per gigajoule for the June quarter including a small amount of spot gas sales at prices as high as $10 per gigajoule. While the volume of spot gas sales at higher prices was not significant, it is indicative of the potential for upward movement on QGC's average gas price in the coming year. Initiating spot gas sales also increased QGC's customer base and diversified its gas revenue streams. Gas sales for the year were enhanced through the efficient design, reconfiguration and operation of QGC's wells. Internal gas usage was 5% of total gas production, which was significantly lower than the forecast of 11%. This was achieved by configuring the majority of wells to free-flow gas, thus negating the need for gas-fired pumps and increasing the total volume of gas available for sale.

Costs

Cost of sales including plant and operating costs, royalties and tolling costs amounted to $10.7 million or 93 cents per gigajoule. Operating and corporate costs increased in 2007 in line with the Company's rapid growth over the 12 months. Considerable energy was focussed on establishing processes and systems to enable the business to meet its growth strategy. This included commencing implementation of SAP to update its business systems as well as processes for operations, health and safety, and environmental management. Staff numbers almost doubled in the period, increasing from 47 at 30 June 2006 to 85 at 30 June 2007.

Profitability

Total income including interest earned was $34.5 million compared to $3.1 million in the previous year. Gross profit (after cost of sales) including interest earned was $23.8 million compared to $1.7 million in the previous year. QGC's strengthening financial performance as gas production and sales ramped up during the year reflects QGC's low-risk and low-cost operating model. Whilst QGC has reported a statutory net loss of $12.2 million for the year, this result includes the costs of defending an opportunistic takeover offer by Santos which cost QGC $14.5 million. Next year QGC is targeting annual gas sales of 30 PJ and expects to report its first statutory net profit to shareholders in the 2008 financial year.

Financial position

Cash reserves at 30 June 2007 amounted to $248 million. As a result of a number of strategic transactions during the year, QGC's net assets have grown by over 600% and, with no significant debt, QGC is well placed to secure funding when required for its on going expansion plans. The transactions included:

Share rights issue

In September 2006 QGC raised $60.3 million in capital from the issue of 95.7 million shares through a 1 for 4 pro rata rights issue to shareholders. This issue was well over-subscribed and the funds raised were used for the successful Growth Acceleration Strategy (GAS) to increase 2P gas reserves to 1,000 PJ by August 2007. The target was exceeded by 12% when NSAI upgraded QGC's share of 2P reserves to 1,120 PJ (volumetric figure including 15 PJ produced by 30 June 2007).

Sentient transaction

In March 2007, shareholders approved a plan to acquire all of the Sentient Group's coal seam gas joint venture interests with QGC. The transaction simplified the ownership of these assets and allowed QGC to streamline its future financing arrangements and gas marketing efforts. In consideration for giving up its legal and beneficial permit interests in various tenements and dissolving unitisation arrangements, the Sentient Group was issued 53.4 million shares at a value of $1.48 per share.

AGL alliance

QGC shareholders approved a plan to form a strategic alliance with AGL in March 2007, encompassing:

- a subscription agreement under which AGL acquired a 27.5% interest in QGC at $1.60 per share. This resulted in QGC issuing 204.6 million shares for a total consideration of $327.4 million;
- a 20 year gas sale agreement, commencing in January 2008, under which AGL will buy at least 546 PJ of gas and has the right to exercise options totalling 200 PJ from December 2008; and
- a Gas Market Development Service Agreement which, under certain circumstances, entitles QGC to utilise AGL's excess pipeline capacity in certain pipelines for a period of three years.

Share buy-back

In conjunction with the AGL transaction, QGC conducted an off-market share buy-back of up to 14.7% of its expanded capital where shareholders were invited to tender all or part of their stock at $1.52 per share. A very limited number of shareholders elected to participate in the buy-back, with the result that QGC bought back only 3.8 million shares for a consideration of $5.7 million.

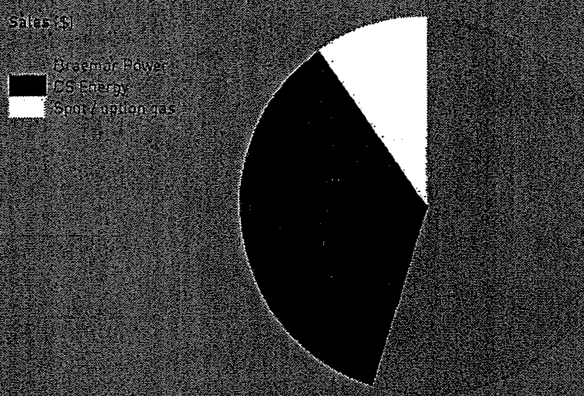
Outlook

By the end of August 2007, gas sales from QGC-operated production areas had increased to around 58 TJ a day (equivalent to 21 PJ a year) to meet its third gas supply contract. QGC expects to have more than doubled sales to 30 PJ a year by the end of June 2008 in line with a $260 million development plan to expand its gas production and processing capability. This includes drilling more than 100 wells and increasing its gas processing capacity to 120 PJ by September 2008. QGC's share of gas sales are expected to double again in the 2009 financial year to more than 60 PJ a year as a result of the expansion and additional expenditure on new wells.

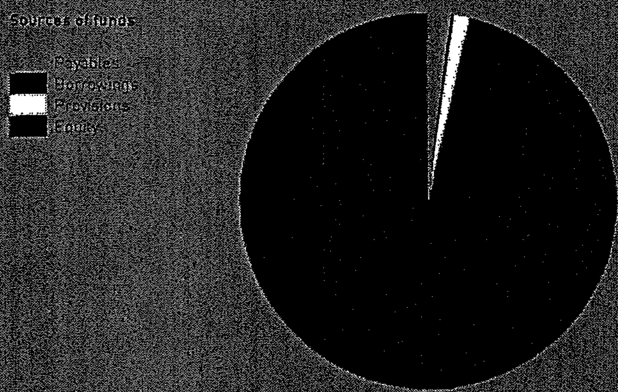
To increase its 2P reserves position, QGC will commit $56 million on exploration activities in the 2008 financial year, focussing on various prospective areas along the northern, central and eastern parts of the Walloon Fairway to determine its outer boundaries. The expansion and exploration programmes will be funded out of cashflows and cash reserves to be replaced by an appropriate borrowing programme to be negotiated in the next 12 months.

Demand for gas is expected to increase significantly in the next three years as new gas fuelled power stations are constructed and brought on line along Australia's eastern seaboard, and electricity demand from the resources sector increases. Opportunities to meet existing gas demand are also expected to increase as gas supply from existing sources begins to decrease in the 2010 – 2012 period. QGC expects to be in a perfect position to capitalise on these opportunities.

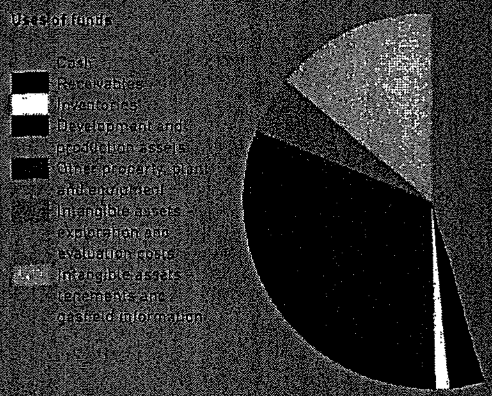
Sales ($)



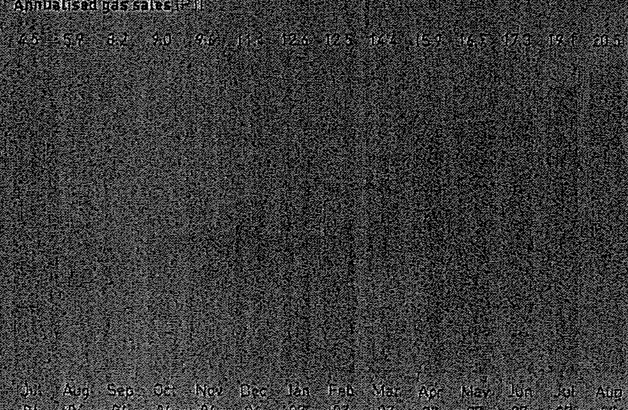
Sources of funds



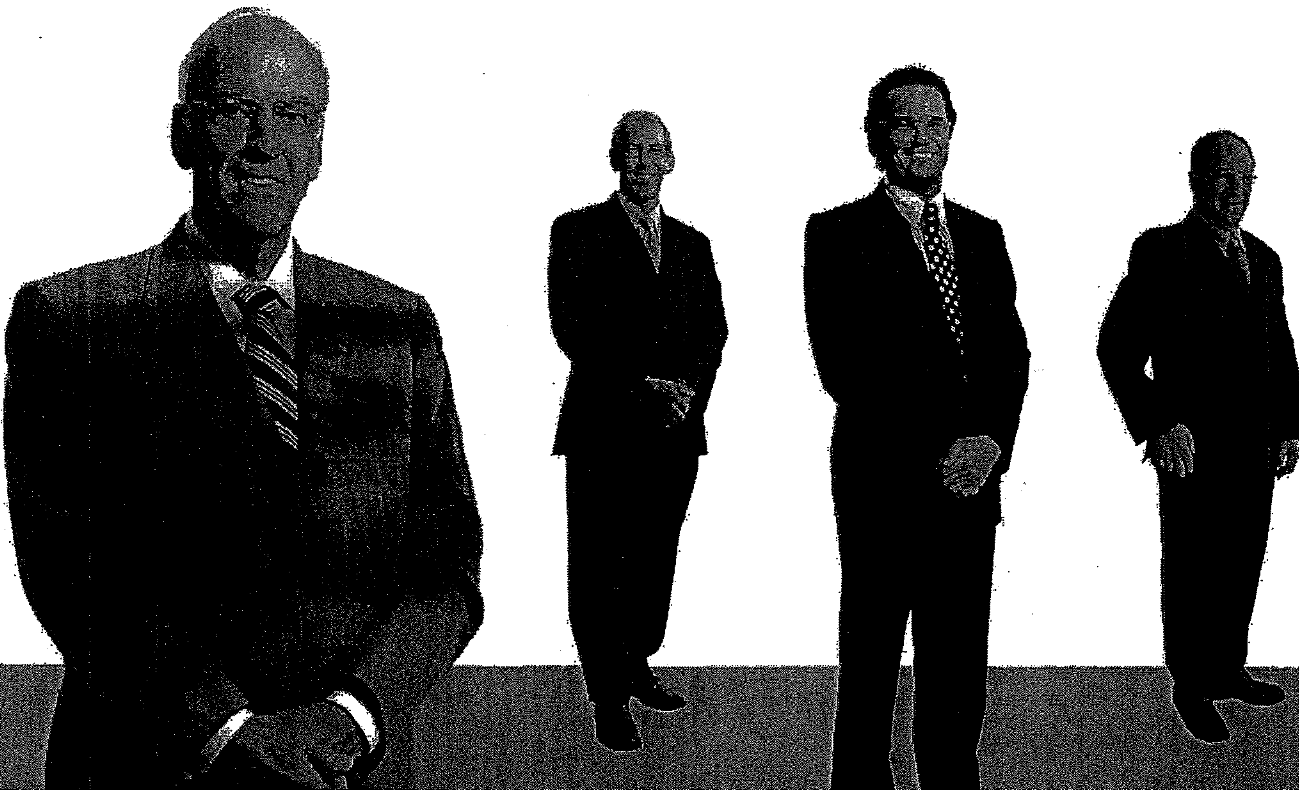
Uses of funds



Annualised gas sales (PJ)



the vision



Directors

ROBERT BRYAN Chairman BSc (HONS, GEOLOGY) AGE 73

Mr Bryan is a geologist by training, and has a lifetime of experience in the mining industry in Australia and overseas. After founding Pan Australian Mining in the early 1980s, he oversaw the very successful development of the Mt Leyshon goldmine near Charters Towers, selling out his controlling interest in 1989. The proceeds underpinned the Australian Property Growth Fund that he founded.

In 1996, Mr Bryan founded a second mining company, Pan Australian Resources Ltd and remains Chairman of that company.

In 2000, Mr Bryan and several associates founded the Queensland Gas Company (QGC) and Mr Bryan has been the Chairman of QGC from the outset. He is a member of QGC's Audit Committee and Chairman of the Remuneration Committee.

Mr Bryan currently serves as the Chairman of Queensland Gas Company, Pan Australian Resources Limited and Highlands Pacific Ltd and is a director of the Australian Property Growth Fund. In industry-related activities, Mr Bryan is an Honorary Life Member of the Queensland Resources Council, a Fellow of the Australasian Institute of Mining and Metallurgy, and a director of the Sustainable Minerals Institute within the University of Queensland.

RICHARD COTTEE Managing Director [illegible] AGE 52

Mr Cottee has more than 20 years experience in resources and energy, and he has been involved in the development of over 2,400 megawatts of generation capacity in Queensland and the United Kingdom. He also has wide experience in project financing and other financing instruments. Before joining QGC, he served as Managing Director of NRG Energy Ltd (United Kingdom and Eire), Chief Executive Officer of CS Energy Limited, Executive Director of Cyprus Australian Coal and Oakbridge Pty Ltd, and Commercial Manager of Santos Limited. Mr Cottee is also a Director of Monto Minerals and the President of the Australian Coal Seam Gas Council.

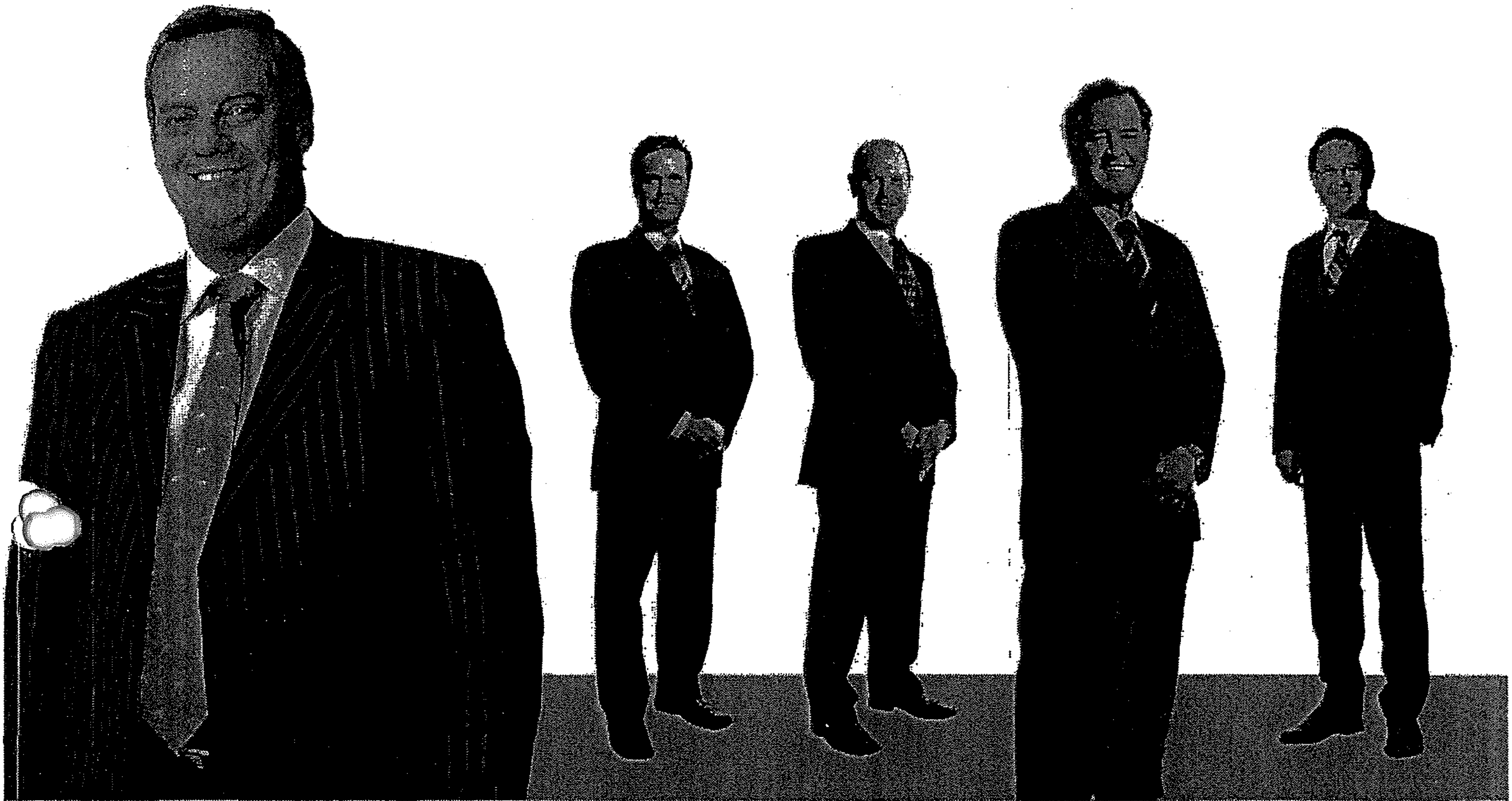
PETER CASSIDY Non-executive Director

[illegible] AGE 53

Mr Cassidy is Chairman of The Sentient Group Limited, a Cayman-based private capital investor in the global resources sector. Under his stewardship, Sentient has taken an active interest in the Australian resources sector and specifically QGC's coal seam gas business. Mr Cassidy has worked with the government on industry development, with the Ford Motor Company, and has experience in the synthetic fuels industry. Prior to establishing Sentient he worked in the finance sector for a number of years. Mr Cassidy is also a Director of Ivernia Inc and SDIC Xiyang Energy Co Ltd.

FRANCIS CONNOLLY Non-executive Director [illegible] APPLIED FINANCE & INVESTMENT, MAICD, [illegible] AGE 5[illegible]

Mr Connolly is Director Corporate Finance with investment house Ord Minnett Ltd, and has skills and experience in investment banking, corporate finance, corporate advice, corporate law and corporate governance. In his earlier career he was a Partner of national law firm



Left to right: Robert Bryan, Peter Cassidy, Michael Fraser, Dale Elphinstone, Richard Cottee, Michael Moraza, Francis Connolly, Timothy Crommelin and Stephen Mikkelsen.

Corrs Chambers Westgarth, and worked in corporate finance roles with Wilson HTM and Macquarie Bank. Mr Connolly chairs QGC's Audit Committee and is a member of the Remuneration Committee.

TIMOTHY CROMMELIN Non-executive Director

[illegible] AGE 57

Mr Crommelin is Chairman of ABN AMRO Morgans Limited and Deputy Chair of CS Energy Limited. In addition to being a director of QGC, he is also a director of the Australian Cancer Research Foundation, Advisory Board of Australian National University, and Abney Limited. He is on the Board of Trustees of Brisbane Grammar School, a trustee of the Queensland Museum Foundation and a member of the Senate, University of Queensland. Mr Crommelin is a member of QGC's Audit Committee.

DALE ELPHINSTONE Non-executive Director [illegible] AGE 56

Mr Elphinstone is the Managing Director of the Elphinstone/William Adams group of companies, which includes the Caterpillar dealership in Victoria and Tasmania, and other business interests in Australia and New Zealand. He is a Director of Caterpillar Underground Mining Pty Ltd.

MICHAEL FRASER Non-executive Director [illegible] AGE 50

Mr Fraser is Group General Manager, Merchant Energy of AGL Energy Limited. He has responsibility for AGL's power generation, wholesale gas and electricity portfolios and energy sales to major industrial and commercial customers. Mr Fraser has more than 20 years energy industry experience and also has extensive experience in customer service, regulatory management, distribution and corporate services. He is a Fellow of the Taxation Institute of Australia, Deputy Chairman of ActewAGL, a Director of Elgas Limited and a member of the UnitingCare Ageing Board.

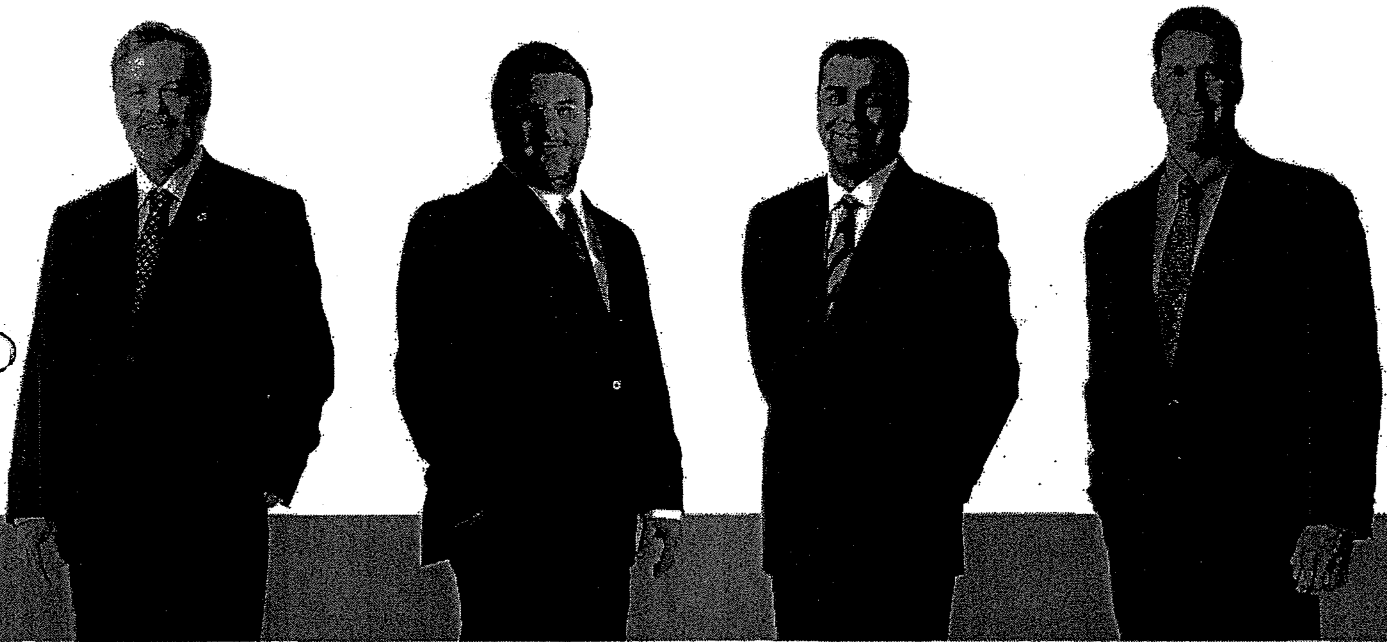
STEPHEN MIKKELSEN Non-executive Director [illegible] AGE 43

Mr Mikkelsen is the Chief Financial Officer of AGL Energy Limited. He is a Chartered Accountant with extensive experience in both the private and public sectors in Australia and New Zealand, and has held a range of senior roles in the energy sector. Prior to joining AGL, Mr Mikkelsen held senior management positions at Snowy Hydro and Contact Energy. He also has experience as a treasury advisor within the banking and accounting sectors.

MICHAEL MORAZA Non-executive Director [illegible] AGE 46

Mr Moraza has over 20 years experience in the oil and gas industry in Australia and overseas. He is currently General Manager, Gas Development for AGL's Merchant Energy Group, and has held several senior management roles since joining AGL in 1996. He led the team that successfully acquired a 10% interest in the upstream Papua New Guinea Gas Project, a 50% joint venture in the Sydney Basin and a 50% interest in the Moranbah Gas Project in Queensland. Mr Moraza's early career involved working in various countries for the SGS Group, and working in Australia for Bridge Oil and Parker and Parsley.

the expertise



Left to right: Steven Scott, Mike Herrington, Mukesh Panchal and Leon Devaney

Senior management

STEVEN SCOTT General Manager, Exploration and Technical Services [illegible] AGE 51

Mr Scott joined QGC in 2000, leading QGC's initial evaluation of the Walloon Subgroup and its coal seam gas potential, and subsequently overseeing the exploration and appraisal of QGC's operations in the Surat Basin. He has more than 30 years geoscience experience in Queensland's resources industry and this included 12 years working on numerous coal exploration projects in the Bowen Basin and 11 years administering petroleum and coal seam gas exploration and development within Queensland. Mr Scott has been involved in the development of coal seam gas resources since 1987.

MIKE HERRINGTON Chief Operating Officer

[illegible] PROFESSIONAL ENGINEER [illegible] AGE 53

Mr Herrington has more than 30 years diversified industry experience in the petroleum industry including oil and gas exploration in New Mexico's San Juan Basin, Alaska's North Slope and the Gulf of Mexico. He has particular expertise in the establishment of coal seam gas operations in Australia, USA, Europe and Asia. Mr Herrington was previously Managing Director for Jabiru Energy and held senior roles with Enron Exploration Australia Pty Ltd (based in Queensland) and Enron Oil & Gas (based in China). In Australia, he has drilled coal seam gas wells in the Galilee, Gunnedah and Surat Basins and designed and constructed gas gathering systems for the Comet Ridge development.

MUKESH PANCHAL Chief Financial Officer and Company Secretary BCOM [illegible] CA [illegible] AGE [illegible]

Mr Panchal has over 19 years experience in finance related roles and prior to QGC held a number of senior finance and corporate positions in the New Zealand gas and electricity sector. He has extensive experience in strategic and financial management, capital and debt raising, financial risk management and operational improvement. He joined QGC in August 2006 after three years as the Chief Financial Officer, Treasurer & Group Finance Manager of NGC Holdings Limited, a listed energy company in New Zealand (now part of Vector Limited).

LEON DEVANEY General Manager, Commercial and Financing BCOM [illegible] MBA [illegible] AGE [illegible]

Mr Devaney has over 15 years of commercial and financial experience within the infrastructure and energy sectors, including seven years of direct experience in Australia's coal seam gas sector. Mr Devaney joined QGC in 2006 and is responsible for structuring and implementing their commercial and financing strategies. Prior to joining QGC, Mr Devaney spent five years in the Sydney office of Deloitte Corporate Finance Pty Limited where he led a Corporate Finance Advisory Team that specialised in providing capital-raising and project finance advisory services to the resource and infrastructure sectors.

Queensland Gas Company Limited
Annual financial report for the year ended 30 June 2007
ACN 089 642 553

Relationship of the Concise Financial Report to the full Financial Report

The Concise Financial Report is an extract from the full Financial Report for the year ended 30 June 2007. The Financial Statements and specific disclosures included in the Concise Financial Report have been derived from the full Financial Report.

The Concise Financial Report cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of Queensland Gas Company Limited and its subsidiaries as the full Financial Report. Further financial information can be obtained from the full Financial Report.

The Full Financial Report and auditor's report will be sent to members on request, free of charge. Please call 07 3004 1000 and a copy will be forwarded to you. Alternatively, you can access both the full Financial Report and the Concise Report via the internet on our website: www.qgc.com.au

Your Directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of Queensland Gas Company Limited and the entities it controlled at the end of, or during, the year ended 30 June 2007.

Directors

The following persons were Directors of Queensland Gas Company Limited during the whole of the financial year and up to the date of this report, unless otherwise noted, and the number of ordinary shares in which the Directors hold a relevant interest, are:

	Changes during the year	Ordinary shares
R Bryan (Chairman)		18,232,835[1]
P Cassidy		147,963
F Connolly		336,259
R Cottee		6,111,537
T Crommelin	Appointed 2 October 2006	123,744
D Elphinstone		52,521,110[2]
M Fraser	Appointed 8 March 2007	–
S Mikkelsen	Appointed 8 March 2007	–
M Moreza	Appointed 8 March 2007	–
D Patten	Retired 2 March 2007	244,490
V De Santis (alternate for D Elphinstone)		24,337
M de Leeuw (alternate for P Cassidy)		–

(1) The shares in which Mr R Bryan holds a relevant interest include 1,727,671 held by Leyshon Equities Pty Ltd, a company in which Mr Bryan has greater than 20% voting power and 2,847,000 shares in which Mr Bryan has a right of pre-emption under a deed between Mr Bryan, Mr N Zillman, GFK Investments Pty Ltd, QGAS Pty Ltd and Queensland Gas Company Ltd dated 14 April 2006.

(2) Mr D Elphinstone has a relevant interest in 52,513,720 shares, of which 51,983,939 are held by Eloh Pty Ltd and 471,708 by Elphinstone Holdings Pty Ltd, both being companies in which Mr Elphinstone and his associates have a controlling interest.

The qualifications, experience and special responsibilities of the Directors and Company Secretary are shown on pages 30 to 32 of the Annual Report.

Directorships of listed companies

Mr R Bryan has been Chairman of Pan Australian Resources Ltd since 1994 and Highlands Pacific Ltd since 1998. Mr R Cottee has been a Non-executive Director of Monto Minerals NL since 2002.

Principal activities

During the year the principal continuing activities of the Group consisted of the ongoing development of the Berwyndale South producing area, the development of the Berwyndale, Bellevue and Kenya-Argyle producing area, and the ongoing exploration and appraisal for coal seam gas in the Surat Basin in southern Queensland.

Dividends

During the financial year no amounts have been paid or declared by way of dividend (2006: nil). No dividend will be recommended by the Directors for declaration at the forthcoming Annual General Meeting.

As a matter of policy, the Board is conscious of the desirability of delivering returns to shareholders via dividends in addition to any appreciation of the share price. However, in view of the expected capital requirements for future exploration, appraisal and development activity, payment of a dividend would not be appropriate prior to establishing a long term profit stream which is capable of supporting both capital expenditure and dividend distribution.

Review of operations

Information on the operations and financial position of the Group and its business strategies and prospects is set out on pages 2 to 29 of this Annual Report.

The net loss after income tax for the Group amounted to $12.22 million (2006: $6.25 million). This loss includes significant one-off items incurred during the year resulting from the Santos takeover proposal and other corporate activity.

Significant changes in the state of affairs

During the year, AGL Energy Limited ("AGL") acquired 204,616,102 ordinary shares at $1.60 per share, which equated to a 27.5% stake in QGC, confirming QGC's presence as a major independent coal seam gas producer in the southeast Queensland market.

Matters subsequent to the end of the financial year

Other share issues

Since year end, the Company issued 44,341 ordinary shares to Non-executive Directors pursuant to a Deferred Non-executive Director Share Plan in lieu of fees for the quarter ended 30 June 2007. In July 2007, 429,911 ordinary shares were issued to employees pursuant to a Deferred Employee Share Plan as performance incentives for the year to 30 June 2007.

No other matter or circumstance has arisen since 30 June 2007 that has significantly affected, or may significantly affect:

(a) the Group's operations in future financial years, or

(b) the results of those operations in future financial years, or

(c) the Group's state of affairs in future financial years.

Likely developments and expected results of operations

Likely developments in the operations of the Group are described in the Annual Report at: page 9 "Positioned for growth"; page 13 to 15 "Gas production"; page 21 "Electricity" and page 23 "Water business".

Further information on likely developments in the operations of the Group and the expected results of operations have not been included in this Annual Report because the Directors believe it would be likely to result in unreasonable prejudice to the Group.

Environmental regulation

Both State and Federal laws regulate QGC's environmental obligations. The Company's policy is to meet all compliance requirements and, where practicable, exceed environmental expectations. In 2007, QGC operations were carried out with only one minor incident being notifiable to the Queensland Environmental Protection Agency (EPA). Further information on environmental performance is presented on page 26 of this report.

Meetings of Directors

The number of meetings of the Company's Board of Directors and of each Board Committee held during the year ended 30 June 2007, and the numbers of meetings attended by each Director were:

Director	Board meetings		Audit Committee		Remuneration Committee	
	A	H	A	H	A	H
R Bryan	14	15	1	2	2	2
P Cassidy	10	15	1 (i)	*	*	*
F Connolly	14	15	2	2	2	2
R Cottee	15	15	*	*	*	*
T Crommelin	11	13	*	*	*	*
D Elphinstone	11	15	*	*	1	2
M Fraser	2	2	*	*	1	1
S Mikkelsen	1	2	*	*	*	*
M Moraza	2	2	*	*	*	*
D Patten	11	11	*	*	*	*
M de Leeuw (alternate for P Cassidy)	13	15	*	*	*	*
V De Santis (alternate for D Elphinstone)	11	15	*	*	1	2

A – Attended
H – Number of meetings held during the time the Director held office or was a member of the Committee during the year
* – Not a member of the relevant Committee
(i) – P Cassidy attended on behalf of R Bryan for one of the audit committee meetings

Retirement, election and continuation in office of Directors

Mr R Bryan and Mr D Patten retired by rotation in accordance with clause 13.4 of the Constitution and were re-elected at the Annual General Meeting on 13 November 2006.

Remuneration report

The remuneration report is set out under the following main headings:

A Principles used to determine the nature and amount of remuneration
B Details of remuneration
C Service agreements
D Share-based compensation
E Additional information

The information provided under headings A-D includes remuneration disclosures that are required under Accounting Standard AASB 124 *Related Party Disclosures*. These disclosures have been transferred from the Financial Report and have been audited. The disclosures in section E are additional disclosures required by the *Corporations Act 2001* and the *Corporations Regulations 2001* which have not been audited.

A *Principles used to determine the nature and amount of remuneration (audited)*

The Board, within the maximum amount approved by the shareholders from time to time, determines remuneration of non-executive Directors with advice from external compensation advisors as required. Non-executive Directors are entitled to sacrifice their Directors' fees each quarter, with shares in the Company being issued to the trustee of the Deferred Non-executive Director Plan (DDSP). An election is required to be made by each non-executive Director at the beginning of each quarter regarding whether their fees are to be paid by way of cash or shares.

Executive remuneration and other terms of employment are reviewed annually having regard to performance, relevant comparative information and independent expert advice. Remuneration packages are set at levels that are intended to attract and retain executives capable of managing the Company's operations.

Remuneration and other terms of employment for the Managing Director and other senior executives are formalised in service agreements. Incentive-based remuneration packages linked to personal and corporate key performance indicators are in place for each executive. These incentives are structured to align executive reward with the achievement of strategic objectives and the creation of shareholder value.

The personal and corporate key performance indicators and other targets for the Managing Director and other senior executives are reviewed at least annually to ensure that they remain relevant and appropriate, and may be varied to ensure that the short-term rewards and long-term rewards offered to each executive incentivise performance and achievement and are consistent with the Company's goals and objectives. The long-term incentive plan for senior executives is linked to the increase in share value, and benefits are provided by way of shares in the Company through a Deferred Employee Share Plan and a proposed new Employee Share Option Plan which seeks to align executive performance with shareholders' interests.

The remuneration policy is designed to align management's performance, and therefore the Company's performance, with shareholder wealth. During the 2007 financial year, the Company's management was primarily focussed on a growth acceleration strategy to increase gas reserves, as well as consolidating production from the Berwyndale South area and developing the Kenya/Argyle area. In addition, QGC progressed plans to construct its first gas-fired power station and was forced to undertake significant takeover defensive activites as a result of a takeover offer by Santos on 4 October 2006. In particular, incentive plans during this period were structured to achieve the growth acceleration strategy and ensuring shareholders achieved the best available outcome from the Santos takeover proposal.

The table below shows the relationship between gas reserves, contracted gas volumes, share price and market capitalisation:

	Financial year ended 30 June				
	2003	2004	2005	2006	2007
Certified proved and probable gas reserves (2P) (QGC share)	–	75 PJ	336 PJ	423 PJ	1,120 PJ[1]
Contract position (QGC share)	30 PJ	30 PJ	84 PJ	123 PJ	855 PJ
Share price	$0.185	$0.18	$0.44	$0.69	$2.80
Share buyback	–	–	–	–	$5.7 m[2]
Market capitalisation	$30 m	$31 m	$155 m	$261 m	$2,073 m[3]

(1) includes 16 PJ produced to 30 June 2007
(2) the share buyback was completed in April 2007 at $1.52 per share
(3) includes quoted and unquoted shares of the Company

Key performance indicators are generally set so that targets can be measured objectively, thus allowing simple and unambiguous assessment of achievement.

B Details of remuneration (audited)

Amounts of remuneration

Details of the nature and amount of each element of remuneration of each Director and the key management personnel (as defined in AASB 124 *Related Party Disclosures*) of Queensland Gas Company Limited and the Queensland Gas Company Group are set out in the following tables.

Amounts disclosed for remuneration of Directors and other key management personnel exclude insurance premiums of $47,080 (2006: $58,952) paid by the Group in respect of Directors' and officers' liability insurance contracts as the contracts do not specify premiums paid in respect of individual Directors and officers. Information relating to the insurance contracts is set out in the Directors' Report.

Details of the remuneration of each Director of the Company and Group are set out in the following table.

		Short-term employee benefits		Post-employment benefits	Share-based payments	
Name	**Cash salary or fees $**	**Short-term incentives $**	**Non-monetary benefits $**	**Super-annuation (employer contribution) $**	**Shares – in lieu of fees $**	**Shares – long term incentive plans $**
R Bryan						
2007	–	–	–	–	90,000	–
2006	25,000	–	–	2,250	45,000	–
R Cottee						
2007	407,303	345,000[1]	32,116	35,876	–	3,257,775[3]
2006	355,322	104,676[2]	57,886	35,532	–	463,016
P Cassidy						
2007	–	–	–	–	45,000	–
2006	9,199	–	–	827	22,500	–
F Connolly						
2007	–	–	–	–	45,000	–
2006	12,500	–	–	1,125	22,500	–
T Crommelin[4]						
2007	–	–	–	–	33,750	–
D Elphinstone[5]						
2007	–	–	–	–	45,000	–
2006	12,500	–	–	–	22,500	–
M Fraser[6]						
2007	–	–	–	–	–	–
S Mikkelsen[6]						
2007	–	–	–	–	–	–
M Moraza[6]						
2007	–	–	–	–	–	–
D Patten[7]						
2007	–	–	–	–	30,125	–
2006	12,500	–	–	1,125	22,500	–
Total 2007	**407,303**	**345,000**	**32,116**	**35,876**	**288,875**	**3,257,775**
Total 2006	427,021	104,676	57,886	40,859	135,000	463,016

(1) STIs applicable to the current financial year vested in full in March 2007 following a material change in the composition of the Board of Directors.

(2) Actual bonuses of $108,000 vested during the year, less a $3,324 reversal of bonuses accrued in the previous year for bonuses which did not ultimately vest.

(3) Share-based remuneration forms part of a long-term incentive plan. LTIs applicable to the current and future financial years vested in full in March 2007 following a material change in the composition of the Board of Directors. The value brought forward from future years was $2,931,392. Refer to "Components of remuneration" for more information.

(4) Remuneration for Mr T Crommelin is from 2 October 2006, the date he was appointed a Director.

(5) Director's fees for Mr D Elphinstone were payable to Elphinstone Pty Ltd.

(6) Messrs S Mikkelsen, M Fraser and M Moraza were appointed as Directors from 5 March 2007 and did not receive any remuneration from Queensland Gas Company Limited or any of its subsidiaries during the period.

(7) Remuneration for Mr D Patten is for the period to 2 March 2007, being the date he retired as a Director.

Directors' report | 30 June 2007

Details of the remuneration of each of the Company's and Group's key management personnel who are not Directors for the year ended 30 June 2007 are set out in the following table. This includes the five highest-paid executives of the Company and Group with the exception of the Managing Director whose remuneration is disclosed with other Directors above.

	Short-term employment benefits			Post-employment benefits		Share-based payments	
Name and position	Cash salary or fees $	Short-term incentives[1] $	Non-monetary benefits $	Super-annuation (employer contribution) $	Termination benefits $	Shares $	Shares – long-term incentive plans[1] $
L Devaney, General Manager – Commercial & Financing							
2007[2]	60,099	43,806	–	4,955	–	322,000	183,138
M Herrington, Chief Operating Officer							
2007	264,198	150,000	8,440	35,801	–	–	199,679
2006[3]	263,615	57,016	–	12,385	–	17,500	84,104
P Jans, Company Secretary & General Counsel[4]							
2007	323,176	147,500	9,605	24,288	715,000	–	296,925
2006	222,927	43,807	19,931	20,063	–	11,745	28,752
M Panchal, Chief Financial Officer							
2007[5]	237,225	135,377	6,439	21,350	–	–	186,435
K Quinlan, Manager – Strategic Planning							
2007[6]	211,115	118,800	8,440	17,930	179,100	25,672	127,141
2006[7]	17,250	2,083	–	–	–	–	–
S Scott, General Manager – Exploration & Technical Services							
2007	197,363	115,000	31,908	17,348	–	–	171,564
2006[8]	30,385	1,349	6,368	2,735	–	1,321	–
Total 2007	**1,293,176**	**710,483**	**64,832**	**121,672**	**894,100**	**347,672**	**1,164,882**
Total 2006	534,177	104,255	26,299	35,183	–	30,566	112,856

(1) STIs and LTIs applicable to the current financial year vested in full in March 2007 following a material change in the composition of the Board of Directors. Refer to "Components of remuneration" for more information.

(2) Mr L Devaney's remuneration is from 6 March 2007, the date from which he was appointed to the role of General Manager – Commercial & Financing.

(3) Mr M Herrington's remuneration of $126,000 to 31 December 2005 was paid by way of consultancy fees to Jabiru Energy Development & Innovation Pty Ltd. Remuneration from 1 January 2006 was paid to Mr Herrington as an employee.

(4) Mr P Jans ceased employment with the company on 2 July 2007.

(5) Mr M Panchal's remuneration is from 31 July 2006, the date from which he commenced employment with the Company as Chief Financial Officer.

(6) Mr K Quinlan commenced as a permanent employee of the Company on 1 July 2006. Mr K Quinlan continued to perform in the role of Acting Chief Financial Officer until 31 July 2006 after which he resumed the role of Manager – Strategic Planning. Mr K Quinlan ceased employment with the company on 6 July 2007.

(7) Mr K Quinlan's remuneration is from 31 May 2006, the date from which he was appointed Acting Chief Financial Officer. Mr K Quinlan's remuneration is by way of consultancy fees to GMK Consulting Pty Ltd.

(8) Mr S Scott's remuneration is from 24 April 2006, the date from which he was appointed Acting General Manager – Exploration & Technical Services.

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

Name	Fixed remuneration[1]		At risk – STI[2]		At risk – LTI[3]	
	2007	2006	2007	2006	2007	2006
Executive directors						
R Cottee	12%	44%	8%	10%	80%	46%
Other key management personnel						
L Devaney	11%	–	60%	–	29%	–
M Herrington	47%	64%	23%	17%	30%	19%
P Jans	40%	76%	20%	16%	40%	8%
M Panchal	45%	–	23%	–	32%	–
K Quinlan	49%	89%	24%	11%	27%	–
S Scott	46%	94%	22%	6%	32%	–

(1) Cash salary or fees, non-mandatory benefits and super-annuation
(2) Short-term incentives and shares
(3) Shares – long-term incentive plans

The total remuneration for the Managing Director and key management personnel has three elements:

- Base Package is the amount of non-variable compensation specified in an employee's contract of employment. Superannuation contributions are deducted from the employee's Base Package. The cost (including any component for Fringe Benefits Tax) of salary sacrifice items such as laptop computers or novated motor vehicle lease payments is also deducted. The amount of Base Package is reviewed in July each year and established with reference to comparative market research, considering the scope and nature of the roles, resource availability and the individual employee's performance and experience.
- 2006/07 short-term incentives (STI) were awarded upon achievement of individual performance targets based on personal and corporate objectives which were set at the beginning of the financial year. These targets were chosen for their relevance to QGC business performance, as well as the achievement of personal performance criteria. Such objectives were identified as Threshold, Target and Stretch. STI can vary annually based on individual performance against the specified target levels as noted in the table below. The STI can be paid in cash and/or at the employee's election (in accordance with relevant ATO legislation) salary sacrificed as a contribution to the employee's superannuation fund.

STI target level	***Managing Director***	***Key management personnel***
Attainment of Threshold target	n/a	15% of Base Package (before tax)
Attainment of Target	50% of Base Package (before tax)	30% of Base Package (before tax)
Attainment of Stretch target	75% of Base Package (before tax)	50% of Base Package (before tax)

Note: a pro-rata apportionment will apply between threshold and target as well as between target and stretch.

- 2006/07 long-term incentives (LTI) were awarded in the form of share rights in accordance with the terms of individual contracts and the Queensland Gas Company Limited Deferred Employee Share Plan (DESP) Trust Deed for 2006/07. Key management personnel received the same set of objectives as that set for the Managing Director. Such objectives were identified as Threshold, Target and Stretch. These objectives related expressly to the growth in share price value as noted in the table below:

Performance level	***Share price growth***
n/a	Greater than 7.5%
Threshold	7.5%
Pro-rata *	Greater than 7.5% and less than 15%
Target	15%
Pro-rata *	Greater than 15% and less than 30%
Stretch	Greater than or equal to 30%

* A pro-rata apportionment will apply between threshold and target as well as between target and stretch

In the event that the Company undertakes a capital reconstruction including issuing of any shares, the number of LTI entitlements shall be adjusted up to ensure that the LTI entitlements remain of equivalent value and opportunity after the issue of shares in the Company as they were on the date of the granting of the entitlements.

In the event that the Company is taken over, all entitlements (including STI and LTI) which remain unvested at the time of the takeover shall vest immediately. Takeover shall mean a change in control of the Company which shall be determined by a material change in the composition of the Board of Directors of the Company, such change being initiated as a result of a change in ownership of the Company's shares and the purchaser of the shares requiring (or agreeing with other shareholders to require) that change in Board composition.

C Service agreements (audited)

Remuneration and other terms of employment for the Managing Director and other key management personnel are generally by way of employment contracts. These agreements may provide for the provision of performance-related cash bonuses, shares under the Company's Deferred Employee Share Plan (DESP) (LTI) or share option bonuses. Other benefits can be salary-sacrificed, and life insurance cover is provided by the Company. Details of contract duration, notice period for termination and termination payments (where relevant) are set out below.

R Cottee, Managing Director

- Term of agreement – extended to 30 June 2011 subsequent to year end.
- The agreement can be terminated by the Company with one day's notice or immediately in the case of material misconduct, or by Mr Cottee with six months written notice. The Company has an option to renew the agreement for a further term of 3 years.
- Provision for a termination payment consisting of the following components:
  - Severance payment of the annual base package applicable at the time;
  - Payment of the STI to the extent applicable;
  - Payment of the balance of any unvested long-term performance bonuses issued in prior years; and
  - Payment of 50% of long-term performance bonuses for the contract year in which termination occurs.

L Devaney, General Manager – Commercial & Financing (from 6 March 2007)

- Term of agreement – up to 30 June 2009.
- Employment can be terminated by the Company with six months' written notice or by the employee with three months' written notice.

M Herrington, Chief Operating Officer

- Term of agreement – extended to 30 June 2010 subsequent to year end.
- The agreement can be terminated with one month's written notice by either party or with three month's written notice where there has been a change in the control of the Company.

P Jans, Company Secretary and General Counsel (to 2 July 2007)

- Term of agreement – ceased employment effective 2 July 2007.

M Panchal, Chief Financial Officer (from 31 July 2007)

- Term of agreement – up to 30 June 2011.
- Employment can be terminated with three month's written notice by either party.

K Quinlan, Manager – Strategic Planning (to 6 July 2007)

- Term of agreement – ceased employment effective 6 July 2007.

S Scott, General Manager – Exploration & Technical Services

- Term of agreement – extended to 30 June 2010 subsequent to year end.
- The agreement can be terminated by the Company with three months' written notice or by the employee with one month's written notice.

D Share-based compensation (audited)

Options

No options were issued during the 2006/07 financial year and all options issued previously were either exercised or expired during the course of the financial year. Refer to note 24(d) of the financial statements accompanying this report.

Shares

The amounts disclosed for remuneration relating to shares in the tables in section B "Details of Remuneration" of this report are the assessed fair value at grant date of the shares granted to Directors and specified executives, allocated equally over the period from grant date to the actual or expected vesting date. In the case of shares or rights whose performance conditions are market-related, such as the share rights granted under the Company's long term incentive plan, the fair value of share rights granted are determined using a 'Monte Carlo' simulation pricing model that takes into account the price of the underlying share at grant date, the term of the vesting period, expected price volatility of the underlying share, the specific share price measurement base, target share price, risk free interest rate (five year Australian Government Treasury Bonds) and expected dividend yield (nil). Shares granted with performance conditions not related to market share prices are valued at the price of the underlying share at grant date and allocated over the expected vesting period, with the quantity of shares being included in the measurement of the transaction being adjusted to reflect the number of shares which are expected to, or actually vest.

E Additional information (unaudited)

Details of remuneration: cash and equity bonuses.

For each cash and share bonus and grant of options included in the employment contracts of the Managing Director and key management personnel, the percentage of the available bonus or grant that was paid, or that vested, in the financial year, and the percentage that was forfeited because the person did not meet the performance criteria is set out below. All short-term and long-term performance incentives applicable to the 2006/07 financial year (and future years for the Managing Director) vested in full in March 2007 following a material change in the composition of the Board of Directors.

As at 30 June 2007, no cash bonuses or grants of shares were remaining to be vested in future financial years.

	Cash			Shares		
Name	Paid %	F %	N %	Vested %	F %	N %
R Cottee						
– Short term performance bonuses	100%	0%	0%	100%	0%	0%
– Long term performance bonuses	100%	0%	0%	100%	0%	0%
L Denaney						
– Short term performance bonuses	100%	0%	0%	100%	0%	0%
– Long term performance bonuses	100%	0%	0%	100%	0%	0%
M Herrington						
– Short term performance bonuses	100%	0%	0%	100%	0%	0%
– Long term performance bonuses	100%	0%	0%	100%	0%	0%
P Jans						
– Short term performance bonuses	100%	0%	0%	100%	0%	0%
– Long term performance bonuses	100%	0%	0%	100%	0%	0%
M Panchal						
– Short term performance bonuses	100%	0%	0%	100%	0%	0%
– Long term performance bonuses	100%	0%	0%	100%	0%	0%
S Scott						
– Short term performance bonuses	100%	0%	0%	100%	0%	0%
– Long term performance bonuses	100%	0%	0%	100%	0%	0%

Paid – Paid, payable or vested F – Forfeited; N – Not yet payable, vested or forfeited

Shares issued on the exercise of options

Shares issued on the exercise of options during and since the end of the financial year are set out below:

Date options granted	Date of exercise	Exercise price (cents per share)	Number of shares issued
10 August 2001	19 July 2006	30.4	300,000
10 August 2001	28 July 2006	25.0	500,000
10 August 2001	9 August 2006	25.9	300,000
17 September 2001	15 August 2006	22.6	2,000,000
28 November 2002	15 August 2006	26.0	1,000,000
26 November 2003	15 August 2006	25.0	540,000
7 May 2004	11 September 2006	16.7	400,000
17 September 2001	15 September 2006	22.6	1,000,000

Insurance of officers

Insurance and indemnity arrangements are in place for officers of the Company. The Company paid an insurance premium of $47,080 (2006: $58,952) in respect of Directors and officers liability insurance.

To the extent permitted by law, the Company indemnifies every person who is or has been an officer against:

- any liability to any person (other than the Company, related entities or a major shareholder) incurred while acting in that capacity and good faith; and
- costs and expenses incurred by that person in that capacity in successfully defending legal proceedings and ancillary matters.

For this purpose 'officer' means any Director or Secretary of the Company or any subsidiary of the Company.

Non-audit services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the group are important.

The Board has considered the position and, in accordance with the advice received from the Audit Committee is satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Audit Committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in Professional Statement F1, including reviewing or auditing the auditor's own work or acting in a management or a decision-making capacity for the Company.

A copy of the Auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 45.

Details of the amounts paid or payable to the auditor (PricewaterhouseCoopers) for non-audit services provided during the year are set out below.

	Consolidated 2007 $
Assurance services	
Due diligence services	7,200
Accounting services	50,500
Total remuneration for assurance services	57,700
Taxation services	
Tax compliance services, including review of company income tax returns	25,500
Tax advice on acquisitions	32,500
Tax advice on operational matters	60,700
Tax advice on takeover issues	6,000
Total remuneration for taxation services	124,700
Advisory services	
Advice on Sentient unitisation	46,700
Total remuneration for advisory services	46,700

Rounding of amounts

The Company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' report. Amounts in the Directors' report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

This report is made in accordance with a resolution of Directors.

ROBERT BRYAN
Director

BRISBANE 18 SEPTEMBER 2007

Auditor's independence declaration

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As lead auditor for the audit of Queensland Gas Company Limited for the year ended 30 June 2007, I declare that, to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Queensland Gas Company Limited and the entities it controlled during the period.

Martin T Linz

MARTIN LINZ
Partner

PricewaterhouseCoopers

PRICEWATERHOUSECOOPERS

BRISBANE 18 SEPTEMBER 2007

Income statement | for the year ended 30 June 2007

	Notes	Consolidated 2007 $'000	2006 $'000
Revenue from continuing operations			
Revenue	3	34,449	2,857
Other income	4	59	216
Expenses	5	(29,606)	(8,999)
Results from operating activities before financing costs, depreciation, amortisation and significant items		4,902	(5,926)
Depreciation, depletion and amortisation		(5,876)	(1,200)
Net gain on disposal of interest in tenements		8,305	1,714
Takeover response costs		(14,491)	–
Results from operating activities before finance costs		(7,160)	(5,412)
Finance costs		(5,062)	(842)
Profit/(loss) before income tax		(12,222)	(6,254)
Income tax expense		–	–
Profit/(loss) for the year		(12,222)	(6,254)
Profit/(loss) attributable to minority interest		–	–
Profit/(loss) attributable to members of Queensland Gas Company Limited		(12,222)	(6,254)

	Cents	Cents
Loss per share for loss attributable to the ordinary equity holders of the Company:		
Basic & diluted earnings per share	(2.17)	(1.7)

The above Income statements should be read in conjunction with the accompanying notes.

Balance sheet | as at 30 June 2007

	Consolidated	
	2007	2006
	$'000	$'000
ASSETS		
Current assets		
Cash and cash equivalents	248,252	13,082
Trade and other receivables	16,956	4,037
Inventories	6,518	3,097
Derivative financial instruments	–	28
Total current assets	271,726	20,244
Non-current assets		
Development and production assets	164,835	101,317
Other property, plant and equipment	5,245	1,083
Intangible assets – exploration and evaluation costs	27,605	7,131
Intangible assets – tenements and gasfield information	74,335	–
Investments	–	–
Total non-current assets	272,020	109,531
Total assets	543,746	129,775
LIABILITIES		
Current liabilities		
Trade and other payables	10,868	13,210
Borrowings	756	11,887
Provisions	816	292
Derivative financial instruments	67	285
Total current liabilities	12,507	25,674
Non-current liabilities		
Borrowings	1,590	30,628
Provisions	6,027	2,763
Total non-current liabilities	7,617	33,391
Total liabilities	20,124	58,065
Net assets	523,622	70,710
EQUITY		
Contributed equity	556,784	92,379
Reserves	5,612	4,883
Accumulated losses	(38,774)	(26,552)
Parent entity interest	523,622	70,710
Minority interest	–	–
Total equity	523,622	70,710

The above Balance sheets should be read in conjunction with the accompanying notes.

Statement of changes in equity | for the year ended 30 June 2007

	Consolidated	
	2007	2006
	$'000	$'000
Total equity at the beginning of the financial year	70,710	66,987
Adjustment to the hedging reserve on adoption of AASB 132 and AASB 139, net of tax, to reserves	–	445
Restated total equity at the beginning of the financial year	70,710	67,432
Changes in the fair value of cash flow hedges, net of tax	195	(707)
Net income recognised directly in equity	195	(707)
Profit/(loss) for the year	(12,222)	(6,254)
Total recognised income and expense for the year	(12,027)	(6,961)
Transactions with equity holders in their capacity as equity holders:		
Contributions of equity, net of transaction costs	404,480	9,392
Rights Issue	60,273	–
Employee shares	5,892	847
Share buyback	(5,706)	–
	464,939	10,239
Total equity at the end of the financial year	523,622	70,710
Total recognised income and expense for the year is attributable to:		
Members of Queensland Gas Company Limited	523,622	(6,254)
Minority Interest	–	–
	523,622	(6,254)

The above Statements of changes in equity should be read in conjunction with the accompanying notes.

Cash flow statement | for the year ended 30 June 2007

	Consolidated	
	2007	2006
	$'000	$'000
Cash flows from operating activities		
Receipts from customers (inclusive of applicable goods and services tax)	23,514	488
Receipts of refunds of goods and services tax	3,598	4,872
Payments to suppliers and employees (inclusive of goods and services tax)	(33,492)	(10,313)
Takeover response costs	(11,471)	–
Interest received	3,984	1,767
Interest paid	(4,146)	(641)
Net cash outflow from operating activities	(18,013)	(3,827)
Cash flows from investing activities		
Receipts from joint venture participants (inclusive of goods and services tax)	13,539	13,578
Payments for exploration and evaluation	(23,314)	(3,092)
Payments for development costs	(37,870)	(66,004)
Payments for property, plant and equipment	(44,954)	(3,679)
Loans to related parties	–	–
Proceeds from sale of tenement interests	9,500	3,750
Payments for costs of proposed acquisition	–	(1,659)
Net cash outflow from investing activities	(83,099)	(57,106)
Cash flows from financing activities		
Proceeds from issues of shares	327,385	9,490
Proceeds from rights issue	60,273	–
Proceeds from exercise of options	1,424	–
Payments for share buy-back	(5,706)	–
Payments of share issue costs	(3,432)	(476)
Proceeds from borrowings	1,405	41,997
Repayments of borrowings	(42,247)	(1,345)
Payments of financing costs	(836)	(1,211)
Repayments of finance leases	(539)	(598)
Net cash inflow from financing activities	337,727	47,857
Net increase / (decrease) in cash and cash equivalents	236,615	(13,076)
Cash and cash equivalents at the beginning of the financial year	13,082	26,150
Effects of exchange rate changes on cash and cash equivalents	(1,445)	8
Cash and cash equivalents at the end of the year	248,252	13,082

The above Cash flow statements should be read in conjunction with the accompanying notes.

This concise financial report relates to the consolidated entity (the Group) consisting of Queensland Gas Company Limited and its subsidiaries. The accounting policies adopted have been consistently applied to all years presented unless otherwise stated. The financial report is presented in Australian currency.

Dividends

During the financial year, no amounts have been paid, proposed or declared by way of dividend (2006: Nil).

1 Segment information

The Group operates in one business segment, being the petroleum industry. Activities include the exploration, evaluation, development and production of coal seam gas. The Group's activities are conducted in one geographical segment, being the Surat Basin located in Queensland.

2 Revenue

	Consolidated	
	2007	2006
	$'000	$'000
Product sales		
Sale of gas	27,042	1,235
Infrastructure tolling revenue	197	72
Other revenue		
Rents and sub-lease rentals	143	123
Interest income		
Subsidiaries	–	–
Other entities	7,067	1,427
	34,449	2,857

The Company depended on two major customers, CS Energy Ltd and Braemar Power Project Pty Ltd for the majority of its gas sales revenue during the year.

3 Other income

	Consolidated	
	2007	2006
	$'000	$'000
Sundry income	13	–
Proceeds on sale of assets	46	–
Fair value gains on other financial liabilities at fair value through profit or loss	–	216
	59	216

4 Expenses

	Consolidated	
	2007	2006
	$'000	$'000
Net gains and expenses		
The operating loss from ordinary activities before income tax expense includes the following specific net gains and expenses after capitalisation of amounts attributable to development, exploration and evaluation activities or recovered from joint venturers:		
Cost of sales	10,676	1,414
Administration costs	202	254
Bid costs	–	1,696
Deferred exploration, evaluation and other costs written off	1,905	–
Fair value losses on other financial liabilities at fair value through profit or loss	2,083	–
Foreign exchange losses	1,445	47
Legal, management and consulting costs	1,821	1,485
Marketing costs	2,004	325
Non-executive Directors' fees	289	212
Salaries and employee benefits expenses*	7,577	2,759
Other expenses	1,604	807
	29,606	8,999

5 Events occurring after the balance sheet date

Other share issues

Since year end, the Company issued 44,341 ordinary shares to non-executive Directors pursuant to a Deferred Non-executive Director Share Plan in lieu of fees for the quarter ended 30 June 2007. In July 2007, 429,911 ordinary shares were issued to employees pursuant to a Deferred Employee Share Plan as performance incentives for the year to 30 June 2007.

Directors' declaration | 30 June 2007

In the Directors' opinion:

a) the financial statements and notes set out on pages 46 to 51 are in accordance with the *Corporations Act 2001*, including:

   i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

   ii) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2007 and of its performance, as represented by the results of their operations, changes in equity and their cash flows, for the financial year ended on that date; and

b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

c) the audited remuneration disclosures set out on pages 36 to 42 of the Directors' report comply with Accounting Standard AASB 124 Related Party Disclosures and the *Corporations Regulations 2001*.

The Directors have been given the declarations by the Managing Director and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Directors.

R BRYAN
Director

BRISBANE 18 SEPTEMBER 2007

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Independent auditor's report to the members of Queensland Gas Company Limited

Report on the financial report

We have audited the accompanying summarised financial report of Queensland Gas Company Limited, comprising the summary balance sheet as at 30 June 2007, the summary income statement, statement of changes in equity and cash flow statement for the year then ended, and related notes, which was derived from the financial report of Queensland Gas Company Limited for the year ended 30 June 2007. We expressed an unmodified auditor's opinion on that financial report in our auditor's report dated 18 September 2007.

The responsibility of Directors for the summarised financial report

The Directors are responsible for the preparation and presentation of the summarised financial report in accordance with the accounting policies described in Note 1 to the summarised financial statements, which form part of the summarised financial report.

Auditor's responsibility

The Directors are responsible for the preparation and presentation of the summarised financial report in accordance with the accounting policies described in Note 1 to the summarised financial statements, which form part of the summarised financial report.

Auditor's responsibility

Our responsibility is to express an opinion on the summarised financial report based on our procedures, which were conducted in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements.

Auditor's opinion

In our opinion, the information reported in the summarised financial report is consistent, in all material respects, with the financial report from which it was derived. For a better understanding of the scope of our audit, this auditor's report should be read in conjunction with our audit report on the financial report.

Martin T Linz

MARTIN LINZ
Partner

PricewaterhouseCoopers

PRICEWATERHOUSECOOPERS
BRISBANE 18 SEPTEMBER 2007

The shareholder information set out below was applicable as at 18 September 2007.

(a) Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

Number of securities held	Shareholders
1 – 1,000	1,594
1,001 – 5,000	3,765
5,001 – 10,000	2,385
10,001 – 100,000	4,197
100,001 – and over	342

There were 303 holders of less than a marketable parcel of ordinary shares.

(b) Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest holders of quoted equity securities are listed below:

	Ordinary Shares	
Name	Number held	Percentage of issued shares
AGL Energy Limited	204,616,102	27.81%
Elph Pty Ltd	51,963,939	7.06%
ANZ Nominees Limited	47,980,016	6.52%
National Nominees Limited	34,852,140	4.74%
J P Morgan Nominees Australia Limited	30,983,146	4.21%
Sentient Executive GPII Limited	24,897,197	3.38%
Mr R Bryan	15,214,906	2.07%
HSBC Custody Nominees (Australia) Limited	14,790,097	2.01%
Sentient Executive GP1 Limited	12,121,080	1.65%
Cogent Nominees Pty Limited	10,922,177	1.48%
HSBC Custody Nominees (Australia) Limited – GSI ECSA	10,479,645	1.42%
Australian Foundation Investment Company Limited	6,643,107	0.90%
Sentient Executive GP1 Limited	5,373,888	0.73%
Sentient (Aust) Pty Ltd	3,805,032	0.52%
Citicorp Nominees Pty Limited	3,580,000	0.49%
Mr R Cottee	3,000,000	0.41%
QGAS Pty Ltd	2,856,035	0.39%
Djerriwarrh Investments Limited	2,583,513	0.35%
Queensland Investment Corporation	2,545,185	0.35%
Australian Foundation Investment Company Ltd	2,500,000	0.34%
Total	491,707,205	66.84%

Shareholder information | 30 June 2007

(b) Equity security holders (continued)

Unquoted equity securities

	Number on issue	Number of holders
Exempt Employee Share Plan	31,578	6
Deferred Employee Share Plan	4,622,883	55
Non-executive Director Deferred Share Plan	479,226	6

(c) Substantial holders

Substantial holders in the Company are set out below:

	Ordinary Shares	
Name	Number of shares in which relevant interest held	Percentage of issued shares
AGL Energy Limited	204,616,102	27.62%
Elph Pty Ltd	51,963,939	7.01%
ANZ Nominees Ltd	47,980,016	6.48%

(d) Voting rights

The voting rights attaching to each class of equity securities are set out below:

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

(e) Shares issued under shareholder approval

Approval for the issue of the following shares as obtained under Listing Rule 10.14.

Type of ordinary shares issued	Number issued during the year	Date approval obtained
Deferred Employee Share Plan	6,375,183	13 November 2006
Deferred Non-executive Director Share Plan	320,482	16 November 2005
Ordinary shares	258,045,475	2 March 2007