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Company history

Foundation and early development

ESG was formed in August 2000 to explore, develop and produce both conventional natural gas and coal seam gas in eastern Australia. The company listed on the Australian Stock Exchange ("ASX") in February 2001 with a market capitalisation of A\$16 million. At its inception, ESG held interests in six exploration licences and two licence applications in Victoria and NSW and was focused on brown-coal gas plays in Victoria's eastern Otway Basins.

ESG subsequently shifted its focus to exploration and development in NSW, acquiring numerous exploration licenses. Notably, ESG acquired 100% of the conventional gas interest in PEL 238 in the Gunnedah Basin in December 2002 and, together with JV partner Hillgrove Resources Limited ("Hillgrove"), 65% of the CSG interest in the same prospect in October 2003 (North American-based JV partner Gastar Exploration held the remaining 35% until July 2009).

In January 2003 conventional gas reserves of 11.3 PJ were certified at the Coonarah Gas Field in PEL 238. To commercialise this gas resource ESG constructed the 10 MW gas-fired Wilga Park Power Station, which came online in July 2004.

The three well Bohena CSG project incorporates two wells drilled in 1998/99 plus a third well drilled in 2004 and deepened in 2006. The nine well Biblewindi CSG project was spudded in March 2006.

Hillgrove's interest in PEL 238 CSG was bought out in August 2006 such that ESG increased its interest in PEL 238 CSG rights to 65% while Hillgrove acquired a 19.99% stake in ESG.

In July 2009, Santos acquired Gastar Exploration's 35% interest in PEL238 (Narrabri CSG Project), PEL433, PEL434 and the Wilga Park Power Station. Santos also acquired Hillgrove's 19.99% interest in ESG. Total upfront consideration for the transaction was \$476 million.

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ASX Share Price

Share Price **\$0.785**

23/11/2010 9:14

OTCQX ADR Price

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