

Media Release

11 September 2009

Tarong Energy signs agreement to take full ownership of Tarong North Power Station

Tarong Energy Corporation announced today that it has agreed to take full ownership of Tarong North Power Station (Tarong North).

Upon satisfying a number of pre-requisite regulatory and commercial requirements over the coming weeks, Tarong Energy will complete the acquisition and move to full ownership of Tarong North.

Tarong Energy, which currently owns 50 per cent of Tarong North, has signed an agreement to purchase the 50 per cent interest in Tarong North, which it does not already own, from its Japanese joint venture partners. Tarong North is a 443MW supercritical coal-fired power station located 45km south of Kingaroy in Queensland's South Burnett region. It is acknowledged as Australia's most emissions efficient coal-fired power station.

Tarong Energy Chair Graham Carpenter today said that the Corporation welcomed the opportunity to take full ownership of one of the cleanest coal-fired power stations in Australia, under a deal signed-off yesterday.

"The decision by our joint venture partners to pursue other strategic interests has delivered Tarong Energy a wonderful opportunity to play an even greater role in meeting Queensland's growing energy needs," Mr Carpenter said.

"Tarong North is a highly efficient, modern power station that will also help reduce Tarong Energy's overall carbon intensity."

Mr Carpenter said he wanted to pay thanks to Tarong Energy's joint venture partners, The Tokyo Electric Power Company, Incorporated and Mitsui & Co., Ltd.

"We have had an excellent working relationship with our joint venture partners for the past six years, and I would like to thank them for the time, effort and genuine care they have shown in developing and maintaining Tarong North.

"I would also like to emphasise that there will be no job losses as a result of the acquisition.

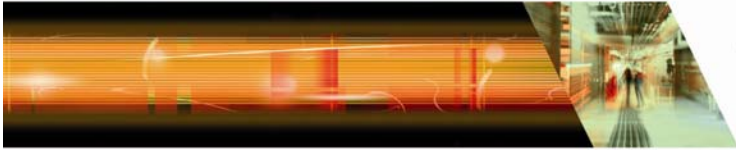
"Our priority on taking ownership will be to ensure a smooth transition for the Tarong North employees into the 300-strong workforce at Tarong Power Station."

Tarong North is located next to the 1400MW Tarong Power Station – which is 100 percent owned by Tarong Energy.

Tarong North sources its fuel from the adjacent Meandu Mine, and its water from the Western Corridor Recycled Water Pipeline.

Tarong Energy is one of the largest employers in the South Burnett and is directly responsible for more than 570 positions at the Tarong Power Station and the Meandu Mine.

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Background

Tarong North Power Station is currently owned 50% by TN Power Pty Ltd (a subsidiary of Tarong Energy Corporation Limited) and 50% by TM Energy (Australia) Pty Ltd (a company owned by Mitsui & Co., Ltd (Mitsui) (30%) and The Tokyo Electric Power Company, Incorporated (TEPCO) (70%)).

TEPCO is one of the world's biggest private electricity utility companies.

Mitsui is a leading international trading company that has considerable investments in Australia.

Tarong Energy is one of Queensland's most significant power generators, with the capacity to deliver up to 25 per cent of the State's power needs.

Established in July 1997 and owned by the Queensland Government, Tarong Energy is currently the owner and operator of Tarong Power Station, Tarong North Power Station (50 per cent) and Wivenhoe Power Station (a hydro electric generator). The Corporation also owns Meandu Mine which supplies up to seven million tonnes of coal a year to the adjacent Tarong and Tarong North Power Stations.

Tarong Energy is an active competitor in the National Electricity Market (NEM). The Corporation sells electricity into the NEM spot market pool and provides ancillary services to the Australian Energy Market Operator through Tarong and Wivenhoe Power Stations to ensure the secure and reliable supply of electricity throughout Queensland.

Tarong Energy employs nearly 500 people at its generating sites at Nanango and Wivenhoe Dam and in its Brisbane office. Through its ownership of the Meandu Mine, it is also responsible for a further 200 jobs within Thiess, which manages the mine on contract.

Tarong North Power Station is widely recognised as Australia's most emissions efficient coal-fired power station. ROAM Consulting (ROAM) recently compared the efficiency and greenhouse intensity of Tarong North, relative to other coal-fired power stations in Australia. ROAM's analysis concluded that, compared with other generating units in Australia, Tarong North has the lowest greenhouse intensity of all base load coal-fired power stations operating in Australia, followed by the newer dry-cooled supercritical power stations, Millmerran and Kogan Creek in Queensland. ROAM also found that Tarong North has the highest operating efficiency of coal-fired power stations in Australia, leading other top performers, Callide C and Kogan Creek in Queensland.

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