



## ASX Announcement

### Hastings Diversified Utilities Fund (HDF)

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31 July 2008

### Epic Energy will commence a Front End Engineering and Design study on stage three expansion of the South West Queensland Pipeline

Epic Energy (Epic) today announced it will undertake a Front End Engineering and Design (FEED) study into stage three expansion of Epic's South West Queensland Pipeline (SWQP).

HDF Chief Operating Officer Tom Meinert said, "This is very exciting news for Epic and HDF. The significant interest from shippers to transport gas on the SWQP is further evidence of the growing demand for Coal Seam Methane gas. Stage three expansion of the SWQP would allow Epic to continue satisfying this growing demand with likely flow on benefits to Epic's Moomba to Adelaide pipeline."

Along with the FEED study, Epic will commence the process of obtaining the necessary approvals to construct the additional expansion and together with HDF will investigate potential financing options. A final decision to proceed with the expansion will only be made if the feasibility study concludes that the expansion is commercially viable.

The announcement to commence the FEED study is the tenth positive announcement made by Epic over the past 18 months and further demonstrates Epic's strong growth potential.

Attached is a release from Epic Energy.

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Hastings Funds Management Limited



MEDIA RELEASE – Thursday 31 July 2008

**Epic Energy will commence a Front End Engineering and Design study on stage three expansion of the South West Queensland Pipeline**

Epic Energy (Epic) today announced it will undertake a Front End Engineering and Design (FEED) study into stage three expansion of Epic's South West Queensland Pipeline (SWQP).

The FEED study will investigate the feasibility of further expanding the SWQP through either full compression or by 'looping' and follows significant interest from potential shippers to support the expansion. The FEED study will commence immediately and is expected to be completed by the end of the calendar year 2008.

In conjunction with the FEED study, Epic will commence the process of obtaining the necessary approvals to construct the stage three expansion and will investigate potential financing options. A final decision to proceed with the expansion will only be made if the feasibility study concludes the commercial viability of the project. The cost of undertaking the FEED study is not expected to materially impact Epic's budget for the financial year.

Epic Energy Managing Director Steve Banning said, "Demand for Queensland CSM gas in Mt Isa and the southern states continues to grow strongly as supplies from other basins are expected to diminish and there is growing demand for gas as a key fuel to reduce carbon emissions. The SWQP and QSN Link can be further expanded through looping and/or further compression to meet this growing demand and whilst there is a significant process that has to be undertaken, this is exciting news for Epic Energy".

The announcement of the FEED study for the stage three expansion follows a number of positive announcements regarding the SWQP over the past 18 months. Epic is currently constructing the stage one expansion of the SWQP through the construction of the QSN Link between Ballera and Moomba and installation of mid line compression on the SWQP as part of an agreement with AGL Energy. Epic secured a \$165 million capital expenditure facility in February 2008 to completely fund the Stage One expansion. Upon completion of this project in January 2009, this expansion will for the first time connect the eastern Queensland Coal Seam Methane (CSM) production areas with demand in southern Australia resulting in significant additional gas transportation on Epic's SWQP and Epic's Moomba to Adelaide pipeline. In December 2007 AGL Energy exercised an option with Epic for the Stage 2 Expansion of the SWQP which will require the installation of a further two compressor stations on the SWQP, due on line no later than January 2013. Epic expects to invest approximately \$64 million on additional compression required for the Stage Two expansion, with the final capital investment to be determined by a separate detailed FEED study. Epic intends to utilise its existing debt capacity to fund the Stage Two expansion.

The expansion stages of the SWQP are as follows:

SWQP/QSN	Capacity TJ/d (approx)	Type of Expansion	Approximate Cost \$M	Due on Line
Base Flow	114	-	N/A	Now
Stage 1	168	QSN Link + Compression	165	Jan 2009
Stage 2	221	Compression	65	Jan 2013*
Stage 3 – Either Compression or Looping	321	Compression	300	Early 2011**
	429	Pipeline Looping	650	Early 2011**

Notes:

\* Start date can be accelerated by AGL Energy subject to a minimum 2 years notice being provided to Epic.

\*\* Earliest start date shown. Start date is provisional and is subject to securing binding contractual commitments with shippers.



Hastings Diversified Utilities Fund owns a 100 percent interest in Epic Energy.

For further information:

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