

MEDIA RELEASE

11 May 2007

CS Energy Chief Executive resigns

CS Energy Chairman Stephen Lonie today announced the CS Energy Board had accepted the resignation of Chief Executive Mark Chatfield, effective immediately.

Mr Chatfield recently made a voluntary disclosure to the Board about the acquisition of shares. The shareholding represented a potential breach of the Company's Code of Conduct. The Board had the matter investigated by Ernst and Young and sought legal advice.

To ensure procedural fairness, the Board offered Mr Chatfield the opportunity to respond to the allegations.

Late yesterday before responding to the allegations, Mr Chatfield, on advice elected to resign with immediate effect.

Today, Mr Chatfield subsequently refuted the allegations in his response to the Board.

Following receipt of Mr Chatfield's response, the CS Energy Board met, considered his response, received further legal advice and then accepted his resignation. As the allegations regarding the breach of CS Energy's Code of Conduct were disputed by Mr Chatfield, it is inappropriate to provide any further detail.

"CS Energy is committed to the highest standards of corporate governance," Mr Lonie said.

"We have recommended to the Shareholding Ministers that CS Energy General Manager of Major Projects, Tony Andersen, be appointed to fill the role of Acting Chief Executive.

"Mr Andersen is a highly respected executive with more than 30 years of experience in the energy sector, and has worked in management at Tarong, Callide, Swanbank and Queensland's hydro power stations.

"The Board has every confidence in Mr Andersen's ability to lead the organisation and maintain our focus on generating reliable, competitively priced electricity, particularly in this critical time of water shortages in south east Queensland," Mr Lonie said.

In his permanent role as General Manager Major Projects, Mr Andersen is responsible for the development of new projects, including Kogan Creek Power Project and the Callide Oxyfuel clean coal project.

Contact:

Lisa White, CS Energy Ltd

Ph: 3222 9386 / 0419 749 860