



ASX/Media Release

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Origin to acquire natural gas resources in Australia's highly prospective Browse Basin

Origin Energy Limited (Origin) today announced it has entered into a conditional Sale and Purchase Agreement with Karoon Gas (Karoon) to acquire its entire 40 per cent interest in two exploration permits (WA-315-P and WA-398-P) in Western Australia's Browse Basin (Poseidon permits). These permits contain large and prospective offshore gas fields, such as the Poseidon discovery.

ConocoPhillips, the project operator, and PetroChina hold 40 per cent and 20 per cent interests in the permits respectively and also retain pre-emption rights for a limited period relating to the sale of Karoon's 40 per cent interest in the Poseidon permits.

Following satisfaction of all conditions precedent and appropriate regulatory approvals, Origin will pay US\$600 million cash consideration with additional payments of US\$75 million payable upon a project Final Investment Decision (FID) and US\$75 million payable on first production. A further payment of up to US\$50 million will be payable on first production if 2P reserves at the time of FID reach certain thresholds.

Origin will participate in the ongoing exploration and appraisal program - including the Pharos well which is currently being drilled by the joint venture - on a proportional basis to augment Poseidon's existing resource position. Options to monetise the Poseidon field's resources may include transporting natural gas to LNG production facilities in Darwin or through a standalone floating LNG facility.

Origin will initially fund the acquisition from existing committed undrawn debt facilities which totalled \$5.6 billion as at the end of April 2014. Given these facilities were put in place to fund Origin's share of Australian Pacific LNG and maintain an appropriate liquidity buffer, the drawdown associated with this acquisition will be refinanced through an equity raising of around \$1 billion. This will occur through a pro-rata equity offer at an appropriate time following completion of the acquisition and, in any event, sometime after the release of Origin's full year financial results on 21 August 2014.

Origin Managing Director, Grant King said, "Origin's acquisition of a 40 per cent interest in the Greater Poseidon area will allow the company to establish a strategic position in one of Australia's largest recent offshore gas discoveries at a competitive entry price when compared to recent transactions in the Browse/Bonaparte region.

"Poseidon is located in one of Australia's most significant hydrocarbon regions and various options exist to monetise the gas through LNG export opportunities linked to growing demand in the Asian region.



“We welcome the opportunity to enter the joint venture alongside two significant global oil and gas companies, ConocoPhillips and PetroChina, with whom we share a common focus to maximise the value of Australia’s significant gas resources.

“The acquisition of these permits complements recent farm-ins in South Australia’s Cooper Basin and the Northern Territory’s Beetaloo Basin, thereby increasing Origin’s exposure to growing demand for natural gas both in Australia and overseas.

“We are mindful that the Australia Pacific LNG project begins production in mid 2015 and over the next two years there will be a significant increase in Origin’s long-term cash flow and earnings. It is important that we act now to invest in Origin’s continued development and growth through the latter part of this decade. We believe that acquiring these resources, when compared with greenfield exploration, substantially reduces the risk of securing opportunities to drive the long-term growth of Origin,” Mr King said.

For further information please contact:

Media

Stephen Ellaway
Senior External Affairs Manager
Ph: +61 2 9375 5834
Mobile: +61 417 851 287

Investors

David Moon
Group Manager, Investor Relations
Ph: +61 2 9375 5816
Mobile: +61 437 039 310

About Origin Energy

Origin Energy (ASX: ORG) is the leading Australian integrated energy company focused on gas and oil exploration and production, power generation and energy retailing. A member of the S&P/ASX 20 Index, the company has more than 6,000 employees and is a leading producer of gas in eastern Australia. Origin is Australia’s largest energy retailer servicing 4.3 million electricity, natural gas and LPG customer accounts and has the country’s largest and one of the most flexible generation portfolios with approximately 6,010 MW of capacity, through either owned generation or contracted rights. Origin’s strategic positioning and portfolio of assets provide flexibility, stability and significant opportunities for growth across the energy industry. Through Australia Pacific LNG, its incorporated joint venture with ConocoPhillips and Sinopec, Origin is developing one of Australia’s largest CSG to LNG projects based on Australia’s largest 2P CSG reserves base.

In New Zealand, Origin is the major shareholder in Contact Energy, a leading integrated energy company, operating geothermal, thermal and hydro generation facilities and servicing electricity, gas and LPG customers across both the North and South islands. Origin is also a major operator and participant in petroleum exploration acreage in New Zealand.

Origin has a strong focus on ensuring the sustainability of its operations, is the largest green energy retailer in Australia and has significant investments in renewable energy technologies.

For more information go to www.originenergy.com.au

Figure 1 - Location of WA-315-P and WA-398-P

