



To	Company Announcements Office	Facsimile	1300 135 638
Company	ASX Limited	Date	28 September 2017
From	Helen Hardy	Pages	4
Subject	Origin agrees to sell Lattice Energy for \$1,585 million		

Please find attached a release on the above subject.

Regards

Helen Hardy  
Company Secretary  
02 8345 5000



## ASX/Media Release

28 September 2017

### Origin agrees to sell Lattice Energy for \$1,585 million

Origin Energy Limited (Origin) has entered into an agreement to sell its conventional upstream oil and gas business, Lattice Energy, to Beach Energy (Beach) for \$1,585 million.

As part of the sale, Origin has secured access to a significant portion of Lattice Energy's future east coast gas production under long-term gas supply agreements to support its domestic gas business.

Under the terms of the sale, the transaction will have an effective date of 1 July 2017. Completion is subject to satisfaction of customary conditions, including approvals from the New Zealand Minister of Energy and Resources and the New Zealand Overseas Investment Office.

Origin CEO, Frank Calabria said, "In signing these agreements today, we have delivered on our commitment to divest Lattice Energy consistent with our plan to simplify the Origin business, reduce debt and improve returns to shareholders.

"Importantly, Origin retains access to future Lattice Energy east coast gas production and LPG, to help us continue to meet the energy needs of our domestic customers.

"The sale to Beach represents the best overall value to Origin shareholders, through the combination of the upfront sale proceeds and ongoing supply of gas and LPG, which allows Origin to retain the benefits of our integrated business model.

"Origin and Beach have a long history of working together through joint ventures and existing gas supply arrangements, and we look forward to continuing that relationship as Beach will remain a major supplier of gas to Origin into the future," Mr Calabria said.

Proceeds from the sale will be used to pay down debt, putting Origin on track to reduce adjusted net debt to below \$7 billion by 30 June 2018. Net proceeds will also reflect the acquisition of Benaris' interests in the Otway basin, transaction costs and the closing out of two oil forward sale agreements that Origin signed in FY2013, estimated to be \$270 million depending on oil price at the time of completion.

#### Gas supply arrangements

As part of the sale, Origin has entered into agreements with Lattice Energy to secure access to long-term gas supply. A summary of the contract terms and volumes related to the gas sales agreements is outlined in the table below, with pricing consistent with the FY2018 Energy Markets guidance range provided at the time of Origin's FY2017 results.

Origin will also have certain rights to contract for gas from several exploration permits in the Otway basin in the event they progress to development.

In addition, Origin has entered into supply agreements for LPG production from BassGas and Otway, which will continue to supply Origin's LPG business.

Origin will work with Beach to ensure a smooth transition, which will include the transfer of all Lattice Energy employees as part of the sale.

“I would like to take this opportunity to thank the Lattice Energy leadership team and everyone who worked so hard to make it a standalone business ready for sale,” Mr Calabria said.

“While Lattice Energy was ready to be a successful independent listed entity, the sale to Beach represented the most attractive option to deliver value to Origin shareholders.”

Following the sale, Origin’s simplified Integrated Gas business unit will comprise its 37.5 per cent interest in Australia Pacific LNG for which it is upstream operator, as well as Ironbark (100 per cent) and Beetaloo Basin (70 per cent<sup>1</sup>) exploration assets. Origin will also retain a number of dormant onshore permits near Port Campbell in Victoria (Heytesbury) which may provide a future opportunity to develop a gas storage facility.

### Summary of Gas Supply Contracts

	Otway Gas Project/HSBW	Cooper Basin	BassGas Project
<b>Contract Term</b>	June 2033	June 2030	June 2020
<b>Share of Lattice Energy production</b>	100% less existing Otway JV gas commitments	100% until June 2021  50% from July 2021 until June 2030	100%
<b>Price</b>	Fixed prices with annual step-ups until a price review on 1 July 2020 and every 3 years thereafter	Fixed prices with annual step-ups until a price review on 1 July 2021 and every 3 years thereafter	Fixed prices with annual step-ups

### About Lattice Energy

Lattice Energy’s assets comprise:

- a 67 per cent<sup>2</sup> interest in the Otway Gas Project, as well as interests in various adjacent exploration permits;
- a 100 per cent interest in the Halladale, Speculant and Black Watch gas fields;
- a 42.5 per cent interest in the Bass Gas Project, as well as interests in discoveries located in nearby exploration permits;

<sup>1</sup> Subject to completion.

<sup>2</sup> At the date of this announcement, Lattice Energy’s interest in the Otway Gas Project is 67.23 per cent. Origin announced on 11 September 2017 it had entered into an agreement with Benaris International Pty Ltd (Benaris) to enable Lattice Energy to acquire Benaris’ 27.77 per cent interest in the Otway Gas Project Joint Venture, increasing Lattice Energy’s interest in this asset to 95 per cent. Of the proceeds of \$1,585 million, \$190 million represents proceeds for Lattice Energy’s acquisition of the Benaris interest, which is expected to complete after Lattice Energy is divested. Under the terms of the agreement, Benaris Exploration (Otway) Pty Ltd’s 29.23 per cent interest in the neighbouring T/30P Exploration Joint Venture and VIC/P43 Exploration Joint Venture (Exploration Joint Ventures) will also be acquired.

- various interests in the Cooper Basin, including in the Cooper Basin Joint Venture operated by Santos and in the Cooper Basin Origin Senex exploration joint venture operated by Senex;
- various interests in the Perth Basin, including a 50 per cent interest in the Waitsia Gas Project and a 67 per cent interest in the Beharra Springs Project;
- various interests in exploration permits in the Bonaparte Basin, including a 5 per cent interest in the Petrel field; and
- interests in New Zealand, including a 50 per cent interest in the Kupe Gas Project and an exploration permit located in the Canterbury Basin.

**For further information please contact:**

**Media**

Anneliis Allen  
 Group Manager, External Affairs  
 Ph: +61 2 8345 5119  
 Mobile: +61 428 967 166

**Investors**

Jeremy McNally  
 Manager, Investor Relations  
 Ph: +61 2 8345 5354  
 Mobile: +61 477 340 478

**About Origin**

Origin Energy (ASX: ORG) is the leading Australian integrated energy company. Origin is the leading energy retailer with approximately 4.2 million customer accounts, has approximately 6,000 MW of power generation capacity and is also a large natural gas producer. Origin is the upstream operator of Australia Pacific LNG, its incorporated joint venture with ConocoPhillips and Sinopec, which supplies natural gas to domestic markets and exports LNG under long term contracts.

[www.originenergy.com.au](http://www.originenergy.com.au)

**About Beach Energy**

Beach is an ASX-listed oil and gas company with a 50-year operating history and long relationship with Origin, as both a joint venture partner and reliable gas supplier.