



## Media Release

12 December 2011

### **Australia Pacific LNG and Sinopec sign non-binding Heads of Agreement for further LNG supply and additional equity taking Sinopec to 25% ownership in Australia Pacific LNG**

Australia Pacific LNG Pty Ltd (Australia Pacific LNG) and China Petrochemical Corporation (Sinopec) have today signed a Heads of Agreement (HOA) establishing non-binding key commercial terms for the sale and purchase of an additional 3.3 million tonnes per annum (mtpa) of LNG through to 2035, which upon completion finalises the marketing of the second train.

In conjunction with the LNG sale, the parties have also agreed non-binding key commercial terms for Sinopec to subscribe for additional shares in Australia Pacific LNG, which will raise its equity interest from 15 per cent to 25 per cent. As a result, ConocoPhillips' and Origin Energy's respective ownership interests will reduce to 37.5 per cent.

The HOA was signed today by Mr Jim Mulva, CEO of ConocoPhillips, together with Mr Kevin McCann AM, Chairman of Origin Energy, both also acting on behalf of Australia Pacific LNG, and Mr Fu Chengyu, Chairman of Sinopec.

Mr Mulva said, "Today's signing completes marketing of the second LNG train and is an important milestone for the Australia Pacific LNG project. We are pleased to announce that Sinopec, a world-class energy company, will have an increased equity shareholding in Australia Pacific LNG."

Mr McCann said, "The Heads of Agreement with Sinopec represents another significant step for Australia Pacific LNG project and is testament to the strength of the project, which is based on Australia's largest 2P coal seam gas reserves. To that end, we are well placed to make a final investment decision on the second train in early 2012."

Mr Fu said, "We are very pleased to extend our relationship with Australia Pacific LNG, and in doing so, will further assist China and Sinopec to meet its growing energy demands."

Under the terms of today's HOA with Sinopec, Australia Pacific LNG and Sinopec intend to incorporate the agreed-upon non-binding key commercial terms into binding agreements in the near future.

Those binding agreements will be subject to approval by the Chinese Government and, in Australia, the Foreign Investment Review Board, and will be conditional on Australia Pacific LNG reaching a final investment decision on the second LNG train.



In April 2011, Australia Pacific LNG and Sinopec signed a Sale and Purchase Agreement for 4.3 mtpa of LNG for 20 years from mid-2015 and an agreement in which Sinopec subscribed for a 15 per cent equity interest in Australia Pacific LNG. The first train of the project was sanctioned in July 2011, followed by the signing of a binding HOA with The Kansai Electric Power Company (Kansai Electric) in November 2011 for the sale and purchase of approximately 1 mtpa of LNG for 20 years from 2016.

Upon conversion of the HOA into binding agreements, Sinopec will be a purchaser of 7.6 mtpa of LNG in total from the project, with Kansai Electric a purchaser of 1 mtpa of LNG.

These agreements will build on Australia Pacific LNG's existing domestic business, which currently provides more than 40 per cent of Queensland's existing natural gas requirements. The project stands to create thousands of jobs in regional Queensland and deliver significant opportunities for many of the local communities in which it operates as well as broader economic benefits.

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**About Australia Pacific LNG**

Australia Pacific LNG Pty Limited is currently a joint venture between Origin Energy Limited (42.5%), ConocoPhillips (42.5%) and Sinopec (15%). The Australia Pacific LNG project includes the development of Australia Pacific LNG's substantial coal seam gas resources in the Surat and Bowen Basins over a 30-year period, a 530 km transmission pipeline, and a multi-train LNG facility on Curtis Island, near Gladstone. The Australia Pacific LNG project was sanctioned in July 2011 for an initial LNG production train and infrastructure to support a second train.

**About Origin Energy**

Origin Energy is the leading Australian integrated energy company focused on gas and oil exploration and production, power generation and energy retailing. Listed in the S&P/ASX 20 Index, the company has more than 5,200 employees, is Australia's largest energy retailer servicing 4.5 million electricity, natural gas and LPG customer accounts, has one of the largest and most flexible generation portfolios in Australia and is a leading producer of gas in eastern Australia.

**About ConocoPhillips**

ConocoPhillips is an integrated energy company with interests around the world. Headquartered in Houston, the company had approximately 29,700 employees, US\$155 billion of assets, and US\$247 billion of annualised revenues as of September 30, 2011.



### About Sinopec

China Petrochemical Corporation (Sinopec) is an energy and chemical company with an integrated business value chain. The company's major business activities include: exploration, production, storage, transportation and trade of oil and natural gas, oil refining, production, transportation, trade, distribution and sales of refined products as well as production, distribution and trade of petrochemical products.

Sinopec ranked 5th in the Fortune Global 500 published in 2011. China Petroleum & Chemical Corporation (Sinopec Corp.), majority-owned by Sinopec, issued H-shares and A-shares respectively in October 2000 and August 2001, and has been listed on the Hong Kong, New York, London and Shanghai stock markets.

### About Kansai Electric Power Co., Inc

Established in 1951, Kansai Electric Power is Japan's second largest utility based in Osaka, with 2011 operating revenue exceeding 2,750 billion yen (approximately US\$34 billion). The company has a generating capacity of greater than 34,000 MW and is providing electricity to more than 13 million customers in Japan's Kansai region.