



**MANAGING DIRECTOR'S ADDRESS
ANNUAL GENERAL MEETING
20 OCTOBER 2004**

Ladies and Gentlemen,

The Company has made an increasing amount of information about past company performance available on our website and through the publication of our Annual Report and Sustainability Report. I trust that shareholders have taken the opportunity to review the information available on our past performance.

The significant increase in our share price over the past year reflects in part our good performance over the past year but perhaps more so, expectations about future performance.

For these reasons, I will speak briefly about factors driving our performance over the short to medium term.

These factors can be best discussed in the following categories:

- Development Projects
- Contact Energy
- Oil Prices
- Retail competition

Development Projects

The Company is involved in a number of major development projects which involve in excess of \$1 billion of capital expenditure and which will be a major driver of earnings growth over the next four to five years. These projects include:

- The Perth Basin Oil and Gas projects
- Bass Gas project
- CSG developments in SE Queensland
- The Offshore Otway Gas project
- The Kupe Gas and Liquids project in New Zealand
- Power Generation and Renewable Energy projects

Perth Basin - Western Australia

Over the past few years, Origin has enjoyed considerable success in the exploration for oil and gas in the Perth Basin. This year oil production from the Hovea, Eremia and Jingemia fields increased to average more than 6,700

barrels of oil per day (bopd), a three fold increase on the prior year. Over the remainder of 2004 the average daily production rate is expected to increase towards 10,000 bopd as Jingemia 4 is fully commissioned and the Hovea field is further developed. Origin has a 50% share in oil production from the Perth Basin.

The gas exploration and production program in the area will continue as new gas discoveries at Xyris 1, Apium 1 and Tarantula 1 are planned to be brought on stream during 2004/05.

Remaining prospectivity in the Perth Basin is encouraging. We therefore expect the Perth Basin to be a significant contributor to earnings over the next few years.

BassGas Project - Bass Basin - Tasmania/Victoria

The BassGas project is being developed to deliver 20 PJ of gas and one million barrels of liquids per annum from the Yolla field in central Bass Strait into Victorian and south east Australian markets. Origin has a 37.5% interest in the project, and has contracted to take all the sales gas produced from the field into our gas supply portfolio.

Drilling of the Yolla development wells is now complete and the drilling rig has been moved to the Trefoil prospect, which is now being drilled. Detailed analysis of gas composition is now being completed. Some impurities such as mercury are present in the gas stream. Engineering work is now being undertaken to implement the most effective way of dealing with these impurities.

Delays in completion of critical components of the production facilities have led to significant slippage from the original development timetable. Previously, we had indicated that production from the Yolla field would commence in November 2004, but the most recent view is that this objective has slipped another few weeks. This will inevitably push the commissioning period for the plant into the Christmas New Year period which will further delay full commercial production.

CSG Projects - Queensland

During the year we have continued to appraise, commercialise and develop our coal seam gas (CSG) as a viable gas supply for south eastern Australian gas markets.

We booked an additional 572 PJ of proved and probable reserves as a result of continuing exploration, appraisal and development activities across Origin's CSG tenements, taking our total CSG reserves to over 1,000 PJ.

In addition to our existing production of around 9 PJ per annum, Origin has now signed three major contracts for the supply of CSG amounting to around 600 PJ. This includes 340 PJ to be supplied to AGL from 2005 announced in late 2002, and two contracts announced since the last AGM - the supply of 180 PJ to Queensland Alumina Limited (QAL) commencing in 2006 announced in November 2003 and supply of 70 PJ to Incitec Pivot from 2007 announced in September this year.

In another important development, in May 2004, we signed a conditional Heads of Agreement with Santos to swap gas between Queensland and the Moomba Gas Hub, providing access to southern markets for Origin's CSG resources. The swap will eliminate the need for Origin to build a major additional pipeline in the short term.

Development activities this year have focussed on the Spring Gully Project north of Roma. Supply from this area is on schedule to commence in mid 2005.

Otway Gas Project - Otway Basin - Tasmania/Victoria

In May 2004, the Otway Gas Project joint venture announced it would proceed with the development of the Thylacine and Geographe fields in the offshore Otway Basin, in western Bass Strait. Origin has a 29.75% interest in the project which will supply 60 PJ of gas, more than 100,000 tonnes of LPG and 800,000 barrels of condensate per annum once commissioned in mid 2006. Origin has signed gas purchase agreements with two of its co-venturers and will take 48.45% of the gas produced from the field.

This project remains on schedule for delivery of first gas in mid 2006.

Kupe Project - Taranaki Basin - New Zealand

In February 2004, Origin acquired a 50% interest in, and assumed operatorship of, the Kupe gas field for \$30 million. Scheduled to be in production by mid 2007, the field is expected to produce around 20 PJ of gas and 1.5 million barrels of liquid hydrocarbons per annum. Origin's share of the gas is contracted to New Zealand power generator, Genesis Energy.

The Kupe development will complement our existing exploration efforts in New Zealand, and we look forward to further involvement in this market where a long term shortage of gas is providing new incentives for exploration and development companies.

Power Generation and Renewables Energy Projects

In addition to these major exploration and production projects Origin has been pursuing a number of options for building its business in power generation and renewable energy.

Origin announced yesterday that a number of sites for a major power generation project in Victoria have been secured. Sites are also being evaluated in Queensland. Both these projects leverage the increasing gas resources available to Origin in Victoria and Queensland.

During the year Origin completed the construction of a \$21 million Sliver® Solar Cell demonstration plant in Regency Park, South Australia. The facility is now focussed on commissioning production and assembly processes to produce Sliver® Solar Modules for commercial sale in early 2005.

Origin also holds a 17.8% interest in Geodynamics Limited which continues to develop a world class geothermal resource in South Australia's Cooper Basin.

Contact Energy

As the Chairman noted we have completed the acquisition of a controlling interest in Contact Energy in New Zealand. The offer to acquire shares from the balance of shareholders remains open until 26 October.

The offer to acquire the balance of the shares in Contact Energy would require an outlay of an additional \$1.5 billion should all shareholders accept. On current trends we do not expect to receive a large number of acceptances for this offer.

We have been assessing opportunities in the New Zealand energy market for many years. This market has similar economic, regulatory, political and competitive issues as in Australia. We had already made some progress in increasing our activities in New Zealand as evidenced by our acquisition of a 50% interest in the Kupe project and the remaining 50% interest in Rockgas.

Because the majority of the larger integrated energy businesses in New Zealand are Government owned, we believed that the acquisition of Contact Energy may represent the only foreseeable opportunity to acquire a significant exposure to the New Zealand energy market.

Contact Energy pursues the same business strategies as Origin Energy, and operates in markets similar to ours and will add significantly to the size and diversity of Origin's business. Like Origin, Contact is also a strongly cash generative business. Its acquisition and consolidation for accounting purposes will add significantly to Origin's ability to grow.

Having completed the acquisition of EME's controlling interest in Contact Energy and having a number of Origin representatives join the Board of Contact Energy, we are pleased with the performance of the business and its prospects for the years ahead.

Oil Prices

There has been much commentary in the media recently about historically high oil prices. As can be seen on the chart, oil prices (in A\$) have risen significantly over the past year. Oil prices are approximately A\$25 / barrel higher than this time last year and the expectation of forward oil prices is higher by the same amount.

All companies with oil/liquids production are benefiting from the trend in both profits and share price.

Origin's strategic focus is on natural gas rather than oil and consequently only approximately 16% of Origin's petroleum production is oil and condensate. Whilst we benefit from higher oil prices Origin is not nearly as leveraged to changes in oil prices as many conventional exploration and production companies would be.

Given our forecast liquids production and current hedging, a US\$1 change in oil prices would result in a \$1.5 million change in profit before tax over the balance of the year.

Retail Competition

When we announced our 2004 results, the accompanying chart was used to indicate that the industry was experiencing higher levels of customer churn in Victorian and South Australian markets.

We are seeing increasing levels of activity in these markets primarily from Government owned retailers. I have previously indicated that this was a major concern that Government owned retailers were allowed to participate in these markets when price caps limited the scope for us to compete in their incumbent markets. Their involvement in interstate retail markets seems particularly inappropriate where these same businesses are struggling to maintain reliability of electricity supplies in their own distribution areas.

Outlook

The key driver of shareholder returns in Origin over the past five years has been growth in earnings. Origin is seeking to deliver earnings per share growth on average of 10 - 15% pa.

In the current financial year, results for the first quarter are in line with our expectations.

For the remainder of the year delays to the commissioning of Bass Gas will reduce the contribution from this project in this financial year but will have negligible impact on the value of the project. Higher levels of retail customer churn, if continued may impact negatively on earnings expectation.

We expect that increased liquids production and higher oil prices will impact favourably.

Taking these factors into account, and based on current trends, we believe that Origin not including the acquisition of Contact Energy remains on track to delivering an increase in earnings of 10 - 15% for this year.

As I indicated previously we expect the contribution from Contact Energy to exceed our assumptions at the time of acquisition.

Looking further ahead, the progress on major development projects, the acquisition of Contact Energy and the development opportunities arising from the integrated strategies of both companies should continue to deliver growth in earnings averaging 10-15% pa over the coming years.

Thank you.