



ASX/Media Release

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Origin reduces exposure to low oil prices

Origin Energy Limited (Origin) today advised it has taken steps to reduce the Company's exposure to low oil prices by purchasing put options on oil (Oil Puts) for the 2017 financial year and forward selling LNG cargoes at a fixed price. Both transactions are designed to mitigate a substantial proportion of Origin's share of exposure to oil prices on volumes Australia Pacific LNG sells under existing contracts and to spot LNG prices on volumes above contracted commitments.

The Oil Puts provide Origin with the right to sell 15 million barrels of Japan Customs-cleared Crude (JCC) at a strike price of A\$55/bbl for 75 per cent of the volume and US\$40/bbl for 25 per cent of the volume. The cost of the Oil Puts is \$82 million after tax and will be expensed in Underlying Profit in the 2017 financial year. Any payout that Origin receives under the Oil Puts will be recognised in Underlying Profit in that year. Origin believes the volume under the Oil Puts represents a reasonable balance between risk reduction and the costs involved in achieving it.

Origin Managing Director Grant King said, "With the continued decline in oil prices, Origin has acted to reduce the potential requirement for the Company to make additional contributions to Australia Pacific LNG above the \$1.8 billion of remaining contributions¹ announced in August 2015.

"By placing a floor on the oil price for the 2017 financial year, the above transactions are designed to limit any additional contribution that Origin is required to make to Australia Pacific LNG caused by declining oil prices.

"If, for example, oil prices fall to US\$20/bbl for the entire 2017 financial year, with the benefit of the Oil Puts, the additional contribution that Origin would have to make to Australia Pacific LNG would be around \$200 million.

"Origin, as upstream operator, also continues to work with Australia Pacific LNG to reduce operating and capital costs in order to reduce Australia Pacific LNG's cash-cost breakeven price and further improve the project's resilience in a low oil price environment," Mr King said.

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¹ From 1 July 2015 to the completion of Train 2.



About Origin Energy

Origin Energy (ASX: ORG) is the leading Australian integrated energy company with market leading positions in energy retailing (approximately 4.3 million customers), power generation (approximately 6,000 MW of capacity owned and contracted) and natural gas production (1,093 PJ of 2P reserves and annual production of 82 PJ). To match its leadership in the supply of green energy, Origin also aspires to be the number one renewables company in Australia.

Through Australia Pacific LNG, its incorporated joint venture with ConocoPhillips and Sinopec, Origin is developing Australia's biggest CSG to LNG project based on the country's largest 2P CSG reserves base.

www.originenergy.com.au