Media Release

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Beach Energy posts record full-year production and expands infrastructure

Record production, major infrastructure upgrades, high rates of drilling success and an improved financial position has further strengthened Beach Energy's platform for growth.

A solid performance during the fourth quarter of 2016-17 contributed to a pleasing 12 months for Beach with full-year production rising to a record 10.6 MMboe, up 9% on the previous year.

Strong oil production and a material increase in Western Flank gas and gas liquids production contributed to quarterly levels of 2.5MMboe, in line with the prior quarter.

Beach undertook successful drilling and increased well inventory with 18 wells drilled in the quarter including the successful five-well oil development campaign in the Callawonga Field. Beach participated in 58 wells over the full year at a success rate of 79%.

At the same time the company's balance sheet continued to strengthen with net cash increasing by $149 million in FY17 and close to $700 million in year-end available liquidity. Quarterly net operating cash flow of $84 million was generated while Beach benefitted from improved oil sales pricing from re-negotiated sale and purchase terms with the Cooper Basin JV.

Chief Executive Officer Matt Kay said Beach was well positioned to sustain activity and production levels over the coming years.

"The past 12 months has seen Beach continue to drive sustainable growth and we see that momentum continuing in the year ahead," Mr Kay said.

"We're embarking on a multi-year capital program to extract maximum long-term value from our core Cooper Basin acreage. This strategy will allow us to fully appraise the undeveloped reserve and prospective resource potential of the Basin.

"It was pleasing to see multiple field development projects undertaken during the quarter.

"The Bauer facility expansion was commissioned with first well connections now scheduled in Q1 FY18. The Middleton gas compression project was also commissioned which contributed to a 68% production increase for the asset.

"In FY18, we plan to commence producing from more than 20 cased and suspended wells. We also plan to participate in up to 78 wells in FY18, representing an increase of 35% on FY17.

"These activities as well as various optimisation and expansion projects are expected to offset a natural field decline and maintain production levels in FY18. Increased exploration drilling will help sustain production and activity beyond this timeframe. Active exploration and appraisal drilling with full-year rig schedules this year provides confidence to target at least 100% replacement of produced reserves through to year end FY19."

Capital expenditure in the order of $220 million – $260 million is expected in FY18 with two-thirds of discretionary spend targeting projects with internal rates of return greater than 60%.

Production for FY18 is expected to be in the range of 10.0 – 10.6 MMboe.