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Beach Energy to deliver benefits as Drillsearch merger now effective

1 March 2016

Beach Energy is pleased to announce that its merger with Drillsearch is effective today 1 March and Drillsearch is now a subsidiary of Beach.

All Drillsearch shares have been acquired by Beach and the Scheme of Arrangement, which sets out how the two companies will integrate, can now be implemented.

Acting Chief Executive Officer Neil Gibbins said Beach will now deliver the range of merger synergies and benefits that focus on cost reductions and portfolio optimisation.

“Work has already commenced on creating the optimal organisational structure to deliver our strategic objective of future growth,” Mr Gibbins said.

“We anticipate our executive and management teams will be in place during March 2016 with rationalisation of positions within the organisation largely completed by the end of April 2016.

“We expect to close the Drillsearch Sydney office by the end of FY16 and we anticipate that a large proportion of the expected \$20 million in synergies will be realised in FY17.

“Operationally the benefits to Beach and its shareholders of this transaction are exciting.

“We now have full ownership of our flagship ex PEL 91 and PEL 106 acreage and Beach is now Australia’s largest onshore oil producer by a significant margin.

“We have also expanded our gas and gas liquids footprint, particularly in the prospective Patchawarra Trough.

“Beach’s dominant Cooper Basin footprint has been enhanced and high graded, and has increased by 19,000 square kilometres to a gross area of more than 69,000 square kilometres.

“The next immediate step will be to undertake a detailed technical review of our acreage as we develop our FY17 budget and capital expenditure program.

“The sustained low oil price environment has presented challenges to the industry for some time. We have always said that with these challenges come opportunities.

“This transaction with the host of benefits that it will deliver to our shareholders is an example of such an opportunity.

“Beach’s strong financial position, as outlined last week in our FY16 half year results, our operational efficiencies and our eye for growth opportunities demonstrate that the company is well placed to continue to navigate through the current low oil price environment,” he said.

Effective today, Beach’s Board composition will change to include former Drillsearch Chairman Mr Jim McKerlie and Director Mr Phillip Bainbridge as Non-executive Directors.

Ms Belinda Robinson and Mr Robert Cole have resigned from the Board and Beach thanks them for their past contributions.