

29 October 2018

Ref: #055/18

Key Highlights

Quarterly revenue reaches \$514 million; drives \$152 million free cash flow

- Strong production performance in conjunction with a 6% increase in realised oil price drove a standout quarter for Beach, recording \$514 million of revenue.
- \$152 million of free cash flow was generated in the quarter.

Production driven by high facility reliability and strong customer demand

- Production increased 7% to 7.8 MMboe with improved facility performance and strong seasonal gas demand.
- Sales volumes increased 9% to 8.3 MMboe, primarily due to higher production volumes.
- Sales revenue increased 9% to \$514 million, driven by the higher sales volume and higher realised oil price (\$109.9/bbl).

FY19 production, underlying EBITDA trending towards upper end of guidance range

- Beach has approved another drilling rig to accelerate drilling activity in the Western Flank and is supportive of Santos adding a 4th rig to the Cooper Basin JV.
- FY19 production is expected to be towards the upper end of the guidance range of 25 – 27 MMboe following the strong start to the year and contribution from the additional rigs.
- FY19 underlying EBITDA guidance is also expected to be towards the upper end of the guidance range of \$1.05 – 1.15 billion, driven by the strong production outlook.
- FY19 capital expenditure guidance remains unchanged at \$440 – 520 million.

20% net gearing target reached 9 months early, on track to be debt-free within 12 months

- Net gearing was 20% at 30 September, achieved more than 9 months ahead of our original target of < 25% by the end of FY19, announced at the time of the Lattice acquisition.
- Liquidity remains strong at \$664 million after the early repayment of \$250 million of debt.
- Higher production and commodity price outlook, a firm control of costs, and the expected proceeds from the Otway Sale puts Beach on track to be debt-free within 12 months. This is 2 years ahead of our original target, announced at the time of the Lattice acquisition.

Continued high drilling success rates; early Bauer appraisal success

- Beach participated in 29 wells in the quarter, achieving an overall success rate of 83%.
- Subsequent to quarter-end, oil appraisal well Bauer Northeast-1 successfully delineated an extension of the Bauer Field. Beach will undertake further appraisal drilling ahead of re-mapping the field to identify future development well locations.

Beach sells 40% stake in Victorian Otway interests; WA-359-P farm-in agreement progresses

- Subsequent to quarter-end, Beach announced an agreement to sell 40% of its Victorian Otway interests, which includes its producing gas fields, Enterprise and Artisan exploration prospects and the Otway Gas Plant, to O.G. Energy for \$344 million in cash (“Otway Sale”). For further information refer to “Subsequent events” in this report and ASX Release #047/18 dated 5 October 2018.
- Subsequent to quarter-end, satisfaction of conditions precedent in Beach’s WA-359-P farm-in agreement with Cue Energy has progressed. Agreements have been executed, paving the way for work to commence on preparations for drilling the Ironbark prospect, which could potentially be drilled in H2 FY20.

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Snapshot

	September Q1 FY18	June Q4 FY18	September Q1 FY19	Qtr on Qtr Change
Production (MMboe)	2.55	7.23	7.76	7%
Sales Volumes (MMboe)	2.88	7.60	8.26	9%
Sales Revenue (\$ million)	178	471 ¹	514¹	9%
Realised Oil Price (\$/bbl)	77.6	103.2 ¹	109.9¹	6%
Realised Sales Gas/Ethane Price (\$/GJ)	6.4	6.6	6.7	1%
Net Cash/(Debt) (\$ million)	230	(639)	(486)	24%
Free Cash Flow (\$million)	43	149	152	2%

Comments from Chief Executive Officer, Matt Kay

Beach Energy Chief Executive Officer Matt Kay said “Beach’s performance in Q1 FY19 has set the company up for a strong year.

“We’ve recorded a 7% increase in production on the previous quarter, sales volumes were up 9% and, for the first time, our quarterly revenue hit more than half-a-billion dollars,” Mr Kay said.

“Higher output during a period of stronger commodity prices helped our revenues to reach \$514 million, up 9% on the prior quarter.

“With quarterly free cash flow of \$152 million, our net debt has been reduced to \$486 million and net gearing was 20% at the end of the quarter, well ahead of the net gearing target of < 25% by the end of FY19 announced at the time of the Lattice acquisition.

“Operationally, our facilities operated with an average reliability of 96.7% across the portfolio, versus 94.3% average through FY18. We also had an excellent quarter from a Health, Safety and Environment (HSE) perspective.

“Positive drilling results at Bauer (via the successful appraisal well at Bauer Northeast-1) and our desire to increase output at a time of higher commodity prices has underpinned our decision to add another rig in the Western Flank by the end of FY19.

“We are also pleased to support Santos’ decision to retain a fourth drilling rig in the Cooper Basin JV through all of calendar year 2019.

“Our investor day at the end of September provided Beach with an opportunity to run through our five-year outlook, including the Company targets of production increasing to 30 – 36 MMboe² by FY23 and generating more than \$2.6 billion in cumulative free cash flow.

“After the end of the quarter we were pleased to announce we have entered into an agreement to sell a 40% stake in our Victorian Otway assets to O.G. Energy for \$344 million cash. We are fully aligned in our objective of accelerating development of our undeveloped reserves.

“The combination of higher production output, increased commodity prices and proceeds from the Otway Sale means Beach is on track to be debt free within 12 months – a remarkable achievement considering net gearing was 33% at the end of January this year. Our expectations at the time of the Lattice acquisition was to be net cash by the end of FY21, meaning we are 2 years ahead of schedule.”

¹ Includes the impact of \$10 million and \$12 million in realised hedging losses in Q4 FY18 and Q1 FY19, respectively.

² Five year production target provided at the investor day was 34 – 40 MMboe, which was subsequently adjusted to 30 – 36 MMboe on 5th October following the announcement of the proposed Otway Sale. Refer to ASX announcement Ref: #048/18 for more information.

FY19 guidance

The following table summarises our FY19 guidance:

Item	FY19 guidance	Comment
Production (MMboe)	25 – 27	Trending toward upper end
Capital Expenditure (\$ million)	440 – 520	Unchanged
DD&A (\$ million)	395 – 445	Trending toward upper end
Underlying EBITDA (\$ billion)	1.05 – 1.15	Trending toward upper end

Beach reaffirms FY19 guidance, noting the strong start to FY19 combined with the addition of 2 more drilling rigs in the Cooper Basin means the company is trending towards the upper end of current guidance ranges for production, DD&A and underlying EBITDA. FY19 capital expenditure guidance remains unchanged at \$440 – 520 million.

Financial

Sales volumes

Quarterly sales volumes of 8,263 kboe were 9% higher than the prior quarter. Oil and condensate sales volumes were down for the quarter due to timing of shipments. Sales gas and ethane sales volumes were higher, driven by higher production.

		Sales volumes			
		September Q1 FY18	June Q4 FY18	September Q1 FY19	Qtr on Qtr Change
Oil (kbbl)	Own Product	1,290	1,515	1,443	(5%)
	Third Party	153	324	285	(12%)
	Total Oil	1,443	1,838	1,727	(6%)
Sales Gas and Ethane (PJ)	Own Product	6.1	26.8	31.0	16%
	Third Party	0.1	(0.1)	0.1	242%
	Total Gas	6.2	26.7	31.1	17%
LPG (kt)	Own Product	20	62	70	12%
	Third Party	1	(1)	(0)	(100%)
	Total LPG	20	61	70	14%
Condensate (kbbl)	Own Product	214	696	631	(9%)
	Third Party	4	3	1	(62%)
	Total Condensate	218	699	632	(10%)
Total Oil and Gas Sales (kboe)		2,883	7,602	8,263	9%
Total – Own Product (kboe)		2,703	7,297	7,958	9%
Total – Third Party (kboe)		180	305	305	0%

Note: Figures and ratios may not reconcile to totals throughout the report due to rounding.

Sales revenue

Total sales revenue of \$514 million was 9% higher than the prior quarter driven by higher sales volumes and marginally higher average realised pricing across all products. Average realised oil price was 6% higher at \$109.9/bbl. Average realised sales gas and ethane pricing was 1% higher at \$6.7/GJ, with higher pricing realised under the east coast gas supply agreements (+2.3% on prior quarter) partly offset by lower realised pricing in New Zealand due to additional quantities sold in excess of legacy contracted volumes.

Sales revenue (\$ million)				
	September Q1 FY18	June Q4 FY18	September Q1 FY19	Qtr on Qtr Change
Oil	112	190 ³	190⁴	0%
Sales Gas and Ethane	39	176	207	18%
LPG	12	40	54	35%
Condensate	15	66	63	(4%)
Sales Gas and Gas Liquids	66	282	324	15%
Total Oil and Gas revenue	178	471	514	9%
Total – Own Product	166	440 ³	480⁴	9%
Total – Third Party	12	31	34	8%
Average realised prices				
	September Q1 FY18	June Q4 FY18	September Q1 FY19	Qtr on Qtr Change
All Products (\$/boe)	61.7	62.0³	62.2⁴	0%
Oil (\$/bbl)	77.6	103.2 ³	109.9 ⁴	6%
Sales Gas and Ethane (\$/GJ)	6.4	6.6	6.7	1%
LPG (\$/tonne)	566.2	653.3	776.0	19%
Condensate (\$/bbl)	67.6	93.6	99.3	6%

³ Includes the impact of \$10 million in realised hedging losses in Q4 FY18. Excluding the impact of hedging losses, the average realised oil price was \$108.8/bbl and the average realised price of all products was \$63.4/boe.

⁴ Includes the impact of \$12 million in realised hedging losses in Q1 FY19. Excluding the impact of hedging losses, the average realised oil price in the quarter was \$116.6/bbl and the average realised price of all products was \$63.6/boe.

Capital expenditure

Total capital expenditure was \$68 million, 10% down on the June quarter. Capital expenditure is expected to increase through the remainder of FY19 driven by the phasing of the FY19 work program, with Otway drilling and a 3rd Western Flank rig expected to commence operations in late FY19.

Capital expenditure (\$ million)				
	September Q1 FY18	June Q4 FY18	September Q1 FY19	Qtr on Qtr Change
Exploration and Appraisal	10	17	13	(21%)
Development, Plant and Equipment	36	59	55	(7%)
Total	46	76	68	(10%)

Liquidity

Beach ended the quarter with net debt of \$486 million, comprising drawn debt of \$700 million and cash reserves of \$214 million. During the quarter Beach retired \$250 million of debt, which will result in interest cost savings. With undrawn revolving credit facilities of \$450 million, Beach has total liquidity of \$664 million at the end of the quarter.

Material cash flows for the quarter were operating cash flow of \$227 million (which included working capital outflows of \$66 million), net investing cash flow of \$75 million partly offset by proceeds from a property sale of \$21 million, and the \$23 million payment of the FY18 final dividend.

Liquidity (\$ million)				
	September Q1 FY18	June Q4 FY18	September Q1 FY19	Qtr on Qtr Change
Cash Reserves	230	311	214	(97)
Drawn Debt	-	(950)	(700)	250
Net Cash/(Debt)	230	(639)	(486)	153
Undrawn Facilities	500	450	450	-

Capital structure

Beach's capital structure as at 30 September 2018 is set out below. The change in fully paid ordinary shares reflects the vesting of executive short term incentive rights with an equal reduction in unlisted employee rights.

Capital structure			
	June Q4 FY18	September Q1 FY19	Qtr on Qtr Change
Fully Paid Ordinary Shares	2,276,570,218	2,277,030,477	460,259
Unlisted Employee Rights	6,623,901	6,163,642	(460,259)

Hedging

Beach uses a range of instruments to protect against downside oil price scenarios. The following hedges were in place as at 30 September 2018.

Hedges (Brent)					
	3-way Collar A\$40-90- 105/bbl	3-way Collar A\$40-90- 100/bbl	3-way Collar A\$40-103- 113/bbl	3-way Collar A\$55-100- 110/bbl	Total Hedged Volumes
FY19	90,000	292,500	450,000	1,650,000	2,482,500
FY20	-	-	-	-	-
Total	90,000	292,500	450,000	1,650,000	2,482,500

Operations

Production

Production (net to Beach)				
	September Q1 FY18	June Q4 FY18	September Q1 FY19	Qtr on Qtr Change
Total Oil (kbbbl)	1,316	1,546	1,550	0%
Sales Gas and Ethane (PJ)	5.8	26.9	29.4	9%
LPG (kt)	15	63	72	13%
Condensate (kbbbl)	124	554	597	8%
Total Sales Gas and Gas Liquids (kboe)	1,237	5,687	6,214	9%
Total Production (kboe)	2,553	7,233	7,764	7%

Quarterly production of 7,764 kboe was 7% (531 kboe) higher than the prior quarter. Oil production was flat, with higher production from Cooper Basin JV offsetting natural field decline in Western Flank oil. Sales gas and gas liquids production was 9% higher, driven by high seasonal demand in Victoria, continued high customer nominations in New Zealand and high facility reliability.

The following provides production by reporting segment. Reporting segments are:

- SAWA - South Australia and Western Australia;
- Victoria; and
- New Zealand

SAWA production

Consisting of Cooper Basin and Perth Basin.

Cooper Basin production (net to Beach)					
	September Q1 FY18	June Q4 FY18	September Q1 FY19	Qtr on Qtr Change	
Total Oil (kbbl)	1,316	1,546	1,550	0%	
Sales Gas and Ethane (PJ)	5.8	9.7	9.8	1%	
LPG (kt)	15	26	29	11%	
Condensate (kbbl)	124	209	230	10%	
Total Sales Gas and Gas Liquids (kboe)	1,237	2,086	2,145	3%	
Total Production (kboe)	2,553	3,632	3,695	2%	
Q1 FY19 Cooper Basin production detail (net to Beach)					
	Oil (kbbl)	Sales Gas and Ethane (PJ)	LPG (kt)	Condensate (kbbl)	Total (kboe)
Western Flank Oil (ex PEL 91) (Beach 100%)	832 <i>(6%)</i>	-	-	-	832 <i>(6%)</i>
Western Flank Oil (ex PEL 92) (Beach 75% and operator, Cooper Energy 25%)	174 <i>(7%)</i>	-	-	-	174 <i>(7%)</i>
Western Flank Oil (ex PEL 104 / 111) (Beach 40%, Senex 60% and operator)	114 <i>(12%)</i>	-	-	-	114 <i>(12%)</i>
Western Flank Gas (ex PEL 91 and 106) (Beach 100%)	-	1.7 <i>5%</i>	12 <i>50%</i>	90 <i>41%</i>	474 <i>18%</i>
Cooper Basin JV (Various non-operated interests)	396 <i>31%</i>	8.0 <i>(1%)</i>	16 <i>(8%)</i>	140 <i>(3%)</i>	2,039 <i>3%</i>
Other producing permits (Various non-operated interests)	35 <i>(10%)</i>	0.2 <i>252%</i>	0 <i>(4%)</i>	1 <i>(53%)</i>	63 <i>29%</i>
Total production (kboe)	1,550	1,688	242	215	3,695

Quarter-over-quarter movement shown in italics.

Commentary:

- Total Cooper Basin production of 3,695 kboe was 2% higher than the prior quarter.
- Western Flank sales gas and ethane production increased by 5% as the new Middleton Gas Plant export line was successfully commissioned, increasing raw gas processing capacity to 35 - 38 MMscfd. LPG and condensate production also increased by 50% and 41% respectively as a result of the increased throughput capacity. Two new gas well connections from Coalinga-1 and Webb-1 will be completed in Q2 FY19.
- Western Flank oil production was lower by 6% and 7% in Beach-operated ex PEL 91 and ex PEL 92, respectively, due to natural decline. Oil development activity continued in ex PEL 91 with Bauer-27 and -28 successfully drilled and brought online subsequent to quarter end.
- Production from Senex-operated ex PEL 104/111 was 12% lower due to natural decline. Successful oil exploration wells, Breguet-1 and Snatcher North-1 (see "Drilling summary") are expected online in Q2 FY19.

- Cooper Basin JV continues to perform strongly, up 3% quarter-over-quarter. Gross daily average oil production was 12.7 kbbl, 43% higher than the prior quarter driven by strong performance from the recently connected Watkins oil wells. Gross daily average gas and gas liquids production was 51.1 kboe, unchanged from the prior quarter.

Perth Basin production (net to Beach)			
	June Q4 FY18	September Q1 FY19	Qtr on Qtr Change
Sales Gas and Ethane (PJ)	1.2	1.1	(14%)
LPG (kt)	0	0	0%
Condensate (kbbl)	1	0	(37%)
Total Production (kboe)	213	184	(14%)

Perth Basin production represents Beharra Springs (Beach 67% and operator, Mitsui 33%) and Waitsia (Beach 50%, Mitsui 50% and operator).

Commentary:

- Beach's Perth Basin production is approximately 66% from Beharra Springs and 34% from Waitsia.
- Production from the Perth Basin was down on the prior quarter due to a planned outage to complete plant compression modifications (to facilitate higher production rates) and unplanned downtime due to maintenance requirements at the Beharra Springs facility.

Victoria production

Consisting of offshore Otway Basin and Bass Basin.

Otway Basin production (net to Beach)			
	June Q4 FY18	September Q1 FY19	Qtr on Qtr Change
Sales Gas and Ethane (PJ)	10.5	12.8	23%
LPG (kt)	16	21	31%
Condensate (kbbl)	118	150	27%
Total Production (kboe)	2,048	2,530	24%

Otway Basin production represents Otway gas project (Beach 100%) and HBWS (Beach 100%).

Commentary:

- Reported production was up 24% (482 kboe) quarter over quarter underpinned by high seasonal customer nominations and high facility reliability
- Gross average daily production from the Otway Basin was up 26% quarter-over-quarter to approximately 160 TJe/day.

Bass Basin production (net to Beach)			
	June Q4 FY18	September Q1 FY19	Qtr on Qtr Change
Sales Gas and Ethane (PJ)	2.9	2.2	(23%)
LPG (kt)	9	7	(20%)
Condensate (kbbbl)	96	75	(21%)
Total Production (kboe)	667	515	(23%)

Bass Basin production represents BassGas Project (Beach 53.75% and operator).

Commentary:

- Reported production from the Bass Basin was down 23% (152 kboe) quarter-over-quarter, in most part due to accounting for the acquisition of Toyota Tsusho's 11.25%, which was accounted for in the June quarter (108 kboe).
- Gross average daily production from the Bass Basin was down 9% quarter-over-quarter to approximately 61 TJe/day due to natural field decline.

New Zealand production

Consisting of Taranaki Basin.

Taranaki Basin production (net to Beach)			
	June Q4 FY18	September Q1 FY19	Qtr on Qtr Change
Sales Gas and Ethane (PJ)	2.6	3.4	31%
LPG (kt)	13	15	18%
Condensate (kbbbl)	130	141	9%
Total Production (kboe)	673	840	25%

Taranaki Basin production represents Kupe Gas Project (Beach 50% and operator, Genesis 46% and NZOG 4%).

Commentary:

- Reported production of 840 Kboe was 25% higher as Beach's share of gross gas production increased to 51% from 44% last quarter.
- Gross average daily production from the Kupe Gas Project was up 12% quarter-over-quarter to approximately 105 TJe/day positively impacted by high facility reliability, liquids optimisation and continued high customer nominations.

Drilling summary

Well name	Basin / area	Wells drilled			Beach %	Well status
		Target	Type			
Bagundi-7	SA Cooper	Gas	Dev.		33.40%	C&S
Big Lake-144	SA Cooper	Gas	Dev.		33.40%	C&S
Big Lake-145	SA Cooper	Gas	Dev.		33.40%	C&S
Big Lake-146	SA Cooper	Gas	Dev.		33.40%	C&S
Big Lake-147	SA Cooper	Gas	Dev.		33.40%	C&S
Kidman North-5	SA Cooper	Gas	Dev.		33.40%	P&A
Kidman-11	SA Cooper	Gas	Dev.		33.40%	C&S
Kidman-12	SA Cooper	Gas	Dev.		33.40%	C&S
Moomba-217	SA Cooper	Gas	Dev.		33.40%	C&S
Moomba-218	SA Cooper	Gas	Dev.		33.40%	C&S
Moomba-219	SA Cooper	Gas	Dev.		33.40%	C&S
Moomba-220	SA Cooper	Gas	Dev.		33.40%	C&S
Coonaberry-4	Qld Cooper	Gas	App.		39.94%	C&S
Wackett-18	Qld Cooper	Gas	App.		39.94%	P&A
Aroona-2	SA Cooper	Gas	App.		33.40%	C&S
Moomba-229	SA Cooper	Gas	App.		33.40%	C&S
Aztec-1	Qld Cooper	Gas	Expl.		39.94%	C&S
Bearcat-1	Qld Cooper	Gas	Expl.		39.94%	C&S
Tillamook-1	Qld Cooper	Gas	Expl.		39.94%	C&S
Webb-1	SA Cooper	Gas	Expl.		100%*	C&S
Cocinero-9 DW1	Qld Cooper	Oil	Dev.		45%	C&S
Bauer-27	SA Cooper	Oil	Dev.		100%*	C&S
Bauer-28	SA Cooper	Oil	Dev.		100%*	C&S
Growler Northeast-1	SA Cooper	Oil	App.		40%	P&A
AgentSmith-1	Qld Cooper	Oil	Expl.		30%	P&A
Cogydd-1	Qld Cooper	Oil	Expl.		45%	P&A
Steggles-1	Qld Cooper	Oil	Expl.		30%	C&S
Breguet-1	SA Cooper	Oil	Expl.		40%	C&S
Snatcher North-1	SA Cooper	Oil	Expl.		40%	C&S

* Indicates Beach operated

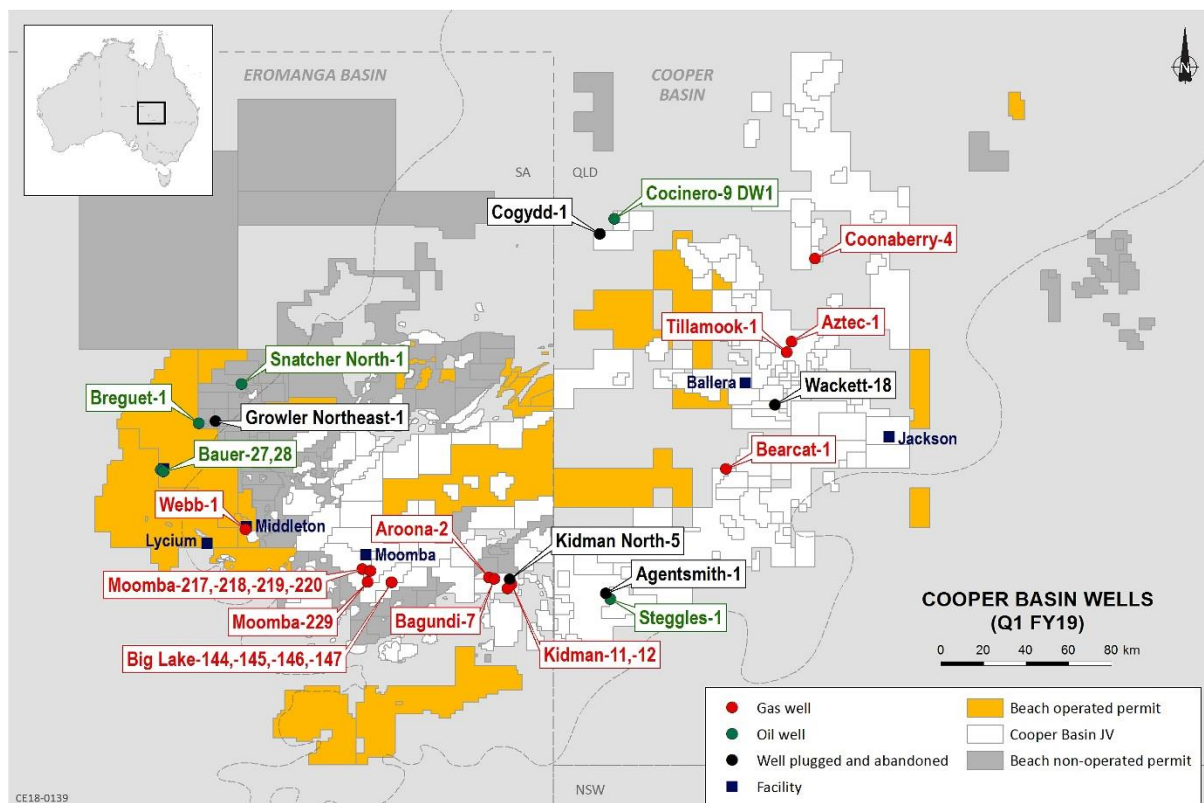
Well results summary						
Basin	Category	Wells Spudded	Rig Released	Successful Wells	Success Rate	Successful Wells
Cooper	Oil – Exploration	5	5	3	60%	Breguet-1; Snatcher North-1; Stegges-1
	Oil – Appraisal	1	1	0	-	
	Oil – Development	3	3	3	100%	Bauer-27, -28; Cocinero-9 DW1
	Gas – Exploration	4	4	4	100%	Aztec-1; Bearcat-1; Tillamook-1; Webb-1
	Gas – Appraisal	4	4	3	75%	Aroona-2; Coonaberry-4, Moomba-229
	Gas – Development	12	12	11	92%	Bagundi-7; Big Lake-144, -145, 146 - 147; Kidman-11, -12; Moomba-217, -218, -219, -220
Total Wells		29	29	24	83%	
All Exploration Wells		9	9	7	78%	
All Appraisal Wells		5	5	3	60%	
All Development Wells		15	15	14	93%	

Drilling highlights:

- Beach participated in 29 wells for the quarter at an 83% success rate (success defined as wells that are cased and suspended as future producers / injectors).
- Beach completed the second phase of its FY18/FY19 six-well operated gas exploration campaign focused on the Southwest Patchawarra and Permian Edge play fairways. The final well, Webb-1 was cased and suspended as a future producer. The FY19/20 gas program is scheduled to commence in Q3 FY19.
- The Beach-operated drill rig underwent scheduled maintenance during the quarter, before commencing the 10-well Bauer field limit appraisal and development campaign.
- The Bauer field limit appraisal and development campaign is to comprise two vertical oil development wells, four vertical oil appraisal wells and four horizontal oil development wells.
 - The two vertical development wells, Bauer-27 and -28 were cased and suspended. Subsequent to quarter-end, the wells were completed and connected and are producing. The wells also obtained critical depth control data for the upcoming horizontal drilling program.
 - The first two field limit appraisal wells, Bauer Northwest-1 and Bauer Northeast-1 were drilled subsequent to quarter end. Bauer Northwest-1 came in below the oil water contact and defined the northwest extent of the field. As planned, the well was cased and suspended for potential in-wellbore seismic studies to further resolve the Greater Bauer structure.

- Bauer Northeast-1 intersected the top of the McKinlay 8.4 metres high to prognosis and 6.3 meters above the oil water contact, extending the field limit to the northeast. As with Bauer Northwest-1, the well was cased and suspended initially for in-wellbore seismic studies to better define the structure of the field and will be converted to a production well once study work is completed.
 - The rig will move to drill Bauer Southeast-1 and Bauer Southwest-1 in Q2 FY19.
- Senex commenced its FY19 operated drilling campaign with success at oil exploration wells, Breguet-1 and Snatcher North-1 which were cased and suspended as future producers and are expected online in Q2 FY19. These wells, and the Growler Northeast-1 well, were funded by Beach as part of a \$43 million free-carry commitment transferred to the Senex-operated Western Flank ex PEL 104 and 111 permits, as outlined in the March 2018 quarterly report (ref: #025/18 dated 24th April 2018).
- 23 Cooper Basin JV wells were drilled during the quarter, as the fourth rig commenced operations in August. CBJV highlights included:
 - 12 gas development wells drilled at 92% success rate with a focus on the Moomba and Big Lake fields.
 - 100% gas exploration success from three wells.
 - Oil exploration success at Steggles-1 in Queensland.

Cooper and Eromanga basins



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2018 Investor Briefing

Beach hosted an investor briefing on 27 September 2018. The briefing was attended by institutional investors and equity analysts in Sydney and also live webcast for general viewing from the Beach website. The recording of the webcast can be viewed from the Beach website at Investor centre/Webcasts.

Contracted gas price increase negotiated with Origin Energy

Following completion of the acquisition of Toyota Tsusho's 5% Interest in the Otway Gas Project announced on 26 June 2018, Beach and Origin Energy Retail Limited agreed by good faith negotiation, in accordance with the market price review provisions of the gas sales agreement, an increase to the contract price for the sale of gas from the 5% interest in the Otway Gas Project previously held by Toyota Tsusho.

Subsequent events

Beach to sell 40% interest in Victorian Otway assets

On 5 October 2018, Beach and Eyal Ofer's O.G. Energy Holdings Ltd. ("O.G. Energy"), a member of the Ofer Global group of companies, announced that they have entered into a binding agreement whereby O.G. Energy will acquire 40% of Beach's Victorian Otway assets for \$344 million in cash.

The sale will be effective from 1 July 2018 and completion is subject to customary conditions, including FIRB approval. Completion conditions are expected to be met by the end of Q3 FY19.

For further information, please refer to ASX Releases #047/18 and #048/18 dated 5 October 2018.

Release of Annual Report and notice of Annual General Meeting (AGM)

On 23 October 2018, Beach released its 2018 Annual Report, Corporate Governance Statement, Sustainability Report and notice of meeting in relation to the AGM. The AGM will be held on Friday, 23 November 2018 at 10.30am (Adelaide time). All documents can be found on Beach's website.

WA-359-P co-ordination agreement paves way for future BP entry and operatorship; Ironbark prospect potentially drilled as soon as H2 FY20

Beach's WA-359-P farm-in agreement with Cue Energy (Beach ASX Release #088/17 dated 29 November 2017) has progressed with the recent completion of key steps, as announced by Cue Energy and New Zealand Oil & Gas (NZOG) on 26 October 2018.

Firstly, NZOG has announced a farm-in agreement with Cue Energy whereby NZOG (via its wholly owned subsidiary NZOG (Ironbark) Pty Ltd) will acquire a 15% participating interest in WA-359-P and fund 17.85% of the well cost, which is subject to Cue Energy shareholder approval.

Secondly, BP Developments Australia (BP), Beach, NZOG and Cue Energy have entered into an Assignment and Joint Venture Coordination Agreement to co-ordinate each company's farm-in agreements and to agree an interim work program and budget which allows BP to undertake preliminary well planning activities for Ironbark-1 on behalf of the joint venture.

The outstanding conditions precedent to Beach's farm-in include: customary regulatory approvals for registration and title transfer and submission and approval of a suspension and extension for WA-359-P to allow sufficient time for the joint venture to plan and drill the Ironbark-1 well. Beach expects that all conditions precedent could be satisfied by the end of FY19 with the Ironbark-1 well potentially drilled as early as H2 FY20 (pending NOPTA approval of the S&E application).

As previously disclosed, provided all conditions precedent are satisfied, Beach will fund 25% of the well cost to earn 21% equity.

Assuming satisfaction of all conditions precedent, ownership interests in WA-359-P would be: BP 42.5%, Cue 21.5%, Beach 21% and NZOG 15%.

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Disclaimer and other information

Conversions			
Product	Unit Conversion	Operation	Factor
Sales gas and ethane	PJ to MMboe	Multiply	0.17194
Condensate	MMbbl to MMboe	Multiply	0.935
LPG	Kt to MMboe	Multiply	0.008458
Oil equivalent	MMboe to PJ	Divide	0.17194

Comparable periods

Please note that FY18 results consolidate Lattice, Benaris and Toyota Tsusho assets from 1 January 2018. The full six months' contribution from the Toyota Tsusho assets is recorded in the June Q4 FY18 period.

Disclaimer

This ASX Release contains forward looking statements that are subject to risk factors associated with oil, gas and related businesses. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results or trends to differ materially, including, but not limited to: price fluctuations, actual demand, currency fluctuations, drilling and production results, reserve estimates, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, economic and financial market conditions in various countries and regions, political risks, project delays or advancements, approvals and cost estimates.

Underlying EBITDA (earnings before interest, tax, depreciation, amortisation, evaluation and impairment adjustments) is a non-IFRS measure that is presented to provide an understanding of the performance of Beach's operations. Underlying EBITDA excludes the impacts of asset disposals and impairments.

All references to dollars, cents or \$ in this announcement are to Australian currency, unless otherwise stated. References to "Beach" may be references to Beach Energy Limited or its applicable subsidiaries.

Certain FY19 planned activities are subject to joint venture approvals. References to planned activities beyond FY19 are subject to finalisation of work programs, government approvals, JV approvals and board approvals.

Assumptions

The outlook provided in this ASX Release is not guidance. The outlook is uncertain and subject to change. The outlook has been estimated on the basis of the following assumptions: 1. a US\$74.25/bbl Brent oil price in FY19; 2. 0.77 AUD/USD exchange rate in FY19; 3. various other economic and corporate assumptions; 4. assumptions regarding drilling results; and 5. expected future development, appraisal and exploration projects being delivered in accordance with their current expected project schedules. These future development, appraisal and exploration projects are subject to approvals such as government approvals, joint venture approvals and board approvals. Beach expresses no view as to whether all required approvals will be obtained in accordance with current project schedules.

Glossary

\$	Australian dollars	MMboe	Million barrels of oil equivalent
bbl	Barrels	MMscfd	Million standard cubic feet of gas per day
BassGas Project	Producing assets: Beach 53.75% and op, Mitsui 35%, Prize 11.25%; Exploration permits: Beach 50.25% and op, Mitsui 40%, Prize 9.75% Includes the producing Yolla field, the BassGas pipeline and Lang Lang gas plant as well as separate retention leases over the Trefoil, Rockhopper and White Ibis discoveries.	NZOG	New Zealand Oil & Gas and its subsidiaries
Beach	Beach Energy Limited and its subsidiaries	O.G. Energy	O.G. Energy Holdings Limited., a member of the Ofer Global group of companies
Benaris assets / interests	Refers to 27.77% of Otway Gas Project, acquired by Lattice, as announced by Origin on 11 September 2017	Origin	Origin Energy Limited and its subsidiaries
boe	Barrels of oil equivalent – the volume of hydrocarbons expressed in terms of the volume of oil which would contain an equivalent volume of energy	Otway Gas Project	Consists of offshore gas fields, Thylacine and Geographe, the Thylacine Well Head Platform, Otway Gas Plant and associated infrastructure
C&S	Cased and suspended	P&A	Plugged and abandoned
Cooper Energy	Cooper Energy Ltd and its subsidiaries	PACE	Plan for Accelerating Exploration
Cooper Basin	Includes both Cooper and Eromanga basins	PEL	Petroleum Exploration Licence
Cooper Basin JV	Incorporates the Santos operated, SACB JVs and SWQ JVs	Prize	Prize Petroleum International
Ex PEL 91	PRLs 151 to 172 and various production licences	PJ	Petajoule
Ex PEL 92	PRLs 85 to 104 and various production licences	Q(1) (FY19)	(First) quarter of (FY19)
Ex PEL 104 / 111	PRLs 136 to 150 and various production licences	Qtr	Quarter
Ex PEL 106	PRLs 129 and 130 and various production licences	SACB JV	South Australian Cooper Basin Joint Ventures, which include the Fixed Factor Area (Beach 33.4%, Santos 66.6%) and the Patchawarra East Block (Beach 27.68%, Santos 72.32%)
Free cash flow	Defined as operating cash flow less capital expenditure (excluding acquisitions and divestments)	Santos	Santos Limited and its subsidiaries
FY(18)	Financial year (2018)	Senex	Senex Energy Limited and its subsidiaries
Genesis	Genesis Energy Limited and its subsidiaries	SWQ JV	South West Queensland Joint Ventures, incorporating various equity interests (Beach 30-52.2%)
GSA	Gas sales agreement	TJ	Terajoule
GJ	Gigajoule	TJe	Terajoule equivalent
H(1) (FY19)	(First) half year period (of FY19)	Toyota Tsusho	Toyota Tsusho Corporation and related parties
HBWS	100% Beach owned, Halladale, Blackwatch and Speculant fields in the offshore Otway Basin	Toyota Tsusho assets / interests	Refers to 5% of Otway Gas Project and 11.25% of BassGas Project. Refer Beach's announcement #098/17 of 21 December 2017.
kbbbl	Thousand barrels of oil		
kboe	Thousand barrels of oil equivalent		
kt	Thousand tonnes		
Kupe Gas Project	Beach 50% and op, Genesis 46%, NZOG 4% Consists of offshore Kupe gas field in the Taranki Basin, the Kupe offshore platform, Kupe gas plant and associated infrastructure.		
Lattice	Lattice Energy Ltd		
LPG	Liquefied petroleum gas		
Mitsui	Mitsui & Co., Ltd and its subsidiaries		
MMbbl	Million barrels of oil		