



ASX Announcement

FY20 Third Quarter Activities Report

Reference #014/20

Date 22 April 2020

Q3 FY20 production increases 8% to 6.9 MMboe, continued growth in Western Flank oil

- Western Flank oil production increased by a further 15% to 2.1 MMbbl, with gross operated Western Flank oil production averaging 22,400 BOPD through the quarter.
- Q3 FY20 sales revenue decreased by 7% relative to the prior quarter, due to the declining oil price through the end of the period, partly offset by higher realised gas prices.

Beach ends quarter in net cash position; Black Watch-1 well completed

- Beach had a net cash position of \$80 million at 31st March 2020 with access to \$530 million in liquidity.
- The Black Watch-1 well in the Victorian Otway Basin has been completed after intersecting the target Warre C reservoir in-line with pre-drill expectations. The well is expected to be tied into the Otway Gas Plant in the June 2020 quarter.
- As advised on 20 April 2020, subsequent to quarter end Beach has issued a termination notice to Diamond Offshore Inc in relation to the Ocean Onyx drill rig and is engaging in discussions to negotiate a new rig contract with Diamond; offshore drilling is now unlikely to commence until FY21.
- Subsequent to quarter end, the Haselgrove-4 well was successfully side tracked. The well is being completed as a production well and is expected to be tied into the nearby Katnook gas facility.

Review of FY21 work program underway, FY20 guidance maintained

- A review of proposed FY21 activities is underway, with Beach targeting a deferral of up to 30% of previously planned capital expenditure¹.
- FY20 guidance is unchanged, with underlying EBITDA expected at the lower end of the current range.

Snapshot

	March Q3 FY19	December Q2 FY20	March Q3 FY20	Qtr on Qtr Change	YTD
Production (MMboe) ²	7.23	6.41	6.94	8%	19.90
Pro forma production (MMboe) ²	6.43	6.41	6.94	8%	19.90
Sales Volumes (MMboe)	7.52	6.65	7.12	7%	20.53
Sales Revenue (\$ million)	470	462	431	(7%)	1,331
Realised Oil Price (\$/bbl)	104.2	105.9	74.0	(30%)	93.7
Realised Sales Gas/Ethane Price (\$/GJ)	7.0	7.0	7.6	8%	7.2

For further information contact the following on +61 8 8338 2833

Investor relations Nik Burns, Investor Relations Manager

Media Rob Malinauskas, Head of Corporate Affairs and Community Relations

¹ FY21 investment expenditure assumed in the 5 year Free Cash Flow outlook in the FY19 full year results presentation, dated 19th August 2019

² In FY19 Beach accounted for its Victorian Otway interests at 100% interest until 31 May 2019 and 60% thereafter. For comparison purposes with prior periods, pro forma production shows production based on 60% ownership of Victorian Otway for the entire comparison period.

Production increase punctuates strong Q3 Results for Beach Energy

Increased production and continued facility reliability have highlighted a strong third quarter for Beach Energy, despite the unprecedented global environment as a result of COVID-19 and oil price volatility.

Production for the March quarter was 6.94 MMboe, an eight percent increase on both the prior quarter and the prior corresponding period on a pro forma basis. Facility reliability averaged above 98 per cent for the quarter.

Beach Managing Director and Chief Executive Officer, Matt Kay said the strong operational result was a perfect example of the strength and resilience of Beach's workforce and asset portfolio.

"In a quarter in which global events have required us to reconfigure the way we go about our day-to-day operations, the entire Beach team has remained focussed on the job and delivered a good result," Mr Kay said.

"Our robust asset portfolio and operational capabilities combined with our extremely strong balance sheet, means Beach is well positioned to navigate the turbulent times being experienced across the globe.

"Despite this position of strength, we will continue to make prudent decisions in the interests of our shareholders, and as such we are reviewing proposed FY21 activities and are targeting a deferral of up to 30 per cent of previously planned capital expenditure."

Beach's production levels were 8 per cent higher than the prior quarter, and the domestic gas portfolio helped offset a 30 per cent decline in realised oil price, with total sales revenue only down 8 per cent on the prior quarter at \$431m.

Revenues from Beach's gas sales cover group operating and stay-in-business costs, meaning the company is highly resilient despite the oil price volatility.

On the operational front Mr Kay said the Black Watch-1 well in the Victorian Otway Basin had been completed after intersecting the target Warre C reservoir as prognosed, with tie-back expected in the June 2020 quarter.

"The successful drilling of the 7.2 kilometre Black Watch-1 well will increase gas supplies from the Otway Gas Plant once it is tied in over the coming weeks," Mr Kay said. "Our onshore to offshore program moves to the Enterprise-1 exploration well, which is expected to commence drilling in the second half of calendar 2020.

"Subsequent to quarter end, Beach made the decision to terminate its rig contract with Diamond Offshore. We have a good working relationship with Diamond and have commenced discussions regarding a new contract. Our preliminary assessment is that the offshore drilling program is unlikely to commence until FY21.

"In the Cooper Basin, Western Flank oil production increased by a further 15 per cent to 2.1 MMbbl, with gross operated Western Flank oil production averaging 22,400 BOPD through the quarter.

FY20 guidance

All FY20 guidance is unchanged from the prior update, released to the ASX on 27 March 2020, with FY20 underlying EBITDA now expected at the lower end of the current range.

Item	FY20 guidance range	Comment
Production	27 – 28 MMboe	Unchanged – lower end
Capital Expenditure	\$875 – 950 million	Unchanged – lower end
Underlying EBITDA	\$1.175 – 1.25 billion ³	Unchanged – lower end
DD&A	\$17 – 17.5 / boe	Unchanged – lower end

³ Underlying EBITDA is based on actual realised oil price in January and February 2020 of A\$100/bbl, with forecast Brent oil price of US\$30/bbl and 0.60 AUDUSD from March to June 2020.

Financial

Sales volume

Quarterly sales volume of 7,117 kboe was 7% higher than the prior quarter, with increases across all products underpinned by higher production and timing of shipments.

		March Q3 FY19	December Q2 FY20	March Q3 FY20	Qtr on Qtr Change	YTD
Oil (kbbl)	Own Product	1,591	2,060	2,241	9%	6,232
	Third Party	371	264	266	1%	795
	Total Oil	1,961	2,323	2,506	8%	7,027
Sales Gas and Ethane (PJ)	Own Product	26.7	19.8	20.1	2%	61.5
	Third Party	0.1	0.1	0.1	48%	0.3
	Total Gas	26.8	19.9	20.3	2%	61.9
LPG (kt)	Own Product	45	49	62	26%	163
	Third Party	0	0	0	100%	1
	Total LPG	45	49	62	27%	163
Condensate (kbbl)	Own Product	611	531	644	21%	1,587
	Third Party	1	1	1	(17%)	3
	Total Condensate	612	532	644	21%	1,590
Total Oil and Gas Sales (kboe)		7,522	6,650	7,117	7%	20,529
Total - Own Product (kboe)		7,133	6,368	6,825	7%	19,667
Total - Third Party (kboe)		389	282	292	4%	862

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

Sales revenue

Total sales revenue of \$431 million was 7% lower than the prior quarter as the decline in average realised price (-13%) more than offset higher sales volumes (+7%).

\$ million	March Q3 FY19	December Q2 FY20	March Q3 FY20	Qtr on Qtr Change	YTD
Oil	204	246	185	(25%)	658
Sales Gas and Ethane	188	140	155	11%	448
LPG	27	31	46	50%	101
Condensate	50	46	45	(2%)	124
Sales Gas and Gas Liquids	265	216	245	14%	673
Total Oil and Gas Revenue	470	462	431	(7%)	1,331
Total - Own Product	434	435	407	(6%)	1,252
Total - Third Party	36	27	24	(13%)	79

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

Average realised price

Average realised pricing across all products was \$60.5/boe, down 13% on the prior quarter. The decline was driven by the steep drop in oil price through March. Average realised oil price was \$74/bbl, 30% below the prior quarter after inventory revaluation adjustments for accrued sales. Actual oil sales finalised at Port Bonython within the March quarter realised an average price of \$93/bbl.

The average realised gas and ethane price of \$7.63/GJ was 8% higher than the prior quarter. Excluding a \$5.8 million annual true-up payment received during the quarter, the average realised gas price was \$7.34/GJ, 4% higher than the prior quarter, driven by contracted sales mix.

	March Q3 FY19	December Q2 FY20	March Q3 FY20	Qtr on Qtr Change	YTD
All products (\$/boe)	62.4	69.5	60.5	(13%)	64.8
Oil (\$/bbl)	104.2	105.9	74.0	(30%)	93.7
Sales Gas and Ethane (\$/GJ)	7.0	7.0	7.6	8%	7.2
LPG (\$/tonne)	603	624	740	19%	616
Condensate (\$/bbl)	81.2	86.2	69.7	(19%)	78.2

Capital expenditure

Third quarter capital expenditure was \$246 million, 17% higher than the prior quarter driven by Beach's participation in the Tawhaki-1 frontier exploration well in the quarter and continued ramp up in activities in the Victorian Otway Basin development and exploration program. FY20 YTD capital expenditure is \$670 million.

\$ million	March Q3 FY19	December Q2 FY20	March Q3 FY20	Qtr on Qtr Change	YTD
Exploration and Appraisal	21	63	78	24%	204
Development, Plant and Equipment	85	146	168	15%	466
Total	105	209	246	17%	670

Liquidity

Beach ended the quarter in an \$80 million net cash position, comprising drawn debt of \$60 million and total cash reserves of \$140 million. With \$390 million undrawn under the \$450 million committed revolving credit facility (with a maturity date of November 2022), Beach has liquidity of \$530 million at the end of the quarter.

Material cash flows for the quarter included:

- Operating cash flow of \$293 million, which included tax payments of \$37 million;
- Investing cash outflow of \$235 million; and
- Financing outflow of \$12 million which included a \$23 million dividend payment and lease payments (recognised as a financing cash flow as a result of AASB16 accounting treatment) of \$14 million, partly offset by \$25 million debt drawings.

\$ million	March Q3 FY19	December Q2 FY20	March Q3 FY20	Qtr on Qtr Change
Cash Reserves	156	95	140	45
Drawn Debt	(375)	(35)	(60)	(25)
Net Cash/(Debt)	(219)	60	80	20
Undrawn Facilities	200	415	390	(25)

Capital structure

Beach's capital structure as at 31 March 2020 is set out below.

	December Q2 FY20	March Q3 FY20	Qtr on Qtr Change
Fully paid ordinary shares	2,280,808,177	2,280,808,177	-
Unlisted employee rights	7,790,656	7,790,656	-

Hedging

As at 31 March 2020 Beach had no hedging in place.

Operations

Production (net to Beach)

Asset	Product	Units	March Q3 FY19	December Q2 FY20	March Q3 FY20	Qtr on Qtr Change	YTD
Total Production	Sales Gas	PJ	26.0	20.2	21.1	4%	63.3
	LPG	kt	58	48	54	13%	153
	Condensate	kbbbl	491	413	500	21%	1,324
	Oil	kbbbl	1,812	2,132	2,386	12%	6,486
	Total	kboe	7,234	6,407	6,943	8%	19,899
Cooper Basin JV	Sales Gas	PJ	7.8	8.8	9.7	10%	27.0
	LPG	kt	12	17	19	9%	49
	Condensate	kbbbl	117	167	210	25%	502
	Oil	kbbbl	422	326	301	(8%)	1,003
	Total	kboe	1,980	2,146	2,327	8%	6,527
Western Flank	Sales Gas	PJ	1.6	2.2	2.0	(13%)	6.4
	LPG	kt	8	11	10	(13%)	30
	Condensate	kbbbl	57	68	78	13%	207
	Oil	kbbbl	1,390	1,807	2,085	15%	5,483
	Total	kboe	1,784	2,352	2,576	10%	7,034
Other Cooper Basin¹	Sales Gas	PJ	0.2	0.1	0.0	(50%)	0.2
	LPG	kt	1	0	0	(50%)	1
	Condensate	kbbbl	8	1	0	(66%)	3
	Total	kboe	41	17	8	(51%)	46
SA Otway	Sales Gas	PJ	-	-	0.3	NM	0.3
	Condensate	kbbbl	-	-	0	NM	0
	Total	kboe	-	-	47	NM	47
Perth Basin²	Sales Gas	PJ	0.8	0.6	0.5	(26%)	1.9
	Condensate	kbbbl	0	0	0	(37%)	1
	Total	kboe	139	109	81	(26%)	330
Victorian Otway Basin²	Sales Gas	PJ	10.3	5.0	3.8	(23%)	14.7
	LPG	kt	17	6	7	5%	23
	Condensate	kbbbl	113	54	44	(18%)	163
	Total	kboe	2,015	961	756	(21%)	2,872
BassGas	Sales Gas	PJ	2.0	1.5	1.7	14%	4.4
	LPG	kt	6	5	5	18%	13
	Condensate	kbbbl	65	50	57	14%	145
	Total	kboe	458	341	390	15%	997
Kupe	Sales Gas	PJ	3.3	2.0	3.1	58%	8.4
	LPG	kt	15	9	14	58%	37
	Condensate	kbbbl	131	72	111	54%	302
	Total	kboe	816	481	758	58%	2,046

1 Other Cooper Basin comprises ex PEL 513/632 (Beach 40% non-operated) and PRL 135 Vanessa (Beach 43% non-operated). Tintaburra (Beach 40% non-operated) is now reported within Cooper Basin JV to align treatment with Beach's reserves reporting. Prior periods above are adjusted for this change.

2 In FY19 Beach accounted for its Victorian Otway interests at 100% until 31 May 2019 and 60% thereafter. In FY20 Beach accounted for its Beharra Springs interests at 67% until 30 November and 50% thereafter.

Group production

Q3 FY20 production of 6.9 MMboe was 8% higher compared to the prior quarter and 8% above the prior corresponding quarter (on a pro forma basis). Production growth was underpinned by a 12% increase in oil production to 2.4 MMboe (6.5 MMboe FY20 YTD).

On an asset basis, production growth continued in the Western Flank (+10%) and Cooper Basin JV (+8%) while Kupe production was up 58% with a full three months' production contribution and increased well deliverability after successful well intervention activity in the quarter. This was partially offset by lower output from Victorian Otway Basin (-21%) driven by planned shutdown activities in March, lower customer nominations and natural field decline.

SAWA

Cooper Basin

- Western Flank production was 2.6 MMboe, 10% higher than the prior quarter, driven by strong oil production, achieved despite wet weather in the Cooper Basin during the quarter.
- Gross average daily oil production from the Western Flank (operated and non-operated) was 25 kbbbl, up 14% on the prior quarter. Beach-operated assets (ex-PEL 91 and ex-PEL 92) contributed 22.4 kbbbl/d of gross average daily production culminating in the best ever quarter for Beach-operated oil.
 - Net to Beach-operated oil production increased 17% to 1,989 kbbbl, with ex-PEL 91 up 19% to 1,849 kbbbl and ex-PEL 92 up 1% to 139 kbbbl.
 - A total of eight new oil wells were brought online – six horizontal producers and two vertical producers.
 - Seven artificial lift projects were completed in the quarter which included an ESP installation at Bauer-39, Beach's longest McKinlay horizontal development well. Bauer-39 averaged approximately 2,900 bbl/d on ESP through March.
 - These new wells, artificial lift projects and other optimisation activities, saw Beach achieve gross oil production from its operated assets of 22.7 kbbbl/d in the final week of March.
 - At the end of the third quarter four key oil wells are awaiting connection.
 - Senex-operated oil production was down 15% to 96 kbbbl in ex-PEL 104/111.
- Beach's Western Flank gas and gas liquids production was 491 kboe, down 10% on the prior quarter, primarily due to unplanned compressor downtime.
- Cooper Basin JV production was 2,327 kboe, up 8% on the prior quarter with strong gas and gas liquids production, partly offset by lower oil output.

Perth Basin

- The Xyris gas facility remained shut in for the entire quarter, due to construction activity associated with Waitsia Stage 1 expansion.
- Perth Basin production in the March 2020 quarter was therefore from the Beharra Springs gas processing facility only.
- Net to Beach production was 81 kboe, 26% lower than the prior quarter, driven by the shut-in of the Xyris facility and the first full quarter reporting production from Beharra Springs at 50% interest after completion of the 17% farm out to MEPAU on 29 November 2019.

SA Otway Basin

- Production from the SA Otway was 47 kboe following the commencement of operations at the 10 TJ/day Katnook gas facility in February 2020.

Victoria (Victorian Otway Basin and BassGas)

- Victorian Otway Basin production was 756 kboe, down 21% on the prior quarter, due to a combination of planned shutdown activities in early March, lower customer nominations and natural field decline.
- BassGas production was 390 kboe, up 15% on the prior quarter driven by the commencement of the new GSA with Alinta, supported by higher facility reliability (four days of unplanned downtime in the quarter) and increased field deliverability following recent wireline intervention.

New Zealand (Kupe Gas Project)

- Kupe production was 758 kboe, up 58% on the prior quarter. Production in the prior quarter was impacted by a 30 day statutory shutdown in November 2019. Kupe deliverability was increased after well intervention activity undertaken in February 2020, which resulted in an uplift in production of 5-7 TJ/day.
- Plant reliability was 100% for the quarter.

Drilling Summary

Well name	Basin / area	Target	Type	Beach %	Well status
Balgowan-2	SA Cooper	Oil	App	100%*	C&S
Balgowan-3	SA Cooper	Oil	App	100%*	C&S
Balgowan-4	SA Cooper	Oil	App	100%*	C&S
Bauer-51	SA Cooper	Oil	Dev (hz)	100%*	C&S
Bauer-52	SA Cooper	Oil	Dev (hz)	100%*	C&S
Chiton-9	SA Cooper	Oil	Dev (hz)	100%*	C&S
Congony-5	SA Cooper	Oil	Dev (hz)	100%*	C&S
Kalladeina-6	SA Cooper	Oil	Dev (hz)	100%*	C&S
Kalladeina-7	SA Cooper	Oil	Dev (hz)	100%*	C&S
Kalladeina-8	SA Cooper	Oil	Dev (hz)	100%*	C&S
Kalladeina-9	SA Cooper	Oil	App	100%*	C&S
Butlers-13	SA Cooper	Oil	App	75%*	P&A
Glenelg North-1	SA Cooper	Oil	Exp	75%*	P&A
Parsons-9	SA Cooper	Oil	Dev	75%*	P&A
Rincon-2	SA Cooper	Oil	App	75%*	P&A
Rincon-3	SA Cooper	Oil	App	75%*	C&S
Sellicks South-1	SA Cooper	Oil	Exp	75%*	P&A
Bugito-3	SA Cooper	Oil	App	33.40%	C&S
Bugsy-1	SA Cooper	Oil	Exp	33.40%	P&A
Isoptera-2	SA Cooper	Oil	Dev	33.40%	C&S
Isoptera-3	SA Cooper	Oil	App	33.40%	C&S
Jena-24	SA Cooper	Oil	App	33.40%	C&S
Merchant-1	SA Cooper	Gas	Exp	33.40%	C&S
Moorari-19	SA Cooper	Gas	Dev	33.40%	C&S
Moorari-20	SA Cooper	Gas	Dev	33.40%	C&S
Pondrinie-19	SA Cooper	Gas	Dev	33.40%	Drilling ahead
Seccante-3	SA Cooper	Oil	App	33.40%	C&S
Seccante-4	SA Cooper	Oil	App	33.40%	C&S
Seccante-5	SA Cooper	Oil	App	33.40%	C&S
Seccante-6	SA Cooper	Oil	App	33.40%	C&S
Seccante-7	SA Cooper	Oil	App	33.40%	C&S
Ulandi-11	SA Cooper	Oil	App	33.40%	P&A
Barrolka North East-5	Qld Cooper	Gas	Dev	39.94%	P&A
Cooroo North West-3	Qld Cooper	Oil	Dev	38.50%	Drilling ahead
Cooroo North West-4	Qld Cooper	Oil	App	38.50%	P&A

Durham Downs North-8 (Hz)	Qld Cooper	Gas	Dev	39.94%	C&S
Durham Downs West-1	Qld Cooper	Gas	Exp	39.94%	P&A
Hera-5	Qld Cooper	Gas	Dev	39.94%	C&S
Hera-6	Qld Cooper	Gas	Dev	39.94%	C&S
Jarrar-6	Qld Cooper	Oil	Dev	38.50%	C&S
Jarrar-7	Qld Cooper	Oil	App	38.50%	C&S
Jarrar-8	Qld Cooper	Oil	Dev	38.50%	C&S
Toltec-1	Qld Cooper	Gas	Exp	39.94%	C&S
Ute-1	Qld Cooper	Gas	Exp	39.94%	C&S
Haselgrove-4 DW1	SA Otway	Gas	App	100%*	Drilling ahead
Tawhaki-1	Great South Basin	Gas/Oil	Exp	30%	P&A
Black Watch-1	Vic Otway	Gas	Dev	60%*	Drilling ahead

* Indicates Beach-operated ^ Indicates spudded in prior quarter

Basin	Category	Wells Spudded	Rig Released	Successful Wells	Success Rate
Cooper	Oil – Expl.	3	3	0	0%
	Oil – App.	17	18	14	78%
	Oil – Dev.	11	11	10	91%
	Gas – Expl.	3	4	3	75%
	Gas – App.	-	-	-	na
	Gas – Dev.	6	6	5	83%
SA Otway	Gas – App.	1	-	-	na
Vic- Otway	Gas – Dev.	1	-	-	na
Great South Basin	Gas – Expl.	1	1	0	0%
Total Wells		43	43	32	74%
All Exploration Wells		7	8	3	38%
All Appraisal Wells		18	18	14	78%
All Development Wells		18	17	15	88%

Drilling highlights:

Beach participated in 43 wells where drilling operations were completed – 42 in the Cooper Basin and one in the Great South Basin, New Zealand – at a success rate of 74% (success defined as a well cased and suspended or completed as a future producer or water injector). Four wells were drilling ahead at quarter-end, including the Black Watch-1 development well in the Victorian Otway Basin.

Highlights of the Beach-operated Cooper Basin drilling program included:

- In the Western Flank, seven horizontal oil development wells were successfully drilled across the Bauer, Congony, Chiton and Kalladeina fields in ex PEL 91, including Chiton-9 which is Beach's first horizontal well drilled into the high deliverability Namur formation.
- Appraisal drilling was highlighted by 100% success rate in the three-well Balgowan oil appraisal campaign, with two cased and suspended as McKinlay producers and the third as a Birkhead producer.
- Beach participated in two oil exploration wells in ex PEL 92, with both Glenelg North-1 and Sellicks South-1 plugged and abandoned.

At quarter-end, Beach had two operated wells drilling ahead. The Haselgrove-4 DW1 gas appraisal well in the South Australian Otway Basin and the Black Watch-1 gas development well in the Victorian Otway Basin (see Subsequent Events for updates).

In the non-operated Cooper Basin JV, Beach participated in 25 wells in the quarter, 10 gas wells and 15 oil wells, at a success rate of 80%. Highlights included:

- The oil appraisal and development campaigns which saw 12 wells cased and suspended across the Seccante, Isoptera, Bugito, Jena and Jarrar oil fields in South Australia and Queensland.
- Successful horizontal gas development well at Durham Downs North and successful two-well gas development campaigns on the Hera Field in Queensland and Moorari Field in South Australia.
- Four gas exploration wells drilled at a 75% success rate, adding new fields at Merchant in South Australia and Toltec and Ute in Queensland.

Beach participated in the frontier exploration well Tawhaki-1 (OMV 52.93% and operator, Beach 30%, Mitsui E&P Australia 17.07%) in the Great South Basin, offshore New Zealand. No hydrocarbons were present in the target reservoir and the well was plugged and abandoned.

Corporate and Commercial

Cooper Basin JV agree new six-year sales agreement with Qenos

On 30 January, Cooper Basin JV partners Beach and Santos announced the extension of ethane gas supply to Qenos, Australia's sole manufacturer of polyethylene and leading supplier of world-class polymers.

The sales agreement runs from 1 January 2020 to 31 December 2025 and is expected to supply up to 15 petajoules of ethane per annum. The ethane required by Qenos is processed via a dedicated facility at the Moomba Gas Plant.

Victorian Otway Basin contract repricing update

During the quarter Beach and Origin Energy commenced the contractual gas price review process under the Gas Sales Agreements (GSAs) between the Victorian Otway Joint Venture (Beach and OGOG Energy) and Origin Energy. The gas price review has been referred to arbitration for determination. The gas price under the GSAs will remain at current levels until the arbitration process is complete, with a revenue adjustment made for any gas sold between 1 July 2020 and the finalisation of the arbitration process.

Business Update

On 27 March, Beach provided a business update (ASX Release #012/20). Key points from the release were:

- Beach has taken rapid and decisive action in response to the lower oil price environment
- While Beach's strong balance sheet means the company is well placed to continue growth investment, recognising the current downturn, the company is targeting up to a 30% deferral in FY21 capital investment relative to its prior planning⁴
- Revenues from Beach's gas business cover all group operating and stay-in-business costs, i.e. projected FY21 free cash flow break even oil price is less than US\$0/bbl before growth investment⁵
- Beach crude oil sells at a material premium to Brent - a declining Australian dollar provides a further buffer against lower US dollar oil prices
- More than 97% of forecast East Coast gas sales in FY20/21 is expected to be sold under term contract, with less than 25% of these volumes oil-linked
- FY20 underlying EBITDA guidance lowered to \$1.175 – 1.250 billion (circa 8% below the midpoint of prior guidance), reflecting the lower oil price environment
- FY20 production, capital expenditure and DD&A guidance unchanged, with the company now guiding toward the lower end of the range for each metric
- Following the oil price downturn, Beach is also reviewing its 5 Year Outlook, which is currently planned to be released after the FY20 full year results

⁴ FY21 investment expenditure assumed in the 5 year Free Cash Flow outlook in the FY19 full year results presentation, dated 19th August 2019

⁵ Assumes oil production is shut in at zero oil price, reducing tolls and tariff expenses

Subsequent Events

Black Watch-1 and Enterprise-1 update

The Victorian Otway campaign commenced with the Black Watch-1 development well (Beach 60% and operator) located in permit VIC/L1(V). The well has been completed after intersecting gas-bearing reservoirs in the Warre C and Warre A formations in-line with pre-drill expectations and is expected to be tied into the Otway Gas Plant in the June 2020 quarter.

Drilling operations on the onshore-to-offshore Enterprise-1 exploration well is expected to commence in the first half of FY21.

Offshore Victorian drilling update

On 20 April 2020 (ASX Release #013/20) Beach advised it had issued the Ocean Onyx rig operator Diamond Offshore Drilling Inc. ("Diamond") with a notice of termination for the Ocean Onyx rig contract.

The semi-submersible Ocean Onyx rig arrived in Victorian state waters in mid-April for commencement of the Victorian Otway Basin offshore drilling campaign. As the arrival date was later than had been agreed and specified in the rig contract, Beach exercised its right to terminate the agreement. The rig had not yet been accepted by Beach and therefore whilst some preliminary start-up costs have been incurred, the company's spend to date is not material.

Beach has a good working relationship with Diamond and its other service providers. All parties are engaging in discussions with regard to the future operations of the Ocean Onyx rig and the Victorian Otway Basin offshore drilling campaign, with a view to agreeing a new contract in due course. This process will take into consideration executing the drilling campaign during the COVID-19 epidemic and associated restrictions. Beach's preliminary assessment is that offshore drilling is unlikely to commence until FY21, with the exact timing to be agreed as part of any new contracting process.

Haselgrove-4 DW1 update

In permit PPL62 (Beach 100%) in the South Australian Otway Basin, conventional gas appraisal well Haselgrove-4 DW1 was successfully side tracked. The well was subsequently cased and suspended as a future Sawpit Sandstone producer. Haselgrove-4 is located ~4 kilometres from the new 10 TJ/day Katnook Gas Processing Facility.

Authorisation, disclaimer and other information

Authorisation

This release has been authorised for release by Matt Kay, Managing Director and CEO of Beach Energy.

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

Comparable periods

In FY19 Beach accounted for its Victorian Otway interests at 100% until 31 May 2019 when the Otway Sale completed and 60% thereafter.

In FY20 Beach accounted for its Beharra Springs interests at 67% until 30 November and 50% thereafter.

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.

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 FY20 planned activities are subject to joint venture approvals. References to planned activities beyond FY20 are subject to finalisation of work programs, government approvals, JV approvals and board approvals.

Assumptions

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	MMscfd	Million standard cubic feet of gas per day
BassGas	The BassGas Project (Beach 53.75% and operator, MEPAU 35%, Prize Petroleum International 11.25%), produces gas from the offshore Yolla gas field in the Bass Basin in production licence T/L1. Beach also holds a 50.25% operated interest in licences TR/L2, TR/L3, TR/L4 and TR/L5	NZ	New Zealand
bbl	Barrels	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
Beharra Springs	Beharra Springs (Beach 50% and operator, Mitsui 50%) produces gas from the onshore Beharra Springs gas field in the Perth Basin in production licences L11 and L22	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	Other Cooper Basin	Other Cooper Basin producing permit areas are ex PEL 513/632 (Beach 40%, Santos 60% and operator) and PRL 135 (Vanessa) (Beach 43%, Senex 57% and operator)
C&S	Cased and suspended	Otway Sale	Sale of 40% of Beach's Victorian Otway interests to O.G. Energy (for additional information please refer to ASX announcement Ref: #047/18)
Cooper Energy	Cooper Energy Ltd and its subsidiaries	P&A	Plugged and abandoned
Cooper Basin	Includes both Cooper and Eromanga basins	PEL	Petroleum Exploration Licence
Cooper Basin JV	The Santos operated, SACB JVs and SWQ JVs and ATP 299 (Tintaburra) (Beach 40%, Santos 60% and operator),	PL	Petroleum Lease
EP	Exploration Permit	PRL	Petroleum Retention Licence
Ex PEL 91	PRLs 151 to 172 and various production licences. Beach 100%	Prize	Prize Petroleum International
Ex PEL 92	PRLs 85 to 104 and various production licences. Beach 75% and operator, Cooper Energy 25%.	PJ	Petajoule
Ex PEL 104 / 111	PRLs 136 to 150 and various production licences. Beach 40%, Senex 60% and operator.	Q(2) (FY20)	(Second) quarter of (FY20)
Ex PEL 106	PRLs 129 and 130 and various production licences. Beach 100%.	Qtr	Quarter
Ex PEL 513	PRLs 191 and 206 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%)
Ex PEL 632	PRLs 131 to 134 and various production licences	Santos	Santos Limited and its subsidiaries
EBITDA	Earnings before interest tax depreciation and amortisation	Senex	Senex Energy Limited and its subsidiaries
FY(20)	Financial year (2020)	SWQ JV	South West Queensland Joint Ventures, incorporating various equity interests (Beach 30-52.2%)
Genesis	Genesis Energy Limited and its subsidiaries	TJ	Terajoule
GSA	Gas sales agreement	Victorian Otway Basin	Produces gas from licences VIC/L1(v) and VIC/P42(v) which contain the Halladale, Black Watch and Speculant near shore gas fields and licences VIC/L23, T/L2 and T/L3 which contain the Geographe and Thylacine offshore gas fields. Beach also holds non-producing offshore licences.
GJ	Gigajoule	Waitsia	Waitsia Gas Project (Beach 50%, MEPAU 50% and operator) produces gas from the onshore Waitsia gas field in the Perth Basin in licence L1/L2.
H(1) (FY20)	(First) half year period of (FY20)	Western Flank Gas	Comprises gas production from ex PEL 91 and 106. Both Beach 100%.
kbbl	Thousand barrels of oil	Western Flank Oil	Comprises oil production from ex PEL 91 (Beach 100%), ex PEL 92 (Beach 75% and operator, Cooper Energy 25%) and ex PEL 104/111 (Beach 40%, Senex 60% and operator)
kboe	Thousand barrels of oil equivalent		
kt	Thousand tonnes		
Kupe	Kupe Gas Project (Beach 50% and operator, Genesis 46%, NZOG 4%) produces gas from the offshore Kupe gas field in the Taranaki Basin in licence PML38146		
Lattice	Lattice Energy Ltd		
LPG	Liquefied petroleum gas		
MEPAU	Mitsui E&P Australia		
Mitsui	Mitsui & Co., Ltd and its subsidiaries		
MMbbl	Million barrels of oil		
MMboe	Million barrels of oil equivalent		