

Quarterly Report

Period ending 31 December 2013

HIGHLIGHTS

OPERATIONS

- Quarterly production of 2.5 MMboe, 1% up on the previous quarter, mainly due to record oil production
- Quarterly sales volumes of 2.8 MMboe, 4% down, mainly due to a reduction in gas demand, partly offset by record oil sales
- Record quarterly total revenue of \$287 million, 6% up, mainly due to record oil sales, continued strong A\$ Brent oil price and increased realised price across all products
- Total half year production of 4.9 MMboe, 25% up on the previous corresponding period (PCP), underpinned by record half year oil production
- Record half year sales volumes of 5.6 MMboe, 23% up on PCP
- Record half yearly sales revenue of \$557 million, 62% up on PCP
- Participation in 32 wells with a success rate of 90%

CORPORATE

- Increase in shareholding of Cooper Energy to 18.4%

SUBSEQUENT EVENTS

- Appraisal well success with Chiton-3 in PEL 91 and Spitfire-4 in PEL 104
- Snubbing unit expected on site early February to facilitate preparations for gas flows from a number of wells in the Nappamerri Trough Natural Gas project
- FY14 production guidance range increased to 9.2 – 9.6 MMboe
- FY14 capital expenditure guidance range increased to \$450 – \$500 million

FINANCIAL

- Strong balance sheet with cash reserves of \$404 million and available debt facility of \$300 million undrawn

	Dec 2012 Quarter	Sep 2013 Quarter	Dec 2013 Quarter	Qtr on Qtr Change	YTD
Production (kboe)	1,844.2	2,456.3	2,479.7	1%	4,936.0
Sales (kboe)	2,022.2	2,866.1	2,755.3	(4%)	5,621.4
Revenue (\$ million)	173.0	270.4	286.8	6%	557.2
Oil Price (\$ per bbl)	111.1	128.1	129.8	1%	129.0
Cash (\$ million)	342.6	401.8	404.3	1%	404.3

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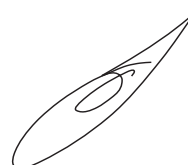
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30 January 2014

Ref: #004/14

OPERATIONS

PRODUCTION

Total net production was 2.5 MMboe, up 1% on the previous quarter. The continued strong result was driven by record operated oil production of 0.9 MMbbl.

The majority of the 1.3 MMbbl total oil production was from the Western Flank. This confirmed the ability of this acreage to deliver continued strong production, with additional fields soon to be tied-in.

Western Flank net oil production averaged 10,650 bopd, up 3% on the previous quarter. The Lycium to Moomba pipeline remained at maximum available capacity for the quarter, with 83% of oil transported via flowlines and the remainder trucked into Moomba.

Cooper Basin – operated

PEL 91

Record gross oil production of 1.2 MMbbl (471 kbbl net to Beach) was 5% higher than the previous quarter. The expectation is that production will continue to be strong with the connections of the Bauer-9, -10, -11 and Chiton-2 wells in Q1 2014. This will be complemented by the completion of the second phase of the Bauer facility expansion, success at Chiton-3 (refer Subsequent Events), and drilling for the remainder of the year.

PEL 92

Gross oil production of 528 kbbl (396 kbbl net) was up 7% when compared with the previous quarter. The re-perforation of Callawonga-8 and the connections of Callawonga-9, Butlers-7 and -8 and Windmill-2 wells resulted in an average gross production rate of 5,750 bopd for the quarter.

PEL 106B

Gross production of 270 kboe (135 kboe net) was down 10% on the previous quarter due to natural field decline, combined with lost production due to downtime at Moomba.

Cooper Basin – non-operated

PEL 104/111

Gross oil production of 413 kbbl (165 kbbl net) from the Senex operated permits was up 3% on the previous quarter.

SACB JV and SWQ JVs

Sales gas and ethane production was 2% lower than the previous quarter due to a higher level of planned field and plant maintenance activities. Gas production capacity continued to be added during the quarter with 29 new gas wells brought on line, compared to 16 in the previous quarter. LPG production of 12.5 tonnes was down 4% and condensate production of 110.8 kbbl up 8%, due to fluctuation in liquids yields.

PRODUCTION		Dec 2012 Quarter	Sep 2013 Quarter ¹	Dec 2013 Quarter ²	Qtr on Qtr Change	YTD
Oil (kbbl)	Cooper & Eromanga Basins	823.7	1,278.3	1,318.0	3%	2,596.3
	Egypt ³	28.3	18.4	14.3	(22%)	32.7
	Williston Basin ⁴	2.9	–	–	–	–
	Total Oil	854.9	1,296.7	1,332.3	3%	2,629.0
Sales Gas and Ethane (PJ)	Cooper Basin	4.8	5.5	5.4	(2%)	10.9
LPG (kt)	Cooper Basin	9.8	13.1	12.5	(4%)	25.6
Condensate (kbbl)	Cooper Basin	81.4	102.6	110.8	8%	113.4
TOTAL OIL AND GAS (kboe)		1,844.2	2,456.3	2,479.7	1%	4,936.0

¹ Final reconciled production figures

² Preliminary data for Santos operated areas

³ Egyptian production now recognised on a net entitlement basis as opposed to an equity basis

⁴ USA interests divested

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The pad drilled wells in the Cowralli field are producing gas from the Patchawarra Formation. Currently there are 13 of the 16 Cowralli pad wells on-line with the final three wells expected on-line in Q1 2014. The operator advises that capital cost savings of 25-30% were achieved during drilling and fracture stimulation when compared with non-pad activities. Further fracture stimulation is being planned to drive production rate improvements within these wells.

Egypt

Gross Egyptian oil production was 156 kbbbl (14 kbbbl net), split between North Shadwan (NS377 and NS385 fields), which produced 4 kbbbl (net) and 10 kbbbl (net) from Abu Sennan.

SALES

Record oil sales volumes were primarily the result of Western Flank production, higher third party sales and favourable timing of shipments. Nine shipments were delivered during the quarter, compared to six the previous quarter, delivering oil sales volume growth of 11%, up to a record 1.8 MMbbl for the quarter.

Total sales volumes of 2.8 MMboe were down by 4% on the previous quarter, mainly due to:

- Sales gas and ethane down 22% due to lower demand; and
- LPG and condensate were down due to the timing of shipments; partly offset by
- Record oil sales volumes as detailed above.

SALES		Dec 2012 Quarter	Sep 2013 Quarter	Dec 2013 Quarter	Qtr on Qtr Change	YTD
Oil (kbbbl)	Cooper & Eromanga Basins – own product	859.6	1,258.2	1,368.6	9%	2,626.9
	Cooper & Eromanga Basins – third party	262.1	366.0	440.0	20%	806.0
	Total Cooper & Eromanga Basins	1,121.7	1,624.2	1,808.6	11%	3,432.9
	Egypt ¹	28.9	18.4	13.2	(28%)	31.6
	Williston Basin ²	1.8	(0.1)	–	(100%)	(0.1)
	Total Oil	1,152.4	1,642.5	1,821.8	11%	3,464.3
Sales Gas and Ethane (PJ)						
	Cooper Basin – own product	4.0	4.8	3.8	(21%)	8.6
	Cooper Basin – third party	0.0	0.8	0.5	(44%)	1.3
	Total Sales Gas and Ethane	4.0	5.6	4.3	(23%)	9.9
LPG (kt)						
	Cooper Basin – own product	7.6	13.8	12.5	(10%)	26.3
	Cooper Basin – third party	0.0	0.6	0.5	(15%)	1.0
	Total LPG	7.6	14.4	13.0	(10%)	27.3
Condensate (kbbbl)						
	Cooper Basin – own product	129.5	148.2	79.6	(46%)	227.8
	Cooper Basin – third party	1.2	5.8	4.8	(17%)	10.6
	Total Condensate	130.7	154.0	84.4	(45%)	238.4
TOTAL OIL AND GAS (kboe)		2,022.2	2,866.1	2,755.3	(4%)	5,621.4
Total – own product		1,767.3	2,347.0	2,226.5	(5%)	4,573.4
Total – third party		254.9	519.1	528.8	2%	1,048.0

¹ Egyptian sales now recognised on a net entitlement basis

² USA interests divested

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REVENUE

Record total revenue of \$286.8 million was up 6% on the previous record quarter, mainly due to:

- Increased oil sales volumes;
- A strong average realised oil price of A\$130 per bbl; and
- All products recording higher prices, with a record average price for all products of \$104 per boe.

REVENUE	Dec 2012 Quarter A\$000	Sep 2013 Quarter A\$000	Dec 2013 Quarter A\$000	Qtr on Qtr Change	YTD
Oil	128,073	210,445	236,426	12%	446,870
Sales Gas and Ethane	23,869	29,713	25,858	(13%)	55,571
LPG	7,763	12,970	14,367	11%	27,337
Condensate	13,276	17,310	10,119	(42%)	27,429
Gas and Gas Liquids	44,908	59,993	50,344	(16%)	110,337
TOTAL OIL AND GAS	172,981	270,438	286,770	6%	557,207
Total – own product	144,072	218,660	226,800	4%	445,460
Total – third party	28,909	51,778	59,970	16%	111,747

AVERAGE REALISED PRICE	Dec 2012 Quarter A\$000	Sep 2013 Quarter A\$000	Dec 2013 Quarter A\$000	Qtr on Qtr Change	YTD
All products (A\$/boe)	85.5	94.4	104.1	10%	99.1
Oil (A\$/bbl)	111.1	128.1	129.8	1%	129.0
Sales Gas & Ethane (A\$/GJ)	6.0	5.3	6.0	12%	5.6
LPG (A\$/t)	1,021.5	903.2	1,109.0	23%	1,000.8
Naptha (A\$/bbl)	101.6	112.5	119.9	7%	115.1

CAPITAL EXPENDITURE

December quarter capital expenditure increased by 58% over the previous quarter, primarily due to:

- Development capital increase due to higher levels of infill development drilling and infrastructure spend on the Moomba facility; and
- A greater level of exploration and appraisal drilling activity in higher equity acreage as well as the recommencement of fracture stimulation in PEL 218.

CAPITAL EXPENDITURE	Dec 2012 Quarter A\$ million	Sep 2013 Quarter A\$ million	Dec 2013 Quarter A\$ million	Qtr on Qtr Change	YTD
Exploration and Appraisal	73.8	32.7	46.0	41%	78.8
Development, Plant and Equipment	63.6	58.6	98.3	68%	156.9
TOTAL	137.4	91.3	144.3	58%	235.7

DEVELOPMENT

AUSTRALIA – Cooper/Eromanga Basins

Operated

PEL 92/PPL 220

(Beach 75%, Cooper Energy 25%)

Three development wells were drilled, all of which were successfully completed and currently producing oil. The Butlers-7 well was drilled to a total depth of 1,445 metres, approximately 200 metres north of Butlers-6. The well was proposed as a development well to improve oil recovery from the northern part of the field. The well intersected 5.4 metres of net oil pay in the Namur Sandstone reservoir, which was in-line with pre-drill expectations.

The Butlers-8 well was drilled to accelerate production from the crestal area of the Butlers field, about 200 metres east of Butlers-1. Butlers-8 was drilled to a total depth of 1,650 metres and intersected 6.4 metres of net oil pay within the Namur Sandstone reservoir, also in-line with pre-drill expectations.

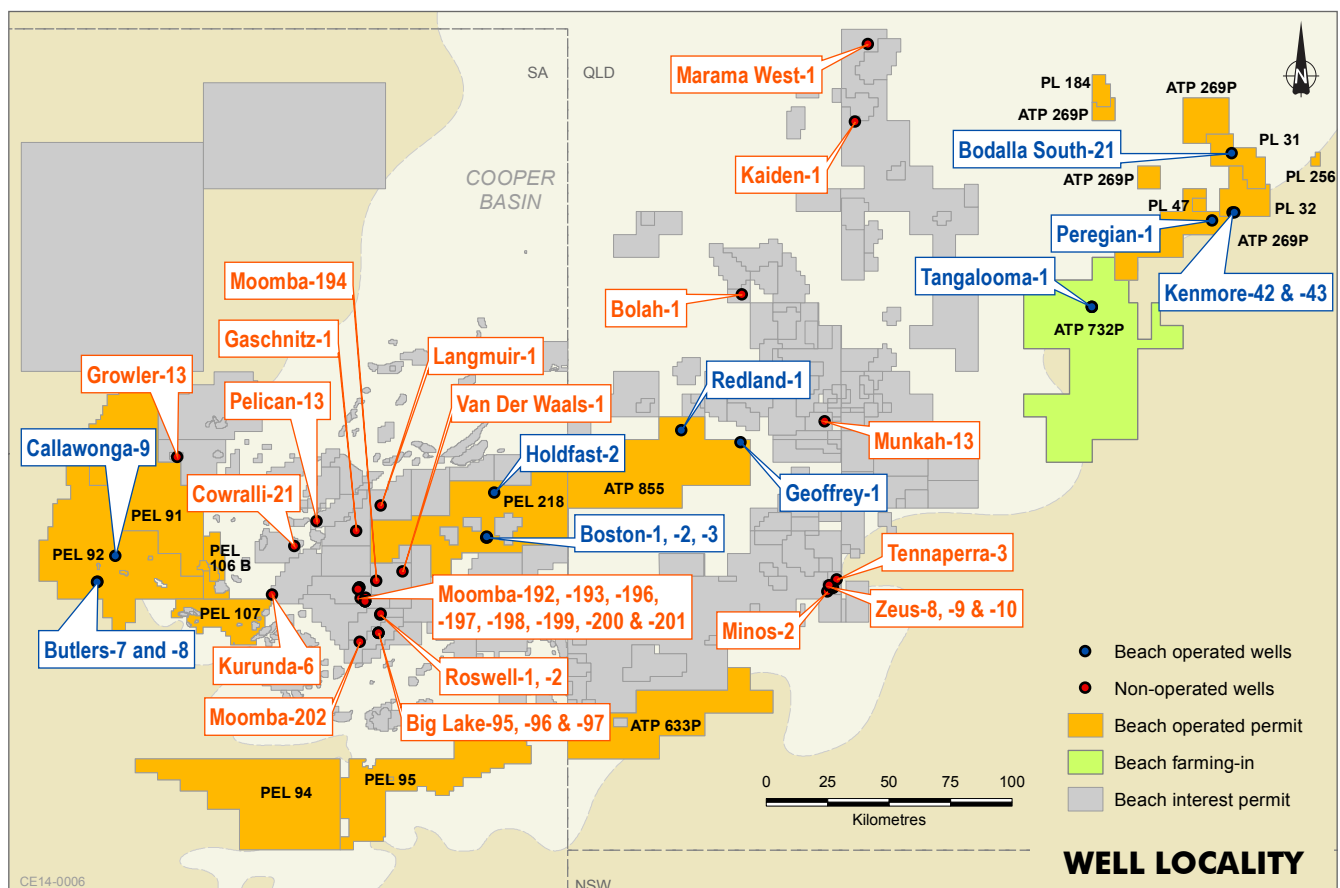
The Callawonga-9 well was drilled 350 metres south of Callawonga-2 to improve recovery from the south eastern flank of the field. Callawonga-9 was drilled to a total depth of 1,704 metres, and intersected a six metre oil column, including 4.1 metres of oil pay within the highly productive Namur Sandstone reservoir.

Butlers-7, -8, and Callawonga-9 were all connected to existing production facilities and producing oil at ~700 bpd (gross) since mid-December.

PEL 91

(Beach 40%, Drillsearch 60%)

No development wells were drilled, however, two wells are scheduled to commence drilling within the Bauer field in February 2014. The upcoming program will consist of one appraisal and one development well, which is designed to optimise oil production by maintaining production and pipeline capacity, as well as increase oil-in-place estimates of the field.



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Kenmore/Bodalla

(Beach 100%)

Located in south west Queensland in the Cooper Basin, the Kenmore and Bodalla fields have produced oil consistently over a thirty year period, with the fields currently producing at around 500 bopd. The Kenmore oil field is located within PL 32, and produces mainly from the Birkhead and Hutton Sandstone reservoirs. The Bodalla oil field is located in PL 31, and produces mainly from the Hutton Sandstone and Basal Jurassic reservoirs.

A three well oil development campaign commenced with the first well, Kenmore-42, drilled to a total depth of 1,557 metres at the southern end of the field. The well was plugged and abandoned after failing to intersect significant hydrocarbons. This was followed by Kenmore-43, which was drilled to 1,555 metres at the south eastern end of the field. The well was cased and suspended as a future Birkhead Formation oil producer, with approximately two metres of net oil pay. The final well in the program, Bodalla South-21, was a deviated development well drilled to 1,731 metres that targeted the crest of the field. The well intersected three metres of net oil pay within the Basal Jurassic Sandstone and was subsequently cased and suspended as a future oil producer.

Non-operated

Cooper Gas Growth

(Beach 20.21%, Santos 66.6%, Origin 13.19% unless otherwise noted)

Six Moomba North development wells were drilled, cased and suspended. These wells consisted of four wells on the Moomba North pad, Moomba-198, -199, -200 and -201, and two stand-alone conventional vertical wells, Moomba-196 and -197. The fracture stimulation of these wells, primarily targeting the Toolachee and Patchawarra Formations, will be undertaken in Q1 2014. Pending production results from these wells, a further 30 or more wells may be drilled with the expectation of corresponding conversion of contingent resource to reserves.

The Kurunda-6 conventional vertical well was drilled to a total depth of 2,523 metres and cased and suspended as a Patchawarra Formation gas producer. This well is expected to be on-line in Q1 2014.

The Pelican-13 conventional vertical well was drilled to a total depth of 2,708 metres and cased and suspended as a Toolachee and Patchawarra Formation gas producer. The well was fracture stimulated and is expected to be on-line in Q1 2014.

The five well Big Lake pad drilling program commenced with the drilling of the Big Lake-95 well to a total depth of 3,126 metres and Big Lake-96 to 2,997 metres. Both wells were cased and suspended as Toolachee, Daralingie, Epsilon, Patchawarra and Tirrawarra Formation gas producers. The Big Lake-97 well spudded on 31 December and reached a total depth of ~3,000 metres on 14 January. Contingent upon depletion identified within the Big Lake wells, the plan is to perforate the Toolachee, Daralingie and Epsilon Formations and to fracture stimulate the deeper Patchawarra and Tirrawarra Formations.

Queensland gas

The Munkah-13 (Beach 23.2%) well was drilled to a total depth of 2,388 metres. The well was completed as a Toolachee, Epsilon and Patchawarra Formation producer and brought on-line in December 2013 at an initial rate of 3.4 MMscfd.

Queensland oil

Drilling was completed in the five well Zeus-Minos-Tennaperra oil development campaign (Beach 30%, Santos 70%). The Zeus-8, -9 and -10, Minos-2 and Tennaperra-3 wells were all cased and suspended as future Birkhead Formation oil producers.

Egypt

Abu Sennan Concession

(Beach 22%, Kuwait Energy 50% and operator, Dover 28%)

El Salmiya-3 spudded on 8 November 2013 and at period end was at 3,714 metres in the Cretaceous Abu Roash Formation. The well is designed to appraise the oil discovery from July this year in the lower Cretaceous Kharita Formation. Secondary objectives are to appraise the Abu Roash and Bahariya Formation discoveries.

EXPLORATION

AUSTRALIA – Cooper/Eromanga Basins

Beach remains active in its recording and interpretation of 3D seismic data throughout the Cooper Basin. The Caseolus 3D seismic survey was completed in June and covered areas of PELs 91 and 92. The processing of the seismic data is 85% complete and is expected to be available for interpretation during Q1 2014.

The Irus 3D seismic survey, covering areas of PELs 91, 92, 106B and PRLA26, was completed and the data processed. Final data arrived in early January and is currently undergoing interpretation for prospects and leads, which are expected to be generated by Q2 2014.

The Nassarius 3D seismic survey in ATP 732 started in late November and was 15% complete at the end of the quarter. Recording of the survey is currently 40% complete and is expected to finish mid to late February.

Operated

Nappamerri Trough Natural Gas

PEL 218 (Beach 70%, Chevron 30%)

The Boston-3 horizontal well finished drilling in early December, with preparations underway to stimulate both the Boston-1 vertical well and the Boston-3 horizontal well in February/March. Post-stimulation, both wells are expected to commence flow testing in March. The previous 600 metre lateral section drilled in the Murteree Shale at Holdfast-2 was completed in 38 days. Incorporating the knowledge gained from Holdfast-2, drilling of the 1,000 metre lateral section in Boston-3 was completed in 12 days.

Recent success with a surface deployed monitoring array for micro-seismic monitoring, during the Holdfast-2 horizontal stimulation campaign, will see a repeat use of this technology during the stimulation of Boston-1 and Boston-3. This information will assist with designing longer term development spacing and well orientation.

The Holdfast-2 horizontal well was fracture stimulated in late November, with nine stimulation stages along the 600 metre Murteree Shale lateral. During completion operations, a piece of the setting tool sheared off inside the well bore and needs to be recovered prior to flow testing. The operation to recover the tool will be undertaken using a snubbing unit, due on site early February, after which the well will be available for flow testing.

The Dashwood-1 vertical well, located 11 kilometres to the south east of Nepean-1, was fracture stimulated over four

stages in the basal (lower) Patchawarra Formation. The flow test from this well is a strategic assessment of the flow characteristics of the basal units to assist in planning the next phase of exploration. The well is scheduled for a work-over immediately after Holdfast-2 to recover a downhole setting tool from the completion packer. Once recovered and the completion run, flow testing will commence on the well.

ATP 855

(Beach 46.9%, Icon 35.1%, Chevron 18%)

The Redland-1 vertical well, located approximately 18 kilometres north east of Keppel-1, reached a total depth of 3,804 metres subsequent to period end. Redland-1 is in a similar structural position to that of Keppel-1 and is specifically addressing the Toolachee and Daralingie Formations. The well is expected to be fracture stimulated after Geoffrey-1 in the second half of 2014. Following drilling of Redland-1, the Ensign 965 rig will move to the last well in the current phase of drilling, Etty-1, located approximately nine kilometres east of Halifax-1.

An up to four well fracture stimulation campaign of the Geoffrey-1, Redland-1, Etty-1 and Hervey-1 vertical wells is expected to commence in Q2 2014. Key target reservoirs have been identified in those wells drilled to date for specific zone fracture stimulation and flow tests. These tests are aimed at gathering information on the contribution from individual target zones, which will be a fraction of each well's capability.

ATP 269

(Beach 93.21%, Gidgealpa Oil 6.79%)

A two well exploration campaign in southwest Queensland commenced in December with the Peregrin-1 well. Located approximately eight kilometres south west of the Kenmore oil field, the well was designed to test the oil potential of the Jurassic strata. Peregrin-1 was drilled to a total depth of 1,560 metres and plugged and abandoned after failing to intersect hydrocarbons.

ATP 732

(Beach farming in to 50%, Bengal Energy 50%)

The Tangalooma-1 oil well, located on the eastern flank of the Cooper Basin in Queensland, was the first well of a two well exploration program. This program, along with the 300 km² Nassarius 3D seismic survey, are the farm-in commitments for ATP 732. It is anticipated that the 3D survey will be completed by the end of February. The prospects and leads generated from this survey will be used to optimise the second well in the program.

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The Tangalooma-1 well was drilled off existing 3D seismic data, with the primary objective being the Hutton Sandstone, a productive oil zone in multiple fields in this part of the Cooper Basin. The well failed to intersect significant hydrocarbons and was plugged and abandoned.

Non-operated

PPL 242

(Beach 40% and Senex Energy 60%)

A drilling campaign of at least four wells has commenced in the Growler area, with Growler-13 the first well in the campaign. The Growler-13 well is located to the north east of Growler-6 and intersected an oil-saturated Birkhead interval. The well was subsequently cased and suspended awaiting further evaluation.

SACB JV Unconventional gas

(Beach 20.21%, Santos 66.6%, Origin 13.19%)

REM

The REM exploration program is focused on the Roseneath Shale, Epsilon Formation, Murteree Shale and Patchawarra Formation. This program is being undertaken in the shallower areas of the Nappamerri Trough near existing infrastructure. Three projects have been initiated, namely Aurora, Roswell and Fortuna.

The Aurora project is comprised of the Moomba-192 vertical well and the Moomba-193 Murteree Shale horizontal well. Moomba-192 was drilled to a total depth of 2,980 metres in April 2013 and will be used as a monitoring well for down-hole micro-seismic during fracture stimulation of the Moomba-193 horizontal well. Moomba-193 is currently drilling ahead at ~2,700 metres, with a lateral in the Murteree Shale planned to be ~1,000 metres.

The Roswell project is comprised of the Roswell-1 vertical well and the Roswell-2 Roseneath Shale horizontal well. Roswell-1 was drilled to a total depth of 3,220 metres in December 2012 and fractured stimulated in a deep Patchawarra Formation coal, flowing gas at 0.4 MMscfd. Roswell-1 will be further stimulated at a later date in shallower horizons, which are yet to be determined. The Roswell-2 horizontal well was drilled to a total depth of 3,480 metres with a 550 metre lateral in the Roseneath Shale. Fracture stimulation of this section is planned for Q1 2014, which will be monitored using a surface micro-seismic array.

The Fortuna project is comprised of the Moomba-194 vertical well and Moomba-195 Murteree Shale horizontal well. Moomba-194 was drilled to a total depth of 3,368 metres in October 2013, with fracture stimulation undertaken over five stages in the Epsilon Formation, Murteree Shale and the Patchawarra Formation. The initial flow rates were 3.1 MMscfd, which declined to ~1.4 MMscfd prior to shut-

in of the well. The completion equipment for this well was installed with the well awaiting the installation of a flowline. This well has confirmed the extension of the Patchawarra Formation gas accumulation in the Moomba field, with the operator indicating the results are a step closer to commercialisation of the greater Nappamerri Trough.

The Moomba-195 horizontal well has been deferred while awaiting results from Moomba-193 and Roswell-2.

Basin Centred Gas

The Basin Centred Gas appraisal program is focused on gas accumulation through the entire Permian section, from the Toolachee Formation to the deeper Tirrawarra Sandstone.

Three vertical wells have been drilled to date, namely Langmuir-1, Gaschnitz-1ST1 and Van der Waals-1.

Langmuir-1 was cased and suspended after reaching a total depth of 3,825 metres in the Merrimelia Formation. The well has been fracture stimulated over 10 stages in sandstones and coals, from the Toolachee Formation to the Tirrawarra Formation. The well is currently cleaning up after which a flow rate will be advised.

Gaschnitz-1ST1 was fracture stimulated in the Tirrawarra, Patchawarra, Epsilon and Toolachee Formations. Gaschnitz-1ST1 was production tested for approximately two weeks post-stimulation. The well came on-line at an initial rate of ~1.5 MMscfd and declined to ~0.7 MMscfd. The well is currently shut-in awaiting appropriate equipment to run completion and continue the flow testing, which is expected in March 2014. A Gaschnitz production pilot, requiring the drilling of additional wells, is being considered for implementation during 2014.

The Van der Waals-1 well was planned for a nine stage fracture stimulation program. The initial two stages were placed and the third stage perforated (all three stages in the lower Patchawarra Formation). Further activity has been delayed by operational issues.

Queensland Conventional gas

The Marama West-1 gas exploration well located in ATP 259 (Beach 23.8%, Santos 61.2%, Origin 10%) was drilled to a total depth of 3,028 metres and cased and suspended as a Wimmera Sandstone Member, Paning Member, Toolachee Formation and Basement gas discovery.

Marama West -1 was the third well of a three well gas exploration program which included Bolah-1 and Kaiden-1. The Bolah-1 well was drilled to a total depth of 2,863 metres and cased and suspended as a Toolachee and Patchawarra gas discovery. The Kaiden-1 well was drilled to a total depth of 3,094 metres and cased and suspended as a Paning Member and Toolachee Formation gas discovery.

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AUSTRALIA – Otway Basin

PEL 495

(Beach 70% and operator, Cooper Energy 30%)

Subsequent to period end, the Jolly-1 vertical well spudded and is currently drilling ahead at ~2,200 metres. The well is the first of two wells being drilled in the Otway Basin to explore the potential of the shale and tight sandstone in the Lower Sawpit Shale and Casterton Formation within the Penola Trough. Both oil and gas are being targeted, with at least four cores to be cut and analysed for hydrocarbon content. Jolly-1 is expected to reach a total depth of 4,070 metres by the end of February and will be the deepest intersection of the target formations in the Otway Basin.

After Jolly-1, the rig will move to the second well in the program, Bungaloo-1, located five kilometres south east of the Jacaranda Ridge-2 gas production well.

TANZANIA

Lake Tanganyika South

(Beach 100%)

The farm-out process is continuing with a number of parties undertaking due diligence of the available information. It is expected that the farm-out process will be completed in the first half of 2014.

ROMANIA

Est Cobalcescu concession, Black Sea

(Beach 30%, Petroceltic Romania 40% and operator, Petromar Resources 30%)

The 01RX Cobalcescu South off-shore exploration well in Block EX-28 Est Cobalcescu was plugged and abandoned after intersecting minor gas shows in upper Miocene sediments.

WELL RESULTS

Beach participated in 32 oil and gas wells for the quarter, with an 90% success rate.

Area	Category	Wells spudded	Wells completed	Successful wells	Success Rate	Successful Well Name
Cooper Basin	Exploration – gas	2	2	2	100%	Kaiden-1, Marama West-1
	Unconventional exploration – gas ¹	4	4	4	100%	Geoffrey-1, Roswell-2, Redland-1, Boston-3 ³
	Exploration – oil	3	3	1	33%	Growler-13
	Development/ Appraisal – oil	11	11	10	91%	Bodalla South-21, Butlers -7 and -8, Callawonga-9, Kenmore-43, Minos-2, Tennaperra-3, Zeus-8, -9 and -10
	Development – gas ²	12	11	11	100%	Big Lake-95 and -96, Cowralli-21, Karunda-6, Moomba-196,-197,-198, -199, -200 and -201, Munkah-13
	Total	32	31	28	90%	

¹ Moomba-193 still drilling

² Big Lake-97 still drilling

³ Boston-3 spudded Q3 2013, completed Q4 2014

CORPORATE

Beach acquired a further 8.8% in Cooper Energy on market to take its holding to 18.4%. There is no current intention to make a takeover bid for the shares in the company.

SUBSEQUENT EVENTS

The Chiton-3 appraisal well in PEL 91 (Beach 40% and operator, Drillsearch 60%) was drilled on the northern end of the Chiton structure, 600 metres north of Chiton-2. The well reached a total depth of 1,788 metres on 12 January and intersected a 6.5 metre gross oil column, with 3.5 metres of net oil pay within the highly productive Namur reservoir. The success of this appraisal well is expected to enhance the field reserves and allow for infill development drilling. Chiton-3 was cased and suspended as a future McKinlay and Namur Sandstone oil producer.

The Spitfire-4 appraisal well in PEL 104 (Beach 40%, Senex Energy 60% and operator) was drilled 500 metres north of Spitfire-2, targeting an intra-Birkhead sand, the productive reservoir of the adjacent Growler field. Spitfire-4 intersected a 20.8 metre thick gross sand within the Birkhead Formation, with 13.8 metres of net oil pay. This is one of the best reservoir intersections from the Spitfire/Growler area, and gives encouragement for the play type to continue in the adjacent Beach operated PEL 91 permit, which lies 2.5 kilometres to the south and west of Spitfire-4.

In relation to the Cooper Basin Nappamerri Trough Natural Gas project, in PEL 218 (Beach 70% and operator, Chevron 30%) and ATP 855 (Beach 46.9% and operator, Chevron 18% and Icon Energy 35.1%), a snubbing unit is due to arrive on site early February. The snubbing unit will be utilised for fishing and completion operations, after which it is anticipated that a number of wells will commence flow testing.

Production and capital expenditure guidance for FY14 has been revised as follows:

- Production range increased from 8.7 – 9.3 MMboe to 9.2 – 9.6 MMboe. The increase is primarily due to strong production from the Western Flank, with flowlines remaining at maximum available capacity year to date.
- Capital expenditure range increased from \$420 – \$480 million to \$450 – \$500 million. The increase is primarily due to higher SACB JV development capital for the first half of the calendar year.

FINANCIAL INFORMATION

CASH AND EQUITY

The balance sheet remained strong with cash reserves of \$404 million at quarter end, a secured undrawn \$300 million loan facility and a \$20 million letter of credit facility. Cash increased by \$4 million during the quarter, mainly due to strong oil sales, slightly offset by capital and operating expenditure, the acquisition of Cooper Energy shares, and tax payments.

OIL HEDGING

The following hedges were entered into during the quarter:

- A\$65/bbl Brent crude oil put (floor) from July 2014 – June 2015 for 45,000 bbl/month

HALF YEAR RESULTS

The release of the half year results will be on 24 February 2014. It is anticipated that a financial update for the half year will be provided mid-February.

CAPITAL STRUCTURE	Sep 2013 Quarter	Dec 2013 Quarter	Qtr on Qtr Change
Fully paid ordinary shares	1,277,533,962	1,278,348,742	0%
Unlisted employee options	7,108,977	2,258,977	(68%)
Unlisted employee rights	11,303,261	12,980,225	15%

	OIL HEDGED AT			
Period	Brent floors			Total Hedged Volumes (bbl)
	Floor A\$55/bbl	Floor A\$60/bbl	Floor A\$65/bbl	
Remaining FY14	150,000	300,000	675,000	1,125,000
FY15	–	–	1,350,000	1,350,000
Total	150,000	300,000	2,025,000	2,475,000

GLOSSARY

\$	Australian dollars	GJ	Gigajoule
1P	Proved	kbbl	thousand barrels of oil
2P	Proved and probable	kboe	thousand barrels of oil equivalent
ATP	Authority to prospect	kt	thousand tonne
bbl	barrels	Kuwait Energy	Kuwait Energy Egypt Ltd
bcf	billion cubic feet	LNG	Liquefied natural gas
Beach	Beach Energy Limited	LPG	Liquefied petroleum gas
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. (For example, 1 BCF of gas equals approximately 0.18 million boe, the exact conversion being dependent on the gas composition)	MMbbl	Million barrels of oil
bopd	barrels of oil per day	MMboe	Million barrels of oil equivalent
BP	BP Exploration (Delta) Limited	MMscfd	Million standard cubic feet of gas per day
capex	Capital expenditure	NZOG	New Zealand Oil and Gas Ltd
Chevron	Chevron Exploration Australia 1 Pty Ltd	PEL	Petroleum exploration license
Cooper Energy	Cooper Energy Ltd	Petroceltic	Petroceltic Romania SA
Dover	Dover Investments Ltd	Petromar	Petromar Resources SA
Drillsearch	Drillsearch Energy Ltd	PJ	Petajoule
DST	Drill stem test	REM	Roseneath Shale, Epsilon Formation, Murteree Shale
EGPC	Egyptian General Petroleum Corporation	SACB JV	South Australian Cooper Basin Joint Venture
EPT	Extended production test	SWQ JVs	South West Queensland Joint Ventures
FY	Financial year	Tcf	Trillion cubic feet of gas
		TJ	Terajoule
		Tri-Ocean	Tri-Ocean Energy Company
		YTD	Year to date

*Drilling Butlers-8,
October 2013*

