

FY14

Half year results

24 February 2014



Disclaimer

This presentation contains forward looking statements that are subject to risk factors associated with oil, gas, geothermal 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 presentation are to Australian currency, unless otherwise stated. References to “Beach” may be references to Beach Energy Limited or its applicable subsidiaries.

Unless otherwise noted, all references to reserves and resources figures are as at 30 June 2013 and represent Beach’s share.

Competent Persons Statement

The reserves and resources information in this presentation is based on, and fairly represents, information and supporting documentation prepared by, or under the supervision of, Mr Tony Lake (Reservoir Engineering Manager). Mr Lake is an employee of Beach Energy Limited and has a BE (Mech) degree from the University of Adelaide and is a member of the Society of Petroleum Engineers (SPE). The reserves and resources information in this presentation has been issued with the prior written consent of Mr Lake in the form and context in which it appears.

Highlights

Chris Jamieson

General Manager Investor Relations

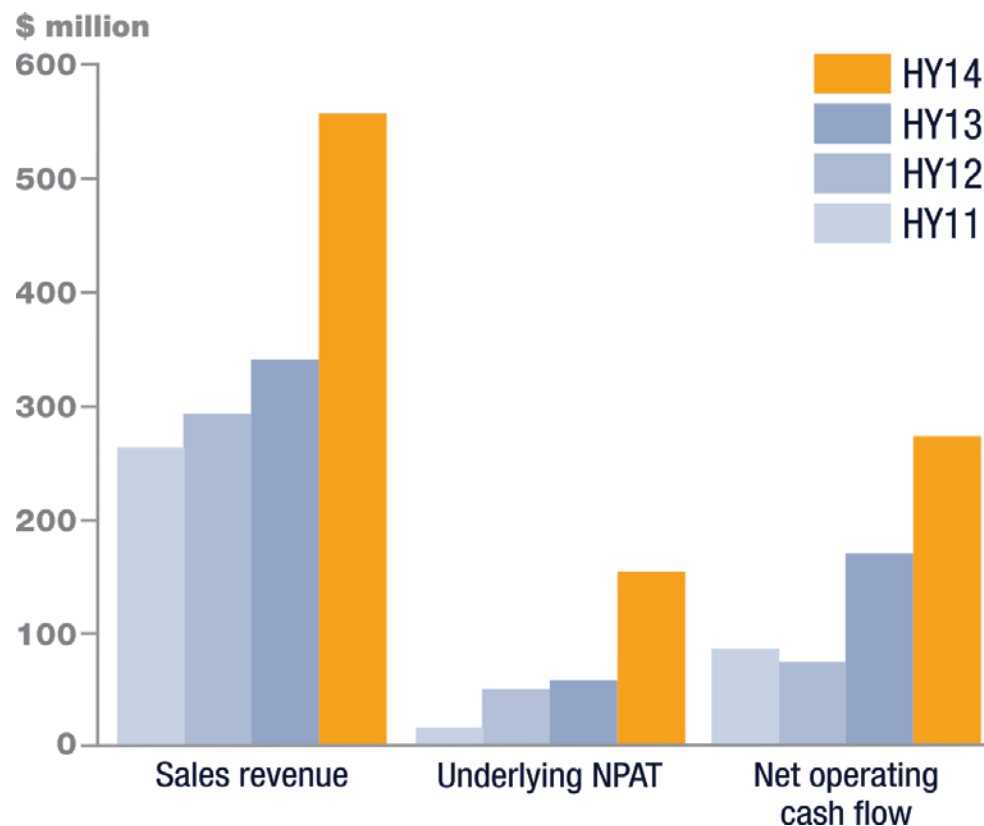


HY14 Highlights



Financial

- Record sales revenue of \$557 million, up 63% on the previous corresponding period (PCP)
- Record sales volumes of 5.6 MMboe, up 23% on the PCP
- Record underlying net profit after tax (NPAT) of \$158 million, up 160% on the PCP
- Operating cash flow of \$275 million, 59% up on the PCP
- Cash balance of \$404 million
- Interim dividend of 1.0 cps, further special dividend of 1.0 cps



Corporate

- Increase in shareholding of Cooper Energy Ltd to 18.4%
- Lake Tanganyika farm-down commenced

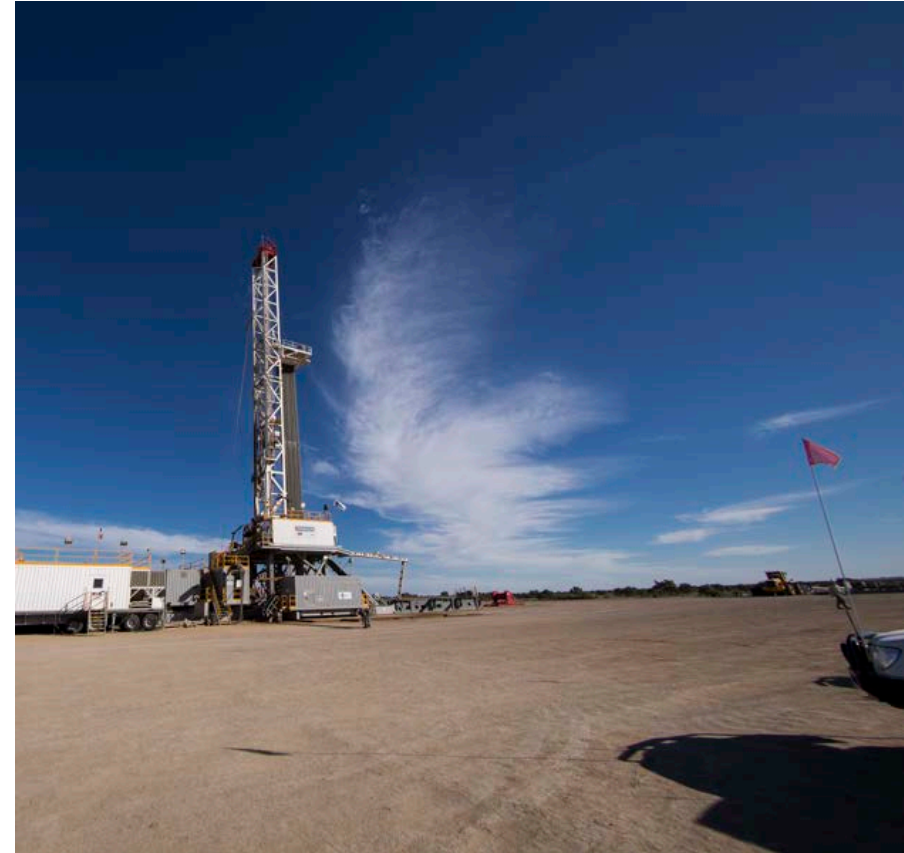
Record revenue and record underlying NPAT driven by a more oily mix

Operations

- Half year production of 5.0 MMboe, up 25% on the PCP
- Western Flank oil flowlines at maximum available capacity for the period
- Nappamerri Trough Natural Gas (NTNG) Stage 1 exploration and appraisal drilling in PEL 218 completed
- Cooper Basin farm-in to ATP 732

Subsequent events

- Abu Sennan, Egypt – El Salmiya-3 success with 4,800 bopd on flow test
- Divestment of non-core acreage in Maryborough and Surat Basins
- Chiton-3 and Bauer-12 success in PEL 91



***Technology and innovative ideas
continue to drive operating success***

Second half FY14 expectations

- A\$ Brent oil price to remain strong
- Maintain Western Flank oil flowlines at maximum available capacity
- NTNG flow testing of five wells in PEL 218
- Lake Tanganyika farm-out completed

FY15 expectations

- Oil linked GSA with Origin commences, increasing gas profit margin and cash generation
- NTNG pilot production and appraisal phase
- Continued tie-in of existing oil discoveries



Moving key projects toward commercialisation

Financials

Kathryn Presser

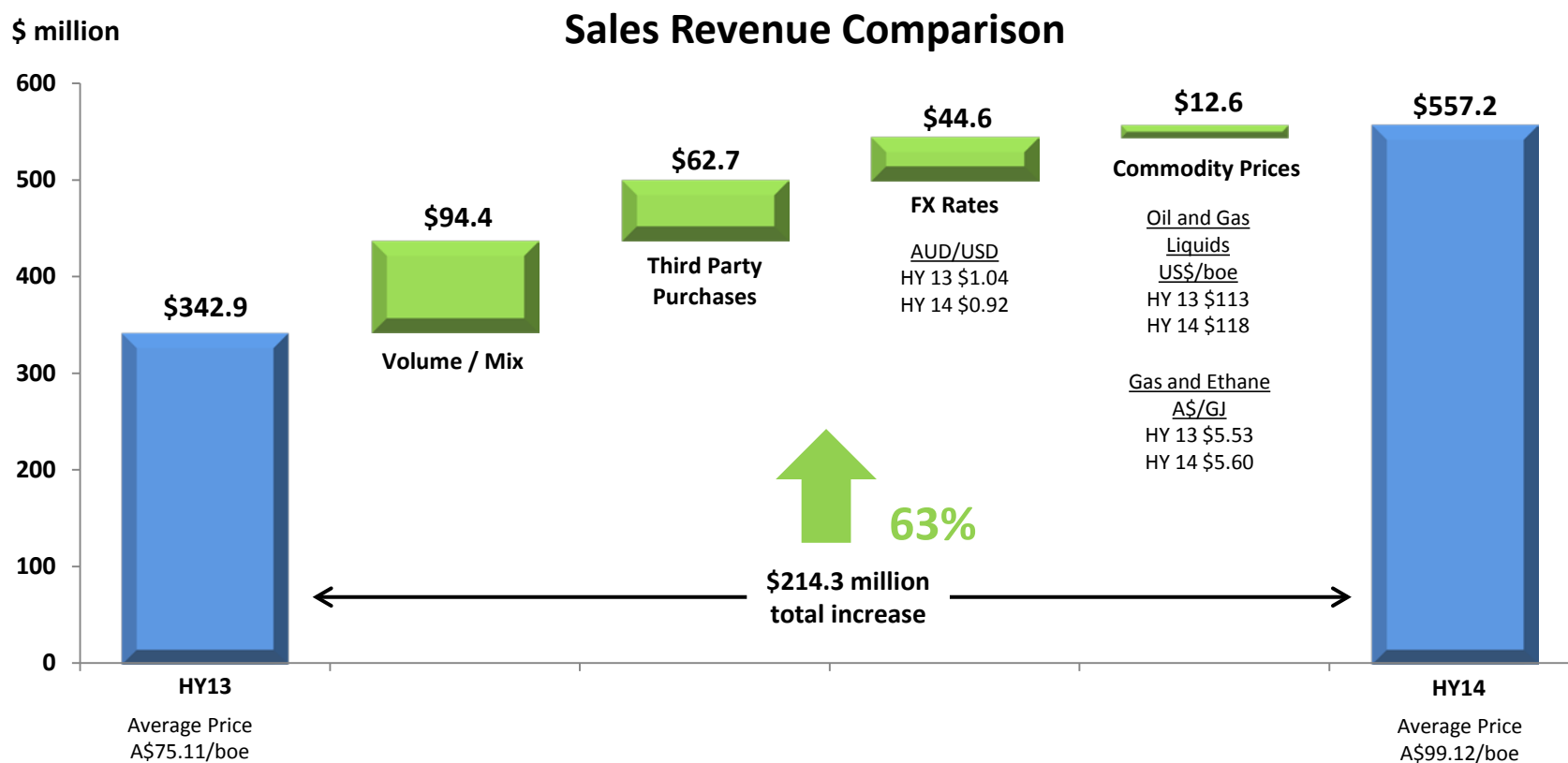
Chief Financial Officer



Financial results overview

	HY14	HY13	Change
Sales volume (MMboe)	5.6	4.6	↑ 23%
Sales revenue (\$ million)	557.2	342.9	↑ 63%
Operating cash flow (\$ million)	274.5	172.2	↑ 59%
NPAT (\$ million)	160.5	43.7	↑ 267%
Underlying NPAT (\$ million)	158.1	60.9	↑ 160%
Cash balance (\$ million)	404.3	347.6	↑ 16%
Total dividends declared (cps)	2.0	0.75	↑ 167%

Sales revenue up 63%



Record oil sales volumes and strong oil price driving record revenue

Record underlying NPAT

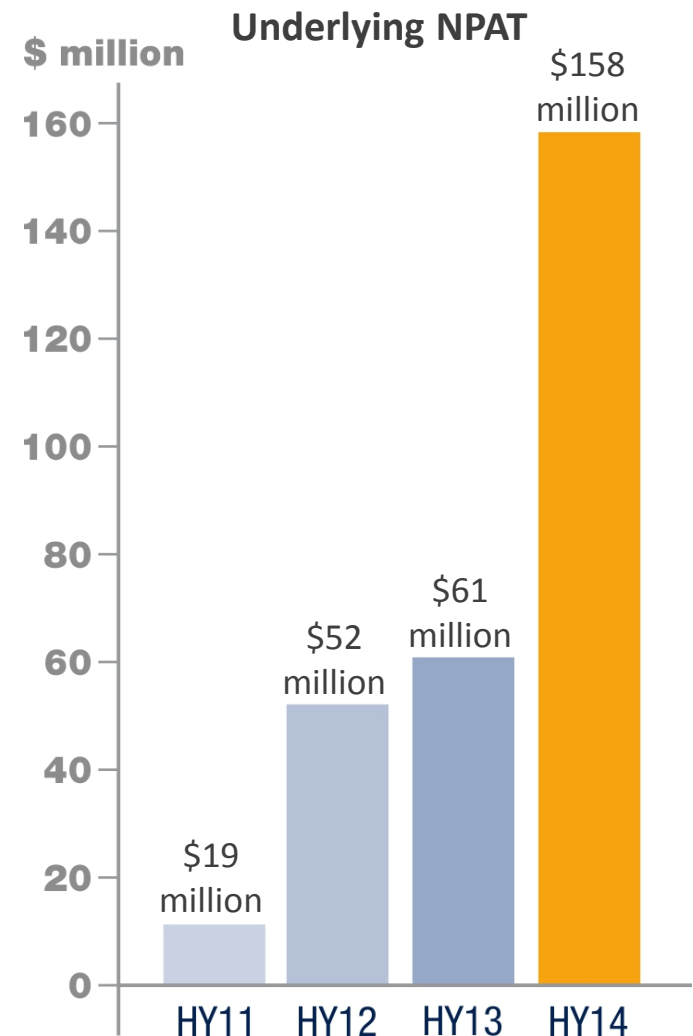
Record HY14 underlying NPAT of \$158 million, driven by:

- Strong A\$ Brent oil price
- Record oil sales volumes
- Oil development, exploration and appraisal success
- Oil flowline transportation at maximum available capacity

Offset by:

- Royalty payment increases due to higher oil sales
- Higher depreciation charges
- Third party purchases

Record revenue and underlying NPAT driven by the Western Flank oil business



Comparison of underlying profit

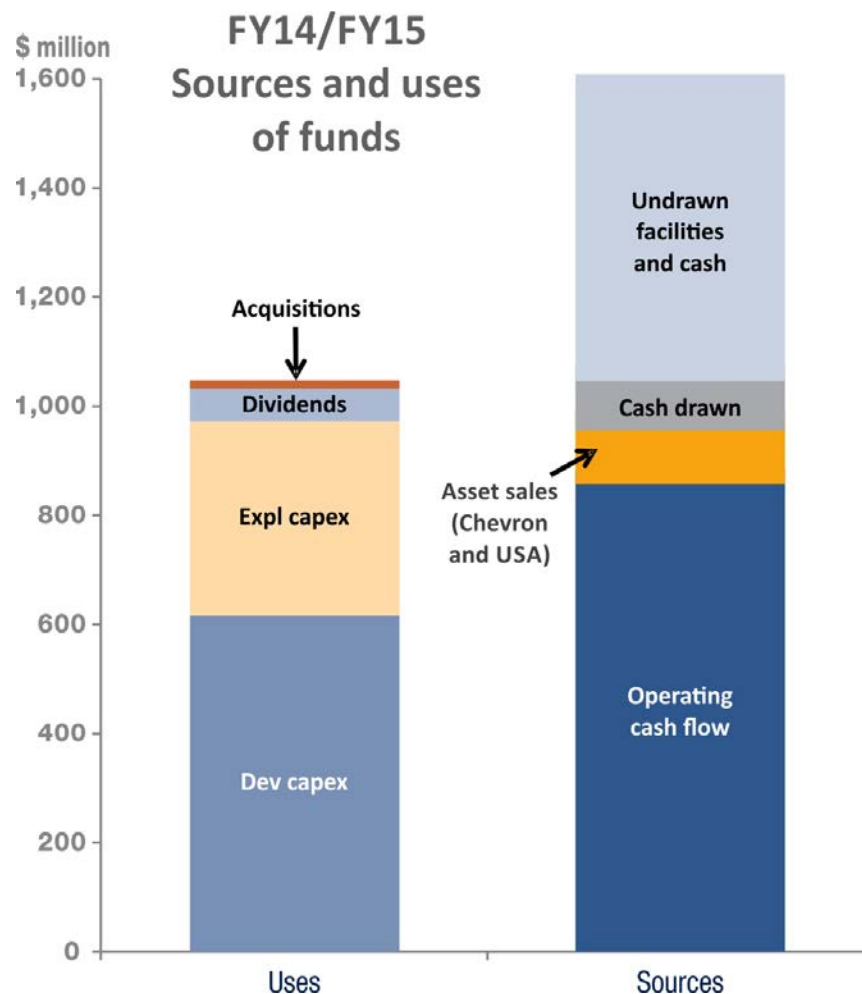
	HY14 \$'000	HY13 \$'000
NPAT	160,478	43,693
Adjusted for:		
Unrealised hedging losses	4	281
Mark to market of convertible notes derivative	8,845	19,596
Asset sales	(13,586)	25
Impairment of assets	40	3,547
Tax impact of above changes	2,312	(6,290)
Underlying NPAT	158,093	60,852

Sources and uses of funds

Sources and uses of funds assumptions:

- \$404 million cash balance (as at 31 December 2013)
- Secured \$300 million debt facility
- Operating cash flow forecast includes minimal exploration success
- Chevron Stage 2 funds received
- Capex forecast has no material acquisitions/divestments/or other farm-outs
- Oil price of A\$110/bbl

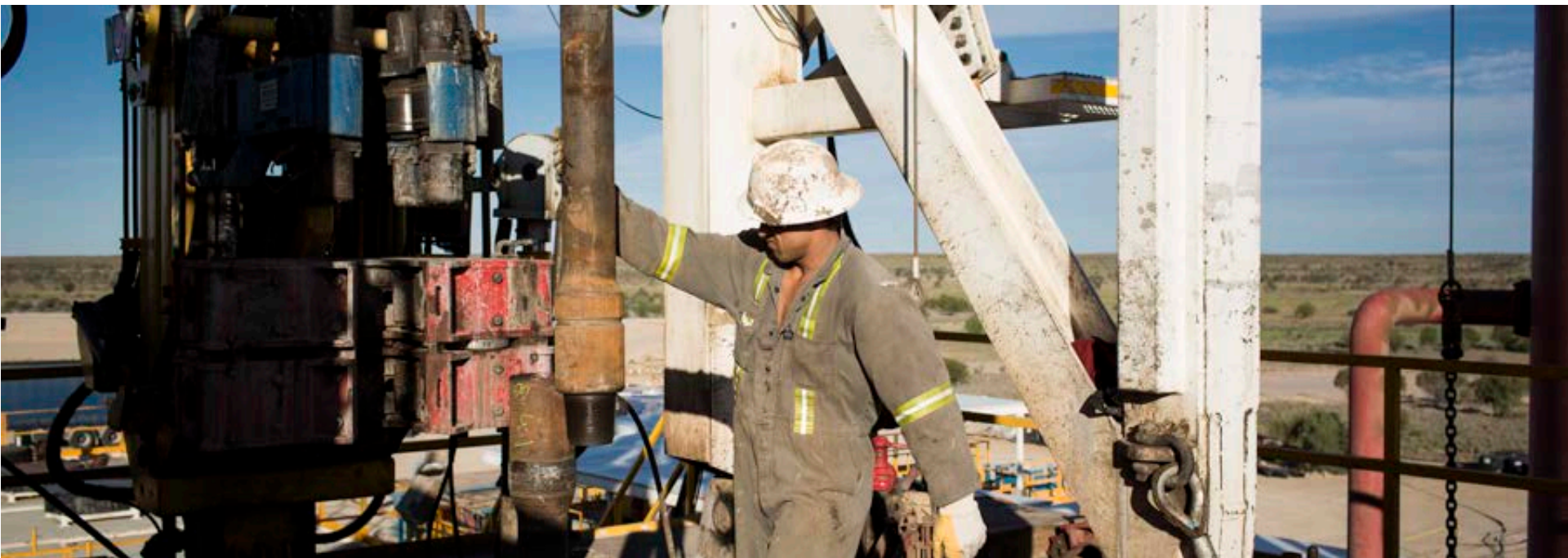
Forecast FY14/FY15 capex program anticipated to be fully funded



Operations

Neil Gibbins

Chief Operating Officer



Production by area

	Area	HY14	HY13	Change %
Oil (MMbbl)	Cooper/Eromanga Basins	2.6	1.6	59%
	Egypt ¹	0.03	0.06	(46%)
	Williston Basin ²	-	0.0	N/A
	Total Oil	2.6	1.7	55%
Sales gas and ethane (PJ)	Cooper Basin	11.0	10.9	0%
LPG (kt)	Cooper Basin	25.9	23.3	11%
Condensate (MMbbl)	Cooper Basin	0.2	0.2	15%
Total oil, gas and gas liquids (MMboe)		5.0	4.0	25%

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

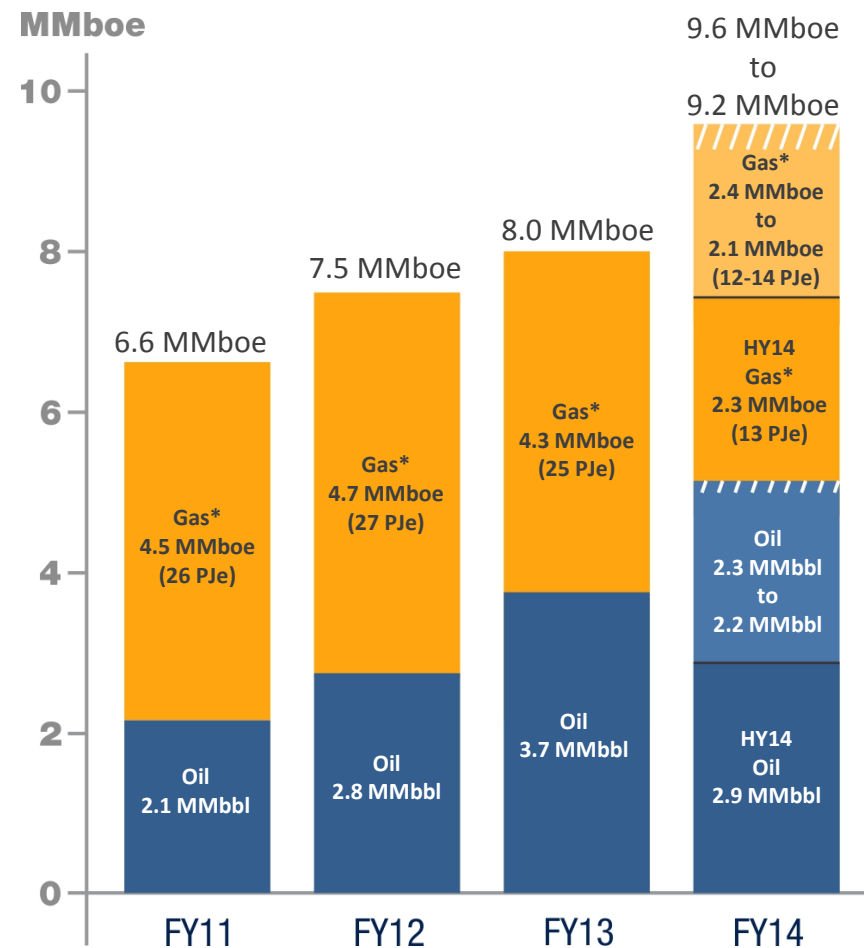
2. USA interests divested

Operating results

- Production for HY14 of 5.0 MMboe, up 25% on the PCP
- Production mix: 47% gas and gas liquids, 53% oil
- Cooper Basin oil production up 59% due to:
 - Development, appraisal and exploration success
 - Flowlines remaining at maximum available capacity for the period
- 58 wells drilled, with:
 - 86% overall success rate
 - 71% exploration/appraisal success

Continued production growth expected over the coming years

Actual and forecast production



FY14 Revised capital expenditure guidance



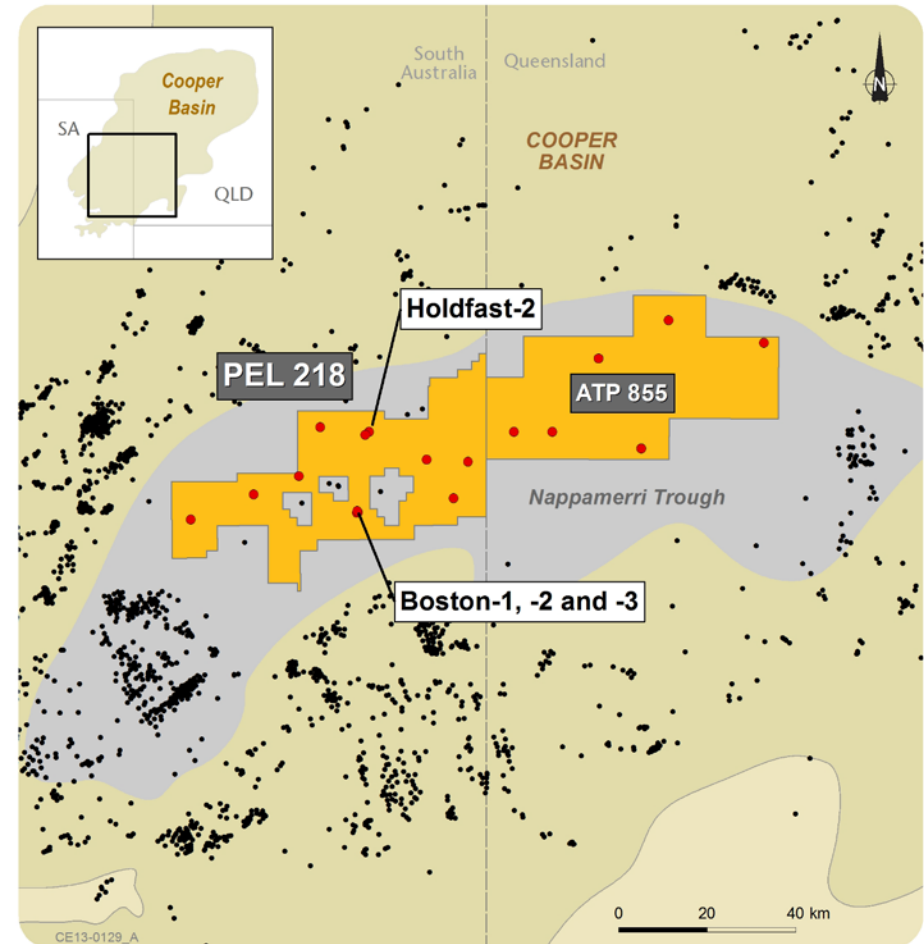
	Capex (\$ million)	Wells	Seismic		Potential reserves additions
			2D – km	3D – km ²	MMboe
DEVELOPMENT					
Cooper Basin – non-SACB JV	55 – 60	10 – 13	–	–	–
Cooper Basin – SACB/SWQ JV	200 – 220	50	–	–	–
International	10	4	–	–	–
Total Development	265 – 290	Up to 67	–	–	–
EXPLORATION					
Cooper Basin – non-SACB JV	40 – 45	30 – 35	–	300	3.3
Cooper Basin – SACB/SWQ JV	10	5	–	–	–
Unconventional	105 – 120	16	–	120	–
International	25 – 30	5	–	1,050	1.8
New Ventures and Other	5	–	650	–	–
Total Exploration	185 – 210	Up to 61	650	1,470	5.1
TOTAL	450 – 500	Up to 128	650	1,470	5.1

Holdfast-2

- Snubbing unit operational, fishing operations successful
- Completion tubing currently being installed, with flow testing to follow

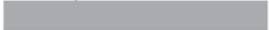
Boston program

- Two fracture stimulation stages completed at Boston-1
- Shallow technical issue with Boston-1 well bore
- Reviewing options for Boston-1, including possible flow of two stages
- Fracture stimulation spread at Boston-3 horizontal for ten stage program
- Pending JV approval, the Boston-2 vertical well may be fracture stimulated after Boston-3



Permian section equity interests: PEL 218 (Beach 70% and operator, Chevron 30%) and ATP 855 (Beach 46.9% and operator, Chevron 18%, Icon Energy 35.1%)

Key activities

AREA	LICENCE	OPERATOR	Q1 2014	Q2 2014	DESCRIPTION
Cooper Basin	PEL 218	Beach			Boston-1 vertical well and Boston-3 horizontal well
					Holdfast-2, Boston-1, Boston-3, Dashwood-1, Nepean-1
	ATP 855	Beach			Etty-1 vertical well
	PEL 92	Beach			
	PEL 91	Beach	 	 	
					Bauer facility expansion
	PEL 104/111	Senex	 	 (x9-11)	Nine to eleven wells still to be approved
					
	SACB JV UNCONVENTIONAL	Santos	  		Gaschnitz-4, -6 vertical wells
	SACB JV and SWQ JVs CONVENTIONAL	Santos	 (x16) 	 (x16)	Pad and infill drilling of Big Lake and other fields
Otway Basin	PEL 94	Beach			Davenport-1, unconventional deep coal
	PEL 106	Beach			Baird-1, unconventional deep coal
	ATP 732	Beach			Nassarius 300 km ² 3D seismic
			 		Jolly-1 and Bungalow-1
Bonaparte Basin	PEP 150, 168	Beach			2D seismic
	EP 126	Beach			Cullen-1
Egypt	Abu Sennan	Kuwait Energy	 	 	El Salmiya-4, -5 and one exploration well
					El Salmiya-1, -2, -3



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