

**Non deal roadshow**  
23-27 June 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.

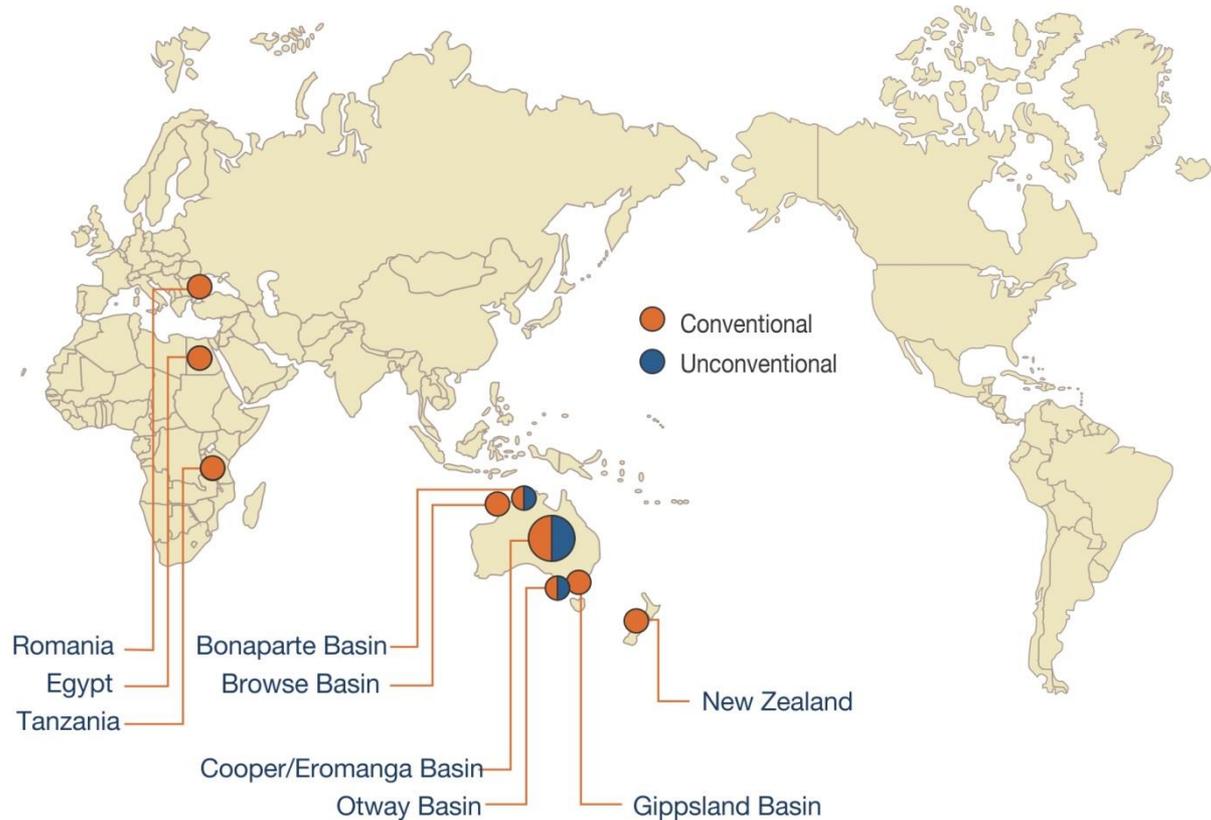
# General overview



# Key facts about Beach



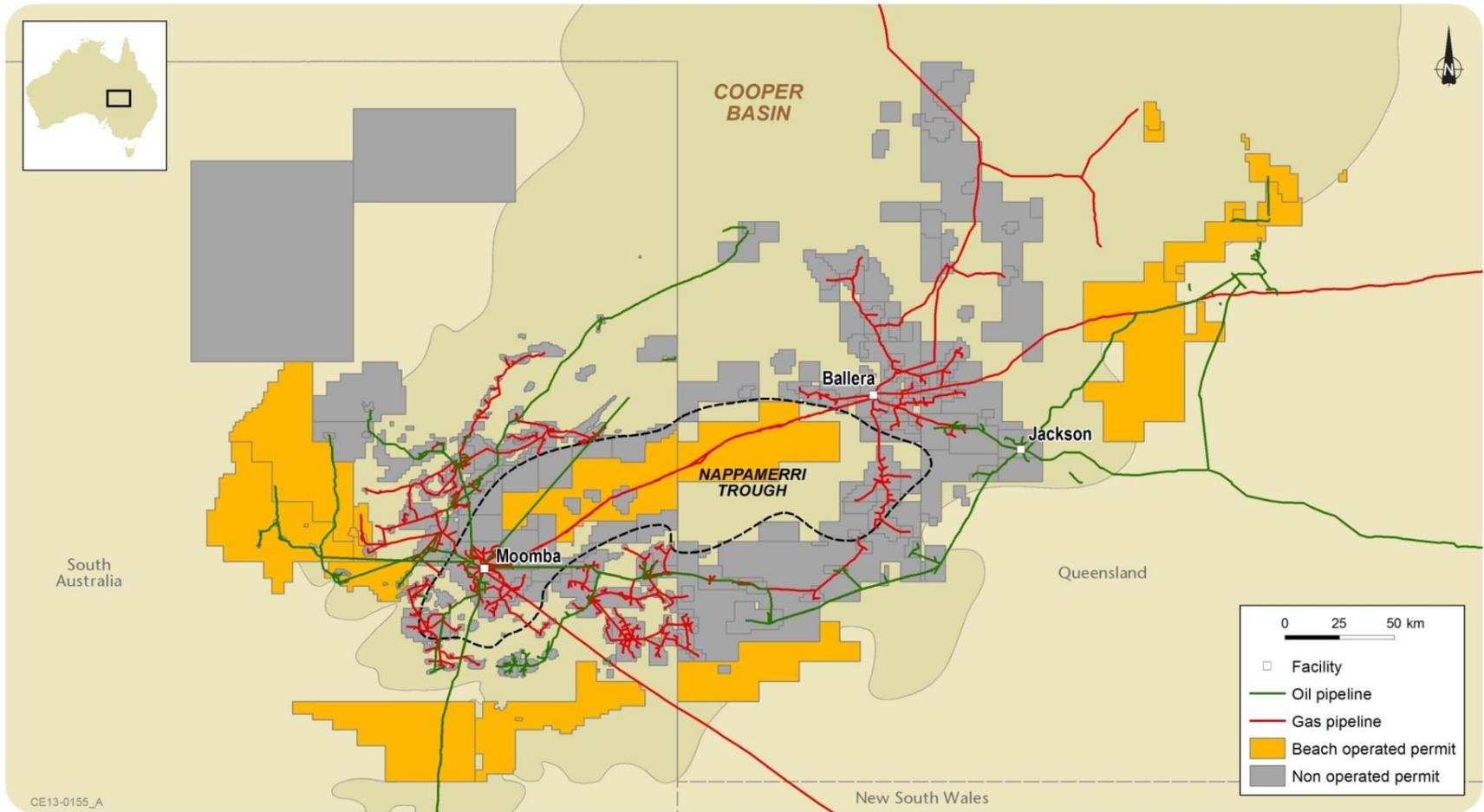
- ASX 100 company with a market capitalisation of ~A\$2.2 billion<sup>1</sup>
- Largest Australian onshore oil producer
- Strong balance sheet with cash of \$428 million<sup>2</sup>
- Undrawn secured debt facility of \$300 million
- FY14 sales revenue on track for \$1 billion



***Fully funded capex program primarily focused on the Cooper Basin***

1. As at 19 June 2014 2. As at 31 March 2014

# Cooper Basin acreage



***Prolific gross acreage position of over 56,000 km<sup>2</sup> generating 99% of current production***

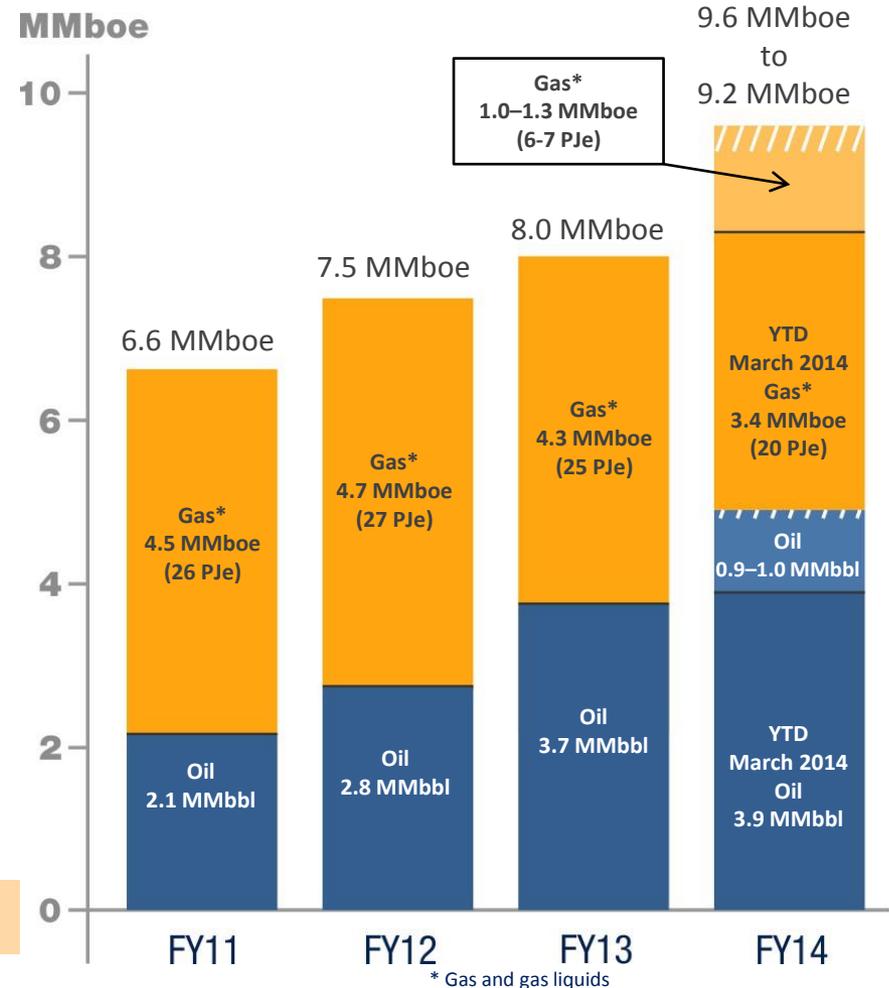
## Beach targeting the following in the next 1-2 years:

- Continued investment in growth of conventional Cooper Basin gas production capacity
- First exposure to oil linked domestic gas pricing and improved margins
- New oil fields and facilities being brought online to partly offset existing field depletion
- Continued oil exploration success to increase Western Flank oil production
  - Over 100 Western Flank 3D prospects and leads
  - 40%+ historical success rate from 3D seismic prospects
- NTNG and SACB JV unconventional gas exploration in the Cooper Basin moving to pilot production and appraisal
- Discovery and development of new onshore Otway Basin gas (conventional and unconventional)
- Discovery of Bonaparte Basin conventional and unconventional gas and liquids
- Continued focus on portfolio optimisation

***Increasing conventional gas production and greatly improved gas margins from oil linked pricing expected to drive future shareholder return***

# FY14 actual and forecast production

- Production of 7.3 MMboe to March 2014
- Production mix: 46% gas and gas liquids, 54% oil
- Production anticipated at the upper end of 9.2 – 9.6 MMboe guidance
- Cooper Basin oil production driven by:
  - Development, appraisal and exploration success
  - Flowlines remaining at close to maximum available capacity
- 87 wells drilled, with:
  - 87% overall success rate
  - 77% exploration/appraisal success



***Strong historical production growth***

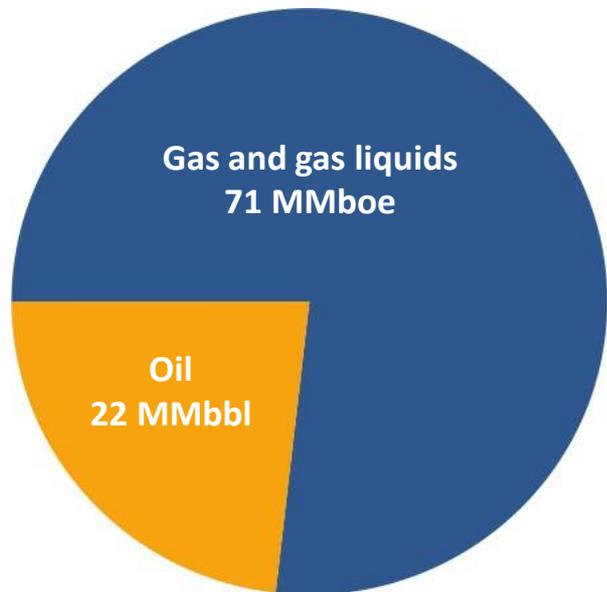
# FY14 Revised capital expenditure guidance



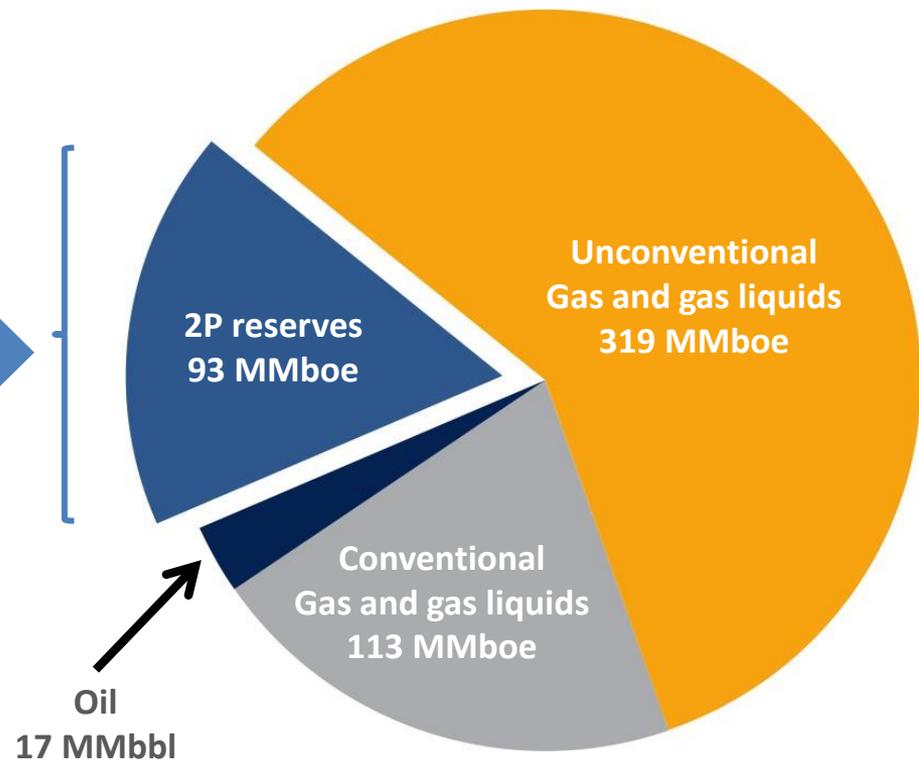
	Capex (\$ million)	Wells	Seismic	
			2D – km	3D – km <sup>2</sup>
<b>DEVELOPMENT</b>				
Cooper Basin – non-SACB JV	55 – 60	10 – 13	–	–
Cooper Basin – SACB/SWQ JV	200 – 220	50	–	–
International	10	4	–	–
<b>Total Development</b>	<b>265 – 290</b>	<b>Up to 67</b>	–	–
<b>EXPLORATION</b>				
Cooper Basin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

# Reserves and contingent resources

2P: 93 MMboe



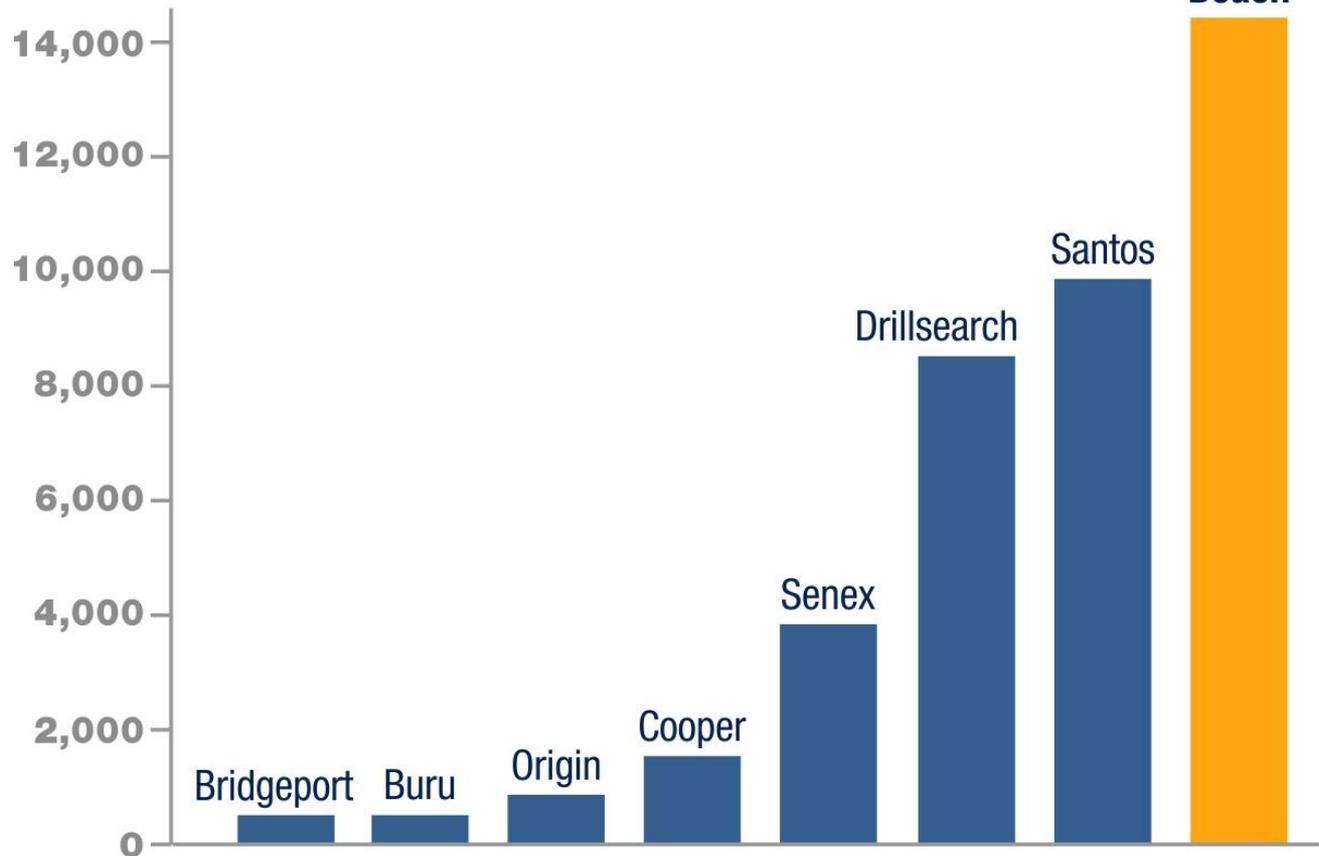
2P and 2C: 542 MMboe



*Large reserve and resource base driving production growth profile*

# Australian onshore oil production

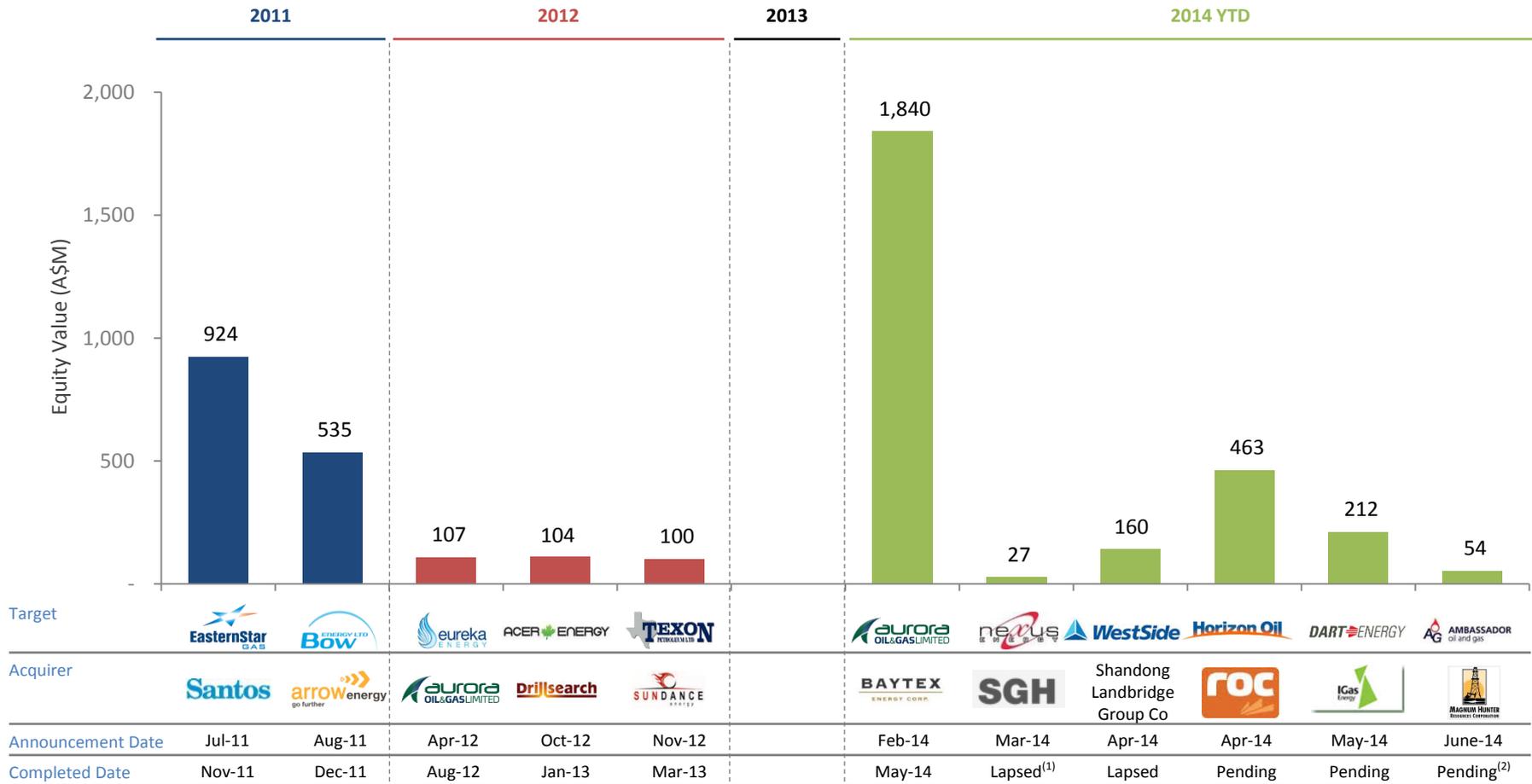
Average daily production (bopd)



*Australia's largest onshore oil producer, with a strong inventory of Cooper Basin oil discoveries coming on-line in FY15*

Sources: Recent half year and quarterly publicly available company information

# Growing corporate activity

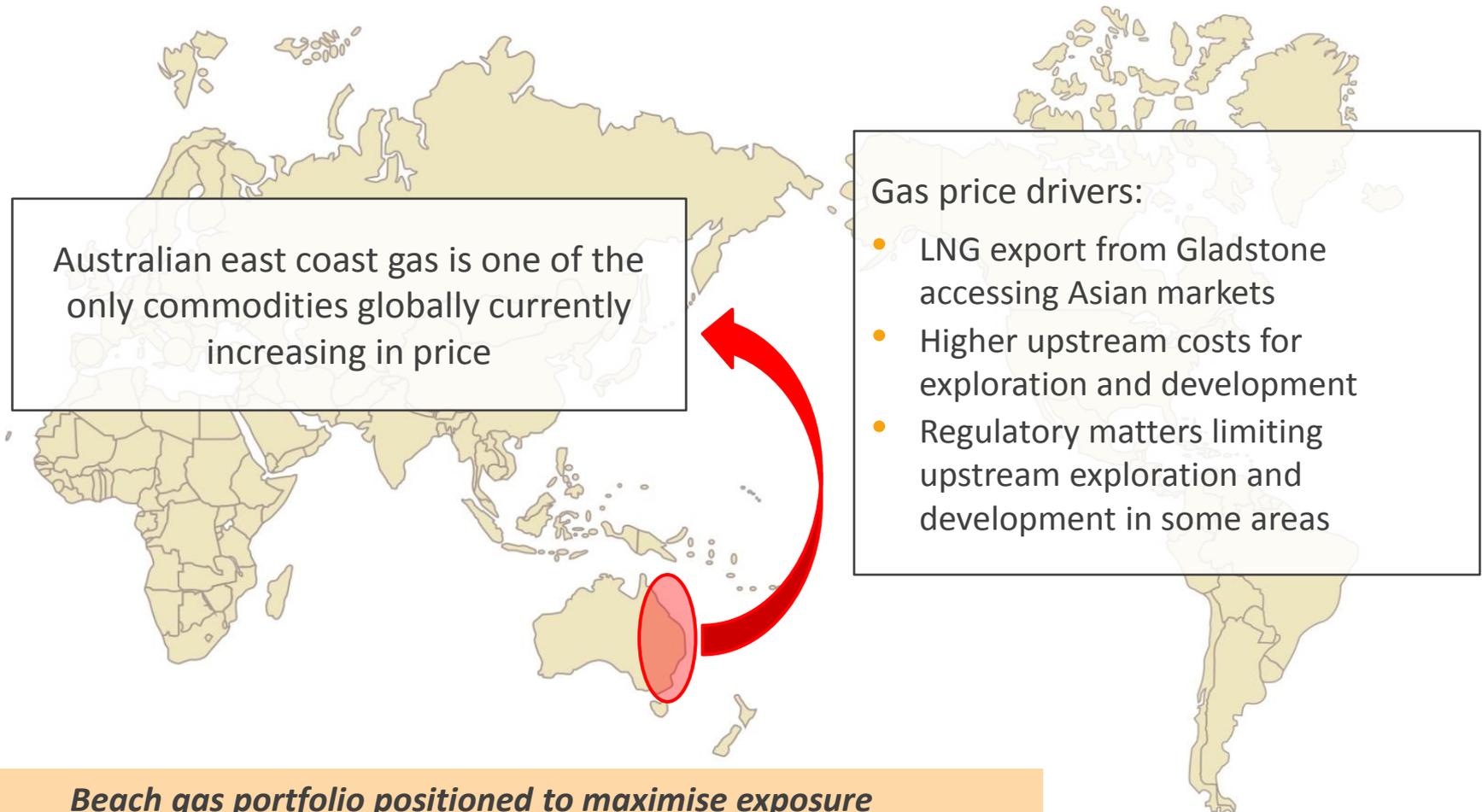


Note: (1) Subsequently entered administration on 12 June 2014 after shareholders voted down the SGH proposal; (2) Based on the offer from Magnum Hunter of \$0.38/share on 17 June 2014. Source: Company filings, IRESS, Mergermarket

**2014 YTD – Greatest level of activity in the listed oil and gas industry over the last four years**

# Eastern Australian gas market

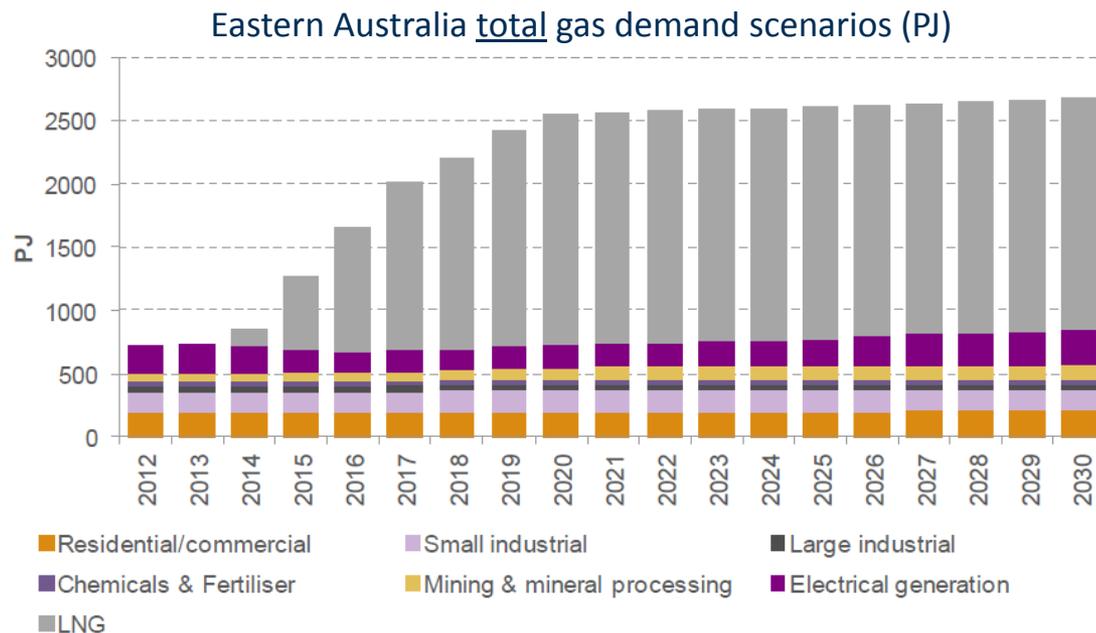




*Beach gas portfolio positioned to maximise exposure to the expanding Australian east coast gas market*

# Eastern Australian gas markets

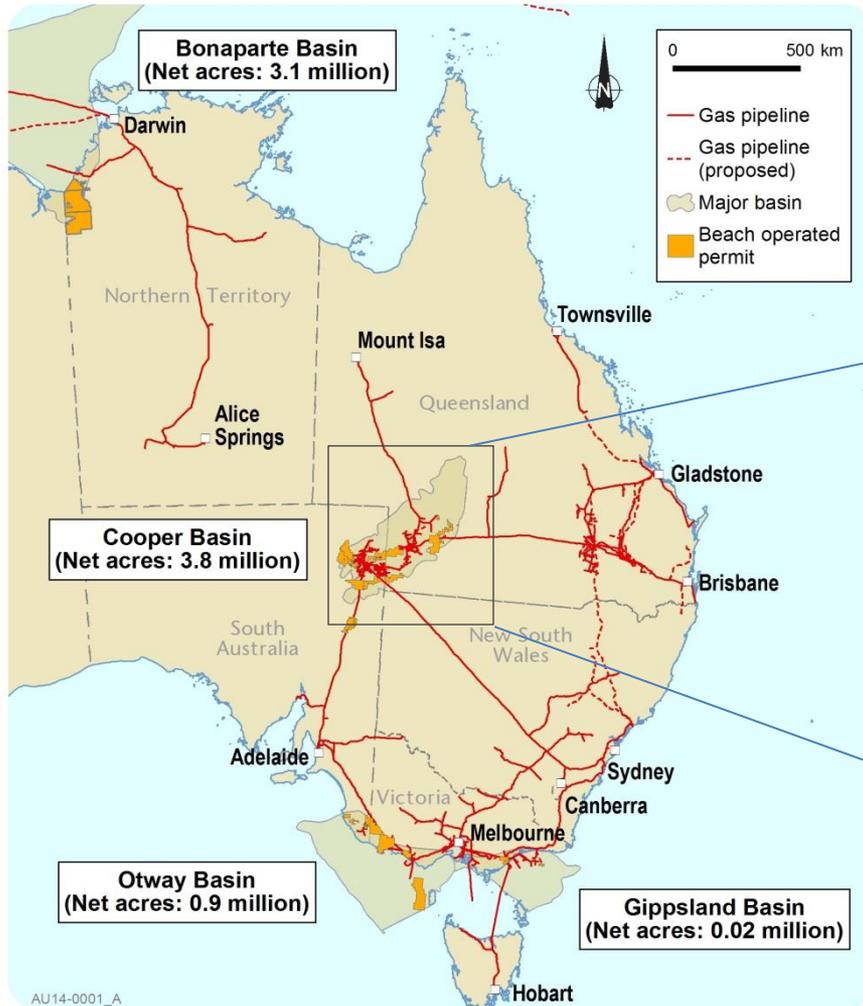
- Strong predicted growth in Eastern Australian gas and Asian LNG demand
- Gladstone based export LNG projects have transformed the east coast gas market
- Projected gas supply is ‘tight’ and demand strong
- The bulk of ‘non-LNG’ demand is yet to be contracted
- Upward pricing trajectory confirmed by recent contracts and market commentary



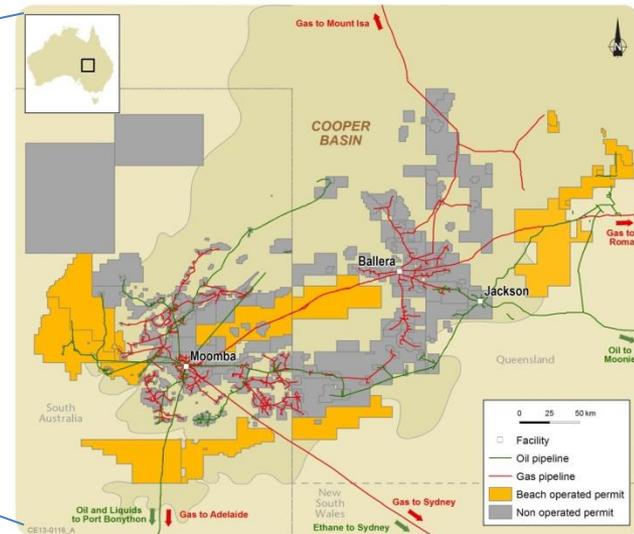
***CBA Energy Research prediction for 2014: “East Coast Gas prices spike above \$13/GJ with Gladstone LNG projects..... hoovering up supply to fill facility LNG capacity shortfall”***

Source: ACIL Allen, 2013

# Prolific gas acreage strategically located



- Quality acreage footprints accessing multiple markets
- Prime unconventional gas acreage with transformational potential
- Gas liquids potential in most basins



**Multi-basin portfolio to feed eastern and northern Australian markets**

# Upstream and downstream dynamics

- ‘Equity’ molecules to ‘equity’ projects
- Suppliers creating new markets via downstream investments
- Vertical integration driven by both domestic and export opportunities
- Depending on volume and deliverability, supply likely to underwrite ‘equity’ projects as a priority
- Strong drivers for LNG participants to fill ramp-up wedge capacity and position for future expansion



*Beach well placed as an independent upstream producer with exposure to oil linked gas pricing without LNG capital outlay*

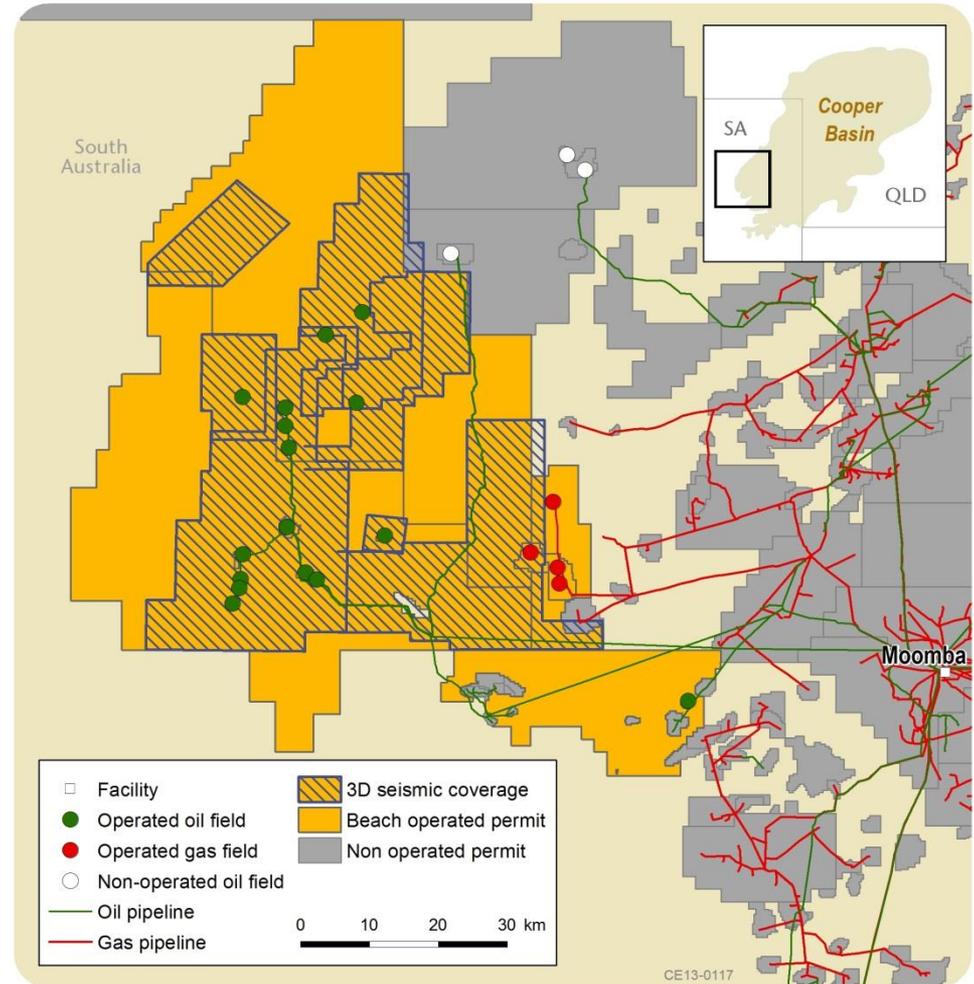
Source: Logos sourced from company websites

# Western Flank

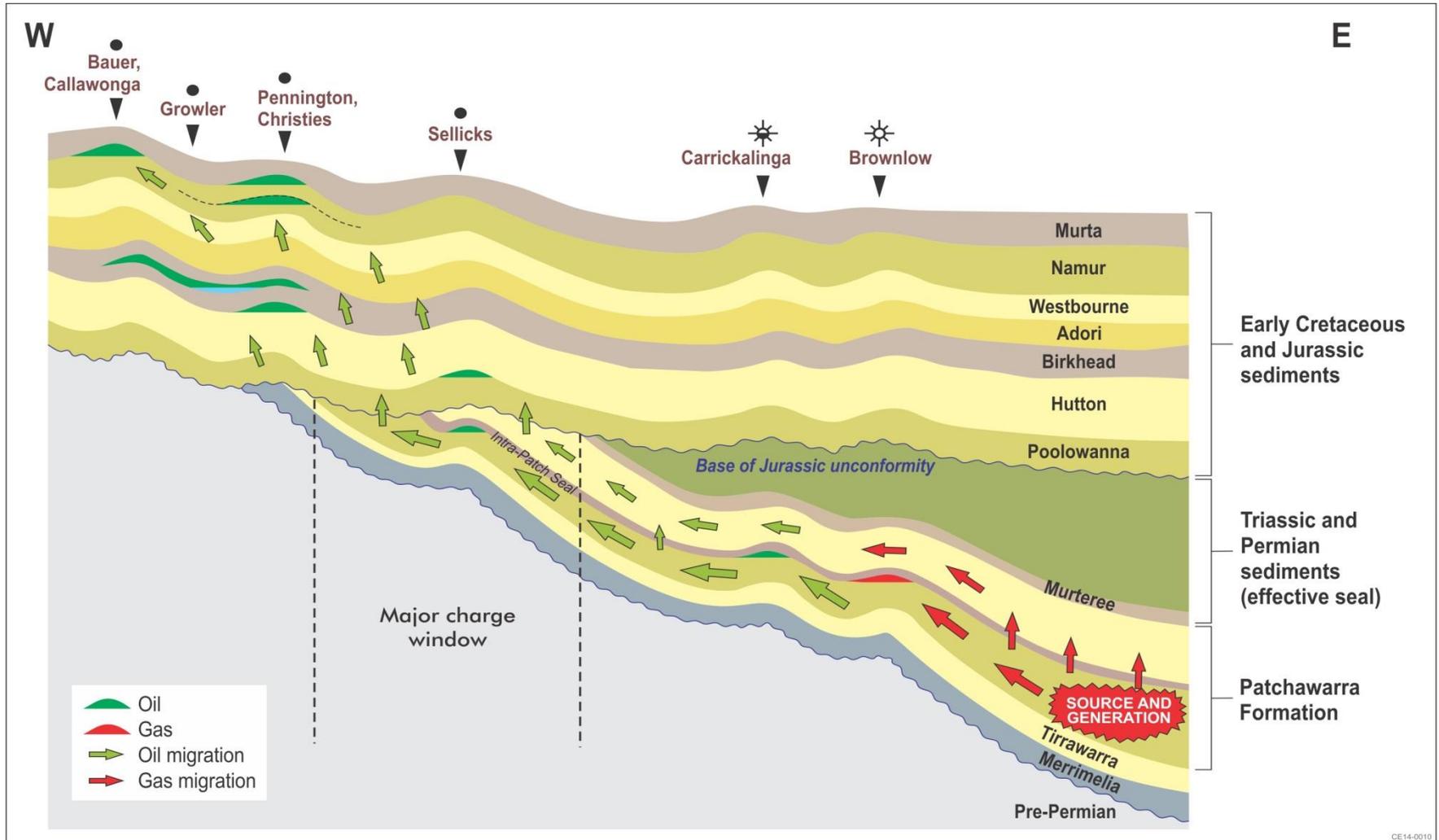
## Cooper Basin



- High net back for oil and wet gas
- Quick drill and tie-in, high flow rates
- Excellent geological understanding
- Established infrastructure
  - 250 kilometres of flowlines
  - 10 facilities and five trucking points
  - 40 oil wells on production
- 1,200 km<sup>2</sup> of 3D seismic
- Recent success with the Stunsail-1 discovery in PEL 91
- Appraisal success at Pennington-2
- Upcoming drilling:
  - PEL 92: Fishery-1 and Shelly-1 exploration wells



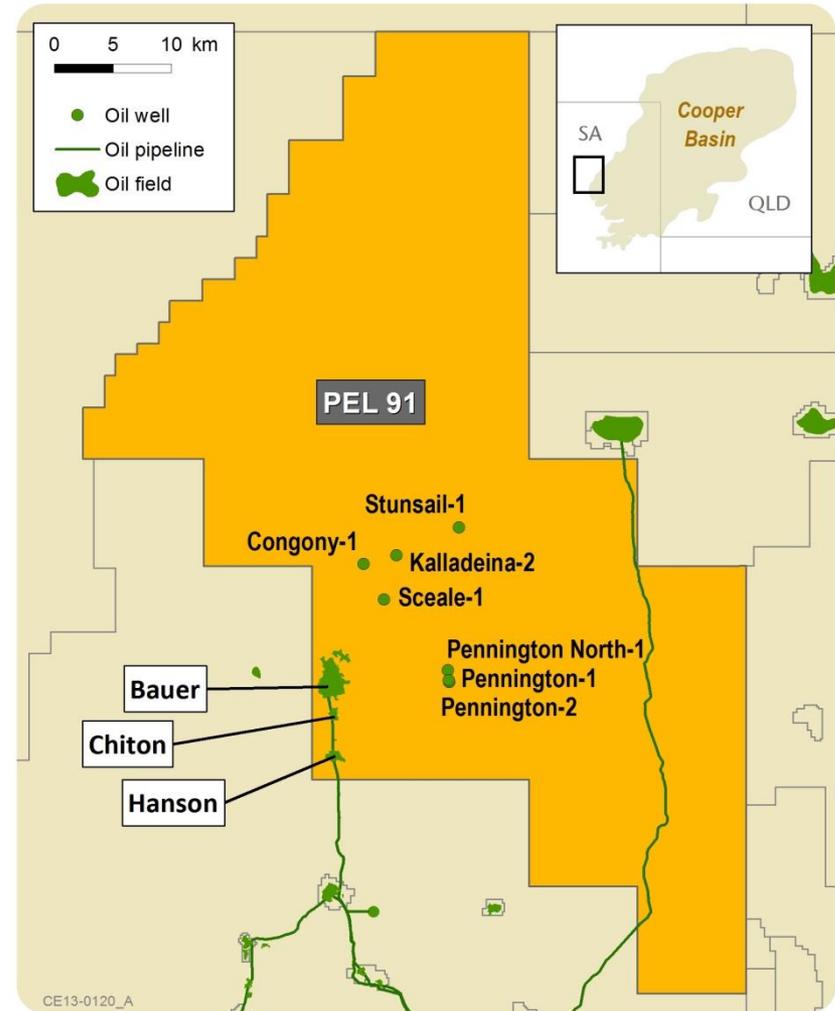
# Western Flank oil migration path



CE14-0010

- Beach 40% and operator, Drillsearch 60%
- Current gross production ~11,500 bopd, with further wells to be tied-in
- Successful Bauer-12 and Pennington-2 appraisal wells have increased reserves
- Congony, Sceale and Kalladeina facility expected on-line in 2H 2014
- Successful exploration with the Stunsail discovery and appraisal success with Pennington-2 and Pennington North-1
- Additions and changes to gross 2P EUR
  - Stunsail, new booking of 1.6 MMbbls
  - Pennington, increased from 1.7 to 2.7 MMbbls
  - Bauer, increased from 10.7 to 13.2 MMbbls

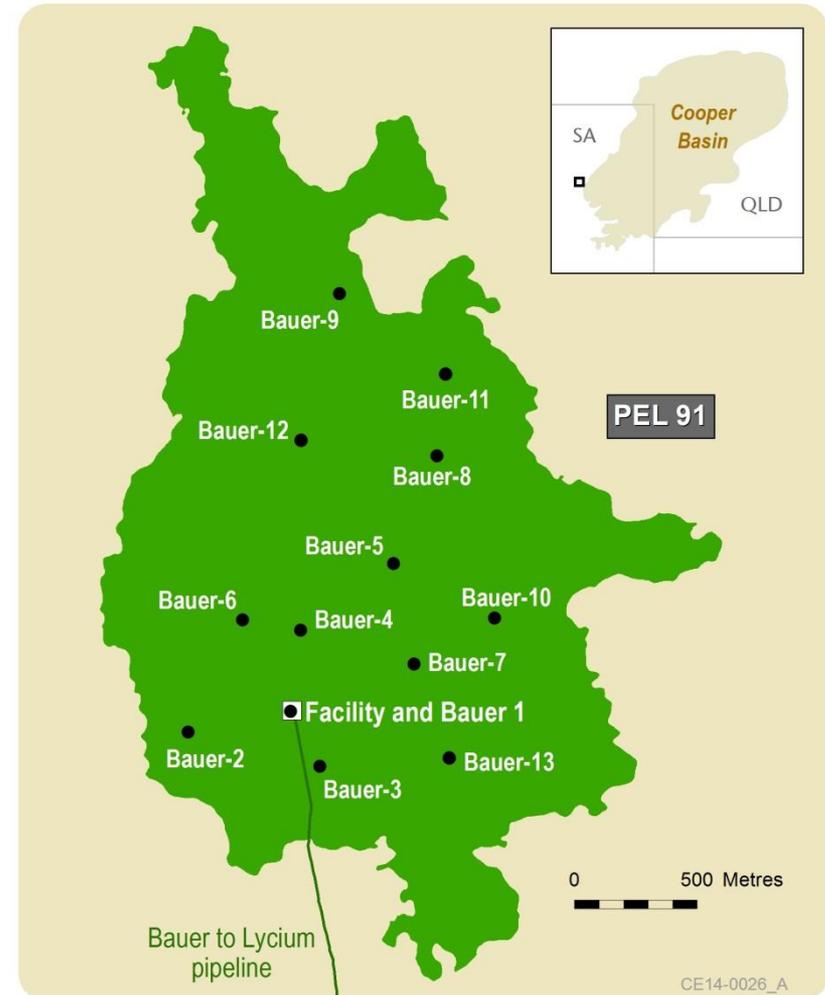
***New fields at Stunsail and Pennington expected to be tied-in during FY15***



# The Bauer oil field

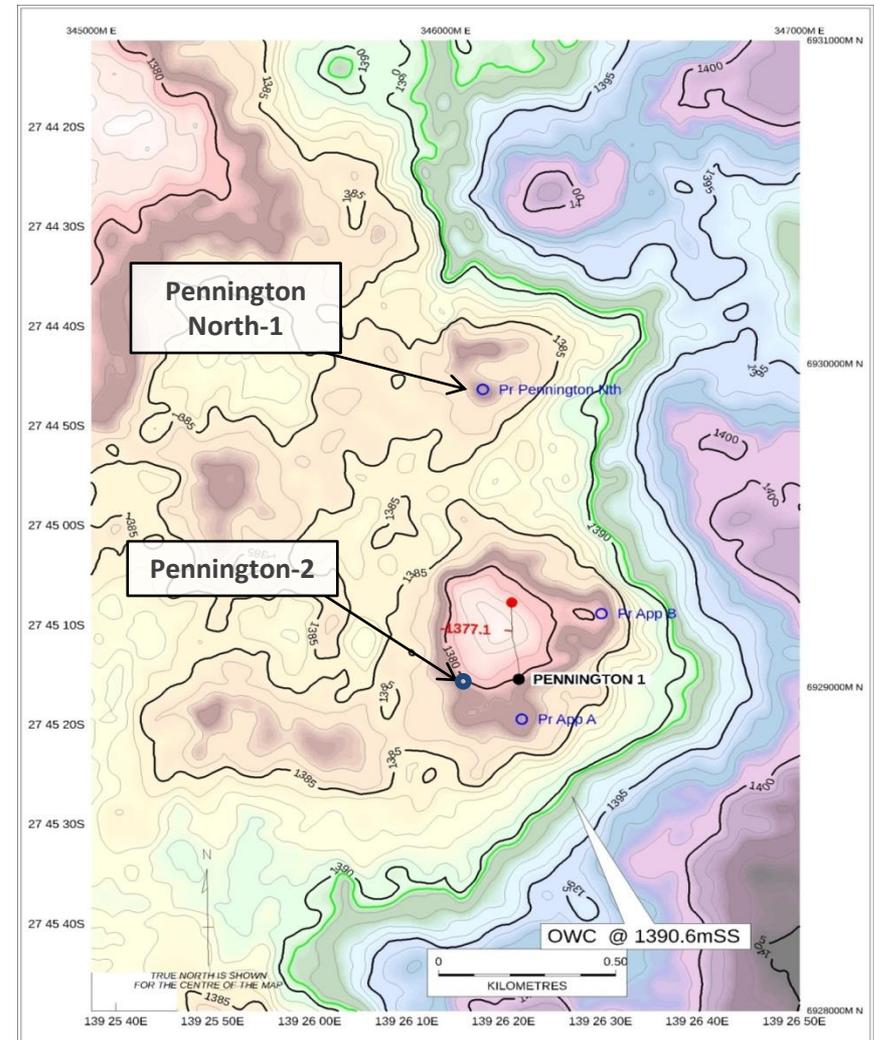
- Bauer-12 appraisal well intersected a nine metre oil column:
  - Four metres of McKinlay Member
  - Five metres of Namur Sandstone
  - Added 2.5 MMbbl (gross) of 2P reserves
- Currently producing from eight wells
- Bauer-9, -10 and -11 online
- Bauer facility expansion to 50,000 bbls of fluid (oil and water) planned for completion late June 2014
- Bauer to Lycium flowline at capacity, with seven trucks transporting excess oil
- Bauer-12 and -13 wells yet to be brought online

***Bauer is the largest oil field discovered to date on the Western Flank***



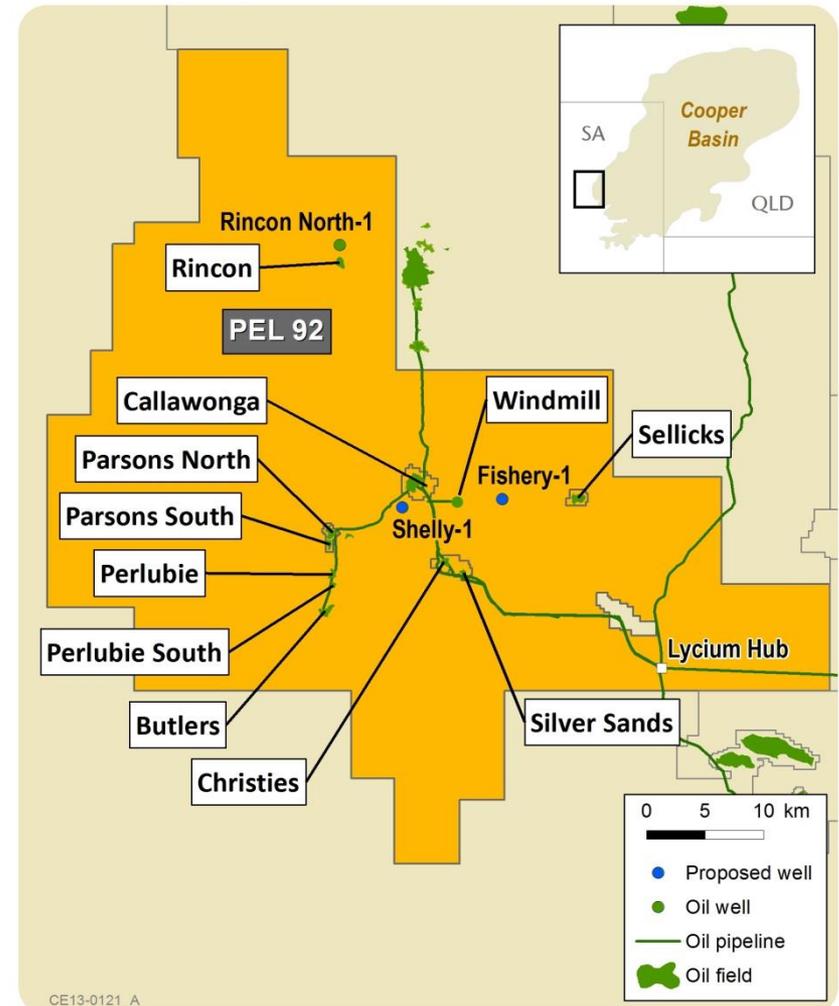
# PEL 91 – Pennington field appraisal

- Beach 40% and operator, Drillsearch 60%
- 3D seismic coverage with the Aquillus and Caseolus surveys
- Pennington-1 oil discovery:
  - 13 metres McKinlay/Namur oil column
  - Six metre mid-Namur oil column
  - Oil shows in the Birkhead Formation
- Pennington-2 appraisal success with 12 metre oil column, seven metres net pay in highly productive Namur Sandstone
- Pennington North-1 oil discovery in the Birkhead Formation
- Preliminary gross undeveloped reserves:
  - 1P – 1.5 MMbbls
  - 2P – 2.7 MMbbls
  - 3P – 5.3 MMbbls
- Field expected to be tied-in during 2015



- Beach 75% and operator, Cooper Energy 25%
- Current gross production ~4,500 bopd
- Fishery-1 exploration well to spud imminently
- One further exploration well planned from FY14 program
- Interpretation of Irus and Caseolus 3D seismic data ongoing
- First wells expected to be drilled on new surveys in Q4 2014

*New seismic data to drive  
FY15 exploration drilling*

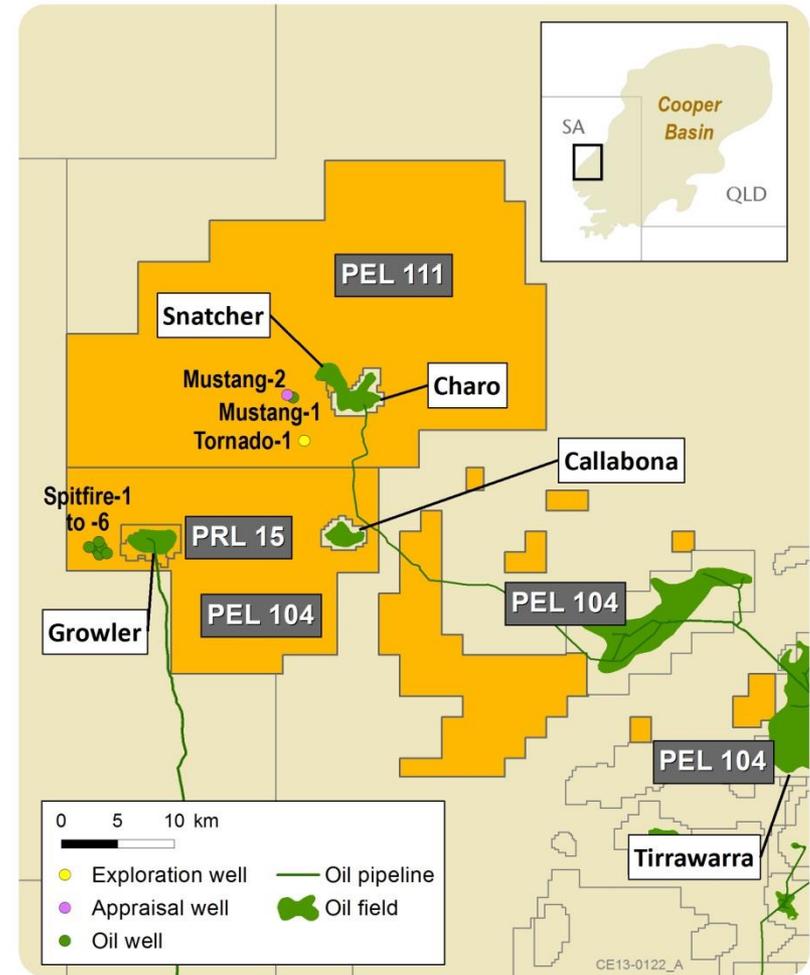


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# PEL 104 and PEL 111

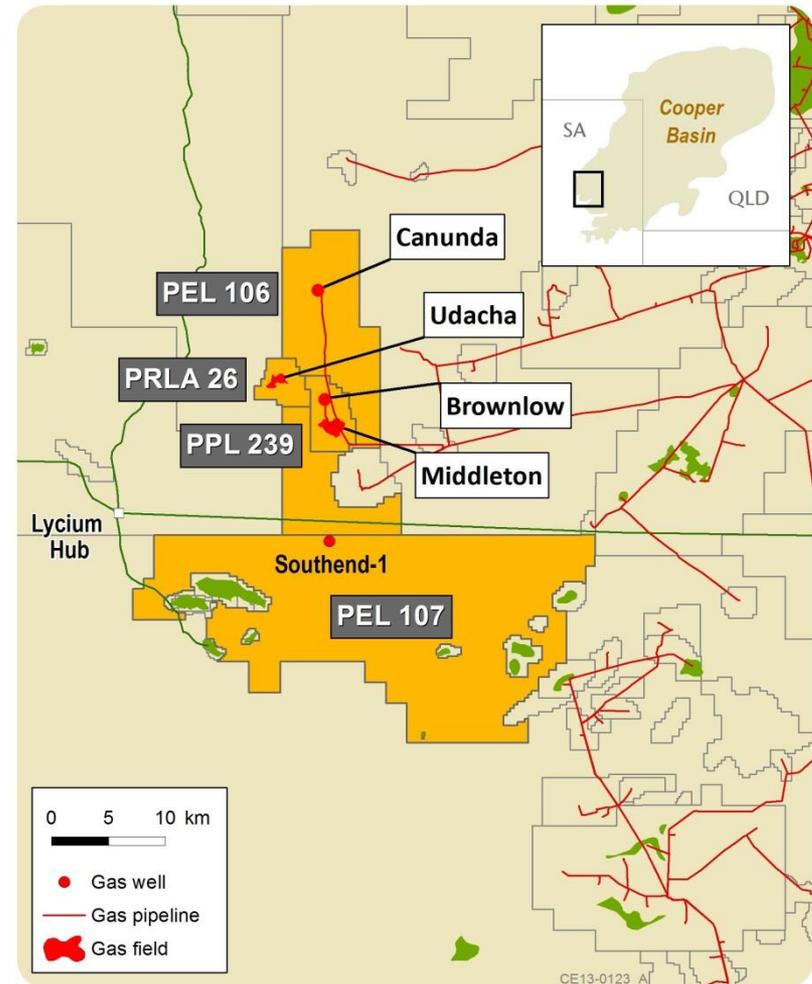
- Beach 40%, Senex 60% and operator
- Focus on the Birkhead Formation
- Gross production of ~4,000 bopd from Growler and Snatcher fields
- Further appraisal drilling at Spitfire and Mustang proposed
- Currently drilling ahead at Tornado-1
- Exploration prospects expected to be generated from 3D Lignum seismic survey

***Up to eighteen further wells for the remainder of the financial year***



- Beach 50% and operator, Drillsearch 50%
- Commercial discussions successful in establishing extended gas sales to March 2016
- Liquids rich Canunda field operational since July 2013
- Gross flow rate of ~10 MMscfd and ~500 bbls per day LPG and condensate
- Four exploration wells and one appraisal well planned for late 2014, early 2015

***Liquids rich Beach operated gas and gas liquids production***

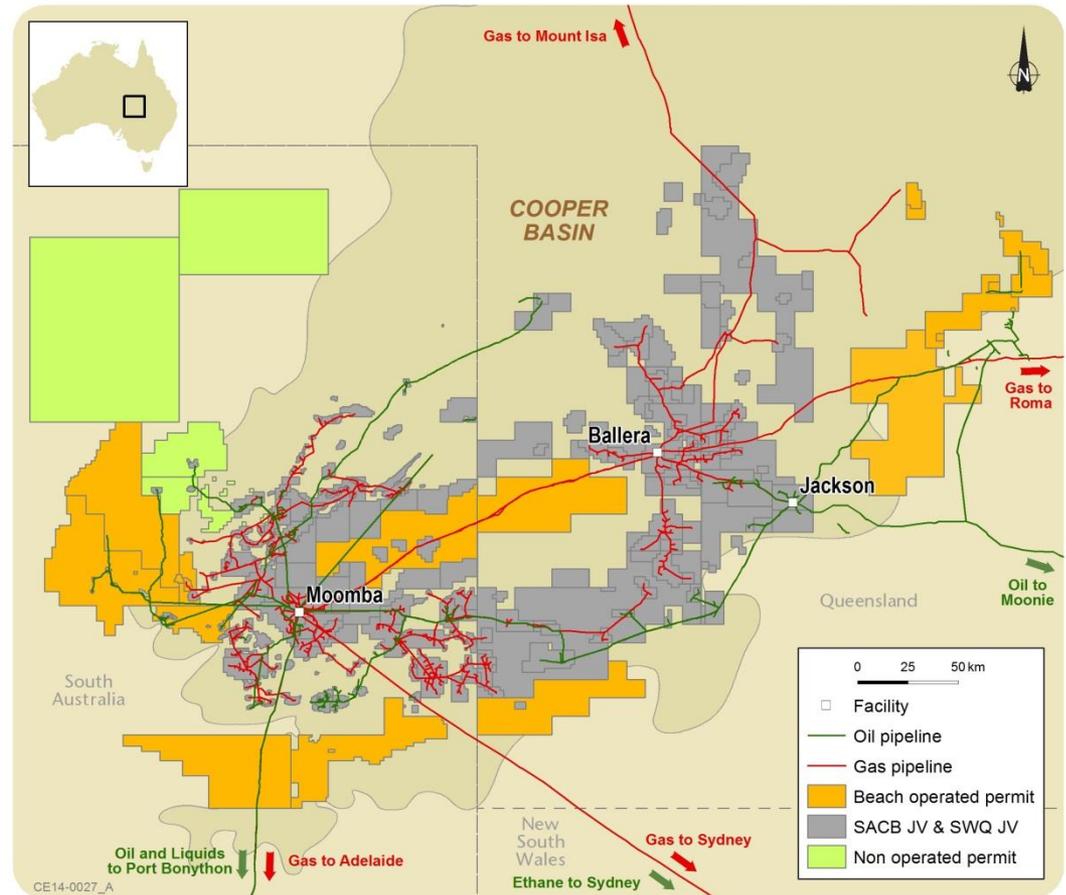


## SACB JV and SWQ JVs Conventional gas



# SACB JV and SWQ JVs

- Significant acreage with substantial reserves base
- 20.21% in the South Australian Cooper Basin Joint Venture (SACB JV) and 20-40% in the South West Queensland JVs (SWQ JVs)
- Gross area covered by various joint ventures ~26,800 km<sup>2</sup> (~6.6 million acres)
- Joint ventures include:
  - ~6,000 km of flowlines
  - Primary processing and transportation facilities
- Upside from shale and basin centred gas plays



**Operator targeting 30% production growth by 2015**

# Moomba processing facility

- Strategically located expandable facility
- Current daily capacity approximately:
  - 300 TJ gas
  - 35 kbbl oil/condensate
  - 600 tonnes LPG
- Substantial gas storage system with capacity ~70 PJ
- Gas supplied directly into New South Wales, Queensland and South Australian markets
- Further processing capacity at Ballera >200 TJ per day

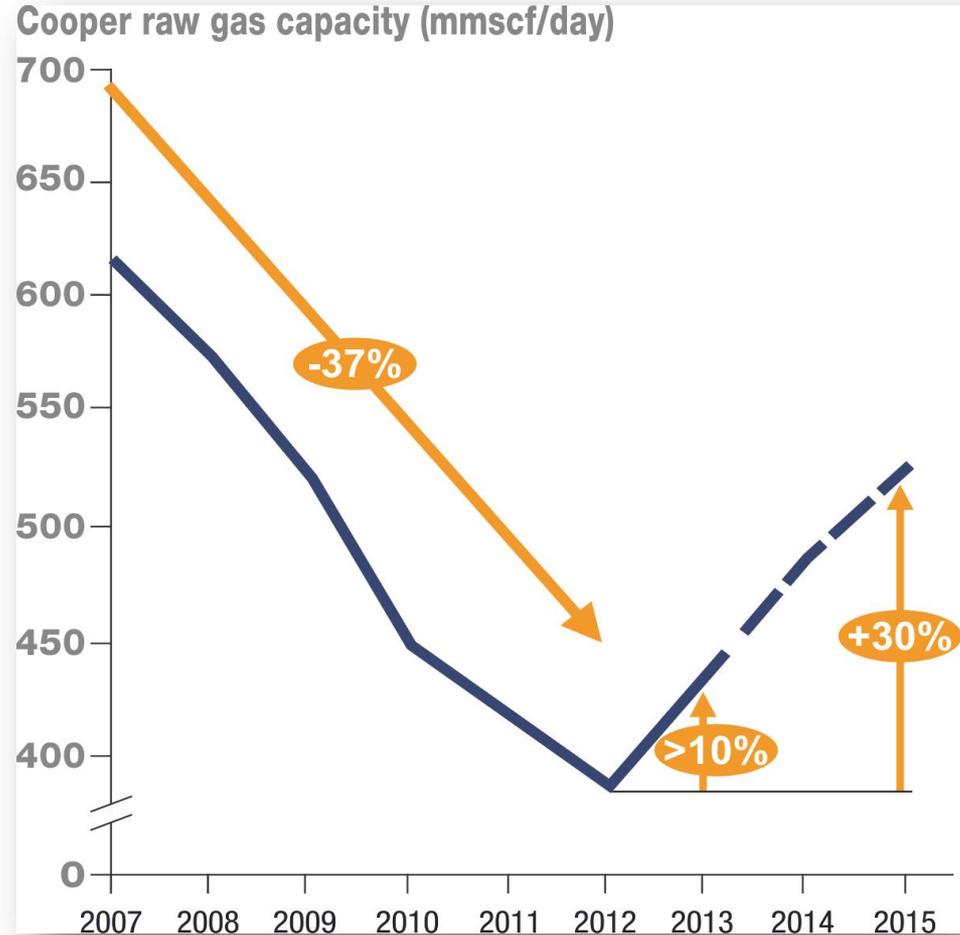
*The key processing point for Cooper Basin and Eromanga Basin oil and raw gas*



# SACB JV conventional gas

- Five rigs operating
- Focus on cost savings through multi-well pad drilling
- SIMOPS approach to fracture stimulation
- Targeted 30% capacity growth by 2015, leading to a step-change in cost reductions
- Maintenance strategies successfully delivering record low downtime levels leading to production benefits

***Extracting more gas from existing fields with active infill drilling***



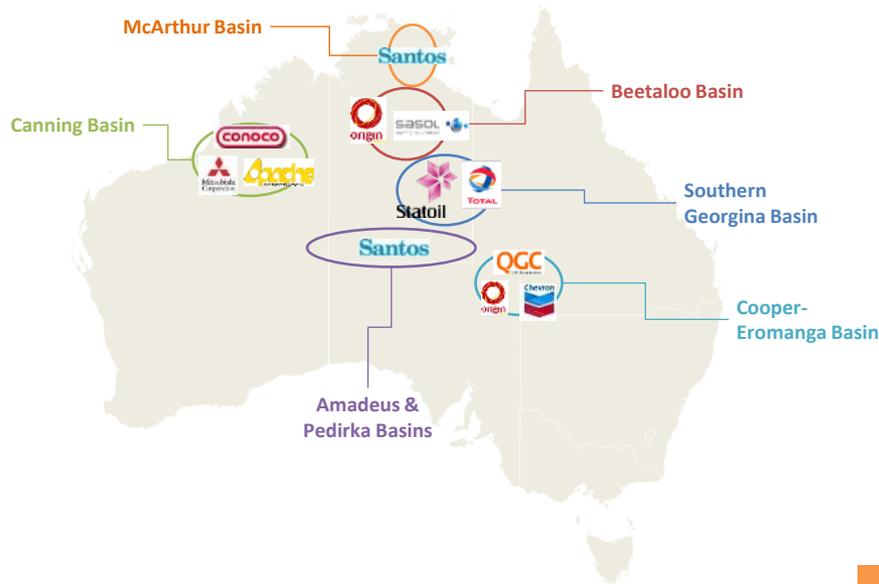
Source: Derived from Santos

# Unconventional gas

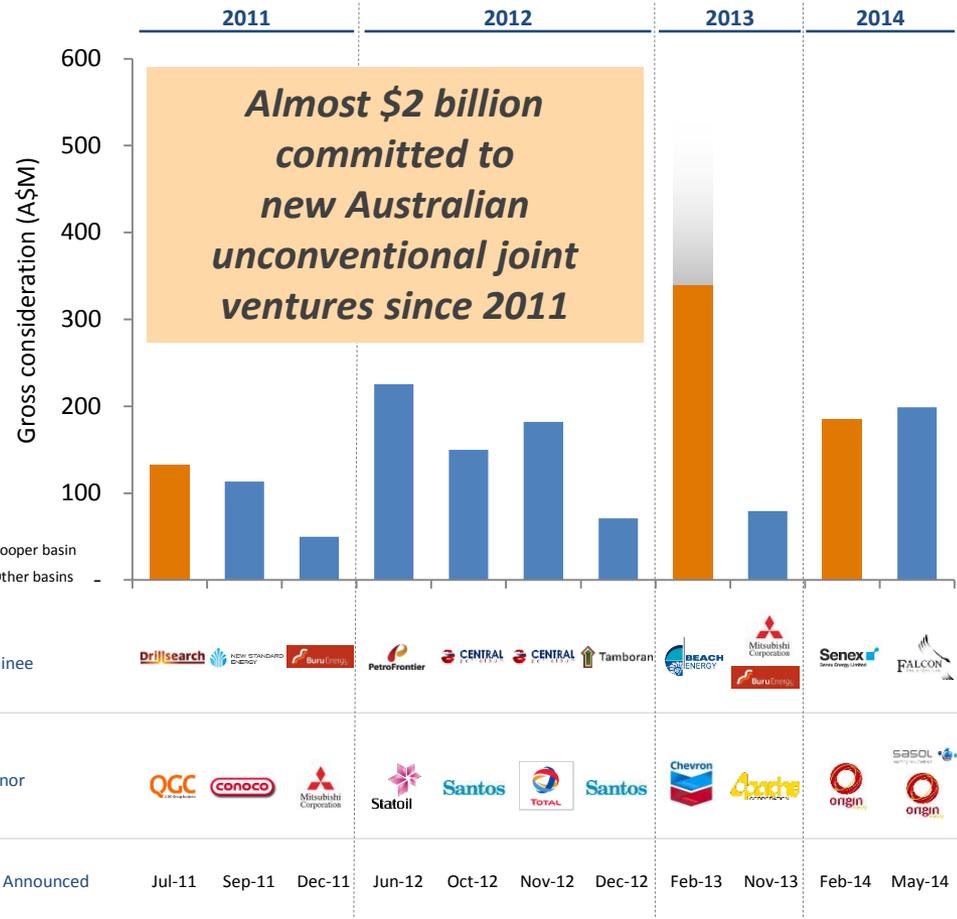
## Cooper Basin



# Unconventional transaction activity



- Growing investment activity in key basins
  - New entrants (Chevron, Statoil, Total, Sasol)
  - East Coast LNG proponents (Origin, Santos, Conoco, BG/QGC)
- Meaningful capital expected to be committed
- Cooper Basin transaction metrics higher than other basins given adjoining infrastructure, access to market and geological knowledge



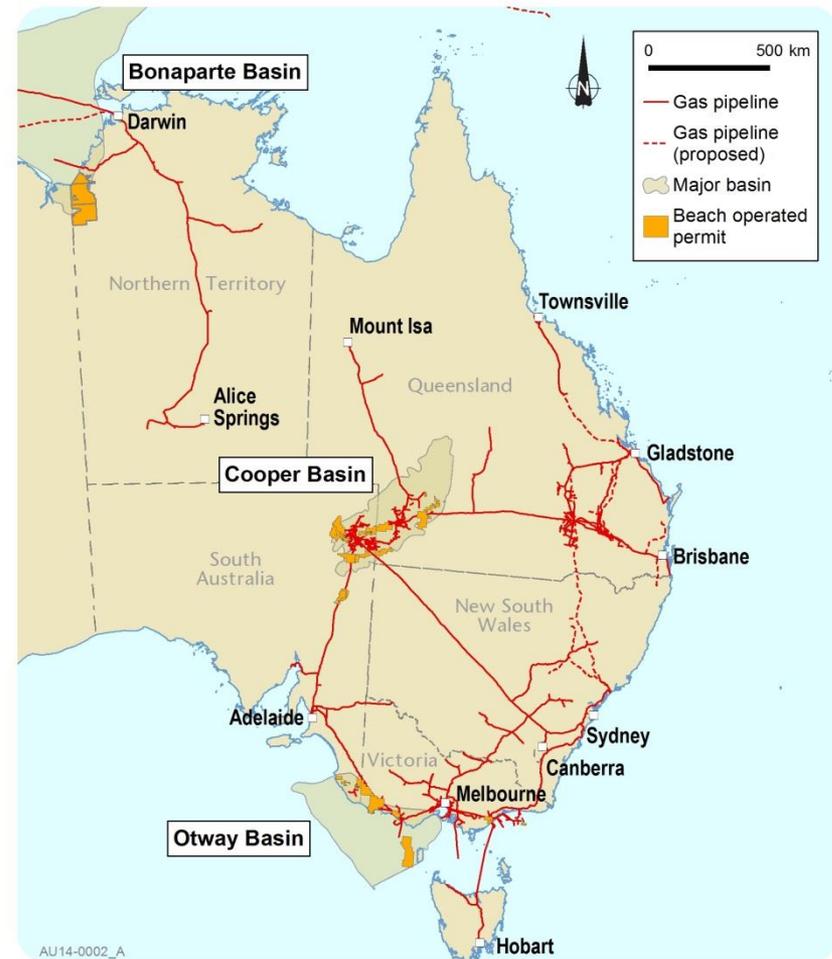
Source: Company filings, IRESS

Note: (1) Assumes all assets go to the final development stage; Drillsearch/QGC transaction excludes value of issued options (out of the money at time of deal announcement); Senex/Origin transaction excludes A\$67m of "additional work program"; PetroFrontier/Statoil transaction based on the original announced deal on 20 June 2012; (2) Consistently applies same approach to each farm-in by comparing the gross funding for the work program divided by the gross acreage; (3) Based on Drillsearch investor presentation (May-14)

# Unconventional positioning

- Strategically targeted three key basins for unconventional acreage
- Cooper Basin activity:
  - Nappamerri Trough Natural Gas with Chevron and Icon
  - SACB JV unconventional REM and BCG plays
- Otway and Bonaparte Basins targeting gas and gas liquids
- All basins proximal to infrastructure and markets
- Gas demand and pricing trending upward

***Positioned to fuel growing northern and eastern gas markets***



# The keys to unconventional success

- Well profiles the key focus on all projects
- Uncovering 'sweet spots' with focused activity around them
- Process improvements and technology to drive efficiencies
- Costs to be driven down by efficiencies and scale
- Gas pricing trending upward
- The right partnerships with the relevant expertise

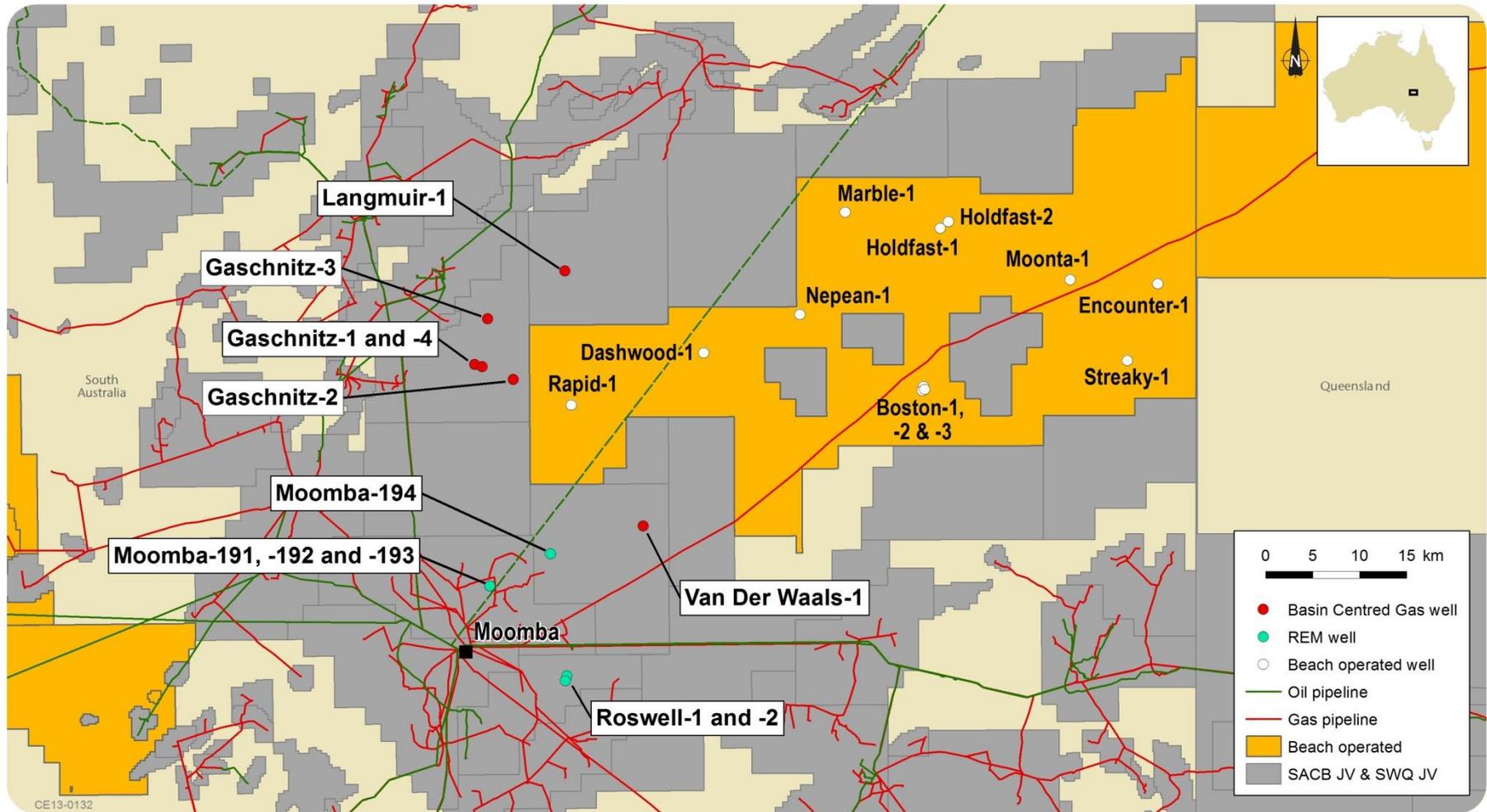
*Estimated ultimate recovery per well the key for commerciality*



# SACB JV Unconventional gas



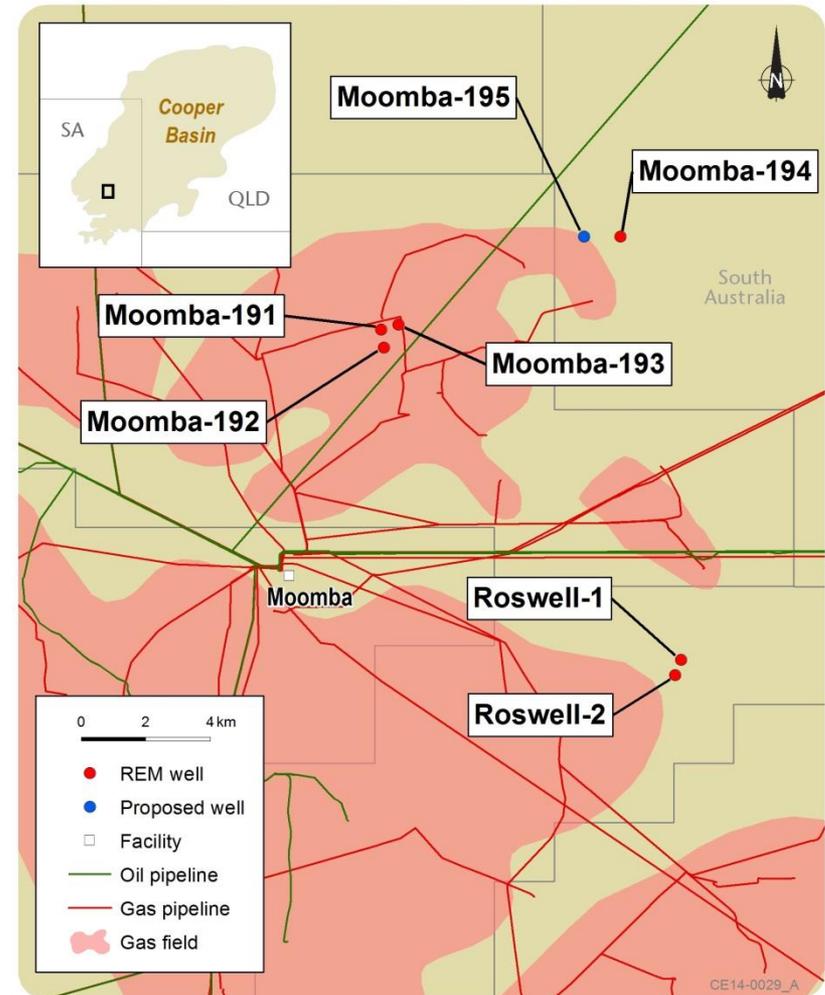
# SACB JV unconventional program



# REM play

- Targeting the Roseneath Shale, Epsilon Formation, Murteree Shale and Patchawarra Formation
- Moomba-191 and -194 tied-in and producing
- Roswell-1 and Moomba-192 vertical wells fracture stimulated and flow tested
- Roswell-2H and Moomba-193H fractured stimulated and undergoing flow testing
- Moomba-195H deferred, awaiting results from Moomba-193H and Roswell-2H

***Unconventional resources that can be quickly monetised***



- Gaschnitz-1 ST1 vertical well:
  - Seven zone stimulation, produced at ~1 MMscfd
  - Shut-in, awaiting completion
  - 2014 follow up program of two deep wells and up to four shallow vertical wells
  - Pilot production if fracture stimulation results are promising
  - Connection to SACB JV gathering system post fracture stimulation if flow results from pilot are commercial
- Langmuir-1 vertical well:
  - 10 zone stimulation, produced at ~1.5 MMscfd, currently at ~1 MMscfd
- Van der Waals-1:
  - Operational issues resolved
  - Fracture stimulation targets under review and based on results from Gaschnitz-1 ST1 and Langmuir-1
- Strong connection to Beach operated NTNG wells in Nappamerri Trough

***Testing the western margins of the Nappamerri Trough with access to a full unconventional information set***

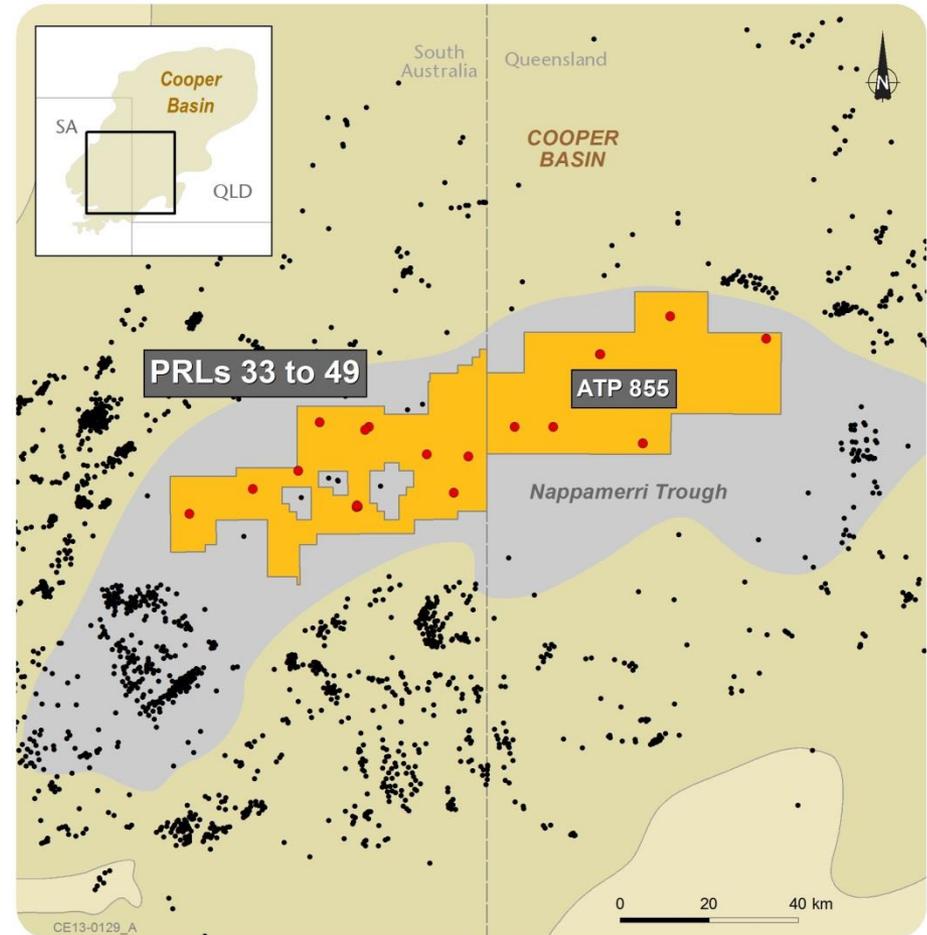
# Nappamerri Trough Natural Gas



# Nappamerri Trough Natural Gas

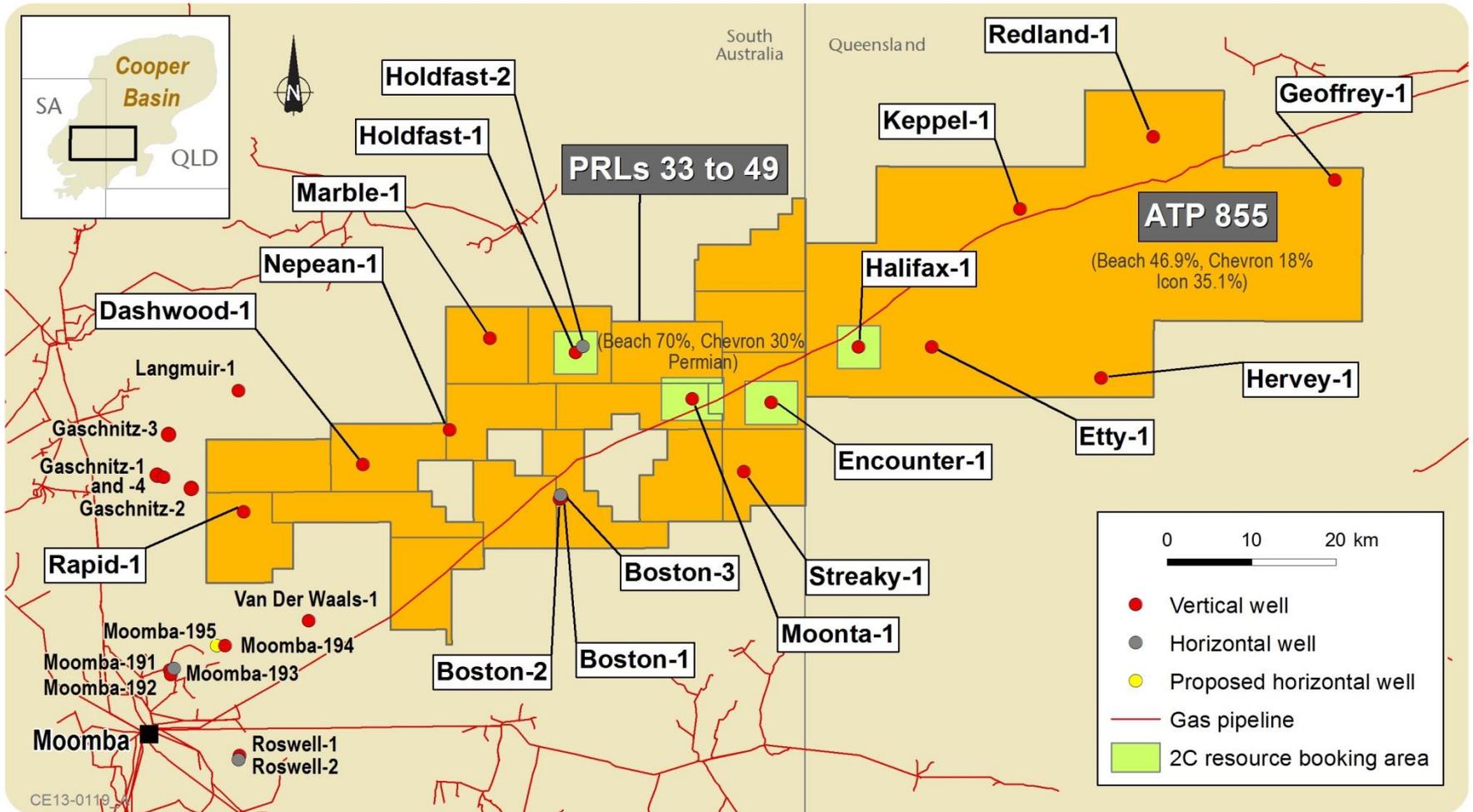
- A staged and methodical exploration and appraisal program
- Delineation of a significant untapped resource
- Multiple formations present
- Aerially extensive with permits covering more than 800,000 acres
- In excess of 1,000 metres of gas saturated section
- Currently flow testing a number of wells in PEL 218
- Retention licenses granted over the old PEL 218, now PRLs 33 to 49

**Net 1.3 Tcf of 2C resource booked at 30 June 2013 in PRLs 33-49 and ATP 855**

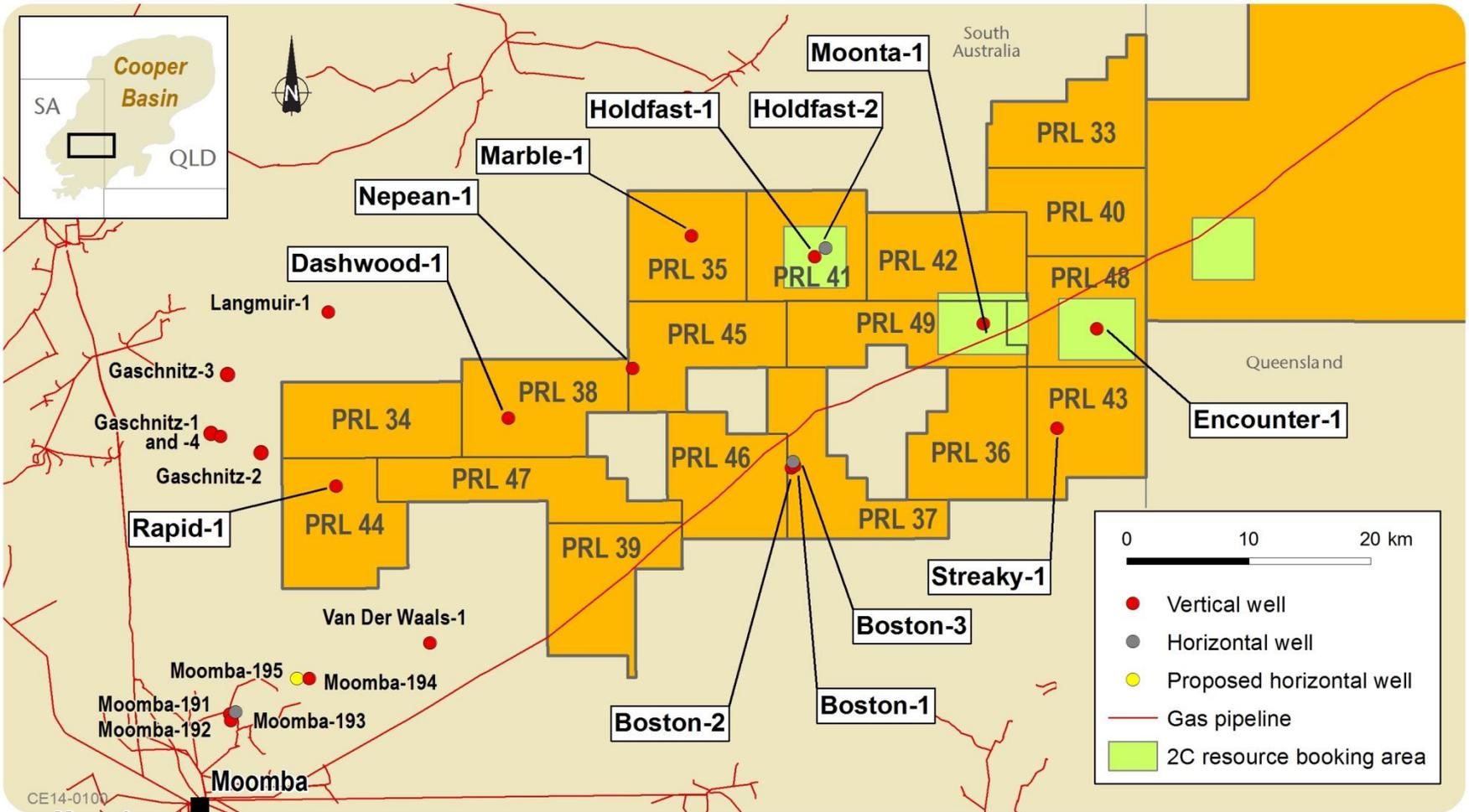


Permian section equity interests: PEL 218 (Beach 70% and operator, Chevron 30%) and ATP 855 (Beach 46.9% and operator, Chevron 18%, Icon Energy 35.1%)

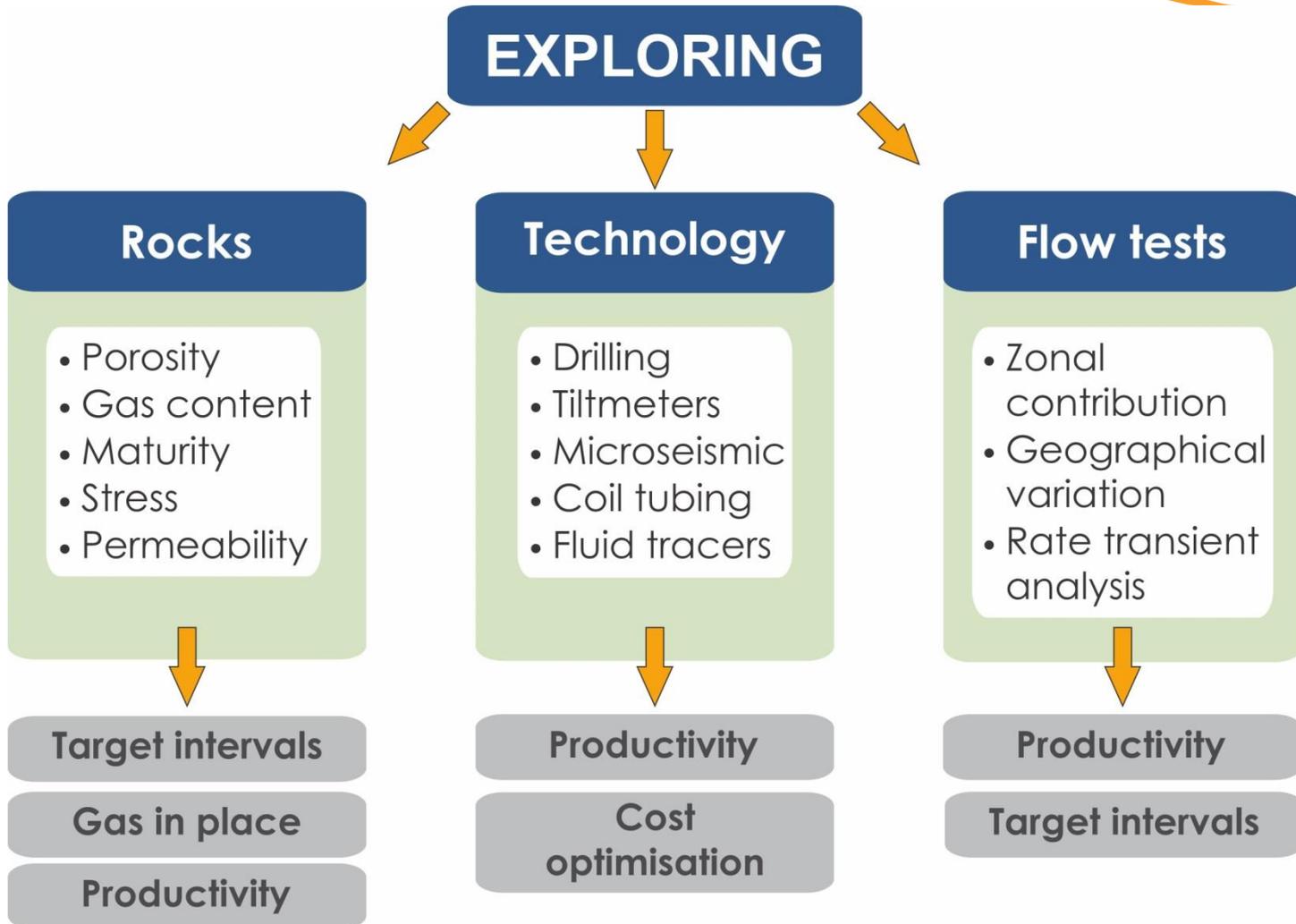
# NTNG wells



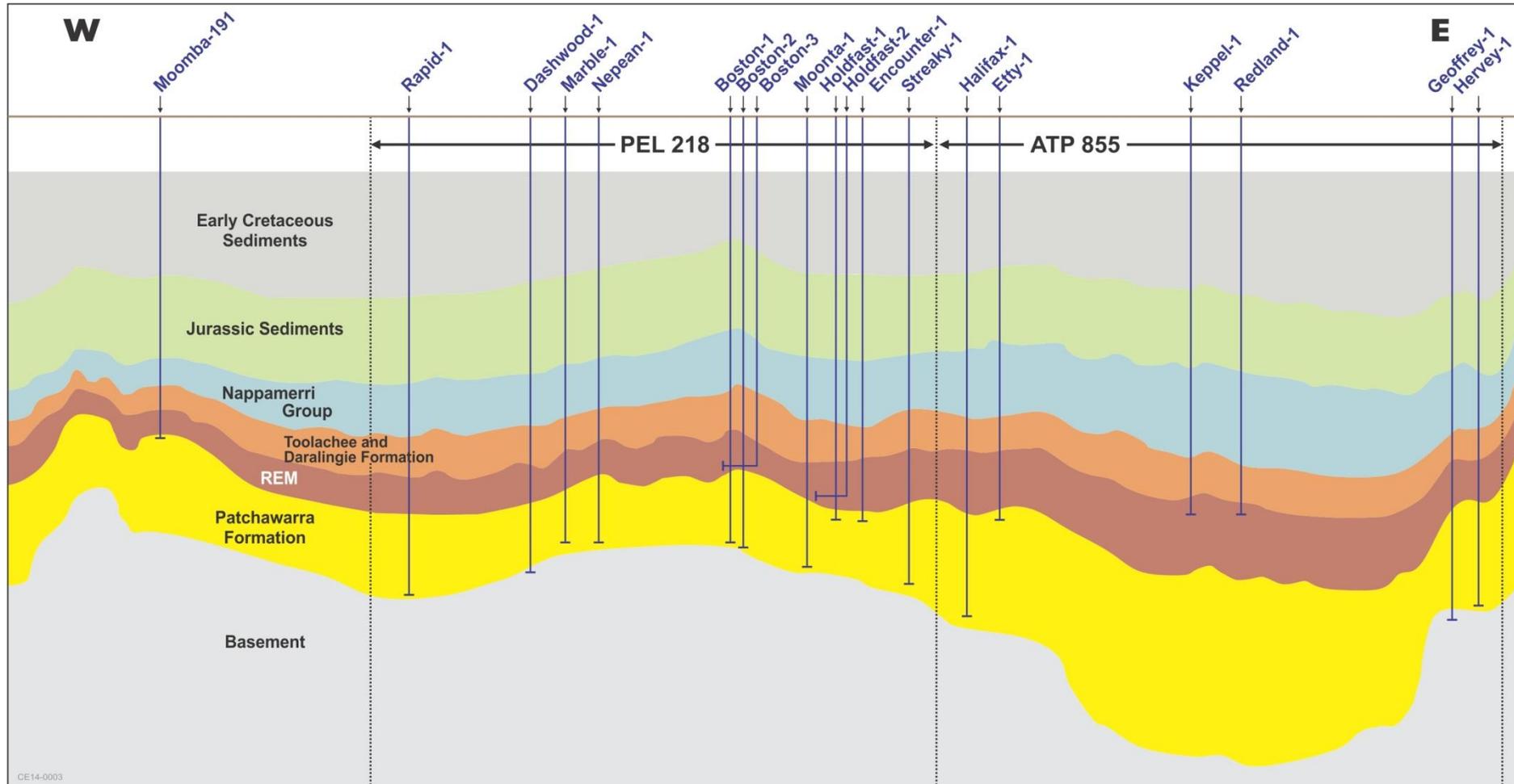
# Retention licences granted



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# Exploration and appraisal cross section



Note: Well locations are approximate only and may have been shifted to show their correct structural position on the cross section

## Other Australia



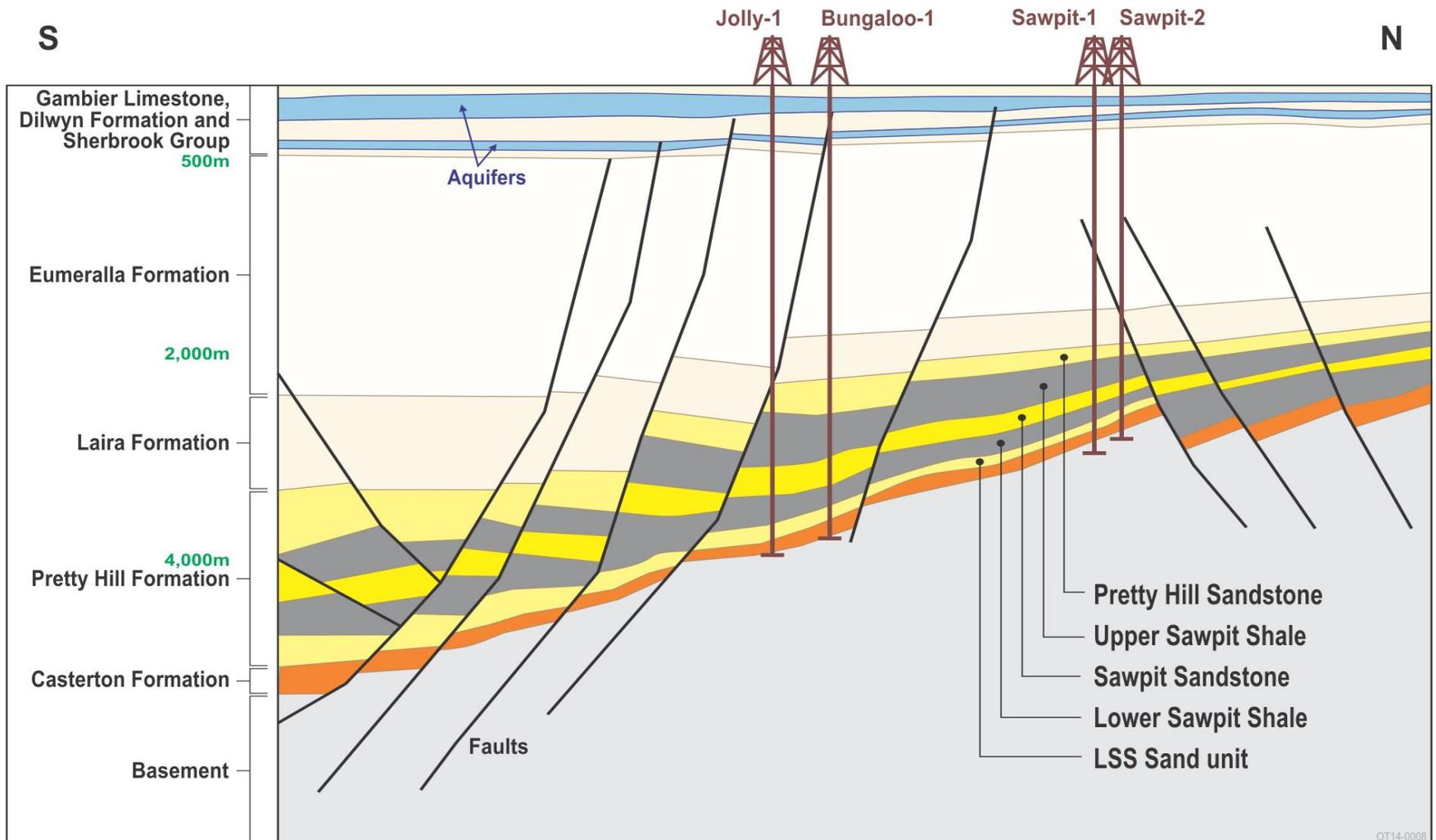
# Otway Basin

- Building a portfolio of onshore and offshore gas assets
- Two onshore wells recently drilled, with conventional and unconventional targets identified
- Further conventional onshore drilling anticipated
- Joint venture with 3D Oil recently announced in the T/49P block
- Well positioned near infrastructure and producing fields

*Exploring for conventional and unconventional liquids rich gas near existing infrastructure*



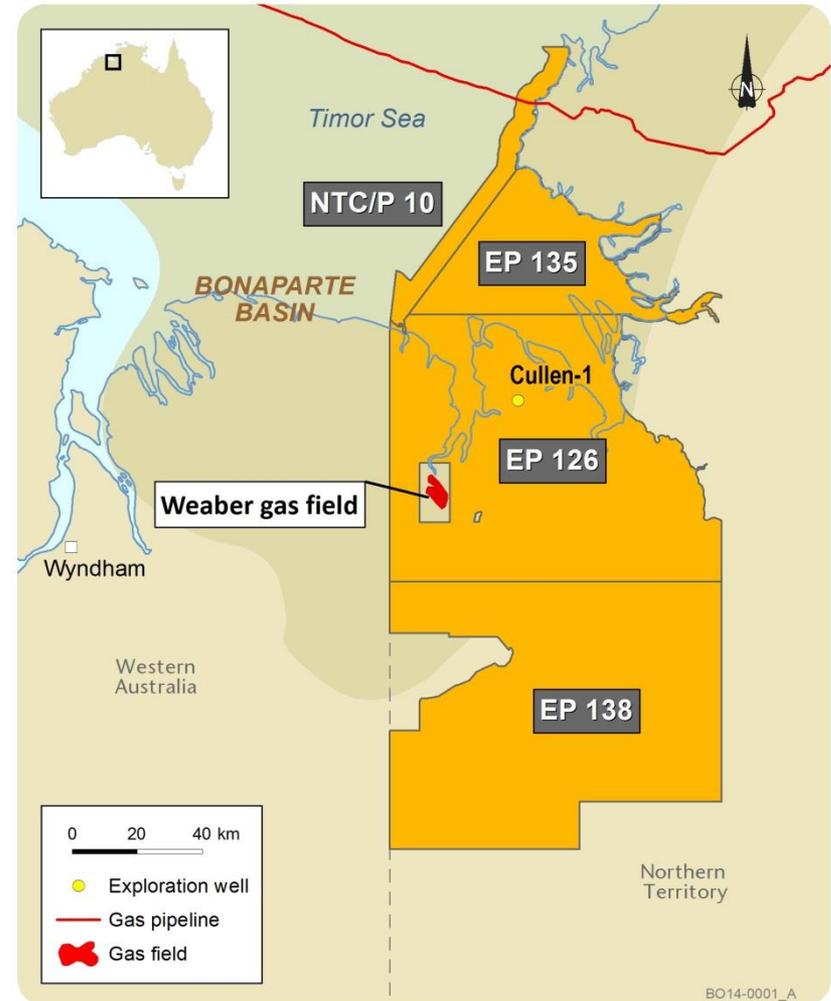
# Cross section of PELs 494 and 495



OT14-0008

# Bonaparte Basin

- EP 126, 138 (Beach earning up to 90%)
- ~6,500 km<sup>2</sup> high resolution airborne gravity and magnetic survey acquired, processed and interpreted
- Cullen-1 coring at ~1,600 metres
- Undeveloped Weaber gas field evidence of hydrocarbon presence

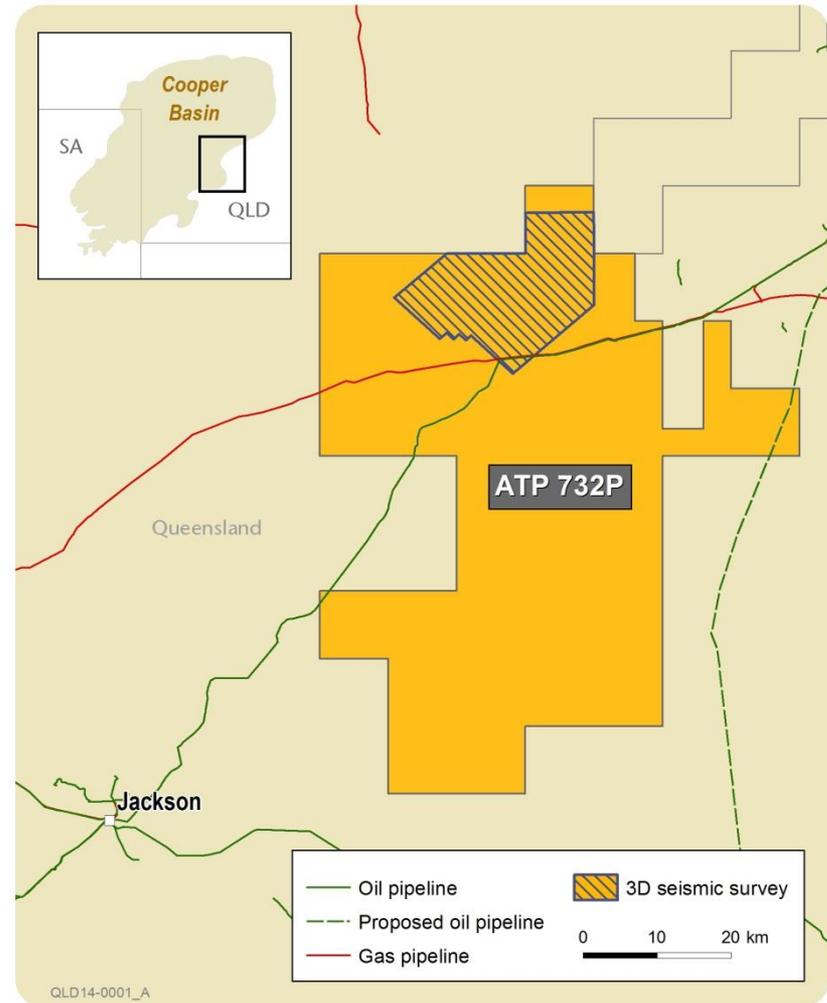


*Underexplored with conventional and unconventional oil and gas targets*

# Cooper Basin – Eastern Flank

- ATP 732 (Beach earning 50%, Bengal 50%)
- Large underexplored permit
- Located between the Jackson (~50 MMbbl of oil produced) and the Kenmore/Bodalla (~20 MMbbl of oil produced) fields
- ~300 km<sup>2</sup> Nassarius 3D seismic survey completed
- Targeting conventional oil reservoirs
- Location of next well to be based on interpreted Nassarius 3D seismic data
- Hydrocarbon shows in previous wells drilled

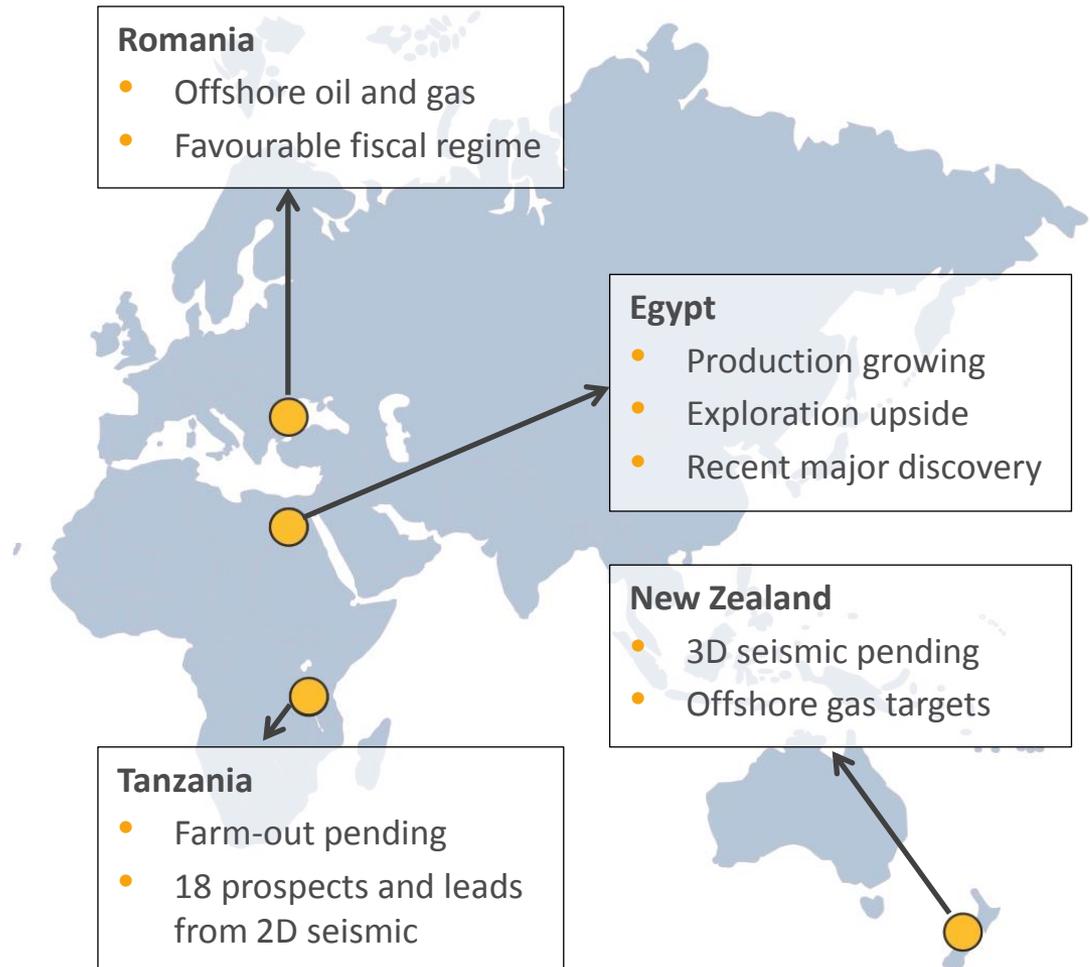
***New oil fairway potential in an underexplored area between two prolific oil fields***



# International



- Provides long-term growth options
- Targeted and disciplined approach to key attributes:
  - Technical
  - Commercial
  - Risk/reward proposition
  - Capital allocation
- Focused on early entry step change opportunities
- Bias for oil and high price gas markets



## Country status

- Recent history of political volatility and unrest
- Business as usual from an operations standpoint

## Growth potential

- Targeting material oil prospects
- Abu Sennan success within the El Salmiya field

## Beach value add

- Sharing of geological and operational core skill set

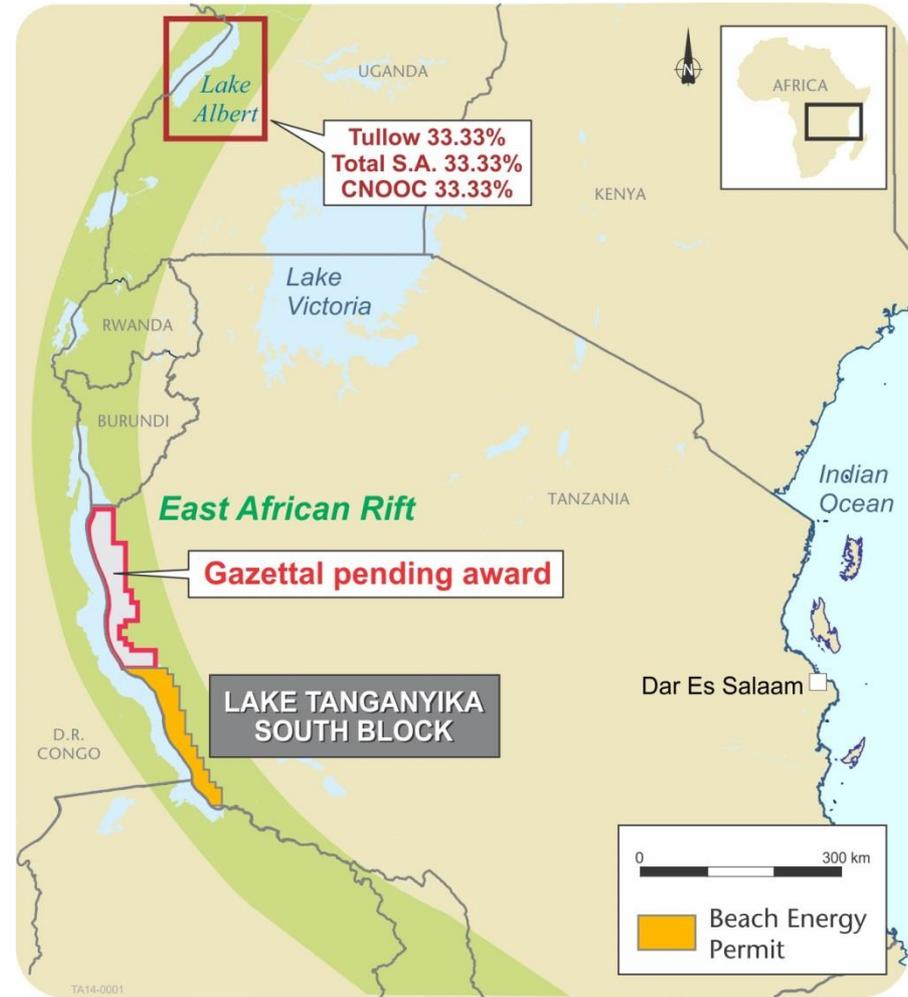
*Balanced portfolio of assets with growing oil production*



# Tanzania – Lake Tanganyika South Block

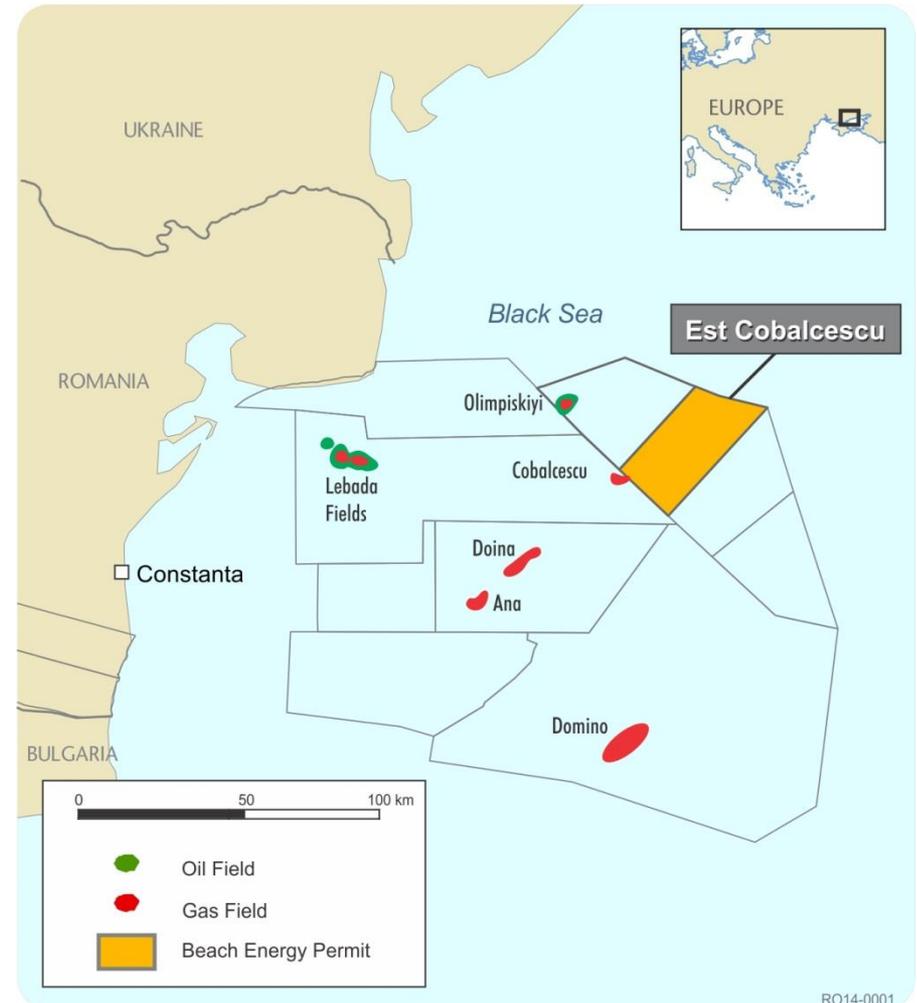
- Beach 100%
- Block area ~7,200 km<sup>2</sup>
- Natural oil seeps indicate a working petroleum system
- 2,080 kilometre 2D seismic survey completed in August 2012
- Extensive structuring confirmed, similar to Lake Albert in Uganda
- Indications of hydrocarbons over tilted fault blocks, low-side rollovers and mounded features
- Discussions taking place with respect to the farm-out

***A significant acreage position in the prospective East African Rift***



# Romania – Est Cobalcescu block

- Beach 30%, PetroCeltic 40% and operator, Petromar 30%
- ~1,000 km<sup>2</sup> with 3D seismic coverage
- Water depth <100 metres
- ExxonMobil deep water block Domino discovery
- A further exploration well planned in the next 12 months



*Newly available acreage with proven petroleum systems and multiple targets*

# Appendices



# Chevron transaction summary



- Subject to joint venture approvals, the key work program elements envisaged across the two permits involve an initial exploration program to be followed by pilot production programs

## PEL 218 – potential payments

### Stage 1 (initial 30%) <sup>(1)</sup>

- US\$36 million cash
- US\$95 million carry

### Stage 2 (additional 30%) <sup>(2)</sup>

- US\$41 million cash
- US\$47 million carry

- Commitment bonus payment of US\$35 million

## ATP 855 – potential payments

### Stage 1 (initial 18%)

- US\$59 million cash

### Stage 2 (additional 18%) <sup>(2)</sup>

- US\$36 million cash

(1) Vertical wells exclude Holdfast-1 and Encounter-1

(2) Permian section equity interests post stage 2 farm-in would be: PEL 218 (Beach 40%, Chevron 60%) and ATP 855 (Beach 28.9%, Chevron 36%, Icon Energy 35.1%)

Note: Chevron has the option to continue or withdraw at the end of each stage

## Moomba wells - nomenclature

Current Well Name	Previous Well Name	Purpose	Status
Roswell 1	Roswell 1	Vc 50 coal, REM, Microseismic	Flowing from Vc 50 post frac
Roswell 2	Roswell 2 Horizontal	Roseneath Shale 1000 -1500'	Spud 12 Oct
Moomba 192	Aurora 1 Vertical	REM, Microseismic	Status being reviewed on Patch gas
Moomba 193	Aurora 2 Horizontal	Murteree Shale	After Roswell 2
Moomba 194	Fortuna 1 Vertical	REM and Patch, Microseismic	C & S 7 Oct REM Frac
Moomba 195	Fortuna 2 Horizontal	Murteree Shale	After Moomba 193
Moomba 196	Moomba North 30 Vertical	Gas Development	Spud 16 Oct
Moomba 197	Moomba North 44 Vertical	Gas Development	After Moomba 196
Moomba 198	Moomba North 46 Pad Well	Gas Development	Spudded 9 Oct
Moomba 199	Moomba North 45 Pad well	Gas Development	After Moomba 198
Moomba 200	Moomba North 47 Pad well	Gas Development	After Moomba 199
Moomba 201	Moomba North 48 Pad well	Gas Development	After Moomba 200
Moomba 202	Moomba South 55 Vertical	Gas Development	After Moomba 197
Moomba 203	Moomba 203	REM and Patch	1Q 2014 Possible replacement for M 192

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