



ASX Release

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NOTICE OF 2014 ANNUAL GENERAL MEETING – FREQUENTLY ASKED QUESTIONS

To ensure a clear and contemporaneous communication with all shareholders, the annexure to this ASX release details Beach's response to frequently asked questions in relation to the following resolutions proposed at its annual general meeting on 27 November 2014:

- Resolution 5 – Approval of the giving of a benefit to Mr R G Nelson, Managing Director, after retirement.
- Resolution 6 – Non executive director remuneration.

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Annexure**Q: Resolution 5 – If this resolution is passed, what is the Board's intention regarding Mr Nelson's unvested performance rights?**

A: After 23 years of dedicated service to Beach, the Board views Mr. Nelson as a 'good leaver' and if shareholders approve, will allow him to receive some of the benefit of his incentive rewards after retirement.

If shareholder approval is granted to resolution 5, the Board will deal with Mr. Nelson's long term performance rights after his retirement on 1 July 2015 as follows and for the reasons below.

1. Performance rights under Beach's long-term incentive scheme are granted to incentivise and then reward performance if warranted. The Board was keen to incentivise Mr. Nelson to take a long-term view in relation to Beach's affairs, even though his tenure is ending on 1 July 2015, and no performance rights were therefore going to be offered to him for the 2015 financial year. To this end, the Board advised Mr. Nelson that, subject to shareholder approval, and where he has contributed to long-term gain for shareholders, a pro rata reward will be provided to him for that contribution at the date of testing the long-term incentive performance rights. If the testing criteria are not met, Mr. Nelson will not receive any financial reward pertaining to these rights. If testing criteria are met Mr. Nelson will receive at that time a pro rata benefit equal to the period of his contribution to the relevant shareholder returns.
2. Specifically, in relation to the 869,781 performance rights that would vest on 1 December 2015, Mr. Nelson would have contributed for 85% of the relevant period to any gains made by shareholders. In relation to the 972,292 performance rights that would vest on 1 December 2016 Mr. Nelson would have contributed for 50% of the relevant period.
3. The Board will not accelerate the vesting date of incentive arrangements to which Mr. Nelson may be entitled after his retirement.
4. The Board will pay to Mr Nelson at the relevant time in 2015 and 2016 a cash amount equal to the value, if any, of the pro rata amount of rights that would otherwise have vested on those dates.

Q: Resolution 6 – Why are you increasing the remuneration pool for non-executive directors to \$1,300,000 per year?

A: The remuneration pool for non-executive directors has not changed since 2007. There is currently no headroom left within the existing pool to attract and retain the best available candidates to the Board. The total pool increase proposed is \$400,000 to \$1,300,000. The Board determined the size of the increase based on independent advice from external remuneration consultants, Guerdon Associates. The effect of that advice was that Beach board fees are below market levels and the total fee pool is presently well below peer companies. This increase will bring the fee pool into line with companies of a similar size to Beach.

Directors will not be receiving any remuneration increases in the 2015 financial year.