

# Quarterly Report

Period ending 31 March 2015

## HIGHLIGHTS

### FINANCIAL

- Sales volumes of 2.2 MMboe, down 23% on prior quarter and 5% on pcp; year to date sales volumes in line with prior financial year
- Total revenue of \$131 million, down 33% on prior quarter, due to lower sales volumes and oil prices
- Capital expenditure down 47% to \$79 million, consistent with revised FY15 program
- Cash reserves of \$165 million and undrawn debt facility of \$150 million (post Convertible Notes redemption)
- Major reduction in capital expenditure anticipated for FY16; cash reserves and operating cash flows expected to fully fund reduced FY16 program

### OPERATIONS

- Quarterly production of 2.1 MMboe, down 11% on prior quarter
- Second Bauer Field pad drilling campaign complete
- Bauer upgrade commissioned and first pad connected; first pad well producing
- Two Western Flank oil discoveries and one Western Flank liquids-rich gas discovery
- NTNG Stage 1 exploration phase complete and all technical objectives met; minimal expenditure anticipated as Stage 2 scope is determined
- 35 wells complete with a drilling success rate of 91%
- FY15 production guidance narrowed to 8.9 – 9.2 MMboe (from 8.9 – 9.4 MMboe)

### CORPORATE

- Commencement of Rob Cole as Managing Director, effective 10 March 2015
- Chevron joint venture equity interests in NTNG to return to Beach

### SUBSEQUENT EVENTS

- Commencement of Colin Beckett as Non-executive Director, effective 2 April 2015
- Redemption of Convertible Notes, funded by drawdown of debt facility (\$150 million)
- Increased Abu Sennan oil production as a result of newly commissioned pipeline
- Organisational review commenced

### KEY STATISTICS

	March Q3 FY14	December Q2 FY15	March Q3 FY15	Qtr on Qtr Change	YTD
Production (kboe)	2,318.3	2,386.5	2,122.4	(11%)	6,907.5
Sales Volumes (kboe)	2,338.8	2,857.4	2,212.5	(23%)	7,945.1
Revenue (\$ million)	231.3	194.0	130.7	(33%)	557.5
Oil Price (\$/bbl)	124.8	86.8	71.0	(18%)	91.7
Cash (\$ million)	427.9	248.6	164.6	(34%)	164.6

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##### Independent

##### Non-executive Chairman

Glenn Davis

##### Managing Director

Rob Cole

##### Non-executive Directors

Colin Beckett

Fiona Bennett

John Butler

Belinda Robinson

Doug Schwebel



#### Rob Cole

Managing Director

28 April 2015

Ref: #028/15

## FINANCIAL

### SALES

Sales volumes of 2,213 kboe were approximately 23% lower than the prior quarter and 5% lower than the prior corresponding period. The reduction was primarily due to lower oil production (operated and third party), seasonally lower gas demand and higher planned downtime at the Moomba gas processing facility. Timing of LPG and condensate shipments also contributed to reduced volumes. For the financial year to date, total sales volumes are in line with the prior financial year.

Sales		March Q3 FY14	December Q2 FY15	March Q3 FY15	Qtr on Qtr Change	YTD
Oil (kbbbl)	Cooper and Eromanga Basins - Own Production	1,193.2	1,212.8	1,047.3	(14%)	3,468.1
	Cooper and Eromanga Basins - Third Party	363.8	312.2	276.0	(12%)	946.3
	<b>Total Cooper Oil</b>	<b>1,557.0</b>	<b>1,525.0</b>	<b>1,323.3</b>	<b>(13%)</b>	<b>4,414.4</b>
	Egypt	12.3	27.0	38.0	40%	86.4
	<b>Total Oil</b>	<b>1,569.3</b>	<b>1,552.0</b>	<b>1,361.3</b>	<b>(12%)</b>	<b>4,500.8</b>
Gas and Ethane (PJ)	Cooper Basin - Own Product	3.2	5.1	3.6	(30%)	14.6
	Cooper Basin - Third Party	0.5	0.9	0.7	(19%)	2.3
	<b>Total Gas and Ethane</b>	<b>3.7</b>	<b>6.0</b>	<b>4.3</b>	<b>(28%)</b>	<b>16.9</b>
LPG (kt)	Cooper Basin - Own Product	7.0	17.4	9.0	(48%)	34.8
	Cooper Basin - Third Party	0.3	0.3	0.3	(16%)	1.0
	<b>Total LPG</b>	<b>7.3</b>	<b>17.7</b>	<b>9.3</b>	<b>(48%)</b>	<b>35.8</b>
Condensate (kbbbl)	Cooper Basin - Own Product	72.9	137.4	39.2	(71%)	250.6
	Cooper Basin - Third Party	2.0	2.1	2.0	(3%)	7.0
	<b>Total Condensate</b>	<b>74.9</b>	<b>139.5</b>	<b>41.2</b>	<b>(70%)</b>	<b>257.6</b>
<b>Total Oil and Gas Sales (kboe)</b>		<b>2,338.8</b>	<b>2,857.4</b>	<b>2,212.5</b>	<b>(23%)</b>	<b>7,945.1</b>
Total – Own Product (kboe)		1,888.3	2,390.3	1,811.3	(24%)	6,592.5
Total – Third Party (kboe)		450.5	467.1	401.2	(14%)	1,352.6

## REVENUE

Total revenue decreased 33% to \$131 million, due to a combination of lower realised oil prices and lower sales volumes. The average realised Australian dollar oil price declined to \$71/bbl (from \$87/bbl), representing an 18% reduction from the prior quarter.

Revenue (\$ million)	March Q3 FY14	December Q2 FY15	March Q3 FY15	Qtr on Qtr Change	YTD
<b>Oil</b>	<b>195.9</b>	<b>134.8</b>	<b>96.7</b>	<b>(28%)</b>	<b>412.6</b>
Sales Gas and Ethane	19.1	34.6	24.9	(28%)	94.8
LPG	8.2	13.1	6.1	(53%)	27.3
Condensate	8.2	11.4	3.0	(74%)	22.8
<b>Sales Gas and Gas Liquids</b>	<b>35.4</b>	<b>59.2</b>	<b>34.0</b>	<b>(42%)</b>	<b>144.9</b>
<b>Total Oil and Gas</b>	<b>231.3</b>	<b>194.0</b>	<b>130.7</b>	<b>(33%)</b>	<b>557.5</b>
Total – Own Product	182.6	160.2	107.0	(33%)	454.3
Total – Third Party	48.7	33.8	23.7	(30%)	103.2
Average Realised Prices	March Q3 FY14	December Q2 FY15	March Q3 FY15	Qtr on Qtr Change	YTD
All Products (\$/boe)	98.9	67.9	59.1	(13%)	70.2
Oil (\$/bbl)	124.8	86.8	71.0	(18%)	91.7
Sales Gas and Ethane (\$/GJ)	5.1	5.8	5.8	0%	5.6
LPG (\$/t)	1,122.2	740.3	659.2	(11%)	764.5
Condensate (\$/bbl)	108.8	81.9	73.4	(10%)	88.6

## CAPITAL EXPENDITURE

Capital expenditure was \$79 million for the quarter, representing a 47% decrease from the prior quarter and consistent with the reduced FY15 program. This reduction was primarily attributable to lower SACB JV development expenditure, completion of the NTNG Stage 1 exploration phase and deferral of certain discretionary items.

Beach is expecting a major reduction in capital expenditure for FY16, driven by lower SACB and SWQ JVs development expenditure, minimal spend on international permits as focus re-aligns closer to home, and minimal NTNG expenditure as Stage 2 scope is determined and re-partnering pursued. The expected reduction in capital expenditure is consistent with Beach's objective to fully fund the FY16 program from cash reserves and operating cash flows. Guidance will be provided upon completion of the FY16 budgeting process.

Capital Expenditure (\$ million)	March Q3 FY14	December Q2 FY15	March Q3 FY15	Qtr on Qtr Change	YTD
Exploration and Appraisal	61.6	55.5	22.6	(59%)	114.6
Development, Plant and Equipment	65.4	93.7	56.9	(39%)	232.7
<b>Total</b>	<b>127.0</b>	<b>149.2</b>	<b>79.5</b>	<b>(47%)</b>	<b>347.3</b>

## LIQUIDITY

Cash reserves were \$165 million at quarter end. The reduction in cash reserves during the quarter was primarily attributable to lower sales volumes and realised oil prices, continuing exploration and development expenditure, and dividend payments of \$10 million.

Subsequent to quarter end, all Convertible Notes on issue were redeemed at face value of \$150 million, plus interest. Redemption was serviced via partial drawdown of Beach's bank debt facility. As a result, Beach currently has drawn debt of \$150 million and an undrawn debt facility of \$150 million, which is available for general corporate purposes. At current bank borrowing costs, the redemption of Convertible Notes has resulted in lower overall interest cash costs. Beach's objective is to prudently manage liquidity in line with a lower oil price environment to ensure the FY16 capital expenditure program is fully funded from cash reserves and operating cash flows.

## CAPITAL STRUCTURE

Capital Structure	December Q2 FY15	March Q3 FY15	Qtr on Qtr Change
Fully Paid Ordinary Shares	1,297,496,886	1,300,149,513	0.2%
Unlisted Employee Rights	5,777,763	5,777,763	-

## HEDGING

Beach's policy is to hedge up to 80% of oil production and corporate costs by securing floors to protect against downside oil price scenarios, while retaining upside potential. This approach continued during the March quarter and has provided Beach with some protection during the current period of volatile oil prices. The following hedges were in place as at 31 March 2015.

Period	Floor \$45 per bbl (Brent)	Floor \$65 per bbl (Brent)	Floor \$70 per bbl (Brent)	Total Hedged Volumes (bbl)
FY15 (remaining)	-	382,500	112,500	495,000
FY16	1,057,500	472,500	225,000	1,755,000
FY17	142,500	-	-	142,500
<b>Total</b>	<b>1,200,000</b>	<b>855,000</b>	<b>337,500</b>	<b>2,392,500</b>



## OPERATIONS

### PRODUCTION

Production of 2,122 kboe was 11% lower than the prior quarter, predominantly due to:

- Natural oil field decline across operated and non-operated permits;
- Weather related delays to the commissioning of the Bauer facility upgrade, with initial contribution from the first Bauer pad well occurring late in the quarter (25 March 2015); and
- Higher planned downtime at the Moomba gas processing facility.

Subsequent to quarter end, Beach narrowed its FY15 production guidance to 8.9 – 9.2 MMboe (from 8.9 – 9.4 MMboe).

		March Q3 FY14	December Q2 FY15	March Q3 FY15	Qtr on Qtr Change	YTD
Oil (kbbbl)	Cooper Basin	1,272.6	1,174.3	1,035.5	(12%)	3,405.5
	Egypt	14.6	30.3	38.2	26%	87.7
	<b>Total Oil</b>	<b>1,287.1</b>	<b>1,204.6</b>	<b>1,073.7</b>	<b>(11%)</b>	<b>3,493.2</b>
Sales Gas and Ethane (PJ)	Cooper Basin	5.0	5.8	5.2	(10%)	16.7
LPG (kt)	Cooper Basin	10.8	12.1	9.6	(21%)	33.7
Condensate (kbbbl)	Cooper Basin	90.2	95.6	79.6	(17%)	271.8
<b>Total Oil and Gas (kboe)</b>		<b>2,318.3</b>	<b>2,386.5</b>	<b>2,122.4</b>	<b>(11%)</b>	<b>6,907.5</b>

### Cooper Basin Operated

#### Ex PEL 91

(Beach 40%, Drillsearch 60%)

Oil production decreased 13% to 366 kbbbl (net) due to natural field decline and weather related delays to the commissioning of the Bauer facility upgrade. Initial contribution from the first Bauer pad well occurred late in the quarter.

Expansion of water handling capacity at the Bauer facility was completed, with commissioning of four new separators. These have increased capacity to 75,000 bfpd (+25,000 bfpd), with planning currently underway for further upgrades. These capacity increases will enable tie-in of the second Bauer pad in Q1 FY16, as well as optimisation of fluids handling to sustain production rates.

For the first two weeks of April 2015, ex PEL 91 production averaged 11,850 bopd (gross), benefitting from the first Bauer pad well coming online 25 March 2015 (Bauer-19), which is sustaining an oil cut above initial estimates. The remaining pad wells (Bauer-16, -17 and -18) will be progressively brought online to maintain production at current levels.

This current level of production is forecast to be maintained through to the end of this calendar year as:

- The remaining wells from the first Bauer pad are brought online;
- Stunsail and Pennington facilities are commissioned;
- The second Bauer pad is connected; and
- Chiton-3, Hanson-2 and Balgowan-1 wells are connected.

#### Ex PEL 92

(Beach 75%, Cooper 25%)

Oil production decreased 13% to 260 kbbbl (net) due to natural field decline.

#### Ex PEL 106

(Beach 50%, Drillsearch 50%)

Sales gas and LPG production decreased 25% to 67 kboe (net) and condensate production decreased 17% to 8.0 kboe. Reductions were attributable to maintenance related shut-in of wells and natural field decline.

## Kenmore and Bodalla

(Beach 100%)

Oil production decreased 9% to 42 kbbl (gross and net) due to natural field decline and maintenance downtime. Two wells were offline for pump repairs and have subsequently been brought back online.

## Cooper Basin Non-operated

Ex PEL 104 / 111

(Beach 40%, Senex 60%)

Oil production decreased 12% to 157 kbbl (net) due to natural field decline, partially offset by a full quarter of contribution from Martlet-1 and continuing strong production from the Spitfire Field. The second Namur Sandstone oil discovery, Martlet North-1, is expected online in Q1 FY16.

## SACB and SWQ JVs

Sales gas and gas liquids production decreased 10% to 974 kboe (net). The 2014 infill drilling program provided an increase in well capacity beyond natural field decline.

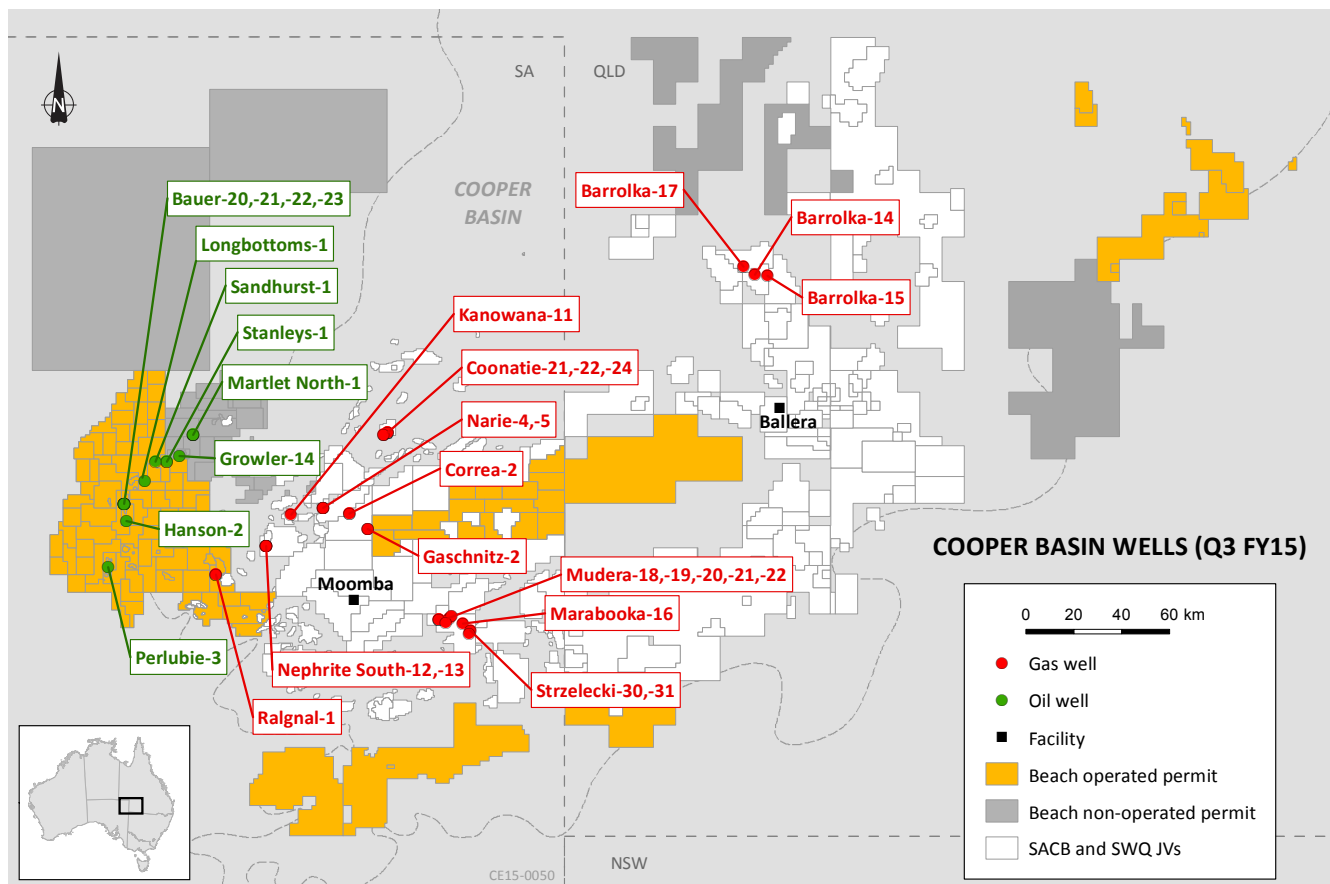
However, this additional capacity was offset by higher planned downtime at the Moomba gas processing facility and seasonally lower gas demand. Oil production decreased 7% to 211 kbbl (net) due to natural field decline and higher planned downtime.

## Egypt - Abu Sennan Concession

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

Oil production increased 26% to 38 kbbl (net entitlement), mainly due to a full quarter of production contribution from the ASA-1X ST3 well and addition of the Al Jahraa-4 well.

Subsequent to quarter end, oil production has increased by approximately 1,000 bopd (gross) following recent commissioning of the gas pipeline from the El Salmiya Field. Gas is flowing at approximately 6.0 MMscfd. Construction and commissioning of the gas pipeline and associated facilities were completed in record time.



## DEVELOPMENT

### Cooper Basin Operated

Ex PEL 91

(Beach 40%, Drillsearch 60%)

The second four-well pad drilling campaign was completed in the Bauer Field, targeting the highly productive Namur Sandstone reservoir and overlying McKinlay Member. The Bauer-20 to -23 pad wells were drilled approximately 10 metres apart at surface, with directional drilling commencing from depths of approximately 700 metres to reach target zones. Proximity of wells alleviated the need for rig demobilisation, allowing all wells to be drilled, cased and suspended in a total of 36 days.

Results from the program were in line with Beach’s pre-drill expectations, with Bauer-23 producing an upside result after intersecting a 6.8 metre Namur Sandstone oil column. Combined with results from the first pad drilling campaign (Bauer-16 to -19), the FY15 Bauer Field development campaign is expected to add 2P reserves and support current production levels. Beach’s assessment of well results is summarised below.

Well	High / (Low) to Prognosis (metres)	Namur Sandstone Oil Pay (net; metres)	McKinlay Member Interval (gross; metres)
Bauer-20	(2.0)	2.8	4.2
Bauer-21	0.3	5.5	4.2
Bauer-22	0.9	5.3	4.6
Bauer-23	3.1	6.9	4.0

Hanson-2, located approximately 450 metres to the east of the currently producing Hanson-1 well, intersected the target top Namur Sandstone 1.8 metres high to prognosis, with six metres of net oil pay in the McKinlay Member and Namur Sandstone reservoirs. The well was cased and suspended and is expected to be brought online in Q1 FY16.



Bauer pad drilling

## Cooper Basin Non-operated

### SACB JV

*(Beach 20.21%, Santos 66.6% and operator, Origin 13.19%)*

A four-well pad development campaign was completed in the Nephrite South Field. The field is located approximately 45 kilometres north-west of Moomba and currently produces from the Patchawarra Formation, with a small portion of production from the Tirrawarra Formation. In 2013, the Greater Tindilpie reservoir study identified potential for infill drilling within the northern area of the Nephrite South Field, with the joint venture subsequently approving the current development campaign. The final two wells of the campaign (Nephrite South-12 and -13) were drilled during the quarter and cased and suspended as future producers. Campaign results were broadly consistent with pre-drill expectations.

A nine-well development drilling campaign targeting the Coorikiana Sandstone in the Mudera, Marabooka and Strzelecki fields was completed, with eight wells drilled during the quarter (Mudera-18 to -22, Strzelecki-30 and -31, and Marabooka-16; Mudera-17 was drilled in December 2014). The fields are located approximately 35 kilometres south-east of Moomba and have been producing gas since the early 1980s. Originally Toolachee Formation producers, recent field development resulted in the Coorikiana Sandstone becoming the main producing zone in the Mudera and Marabooka fields, with 3D seismic survey results identifying the potential for Coorikiana Sandstone production in the Strzelecki Field. All nine wells in the program were cased and suspended as future producers, with gas pays encountered in line with expectations. Initial production rates from connected wells are above pre-drill estimates.

A two-well pad development campaign targeting gas and gas liquids in the Patchawarra Formation and Tirrawarra Sandstone was completed in the Narie Field. The field is located in the south western area of the Patchawarra Trough, approximately 40 kilometres north of Moomba. The Merrimelia 3D seismic survey enhanced understanding of the field and resulted in drilling and testing of Narie-3 in early 2014. Encouraging flow rates and test results indicated good reservoir qualities and low levels of depletion, suggesting potential for further field development. Consequently, Narie-4 and -5 were approved by the joint venture and drilled during the quarter. Both wells were cased and suspended as future producers.

A three-well pad development campaign is underway in the Coonatie Field (Beach 17.14%, Santos 72.32% and operator, Origin 10.54%), located approximately 80 kilometres north-east of Moomba. The field is historically a gas and gas liquids producer from the Toolachee and Epsilon formations. However, recent reservoir studies and simulations identified potential for development of the Patchawarra Formation and Tirrawarra Sandstone. Coonatie-21 and -22, the first two wells of the campaign, were drilled during the quarter. Both wells were cased and suspended as future producers, with Coonatie-21 encountering high-side outcomes in the target formations. Potential for further down-dip locations will be assessed upon completion of the campaign.

Kanowana-11 is the second well of a two-well campaign in the Kanowana Field, located approximately 40 kilometres north-west of Moomba. The well was cased and suspended following intersection of gas pay in the target Patchawarra Formation and Tirrawarra Sandstone.

### SWQ JVs

*(Beach 23.2%, Santos 60.06% and operator, Origin 16.5%, APL 0.24%)*

A four-well development and appraisal campaign is underway in the Barrolka Field, located approximately 55 kilometres north of the Ballera plant. The primary objective of the campaign is to convert undeveloped reserves on the main culmination to developed reserves. The first three wells of the campaign, Barrolka-14, -15 and -17, were drilled during the quarter, with all wells cased and suspended as future producers. Results to date have been in line with expectations and provided indications of potential for further field development.

## EXPLORATION AND APPRAISAL

### Cooper Basin Operated

#### Ex PEL 91

*(Beach 40%, Drillsearch 60%)*

The Stanleys-1 oil exploration well in PRL 171 is located approximately 3.9 kilometres north-east of the Balgowan-1 oil discovery and 3.5 kilometres south-west of the Spitfire Field. The well targeted the Namur Sandstone, with the McKinlay Member, mid-Namur Sandstone and Birkhead Formation as secondary targets. Strong oil shows were encountered through



the Birkhead Formation and wireline logs indicated a seven metre gross reservoir interval corresponding to the strong oil shows. A drill stem test over an interval from 1,713 metres to 1,724 metres (measured depth) recovered 23 barrels of oil over 117 minutes at a calculated rate of 280 barrels of oil per day. The well was cased and suspended as a future oil producer.

The Sandhurst-1 oil exploration well was drilled in PRL 156 targeting the top Namur Sandstone. The primary target reservoir was water bearing and the well was plugged and abandoned.

The Longbottoms-1 oil exploration well in PRL 171 is centrally located between the Stunsail and Kalladeina oil fields, and approximately two kilometres east of the CKS facility. The well encountered approximately one metre of net pay in the Namur sandstone, but was plugged and abandoned due to the result being sub-commercial.

#### Ex PEL 92

*(Beach 75%, Cooper Energy 25%)*

The Perlubie-3 oil appraisal well, located in PPL 247, targeted the Namur Sandstone and was drilled to appraise the northern area of the currently producing Perlubie Field. The well encountered approximately 1.1 metres of net pay in the Namur sandstone, but was plugged and abandoned due to the result being sub-commercial.

#### Ex PEL 106

*(Beach 50%, Drillsearch 50%)*

Ralgnal-1 was the final well in a five-well exploration and appraisal campaign targeting gas and gas liquids in the Patchawarra Formation. The well was cased and suspended as a future gas and gas liquids producer after intersecting 5.7 metres of net pay in the Patchawarra Formation.

### Nappamerri Trough Natural Gas

#### Ex PEL 218

*(Beach 100% (subject to completion of Chevron exit))*

The Boston-2 vertical well in PRL 37 was fracture stimulated in February 2015. Eight stimulation stages were placed over a 10 day period, achieving a marked improvement in cost and operating efficiencies. Subsequent mechanical issues down-hole restricted the ability to clean out the well bore, which precluded a meaningful flow test and consequently Boston-2 was plugged and suspended.

These activities marked the end of the Stage 1 work program in PRLs 33-49 (ex PEL 218). Review of Stage 1 data and outcomes is currently underway, with key objectives for Stage 2 expected to be determined by the end of H1 FY16. Minimal expenditure is anticipated over this period.

#### ATP 855

*(Beach 64.9% (subject to completion of Chevron exit) and operator, Icon 35.1%)*

DeGolyer and MacNaughton (D&M), an independent resource estimating firm based in Dallas, Texas, completed an evaluation of well results from the ATP 855 Stage 1 exploration phase. D&M assigned contingent resources to the areas around Ety-1, Hervey-1, Redland-1 and Geoffrey-1, incorporating results from fracture stimulation and flow testing activities. As announced to the ASX on 27 March 2015, the report identified a gross increase in 2C contingent gas resources of 943 Bcf (563 Bcf net to Beach post Chevron exit and fuel factor).

Completion of the four-well fracture stimulation program in January 2015 marked the end of the Stage 1 work program in ATP 855. Review of Stage 1 data and outcomes is currently underway, with key objectives for Stage 2 expected to be determined by the end of H1 FY16. Minimal spend is anticipated over this period.

### Cooper Basin Non-operated

#### Ex PEL 104 / 111

*(Beach 40%, Senex 60%)*

The Martlet North-1 exploration well, located in PRL 148 approximately 1.1 kilometres north-west of the currently producing Martlet-1 well, intersected net oil pay of 3.2 metres in the target Namur Sandstone and encountered oil shows in the Birkhead Formation. The well was subsequently cased and suspended as a future oil producer.

Growler-14, a standalone appraisal well located in PPL 242, was drilled to test the extent of the Birkhead Formation reservoir in the southern area of the Growler Field. The well is located approximately 800 metres south-east of the currently producing Growler-8 well. Growler-14 encountered productive reservoir above the field oil-water contact and was cased and suspended as a future oil producer, with cased-hole testing to be undertaken at a later date.

## SACB JV

Correa-2 (Beach 20.21%, Santos 66.6% and operator, Origin 13.19%) is a standalone appraisal well in the Correa Field, located approximately 40 kilometres north of Moomba. The field was historically a Tirrawarra Sandstone and Toolachee Formation producer. However, completion of the Gaschnitz 3D seismic survey in 2013 identified previously uninterpreted faults. Correa-2 was cased and suspended as a future producer following intersection of gas pay in the target Tirrawarra Sandstone and Toolachee, Patchawarra and Merrimelia formations.

Coonatie-24 (Beach 17.14%, Santos 72.32% and operator, Origin 10.54%) is a standalone appraisal well in the Coonatie Field, located approximately 80 kilometres north-east of Moomba. The well was cased and suspended as a future producer after intersecting gas pay in the target Callamurra Member and Toolachee, Epsilon and Patchawarra formations.

## SACB JV – Unconventional Gas

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

Gaschnitz-2, the last well of a three-well Gaschnitz Field exploration drilling campaign, targeted the Toolachee, Epsilon and Patchawarra formations and Tirrawarra Sandstone. The well was cased and suspended as a future Permian gas producer after intersecting 113 metres of gas saturated low permeability sandstones. Fracture stimulation of this well has been deferred until the joint venture agrees on timing and forward plans.

## Australia – Otway Basin

### T/49P – Offshore Otway

(Beach 30%, 3D Oil 70% and operator)

Processing of data from the 974 km<sup>2</sup> Flanagan 3D seismic survey continued during the quarter, with identification of prospects expected during Q1 FY16.

## International – Egypt

### Abu Sennan Concession

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

The ASH-1X ST1 oil exploration well discovered hydrocarbons in the primary target Alam El Bueib Formation. Testing over a 14 metre interval was conducted and achieved a flow rate equivalent to 3,900 bopd and 3.1 MMscfd of gas, through a 64/64" choke. Flow rates were calculated over a three hour period. Subsequent to quarter end, the ASH development lease was granted, enabling ASH-1X ST1 to be brought online. This production is the first from deeper targets within

the Abu Sennan concession and provides scope for further deep target exploration.

The Al Jahraa-4 oil appraisal well, targeting the Abu Roash "C", "D" and "E" members, reached total depth of 3,417 metres during the quarter. The well subsequently flowed from the Abu Roash "C" on production test at a maximum rate of 1,561 bopd over a 5.5 hour period, through a 64/64" choke. The Abu Roash "D" was also tested, with a maximum flow rate of 938 bopd through a 64/64" choke over a six hour period.

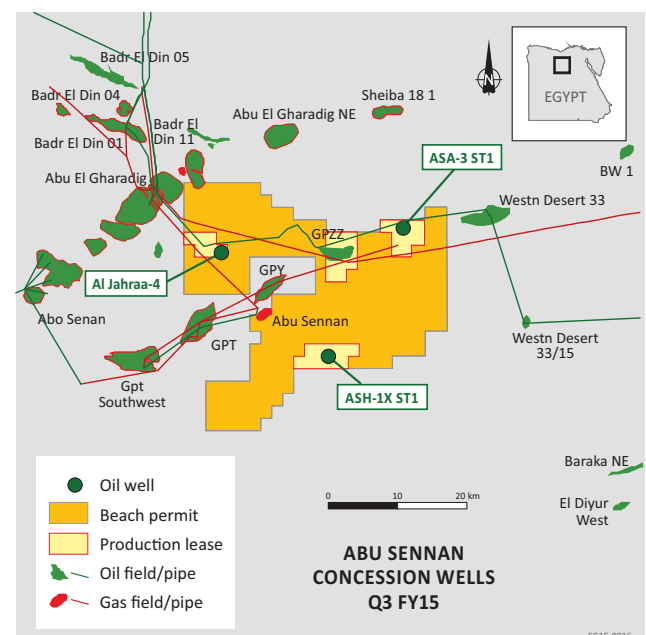
The ASA-3 ST1 oil appraisal well was spudded in March 2015 and is currently drilling ahead at a depth of 2,512 metres. ASA-3 is located 0.5 kilometres south-east from the ASA-1 ST3 exploration well and is targeting the Abu Roash "C" and "E" formations.

## International – Tanzania

### Lake Tanganyika

(Beach 30% and operator, Woodside 70% (subject to Government approvals))

Processing and interpretation of data from the 2D seismic survey in the prospective East African Rift continued during the quarter, with completion of data processing and interpretation expected by the end of FY15. Incorporating 1,333 line kilometres of marine survey and 107 line kilometres of marine-land transition survey, the seismic surveys were programmed to verify drilling options identified from aeromagnetic and gravity surveys flown in 2010, and the 2,080 line kilometres of 2D seismic acquired in August 2012. Work continues to identify drilling solutions, both onshore and offshore.



## WELL RESULTS

Area	Category	Wells Spudded	Wells Completed	Successful Wells	Success Rate	Successful Well Name
Cooper Basin	Gas – Exploration	1	1	1	100%	Ralgna1-1
	Gas – Exploration Uncon.	-	1	1	100%	Gaschnitz-2
	Gas – Appraisal	2	2	2	100%	Coonatie-24, Correa-2
	Gas – Development	16	18	18	100%	Barrolka-14,-15,-17, Coonatie-21,-22, Kanowana-11, Marabooka-16, Mudera-18,-19,-20,-21,-22, Narie-4,-5, Nephrite South-12,-13, Strzelecki-30,-31
	Oil – Exploration	4	4	2	50%	Martlet North-1, Stanleys-1
	Oil – Appraisal	2	2	1	50%	Growler-14
	Oil – Development	5	5	5	100%	Bauer-20,-21,-22,-23, Hanson-2
Egypt	Oil – Exploration	-	1	1	100%	ASH-1X ST1
	Oil – Appraisal	1	1	1	100%	Al Jahraa-4
<b>Total</b>		<b>31</b>	<b>35</b>	<b>32</b>	<b>91%</b>	
All Exploration Wells		5	7	5	71%	
All Appraisal Wells		5	5	4	80%	
All Development Wells		21	23	23	100%	

## CORPORATE

On 27 March 2015, Chevron notified Beach that it would not participate in Stage 2 of the NTNG project. Despite extensive technical evaluation, which confirmed a large gas resource and potential for further appraisal, Chevron advised that the opportunity does not currently align strategically with its global exploration and development portfolio. As a result, all Chevron equity interests in the joint ventures will return to Beach for nil consideration, and no return of Stage 1 capital expenditure is payable by Beach to Chevron. Subject to completion of exit, resulting Stage 2 ownerships will be:

- Ex PEL 218 (South Australia): Beach 100% (+30%); and
- ATP 855 (Queensland): Beach 64.9% (+18%) and Icon 35.1%

Following D&M's assessment of ATP 855 contingent resources and return of Chevron's equity interests, Beach's 2C contingent resources for ex PEL 218 and ATP 855 is 2,766 Bcf (+807 Bcf). Further details are contained in Beach's announcement to the ASX dated 27 March 2015.

## SUBSEQUENT EVENTS

Colin Beckett commenced as Non-executive Director on 2 April 2015. Colin previously held senior executive positions at Chevron Australia Pty Ltd, most recently as General Manager responsible for the development of the Gorgon LNG and domestic gas project. Colin read engineering at Cambridge University and is currently the Chancellor of Curtin University.

A whole of organisation review is underway in relation to the company's strategy, capability, effectiveness and efficiency. The review is in an assessment phase at present involving extensive staff interviews and surveys, as well as external benchmarking. Results of the organisational review will be communicated upon completion, which is expected early next financial year.

## GLOSSARY

3D Oil	3D Oil Ltd	GSA	gas sales agreement
\$	Australian dollars	kbbbl	thousand barrels of oil
APL	Australia Pacific LNG Ltd	kboe	thousand barrels of oil equivalent
ASX	Australian Securities Exchange	kt	thousand tonnes
ATP	Authority to Prospect	KEE	Kuwait Energy Egypt Ltd
bbl	barrels	LPG	liquefied petroleum gas
Beach	Beach Energy Ltd	MMbbl	million barrels of oil
bcf	billion cubic feet	MMboe	million barrels of oil equivalent
bfpd	barrels of fluid per day	MMscfd	million standard cubic feet of gas per day
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	NTNG	Nappamerri Trough Natural Gas
bopd	barrels of oil per day	Origin	Origin Energy Ltd
Chevron	Chevron Exploration 1 Pty Ltd	pcp	prior corresponding period
CKS	Congony-Kalladeina-Sceale	PEL	Petroleum Exploration Licence
Cooper	Cooper Energy Ltd	PRL	Petroleum Retention Licence
Cooper Basin	Includes both Cooper and Eromanga basins	PJ	petajoule
Drillsearch	Drillsearch Energy Ltd	Qtr	quarter
Ex PEL 91	Replaced by Petroleum Retention Licences 151 to 172	SACB JV	South Australian Cooper Basin Joint Venture, which includes the Fixed Factor Area (Beach 20.21%, Santos 66.6%, Origin 13.19%) and the Patchawarra East Block (Beach 17.14%, Santos 72.32% and Origin 10.54%)
Ex PEL 92	Replaced by Petroleum Retention Licences 85 to 104	SACB and SWQ JVs	The Delhi operations, which incorporate the SACB JV and the SWQ JVs
Ex PEL 104 / 111	Replaced by Petroleum Retention Licences 136 to 150	Santos	Santos Ltd
Ex PEL 106	Replaced by Petroleum Retention Licences 129 and 130	Senex	Senex Energy Ltd
Ex PEL 218	Replaced by Petroleum Retention Licences 33 to 49	Strike	Strike Energy Ltd
FY	financial year	SWQ JVs	South West Queensland joint ventures
GJ	gigajoule	US\$	United States dollars
		Woodside	Woodside Petroleum Ltd