

Our Strategy

12 August 2015



Good morning, all.

Thank you for joining this investor update in relation to Beach Energy's Strategy Review.

I first mentioned the initiation of our whole-of-organisation review in April, and since then significant work has been undertaken to assess the organisation and our capabilities, review our assets and refresh the longer term strategy. The whole-of-organisation review is ongoing and we are now focused on the organisational model and capability. The priority to this point however has been placed on redefining our strategy, and I am pleased to be presenting this to you today.

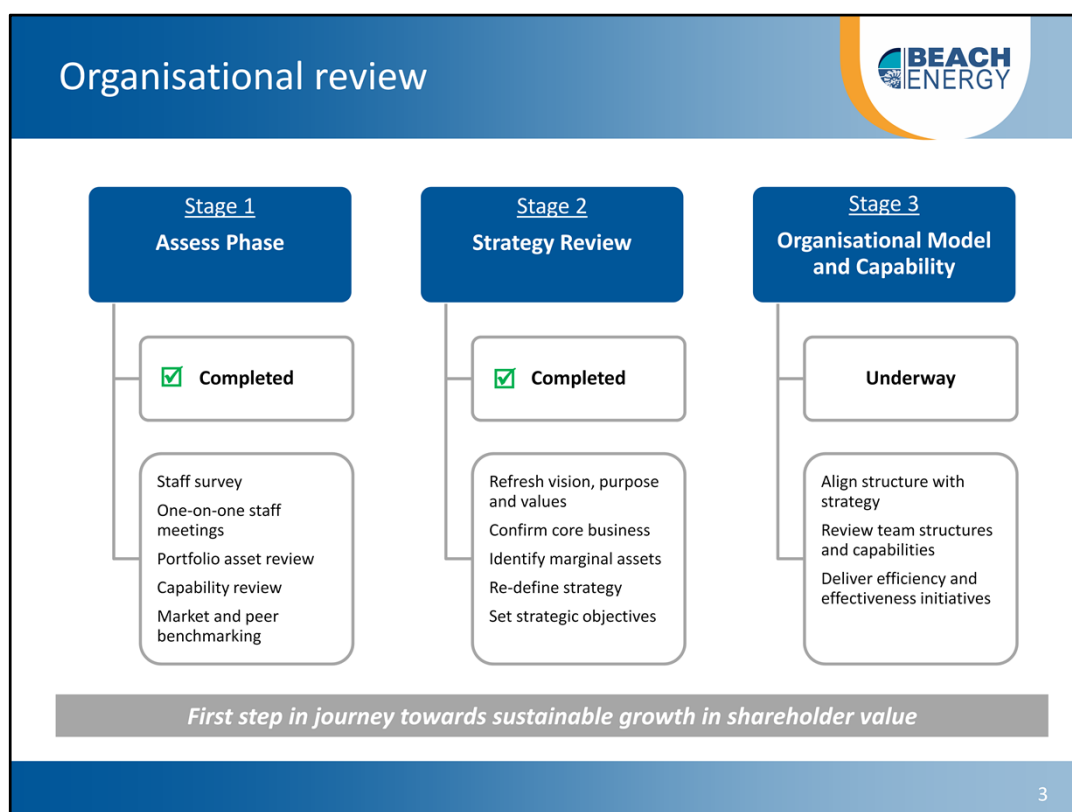
I would like to emphasise the point that the broader whole-of-organisation review is the first step of an ongoing journey towards achieving sustainable growth in shareholder value as we aim to build Australia's premier multi-basin upstream oil and gas producer.

It also goes without saying that I look forward to meeting as many shareholders and analysts as possible in the near future to discuss our plans.

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.



We have followed a structured approach to undertaking the whole-of-organisation review, comprising three stages.

We commenced the first stage, **Assess Phase**, in April. This was effectively a broad ranging health check of the business, including a review of the existing strategy, business plans, management processes and organisational capabilities, as well as benchmarking against peers and the broader market. In addition, a detailed asset by asset review was undertaken across the portfolio.

The Assess Phase allowed management to confirm areas of expertise and competitive advantage, which now underpin our refreshed strategy. By way of example, we undertook a staff survey which provided a unique insight into the culture of Beach. Firstly, the survey participation rate of 94% was almost unprecedented. Secondly, the dedication of our staff was evidenced by the following statistics:

- 99% of participants stated they are committed to contributing to Beach’s success;
- 96% stated they are proud to work for Beach; and
- 95% stated they are motivated to do what is required to meet Beach’s goals and strategy.

Such commitment from our staff is a key differentiator for Beach, and provides the foundation for ongoing success, in both good times and challenging times.

The Assess Phase laid the foundation for the second stage, **Strategy Review**. Our main priority for this stage was to clearly define the ambition of Beach and develop an executable plan to achieve our objectives. In particular, the Strategy Review stage has allowed management and the Board to:

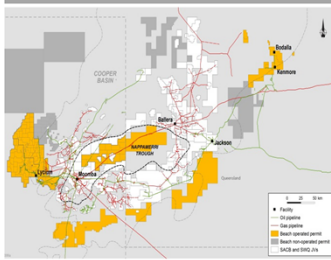
- Refresh our vision, purpose and values;
- Confirm our core business and logical adjacencies from which to pursue growth;
- Identify non-strategic and marginal assets for further review and action; and
- Look beyond our core business to achieve sustainable growth

The Strategy Review has been completed and I will talk to the outcomes in a moment. The whole-of-organisation review, however, is ongoing with the third stage, **Organisational Model and Capability**, currently underway as previously mentioned. This stage will determine the appropriate structure, capabilities and processes required to most effectively and efficiently deliver on our strategic objectives. Progress has already been made, with the identification of corporate cost savings in the order of 15% for FY16. Review of costs will be ongoing during this stage.

Key value drivers confirmed

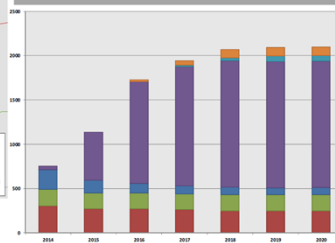


Cooper Basin opportunities



- Competitive advantage in the Cooper Basin
- Significant organic and inorganic opportunities remain

East coast gas demand¹



- East coast gas demand recognised as a unique opportunity

Multi-basin growth



- Leverage existing expertise
- Multi-basin production targeted

Re-alignment of focus close to home regarded as our best chance for success

1. Source: EnergyQuest, March 2015 (PJ)

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In April we communicated my initial observations on Beach's key value drivers. Since then, the significant work undertaken during the first two stages of the whole-of-organisation review has validated these observations. We are now in the position to confidently talk to what we see as Beach's key value drivers over the longer term, specifically:

- Leveraging our competitive advantage in the Cooper Basin, through organic and inorganic opportunities, to pursue the significant opportunity set that still remains here across oil and gas;
- Establishing a major gas business in east coast basins to extract value from the increasing east coast gas demand profile; and
- Executing growth opportunities beyond the Cooper Basin to become a multi-basin producer

Effectively, we have re-defined our geographic boundaries by focusing close to home, which we believe provides our best chance for ongoing success.

Furthermore, we are already delivering on this strategy. In June we announced our exit from Romania, and on Monday we announced the entry into an agreement for the sale of our Egyptian assets, with that transaction now going through the process of completion. We are also in the early stages of farming down our Tanzanian permit.

In relation to leveraging our core, we have acquired AGL's interest in the oil producing ATP 1056 permit in the south-eastern flank of the Cooper Basin. This transaction supports our belief that there is still significant opportunity and growth potential available in the Cooper Basin.

Our refreshed vision, purpose and values



Vision We aim to be Australia's premier multi-basin upstream oil and gas company

Purpose To deliver sustainable growth in shareholder value

Values

- Safety** Safety takes precedence in everything we do
- Creativity** We continuously explore innovative ways to create value
- Respect** We respect each other, our communities and the environment
- Integrity** We are honest with ourselves and others
- Performance** We strive for excellence and deliver on our promises
- Teamwork** We help and challenge each other to achieve our goals



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Our refreshed vision, purpose and values are clear and concise statements that define Beach as an organisation. These statements have been developed to be enduring, and to navigate us through the longer term, which we envisage as 10 years plus.

With regard to **Vision**, our aim is aspirational, but achievable – *to be Australia's premier multi-basin upstream oil and gas company*. In my mind, Beach has already achieved premier status with its operated oil business on the Western Flank of the Cooper Basin, where we produce oil at an extremely low cost of \$25 – \$30 per barrel. We now need to harness this expertise as we look to expand into new basins. Production of hydrocarbons from basins beyond the Cooper Basin will further strengthen our position as Australia's largest onshore oil producer and a leading supplier of gas to east coast markets. Over the next 10 years, I would like to see a step-change in our annual production, and similar growth in 2P reserves. Should we achieve this, we will be on the path to becoming a top 50 ASX company.

With regard to **Purpose**, we have placed a focus on 'sustainability'. We wish to be clear that we are looking beyond the short and medium term, to consistently deliver growth in shareholder value. Furthermore, our purpose reinforces our commitment to sustainable operations, ensuring we maintain our licence to operate within our communities and with regard to the environment. Doing so will help us *deliver sustainable growth in shareholder value*, ensuring total shareholder returns remain in the top quartile of those companies in the ASX 200 energy index.

Our **Values** have always been an integral part of Beach's culture. While the wording may have been sharpened to aid with clarity and focus for the organisation, our core values are well established and make Beach the unique organisation it is today.



The Strategy Review included a detailed assessment of each of Beach’s assets and opportunities in a structured and consistent manner across commercial, technical, capability and strategic fit dimensions. With the benefit of significant work undertaken during the Assess Phase and Strategy Review, we have settled on the four pillars of our strategy.

1. Optimise our core in the Cooper Basin

The first principle of the Strategy Review was to identify and understand our core business, and then ensure we have a clear plan to drive the core business to its full potential. Our core is the Cooper Basin and we are convinced that there is significant potential which remains untapped.

2. Build a complementary gas business in east coast basins

We see the increasing demand for gas from the east coast market as a unique opportunity to really build on Beach’s position as a leading supplier to this market. This will involve not only commercialising existing assets within our portfolio, but also building a portfolio of assets in east coast basins that support this endeavour.

3. Pursue compatible growth opportunities in Australia and nearby

To become the company we aspire to be in the long term, we believe we need to look beyond the Cooper Basin and other east coast basins, but not too far beyond. We will only venture into places that are geographically proximate to our home, and where we can invest on a basis that gives us a good chance of succeeding and delivering value for our shareholders. As such, we will continue to pursue growth opportunities in other parts of Australia and, possibly, other places nearby.

4. Maintain financial strength

Whatever we do, maintaining our financial strength is critical. We need this to support

exploration and inorganic growth options. A disciplined approach to capital management, while balancing our exploration risk exposures, will best position us to operate on a cash flow positive basis and preserve financial flexibility. This will allow us to take advantage of opportunities as and when they arise, as well as quickly ramping up exploration and appraisal efforts when market conditions improve.

So, these are the four pillars of our strategy. They are the four basic objectives that will drive all our decision-making. We believe they will propel Beach towards our vision of being Australia's premier multi-basin upstream oil and gas company and delivering sustainable growth in shareholder value.

1. Optimise our core in the Cooper Basin



Key objectives

Maximise returns from our core business and assets	Maintain safe, reliable low cost production
	Execute exploration and appraisal work programs to mature existing prospects and leads
	Realise value from strategic infrastructure
Reinvigorate exploration	Dedicate best in class resources to identify and pursue new opportunities in the Cooper Basin
	Ongoing application of innovative exploration techniques
Pursue Cooper Basin adjacencies	Secure growth via value accretive acquisition, farm-in and gazettal opportunities
	De-risk longer dated, high risk unconventional projects
Upgrade or exit marginal assets	Review of assets near complete; divestment candidates identified
	Continually review asset portfolio through lifecycles

Significant opportunity set to be pursued in the Cooper Basin

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Our core is in the Cooper Basin, and we have a strong belief in the organic and inorganic opportunity set to be pursued. By way of example, we have over 100 prospects and leads within our existing permits, of which the majority relate to our operated oil fields. We are also reinvigorating exploration efforts to leverage latest technology and innovations, which has recently seen a number of discoveries in secondary target formations. And in terms of inorganic growth, there is the chance to access under-explored acreage via gazettal, acquisition and farm-in opportunities. The current Queensland Government gazettal process and our announcement of the acquisition of ATP 1056 from AGL are examples of such opportunities.

Our strategy to optimise our core is four-fold.

Maximise returns from our core business and assets

In the Cooper Basin we will continually seek to optimise our portfolio, drive efficiencies from our assets and adopt the latest technologies. We will maintain safe, reliable and low cost production to ensure returns from our core business are maximised. In relation to our operated assets, specific measures underway or identified include:

- Year-on-year improvement in safety performance, on the path to achieve top quartile safety outcomes;
- Continue to execute work programs to mature existing prospects and leads;
- Increase capacity and efficiency of facilities, with a continued focus on costs; and
- Continually search for synergies and cost improvements across our operations

In relation to our non-operated assets, we will continue to work closely with our joint venture partners to target similar operating outcomes.

We aim to realise value from our strategic infrastructure. A range of options has been assessed, and a number of discussions held with joint venture partners. Although we believe there are significant opportunities available for value realisation, we are dependent on support from our joint venture partners. We will continue to promote such options to our partners, knowing that there are a number of paths to potential value creation, including:

- Establishment of a standalone infrastructure entity, with partial or complete sale to a third party owner-operator;
- Full divestment of individual infrastructure components; and
- Increased third party tolling activities

Reinvigorate exploration

We will allocate best in class resources to review and identify further Cooper Basin potential. Actions underway or identified include:

- Formation of a dedicated team to reinvigorate exploration in the Cooper Basin;
- Initiation of a comprehensive basin analysis across South Australia and Queensland;
- Ongoing evaluation of gazettal and farm-in opportunities; and
- Unlocking new play types through innovative exploration techniques

Pursue Cooper Basin adjacencies

We aim to grow via organic growth and value accretive acquisitions.

- We will continue to assess Cooper Basin consolidation opportunities, which have been the subject of much speculation over recent years. We agree there is potential for significant consolidation benefits, but consolidation only makes sense if it can be done on a basis that creates value for our shareholders
- A dedicated corporate development team has been established to enhance our acquisition capabilities. The team is actively screening and pursuing a wide array of opportunities

We will establish paths to monetise our longer dated, higher risk exploration assets. Significant opportunity exists, including:

- Developing stage 2 scope for the Nappamerri Trough Natural Gas project (NTNG);
- Farming-down NTNG to a suitable partner to progress appraisal work; and
- Commencing pilot work program for deep coals in the south of the Cooper Basin

Upgrade or exit marginal assets

We have and will continue to assess our Cooper Basin assets across commercial, technical, capability and strategic fit dimensions. Marginal assets have been identified, with these assets ear-marked for potential divestment pending final review and recommendations. Longer term, all assets in our portfolio (in our core or otherwise) will need to continue to justify their position on the basis of an adequate balance of risk and return. We will keep this under continual review.

2. Build a complementary gas business in east coast basins



Key objectives

De-risk and commercialise existing opportunities	Assess and progress exploration, appraisal and development work programs in the Otway and Gippsland basins
Build a portfolio of opportunities through exploration and acquisitions	Identify entry paths and acquisition targets in multiple basins Execute opportunities in line with strategy

Increasing east coast gas demand presents a unique opportunity

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We see the increasing gas demand from east coast markets as a unique opportunity to strengthen our position as a leading supplier of gas to these markets. We already have interests in basins strategically located to service east coast demand, but to achieve our longer term objectives, establishment of a complementary gas business in east coast basins will be required. Our strategy to achieve this is two-fold.

De-risk and commercialise existing opportunities

We will review and progress exploration, appraisal and development work programs within our existing portfolio. Actions underway include:

- Farm-down of our onshore Otway Basin permits, with a suitable partner to be identified to progress the conventional drilling program;
- Interpretation of 3D seismic in our offshore Otway Basin permit to identify prospects and leads, which is nearing completion; and
- Review of the Manta business case in offshore Gippsland Basin

Build a portfolio of opportunities through exploration and acquisitions

We will identify entry paths and acquisition targets for east coast opportunities and execute such opportunities in line with our strategy. Actions underway or identified include:

- A review of east coast basins; and
- Development and execution of potential pathways to build a material gas business
- Initial focus will be on the basins where we have interests – the Otway and Gippsland basins.

3. Pursue other compatible growth opportunities in Australia and nearby



Key objectives

Mature current opportunity set

De-risk existing exposure via farm-downs and continuation of work programs

Identify prospective basins

Identify basins that complement existing portfolio and leverage capabilities

Build and progress growth opportunities

Execute opportunities with discipline

Disciplined approach to growth opportunities

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As Beach pursues its goal of being a multi-basin producer, a disciplined approach to growth opportunities will be adopted. The strategic objectives to achieve such growth are three-fold.

Mature current opportunity set

We will de-risk existing exposures via farm-downs and continuation of work programs. Actions underway or identified include:

- Review of Bonaparte Basin and New Zealand Canterbury Basin value propositions; and
- Farm-downs to be pursued to progress work programs over the next two years

Identify prospective basins

We will identify and then review basins elsewhere in Australia (and possibly nearby) that complement our existing portfolio and leverage our capabilities.

Build and progress growth opportunities

We will be disciplined in our technical and commercial evaluation and pursuit of opportunities.

4. Maintain financial strength



Key objectives

Make disciplined, value accretive investment decisions

Apply disciplined capital management in line with strategy

Manage exploration risk

Achieve appropriate balance of risk exposure and time horizon via farm-downs

Maintain effective financial management

Sustain sufficient liquidity to fund work programs and provide flexibility to pursue growth opportunities

Divest non-strategic and marginal assets

Regular review of assets to ensure value proposition justifies inclusion in portfolio

Maintaining financial strength to underpin our strategy

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Maintaining financial strength will underpin our exploration efforts and growth options, and support our objective of sustainable growth in shareholder value. Our strategic objectives to maintain financial strength are four-fold.

Make disciplined, value accretive investment decisions

We will apply disciplined capital management, with a clear strategy enabling us to be more focused with regard to capital allocation. Actions underway include:

- Review of capital allocation processes; and
- Tightening of capital allocation targets and hurdle returns

Manage exploration risk

We will seek an appropriate balance of risk exposure and time horizon via farm-downs. Farm-downs initiated, or soon to be initiated, include:

- NTNG, Otway Basin (onshore), Bonaparte Basin, New Zealand (Canterbury Basin) and Tanzania. The latter asset is an outlier in our portfolio and we are continuing to review all our options in the light of our revised strategy.

Maintain effective financial management

We will aim to sustain sufficient liquidity to fund work programs and growth opportunities. We will achieve this by:

- Maintaining our strong credit profile to ensure ongoing access to multiple sources of liquidity;
- Optimising our capital structure and debt maturity profile;
- Improving our finance and cost control systems via SAP implementation; and

- An ongoing focus on corporate costs, including benchmarking against peers and market, to ensure our cost structure is best practice

Divest non-strategic and marginal assets

We will undertake regular review of assets to ensure their value proposition justifies ongoing inclusion in our portfolio. We have already completed a number of actions in this regard, with others underway or identified. These include:

- Exit from Romania;
- Signing of binding agreement in relation to the sale of Egyptian assets;
- Commencing farm-down process for our Tanzania permit; and
- Initiation of sale processes for Browse and Carnarvon basin interests

BEACH ENERGY

our way

who we are

We are a proud Australian oil and gas company with a strong pioneering history.

We have grown to become Australia's largest onshore oil producer with a major gas business.

Our portfolio of strategically located oil and gas assets positions us for further growth.

what we stand for

Our purpose
To deliver sustainable growth in shareholder value.

Our values
Our values define us. They guide our actions, our decisions and our words.

They are:

Safety	Safety takes precedence in everything we do
Creativity	We continuously explore innovative ways to create value
Respect	We respect each other, our communities and the environment
Integrity	We are honest with ourselves and others
Performance	We strive for excellence and deliver on our promises
Teamwork	We help and challenge each other to achieve our goals

where we are headed

Our vision
We aim to be Australia's premier multi-basin upstream oil and gas company.

Our strategy
We will achieve this by:

- Optimising our core in the Cooper Basin
- Building a complementary gas business in east coast basins
- Pursuing other compatible growth opportunities in Australia and nearby
- Maintaining financial strength

how we will get there

Our committed people and our values-based culture are our foundation for success.

Together we will:

- Develop our highly engaged and capable workforce
- Pursue maximum efficiency and effectiveness across the company
- Achieve high performance and be accountable for our actions and results

we are beach

BEACH ENERGY

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The final slide shows our internal roadmap. It states who we are: a proud Australian oil and gas company with a strong pioneering history. Our achievements have culminated in Beach becoming Australia's largest onshore oil producer, whilst we have also built a major gas business. These accomplishments are part of our foundation for further growth.

The roadmap also states our purpose, which is to deliver sustainable growth in shareholder value, and details our refreshed values, which will continue to guide our actions and decisions.

In addition to the four strategic pillars which I have discussed today, our roadmap describes how we will achieve our goals. Specifically, by harnessing our committed people and culture we will:

- Develop our highly engaged and capable workforce;
- Pursue maximum efficiency and effectiveness across the organisation; and
- Achieve high performance and be accountable for our actions and results

These drivers will be refined during the Organisational Model and Capability stage of the review. A review of the optimal organisational structure is currently underway, with re-alignment of roles and responsibilities to follow as required. Development and implementation of an integrated performance management system is also underway to ensure we maximise the efficiency of our operations, as well as hold ourselves accountable for our results.

As mentioned previously, completion of Stage 3 will mark the end of the first step only in our journey towards sustainable growth in shareholder value. Having now completed the Strategy Review, and with the Organisational Model and Capability stage underway, I am confident we will have an enduring framework in place to achieve our aim of becoming Australia's premier multi-basin upstream oil and gas company.

Once again, thank you for joining today's investor update. We now have a few moments for questions, and as always, our Investor Relations team is available for any further questions you may have.