Quarterly Report

for the period ended 31 December 2015

BEACH ENERGY

HIGHLIGHTS

FINANCIAL

- Sales volumes of 2.5 MMboe, down 3% on prior quarter, mainly due to seasonally lower gas demand
- Total sales revenue of $126 million, down 13% on prior quarter, mainly due to lower realised oil prices
- Capital expenditure of $78 million, with c.$20 million of reductions achieved in H1 FY16
- Cash reserves of $164 million, down $10 million from prior quarter and held broadly constant over past six months
- Strengthened financial capacity with new $530 million (+$210 million) senior secured syndicated debt facility; drawn to $150 million, plus $20 million letters of credit

OPERATIONS

- Quarterly production of 2.3 MMboe, broadly in-line with prior quarter as better than expected performance from the Bauer Field, new facilities at Stunsail and Pennington, and strong performance from both operated and non-operated gas fields offset natural field decline
- Successful completion of the Windorah Trough near-field gas exploration program, with five new field discoveries from five wells
- Increased production from ex PEL 92, partly due to installation of artificial lift with variable speed drive technology at Callawonga-7
- Continual focus on safety, with over 15 months of LTI-free operations
- 20 wells completed with a success rate of 95%

CORPORATE

- Announcement of recommended merger of Beach and Drillsearch; merger approved by Drillsearch shareholders subsequent to quarter-end

SUBSEQUENT EVENTS

- Appointment of Mr Matthew Kay as Chief Executive Officer, effective 17 July 2016 or such earlier date as is available and mutually agreed
- Reduced FY16 capital expenditure guidance of $180 – $210 million (previously $240 – $270 million)
- Narrowed production guidance of 8.0 – 8.6 MMboe (previously 7.8 – 8.6 MMboe)
- Anticipated H1 FY16 impairment charges in the range of $450 – $650 million (pre-tax)
- Withdrawal from ATP 732 farm-in agreement

KEY STATISTICS

	December Q2 FY15	September Q1 FY16	December Q2 FY16	Qtr on Qtr Change	YTD
Production (kboe)	2,386.5	2,276.5	2,254.4	(1%)	4,530.9
Sales Volumes (kboe)	2,857.4	2,589.3	2,518.7	(3%)	5,108.0
Sales Revenue ($ million)	194.0	145.2	126.4	(13%)	271.6
Oil Price ($/bbl)	86.8	67.6	56.1	(17%)	61.9
Cash ($ million)	248.6	174.1	164.0	(6%)	164.0

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Glenn Davis

Independent Non-executive Directors
Colin Beckett
Fiona Bennett
John Butler
Robert Cole
Belinda Robinson
Doug Schwebel

Neil Gibbins
Acting Chief Executive Officer
28 January 2016

Ref: #005/16

FINANCIAL

SALES

Sales volumes decreased 3% to 2,519 kboe, mainly due to lower gas demand following peak winter months and reduced third party sales. Variations in LPG and condensate sales were impacted by timing of shipments and additional liftings, respectively.

Sales		December Q2 FY15	September Q1 FY16	December Q2 FY16	Qtr on Qtr Change	YTD
Oil (kbbl)	Cooper and Eromanga Basins - Own Production	1,212.8	1,097.7	1,088.9	(1%)	2,186.6
	Cooper and Eromanga Basins - Third Party	312.2	373.3	351.4	(6%)	724.7
	Total Cooper Oil	**1,525.0**	**1,471.0**	**1,440.3**	**(2%)**	**2,911.3**
	Egypt	27.0	47.3	39.9	(16%)	87.2
	Total Oil	**1,552.0**	**1,518.3**	**1,480.2**	**(3%)**	**2,998.5**
Gas and Ethane (PJ)	Cooper Basin - Own Product	5.1	5.1	4.8	(6%)	9.9
	Cooper Basin - Third Party	0.9	0.1	0.1	(6%)	0.2
	Egypt	-	0.1	0.1	33%	0.2
	Total Gas and Ethane	**6.0**	**5.3**	**5.0**	**(6%)**	**10.3**
LPG (kt)	Cooper Basin - Own Product	17.4	13.0	10.4	(20%)	23.4
	Cooper Basin - Third Party	0.3	0.3	0.2	(19%)	0.5
	Total LPG	**17.7**	**13.3**	**10.6**	**(20%)**	**23.9**
Condensate (kbbl)	Cooper Basin - Own Product	137.4	46.4	89.1	92%	135.5
	Cooper Basin - Third Party	2.1	1.9	1.9	4%	3.8
	Total Condensate	**139.5**	**48.3**	**91.0**	**89%**	**139.3**
Total Oil and Gas Sales (kboe)		**2,857.4**	**2,589.3**	**2,518.7**	**(3%)**	**5,108.0**
Total – Own Product (kboe)		2,390.3	2,192.1	2,145.0	(2%)	4,337.1
Total – Third Party (kboe)		467.1	397.2	373.7	(6%)	770.9

REVENUE

Total sales revenue decreased 13% to $126 million, mainly due to lower realised oil prices. The average realised Australian dollar oil price decreased to $56/bbl (from $68/bbl), representing a 17% decline from the prior quarter.

Sales Revenue ($ million)	December Q2 FY15	September Q1 FY16	December Q2 FY16	Qtr on Qtr Change	YTD
Oil	**134.8**	**102.7**	**83.0**	**(19%)**	**185.7**
Sales Gas and Ethane	34.6	31.9	30.5	(4%)	62.4
LPG	13.1	7.4	6.8	(8%)	14.2
Condensate	11.4	3.2	6.1	84%	9.3
Sales Gas and Gas Liquids	**59.2**	**42.5**	**43.4**	**2%**	**85.9**
Total Oil and Gas	**194.0**	**145.2**	**126.4**	**(13%)**	**271.6**
Total – Own Product	160.2	118.1	104.5	(12%)	222.6
Total – Third Party	33.8	27.1	21.9	(19%)	49.0
Average Realised Prices	**December Q2 FY15**	**September Q1 FY16**	**December Q2 FY16**	**Qtr on Qtr Change**	**YTD**
All Products ($/boe)	**67.9**	**56.1**	**50.1**	**(11%)**	**53.2**
Oil ($/bbl)	86.8	67.6	56.1	(17%)	61.9
Sales Gas and Ethane ($/GJ)	5.8	6.0	6.1	1%	6.0
LPG ($/t)	740.3	558.5	638.7	14%	594.2
Condensate ($/bbl)	81.9	67.7	66.2	(2%)	66.7

CAPITAL EXPENDITURE

Second quarter capital expenditure of $78 million represented a 76% increase from the prior quarter and a 48% reduction relative to the prior corresponding period. Higher expenditure predominantly related to the SACB and SWQ JVs and recommencement of Beach's operated drilling program.

In order to maintain financial strength, Beach continues to review and adjust its capital expenditure program in response to declining oil prices. Within the constraints of existing contracts and committed expenditure, Beach has identified savings and reduced its FY16 capital expenditure guidance to $180 – $210 million (previously $240 – $270 million). The reduced range reflects savings achieved in H1 FY16 of approximately $20 million and further reductions and deferrals identified for H2 FY16 of up to $40 million. Subject to joint venture approval, the identified savings are expected through:

- A curtailed operated drilling program, with a reduction of up to 10 wells in H2 FY16;
- Well inventory management, with completions and connections deferred where appropriate;
- Deferral of the Bauer facility upgrade and non-critical projects; and
- A reduced capital program within the SACB and SWQ JVs.

Further details are included in the announcement of 22 January 2016.

Capital Expenditure ($ million)	December Q2 FY15	September Q1 FY16	December Q2 FY16	Qtr on Qtr Change	YTD
Exploration and Appraisal	55.5	8.2	20.1	147%	28.3
Development, Plant and Equipment	93.7	35.9	57.4	60%	93.3
Total	**149.2**	**44.1**	**77.5**	**76%**	**121.6**

LIQUIDITY

Cash reserves were $164 million at quarter-end, representing a $10 million decrease from the prior period and a $6 million decrease during the first six months of FY16. Despite an approximate 35% reduction in the average realised oil price over this period, Beach's disciplined approach to controlling capital and operational costs has helped preserve its cash position. Such measures include expected full year FY16 operational cost savings of approximately 15% across Beach's Western Flank oil and gas assets. Corporate cost savings are also being achieved, including an approximate 7% reduction in headcount during H1 FY16.

Beach strengthened its access to liquidity by entering into a $530 million (+$210 million) senior secured syndicated corporate debt facility, which replaced existing lending arrangements. The new facility was drawn to $170 million to refinance outstanding borrowings ($150 million) and letters of credit ($20 million), with remaining headroom available for capital expenditure programs, working capital requirements and potential growth opportunities. The new facility consists of five tranches:

- A three-year revolving facility of $200 million;
- A five-year revolving facility of $200 million;
- A three-year revolving acquisition facility of $100 million; and
- Two $15 million letter of credit facilities (non-syndicated).

The new facility was provided by Beach's existing lenders, with improved pricing and terms in recognition of existing Balance Sheet strength and Beach's resilient business model. Further details are included in the announcement of 7 December 2015.

CAPITAL STRUCTURE

Capital Structure	September Q1 FY16	December Q2 FY16	Qtr on Qtr Change
Fully Paid Ordinary Shares	1,302,877,977	1,302,877,977	-
Unlisted Employee Rights	3,493,755	5,019,025	44%

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 is ongoing, with the following hedges in place as at 31 December 2015.

Period	Floor $45 per bbl (Brent)	Total Hedged Volumes (bbl)
FY16 (remaining)	1,132,500	1,132,500
FY17	1,327,500	1,327,500
Total	**2,460,000**	**2,460,000**

OPERATIONS

PRODUCTION

Production of 2,254 kboe was 1% lower than the prior quarter as better than expected performance from the Bauer Field, new facilities at Stunsail and Pennington, and strong performance from both operated and non-operated gas fields broadly offset natural field decline.

Production		December Q2 FY15	September Q1 FY16	December Q2 FY16	Qtr on Qtr Change	YTD
Oil (kbbl)	Cooper Basin	1,174.3	1,090.7	1,098.5	1%	2,189.2
	Egypt	30.3	47.5	40.3	(15%)	87.8
	Total Oil	**1,204.6**	**1,138.2**	**1,138.8**	**0%**	**2,277.0**
Sales Gas and Ethane (PJ)	Cooper Basin	5.8	5.5	5.4	(2%)	10.9
	Egypt	-	0.1	0.1	7%	0.2
LPG (kt)	Cooper Basin	12.1	11.0	10.8	(2%)	21.8
Condensate (kbbl)	Cooper Basin	95.6	91.2	85.7	(6%)	176.9
Total Oil and Gas (kboe)		**2,386.5**	**2,276.5**	**2,254.4**	**(1%)**	**4,530.9**

NB. Preliminary data for ex PEL 104 / 111 and Egypt

Cooper Basin

Ex PEL 91

(Beach 40% and operator, Drillsearch 60%)

Average daily oil production of approximately 12,400 barrels (gross) was maintained during the quarter, and total production of 458 kbbl (net) was in-line with the prior quarter. The Stunsail and Pennington facilities contributed a full quarter of production and Pennington-4 came online in late December 2015. Production from both fields has outperformed relative to original expectations. The Bauer Field also performed better than expected, with the first well from the second development pad (Bauer-20) commencing production. The remaining three pad wells (Bauer-21 to -23), and the Hanson-2 development well, are still to be brought online. Trucking of volumes beyond pipeline capacity continued during the quarter.

Ex PEL 92

(Beach 75% and operator, Cooper 25%)

Oil production increased 3% to 252 kbbl (net), supported by a full quarter of production from new connections at Callawonga-10 and Callawonga-11, and incremental production from the installation of a variable speed beam pump at Callawonga-7. The Callawonga-7 beam pump was commissioned in October 2015 and resulted in an initial increase in well production of approximately 320 bopd. This project demonstrates effective allocation of capital with short payback period, and has provided a template for future installations. Additional beam pumps are expected to be installed in ex PEL 91 during H2 FY16.

Ex PEL 106

(Beach 50% and operator, Drillsearch 50%)

Sales gas and LPG production decreased 16% to 60 kboe (net) and condensate production increased 9% to 9.0 kboe. Lower production was partly attributable to a 12-day shut-in for facility maintenance and biennial integrity inspections, which were completed on schedule and budget, without incident.

Extended production testing at Ralgnal-1 was undertaken over two zones and provided encouraging results. Initial single zone flow rates of approximately 8.0 MMscfd[1] and 6.0 MMscfd[2] were recorded. Ralgnal-1 will be connected into the Middleton processing facility and is expected online in early Q4 FY16. Udacha -1 and Coolawang-1 are also expected online in early Q4 FY16. Connection of Canunda-2 has been postponed pending further review of results from extended production testing.

[1] 30 hour test period; 44/64" choke; >1,100 psi tubing-head pressure

[2] 30 hour test period; 32/64" choke; >1,100 psi tubing-head pressure

Design optimisation for the Middleton compression project is near complete, with unit selection and appointment of final vendor expected in Q3 FY16. Project completion by the end of Q2 FY17 is now targeted.

Kenmore and Bodalla

(Beach 100%)

Oil production increased 5% to 42 kbbl (net).

Ex PEL 104 / 111

(Beach 40%, Senex 60% and operator)

Oil production increased 7% to 142 kbbl (net). Natural field decline was offset by completion and connection of Spitfire-7, which came online in late October, and a full quarter of production from the Martlet North-1 and Growler-14 wells.

SACB and SWQ JVs

(Various non-operated interests)

Sales gas and gas liquids production decreased 1% to 1,035 kboe (net) and oil production decreased 5% to 204 kbbl (net). Natural field decline was broadly offset by limited downtime at the Moomba processing facility and commencement of flow from stranded gas fields in the Windorah Trough.

Egypt

Abu Sennan Concession

(Beach 22%, KEE 50% and operator, Dover 28%)

Production decreased 11% to 52 kboe (net entitlement), mainly due to workover operations conducted at the El Salmiya-6 well.

DEVELOPMENT

Cooper Basin

Ex PEL 104 / 111

(Beach 40%, Senex 60% and operator)

Martlet-2 is a standalone oil development well in PRL 137, located approximately 190 metres southwest of the producing Martlet-1 oil well, and approximately 1.1 kilometres south-southeast of the producing Martlet North-1 oil well. Martlet-2 was drilled to accelerate production from the Namur Sandstone reservoir following re-mapping of the Martlet structure using the Mollichuta 3D seismic survey. The well was cased and suspended as a future producer following intersection of a 4.5 metre net oil column, which was in-line with pre-drill estimates and is expected to result in a reserve increment.

South Australian Gas – SACB JVs

(Fixed Factor Area Joint Venture: Beach 20.21%, Santos 66.6% and operator, Origin 13.19%)

A six-well development drilling campaign was completed in the Tirrawarra and Gooranie fields, located approximately 50 kilometres north of Moomba, targeting gas and gas liquids in the Patchawarra Formation and oil in the Tirrawarra Sandstone. The campaign was undertaken as a result of past drilling, which highlighted significant remaining potential within both gas and oil reservoirs, and findings from the detailed Patchawarra Formation study undertaken in 2011. Gooranie-7, the final well of the campaign, was cased and suspended following intersection of gas and oil pay in target zones consistent with pre-drill estimates. The completed drilling campaign proved successful, with all six wells cased and suspended and results ranging from in-line with pre-drill estimates to high-side pay outcomes.

A three-well development drilling campaign was completed in the Moomba South Field, which aimed to increase the production rate of booked gas reserves in the Toolachee and Daralingie formations. Wells were drilled using under-balanced drilling (UBD) techniques, a commonly used method whereby wellbore pressure is maintained below formation pressure to preserve formation integrity. This approach is suitable for low pressure reservoirs and was successfully undertaken in the Moomba South Field in 2007. Moomba-209, -210 and -211 were initially drilled in a batch to the top of the Toolachee Formation and cased, with under-balanced drilling through the Toolachee and Daralingie formations then undertaken. The UBD technique proved successful with all wells in the campaign completed and initial flow rates in-line with pre-drill estimates.

A six-well infill development drilling campaign commenced in the Moomba North Field, which aims to develop booked reserves in the Toolachee, Daralingie and Patchawarra formations. A phased approach is being undertaken which may result in drilling up to 26 new wells in the area, six of which were drilled in 2014. Outcomes from the 2014 campaign are being applied to the current campaign, which included optimised well designs and improved well completions. The first five wells of the 2015-16 campaign (Moomba-203 to Moomba-207) were cased and suspended as future Permian gas producers, with intersection of gas pay broadly in-line with pre-drill estimates.

South Australian Oil – SACB JVs

(Fixed Factor Area Joint Venture: Beach 20.21%, Santos 66.6% and operator, Origin 13.19%)

Merrimelia-64 is a horizontal oil well which targeted the low-deliverability Murta oil reservoir, and is part of an ongoing trial to assess horizontal drilling in the Cooper Basin. The Merrimelia Field is located approximately 50 kilometres north of Moomba in PPL 17. Merrimelia-64 was cased and suspended following the intersection of oil shows throughout the Murta reservoir. The well will be fracture stimulated (multi-stage) and connected to the Merrimelia oil facility.

EXPLORATION AND APPRAISAL

Cooper Basin

Ex PEL 91

(Beach 40% and operator, Drillsearch 60%)

A two-well oil appraisal program was undertaken in the Bauer Field to test southern and northern extensions of the field. Both wells were cased and suspended as future producers, and further evaluation of results will be undertaken to assess potential for follow-up drilling.

Bauer-24 is the southern-most well in the Bauer Field, located approximately 80 kilometres northwest of Moomba and approximately one kilometre north of the Chiton Field. The well was drilled to appraise a structural high between the Bauer and Chiton fields as a possible extension of the Bauer Field. Primary targets were the McKinlay Member and Namur Sandstone reservoirs, with the Birkhead Formation providing a secondary target. The well was cased and suspended as a future producer following intersection of a three metre net oil column in the Namur Sandstone and a 3.5 metre gross oil bearing interval in the overlaying McKinlay Member.

The Bauer-25 appraisal well is located on the northern flank of the Bauer Field and is the northern-most well in the field. The northern flank is a low relief area extending to the Bauer North-1 discovery well, approximately 1.3 kilometres northeast of Bauer-25. The well tested a northern extension of the Bauer Field and targeted the McKinlay Member and Namur Sandstone reservoirs, with the Birkhead Formation providing a secondary target. The well was cased and suspended as a future producer following intersection of a two metre net oil column in the Namur Sandstone and a 3.5 metre gross oil bearing interval in the overlaying McKinlay Member.

Eastern Flank – PL 184

(Beach 80.4% and operator, Australian Gas Fields 19.6%)

The Thylungra-2 oil and gas exploration well is located approximately 470 metres west of Thylungra-1 and 50 kilometres west of the Bodalla South oil field. The well targeted oil in the Hutton Sandstone, and the Toolachee and Patchawarra formations provided secondary gas targets. The well was cased and suspended as a future gas producer following intersection of approximately 10 metres of net gas pay across the Toolachee and Patchawarra formations. Minor oil shows were recorded in the basal Birkhead Formation.

Setting up for drilling at Thylungra-2

ATP 924

(Beach farming-in 45% with Drillsearch)

The Maroochydore-1 oil exploration well is located in Queensland on the north-eastern flank of the Cooper Basin, approximately 250 kilometres northeast of Moomba. The well is situated on a large anticline and was drilled to test a northern four way closure, with the Hutton Sandstone the primary target and secondary targets in other Jurassic sandstones. Oil shows were seen during drilling, however wireline logs showed the Hutton Sandstone to be water saturated and the well was consequently plugged and abandoned. The well provided the joint venture with a significant amount of data which has improved its understanding of the north-eastern flank of the Cooper Basin.

South Australian Gas – SACB JVs

(Fixed Factor Area Joint Venture: Beach 20.21%, Santos 66.6% and operator, Origin 13.19%)

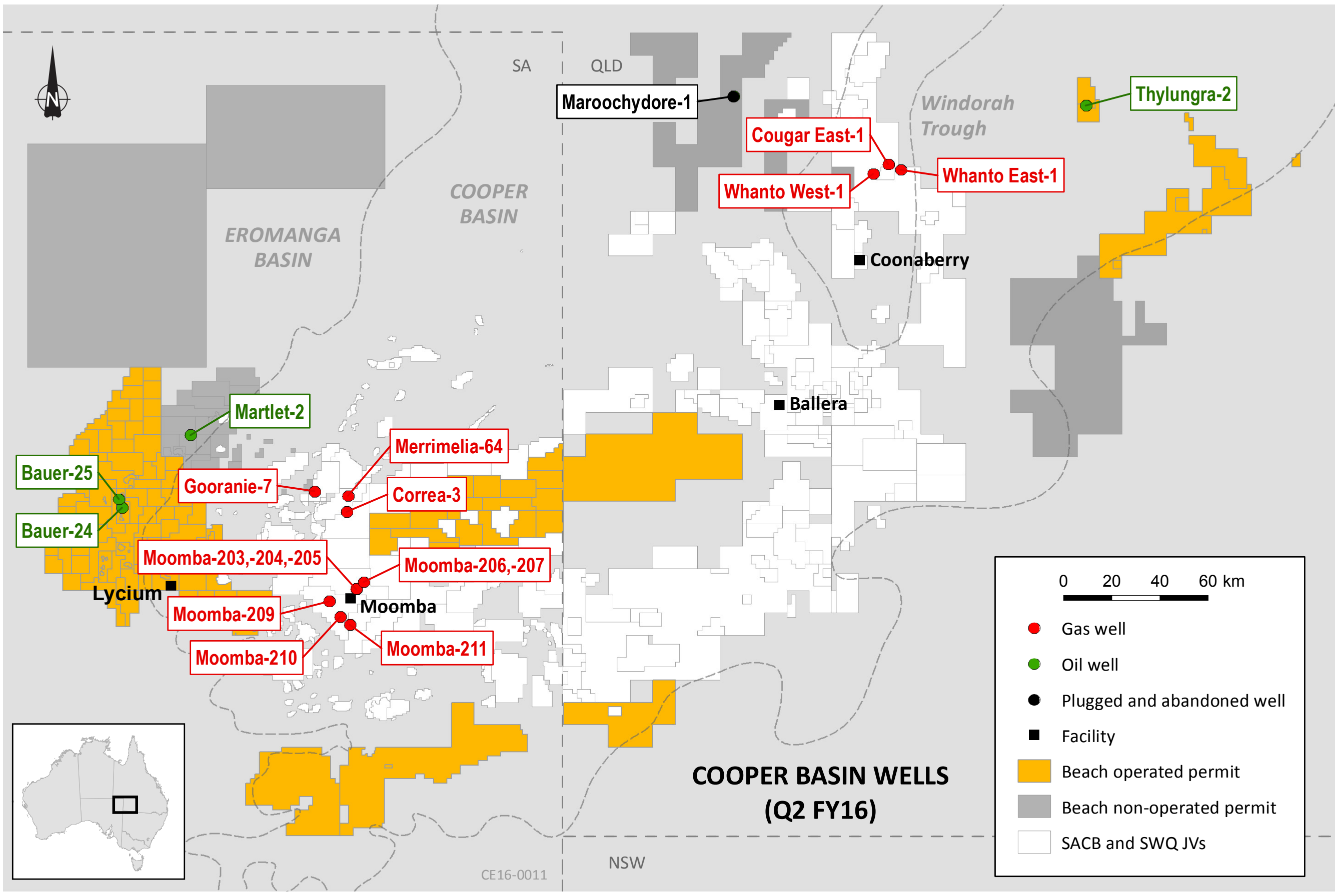
Correa-3 is the second of a two-well pad appraisal campaign in the Correa Field, located in PPL 80 approximately 50 kilometres north of Moomba. The well appraised the northeast area of the field and follows drilling of Correa-2 in January 2015 and the Gaschnitz 3D survey acquired in 2013. Correa-3 targeted the Tirrawarra Sandstone, with the Patchawarra Formation providing a secondary target. The well was cased and suspended as a future producer, with results exceeding pre-drill estimates.

Queensland Gas – SWQ JVs

(Beach 23.2%, Santos 60.06% and operator, Origin 16.74%)

The five-well Windorah near-field exploration program redefined the play fairway of the Whanto-1 gas discovery. The program tested plays ranging from simple four-way dip closures to potential stratigraphic trap or basin centred gas plays across a large geographical area of the Windorah Trough. The final three wells of the campaign were drilled during the quarter (Whanto East-1, Cougar East-1 and Whanto West-1). Whanto West-1 was deliberately drilled outside closure to test a basin centred gas or stratigraphic play. The discovery indicates potential for an extensive gas accumulation and a new play in the area, with studies to be undertaken to define this play. The campaign proved successful, with five new field discoveries from the five-well program and all wells cased and suspended. Additional flow testing is expected during 2016, the results from which will inform decisions regarding further appraisal and development drilling in the Windorah Trough, which is considered likely.

The broader 2015 Windorah-Marama development project included well head connections in the Whanto, Mt Howitt and Toby fields to the existing Coonaberry gathering system. This allowed existing stranded fields to be brought online and provides connections for wells from recent campaigns. Pipelines associated with the Windorah-Marama development project have been completed, with four wells connected and flowing gas. Initial flow rates from these wells are exceeding flow rates expected from the initial eight well connection program.



Other Australia – Otway Basin

T/49P – Offshore Otway

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

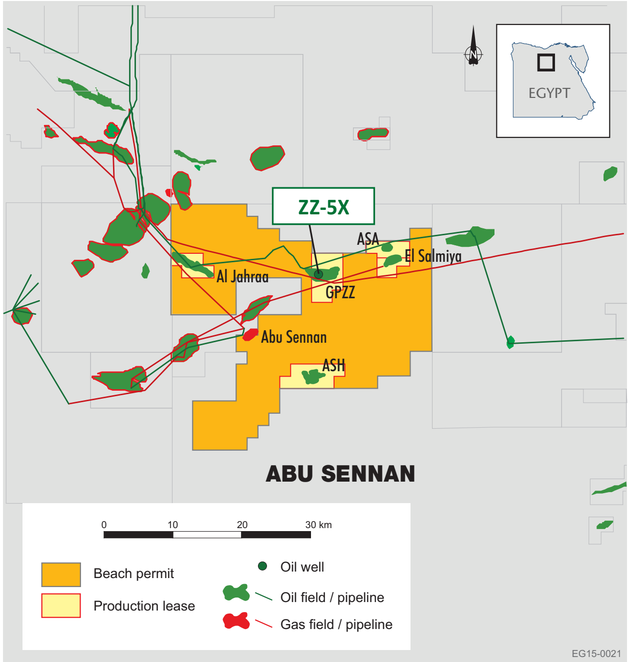
Detailed mapping of the Flanagan and Whalebone structures continued, with recommendations for future activity expected to be confirmed in Q3 FY16. These large structures were imaged in detail by the 974 km^2 Flanagan 3D seismic survey acquired in the north of the block.

Egypt

Abu Sennan Concession

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

The ZZ-5X oil exploration well, located approximately nine kilometres to the west of the El Salmiya Field, discovered hydrocarbons in the primary Abu Roash Formation. Testing over three intervals totalling 14 metres in the Abu Roash Formation was conducted, with trace hydrocarbons recovered. The well was temporarily suspended to study possible stimulation options.



WELL RESULTS

Area	Category	Wells Spudded	Wells Completed	Successful Wells	Success Rate	Successful Well Name
Cooper Basin	Gas – Exploration	3	3	3	100%	Whanto East-1; Cougar East-1; Whanto West-1
	Gas – Appraisal	1	1	1	100%	Correa-3
	Gas – Development	9	9	9	100%	Gooranie-7; Moomba-203, -204, -205, -206, -207, -209, -210, -211
	Oil – Exploration	2	2	1	50%	Thylungra-2
	Oil – Appraisal	2	2	2	100%	Bauer-24,-25
	Oil – Development	2	2	2	100%	Martlet-2; Merrimelia-64
Egypt		1	1	1	100%	ZZ-5X
Total		**20**	**20**	**19**	**95%**	
All Exploration Wells		6	6	5		
All Appraisal Wells		3	3	3		
All Development Wells		11	11	11		

CORPORATE

Recommended merger of Beach and Drillsearch

On 23 October 2015, Beach and Drillsearch announced a proposal to merge the companies, and in doing so create the leading ASX mid-cap oil and gas company. Under the terms of the merger, Drillsearch shareholders will receive 1.25 Beach shares for each Drillsearch share held. The proposed merger is subject to a number of conditions, including Court and Drillsearch shareholder approvals. Subsequent to quarter-end, Drillsearch shareholders voted in favour of the proposed merger. Completion of the transaction is now subject to final Court approval, with a hearing to be held on 18 February 2016. If all approvals are obtained and conditions precedent satisfied, issue of new shares to Drillsearch shareholders is expected at the beginning of March 2016. Further details of the proposed merger are included in the announcement and presentation of 23 October 2015.

SUBSEQUENT EVENTS

Appointment of Mr Matthew Kay as Chief Executive Officer

Mr Matthew Kay was appointed as Beach's new Chief Executive Officer, effective 17 July 2016 or such earlier date as is available and mutually agreed. Matt has over 25 years of experience in the oil and gas industry within Australia and overseas, and currently serves as Executive General Manager, Strategy and Commercial at Oil Search where he led strategy, mergers and acquisitions, commercial, supply chain, economics, marketing and legal functions. Prior to Oil Search, Matt held various senior roles at Woodside Petroleum and before that was at Santos. Matt holds a Bachelor of Economics and a Master of Business Administration, and is a Fellow of CPA Australia and a graduate of the Australian Institute of Company Directors. Full details of this appointment are included in the announcement of 12 January 2016.

Revised FY16 production guidance

Beach has revised its FY16 production guidance to 8.0 – 8.6 MMboe (from 7.8 – 8.6 MMboe). The narrowed range reflects outperformance in H1 FY16, with production of approximately 4.5 MMboe (net to Beach). Lower production in H2 FY16 is expected due to natural field decline, well connection deferrals and reduced drilling activity across operated and non-operated permits. Further details are contained in the announcement of 22 January 2016.

Anticipated impairment charges

A review of asset carrying values is currently underway in conjunction with finalisation of half year accounts for the period ended 31 December 2015 (due for release on 26 February 2016). Following this review and reflecting lower oil prices and lower short and long term oil price forecasts, it is expected that non-cash impairment charges will be recorded in the half year accounts, predominantly in relation to non-operated Cooper Basin oil and gas assets. Although the quantum is still to be confirmed, the non-cash impairment charge is likely to be within the range of \$450 - \$650 million on a pre-tax basis. Further details are contained in the announcement of 22 January 2016.

Withdrawal from ATP 732 farm-in agreement

Beach informed Bengal Energy of its decision to withdraw from the farm-in agreement in relation to ATP 732 on the eastern flank of the Cooper Basin. The decision is consistent with Beach's strategy to optimise its core within the Cooper Basin by exiting non-core assets. Beach's interest in the permit will be re-assigned to Bengal Energy for nil consideration.

GLOSSARY

3D Oil	3D Oil Ltd
$	Australian dollars
ASX	Australian Securities Exchange
ATP	Authority to Prospect
bbl	barrels
Beach	Beach Energy Ltd
Bengal Energy	Bengal Energy Ltd
bcf	billion cubic feet
bfpd	barrels of fluid 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
bopd	barrels of oil per day
Cooper	Cooper Energy Ltd
Cooper Basin	Includes both Cooper and Eromanga basins
Delhi	Delhi Petroleum Pty Ltd
Dover	Dover Investments Ltd
Drillsearch	Drillsearch Energy Ltd
EP	Exploration permit
Ex PEL 91	Replaced by Petroleum Retention Licences 151 to 172
Ex PEL 92	Replaced by Petroleum Retention Licences 85 to 104
Ex PEL 104 / 111	Replaced by Petroleum Retention Licences 136 to 150
Ex PEL 106	Replaced by Petroleum Retention Licences 129 and 130
Ex PEL 218	Replaced by Petroleum Retention Licences 33 to 49
FY(16)	financial year (2016)
GJ	gigajoule
GSA	gas sales agreement
H1 (FY16)	First half year period (of FY16)
H2 (FY16)	Second half year period (of FY16)
kbbl	thousand barrels of oil
kboe	thousand barrels of oil equivalent
kt	thousand tonnes
KEE	Kuwait Energy Egypt Ltd
LTI	Lost time injury
LPG	liquefied petroleum gas
MMbbl	million barrels of oil
MMboe	million barrels of oil equivalent
MMscfd	million standard cubic feet of gas per day
Oil Search	Oil Search Ltd
Origin	Origin Energy Ltd
Origin Retail	Origin Energy Retail Ltd
PEL	Petroleum Exploration Licence
PRL	Petroleum Retention Licence
PJ	petajoule
Q(1 FY16)	(First) quarter (of FY16)
Qtr	quarter
SACB JVs	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%)
SACB and SWQ JVs	The Delhi operations, which incorporate the SACB JVs and the SWQ JVs
Santos	Santos Ltd
Senex	Senex Energy Ltd
SWQ JVs	South West Queensland joint ventures
Woodside Petroleum	Woodside Petroleum Ltd