

FY16 Half Year Results

26 February 2016



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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.

Overview

Neil Gibbins – Acting Chief Executive Officer



- **Strengthened Cooper Basin platform through merger with Drillsearch**
 - All approvals obtained; integration to commence 1 March 2016
- **Ex PEL 91 oil production up 10% due to well connections and investment in infrastructure**
- **Exploration success, including five gas field discoveries in the Windorah Trough**
- **Transition of gas business underway with new long-term, oil-linked contract**
 - Average realised gas price up 15% from prior corresponding period
- **Demonstrated results from cost and capital expenditure reductions**
 - Operating cash costs down 11% to \$23/boe
 - Cash of \$164 million held broadly constant over past six months
- **Greater access to liquidity with new \$530 million debt facility**

H1 FY16 operations overview

- Production of 4.5 MMboe (-5%)
 - Higher ex PEL 91 oil production (+10%)
 - Gas well stock sustaining production
- Successful Windorah Trough exploration and well connection program
 - Five gas field discoveries; pipelines installed; development wells connected
- LTI¹ free operations for past 15 months

Subsequent Events

- Appointment of Matthew Kay as new CEO
 - Commencement date of 2 May 2016
- Shareholder and Court approvals received for Drillsearch merger

1. Lost time injury

Production			
kboe	H1 FY15	H1 FY16	%
Oil	2,420	2,277	(6%)
Gas	1,975	1,904	(4%)
Gas liquids	390	350	(10%)
Total	4,785	4,531	(5%)

Drilling			
Well Type	Wells	Successes	%
Exploration	10	8	80%
Appraisal	6	6	100%
Development	18	18	100%
Total	34	32	94%

Continuing strong operational performance from core Cooper Basin

- Completion of Drillsearch integration
- High-grading of enlarged exploration portfolio; FY17 drilling program confirmed
- Western Flank field development activities and tie-in of well stock
- Detailed basin reviews ongoing
- Completion of Egyptian asset sale by financial year end targeted
- Production guidance of 8.0 – 8.6 MMboe
- Capital expenditure guidance of \$180 million – \$210 million
 - c.\$60 million of deferrals and reductions from original guidance

Activities underpinned by four-pillar growth strategy



Optimise our core in the Cooper Basin



Build a complementary gas business in east coast basins



Pursue other compatible growth opportunities in Australia and nearby



Maintain financial strength

Financial

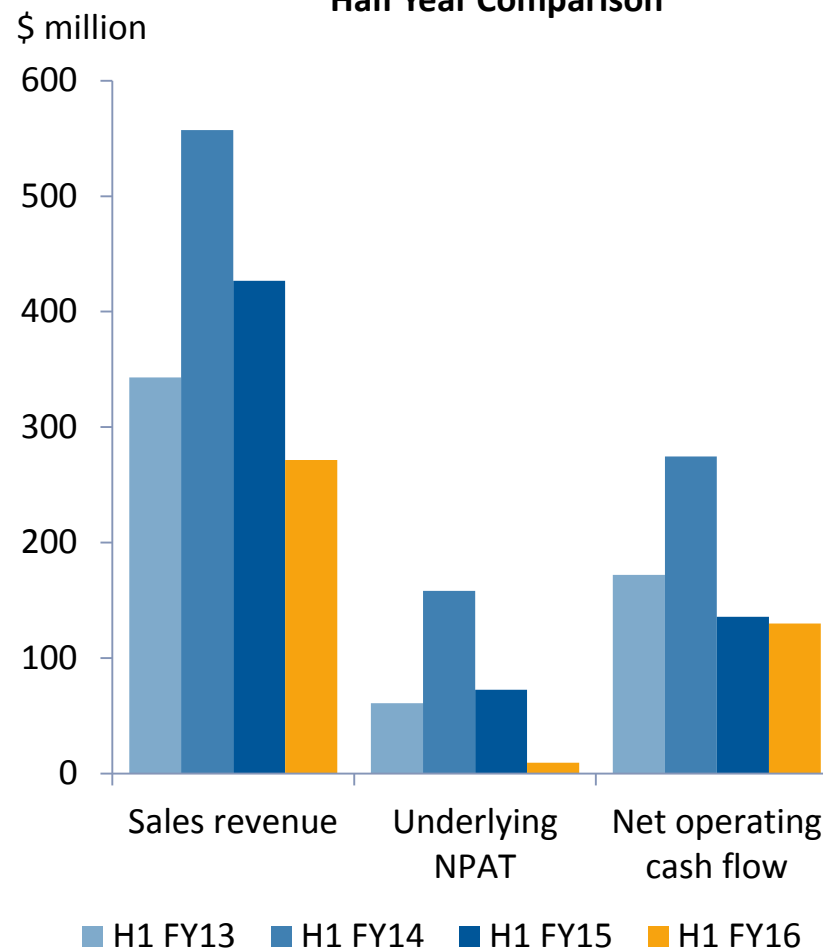
Kathryn Presser – Chief Financial Officer



H1 FY16 financial overview

- Sales volumes of 5.1 MMboe (-11%)
 - Lower production and third party sales; higher gas volumes to storage
- Results impacted by 49% price decline¹
 - Sales revenue: \$272 million (-36%)
 - Underlying NPAT: \$9 million (-88%)
- Stable net operating cash flow from cost reductions and lower tax payments
- Net cash position broadly maintained
- New \$530 million corporate debt facility
- Dividend suspended to preserve capital

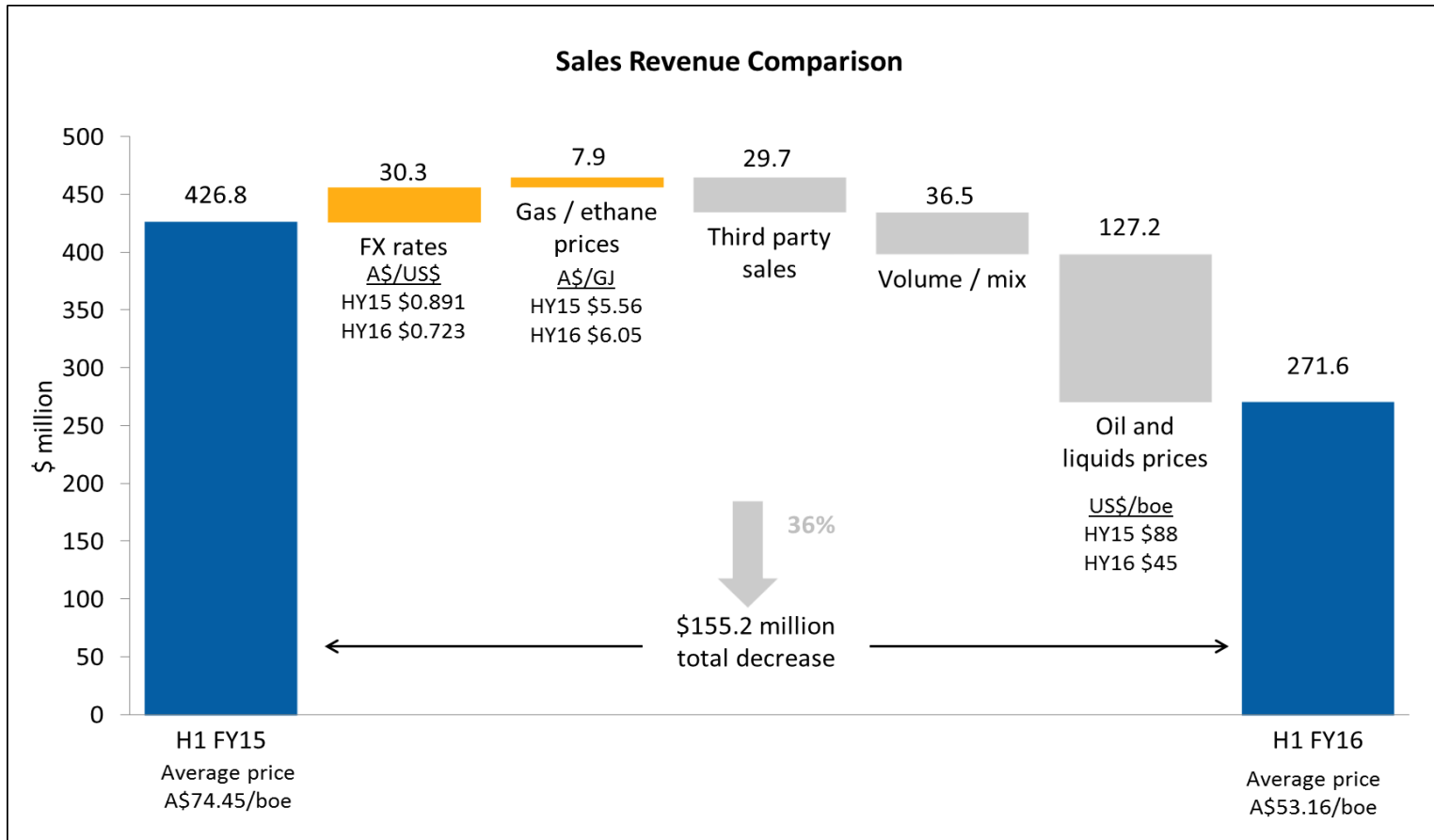
Half Year Comparison



Maintaining financial strength through cost and capital expenditure reductions

1. Based on average realised US\$ oil and liquids price in H1 FY16 relative to the prior corresponding period (pcp)

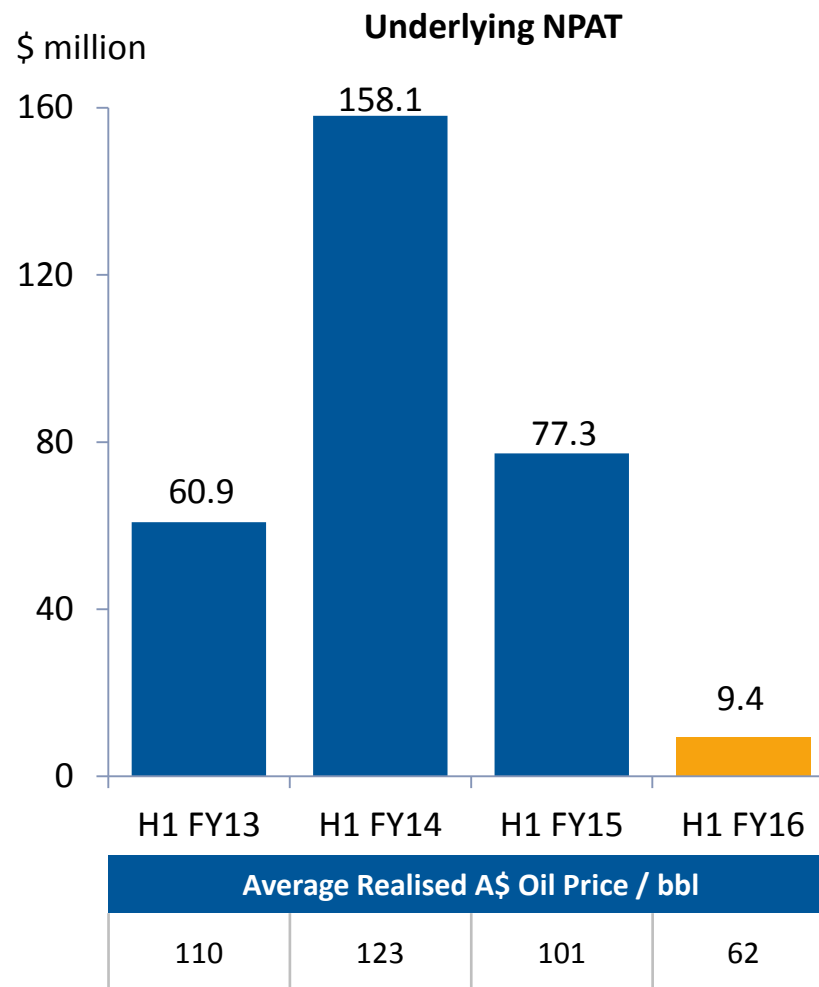
Sales revenue



Lower revenue mainly driven by 49% decline in average US\$ oil and liquids price

Underlying NPAT

- Underlying NPAT of \$9.4 million, down 88%, mainly due to:
 - 49% reduction in average realised US\$ oil and liquids price; and
 - Sale of higher-cost inventory,
 - Partly offset by lower depreciation and operating cash costs
- Ongoing focus on costs across the business
 - Operating cash costs down 11% from pcp to \$23/boe
 - Headcount down 8% since 30 June 2015
 - Corporate costs down 34% from pcp



Impairments

- Area of interest approach for impairment testing
- Impairments reflect lower oil prices and deferral of certain development plans
- Impairments primarily relate to:
 - Cooper Basin producing interests;
 - NTNG and international exploration interests; and
 - Mark-to-market of listed financial investments
- Decrease in H1 FY16 depreciation of \$22 million associated with FY15 impairments

Non-cash Impairments (Before Tax)	
Category	\$ million
Producing interests	525
Exploration interests	83
Financial assets	26
Total	634

Impairment Assumptions				
	31-Dec-14		31-Dec-15	
	Oil ¹	US\$/A\$	Oil ¹	US\$/A\$
CY16	70	0.80	40	0.70
CY17	80	0.80	45	0.70
CY18	90	0.80	55	0.70
CY19+	90	0.80	70	0.70

1. Brent oil price; US\$ per barrel

Operations

Mike Dodd – Acting Chief Operating Officer

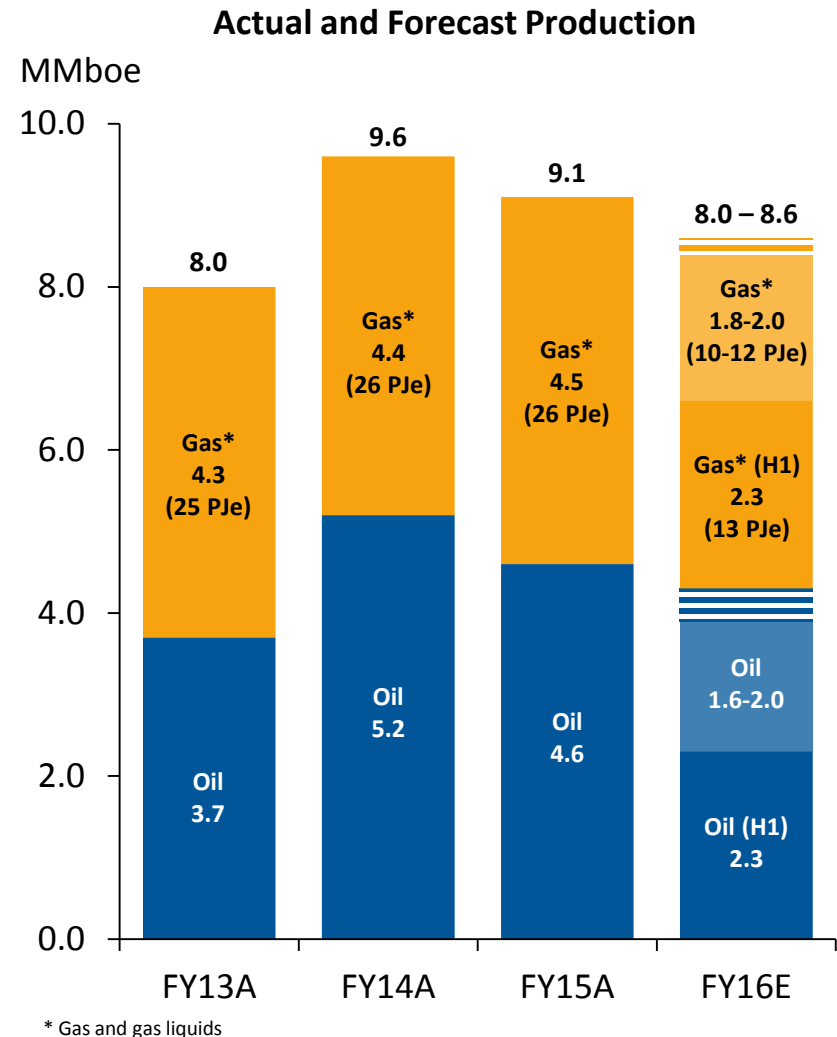


Production by area

	Area	H1 FY15	H1 FY16	Change
Oil (kbbbl)	Cooper / Eromanga basins	2,370.2	2,189.2	(8%)
	Egypt	49.5	87.8	77%
	Total oil	2,419.7	2,277.0	(6%)
Sales gas and ethane (PJ)	Cooper Basin	11.5	10.9	(5%)
	Egypt	-	0.2	-
LPG (kt)	Cooper Basin	24.2	21.8	(10%)
Condensate (kbbbl)	Cooper Basin	198.9	176.9	(11%)
	Total gas / liquids (kboe)	2,365.6	2,253.9	(5%)
Total oil, gas and gas liquids (kboe)		4,785.3	4,530.9	(5%)

Operating results

- Production of 4.5 MMboe (-5%)
 - Higher ex PEL 91 production and strong gas performance broadly offset natural field decline
- Production mix: 50% oil / 50% gas and gas liquids
- Western Flank average net oil production of 9,169 bopd (-7%)
 - Ex PEL 91 production up 10% from pcp due to investment in infrastructure and new wells online
- 34 wells drilled with overall success rate of 94%
 - 80% success rate from 10 exploration wells



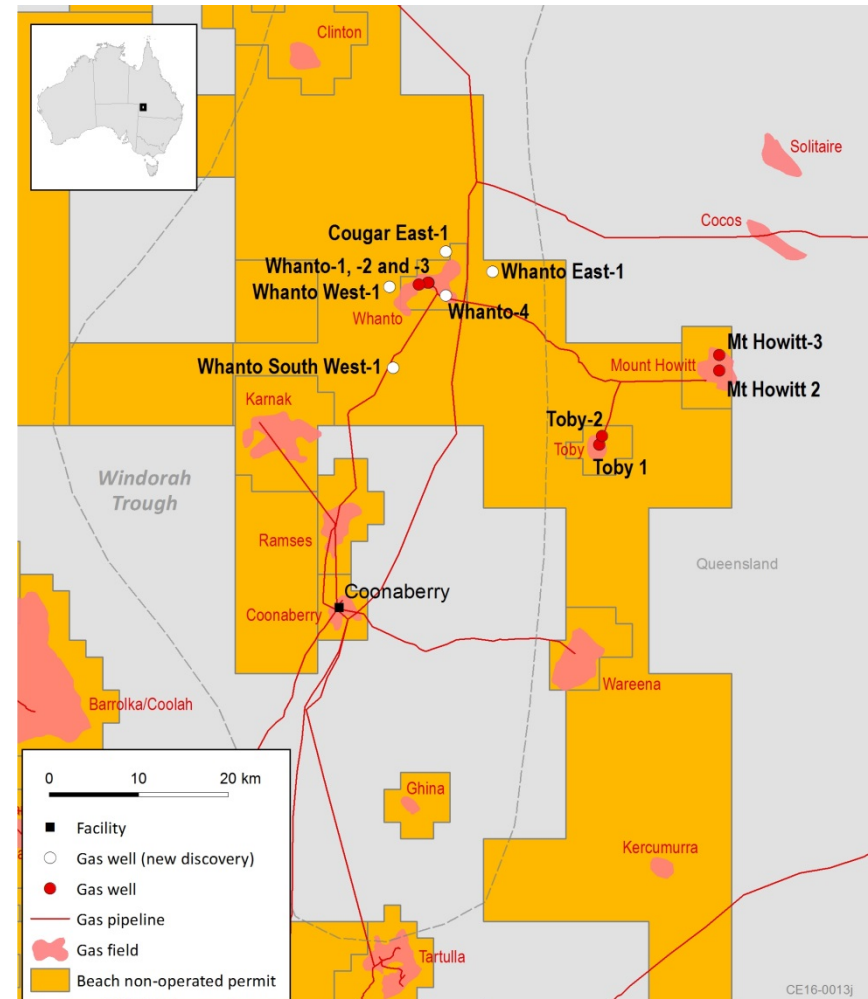
H1 FY16 capital expenditure and guidance

Capital Expenditure (\$ million)	Actual		FY16 Guidance	
	H1FY15	H1 FY16	Original	Revised
DEVELOPMENT				
Cooper Basin (non-SACB and SWQ JVs)	20	10	45 – 50	20 – 30
Cooper Basin (SACB and SWQ JVs)	150	83	145 – 160	115 – 130
Other Development	5	–	–	–
Total Development	175	93	190 – 210	135 – 160
EXPLORATION				
Cooper Basin (non-SACB and SWQ JVs)	30	15	30 – 35	25 – 30
Cooper Basin (SACB and SWQ JVs)	50	6	5 – 10	10
Other Exploration	13	8	15	10
Total Exploration	93	29	50 – 60	45 – 50
TOTAL	268	122	240 – 270	180 – 210

Windorah Trough program

- Five-well exploration program completed
 - Five new field discoveries
 - Results encouraging for further drilling in Greater Whanto Structure
- Fracture stimulation and flow testing of two exploration wells in H2 FY16
- Pipeline installations completed
 - Previously stranded fields connected to Coonaberry facility
- Four development wells brought online
- Exploration wells to be progressively brought online

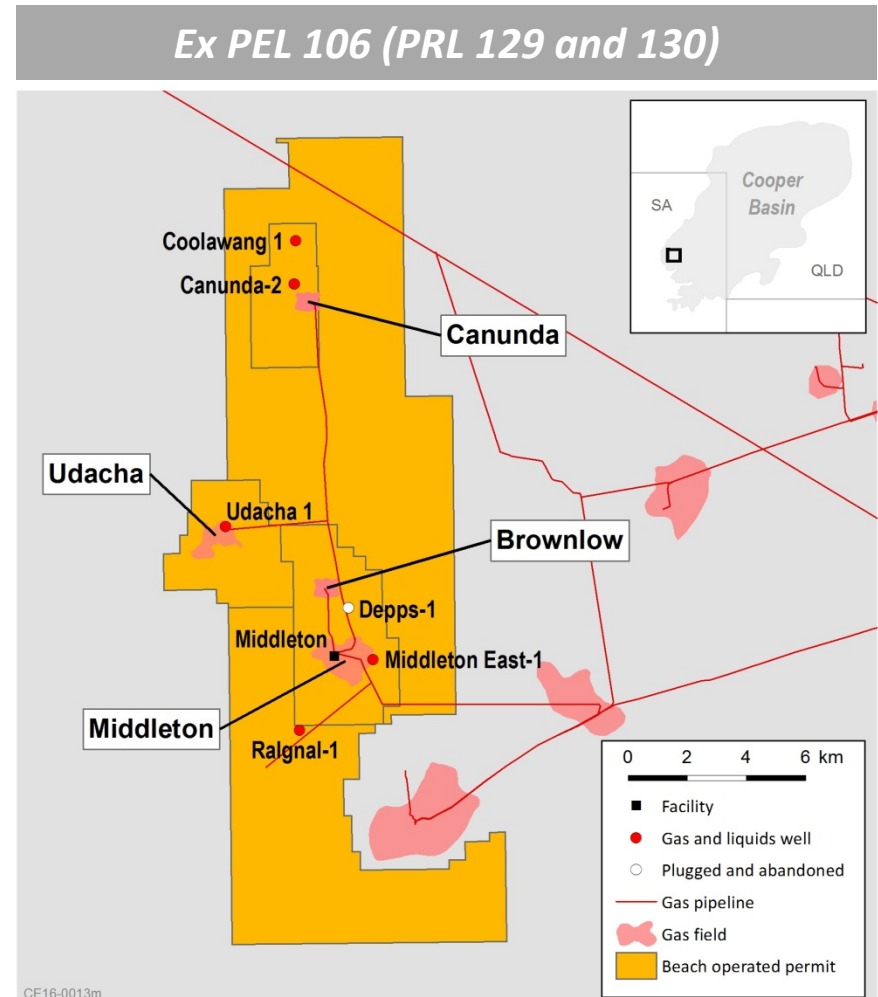
Production from initial four wells exceeding expectations



South West Queensland Joint Venture: Beach 23.2%, Santos 60.06% and operator, Origin 16.74%

Ex PEL 106 gas liquids

- Subsequent to period end, Middleton East-1 exploration well cased and suspended
 - c.9 metres of gas pay over multiple zones
- Second well of campaign, Depps-1, plugged and abandoned
- Ralgnal-1 and Udacha-1 expected online in Q4 FY16
- Middleton compression project underway
 - Expected production post completion and tie-ins of c.25 MMscfd (+15 MMscfd)
 - Targeting completion by end Q2 FY17
- Negotiation of new gas sales agreement underway
 - Existing agreement expires March 2016



Beach 50% and operator, Drillsearch 50%

Drillsearch Merger Update

Neil Gibbins – Acting Chief Executive Officer



Merger status and next steps

*A well supported transaction
Integration to focus on cost reductions and portfolio optimisation*

Scheme of Arrangement Process		Steps Post Implementation
Agree merger terms	✓	<ul style="list-style-type: none">▪ Confirm optimal organisation structure▪ Confirm executive and management teams▪ Reduce headcount / duplicated positions▪ Eliminate corporate and operational duplications▪ Close Sydney office▪ Detailed technical review of acreage▪ High-grade enlarged exploration portfolio / confirm FY17 drilling program
First Court approval	✓	
Drillsearch shareholder approval	✓	
Second Court approval	✓	
Scheme Implementation	1 March 2016	

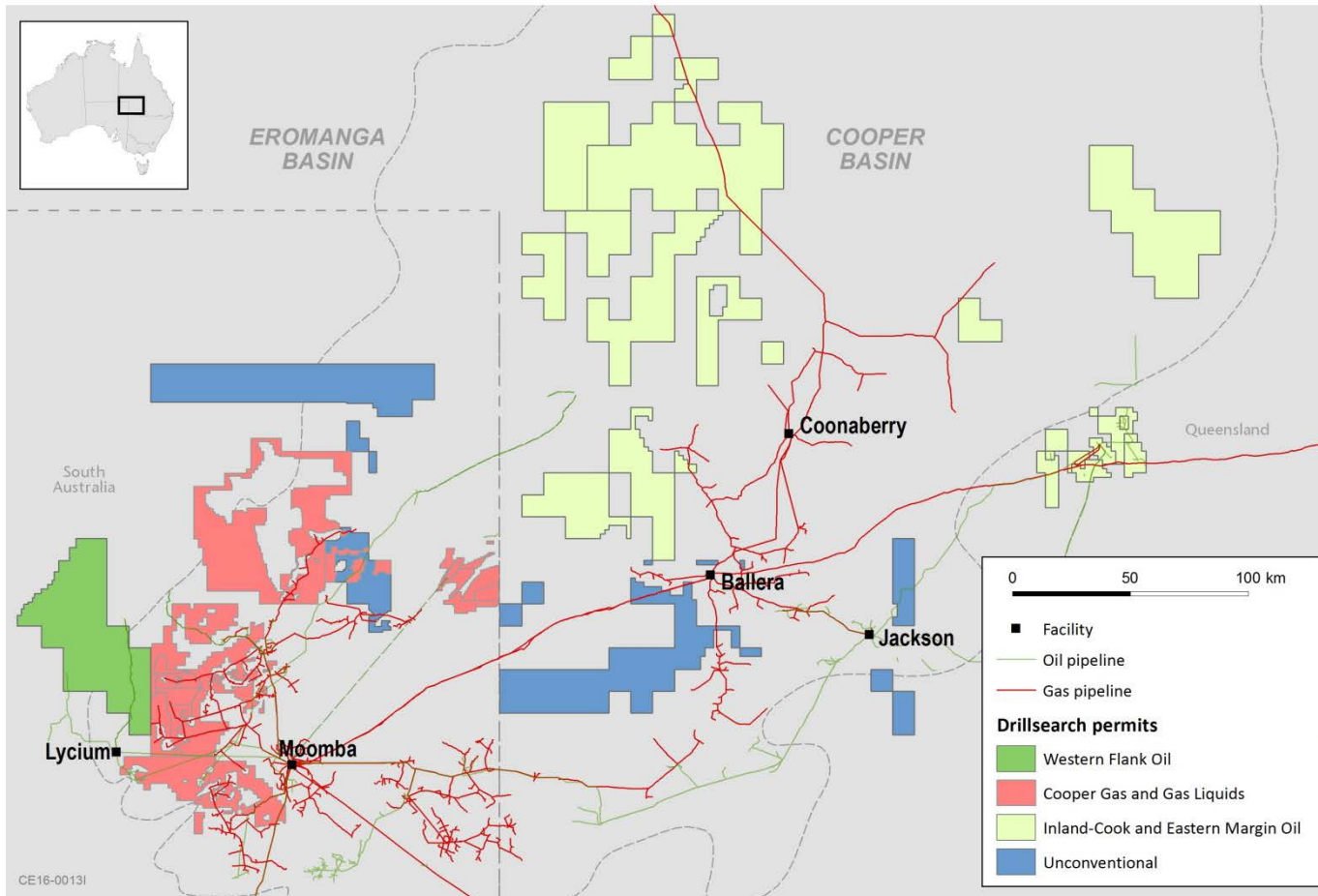
Indicative integration timeline

Large portion of expected \$20 million in synergies to be realised in FY17

Key Work Streams	March	April	May	June	FY17
Executive / management teams in place	Active				
Rationalise duplicated headcount	Active	Active			
Detailed technical review of acreage	Active	Active	Active	Active	
Preparation of FY17 drilling program			Active	Active	
Closure of Sydney office				Active	
Ongoing rationalisation / synergy realisation					Active

Drillsearch acreage

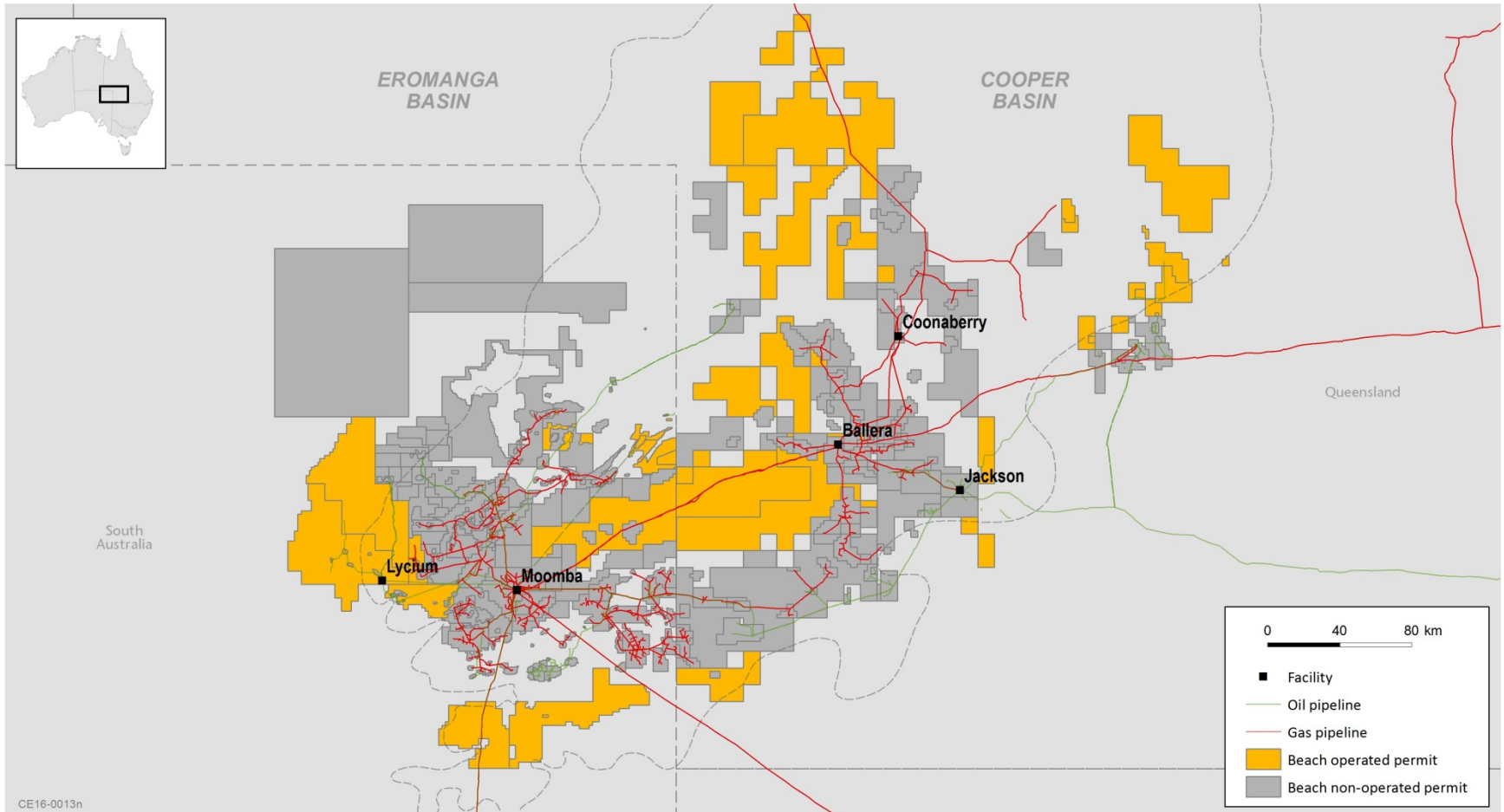
Complementary acreage to increase production and exploration opportunities



- ✓ Full ownership of Western Flank oil and gas permits
 - Ex PEL 91, 106
- ✓ Expanded gas and gas liquids footprint
- ✓ High-grading of enlarged exploration footprint
- ✓ Unconventional acreage adjacent to NTNG
- ✓ Gross acreage of c.19,000 km²

Combined Cooper Basin acreage

Dominant position in the Cooper Basin with gross acreage of c.69,000 km²



Contact information



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