FY16 Preliminary Full Year Results

FY17 Outlook

29 August 2016

Compliance statements

Disclaimer

This presentation contains forward looking statements that are subject to risk factors associated with oil, gas 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. Unless otherwise noted, all references to reserves and resources figures are as at 30 June 2016 and represent Beach's share.

References to prospective resources (slide 32) relate to undiscovered accumulations and represent the estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s). These estimates have both an associated risk of discovery and a risk of development. Further exploration, appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

Competent Persons Statement

The reserves and resources information in this presentation is based on, and fairly represents, information and supporting documentation prepared by, or under the supervision of, Mr Tony Lake (Manager Cooper Gas). Mr Lake is an employee of Beach Energy Limited and has a BE (Mech) degree from the University of Adelaide and is a member of the Society of Petroleum Engineers (SPE). The reserves and resources information in this presentation has been issued with the prior written consent of Mr Lake in the form and context in which it appears.

FY16 Overview

Matt Kay – Chief Executive Officer

A compelling value proposition

- **Profitable and net debt free:** Cash flow breakeven of US$26/bbl; dividend payable
- **Leveraged to oil price recovery:** +US$10/bbl = +$50m NPAT and +A$65m cash flow
- **Cost savings progressing:** Material savings delivered at Beach and SACB joint venture
- **Active E&D program:** 75% exploration success in FY16; 13 operated wells in FY17
- **Executing growth strategy:** Active, disciplined and patient approach to growth

Strong progress across all strategic pillars

Optimise our core in the Cooper Basin

- ✓ Drillsearch merger and integration
- ✓ 26% operated field cost reduction
- ✓ 90% drilling success rate
- ✓ Continued safety standard excellence

Maintain financial strength

- ✓ Net debt free
- ✓ 40% corporate cost savings
- ✓ $28 million net cash generated
- ✓ ~$550 million year-end liquidity

Build an east coast gas business

- ✓ Greater influence over SACB JV participation and outcomes
- ✓ Commencement of Origin oil-linked gas sales with attractive terms
- ✓ Multiple basin reviews progressed
- ✓ Disciplined review of opportunities

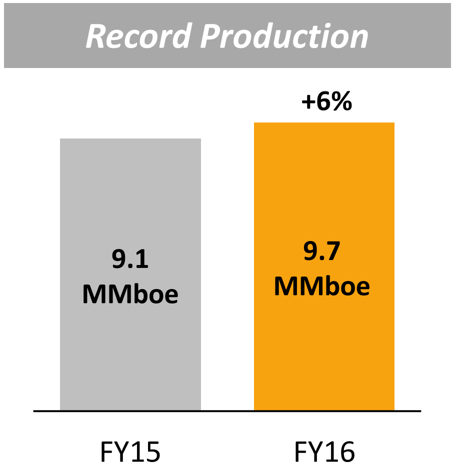
Pursue other growth opportunities

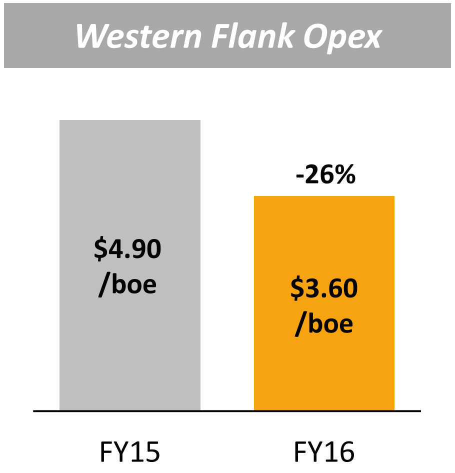
- ✓ Rationalisation of poor performing assets
- ✓ Multiple basin reviews completed or progressing
- ✓ Criteria and process enhanced
- ✓ Disciplined review of opportunities

Strategic progress has positioned Beach for growth

Record production and reduced costs

- Continued safety standard improvements
- Record production of 9.7 MMboe, up 6%
- 90% drilling success rate from 51 wells
- Field operating cost reductions
  - Operated Western Flank field costs down 26% to $3.60/boe
  - Cash flow breakeven down 60% to A$35/bbl (US$26/bbl) from lower costs and SACB JV capital commitments
- Commissioning of new production facilities at Stunsail and Pennington
- Successful variable speed beam pump installation program





Construction of Pennington facility in ex PEL 91

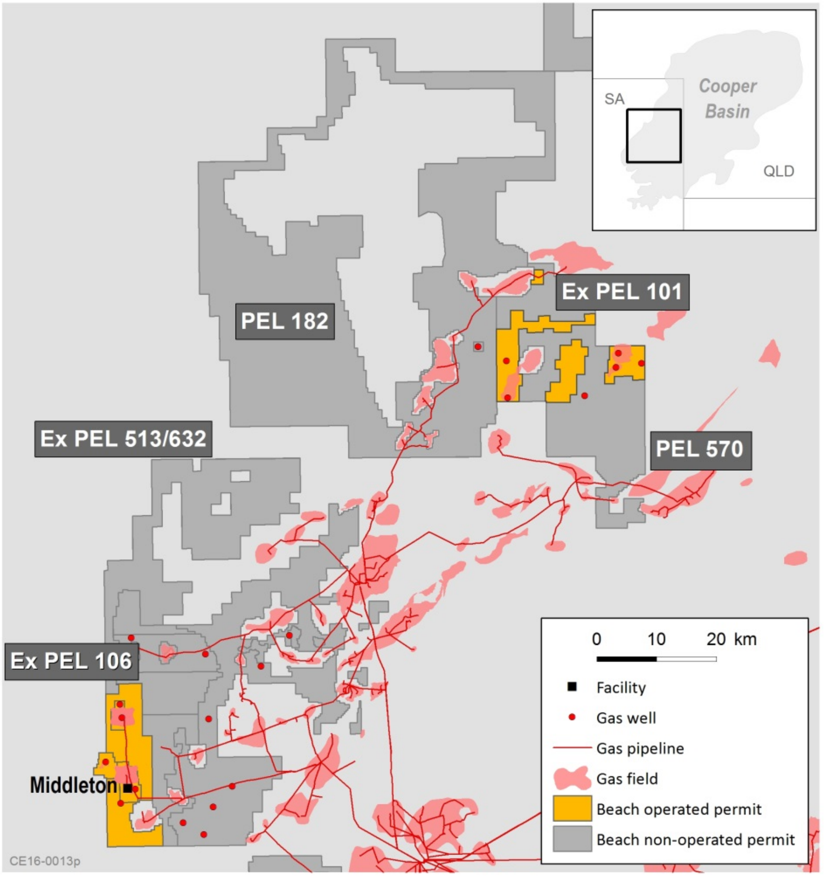
Variable speed beam pump installation in ex PEL 91

Operational excellence demonstrated across the business

Merger synergies of $40 million p.a.

- Drillsearch merger complete
- 100% ownership of core Western Flank assets (ex PEL 91 and 106)
- Elimination of duplicated costs
- $40 million of pre-tax annual cost savings
- Strengthened free cash generation
- Seamless integration of Drillsearch operations
- Greater leverage to oil price recovery

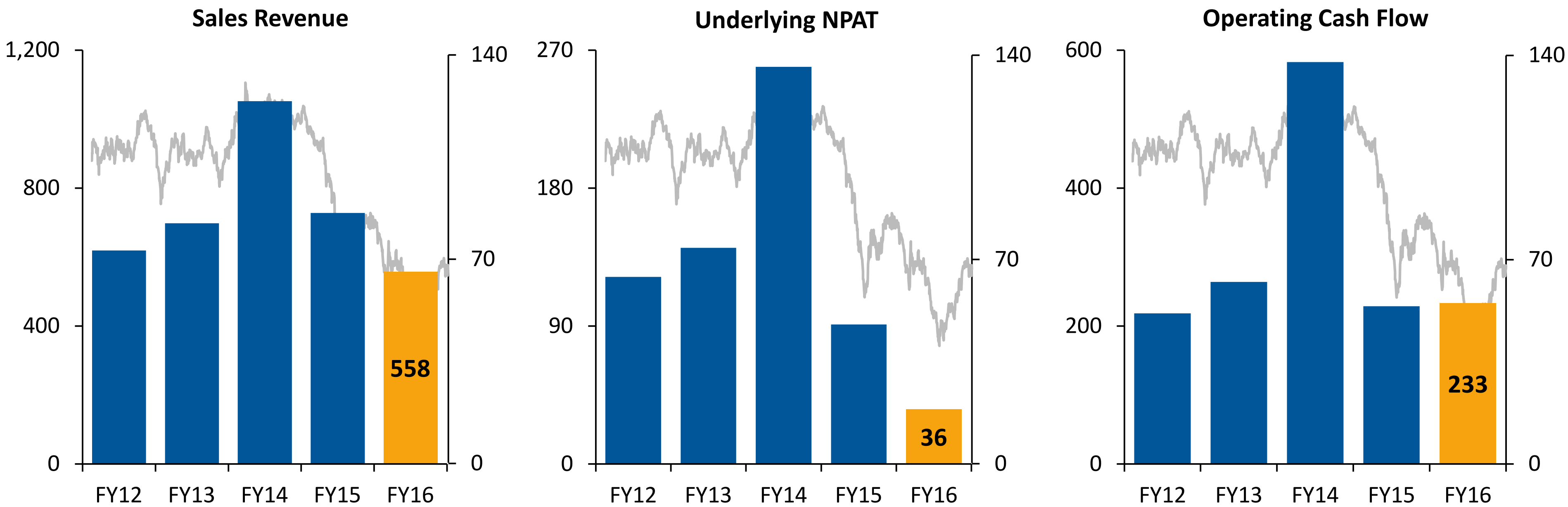
Enlarged gas and gas liquids footprint



Ex PEL 106: Beach 100%; ex PEL 513 (includes ex PEL 632 and ex PEL 106A): Beach 40%, Santos 60% and operator; PEL 182: Beach 43%, Senex Energy 57% and operator; ex PEL 101: Beach 80% and operator, Mid Continent 20%; PEL 570: Beach 47.5%, Santos 35% and operator, Sundance 17.5%

Transaction provides a strengthened platform for growth

Strong financial performance



- Underlying profitability, despite a 33% reduction in realised oil prices
- Low cost operations generated operating cash flow of $233 million
- Strong balance sheet with no net debt; net cash to equity ratio of 4.9%
- No H2 FY16 impairments
- Full year dividend of 0.5 cents per share, fully franked
  – 15 consecutive years of dividend payment

Resilient business model generating free cash in a lower oil price environment

Financial

Peter Sandery – Acting Chief Financial Officer

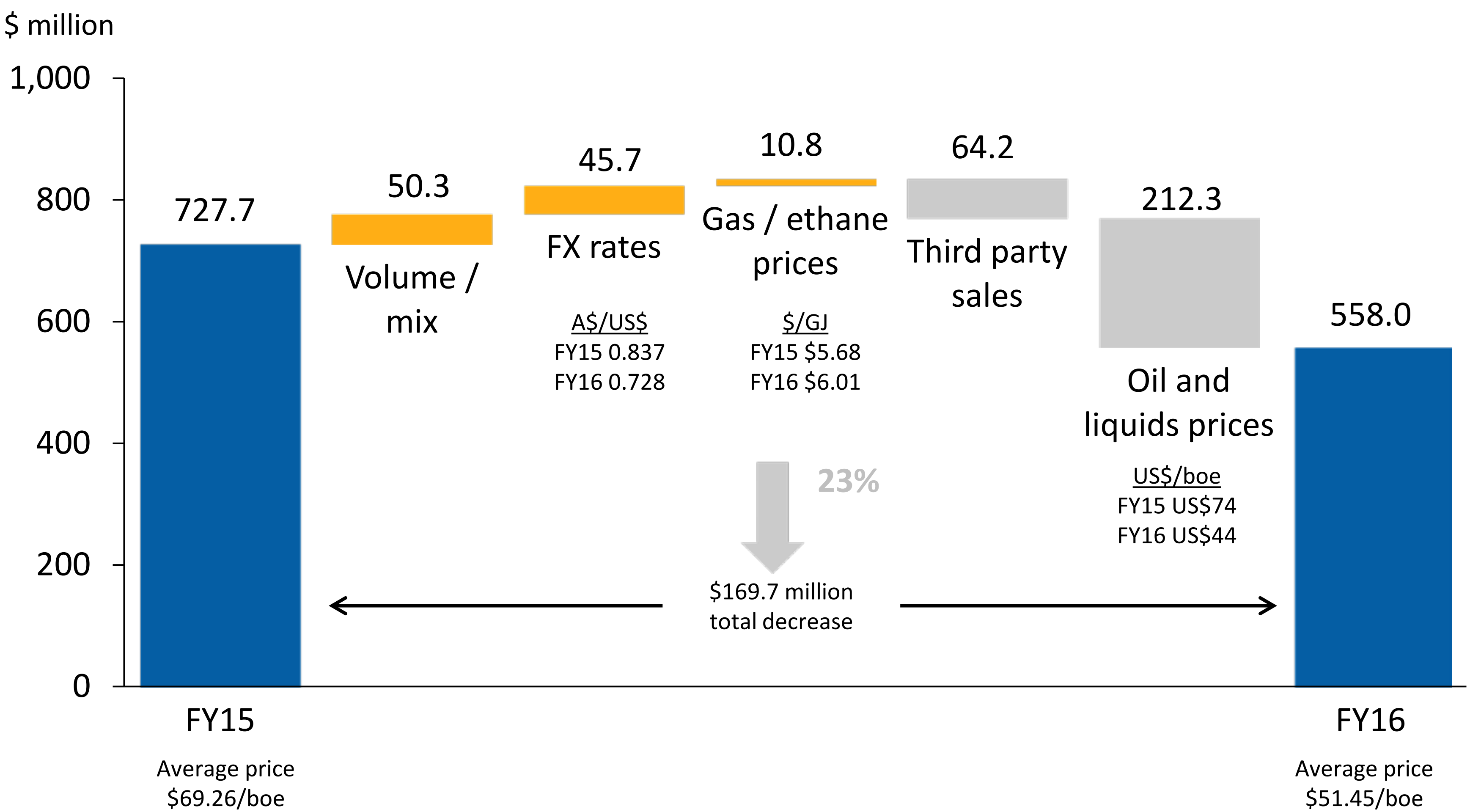
Robust financial results year-on-year

$ million	FY15	FY16	Change
Sales volumes (MMboe)	10.5	10.8	3%
Sales revenue	727.7	558.0	(23%)
Operating cash flow	228.5	233.4	2%
Net profit / (loss) after tax	(514.1)	(588.8)	(15%)
Underlying NPAT[1]	90.7	35.7	(61%)
Cash balance	170.2	199.1	17%
Net debt / (cash) to equity (%)	(1.6%)	(4.9%)	(3.3%)
Total dividends (cps)	1.5	0.5	(66%)

1. Underlying results are categorised as non-IFRS financial information provided to assist readers to better understand the financial performance of the underlying operating business. They have not been subject to audit or review by Beach's external auditors. Refer reconciliation of NPAT to underlying NPAT on slide 12

Record sales volumes and a further strengthening of Beach's financial position

Sales revenue movement



Higher gas pricing and volumes offset by a 33% reduction in realised oil prices

Comparison of NPAT with underlying NPAT

	FY15 $ million	FY16 $ million
NPAT	(514.1)	(588.8)
Adjusted for:		
Mark-to-market of convertible notes derivative	(13.3)	–
Merger costs	–	7.7
Unrealised hedging losses	–	15.4
Provision for non recovery of international taxes	–	7.5
Impairment of assets	789.1[1]	634.6[2]
Tax impact of above changes	(171.0)	(40.7)
Underlying NPAT	**90.7**	**35.7**

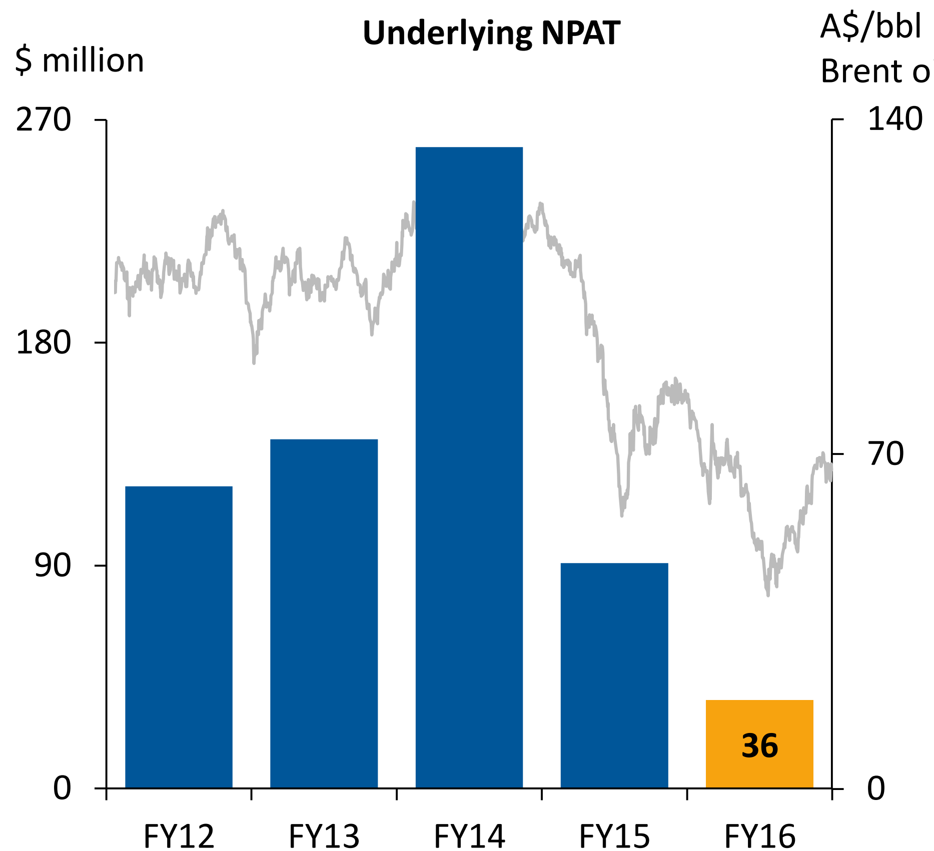
NB. Underlying results are categorised as non-IFRS financial information provided to assist readers to better understand the financial performance of the underlying operating business. They have not been subject to audit or review by Beach's external auditors

1. FY15 impairments: Cooper Basin interests $345 million, NTNG $238 million, international interests $206 million
2. H1 FY16 impairments: Cooper Basin interests $525 million, NTNG $56 million, international interests $27 million, investments $26 million; no H2 FY16 impairments

Underlying NPAT demonstrates robust base business

Underlying NPAT despite oil price

- Underlying NPAT down 61% to $36 million
- Decline mainly due to impact on revenue from lower realised oil prices
  - 33% reduction in average realised oil price
- Underlying NPAT supported by:
  - Record production and sales volumes
  - Additional earnings from merger with Drillsearch
  - Operational cost savings
  - Headcount reductions and corporate cost savings



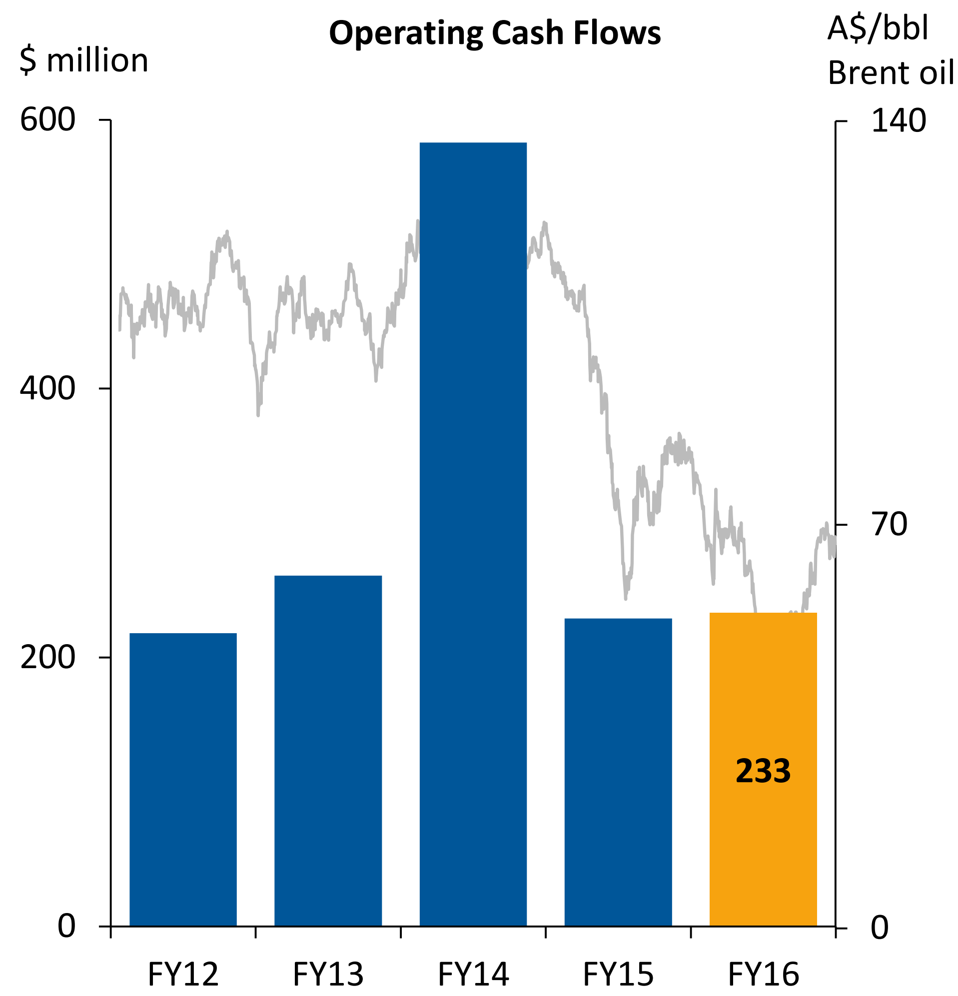
	Average Realised Brent Oil Price / bbl				
A$:	115	111	126	90	60
US$:	119	114	116	75	44

NB. Underlying results are categorised as non-IFRS financial information provided to assist readers to better understand the financial performance of the underlying operating business. They have not been subject to audit or review by Beach's external auditors. Refer reconciliation of NPAT to underlying NPAT on slide 12

Underlying profitability despite a significant reduction in oil prices

Robust financial position

- Further strengthening of financial position due to:
  - Capital expenditure reduction to $184 million (FY15: $416 million)
  - Cost savings achieved across the business
  - Cash flow breakeven down 60% to A$35/bbl (US$26/bbl) from lower costs and SACB JV capital commitments
- $28 million net cash flow (post capital expenditure)
- Year end liquidity of ~$550 million
  - $199 million cash
  - $350 million undrawn facilities
  - $150 million drawn debt



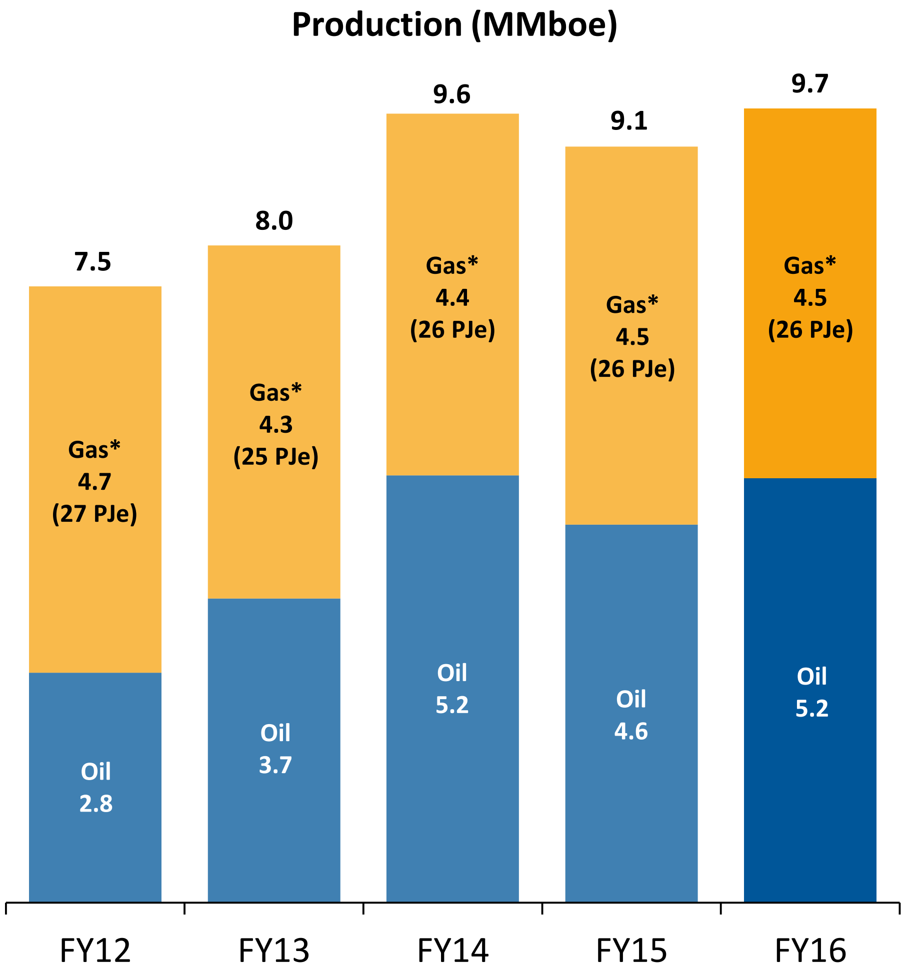
Strong cash flow generation demonstrating ability to live within means

Operational

Mike Dodd – Group Executive Exploration and Development

Record production delivered

- Record production of 9.7 MMboe
  - 53% oil; 47% gas and gas liquids
- Record operated oil production of 3.6 MMbbl
- Higher portion of operated production
  - 41% of total production (FY15: 36%)
- Production levels supported by:
  - Successful completion of Drillsearch merger
  - Successful drilling campaigns and 46 new wells brought online
  - Optimisation projects to accelerate production



* Gas and gas liquids

Record full year production and record operated oil production

Increased operated oil exposure

	Area	FY15	FY16	Change
Oil (kbbl)	Cooper / Eromanga basins	4,490	5,028	12%
	Egypt	132	141	7%
	Total oil	**4,622**	**5,169**	**12%**
Sales gas and ethane (PJ)	Cooper Basin	22.1	21.8	(1%)
	Egypt	0.1	0.3	365%
LPG (kt)	Cooper Basin	44.3	43.9	(1%)
Condensate (kbbl)	Cooper Basin	361	353	(2%)
	Total gas / liquids (kboe)	**4,524**	**4,497**	**(1%)**
Total oil, gas and gas liquids (kboe)		**9,146**	**9,666**	**6%**

Higher operated oil production and strong gas production underpin record results

90% drilling success rate

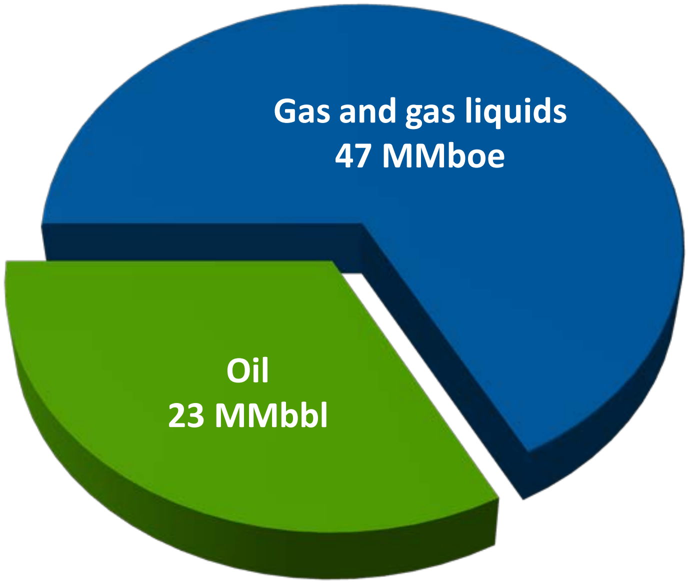
- 90% drilling success rate from 51 wells
- Five new field discoveries in Windorah Trough (SWQ JV)
- Field extensions in Durham Downs and Coolah complexes (SWQ JV)
- Successful under-balanced drilling to accelerate low pressure reservoir production at Moomba South (SACB JV)
- Development of higher margin liquids-rich fields (SACB JV)
- Extension of the Bauer Field (ex PEL 91)
- Exploration success in newly acquired ex PEL 513 / 632

High drilling success rates in FY16

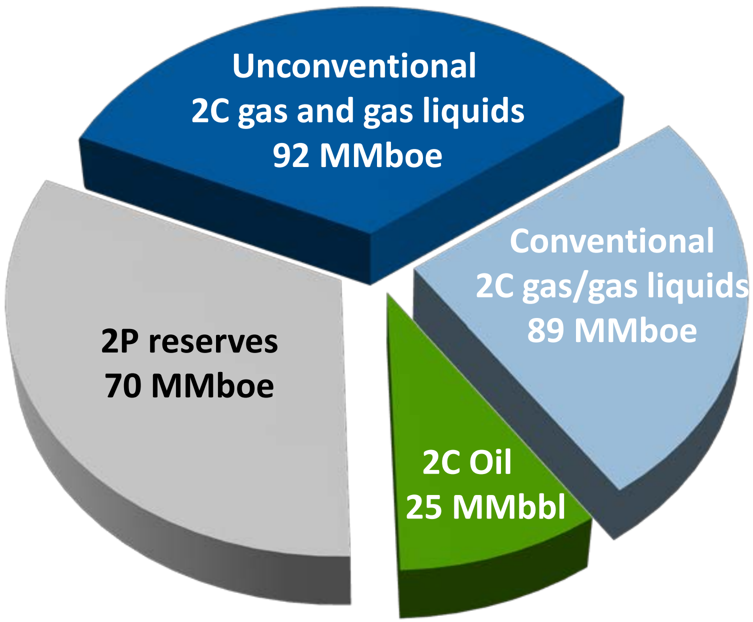
Area	Category	Wells Drilled	Successful Wells / Rate	
Cooper / Eromanga	Oil exploration	3	1	33%
	Oil appraisal	3	3	100%
	Oil development	6	6	100%
	Gas exploration	11	9	82%
	Gas appraisal	9	8	89%
	Gas development	17	17	100%
Total Cooper / Eromanga		**49**	**44**	**90%**
Egypt	Oil exploration	2	2	100%
Total Wells		**51**	**46**	**90%**

Reserves and contingent resources[1]

2P: 70 MMboe



2P and 2C: 275 MMboe



- Reduced contingent resources of operated unconventional gas acreage (PRLs 33 to 49 and ATP 855: Nappamerri Trough Natural Gas, "NTNG") to nil
- Follows completion of the NTNG stage 1 exploration program and review of results
- Results demonstrated that the high cost of addressing fundamental technical issues means the NTNG project is unlikely to be developed commercially in the medium term

1. As per announcement to the Australian Securities Exchange on 29 August 2016; due to rounding, figures may not reconcile precisely to totals

20% increase in 2P oil reserves since 30 June 2015

FY17 Outlook

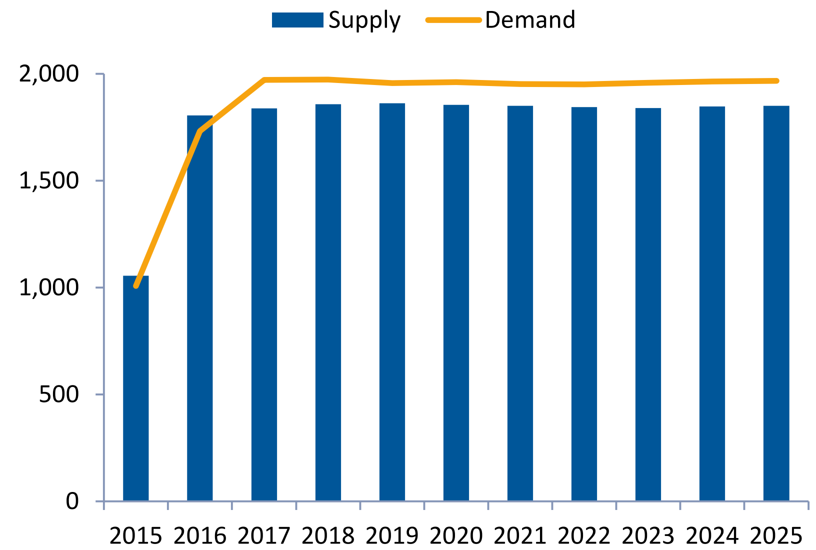
Matt Kay – Chief Executive Officer

Mike Dodd – Group Executive Exploration and Development

Significant east coast gas opportunity

- Structural change underway in the east coast gas market
- Increasing signs of gas supply / demand imbalances
- New discoveries required
- Beach well positioned
  - Existing gas sales contracts provide exposure to domestic and LNG markets, without associated downstream costs
  - Strategic infrastructure links key domestic and LNG markets
  - Exploration opportunities
  - Moomba plant accessible for new discoveries

East coast gas supply and demand 2015 – 2025 (PJ/a)[1]



1. Source: EnergyQuest, March 2016; excludes potential gas from Northern Gas Pipeline

> "Governments have been warned by their own agencies that we risk a supply shortfall by 2019 if new gas reserves are not developed urgently"
>
> *Dr Malcolm Roberts, Chief Executive, APPEA, August 2016*

Greater influence over SACB JV outcomes

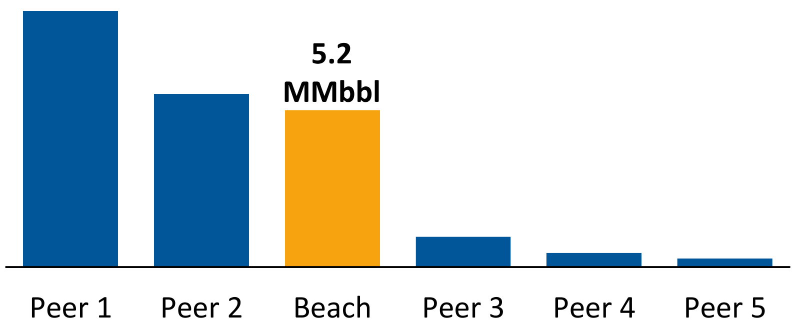
	Recent Joint Venture Changes	Benefits to Beach
Gas lifting / marketing	• Separate lifting and marketing of own equity molecules	✓ Not tied to joint venture partner commitments ✓ Ability to seek best price / terms for future surplus volumes
Gas contract	• Commencement of Beach's oil-linked gas sales agreement (Origin) • No obligation to service other venture partners' gas contracts	✓ No minimum supply terms; avoids need to drill uneconomic wells ✓ Upside oil price linkage with other pricing parameters
Capital expenditure	• Ability to opt in or out of most drilling campaigns	✓ Greater control over capex: In FY17, $40-45m fixed expenditure with remainder discretionary ($35-40m) ✓ Only participate in drilling which provides required rate of return
Cost cutting initiatives	• Heightened level of collaboration between joint venture parties	✓ Targeting >15% operating cost reductions ✓ All avenues to realise value from assets under collaborative review

Beach now has greater influence over SACB and SWQ JV participation and outcomes

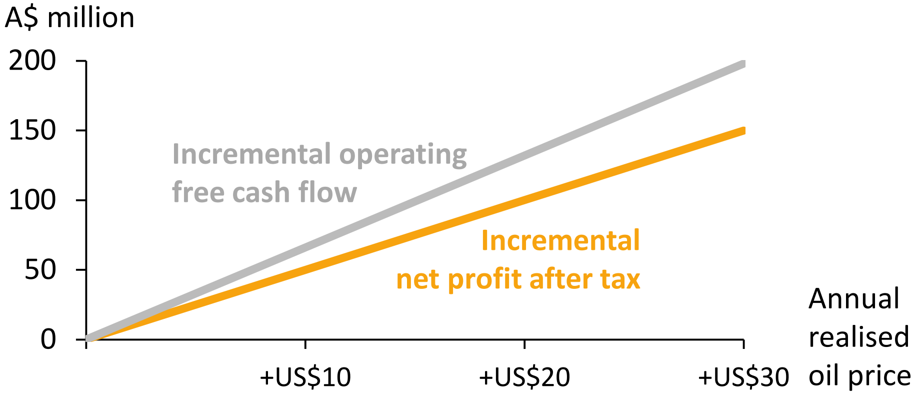
Leveraged to oil price recovery

- A leading Australian oil producer, with a major gas business
- Oil-linked gas sales with other beneficial pricing parameters
- Active Western Flank oil and gas exploration program
- Financial strength to support growth
  - No net debt
  - Significant liquidity
  - Core business generating cash

Australian Oil Production – Last 12 Months



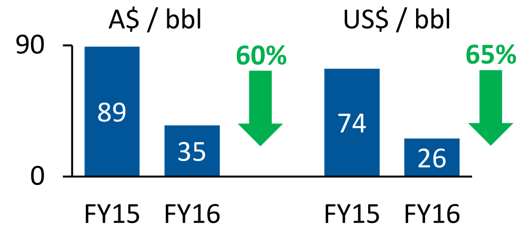
Beach Sensitivity to Oil Price Increases



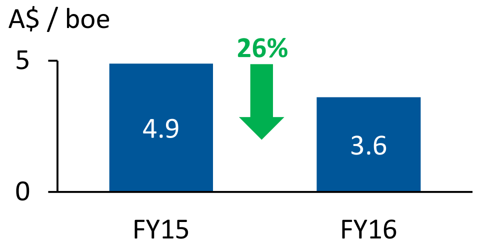
US$10 oil price increase = +$50 million NPAT / +$65 million operating cash flows
Well positioned to benefit from oil price recovery

Cash flow breakeven reduced 60%

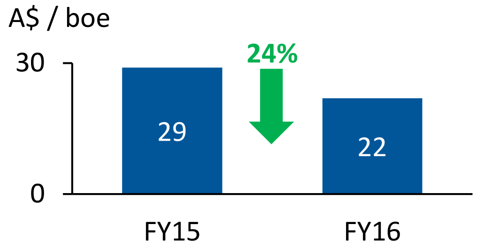
Cash flow breakeven[1]



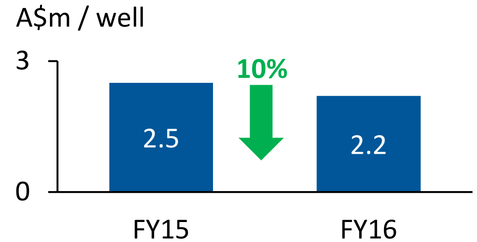
Operated field costs: Western Flank[2]



Total cash production costs: Western Flank[3]



Drilling costs: Western Flank[4]



FY16

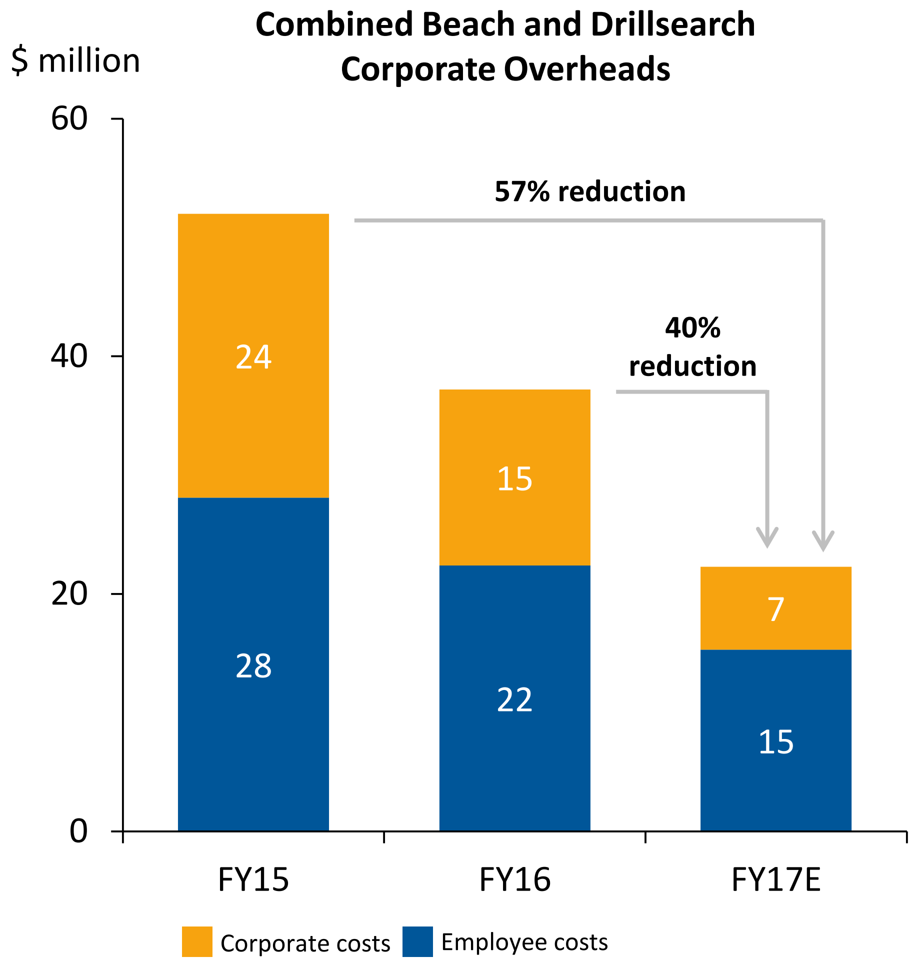
- Reduced cash flow breakeven from lower costs and greater control over SACB JV capital expenditure
- Broad range of operating cost savings achieved
  - Renegotiation of supplier contracts
  - Reduced field contractors
  - Operational and maintenance efficiencies

FY17

- Further reductions in operated field costs
- Targeting 10% reduction in drilling costs
- Targeting >15% SACB and SWQ JV field operating cost savings

1. Average annual oil price whereby cash flows from operating activities before tax equate to cash flows from investing activities less discretionary expenditure and acquired cash
2. Field operating costs for ex PEL 91, 92 and 106; excludes tariffs, tolls and royalties
3. Field operating costs, tariffs, tolls and royalties for ex PEL 91, 92 and 106
4. Average cost to drill, case and complete

$40 million p.a. Drillsearch merger synergies



NB. Aggregation of full year Beach and Drillsearch costs; post recharges and recoveries

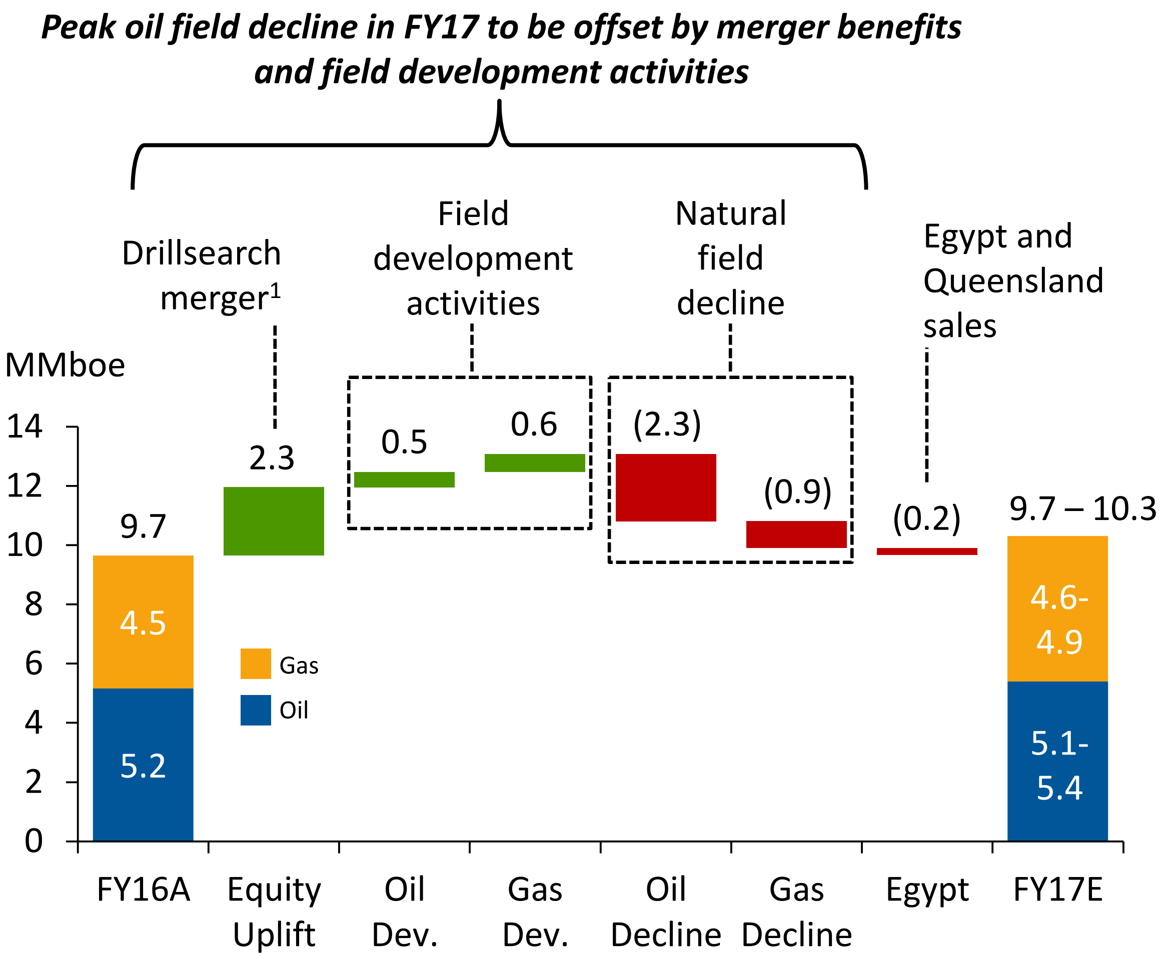
- 57% reduction in combined Beach / Drillsearch corporate overheads since FY15
  - Duplicated corporate overheads removed
  - Combined headcount reduction of 29% from FY15 to FY16
  - Cost savings across both businesses
- $40 million of pre-tax cost savings will be realised in FY17 (including operational cost savings)
- Ongoing focus on cost reductions

Lean corporate structure post Drillsearch merger and organisational review

Record production again from FY17 outlook

- Expecting increased production of 9.7 – 10.3 MMboe
  - Another record year targeted in FY17
- Active Western Flank exploration program to drive organic growth
  - New focus on play types with significant follow-on prospects
- Greater influence over SACB and SWQ joint venture participation and outcomes
- Ongoing focus on cost reductions across the business
  - Portfolio rationalisation to deliver operating efficiencies
- Growth strategy clearly defined and to be executed in a disciplined manner
  - Resilient business model alleviates need to “chase” transactions

Mitigation of natural field decline



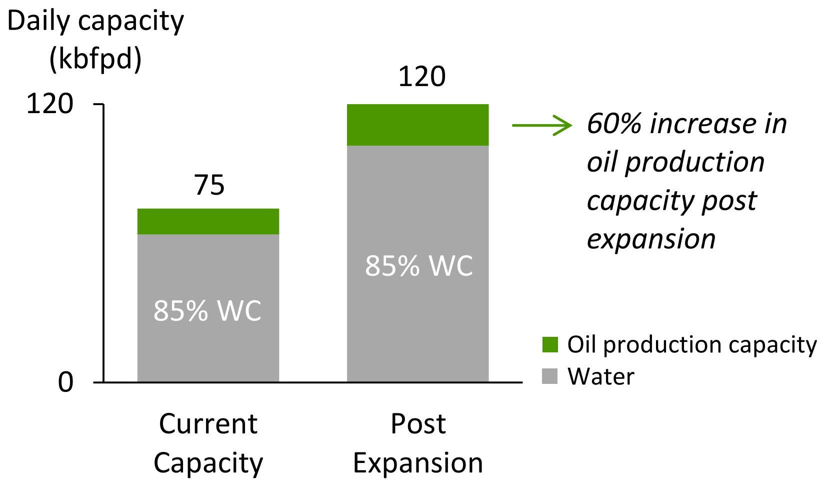
1. Represents FY16 Drillsearch volumes produced prior to completion of merger (July 2015 – February 2016)

- 100% ownership of core producing permits (ex PEL 91 and 106)
- Bauer facility expansion to 120,000 bfpd (+60%)
- Middleton gas compression to achieve maximum capacity of 3,700 boepd
- Conversion and production of undeveloped reserves
- Optimisation projects to accelerate production
- Reinvigorated exploration following completion of regional study

Successfully mitigating peak natural field decline, with upside from FY17 exploration

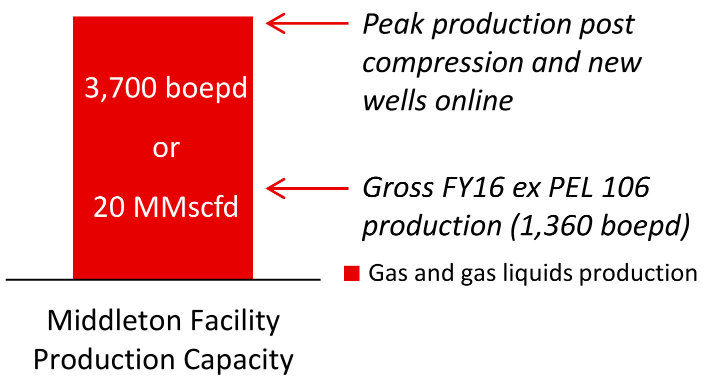
Developments will optimise production

Bauer Oil Facility Expansion



- Bauer facility expansion to 120,000 barrels of fluid per day (+60%)
  - Completion expected in Q3 FY17
- Expansion to provide headroom for:
  - Increasing water cut
  - Artificial lift
  - New discoveries and new wells online
- Following initial steep decline rates, Namur reservoirs are long-life oil producers

Middleton Gas Compression

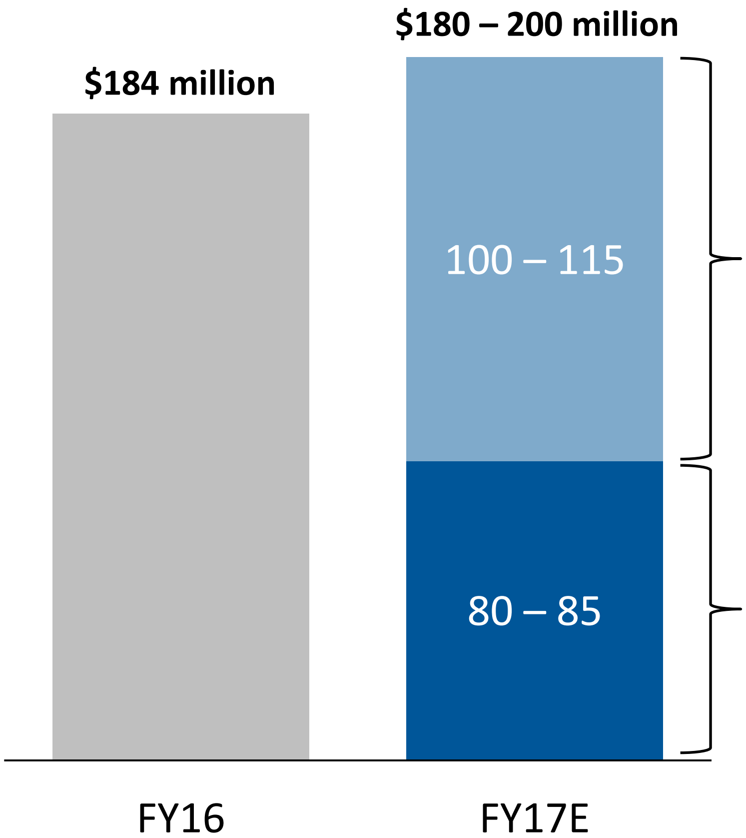


- Middleton gas compression to enable greater throughput as fields decline
  - Compression expected online in Q3 FY17
- New wells to provide incremental production
  - Ralgnal and Udacha brought online in July 2016
  - Three ex PEL 106 exploration wells in FY17

Major facility projects to help mitigate natural field decline

Capital directed for greatest returns

Rigorous capital allocation framework underpins all discretionary expenditure decisions



Discretionary Expenditure: High-graded projects; NPV positive; near-term line of sight to financial return; capital allocation requirements met; deferrable at lower oil prices; includes exploration and development activities

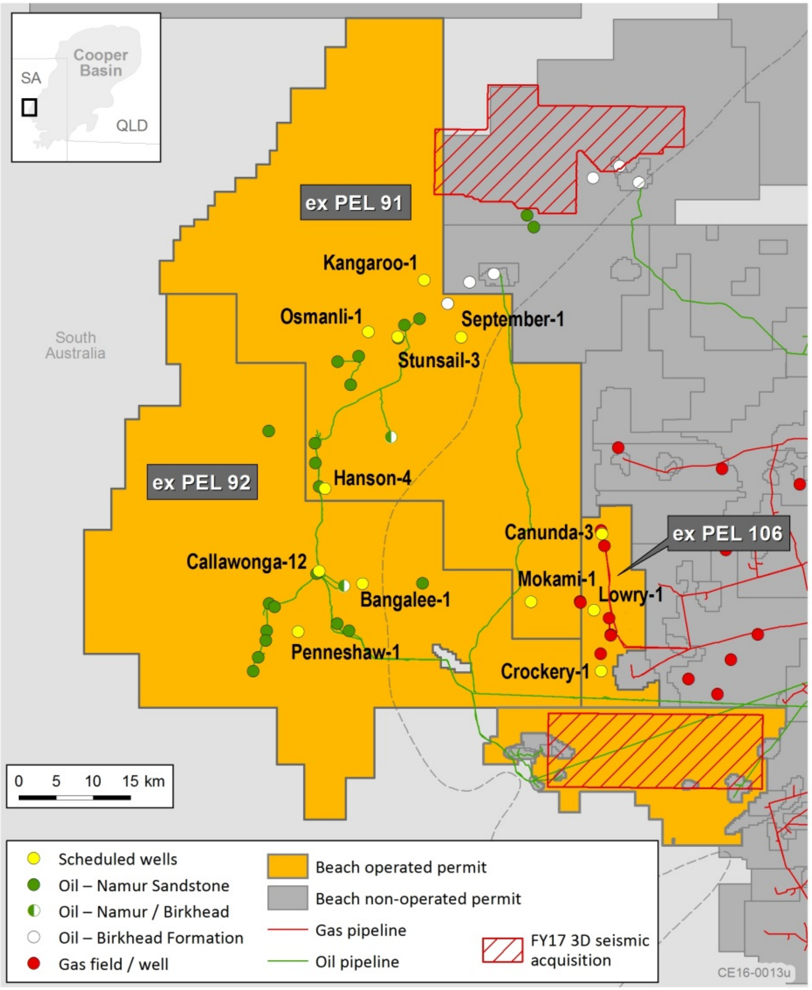
- ~40% allocated to Western Flank oil
- ~25% allocation to Western Flank gas
- ~35% allocated to SACB and SWQ joint ventures

Fixed Expenditure: Committed expenditure for asset maintenance, permit fees and tenement commitments

Two thirds of discretionary expenditure allocated to projects with >30% IRR

Diverse play types will drive organic growth

- High graded prospects to expand existing footprints
- Up to 13 operated wells planned
  - Low risk development wells
  - Near-field exploration / extensions
  - New focus on Birkhead / Patchawarra play types
- Material upside to size of prospects in event of exploration success
- Seismic acquisition and inversion to expand exploration seriatim
- Unconventional and deep coal strategies under review



Active drilling program with significant potential follow-on activity

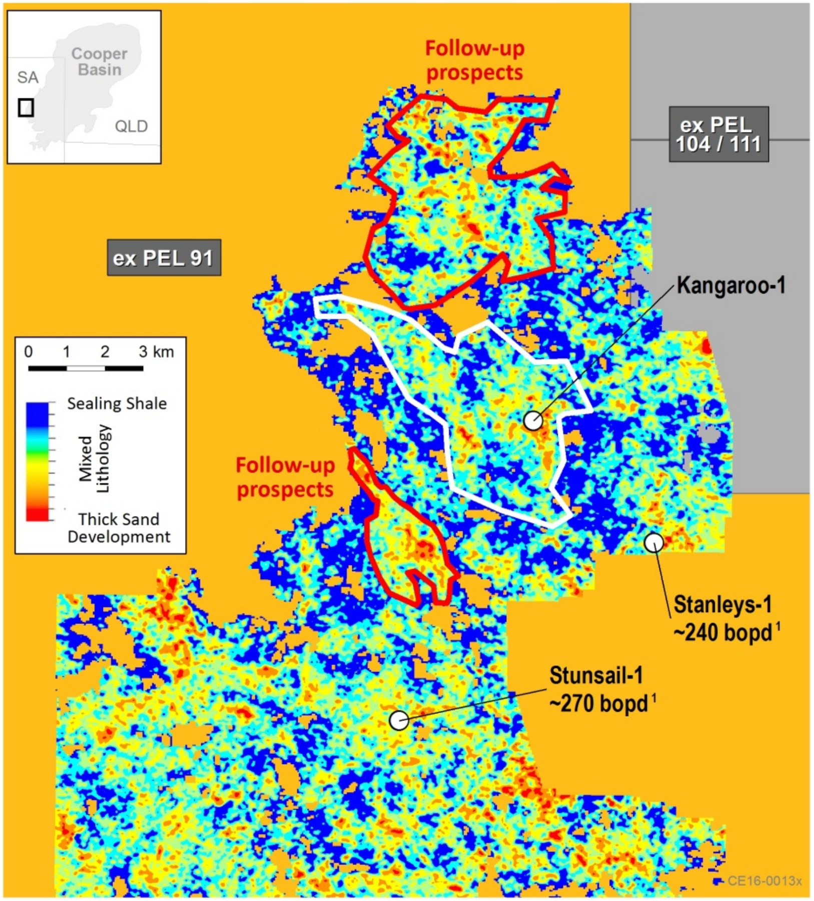
Growth via drilling of 13 operated wells

Permit	Well	Timing	Target	Rationale
Ex PEL 91	Hanson-4	Q1	Namur	• Development well to support facility expansion
	Stunsail-3	Q1	Namur	• Development well; part of low cost, full field development plan
	Osmanli-1	Q1	Namur	• Near-field exploration on proven play trend
	Kangaroo-1	Q1	Birkhead	• Play opening opportunity; potential to de-risk Birkhead stratigraphic oil play on Western Flank
	September-1	Q2	Namur	• Near-field exploration on proven play trend
	Mokami-1	Q2	Patchawarra	• Patchawarra structural closure; extend Patchawarra gas / condensate play toward west
Ex PEL 92	Callawonga-12	Q1	Namur	• Development well; upside on northeast flank
	Penneshaw-1	Q2	Namur	• Near-field exploration on proven play trend
	Bangalee-1	Q2	Namur	• Near-field exploration on proven play trend
Ex PEL 106	Lowry-1	Q2	Patchawarra	• Near-field exploration on proven play trend
	Crockery-1	Q2	Patchawarra	• Near-field exploration on proven play trend
	Canunda-3	Q2	Patchawarra	• Appraisal well to test extension of field
TBD	TBD	Q3	TBD	• Awaiting results of earlier wells

Diversifying exploration to expand beyond current footprints

Redefining Western Flank prospectivity

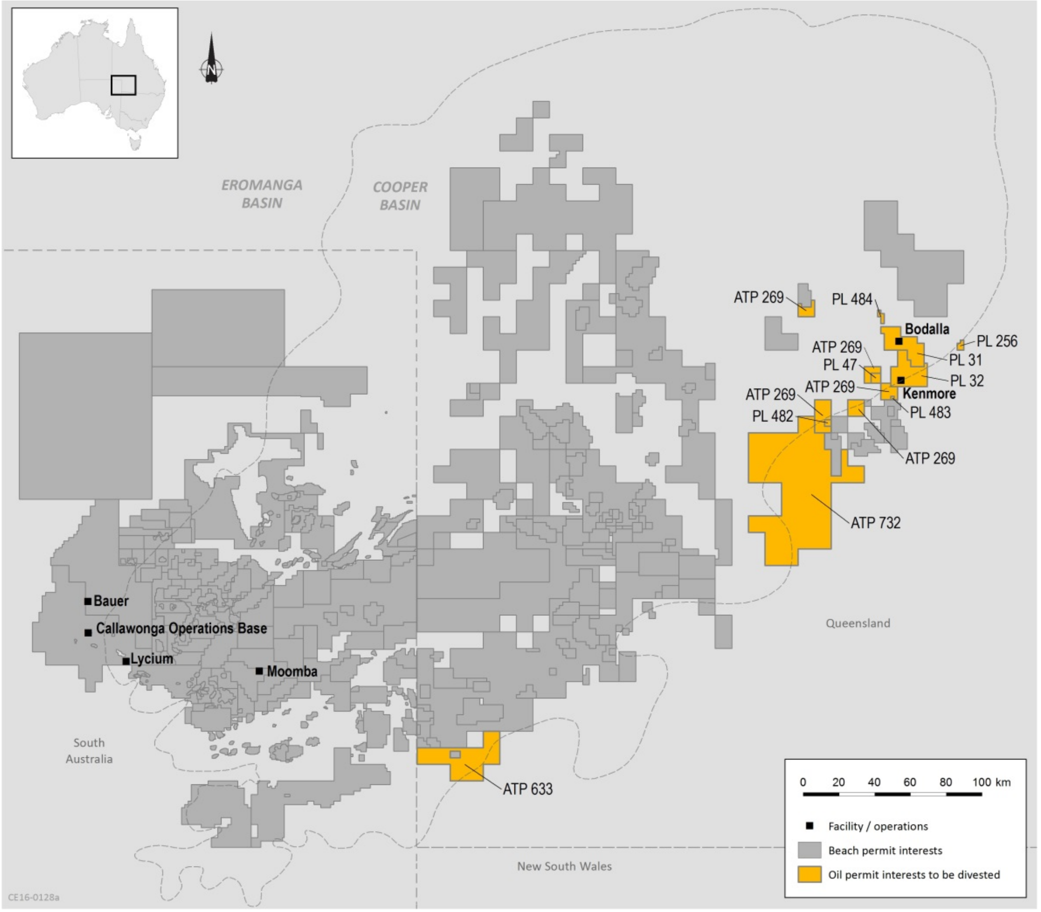
- Kangaroo-1 (Beach 100%) targeting stratigraphically trapped Birkhead oil
  - Drilling in Q1 FY17
- Analogous to nearby Birkhead discoveries at Spitfire and Growler fields
- Birkhead oil successfully tested at Stanleys-1 and Stunsail-1
  - Flow rates of up to 270 bopd on test[1]
- Proven success utilising Aquillus 3D seismic inversion for reservoir prediction
- Unrisked mean prospective resource of 3.4 MMbbl[2]
- Multiple follow-up prospects identified in the event of Kangaroo-1 success



1. Stanleys-1 Birkhead flow: two hour, free flow drill stem test (DST) on 32/64" choke; Stunsail-1 Birkhead flow: four hour, free flow DST on 64/64" choke
2. Best estimate of prospective resource using the deterministic methodology; Beach assigns a ~20% probability of exploration success; if successful, Beach assigns a high (>90%) probability of development success. Refer compliance statements (slide 2) for further disclosures

Kangaroo-1 is an exciting exploration prospect with potential follow-on activity

Non-core asset divestments to continue



Cooper Basin activity

- Sale agreement for Kenmore-Bodalla operated oil interests
  - Mature fields and remote operations; operating costs were double those of Western Flank
  - Mitigated end of life liabilities
- Withdrawal from ATP 732 farm-in agreement

Other activity

- Completion of sale of Beach Egypt
  - Cash proceeds up to US$20.5 million
- Exit from BMG in Gippsland Basin
- Exit from PEP 52181 in New Zealand
- Extension of various permit conditions
- Further rationalisation planned based on geological and commercial success criteria

Rationalisation of portfolio delivering operating efficiencies and cost savings

Disciplined approach to inorganic growth

Strategy	• Clearly defined growth strategy underpinned by robust core base business • Demonstrated progress in FY16 via Drillsearch merger • Focussed on opportunities with similar risk profile to base business
Approach	• Strict, revised capital allocation framework for all discretionary expenditure • Strict, revised technical and commercial staged due diligence processes • Strict financial return hurdles must be met; clear path to value
Progress	• Multiple opportunities under review • A number of opportunities already dismissed due to inadequate return vs risk • Disciplined and orderly approach to opportunities
Timing	• Core business performing well with strengthening financial position • No timeframe or executive incentives in place to complete transactions • Actively assessing and prepared to wait for the right opportunities

A compelling value proposition

- **Profitable and net debt free:** Cash flow breakeven of US$26/bbl; dividend payable

- **Leveraged to oil price recovery:** +US$10/bbl = +$50m NPAT and +A$65m cash flow

- **Cost savings progressing:** Material savings delivered at Beach and SACB joint venture

- **Active E&D program:** 75% exploration success in FY16; 13 operated wells in FY17

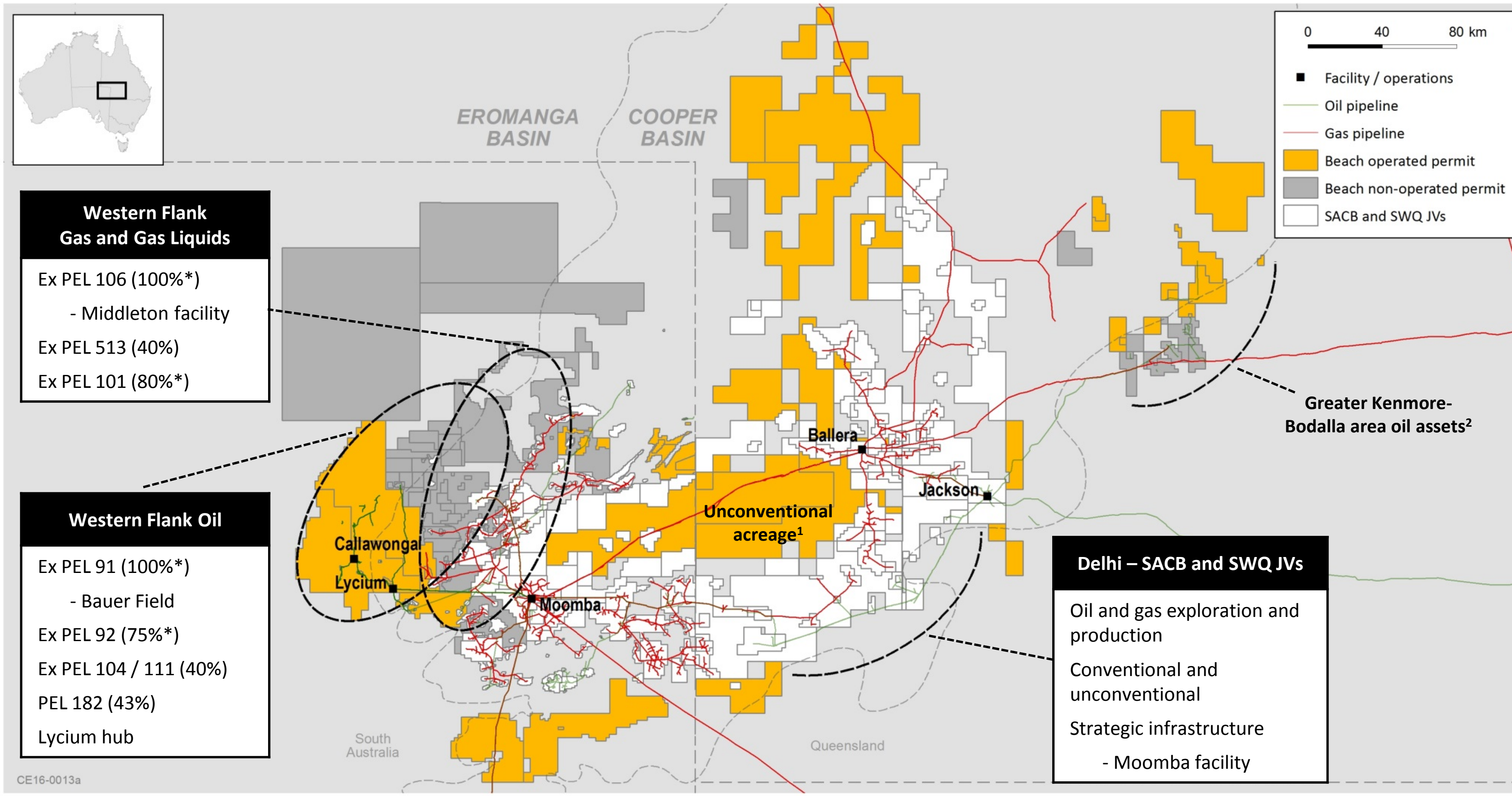
- **Executing growth strategy:** Active, disciplined and patient approach to growth

Appendix

FY17 capital expenditure program

Capital Expenditure	$ million	Wells		Key Projects
		Exp.	App/Dev	
Western Flank Operated Oil				
Ex PEL 91	25 – 30	5	2	• Solidus 3D inversion • Bauer and Hanson facility expansions
Ex PEL 92	Up to 10	2	1	• Callawonga facility expansion • Artificial lift
Fixed Expenditure	10 – 12	-	-	
Western Flank Non-operated Oil				
Ex PEL 104 / 111	5 – 8	1	1	• 3D seismic acquisition and data merge
Fixed Expenditure	10 – 12	4	-	• Three PEL 182 exploration wells • PEL 87 exploration well • 2D seismic acquisition (PEL 87)
Western Flank Gas				
Ex PEL 106 / 107	20 – 25	3	-	• 3D seismic acquisition • Middleton compression
Non-operated gas	Up to 5	1	-	• PEL 570 exploration well (BPT carried) • 3D seismic reprocessing • Well connections
Fixed Expenditure	12 – 14	-	-	
SACB and SWQ Joint Ventures				
Discretionary: Gas	35 – 40	-	19	
Fixed: Oil and Gas	40 – 45	-	-	
Other				
	Up to 5	-	-	• 3D seismic reprocessing
Total	**180 – 200**	**16**	**23**	

Cooper Basin acreage



* Denotes operatorship

1. Care and maintenance while unconventional strategy under review 2. Certain assets subject to sale agreement with Bridgeport; refer announcement of 3 August 2016

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