BEACH ENERGY LIMITED

FY17 HALF YEAR RESULTS

20 February 2017

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.

EBITDA (earnings before interest, tax, depreciation, depletion, evaluation and impairment) and underlying profit are non-IFRS measures that are presented to provide an understanding of the performance of Beach's operations. They have not been subject to audit or review by Beach's external auditors but have been extracted from audited or reviewed financial statements. Underlying profit excludes the impacts of asset disposals and impairments, as well as items that are subject to significant variability from one period to the next. The non-IFRS financial information is unaudited however the numbers have been extracted from the audited financial statements.

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.

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.

Contents

FY17 HALF YEAR RESULTS

OVERVIEW

Matt Kay – Chief Executive Officer

BEACH ENERGY LIMITED

Half year results reinforce the Beach value proposition

BEACH ENERGY

Highly profitable base business

- Turnaround in HY NPAT to $103m, underlying NPAT +1,023%
- Cash flow breakeven down 23% to US$20/bbl

Increasing drill bit activity

- Up to 60 wells in FY17; 10 wells added for H2 FY17
- Birkhead oil discoveries encouraging for future activity

Cost focused culture entrenched

- Western Flank operated field costs down 26% to <$3/boe
- Cooper Basin JV field operating costs down 16%

Refreshed exploration focus

- Systematic approach to existing and frontier fairways
- Targeting full replacement of produced reserves from existing operated acreage over next 3 years

Substantial liquidity; dividend payment

- $148m net cash (+202%); $648m available liquidity
- Interim dividend reinstated (1 cent per share fully franked)

Inorganic growth

- Progressing opportunities in a disciplined manner
- Actively assessing high impact exploration new ventures

For a reconciliation of H1 FY17 net profit after tax to underlying net profit after tax, refer to Appendix.

Delivering against strategic pillars

Optimise core in the Cooper Basin

- ✓ Record HY production of 5.5 MMboe
- ✓ Three play-extending oil discoveries
- ✓ Operated drilling increased to 18 wells (+5)
- ✓ Significant operating cost reductions
- ✓ Sale of high-cost Qld oil assets; farm-in to prospective PEL 630

Maintain financial strength

- ✓ Cash flow breakeven down 23% to US$20/bbl
- ✓ HY operating cash flow up 19% to $154m
- ✓ Net cash up 202% to $148m
- ✓ Available liquidity of $648m
- ✓ Interim dividend reinstated (1 cps fully franked)

Build an east coast gas business

- ✓ Two discoveries from first two operated wells
- ✓ Improved margins from new commercial arrangements for Western Flank gas
- ✓ Surplus gas expected for sale in H2 FY17
- ✓ Expanded FY18 drilling program under review

Pursue other growth opportunities

- ✓ Multiple opportunities under review
- ✓ Strict capital allocation process driving decisions
- ✓ Substantial and increasing liquidity to pursue next phase of growth

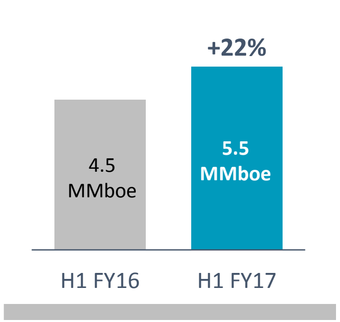
Operational results
Record production and increased guidance

- **Record half year production and sales volumes**
- **88% drilling success rate from 24 wells**
- **Oil discoveries in under-explored play fairways**
- **Beach Western Flank field costs down 26% to $2.70/boe**
- **Cooper Basin JV field operating costs down 16%**
- **Incremental production from five artificial lift installations**
- **Bauer facility expansion and Middleton compression commissioning in Q3 FY17**
- **Improved FY17 full year guidance**

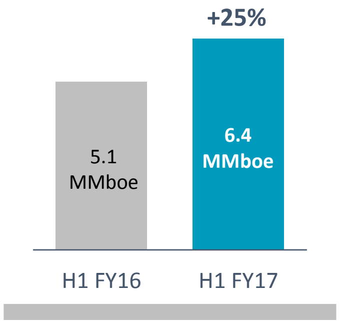
  ↑ production to 10.3 – 10.7 MMboe

  ↓ capital expenditure to $170 – 185m

Record Production



Record Sales Volumes



Variable speed beam pump installation in ex PEL 91

H1 FY17

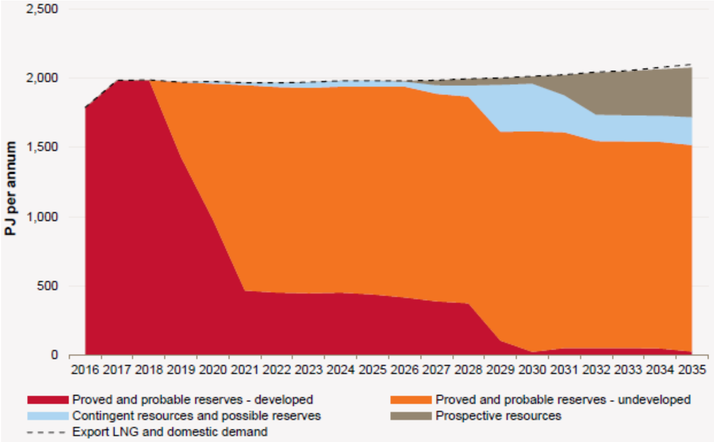
- 5 artificial lift installations
- $4.5 million total cost
- >800 bopd initial incremental oil production
- <4 month payback

East coast gas opportunity

Additional drilling required to address market imbalances

BEACH ENERGY

East coast gas supply and demand[1]



- **East coast gas imbalance now clearly evident**
- **Energy security and gas as 'transition fuel' increasingly topical**
- **LNG demand / gas shortage fundamentals unchanged**

1. Source: AEMO, March 2016

Beach delivering on gas strategy

- ✓ **Growing operated gas business**
  - Improved commercial arrangements
  - Compression to sustain maximum production
  - Surplus gas for spot market in H2 FY17
  - Systematic approach to exploring proven and frontier play fairways
  - Expanded FY18 drilling program under review
- ✓ **Active Cooper Basin JV exploration**
  - Six-well campaign to commence in Queensland
  - 1,200km^2 Snowball 3D survey mapping
  - Beach to recommend exploration targets to guide capital and returns
  - Beach to only participate in drilling which provides adequate returns

Inorganic growth

Opportunities progressing in a disciplined manner

BEACH ENERGY

Strategy	▪ Clearly defined growth strategy underpinned by robust core base business ▪ Demonstrated progress via Drillsearch merger and farm-in activity ▪ Focused 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

FY17 HALF YEAR RESULTS

FINANCIAL

Morné Engelbrecht – Chief Financial Officer

BEACH ENERGY LIMITED

Financial overview

Strong improvements in profitability and cash flow

BEACH ENERGY

Sales Revenue
$344 million

+27%

NPAT
$103 million

+$703 million

EBITDA
$224 million

+153%

Operating Cash Flow
$154 million

+19%

Net Cash
$148 million

+202%

Interim Dividend
1 cent fully franked

+1.0 cps

Financial overview

Business leveraged to higher volumes and oil price recovery

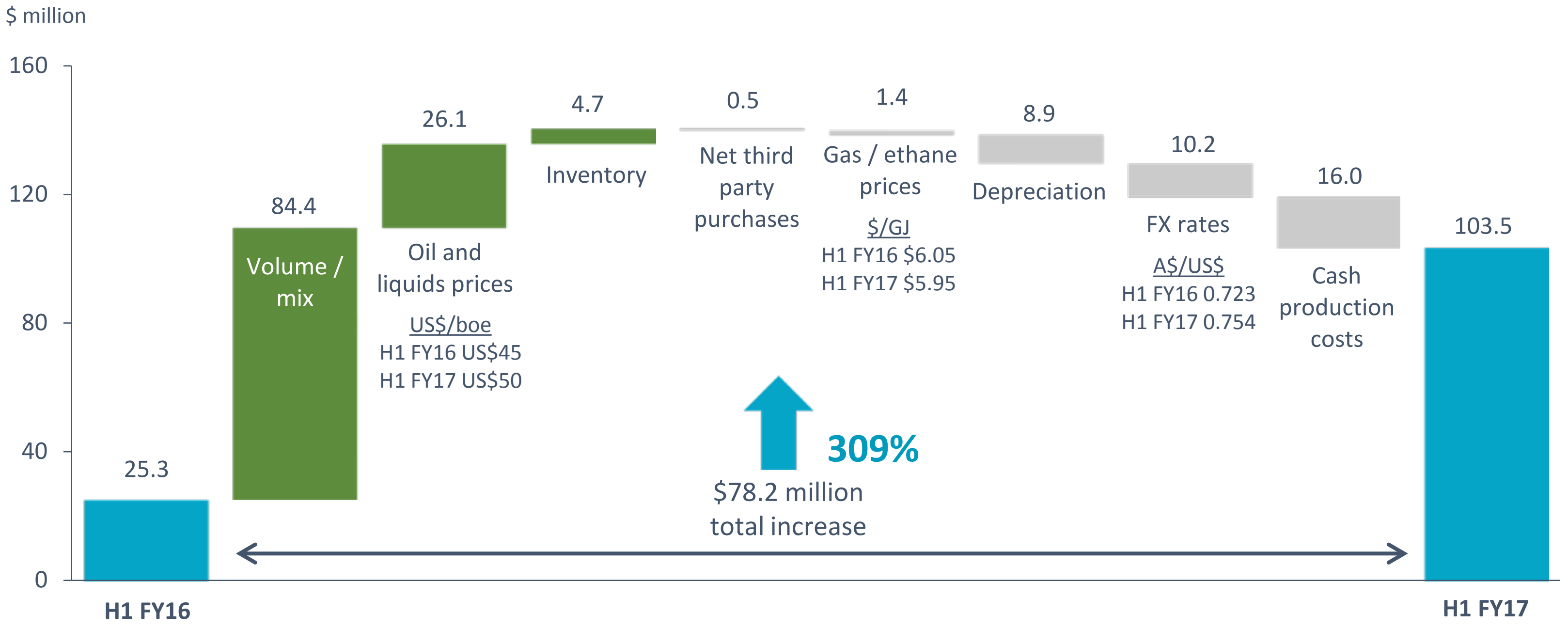
$ million	H1 FY16	H1 FY17	Change
Production (MMboe)	4.5	5.5	+22%
Sales volumes (MMboe)	5.1	6.4	+25%
Average realised oil price (A$/bbl)	61.9	67.5	+9%
Sales revenue	271.6	344.4	+27%
Operating costs	91.9	85.7	-7%
Tax benefit	8.3	34.1	+310%
Net (loss) / profit after tax	(600.1)	103.4	>100%
Underlying NPAT	7.9	88.7	1,023%
Operating cash inflow	129.8	154.3	19%
Net cash	49.1	148.2	202%
Interim dividend (cps)	–	1.0	+1.0

- **Record sales volumes**
- **Higher realised prices**
- **Lower operating costs on a $/boe basis**
- **Higher royalties / tolling in line with increased record production**
- **Hedging policy revised – lower cash flow breakeven**
- **Dividend announced – 1 cent per share fully franked**
- **No cash tax in FY17**
  - Expecting cash tax in FY18
  - Unbooked deferred tax assets of $159m as at 30 June 2016 to be reassessed at 30 June 2017

For a reconciliation of H1 FY17 net profit after tax to underlying net profit after tax, refer to Appendix.

Gross profit

Record sales volumes and modestly higher prices

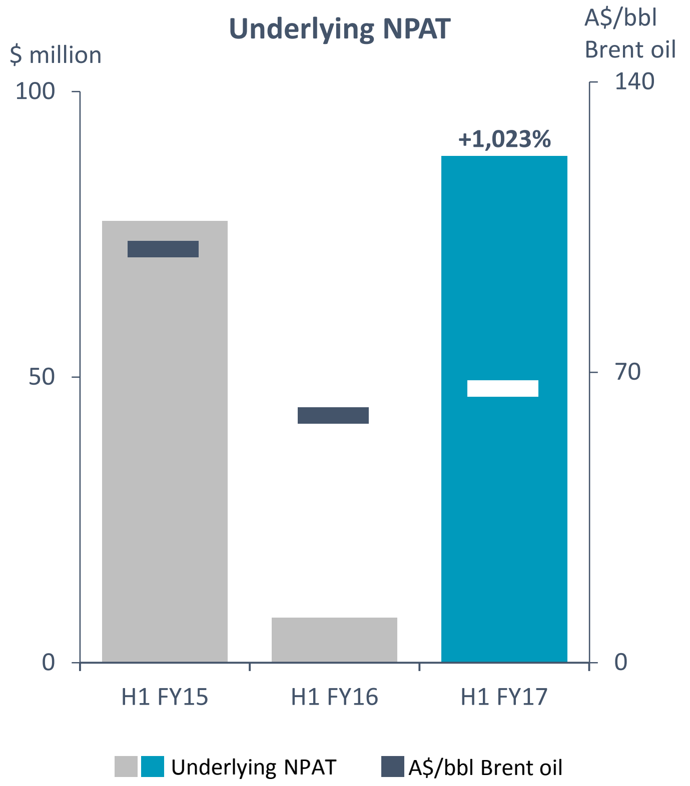


Turnaround in Underlying NPAT

Robust business model and disciplined cost focus

BEACH ENERGY

- **Significant increase in NPAT to $103 million and Underlying NPAT to $89 million (+1,023%)**
- **Gross Profit improvement of 309% driving NPAT performance**
- **Results benefiting from robust business model**
  - Strong operating performance - *Production up 22%*
  - Leverage to higher oil prices - *Modest A$ oil price rise of 9%*
  - Reduced field operating costs - *26% WF operated field cost reduction*
  - Lean headcount and overheads - *Headcount reduced by a further 6%*
  - Benefits of portfolio rationalisation - *High-cost Qld oil assets sold*
- **Underlying NPAT adjustments mainly:**
  - Profit on sale of Egypt and Kenmore/Bodalla assets
  - Impairment of exploration assets



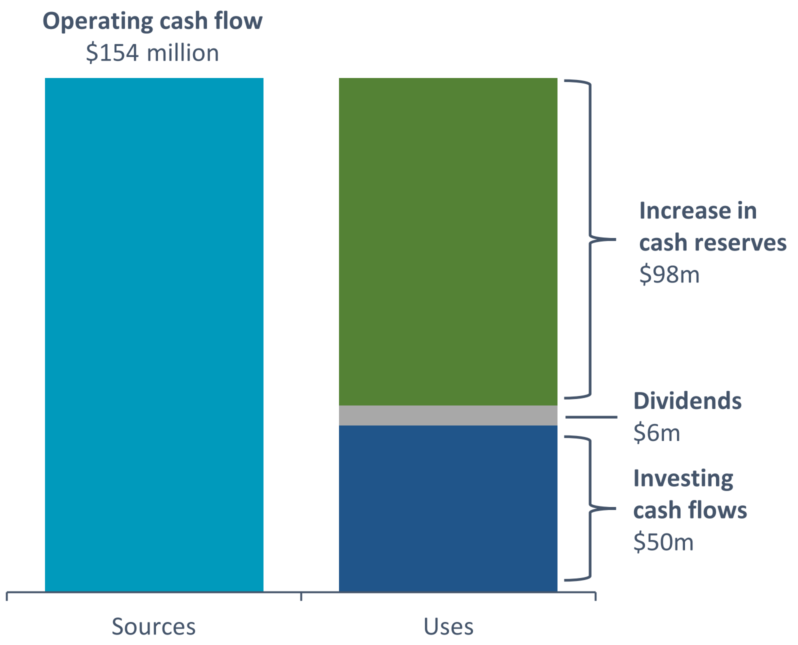
For a reconciliation of H1 FY17 net profit after tax to underlying net profit after tax, refer to Appendix.

Robust funding position

Generating free cash flow while investing for growth

- **Record cash flow post oil price boom period**
  - Up 19% to $154 million
  - Net cash up 202% to $148 million
- **Available liquidity of $648 million**
  - $298 million cash reserves
  - $350 million undrawn facilities
- **Strengthened financial position due to:**
  - Record production and sales volumes
  - Cost cutting and operating efficiencies
  - Reduced and focused capital expenditure of $72 million (H1 FY16: $122 million)
- **Disciplined deployment of free cash flow to fund growth**
  - Full year FY17 capital expenditure guidance of $170 – 185 million

H1 FY17 Cash Sources and Uses



FY17 HALF YEAR RESULTS

Operational

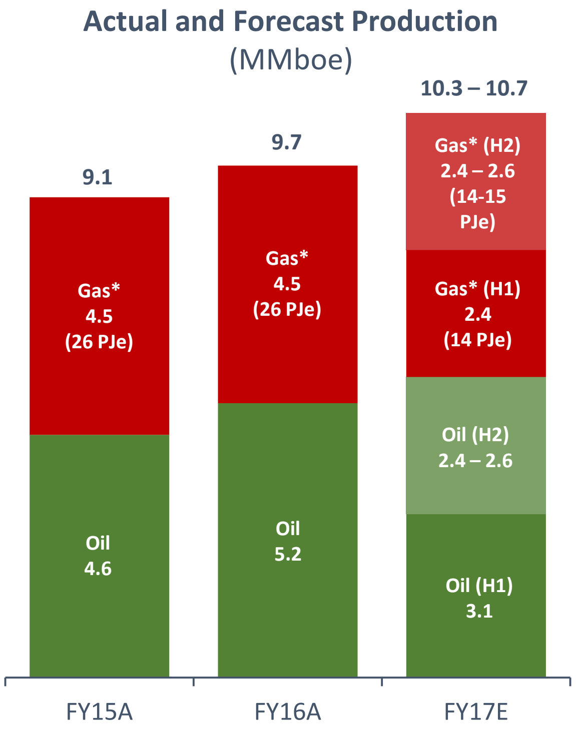
Mike Dodd – Chief Operating Officer

BEACH ENERGY LIMITED

Production

Record half year production and increased full year guidance

- **Record half year production**
  - Up 22% to 5.5 MMboe
  - 56% oil; 44% gas and gas liquids
- **Operated production now >50% of total production (H1 FY16: 36%)**
- **Full benefits of Drillsearch merger realised**
  - Ex PEL 91 oil production up 122% to 2.0 MMbbl
  - Ex 106 gas and gas liquids production up 207% to 0.5 MMbbl
- **Incremental production from successful optimisation projects and new wells online**
  - >800 bopd initial incremental oil production from five artificial lift installations
- **Full year production guidance increased to 10.3 – 10.7 MMboe (previously 9.7 – 10.3 MMboe)**



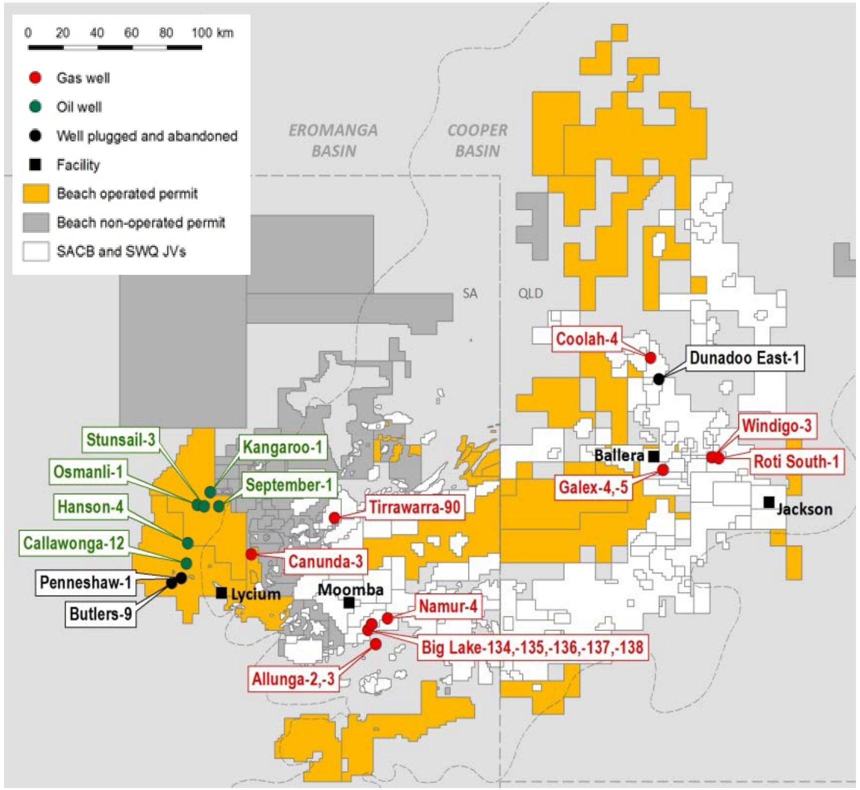
* Gas and gas liquids

Drilling activity

Play-extending Western Flank oil discoveries

- **Overall success rate of 88% from 24 wells; 60% exploration success rate**
- **Increased drilling activity in high-returning Western Flank acreage**
- **Play-extending Birkhead and Poolowanna discoveries (Kangaroo-1, Osmanli-1, September-1)**
- **Successful gas appraisal and development drilling in Cooper Basin JVs**
- **FY17 operated drilling program increased to 18 wells (+5 in H2)**

Cooper / Eromanga Basins	Wells Drilled	Successful Wells	Success Rate
Oil exploration	4	3	75%
Oil appraisal	1	–	–
Oil development	3	3	100%
Gas exploration	1	–	–
Gas appraisal	5	5	100%
Gas development	10	10	100%
Total wells	**24**	**21**	**88%**

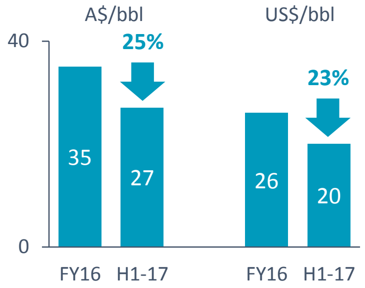


Cost savings

World-class cash flow breakeven of US$20/bbl

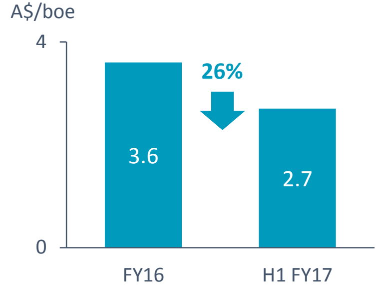
Cash flow breakeven[1]

- Reduced fixed expenditure
- Operating and cost efficiencies



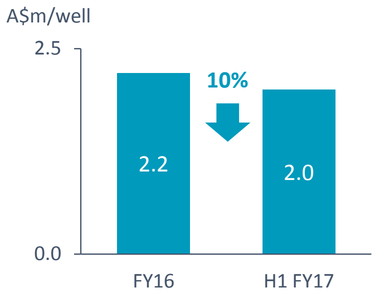
Operated field costs - Western Flank[3]

- Renegotiated contracts
- Reduced reliance on contractors



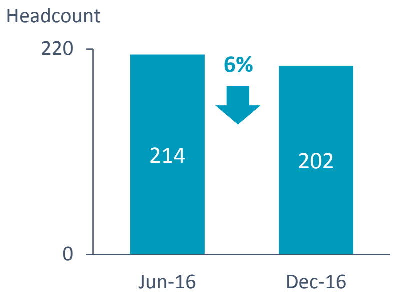
Drilling costs[2]

- New rig contract
- Fit-for-purpose rig



Headcount[4]

- Lean workforce
- One third reduction since Drillsearch merger



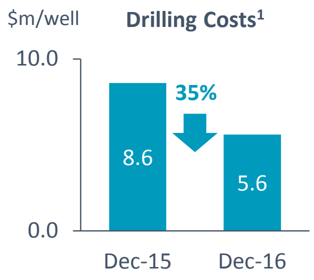
1. Average annual oil price whereby cash flows from operating activities before tax equate to cash flows from investing activities less discretionary expenditure and acquired cash
2. Average cost to drill, case and complete
3. Field operating costs for ex PEL 91, 92 and 106; excludes tariffs, tolls and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

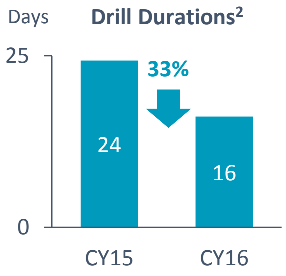
Cooper Basin JV cost savings

Broad ranging initiatives now evident in results

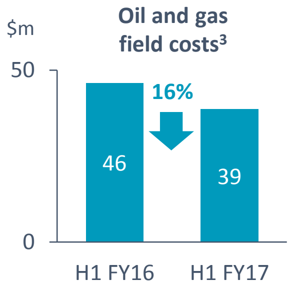
BEACH ENERGY

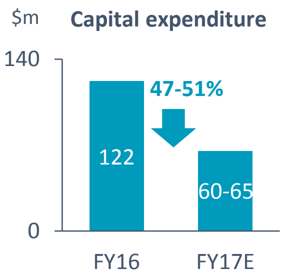
Well cost efficiencies





Operating efficiencies



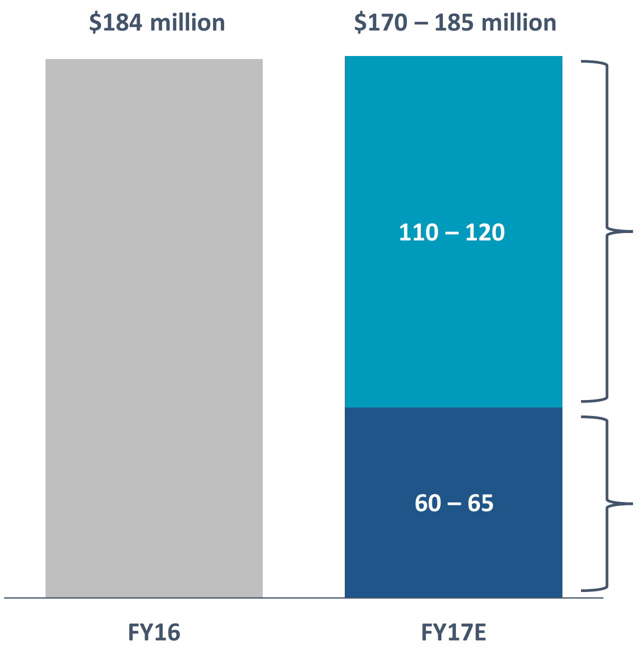


- Full review and refinement of service scopes
- Renegotiated contractor arrangements and rates
- Reduced staff and contractor workforce
- Reduced rig mobilisation / non-productive time
- ‘Challenging the norm’
- Additional H2 FY17 activity proposed by operator

1. Average gas development well cost to drill, frac, complete and connect
2. Average days from spud to rig release, plus average rig move days
3. Field operating costs for Cooper Basin JV oil and gas production; excludes redundancy costs and non-recurring items

Capital expenditure guidance

Expanded drilling program to be delivered at a lower overall cost



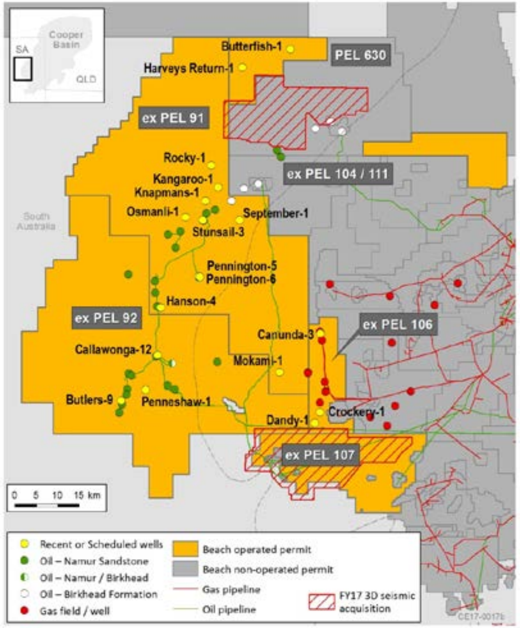
Discretionary expenditure

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

- ~45% allocated to Western Flank oil
- ~25% allocation to Western Flank gas
- ~30% allocated to Cooper Basin JV

Fixed expenditure

Committed expenditure for asset maintenance, permit fees and tenement commitments



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

FY17 HALF YEAR RESULTS

EXPLORATION AND DEVELOPMENT

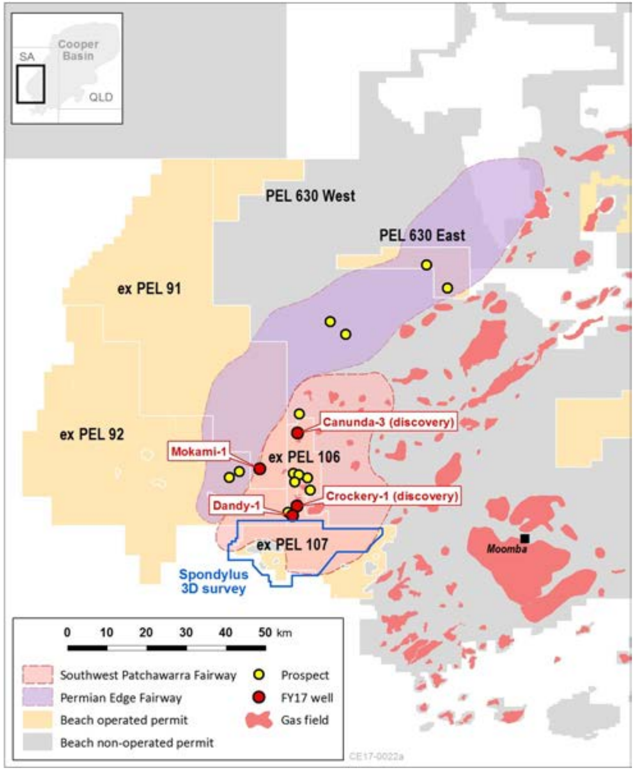
Jeff Schrull – Group Executive Exploration and Development

BEACH ENERGY LIMITED

Gas exploration

Significant untapped exploration potential

- **Extensive Southwest Patchawarra (SWP) and Permian Edge (PE) play fairways**
  - ~1,300 km^2 under-explored PE fairway
- **Two SWP discoveries in H1 FY17; two H2 FY17 exploration wells to be drilled**
  - Success using refined isopachous mapping techniques
- **340 km^2 Spondylus 3D survey to enhance southern SWP prospect portfolio**
- **High impact prospects under evaluation in PE play fairway**
  - PEL 630 farm-in complements portfolio; full 3D coverage
- **Several prospects identified for expanded FY18 drilling campaign**

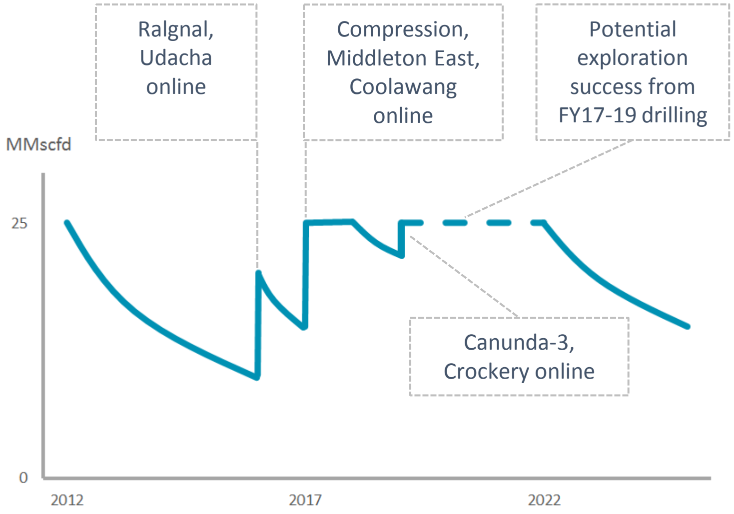


Gas appraisal and development

Middleton compression to sustain production

- **Middleton compression project to be completed by end Q3 FY17**
- **Will enable 25 MMscfd raw gas capacity to be reached and maintained**
  - ~20 MMscfd net gas / liquids production
  - ~25-35 bbl/MMscf average liquids content
- **Recent discoveries to support peak capacity**
  - Middleton East-1 flowed at 6.8 MMscfd[1]
  - Canunda-3 expected online rate >3 MMscfd with high liquids content (>150 bbl/MMscf)[2]
  - Crockery-1 estimated flow rate of 3-8 MMscfd[3]
- **Cooper Basin JV drilling programs ongoing**
  - Activity close to existing infrastructure to enable quick tie-ins

Optimising production infrastructure[4]



1. Extended production test over 2,673 – 2,679 metre interval on 64/64" choke and flowing at 446 psig
2. Based on results from two drill stem tests
3. Drill stem test failed due to tool blockage; 40 MMscf entered drill in 8 minutes prior to blockage; flow rate is indicative only

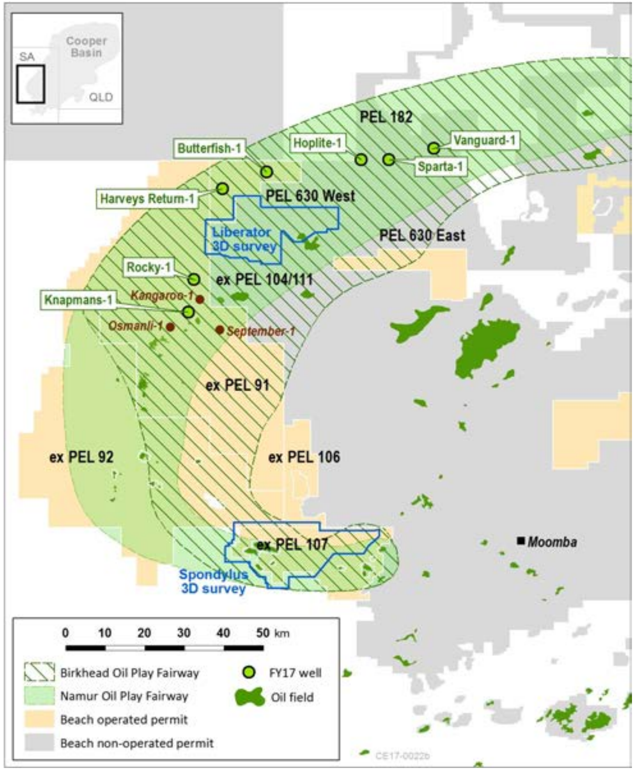
4. Illustrative raw gas production; ignores maintenance downtime and Moomba operator shut-in requests

Oil exploration

Long-term running room from extensive play fairways

BEACH ENERGY

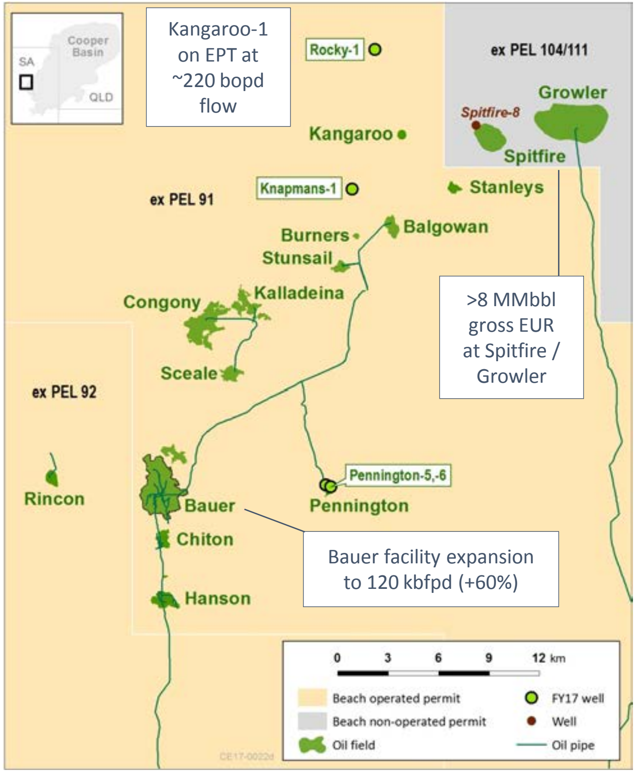
- **Extensive under-developed Namur and Birkhead play fairways (~13,500 km^2)**
- **Seven exploration wells in H2 FY17**
- **Kangaroo-1 follow-up wells in ex PEL 91 to calibrate predictive reservoir models**
  - Successful outcomes to support horizontal drilling pilot program
  - Potential roll-out of horizontal Birkhead drilling in FY18
- **PEL 630 farm-in complements portfolio**
  - Two wells in H2 FY17 to test northwest extension of Namur play
- **PEL 182 wells to test northern part of Namur play fairway**
- **295 km^2 Liberator 3D seismic survey to augment extensive existing coverage**



Oil appraisal and development

Targeting new reserves from existing fields

- **Extensive, proven oil fairway with untapped reserve potential in existing fields**
- **Horizontal drilling pilots under review for the McKinlay reservoir**
  - Second stage of Bauer Field development
  - Under-developed formation overlaying the Namur Sandstone
- **Kangaroo-1 discovery well on extended test; Birkhead horizontal drilling under review**
- **Pennington infill drilling to accelerate production; additional opportunities under review**
- **Bauer facility expansion to be completed in Q3 FY17 to optimise production capabilities**
  - 60% increase in fluids handling capacity to 120,000 bfpd
- **Spitfire-8 to be brought online in Q3 FY17**
- **Ongoing artificial lift installations**



FY17 HALF YEAR RESULTS

KEY HIGHLIGHTS

Matt Kay – Chief Executive Officer

BEACH ENERGY LIMITED

Half year results reinforce the Beach value proposition

Highly profitable base business

- Turnaround in HY NPAT to $103m, underlying NPAT +1,023%
- Cash flow breakeven down 23% to US$20/bbl

Increasing drill bit activity

- Up to 60 wells in FY17; 10 wells added for H2 FY17
- Birkhead oil discoveries encouraging for future activity

Cost focused culture entrenched

- Western Flank operated field costs down 26% to <$3/boe
- Cooper Basin JV field operating costs down 16%

Refreshed exploration focus

- Systematic approach to existing and frontier fairways
- Targeting full replacement of produced reserves from existing operated acreage over next 3 years

Substantial liquidity; dividend payment

- $148m net cash (+202%); $648m available liquidity
- Interim dividend reinstated (1 cent per share fully franked)

Inorganic growth

- Progressing opportunities in a disciplined manner
- Actively assessing high impact exploration new ventures

For a reconciliation of H1 FY17 net profit after tax to underlying net profit after tax, refer to Appendix.

FY17 HALF YEAR RESULTS

APPENDIX

BEACH ENERGY LIMITED

Significant items

- **Reconciliation of Net Profit After Tax to Underlying Net Profit After Tax**

Comparison of underlying profit ($m)	H1 FY16	H1 FY17	Movement from PCP
Net profit / (loss) after tax	**(600.1)**	**103.4**	**703.5**
Remove merger costs	1.5	–	(1.5)
Remove asset sales	–	(52.9)	(52.9)
Remove unrealised hedging movements	(2.1)	5.1	7.2
Remove provision for non-recovery of international taxes	7.5	–	(7.5)
Remove impairment of assets	634.6	33.1	(601.5)
Tax impact of above changes	(33.5)	–	33.5
Underlying net profit after tax	**7.9**	**88.7**	**80.8**

Underlying results in this report 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. Following a change to the hedging policy during the period to include the use of collars and the increased volatility on the derivative valuations associated with this, Underlying results are now being adjusted for unrealised hedging gains/(losses) with the prior year comparative restated to be on a consistent basis with the table above providing a reconciliation of this information to the Half Year Financial Report.

FY17 operated drilling increased to 18 wells (+5)

Permit	Well	Timing	Target	Rationale	Result[1]
Ex PEL 91	Hanson-4	Q1	Namur	• Development well to support facility expansion	✓ Success: C&S
	Stunsail-3	Q1	Namur	• Development well; part of low cost, full field development plan	✓ Success: C&S
	Kangaroo-1	Q2	Birkhead	• De-risk Birkhead stratigraphic oil play on Western Flank	✓ Success: C&S
	September-1	Q2	Namur	• Near-field exploration on proven play trend	✓ Success: C&S
	Osmanli-1	Q2	Namur	• Near-field exploration on proven play trend	✓ Success: C&S
	Mokami-1	Q3	Patchawarra	• Extend Patchawarra gas / condensate play toward west	
	Pennington-5	Q3	Namur	• Development well to accelerate production	
	Pennington-6	Q4	Namur	• Development well to accelerate production	
	Knapmans-1	Q4	Birkhead	• Kangaroo-1 follow-up well; calibrate Birkhead reservoir models	
	Rocky-1	Q4	Birkhead	• Kangaroo-1 follow-up well; calibrate Birkhead reservoir models	
Ex PEL 92	Callawonga-12	Q1	Namur	• Development well; upside on northeast flank	✓ Success: C&S
	Penneshaw-1	Q2	Namur	• Near-field exploration on proven play trend	• P&A
	Butlers-9	Q2	Namur	• Appraisal well to test northwest extension of field	• P&A
Ex PEL 106	Canunda-3	Q2	Patchawarra	• Appraisal well to test extension of field	✓ Success: C&S
	Crockery-1	Q3	Patchawarra	• Near-field exploration on proven play trend	✓ Success: C&S
	Dandy-1	Q3	Patchawarra	• Near-field exploration well to test southern extension of field	• Spudded
PEL 630	Butterfish-1	Q4	Namur	• Exploration well to test northwest extension of Namur play	
	Harveys-1	Q4	Namur	• Exploration well to test northwest extension of Namur play	

1. C&S: Cased and suspended as a future producer; P&A: Plugged and abandoned

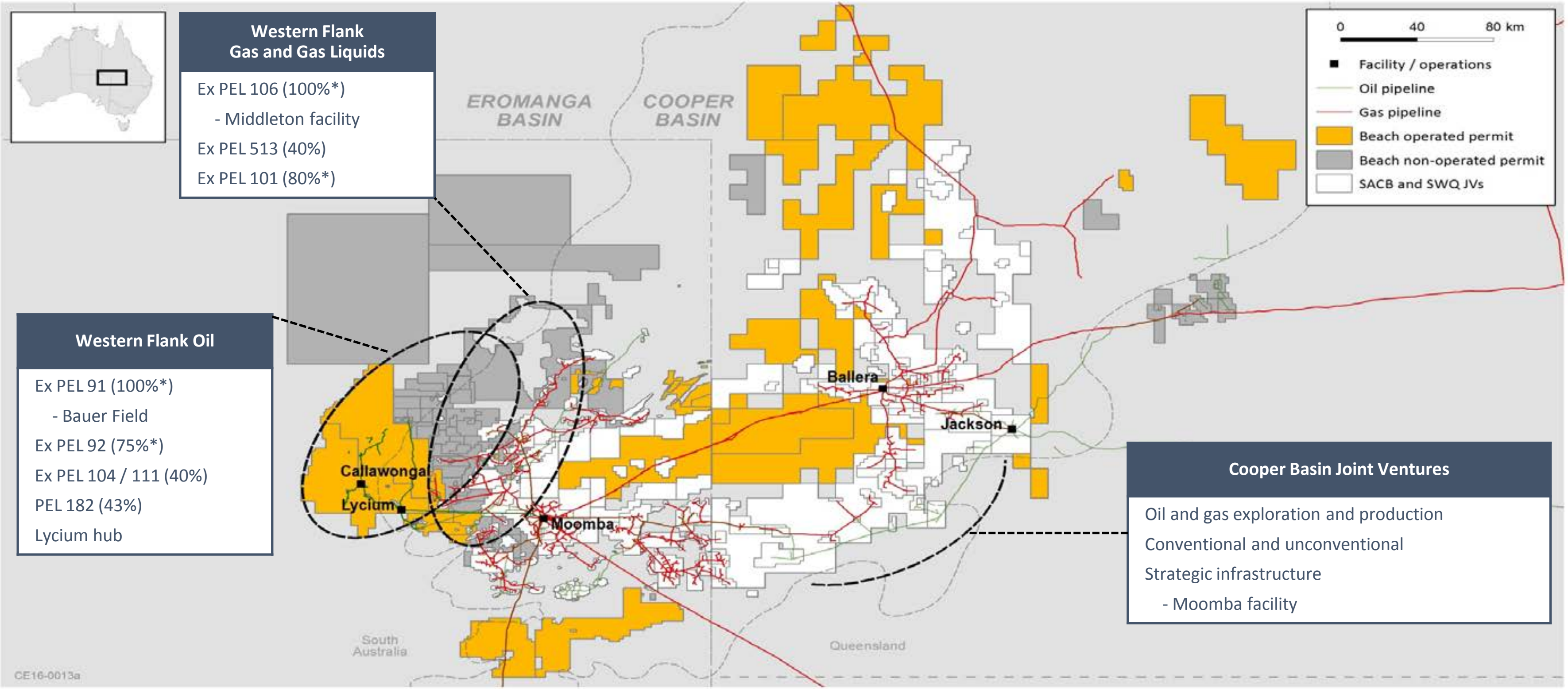
Record half year production

	Area	H1 FY16	H1 FY17	Change
Oil (kbbl)	Cooper / Eromanga basins	2,187	3,095	42%
	Egypt	87	–	(100%)
	Total oil	**2,274**	**3,095**	**36%**
Sales gas and ethane (PJ)	Cooper Basin	10.9	11.5	5%
	Egypt	0.2	–	(100%)
LPG (kt)	Cooper Basin	21.8	27.2	25%
Condensate (kbbl)	Cooper Basin	177	238	35%
	Total gas / liquids (kboe)	**2,260**	**2,435**	**8%**
Total oil, gas and gas liquids (kboe)		**4,534**	**5,530**	**22%**

FY17 capital expenditure program

Capital Expenditure	$ million	Wells		H2 FY17 Activities
		Exp.	App/Dev	
Western Flank Operated Oil				
Ex PEL 91	35 – 40	6	4	• Bauer facility expansion • Kangaroo production facility • Birkhead (2) and Patchawarra (1) exploration wells • Two Pennington development wells
Ex PEL 92	5 – 7	1	2	• Facilities upgrades and artificial lift installations
PEL 630	5	2	-	• Two Namur oil exploration wells
Fixed Expenditure	10	-	-	
Western Flank Non-operated Oil				
Ex PEL 104 / 111	5 – 7	1	1	• Two-well drilling program • 3D seismic data interpretation
Fixed Expenditure	10	Up to 4	-	• Up to three PEL 182 exploration wells • PEL 87 exploration well
Western Flank Gas				
Ex PEL 106 / 107	25 – 30	2	1	• Middleton compression • Three-well drilling program
Fixed Expenditure	10	-	-	
Cooper Basin Joint Ventures				
Discretionary: Oil and Gas	35 – 40	Up to 2	Up to 34	• Expanded drilling program
Fixed: Oil and Gas	25	-	-	
Other				
	Up to 5	-	-	
Total	**170 – 185**	**Up to 18**	**Up to 42**	

Cooper Basin acreage



* Denotes operatorship

FY17 HALF YEAR RESULTS

BEACH ENERGY LIMITED

Investor Relations

Derek Piper
Investor Relations Manager
Tel: +61 8 8338 2833

25 Conyngham Street, Glenside SA 5065
Tel: +61 8 8338 2833
Fax: +61 8 8338 2336
www.beachenergy.com.au