



ASX Release

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BEACH TO COMMENCE CONVENTIONAL GAS EXPLORATION IN THE ONSHORE OTWAY BASIN IN SOUTH AUSTRALIA

- **Haselgrove-3 conventional gas well targeting a 34 Bcf prospect¹**
- **South Australian Government to support drill costs via \$6 million grant under the PACE scheme**

Beach Energy Ltd (ASX: BPT, "Beach") has commenced preparations for drilling a conventional onshore gas exploration well in the Penola Trough, Otway Basin in South Australia. Beach will be supported by the South Australian Government through the Plan for Accelerating Exploration ("PACE") gas grant scheme, which aims to bring new gas to market within three years.

Under the terms of the PACE grant, if a discovery is deemed to be commercial, Beach will enter bilateral negotiations with prospective South Australian customers for supply of gas from Haselgrove-3 at prevailing market terms. The PACE grant remains subject to formal documentation being agreed.

The onshore Otway Basin in South Australia is a proven gas province close to existing infrastructure and pipeline networks. The region has produced approximately 70 Bcf of raw gas and has supported local industry. Beach has operated in the region for over 50 years and most recently undertook exploration drilling in 2014, which identified prospectivity in the Sawpit Sandstone Member beneath previously productive reservoirs.

Haselgrove-3 will be drilled in PPL 62 (Beach 100%) close to Beach's Katnook gas processing facility and pipeline network, and the SEA Gas transmission system. The well will target conventional gas and gas liquids in the Sawpit Sandstone Member. Haselgrove-3 will not be fractured stimulated.

¹ Best unrisked estimate of prospective resource using the probabilistic methodology; Beach assigns a ~32% probability of success. Refer competent persons statement for further disclosures. The estimated quantities of petroleum that may potentially be recovered by the application of a future development project relate to undiscovered accumulations. 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.

Depending on the scope of well design and evaluation program, the \$6 million PACE grant is expected to cover 40-50% of the estimated cost to drill Haselgrove-3. Drilling in Q1 FY18 is expected.

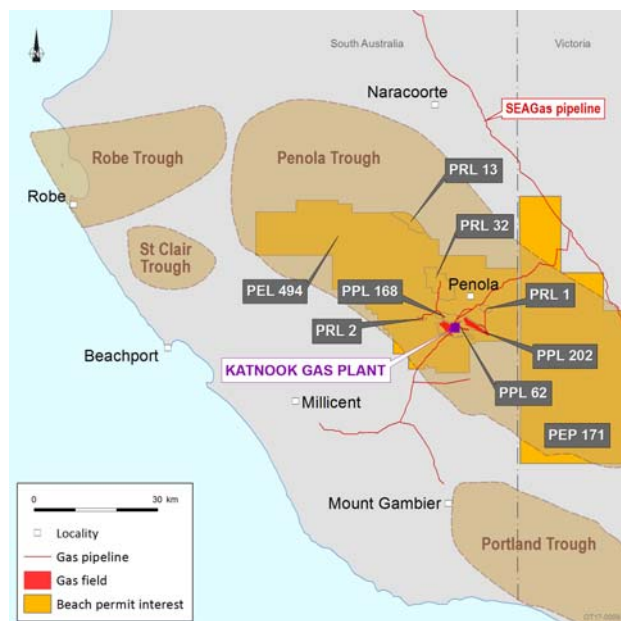
If successful, Beach’s Penola Trough acreage has additional follow-up exploration prospects to drill which could supply material new gas to the market.

Beach CEO Matt Kay said, “We are pleased to once again be exploring for gas in the onshore Otway Basin in South Australia. The region is well known to Beach and we are confident that in a success case, it can supply new gas to the market. We also acknowledge the support provided by the South Australian Government through its PACE gas grant scheme. Haselgrove-3 is a conventional gas well that will not be fracture stimulated. Beach will undertake extensive community and stakeholder consultation throughout the planning, drilling and post completion phases of this drilling activity.”

Yours sincerely,



Matt Kay
Chief Executive Officer



Beach Energy permits in the onshore Otway Basin

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Competent Persons Statement

The reserves and resources information in this announcement 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.