

Key Highlights

Production and expansion projects

- Strong production of 2.5 MMboe, down only 5% as natural decline partly offset by better than expected performance from recent well connections and artificial lift installations.
- Mechanical installation for the Bauer facility expansion near complete and Middleton gas compression commissioned; both projects expected to contribute incremental production in Q4 FY17.
- FY17 production guidance maintained at 10.3 – 10.7 MMboe; FY17 capital expenditure guidance reduced to \$160 – 170 million (previously \$170 – 185 million).

Drilling success leading to expanded exploration and appraisal program

- Completion of the FY17 operated gas exploration campaign; three discoveries from four wells, with preliminary estimates of 2P reserve additions of 3.4 MMboe.
- 16 wells drilled at a success rate of 81%; 40 wells drilled year-to-date at a success rate of 85%.
- Expanded drilling activity planned for FY18, including additional Western Flank gas exploration and horizontal drilling pilots to appraise oil reservoirs.
- Awarded \$6 million PACE grant to drill a conventional gas exploration well in the Otway Basin; Beach to participate in an additional \$16 million of PACE grants in proportion to joint venture interests.

Improved gas pricing contributing to stronger Balance Sheet

- Improved commercial gas sales arrangements; 6% increase in average realised sales gas and ethane price to \$6.28/GJ due to new Western Flank GSA and expiry of legacy Cooper Basin JV GSA.
- Net operating cash flow of \$75 million generated and cash reserves increased by \$27 million to \$325 million; dividends of \$13 million paid; available liquidity in excess of \$675 million.

Comments from Chief Executive Officer, Matt Kay

“Beach has produced another solid quarterly result as we continue to benefit from broad ranging operating, cost and commercial initiatives. We have re-confirmed our FY17 production guidance of 10.3 – 10.7 MMboe and reduced FY17 capital expenditure guidance to \$160 – 170 million (previously \$170 – 185 million), due in part to cost savings and timing of project completions.

“In the field we achieved further success with the drill bit, including completion of our operated gas exploration program which delivered three discoveries from four wells. These results have strengthened our intent to increase capital allocation to an expanded FY18 drilling program. Planning is underway for additional gas exploration and oil appraisal drilling within our 100% owned Western Flank acreage.

“We also look forward to re-commencing gas exploration in the onshore Otway Basin in FY18. With support from the South Australian Government PACE grant, Beach will drill a conventional gas exploration well targeting a 34 Bcf prospect, and if successful, pursue follow-up conventional exploration.

“Ongoing cost efficiencies and commercial initiatives also contributed to this quarter’s solid results. Beach generated net operating cash flow of \$75 million and our available liquidity is now in excess of \$675 million. Results benefited from initiation of our new gas sales agreement with Adelaide Brighton Cement, and expiry of the lower-priced legacy gas sales agreement within the Cooper Basin JV. These contributed to a 6% increase in our average realised sales gas and ethane price to \$6.28/GJ. Beach’s gas sales arrangements now provide a mix of tenors and pricing structures, including exposure to oil price upside, and an ability to contract surplus volumes to new customers or sell into the spot market.”

Key Statistics	March Q3 FY16	December Q2 FY17	March Q3 FY17	Qtr on Qtr Change	YTD
Production (kboe)	2,412	2,640	2,513	(5%)	8,058
Sales Volumes (kboe)	2,650	3,073	2,647	(14%)	9,010
Sales Revenue (\$ million)	120	176	153	(13%)	497
Oil Price (\$/bbl)	50.9	73.2	68.8	(6%)	67.9
Cash (\$ million)	242 ¹	298	325	9%	325
Drawn Debt (\$ million)	237 ¹	150	150	–	150

1. Includes cash and convertible notes acquired as part of the merger with Drillsearch; convertible notes of approximately \$87 million were redeemed on 11 April 2016.

Financial

Sales volumes

Quarterly sales volumes of 2,647 kboe were 14% lower than the prior period, mainly due to lower production, one less oil shipment, and expiry of the Cooper Basin JV's legacy gas sales agreement.

Sales Volumes	March Q3 FY16	December Q2 FY17	March Q3 FY17	Qtr on Qtr Change	YTD	
Oil (kbbl)	Own Product	1,271	1,405	1,301	(7%)	4,344
	Third Party	252	143	76	(47%)	366
	Cooper Basin Oil	1,523	1,548	1,377	(11%)	4,710
	Egypt	30	–	–	–	–
	Total Oil	1,553	1,548	1,377	(11%)	4,710
Sales Gas and Ethane (PJ)	Own Product	5.5	7.0	5.7	(19%)	20.0
	Third Party	0.1	0.2	0.1	(27%)	0.5
	Egypt	0.1	–	–	–	–
	Total Gas	5.7	7.2	5.8	(19%)	20.5
LPG (kt)	Own Product	6.9	13.8	14.2	2%	38.7
	Third Party	0.2	0.0	0.2	1,210%	0.7
	Total LPG	7.1	13.8	14.4	5%	39.4
Condensate (kbbl)	Own Product	69.0	176	142	(19%)	460
	Third Party	1.4	2	6	139%	12
	Total Condensate	70.4	178	148	(17%)	472
Total Oil and Gas Sales (kboe)	2,650	3,073	2,647	(14%)	9,010	
Total – Own Product (kboe)	2,373	2,890	2,536	(12%)	8,542	
Total – Third Party (kboe)	277	183	111	(39%)	468	

Sales revenue

Total sales revenue of \$153 million was 13% lower than the prior period due to lower sales volumes. The average realised Australian dollar oil price decreased by 6% to \$69/bbl (from \$73/bbl). The average realised sales gas and ethane price increased by 6% to \$6.28/GJ (from \$5.92/GJ) following commencement of the new gas sales agreement with Adelaide Brighton Cement Ltd (as announced on 5 December 2016) and expiry of the Cooper Basin JV's legacy gas sales agreement.

Sales Revenue (\$ million)	March Q3 FY16	December Q2 FY17	March Q3 FY17	Qtr on Qtr Change	YTD
Oil	79.1	113.3	94.8	(16%)	319.7
Sales Gas and Ethane	33.5	42.8	36.7	(14%)	123.4
LPG	3.6	7.4	9.7	32%	22.1
Condensate	3.5	12.0	11.5	(4%)	31.9
Sales Gas and Gas Liquids	40.6	62.2	57.9	(7%)	177.4
Total Oil and Gas	119.7	175.5	152.7	(13%)	497.1
Total – Own Product	106.9	164.7	146.0	(11%)	469.6
Total – Third Party	12.8	10.8	6.7	(38%)	27.5

Average Realised Prices	March Q3 FY16	December Q2 FY17	March Q3 FY17	Qtr on Qtr Change	YTD
All Products (\$/boe)	45.2	57.1	57.7	1%	55.2
Oil (\$/bbl)	50.9	73.2	68.8	(6%)	67.9
Sales Gas and Ethane (\$/GJ)	6.0	5.9	6.3	6%	6.0
LPG (\$/t)	503.3	534.5	675.5	26%	561.4
Condensate (\$/bbl)	50.2	67.4	77.8	15%	67.6

Capital expenditure

Capital expenditure of \$37 million was 13% lower than the prior period and benefited from further efficiencies achieved across operated and non-operated ventures. Reduced spend was in part attributable to:

- Ongoing operating efficiencies which have resulted in faster drill times and reduced well costs;
- Fit-for-purpose revisions to non-essential maintenance within both operated and non-operated ventures;
- Delay from Q4 FY17 to Q1 FY18 of certain project completions and long-lead item receipts; and
- Non-participation in recent Cooper Basin JV infill drilling campaigns.

Capital Expenditure (\$ million)	March Q3 FY16	December Q2 FY17	March Q3 FY17	Qtr on Qtr Change	YTD
Exploration and Appraisal	7.7	16.2	14.3	(12%)	37.0
Development, Plant and Equipment	30.3	25.7	22.3	(13%)	72.0
Total	38.0	41.9	36.6	(13%)	109.0

Following review of year-to-date and forecast spend, Beach has reduced its FY17 capital expenditure guidance range to \$160 – 170 million (previously \$170 – 185 million).

Liquidity

Material cash flows included net operating cash flow of \$75 million, capital expenditure of \$37 million and dividend payments of \$13 million. Cash reserves increased by \$27 million to \$325 million, with drawn debt of \$150 million and undrawn debt facilities of \$350 million. Available liquidity at quarter-end was in excess of \$675 million.

Liquidity (\$million)	March Q3 FY16 ¹	December Q2 FY17	March Q3 FY17	Qtr on Qtr Change
Cash Reserves	241.6	298.2	325.3	9%
Drawn Debt	237.0	150.0	150.0	–
Net Cash	4.6	148.2	175.3	18%
Undrawn Facilities	350.0	350.0	350.0	–

1. Includes cash and convertible notes acquired as part of the merger with Drillsearch; convertible notes of approximately \$87 million were redeemed on 11 April 2016.

Capital structure

	December Q2 FY17	March Q3 FY17	Qtr on Qtr Change
Fully Paid Ordinary Shares	1,865,094,804	1,873,246,528	0.4%
Unlisted Employee Rights	6,907,656	7,386,752	7%

Hedging

Beach seeks to hedge sufficient volumes to cover up to 70% of its total oil production costs and total corporate costs. A range of instruments is used to protect against downside oil price scenarios, and all hedging transactions since June 2016 have been entered into using zero-cost instruments. The following hedges were in place as at 31 March 2017. No new hedging positions were entered into during the quarter.

Hedges (Brent)	Floor \$45 per bbl	Collar \$40 – 111 per bbl	Collar \$40 – 102 per bbl	3-way Collar \$50 – 96 – 106 per bbl	Total Hedged Volumes (bbl)
FY17 (remaining)	135,000	360,000	180,000	–	675,000
FY18	–	517,500	517,500	405,000	1,440,000
Total	135,000	877,500	697,500	405,000	2,115,000



Drilling Mokami-1.

Operations

Production

Oil production from Beach's operated Western Flank acreage benefited from recently connected wells and artificial lift installations, which helped mitigate the impact of natural field decline. Gas production was broadly sustained, with better than expected performance from recently connected Queensland exploration wells within the Cooper Basin JV. Average daily net oil and gas production of 28 kboe was 3% lower than the prior period. Total net quarterly production of 2,513 kboe was 5% lower than the prior period and 4% higher than the prior corresponding period.

Production		March Q3 FY16	December Q2 FY17	March Q3 FY17	Qtr on Qtr Change	YTD
Oil (kbbbl)	Cooper Basin	1,249	1,463	1,349	(8%)	4,443
	Egypt	30	–	–	–	–
Total Oil (kbbbl)		1,279	1,463	1,349	(8%)	4,443
Sales Gas and Ethane (PJ)	Cooper Basin	5.5	5.6	5.5	(1%)	17.2
	Egypt	0.0	–	–	–	–
LPG (kt)	Cooper Basin	11.6	12.4	12.7	3%	39.3
Condensate (kbbbl)	Cooper Basin	85.2	119	110	(8%)	345
Total Sales Gas and Gas Liquids (kboe)		1,133	1,177	1,164	(1%)	3,615
Total Oil and Gas (kboe)		2,412	2,640	2,513	(5%)	8,058

NB. Preliminary data for ex PEL 106 and ex PEL 104 / 111.

Cooper Basin

Western Flank Oil – ex PEL 91

(Beach 100%)

Production was supported by connection of the Kangaroo-1 exploration well and better than expected performance from prior quarter well connections and artificial lift installations. Average daily oil production of 9,770 bbl was 6% lower than the prior period, and total oil production of 880 kbbbl was 8% lower than the prior period.

The Bauer facility expansion progressed, with mechanical installation near complete and commissioning expected by the end of April 2017. The expansion will increase fluids handling capacity by 60% from 75,000 bfpd to 120,000 bfpd, providing headroom for new discoveries and an increasing water cut. The Bauer-24 and Bauer-25 development wells will be the first connections into the expanded facility and will contribute incremental oil production from mid-Q4 FY17.



Bauer facility expansion.

Western Flank Oil – ex PEL 92

(Beach 75% and operator, Cooper Energy 25%)

The first full quarter of production from the Callawonga-12 development well and good performance from recent artificial lift installations helped to broadly offset natural field decline. Average daily oil production of 2,540 bbl (gross) was in-line with the prior period, and total net oil production of 170 kbbbl was 2% lower than the prior period.

Western Flank Oil – ex PEL 104 / 111

(Beach 40%, Senex 60% and operator)

The Spitfire-8 development well was brought online on 28 February 2017 and produced at more than 300 bopd, mitigating the impact of natural field decline. Average daily oil production of 2,530 barrels (gross) was 9% lower than the prior period, and total net oil production of 91 kbbl was 11% lower than the prior period.

Queensland Oil – ATP 299

(Beach 40%, Santos 60% and operator)

Quarterly production of 36 kbbl (net) was 5% lower than the prior period.

Western Flank Gas and Gas Liquids – ex PEL 106; ex PEL 513 / 632

(Ex PEL 106: Beach 100%; ex PEL 513 / 632: Beach 40%, Santos 60% and operator)

Initial production from the Middleton East-1 exploration well mitigated the impact of natural field decline and shut-in requests from the Moomba plant operator. Average ex PEL 106 daily gas and gas liquids production of 2,050 boe was 13% lower than the prior period, and total gas and gas liquids production of 185 kboe was 15% lower than the prior period. Production comprised sales gas of 125 kboe (down 18%), LPG of 25 kboe (up 1%) and condensate of 35 kboe (down 12%).

Installation and commissioning of compression at Middleton was completed and final acceptance testing and full production volumes are expected to be achieved in May 2017. Compression is expected to allow currently producing wells to reach and maintain maximum daily raw gas production of 25 MMscf (broadly equivalent to 1.3 MMboe of annual sales gas and gas liquids production). Production at maximum capacity of 25 MMscfd will allow a portion of Beach's operated gas volumes to be sold under short term contracts or into the spot market.



Installation of compression at Middleton.

With expected reserve additions from recent exploration success, Beach is planning to maintain maximum daily raw gas production beyond FY18 (excluding maintenance downtime and Moomba operator shut-in requests). Furthermore, due to an expanded gas exploration drilling program currently planned for FY18, and assuming continued exploration success, expansion of capacity to 40-50 MMscfd is currently being evaluated.

Ex PEL 513 / 632 contributed 36 kboe (net) of sales gas and gas liquids production, down 15% from the prior quarter due to natural field decline.

Cooper Basin JV

(Various non-operated interests)

An increase in quarterly gas and gas liquids production was supported by new wells brought online and better than expected performance from recently connected exploration wells in Queensland. Sales gas and gas liquids production of 945 kboe (net) was 3% higher than the prior period and comprised sales gas of 810 kboe (up 3%), LPG of 75 kboe (up 5%) and condensate of 60 kboe (down 4%).

Ongoing oil production optimisation activities mitigated the impact of natural field decline and maintenance downtime. Production of 170 kbbl (net) was 10% lower than the prior period.

Development

Cooper Basin

Western Flank Oil – ex PEL 91

(Beach 100%)

A two-well oil development campaign commenced in the Pennington Field, located approximately 10 kilometres east of the Bauer Field. Reservoir simulation modelling identified potential for improved field commerciality through in-fill drilling to accelerate production. The wells are targeting the Namur Sandstone as a primary objective and the McKinlay Member and Mid-Namur Sandstone as secondary objectives. The first well of the campaign, Pennington-5, intersected net oil pay of 2.2 metres in the Namur Sandstone and 1.8 metres in the McKinlay Member. The well also encountered oil shows in the Birkhead Formation. Pennington-5 was cased and suspended as a future producer and is expected online in Q4 FY17.

Western Flank Oil – ex PEL 92

(Beach 75% and operator, Cooper Energy 25%)

Preparations commenced for a five-well development drilling campaign in the Callawonga Field. The campaign will seek to develop new oil reserves in the McKinlay Member and appraise the extent and productivity of the reservoir. The Callawonga-7 and Callawonga-12 development wells proved oil within the McKinlay Member, however there has been minimal production to date. It is currently anticipated that the campaign will commence in May 2017 and be completed by the end of June 2017, with production from successful wells online in H1 FY18.

South Australian Gas – SACB JV

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

A two-well in-fill gas development campaign was completed in the Toolachee Field, located approximately 70 kilometres southeast of the Moomba processing facility. Toolachee-53 and Toolachee-54 targeted sands in the Patchawarra Formation and were drilled to accelerate production of existing reserves.

Under balanced drilling techniques were applied, which help optimise production from low pressure reservoirs. The campaign was successful with both wells cased and suspended as future producers, and results in-line with pre-drill estimates. The wells are expected online in Q4 FY17.

A three-well gas development campaign was undertaken in the Kanowana Field, located approximately 40 kilometres northwest of the Moomba processing facility. The Kanowana structure is a four-way dip closure which has been developed primarily on the western side of the field. Recent 3D seismic data interpretation indicated the structure may extend further east than original 2D data suggested, thereby offering development potential. The wells were drilled via a single pad and targeted gas and gas liquids in the Patchawarra Formation and oil in the Tirrawarra Sandstone. The campaign was successful with all wells cased and suspended as future producers, and results in-line with pre-drill estimates. Results are summarised below. The wells are expected online in Q4 FY17.

Kanowana Field			
(Metres)	K-12	K-13	K-14
Gas			
Patchawarra Formation			
Net Pay	57	41	22
Gross Section	376	373	384
Oil			
Tirrawarra Formation			
Net Pay	29	22	24
Gross Section	33	36	27

Exploration

Otway Basin

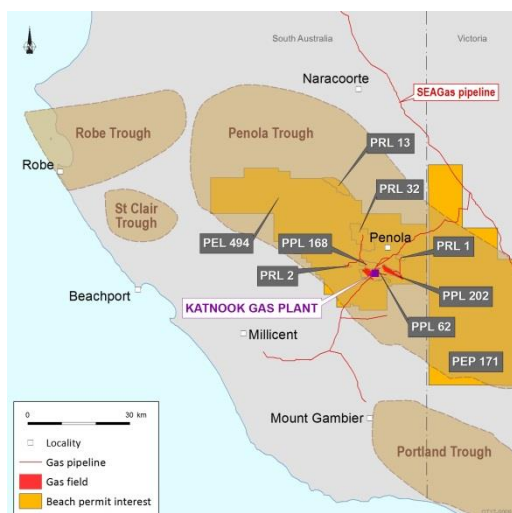
Penola Trough – PPL 62

(Beach 100%)

Beach 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 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 at prevailing market terms. The PACE grant remains subject to formal documentation being agreed.

Haselgrove-3 is expected to be drilled close to Beach's Katnook gas processing facility and pipeline network, and the SEA Gas transmission system. The well will target a 34 Bcf conventional gas and gas liquids prospect in the Sawpit Sandstone Member (see announcement of 17 March 2017 for further information and disclosures). Haselgrove-3 will not be fractured stimulated. 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 Q2 FY18 is expected.

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



Cooper Basin

Western Flank Oil – PEL 182

(Beach 43%, Senex Energy 57% and operator)

A three-well oil exploration campaign commenced in the under-explored and prospective PEL 182 permit area, located approximately 25 kilometres northeast of producing fields in ex PEL 104 / 111. Prospects are testing the extent of hydrocarbon migration to the north of the Western Flank. The wells are targeting structural and stratigraphic plays in the Namur Sandstone (primary objective) and Birkhead and Murta formations (secondary objectives).

Sparta-1, the first well of the campaign, intersected oil shows in the Birkhead Formation, however was plugged and abandoned due to insufficient commercial pay. The second well of the campaign, Hoplite-1, intersected a 17 metre gross section with oil shows in the upper Birkhead Formation. A drill stem test confirmed the presence of oil but indicated a sub-commercial flow rate. The well was then side-tracked to target interpreted better reservoir development in the middle Birkhead Formation. Further oil shows were intersected, however the well was plugged and abandoned due to insufficient pay. The recovery of oil from the Birkhead Formation is encouraging for the northern extension of the Western Flank play fairway. The final well of the campaign, Immortals-1, will be drilled in Q4 FY17.

Western Flank Oil – ex PEL 104 / 111

(Beach 40%, Senex 60% and operator)

The Spitfire-8 oil appraisal well tested a northwest extension of the Birkhead reservoir in the Spitfire Field. The prospect was identified following recent inversion of the Aquillus and Mollichuta 3D seismic surveys, which aimed to delineate the Mid-Birkhead reservoir. Spitfire-8 was cased and suspended as a future oil producer following intersection of approximately seven metres of net pay in the target zone. Results were in-line with pre-drill estimates and the well was brought online prior to quarter-end.

Western Flank Gas – ex PEL 106, ex PEL 107; ex PEL 91
(Beach 100%)

Beach completed its FY17 operated gas exploration and appraisal campaign. The campaign delivered three gas discoveries from four wells, including two during the past quarter. All discoveries indicate potential for high liquids content and estimated initial flow rates ranging from 3 MMscfd to 12 MMscfd. Crockery-1, Dandy-1 and Mokami-1 were drilled during the quarter and targeted stratigraphic traps in the Patchawarra Formation.

- **Crockery-1** (ex PEL 106) confirmed a southern extension of the Southwest Patchawarra play fairway and was cased and suspended as a future producer. The result reinforces potential for further stratigraphically trapped gas discoveries within the region.
- **Dandy-1** (ex PEL 106) was drilled to the south of Crockery-1 and intersected gas shows in good quality reservoir sands, however was plugged and abandoned due to lack of commercial pay.
- **Mokami-1** (ex PEL 91) confirmed a western extension of the Southwest Patchawarra play fairway and was cased and suspended as a future producer. The discovery is encouraging for upcoming exploration activity in the adjacent frontier Permian Edge play fairway.

Preliminary results from the discoveries are summarised below. Due to this successful campaign, planning for an expanded FY18 operated gas drilling campaign is underway, with more than twice the number of gas wells drilled in FY17 currently anticipated.

	Note	Canunda-3	Crockery-1	Mokami-1
Net Gas Pay		2.8 metres	7.2 metres	10.1 metres
Gross Section		6.1 metres	19.0 metres	19.2 metres
Preliminary Estimate of 2P Reserve Addition	1	1.0 MMboe	0.9 MMboe	1.5 MMboe
Peak Single Interval Flow Rate	2	1.9 MMscfd	–	8.6 MMscfd
Estimated Initial Production Rate	3	>3 MMscfd	3–8 MMscfd	8–12 MMscfd
Liquids Content of Raw Gas		>150 bbl/MMscf	TBC	93 bbl/MMscf
Expected Connection Date	4	Q1 FY18	Q1 FY18	Q2 FY18

1. Preliminary estimates of 2P reserve additions are based on testing undertaken to 5 April 2017. Final estimates of 2P reserves may differ from preliminary estimates. Reserve estimates are probabilistic and aggregated arithmetically. Conversion to MMboe at 0.172 MMboe per PJ. FY17 2P reserves will be booked as at 30 June 2017 and announced in August 2017 following the annual reserve review process and external audit.

2. **Canunda-3**: First DST over 2,673 – 2,678 metre interval, 16/64" choke, flowing at 1,302 psig, 3 hour test; second DST over 2,533 – 2,547 metre interval, 16/64" choke, flowing at 730 psig, 2 hour test; **Crockery-1**: DST failed due to tool blockage; 40 Mscf entered drill string in 8 minutes prior to blockage; **Mokami-1**: First DST over 2,426 – 2,433 metre interval, 32/64" choke, flowing at 1,593 psig, 1.5 hour test; second DST over 2,459 – 2,464 metre interval, 16/64" choke, flowing at 62 psig, 2 hour test. Third interval not tested.

3. Total estimated well production rate including estimated production from untested intervals.

4. Estimated connection dates subject to change and timing of receipt of various long-lead items.

Preparations for the Spondylus 3D seismic survey in ex PEL 107 commenced. The survey spans approximately 340 km² and will seek to identify new prospects to test a possible southern extension of the Southwest Patchawarra play fairway. Line preparation is expected to commence in late April 2017, with recording to be completed in July 2017. Interpretation and identification of prospects will be undertaken during FY18.

South Australian Gas – SACB JV

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

Strzelecki-32 was drilled as a vertical gas appraisal well in the Strzelecki Field, located approximately 45 kilometres southeast of the Moomba processing facility. The prospect was identified following a detailed reservoir study of the Patchawarra Formation and tested a potential southwest extension of the field. Strzelecki-32 targeted the Patchawarra Formation as a primary objective and the overlying Toolachee Formation as a secondary objective. The well was cased and suspended as a future producer following intersection of approximately 12 metres of net pay across a 60 metre gross section in the Toolachee Formation. No pay was encountered in the Patchawarra Formation. Strzelecki-32 is expected online in Q1 FY18.

The Caraka-2 gas appraisal well was drilled on the northern sub-culmination of the Caraka Field, located approximately 60 kilometres southeast of the Moomba processing facility and close to the Toolachee and Strzelecki fields. The well was drilled following a 2016 reservoir study of the Caraka Field and re-interpretation of various 3D and 2D seismic surveys from across the region. The study identified potential for additional reserves to be accessed within the Patchawarra Formation (primary objective) and Epsilon Formation (secondary objective).

Caraka-2 was cased and suspended as a future producer. Beach's assessment of results indicates the well intersected approximately 15 metres of net pay across a 406 metre gross section in the Patchawarra Formation, and four metres of net pay across a 173 metre gross section in the Epsilon Formation. These results were marginally below pre-drill estimates. Caraka-2 is expected online in Q4 FY17.

Queensland Gas – SWQ JV

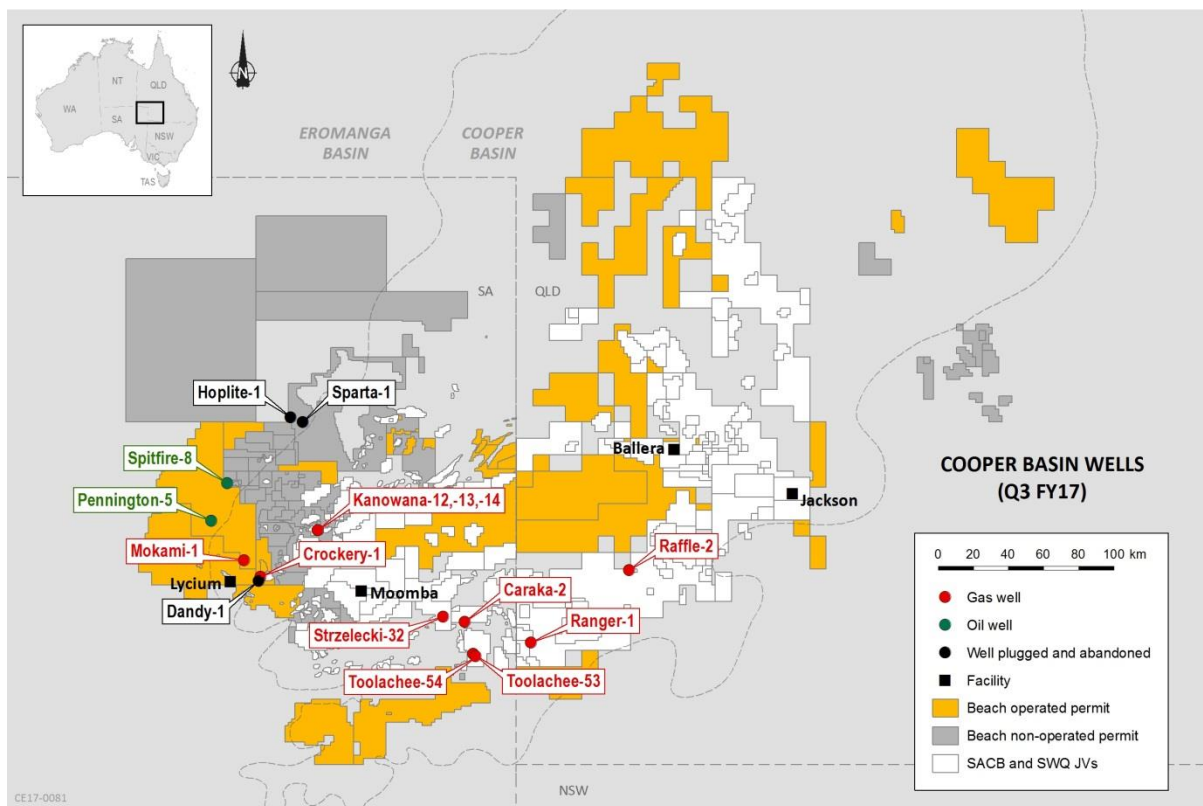
(Beach 23.2%, Santos 60.06% and operator, Origin 16.74%)

Raffle-2 was drilled as a standalone gas appraisal well in the Raffle Field, located approximately 70 kilometres southwest of the Ballera processing facility. The well is crestally located on the western culmination of the Raffle Field. Raffle-2 targeted the Toolachee Formation as a primary objective and the Epsilon Formation as a secondary objective. The well intersected three metres of net pay in the Toolachee Formation and four metres of net pay in the Callamurra Member. Raffle-2 was cased and suspended as a future producer.

Ranger-1 is the first well of a six-well near-field gas exploration campaign in southwest Queensland. Wells are located close to existing pipeline infrastructure, thus allowing timely connection of new discoveries. Ranger-1 targeted gas in the Patchawarra Formation and was cased and suspended as a future producer. Beach's assessment of results indicates the well intersected approximately 11 metres of net pay across a 157 metre gross section. These results were marginally below pre-drill estimates. Ranger-1 is expected online in Q1 FY18.

Well results

Area	Category	Wells Spudded	Rig Released	Successful Wells	Success Rate	Successful Wells
Cooper Basin	Oil – Exploration	2	2	–	–	
	Oil – Appraisal	1	1	1	100%	Spitfire-8
	Oil – Development	1	1	1	100%	Pennington-5
	Gas – Exploration	4	4	3	75%	Crockery-1, Mokami-1, Ranger-1
	Gas – Appraisal	3	3	3	100%	Caraka-2, Raffle-2, Strzelecki-32
	Gas – Development	5	5	5	100%	Kanowana-12,-13,-14, Toolachee-53,-54
	Total Wells		16	16	13	81%
All Exploration Wells		6	6	3	50%	
All Appraisal Wells		4	4	4	100%	
All Development Wells		6	6	6	100%	

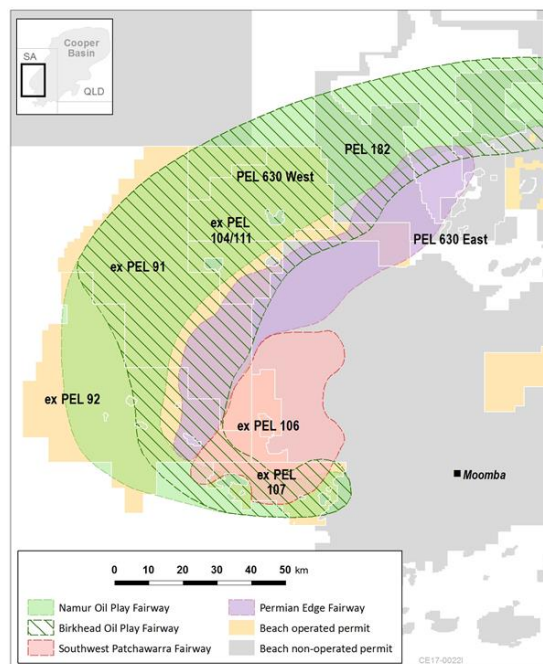


Corporate and Commercial

Farm-in to PEL 630

Beach entered a binding farm-in agreement with Bridgeport to acquire a 50% operated interest in PEL 630, subject to fulfilment of certain farm-in commitments. PEL 630 covers approximately 390 km² in the Western Flank of the Cooper Basin. The permit comprises a western block within the Namur Sandstone and Birkhead Formation oil play fairways (“PEL 630 West”), and an eastern block within the frontier Permian Edge gas play fairway (“PEL 630 East”).

In accordance with the farm-in agreement, Beach will drill two oil exploration wells in PEL 630 West during Q4 FY17. Beach also intends to complete evaluation of liquids-rich gas prospects to develop a work program for PEL 630 East.



Withdrawal from ATP 855

Beach advised Icon Energy of its intention to exit its 64.9% interest in ATP 855. This permit represents the Queensland acreage portion of the Nappamerri Trough natural gas project. The decision to exit ATP 855 is consistent with Beach’s ongoing focus on portfolio rationalisation, managing future liabilities, and selective capital allocation to projects with clear line of sight to value creation. Beach’s interest in ATP 855 will be transferred to Icon Energy for nil consideration. Subject to Government regulatory approval, exit will be effective from 31 March 2017.

New appointment to Board

Mr Richard Richards, Chief Financial Officer of Seven Group Holdings Ltd, was appointed as a non-executive director of Beach. Mr Richards is a nominee of Seven Group Holdings Ltd (ASX: SVW) and related corporations who collectively have a relevant interest in 22.89% of the shares of Beach. Usual protocols and other arrangements appropriate to the appointment of a director representing a large shareholder were agreed with Seven Group Holdings Ltd and Mr Richards to protect the confidential information of the Beach group, and to address any potential conflicts of interest that may arise. Further details are contained in the announcement of 6 February 2017.

Participation in Cooper Energy equity raising

On 29 March 2017, Cooper Energy announced an equity raising to part fund its Sole gas project in the offshore Gippsland Basin. Subsequent to quarter-end, Beach confirmed its participation in the equity raising and was issued \$15.5 million of new Cooper Energy shares. Upon completion of all equity raising components, Beach expects to retain an ownership interest in Cooper Energy of approximately 10.3%.

Crude Oil Sale and Purchase Agreements

Beach renewed its Crude Oil Sale and Purchase Agreements (“COSPAs”) with the Cooper Basin JV, to which Beach sells oil from its operated acreage. Terms remain confidential, however, the new arrangements provide improved pricing, exploration incentives via further price improvements, and a five year term for security of off-take and reduced administrative burden.

Glossary

\$	Australian dollars
AGM	Annual General Meeting
API	American Petroleum Institute gravity measure
ATP	Authority to Prospect
bbl	Barrels
Beach	Beach 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
Bridgeport	Bridgeport (Cooper Basin) Pty Ltd
Cooper Energy	Cooper Energy Ltd
Cooper Basin	Includes both Cooper and Eromanga basins
Cooper Basin JV	The Delhi operations, which incorporate the SACB JVs and SWQ JVs
Delhi	Delhi Petroleum Pty Ltd
Drillsearch	Drillsearch Energy Pty Ltd
DST	Drill stem test
EP	Exploration Permit
Ex PEL 91	PRLs 151 to 172 and various production licences
Ex PEL 92	PRLs 85 to 104 and various production licences
Ex PEL 101	PRLs 173 and 174 and various production licences
Ex PEL 104 / 111	PRLs 136 to 150 and various production licences
Ex PEL 106	PRLs 129 and 130 and various production licences
Ex PEL 107	PRLs 175 to 179
Ex PEL 218	PRLs 33 to 49
Ex PEL 513 / 632	PRLs 191 to 206 and various production licences
FY(17)	Financial year (2017)
GJ	Gigajoule
H(1) (FY17)	(First) half year period (of FY17)
GSA	Gas sales agreement
Icon Energy	Icon Energy Ltd

Kbbl	Thousand barrels of oil
kboe	Thousand barrels of oil equivalent
kt	Thousand tonnes
LPG	Liquefied petroleum gas
MMbbl	Million barrels of oil
MMboe	Million barrels of oil equivalent
MMscfd	Million standard cubic feet of gas per day
Origin	Origin Energy Ltd
PACE grant scheme	Plan for Accelerating Exploration grant scheme
PEL	Petroleum Exploration Licence
PEP	Petroleum Exploration Permit
PPL	Petroleum Production Licence
PRL	Petroleum Retention Licence
PJ	Petajoule
Q(3) (FY17)	(Third) quarter of (FY17)
Qtr	Quarter
SACB JV	South Australian Cooper Basin Joint Ventures, which include 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%)
Santos	Santos Ltd
Senex	Senex Energy Ltd
Seven Group Holdings Ltd	Seven Group Holdings Ltd and related corporations
SWQ JV	South West Queensland Joint Ventures, incorporating various equity interests (Beach 20-40%)

Competent person statement

The estimates of reserves and resources in this report are based on, and fairly represent, 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. The estimates of reserves and resources in this report have been issued with the prior written consent of Mr Lake in the form and context in which they appear.