BEACH ENERGY

BEACH ENERGY LIMITED

Acquisition of Lattice Energy and Capital Raising

28 September 2017

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Acquisition of Lattice Energy and Capital Raising

1. TRANSACTION OVERVIEW

BEACH ENERGY LIMITED

Transformational acquisition of Lattice Energy

Beach Energy to acquire Lattice Energy for $1,585 million

BEACH ENERGY

- ☑ Transformational acquisition enhancing scale and diversity of operations
- ☑ Portfolio of producing assets underpinned by long term contracts delivering strong and stable cash flow with development upside
- ☑ Significant portfolio upside through exploration, strategic partnering and infrastructure ownership
- ☑ Increased exposure to the strong market fundamentals of the Australian east coast gas market
- ☑ Value creation through scale, operating capabilities and synergies
- ☑ Acquisition delivers reserves, operating cash flow and value per share accretion; strongly supported by major shareholder, SGH

Transformational acquisition of Lattice Energy

Beach Energy to acquire Lattice Energy for $1,585 million

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Significant growth, scale and diversity	▪ Significantly expanded footprint across multiple basins, production hubs and jurisdictions ▪ Step-change in operatorship capabilities and expertise, including gas processing and offshore production
Increased production and reserves	▪ Increases 2P reserves by ~200% to 232MMboe[(1)] and FY18 production guidance by ~150% to 25-27MMboe[(2)] ▪ Stable cash flow generation underpinned by long-term gas contracts with market pricing re-sets
Significant portfolio upside	▪ High grading of expanded development and exploration portfolio to support longer-term growth ▪ Opportunities to create value through strategic partnering in key assets and ongoing portfolio optimisation ▪ Operated control over critical infrastructure
Substantial east coast gas exposure	▪ Increases Beach's attributable east coast sales gas and ethane production by ~310% to 95PJe[(3)] ▪ Three core gas processing hubs with combined net FY17 production equivalent to ~15% of the east coast demand last year[(4)]
Integration of complementary capabilities	▪ Proven onshore and offshore operating capabilities across Australia and New Zealand ▪ Transitional Service Agreement to ensure uninterrupted business operations during integration ▪ Ramping up to an annual run-rate of $20 million of readily identifiable synergies (pre-tax) during the first full year of ownership[(5)]
Financially compelling and value accretive	▪ A financially compelling and value accretive acquisition – ~155% 2P reserves accretive on a per share basis (reserves as at 30 June 2017) – >60% operating cash flow accretive on a per share basis in first full year of ownership ▪ Materially value per share accretive ▪ RoE on incremental equity raised of 30%+ ▪ Increased free cash flow generation post completion expected to support a target net gearing ratio of <25% by end of FY19[(6)]; with anticipated strong deleveraging thereafter

Note: Please refer to Appendix D for footnotes.

Acquisition aligned with Beach strategy and core competencies

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Acquisition of Lattice Energy delivers on Beach's four pillar growth strategy

1. OPTIMISE COOPER BASIN CORE

- ✓ Increased joint venture equity interests
- ✓ Increased production and reserves
- ✓ Simplified Cooper Basin JV coordination

2. MAINTAIN FINANCIAL STRENGTH

- ✓ Increase in free cash flow
- ✓ Contracted gas production mitigating downside risk
- ✓ Pro forma net gearing ratio of <35% at completion(1)
- ✓ Targeting net gearing ratio of <25% by end of FY19(2)

3. GROW EAST COAST GAS BUSINESS

- ✓ Two established producing assets, both with operatorship
- ✓ Increased exposure to Australian east coast gas market
- ✓ Potential upside through development and exploration

4. EXPAND BEYOND COOPER BASIN

- ✓ Two established producing assets
- ✓ Multiple basin exposures
- ✓ Development and exploration portfolio
- ✓ Offshore operating capability

Beach's core competencies

- ✓ Long operating history in the Cooper Basin
- ✓ Commitment to stakeholder engagement
- ✓ High safety and environmental standards
- ✓ Proven low-cost onshore operator
- ✓ Strict capital allocation discipline
- ✓ Demonstrated progress against growth strategy

Note: Please refer to Appendix D for footnotes.

Beach Energy to acquire Lattice Energy for $1,585 million
Transaction overview

BEACH ENERGY

Transaction overview	▪ Beach to acquire all of the shares in Lattice Energy, a wholly owned subsidiary of Origin Energy Limited, for $1,585 million (the "Transaction") ▪ Acquisition price includes Benaris' 27.77% interest in the Otway Basin that Origin has agreed to acquire for $190 million (refer to Benaris Acquisition Note on page 44) ▪ Lattice Energy to be acquired on a cash and debt free basis with Beach to receive the benefit of Lattice cash flows from 1 July 2017 ▪ Entry into gas sales agreements with CPI linkage and market price resets ▪ Transaction subject to Overseas Investment Office approval in NZ and approval from the NZ Minister of Energy and Resources

Transaction financing	▪ Acquisition financing comprising:
	– Up to $1,575 million committed senior secured syndicated debt facilities
	– Approximately $301 million accelerated non-renounceable entitlement offer (the "Entitlement Offer")
	  – $233 million of the Offer is fully underwritten by the Underwriters[1]
	  – The remainder of the Entitlement Offer is subject to the major shareholder's commitment to subscribe for its pro-rata entitlement (see next page)
	▪ Financing utilises debt carrying capacity of Lattice and Beach's ungeared balance sheet
	– Pro forma net gearing ratio of <35% at completion[2]
	– Increased free cash flow generation post completion expected to support a target net gearing ratio of <25% by end of FY19[3]; with anticipated strong deleveraging thereafter

Note: Please refer to Appendix D for footnotes.

Beach Energy to acquire Lattice Energy for $1,585 million
Transaction overview

BEACH ENERGY

Entitlement Offer	3 for 14 pro-rata Entitlement Offer, at an offer price of $0.75 per share to raise approximately $301 million in equity capital ▪ 7.6% discount to TERP[1] of $0.812 based on a closing share price of $0.825 on 27 September 2017 ▪ The major shareholder, entities controlled by Seven Group Holdings, have committed to take up their entitlements in full ($68 million) and to sub-underwrite the Entitlement Offer up to 68,260,311 New Shares ("Sub-Underwriting Cap") by: – Acquiring (up to the Sub-Underwriting Cap) up to their pro-rata share of any shortfall in the institutional offer; and – Subscribing (before any other sub-underwriter appointed by the Underwriters) for any shortfall in the retail offer ▪ See pages 27 and 28 for further information and Entitlement Offer timetable

Note: Please refer to Appendix D for footnotes.

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Acquisition of Lattice Energy and Capital Raising

2. INVESTMENT HIGHLIGHTS

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Transformational acquisition enhancing scale and diversity of operations

Expanded footprint with multiple production hubs and basin exposures

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Bonaparte Basin

Exploration, future development

Perth Basin

Waitsia
Status: Development / Appraisal / Expl.
Working interest: 50% (non-operated)
FY17 production: 1PJe (0.2MMboe)

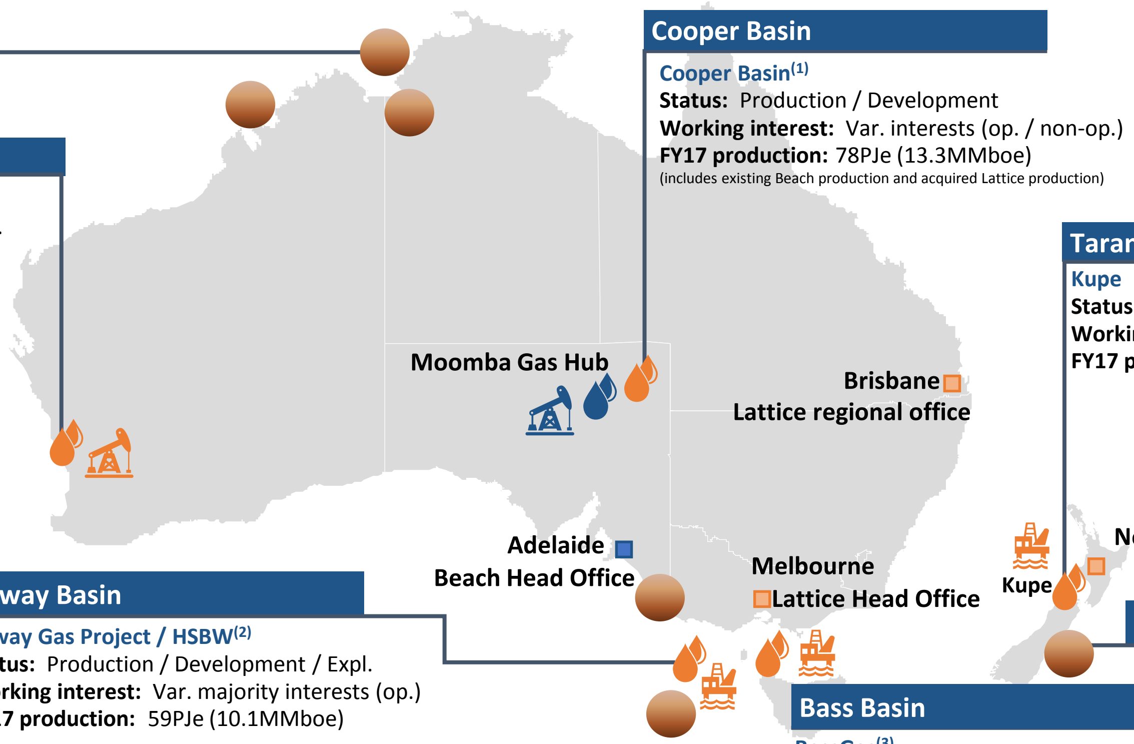
Beharra Springs
Status: Production / Exploration
Working interest: 67% (operated)
FY17 production: 3PJe (0.5MMboe)

Cooper Basin

Cooper Basin[1]
Status: Production / Development
Working interest: Var. interests (op. / non-op.)
FY17 production: 78PJe (13.3MMboe)
(includes existing Beach production and acquired Lattice production)

Taranaki Basin

Kupe
Status: Production / Development
Working interest: 50% (operated)
FY17 production: 18PJe (3.1MMboe)



Canterbury Basin

Exploration

Otway Basin

Otway Gas Project / HSBW[2]
Status: Production / Development / Expl.
Working interest: Var. majority interests (op.)
FY17 production: 59PJe (10.1MMboe)

Bass Basin

BassGas[3]
Status: Production / Development
Working interest: 42.5% (operated)
FY17 production: 8PJe (1.4MMboe)

Lattice infrastructure
Lattice production
Beach production
Beach infrastructure
Exploration

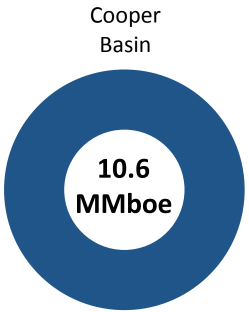
Note: Please refer to Appendix D for footnotes. The conversion from PJe to MMboe is calculated as 5.83MMboe per PJe.

Transformational acquisition enhancing scale and diversity of operations (cont'd)

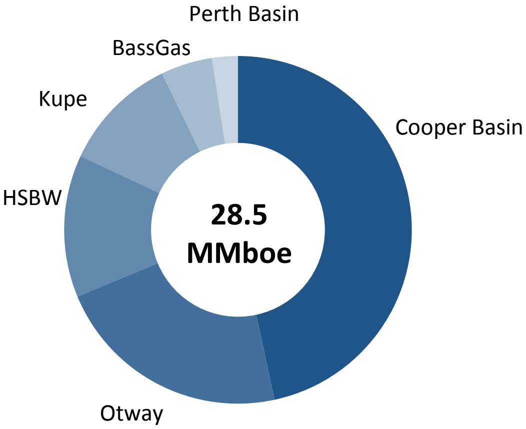
Diversification of production and reserves

FY17 Production (MMboe)[(1)]

Beach Standalone

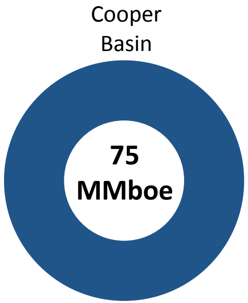


Pro forma Beach and Lattice

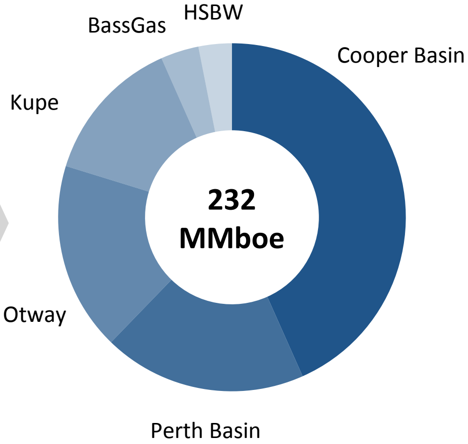


FY17 2P reserves (MMboe)[(2)]

Beach Standalone



Pro forma Beach and Lattice



Operated production[(1)] moves from ~50% to ~70%

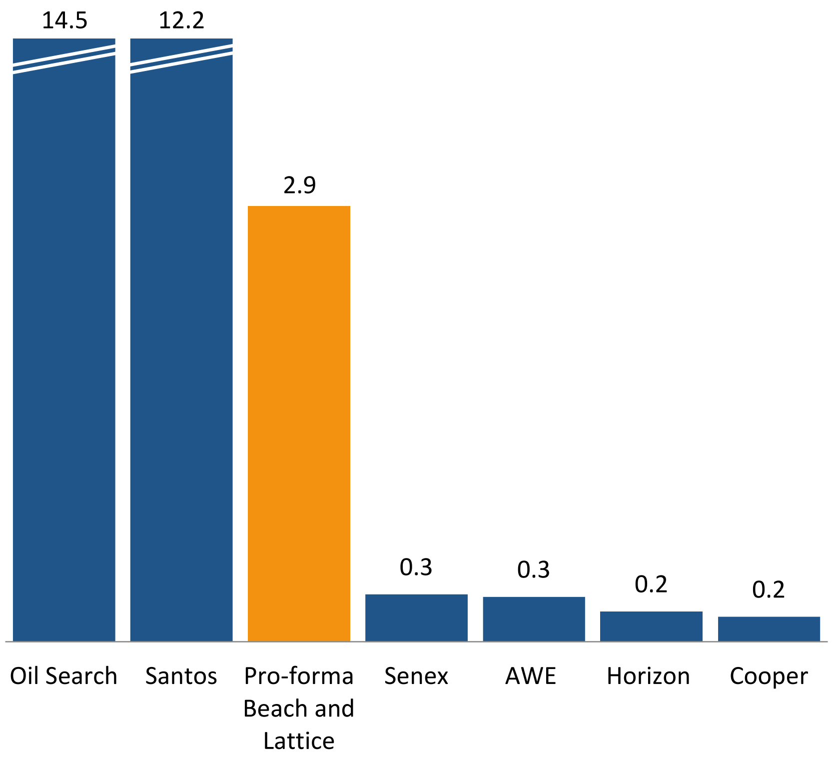
Offshore operations account for ~50% of production[(1)]

Note: Please refer to Appendix D for footnotes.

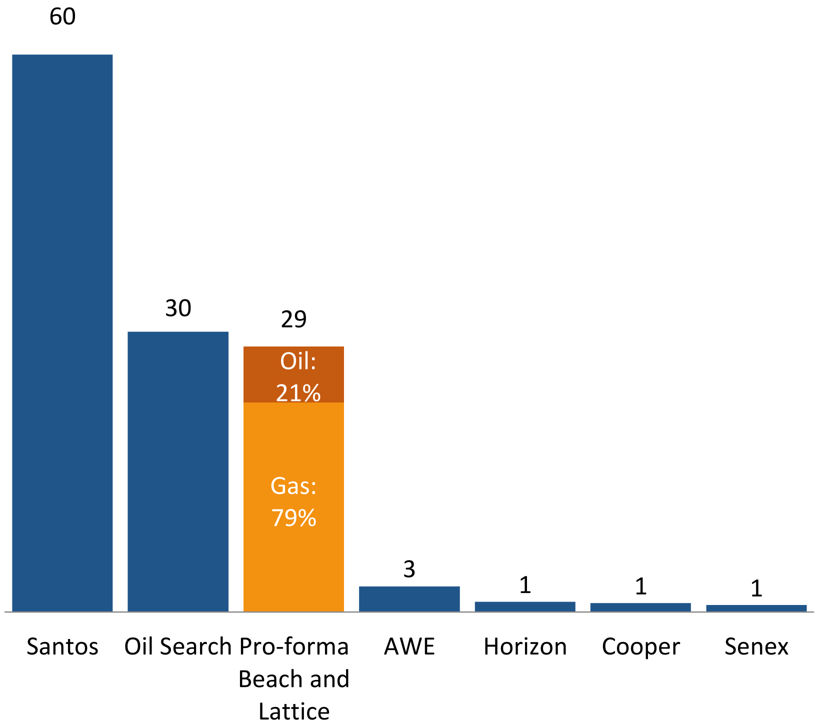
Transformational acquisition enhancing scale and diversity of operations (cont'd)

Creating the leading Australian mid-cap upstream oil & gas company

Enterprise Value ($bn)[1,2]



FY17 Production (MMboe)[3,4]



Note: Please refer to Appendix D for footnotes.

Portfolio of producing assets underpinned by long term contracts delivering strong and stable cash flow with development upside

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Cooper Basin[1]

Non-operated oil & gas

Otway Basin[2]

Operated Otway gas

Bass Basin

Operated BassGas

Taranaki Basin

Operated Kupe gas

	Cooper Basin	Otway Basin	Bass Basin	Taranaki Basin
Interest	Various	95%	42.5%	50%
FY17 Net Production[3]	13.3MMboe	10.1MMboe	1.4MMboe	3.1MMboe
FY17 Net 2P Reserves[4]	101MMboe	48MMboe	8MMboe	32MMboe
Gas Contracts	Origin Energy	Origin Energy and AGL Energy	Origin Energy	Genesis Energy

Free cash flow generative → **Contracted gas production** → **Offshore operating capability**

Note: Please refer to Appendix D for footnotes.

Portfolio of producing assets underpinned by long term contracts delivering strong and stable cash flow with development upside (cont'd)

BEACH ENERGY

Basin / Asset	Development Objectives[1]	Illustrative Timeline[1] (FY18, FY19, FY20, FY21)
 **Cooper Basin**	• Expanded development opportunity due to significant cost reductions • Rig count to be increased to three (from two) in H1 FY18 • Targeting sustained production levels for next 10 years	*Ongoing production / drilling / connections*
 **Taranaki Basin / Kupe**	• Compression project planning underway to access undeveloped reserves • Joint venture assessing Phase 2 development drilling (one well)	FID: Compression; Commissioning *Ongoing production* FID: Drill; Potential drill
 **Perth Basin / Waitsia**	• Full field development planning underway • Targeting production uplift from 10 TJ/d to 100 TJ/d by FY21	FID: Plant / infrastructure; Commissioning *Ongoing production* Development planning / potential drill / infrastructure
 **Otway Basin / Thylacine, Geographe and Black Watch**	• Thylacine and Geographe development programs to extend field lives – Potential for up to five development wells, including laterals • Black Watch well developing offshore discovery	FID: Drill (T&G); Potential drilling (T&G) *Ongoing production* FID: Drill (BW); Potential drill (BW) FID: Drill (T)

Note: Please refer to Appendix D for footnotes.

Portfolio of producing assets underpinned by long term contracts delivering strong and stable cash flow with development upside (cont'd)

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- **Blended FY18 portfolio gas price in excess of Beach's FY17 average realised gas price ($6.10/GJ)**
  - **Reflects a blend of new GSAs with Origin (with geographic pricing differentials) in addition to existing Lattice legacy contracts**

Australian East Coast

- Long-term GSAs in place with Origin Energy and AGL
- New contracts with Origin at fixed prices, with CPI linkage and annual pricing step-ups for the first 3 to 4 years
- Market prices reset every 3 to 4 years for the remaining term of new Origin GSAs (expiring 2030 – 2033), with CPI linkage
- Exposure to attractive east coast gas pricing dynamics
- Secured Origin as likely offtaker for exploration success on market terms with Beach control over project sanctioning

origin

AGL

Australian West Coast

- Stage 1A gas production of up to 10 TJ/day contracted to Alinta Energy
- Joint Venture has commenced marketing of gas from future development
- Non-binding term sheet to sell 15 TJ/day of Stage 2 gas production to AGL

alintaenergy

New Zealand

- Gas from Kupe sold under a long-term GSA to Genesis Energy
- Genesis Energy owns a 46% interest in Kupe

genesis ENERGY

Fixed price contracts with Origin → **Re-pricing mechanisms** → **High quality counterparties**

Note: Please refer to Appendix C for a summary of the key terms of the GSAs to be entered into with Origin.

Significant portfolio upside through exploration, strategic partnering and infrastructure ownership

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Cooper Basin

- Multi-year operated oil and gas exploration underway
- Cooper Basin JV Queensland gas exploration

Otway Basin

- High graded opportunities identified
- Proven play types

Perth Basin

- Large portfolio with follow-on activity planned
- Exploration prospect with 3D seismic planned

Bonaparte Basin

- Large acreage position and prospects and leads inventory
- Multiple play types; 3D seismic planned

Canterbury Basin

- Large exploration permit; two high impact prospects / leads
- Potential for large-scale development

- Near field exploration with close proximity to existing infrastructure hubs
- Clear route to commercialisation
- Lower risk, smaller exploration targets in well understood basins

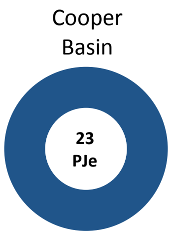
- Larger frontier basin opportunities
- Higher risk, higher reward
- Measured discretionary spend decisions

Optionality with respect to optimal allocation of capital, partnering and infrastructure opportunities across portfolio

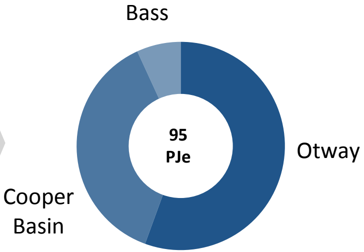
Increased exposure to the strong market fundamentals of the Australian east coast gas market

East coast sales gas production (PJe, FY17)[1,2,3]

Beach Standalone

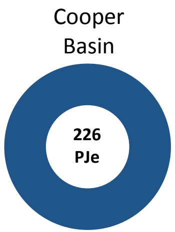


Pro forma Beach and Lattice

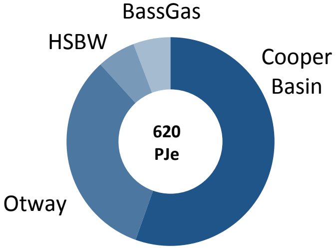


East coast sales gas 2P reserves (PJe, FY17)[4]

Beach Standalone



Pro forma Beach and Lattice



- Beach to become a major supplier of gas to east and southern coast markets
- Expansion from one east coast gas processing facility to three facilities
- ~310% increase in sales gas and ethane production to 95PJe
  - Represents ~15% of total east coast gas demand[5]
  - Majority of Lattice production operated by Lattice
- ~175% increase in 2P sales gas and ethane reserves to 620PJe
  - Strategic gas reserves dedicated to domestic demand
- Increased ownership interests in key infrastructure
- Material equity position in three development projects
  - Thylacine, Geographe and Black Watch

Note: Please refer to Appendix D for footnotes.

Value creation through scale, operating capabilities and synergies

Combined upstream capabilities and operations strengthen platform for sustainable growth

BEACH ENERGY

A leading operator with scale, extensive operatorship capabilities and commitment to stakeholder engagement

Onshore

- Proven low-cost onshore oil and gas operator

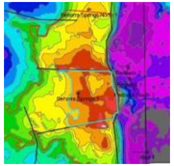
Offshore

- Operator of offshore gas production installations

Infrastructure

- Proven operator of gas plants in Australia and New Zealand

Exploration



- Large and diverse exploration portfolio with high impact opportunities

Synergy potential post integration

- Ramping up to an annual run-rate of $20 million of readily identifiable synergies (pre-tax) during the first full year of ownership[(1)]
  - Typical synergies expected from corporate and overhead savings
  - Full synergy potential to be assessed during integration
- Transitional services agreement in place to ensure continuity of business operations
- Executive and management team focused on seamless integration

Note: Please refer to Appendix D for footnotes.

Acquisition delivers reserves, operating cash flow and value per share accretion; strongly supported by major shareholder, SGH

BEACH ENERGY

Material reserves per share accretion	**~155% 2P reserves accretive on a per share basis (reserves as at 30 June 2017)**
Strong operating cash flow per share improvement	**>60% operating cash flow accretive on a per share basis in first full year of ownership**
Material potential value uplift	▪ **Materially value per share accretive** ▪ **RoE on incremental equity raised of 30%+**
Strong de-gearing profile	**Targeting net gearing ratio of <25% by end of FY19 with anticipated strong deleveraging thereafter[(1)]**

Note: Please refer to Appendix D for footnotes.

Financial outlook

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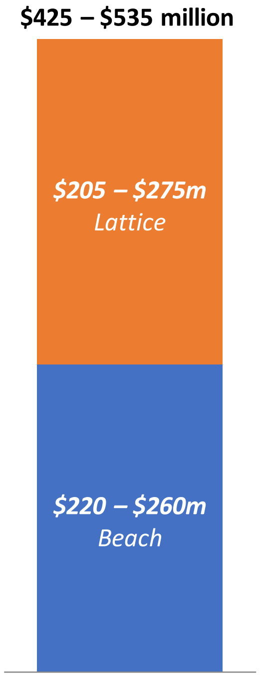
FY18 capital expenditure guidance[1]



- Lattice capital expenditure expected to be within the range of $205 – $275 million
- Key growth projects include:
  - Waitsia development
  - Otway exploration and development
  - Beharra Springs exploration
  - Cooper Basin JV drilling program
- Detailed review of capital program to be undertaken during integration
- Beach capital expenditure guidance per announcement of 27 July 2017
  - $220 – $260 million
  - Active Western Flank and Cooper Basin JV oil and gas programs
- Total growth (discretionary) capital expenditure of $300 – $405 million

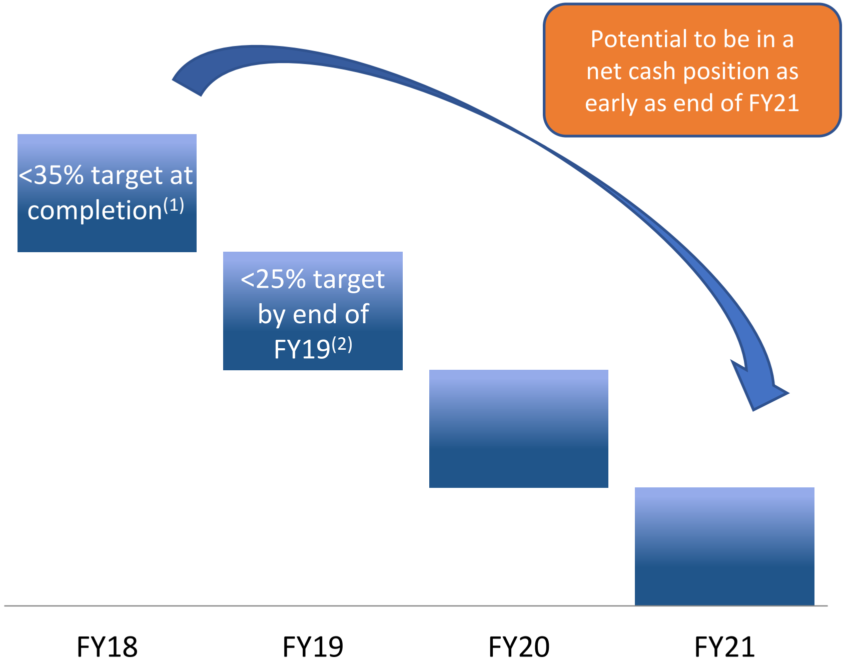
Maintain financial strength

- FY18 production guidance of 24.9 to 27.2MMboe[2]
- Pro forma net gearing ratio of <35% at completion[3]
- Targeting net gearing ratio of <25% by end of FY19[4]
- Funding plan addresses capital expenditure requirements for the combined business
- Ramping up to an annual run-rate of $20 million of readily identifiable synergies (pre-tax) during the first full year of ownership[5]
- Potential tax benefits
- Focused on organic growth and extracting value via integration
- Opportunities for portfolio optimisation
- Incremental free cash flow and franking credits
  - Opportunity to assess dividend policy over time

Note: Please refer to Appendix D for footnotes.

Free cash flow generation expected to support a target net gearing ratio of <25% by end of FY19

Net gearing profile



Strong de-gearing profile

- Expect net gearing to reduce rapidly over next 4 years
- Reduction driven by strong free cash flow generation underpinned by contracted cash flows from Lattice
- Funding plan addresses capital expenditure requirements for the combined business
- Net gearing profile reflects current market economic assumptions and no material strategic initiatives or opportunities for portfolio or balance sheet optimisation
- Significant ability to optimise timing of capital expenditure

Note: Please refer to Appendix D for footnotes.

Transformational acquisition of Lattice Energy

Beach Energy to acquire Lattice Energy for $1,585 million

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Acquisition of Lattice Energy and Capital Raising

3. OFFER DETAILS

BEACH ENERGY LIMITED

Acquisition terms and funding

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Lattice acquisition price	▪ Total acquisition price of $1,585 million to be paid in cash at completion
Funding overview	▪ Up to $1,575 million from committed senior secured syndicated debt facilities to fund the balance of the acquisition price ▪ 3 for 14 accelerated, non-renounceable entitlement offer to raise approximately $301 million of equity capital ▪ Pro forma liquidity on completion of >$300 million
Key conditions	▪ The Transaction is subject to OIO approval in NZ and the approval of the NZ Minister of Energy and Resources

Sources of funds	$ million
Entitlement Offer	$301
Committed syndicated debt facilities	$1,300
Cash on hand	$66
Total sources	**$1,667**

Uses of funds	$ million
Acquisition price	$1,585
Transaction costs	$82
Total uses	**$1,667**

Acquisition terms and funding (cont'd)

- Committed senior secured syndicated debt facilities from ANZ, CBA and Credit Suisse, demonstrating strong support from existing and new lenders:

- Committed senior secured debt facilities:
  - Senior Secured Term Loan of up to $500 million, 3 year tenor
  - Senior Secured Term Loan of up to $500 million, 5 year tenor
  - Senior Secured Revolver of up to $500 million, 5 year tenor
  - Senior Secured LC and Bank Guarantee Facility of up to $75 million, 3 year tenor
- Bullet repayment structure, no amortisation

Beach Historical Consolidated Statement of Financial Position and Pro forma Historical Combined Statement of Financial Position

BEACH ENERGY

As at 30 June 2017 ($m)	Beach Historical[(1)]	Entitlement Offer[(2)]	Debt Raising[(3)]	Acquisition of Lattice Energy incl Transaction Costs[(4)]	Lattice Energy Combined 2017[(5)]	Combined Group Pro forma Historical[(6)]
Assets						
Cash and cash equiv.	348	295	1,270	(1,631)	-	282
Other current assets	174	-	-	-	138	312
Non current assets[(7)]	1,371	2	-	14	2,202	3,589
Investment in Lattice[(8)]	-	-	-	1,585	(1,585)	-
Total assets	1,893	297	1,270	(32)	755	4,183
Liabilities						
Current liabilities	126	-	-	-	117	243
Non-current borrowings	148	-	1,270	-	-	1,418
Non-current provisions	215	-	-		481	696
Other non-current liabilities	2	-	-		157	159
Total liabilities	491	-	1,270	-	755	2,516
Net assets	1,402	297	-	(32)	-	1,667
Equity						
Issued capital	1,559	297	-	-	-	1,856
Reserves	232	-	-	-	-	232
Accumulated losses	(389)	-	-	(32)	-	(421)
Total equity	1,402	297	-	(32)	-	1,667

See Appendix H which sets out the basis of preparation of the Beach Historical Consolidated Statement of Financial Position and the Pro Forma Historical Combined Statement of Financial Position.
(1) Derived from the 30 June 2017 audited financial statements of Beach.
(2) Assumes entitlement offer with gross cash proceeds of $301 million (issue of 402 million New Shares at the Issue Price of $0.75 per New Share) net of estimated pre-tax transaction costs of $5 million, offset by the recognition of an associated deferred tax benefit of $2 million which has been capitalised to issued capital.
(3) Beach has entered into a $1,575 million syndicated debt facility replacing its existing $550 million debt facility. In order to fund the acquisition of Lattice Energy, Beach is planning to drawdown additional gross debt of $1,300 million, net of estimated transaction costs of $30 million. As noted in Appendix H, the pro forma historical combined statement of financial position does not reflect the repayment by Beach of $150 million of non-current borrowings out of cash subsequent to 30 June 2017.
(4) Acquisition of Lattice Energy for $1,585 million, estimated transaction costs of $46 million to be expensed, and recognition of an associated deferred tax benefit of $14 million on transaction costs.
(5) Recognition of the provisional fair values of the assets and liabilities of Lattice Energy as at 30 June 2017, in accordance with accounting standards, elimination of the investment in Lattice Energy in the pro forma historical combined statement of financial position, and offset of the Lattice Energy Combined deferred tax liability against the Beach Historical deferred tax asset.
(6) Pro forma historical combined statement of financial position of the Combined Group as at 30 June 2017, taking into account the impacts of the transactions set out in (2) to (5) as if they had occurred at 30 June 2017.
(7) The non-current asset value comprises property plant and equipment, petroleum assets, and exploration and evaluation assets, and may include any significant customer contracts and any goodwill arising from the transaction. For further details on the fair value measurement refer to Appendix H.
(8) Recognition and elimination of investment in Lattice Group.

Details of the Entitlement Offer

BEACH ENERGY

Entitlement Offer type and size	▪ 3 for 14 accelerated, non-renounceable entitlement offer to raise approximately \$301 million ▪ \$233 million of the Offer is fully underwritten by the Underwriters(1) ▪ The remaining \$68 million represents the pro-rata entitlements of major shareholder, Seven Group Holdings ("SGH"). Entities controlled by Seven Group Holdings have committed to Beach and the Underwriters to take up their entitlements in full in the institutional entitlement offer
Issue Price	▪ \$0.75 per share ▪ 9.1% discount to Beach's closing price of \$0.825 on Wednesday, 27 September 2017 ▪ 7.6% discount to the theoretical ex-rights price of \$0.812(2)
Institutional Entitlement Offer	▪ The Institutional Entitlement Offer will open on Thursday, 28 September 2017 and close on Friday, 29 September 2017 ▪ Institutional entitlements not taken up by institutional shareholders and entitlements of ineligible institutional shareholders ("Institutional Shortfall") will be subscribed for by SGH (to the extent of its sub-underwriting commitment described below) with the remaining Institutional Shortfall to be sold in a bookbuild process managed by the Underwriters at the Issue Price
Seven Group Holdings support	▪ The major shareholders, being entities controlled by SGH, have committed to: – take up their entitlements in full under the institutional entitlement offer (\$68 million); and – Sub-underwrite the institutional and retail tranches of the Entitlement Offer up to 68,260,311 New Shares as described below ▪ SGHs' commitments are conditional on the Underwriting Agreement remaining in force and not being amended or terminated
Retail Entitlement Offer	▪ The Retail Entitlement Offer will open on Thursday, 5 October 2017 and close on Monday, 16 October 2017 ▪ Retail entitlements not taken up by eligible retail shareholders will be placed to the sub-underwriters, including SGH (in the manner described below) and the Underwriters(3)
Record Date	▪ 7:00pm (Sydney time) on Monday, 2 October 2017
SGH sub-underwriting	▪ Entities controlled by SGH have agreed to sub-underwrite the institutional and retail tranches of the Entitlement Offer up to 68,260,311 New Shares ("Sub-Underwriting Cap"). If there is sufficient shortfall to require New Shares up to the Sub-Underwriting Cap to be acquired by SGH under its sub-underwriting commitment, SGHs' total shareholding on completion of the Entitlement Offer will increase from 22.73% to 25.73%(4) ▪ This requires that SGH subscribe for its pro-rata share of any Institutional Shortfall (22.73%) and to subscribe (before any other sub-underwriter appointed by the Underwriters) for any Retail entitlements not taken up by retail shareholders and entitlements of ineligible retail shareholders up to the Sub-Underwriting Cap ▪ SGH will be entitled to receive an arm's length fee for its sub-underwriting commitment. SGH's sub-underwriting fee is materially the same as will be offered by the Underwriters to other institutional sub-underwriters

Note: Please refer to Appendix D for footnotes.

Offer timetable

BEACH ENERGY

Trading halt and announcement of Transaction and Entitlement Offer	Thursday, 28 September 2017
Institutional Entitlement Offer and Bookbuild opens	Thursday, 28 September 2017
Institutional Entitlement Offer and Bookbuild closes	Friday, 29 September 2017
Results of Institutional offer announced and trading halt lifted	Monday, 2 October 2017
Record Date for the Entitlement Offer	Monday, 2 October 2017
Despatch of Retail Offer Booklet and Retail Entitlement Offer opens	Thursday, 5 October 2017
Settlement of the Institutional Entitlement Offer	Monday, 9 October 2017
Issue and quotation of New Shares issued under the Institutional Entitlement Offer	Tuesday, 10 October 2017
Retail Entitlement Offer closes	Monday, 16 October 2017
Settlement of the Retail Entitlement Offer	Monday, 23 October 2017
Issue of New Shares under the Retail Entitlement Offer	Tuesday, 24 October 2017
Normal trading of New Shares issued under the Retail Entitlement Offer	Wednesday, 25 October 2017

Dates and times in this Presentation are indicative only and subject to change. All times and dates refer to Sydney time. The Company reserves the right, subject to the Corporations Act, ASX Listing Rules and other applicable laws, to vary the dates of the Entitlement Offer without prior notice, including extending the Entitlement Offer or accepting late applications, either generally or in particular cases, or to withdraw the Entitlement Offer without prior notice. The commencement of quotation of New Shares is subject to confirmation from ASX.

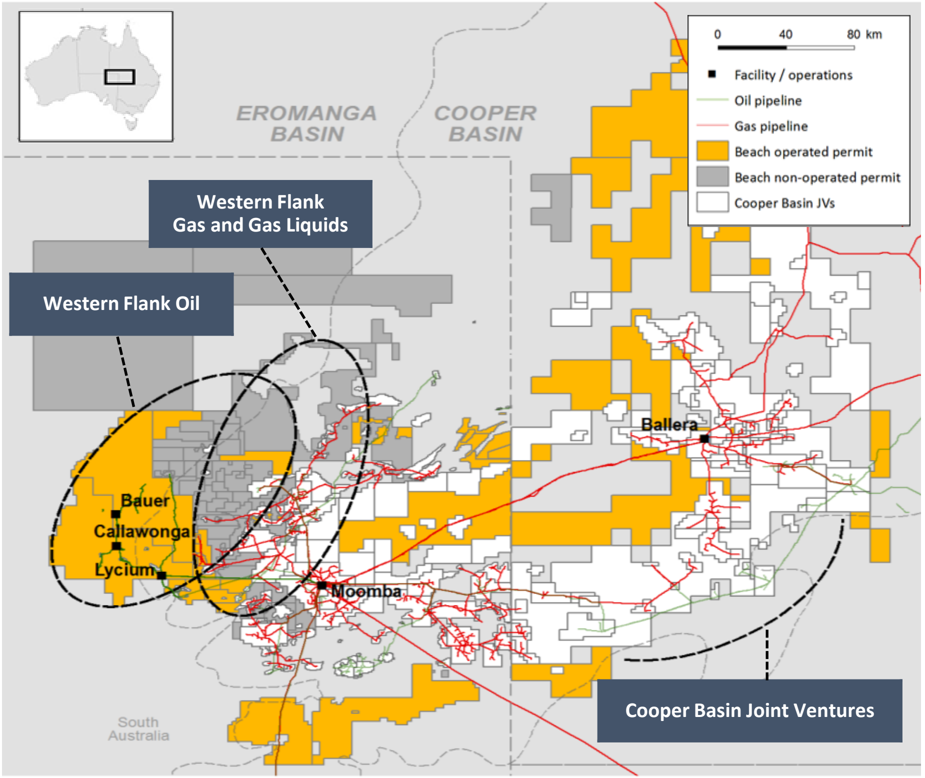
Acquisition of Lattice Energy and Capital Raising

Appendix A: Overview of Beach Energy

BEACH ENERGY LIMITED

Overview of Beach Energy

- Australia's largest onshore oil producer, with a major gas business
- Core operations in the Cooper and Eromanga basins
- Owner of strategic infrastructure linking production to key energy markets
- Market capitalisation of ~$1.5 billion(1)
- Four pillar strategy underpins growth objectives
  - Optimise Cooper Basin core
  - Maintain financial strength
  - Grow east coast gas business
  - Expand beyond Cooper Basin



Note: Please refer to Appendix D for footnotes.

Acquisition of Lattice Energy and Capital Raising

Appendix B: Overview of Lattice Energy assets

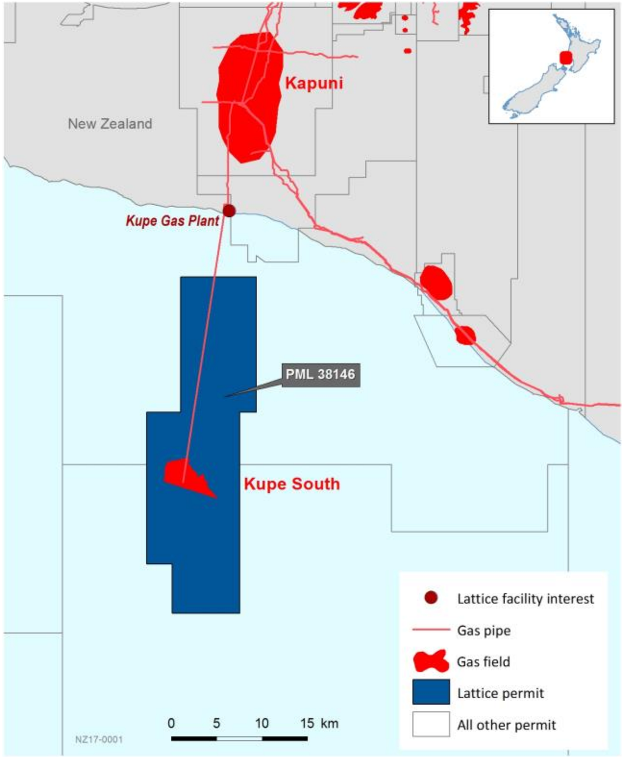
BEACH ENERGY LIMITED

Kupe Gas Project

Kupe is a long life gas and condensate field which supplies the New Zealand domestic market

Overview

- Lattice holds an operated 50% interest in the Kupe gas project (PML38146) located offshore New Zealand in the Taranaki Basin
- Major joint venture partner Genesis Energy Limited increased its interest in Kupe from 31% to 46% via the acquisition of New Zealand Oil & Gas' 15% interest in the project for NZ$168m in November 2016
- The project was commissioned in 2009:
  - An offshore platform with 3 producing wells;
  - A 30km raw gas pipeline running from the platform to shore;
  - An onshore production station near Hawera (Kupe production station); and
  - Light crude storage and export facilities near Port Taranaki (Omata Tank Farm)
- The remaining development, subject to JV assessment and approval includes onshore compression (FY20) and an additional infill well (FY21)
  - FID anticipated in March 2018 for compression and in March 2019 for the development well
- The project currently produces sales gas, condensate and LPG which are processed via the onshore Kupe production station
  - Sales gas is sold under contract to Genesis
  - Lattice's 50% share of LPG is sold to Contact Energy
  - Condensates are stored at the Omata Tank Farm before being sold to BP for export

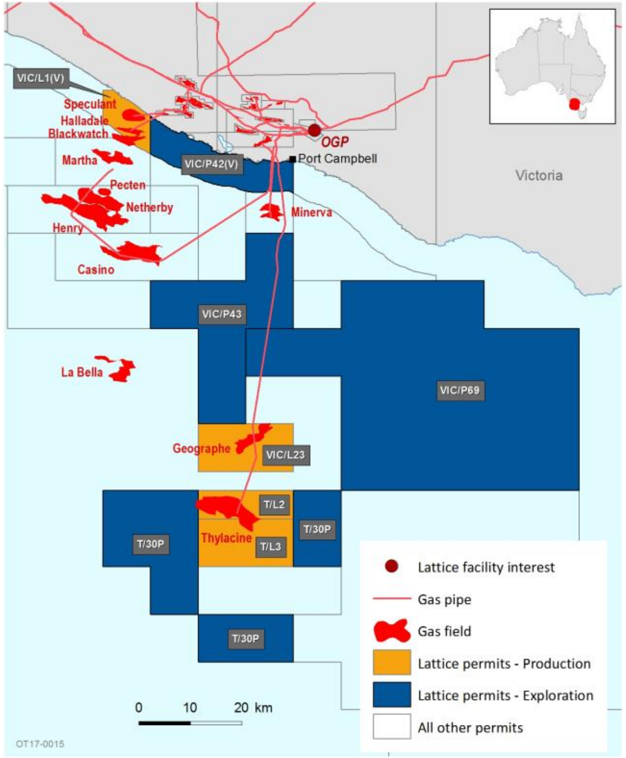


Otway Gas Project

The Otway Gas Project includes ongoing production from the Thylacine and Geographe gas fields, with additional development options and adjacent exploration prospects

Overview

- The Otway Gas Project consists of offshore gas fields, Thylacine and Geographe, the Thylacine Well Head Platform, Otway Gas Plant and associated infrastructure
- Lattice is the operator of the project and as at the date of this presentation holds 67.23% while Benaris and Toyota Tsusho Corporation hold 27.77% and 5.0% respectively(1)
- Production first began in 2008 from the Thylacine field via an offshore platform and a subsea pipeline
- FID on Geographe was reached in October 2011 and production commenced in July 2013 via subsea tie-back to the Thylacine platform
- Gas from Thylacine and Geographe is processed through the Otway Gas Plant and delivered into the east coast gas market
- Additional volumes from Lattice's 100% owned Halladale and Speculant fields are currently processed through the Otway Gas Plant providing additional revenue
- Future development targets include Geographe-3 as well as the Thylacine North and Thylacine West undeveloped blocks
- Work is currently ongoing to progress FID for drilling of Geographe-3, Thylacine North-1 and Thylacine West-1 wells as part of the FY19 integrated Otway exploration, appraisal and development campaign. FID on these development projects is planned for late calendar 2017 and is subject to joint venture approvals
- Multiple exploration prospects for the proven Waarre Formation gas play have been identified on 3D seismic data
  - Prospects are located proximal to existing infrastructure



Note: Please refer to Appendix D for footnotes.

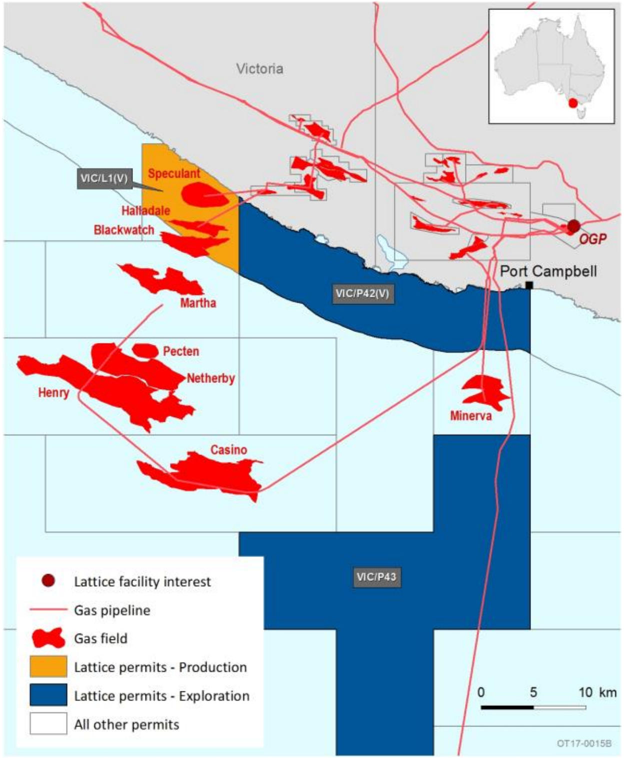
Halladale, Speculant and Blackwatch

BEACH ENERGY

The Halladale, Speculant and Blackwatch well sites are located onshore approximately 24km west of the Otway Gas Plant

Overview

- The Halladale, Speculant and Blackwatch fields are located in the Otway basin however are separate to the Otway Gas Project joint venture
  - Halladale and Speculant (VIC/L1(v) and VIC/P42(v)) are 100% owned and operated by Lattice
  - The undeveloped Blackwatch field was discovered in early 2005
- The development of Halladale and Speculant was completed in September 2016
  - The Halladale and Speculant wells were drilled from onshore (30km east of Warrnambool) in order to access offshore reservoirs (up to 6km offshore in the Otway Basin)
  - The well site is connected to the Otway Gas Plant by a 33km pipeline
  - Volumes are tolled and processed through the Otway Gas Plant before being distributed to the East Coast gas market
- The development of the Blackwatch field is subject to commercial and regulatory approval currently being discussed between Lattice and the adjacent tenure holders (Cooper Energy Limited 50%, AWE Limited 25% and Mitsui E&P Australia 25%)
- Additional exploration prospects have been identified on new and existing seismic within VIC/P42(V)
  - Prospects could be tested by wells drilled from onshore to offshore

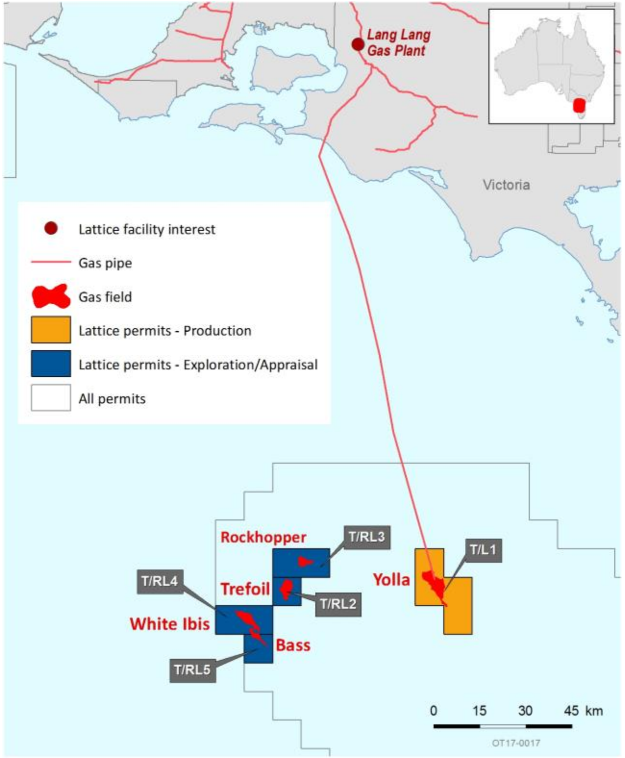


BassGas Project

The BassGas project includes the Yolla field, the BassGas pipeline and Lang Lang gas plant as well as separate retention leases over the Trefoil, Rockhopper and White Ibis discoveries

Overview

- The BassGas Project is a joint venture between Lattice (operator – 42.5%), AWE Limited (35%), Toyota Tsusho (11.25%) and Prize Petroleum International (wholly owned subsidiary of Hindustan Petroleum) (11.25%)
- The project consists of offshore wells in Tasmanian waters, with gas and liquids currently extracted from the Yolla field using an offshore platform and transported via pipeline to the joint venture owned Lang Lang onshore processing plant in Victoria
- The retention licences operated by Lattice (39%) is a joint venture with AWE Limited (40%), Toyota Tsusho (11.25%) and Prize Petroleum International (9.75%)
- Exploration wells have been drilled in all four retention licences
- The joint venture is evaluating development scenarios for the Trefoil prospect in T/RL2

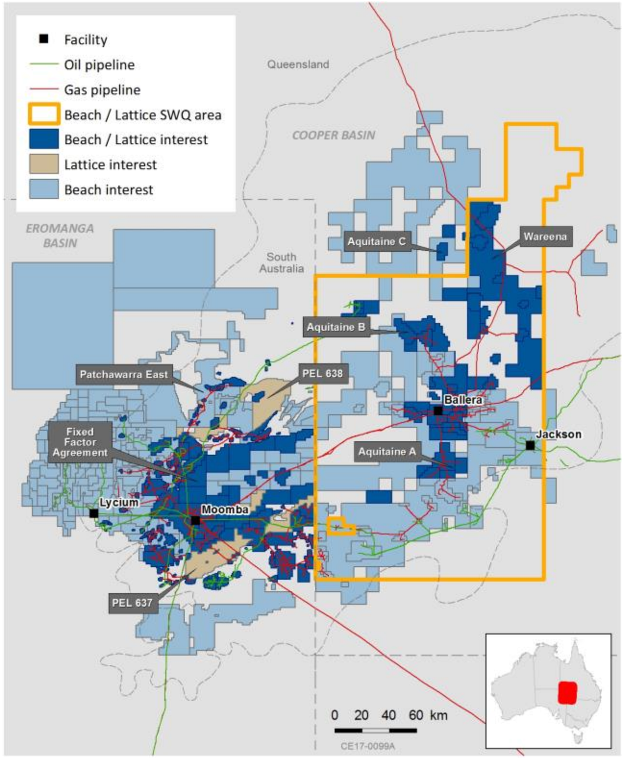


Cooper Basin

The Cooper Basin Joint Ventures own a significant number of onshore oil and gas fields, coupled with a profitable 3rd party oil and gas processing business utilising key joint venture owned infrastructure

Overview

- The CBJV business consists of 3 key areas:
  - Equity gas, liquids and oil production;
  - 3rd party gas processing (raw and sales gas) through the Moomba gas processing facility;
  - 3rd party oil and gas trading via the purchase and on-sale of gas, liquids and oil from other Cooper Basin producers
- The two largest joint ventures by production and value are the South Australian Cooper Basin (SACB) and the South West Queensland (SWQ) joint ventures:
  - The SACB joint venture accounts for approximately 65% of the CBJV equity oil and gas production and is also the owner of key infrastructure (including the Moomba gas and liquids processing facility, the Moomba to Port Bonython pipeline and the Port Bonython liquids export terminal)
  - The SWQ joint venture accounts for approximately 30% of CBJV gas production and also owns gas processing and storage facilities
- The CBJV-owned infrastructure is central to the east coast gas and oil markets, providing processing infrastructure linking the South Australian, Victorian and New South Wales regions and gas transmissions to Queensland
- Lattice are farming into PEL637 and PEL638 (deep) which are operated by Senex Energy Limited
- PEL638 (deep) includes Planet Gas (12.5%) and is the location of recent Silver Star farm-in well. Senex is the operator (53.75%) and Lattice holds (33.75%)
- PEL637 (60% Senex, 40% Lattice) is the location of the recent Ethereal and Efficient farm-in wells
- Lattice have approximately $49m of remaining spend as at 30 June 2017



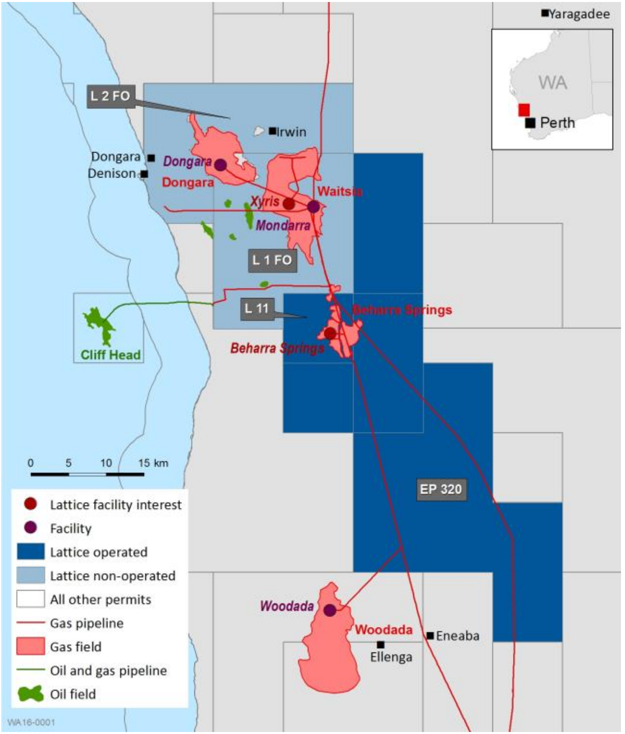
Waitsia

BEACH ENERGY

The Waitsia field was discovered in September 2014

Overview

- Lattice holds a non-operated 50% interest in the L1/L2 joint venture (AWE operated). The project consists of the Waitsia Gas Project (WGP), an interest in the Xyris Production Facility and other in-field pipelines
- The WGP is a play-opening discovery made in September 2014 with current 2P reserves (Lattice share) of 40MMboe(1) and significant upside via identified prospects and leads
- The assets are positioned to benefit from proximity to existing infrastructure and connection to major regional demand centres
  - Located only 380km from Perth
  - Both major west coast pipelines (the Dampier to Bunbury and Parmelia Pipelines) run through the licence areas
- First commercial production from Waitsia Stage 1 (pilot stage) was achieved in August 2016. Gas from Stage 1 is transported south via the Parmelia pipeline
- AWE and Lattice have entered into an agreement to sell ~10TJ/d of Stage 1 gas to Alinta Energy
- The joint venture partners are progressing with a 100TJ/day Stage 2 field development with FID scheduled for FY18
- Waitsia-3 and Waitsia-4 were drilled in mid 2017 and confirmed gas in the Mondarra blocks of the field
- Waitsia-2, Waitsia-3 and Waitsia-4 are to be flow tested in FY18
- 2P volumes will be updated once geological and engineering data from the recent wells is incorporated



Note: Please refer to Appendix D for footnotes.

Beharra Springs

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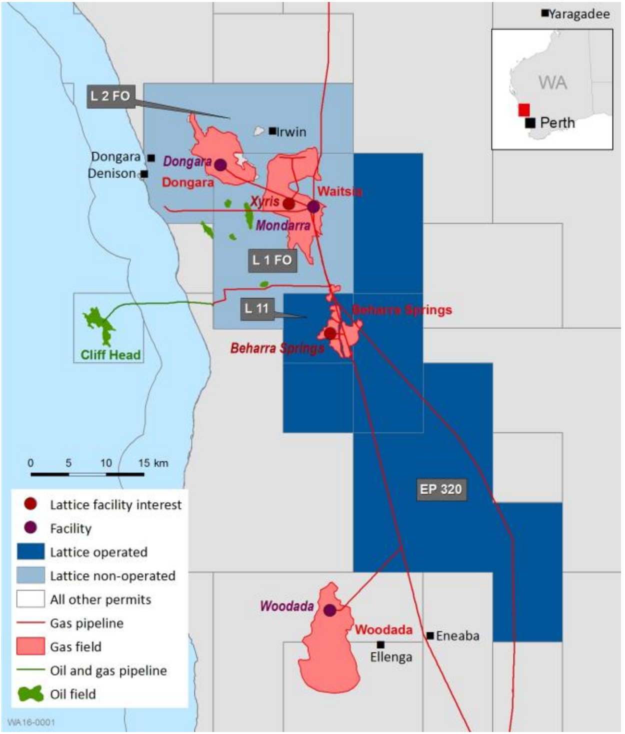
Beharra Springs is a mature proven asset with future potential through a deep exploration target analogous to Waitsia

Overview

- Lattice holds a 67% operated interest in the L11/EP320 joint venture
- The project consists of the Beharra Springs gas field, Redback Terrace and Tarantula gas field, and the Beharra Springs gas processing facilities
  - Collectively known as Beharra Springs
- Within the L11 and EP320 licences, the two key producing gas fields are the Beharra Springs field and the Redback Terrace fields
- The Beharra Springs field is located in the L11 permit and commenced production in January 1991
  - Covers ~17km^2 and consists of 6 wells (4 are currently operational)
- The Redback Terrace fields are located in the L11 permit and is adjacent to Beharra Springs field
  - Covers ~19km^2 and has 2 producing wells, both of which are currently in operation
- Both fields have direct flowlines from the producing wells to the Beharra Springs Gas Plant
- One drill-ready prospect and multiple exploration leads identified within the L11/EP320 permits. Successful exploration drilling in these permits could lead to additional gas discoveries to tie-in to existing infrastructure



BEACH ENERGY

Acquisition of Lattice Energy and Capital Raising

Appendix C: Overview of material Lattice Energy offtake agreements

BEACH ENERGY LIMITED

Overview of material Lattice Energy offtake agreements

BEACH ENERGY

No.	Agreement	Type	Term	Volume	Price	Take-or-pay like considerations
	Otway Gas Project					
1.	Gas Sales Agreement – Otway (Geographe / Thylacine)	Gas	Completion of the Transaction until 30 June 2033	Lattice's participating interest share of gas production from the Otway gas project (Geographe-Thylacine fields) (67.23% or, following completion of the Benaris acquisition, 95%) less existing gas commitments equal to a 36.48% participating interest share of gas production from the project or, following completion of the Benaris acquisition, 51.55%	Fixed prices with annual step-ups subject to annual CPI adjustment until 30 June 2020. Reviewed to market price every 3 years from 1 July 2020, in each case subject to annual CPI adjustment	Origin must take or pay for gas made available by Lattice in accordance with the agreement subject to usual exceptions (e.g. where Lattice makes available off-specification gas)
2.	Confirmation under existing Otway LPG Supply – Master Agreement	LPG	1 January 2018 to 31 December 2022	Automix: 17% of production from the Geographe-Thylacine fields and 68% of production from the Halladale and Speculant Fields up to a maximum quantity of 8.1kT for 2018 decreasing annually to 1.8 kT for 2022 LPG: 17% of production from the Geographe-Thylacine fields and 68% of production from the Halladale and Speculant Fields up to a maximum quantity of 15.8kT for 2018 decreasing annually to 3.6 kT for 2022	Revised monthly based on a formula linked to the published Saudi Aramco Contract Price for propane	Origin must take or pay for the specified quantities of Automix and LPG subject to a right for Origin to reduce the volumes it purchases due to certain events relating to a deterioration in market conditions

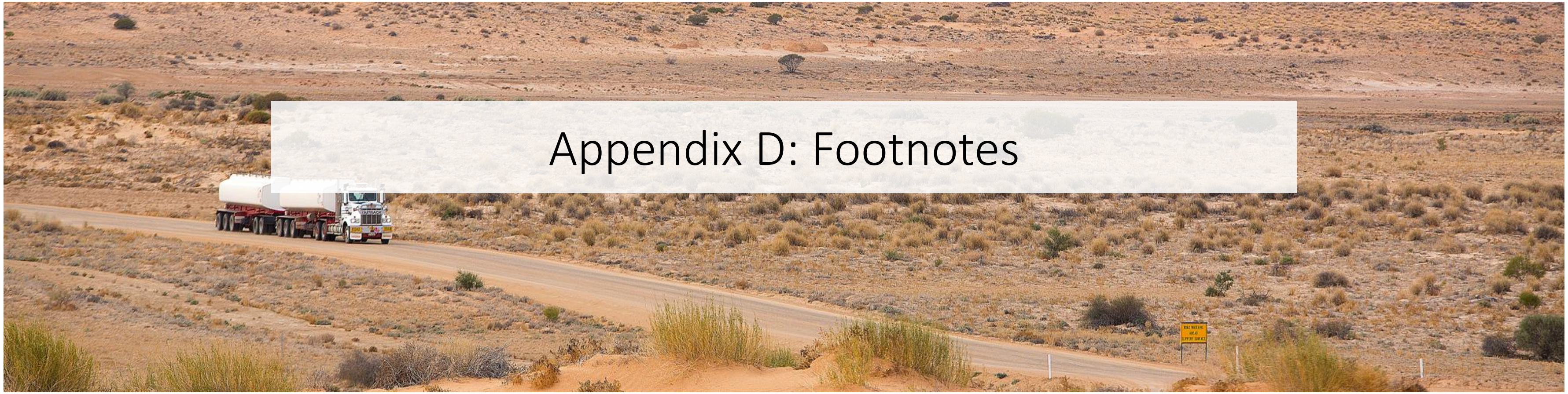
Overview of material Lattice Energy offtake agreements (cont'd)

BEACH ENERGY

No.	Agreement	Type	Term	Volume	Price	Take-or-pay like considerations
	HBWS					
3.	Gas Sales Agreement – Halladale, Black Watch and Speculant	Gas	Completion of the Transaction until 30 June 2033	Lattice's participating interest share of gas production from the HBWS fields (100%)	Fixed prices with annual step-ups subject to annual CPI adjustment until 30 June 2020. Reviewed to market price every 3 years from 1 July 2020, in each case subject to annual CPI adjustment	Origin must take or pay for gas made available by Lattice in accordance with the agreement subject to usual exceptions (e.g. where Lattice makes available off-specification gas)
	Bass Basin					
4.	2 Deeds of Amendment – Yolla Gas Sale Agreement (Lattice Energy Limited as seller in one agreement and Lattice Energy Resources (Bass Gas) Limited as seller in the other agreement) – amend 2 existing gas sales agreements	Gas	Completion of the Transaction until 1 June 2020	Lattice's participating interest share of gas production from the Yolla field (42.5%) up to a maximum annual quantity of 8.5 PJs	Fixed prices subject to annual CPI adjustment.	Origin must take or pay for gas made available by Lattice in the agreement subject to usual exceptions (eg. where Lattice makes available off-specification gas)
5.	BassGas LPG Supply Agreement	LPG	Completion of the Transaction until 31 December 2021	Lattice's participating interest share of LPG produced at the BassGas Gas Plant (42.5%)	Revised monthly based on a formula linked to the published Saudi Aramco Contract Prices for propane and butane	Origin must take or pay for Lattice's participating interest share of LPG produced at the BassGas Gas Plant, subject to a right for Origin to reduce the volumes it purchases due to certain events relating to a deterioration in market conditions

Overview of material Lattice Energy offtake agreements (cont'd)

No.	Agreement	Type	Term	Volume	Price	Take-or-pay like considerations
	Cooper Basin					
6.	Gas Sales Agreement – Cooper Basin	Gas	Completion of the Transaction until 30 June 2030	Prior to 1 July 2021, Lattice's participating interest share of gas production from the South Australia Cooper Basin JV (13.19%), South West Queensland JV (16.7375%) and Patchawarra East JV (10.536%). 50% of those participating interest shares from 1 July 2021	Fixed prices with step-ups subject to annual CPI adjustment until 30 June 2021. Reviewed to market price every 3 years from 1 July 2021, in each case subject to annual CPI adjustment	Origin must take or pay for gas made available by Lattice in accordance with the agreement subject to usual exceptions (eg. where Lattice makes available off-specification gas)



Appendix D: Footnotes

BEACH ENERGY LIMITED

Footnotes

BEACH ENERGY

Benaris Acquisition Note

As announced to the ASX on 11 September 2017, Origin has entered into an agreement to acquire Benaris 27.77% interest in the Otway JV. The acquisition of Benaris' interest by Origin will complete shortly after completion of the acquisition of Lattice and Origin has agreed that Lattice will be the acquirer of the interest. The parties to the joint venture agreement have certain pre-emption rights in connection with this interest but the only other joint venture partner Toyota Tsusho, has waived that right, so Lattice will hold a 95% interest in the Otway JV. This Presentation (and all statements and pro forma estimates in it) assumes that Lattice will hold a 95% working interest in the Otway JV.

Page #	Footnote #
5	(1) Pro forma calculations as at 30 June 2017. ~200% increase in 2P reserves calculated as Pro forma Beach and Lattice 2P reserves divided by Beach's 2P reserves as at 30 June 2017. 2P reserves estimates of 75MMboe attributed to Beach assets are extracted from Beach's announcement filed with ASX on 18 August 2017. 2P reserves estimates of 836PJe or 143MMboe attributed to the Lattice Energy assets are extracted from Origin Energy Limited's (**Origin**) 2017 annual reserves report (**Origin Reserves Report**) included in Origin's 2017 full year report filed with ASX on 16 August 2017 (**Origin 2017 Report**) and 2P reserves estimate of 81PJe (14MMboe) post rebalancing and acquisition of Otway Basin reserves extracted from Origin's announcement filed with ASX on 11 September 2017 (**Origin Benaris Announcement**). The conversion from PJe to MMboe is calculated as 5.83MMboe per PJe. See "Notes on reserves and resources statements" disclaimer on pages 52 to 53 of this presentation. In accordance with ASX Listing Rules, Beach expects to announce its assessment of reserves and contingent resources attributable to the Lattice Energy assets after the Acquisition completes as at 30 June 2018. (2) Pro forma production calculation based on Beach's advised FY18 guidance as presented in Beach's FY17 Preliminary Full Year Results released to the ASX on 21 August 2017 combined with Beach's estimate of potential FY18 production range for Lattice Energy's assets. (3) Pro forma FY17 east coast gas production based on Beach's internal sales gas and ethane production data together with Lattice's FY17 production figures reported in Origin's 31 July 2017 ASX announcement and adjusted to included Benaris' working interest share of Otway Gas Project production. (4) Based on combined Beach and Lattice Energy's FY17 east coast sales gas and ethane production and the estimated FY17 east coast gas demand of 624PJ from AEMO actual delivery data over the period 1 July 2016 to 30 June 2017 less delivery to the LNG proponents in Gladstone. (5) Annual run-rate of $20 million synergies (pre-tax) post integration comprising overhead and corporate savings. (6) Net gearing calculation is net debt / (net debt + book equity).
6	(1) Net gearing calculation is net debt / (net debt + book equity). Assumes completion will take place by the end of March 2018. (2) Net gearing calculation is net debt / (net debt + book equity).
7	(1) The underwriting commitment is subject to the terms and conditions of the Underwriting Agreement, including conditions precedent and termination events. See Appendix F: Key Risks for further details of these. (2) Net gearing calculation is net debt / (net debt + book equity). Assumes completion will take place by the end of March 2018. (3) Net gearing calculation is net debt / (net debt + book equity).
8	(1) The Theoretical Ex-Rights Price ("TERP") is a theoretical price at which Beach's shares trade immediately after the ex-date for the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which Beach's shares trade at that time will depend on many factors and may not be equal to TERP. TERP is calculated by reference to Beach's closing price of $0.825 on 27 September 2017.
10	(1) Includes Cooper Basin Operated Senex (CBOS) – Senex operated PEL637 and PEL638 exploration joint venture. (2) Includes Halladale, Speculant and Vic/L1(v) Black Watch which are 100% owned by Lattice and assumes a 95% interest in Otway (Thylacine, Geographe). (3) Includes 39% operated interest in Trefoil, Rockhopper and White Ibis.

Footnotes (cont'd)

BEACH ENERGY

Page #	Footnote #
11	(1) Beach production: Information on Beach's standalone production of 10.6MMboe is contained in Beach's ASX announcement of 18 August 2017. Pro forma Beach and Lattice production: Based on information provided by Origin for Cooper Basin, Otway, Kupe, HSBW, BassGas and Perth Basin (included in the Origin Reserves Report) added to Beach's standalone production for Cooper Basin set out above. (2) Beach 2P reserves: Estimates of 75MMboe are contained in Beach's ASX announcement of 18 August 2017. No new information has subsequently come to hand which would materially alter estimates or underlying assumptions. Lattice Energy's 2P reserves: Estimates of 26MMboe (for interests in Cooper Basin), 44MMboe (for interests in Perth Basin), 32MMboe (for interests in Kupe), 8MMboe (for interests in BassGas) and 48MMboe (for interests in Otway and HSBW) are taken from the Origin Reserves Report and the Origin Benaris Announcement and is as at 30 June 2017. No new information has subsequently come to hand which would materially alter estimates or underlying assumptions. In accordance with ASX Listing Rules, Beach expects to announce its assessment of reserves and contingent resources attributable to the Lattice Energy assets after the Acquisition completes as at 30 June 2018.
12	(1) Enterprise Value based on market capitalisation as at 26 September 2017, plus net debt reported as at June 2017. Beach enterprise value is pro forma for the $1,585 million acquisition of Lattice. Cooper Energy's shares outstanding and cash balance has been adjusted for the $135m to be raised through its underwritten entitlement offer announced on 29 August 2017. (2) 0.794 AUD/USD exchange rate applied to figures reported in US$. (3) Reported production for the last twelve months ending 30 June 2017. Beach production: Information on Beach's standalone production of 10.6MMboe is contained in Beach's ASX announcement of 18 August 2017. Pro forma Beach and Lattice production: Based on information provided by Origin for Cooper Basin, Otway, Kupe, HSBW, BassGas and Perth Basin (included in the Origin Reserves Report) added to Beach's standalone production for Cooper Basin set out above. (4) Pro forma Beach and Lattice gas % split shown is inclusive of gas and gas liquids.
13	(1) Cooper Basin incorporates Lattice Energy's non-operated 151PJe (26MMboe) 2P reserves combined with Beach's 75MMboe of Cooper Basin operated and non-operated 2P reserves. Upon completion of the Transaction, Beach will integrate Lattice Energy's and Beach's common non-operated reserve forecast for the FY18 reporting period. (2) Otway shown inclusive of HSBW and Benaris' working interest. (3) Lattice Energy's FY17 production information as at 30 June 2017 for Lattice Energy's interests in the Cooper Basin, Otway, BassGas and Kupe assets are taken from the Origin Reserves Report. (4) Lattice Energy's 2P reserves estimates as at 30 June 2017 for Lattice Energy's interests in the Cooper Basin, Otway, BassGas and Kupe assets are taken from the Origin Reserves Report and Origin's Benaris Announcement.
14	(1) Subject to portfolio review post transaction completion, approvals and assessment of funding requirements.
17	(1) Pro forma FY17 east coast gas production based on Beach's internal sales gas and ethane production data together with Lattice's FY17 production figures reported in Origin's 31 July 2017 ASX announcement and adjusted to included Benaris' working interest share of Otway Gas Project production. (2) Otway shown inclusive of HSBW and Benaris' working interest. (3) Gas production attributable to Benaris' working interest also contains LPG and condensate. (4) Beach 2P sales gas reserves: Estimates of 226PJe are contained in Beach's ASX announcement of 18 August 2017. No new information has subsequently come to hand which would materially alter estimates or underlying assumptions. Lattice Energy's 2P reserves: Estimates of 118PJe (for interests in Cooper Basin), 36PJe (for interests in BassGas) and 240PJe (for Otway and HSBW) are taken from the Origin Reserves Report and the Origin Benaris Announcement and is as at 30 June 2017. No new information has subsequently come to hand which would materially alter estimates or underlying assumptions. In accordance with ASX Listing Rules, Beach expects to announce its assessment of reserves and contingent resources attributable to the Lattice Energy assets after the Acquisition completes as at 30 June 2018. (5) Based on combined Beach and Lattice Energy's FY17 east coast sales gas and ethane production and the estimated FY17 east coast gas demand of 624PJ from AEMO actual delivery data over the period 1 July 2016 to 30 June 2017 less delivery to the LNG proponents in Gladstone.

Footnotes (cont'd)

BEACH ENERGY

Page #	Footnote #
18	(1) Annual run-rate of $20 million synergies (pre-tax) post integration comprising overhead and corporate savings.
19	(1) Net gearing calculation is net debt / (net debt + book equity).
20	(1) Beach's FY18 capital expenditure guidance per ASX announcement on 27 July 2017. Lattice's FY18 capital expenditure expected to be in the range of $205 million to $275 million and a detailed review will be undertaken during integration. (2) Beach's FY18 production guidance per ASX announcement on 27 July 2017. Lattice FY18 production expected to be in the range of 14.9MMboe to 16.6MMboe. (3) Net gearing calculation is net debt / (net debt + book equity). Assumes completion will take place by the end of March 2018. (4) Net gearing calculation is net debt / (net debt + book equity). (5) Annual run-rate of $20 million synergies (pre-tax) post integration comprising overhead and corporate savings.
21	(1) Net gearing calculation is net debt / (net debt + book equity). Assumes completion will take place by the end of March 2018. (2) Net gearing calculation is net debt / (net debt + book equity).
27	(1) The underwriting commitment is subject to the terms and conditions of the Underwriting Agreement, including conditions precedent and termination events. See Appendix F: Key Risks for further details of these. (2) The Theoretical Ex-Rights Price ("TERP") is a theoretical price at which Beach's shares trade immediately after the ex-date for the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which Beach's shares trade at that time will depend on many factors and may not be equal to TERP. TERP is calculated by reference to Beach's closing price of $0.825 on 27 September 2017. (3) Entitlements are non-renounceable, meaning that eligible shareholders who do not take up their entitlements will not be able to transfer or receive any value in respect of those entitlements and their percentage shareholding in Beach will be diluted as a result of not taking up their entitlements in the Entitlement Offer. (4) See the notice lodged with ASX today by Beach under section 708AA(7) of the Corporations Act, which provides further details about the potential impact of Seven Group Holdings' sub-underwriting commitment on its shareholding levels.
30	(1) Based on a closing share price of $0.825 on 27 September 2017.
37	(1) 233PJe 2P reserves taken from the Origin Reserves Report. The conversion from PJe to MMboe is calculated as 5.83MMboe per PJe.
86	(1) Please refer to the Benaris Acquisition Note on page 44 for an explanation of the acquisition of Benaris' 27.77% interest in the Otway JV which underpins this assumption.

Acquisition of Lattice Energy and Capital Raising

Appendix E: Important notices and disclaimers

BEACH ENERGY LIMITED

Important notices and disclaimers

This investor presentation (**Presentation**) has been prepared by Beach Energy Limited (ACN 007 617 969) (**Beach**) in relation to an accelerated non-renounceable entitlement offer under section 708AA of the Corporations Act 2001 (Cth) (**Corporations Act**) as modified by the ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84 (the **Offer**) of new fully paid ordinary shares in Beach (**New Shares**) and its proposed acquisition of Lattice Energy Limited and its subsidiaries (together, “Lattice”, “Lattice Energy”, or the “Lattice Group”) (the **Acquisition** or the **Transaction**).

Summary information

The information contained in this Presentation should not be considered to be comprehensive or to comprise all the information that a shareholder or potential investor in Beach may require in order to determine whether to deal in shares. The information in this Presentation is of a general nature and does not purport to be complete. This Presentation does not take into account the financial situation, investment objectives, tax situation or particular needs of any person and nothing contained in the information in this Presentation constitutes investment, legal, tax or other advice nor does it contain all the information which would be required in a disclosure document or prospectus prepared in accordance with the requirements of the Corporations Act. It should be read in conjunction with Beach’s other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange (**ASX**), which are available at www.asx.com.au.

Readers or recipients of this Presentation should, before making any decisions in relation to their investment or potential investment in Beach, consider the appropriateness of the information having regard to their own objectives and financial situation and seek their own professional legal and taxation advice appropriate to their jurisdiction. Beach is not licensed to provide financial product advice in respect of the New Shares.

To the maximum extent permitted by law, Beach, the Underwriters, their, and their respective affiliates’ and related bodies corporate, officers, employees, partners, agents and advisors make no representation or warranty (express or implied) as to the currency, accuracy, reliability or completeness of the information in this Presentation and disclaim all responsibility and liability for any expenses, losses, damages or costs incurred by an investor as a result of their participation in the Offer and the information in this Presentation being inaccurate or incomplete in any way for any reason, whether by negligence or otherwise.

Information relating to Lattice Energy and the Acquisition

This Presentation contains information about Lattice Energy which is currently owned by Origin Energy Limited (**Origin Energy**). Certain of this information has been sourced from Origin Energy as part of the sale process of Lattice Energy. In addition, some of the information has been sourced from information that Origin Energy has lodged with the ASX pursuant to its continuous disclosure obligations under the Corporations Act. Neither Beach nor any other person makes any representation or warranty with respect to the fairness, accuracy, completeness or adequacy of such information.

In addition, investors should note that while Origin Energy is a publicly listed company, Lattice Energy is not and has not been a publicly listed company. As such, it is not subject to Australian (or any other) disclosure requirements and standards and does not publish or file with the ASX (or any other securities exchange or regulator) periodic or other continuous disclosure reports, including audited annual financial statements or unaudited interim financial statements. In addition, prior to the Acquisition, the results of Lattice Energy were reported as part of the Integrated Gas segment of Origin Energy for the purposes of Origin Energy’s consolidated financial statements, along with the results of other businesses of Origin Energy included in the same operating segment (which Beach is not acquiring in the Acquisition). Investors should therefore note that the results of the Integrated Gas segment in the Origin Energy consolidated financial statements should not be regarded as representative of the results of Lattice Energy.

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Industry data

Certain market and industry data used in connection with this Presentation, including in relation other companies in Beach's peer group, may have been obtained from public filings, research, surveys or studies conducted by third parties, including industry or general publications. Neither Beach nor its advisors or representatives have independently verified any such market or industry data provided by third parties or industry or general publications.

Not an offer

This Presentation is for information purposes only and is not, and does not constitute, an invitation, solicitation, recommendation or offer of securities or any other financial products for subscription, purchase or sale in any jurisdiction. The information in this Presentation is not financial product advice, accounting, legal or tax advice and does not and will not form any part of any contract or commitment for the acquisition of New Shares. This Presentation is not a prospectus, product disclosure statement or other offering document under Australian law (and will not be lodged with the Australian Securities and Investments Commission) or any other law.

No action has been (or will be) taken to register shares of Beach or otherwise permit a public offering of Beach shares in any jurisdiction other than to Australia and New Zealand or as otherwise expressly provided in Appendix G.

This Presentation may not be released or distributed in the United States. This Presentation does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States or any other jurisdiction in which such an offer would be illegal. The New Shares have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the **U.S. Securities Act**) or the securities laws of any state or other jurisdiction of the United States. Accordingly, the New Shares may not be offered or sold, directly or indirectly, in the United States, unless they are offered and sold in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and any other applicable United States state securities laws.

Investment risk

An investment in the New Shares in Beach is subject to investment and other known and unknown risks (including possible loss of income and principal invested), some of which are beyond the control Beach. Beach (and its related bodies corporate or any other person or organisation) does not guarantee any particular rate of return, repayment of capital from Beach or the performance of an investment in Beach, nor does it guarantee any particular tax treatment. Investors should have regard to the key risk factors outlined in Appendix F of this Presentation when making their investment decision. Cooling off rights do not apply to the acquisition of New Shares.

Important notices and disclaimers (cont'd)

Financial information

All references to dollars, cents or $ in this Presentation are to Australian currency, unless otherwise stated. Unless otherwise noted, all references to financial information are presented as at the full financial year ended 30 June 2017.

The Beach Historical Consolidated Statement of Financial Position included in the Presentation has been derived from Beach's audited financial statements for the year ended 30 June 2017, which have previously been lodged with the ASX by Beach. The Beach Historical Consolidated Statement of Financial Position is set out on page 26 and should be read in conjunction with the basis of preparation notes set out in Appendix H.

This Presentation also contains historical financial information regarding other oil and gas companies in Australia, which was sourced from publicly available information. Beach has not verified the accuracy of this information and makes no representation or warranty with respect to the fairness, accuracy, completeness or adequacy of such information. Accordingly, investors should not place undue reliance on any such information.

Pro forma financial information

Investors should note that this Presentation contains pro forma historical financial information for Lattice Energy and for the combined Beach / Lattice Energy entity.

Lattice Energy

As described in the section above titled "Information relating to Lattice Energy and the Acquisition", no separate consolidated financial statements existed for the Lattice Energy business prior to divestment by Origin Energy.

Accordingly, pro forma historical financial information for Lattice Energy has been prepared and is included in the "Lattice Energy Combined" column of the Pro Forma Historical Combined Statement of Financial Position set out on page 26. This should be read in conjunction with the basis of preparation notes set out in Appendix H.

The Lattice Energy Combined financial information has not been audited or reviewed.

Combined Group

The Pro forma Historical Combined Statement of Financial Position set out on page 26 should be read in conjunction with the basis of preparation and other notes set out in Appendix H.

The Pro forma historical financial information and other historical financial information provided in this Presentation is for illustrative purposes only and should not be relied upon as, and is not represented as, being indicative of Beach's future financial condition and/or performance. Investors should note that the past performance, including past share price performance, of Beach cannot be relied upon as an indicator of (and provides no guidance as to) future Beach performance including future share price performance.

The Pro forma Historical Combined Statement of Financial Position has not been audited or reviewed.

Investors should note that the pro forma historical financial information included in this Presentation does not purport to be in compliance with Article 11 of Regulation S-X of the rules and regulations of the SEC, and such information does not purport to comply with Article 3-05 of Regulation S-X under the U.S. Securities Act.

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Non-IFRS financial information

Investors should be aware that certain financial data included in this Presentation are "non-IFRS financial information" under Regulatory Guide 230 Disclosing non-IFRS financial information published by the Australian Securities and Investments Commission and "non-GAAP financial measures" under Regulation G of the U.S. Securities Exchange Act of 1934. The disclosure of such non-IFRS financial information and non-GAAP financial measures in the manner included in this Presentation would not be permissible in a registration statement under the U.S. Securities Act. The non-IFRS financial information and these non-GAAP financial measures do not have a standardised meaning prescribed by Australian Accounting Standards and therefore may not be comparable to similarly titled measures presented by other entities, and should not be construed as an alternative to other financial measures determined in accordance with Australian Accounting Standards. Although Beach believes this non-IFRS financial information provides, and these non-GAAP financial measures provide, useful information to users in measuring the financial performance and condition of its business, investors are cautioned not to place undue reliance on any non-GAAP financial measures included in this Presentation.

Future performance

This Presentation contains certain "forward-looking statements". The words "expect", "anticipate", "estimate", "intend", "believe", "guidance", "should", "could", "may", "will", "predict", "plan" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Forward-looking statements, opinions and estimates provided in this Presentation are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions.

Certain FY18 planned activities are subject to joint venture approvals. References to planned activities beyond FY18 are subject to finalisation of work programs, joint venture approvals and board approvals. Forward-looking statements, including projections, guidance on future earnings and estimates and combined forecast financial information for the combined Beach and Lattice Energy entity (being the FY18 capital expenditure forecast, target net gearing ratios, and forecast operating cash flow accretion per share, and expected Return on Equity) are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. This Presentation contains such statements that are subject to risk factors associated with the oil, gas and related businesses and industries. It is believed that the expectations reflected in these statements are reasonable, but they may be affected by a range of variables and changes in underlying assumptions which could cause actual results or trends to differ materially. No representation, warranty or assurance (express or implied) is given or made in relation to any forward-looking statement by any person (including Beach). In particular, no representation, warranty or assurance (express or implied) is given that the occurrence of the events expressed or implied in any forward-looking statements in this Presentation will actually occur. Actual results, performance or achievement may vary materially from any projections and forward-looking statements and the assumptions on which those statements are based.

The forward-looking statements in this Presentation speak only as of the date of this Presentation. Subject to any continuing obligations under applicable law or any relevant ASX listing rules, Beach disclaims any obligation or undertaking to provide any updates or revisions to any forward-looking statements in this Presentation to reflect any change in expectations in relation to any forward-looking statements or any change in events, conditions or circumstances on which any such statement is based. Nothing in this Presentation will under any circumstances create an implication that there has been no change in the affairs of Beach since the date of this Presentation.

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Notes on reserves and resources statements

As an Australian public company with securities listed on the ASX, the oil and gas reserves and resource estimates in this presentation are prepared in accordance with the PRMS and ASX Listing Rule reporting guidelines.

Notes on reserves and resources statements – Beach

All estimates of petroleum reserves and contingent resources reported by Beach are prepared by, or under the supervision of, a qualified petroleum reserves and resources evaluator. Unless otherwise stated, references in this presentation to reserves (other than pro forma statements incorporating Lattice Energy reserves) are as at 30 June 2017, as contained in the Beach annual reserves and contingent resources statement.

Petroleum reserves and are aggregated by arithmetic summation. Petroleum reserves and contingent resources of Beach have been prepared using a combination of deterministic and probabilistic methods.

The reserves and resources information of Beach in this presentation is based on, and fairly represents, information and supporting documentation prepared by, or under the supervision of, Mr Tony Lake (Manager Gas Development). Mr Lake is an employee of Beach Energy and has a BE (Mech) degree from the University of Adelaide and is a member of the Society of Petroleum Engineers. The reserve and resource information are consistent with the definitions of proved, probable, and possible hydrocarbon reserves and resources that appear in the ASX Listing Rules. Mr Lake is qualified in accordance with ASX Listing Rule 5.41 and consents to the inclusion of the Beach reserves figures in the form and context in which they appear in this presentation.

Notes on reserves statements – Lattice

Information on the reserves in this presentation relating to the Lattice assets is based on an independent audit conducted by RISC Advisory. The audit was carried out in accordance with the SPE Reserves Auditing Standards and the SPE-PRMS guidelines under the supervision of Mr. Geoffrey J Barker, a Partner of RISC Advisory. Mr. Barker is a member of the SPE and his qualifications include a Master of Engineering Science (Petroleum Engineering) from Sydney University and more than 30 years of relevant experience. Mr. Barker meets the requirements of qualified petroleum reserve and resource evaluator as defined in Chapter 19 and rule 5.41 of the ASX Listing Rules and consents to the inclusion of this information in the form and context in which they appear in this presentation. Mr. Barker is independent with respect to Lattice Energy, Origin Energy and Beach.

Petroleum reserves and contingent resources of Lattice have been prepared using a combination of deterministic and probabilistic methods.

In accordance with ASX Listing Rules, Beach expects to announce its assessment of reserves and contingent resources attributable to the Lattice assets after the Transaction completes.

Conversion factors used by Beach to evaluate oil equivalent quantities are sales gas and ethane: 5.816 PJ per MMboe, LPG: 1.389 bbl per boe, condensate: 1.069 bbl per boe and oil: 1 bbl per boe. Conversion factors used by RISC Advisory to evaluate oil equivalent quantities for the Lattice reserves are sales gas and ethane: 5.83 PJ per MMboe, LPG: 0.0846 MMboe/ktonnes, condensate: 0.9726 boe/bbl and oil: 1 bbl per boe. The reference point for reserves determination is the custody transfer point for the products. Reserves are stated net of fuel and third party royalties.

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Cautionary statement regarding reserve and resource estimates

Investors should note that, although Beach's oil and gas reserves and resource estimates have been prepared in accordance with the PRMS published by the Society of Petroleum Engineers and ASX reporting guidelines, they have not been prepared in accordance with, and do not purport to comply with, methodologies and classifications used by oil and gas companies subject to the reporting obligations of the U.S. Securities and Exchange Commission (SEC), including the reporting requirements set out in Regulations S-K and S-X under the U.S. Securities Act and related SEC disclosure requirements. In filings with the SEC, the SEC does not permit data regarding any classification of resources, either contingent or prospective, to be included. The SEC permits oil and gas companies to disclose only proved, probable or possible reserves.

Further, in filings with the SEC, oil and gas companies are required to provide estimations of those of its proved reserves that are proved developed reserves. Proved developed reserves are those proved reserves that can be expected to be recovered through existing wells with existing equipment and operating methods. The estimates of Beach's proved reserves included in this presentation are an aggregate of both developed and undeveloped proved reserves.

There are numerous uncertainties inherent in estimating quantities of reserves and resources, including many factors beyond the control of Beach. Estimates of economically recoverable oil and gas reserves and future net cash flows therefrom are based on a number of factors and assumptions, such as geological and engineering estimates which have inherent uncertainties, the assumed effects of regulation of governmental agencies, estimates of future commodity prices and operating costs, all of which may vary considerably from actual results. All such estimates, therefore, are to some degree speculative and classifications of reserves are always subject to a degree of uncertainty. There are even greater uncertainties regarding estimates of contingent and prospective resources because such data is based upon estimates of potentially recoverable, but undiscovered, accumulations of oil and gas. Accordingly, no assurance can be given that Beach's reserves or resources will be recovered at the levels presented, and investors should be aware that unproved reserves and resources are by their nature more speculative than proved reserves and, as a result, are subject to substantially greater risk of not being realised by Beach.

Investors further note that different reporting systems employ different assumptions, and, because of the impact of such assumptions, identical raw data can produce varying estimates of reserves and resources. For example, the definition of "proved reserves" and "probable reserves" under Beach's management system may vary in certain respects from the definition of "proved reserves" and "probable reserves" used by the SEC, which could cause Beach's reported reserves numbers to be different than if measured based upon the SEC definition.

This presentation also contains reserve and production data for other oil and gas companies in Australia. This information was sourced from publicly available information. Beach has not verified the accuracy of this information and does not warrant that the information is accurate or complete.

Effect of rounding

A number of figures, amounts, percentages, estimates, calculations of value and fractions in this Presentation are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this Presentation.

Important notices and disclaimers (cont'd)

Disclaimer

Neither the Underwriters nor any of their affiliates or their respective related bodies corporate, or any of their respective directors, officers, partners, employees and agents (**Underwriter Group**) have caused or authorised the issue, submission, dispatch or provision of this Presentation, nor do they make any recommendation as to whether any potential investor should participate in the offer of New Shares (as defined in this Presentation) referred to in this Presentation. None of Beach's advisers or the Underwriter Group makes or purports to make any statement in this Presentation and there is no statement in this Presentation which is based on any statement by them. Further, no member of the Underwriter Group accepts any fiduciary obligations to or relationship with any investor or potential investor in connection with the offer of New Shares or otherwise.

To the maximum extent permitted by law, the Underwriter Group expressly disclaims all liabilities in respect of, and makes no representations, regarding, and takes no responsibility for, any part of the Presentation other than references to their names and makes no representation or warranty, express or implied, as to the currency, accuracy, reliability or completeness of this Presentation or the Offer.

Beach and the Underwriter Group will have no responsibility and disclaim all liability to the maximum extent permitted by law to persons who trade New Shares before they receive their Entitlement and Acceptance Form, whether on the basis of confirmation of the allocation provided by Beach or the Beach Share Registry or otherwise, or who otherwise trade or purport to trade New Shares in error or which they do not hold or are not entitled to.

Beach and the Underwriter Group will have no responsibility and disclaim all liability to the maximum extent permitted by the law to persons who trade New Shares they believe will be issued to them before they receive their holding statements, whether on the basis of confirmation of the allocation provided by Beach or the Beach Share Registry or otherwise, or who otherwise trade or purport to trade New Shares in error or which they do not hold or are entitled to.

Investors acknowledge and agree that:

- Determination of eligibility of investors for the purposes of the institutional and retail components of the Offer is determined by reference to a number of matters, including legal and regulatory requirements, logistical and registry constraints and the discretion of Beach and the Underwriter Group; and
- Each of Beach and the Underwriter Group disclaim any duty or liability (including for negligence) in respect of that determination and the exercise or otherwise of that discretion, to the maximum extent permitted by the law.

The Underwriter Group may rely on information provided by or on behalf of institutional investors in connection with managing, conducting and underwriting the Offer without having independently verified that information and the underwriters do not assume responsibility for the accuracy or completeness of that information.

Acceptance

By attending an investor presentation or briefing, or accepting, accessing or reviewing this Presentation you acknowledge and agree to the terms set out in this 'Important notice and disclaimer'.

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Acquisition of Lattice Energy and Capital Raising

Appendix F: Key risks

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Key risk factors

1. Introduction

This section discusses some of the key risks associated with an investment in shares in Beach. The risks may affect the future operating and financial performance of Beach and/or the value at which the New Shares may trade in the future.

The risk factors described in this section are not listed in order of importance or likelihood and do not constitute an exhaustive list of all risk factors relating to an investment in Beach. There may be additional risks and uncertainties not currently known that may also have an adverse effect on Beach's business or the value of Beach's shares.

You should note that the occurrence or consequences of many of the risks described in this section are partially or completely beyond the control of Beach, its directors and management. It is also important to note that there can be no guarantee that Beach will achieve its stated objectives or that any forward looking statements, expectations, illustrations or forecasts contained in this presentation will be realised or otherwise eventuate.

2. Key acquisition risks

2.1 Completion risk, including regulatory approval risk

There is a risk that the acquisition may not complete on the current terms and expected timing, if at all, due to a failure to satisfy any of the conditions precedent to the SPA, which include a failure to obtain approvals from the New Zealand Overseas Investment Office and the New Zealand Minister of Energy and Resources or due to a serious breach of warranty (subject to materiality thresholds). Terms and conditions imposed on such regulatory approvals may also be restrictive or impose financial requirements that may not otherwise have arisen.

If the acquisition is not completed, Beach would assess the best way to utilise the proceeds of the Offer, including whether there is an efficient manner of returning proceeds to shareholders. Any failure to consummate the acquisition could materially and adversely affect Beach and its share price.

Key risk factors (cont'd)

2. Key acquisition risks (cont'd)

2.2 Due diligence in relation to Lattice

Beach undertook a due diligence process in respect of Lattice, which relied in part on the review of financial and other information provided by Lattice and/or Origin. While Beach considers the due diligence process undertaken to be appropriate, Beach has not been able to verify the accuracy, reliability or completeness of all the information which was provided to it against independent data. Similarly, Beach has prepared (and made assumptions in the preparation of) the financial information relating to Lattice on a stand-alone basis and also to Beach post-completion included in this presentation in reliance on limited financial information and other information provided by Lattice and/or Origin. This information was unaudited and requires estimates and assumptions to be made by Beach regarding the future performance of the assets being acquired. If any of the data or information provided to and relied upon by Beach in its due diligence process and its preparation of this presentation proves to be incomplete, incorrect, inaccurate or misleading, there is a risk that the actual financial position and operational performance of Beach may be materially different to the financial position and operational performance expected by Beach and reflected in this presentation.

Investors should also note that there is no assurance that the due diligence conducted was conclusive and that all material issues and risks in respect of the transaction have been identified and avoided or managed appropriately (for example, because it was not always possible to negotiate indemnities or representations and warranties from Origin to cover all potential risks). Therefore, there is a risk that unforeseen issues and risks may arise, which may also have a material impact on Beach (for example, Beach may later discover liabilities or defects which were not identified through due diligence or for which there is no protection for Beach). This could adversely affect the operations, financial performance or position of Beach. Further, the information reviewed by Beach includes forward looking information (for example, production and capital expenditure forecasts). While Beach has been able to review some of the foundations for the forward looking information relating to Lattice, forward looking information is inherently unreliable and based on assumptions that may change in the future.

2.3 Future earnings and acquisition accounting risk

Beach has undertaken financial and business analysis of Lattice in order to determine its attractiveness to Beach and whether to pursue the acquisition. To the extent that the actual results achieved by Lattice are weaker than those anticipated, or any difficulties arise in integrating its operations with those of Beach, there is a risk that the profitability and future earnings of the operations of Beach may differ (including in a materially adverse way) from the profitability and future earnings used to determine the transaction price for the Lattice business, and the preliminary fair value of the assets acquired and liabilities assumed.

Key risk factors (cont'd)

2. Key acquisition risks (cont'd)

2.4 Historical environmental and other liabilities

If the acquisition of Lattice completes, Beach will become directly or indirectly liable for any liabilities that Lattice has incurred in the past, including liabilities which were not identified during its due diligence or which are greater than expected, for which insurance may not be adequate or available, and for which Beach will not have post-closing recourse under the SPA. Lattice's historical liabilities (for which Beach will indirectly assume responsibility) include any past or future environmental contamination and future decommissioning and abandonment liabilities, which may be significant (particular for offshore assets) and which require significant judgements to be made and estimates and assumptions to be used regarding factors such as current or future litigation, regulatory actions, industrial relations, health and safety claims and other liabilities. Such liabilities may adversely affect the financial performance or position of Beach post-acquisition.

2.5 Integration risk and capacity to comply with all regulatory requirements

The acquisition of Lattice will be transformational for Beach's business, operational profile, capital structure, size and geographic focus compared to that of Beach on a standalone basis. For the first time, Beach will commence offshore production as operator (Beach has prior operating experience in offshore exploration). The integration of a business of the size and scope of Lattice carries risk, including potential delays or costs in implementing necessary changes, difficulties in integrating various operations and failures to appropriately manage the business in circumstances where its geographical and technical scope has increased significantly in a short space of time.

The success of the acquisition will be dependent on, among other things, the effective and timely integration of the businesses of Beach and Lattice following completion of the acquisition, which cannot be guaranteed to occur successfully. Risks to achieving successful integration include:

- possible difficulties in bringing together the cultures and capabilities of both organisations in an effective manner;
- disruption to the ongoing operations of both businesses;
- higher than anticipated integration costs;
- integration of accounting and internal controls;

2. Key acquisition risks (cont'd)

2.5 Integration risk and capacity to comply with all regulatory requirements (cont'd)

- unforeseen costs relating to integration of some systems processes and services of both of the businesses;
- unforeseen industrial relations issues that impact customer supply; and
- unintended loss of key personnel or expert capability or reduced employee productivity due to uncertainty arising as a result of the acquisition or loss of key staff and contractors.

Notwithstanding that Lattice is currently operating as a standalone business with a significant workforce, a failure to fully integrate the operations of Lattice with those of Beach, or a delay in the integration process, could impose unexpected costs that may have a material adverse effect on the financial performance and future prospects of Beach.

In addition, the Lattice business and operations currently rely on various services and resources provided by Origin (or by third parties engaged by Origin) to operate all of the Lattice assets in the manner required and Beach does not currently have internal capacity to replace all of those services and resources. Accordingly, in order to maintain its licence to operate certain assets (particularly those offshore), Beach will rely on the provision of transitional services from Origin for a period post-completion and it will be necessary for Beach to retain the services of other third party providers to bolster the support it receives from Origin under the TSA and SPA (until such time as Beach has developed the internal capacity). The provision of this assistance is intended to satisfy all relevant regulators, for example NOPSEMA that Beach has the capacity to operate at the standard required. To the extent that necessary services and resources are not provided as transitional services by Origin or other qualified persons Beach may be required to negotiate changes to Origin's "Inforce Plans" with NOPSEMA or another regulator prior to completion of the acquisition to make compliance possible, as well as engaging with NOPSEMA more generally in order to ensure that it is comfortable with Beach's capacity to assume responsibility for the new operational responsibilities. If there is any failure to obtain any necessary support services or any failure in the provision of those services by Origin or third parties, this may adversely affect the integration of Lattice into Beach as well as Beach's compliance with regulatory requirements which could, at worst, result in one or more regulators suspending Beach's operations of certain Lattice assets (i.e. until Beach obtains the required capabilities), thus adversely impacting the operations and financial performance of Beach.

Once the acquisition is completed, Beach shareholders will be exposed to the risk factors which apply to Lattice, as well as risk factors which apply to Beach and the integration of Lattice into Beach's business. Such risks may include risks associated with a broader suite of assets to which Beach shareholders are not currently exposed to, particularly offshore exploration and production assets. A number of these risks are described in section 3 below.

Key risk factors (cont'd)

2. Key acquisition risks (cont'd)

2.6 Contractual events on change of control

A number of Lattice's material contracts require Beach to seek the counterparty's consent to the acquisition. If a contractual counterparty does not provide its consent to the acquisition (which may trigger termination or pre-emption rights in favour of the contractual counterparty), or if any of these material contracts are terminated or renegotiated by the counterparty, this may have an adverse effect on the financial performance and prospects of Beach. These consents are not conditions to completion of the SPA.

2.7 Acquisition funding risk

Beach has entered into a commitment letter pursuant to which certain financiers have agreed to provide Beach with debt financing of up to $1,575 million for financing the Lattice acquisition. In certain circumstances, the commitment letter may be terminated by the financiers, which would have an adverse impact on Beach's sources of funding for the Lattice acquisition. However, the termination rights for the financiers under the commitment letter are limited and primarily relate to material breaches by Beach of its obligations under the commitment letter. The expiry of the financiers' commitment is aligned to the longstop date for completion under the SPA.

The covenant package proposed under the commitment letter includes restrictions on gearing and leverage and requires a minimum interest cover threshold. Failure to comply with the new covenant package could limit financial flexibility or enable Beach's financiers to accelerate repayment of the debt obligations. If the acquisition occurs, and Beach utilises the debt financing, it is anticipated that Beach's debt levels will increase. As a consequence, there is a risk that Beach may be more exposed to risks associated with gearing and leverage. In addition, the proposed debt financing may leave Beach more exposed to interest rate movements to the extent such financing arrangements are not adequately hedged or hedged at all. Given the size of the proposed debt financing, there is a risk that Beach may have more difficulty refinancing its debt in due course, particularly if the debt to be refinanced is at a similar quantum and cost to the proposed debt financing. This may have an adverse impact on Beach's financial performance.

Key risk factors (cont'd)

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3. Key business risks of Beach (including Lattice)

3.1 Volatility in crude oil prices and changes in long-term gas prices

The financial performance and results of Beach will be heavily influenced by the price realised for oil, gas and gas liquids produced by Beach.

The price of oil, as a publicly traded commodity, is variable and can be volatile, as a result of a number of factors outside of the control of Beach, including worldwide oil supply and demand, the level of economic activity in the markets that Beach serves, regional political developments and military conflicts in oil producing countries and regions, the price and availability of new technology and the availability and cost of alternative sources of energy. It is impossible to predict future oil and gas prices with certainty. A material, extended or substantial decline in the realised price for oil and in the contracted price for gas produced by Beach may have a material adverse impact on the financial results and future prospects of Beach and/or ability to fund future exploration, appraisal and development activities. The calculation and estimation of quantities of oil and gas anticipated to be commercially recoverable from known accumulations is affected by the prices at which the oil and gas is expected to be able to be sold for in the future. Declines in the price of oil and continuing price volatility may also lead to revisions of the medium and longer price assumptions for oil from future production, which, in turn, may lead to a revision of the carrying value of some of Beach's assets and/or a reduction of reserves estimates. An extended or substantial decline in oil and in contracted gas prices or demand for oil and gas or expectation of such decline may mean that previously booked reserves and resources may no longer be regarded as commercially recoverable, leading to a reduction in previous bookings and in the recorded valuations of assets on Beach's Statement of Financial Position. If the valuation of an asset is below its historical book value in Beach's financial statements, a non-cash impairment which will reduce the historical book value of the asset will be recorded, and the non-cash impairment will also reduce the reported net profit for the relevant period.

Increases and decreases in oil and gas prices also affect the amount of profit and cash flow available to Beach for servicing its funding and capital expenditure. Such fluctuations may also impact Beach's ability to borrow money or raise additional capital.

Beach currently contracts the majority of its gas to customers at agreed prices underwritten by escalation with CPI so it is substantially unaffected by movements in gas prices in the short to medium term. However, Beach will be exposed to movements in gas prices in the longer term as its existing gas supply contracts and/or gas sales agreements expire or come up for renewal and are re-contracted at prevailing prices.

Key risk factors (cont'd)

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3. Key business risks of Beach (including Lattice) (cont'd)

3.2 Demand for energy and competition

The demand for oil, gas and other products of Beach may be adversely affected by downturns in economic activity, competition from alternative sources of oil or gas, competition from other sources of energy supply, technological developments in energy efficiency, changes in consumer behaviour, policy shifts towards lower carbon emissions, changes to competition policy and a large number of other factors outside the control of Beach. A fall in demand for Beach's current products, in the absence of an effective response by Beach, would adversely affect the profitability, financial performance and prospects of Beach.

3.3 Exploration activities

The future operating and financial performance of Beach will be influenced by the ability of Beach to successfully explore for and identify hydrocarbon reserves and resources that are commercially viable, so as to increase hydrocarbon reserves and/or replace oil and gas reserves depleted by production.

Exploration activity is a high risk endeavour which is subject to geological and technical risks and uncertainties. There can be no guarantee that Beach will, through its exploration activities, successfully identify and secure hydrocarbon reserves and resources to support future production.

3.4 Acquisitions and divestments

Beach from time to time evaluates acquisition and divestment opportunities across its range of assets and businesses, and engages in confidential negotiations with third parties with respect to these opportunities. However, neither the opportunities nor the negotiations are publicly disclosed until such time as the prospects of transacting are sufficiently certain, and Beach has determined the impact of the transaction would be material to the price of Beach's shares. Any acquisitions or disposals could lead to a change in the sources of Beach's earnings and result in variability of earnings over time. Any acquisitions or disposals could also lead to changes in future capital and operating expenditure obligations which may impact Beach's funding requirements. They may also give rise to liabilities. Integration of new businesses into the Beach group may be costly and may occupy a large amount of management's time.

3.5 Drilling activities

Oil and gas exploration, development and production activities typically involve drilling operations. Drilling operations are high-risk and subject to hazards including unexpected geological conditions, infrastructure failure and other incidents, or conditions which could result in damage to plant or equipment or the environment. Although Beach intends to take adequate precautions to minimise risks associated with drilling activities, there can be no guarantee that Beach will not experience one or more material incidents in the context of drilling activities which may have an adverse impact on the operating and financial performance of Beach, including costs associated with control of well operations, recovery of plant and equipment, and environmental rectification and compensation, along with delays or other impacts on anticipated results. This risk is particularly present in relation to offshore drilling and following completion of the acquisition of Lattice, approximately 50% of all production will be conducted by Beach offshore.

Key risk factors (cont'd)

3. Key business risks of Beach (including Lattice) (cont'd)

3.6 Development activities

Beach's development activities may be delayed or may be unsuccessful for many reasons, including extreme weather conditions and weather events, unanticipated financial, operational or political events, a failure to obtain necessary government and stakeholder approvals, or a failure to obtain relevant approvals on reasonably acceptable terms or in a timely manner, cost overruns, decline in commodity prices or demand, equipment and labour shortages, technical concerns, increases in operating costs, community or industrial action and general project delays. Failure to develop existing reserves and a failure to find and develop additional reserves may require Beach to source further gas from other sources at higher cost to meet contractual obligations or otherwise to default on delivery obligations. Material delays or failures to successfully complete Beach's development activities may have a material adverse effect on the operating performance of Beach or its future prospects.

3.7 Production performance

Production performance of Beach is subject to a number of risks, including production and expansion activities not being executed as planned, changes in operating and capital costs, unanticipated mechanical failure of plant and equipment, technical risks such as reservoir performance and changes in consumer behaviour and market demand. Relevant risks, if they arise (alone, or in combination), may interrupt or delay production, increase production costs or result in damage to and/or destruction of property, plant and equipment, personal injury, environmental harm or legal liability.

3.8 Reserves and resources

The estimation of hydrocarbon reserves and resources is not precise and is subject to significant uncertainties associated with hydrocarbon reservoir geology, and the interpretation of seismic and well data, as well as assumptions regarding recovery factors, future commodity prices, and development and operating costs. There can be no guarantee that Beach will successfully produce the volume of hydrocarbons estimated to be included in Beach's and Lattice's reserves, or that hydrocarbon resources will be successfully converted to reserves. Estimates which were valid when originally calculated may alter significantly or become uncertain when new information becomes available on the oil and gas reservoirs through additional drilling or reservoir engineering tests over the life of a field. As estimates change, development and production plans may be altered in a way that may adversely affect Beach's results of operations or future prospects.

3.9 Access to funding for continued operations and development

Exploration and development of hydrocarbon reserves and resources require significant capital and operational expenditure. The acquisition of Lattice will materially increase Beach's upcoming work and expenditure commitment obligations under its various exploration permits. Whilst Beach has no need to increase its debt levels in the medium term and expects to have sufficient headroom under its new facilities to continue to operate the combined Beach and Lattice business post-completion, Beach may in the future require access to sufficient funding on commercially acceptable terms to fund future commitments.

3. Key business risks of Beach (including Lattice) (cont'd)

3.9 Access to funding for continued operations and development (cont'd)

The future prospects of Beach will be influenced by the ability of Beach to obtain funding, via operating cash flows or access to debt and equity capital markets on commercially acceptable terms. Operating cash flows and access to debt and equity capital markets on commercially acceptable terms is affected by a number of factors beyond the control of Beach. There can be no assurance that Beach will be able to obtain funding as and when required on commercially acceptable terms, or at all.

If access to adequate funding is not maintained by Beach, Beach may not be able to take advantage of opportunities or otherwise respond to market conditions. Failure to obtain funding on a timely basis and on reasonably acceptable terms may also cause Beach to postpone or abandon development plans, or to relinquish or forfeit rights in relation to Beach's assets.

3.10 Negotiation with third parties

Various aspects of Beach's future performance and profitability may depend on the outcome of future negotiations with third parties. In addition to sales negotiations, these include the outcome of negotiations on land access arrangements, terms of access to third-party facilities, native title issues and discussions with government regulatory bodies in relation to licence renewals and work obligations and security for rehabilitation of areas of operation within Beach's tenements. If the outcomes of these negotiations are not favourable to Beach, Beach's financial performance may be adversely impacted.

3.11 Access to infrastructure

In order to access markets for the sale of Beach's production, Beach will rely on access to infrastructure on commercially acceptable terms. While Beach's assets include interests in oil and gas processing and transportation infrastructure, those interests are in many instances held in joint ventures and not under the control of Beach. There can be no guarantee that Beach will be able to maintain or obtain access to relevant infrastructure on commercially acceptable terms. A failure to obtain or maintain access to relevant infrastructure on commercially viable terms, or an event which results in a significant interruption to access to such infrastructure due to unforeseen circumstances, will have an adverse effect on the operating and financial performance of Beach.

Key risk factors (cont'd)

BEACH ENERGY

3. Key business risks of Beach (including Lattice) (cont'd)

3.12 Security of tenure

The operating and financial performance of Beach, along with its future prospects, are subject to Beach maintaining secure tenure over its exploration, development and production interests, and securing tenure for new properties. Permits in which Beach has an interest are subject to compulsory work or expenditure obligations for each permit year which must be met in order to keep the permit in good standing. It may be possible for these commitments to be varied by deferment and combination with later year requirements on application of the holders but any such variation is at the discretion of the relevant Minister administering the relevant legislation. If no variation is approved by the relevant Minister then a failure to meet compulsory obligations could lead to forfeiture of the permit. A failure to meet tenure conditions may result in a loss of tenure and may impact on Beach's reputation which, in turn, may hinder or prevent Beach from successfully obtaining extensions to its existing tenure or new tenure associated with future opportunities.

3.13 Unitisation

In the event of a cross-border discovery or a cross-permit discovery involving another permit holder, Beach may be required to share production in accordance with the requirements of the relevant regulatory authorities or of any relevant unitisation agreement agreed between the parties (as the case may be). Lattice has existing unitisation arrangements in respect of Lattice's projects at the Dongara Field and Yardarino Gas Fields (under the Waitsia joint venture), which Beach will inherit once it acquires Lattice. Among other things, such a requirement may delay the development of projects while negotiations with authorities or on unitisation arrangements progress and there can be no assurance that such negotiations will be resolved satisfactorily. Any delay to the development of projects may adversely affect the performance of Beach.

Key risk factors (cont'd)

3. Key business risks of Beach (including Lattice) (cont'd)

3.14 Joint venture activities

As is common in the oil and gas industry, Beach is a party to joint ventures and accordingly is subject to joint venture risks, which include devolved management control and disagreements with joint venture partners regarding operational and financial matters. Failure of Beach's joint venture partners to meet their financial and other obligations may have an adverse impact on Beach's business operations. Decisions by joint venture partners may also deprive Beach of the ability to exploit new discoveries.

For example, development work programs in relation to the Otway joint venture (in which Beach will indirectly acquire a 95% interest when it acquires Lattice (assuming that Lattice's acquisition of Benaris' 27.77% interest completes) require the unanimous consent of all of its joint venture partners. Accordingly, there is uncertainty as to Beach's ability to determine future development work programs in relation to the Otway joint venture.

Under certain joint venture operating agreements, Beach may not control the approval of work programs and budgets and a joint venture partner may vote to participate in certain activities without the approval of Beach. As a result, Beach may experience a dilution of its interest or may not gain the benefit of the activity, except at a significant cost penalty later in time.

A joint venture partner is not obliged to act in the best interests of the joint venture. Where a joint venture partner does not act in the best interests of the joint venture, there is underperformance by the joint venture management team or where the interests of joint venture partners do not align with Beach, this may adversely affect Beach's business, financial condition or results of operations.

3.15 Operational and personnel risk

Industrial disputes, work stoppages and accidents involving Beach's employees or contractors, natural disasters and extreme weather events, deliberate acts of destruction, inadequate supply chain performance, exploration, appraisal, drilling and production results, difficulties in obtaining necessary land access, the inherent uncertainty in reserves estimates and deliverability, equipment failure, failure of IT and other systems, cyber security disruption, environmental impacts, community or political opposition and other factors all contribute towards operational risk which may have an adverse effect on Beach's profitability and results of operations.

Where Beach relies on third parties to deliver or perform goods and services, there can be no guarantee that relevant third parties will deliver or perform those goods and services in the manner that delivers upon Beach's plans and expected outcomes which, in turn, will adversely affect the operating results and financial performance of Beach.

Beach's future prospects will be influenced by its ability to identify, attract, accommodate, motivate and retain qualified and experienced personnel across its business. In addition, the ability of Beach to maintain strong relations with its workforce, and to develop and/or maintain a strong organisational culture is a critical enabler for the performance of the workforce and, in turn, the operating and financial performance of Beach.

Key risk factors (cont'd)

BEACH ENERGY

3. Key business risks of Beach (including Lattice) (cont'd)

3.16 Regulatory risk and government moratoria on gas exploration and production

Beach's business activities are subject to the extensive laws and regulations which govern the undertaking of oil and gas exploration, development and production in the jurisdictions in which Beach has assets. As a result of the Lattice acquisition, the number of laws and regulations applying to Beach will increase. Relevant laws and regulations include tenure, environmental regulation, and laws relating to access to land and the interests of landholders and traditional owners. Oil and gas operators are required to obtain and maintain various permits to provide a regulatory 'licence to operate'. A failure to comply with relevant laws and regulations, including conditions imposed on Beach's activities under relevant permits, may result in operations being suspended, a forfeiture of critical permits, the imposition of a financial guarantee or surety, or financial penalty or compensation order, along with the potential for associated damage to the reputation of Beach. A failure to obtain regulatory approvals may inhibit Beach's ability to develop its assets (for example, the failure to obtain necessary licences may prevent exploitation of new discoveries).

The possible nature and extent of changes to legislation, regulations or guidelines or their interpretation or administration cannot be predicted with any certainty. Such changes may result in the imposition of more onerous obligations on Beach and, in turn, impact on the planned activities of Beach and its operating and financial performance.

There has been recent political uncertainty as to the future regulation of the East Coast gas market. On 20 June 2017, the government announced that it would implement the Australian Domestic Gas Security Mechanism (ADGSM) to ensure there is a sufficient supply of natural gas to meet the forecast needs of Australian consumers by requiring, if necessary, natural gas projects which are drawing gas from the domestic market to limit exports or find offsetting sources of new gas where there is a domestic shortfall. There is a risk that any changes to the regulation of the East Coast gas market, including a determination under the ADGSM, may reduce gas prices in the medium-to-long term. This may also affect the financial viability of new and developing projects, including those in which Beach and Lattice are involved, and potentially have a materially adverse impact on the operating and financial performance of Beach. The Australian government has stated that the Minister for Resources and Northern Australia is expected to make a decision about whether to make a determination under the ADGSM by the end of October 2017.

In addition, a number of Australian states and territories (including the states of Western Australia and Victoria where a number of the Lattice assets are located) have introduced moratoria and restrictions on gas production and exploration. There is a risk that other jurisdictions could impose similar restrictions, as well as a risk that the duration of these moratoria could be extended, or the scope of activities that are prohibited expanded (for example, if the moratorium imposed in Western Australia were expanded beyond fracking stimulation to conventional onshore production (like Victoria), this would impact Lattice's Waitsia project and potentially have a materially adverse impact on future Beach earnings.

3. Key business risks of Beach (including Lattice) (cont'd)

3.17 Health and safety

The business of exploration, development, production and transportation of oil and gas involves a variety of risks to the health and safety of personnel. A failure to maintain adequate systems and processes to avoid or mitigate the risks of health and safety incidents may result in events effecting the health and safety of Beach personnel which, in turn, may result in regulatory or other legal action against Beach. This could lead to increased operating costs, legal liability, regulatory action, the loss of operating licenses and/or damage to Beach's reputation.

3.18 Environmental and climate change risk

Oil and gas exploration, development and production activities may cause harm to the environment. If Beach is responsible for environmental harm it will be required to remediate the harm which may involve substantial expenditure. In addition, a material environmental incident may result in operations being suspended, a forfeiture of a critical permit, the imposition of a financial guarantee or surety, or financial penalty or compensation order, as well damage to Beach's reputation.

With increasing government and public sensitivity to environmental sustainability, environmental regulation is becoming more stringent. Beach could be subject to increasing environmental responsibility and liability, including laws and regulations dealing with air quality, water and noise pollution and other discharges of materials into the environment, carbon emissions, plant and wildlife protection, the reclamation and restoration of certain of its properties, hydraulic stimulation, the storage, treatment and disposal of wastes and the effects of its business on the water table and groundwater quality. Increased regulation of greenhouse gas emissions in response to climate change, including the progressive introduction of a carbon tax (or other mechanism to address carbon emissions) is likely to raise energy costs and costs of production and adversely impact on Beach's profitability.

Sanctions for non-compliance with laws and regulations may include administrative, civil and criminal penalties, revocation of permits, reputational issues, increased licence conditions and corrective action orders. These laws sometimes apply retroactively. In addition, a party can be liable for environmental damage without regard to that party's negligence or fault. Increased costs associated with regulatory compliance and/or with litigation could have a material and adverse effect on Beach's earnings and cash flows. Increased environmental activism also presents potential increased costs and reputational risks, including management time in managing and responding to the various anti-gas campaigns, and share sell-offs by investors.

Key risk factors (cont'd)

3. Key business risks of Beach (including Lattice) (cont'd)

3.18 Environmental and climate change risk (cont'd)

Beach recognises that the impact of climate change is a global challenge and that in a transition to a low-carbon energy future, the oil and gas industry will be exposed to varied risks, including regulatory and compliance risks, physical risks and reputational risks. Future regulatory policies may adversely impact Beach's growth opportunities, revenue and product demand (and a resultant stranding of higher cost assets). Changing investor expectations, uncertainty regarding emerging policy and regulations (including that governments may introduce unilateral carbon prices, which could increase operating costs relative to international competitors) and stakeholder activism (including divestment campaigns directed at oil and gas producers) may impact Beach's reputation, reduce appetite for funding Beach's operations, impact Beach's share price and increase personal litigation risk. Beach's ongoing monitoring and public disclosure of climate change related risks are critical to mitigating climate change that may adversely affect Beach in the future.

3.19 Decommissioning liabilities risk

On completion of the acquisition of Lattice, Beach will be subject to new obligations relating to decommissioning of offshore and onshore petroleum operations. There is a risk that relevant governmental authorities may, over time, impose higher standards that are required to be met in decommissioning (particularly in relation to sea beds). While Beach has taken into account the potential abandonment liability costs on Lattice's projects in evaluating the acquisition, provisions for the costs of such activities are estimates only and there is no assurance that the actual costs associated with decommissioning, abandoning and restoring such fields will not exceed the amount that Beach has provided for to cover these costs. A material underestimation of the abandonment liabilities associated with the Lattice assets could adversely affect the realised value of the acquisition for Beach. Beach conducts a review of its abandonment costs on an annual basis. Any changes to the estimates of the provisions are recognised in line with accounting standards.

Key risk factors (cont'd)

3. Key business risks of Beach (including Lattice) (cont'd)

3.20 Land access and Native Title risk

Land access is critical to Beach's operations. Beach may be required to obtain the consent of owners and occupiers of the relevant land or surrounding land. Compensation may be required to be paid by Beach to the owners and occupiers of land in order for Beach to carry out exploration activities.

In addition, Beach operates in a number of areas within Australia that are or may become subject to claims, "right to negotiate" processes or applications for native title determinations (including production licences L1 and L2 (at Waitsia) and production licence L11 (Beharra Springs) which are held by Lattice). These have the potential to introduce delays in the granting of petroleum licences and other permits and consequently to have an effect on the timing and cost of exploration, development and production licences, as well as in respect of operating costs associated with such licences.

3.21 Insurance

Beach maintains insurance for certain activities within ranges of coverage that it believes to be consistent with industry practice. However, insurance proceeds may not be adequate to cover all potential liabilities and losses. In addition, recovery under insurances is subject to the terms and conditions of the relevant insurance policies. Where Beach does not have insurances in place in respect of a relevant loss or hazard, or a relevant insurance policy does not apply as anticipated, Beach may be exposed to material uninsured losses which, in turn, may impact upon the financial performance of Beach. In addition, insurance of risks associated with oil and gas exploration and production is not always available and no assurance can be given that Beach will be able to obtain such insurance coverage in the future at reasonable rates or that any coverage it arranges will be adequate and available to cover claims.

3.22 Claims, liability and litigation

The risk of litigation and claims is a general risk of Beach's business. The nature of Beach's business means that it is likely to be involved in litigation or regulatory actions arising from a wide range of matters. For example, these may arise when contractual counterparties claim loss as a result of a breach of contract by Beach (such as for providing "off-spec" gas, or a gas shortfall, under gas supply agreements). Although Beach seeks to limit its scope for liability for such contractual claims, it is not always possible to do this to the extent desired. Beach may also be involved in investigations, inquiries or disputes, debt recoveries, native title claims, pre-emptive right disputes, land tenure and access disputes, contractual claims with respect to its activities (including with suppliers, customers, joint venturers and parties engaged to construct and or develop its projects and infrastructure), environmental claims or occupational health and safety claims.

Key risk factors (cont'd)

3. Key business risks of Beach (including Lattice) (cont'd)

3.22 Claims, liability and litigation (cont'd)

Beach may incur costs in making payments to settle any such claims or complying with any court order which may not be adequately covered by insurance, or at all. Such payment may have an adverse impact on Beach's profitability and financial position, and may impact Beach's ability to execute its development plans in part or in full.

3.23 General economic conditions

Any deterioration or adverse changes in macroeconomic conditions, including global, regional and local economic growth, the costs and general availability of credit, the level of inflation, interest rates, exchange rates, government policy (including fiscal, monetary and regulatory policies), general consumption and consumer spending and sentiment, and levels of unemployment, amongst others, are outside of the control of Beach and may result in material adverse impacts on Beach's financial performance and operating results.

3.24 Global security environment and political risks

Security threats require continuous oversight and control. A breach of security, such as an act of terrorism, against facilities and offices, pipelines, transportation or computer systems could severely disrupt operations and could cause harm to people.

Beach may be hindered in its business activities or prevented from proceeding with projects as a result of, amongst other things, such hazards as the expropriation of property, insurrection, acts of terrorism, nationalisation, renegotiation or termination of existing contracts, licences or other agreements, changes in laws or fiscal policies, currency exchange restrictions and other political risks. Such risks are difficult to predict with certainty, but any combination of one or other could have a material adverse impact on Beach's business or financial position.

3.25 Currency exchange rates

Doing business internationally exposes Beach to risks related to the value of one currency compared to another. The functional currency for Beach's Australian entities for accounting purposes is likely to be Australian dollars. However, Beach may earn revenues and incur expenditures in other currencies, principally denominated in the currency in the location in which activities are undertaken, or in the case of crude oil revenues, in US Dollars. In cases where Beach's debt or other obligations are in currencies different to the functional currency of the borrowing entity, Beach's earnings may be impacted positively or adversely as a result of fluctuations in exchange rates. As a result, the financial performance and results of Beach will be impacted by the relative performance of the relevant currencies and conversion of costs and revenue to Australian dollars.

Beach may use derivative instruments in order to hedge against movements in currency exchange rates. Too much exposure in the derivative markets relative to Beach's exposure in the spot market may have a material adverse effect on Beach.

Key risk factors (cont'd)

3. Key business risks of Beach (including Lattice) (cont'd)

3.26 Dividends

No assurances can be given in relation to the payment of future dividends. Future determinations as to the payment of Beach's future dividends will be at the discretion of the board of Beach, having regard to the availability of profits, the operating results and financial position of Beach, future capital requirements, covenants in relevant financing agreements, general business and financial conditions and other factors considered relevant by the board of Beach. There is no guarantee that any dividend will be paid, or if paid, that they will be paid at previous levels.

No assurances can be given in relation to the level of franking of future dividends. Franking capacity will depend upon the amount of tax paid in the future, the existing balance of franking credits and other factors.

3.27 Fiscal regulation

Beach will be subject to the fiscal regulatory regime applicable in Australia, as well as the fiscal regulatory regime that applies to activities in New Zealand (where Beach has assets). While there is relative stability in the fiscal regimes that apply to Beach, there can be no guarantee that Beach will not be subject to material changes to the fiscal regulatory environment (for example, in relation to climate change and decommissioning liabilities) in which it conducts its business in the future, which, in turn, may adversely impact upon the financial performance and results of Beach and its future prospects.

Companies in the oil and gas industries are subject to requirements to pay other direct and indirect taxes, royalties and other imposts in addition to normal company taxes. Beach will have assets in Australia and New Zealand. Accordingly, its profitability may be affected by changes in government taxation and royalty policies or the interpretation or application of such policies.

3.28 Taxation

Changes in the interpretation or application of existing taxation laws by the courts or taxation authorities in Australia, or changes to the laws themselves, may affect the taxation treatment of an investment in Beach shares or the holding or disposal of those shares. Further, changes in tax law, or changes in the way tax law is expected to be interpreted, in the various jurisdictions in which Beach operates, may impact Beach's future tax liabilities (including historical tax liabilities of the acquired Lattice business which are impacted by such changes and within an open period of review).

Key risk factors (cont'd)

4. Share and Offer risks

4.1 Risks associated with an investment in shares

There are general risks associated with investments in equity capital such as Beach shares. The trading price of Beach shares may fluctuate with movements in equity capital markets in Australia and internationally and subject to a range of factors beyond the control of Beach and its directors and management such as investor perceptions and sentiment, including in relation to the oil and gas sector and equity markets generally. This may result in the market price for the New Shares being less or more than the Offer Price.

Accordingly, New Shares issued under the Offer carry no guarantee in respect of the profitability of Beach, future dividends or returns of capital by Beach, or the price at which the New Shares will trade in the future. No assurances can be given that the New Shares will trade at or above the Offer Price. None of Beach, its directors or any other person guarantees the market performance of the New Shares.

4.2 Underwriting risk

Conditions precedent to underwriting obligations

Beach has entered into an underwriting agreement under the Underwriters have agreed to underwrite the Offer (excluding Seven Group Holdings' pro-rata entitlement, which Seven Group Holdings has committed to take up). If certain conditions are not satisfied or certain events occur, the Underwriters may terminate the Underwriting Agreement. Termination of the Underwriting Agreement would have an adverse impact on the proceeds raised under the Offer and Beach's sources of funding for the Lattice acquisition. If the Underwriting Agreement is terminated, Beach will not be entitled to terminate the SPA. In these circumstances Beach would need to find alternative funding to meet its contractual obligations. Termination of the Underwriting Agreement could materially adversely affect Beach's business, cash flow, financial condition and results of operations.

These conditions to the Underwriting Agreement include that the SPA and the debt funding documents for the Lattice acquisition have been entered into and have not been terminated, rescinded or varied in any material respect without the Underwriters' consent and no condition precedent under such agreements is able to be waived or becomes incapable of being satisfied.

Termination and restructure events

There are certain events which trigger termination or restructure of the Underwriting Agreement during the Institutional and Retail Offer periods. The ability of the Underwriters to terminate the Underwriting Agreement in respect of some events will depend on whether the event has or is likely to have a material adverse effect on the success, marketing or settlement of the Offer, the value of the securities, or the willingness of investors to subscribe for securities, or where they may give rise to liability for the Underwriters. The Underwriting Agreement automatically terminates if the entities controlled by Seven Group Holdings fail to pay or subscribe for their entitlements in accordance with the Seven Group pre-commitment or if there is another material breach.

Key risk factors (cont'd)

4. Share and Offer risks

4.2 Underwriting risk (Cont'd)

Institutional Entitlement Offer

The events which may trigger termination of the Underwriting Agreement in the period from execution of the Underwriting Agreement to settlement of the Institutional Entitlement Offer include where:

- the SPA or the debt funding documents are terminated, rescinded or varied in any material respect without the Underwriters' consent;
- failure to obtain quotation approval of the New Shares by ASX;
- Beach is suspended from the official list of ASX for one or more trading days (other than in connection with the bid or the Entitlement Offer) or its securities are removed from quotation;
- Beach alters its capital structure without the Underwriters' consent;
- Beach takes steps (other than restructuring steps in the ordinary course of its business) that is reasonably likely to result in Beach or any of its related bodies corporate becoming insolvent;
- Beach withdraws the Offer;
- Beach is unable to issue the New Shares in accordance with law;
- Beach does not provide the Underwriters with the necessary certificate;
- a force majeure event;
- ASIC makes an order or commences any investigation or hearing into the Offer that is unresolved;
- material breach of law by Beach;
- there is a change in Beach's chief executive officer or chief financial officer;
- Beach or any of its directors and officers engage in fraudulent conduct or activity.

Key risk factors (cont'd)

4. Share and Offer risks

4.2 Underwriting risk (Cont'd)

Retail Entitlement Offer

In addition to the Institutional Entitlement Offer termination and restructure events, there are certain events which may occur in the period from settlement of the Institutional Entitlement Offer to settlement of the Retail Entitlement Offer which trigger termination of the Underwriting Agreement (insofar as it relates to the Retail Entitlement Offer). Any sub-underwriters of the Retail Entitlement Offer (including Seven Group Holdings) would be released from their obligations were the Underwriting Agreement to be terminated. These termination events include where:

- events that would have been an Institutional Entitlement Offer termination event or restructuring event occur during the Retail Entitlement Offer period;
- the timetable to the Retail Entitlement Offer is delayed by three business days or more.

Key risk factors (cont'd)

4. Share and Offer risks (cont'd)

4.3 Dilution risk of not participating under the Offer

Eligible shareholders should note that if they do not take up all or part of their entitlement under the Offer, then their percentage shareholding in Beach will be diluted by not participating to the full extent in the Offer and they will not be exposed to future increases or decreases in Beach's share price in respect of the New Shares which would have been issued to then had they taken up all of their entitlements.

4.4 Control implications

As detailed in the cleansing notice, Seven Group Holdings may increase its voting power in Beach to a maximum of approximately 25.73% on completion of the Offer depending on the level of take up by shareholders of their entitlements. This is consistent with Seven Group Holdings' right to "creep" by up to 3% under an exception to the takeovers threshold contained in Corporations Act.

Notwithstanding that the Offer is not expected to have any material effect or consequence on the control of Beach, there is a risk that ASIC or another party could bring an action to the Takeovers Panel (**Panel**) claiming that the Offer gives rise to unacceptable circumstances. If an action is bought in the Panel and is successful, there are a broad range of orders that the Panel can make, including requiring Beach to amend the terms of the Offer or withdraw the Offer.

4.5 Sell-down by existing shareholders

There is a risk that existing substantial shareholders may seek to sell-down their shareholdings in Beach. A significant sale of shares, or a perception that a sell-down may occur, could adversely affect the price of Beach shares.

BEACH ENERGY

Acquisition of Lattice Energy and Capital Raising

Appendix G: International offer restrictions

BEACH ENERGY LIMITED

International offer restrictions

France

This document is not being distributed in the context of a public offering of financial securities (offre au public de titres financiers) in France within the meaning of Article L.411-1 of the French Monetary and Financial Code (Code monétaire et financier) and Articles 211-1 et seq. of the General Regulation of the French Autorité des marchés financiers ("AMF"). The New Shares have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France.

This document and any other offering material relating to the New Shares have not been, and will not be, submitted to the AMF for approval in France and, accordingly, may not be distributed (directly or indirectly) to the public in France. Such offers, sales and distributions have been and shall only be made in France to qualified investors (investisseurs qualifiés) acting for their own account, as defined in and in accordance with Articles L.411-2-II-2, D.411-1, L.533-16, L.533-20, D.533-11, D.533-13, D.744-1, D.754-1 and D.764-1 of the French Monetary and Financial Code and any implementing regulation.

Pursuant to Article 211-3 of the General Regulation of the AMF, investors in France are informed that the New Shares cannot be distributed (directly or indirectly) to the public by the investors otherwise than in accordance with Articles L.411-1, L.411-2, L.412-1 and L.621-8 to L.621-8-3 of the French Monetary and Financial Code.

Germany

This document has been prepared on the basis that all offers of New Shares will be made pursuant to an exemption under the Directive 2003/71/EC ("Prospectus Directive"), as amended and implemented in Germany, from the requirement to publish a prospectus for offers of securities.

An offer to the public of New Shares has not been made, and may not be made, in Germany except pursuant to one of the following exemptions under the Prospectus Directive as implemented in Germany:

- to any legal entity that is authorized or regulated to operate in the financial markets or whose main business is to invest in financial instruments;
- to any legal entity that satisfies two of the following three criteria: (i) balance sheet total of at least €20,000,000; (ii) annual net turnover of at least €40,000,000 and (iii) own funds of at least €2,000,000 (as shown on its last annual unconsolidated or consolidated financial statements);
- to any person or entity who has requested to be treated as a professional client in accordance with the EU Markets in Financial Instruments Directive (Directive 2004/39/EC, "MiFID"); or
- to any person or entity who is recognised as an eligible counterparty in accordance with Article 24 of the MiFID.

International offer restrictions (cont'd)

Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

Malaysia

This document may not be distributed or made available in Malaysia. No approval from, or recognition by, the Securities Commission of Malaysia has been or will be obtained in relation to any offer of New Shares. The New Shares may not be offered or sold in Malaysia except pursuant to, and to persons prescribed under, Part I of Schedule 6 of the Malaysian Capital Markets and Services Act.

International offer restrictions (cont'd)

BEACH ENERGY

New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "FMC Act").

The New Shares are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the FMC Act and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

Other than in the entitlement offer, the New Shares may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

Norway

This document has not been approved by, or registered with, any Norwegian securities regulator under the Norwegian Securities Trading Act of 29 June 2007. Accordingly, this document shall not be deemed to constitute an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act of 2007.

The New Shares may not be offered or sold, directly or indirectly, in Norway except to "professional clients" (as defined in Norwegian Securities Regulation of 29 June 2007 no. 876 and including non-professional clients having met the criteria for being deemed to be professional and for which an investment firm has waived the protection as non-professional in accordance with the procedures in this regulation).

International offer restrictions (cont'd)

Singapore

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of the Company's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) a "relevant person" (as defined in section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

Switzerland

The New Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("SIX") or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the New Shares may be publicly distributed or otherwise made publicly available in Switzerland. The New Shares will only be offered to regulated financial intermediaries such as banks, securities dealers, insurance institutions and fund management companies as well as institutional investors with professional treasury operations.

Neither this document nor any other offering or marketing material relating to the New Shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of New Shares will not be supervised by, the Swiss Financial Market Supervisory Authority (FINMA).

This document is personal to the recipient only and not for general circulation in Switzerland.

International offer restrictions (cont'd)

BEACH ENERGY

United Kingdom

Neither the information in this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the New Shares.

This document is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of the FSMA) in the United Kingdom, and the New Shares may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) of the FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this document relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

United States

This document may not be released or distributed in the United States. This document does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States. The New Shares have not been, and will not be, registered under the US Securities Act of 1933, as amended (the "U.S. Securities Act") or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, in the United States, except in transactions exempt from, or not subject to, registration under the U.S. Securities Act and applicable U.S. state securities laws.

Acquisition of Lattice Energy and Capital Raising

Appendix H: Pro forma balance sheet

BEACH ENERGY LIMITED

Beach Historical Consolidated Statement of Financial Position and Pro Forma Historical Combined Statement of Financial Position

Set out on page 26 page is the summarised historical consolidated statement of financial position of Beach Energy Limited and its subsidiaries (“Beach”) as at 30 June 2017 (the “Beach Historical Consolidated Statement of Financial Position”) and the pro forma historical combined statement of financial position for Beach and Lattice Energy Limited and its subsidiaries, which are the subject of the transaction (together, **Lattice Energy**, or the **Lattice Group**) on a combined basis, (the “Combined Group”) as at 30 June 2017 (the “Pro Forma Historical Combined Statement of Financial Position”), together, the Historical Financial Information.

The Pro Forma Historical Combined Statement of Financial Position has been prepared solely for inclusion in this investor presentation to provide shareholders with an illustration of the Combined Group assets and liabilities as if the proposed acquisition of Lattice Energy by Beach (the “Acquisition”) and the associated Entitlement Offer and draw down of the committed syndicated debt facilities (described on pages 24 to 28 of the investor presentation, and defined together as the “Funding Transactions”) had occurred at 30 June 2017.

There are some conditions precedent (described on page 24 of the investor presentation) that need to be satisfied or waived (if applicable) before the Acquisition is completed. The Pro Forma Historical Combined Statement of Financial Position assumes the Acquisition and Funding Transactions are completed with all conditions precedent having been satisfied or waived (if applicable) and the Acquisition and Funding Transactions occur at the values stated.

Due to its nature, the Pro Forma Historical Combined Statement of Financial Position does not represent Beach’s or the Combined Groups’ actual or prospective financial position.

The Historical Financial Information is presented in an abbreviated form and does not include all of the presentation, disclosures, statements or comparatives required by Australian Accounting Standards (“AAS”) applicable to general purpose financial reports prepared in accordance with the Corporations Act.

Beach Historical Consolidated Statement of Financial Position and Pro Forma Historical Combined Statement of Financial Position (cont'd)

Basis of Preparation

The directors of Beach are responsible for the preparation and presentation of the Beach Historical Consolidated Statement of Financial Position and the Pro Forma Historical Combined Statement of Financial Position.

The Pro Forma Historical Combined Statement of Financial Position is based on:

- the Beach Historical Consolidated Statement of Financial Position; and
- the pro forma historical combined statement of financial position for Lattice Energy as at 30 June 2017;

adjusted for the effects of the Funding Transactions

Beach Historical Consolidated Statement of Financial Position

The Beach Historical Consolidated Statement of Financial Position has been derived from Beach's audited financial statements for the year ended 30 June 2017. The Beach Historical Consolidated Statement of Financial Position has been prepared in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards ("AAS"). The Beach audited financial statements for the year ended 30 June 2017 also comply with International Financial Reporting Standards (IFRS) and interpretations issued by the International Accounting Standards Board

Pro forma historical combined statement of financial position of Lattice Energy

No separate consolidated financial statements existed for the Lattice Energy business prior to divestment by Origin Energy. Accordingly, pro forma historical financial information for Lattice Energy has been prepared and is included in the "Lattice Energy Combined" column of the Pro Forma Historical Combined Statement of Financial Position set out on page 26.

The pro forma historical combined statement of financial position of Lattice Energy has been derived from the Lattice Energy combined group statement of assets and liabilities, excluding property, plant & equipment and deferred tax assets/liabilities, as at 30 June 2017 ("Lattice Energy Combined Financial Information", discussed below), adjusted for the effects of the transactions described further in the section titled "Pro forma adjustments included in the pro forma historical combined statement of financial position of Lattice Energy" below.

<u>Lattice Energy Combined Financial Information</u>

The Lattice Energy Combined Financial Information was prepared by Origin Energy, and consists of Lattice Energy Limited and its subsidiaries which are the subject of the transaction (together, "Lattice Energy", or the "Lattice Group") on a combined basis, as if they were a consolidated group, and includes allocations or adjustments relevant to the Lattice Group's historical operations.

Beach Historical Consolidated Statement of Financial Position and Pro Forma Historical Combined Statement of Financial Position (cont'd)

BEACH ENERGY

Basis of Preparation (cont'd)

The Lattice Energy Combined Financial Information was prepared in accordance with the recognition and measurement principles prescribed in AAS's, except for the exclusion of the Lattice Energy balances relating to property, plant & equipment and deferred tax assets/liabilities. The property, plant & equipment and deferred tax assets/liabilities were excluded from the Lattice Energy Combined Financial Information by Origin Energy as the historical carrying values in respect of these items would be superseded by their preliminary fair values, calculated on Acquisition by Beach, in accordance with the requirements of AASB 3: *Business Combinations*", as discussed below.

Pro forma adjustments included in the pro forma historical combined statement of financial position of Lattice Energy

The Acquisition by Beach has been accounted for as a business combination under AASB 3 Business Combinations (AASB 3), with the assets and liabilities acquired recognised at their provisional fair values. This has required a series of adjustments to be made to the Lattice Energy Combined Financial Information described below. The pro forma adjustments include:

- the recognition of the preliminary fair value of non-current assets and deferred tax liabilities at 30 June 2017;
- the forgiveness of intercompany debt owed by Lattice Energy to Origin Energy Limited at 30 June 2017;
- the effects of Origin Energy Limited settling certain provisions of Lattice Energy at 30 June 2017; and
- the acquisition of the Benaris 27.77% equity interest in the Otway Gas Project by Lattice Energy, announced in September 2017, as if it had occurred at 30 June 2017[(1)].

Except for these pro forma adjustments, the carrying value of the remaining assets and liabilities at 30 June 2017 is considered to approximate fair value. The provisional fair value of non-current assets acquired in the transaction has been calculated, in aggregate, using a discounted cash flow model. The non-current asset value comprises property plant and equipment, petroleum assets, and exploration and evaluation assets, and may include any significant customer contracts and any goodwill arising from the transaction. The fair value calculated on a discounted cash flow basis is provisional, subject to change and will be refined upon completion of the transaction using market based assumptions at that time. Upon Acquisition a full and comprehensive assessment of the assets and liabilities acquired will be undertaken, including a formal valuation of each of the components of non-current assets, allowing a more detailed fair value allocation by class of non-current assets to be determined at that time.

Accordingly the actual fair values of Lattice Energy may differ from those reflected in the Pro Forma Historical Combined Statement of Financial Position. AASB 3 allows a period of twelve months from the date of acquisition to true up the provisional fair value allocation.

Note: Please refer to Appendix D for footnotes.

Beach Historical Consolidated Statement of Financial Position and Pro Forma Historical Combined Statement of Financial Position (cont'd)

BEACH ENERGY

Basis of Preparation (cont'd)

Pro Forma Historical Combined Statement of Financial Position

The Pro Forma Historical Combined Statement of Financial Position has been prepared in accordance with the recognition and measurement principles prescribed in AAS other than that it includes adjustments which have been prepared in a manner consistent with AAS that reflect the impact of certain transactions (being the Acquisition and associated Funding Transactions) as if they occurred as at 30 June 2017. The Pro Forma Historical Combined Statement of Financial Position has been prepared on a consistent basis with Beach's accounting policies as disclosed in its financial statements for the year ended 30 June 2017.

The Pro Forma Historical Combined Statement of Financial Position does not include the impact of the following:

- normal trading of Beach and Lattice Energy, including capital expenditure, which has occurred since 30 June 2017;
- payment of the final Beach dividend of 1.0 cents per share with respect to year ended 30 June 2017 which occurred on 29 September 2017; and
- repayment of Beach's existing gross drawn debt at 30 June 2017 of $150 million, out of existing cash reserves in September 2017.

Funding Transactions

For the purpose of the Pro Forma Historical Combined Statement of Financial Position, it has been assumed that Beach has:

- issued equity under an entitlement offer with gross cash proceeds of $301 million (issue of 402 million New Shares at the Issue Price of $0.75 per New Share), net of estimated pre-tax transaction costs of $5 million, offset by the recognition of an associated deferred tax benefit of $2 million which has been capitalised to issued capital; and
- entered into a $1,575 million syndicated debt facility, replacing its existing $550 million debt facility.

In order to fund the Acquisition, Beach is planning to drawdown additional gross debt of $1,300 million, net of estimated transaction costs of $30 million. Pro forma historical gross drawn debt would then be $1,450 million before capitalised fees with undrawn facilities totalling $150 million, and pro forma historical cash on hand of $320 million for the Combined Group as at 30 June 2017. The pro forma historical gross drawn debt reflects the debt position as if the transaction had occurred at 30 June 2017. The actual amount of debt drawn will change as a result of net cash flows earned in the period between 1 July 2017 and completion date.

Beach Historical Consolidated Statement of Financial Position and Pro Forma Historical Combined Statement of Financial Position (cont'd)

BEACH ENERGY

Significant Accounting Policies

There are no significant differences in accounting policies between Beach and Lattice Energy that would impact the Pro Forma Historical Combined Statement of Financial Position as at 30 June 2017 given the assets and liabilities of Lattice Energy have been recognised at fair value on Acquisition. The Combined Group will continue to apply the accounting policies of Beach in future periods, as set out in the financial statements of Beach for the year ended 30 June 2017. A complete copy of Beach's financial statements can be found on the ASX website at www.asx.com.au. Upon completion of the Acquisition, a full assessment of any differences in the significant accounting policies of Lattice Energy compared to Beach will be undertaken.

Acquisition of Lattice Energy and Capital Raising

Appendix I: Glossary

BEACH ENERGY LIMITED

Glossary

Defined Term	Meaning
A$ or $	Australian dollars
2C	denotes the best estimate scenario of contingent resources
2P or 2P reserves	is equivalent to the sum of proved reserves plus probable reserves. It denotes the best estimate scenario of reserves
AGL	AGL Energy Limited (ACN 115 061 375), or its relevant subsidiary, as applicable
ASX	ASX Limited (ABN 98 008 624 691)
bbl	barrel
Beach or Beach Energy	Beach Energy Limited (ACN 007 617 969)
Benaris	Benaris Exploration (Otway) Pty Limited
boe	barrels of oil equivalent
Corporations Act	the Corporations Act 2001 (Cth)
CPI	consumer price index
Entitlement Offer or Offer	accelerated non-renounceable entitlement offer to raise $301 million under section 708AA of the Corporations Act as modified by the ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84
FEED	front-end engineering and design
FID	final investment decision
FY	financial year (ending 30 June)
GSA	gas sale agreement
JV	joint venture

Glossary (cont'd)

Defined Term	Meaning
Lattice or Lattice Energy	Lattice Energy Limited (formerly Origin Energy Resources Limited) (ACN 007 845 338)
LC	letter of credit
LPG	liquefied petroleum gas
kT	kilotonne
MMboe	million barrels of oil equivalent
New Shares	the shares to be allotted and issued under the Entitlement Offer
NOPSEMA	National Offshore Petroleum Safety and Environmental Management Authority
OIO	Overseas Investment Office (New Zealand)
Origin or Origin Energy	Origin Energy Limited (ACN 000 051 696) or its relevant Subsidiary, as applicable
Origin FY17 Report	Origin's annual report for the financial year ended 30 June 2017 released to the ASX on 16 August 2017
Origin Reserves Report	Origin's 2017 reserves and contingent resources report annexed to the Origin FY17 Report
PJe	petajoule equivalent
Record Date	7.00pm (Sydney time) on Monday, 2 October 2017
RISC Advisory	RISC Operations Pty Ltd (ACN 150 789 030), trading as RISC ITS
Senex	Senex Energy Limited (ACN 008 942 827) or its relevant subsidiary, as applicable
Seven Group Holdings or SGH	Seven Group Holdings Limited (ACN 052 816 789) and its subsidiaries which hold shares in Beach as at the Record Date
SPA	the share sale agreement for the Transaction dated 27 September 2017

Glossary (cont'd)

Defined Term	Meaning
PRMS	the Petroleum Resources Management System sponsored by the Society of Petroleum Engineers, the American Association of Petroleum Geologists, the World Petroleum Council, the Society of Petroleum Evaluation Engineers and the Society of Exploration Geophysicists
TERP	the theoretical ex-rights prices at which Beach Energy shares should trade immediately after the ex-date of the Entitlement Offer
Transaction	the acquisition by Beach Energy of all of the issued share capital of Lattice from Origin Energy
TSA	transitional services agreement to be signed between Beach Energy and Origin Energy on or before completion of the Transaction
TJ	terajoule
Underwriters	the professional underwriters to the Entitlement Offer
Underwriting Agreement	the underwriting agreement between Beach Energy and the Underwriters dated 25 September 2017
US$	US dollars

Acquisition of Lattice Energy and Capital Raising

BEACH ENERGY LIMITED

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