



Beach Energy Limited
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2 October 2017

The Manager
ASX Market Announcements
ASX Limited
Exchange Centre, 20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

BEACH ENERGY LIMITED CAPITAL RAISING – NOTIFICATION TO INELIGIBLE RETAIL SHAREHOLDERS

Please find attached a letter today sent to ineligible shareholders pursuant to ASX Listing Rule 7.7.1A.

Yours sincerely

A handwritten signature in black ink, appearing to read "Cathy Oster".

Cathy Oster
General Counsel & Company Secretary
Beach Energy Limited

Notification to ineligible retail shareholders



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Dear Shareholder

BEACH ENERGY LIMITED ABN 20 007 617 969 ACCELERATED PRO-RATA NON-RENOUNCEABLE ENTITLEMENT OFFER NOTIFICATION TO INELIGIBLE RETAIL SHAREHOLDERS

On Thursday, 28 September 2017, Beach Energy Limited ABN 20 007 617 969 ("**Beach**") announced an accelerated pro-rata non-renounceable entitlement offer to eligible Shareholders to subscribe for 3 new Beach shares ("**New Shares**") for every 14 existing Beach shares ("**Shares**") held ("**Entitlement**") on the Record Date (7.00pm (Sydney time) Monday 2 October 2017), at an offer price of A\$0.75 per New Share ("**Offer Price**") to raise approximately A\$301 million (the "**Entitlement Offer**").

The Entitlement Offer is being made by Beach without a prospectus or product disclosure document in accordance with section 708AA of the *Corporations Act 2001* (Cth) (the "**Act**"), as modified by *ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84*.

The Entitlement Offer comprises an offer to Eligible Institutional Shareholders ("**Institutional Entitlement Offer**") and an offer to Eligible Retail Shareholders (as defined below) to participate on the same terms ("**Retail Entitlement Offer**").

Approximately A\$233 million of the Entitlement Offer is fully underwritten by Credit Suisse (Australia) Limited ("**Credit Suisse**"), Goldman Sachs Australia Pty Ltd ("**Goldman Sachs**") and UBS AG, Australia branch ("**UBS**") (together, "**Joint Underwriters**"). The remainder of the Entitlement Offer is subject to the commitments of entities controlled by Seven Group Holdings Limited, who have committed to fully take up their pro rata entitlement (being approximately A\$68 million) and to sub-underwrite the Entitlement Offer up to 68,260,311 New Shares.

The Institutional Entitlement Offer has already closed and the results have been announced to the Australian Stock Exchange ("**ASX**").

RETAIL ENTITLEMENT OFFER

The Retail Entitlement Offer, which will raise approximately A\$100 million, is being made to Eligible Retail Shareholders (as defined below) on the basis of 3 New Shares for every 14 Shares held at 7.00pm (Sydney time) on the Record Date.

Beach has today lodged a retail entitlement offer booklet with the ASX which sets out further details in respect of the Entitlement Offer, particularly in respect of retail shareholders and the Retail Entitlement Offer ("**Retail Entitlement Offer Booklet**"). The Retail Entitlement Offer Booklet will be mailed to Eligible Retail Shareholders (as defined below) on Thursday, 5 October 2017.

ELIGIBILITY CRITERIA

Beach has determined, pursuant to ASX Listing Rule 7.7.1(a) and section 9A of the Act, that it would be unreasonable to make offers to shareholders in all countries outside Australia and New Zealand in connection with the Retail Entitlement Offer. This is due to the legal and regulatory requirements in countries other than Australia and New Zealand and the potential costs to Beach of complying with these requirements, compared with the relatively small number of shareholders in those countries, the relatively small number of existing Shares they hold and the relatively low value of New Shares to which those shareholders would otherwise be entitled to subscribe for.

Shareholders who are eligible to participate in the Retail Entitlement Offer ("**Eligible Retail Shareholders**") are shareholders who:

- a) are registered as a holder of Shares as at 7.00pm (Sydney time) on the Record Date;

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- b) have a registered address on the Beach share register in Australia or New Zealand as at the Record Date;
- c) are not in the United States, and are not a person (including a nominee or custodian) acting for the account or benefit of a person in the United States (to the extent such person holds Shares for the account or benefit of such person in the United States);
- d) were not invited to participate (other than as nominee, in respect of other underlying holdings) under the Institutional Entitlement Offer, and were not treated as an Ineligible Institutional Shareholder under the Institutional Entitlement Offer; and
- e) are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer without any requirement for a prospectus or offer document to be lodged or registered.

Unfortunately, according to our records, you do not satisfy the eligibility criteria for an Eligible Retail Shareholder as stated above. Accordingly, in compliance with ASX Listing Rule 7.7.1(b) and section 9A of the Act, Beach wishes to advise you that it will not be extending the Retail Entitlement Offer to you and you will not be able to subscribe for New Shares under the Retail Entitlement Offer. You will not be sent the Retail Entitlement Offer Booklet or be able to subscribe for New Shares under the Retail Entitlement Offer.

The Entitlement Offer is non-renounceable. A number of New Shares equal to the number that you would otherwise have been entitled to subscribe for under the Entitlement Offer (had you not been an ineligible shareholder) will be offered in the Institutional Bookbuild at the Offer Price (for allocation to sub-underwriters of the Retail Entitlement Offer). As a result no amount will be payable to you.

NO ACTION REQUIRED

This notice is to inform you about the Retail Entitlement Offer. This notice is not an offer to issue New Shares to you, nor an invitation for you to apply for New Shares. You are not required to do anything in response to this notice.

If you have any questions in relation to any of the above matters, please contact the Beach Energy Shareholder Information Line on 1300 050 574 (within Australia) or +61 3 9415 4288 (outside Australia) between 8.30am and 5.00pm (Sydney time) Monday to Friday.

On behalf of the Board and management of Beach, we regret that you not eligible to participate in the Entitlement Offer but thank you for your continued support.

Yours sincerely



Cathy Oster
General Counsel & Company Secretary
Beach Energy Limited

Not for distribution or release in the United States

This notice does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States, or in any other jurisdiction in which such an offer would be unlawful. The entitlements and the new securities have not been, and will not be registered under the U.S. Securities Act of 1933, as amended ("U.S. Securities Act") or the securities laws of any state or other jurisdiction of the United States and may only be offered and sold outside the United States in "offshore transactions" (as defined in Rule 902(k) under the U.S. Securities Act) in reliance on Regulation S under the U.S. Securities Act.

The distribution of this notice in other jurisdictions outside Australia may also be restricted by law and any such restrictions should be observed. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

Forward looking statements

This notice 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 notice 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.

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Forward-looking statements, including projections, guidance on future earnings and estimates, are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. This notice contains such statements that are subject to risk factors associated with the oil and gas industry. It is believed that the expectations reflected in these statements are reasonable, but they may be affected by a range of variables which could cause actual results or trends to differ materially, including but not limited to the following risks: earnings, capital expenditure, cash flow and capital structure risks and general business risks. No representation, warranty or assurance (express or implied) is given or made in relation to any forward-looking statement by any person (including Beach Energy). 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 notice 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 notice speak only as of the date of this notice. Subject to any continuing obligations under applicable law or any relevant ASX listing rules, Beach Energy and its directors, officers, employees, advisers, agents, and intermediaries (including the underwriters) disclaims any obligation or undertaking to provide any updates or revisions to any forward-looking statements in this notice 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 notice will under any circumstances create an implication that there has been no change in the affairs of Beach Energy since the date of this notice.