

# Chairman's Letter



## NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

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 – RETAIL ENTITLEMENT OFFER

Please find attached copies of the following documents relating to the retail component of Beach Energy Limited's (**Beach Energy**) accelerated non-renounceable pro-rata entitlement offer (**Entitlement Offer**) announced on 28 September 2017 (**Retail Entitlement Offer**), which will be despatched to Eligible Retail Shareholders (as defined in Section 5.1 (Important Information) of the Retail Entitlement Offer Booklet) today:

1. Retail Entitlement Offer Booklet containing:
  - Letter from Beach Energy's Chairman
  - Key Dates and summary of the Retail Entitlement Offer
  - Summary of options available to Eligible Retail Shareholders
  - How to Apply
  - ASX Offer Announcements
    - Investor Presentation dated 28 September 2017
    - Offer Launch Announcement dated 28 September 2017
    - Institutional Offer Completion Announcement dated 2 October 2017
  - Important Information
2. Sample Entitlement and Acceptance Form

Retail shareholders who have any questions regarding the Retail Entitlement Offer should contact the Beach Energy Shareholder Information Line on 1300 050 574 (inside Australia) or +61 3 9415 4288 (outside Australia) at any time between 8.30am to 5.00pm (Sydney time) during the Retail Entitlement Offer period.

It is important to note:

**Only Eligible Retail Shareholders may participate in the retail component of Beach Energy's Entitlement Offer. Eligible Retail Shareholders may participate in the 3 for 14 non-renounceable pro rata entitlement offer on and subject to the terms set out in the Retail Entitlement Offer Booklet.**

A notification to Ineligible Retail Shareholders will be released to ASX separately.

Yours sincerely

A handwritten signature in black ink, appearing to read "G. Davis".

**Glenn Davis**  
Chairman



**BEACH  
ENERGY**

Beach Energy Limited  
ABN 20 007 617 969

## Retail Entitlement Offer

Details of a 3 for 14 accelerated non-renounceable pro-rata entitlement offer of Beach Energy ordinary shares (“New Shares”) at an offer price of \$0.75 per New Share

Retail Entitlement Offer closes at 5.00pm (Sydney time) on Monday, 16 October 2017.

### NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

This Retail Entitlement Offer Booklet requires your immediate attention. It is an important document which is accompanied by a personalised Entitlement and Acceptance Form and both should be read in their entirety. This Retail Entitlement Offer Booklet is not a prospectus under the Corporations Act 2001 (*Cth*) (**Corporations Act**) and has not been lodged with the Australian Securities and Investments Commission (**ASIC**). Please call your stockbroker, solicitor, accountant or other professional adviser if you would like advice in relation to your participation in the Retail Entitlement Offer. Please call the Beach Energy Shareholder Information Line on 1300 050 574 (inside Australia) or +61 3 9415 4288 (outside Australia) if you have any other questions.

## Important notices

### Is this booklet relevant to you?

This Retail Entitlement Offer Booklet is relevant to you if you are an Eligible Retail Shareholder.

In this Retail Entitlement Offer Booklet, references to “you” are references to Eligible Retail Shareholders and references to “your Entitlement” or “your Retail Entitlement” (or “your Entitlement and Acceptance Form”) are references to the Entitlement (or Entitlement and Acceptance Form) of Eligible Retail Shareholders.

Eligible Retail Shareholders are those persons who:

- are registered as a holder of Shares as at the Record Date, being 7.00pm (Sydney time) on Monday, 2 October 2017;
- have a registered address on the Beach Energy share register in Australia or New Zealand as at 7.00pm (Sydney time) on the Record Date;
- 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 Beach Energy ordinary shares for the account or benefit of such person in the United States);
- 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
- are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

Refer to Section 1 (Important Information) for further details.

### NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

This Retail Entitlement Offer Booklet is dated 2 October 2017. Defined terms used in these important notices have the meaning given in this Retail Entitlement Offer Booklet.

The Retail Entitlement Offer is made in accordance with section 708AA of the Corporations Act (as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84). This Retail Entitlement Offer Booklet does not contain all of the information which an investor may require to make an informed investment decision. The information in this Retail Entitlement Offer Booklet does not constitute financial product advice and does not take into account your investment objectives, financial situation or particular needs.

This Retail Entitlement Offer Booklet should be read in its entirety before you decide to participate in the Retail Entitlement Offer. This Retail Entitlement Offer Booklet is not a prospectus or other disclosure document under the Corporations Act and has not been lodged with ASIC.

By returning an Entitlement and Acceptance Form or otherwise paying for your New Shares through BPAY® or cheque in accordance with the instructions on the Entitlement and Acceptance Form, you acknowledge that you have read this Retail Entitlement Offer Booklet and you have acted in accordance with and agree to the terms of the Retail Entitlement Offer detailed in this Retail Entitlement Offer Booklet.

### No overseas offering

This Retail Entitlement Offer Booklet and the accompanying Entitlement and Acceptance Form do not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. In particular, this Retail Entitlement Offer Booklet does not constitute an offer to Ineligible Retail Shareholders and may not be distributed in the United States, and the New Shares may not be offered or sold, directly or indirectly, to persons in the United States. Refer to the “United States disclaimer” below for further information.

This Retail Entitlement Offer Booklet is not to be distributed in, and no offer of New Shares is to be made, in countries other than Australia and New Zealand.

No action has been taken to register or qualify the Retail Entitlement Offer, the Entitlements or the New Shares, or otherwise permit the public offering of the New Shares, in any jurisdiction other than Australia and New Zealand.

The distribution of this Retail Entitlement Offer Booklet (including an electronic copy) outside Australia and New Zealand, is restricted by law. If you come into possession of the information in this Retail Entitlement Offer Booklet, you should observe such restrictions and should seek your own advice on such restrictions. Any non-compliance with these restrictions may contravene applicable securities laws. Foreign exchange control restrictions or restrictions on remitting funds from your country

to Australia may apply. Your Application for New Shares is subject to all requisite authorities and clearances being obtained for Beach Energy to lawfully receive your Application Monies.

### New Zealand

The New Shares are not being offered to the public within New Zealand other than to existing shareholders of Beach Energy with registered addresses in New Zealand to whom the offer of these New Shares is being made in reliance on the Financial Markets Conduct Act 2013 and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

This Retail Entitlement Offer Booklet has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This Retail Entitlement Offer Booklet is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

### United States disclaimer

None of the information in this Retail Entitlement Offer Booklet or the Entitlement and Acceptance Form that will accompany this Retail Entitlement Offer Booklet when it is despatched to Eligible Retail Shareholders (as set out in the Key dates section) constitutes an offer to sell, or the solicitation of an offer to buy, any securities in the United States or to any person acting for the account or benefit of any person in the United States. None of the Retail Entitlement Offer Booklet (or any part of it), the accompanying Chairman’s Letter, ASX announcements or the Entitlement and Acceptance Form when that is to be made available, may be distributed or released, directly or indirectly, in the United States.

The Entitlements and 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. The Entitlements may not be taken up by, and the New Shares may not be offered or sold, directly or indirectly, to persons in the United States or to any person acting for the account or benefit of any person in the United States, except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act and applicable securities laws of any state or other jurisdiction in the United States. The New Shares in the Retail Entitlement Offer may only be offered and sold outside the United States in “offshore transactions” (as defined in Rule 902(h) under the U.S. Securities Act) in reliance on Regulation S under the U.S. Securities Act.

### Taxation

There will be tax implications associated with participating in the Retail Entitlement Offer and receiving New Shares. Section 4 of this Retail Entitlement Offer Booklet provides for a general guide to the Australian income tax, goods and services tax and stamp duty implications of the Retail Entitlement Offer for certain Eligible Retail Shareholders that are Australian



residents holding New Shares on capital account. The guide does not take into account the individual circumstances of particular Eligible Retail Shareholders and does not constitute tax advice. Beach Energy recommends that you consult your professional tax adviser in connection with the Retail Entitlement Offer.

### Privacy

Beach Energy collects information about each Applicant provided on an Entitlement and Acceptance Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's shareholding in Beach Energy.

By submitting an Entitlement and Acceptance Form, you will be providing personal information to Beach Energy (directly or through the Share Registry). Beach Energy collects, holds and will use that information to assess your Application. Beach Energy collects your personal information to process and administer your shareholding in Beach Energy and to provide related services to you. Beach Energy may disclose your personal information for purposes related to your shareholding in Beach Energy, including to the Share Registry, Beach Energy's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory bodies. You can obtain access to personal information that Beach Energy holds about you. To make a request for access to your personal information held by (or on behalf of) Beach Energy, please contact Beach Energy through the Share Registry.

### Future performance and forward looking statements

This Retail Entitlement Offer Booklet 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 Energy and Lattice Energy entity (being the FY18 capital expenditure forecast, target net gearing ratios, 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. Refer to Appendix E ("Key risks") of the Investor Presentation included in Section 3 of this Retail Entitlement Offer Booklet for a summary of certain risk factors that may affect Beach Energy. 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 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 Energy 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 Energy since the date of this Presentation.

### Financial information

All financial information in this Retail Entitlement Offer Booklet is in Australian Dollars (\$) or AUD) unless otherwise stated.

Investors should note that this Retail Entitlement Offer Booklet contains pro forma and forecast financial information. Investors should also note that this Retail Entitlement Offer Booklet does not include financial statements of Beach Energy or Lattice. For further information on the financial information for Beach Energy and Lattice provided in this Retail Entitlement Offer Booklet, Investors should refer to the "Important notice and disclaimer" section in the Investor Presentation released to the ASX on 28 September 2017, a copy of which is included in Section 3 of this Retail Entitlement Offer Booklet.

The pro forma and forecast financial information provided in this Retail Entitlement Offer Booklet is for illustrative purposes only and is not represented as being indicative of Beach Energy's views on its future financial condition and/or performance. Accordingly, investors should treat this information with appropriate caution.

### Past performance

Investors should note that past performance, including past share price performance, cannot be relied upon as an indicator of (and provides no guidance as to) future Beach Energy performance including future share price performance.

### Definitions, times and dates

Defined terms used in this Retail Entitlement Offer Booklet are contained in Section 6 of this Retail Entitlement Offer Booklet. Times and dates in this Retail Entitlement Offer Booklet are indicative only and subject to change. All times and dates refer to Sydney time. Refer to the "Key dates" section of this Retail Entitlement Offer Booklet for more details.

### Currency

Unless otherwise stated, all dollar values in this Retail Entitlement Offer Booklet are in Australian dollars (\$) or AUD).

### Trading New Shares

Beach Energy will have no responsibility and disclaims all liability (to the maximum extent permitted by 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 Energy or the 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.

If you are in any doubt, as to these matters you should first consult with your stockbroker, solicitor, accountant or other professional adviser. Refer to Section 1 (Important Information) for details.

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## Summary of the Entitlement Offer

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Ratio	3 New Shares for every 14 existing Shares in Beach Energy
Offer Price	A\$0.75 per New Share
Size	Approximately 401.5 million New Shares
Gross proceeds	A\$301 million, comprising approximately A\$201 million under the Institutional Entitlement Offer and approximately A\$100 million under the Retail Entitlement Offer
Renounceable?	The Entitlement Offer is non-renounceable

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## Enquiries

If you have any questions, please contact the Beach Energy Shareholder Information Line on 1300 050 574 (inside Australia) or +61 3 9415 4288 (outside Australia) at any time between 8.30am to 5.00pm (Sydney time) during the Retail Entitlement Offer period, or if you require advice about your participation in the Entitlement Offer, consult your stockbroker, accountant or other independent professional adviser.

## Key Dates

Event <sup>1</sup>	Date
Announcement of the Entitlement Offer	Thursday, 28 September 2017
Retail Entitlement Offer Booklet lodged with ASX	Monday, 2 October 2017
Record date for the Entitlement Offer (7.00pm Sydney time)	Monday, 2 October 2017
Retail Entitlement Offer Booklet and personalised Entitlement and Acceptance Form dispatched	Thursday, 5 October 2017
Retail Entitlement Offer opens (9.00am Sydney time)	Thursday, 5 October 2017
Settlement of Institutional Entitlement Offer	Monday, 9 October 2017
Issue and quotation of New Shares under the Institutional Entitlement Offer	Tuesday, 10 October 2017
Retail Entitlement Offer closes (5.00pm Sydney time)	Monday, 16 October 2017
Results of Retail Entitlement Offer announced	Thursday, 19 October 2017
Issue of New Shares under the Retail Entitlement Offer	Tuesday, 24 October 2017
New Shares under the Retail Entitlement Offer commence trading on ASX on a normal settlement basis	Wednesday, 25 October 2017
Dispatch of holding statements for New Shares issued under the Retail Entitlement Offer	Thursday, 26 October 2017

1. This timetable is indicative only and may change. Beach Energy reserves the right to amend any or all of these dates and times the timetable for the Entitlement Offer without notice, subject to the Corporations Act, the ASX Listing Rules and other applicable laws. In particular, Beach Energy reserves the right to extend the closing date of the Retail Entitlement Offer, to accept late applications under the Retail Entitlement Offer (either generally or in particular cases) and to withdraw the Retail Entitlement Offer without prior notice. Any extension of the closing date will have a consequential effect on the issue date of New Shares. The commencement of quotation of New Shares is subject to confirmation from ASX. All references to time are to Sydney time.

Beach Energy also reserves the right not to proceed with the Entitlement Offer in whole or in part at any time prior to the allotment and issue of the New Shares. In that event, the relevant Application Monies (without interest) will be returned in full to Applicant (without any interest). Cooling off rights do not apply to an investment in New Shares. You cannot withdraw your application once it has been accepted. Eligible Retail Shareholders wishing to participate in the Retail Entitlement Offer are encouraged to submit their Entitlement and Acceptance Form as soon as possible after the Retail Entitlement Offer opens.



On behalf of the Board of Beach, we are pleased to invite you to participate in the retail component of Beach's 3 for 14 underwritten accelerated pro-rata non-renounceable entitlement offer of new Beach shares at an Offer Price of A\$0.75 per New Share to raise total gross proceeds of A\$301 million. On Thursday, 28 September 2017, Beach announced that it will acquire all of the shares in Lattice Energy from Origin Energy for A\$1,585 million (the **Acquisition**). The funds raised in the Offer will be used to fund part of the Acquisition price, with the remainder to come from the proceeds of the up to A\$1,575 million of new committed senior secured syndicated debt facilities that Beach has obtained.

### About Lattice and the acquisition

We are very excited by the acquisition of Lattice, which will be truly transformational for Beach as it delivers significant growth, scale and diversity whilst at the same time being value and cash flow accretive per share.

The Lattice Energy portfolio is a mix of both production and exploration assets with diversified exposure to the Australian East Coast, West Coast and New Zealand gas markets and is highly complementary to Beach's existing portfolio.

The combination allows us to significantly expand our footprint across multiple basins, production hubs and jurisdictions, increasing Beach's 2P reserves by ~200% to 232 MMboe<sup>1</sup> and FY18 production guidance by ~150% to 25-27 MMboe<sup>2</sup>. It will significantly enhance our scale, and create the leading mid-cap ASX-listed oil and gas. We believe that there is also significant portfolio upside with a potential for longer term growth.

The acquisition also delivers a step-change in operatorship capabilities and expertise, including gas processing and offshore production. Operated production increases from ~50% to ~70% and offshore operations are expected to account for ~50% of production<sup>3</sup>.

Please refer to the Investor Presentation lodged with ASX on 28 September 2017 in Section 3 for further detail on Lattice and the Acquisition.

### Details of the Offer

This offer to you is part of the A\$301 million Offer announced by Beach on 28 September 2017. Approximately A\$201 million was raised from Institutional Investors at the Offer Price (**Institutional Entitlement Offer**). The remaining A\$100 million is expected to be raised through the Retail Entitlement Offer to which this Retail Offer Booklet relates. The Offer Price is the same price at which New Shares are to be issued under the Institutional Entitlement Offer and represents a:

- 7.6% discount to TERP of \$0.812 based on a closing share price of \$0.825 on 27 September 2017
- 9.1% discount to the closing price of A\$0.825 on 27 September 2017

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1. Calculated as Pro forma Beach and Lattice 2P reserves divided by Beach's 2P reserves as at 30 June 2017. Refer to Appendix D of the investor presentation in Section 3 of this document for further detail.

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. Refer Appendix D of the investor presentation in Section 3 of this document for further detail.

## **Retail Entitlement Offer to Eligible Retail Holders**

If you are a Shareholder on the Record Date (7.00pm (Sydney time) on Monday, 2 October September 2017), have a registered address in Australia or New Zealand and eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer (**Eligible Retail Holder** – see the “Details of the Offer” section of this Offer Booklet), you have the opportunity to invest in New Shares at the Offer Price.

We encourage you to read this Offer Booklet in full before deciding whether or not to invest. You may wish to obtain professional advice to assist you with your decision.

If you decide to take this opportunity to increase your investment in Beach please ensure that, before 5.00pm (Sydney time) on the Retail Entitlement Offer Close Date of Monday 16 October 2017, your completed Entitlement and Acceptance Form and your Application Payment are received by the Beach Registry, Computershare Investor Services Pty Limited, or that you have paid your Application Payment via BPAY® pursuant to the instructions that are set out in the enclosed Entitlement and Acceptance Form.

**The closing date for the receipt of Entitlement and Acceptance Forms and Application Payment is 5.00pm (Sydney time) on Monday, 16 October 2017.**

Please refer to the “How to Apply” section of this Offer Booklet for further information. If you do not wish to take up any of your Entitlement, you do not have to take any action.

## **Further information and application instructions**

Further details of the Offer, Beach, and the Lattice Acquisition, as well as the risks associated with investing in the Offer, are set out in this Offer Booklet (including the Investor Presentation in Section 3) which you should read carefully and in its entirety.

If you require further assistance, please do not hesitate to contact the Beach Offer Information Line on 1300 050 574 (within Australia) or +61 3 9415 4288 (from outside Australia) at any time between 8.30am and 5.00pm (Sydney time), Monday to Friday, during the Retail Entitlement Offer Period.

On behalf of the Board of Beach, we thank you for your continued support of Beach and invite you to participate in this investment opportunity.

Yours faithfully,



**Glenn Davis**

**Chairman**

Beach Energy Limited



# 1. Summary of options available to you

If you are an Eligible Retail Shareholder (as defined in Section 5.1 (Important Information)) you may take one of the following actions:

- take up all of your Entitlement;
- take up part of your Entitlement and allow the balance to lapse, in which case you will receive no value for those lapsed Entitlements; or
- do nothing, in which case all of your Entitlement will lapse and you will receive no value for those lapsed Entitlements.

If you are a retail shareholder that is not an Eligible Retail Shareholder you are an Ineligible Retail Shareholder. Ineligible Retail Shareholders are not entitled to participate in the Offer.

Options available to you	Key considerations
<b>Option 1:</b> Take up all or part of your Entitlement	<ul style="list-style-type: none"><li>• You may elect to purchase New Shares at the Offer Price (see Section 2 – How to Apply) for instructions on how to take up your Entitlement).</li><li>• The New Shares will rank equally in all respects with existing Shares (including rights to dividends and distributions).</li><li>• The Retail Entitlement Offer closes at 5.00pm (Sydney time) on Monday, 16 October 2017.</li></ul>
<b>Option 2:</b> Take up part of your Entitlement	<ul style="list-style-type: none"><li>• If you only take up part of your Entitlement, the part not taken up will lapse.</li><li>• If you do not take up your Entitlement in full you will not receive any payment or value for those Entitlements not taken up.</li><li>• If you do not take up your Entitlement in full, you will have your percentage holding in Beach Energy reduced as a result of dilution by the New Shares issued under the Entitlement Offer.</li></ul>
<b>Option 3:</b> Do nothing, in which case your Entitlement will lapse and you will receive no value for those lapsed Entitlements	<ul style="list-style-type: none"><li>• If you do not take up your Entitlement, you will not be allocated New Shares and your Entitlements will lapse. Your Entitlement to participate in the Retail Entitlement Offer is non-renounceable and cannot be sold, traded on ASX or any other exchange, nor can it be privately transferred.</li></ul>

## 2. How to Apply

### 2.1 Retail Entitlement Offer

The Retail Entitlement Offer constitutes an offer to Eligible Retail Shareholders (as defined in Section 5.1 (Important Information)), who are being invited to subscribe for 3 New Shares for every 14 existing Shares held as at the Record Date at 7.00pm (Sydney time) on Monday, 2 October 2017, at the Offer Price of \$0.75 per New Share. The Offer Price of A\$0.75 per New Share represents a discount of 7.6% to the TERP (calculated as at 27 September 2017). The offer ratio and Offer Price under the Retail Entitlement Offer are the same as for the Institutional Entitlement Offer.

You should note that not all Beach Energy shareholders will be eligible to participate in the offer of New Shares. Please read Section 1 (Important Information) for more information.

The Retail Entitlement Offer opens on Thursday, 5 October 2017. The Retail Entitlement Offer Booklet will be dispatched on Thursday, 5 October 2017, along with a personalised Entitlement and Acceptance Form, to Eligible Retail Shareholders. The Retail Entitlement Offer is expected to close at 5.00pm (Sydney time) on Monday, 16 October 2017.

The Entitlement Offer is non-renounceable. Accordingly, Entitlements do not trade on the ASX, nor can they be sold, transferred or otherwise disposed of.

The Retail Entitlement Offer is being made pursuant to section 708AA of the Corporations Act (as modified by *ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84*) which allows rights issues to be offered without a prospectus, provided certain conditions are satisfied.

As a result, this Retail Entitlement Offer is not being made under a prospectus and it is important for Eligible Retail Shareholders to read and understand the information on Beach Energy and the Retail Entitlement Offer made publicly available by Beach Energy, prior to taking up all or part of their Entitlement. In particular, please refer to the Offer materials enclosed in Section 3 of this Retail Entitlement Offer Booklet, Beach Energy's latest annual report, other announcements made available at [www.asx.com.au](http://www.asx.com.au) (including Beach Energy's preliminary report for the year ended 30 June 2017 released to ASX on 21 August 2017) and all other parts of this Retail Entitlement Offer Booklet carefully before making any decisions in relation to your Entitlement.

Please consult with your stockbroker, solicitor, accountant or other independent professional adviser if you have any queries or are uncertain about any aspect of the Retail Entitlement Offer. You should also refer to the "Risk" section in the Investor Presentation released to ASX on Thursday, 28 September 2017, a copy of which is included in Section 3 of this Retail Entitlement Offer Booklet.

### 2.2 Your Entitlement

Your Entitlement is set out on the accompanying personalised Entitlement and Acceptance Form and has been calculated as 3 New Shares for every 14 Shares you held as at the Record Date of 7.00pm (Sydney time) on Monday, 2 October 2017. If the result is not a whole number, your Entitlement will be rounded up to the nearest whole number of New Shares.

If you have more than one registered holding of Shares, you will be sent more than one personalised Entitlement and Acceptance Form and you will have separate Entitlements for each separate holding.

New Shares issued pursuant to the Retail Entitlement Offer will be fully paid and rank equally with existing Beach Energy Shares on issue.

Note: The Entitlement stated on your personalised Entitlement and Acceptance Form may be in excess of the actual Entitlement you may be permitted to take up where, for example, you are holding Shares on behalf of a person in the United States (see definition of Eligible Retail Shareholder in Section 5.1 (Important Information)).

#### Nominees

The Retail Entitlement Offer is being made to all Eligible Retail Shareholders (as defined in Section 5.1 (Important Information)). Beach Energy does not undertake to determine whether or not any registered holder is acting as a nominee or custodian or the identity or residence of any beneficial owners of Shares. Where any holder is acting as a nominee or custodian for a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Offer is compatible with applicable foreign laws.

Any person (such as a nominee or custodian) that is or is acting for the account or benefit of a person in the United States may not participate in the Retail Entitlement Offer on behalf of such persons in the United States, and may not send this Retail Entitlement Offer Booklet or any other materials into the United States.

Beach Energy does not undertake to advise you on any foreign laws.

## 2. How to Apply

### 2.3 Options available to you

If you are an Eligible Retail Shareholder, you may do any one of the following:

- take up all of your Entitlement (refer to Section 2.4);
- take up part of your Entitlement and allow the balance to lapse, in which case you will receive no value for those lapsed Entitlements (refer to Section 2.5); or
- do nothing, in which case all of your Entitlement will lapse and you will receive no value for those lapsed Entitlements (refer to Section 2.6).

Ineligible Retail Shareholders do not have any entitlement to participate in the Entitlement Offer.

The Closing Date for the acceptance of the Retail Entitlement Offer is **5.00pm (Sydney time) on Monday, 16 October 2017** (however, that date may be varied by Beach Energy, in accordance with the ASX Listing Rules and the Underwriting Agreement).

### 2.4 Take up all of your Entitlement:

If you decide to take up all of your Entitlement, please either:

- complete and return your personalised Entitlement and Acceptance Form with the requisite Application Monies in Australian dollars; or
- pay your Application Monies in Australian dollars via BPAY® by following the instructions set out on the personalised Entitlement and Acceptance Form,

in each case, so that they are received by the Share Registry by no later than 5.00pm (Sydney time) on Monday, 16 October 2017.

If you are paying by BPAY®, please make sure to use the specific Biller Code and unique Reference Number on your personalised Entitlement and Acceptance Form. If you receive more than one personalised Entitlement and Acceptance Form, please only use the Reference Number specific to the Entitlement on that Entitlement and Acceptance Form.

If you take up all of your Entitlement you will be issued your New Shares on or about Tuesday, 24 October 2017. Beach Energy's decision on the number of New Shares to be issued to you will be final.

Beach Energy also reserves the right (in its absolute discretion) to reduce the number of New Shares issued to Eligible Retail Shareholders, or persons claiming to be Eligible Retail Shareholders, if Beach Energy believes their claims to be overstated or if they or their nominees fail to provide information to substantiate their claims to Beach Energy's satisfaction.

Refund amounts, if any, will be paid in Australian dollars by cheque sent by ordinary post to your address as recorded on the share register (the registered address of the first-named in the case of joint holders). No interest will be paid on refunded amounts.

### 2.5 Take up part of your Entitlement and allow the balance to lapse

If you decide to take up part of your Entitlement, payment must be made by following the instructions set out on the personalised Entitlement and Acceptance Form. If Beach Energy receives an amount that is less than the Offer Price multiplied by your Entitlement, your payment will be treated as an Application for as many New Shares as your payment will pay for in full.

Eligible Retail Shareholders who do not take up their Entitlements in full will not receive any payment or value for those Entitlements they do not take up. Eligible Retail Shareholders who do not participate fully in the Retail Entitlement Offer will have their percentage holding in Beach Energy reduced.

### 2.6 If you take no action and allow your Entitlement to lapse

If you take no action you will not be allocated New Shares and your Entitlement will lapse. Your Entitlement to participate in the Retail Entitlement Offer is non-renounceable and cannot be sold, traded or otherwise transferable.

Eligible Retail Shareholders who do not take up their Entitlements in full will not receive any payment or value for those Entitlements they do not take up.

Eligible Retail Shareholders who do not participate fully in the Retail Entitlement Offer will have their percentage holding in Beach Energy reduced.

## 2.7 Payment

The method of acceptance of the Retail Entitlement Offer will depend on your method of payment being:

- by BPAY®; or
- by cheque, bank draft or money order.

All payments are to be made in Australian dollars.

Cash payments will not be accepted. Receipts for payment will not be issued.

Beach Energy will treat you as applying for as many New Shares as your payment will pay for in full up to your Entitlement.

Any Application Monies received for more than your final allocation of New Shares will be refunded as soon as practicable after the close of the Retail Entitlement Offer. No interest will be paid to applicants on any Application Monies received or refunded.

## 2.8 Payment by BPAY®

For payment by BPAY®, please follow the instructions on the personalised Entitlement and Acceptance Form (which includes the Biller Code and your unique Reference Number). You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions.

Please note that should you choose to pay by BPAY®:

- you do not need to submit the personalised Entitlement and Acceptance Form but are taken to have made the declarations, representations and warranties on that personalised Entitlement and Acceptance Form and in the Important Information Section of this Retail Entitlement Offer Booklet; and
- if you do not pay for your full Entitlement, you are deemed to have taken up your Entitlement in respect of such whole number of New Shares which is covered in full by your Application Monies.

It is your responsibility to ensure that your BPAY® payment is received by the Share Registry by no later than 5.00pm (Sydney time) on Monday, 16 October 2017. You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment and you should therefore take this into consideration when making payment.

Please make sure you use the specific Biller Code and your unique Customer Reference Number (**CRN**) on your personalised Entitlement and Acceptance Form. If you have more than one holding of Shares, you will be sent more than one personalised Entitlement and Acceptance Form and you will have separate Entitlements for each separate holding. If you receive more than one personalised Entitlement and Acceptance Form, please only use the CRN specific to the Entitlement on that Entitlement and Acceptance Form.

Any Application Monies received for more than your final allocation of New Shares will be refunded on or around Monday, 23 October 2017 (except for where the amount is less than \$5.00 in which case it will be donated to a charity chosen by Beach Energy). No interest will be paid on any Application Monies received or refunded.

## 2.9 Payment by cheque, bank draft or money order

For payment by cheque, bank draft or money order, you should complete your personalised Entitlement and Acceptance Form in accordance with the instructions on the form and return it accompanied by a cheque, bank draft or money order in Australian currency for the amount of the Application Monies, payable to “Beach Energy Limited” and crossed “Not Negotiable”.

It is your responsibility to ensure that your payment by cheque is received by the Share Registry by no later than 5.00pm (Sydney time) on Monday, 16 October 2017. You must ensure cleared funds are held in your account as your cheque will be banked as soon as it is received. Please note that you should consider postal and cheque clearance timeframes in meeting this deadline.

Your cheque, bank draft or money order must be:

- for an amount equal to \$0.75 multiplied by the number of New Shares that you are applying for; and
- in Australian currency drawn on an Australian branch of a financial institution. Payment cannot be made in New Zealand dollars. New Zealand resident shareholders must arrange for payment to be made in Australian dollars.

## 2. How to Apply

You should ensure that sufficient funds are held in the relevant account(s) to cover the Application Monies as your cheques will be processed on the day of receipt. If the amount of your cheque for Application Monies (or the amount for which the cheque clears in time for allocation) is insufficient to pay for the number of New Shares you have applied for in your personalised Entitlement and Acceptance Form in full, you will be taken to have applied for such lower number of whole New Shares as your cleared Application Monies will pay for (and taken to have specified that number of New Shares on your personalised Entitlement and Acceptance Form). Alternatively, your application will not be accepted.

Any Application Monies received for more than your final allocation of New Shares will be refunded on or around Monday, 23 October 2017 (except for where the amount is less than \$5.00 in which case it will be donated to a charity chosen by Beach Energy). No interest will be paid on any Application Monies received or refunded.

To participate in the Retail Entitlement Offer, your payment must be received no later than the close of the Retail Entitlement Offer, on 5.00 pm (Sydney time) on Monday, 16 October 2017. If you make payment via cheque, bank draft or money order you should mail your completed personalised Entitlement and Acceptance Form together with Application Monies using the reply paid or self-addressed envelope provided with this Retail Entitlement Offer Booklet, or deliver to:

### By mail

Beach Energy Limited  
C/- Computershare Investor Services Pty Limited  
GPO Box 2987  
Adelaide SA 5001  
Australia

Personalised Entitlement and Acceptance Forms and Application Monies will not be accepted at Beach Energy's registered or corporate offices, or other offices of the Share Registry.

As described above, where you have more than one holding of Shares, you will be sent more than one personalised Entitlement and Acceptance Form, and must complete the relevant Entitlement and Acceptance Form for each separate Entitlement you hold.

### 2.10 Entitlement and Acceptance Form is binding

A payment made through BPAY® or a completed and lodged Entitlement and Acceptance Form together with the payment of requisite Application Monies constitutes a binding acceptance to acquire New Shares on the terms and conditions set out in this Retail Entitlement Offer Booklet and, once lodged or paid, cannot be withdrawn. If the Entitlement and Acceptance Form is not completed correctly it may still be treated as a valid application for New Shares. Beach Energy's decision whether to treat an acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

By completing and returning your personalised Entitlement and Acceptance Form with the requisite Application Monies or making a payment by BPAY®, you will be deemed to have acknowledged, represented and warranted on behalf of each person on whose account you are acting that:

- you have read and understand this Retail Entitlement Offer Booklet and your personalised Entitlement and Acceptance Form in their entirety;
- you agree to be bound by the terms of the Retail Entitlement Offer, the provisions of this Retail Entitlement Offer Booklet, and Beach Energy's constitution;
- you authorise Beach Energy to register you as the holder(s) of New Shares allotted to you;
- you declare that all details and statements in the personalised Entitlement and Acceptance Form are complete and accurate;
- you declare you are over 18 years of age and have full legal capacity and power to perform all of your rights and obligations under the personalised Entitlement and Acceptance Form;
- that once Beach Energy receives your personalised Entitlement and Acceptance Form or any payment of Application Monies via BPAY®, you may not withdraw your Application or funds provided except as allowed by law;
- you agree to apply for and be issued up to the number of New Shares specified in the personalised Entitlement and Acceptance Form, or for which you have submitted payment of any Application Monies via BPAY®, at the Offer Price per New Share;
- you authorise Beach Energy, the Underwriters, the Share Registry and their respective officers or agents to do anything on your behalf necessary for New Shares to be issued to you, including to act on instructions of the Share Registry upon using the contact details set out in your personalised Entitlement and Acceptance Form;

- you declare that you were the registered holder(s) at the Record Date of the Shares indicated on the personalised Entitlement and Acceptance Form as being held by you on the Record Date;
- the information contained in this Retail Entitlement Offer Booklet and your personalised Entitlement and Acceptance Form is not investment advice nor a recommendation that New Shares are suitable for you given your investment objectives, financial situation or particular needs;
- this Retail Entitlement Offer Booklet is not a prospectus, does not contain all of the information that you may require in order to assess an investment in Beach Energy and is given in the context of Beach Energy's past and ongoing continuous disclosure announcements to ASX, which is publicly available at [www.asx.com.au](http://www.asx.com.au);
- you have read and understood the statement of key risks in the "Risks" section of the Investor Presentation included in Section 3 of this Retail Entitlement Offer Booklet, and understand and acknowledge that investments in Beach Energy are subject to risk;
- none of Beach Energy, the Underwriters, or their respective related bodies corporate and affiliates and their respective directors, officers, partners, employees, representatives, agents, consultants or advisers, guarantees the performance of Beach Energy, nor do they guarantee the repayment of capital;
- you agree to provide (and direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Retail Entitlement Offer and of your holding of Shares on the Record Date;
- you authorise Beach Energy to correct any errors in your personalised Entitlement and Acceptance Form or other form provided by you;
- you represent and warrant (for the benefit of Beach Energy, the Underwriters and their respective related bodies corporate and affiliates) that you did not receive an invitation to participate in the Institutional Entitlement Offer either directly or through a nominee, are not an Ineligible Retail Shareholder and are otherwise eligible to participate in the Retail Entitlement Offer;
- you represent and warrant that the law of any place does not prohibit you from being given this Retail Entitlement Offer Booklet and the personalised Entitlement and Acceptance Form, nor does it prohibit you from making an application for New Shares and that you are otherwise eligible to participate in the Retail Entitlement Offer;
- you represent and warrant that you are Eligible Retail Shareholders and 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 and are not otherwise a person to whom it would be illegal to make an offer or issue New Shares under the Retail Entitlement Offer;
- you and each person on whose account you are acting understand and acknowledge that the New Shares have not been, or will not be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction in the United States and may not be offered, sold or otherwise transferred in the United States. You further acknowledge that the New Shares may only be offered, sold or resold outside the United States in "offshore transactions" (as defined in Rule 902(h) under the U.S. Securities Act) in compliance with Regulation S under the U.S. Securities Act;
- you are subscribing for Entitlements and/or purchasing New Shares outside the United States (i.e. in an "offshore transaction" (as defined in Rule 902(h) under the U.S. Securities Act) in compliance with Regulation S under the U.S. Securities Act);
- you have not and will not send this Retail Entitlement Offer Booklet, the Entitlement and Acceptance Form or any other materials relating to the Retail Entitlement Offer to any person in the United States, to any person acting for the account or benefit of a person in the United States, or to any person in any other country outside Australia and New Zealand;
- if in the future you decide to sell or otherwise transfer the New Shares, you will only do so in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act, including in regular way transactions on the ASX or otherwise where neither you nor any person acting on your behalf knows, or has reason to know, that the sale has been pre-arranged with, or that the purchaser is, a person in the United States;
- if you are acting as a nominee or custodian, each beneficial holder on whose behalf you are submitting the Entitlement and Acceptance Form is resident in Australia or New Zealand and is not in the United States and is not acting for the account or benefit of a person in the United States, and you have not sent this Retail Entitlement Offer Booklet, the Entitlement and Acceptance Form or any information or materials relating to the Retail Entitlement Offer to any such person; and
- determination of eligibility of investors for the purposes of the institutional or retail components of the Entitlement Offer is determined by reference to a number of matters, including legal and regulatory requirements, logistical and registry constraints and the discretion of Beach Energy and/or the Underwriters.

## 2. How to Apply

### 2.11 Brokerage and stamp duty

No brokerage fee is payable by Eligible Retail Shareholders who accept their Entitlement.

Eligible Retail Shareholders should not be liable for stamp duty in respect of subscribing for New Shares or Top-Up Shares under the Retail Entitlement Offer, unless they acquire, either alone or with an associated/related person, an interest of 90% or more in Beach. Under current stamp duty legislation, no stamp duty would ordinarily be payable by investors on any subsequent transfer of Shares.

### 2.12 Enquiries

If you have not received or you have lost your personalised Entitlement and Acceptance Form, or have any questions, please contact the Beach Energy Shareholder Information Line on 1300 050 574 (inside Australia) or +61 3 9415 4288 (outside Australia). The Beach Energy Shareholder Information Line will be open from 8.30am to 5.00pm (Sydney time), during the Retail Entitlement Offer period. Alternatively, Eligible Retail Shareholders can access information about the Retail Entitlement Offer online at [www.beachenergy.com.au](http://www.beachenergy.com.au). If you have any further questions, you should contact your stockbroker, solicitor, accountant or other professional adviser.

### 3. ASX Offer Announcements

Offer Launch Announcement dated 28 September 2017



For immediate release – 28 September 2017  
Ref. #049/17

ASX Ltd  
Companies Announcement Office  
Electronic Lodgement System

#### ASX Release

Beach Energy Ltd  
ABN: 20 007 617 969  
ASX Code: BPT

25 Conyngham Street  
GLENSIDE SA 5065

GPO Box 175  
ADELAIDE SA 5001

Tel: +61 8 8338 2833  
Fax: +61 8 8338 2336

Web:  
[www.beachenergy.com.au](http://www.beachenergy.com.au)  
Email:  
[info@beachenergy.com.au](mailto:info@beachenergy.com.au)

**NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES**

#### **BEACH ENERGY ANNOUNCES TRANSFORMATIONAL ACQUISITION OF LATTICE ENERGY AND A \$301 MILLION 3 FOR 14 PRO-RATA ENTITLEMENT OFFER**

- Beach Energy to acquire all of the shares in Lattice Energy for \$1,585 million
- Transformational acquisition enhancing growth, scale and diversity of operations
- Increases 2P reserves by ~200% to 232 MMboe<sup>1</sup> and FY18 production guidance by ~150% to 25-27 MMboe<sup>2</sup>
- 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 per share reserves, operating cash flow and value accretion
- Target net gearing ratio of <25% by end of FY19 with anticipated strong deleveraging thereafter
- Acquisition to be funded through a \$301 million pro-rata accelerated non-renounceable entitlement offer and new committed senior secured syndicated debt facilities
- Beach's largest shareholder, Seven Group Holdings, is strongly supportive of the transaction

<sup>1</sup> Calculated as Pro forma Beach and Lattice 2P reserves divided by Beach's 2P reserves as at 30 June 2017. Refer Appendix D of the investor presentation that Beach has lodged with the ASX today for further detail.

<sup>2</sup> 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. ASX Offer Announcements

### Offer Launch Announcement dated 28 September 2017

ASX Release



Beach Energy Ltd (ASX: BPT, "Beach") is pleased to announce that it has entered into a binding agreement with Origin Energy Limited ("Origin") to acquire all of the shares in Lattice Energy Limited ("Lattice") for \$1,585 million (the "Acquisition") on a cash and debt free basis, with Beach to receive the benefit of Lattice cash flows from 1 July 2017.

The acquisition of Lattice is transformational for Beach, significantly enhancing Beach's scale and creating the leading ASX-listed oil and gas mid-cap with diversity of production and growth options.

The Acquisition is subject to approvals from the New Zealand Overseas Investment Office ("OIO") and the New Zealand Minister of Energy and Resources noting that economic exposure to Lattice transfers to Beach from 1 July 2017.

Beach CEO, Matt Kay, said "The acquisition of Lattice is transformational for Beach and represents a significant milestone as we execute our strategy to become a premier upstream oil and gas company. The transaction greatly enhances our platform for continued growth, delivers a diverse asset portfolio with significant upside and provides material value accretion for Beach shareholders."

"It establishes Beach as a major supplier of gas to domestic markets, and provides a step-change in production, operating capabilities and geographic exposure. It also provides attractive long-term gas contracts with Origin Energy and other high quality counterparties which underpin returns, cash flow generation and a rapid deleveraging profile."

"We now look forward to completing the transaction, welcoming Lattice's staff and integrating these complementary businesses with highly capable oil and gas teams. We also look forward to continuing our longstanding relationship with Origin."

#### **Acquisition Rationale and Benefits to Beach Shareholders**

Lattice is a complementary portfolio of assets with diversified exposure to the Australian East Coast, West Coast and New Zealand gas markets with a mix of production and exploration assets.

The combination significantly expands Beach's footprint across multiple basins, production hubs and jurisdictions, increasing Beach's 2P reserves by ~200% to 232 MMboe<sup>3</sup> and FY18 production guidance by ~150% to 25-27 MMboe<sup>4</sup>.

Lattice delivers a step-change in operatorship capabilities and expertise, including gas processing and offshore production. Operated production increases from ~50% to ~70% and offshore operations are expected to account for ~50% of production<sup>5</sup>.

The key production and development projects and the exploration portfolio will position Beach for longer-term growth. Furthermore, there is significant upside potential through optimal allocation of capital, strategic partnering and infrastructure ownership across the portfolio.

<sup>3</sup> Calculated as Pro forma Beach and Lattice 2P reserves divided by Beach's 2P reserves as at 30 June 2017. Refer Appendix D of the investor presentation that Beach has lodged with the ASX today for further detail.

<sup>4</sup> 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.

<sup>5</sup> Refer Appendix D of the investor presentation that Beach has lodged with the ASX today for detail.



Beach will become a material supplier of gas to east coast markets, with Lattice increasing Beach's attributable east coast sales gas and ethane production by ~310% to 95PJ<sup>6</sup> from three core gas processing hubs with combined net FY17 production equivalent to ~15% of the east coast gas demand last year<sup>7</sup>. Beach will have increased ownership interests in key infrastructure and a material equity position in three development projects, Thylacine, Geographe and Black Watch.

The transaction is financially compelling and value accretive:

- ~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;
- Return on equity on incremental equity raised of 30%+; and
- Ramping up to an annual run-rate of \$20 million of readily identifiable synergies (pre-tax) during the first full year of ownership<sup>8</sup>.

#### **Gas Sales Arrangements**

The Acquisition will deliver strong and stable cash flow generation underpinned by a number of long term Gas Sales Agreements (GSAs) with multiple high quality counterparties.

These include GSAs with Origin and AGL to supply gas from the Australian East Coast assets, Alinta in the Australian West Coast and Genesis in New Zealand. The Origin GSAs are at fixed prices (with CPI linkage and annual pricing step-ups) for the first 3-4 years followed by market prices (with CPI linkage) for the remaining term. Under the GSAs, Beach has secured Origin as a likely offtaker for exploration success on market terms with Beach control over project sanctioning.

The blended FY18 portfolio gas price is in excess of Beach's FY17 average realised gas price (\$6.10/GJ) and reflects a blend of new GSAs with Origin (with geographic pricing differentials) in addition to existing Lattice legacy contracts.

#### **Acquisition Funding**

Beach intends to raise approximately \$301 million through a 3 for 14 pro-rata accelerated non-renounceable entitlement offer to partially fund the acquisition ("Entitlement Offer"). Approximately \$233 million of the Entitlement Offer will be fully underwritten. The remaining \$68 million of the Entitlement Offer represents the pro-rata entitlements of major shareholder, Seven Group Holdings Limited ("SGH"). Entities controlled by SGH have committed to take up their entitlements in full and sub-underwrite the Entitlement Offer up to 68,260,311 New Shares, as described in the investor presentation which Beach has filed with the ASX today, which could take their overall shareholding from 22.73% to 25.73%.

<sup>6</sup> 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 include Benaris' working interest share of Otway Gas Project production.

<sup>7</sup> Based on combined Beach and Lattice Energy FY17 east coast gas 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.

<sup>8</sup> Annual run-rate synergies (pre-tax) post integration comprising overhead and corporate savings.

## 3. ASX Offer Announcements

### Offer Launch Announcement dated 28 September 2017

ASX Release



The balance of the Acquisition will be funded through new committed senior secured syndicated debt facilities of up to \$1,575 million. These new facilities represent a refinancing of existing facilities and cover general operations, bonding and the acquisition financing.

Beach intends to maintain a strong financial position, with a target pro forma net gearing ratio of <35% at completion<sup>9</sup>, pro forma liquidity at completion of greater than \$300 million, a target pro forma net gearing ratio of <25% by the end of FY19<sup>10</sup>, and the potential to be in a net cash position as early as end of FY21.

#### **Entitlement Offer**

Under the Entitlement Offer, eligible shareholders are invited to subscribe for 3 new Beach shares ("New Shares") for every 14 existing Beach shares held as at Monday, 2 October 2017. All New Shares in the Entitlement Offer will be issued at a price of \$0.75 per New Share ("Offer Price"), which represents a discount of:

- 9.1% to the last close of \$0.825 on Wednesday, 27 September 2017; and
- 7.6% to the theoretical ex-rights price ("TERP") of \$0.812<sup>11</sup>.

The Entitlement Offer will consist of:

- An accelerated institutional component to be conducted from Thursday, 28 September 2017 to Friday, 29 September 2017 ("Institutional Entitlement Offer"); and
- A retail component which will open on Thursday, 5 October 2017 and close at 5.00pm Sydney time on Monday, 16 October 2017 ("Retail Entitlement Offer").

At the time of allotment, the New Shares issued under the Entitlement Offer will rank equally with existing shares on issue.

#### **Institutional Entitlement Offer**

Eligible institutional shareholders will be invited to participate in the Institutional Entitlement Offer and can choose to take up all, part or none of their Entitlement. Entitlements not taken up under the Institutional Entitlement Offer will be offered to eligible institutional investors at the Offer Price (subject to SGH's sub-underwriting arrangements).

#### **Retail Entitlement Offer**

Eligible retail shareholders will be invited to participate in the Retail Entitlement Offer and can choose to take up all, part or none of their Entitlement. Eligible retail shareholders wishing to participate should carefully read the Retail Offer Booklet and accompanying personalised entitlement and acceptance form, which are expected to be despatched on Thursday, 5 October 2017. Retail

<sup>9</sup> Net gearing calculation is net debt / (net debt + book equity). Assumes completion will take place by the end of March 2018.

<sup>10</sup> Net gearing calculation is net debt / (net debt + book equity).

<sup>11</sup> 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.



shareholders with a registered address outside Australia or New Zealand will be ineligible to participate in the Retail Entitlement Offer.

### **Summary of Key Dates**

<b>Event</b>	<b>Date</b>
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

Beach has been advised on this transaction by Credit Suisse and Luminis Partners with legal advice from Gilbert + Tobin and Chapman Tripp.

### **Shareholder Enquiries**

Eligible retail shareholders will be sent further details about the Entitlement Offer via a retail offer booklet to be lodged with ASX and despatched on Thursday, 5 October.

Further information in relation to the Acquisition of Lattice and the Entitlement Offer is set out in an investor presentation which Beach has filed with the ASX today. The investor presentation contains important information including key risks, key assumptions relating to certain forward looking information in this announcement and international selling restrictions with respect to the Entitlement Offer.

**For more information please contact the following on +61 8 8338 2833**

Derek Piper – Investor Relations Manager, Beach Energy

### 3. ASX Offer Announcements

#### Offer Launch Announcement dated 28 September 2017

ASX Release

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#### **Conference Call and Webcast**

Beach advises that a conference call for analysts and investors has been scheduled for today, Thursday, 28 September 2017, at 10:15am (Sydney time) and is accessible via live webcast and dial in.

Investors wishing to access the live webcast may do so through the 'Latest News' section in the Investors Centre on the Beach website ([www.beachenergy.com.au](http://www.beachenergy.com.au)).

Analysts and investors wishing to dial into the conference call may do so through the details below:

**Conference ID:** 9286 2558

**Dial in number:** Australian toll-free: 1800 123 296 (Australian toll: +61 2 8038 5221)

Singapore toll-free: 800 616 2288

Hong Kong toll-free: 800 908 865

UK toll-free: 0808 234 0757

US toll-free: 1855 293 1544

**Important notice and disclaimer**

This Announcement contains information about Lattice Energy which is currently owned by 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 Energy nor any other person makes any representation or warranty with respect to the fairness, accuracy, completeness or adequacy of such information. Investors should refer to the Investor Presentation for further information.

**Not for distribution or release in the United States**

This announcement 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 not be offered or sold, directly or indirectly, to any person in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws.

The distribution of this announcement 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 Announcement 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 Announcement 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.

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 Announcement 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 Announcement 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 Announcement speak only as of the date of this Announcement. 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 Announcement 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 Announcement will under any circumstances create an implication that there has been no change in the affairs of Beach Energy since the date of this Announcement.

**Financial Information**

Investors should also be aware that certain financial data included in this Announcement are considered "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 Announcement would not be permissible in a registration statement under the U.S. Securities Act. The non-IFRS financial information and the 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 Energy believes this non-IFRS financial information and 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-IFRS or non-GAAP financial measures included in this Announcement.

### 3. ASX Offer Announcements

Investor Presentation dated 28 September 2017



BEACH ENERGY LIMITED

## Acquisition of Lattice Energy and Capital Raising

28 September 2017



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Acquisition of Lattice Energy and Capital Raising



BEACH ENERGY LIMITED

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**Transformational acquisition of Lattice Energy**  
Beach Energy to acquire Lattice Energy for \$1,585 million



- 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**



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#### Transformational acquisition of Lattice Energy Beach Energy to acquire Lattice Energy for \$1,585 million



<b>Significant growth, scale and diversity</b>	<ul style="list-style-type: none"> <li>Significantly expanded footprint across multiple basins, production hubs and jurisdictions</li> <li>Step-change in operatorship capabilities and expertise, including gas processing and offshore production</li> </ul>
<b>Increased production and reserves</b>	<ul style="list-style-type: none"> <li>Increases 2P reserves by ~200% to 232MMboe<sup>(1)</sup> and FY18 production guidance by ~150% to 25-27MMboe<sup>(2)</sup></li> <li>Stable cash flow generation underpinned by long-term gas contracts with market pricing re-sets</li> </ul>
<b>Significant portfolio upside</b>	<ul style="list-style-type: none"> <li>High grading of expanded development and exploration portfolio to support longer-term growth</li> <li>Opportunities to create value through strategic partnering in key assets and ongoing portfolio optimisation</li> <li>Operated control over critical infrastructure</li> </ul>
<b>Substantial east coast gas exposure</b>	<ul style="list-style-type: none"> <li>Increases Beach's attributable east coast sales gas and ethane production by ~310% to 95PJe<sup>(3)</sup></li> <li>Three core gas processing hubs with combined net FY17 production equivalent to ~15% of the east coast demand last year<sup>(4)</sup></li> </ul>
<b>Integration of complementary capabilities</b>	<ul style="list-style-type: none"> <li>Proven onshore and offshore operating capabilities across Australia and New Zealand</li> <li>Transitional Service Agreement to ensure uninterrupted business operations during integration</li> <li>Ramping up to an annual run-rate of \$20 million of readily identifiable synergies (pre-tax) during the first full year of ownership<sup>(5)</sup></li> </ul>
<b>Financially compelling and value accretive</b>	<ul style="list-style-type: none"> <li>A financially compelling and value accretive acquisition                             <ul style="list-style-type: none"> <li>~155% 2P reserves accretive on a per share basis (reserves as at 30 June 2017)</li> <li>&gt;60% operating cash flow accretive on a per share basis in first full year of ownership</li> </ul> </li> <li>Materially value per share accretive</li> <li>RoE on incremental equity raised of 30%+</li> <li>Increased free cash flow generation post completion expected to support a target net gearing ratio of &lt;25% by end of FY19<sup>(6)</sup>; with anticipated strong deleveraging thereafter</li> </ul>

Note: Please refer to Appendix D for footnotes.

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#### Acquisition aligned with Beach strategy and core competencies



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

##### Beach's core competencies

<p><b>1.</b> OPTIMISE COOPER BASIN CORE</p> <ul style="list-style-type: none"> <li>✓ Increased joint venture equity interests</li> <li>✓ Increased production and reserves</li> <li>✓ Simplified Cooper Basin JV coordination</li> </ul>	<p><b>3.</b> GROW EAST COAST GAS BUSINESS</p> <ul style="list-style-type: none"> <li>✓ Two established producing assets, both with operatorship</li> <li>✓ Increased exposure to Australian east coast gas market</li> <li>✓ Potential upside through development and exploration</li> </ul>	<ul style="list-style-type: none"> <li>✓ Long operating history in the Cooper Basin</li> <li>✓ Commitment to stakeholder engagement</li> <li>✓ High safety and environmental standards</li> <li>✓ Proven low-cost onshore operator</li> <li>✓ Strict capital allocation discipline</li> <li>✓ Demonstrated progress against growth strategy</li> </ul>
<p><b>2.</b> MAINTAIN FINANCIAL STRENGTH</p> <ul style="list-style-type: none"> <li>✓ Increase in free cash flow</li> <li>✓ Contracted gas production mitigating downside risk</li> <li>✓ Pro forma net gearing ratio of &lt;35% at completion<sup>(1)</sup></li> <li>✓ Targeting net gearing ratio of &lt;25% by end of FY19<sup>(2)</sup></li> </ul>	<p><b>4.</b> EXPAND BEYOND COOPER BASIN</p> <ul style="list-style-type: none"> <li>✓ Two established producing assets</li> <li>✓ Multiple basin exposures</li> <li>✓ Development and exploration portfolio</li> <li>✓ Offshore operating capability</li> </ul>	

Note: Please refer to Appendix D for footnotes.

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

## Transaction overview

**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<sup>(1)</sup>
    - 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<sup>(2)</sup>
  - Increased free cash flow generation post completion expected to support a target net gearing ratio of <25% by end of FY19<sup>(3)</sup>; with anticipated strong deleveraging thereafter

Note: Please refer to Appendix D for footnotes.

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

## Transaction overview

**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<sup>(1)</sup> 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



BEACH ENERGY LIMITED

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### Transformational acquisition enhancing scale and diversity of operations

Expanded footprint with multiple production hubs and basin exposures



#### 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)

Lattice infrastructure

Lattice production

Beach production

Beach infrastructure

Exploration

#### Otway Basin

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

#### Cooper Basin

Cooper Basin<sup>(1)</sup>  
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)

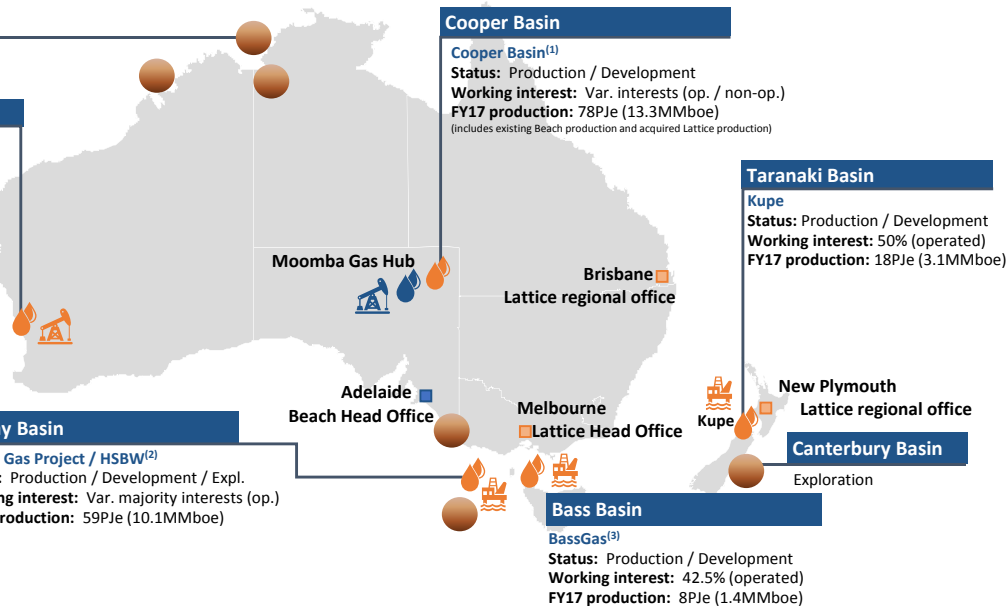
New Plymouth  
Lattice regional office

#### Canterbury Basin

Exploration

#### Bass Basin

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



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

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**Transformational acquisition enhancing scale and diversity of operations (cont'd)**  
 Diversification of production and reserves



FY17 Production (MMboe)<sup>(1)</sup>

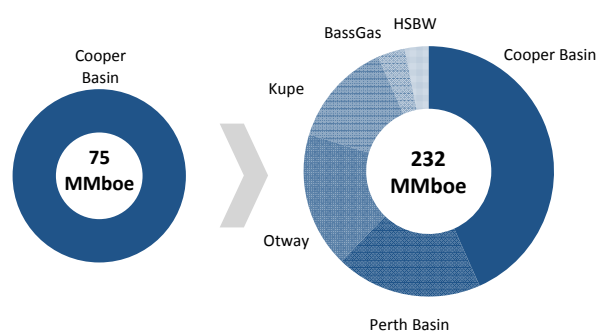
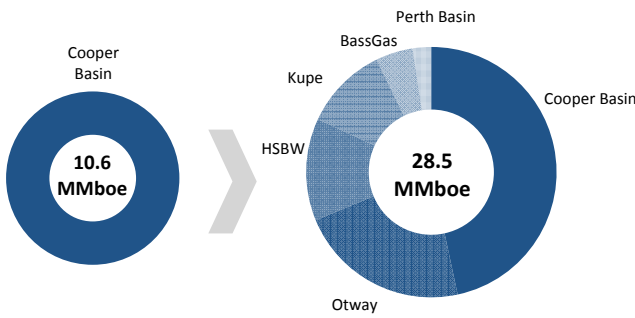
FY17 2P reserves (MMboe)<sup>(2)</sup>

Beach Standalone

Pro forma Beach and Lattice

Beach Standalone

Pro forma Beach and Lattice



Operated production<sup>(1)</sup> moves from ~50% to ~70%

Offshore operations account for ~50% of production<sup>(1)</sup>

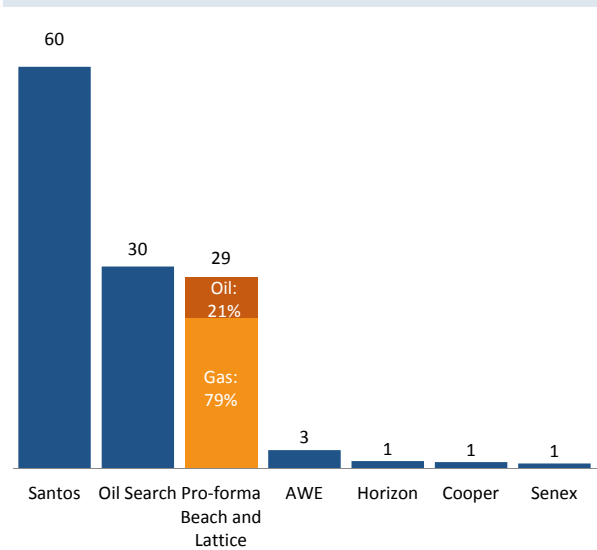
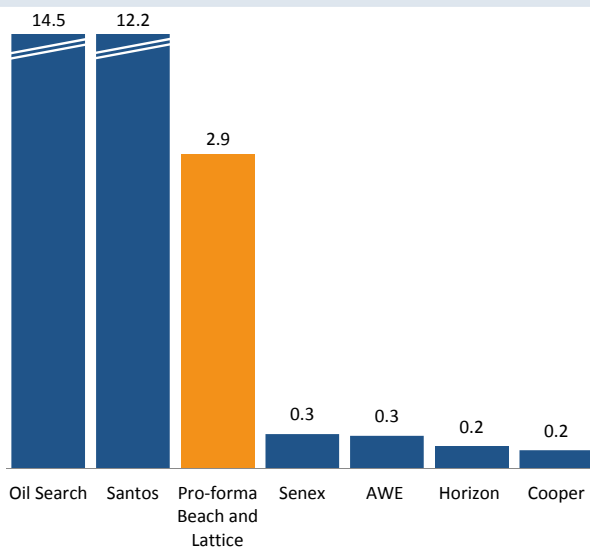
Note: Please refer to Appendix D for footnotes.

**Transformational acquisition enhancing scale and diversity of operations (cont'd)**  
 Creating the leading Australian mid-cap upstream oil & gas company



Enterprise Value (\$bn)<sup>(1,2)</sup>

FY17 Production (MMboe)<sup>(3,4)</sup>



Note: Please refer to Appendix D for footnotes.





### 3. ASX Offer Announcements

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



	Cooper Basin <sup>(1)</sup> <u>Non-operated</u> oil & gas	Otway Basin <sup>(2)</sup> <u>Operated</u> Otway gas	Bass Basin <u>Operated</u> BassGas	Taranaki Basin <u>Operated</u> Kupe gas
				
Interest	Various	95%	42.5%	50%
FY17 Net Production <sup>(3)</sup>	13.3MMboe	10.1MMboe	1.4MMboe	3.1MMboe
FY17 Net 2P Reserves <sup>(4)</sup>	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.

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



Basin / Asset	Development Objectives <sup>(1)</sup>	Illustrative Timeline <sup>(1)</sup>			
		FY18	FY19	FY20	FY21
 Cooper Basin	<ul style="list-style-type: none"> <li>Expanded development opportunity due to significant cost reductions</li> <li>Rig count to be increased to three (from two) in H1 FY18</li> <li>Targeting sustained production levels for next 10 years</li> </ul>	Ongoing production / drilling / connections			
 Taranaki Basin / Kupe	<ul style="list-style-type: none"> <li>Compression project planning underway to access undeveloped reserves</li> <li>Joint venture assessing Phase 2 development drilling (one well)</li> </ul>	▲ FID: Compression      ✓ Commissioning Ongoing production ▲ FID: Drill      Potential drill			
 Perth Basin / Waitsia	<ul style="list-style-type: none"> <li>Full field development planning underway</li> <li>Targeting production uplift from 10 TJ/d to 100 TJ/d by FY21</li> </ul>	▲ FID: Plant / infrastructure      ✓ Commissioning Ongoing production Development planning / potential drill / infrastructure			
 Otway Basin / Thylacine, Geographe and Black Watch	<ul style="list-style-type: none"> <li>Thylacine and Geographe development programs to extend field lives                             <ul style="list-style-type: none"> <li>Potential for up to five development wells, including laterals</li> </ul> </li> <li>Black Watch well developing offshore discovery</li> </ul>	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.

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



- **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

<b>Australian East Coast</b>	<ul style="list-style-type: none"> <li>▪ Long-term GSAs in place with Origin Energy and AGL</li> <li>▪ New contracts with Origin at fixed prices, with CPI linkage and annual pricing step-ups for the first 3 to 4 years</li> <li>▪ Market prices reset every 3 to 4 years for the remaining term of new Origin GSAs (expiring 2030 – 2033), with CPI linkage</li> <li>▪ Exposure to attractive east coast gas pricing dynamics</li> <li>▪ Secured Origin as likely offtaker for exploration success on market terms with Beach control over project sanctioning</li> </ul>	  
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<b>Australian West Coast</b>	<ul style="list-style-type: none"> <li>▪ Stage 1A gas production of up to 10 TJ/day contracted to Alinta Energy</li> <li>▪ Joint Venture has commenced marketing of gas from future development</li> <li>▪ Non-binding term sheet to sell 15 TJ/day of Stage 2 gas production to AGL</li> </ul>	
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<b>New Zealand</b>	<ul style="list-style-type: none"> <li>▪ Gas from Kupe sold under a long-term GSA to Genesis Energy</li> <li>▪ Genesis Energy owns a 46% interest in Kupe</li> </ul>	
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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**



<b>Cooper Basin</b>		<ul style="list-style-type: none"> <li>• Near field exploration with close proximity to existing infrastructure hubs</li> <li>• Clear route to commercialisation</li> <li>• Lower risk, smaller exploration targets in well understood basins</li> </ul>	<p><i>Optionality with respect to optimal allocation of capital, partnering and infrastructure opportunities across portfolio</i></p>
<b>Otway Basin</b>			
<b>Perth Basin</b>			
<b>Bonaparte Basin</b>			
<b>Canterbury Basin</b>			
<ul style="list-style-type: none"> <li>• Multi-year operated oil and gas exploration underway</li> <li>• Cooper Basin JV Queensland gas exploration</li> </ul>	<ul style="list-style-type: none"> <li>• Larger frontier basin opportunities</li> <li>• Higher risk, higher reward</li> <li>• Measured discretionary spend decisions</li> </ul>		
<ul style="list-style-type: none"> <li>• High graded opportunities identified</li> <li>• Proven play types</li> </ul>			
<ul style="list-style-type: none"> <li>• Large portfolio with follow-on activity planned</li> <li>• Exploration prospect with 3D seismic planned</li> </ul>			
<ul style="list-style-type: none"> <li>• Large acreage position and prospects and leads inventory</li> <li>• Multiple play types; 3D seismic planned</li> </ul>			
<ul style="list-style-type: none"> <li>• Large exploration permit; two high impact prospects / leads</li> <li>• Potential for large-scale development</li> </ul>			

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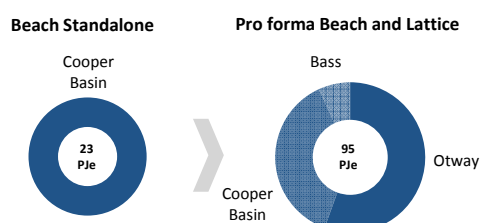
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#### Increased exposure to the strong market fundamentals of the Australian east coast gas market

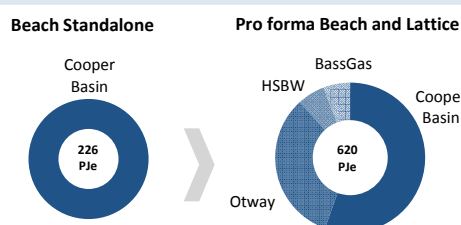


##### East coast sales gas production (PJc, FY17)<sup>(1,2,3)</sup>



- 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 95PJc

##### East coast sales gas 2P reserves (PJc, FY17)<sup>(4)</sup>



- ~175% increase in 2P sales gas and ethane reserves to 620PJc
- 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.

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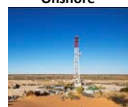
#### Value creation through scale, operating capabilities and synergies

Combined upstream capabilities and operations strengthen platform for sustainable growth



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

###### Onshore



- Proven low-cost onshore oil and gas operator

###### Offshore



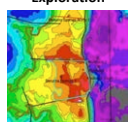
- Operator of offshore gas production installations

###### 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<sup>(1)</sup>
  - 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.

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



<b>Material reserves per share accretion</b>	<b>~155% 2P reserves accretive on a per share basis (reserves as at 30 June 2017)</b>
<b>Strong operating cash flow per share improvement</b>	<b>&gt;60% operating cash flow accretive on a per share basis in first full year of ownership</b>
<b>Material potential value uplift</b>	<ul style="list-style-type: none"> <li>▪ <b>Materially value per share accretive</b></li> <li>▪ <b>RoE on incremental equity raised of 30%+</b></li> </ul>
<b>Strong de-gearing profile</b>	<b>Targeting net gearing ratio of &lt;25% by end of FY19 with anticipated strong deleveraging thereafter<sup>(1)</sup></b>

Note: Please refer to Appendix D for footnotes.

**Financial outlook**



FY18 capital expenditure guidance <sup>(1)</sup>	Maintain financial strength
<p><b>\$425 – \$535 million</b></p> <div style="display: flex; align-items: center;"> <div style="background-color: #004a87; color: white; padding: 10px; margin-right: 10px; text-align: center;"> <p><b>\$205 – \$275m</b> <i>Lattice</i></p> </div> <div style="background-color: #004a87; color: white; padding: 10px; margin-right: 10px; text-align: center;"> <p><b>\$220 – \$260m</b> <i>Beach</i></p> </div> </div> <ul style="list-style-type: none"> <li>• Lattice capital expenditure expected to be within the range of \$205 – \$275 million</li> <li>• Key growth projects include:                         <ul style="list-style-type: none"> <li>– Waitsia development</li> <li>– Otway exploration and development</li> <li>– Beharra Springs exploration</li> <li>– Cooper Basin JV drilling program</li> </ul> </li> <li>• Detailed review of capital program to be undertaken during integration</li> <li>• Beach capital expenditure guidance per announcement of 27 July 2017                         <ul style="list-style-type: none"> <li>– \$220 – \$260 million</li> <li>– Active Western Flank and Cooper Basin JV oil and gas programs</li> </ul> </li> <li>• Total growth (discretionary) capital expenditure of \$300 – \$405 million</li> </ul>	<ul style="list-style-type: none"> <li>• FY18 production guidance of 24.9 to 27.2MMboe<sup>(2)</sup></li> <li>• Pro forma net gearing ratio of &lt;35% at completion<sup>(3)</sup></li> <li>• Targeting net gearing ratio of &lt;25% by end of FY19<sup>(4)</sup></li> <li>• Funding plan addresses capital expenditure requirements for the combined business</li> <li>• Ramping up to an annual run-rate of \$20 million of readily identifiable synergies (pre-tax) during the first full year of ownership<sup>(5)</sup></li> <li>• Potential tax benefits</li> <li>• Focused on organic growth and extracting value via integration</li> <li>• Opportunities for portfolio optimisation</li> <li>• Incremental free cash flow and franking credits                         <ul style="list-style-type: none"> <li>– Opportunity to assess dividend policy over time</li> </ul> </li> </ul>

Note: Please refer to Appendix D for footnotes.



### 3. ASX Offer Announcements

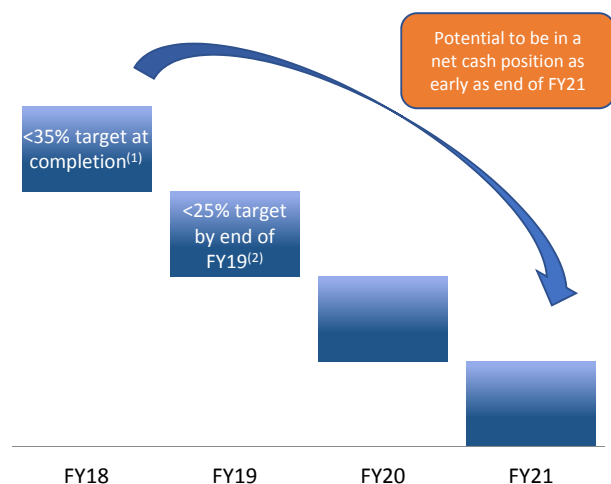
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Free cash flow generation expected to support a target net gearing ratio of <25% by end of FY19



#### 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.

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**Transformational acquisition of Lattice Energy**  
Beach Energy to acquire Lattice Energy for \$1,585 million



- 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

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Acquisition of Lattice Energy and Capital Raising



BEACH ENERGY LIMITED

### Acquisition terms and funding



<b>Lattice acquisition price</b>	<ul style="list-style-type: none"> <li>Total acquisition price of \$1,585 million to be paid in cash at completion</li> </ul>
<b>Funding overview</b>	<ul style="list-style-type: none"> <li>Up to \$1,575 million from committed senior secured syndicated debt facilities to fund the balance of the acquisition price</li> <li>3 for 14 accelerated, non-renounceable entitlement offer to raise approximately \$301 million of equity capital</li> <li>Pro forma liquidity on completion of &gt;\$300 million</li> </ul>
<b>Key conditions</b>	<ul style="list-style-type: none"> <li>The Transaction is subject to OIO approval in NZ and the approval of the NZ Minister of Energy and Resources</li> </ul>

Sources of funds	\$ million	Uses of funds	\$ million
Entitlement Offer	\$301	Acquisition price	\$1,585
Committed syndicated debt facilities	\$1,300	Transaction costs	\$82
Cash on hand	\$66		
<b>Total sources</b>	<b>\$1,667</b>	<b>Total uses</b>	<b>\$1,667</b>

## 3. ASX Offer Announcements

Investor Presentation dated 28 September 2017

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### 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:



CommonwealthBank



CREDIT SUISSE

- 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

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



As at 30 June 2017 (\$m)	Beach Historical <sup>(1)</sup>	Entitlement Offer <sup>(2)</sup>	Debt Raising <sup>(3)</sup>	Acquisition of Lattice Energy incl Transaction Costs <sup>(4)</sup>	Lattice Energy Combined 2017 <sup>(5)</sup>	Combined Group Pro forma Historical <sup>(6)</sup>
<b>Assets</b>						
Cash and cash equiv.	348	295	1,270	(1,631)	-	282
Other current assets	174	-	-	-	138	312
Non current assets <sup>(7)</sup>	1,371	2	-	14	2,202	3,589
Investment in Lattice <sup>(8)</sup>	-	-	-	1,585	(1,585)	-
<b>Total assets</b>	<b>1,893</b>	<b>297</b>	<b>1,270</b>	<b>(32)</b>	<b>755</b>	<b>4,183</b>
<b>Liabilities</b>						
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
<b>Total liabilities</b>	<b>491</b>	<b>-</b>	<b>1,270</b>	<b>-</b>	<b>755</b>	<b>2,516</b>
<b>Net assets</b>	<b>1,402</b>	<b>297</b>	<b>-</b>	<b>(32)</b>	<b>-</b>	<b>1,667</b>
<b>Equity</b>						
Issued capital	1,559	297	-	-	-	1,856
Reserves	232	-	-	-	-	232
Accumulated losses	(389)	-	-	(32)	-	(421)
<b>Total equity</b>	<b>1,402</b>	<b>297</b>	<b>-</b>	<b>(32)</b>	<b>-</b>	<b>1,667</b>

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.

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## Details of the Entitlement Offer



<b>Entitlement Offer type and size</b>	<ul style="list-style-type: none"> <li>3 for 14 accelerated, non-renounceable entitlement offer to raise approximately \$301 million</li> <li>\$233 million of the Offer is fully underwritten by the Underwriters<sup>(1)</sup></li> <li>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</li> </ul>
<b>Issue Price</b>	<ul style="list-style-type: none"> <li>\$0.75 per share</li> <li>9.1% discount to Beach's closing price of \$0.825 on Wednesday, 27 September 2017</li> <li>7.6% discount to the theoretical ex-rights price of \$0.812<sup>(2)</sup></li> </ul>
<b>Institutional Entitlement Offer</b>	<ul style="list-style-type: none"> <li>The Institutional Entitlement Offer will open on Thursday, 28 September 2017 and close on Friday, 29 September 2017</li> <li>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</li> </ul>
<b>Seven Group Holdings support</b>	<ul style="list-style-type: none"> <li>The major shareholders, being entities controlled by SGH, have committed to:             <ul style="list-style-type: none"> <li>take up their entitlements in full under the institutional entitlement offer (\$68 million); and</li> <li>Sub-underwrite the institutional and retail tranches of the Entitlement Offer up to 68,260,311 New Shares as described below</li> </ul> </li> <li>SGH's commitments are conditional on the Underwriting Agreement remaining in force and not being amended or terminated</li> </ul>
<b>Retail Entitlement Offer</b>	<ul style="list-style-type: none"> <li>The Retail Entitlement Offer will open on Thursday, 5 October 2017 and close on Monday, 16 October 2017</li> <li>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<sup>(3)</sup></li> </ul>
<b>Record Date</b>	<ul style="list-style-type: none"> <li>7:00pm (Sydney time) on Monday, 2 October 2017</li> </ul>
<b>SGH sub-underwriting</b>	<ul style="list-style-type: none"> <li>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, SGH's total shareholding on completion of the Entitlement Offer will increase from 22.73% to 25.73%<sup>(4)</sup></li> <li>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</li> <li>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</li> </ul>

Note: Please refer to Appendix D for footnotes.

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## Offer timetable



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.

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### 3. ASX Offer Announcements

Investor Presentation dated 28 September 2017

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Acquisition of Lattice Energy and Capital Raising



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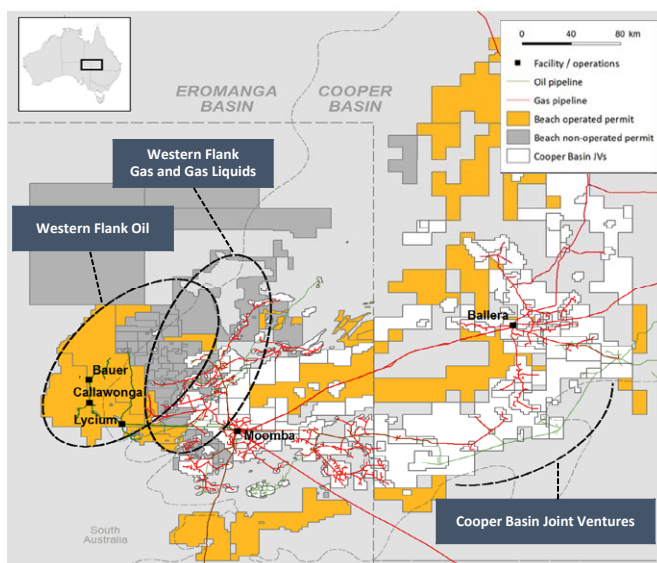
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#### Overview of Beach Energy



- 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<sup>(1)</sup>
- 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.

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Acquisition of Lattice Energy and Capital Raising



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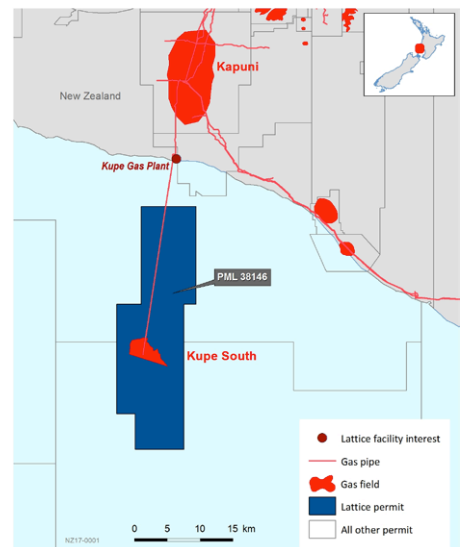
## Kupe Gas Project



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



### 3. ASX Offer Announcements

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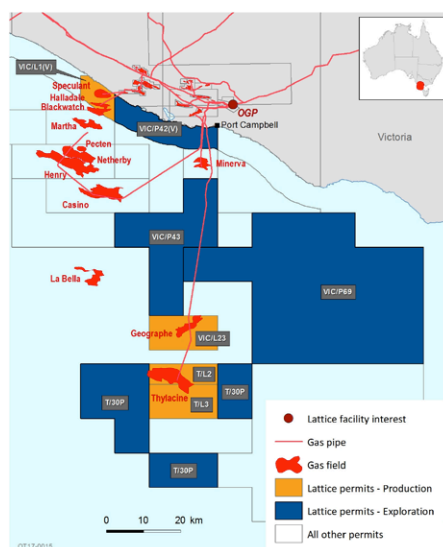
#### Otway Gas Project



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<sup>(1)</sup>
- 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.

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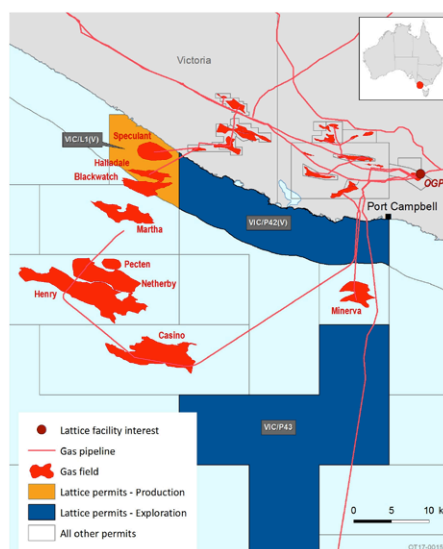
#### Halladale, Speculant and Blackwatch



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



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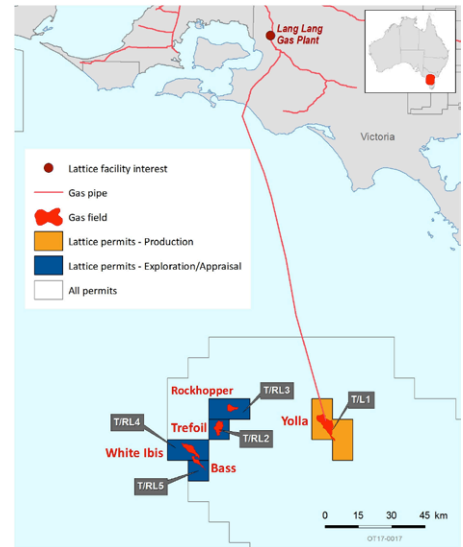
## BassGas Project



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



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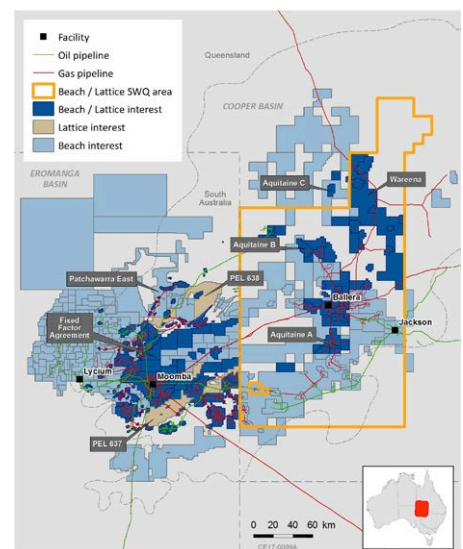
## Cooper Basin



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



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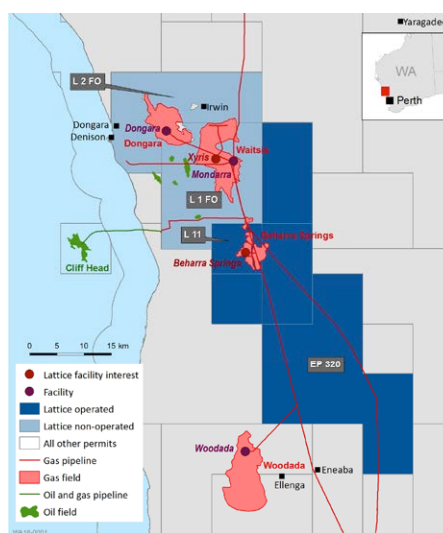
#### Waitsia



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<sup>(4)</sup> 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.

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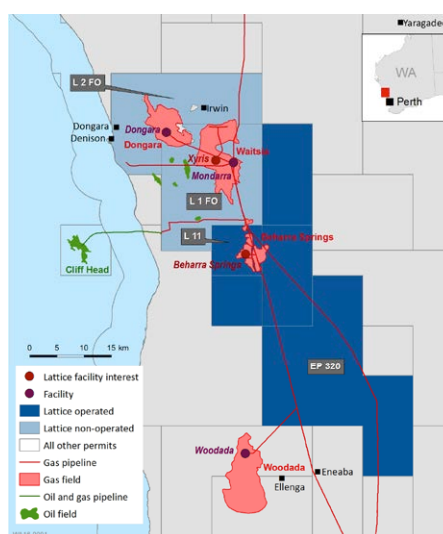
#### Beharra Springs



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<sup>2</sup> 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<sup>2</sup> 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



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Acquisition of Lattice Energy and Capital Raising



BEACH ENERGY LIMITED

## Overview of material Lattice Energy offtake agreements



No.	Agreement	Type	Term	Volume	Price	Take-or-pay like considerations
<b>Otway Gas Project</b>						
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

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



No.	Agreement	Type	Term	Volume	Price	Take-or-pay like considerations
<b>HBWS</b>						
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)
<b>Bass Basin</b>						
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

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



No.	Agreement	Type	Term	Volume	Price	Take-or-pay like considerations
<b>Cooper Basin</b>						
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)

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Acquisition of Lattice Energy and Capital Raising



Appendix D: Footnotes

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Footnotes



**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.

### 3. ASX Offer Announcements

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#### Footnotes (cont'd)



Page #	Footnote #
11	<p>(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.</p> <p>(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.</p>
12	<p>(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.</p> <p>(2) 0.794 AUD/USD exchange rate applied to figures reported in US\$.</p> <p>(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.</p> <p>(4) Pro forma Beach and Lattice gas % split shown is inclusive of gas and gas liquids.</p>
13	<p>(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.</p> <p>(2) Otway shown inclusive of HSBW and Benaris' working interest.</p> <p>(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.</p> <p>(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.</p>
14	<p>(1) Subject to portfolio review post transaction completion, approvals and assessment of funding requirements.</p>
17	<p>(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.</p> <p>(2) Otway shown inclusive of HSBW and Benaris' working interest.</p> <p>(3) Gas production attributable to Benaris' working interest also contains LPG and condensate.</p> <p>(4) Beach 2P sales gas reserves: Estimates of 226PJ 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 118PJ (for interests in Cooper Basin), 36PJ (for interests in BassGas) and 240PJ (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.</p> <p>(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.</p>

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#### Footnotes (cont'd)



Page #	Footnote #
18	<p>(1) Annual run-rate of \$20 million synergies (pre-tax) post integration comprising overhead and corporate savings.</p>
19	<p>(1) Net gearing calculation is net debt / (net debt + book equity).</p>
20	<p>(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.</p> <p>(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.</p> <p>(3) Net gearing calculation is net debt / (net debt + book equity). Assumes completion will take place by the end of March 2018.</p> <p>(4) Net gearing calculation is net debt / (net debt + book equity).</p> <p>(5) Annual run-rate of \$20 million synergies (pre-tax) post integration comprising overhead and corporate savings.</p>
21	<p>(1) Net gearing calculation is net debt / (net debt + book equity). Assumes completion will take place by the end of March 2018.</p> <p>(2) Net gearing calculation is net debt / (net debt + book equity).</p>
27	<p>(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.</p> <p>(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.</p> <p>(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.</p> <p>(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.</p>
30	<p>(1) Based on a closing share price of \$0.825 on 27 September 2017.</p>
37	<p>(1) 233PJ 2P reserves taken from the Origin Reserves Report. The conversion from PJ to MMboe is calculated as 5.83MMboe per PJ.</p>
86	<p>(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.</p>

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Acquisition of Lattice Energy and Capital Raising



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## 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](http://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 of 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.

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##### 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/tonnes, 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.

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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

BEACH ENERGY LIMITED

## 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.

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#### 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.

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#### 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;

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## Key risk factors (cont'd)



### 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.

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## 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.

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### Key risk factors (cont'd)



#### 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 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.

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### Key risk factors (cont'd)



#### 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.

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## 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.

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## Key risk factors (cont'd)



### 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.

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### Key risk factors (cont'd)



#### 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.

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### 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.

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## Key risk factors (cont'd)



## 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).

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## Key risk factors (cont'd)



## 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.

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### 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.

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### 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.

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## 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.

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## 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).

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### 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.

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### 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.

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## 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.

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## 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 them 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 brought 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.

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## Appendix G: International offer restrictions

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## 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.

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## 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)

**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).

### 3. ASX Offer Announcements

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#### 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.

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#### International offer restrictions (cont'd)



##### 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.

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## Appendix H: Pro forma balance sheet

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## 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.

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#### 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.

##### Lattice Energy Combined Financial Information

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.

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



##### 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<sup>(1)</sup>.

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.

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



### 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 \$50 million, and pro forma historical cash on hand of \$282 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)



### 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](http://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.

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### 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)
bbbl	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

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## Glossary (cont'd)



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

## Glossary (cont'd)



Defined Term	Meaning
<b>PRMS</b>	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
<b>TERP</b>	the theoretical ex-rights prices at which Beach Energy shares should trade immediately after the ex-date of the Entitlement Offer
<b>Transaction</b>	the acquisition by Beach Energy of all of the issued share capital of Lattice from Origin Energy
<b>TSA</b>	transitional services agreement to be signed between Beach Energy and Origin Energy on or before completion of the Transaction
<b>TJ</b>	terajoule
<b>Underwriters</b>	the professional underwriters to the Entitlement Offer
<b>Underwriting Agreement</b>	the underwriting agreement between Beach Energy and the Underwriters dated 25 September 2017
<b>US\$</b>	US dollars

### 3. ASX Offer Announcements

Investor Presentation dated 28 September 2017

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES



Acquisition of Lattice Energy and Capital Raising



BEACH ENERGY LIMITED

**Investor Relations**

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

25 Conyngham Street, Glenside SA 5065  
Tel: +61 8 8338 2833  
Fax: +61 8 8338 2336  
[www.beachenergy.com.au](http://www.beachenergy.com.au)

## 3. ASX Offer Announcements

### Institutional Offer Completion Announcement dated 2 October 2017



Beach Energy Limited  
ABN 20 007 617 969  
25 Conyngham St, Glenside 5065, South Australia  
GPO Box 175 Adelaide 5001, South Australia  
T: +61 8 8338 2833  
F: +61 8 8338 2336  
[www.beachenergy.com.au](http://www.beachenergy.com.au)

#### **NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES**

#### **BEACH ENERGY LIMITED (ASX: BPT)**

2 October 2017

#### **BEACH ENERGY LIMITED SUCCESSFULLY COMPLETES INSTITUTIONAL ENTITLEMENT OFFER TO PARTIALLY FUND THE ACQUISITION OF LATTICE ENERGY LIMITED**

Beach Energy Limited (ASX: BPT) (**Beach Energy** or **Company**) is pleased to announce the successful completion of the institutional component (the **Institutional Entitlement Offer**) of its 3 for 14 accelerated non-renounceable pro-rata entitlement offer (the **Entitlement Offer**) of new fully paid ordinary shares in Beach Energy (**New Shares**) announced on Thursday 28 September 2017.

Seven Group Holdings Limited (**SGH**), Beach Energy's major shareholder, strongly endorsed the acquisition by pre-committing to their full equity entitlement and also sub-underwriting the Offer. With this support and a highly successful Institutional Entitlement Offer, Beach Energy has raised approximately \$201 million of the total \$301 million to be raised under the Entitlement Offer.

The Institutional Entitlement Offer was very strongly supported by existing institutional shareholders with a take-up rate by eligible institutional shareholders of approximately 97% (excluding SGH) and of approximately 98% (including SGH).

Beach Energy's CEO, Matt Kay, said:

*"We are extremely pleased with the overwhelming support for the acquisition shown by our institutional shareholders. A near record institutional take-up level of over 98% demonstrates this, and is an endorsement of the transaction's compelling logic. The acquisition of Lattice is transformational for Beach as it delivers a step-change in production, operating capabilities and geographic exposure."*

New Shares issued under the Institutional Entitlement Offer will rank equally with existing ordinary shares on issue at the time of issue.

Settlement of New Shares issued as part of the Institutional Entitlement Offer (including as part of the bookbuild) is expected to occur on Monday 9 October 2017. The issue of those New Shares is expected to occur on Tuesday 10 October 2017, with trading in those shares expected to commence on a normal settlement basis on the Australian Securities Exchange (**ASX**) on the same day.

#### **Commencement of the Retail Entitlement Offer**

The retail component of the Entitlement Offer (the **Retail Entitlement Offer**) seeks to raise approximately \$100 million through a 3 for 14 accelerated non-renounceable pro-rata entitlement offer.

The Retail Entitlement Offer will open on Thursday 5 October 2017 and close at 5.00pm (Sydney time) on Monday 16 October 2017.

The Retail Entitlement Offer is non-renounceable and rights will not be traded on the ASX or otherwise transferable. Eligible shareholders who do not take up their entitlement under the Retail Entitlement Offer in full or in part, will not receive any value in respect of those entitlements not taken up.

Eligible retail shareholders with a registered address in Australia or New Zealand on the Record Date of 7.00pm (Sydney time) Monday 2 October 2017, have the opportunity to invest in New Shares at the Offer Price, on the terms and conditions outlined in the Retail Entitlement Offer Booklet to be sent to eligible retail shareholders on Thursday 5 October 2017. Eligible retail shareholders are strongly encouraged to carefully read the Retail Entitlement Offer Booklet for further details relating to the Retail Entitlement Offer.

### 3. ASX Offer Announcements

#### Institutional Offer Completion Announcement dated 2 October 2017



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ABN 20 007 617 969  
25 Conyngham St, Glenside 5065, South Australia  
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F: +61 8 8338 2336  
[www.beachenergy.com.au](http://www.beachenergy.com.au)

Please note that shareholders with a registered address outside Australia and New Zealand on the Record Date are ineligible to participate in the Retail Entitlement Offer.

#### Retail Investor Enquiries

For further information in regard to the Retail Entitlement Offer, please do not hesitate to contact the Beach Energy Shareholder Information Line on 1300 050 574 (local call cost within Australia) or +61 3 9415 4288 (from outside Australia) at any time between 8.30am and 5.00pm (Sydney time), Monday to Friday.

Further details of the Entitlement Offer, including the underwriting arrangements, are contained in the Investor Presentation (which will be included in the Retail Entitlement Offer Booklet).

#### Entitlement Offer indicative timetable

The timetable below is indicative only and subject to change. Beach Energy reserves the right to alter the above dates at its full discretion and without prior notice, subject to the ASX Listing Rules and the Corporations Act.

The quotation of New Shares is subject to confirmation from the ASX.

All times below represent Sydney, Australia time (Sydney time).

Entitlement Offer announcement	Thursday, 28 September 2017
Record date for determining entitlements for the Entitlement Offer	7.00pm (Sydney time) on Monday, 2 October 2017
<b>Retail Entitlement Offer opens</b>	<b>Thursday, 5 October 2017</b>
Dispatch of Retail Entitlement Offer Booklet	Thursday, 5 October 2017
Settlement of Institutional Entitlement Offer	Monday, 9 October 2017
Allotment and normal trading of new shares issued under the Institutional Entitlement Offer	Tuesday, 10 October 2017
<b>Retail Entitlement Offer closing date</b>	<b>5.00pm (Sydney time) on Monday, 16 October 2017</b>
Allotment of new shares issued under the Retail Entitlement Offer	Tuesday, 24 October 2017
Dispatch of holding statements	Tuesday, 24 October 2017
Normal trading of new shares issued under the Retail Entitlement Offer	Wednesday, 25 October 2017

Additional information regarding the Acquisition and the Offer is contained in the Investor Presentation released to the ASX on Thursday 28 September 2017, which includes important information (including key risks and foreign selling restrictions). The Retail Entitlement Offer Booklet will be released separately and mailed to Eligible Retail Shareholders.

If you believe that you are an Eligible Retail Shareholder and you do not receive a copy of the Retail Entitlement Offer Booklet or your personalised Entitlement and Acceptance Form, you can call the Beach Energy Shareholder Information Line on 1300 050 574 (local call cost within Australia) or +61 3 9415 4288 (from outside Australia) at any time between 8.30am and 5.00pm (Sydney time), Monday to Friday until 5.00pm (Sydney time) Monday 16 October 2017 when the Retail Entitlement Offer closes.



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**Not for distribution or release in the United States**

This announcement 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 not be offered or sold, directly or indirectly, to any person in the United States or any person that is, or is acting for the account or benefit of, any person in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws.

The distribution of this announcement 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 Announcement 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 Announcement 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.

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 Announcement 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 Announcement 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 Announcement speak only as of the date of this Announcement. 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 Announcement 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 Announcement will under any circumstances create an implication that there has been no change in the affairs of Beach Energy since the date of this Announcement.

- ENDS -



## 4. Australian Taxation Implications

This section is a general summary of the Australian income tax, goods and services tax (**GST**) and stamp duty implications of the Retail Entitlement Offer for certain Eligible Retail Shareholders.

The taxation implications of the Retail Entitlement Offer will vary depending upon your particular circumstances. Accordingly, you should seek and rely upon your own professional advice before concluding on the particular taxation treatment that will apply to you.

Neither Beach Energy nor any of its officers or employees, nor its taxation or other advisers, accepts any liability or responsibility in respect of any statement concerning taxation consequences, or in respect of the taxation consequences.

The comments in this section deal only with the Australian taxation implications of the Retail Entitlement Offer if you:

- are a resident for Australian income tax purposes; and
- hold your Shares on capital account.

The comments do not apply to you if you:

- are not a resident for Australian income tax purposes; or
- hold your Shares on revenue account or trading stock; or
- acquired the Shares in respect of which the Retail Entitlements are issued under an employee share scheme or where the New Shares are acquired pursuant to an employee share scheme; or
- are subject to the taxation of financial arrangements (**TOFA**) rules in Division 230 of the *Income Tax Assessment Act 1997* (Cth); or
- acquired Retail Entitlements otherwise than because you are an Eligible Retail Shareholder.

The comments below are based on the Australian tax law as it applies as at 9.00am (Sydney time) on Monday, 2 October 2017. Other than as expressly discussed, the comments do not take into account or anticipate changes in Australian tax law or future judicial or administrative interpretations of law after this time unless otherwise specified. The comments also do not take into account tax law of any country other than Australia.

### Issue of Entitlement

The issue of the Entitlement should not in itself result in any amount being included in the assessable income of an Eligible Retail Shareholder.

### Exercise of Entitlement

New Shares will be acquired where the Eligible Retail Shareholder exercises all or part of their Entitlement under the Retail Entitlement Offer. Top-Up Shares will be issued in the circumstances detailed in section 5.5.

An Eligible Retail Shareholder should not derive any assessable income, or make any capital gain or capital loss at the time of exercising their Entitlement under the Retail Entitlement Offer.

For Australian capital gains tax (**CGT**) purposes, each New Share or Top-Up Share should:

- be taken to have been acquired on the date the New Share or Top-Up Share is issued to the Eligible Retail Shareholder; and
- have a cost base (and reduced cost base) that is equal to the Offer Price plus any non-deductible incidental costs incurred in acquiring the New Share or Top-Up Share).

### Lapse of Entitlement

If an Eligible Retail Shareholder does not accept all or part of their Entitlement in accordance with the instructions set out above, then that Entitlement will lapse and the Eligible Retail Shareholder will not receive any consideration for their Entitlement that is not taken up. There should be no Australian tax implications for an Eligible Retail Shareholder from the lapse of the Entitlement.

## Taxation in respect of dividends on New Shares

Where dividends on a New Share or Top-Up Share are paid by Beach Energy, those dividends will constitute assessable income of an Eligible Retail Shareholder.

An Eligible Retail Shareholder that is an individual or complying superannuation entity should include the dividend in their assessable income in the year the dividend is paid, together with any franking credit attached to that dividend. Such an Eligible Retail Shareholder should be entitled to a tax offset equal to the franking credit attached to the dividend subject to satisfying the 'holding period' and 'related payment' rules (refer to comments below). The tax offset can be applied to reduce the Eligible Retail Shareholder's tax payable. Where the tax offset exceeds the Eligible Retail Shareholder's tax payable, such an Eligible Retail Shareholder should be entitled to a refund equal to the excess tax offsets.

An Eligible Retail Shareholder that is a company should include the dividend in their assessable income in the year the dividend is paid, together with any franking credit attached to that dividend. Such Eligible Retail Shareholder should be entitled to a tax offset equal to the franking credit attached to the dividend subject to satisfying the 'holding period' and 'related payment' rules (refer to comments below). Such an Eligible Retail Shareholder should be entitled to a credit in its own franking account to the extent of the franking credits attached to the dividend received. Where the tax offset exceeds the Eligible Retail Shareholder's tax payable, such Eligible Retail Shareholder should not be entitled to a refund, but the excess tax offset may be able to be converted into carry forward tax losses in certain circumstances.

An Eligible Retail Shareholder who is a trustee (other than a trustee of a complying superannuation entity) or partnership should include the dividend in the net income of the trust or partnership in the year the dividend is paid, together with any franking credit attached to that dividend. A beneficiary or partner may be entitled to a tax offset in proportion to the respective beneficiary's or partner's share of the net income of the trust or partnership subject to satisfying the 'holding period' and 'related payment' rules (refer to comments below).

Where a dividend paid by Beach Energy is wholly or partly unfranked, the Eligible Retail Shareholder should include the unfranked amount in their assessable income and there will be no tax offset entitlement to that extent.

## New Shares and Top-Up Shares held at risk

In order to be eligible for the benefit of franking credits and tax offsets, an Eligible Retail Shareholder must satisfy both the 'holding period' and 'related payment' rules. This broadly requires that an Eligible Retail Shareholder holds the New Shares and Top-Up Shares 'at risk' for more than 45 days continuously (not including the date of acquisition and disposal).

The holding period commences on the day after the Eligible Retail Shareholder acquires the New Shares and Top-Up Shares (respectively) and ending on the 45th day after the New Shares and Top-Up Shares (respectively) become ex-dividend.

Any day on which an Eligible Retail Shareholder has a materially diminished risk of loss or opportunity for gain in respect of the New Shares or Top-Up Shares will not be counted as a day on which the Eligible Retail Shareholder held the shares 'at risk'.

Where these rules are not satisfied, the Eligible Retail Shareholder will not be able to include an amount for the franking credits in their assessable income and will not be entitled to a tax offset.

The holding period rule is subject to certain exceptions, including where the total franking offsets of an individual in a year of income do not exceed A\$5,000.

The related payment rule applies where the Eligible Retail Shareholder has made, or is under an obligation to make, a related payment in relation to a dividend paid by Beach Energy. The related payment rule requires the Eligible Retail Shareholder to have held the New Shares and Top-Up Shares at risk for a period commencing on the 45th day before, and ending on the 45th day after, the day the New Shares and Top-Up Shares become ex-dividend.

Eligible Retail Shareholders should obtain their own professional tax advice to determine if these requirements, as they apply to them, have been satisfied.

A specific integrity rule prevents taxpayers from obtaining a tax benefit from additional franking credits where dividends are received as a result of certain 'distribution washing' arrangements. Eligible Retail Shareholders should consider the impact of this measure, together with the broader integrity provisions that apply to the claiming of tax offsets, having regard to their own facts and circumstances.

## 4. Australian Taxation Implications

### Disposal of New Shares or Top-Up Shares

The disposal of New Shares or Top-Up Shares will give rise to CGT Event A1 and constitute a disposal for CGT purposes.

An Eligible Retail Shareholder should make a capital gain where the capital proceeds on disposal exceed the cost base of the New Share or Top-Up Share. An Eligible Retail Shareholder should make a capital loss where the capital proceeds are less than the reduced cost base of the New Share or Top-Up Shares.

An Eligible Retail Shareholder that is an individual, complying superannuation entity or trustee and that has held their New Shares or Top-Up Shares for 12 months or more (excluding the date of acquisition and the date of disposal) at the time of disposal should be entitled (subject to meeting other conditions) to apply the CGT discount to reduce the capital gain (after utilising current or prior year capital losses). The CGT discount is 50% for individuals and entities acting as trustees, and 33.33% for complying superannuation entities. The CGT discount is not available for companies (unless shares are held by the company in the capacity as trustee).

An Eligible Retail Shareholder that makes a capital loss can only utilise that loss to reduce capital gains, i.e. the capital loss cannot be used to reduce amounts contributing to taxable income that are not capital gains. However, if the capital loss cannot be utilised in a particular income year it may be carried forward to utilise in future income years, provided certain loss utilisation tests are satisfied.

### Tax File Number withholding

Resident investors may, if they choose, notify Beach of their Tax File Number or Australian Business Number or a relevant exemption from withholding tax with respect to dividends. In the event Beach is not so notified, tax will automatically be deducted at the highest marginal rate, including where relevant, the Medicare levy, from unfranked dividends and/or distributions.

Australian tax resident investors may be able to claim a tax credit/rebate (as applicable) in their income tax returns in respect of any tax withheld on dividends.

### GST

The taking up of the New Shares and Top-Up Shares will be classified as a “financial supply” for Australian GST purposes. Accordingly, Australian GST will not be payable in respect of amounts paid for the acquisition of the New Shares or Top-Up Shares. Subject to certain requirements, there may be a restriction on the entitlement of Eligible Retail Shareholders who are registered for Australian GST to claim an input tax credit for any GST incurred on costs associated with the acquisition of New Shares.

### Stamp Duty

Eligible Retail Shareholders should not be liable for stamp duty in respect of subscribing for New Shares or Top-Up Shares under the Retail Entitlement Offer, unless they acquire, either alone or with an associated/related person, an interest of 90% or more in Beach. Under current stamp duty legislation, no stamp duty would ordinarily be payable by investors on any subsequent transfer of Shares.

## 5. Important Information

This Retail Entitlement Offer Booklet (including the ASX Offer Announcements) and enclosed personalised Entitlement and Acceptance Form (Information) have been prepared by Beach Energy. This Information is dated 2 October 2017 (other than the Investor Presentation and the ASX Announcements included in Section 3 of this Retail Entitlement Offer Booklet). This Information remains subject to change without notice and Beach Energy is not responsible for updating this Information.

There may be additional announcements made by Beach Energy after the date of this Retail Entitlement Offer Booklet and throughout the period that the Retail Entitlement Offer is open that may be relevant to your consideration of whether to take up or do nothing in respect of your Entitlement. Therefore, it is prudent that you check whether any further announcements have been made by Beach Energy (by visiting the ASX website at [www.asx.com.au](http://www.asx.com.au)) before submitting your application to take up your Entitlement.

No party other than Beach Energy has authorised or caused the issue of this Information, or takes any responsibility for, or makes, any statements, representations or undertakings in this Information.

### **This Information is important and requires your immediate attention.**

You should read this Information carefully and in its entirety before deciding how to deal with your Entitlement. In particular, you should consider the key risk factors outlined in the “Risks” section of the Investor Presentation dated 28 September 2017 (a copy of which is included in Section 3 this Retail Entitlement Offer Booklet) any of which could affect the operating and financial performance of Beach Energy or the value of an investment in Beach Energy.

You should consult your stockbroker, solicitor, accountant or other independent professional adviser to evaluate whether or not to participate in the Retail Entitlement Offer.

### **5.1 Eligible Retail Shareholders**

This Information contains an offer of New Shares to Eligible Retail Shareholders in Australia or New Zealand and has been prepared in accordance with section 708AA of the Corporations Act (as modified by *ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84*).

Eligible Retail Shareholders are those persons who:

- are registered as a holder of Shares as at the Record Date, being 7.00pm (Sydney time) on Monday, 2 October 2017;
- have a registered address on the Beach Energy share register in Australia or New Zealand as at 7.00pm (Sydney time) on the Record Date;
- 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);
- 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
- 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.

If you are a Retail Shareholder who does not satisfy each of the criteria listed above, you are an “**Ineligible Retail Shareholder**”. Beach Energy reserves the right to determine whether a shareholder is an Eligible Retail Shareholder or an Ineligible Retail Shareholder.

By returning a completed personalised Entitlement and Acceptance Form or making a payment by BPAY®, you will be taken to have represented and warranted that you satisfy each of the criteria listed above to be an Eligible Retail Shareholder. Nominees, trustees or custodians are therefore advised to seek independent professional advice as to how to proceed.

Beach Energy may (in its absolute discretion) extend the Retail Entitlement Offer to any institutional shareholder that has a registered address in Australia and New Zealand and was eligible to participate in the Institutional Entitlement Offer but was not invited to participate in the Institutional Entitlement Offer (subject to compliance with relevant laws).

Beach Energy has decided that it is unreasonable to make offers under the Retail Entitlement Offer to Shareholders who have registered addresses outside Australia and New Zealand, having regard to the number of such holders in those places and the number and value of the New Shares that they would be offered, and the cost of complying with the relevant legal and regulatory requirements in those places. Beach Energy may (in its absolute discretion) extend the Retail Entitlement Offer to shareholders who have registered addresses outside Australia and New Zealand (except the United States) in accordance with applicable law.

## 5. Important Information

### 5.2 Ranking of New Shares

New Shares issued under the Entitlement Offer will rank equally with existing Shares. New Shares will be entitled to any dividends on ordinary shares with a record date after the date of issue. The rights and liabilities attaching to the New Shares are set out in Beach Energy's constitution, a copy of which is available at [www.asx.com.au](http://www.asx.com.au).

### 5.3 Issue, quotation and trading

Beach Energy has applied to the ASX for official quotation of the New Shares in accordance with the ASX Listing Rule requirements. If ASX does not grant quotation of the New Shares, Beach Energy will repay all Application Monies (without interest).

Subject to approval being granted, it is expected that normal trading of New Shares allotted under the Retail Entitlement Offer will commence at 10.00am (Sydney time) on Wednesday, 25 October 2017. It is expected that the issue of New Shares under the Entitlement Offer will take place on Tuesday, 24 October 2017. Application Monies will be held by Beach Energy on trust for Applicants until the New Shares are issued. No interest will be paid on Application Monies.

### 5.4 Capital structure

After the issue of New Shares under the Entitlement Offer, the capital structure of Beach Energy is expected to be as follows (subject to rounding of fractional Entitlements):

Shares on issue as at Record Date	1,873,812,484
Maximum number of New Shares to be issued under the Entitlement Offer	401,531,247
Maximum Shares on issue on completion of the Entitlement Offer	2,275,343,731

### 5.5 Reconciliation, Top-Up Shares and the rights of Beach Energy and the Underwriters

The Entitlement Offer is a complex process and in some instances investors may believe that they will own more Shares than they ultimately did as at the Record Date or are otherwise entitled to more New Shares than initially offered to them. In addition, where trustees of Beach Energy's employee share plans hold shares on behalf of participants in those plans, the number of New Shares that are offered may need to increase to take account of the rounding. These matters may result in a need for reconciliation. If reconciliation is required, it is possible that Beach Energy may need to issue additional New Shares (**Top-Up Shares**) to ensure that the relevant investors receive their appropriate allocation of New Shares. The price at which these Top-Up Shares would be issued would be the Offer Price.

Beach Energy also reserves the right to reduce the size of an Entitlement or number of New Shares allocated to Eligible Institutional Shareholders or Eligible Retail Shareholders, or persons claiming to be Eligible Institutional Shareholders or Eligible Retail Shareholders or other applicable investors, if Beach Energy believes in its complete discretion that their claims are overstated or if they or their nominees fail to provide information requested to substantiate their claims. In that case, Beach Energy may, in its discretion, require the relevant shareholder to transfer excess New Shares to the Underwriter at the Offer Price per New Share. If necessary, the relevant shareholder may need to transfer existing Shares held by them or to purchase additional Shares on-market to meet this obligation. The relevant shareholder will bear any and all losses caused by subscribing for New Shares in excess of their Entitlement and any actions they are required to take in this regard.

By applying under the Entitlement Offer, those doing so irrevocably acknowledge and agree to do the above as required by Beach Energy in its absolute discretion. Those applying acknowledge that there is no time limit on the ability of Beach Energy or the Underwriters to require any of the actions set out above.

### 5.6 No cooling off rights

Cooling off rights do not apply to an investment in New Shares. You cannot withdraw an application once it has been accepted.

### 5.7 No Entitlements trading

Entitlements are non-renounceable and cannot be traded on ASX or any other exchange, nor can they be privately transferred.

## 5.8 Risks

The Investor Presentation details important factors and key risks that could affect the financial and operating performance of Beach Energy, a copy of which is included in Section 3 of this Retail Entitlement Offer Booklet. Please refer to the “Risks” section of the Investor Presentation for details. You should consider these risks carefully in light of your personal circumstances, including financial and taxation issues, before making an investment decision in connection with the Retail Entitlement Offer.

## 5.9 Notice to nominees and custodians

If Beach Energy believes you hold Shares as a nominee or custodian you will have received, or will shortly receive, a letter in respect of the Entitlement Offer. Nominees and custodians should consider carefully the contents of that letter and note in particular that the Retail Entitlement Offer is not available to, and they must not purport to accept the Retail Entitlement Offer in respect of:

- a. Eligible Institutional Shareholders who were invited to participate in the Institutional Entitlement Offer (whether they accepted their Entitlement or not);
- b. Institutional Shareholders who were treated as Ineligible Institutional Shareholders under the Institutional Entitlement Offer;
- c. Beneficiaries on whose behalf they hold existing Shares who would not satisfy the criteria for an Eligible Retail Shareholder;
- d. any Shareholder that is in the United States, including any Shareholder in the United States for whom the nominee or custodian holds Shares or acts; or
- e. Shareholders who are not eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

Persons acting as nominees or custodians for other persons must not take up any Entitlements on behalf of, or send any documents related to the Retail Entitlement Offer to, any person in the United States or any person that is acting for the account or benefit of a person in the United States.

Beach Energy is not required to determine whether or not any registered holder or investor is acting as a nominee or custodian or the identity or residence of any beneficial owners of existing Shares or Entitlements. Where any person is acting as a nominee or custodian for a foreign person, that person, in dealing with its beneficiary, will need to assess whether indirect participation in the Entitlement Offer by the beneficiary, including following acquisition of Entitlements on ASX or otherwise, complies with applicable foreign laws. Beach Energy is not able to advise on foreign laws.

Nominees and custodians may not distribute any part of this Retail Entitlement Offer Booklet in the United States or in any other country outside Australia and New Zealand except (i) Australian and New Zealand nominees may send this Retail Entitlement Offer Booklet and related offer documents to beneficial shareholders who are professional or institutional shareholders in other countries (other than the United States) listed in, and to the extent permitted under, the “International Selling Restrictions” section of the Investor Presentation included in this Retail Entitlement Offer Booklet.

## 5.10 Continuous Disclosure

Beach Energy is a “disclosing entity” under the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules, including the preparation of annual reports and half yearly reports.

Beach Energy is required to notify ASX of information about specific events and matters as they arise for the purposes of ASX making that information available to the stock markets conducted by ASX. In particular, Beach Energy has an obligation under the ASX Listing Rules (subject to certain exceptions) to notify ASX immediately of any information of which it is or becomes aware which a reasonable person would expect to have a material effect on the price of value of Beach Energy shares. That information is available to the public from ASX at [www.asx.com.au](http://www.asx.com.au).

## 5.11 Not investment advice

This Information is not a prospectus under the Corporations Act and has not been lodged with ASIC. It is also not financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs. Beach Energy is not licensed to provide financial product advice in respect of the New Shares. This Information does not purport to contain all the information that you may require to evaluate a possible application for New Shares, nor does it purport to contain all the information which would be required in a prospectus prepared in accordance with the requirements of the Corporations Act. It should be read in conjunction with Beach Energy’s other periodic statements and continuous disclosure announcements lodged with ASX, which are available at [www.asx.com.au](http://www.asx.com.au).

## 5. Important Information

Before deciding whether to apply for New Shares, you should consider whether they are a suitable investment for you in light of your own investment objectives and financial circumstances and having regard to the merits or risks involved. If, after reading the Information, you have any questions about the Retail Entitlement Offer, you should contact your stockbroker, solicitor, accountant or other independent professional adviser or call the Beach Energy Shareholder Information Line on 1300 050 574 (inside Australia) or +61 3 9415 4288 (outside Australia) at any time between 8.30am to 5.00pm during the Retail Entitlement Offer period.

### 5.12 Rounding of Entitlements

Where fractions arise in the calculation of Entitlements, they will be rounded up to the nearest whole number of New Shares.

### 5.13 Information availability

Eligible Retail Shareholders in Australia and New Zealand can obtain a copy of the Information during the period of the Retail Entitlement Offer on the Beach Energy website at [www.beachenergy.com.au](http://www.beachenergy.com.au) or by calling the Beach Energy Shareholder Information Line, or from ASX at [www.asx.com.au](http://www.asx.com.au). Eligible Retail Shareholders who access the electronic version of the Information should ensure that they download and read the entire Information. The electronic version of the Information on the Beach Energy or ASX website will not include a personalised Entitlement and Acceptance Form.

A replacement Entitlement and Acceptance Form can be obtained during the period of the Retail Entitlement Offer by calling the Beach Energy Shareholder Information Line on 1300 050 574 (inside Australia) or +61 3 9415 4288 (outside Australia) at any time between 8.30am to 5.00pm during the Retail Entitlement Offer period (Sydney time).

### 5.14 Governing law

The Information, the Retail Entitlement Offer and the contracts formed on acceptance of Retail Entitlement Offers pursuant to the personalised Entitlement and Acceptance Forms are governed by the laws applicable in New South Wales, Australia. Each applicant for New Shares submits to the non-exclusive jurisdiction of the courts of New South Wales, Australia.

### 5.15 Foreign jurisdictions

The Information has been prepared to comply with the requirements of the securities laws of Australia. Beach Energy is not able to advise on the laws of any other foreign jurisdictions. To the extent that you hold Shares or Entitlements on behalf of another person resident outside Australia or New Zealand, it is your responsibility to ensure that any participation (including for your own account or when you hold Shares or Entitlements beneficially for another person) complies with all applicable foreign laws.

The Information does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify the Retail Entitlement Offer, the Entitlements or the New Shares, or otherwise permit the public offering of the New Shares, in any jurisdiction other than Australia and New Zealand.

The distribution of the Information (including an electronic copy) outside Australia and New Zealand may be restricted by law. If you come into possession of the Information, you should observe such restrictions and should seek your own advice on such restrictions. See the foreign selling restrictions set out in the "International Selling Restrictions" section of the Investor Presentation included in this Retail Entitlement Offer Booklet for more information on selling restrictions for jurisdictions other than the United States.

#### **United States**

This Retail Offer Booklet, the accompanying ASX Announcements and Investor Presentation, and the Entitlement and Acceptance Form do not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or to any person acting for the account or benefit of any person in the United States. None of this Retail Offer Booklet, the accompanying ASX Announcements and Investor Presentation, nor the Entitlement and Acceptance Form may be distributed or released in the United States.

The Retail Entitlement Offer is not being made in the United States. The Entitlements and the New Shares have not been and will not be registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction of the United States, and, accordingly, may not be offered, sold or otherwise transferred, directly or indirectly, in the United States or to any person acting for the account or benefit of any person in the United States.

The Entitlements and the New Shares offered in the Retail Entitlement Offer may only be offered and sold outside the United States, to persons that are not acting for the account or benefit of a person in the United States, in each case in "offshore transactions" (as defined in Rule 902(h) under the U.S. Securities Act) in reliance on Regulation S under the U.S. Securities Act, and each beneficial owner on whose behalf you are submitting the personalised Entitlement and Acceptance Form must not be in the United States and must not be acting for the account or benefit of a person in the United States.

Any non-compliance with these restrictions may contravene applicable securities laws.

## 5.16 Underwriting

Beach Energy has entered into an underwriting agreement with Credit Suisse (Australia) Limited, Goldman Sachs Australia Pty Limited and UBS AG, Australia Branch (together, the **Underwriters**) who have agreed to underwrite the Entitlement Offer (other than the Major Shareholder Commitment) in full on the terms and conditions set out in the underwriting agreement (**Underwriting Agreement**). The obligations of the Underwriters are subject to the satisfaction of certain conditions precedent documented in the Underwriting Agreement. Furthermore, in accordance with the Underwriting Agreement, as is customary with these types of underwriting arrangements:

- Beach Energy has (subject to certain limitations) agreed to indemnify the Underwriters, their affiliates, successors and related bodies corporate and their respective directors, officers, agents, employees, representatives and advisers against losses in connection with the Offer.
- Beach Energy and the Underwriters have given certain representations, warranties and undertakings in connection with (among other things) the conduct of the Offer.
- The Underwriters may terminate the Underwriting Agreement and be released from their obligations on the occurrence of certain events (in some cases, subject to the materiality of the relevant event) relating to the Institutional Entitlement Offer, including (but not limited to) where:
  - one or more Acquisition agreements or the debt commitment letter for the acquisition of Lattice is terminated or rescinded, or materially varied after execution without the prior written consent of the Underwriters (such consent not to be unreasonably withheld or delayed);
  - Beach Energy is removed from the official list of the ASX, its Shares are suspended from trading for more than one trading day for any reason other than in connection with the Entitlement Offer or the Bid, or quotation on the ASX, or unconditional approval for quotation of the New Shares is refused or not given by ASX;
  - Beach Energy alters its capital structure without the Underwriters' consent (unless otherwise agreed);
  - any steps are taken which will or is reasonably likely to result in an insolvency event for Beach Energy or any of its related bodies corporate (but which excludes matters which is in the ordinary course of Beach Energy's business);
  - Beach Energy withdraws the offer or indicates that it does not intend to proceed with the Offer;
  - Beach Energy is prevented from allotting and issuing the New Shares in accordance with the ASX Listing Rules, applicable laws, an order of a court of competent jurisdiction or a government authority;
  - Beach Energy does not provide the relevant certificates to the Underwriters as and when required under the Underwriting Agreements;
  - there is an event or occurrence, including any statute, order, rule, regulation, directive or request of any government agency which makes it illegal for the Underwriters to satisfy an obligation under the Underwriting Agreement, or to market, promote or settle the Entitlement Offer;
  - Beach Energy does not lodge the Offer documents (other than this Retail Entitlement Offer Booklet) with ASX before 10.00am on the Institutional Opening Date or is unable to get a trading halt by that time;
  - ASIC makes an order under Part 9.5 of the Corporations Act or commences any investigation or hearing under Part 3 of the ASIC Act in relation to the Entitlement Offer or the Offer documents and such order, investigation or hearing is not withdrawn within 2 business days or by the Institutional Settlement Date (whichever is earlier);
  - Beach Energy announces a scheme of arrangement or reconstruction which, if implemented, may result in a person and their associates acquiring a beneficial interest in, or voting power of, 50% or more of Beach Energy;
  - there is a change in the Chief Executive Officer or Chief Financial Officer of Beach Energy; or
  - Beach Energy or any of its directors and officers engage in any fraudulent conduct or activity (whether or not in connection with the Entitlement Offer).



## 5. Important Information

- The Underwriters and Beach Energy may be required to agree to amendments to the Underwriting Agreement and the form or structure of the Entitlement Offer on the occurrence of certain events before the settlement of the New Securities under the Institutional Entitlement Offer, including (but not limited to) where:
  - there is a delay in the Entitlement Offer timetable without the consent of the Underwriters;
  - a certificate or other information provided by Beach Energy to the Underwriters is untrue, inaccurate, incomplete or misleading or deceptive, or Beach Energy is required to give a correction notice in respect of the Entitlement Offer;
  - Beach Energy breaches the Underwriting Agreement (including in respect of the representations and warranties given by it);
  - there is a change in the board of directors of Beach Energy;
  - there is a change in law or other regulatory action which would prohibit or adversely regulate the Entitlement Offer;
  - another offer is made to Beach Energy shareholders which, if implemented, may result in another person acquiring 50% or more of the interests in Beach Energy;
  - market or trading disruptions or hostilities;
  - a director or senior manager of Beach Energy is charged with an indictable offence in relation to financial or corporate matters or a director is disqualified from managing a corporation, or proceedings are brought against Beach Energy or any of its directors for fraudulent, misleading or deceptive conduct in connection with the Entitlement Offer;
  - there is a new circumstance that would be adverse from the perspective of an investor and would require disclosure;
  - there is a material adverse change in respect of Beach Energy.
- In addition to the termination events relating to the Institutional Entitlement Offer (most of which apply equally if they occur during the Retail Entitlement Offer), the Underwriters may terminate the Underwriting Agreement and be released from their obligations if there is a delay in the Retail Entitlement Offer timetable of three or more business days without the prior written consent of the Underwriters (such consent not to be unreasonably withheld).
- The Underwriters will receive:
  - an underwriting fee of 1.75% of the gross proceeds of the Institutional Entitlement Offer (excluding the Major Shareholder Commitment);
  - an underwriting fee of 1.75% of the gross proceeds of the Retail Entitlement Offer (excluding any sub-underwriting by Seven Group (see section 5.17 below)); and
- The Underwriters are obliged to pay all fees of sub-underwriters out of the fees they receive from Beach Energy (other than any sub-underwriting fees paid to Seven Group).
- The Underwriters will also be reimbursed for certain expenses.

Neither the Underwriters nor any of their respective related bodies corporate and affiliates, nor any of their respective directors, officers, employees, representatives or agents have authorised or caused the issue of, and take no responsibility for, this Retail Entitlement Offer Booklet. To the maximum extent permitted by law, the Underwriters and their respective related bodies corporate and affiliates and each of their respective directors, officers, employees, representatives or agents exclude and disclaim all liability for any expenses, losses, damages or costs incurred by you as a result of your participation in the Entitlement Offer and this Information being inaccurate or incomplete in any way for any reason, whether by negligence or otherwise. Neither the Underwriters nor any of their respective related bodies corporate and affiliates, nor any of their respective directors, officers, employees, representatives or agents make any recommendations as to whether you or your related parties should participate in the Entitlement Offer, nor do they make any representations or warranties to you concerning this Entitlement Offer or any such information, and you represent, warrant and agree that you have not relied on any statements made by the Underwriters or any of their respective related bodies corporate and affiliates or any of their respective directors, officers employees, representatives or agents in relation to the New Shares or the Entitlement Offer generally.

## 5.17 Pre-commitment and sub-underwriting

Seven Group has made a binding commitment to take up its Entitlements in full under the Entitlement Offer.

Seven Group has also agreed to sub-underwrite the Institutional Entitlement Offer and the Retail Entitlement Offer up to 68,260,311 New Shares (Sub-underwriting Cap) in which Seven Group is permitted to acquire a relevant interest under item 9 of section 611 of the Corporations Act. If there is sufficient shortfall to require New Shares up to the Sub-Underwriting Cap to be acquired by Seven Group under its sub-underwriting commitment, Seven Group's total shareholding on completion of the Entitlement Offer will increase from approximately 22.73% to approximately 25.73%. This requires that Seven Group subscribe for its pro rata share of any shortfall in the Institutional Entitlement Offer (approximately 22.73%) and to subscribe (before any other sub-underwriter appointed by the Underwriters) for any Entitlements in the Retail Entitlement Offer not taken up by Eligible Retail Shareholders and Entitlements of Ineligible Retail Shareholders up to the Sub-underwriting Cap.

Seven Group will be entitled to receive an arm's length fee for its sub-underwriting commitment. Seven Group's sub-underwriting fee is materially the same as will be offered by the Underwriters to other institutional sub-underwriters.

The expected impact of the Entitlement Offer on Seven Group's voting power in Beach Energy is as follows (the take-up figures under the Institutional Entitlement Offer are exclusive of Seven Group's pro rata entitlements, which are assumed to be subscribed by Seven Group in full in accordance with its binding commitment):

	<b>Institutional Offer (0% take-up)</b>	<b>Institutional Offer (25% take-up)</b>	<b>Institutional Offer (50% take-up)</b>	<b>Institutional Offer (75% take-up)</b>	<b>Institutional Offer (100% take-up)</b>
<b>Retail Offer (0% take-up)</b>	25.73%	25.73%	25.73%	25.73%	25.73%
<b>Retail Offer (25% take-up)</b>	25.73%	25.73%	25.73%	25.73%	25.73%
<b>Retail Offer (50% take-up)</b>	25.73%	25.73%	25.73%	25.73%	25.73%
<b>Retail Offer (75% take-up)</b>	25.05%	24.86%	24.66%	24.47%	24.27%
<b>Retail Offer (100% take-up)</b>	23.51%	23.31%	23.12%	22.92%	22.73%

Accordingly, following completion of the Entitlement Offer, Seven Group's relevant interest and voting power in Beach Energy will be no less than its current voting power of 22.73%, and will not exceed 25.73%.

Having regard to the above, Seven Group will remain a major shareholder following completion of the Entitlement Offer and may increase its relevant interest as a consequence of the Entitlement Offer as set out above, but will not itself be a controller of Beach Energy, and no other person is expected to acquire voting power in Beach Energy of 20% or more as a consequence of the Entitlement Offer.

Although the issue of New Shares which are not taken up by Eligible Shareholders under the Entitlement Offer (with the exception of Seven Group), and which are underwritten by the Underwriters, may increase the voting power in Beach Energy of the Underwriters (or eligible institutional investors who may be allocated New Shares via the bookbuild process to be conducted by the Underwriters or any additional sub-underwriters appointed by the Underwriters), it is not expected to have any material effect on the control of Beach Energy.

Accordingly, the Entitlement Offer is not expected to have any material effect or consequence on the control of Beach Energy.

Please see the cleansing notice given by Beach Energy to ASX under section 708AA(2)(f) of the Corporations Act on Thursday, 28 September 2017 for more details on the control implications of Seven Group's pre-commitment and sub-underwriting arrangements.

## 5. Important Information

### 5.18 Privacy

As a shareholder, Beach Energy and the Share Registry have already collected certain personal information from you. If you apply for New Shares, Beach Energy and the Share Registry may update that personal information or collect additional personal information. Such information may be used to assess your acceptance of the New Shares, service your needs as a shareholder, provide facilities and services that you request and carry out appropriate administration.

To do that, Beach Energy and the Share Registry may disclose your personal information for purposes related to your shareholdings to their agents, contractors or third party service providers to whom they outsource services, in order to assess your application for New Shares, the Share Registry for ongoing administration of the register, printers and mailing houses for the purposes of preparation of the distribution of shareholder information and for handing of mail, or as otherwise under the *Privacy Act 1988* (Cth).

If you do not provide us with your personal information we may not be able to process your application. In most cases you can gain access to your personal information held by (or on behalf of) Beach Energy or the Share Registry. We aim to ensure that the personal information we retain about you is accurate, complete and up to date. To assist us with this please contact us if any of the details you have provided change. If you have concerns about the completeness or accuracy of the information we have about you, we will take steps to correct it. You can request access to your personal information by contacting the Privacy Officer at the Beach Energy Share Registry at [privacy@computershare.com.au](mailto:privacy@computershare.com.au)

### 5.19 Disclaimer of representations

No person is authorised to give any information, or to make any representation, in connection with the Retail Entitlement Offer that is not contained in this Information.

Any information or representation that is not in this Information may not be relied on as having been authorised by Beach Energy, or its related bodies corporate in connection with the Retail Entitlement Offer. Except as required by law, and only to the extent so required, none of Beach Energy, or any other person, warrants or guarantees the future performance of Beach Energy or any return on any investment made pursuant to this Information or its content.

### 5.20 Withdrawal of the Entitlement Offer

Beach Energy reserves the right to withdraw all or part of the Entitlement Offer and this Information at any time, subject to applicable laws, in which case Beach Energy will refund Application Monies in relation to New Shares not already issued in accordance with the Corporations Act and without payment of interest. In circumstances where allotment under the Institutional Entitlement Offer has occurred, Beach Energy may only be able to withdraw the Entitlement Offer with respect to New Shares to be issued under the Retail Entitlement Offer.

To the fullest extent permitted by law, you agree that any Application Monies paid by you to Beach Energy will not entitle you to receive any interest and that any interest earned in respect of Application Monies will belong to Beach Energy.

## 6. Definitions

**Acquisition** means the acquisition by Beach Energy of all of the issued share capital of Lattice from Origin Energy Limited.

**Applicant** means an Eligible Retail Shareholder who has submitted a valid Application.

**Application** means the arranging for payment of the relevant Application Monies through BPAY® or cheque in accordance with the instructions on the Entitlement and Acceptance Form or the submission of an Entitlement and Acceptance Form accompanied by the relevant Application Monies.

**Application Monies** means the aggregate amount payable in Australian dollars for the New Shares applied for through BPAY® or in a duly completed Entitlement and Acceptance Form.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited (ABN 98 008 624 691) and the securities exchange operated by it.

**ASX Listing Rules** means the listing rules of ASX (including the ASX Settlement Operating Rules, the ASX Operating Rules and the ASX Clear Operating Rules) as waived or modified by ASX in respect of Beach Energy or the Offer in any particular case.

**Beach Energy** means Beach Energy Limited (ABN 20 007 617 969).

**Beach Energy Shareholder Information Line** means 1300 050 574 (inside Australia) or +61 3 9415 4288 (outside Australia).

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Eligible Retail Shareholders** has the meaning given in Section 5.1 of this Retail Entitlement Offer Booklet.

**Eligible Institutional Shareholder** means, in accordance with sections 708(8) and 708(11) of the Corporations Act, respectively, a sophisticated or professional Shareholder on the Record Date who:

- a. is not an Ineligible Institutional Shareholder;
- b. is eligible under all applicable securities laws to receive an offer under the Institutional Entitlement Offer; and
- c. has successfully received an invitation from the Underwriters to participate in the Institutional Entitlement Offer (either directly or through a nominee).

**Entitlement** means the right to subscribe for 3 New Shares for every 14 existing Shares held by eligible Shareholders on the Record Date at an offer price of \$0.75 per New Share, pursuant to the Entitlement Offer.

**Entitlement and Acceptance Form** means the entitlement and acceptance form that will accompany this Retail Entitlement Offer Booklet when it is dispatched to Eligible Retail Shareholders.

**Entitlement Offer** or **Offer** means the Institutional Entitlement Offer and the Retail Entitlement Offer.

**How to Apply** has the meaning given in Section 2 of this Retail Entitlement Offer Booklet.

**Important Information** has the meaning given in Section 1 of this Retail Entitlement Offer Booklet.

**Ineligible Institutional Shareholders** means a Shareholder who is an institutional Shareholder on the Record Date with a registered address outside Australia and New Zealand and any other jurisdiction that Beach Energy and the Underwriters agree to whom ASX Listing Rule 7.7.1(a) applies

**Ineligible Retail Shareholder** means a Shareholder (or beneficial holder of Shares) other than an Eligible Institutional Shareholder or an Ineligible Institutional Shareholder on the Record Date with a registered address outside Australia and New Zealand or any other jurisdiction that Beach Energy and the Underwriters agree to whom ASX Listing Rule 7.7.1(a) applies, provided that any institutional Shareholder that is in the United States is an Ineligible Institutional Shareholder, and for the avoidance of doubt includes any Shareholder that is in the United States or is acting for the account or benefit of a person in the United States (including a nominee or custodian to the extent such person holds Beach Energy ordinary shares for the account or benefit of such person in the United States).

**Institutional Entitlement Offer** means the accelerated non-renounceable pro rata entitlement offer of Entitlement Offer Securities to Eligible Institutional Shareholders.

**Investor Presentation** means the presentation to investors released to the ASX on 28 September 2017, incorporated in Section 3 of this Retail Entitlement Offer Booklet.

**Lattice** means Lattice Energy Limited (formerly Origin Energy Resources Limited) (ACN 007 845 338).

## 6. Definitions

**Major Shareholder Commitment** means the pre-commitment made by Seven and its related bodies corporate and affiliates to take up their full pro-rata entitlements in the Entitlement Offer (approximately A\$68,440,981) under binding a commitment letter.

**New Shares** means Shares to be allotted and issued under the Entitlement Offer.

**Offer Price** means A\$0.75 per New Share.

**Record Date** means 7.00pm (Sydney time) on Monday, 2 October 2017.

**Retail Entitlement Offer** means the accelerated non-renounceable pro-rata entitlement offer to Eligible Retail Shareholders to subscribe for 3 New Shares for every 14 Shares of which the Shareholder is the registered holder on the Record Date, at an Offer Price of \$0.75 per New Share pursuant to this Retail Entitlement Offer Booklet.

**Retail Entitlement Offer Booklet** means this booklet.

**Seven** means Seven Group Holdings Limited (ABN 46 142 003 469).

**Seven Group** means Seven and its subsidiaries which hold shares in Beach Energy as at the Record Date.

**Share Registry** means the Computershare Investor Services Pty Limited (ABN 48 078 279 277).

**Share** means a fully paid ordinary share in the capital of Beach Energy.

**Shareholder** means a holder of Shares.

**TERP** means the theoretical ex-rights prices at which Beach Energy shares should trade immediately after the ex-date of the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which Beach Energy's shares trade at that time will depend on many factors and may not be equal to TERP.

**Timetable** means the indicative table set out in the "Key dates" section of this Retail Entitlement Offer Booklet.

**Top-Up Shares** means the issue of additional New Shares to ensure that the relevant investors receive their appropriate allocation of New Shares.

**Underwriters** means Credit Suisse (Australia) Limited (ABN 94 007 016 300) and Goldman Sachs Australia Pty Limited (ABN 21 006 797 897).

**Underwriting Agreement** means the underwriting agreement dated 28 September 2017 between Beach Energy and the Underwriters.

**U.S. Securities Act** means the U.S. Securities Act of 1933, as amended.

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## 7. Corporate Directory

### Registered Office and Head Office

25 Conyngham Street  
Glenside SA 5065  
Australia

### Underwriters

Credit Suisse (Australia) Limited  
Level 31 Gateway  
1 Macquarie Place  
Sydney NSW 2000

Goldman Sachs Australia Pty Ltd  
Governor Phillip Tower  
1 Farrer Place  
Sydney NSW 2000

UBS AG, Australia Branch  
Level 16, Chifley Tower  
2 Chifley Square  
Sydney NSW 2000

### Share Registry

Computershare Investor Services Pty Limited  
GPO Box 1903  
Adelaide SA 5000

Australia: 1300 850 505  
International: +61 3 9415 4000  
Website: [www.computershare.com.au](http://www.computershare.com.au)

### Legal Adviser

Gilbert + Tobin  
Level 35, Tower 2, International Towers Sydney  
200 Barangaroo Avenue  
Sydney NSW 2000

### Website

Corporate information and the Beach Energy Annual Report can be found via the Company's website at [www.beachenergy.com.au](http://www.beachenergy.com.au)

### Beach Energy Shareholder Information Line

Australia: 1300 050 574  
International: +61 3 9415 4288

Hours are 8.30am to 5.00pm during the Retail Entitlement Offer period.



