

31 January 2019

Ref: #003/19

Key Highlights

Quarterly production 7.4 MMboe; oil output +6%, strong gas demand

- December quarterly production of 7.4 MMboe was 4% below the September quarter. A 17% increase in ex PEL 91 oil production combined with Otway gas sales 30% above prior year levels, largely offset seasonally lower gas demand.
- Sales volume of 7.7 MMboe was 7% below the September quarter, primarily due to lower seasonal sales gas. Sales revenue of \$441 million declined 14% from the September quarter despite a 17% reduction in realised oil price.

Bauer appraisal and horizontal development campaign completed successfully

- Appraisal drilling at the Bauer Field has confirmed an easterly extension to the structure, warranting future follow up appraisal and infill development drilling.
- The Bauer horizontal development campaign exceeded expectations. Bauer-29 is producing on pump at up to 1,300 bopd.

FY19 production guidance increased to 28 – 29 MMboe

- FY19 production guidance is increased from 25 – 27 MMboe after better than forecast H1 FY19 production and revised output for the remainder of FY19¹.
- FY19 capital expenditure guidance has been narrowed from \$440 – 520 million to \$450 – 500 million¹.

Integration complete, synergy and cost reduction targets on track

- Transitional Services Agreement with Origin was discharged on 31 December 2018, seven months ahead of schedule, signifying the completion of the integration of Lattice.
- Realised synergy run rate was tracking at \$56 million at 31 December 2018 well on track to our target of \$60 million by the end of FY19.
- Additionally, direct controllable operating costs have been reduced by an annualised rate of \$8 million as at the end of Q2 FY19. Beach is targeting a reduction of \$30 million per annum by the end of FY20.

Financial position continues to strengthen

- Net debt at 31 December 2018 was \$331 million, a reduction of \$155 million from 30 September 2018. Net gearing is now under 14%.
- Beach is targeting to be debt-free on completion of the proposed 40% Otway Sale, expected by the end of the March 2019 quarter. This is more than two years ahead of the original debt-free target date², assisted by the proposed Otway Sale.

Rigs secured for offshore and onshore Otway Basin programs

- The Ocean Onyx semi-submersible rig has been contracted for the offshore Otway drilling program, with drilling scheduled to commence in late CY19/early CY20.
- Onshore Otway drilling comprising two South Australian Otway wells and two Victorian Otway extended reach wells is scheduled to commence in the March 2019 quarter using the Ensign 931 rig.

¹ Please refer to ASX announcement ref: #002/19 dated 31 January 2019 for more information.

² Please refer to ASX announcement #049/17 dated 28 September 2017 for more information.

Snapshot

	December Q2 FY18	September Q1 FY19	December Q2 FY19	Qtr on Qtr Change	YTD
Production (MMboe)	2.63	7.76	7.42	(4%)	15.18
Sales Volumes (MMboe)	2.80	8.26	7.70	(7%)	15.96
Sales Revenue (\$ million)	208	514 ³	441³	(14%)	955
Realised Oil Price (\$/bbl)	97.4	109.9 ³	91.2³	(17%)	100.4
Realised Sales Gas/Ethane Price (\$/GJ)	6.5	6.7	6.6	(0%)	6.6
Net Cash/(Debt) (\$ million)	552	(486)	(331)	32%	(331)
Free Cash Flow (\$million)	(8)	152	145	(5%)	297

Lattice integration complete

Success with the drill bit, strong facility reliability and the completion of the Lattice integration were the highlights of a robust December quarter for Beach Energy.

Beach Chief Executive Officer Matt Kay said the quarterly results are evidence that Beach is delivering on its promises to the market as outlined at its Investor Day in September 2018.

“The December quarter was one of increased activity and continued delivery for Beach, being our busiest ever with the drill bit,” Mr Kay said.

“Beach participated in 39 wells during the quarter with an overall success rate of 77%.

“This was also a strong quarter on the reliability front, with our facility reliability averaging over 97%.

“This was particularly important to production, as stronger than expected east coast customer gas demand meant that we exceeded our gas sales projections for the quarter.”

The December quarter also marked the final milestone in the Lattice acquisition, with Beach discharging the Transitional Services Agreement with Origin at the end of December 2018 - seven months ahead of the original schedule.

Mr Kay said discharging the TSA signifies completion of integration and has advanced realised synergies to a run rate of \$56 million per annum at 31 December 2018, with the target of \$60 million run rate by end of FY19 in sight.

“Although integration is complete and synergy targets within sight, our focus on additional efficiency continues. At the end of the December quarter, run rate direct controllable cost savings were approximately \$8 million, well on track towards realising our targeted reduction of \$30 million per annum by the end of FY20,” Mr Kay said.

From a commercial perspective, the December quarter provided the first opportunity to display the robustness of the Beach business and particularly cash flow generation during periods of oil price volatility, supported by fixed price gas contracts.

Mr Kay said the combination of higher production and tight cost control meant Beach continued to generate strong free cash flow and de-gear at a rapid rate.

“At 31 December 2018 our net debt was \$331 million, a reduction of \$155 million from 30 September. Net gearing at the end of December was under 14%, down from 20% at 30 September,” Mr Kay said.

³ Includes the impact of \$4.6 million and \$11.6 million in realised hedging losses in Q2 and Q1 FY19, respectively. It should be noted that these losses are expected to be largely offset by unrealised mark-to-market hedging gains of \$13.5 million in the H1 FY19 accounts.

“Beach is on track to be debt-free on completion of the Otway Sale, which is expected by the end of the March 2019 quarter.

“To be debt-free more than two years ahead of the timeline outlined at the announcement of the Lattice acquisition² is testament to our team’s ability to maximise output from our expanded portfolio whilst maintaining a focus on operating margins.”

On the drilling front, recent appraisal results at the Bauer oil field in the Cooper Basin confirmed an extension to the field.

Mr Kay said these positive results warranted more infill development drilling and a further round of appraisal.

“Four horizontal development wells were drilled in Bauer during the quarter, with the results from the campaign exceeding our expectations from a cost, time, reservoir quality and lateral length perspective.

“For example, Bauer-29 is now on pump and is producing at up to 1,300 bopd. This horizontal well achieved a spud to online time of 21 days, with the average for all four horizontal wells 23.5 days, an excellent result.

“The strong results in the Bauer Field underpinned a 17% increase in oil production from our 100% owned ex PEL 91 Western Flank oil acreage and a 6% quarter-over-quarter increase in Beach’s total oil production.

“The better than expected Bauer drilling results, combined with strong customer gas demand and high facility reliability, has enabled Beach to increase FY19 production guidance, from 25 – 27 MMboe to 28 – 29 MMboe. FY19 capital expenditure guidance has been narrowed from \$440 – 520 million to \$450 – 500 million.

“Finally, we are pleased to report that Beach has completed key milestones as we progress towards executing on drilling programs in the SA Otway Basin and Victorian Otway Basin, with drill rigs now contracted for these programs. “

Beach will release its first half FY19 results and updated FY19 outlook to the market on 13 February 2019.

Financial

Sales volumes

Quarterly sales volumes of 7,701 kboe were 7% lower than the prior quarter with lower gas and gas liquids sales volumes partially offset by higher oil sales volume driven by increased oil production.

		Sales volumes				
		December Q2 FY18	September Q1 FY19	December Q2 FY19	Qtr on Qtr Change	YTD
Oil (kbbl)	Own Product	1,301	1,443	1,487	3%	2,930
	Third Party	153	285	292	2%	576
	Total Oil	1,453	1,727	1,779	3%	3,506
Sales Gas and Ethane (PJ)	Own Product	6.0	31.0	28.0	(10%)	59.0
	Third Party	0.1	0.1	0.1	6%	0.2
	Total Gas	6.1	31.1	28.1	(10%)	59.2
LPG (kt)	Own Product	19	70	63	(10%)	132
	Third Party	0	(0)	2	NM	2
	Total LPG	19	70	65	(7%)	135
Condensate (kbbl)	Own Product	138	631	580	(8%)	1,212
	Third Party	1	1	0	(54%)	2
	Total Condensate	139	632	581	(8%)	1,213
Total Oil and Gas Sales (kboe)		2,797	8,263	7,701	(7%)	15,964
Total – Own Product (kboe)		2,627	7,958	7,368	(7%)	15,325
Total – Third Party (kboe)		170	305	333	9%	639

Note: Figures and ratios may not reconcile to totals throughout the report due to rounding.

Sales revenue

Total sales revenue of \$441 million was 14% lower than the September quarter, driven by a combination of seasonally lower sales gas volumes and lower average realised liquids prices as oil prices declined during the December quarter. Average realised oil price was 17% lower at \$91.2/bbl. Average realised sales gas and ethane pricing was broadly flat at \$6.6/GJ, as higher realised pricing in New Zealand offset lower oil-linked realised gas pricing in the Cooper Basin.

Sales revenue (\$ million)					
	December Q2 FY18	September Q1 FY19	December Q2 FY19	Qtr on Qtr Change	YTD
Oil	141	190 ⁴	162⁵	(14%)	352
Sales Gas and Ethane	40	207	186	(10%)	394
LPG	15	54	42	(23%)	96
Condensate	12	63	50	(20%)	113
Sales Gas and Gas Liquids	67	324	278	(14%)	603
Total Oil and Gas revenue	208	514	441	(14%)	955
Total – Own Product	194	480 ⁴	411⁵	(14%)	891
Total – Third Party	14	34	30	(12%)	64
Average realised prices					
	December Q2 FY18	September Q1 FY19	December Q2 FY19	Qtr on Qtr Change	YTD
All Products (\$/boe)	74.4	62.2⁴	57.2⁵	(8%)	59.8
Oil (\$/bbl)	97.4	109.9 ⁴	91.2⁵	(17%)	100.4
Sales Gas and Ethane (\$/GJ)	6.5	6.7	6.6	(0%)	6.6
LPG (\$/tonne)	783.9	776.0	641.1	(17%)	710.8
Condensate (\$/bbl)	87.7	99.3	86.3	(13%)	93.1

Capital expenditure

Total capital expenditure was \$112 million, an increase of 65% from the September quarter as work program expenditure around South Australian and Victorian Otway drilling activities accelerates.

Capital expenditure (\$ million)					
	December Q2 FY18	September Q1 FY19	December Q2 FY19	Qtr on Qtr Change	YTD
Exploration and Appraisal	33	13	19	43%	32
Development, Plant and Equipment	45	55	93	71%	148
Total	78	68	112	65%	180

⁴ Includes the impact of \$11.6 million in realised hedging losses in Q1 FY19. Excluding the impact of hedging losses, the average realised oil price in the quarter was \$116.6/bbl and the average realised price of all products was \$63.6/boe.

⁵ Includes the impact of \$4.6 million in realised hedging losses in Q2 FY19. Excluding the impact of hedging losses, the average realised oil price in the quarter was \$93.8/bbl and the average realised price of all products was \$57.8/boe.

Liquidity

Beach ended the quarter with net debt of \$331 million, comprising drawn debt of \$535 million and cash reserves of \$204 million. During the quarter Beach retired \$225 million of debt, which will result in interest cost savings. With undrawn revolving credit facilities of \$390 million, Beach has total liquidity of \$594 million at the end of the quarter.

Material cash flows for the quarter were operating cash flow of \$242 million, which included cash tax payments of \$93 million, net investing cash flow of \$86 million, debt repayment of \$225 million and \$60 million draw down of the revolving credit facility.

Liquidity (\$ million)				
	December Q2 FY18	September Q1 FY19	December Q2 FY19	Qtr on Qtr Change
Cash Reserves	552	214	204	(10)
Drawn Debt	-	(700)	(535)	165
Net Cash/(Debt)	552	(486)	(331)	155
Undrawn Facilities	200	450	390	-

Capital structure

Beach's capital structure as at 31 December 2018 is set out below.

Capital structure			
	September Q1 FY19	December Q2 FY19	Qtr on Qtr Change
Fully Paid Ordinary Shares	2,277,030,477	2,278,249,104	1,218,627
Unlisted Employee Rights	6,163,642	7,711,875	1,548,233

1,218,627 unlisted performance rights that were issued in 2015 and 2016 vested during the quarter, increasing the number of fully paid ordinary shares. Additional unlisted performance rights were also issued.

Hedging

Beach uses a range of instruments to protect against downside oil price scenarios. No new hedges were added during the quarter. The following hedges were in place as at 31 December 2018.

Hedges (Brent)				
	3-way Collar A\$40-90-100/bbl	3-way Collar A\$40-103-113/bbl	3-way Collar A\$55-100-110/bbl	Total Hedged Volumes
FY19	97,500	270,000	825,000	1,192,500
FY20	-	-	-	-
Total	97,500	270,000	825,000	1,192,500

In its H1 FY19 accounts, Beach expects to book a \$16.2 million realised loss (pre-tax) associated with the expiry of out of the money oil hedge contracts, offset in part by unrealised mark-to-market hedging gains of \$13.5 million.

Operations

Production

Production (net to Beach)					
	December Q2 FY18	September Q1 FY19	December Q2 FY19	Qtr on Qtr Change	YTD
Total Oil (kbbbl)	1,331	1,550	1,645	6%	3,195
Sales Gas and Ethane (PJ)	6.1	29.4	27.8	(5%)	57.2
LPG (kt)	16	72	60	(16%)	132
Condensate (kbbbl)	131	597	512	(14%)	1,109
Total Sales Gas and Gas Liquids (kboe)	1,296	6,214	5,775	(7%)	11,989
Total Production (kboe)	2,627	7,764	7,420	(4%)	15,184

Quarterly production of 7,420 kboe was 4% (344 kboe) lower than the prior quarter. Oil production was strong, up 6% over the prior quarter after seven wells were brought online in the Western Flank. Sales gas production was 5% lower than the prior quarter due to lower seasonal demand. Gas liquids production was further impacted by higher production contribution from wells with lower liquids content.

The following provides production by reporting segment. Reporting segments are:

- SAWA - South Australia and Western Australia;
- Victoria; and
- New Zealand.

SAWA production

Consisting of Cooper Basin and Perth Basin.

Cooper Basin production (net to Beach)					
	December Q2 FY18	September Q1 FY19	December Q2 FY19	Qtr on Qtr Change	YTD
Total Oil (kbbbl)	1,331	1,550	1,645	6%	3,195
Sales Gas and Ethane (PJ)	6.1	9.8	10.5	7%	20.3
LPG (kt)	16	29	27	(5%)	56
Condensate (kbbbl)	131	230	217	(6%)	447
Total Sales Gas and Gas Liquids (kboe)	1,296	2,145	2,241	4%	4,387
Total Production (kboe)	2,627	3,695	3,886	5%	7,582
Q2 FY19 Cooper Basin production detail (net to Beach)					
	Oil (kbbbl)	Sales Gas and Ethane (PJ)	LPG (kt)	Condensate (kbbbl)	Total (kboe)
Western Flank Oil (ex PEL 91) (Beach 100%)	971 <i>17%</i>	-	-	-	971 <i>17%</i>
Western Flank Oil (ex PEL 92) (Beach 75% and operator, Cooper Energy 25%)	167 <i>(4%)</i>	-	-	-	167 <i>(4%)</i>
Western Flank Oil (ex PEL 104 / 111) (Beach 40%, Senex 60% and operator)	104 <i>(9%)</i>	-	-	-	104 <i>(9%)</i>
Western Flank Gas (ex PEL 91 and 106) (Beach 100%)	-	2.0 <i>20%</i>	11 <i>(16%)</i>	80 <i>(11%)</i>	508 <i>7%</i>
Cooper Basin JV (Various non-operated interests)	371 <i>(6%)</i>	8.4 <i>4%</i>	16 <i>4%</i>	136 <i>(3%)</i>	2,089 <i>2%</i>
Other producing permits (Various non-operated interests)	32 <i>(7%)</i>	0.1 <i>(49%)</i>	0 <i>6%</i>	1 <i>(3%)</i>	48 <i>(24%)</i>
Total production (kboe)	1,645	1,809	230	202	3,886

Quarter-over-quarter movement shown in italics.

Commentary:

- Total Cooper Basin production of 3,886 kboe was 5% higher than the prior quarter driven by strong oil production out of the Western Flank with high production rates from new wells, which were brought online earlier than originally scheduled through optimisation of the overall work program.
- Ex PEL 91 oil production performance was up 17% after five wells were brought online, two vertical Bauer wells, Bauer-27 and -28, and later in the quarter, three Bauer horizontal wells (Bauer-29, -30, -31). Subsequent to quarter-end, the fourth Bauer horizontal well, Bauer-32 was brought online.
- Initial production from the horizontal wells has been strong. Bauer-29 is on artificial lift which increased production from a free flow rate of 750 bopd to an initial pumped rate of

1,000 bopd to a current rate of over 1,300 bopd. While Bauer-30, -31 and -32 came online free flowing at initial rates ranging from 400 to 1,000 bopd.

- In addition to the active quarter in ex PEL 91, field work spanned into ex PEL 92, where artificial lift was installed at Callawonga-16 adding 450 bopd gross initial production and partially offsetting natural field decline.
- Oil production from Senex-operated ex PEL 104/111 declined 9% as production from new wells Breguet-1 and Snatcher North-1 partially offset natural decline. Horizontal development well Growler-16 was brought online subsequent to quarter end.
- Beach-operated western flank sales gas and gas liquids production was up 7% with strong sales gas and ethane production and lower liquids production, as both the producing wells and the facility were managed to optimise production and accommodate downstream processing constraints requested by the operator.
- Cooper Basin JV production was up 2% versus the prior quarter. Gross daily average oil production was 11.9 kbbl, down 6% after a strong Q1 period. Gross average daily gas and gas liquids production of 52.3 kboe was up 2% on the prior quarter with strong sales gas and ethane and LPG production performance offsetting lower condensate production.

Perth Basin production (net to Beach)				
	September Q1 FY19	December Q2 FY19	Qtr on Qtr Change	YTD
Sales Gas and Ethane (PJ)	1.1	1.1	5%	2.2
LPG (kt)	0	0	0%	0
Condensate (kbbl)	0	0	(41%)	1
Total Production (kboe)	184	193	5%	377

Perth Basin production represents Beharra Springs (Beach 67% and operator, Mitsui 33%) and Waitsia (Beach 50%, Mitsui 50% and operator).

Commentary:

- Perth Basin production is approximately 72% from Beharra Springs and 28% from Waitsia.
- Perth Basin production was up 5% after the prior quarter was impacted by planned and unplanned plant downtime.

Victoria production

Consisting of offshore Otway Basin and Bass Basin.

Otway Basin production (net to Beach)				
	September Q1 FY19	December Q2 FY19	Qtr on Qtr Change	YTD
Sales Gas and Ethane (PJ)	12.8	11.4	(11%)	24.3
LPG (kt)	21	17	(22%)	38
Condensate (kbbbl)	150	119	(21%)	269
Total Production (kboe)	2,530	2,220	(12%)	4,751

Otway Basin production represents Otway gas project (Beach 100%) and HBWS (Beach 100%).

Commentary:

- The December seasonal dip in gas customer nominations saw a 12% quarter-over-quarter decline in reported production, however was up approximately 30% over the previous corresponding period due to stronger customer demand in conjunction with higher plant reliability⁶.

Bass Basin production (net to Beach)				
	September Q1 FY19	December Q2 FY19	Qtr on Qtr Change	YTD
Sales Gas and Ethane (PJ)	2.2	1.9	(15%)	4.1
LPG (kt)	7	5	(23%)	12
Condensate (kbbbl)	75	61	(18%)	137
Total Production (kboe)	515	430	(16%)	946

Bass Basin production represents BassGas Project (Beach 53.75% and operator).

Commentary:

- Bass Basin production was down 16% driven by the December seasonal dip in gas demand and downtime associated with planned and unplanned maintenance at the Yolla facility.

⁶ Comparison against pcg is on a gross basis, to allow a like-for-like comparison.

New Zealand production

Consisting of Taranaki Basin.

Taranaki Basin production (net to Beach)				
	September Q1 FY19	December Q2 FY19	Qtr on Qtr Change	YTD
Sales Gas and Ethane (PJ)	3.4	2.8	(16%)	6.2
LPG (kt)	15	11	(26%)	26
Condensate (kbbbl)	141	115	(19%)	256
Total Production (kboe)	840	690	(18%)	1,529

Taranaki Basin production represents Kupe Gas Project (Beach 50% and operator, Genesis 46% and NZOG 4%).

Commentary:

- Production of 690 kboe was 18% below the prior quarter, impacted by the seasonal dip in gas demand and approximately a month of production curtailment for scheduled maintenance activity on the amine system.

Drilling summary

Wells drilled					
Well name	Basin / area	Target	Type	Beach %	Well status
Moorari-15	SA Cooper	Gas	Dev.	33.40%	C&S
Moorari-16	SA Cooper	Gas	Dev.	33.40%	C&S
Moorari-18	SA Cooper	Gas	Dev.	33.40%	C&S
Namur-11	SA Cooper	Gas	Dev.	33.40%	C&S
Namur-12	SA Cooper	Gas	Dev.	33.40%	C&S
Namur-13	SA Cooper	Gas	Dev.	33.40%	C&S
Namur-14	SA Cooper	Gas	Dev.	33.40%	C&S
Barrolka-18	Qld Cooper	Gas	App.	39.94%	C&S
Bolah-3	Qld Cooper	Gas	App.	39.94%	C&S
Bolah-4	Qld Cooper	Gas	App.	39.94%	C&S
Moomba-228	SA Cooper	Gas	App.	33.40%	C&S
Moomba-230	SA Cooper	Gas	App.	33.40%	C&S
Moomba-231	SA Cooper	Gas	App.	33.40%	C&S
Moomba-232	SA Cooper	Gas	App.	33.40%	C&S
Moomba-233	SA Cooper	Gas	App.	33.40%	P&A
Moorari-17	SA Cooper	Gas	App.	33.40%	C&S
Anna North-1	Qld Cooper	Gas	Expl.	39.94%	C&S
Lane-1	Qld Cooper	Gas	Expl.	39.94%	C&S
Lois-1	Qld Cooper	Gas	Expl.	39.94%	C&S
Bauer-29	SA Cooper	Oil	Dev. (Hz)	100%*	C&S
Bauer-30	SA Cooper	Oil	Dev. (Hz)	100%*	C&S
Bauer-31	SA Cooper	Oil	Dev. (Hz)	100%*	C&S
Bauer-32	SA Cooper	Oil	Dev. (Hz)	100%*	C&S
Growler-16	SA Cooper	Oil	Dev. (Hz)	40%	C&S
Pennington-7	SA Cooper	Oil	Dev. (Hz)	100%*	C&S
Bauer Northeast-1	SA Cooper	Oil	App.	100%*	C&S
Bauer Northwest-1	SA Cooper	Oil	App.	100%*	C&S for further evaluation
Bauer Southeast-1	SA Cooper	Oil	App.	100%*	C&S
Bauer Southwest-1	SA Cooper	Oil	App.	100%*	C&S for further evaluation
Cooroo North West-2	Qld Cooper	Oil	App.	38.50%	C&S
Jarrar-4	Qld Cooper	Oil	App.	38.50%	C&S
Jarrar-5	Qld Cooper	Oil	App.	38.50%	C&S
Avenger-1	SA Cooper	Oil	Expl.	40%	P&A
Flanker-1	SA Cooper	Oil	Expl.	40%	P&A
Huey-1	SA Cooper	Oil	Expl.	40%	P&A

Pallano East-1	Qld Cooper	Oil	Expl.	38.50%	P&A
Voodoo-1	SA Cooper	Oil	Expl.	40%	P&A
Wallis-1	Qld Cooper	Oil	Expl.	38.50%	C&S
Wenda-1	Qld Cooper	Oil	Expl.	38.50%	P&A

* Indicates Beach operated

Well results summary						
Basin	Category	Wells Spudded	Rig Released	Successful Wells	Success Rate	Successful Wells
Cooper	Oil – Exploration	7	7	1	14%	Wallis-1
	Oil – Appraisal	7	7	5	71%	Bauer Northeast-1; Bauer Southeast-1; Cooroo North West-1; Jarrar-4, -5
	Oil – Development	6	6	6	100%	Bauer-29, -30, -31, -32; Pennington-7; Growler-16
	Gas – Exploration	3	3	3	100%	Anna North-1; Lane-1; Lois-1
	Gas – Appraisal	9	9	8	89%	Moomba-228, -230, -231, -232; Moorari-17; Bolah-3, -4; Barrolka-18
	Gas – Development	7	7	7	100%	Moorari-15, -16, -18; Namur-11, -12, -13, -14
Total Wells		39	39	30	77%	
All Exploration Wells		10	10	4	40%	
All Appraisal Wells		16	16	13	81%	
All Development Wells		13	13	13	100%	

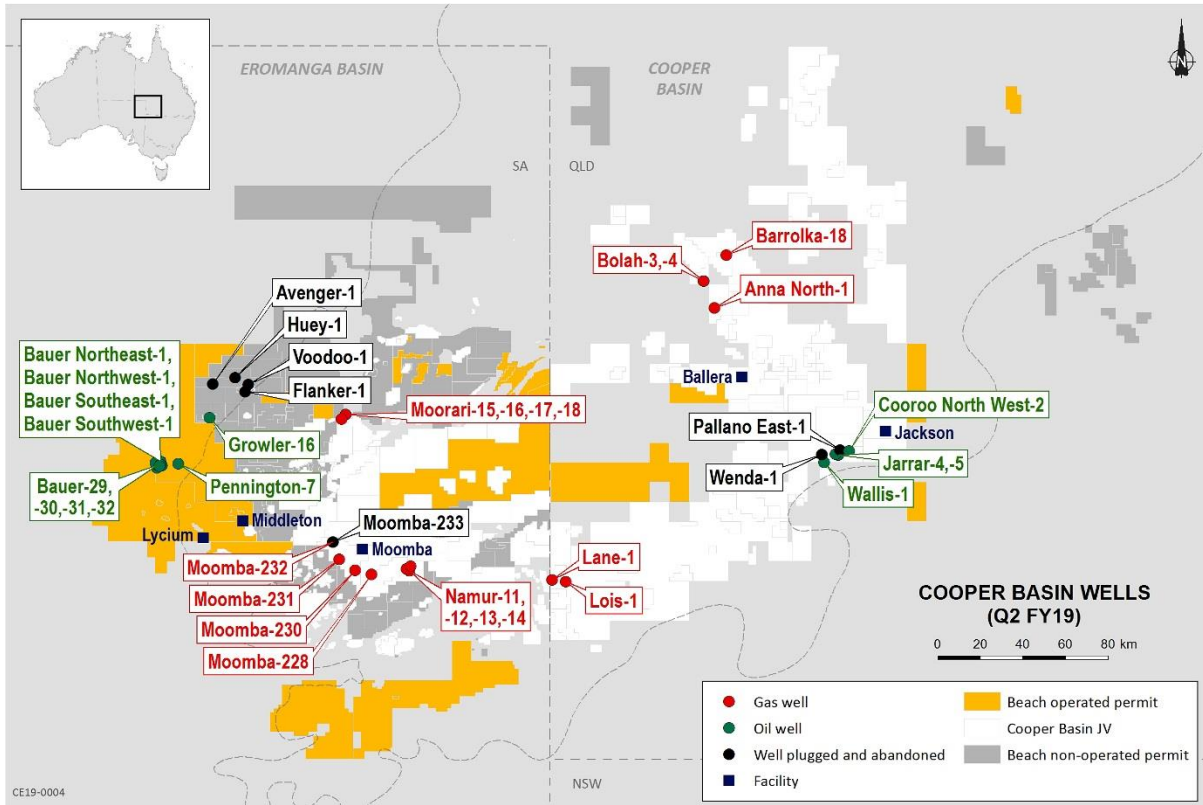
Drilling highlights:

- Beach participated in 39 wells for the quarter at a 77% success rate (success defined as wells that are cased and suspended as future producers or injectors).
- Beach successfully completed the Bauer oil field limit appraisal and development campaign, which comprised of four field limit appraisal wells (Bauer Northeast, Northwest, Southeast and Southwest), two vertical development wells (Bauer-27 and -28), and four horizontal development wells (Bauer-29, -30, -31, -32).
 - The final two field limit appraisal wells, Bauer Southwest-1 and Bauer Southeast-1 were drilled.
 - Bauer Southwest-1 came in below the oil water contact and defined the southwest extent of the field, while Bauer Southeast-1 intersected the top of the McKinlay 6.6 metres high to prognosis and 2.5 meters above the oil water contact, extending the field to the southeast.
 - As planned, all Bauer field limit appraisal wells were cased and suspended for in-wellbore seismic studies to further resolve the Greater Bauer structure, with

Bauer Northeast-1 and Bauer Southeast-1 to be converted to production wells once study work is completed.

- The Bauer campaign was completed in the quarter with four McKinlay horizontal development wells, Bauer-29, -30, -31 and -32, all cased and suspended as future producers. Three wells were brought online during the quarter with two on free flow and one on pump. The final well (Bauer-32) was brought online subsequent to quarter end.
- The FY19 Senex-operated oil exploration program was completed with the drilling of Avenger-1, Flanker-1, Huey-1 and Voodoo-1. All four wells were plugged and abandoned, seeing the campaign conclude with two oil discoveries (Breguet-1 and Snatcher North-1) from six wells. Results will be incorporated to better define the core area of ex PEL 104/111.
- The Senex-operated campaign moved on to the Growler Field, where horizontal oil development well Growler-16, was cased and suspended and brought online subsequent to quarter end. The final well of the campaign, horizontal oil development well Growler-17, was being drilled subsequent to quarter end.
- The six-well oil exploration campaign, Growler Northeast-1 oil appraisal well and the two Growler horizontal development wells were funded by Beach as part of the \$43 million free-carry commitment transferred to the Senex-operated Western Flank ex PEL 104 and 111 permits.
- 25 Cooper Basin JV wells were drilled during the quarter. CBJV highlights included:
 - 100% drilling success rate across the seven gas development wells drilled at the Moorari and Namur gas fields.
 - Highly successful gas appraisal drilling with nine wells drilled at Barrolka, Bolah, Moorari and Moomba South gas fields, eight of which were cased and suspended.
 - At Moomba South, six of eight planned appraisal wells had been completed to the end of December. Four wells were brought online by the end of the quarter. Two wells remain to be drilled in the current campaign. The program is targeting a large unexploited gas contingent resource in the Patchawarra reservoirs on the southern flanks of the Moomba high. The Moomba South program has also discovered new plays in the Granite Wash and Tirrawarra sandstone which are being assessed for further appraisal.
 - Three gas discoveries at Anna North-1, Lane-1 and Lois-1 in Southwest Queensland.
 - Oil discovery at Wallis-1 and appraisal success at Cooroo North West-2 and Jarrar-4 and -5 all in Southwest Queensland
 - An operator-record spud to oil on-line time of 28 days was achieved with Cooroo North West-2 as Santos continues to set new operating limits to efficiently commercialise the vast discovered resource that remains undeveloped in the Cooper Basin.

Cooper and Eromanga basins



Corporate and commercial

Offshore rig contract signed with Diamond Offshore; SA Otway drilling expected to commence in March quarter

In December 2018, Beach reached agreement with Diamond Offshore for the contracting of the offshore semi-submersible rig Ocean Onyx to undertake Beach's Victorian Otway offshore drilling program.

The Ocean Onyx is a deepwater, semi-submersible rig, well-suited to operating in locations such as the offshore Otway Basin in Victoria. The rig will undergo upgrades, maintenance and commissioning, before mobilising from Singapore to the Otway Basin with a delivery window of December 2019 to February 2020. The first well expected to be drilled in the offshore program will be the Artisan gas exploration well.

Onshore Otway drilling is scheduled to commence in South Australia with the Haselgrove-4 appraisal well (Beach 100% and operator) in the March 2019 quarter, followed by the Dombey-1 exploration well (Beach 70% and operator, Cooper Energy 30%) in the June 2019 quarter. These will be followed by the extended reach Black Watch development well and Enterprise exploration well, both in the Victorian Otway Basin, currently scheduled to commence in early FY20.

Update on Otway Sale to O.G. Energy

On 5 October 2018, Beach announced it had entered into an agreement to sell 40% of its Victorian Otway interests to O.G. Energy (for additional information please refer to ASX announcement Ref: #047/18).

Transaction completion is progressing, with O.G. Energy having received Foreign Investment Review Board (FIRB) approval for the proposed transaction in December. Remaining completion conditions are expected to be met by the end of Q3 FY19. Following completion, Beach will hold a 60% interest and remain as operator of its Victorian Otway interests, which includes its Geographe, Thylacine, Halladale, Speculant and Black Watch gas fields, Enterprise and Artisan exploration prospects and the Otway Gas Plant.

Discharge of Transitional Services Agreement (TSA) with Origin

On 31 December 2018, after successfully transferring required corporate and administration functions and integrating systems and data to one unified Beach IT system, Beach discharged the TSA with Origin. The TSA was agreed as part of the Lattice acquisition to ensure continuity of operations during acquisition and integration. Its discharge represents the completion of separation of Lattice systems, operations and support from Origin and completion of integration into Beach.

The discharge of the TSA has been achieved seven months ahead of initial expectations. Upon discharge, Beach's realised synergy run rate was tracking at \$56 million per annum, well on track to our target of \$60 million by the end of FY19.

Gas Sales Agreements executed for Western Flank 2019 gas volumes

Beach executed a GSA with Liberty Primary Steel in the December quarter, and now has GSAs with Adelaide Brighton, Alinta Energy and Liberty to supply Western Flank gas in 2019. Under these agreements, Beach's expected 2019 Western Flank sales gas production is fully contracted at prices reflective of current market conditions. All other terms and conditions remain confidential.

Associated LPG and condensate production from Beach's Western Flank acreage will continue to be sold to the Cooper Basin JV.

Subsequent events

Gas processing agreed with Santos

Beach and Santos have agreed an extension of gas processing and related gas liquids purchases at the Moomba gas facilities. The gas processing agreement extension is expected to provide capacity for all Beach-operated Western Flank gas to be processed at the Moomba gas facilities over the three-year term of the extension.

For further information contact the following on +61 8 8338 2833:

Investor Relations Nik Burns, Investor Relations Manager

Media Rob Malinauskas, Group Manager - Corporate Affairs

Disclaimer and other information

Conversions			
Product	Unit Conversion	Operation	Factor
Sales gas and ethane	PJ to MMboe	Multiply	0.17194
Condensate	MMbbl to MMboe	Multiply	0.935
LPG	Kt to MMboe	Multiply	0.008458
Oil equivalent	MMboe to PJ	Divide	0.17194

Comparable periods

Please note that FY18 results consolidate Lattice, Benaris and Toyota Tsusho assets from 1 January 2018. The full six months' contribution from the Toyota Tsusho assets was recorded in the June Q4 FY18 period.

Disclaimer

This ASX Release contains forward looking statements that are subject to risk factors associated with oil, gas and related businesses. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results or trends to differ materially, including, but not limited to: price fluctuations, actual demand, currency fluctuations, drilling and production results, reserve estimates, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, economic and financial market conditions in various countries and regions, political risks, project delays or advancements, approvals and cost estimates.

All references to dollars, cents or \$ in this announcement are to Australian currency, unless otherwise stated. References to "Beach" may be references to Beach Energy Limited or its applicable subsidiaries.

Certain FY19 planned activities are subject to joint venture approvals. References to planned activities beyond FY19 are subject to finalisation of work programs, government approvals, JV approvals and board approvals.

Assumptions

The outlook provided in this ASX Release is not guidance. The outlook is uncertain and subject to change. The outlook has been estimated on the basis of the following assumptions: 1. various other economic and corporate assumptions; 2. assumptions regarding drilling results; and 3. expected future development, appraisal and exploration projects being delivered in accordance with their current expected project schedules. These future development, appraisal and exploration projects are subject to approvals such as government approvals, joint venture approvals and board approvals. Beach expresses no view as to whether all required approvals will be obtained in accordance with current project schedules.

Glossary

\$	Australian dollars		
Adelaide Brighton	Adelaide Brighton Cement Ltd, a wholly owned subsidiary of Adelaide Brighton Limited (ASX: ABC)		Taranki Basin, the Kupe offshore platform, Kupe gas plant and associated infrastructure.
Alinta Energy	Alinta Energy Retail Sales Pty Ltd	Lattice	Lattice Energy Ltd
bbl	Barrels	LPG	Liquefied petroleum gas
BassGas Project	Producing assets: Beach 53.75% and operator, Mitsui 35%, Prize 11.25%; Exploration permits: Beach 50.25% and operator, Mitsui 40%, Prize 9.75% Includes the producing Yolla field, the BassGas pipeline and Lang Lang gas plant as well as separate retention leases over the Trefoil, Rockhopper and White Ibis discoveries.	Mitsui	Mitsui & Co., Ltd and its subsidiaries
Beach	Beach Energy Limited and its subsidiaries	MMbbl	Million barrels of oil
Benaris assets / interests	Refers to 27.77% of Otway Gas Project, acquired by Lattice, as announced by Origin on 11 September 2017	MMboe	Million barrels of oil equivalent
boe	Barrels of oil equivalent – the volume of hydrocarbons expressed in terms of the volume of oil which would contain an equivalent volume of energy	MMscfd	Million standard cubic feet of gas per day
C&S	Cased and suspended	NZOG	New Zealand Oil & Gas and its subsidiaries
Cooper Energy	Cooper Energy Ltd and its subsidiaries	O.G. Energy	O.G. Energy Holdings Limited., a member of the Ofer Global group of companies
Cooper Basin	Includes both Cooper and Eromanga basins	Origin	Origin Energy Limited and its subsidiaries
Cooper Basin JV	Incorporates the Santos operated, SACB JVs and SWQ JVs	Otway Gas Project	Consists of offshore gas fields, Thylacine and Geographe, the Thylacine Well Head Platform, Otway Gas Plant and associated infrastructure
CY	Calendar year	Otway Sale	Sale of 40% of Beach's Victorian Otway interests to O.G. Energy (for additional information please refer to ASX announcement Ref: #047/18)
Ex PEL 91	PRLs 151 to 172 and various production licences	P&A	Plugged and abandoned
Ex PEL 92	PRLs 85 to 104 and various production licences	PCP	Previous corresponding period
Ex PEL 104 / 111	PRLs 136 to 150 and various production licences	PEL	Petroleum Exploration Licence
Ex PEL 106	PRLs 129 and 130 and various production licences	Prize	Prize Petroleum International
Free cash flow	Defined as operating cash flow less capital expenditure (excluding acquisitions and divestments)	PJ	Petajoule
FY(19)	Financial year (2019)	Q(2) (FY19)	(Second) quarter of (FY19)
Genesis	Genesis Energy Limited and its subsidiaries	Qtr	Quarter
GSA	Gas sales agreement	Run rate	Refers to the expected full year value of savings from cost items which were removed by the reporting date.
GJ	Gigajoule	SACB JV	South Australian Cooper Basin Joint Ventures, which include the Fixed Factor Area (Beach 33.4%, Santos 66.6%) and the Patchawarra East Block (Beach 27.68%, Santos 72.32%)
H(1) (FY19)	(First) half year period (of FY19)	Santos	Santos Limited and its subsidiaries
HBWS	100% Beach owned, Halladale, Blackwatch and Speculant fields in the offshore Otway Basin	Senex	Senex Energy Limited and its subsidiaries
kbbl	Thousand barrels of oil	SWQ JV	South West Queensland Joint Ventures, incorporating various equity interests (Beach 30-52.2%)
kboe	Thousand barrels of oil equivalent	TJ	Terajoule
kt	Thousand tonnes	TJe	Terajoule equivalent
Kupe Gas Project	Beach 50% and operator, Genesis 46%, NZOG 4% Consists of offshore Kupe gas field in the	Toyota Tsusho assets / interests	Refers to 5% of Otway Gas Project and 11.25% of BassGas Project. Refer Beach's announcement #098/17 of 21 December 2017.