



ASX Announcement

Enterprise Exploration Success Delivers Material 2P Reserves Booking

Reference #004/21

Date

15 February 2021

Highlights

- Drilling and well testing confirm the resource size of the Enterprise gas field in the Victorian Otway Basin
- Net 2P reserves booking of 21 MMboe (34 MMboe gross¹), including 97 PJ of sales gas (161 PJ gross) and 2 MMbbls of condensate (4 MMbbls gross¹)
- Liquids yield of 25 bbls/MMscf, well above pre-drill expectations
- The forward plan is to tie-back to the Otway Gas Plant, targeting first gas by H1 FY23

Beach Energy Limited (ASX: BPT, Beach) today confirmed reserves in relation to the Enterprise gas field, located in exploration permit VIC/P42(V) (Beach: 60% and operator, O.G. Energy: 40%) in the nearshore Victorian Otway Basin.

The discovery has led to a 2P (proved and probable) reserves booking for the Enterprise gas field in which Beach has booked net 2P undeveloped reserves of 21 MMboe (34 MMboe gross), as at 15 February 2021. The 2P reserves include 97 PJ of sales gas (161 PJ gross), 211 ktonnes of LPG (352 ktonnes gross) and 2 MMbbls (4 MMbbls gross) of condensate, at an initial gas-condensate yield of ~25 bbls/mmscf. The reserves estimate includes an allowance for expected reductions in condensate yield as the reservoir depletes. Detailed results of the well and test results have been previously announced².

Beach Energy Managing Director and CEO, Matt Kay, said the reserves booking for the Enterprise field is a fantastic achievement for Beach, with results ahead of our pre-drill expectations.

"The material Enterprise discovery helps to ensure a continued pipeline of gas to the Otway Gas Plant – a key supplier to the East Coast gas market." Mr Kay said.

"The liquids content in the field is more than double our pre-drill expectation, significantly increasing the value of the discovery.

"Ultimately, Beach's investment in the region with our joint venture participant is helping to meet the shortfall in supply that is forecast for the East Coast gas market in the near future, as well as providing an economic boost to the region and creating jobs through the supply chain.

¹ Volumes have been rounded to the nearest MMboe

² Refer to Beach's previous announcements relating to the Enterprise 1 well on 10 November 2020 (ref: #038/20) "Enterprise 1 Gas Discovery" and 27 January 2021 (ref: #002/21) "FY21 Second Quarter Activities Report".

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Beach announced a five-year production target of more than 37 MMboe in FY25 at its FY20 Full Year results in August 2020. This target assumed a single exploration success in the Otway exploration drilling campaign, which has now been realised from the first exploration well in the program.

Beach plans to commence FEED activities during the second half of FY21 and will target a Final Investment Decision during FY22, with a target of first gas in H1 FY23.

Beach also plans to investigate further exploration opportunities identified in the vicinity of the Enterprise gas field, with plans to utilise the existing Enterprise 1 drill pad, which have been de-risked by the Enterprise success.

Enterprise 1 location map



Authorisation

This release has been authorised for release by the Beach Energy Board.

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.

Reserves disclosure

Beach prepares its petroleum reserves and contingent resources estimates in accordance with the 2018 update to the Petroleum Resources Management System (PRMS) published by the Society of Petroleum Engineers.

The reserves and resources information in this report is based on, and fairly represents, information and supporting documentation prepared by, or under the supervision of, Mr David Capon (General Manager Development - Victoria, New Zealand and NT). Mr Capon is a full-time employee of Beach Energy Limited and has a BSc (Hons) degree from the University of Adelaide and is a member of the Society of Petroleum Engineers. He has in excess of 25 years of relevant experience. The reserves and resources information in this announcement has been issued with the prior written consent of Mr Capon as to the form and context in which it appears.

Conversion factors used to evaluate oil equivalent quantities are sales gas and ethane: 5.816 TJ per kboe, LPG: 8.458 ktonnes per boe, condensate: 1.069 bbl per boe 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, flare & vent volumes.

The reserves are conventional, undeveloped reserves and are classified as Justified for Development under PRMS guidelines. The reserves have been estimated using a combination of probabilistic and deterministic procedures for volumetrics, and analogue methods.

Commercial producibility has been demonstrated by drilling and well testing (Refer to Beach's previous announcements relating to the Enterprise 1 well on 10 November 2020 (ref: #038/20) "Enterprise 1 Gas Discovery" and on 27 January 2021 (ref: #002/21) "FY21 Second Quarter Activities Report").

The development project consists of the connection of the existing Enterprise 1 well to the Otway Gas Plant (OGP) located onshore in Victoria via a new pipeline, construction of well site facilities, modification of the OGP inlet facilities and the drilling and connection of a new extended reach development well from the Enterprise 1 location (Enterprise 2).

The OGP is currently producing commercial quantities of sales gas and associated liquids to SE Australian markets. Beach's existing Otway production infrastructure includes an offshore platform and subsea production infrastructure, onshore well satellite facilities and onshore gas processing, conditioning and compression facilities.

The project is entering the define phase and final investment decision is expected in FY22. Subject to Board, Joint Venture and regulatory approvals, first gas is planned during H1 FY23 with a second development well

to be drilled in FY25 with the timing depending on reservoir performance. The undeveloped reserves are to be sold under new gas sales and purchase agreements. New onshore regulatory approvals will be required.

The economic assumptions used to evaluate the project are commercially sensitive. The project economics have been determined using discounted cash flow methods in compliance with PRMS guidelines. Costs have been estimated using actual costs and reasonable estimates of forecast future costs. Gas and liquid prices have been estimated using reasonable estimates of forecast future prices.