




## Half Year Report

For the six months ended  
31 December 2020

Including: Appendix 4D Disclosures



Sustainably delivering  
energy for communities



# Sustainably delivering energy for communities

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## Corporate Directory

### Chairman

**Glenn Stuart Davis**  
LLB, BEc, FAICD  
Independent non-executive

### Deputy Chairman

**Colin David Beckett AO**  
FIEA, MICE, GAICD  
Independent non-executive

### Directors

**Philip James Bainbridge**  
BSc (Hons) (Mechanical Engineering), MAICD  
Independent non-executive

### Matthew Vincent Kay

BEc, MBA, FCPA, GAICD  
Managing Director & Chief Executive Officer

### Sally-Anne Layman

B Eng (Mining) Hon, B Com, CPA, MAICD  
Independent non-executive

### Peter Stanley Moore

PhD, BSc (Hons), MBA, GAICD  
Independent non-executive

### Joycelyn Cheryl Morton

BEc, FCA, FCPA, FIPA, FCIS, FAICD  
Independent non-executive

### Richard Joseph Richards

BComs/Law (Hons), LL.M, MAppFin  
Non-executive

### Ryan Kerry Stokes AO

BComm, FAIM  
Non-executive

### Company Secretary

### Daniel Murnane

BA/LLB

### Registered Office

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### Share Registry - South Australia

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Level 5, 115 Grenfell St  
ADELAIDE SA 5000

Telephone: (08) 8236 2300

Facsimile: (08) 8236 2305

### Auditors

Ernst & Young  
Level 12/121 King William Street  
ADELAIDE SA 5000

### Securities Exchange Listing

Beach Energy Limited shares are listed on the ASX Limited (ASX Code: BPT)

### Beach Energy Limited

ABN 20 007 617 969

### Website

[www.beachenergy.com.au](http://www.beachenergy.com.au)

### Disclaimer

This report 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.

References to planned activities in FY21 and beyond FY21 may be subject to finalisation of work programs, government approvals, JV approvals and board approvals.

# Appendix 4D

For the half year ended 31 December 2020  
(Rule 4.2A)

ABN 20 007 617 969

Previous Corresponding Period 31 December 2019

## Results for announcement to the market

|  | \$A million     |    |       |
|--|-----------------|----|-------|
| Revenues from ordinary activities  | Decreased (23%) | to | 726.3 |
| Net profit from ordinary activities after tax (NPAT) attributable to members | Decreased (54%) | to | 128.7 |
| NPAT for the period attributable to members                                  | Decreased (54%) | to | 128.7 |
| Underlying NPAT*   | Decreased (53%) | to | 128.7 |

\* Underlying results in this report are categorised as non-IFRS financial information provided to assist readers to better understand the financial performance of the underlying operating business. They have not been subject to audit or review by Beach's external auditors.

| Dividends  | Amount per Security | Franked amount per Security |
|--|---------------------|-----------------------------|
| Fully franked final dividend paid (on 30 September 2020)         | 1.00 cent           | 1.00 cent                   |
| Fully franked Interim dividend to be paid                        | 1.00 cent           | 1.00 cent                   |
| Record date for determining entitlements to the interim dividend |                     | 26 February 2021            |
| Payment date for interim dividend                                |                     | 31 March 2021               |

This Half Year Report is to be read in conjunction with the 2020 Annual Report.

## Net tangible asset backing

|   | Current Period | Previous Corresponding Period |
|---|----------------|-------------------------------|
| Net tangible asset backing per ordinary security* | \$1.24         | \$1.08                        |

\* Net assets excluding goodwill and lease assets.

## Change in ownership of controlled entities

|   |                |
|---|----------------|
| Control gained over entities having material effect | Not applicable |
| Loss of control of entities having material effect  | Not applicable |

## Dividends

|                     | Current Period \$million | Previous Corresponding Period \$million |
|---------------------|--------------------------|---|
| Ordinary Securities | 22.8                     | 22.8                                    |

None of these dividends are foreign sourced.

# Directors' Report

For the half year ended 31 December 2020

The Directors of Beach Energy Limited (Beach or the Company) present their report for the half year ended 31 December 2020 and the state of affairs of the Company at that date. The Company's consolidated financial statements for the half year ended 31 December 2020, presented on pages 15-27, form part of this report.

## Operating results, review of operations, state of affairs and likely developments

Set out below is a summary of the half year results:

| Key Results                 |       | H1 FY21                               | H1 FY20                           | Change        |
|-----------------------------|-------|---------------------------------------|-----------------------------------|---------------|
| <b>Operations</b>           |       |                                       |                                   |               |
| Production                  | MMboe | 13.0                                  | 13.0                              | 0%            |
| Sales                       | MMboe | 13.4                                  | 13.4                              | 0%            |
| Capital expenditure         | \$m   | (314.2)                               | (424.0)                           | 26%           |
| <b>Income</b>               |       |                                       |                                   |               |
| Sales revenue               | \$m   | 705.3                                 | 900.0                             | (22%)         |
| Total revenue               | \$m   | 726.3                                 | 948.3                             | (23%)         |
| Cost of sales               | \$m   | (498.5)                               | (550.0)                           | 9%            |
| Gross profit                | \$m   | 227.8                                 | 398.3                             | (43%)         |
| Other income                | \$m   | 11.4                                  | 18.2                              | (37%)         |
| Net profit after tax (NPAT) | \$m   | 128.7                                 | 278.5                             | (54%)         |
| Underlying NPAT*            | \$m   | 128.7                                 | 273.5                             | (53%)         |
| Dividends paid              | cps   | 1.00                                  | 1.00                              | 0%            |
| Dividends announced         | cps   | 1.00                                  | 1.00                              | 0%            |
| Basic EPS                   | cps   | 5.64                                  | 12.22                             | (54%)         |
| Underlying EPS*             | cps   | 5.64                                  | 12.00                             | (53%)         |
| <b>Cash flows</b>           |       |                                       |                                   |               |
| Operating cash flow         | \$m   | 295.8                                 | 351.4                             | (16%)         |
| Investing cash flow         | \$m   | (344.8)                               | (419.0)                           | 18%           |
| <b>Financial position</b>   |       |                                       |                                   |               |
|                             |       | <b>As at<br/>31 December<br/>2020</b> | <b>As at<br/>30 June<br/>2020</b> | <b>Change</b> |
| Net assets                  | \$m   | 2,923.4                               | 2,819.8                           | 4%            |
| Cash balance                | \$m   | 113.9                                 | 109.9                             | 4%            |

\* Underlying results in this report are categorised as non-IFRS financial information provided to assist readers to better understand the financial performance of the underlying operating business. They have not been subject to audit or review by Beach's external auditors.

# Directors' Report

For the half year ended 31 December 2020

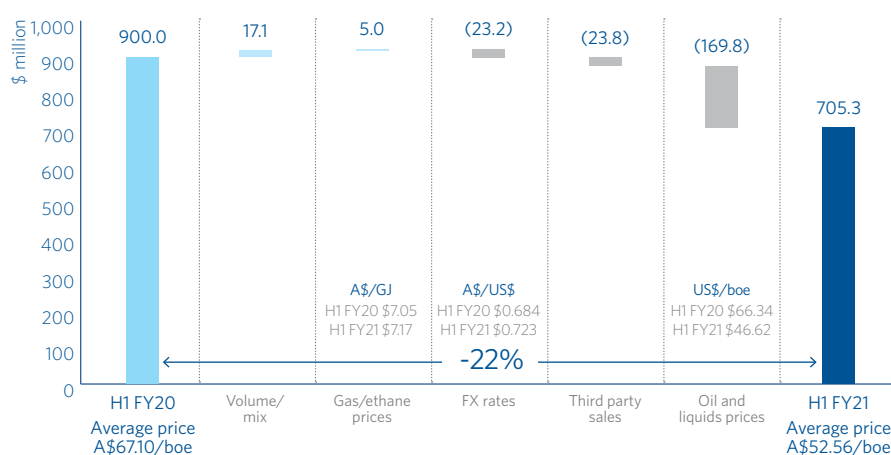
## Financial review

### Revenue

Sales revenue of \$705.3 million in H1 FY21 was \$194.7 million (22%) lower than H1 FY20, driven by lower realised liquids prices, attributable to the economic impact of COVID-19, higher foreign exchange rates and lower third-party sales. This was partially offset by higher sales volumes and liquids in the sales mix from Beach production and higher realised gas and ethane prices. Notwithstanding lower total revenue, the gas business continued to perform strongly with total sales gas and ethane revenue and pricing for H1 FY21 higher than H1 FY20.

Lower USD oil and liquids prices, attributable to the economic impact of COVID-19, resulted in a \$169.8 million reduction in H1 FY21 revenue, with average realised liquids price decreasing to US\$46.62/boe, down 30% from H1 FY20. Sales from third party product decreased revenue by \$23.8 million and unfavourable AUD/USD exchange rates in H1 FY21 resulted in a revenue reduction of \$23.2 million. Higher production volumes increased sales revenue by \$17.1 million, as higher liquids volumes increased revenue by \$21.8 million, offset by lower gas and ethane volumes reducing revenue by \$4.7 million. Higher gas and ethane prices increased revenue by \$5.0 million.

### Sales Revenue Comparison

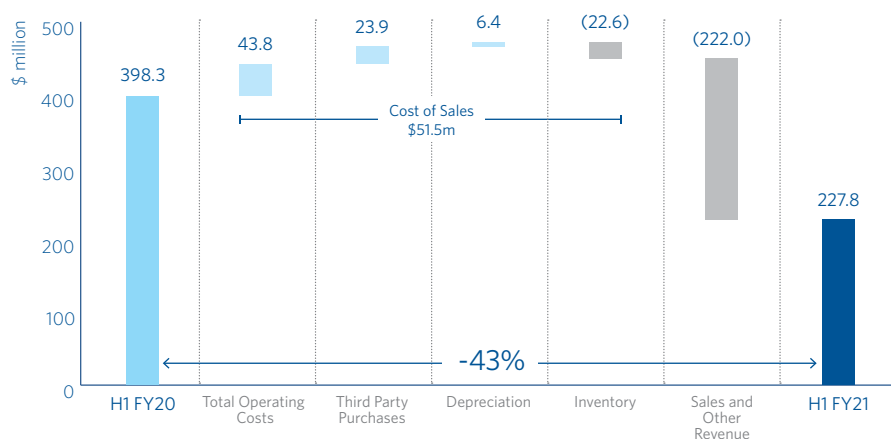


### Gross Profit

Gross profit for H1 FY21 of \$227.8 million was down 43% compared to H1 FY20 of \$398.3 million, primarily driven by lower product revenue, partly offset by lower cost of sales.

The 9% decrease in cost of sales from H1 FY20 to \$498.5 million was due to lower sales revenue resulting from the fall in global liquids pricing attributable to the economic impact of COVID-19, which impacted total operating costs. This included a reduction in royalties of \$28.9 million, as well as a \$23.9 million decrease in third party purchases. Tolls and tariffs expenditure was also \$12.8 million lower. This is partly offset by inventory movements of \$22.6 million due to lower revaluation of product stock.

### Gross Profit Comparison



# Directors' Report

For the half year ended 31 December 2020

## Financial review continued

### Net Profit Result

Other income of \$11.4 million, was \$6.8 million lower than H1 FY20, which includes lower joint venture lease recoveries, partially offset by higher income from Government grants of \$4.5 million. A gain on sale of joint operations amounting to \$8.6 million was recognised in the prior period, with no disposals recognised in H1 FY21.

Other expenses of \$51.5 million were \$40.4 million higher than H1 FY20, primarily due to exploration and evaluation expenditure expensed during H1 FY21. This primarily related to the Ironbark 1 exploration well, which was drilled in late 2020, as well as relinquishment of frontier exploration permits and foreign exchange losses realised.

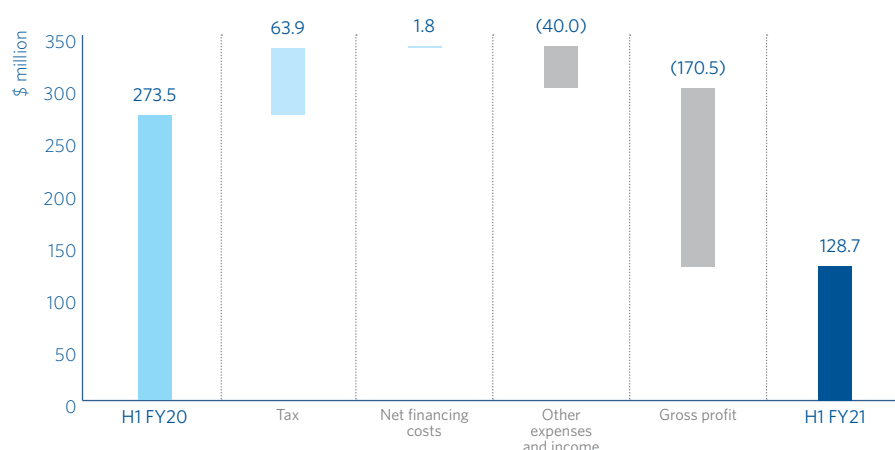
The statutory net profit after income tax of \$128.7 million was \$149.8 million lower than H1 FY20, primarily due to lower gross profits driven by unfavourable liquids pricing, attributable to the economic impact of COVID-19, and higher other expenses resulting from exploration expensed during the period.

Beach's H1 FY21 underlying net profit of \$128.7 million has no adjustments for non-recurring items. H1 FY20 underlying profit included adjustments for gain on asset sale of \$8.6 million, impairment of \$1.4 million and the tax impact of these non-recurring items of \$2.2 million.

| Comparison of underlying profit         | H1 FY21<br>\$ million | H1 FY20<br>\$ million | Movement<br>from PCP<br>\$ million |              |
|---|-----------------------|-----------------------|------------------------------------|--------------|
| <b>Net profit after tax</b>             | <b>128.7</b>          | <b>278.5</b>          | <b>149.8</b>                       | <b>(54%)</b> |
| Adjusted for:                           |                       |                       |                                    |              |
| Gain on asset sales                     | -                     | (8.6)                 | (8.6)                              |              |
| Impairment of exploration asset         | -                     | 1.4                   | 1.4                                |              |
| Tax impact of above changes             | -                     | 2.2                   | 2.2                                |              |
| <b>Underlying net profit after tax*</b> | <b>128.7</b>          | <b>273.5</b>          | <b>144.8</b>                       | <b>(53%)</b> |

\* Underlying results in this report are categorised as non-IFRS financial information provided to assist readers to better understand the financial performance of the underlying operating business. They have not been subject to audit or review by Beach's external auditors.

### Underlying Net Profit After Tax Comparison



# Directors' Report

For the half year ended 31 December 2020

## Financial review continued

### Financial Position

#### Assets

Total assets increased by \$49.3 million to \$4,264.5 million during the period.

Cash balances increased by \$4.0 million to \$113.9 million, primarily due to:

- Cash inflow from operations of \$295.8 million,
- Cash inflow from financing activities of \$54.8 million, offset by:
- Cash outflow from investing activities of \$344.8 million, and
- Foreign exchange impacts of \$1.8 million.

Current assets increased by \$38.1 million to \$545.7 million due to higher inventories of \$25.8 million and the recognition of a current tax receivable of \$19.6 million. This was partly offset by a decrease in other assets of \$12.4 million, primarily driven by unwinding of prepayments relating to the Victorian Otway drilling program.

Property, plant & equipment, petroleum and exploration assets increased by \$78.9 million. Capital expenditure of \$305.5 million, a \$9.1 million increase in restoration assets and \$8.2 million capitalisation of depreciation of lease assets under *AASB 16 Leases* was partly offset by depreciation and amortisation of \$207.4 million and \$39.3 million of exploration and evaluation expenditure expensed during the period. Deferred tax assets decreased by \$33.6 million. Lease assets recognised under *AASB 16 Leases* decreased by \$29.3 million as contracts were unwound during the period.

#### Liabilities

Total liabilities decreased by \$54.3 million to \$1,341.1 million, mainly due to an \$86.4 million decrease in current tax liability, lower payables of \$31.3 million, a \$30.8 million reduction in lease liabilities and the unwind of contract liabilities of \$15.6 million. This was offset by a \$101.3 million increase in debt drawn (net of capitalised fees) and higher provisions of \$11.2 million, driven by restoration provisions relating to wells drilled in H1 FY21.

#### Equity

Total equity increased by \$103.6 million, primarily due to net profit after tax of \$128.7 million, partly offset by dividends paid during the period of \$22.8 million.

#### Dividends

During H1 FY21, the Directors declared and paid a 1.0 cent per share fully franked final dividend. The Company will also pay a fully franked interim dividend of 1.0 cent per share for the current financial year.

# Directors' Report

For the half year ended 31 December 2020

## Operations overview

Production performance, drilling and other activities are summarised below. Further information can be found in Beach's quarterly reports.

Beach reporting segments are:

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

### Production (net to Beach)

|                         | H1 FY20                |             | H1 FY21             |             |                        | Year-on-year change |
|-------------------------|------------------------|-------------|---------------------|-------------|------------------------|---------------------|
|                         | Oil Equivalent (MMboe) | Oil (MMbbl) | Gas liquids (MMboe) | Gas (PJ)    | Oil Equivalent (MMboe) |                     |
| Western Flank           | 4.5                    | 3.7         | 0.3                 | 4.4         | 4.8                    | 7%                  |
| Cooper Basin JV         | 4.2                    | 0.6         | 0.7                 | 17.3        | 4.3                    | 1%                  |
| Other Cooper Basin      | 0.0                    | -           | 0.0                 | 0.1         | 0.0                    | (66%)               |
| Perth Basin             | 0.2                    | -           | 0.0                 | 1.5         | 0.3                    | 1%                  |
| SA Otway Basin          | -                      | -           | 0.0                 | 1.0         | 0.2                    | -                   |
| <b>SAWA</b>             | <b>8.9</b>             | <b>4.3</b>  | <b>1.0</b>          | <b>24.3</b> | <b>9.5</b>             | <b>6%</b>           |
| Vic Otway Basin         | 2.1                    | -           | 0.2                 | 7.2         | 1.4                    | (33%)               |
| Bass Basin              | 0.6                    | -           | 0.2                 | 2.7         | 0.6                    | 2%                  |
| <b>Victoria</b>         | <b>2.7</b>             | <b>-</b>    | <b>0.4</b>          | <b>9.9</b>  | <b>2.0</b>             | <b>(25%)</b>        |
| <b>New Zealand</b>      | <b>1.3</b>             | <b>-</b>    | <b>0.4</b>          | <b>6.2</b>  | <b>1.5</b>             | <b>14%</b>          |
| <b>Total Production</b> | <b>13.0</b>            | <b>4.3</b>  | <b>1.8</b>          | <b>40.4</b> | <b>13.0</b>            | <b>0%</b>           |

Note that due to rounding, figures may not reconcile to totals.

## Drilling

| Basin                      | Target | Type        | Wells drilled | Successful* | Rate (%)  |
|----------------------------|--------|-------------|---------------|-------------|-----------|
| Cooper/Eromanga Basins     | Oil    | Exploration | -             | -           | -         |
|                            |        | Appraisal   | 2             | 2           | 100       |
|                            |        | Development | 16            | 16          | 100       |
| Vic Otway                  | Gas    | Exploration | 7             | 6           | 86        |
|                            |        | Appraisal   | 3             | 3           | 100       |
|                            |        | Development | 6             | 5           | 83        |
| <b>Total wells drilled</b> |        |             | <b>35</b>     | <b>33</b>   | <b>94</b> |

\* Drilling success defined throughout as wells cased and suspended or completed as future producers or water injectors.

Note that Ironbark 1 exploration well, was plugged and abandoned and the rig demobilised from site subsequent to the December half year end. As such the well is not included within the FY21 first half drilling results.



# Directors' Report

For the half year ended 31 December 2020

## Operations overview continued

### SAWA

#### Perth Basin

##### Operations

Perth Basin operations accounted for 2% of Beach's H1 FY21 production. Net Perth Basin production in H1 FY21 of 0.3 MMboe was 1% higher than the prior corresponding half year as gas production recommenced through the Xyris gas facility following the completion of Waitsia Stage 1A expansion. This was offset by lower volumes from the Beharra Springs field as the facility was shut-in throughout Q1 FY21, awaiting the installation and commissioning of a new cyclonic separator. The facility was brought back online in October 2020.

The Beharra Springs Deep exploration well connection activities have commenced, with the well expected to be online during the March 2021 quarter, increasing the facility output to ~20 TJ per day.

##### Development

The Waitsia Stage 1A expansion of the Xyris gas facility was completed during the period, with gas deliveries commencing in August 2020. The expansion doubled the facility output to ~20 TJ per day and increased the size of the interconnector between the Waitsia field and the Dampier to Bunbury Natural Gas Pipeline (DBNGP), now capable of handling future Waitsia Gas Project Stage 2 production volumes.

On 23 December 2020, the Waitsia Joint Venture reached Final Investment Decision (FID) for the Waitsia Gas Project Stage 2 development, subject to certain regulatory approvals and commercial conditions (refer ASX Announcement #043/20), which were satisfied subsequent to end of the half year. The development involves the drilling of up to six initial wells, construction of a new 250 TJ per day gas processing facility and associated gas gathering infrastructure. Funding of Beach's share of the \$700 - 800 million (A\$350 - 400 million net BPT) upfront capital expenditure will be supported from the Company's operating cash flows and existing finance facilities.

Subsequent to the December half year, the Waitsia Joint Venture awarded the engineering, procurement and construction contract to Clough for works on the Waitsia Gas Project Stage 2 development.

##### Exploration and Appraisal

In EP320, the Trieste 3D seismic survey processing continued to progress, with the project now in its final phase. The data will form the basis for future business planning including a potential Perth Basin exploration and appraisal drilling campaign.

##### Commercial

Accompanying the Waitsia Gas Project Stage 2 development FID, the Waitsia Joint Venture entered into key commercial and State Government agreements, including:

- A Domestic Gas Commitment Agreement and Project Development Deed with the State of Western Australia;
- A Gas Processing Agreement, Tie-in Agreement, Product Allocation Agreement and Lifting and Offtake Agreements with the North West Shelf Project participants; and
- A Gas Transportation Agreement with AGIG, owner and operator of the DBNGP.

The remaining regulatory approvals are expected to be satisfied in Q3 FY21.

##### Description

Producing licence areas are Waitsia (Beach 50%, MEPAU 50% and operator) in licences L1 and L2 and Beharra Springs (Beach 50% and operator, MEPAU 50%) in licences L11 and L22.

#### Western Flank Oil and Gas

##### Operations

Western Flank oil production was up 8% on the prior corresponding period following the FY20 drilling program, which saw 27 horizontal oil wells drilled across the Western Flank oil fields. However, we have seen higher than expected decline rates in a number of these wells. The company is focused on understanding the reasons for this prior to deciding the optimum production strategy for these assets.

Western Flank gas operations accounted for 8% of Beach's H1 FY21 production. Western Flank gas and associated liquids production 1.1 MMboe in H1 FY21 was 4% higher than H1 FY20 levels following prioritised production from the high liquids content Lowry field, continued high facility uptime, offset by planned maintenance at the Middleton facility during Q1 FY21.

##### Exploration, Appraisal and Development

Subsurface studies continue to support a multi-well exploration and appraisal campaign in FY22, targeting high grade oil and gas prospects.

##### Commercial

On November 3, 2020 Beach executed an Asset Sales Agreement with Senex Energy to acquire Senex Energy's Cooper Basin assets for a cash consideration of \$87.5 million, with an adjustment to be made to the acquisition price based on cash flows from the effective date of 1 July 2020 to the settlement date (refer ASX Announcement #037/20). On completion, the transaction will see Beach become the sole Western Flank operator, delivering \$5 million per annum of estimated synergies through the simplification of Western Flank field operations. Beach plans to apply its proven technical capabilities to explore, appraise, develop and produce the reserves and resources.

The transaction remains subject to conditions precedent. Settlement is expected to occur in the second half of FY21 and will be funded from existing cash flows and finance facilities.

##### Description

Western Flank oil producing areas are ex PEL 91 (Beach 100%), ex PEL 92 (Beach 75% and operator, Cooper Energy 25%) and ex PEL 104/111 (Beach 40%, Senex 60% and operator). At completion of the Senex Cooper Basin transaction, Beach will hold 100% interest and operatorship of ex PEL 104/111.

Western Flank gas producing areas include ex PEL 106 (Beach 100%), ex PEL 91 (Beach 100%) and the Udacha Block - PRL 26 (Beach 100%). Other licences include PEL 630 (Beach 50% and operator, Bridgeport 50%).

# Directors' Report

For the half year ended 31 December 2020

## Operations overview continued

### Cooper Basin Joint Venture

#### Operations

The Cooper Basin JV operations accounted for 33% of Beach's H1 FY21 production. Volumes were in line with H1 FY20 at 4.3 MMboe. Net gas and gas liquids production of 3.7 MMboe (sales gas of 3.0 MMboe and gas liquids of 0.7 MMboe) was up 4% on the prior corresponding half year, while net oil production of 0.6 MMbbl was down 13% due to natural field decline.

#### Exploration, Appraisal and Development

Beach participated in 19 Cooper Basin JV wells: seven gas exploration, three gas and two oil appraisal and six gas and one oil development well, at an overall success rate of 89% (wells cased and suspended or completed as future producers or water injectors).

#### Description

Beach owns non-operated interests in the South Australian Cooper Basin joint ventures (collectively 33.40% in SA Unit and 27.68% in Patchawarra East), the South West Queensland joint ventures (various interests of 30% to 52.2%) and ATP 299 (Tintaburra) (Beach 40%), which are collectively referred to as the Cooper Basin JV.

### SA Otway Basin

#### Operations

SA Otway Basin accounted for 1% of Beach's H1 FY21 production. Net SA Otway gas production in H1 FY21 was 0.2 MMboe through the 10 TJ per day Katnook Gas Processing facility, which was commissioned in February 2020.

#### Exploration, Appraisal and Development

Current activities are focused on further studies of Haselgrove 4 DW1 results to evaluate future field development plans and progress planning and design of Dombey 3D seismic survey.

#### Description

SA Otway gas producing area is PPL 62 (Beach 100%). Other licences include PEL 494 (Beach 70% and operator, Cooper Energy 30%) which contains the Dombey gas field.

### Victoria

#### Victorian Otway Basin

##### Operations

Victorian Otway Basin operations accounted for 11% of Beach's H1 FY21 production. Net Otway Basin production in H1 FY21 was 1.4 MMboe, 33% lower than the prior corresponding half year driven by a planned 22 day shutdown at Otway Gas Plant for routine maintenance during the second quarter of FY21, lower customer nominations and natural field decline.

##### Exploration, Appraisal and Development

The Enterprise 1 exploration well spudded from an onshore location within licence VIC/P42(V) in the Victorian offshore Otway Basin and was successfully drilled to a total depth of 4,974 metres measured depth (MD). The well intersected a 146 metre of gas column in the Upper Waarre Formation, including 115 metres of net gas pay with no gas-water contact identified. During flow testing, the well flowed at a maximum stabilised rate of 63 MMscfd over a 36-minute period, with 11% CO<sub>2</sub> content (refer ASX Announcements #038/20 and #002/21). In mid-February 2021, Beach confirmed a net 2P Reserves booking of 21 MMboe (34 MMboe gross) for the Enterprise gas field in the offshore Victorian Otway Basin (refer ASX announcement #004/21). The Company plans to progress the Enterprise development to an FID in FY22 and is targeting first gas in H1 FY23.

In August 2020, Beach announced that it had executed an offshore drilling agreement with Diamond Offshore General Company for the use of the Ocean Onyx Semi-submersible rig. The agreement provides for the drilling of up to nine wells (six firm and three options), with activities expected to commence during Q3 FY21 with the Artisan 1 exploration well.

On 13 July 2020, the Victorian State Government awarded the Otway Joint Venture with the VIC/P007192(V) exploration permit in the offshore Otway Basin.

#### Commercial

The Origin GSA price review is progressing towards expected completion in H2 FY21, with the revised price to be effective from 1 July 2020.

#### Description

Victorian Otway Basin (Beach 60% and operator and O.G Energy 40%) includes licences VIC/L1(v) and VIC/P42(v) which contain the Halladale, Black Watch and Speculant nearshore gas fields and licences VIC/L23, T/L2 and T/L3 which contain the Geographe and Thylacine offshore gas fields. Gas from all producing fields is processed at the Otway Gas Plant.

Victorian Otway Basin also includes non-producing offshore license areas of VIC/P43, VIC/P73 (La Bella) and VIC/P007192(V) (Beach 60% and operator and O.G Energy 40%) and T/30P (Beach 100% and operator).

### BassGas

#### Operations

BassGas accounted for 5% of Beach's H1 FY21 production. Net BassGas production was 0.6 MMboe, 2% higher than the prior corresponding half year due to increased productivity after the FY20 wireline campaign. This was offset by minor facility downtime during the first quarter of FY21, lower customer nominations and natural field decline.

#### Exploration, Appraisal and Development

Preparation for a 3D seismic survey over White Ibis and Bass prospects continued to progress.

Work continued on the Concept Select phase for the Trefoil development, with plans to enter Front End Engineering Design in H2 FY21. The project plans to utilise ullage within the offshore BassGas platform and onshore Lang Lang Gas Plant infrastructure, extending the life of the facilities.

#### Commercial

Subsequent to the half year end, Beach entered into an Asset Purchase Agreement with Mitsui subsidiaries, AWE Petroleum Pty Ltd and AWE (BassGas) Pty Ltd, to acquire all of its interests in the Bass Basin. These assets include Mitsui's 35.0% interest in the BassGas Project (comprising the onshore Lang Lang Gas Plant and offshore Yolla gas field), as well as its 40.0% interest in the Trefoil development project and surrounding retention leases.

The terms of the acquisition are confidential and subject to regulatory approvals and third-party consents. The transaction has an effective date of 1 July 2020, with settlement expected during the third quarter 2021.

Retention lease TR/L3, which includes the Rockhopper gas discovery, was relinquished in November 2020.

# Directors' Report

For the half year ended 31 December 2020

## Operations overview continued

### Description

The BassGas Project (Beach 53.75% and operator, MEPAU 35%, Prize Petroleum International 11.25%), produces gas from the Yolla field, situated approximately 140 kilometres off the Gippsland coast in production licence T/L1. Gas from the Yolla field is piped to a gas processing facility located near the township of Lang Lang, approximately 70 kilometres southeast of Melbourne. Beach also holds a 50.25% operated interest in licenses TR/L2, TR/L4 and TR/L5, which host the Trefoil, White Ibis and Bass gas discoveries.

At completion of the Mitsui asset transaction, Beach will hold 88.75% interest in the BassGas Project (T/L1 and Lang Lang Gas Plant) and 90.25% interest in T/RL2, 4 and 5. Prize Petroleum retains 11.25% and 9.75% interest respectively.

### New Zealand

#### Kupe

##### Operations

New Zealand operations accounted for 11% of Beach's H1 FY21 production. Net New Zealand production was 1.5 MMboe, up 14% over H1 FY20, with continued high customer demand and facility reliability. The previous corresponding period was impacted by a statutory shutdown at the Kupe facility.

##### Exploration, Appraisal and Development

Development activities remain focused on the Kupe onshore compression project, expected to be online in H1 FY22, the evaluation of in-fill drilling of undeveloped reserves and assessment of near field exploration opportunities to maintain plateau production beyond FY24.

##### Description

New Zealand operations comprise of Kupe (Beach 50% and operator, Genesis 46%, NZOG 4%) in the Taranaki Basin. Kupe produces gas from the Kupe field, situated approximately 30 kilometres off the New Zealand North Island, in licence PML38146. Gas from the Kupe field is piped to the onshore Kupe production station.

### Growth assets

#### Carnarvon Basin

The Ironbark 1 exploration well, targeting the deeper Mungaroo Formation, spudded on 31 October 2020 in WA-359-P, offshore Carnarvon Basin. The well was drilled to a total depth of 5,618 metres (MD) with logging while drilling data obtained indicating no significant hydrocarbons were present within the primary reservoir. The well was plugged and abandoned and the rig demobilised from site on 11 January 2021.

The WA-349-P joint venture comprises BP Developments Australia Pty Ltd 42.5% and operator, Cue Energy Resources Ltd 21.5%, Beach 21% and New Zealand Oil & Gas (Ironbark) Pty Ltd 15%.

#### Bonaparte Basin

Beach and its joint venture participants (Neptune 54% and operator, Santos 40.25% and Beach 5.75%) undertook interpretation on the newly acquired Petrelex 3D seismic survey over the Petrel gas field. The joint venture was also successful in the offshore gazettal bid process and has been offered three new permits surrounding the Petrel gas field, with potential for field extension.

In the surrounding Bonaparte exploration permits, Beach and Santos continued to plan for 3D seismic acquisition in the WA-454-P exploration permit (Santos 50% and operator, Beach 50%).

Following detailed interpretation of the Bethany 3D seismic in the northern Bonaparte Basin, Beach and Santos elected to surrender NT/P85, and Beach elected to withdraw from NT/P82. Beach and Santos Limited have also elected not to renew NT/P84 after detailed subsurface review.

#### Canterbury Basin

Beach and its joint venture participants have made a decision not to contract a rig or submit its non-notified marine discharge consent for the Wherry prospect within the New Zealand Canterbury Basin. Subsequent to the end of the reporting period, Beach applied to surrender the exploration permit, PEP 38264, in the Canterbury Basin. As a result, the joint venture will not participate in the drilling of the Wherry exploration prospect. The decision was made by the joint venture as it was determined that the project no longer met the risk profile required for frontier exploration.

#### COVID-19

Since the World Health Organization declared COVID-19 a global pandemic in March 2020, demand and prices for the petroleum products that Beach produces on global financial markets have seen significant volatility. In response, Beach has taken certain measures to reduce operating expenditures and work programs including the deferral of certain capital expenditure. Impacts from restrictions to the movement of people and goods within both Australia and overseas are also being managed. These events have impacted Beach's financial results in the current period and may continue to have an impact for some time. Beach is pro-actively managing the impacts that are within its control and is confident that the business is well placed to continue to deliver returns to shareholders.

#### FY21 Full Year Outlook

During the second half of FY21, Beach plans to continue to execute on its growth program.

##### Optimise our operated and non-operated producing assets:

- Safely execute Cooper Basin FY21 drilling program
- Complete integration of acquired Cooper Basin assets from Senex Energy
- Progress onshore Kupe compression project

##### Strengthen our complementary gas businesses:

- Safely deliver the Victorian Otway offshore development program to increase utilisation of the Otway Gas plant and deliver low cost gas to the East Coast Gas market
- Progress approvals for connecting Enterprise 1 to the Otway Gas Plant
- Safely drill Artisan 1 exploration well
- Commence preparation for construction activities at the Waitsia Gas Project Stage 2 in the Perth Basin
- Progress Trefoil through Concept Select to the FEED phase

##### Pursue other compatible growth opportunities:

- Complete settlement of the Senex Cooper Basin and Mitsui Bass Basin asset acquisitions
- Continue progressing frontier exploration portfolio

##### Maintain financial strength:

- Disciplined capital management

##### Our People and culture:

- Continued focus on enabling and engaging our employees and contractors

# Directors' Report

For the half year ended 31 December 2020

## Directors

The names and qualifications of the directors of Beach in office during the half year financial reporting period and at the date of this report are:

### Glenn Stuart Davis

#### Independent Non-Executive Chairman

LLB, BEc, FAICD

### Colin David Beckett AO

#### Independent Non-Executive Deputy Chairman

FIEA, MICE, GAICD

### Philip James Bainbridge

#### Independent Non-Executive Director

BSc (Hons) Mechanical Engineering, MAICD

### Matthew Vincent Kay

#### Managing Director & Chief Executive Officer

BEc, MBA, FCPA, GAICD

### Sally-Anne Layman

#### Independent Non-Executive Director

B Eng (Mining) Hon, BCom, CPA, MAICD

### Peter Stanley Moore

#### Independent Non-Executive Director

PhD, BSc (Hons), MBA, GAICD

### Joycelyn Cheryl Morton

#### Independent Non-Executive Director

BEc, FCA, FCPA, FIPA, FCIS, FAICD

### Richard Joseph Richards

#### Non-Executive Director

BComs/Law (Hons), LL.M, MAppFin, CA, Admitted Solicitor

### Ryan Kerry Stokes AO

#### Non-Executive Director

BComm, FAIM

## Rounding off of amounts

Beach is an entity to which ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission applies relating to the rounding off of amounts. Accordingly, amounts in the Directors' Report and the Half Year Financial Report have been rounded to the nearest hundred thousand dollars, unless shown otherwise.

## Events occurring after the balance date

The Waitsia Joint Venture awarded the engineering, procurement and construction contract to Clough for works on the Waitsia Gas Project Stage 2 development in January 2021. Subsequent to the end of the period, the Waitsia Joint Venture reached unconditional FID for the Waitsia Gas Project Stage 2 development. This followed the satisfaction of outstanding commercial conditions and the receipt of final regulatory approvals.

Beach entered into an asset purchase agreement with Mitsui subsidiaries AWE Petroleum Pty Ltd and AWE (Bass Gas) Pty Ltd to acquire all of its interests in the Bass Basin in January 2021. These assets include Mitsui's 35.0% interest in the BassGas Project (comprising the onshore Lang Lang Gas Plant and Yolla gas field), as well as its 40.0% interest in the Trefoil development project and surrounding retention leases. The terms of the acquisition are confidential and subject to regulatory approvals and third-party consents. The transaction has an effective date of 1 July 2020, with settlement expected during the third quarter 2021.

In mid-February 2021, Beach confirmed a net 2P Reserves booking of 21 MMboe (34 MMboe gross) for the Enterprise gas field in the offshore Victorian Otway Basin (refer to announcement on 15 February 2021: Ref #004/21 "Enterprise Exploration Success Delivers Material 2P Reserves Booking"). Beach holds a 60% interest and is the operator of the VIC/P42(V) licence. The Company plans to progress the Enterprise development to an FID in FY22 and is targeting first gas in H1 FY23.

Other than matters described above, there has not been in the period since 31 December 2020 and up to the date of this report any other item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect substantially the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

## Auditor's Independence Declaration

Section 307C of the *Corporations Act 2001* requires our auditors, Ernst & Young, to provide the directors of Beach with an Independence Declaration in relation to the review of the half year financial report. This Independence Declaration is made on page 13 and forms part of this Directors' Report.

Dated at Adelaide this 15th day of February 2021 and signed in accordance with a resolution of the directors.



**G S Davis**

Chairman

# Auditor's Independence Declaration



**Building a better  
working world**

Ernst & Young  
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Adelaide SA 5000 Australia  
GPO Box 1271 Adelaide SA 5001

Tel: +61 8 8417 1600  
Fax: +61 8 8417 1775  
ey.com/au

## Auditor's Independence Declaration to the Directors of Beach Energy Limited

As lead auditor for the review of the half-year financial report of Beach Energy Limited for the half-year ended 31 December 2020, I declare to the best of my knowledge and belief, there have been:

- a) No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Beach Energy Limited and the entities it controlled during the financial period.

A handwritten signature in cursive script that reads 'Ernst &amp; Young'.

Ernst & Young

A handwritten signature in cursive script that reads 'Anthony Jones'.

Anthony Jones  
Partner  
Adelaide  
15 February 2021



# Half Year Financial Report

Of Beach Energy Limited and controlled entities  
For the six months ended 31 December 2020

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half year ended 31 December 2020

|   |      | CONSOLIDATED          |                       |
|---|------|-----------------------|-----------------------|
|   | Note | Dec 2020<br>\$million | Dec 2019<br>\$million |
| Revenue   | 3(a) | 726.3                 | 948.3                 |
| Cost of sales   | 4(a) | (498.5)               | (550.0)               |
| <b>Gross profit</b>   |      | <b>227.8</b>          | <b>398.3</b>          |
| Other income  | 3(b) | 11.4                  | 18.2                  |
| Other expenses  | 4(b) | (51.5)                | (11.1)                |
| <b>Operating profit before net financing costs</b>              |      | <b>187.7</b>          | <b>405.4</b>          |
| Interest income   | 4(c) | 0.1                   | 1.5                   |
| Finance expenses  | 4(c) | (4.9)                 | (8.1)                 |
| <b>Profit before income tax expense</b>                         |      | <b>182.9</b>          | <b>398.8</b>          |
| Income tax expense  | 5    | (54.2)                | (120.3)               |
| <b>Net profit after income tax expense</b>                      |      | <b>128.7</b>          | <b>278.5</b>          |
| <b>Other comprehensive income/(loss)</b>                        |      |                       |                       |
| <i>Items that may be reclassified to profit or loss</i>         |      |                       |                       |
| Net gain/(loss) on translation of foreign operations            |      | (0.7)                 | (0.8)                 |
| Tax effect relating to components of other comprehensive income |      | -                     | -                     |
| <b>Other comprehensive income/(loss) net of tax</b>             |      | <b>(0.7)</b>          | <b>(0.8)</b>          |
| <b>Total comprehensive income after tax</b>                     |      | <b>128.0</b>          | <b>277.7</b>          |
| Basic earnings per share (cents per share)                      | 18   | 5.64                  | 12.22                 |
| Diluted earnings per share (cents per share)                    | 18   | 5.63                  | 12.19                 |

This consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to the half year consolidated financial statements.

# Consolidated Statement of Financial Position

As at 31 December 2020

|                                      |      | CONSOLIDATED          |                       |
|--------------------------------------|------|-----------------------|-----------------------|
|                                      | Note | Dec 2020<br>\$million | Jun 2020<br>\$million |
| <b>Current assets</b>                |      |                       |                       |
| Cash and cash equivalents            |      | 113.9                 | 109.9                 |
| Receivables                          |      | 216.9                 | 215.8                 |
| Current tax receivable               |      | 19.6                  | -                     |
| Inventories                          |      | 132.7                 | 106.9                 |
| Contract assets                      |      | 16.0                  | 16.0                  |
| Other                                |      | 46.6                  | 59.0                  |
| <b>Total current assets</b>          |      | <b>545.7</b>          | <b>507.6</b>          |
| <b>Non-current assets</b>            |      |                       |                       |
| Property, plant and equipment        | 8    | 31.7                  | 34.2                  |
| Petroleum assets                     | 9    | 3,033.6               | 2,986.5               |
| Exploration and evaluation assets    | 10   | 496.7                 | 462.4                 |
| Goodwill                             |      | 57.1                  | 57.1                  |
| Deferred tax assets                  |      | -                     | 33.6                  |
| Contract assets                      |      | 44.7                  | 49.3                  |
| Lease assets                         | 11   | 29.4                  | 58.7                  |
| Other                                |      | 25.6                  | 25.8                  |
| <b>Total non-current assets</b>      |      | <b>3,718.8</b>        | <b>3,707.6</b>        |
| <b>Total assets</b>                  |      | <b>4,264.5</b>        | <b>4,215.2</b>        |
| <b>Current liabilities</b>           |      |                       |                       |
| Payables                             |      | 246.2                 | 276.4                 |
| Provisions                           |      | 49.8                  | 30.9                  |
| Current tax liabilities              |      | -                     | 86.4                  |
| Contract liabilities                 |      | 24.2                  | 35.7                  |
| Lease liabilities                    | 11   | 9.3                   | 26.8                  |
| <b>Total current liabilities</b>     |      | <b>329.5</b>          | <b>456.2</b>          |
| <b>Non-current liabilities</b>       |      |                       |                       |
| Payables                             |      | 4.5                   | 5.6                   |
| Provisions                           |      | 791.2                 | 798.9                 |
| Interest bearing liabilities         | 15   | 158.0                 | 56.7                  |
| Deferred tax liabilities             |      | 27.5                  | 30.2                  |
| Contract liabilities                 |      | 8.4                   | 12.5                  |
| Lease liabilities                    | 11   | 22.0                  | 35.3                  |
| <b>Total non-current liabilities</b> |      | <b>1,011.6</b>        | <b>939.2</b>          |
| <b>Total liabilities</b>             |      | <b>1,341.1</b>        | <b>1,395.4</b>        |
| <b>Net assets</b>                    |      | <b>2,923.4</b>        | <b>2,819.8</b>        |
| <b>Equity</b>                        |      |                       |                       |
| Contributed equity                   | 7    | 1,857.9               | 1,861.2               |
| Reserves                             |      | 890.1                 | 911.9                 |
| Retained earnings                    |      | 175.4                 | 46.7                  |
| <b>Total equity</b>                  |      | <b>2,923.4</b>        | <b>2,819.8</b>        |

The consolidated statement of financial position is to be read in conjunction with the notes to the half year consolidated financial statements.



# Consolidated Statement of Changes in Equity

For the half year ended 31 December 2020

|   | Note | Contributed equity<br>\$million | Retained earnings/<br>(accumulated losses)<br>\$million | Share based payment reserve<br>\$million | Foreign currency translation reserve<br>\$million | Profit distribution reserve<br>\$million | Total<br>\$million |
|---|------|---------------------------------|---|--|---|--|--------------------|
| <b>For the half year ended 31 December 2020</b>       |      |                                 |   |  |   |  |                    |
| Balance as at 1 July 2020                             |      | 1,861.2                         | 46.7  | 36.0                                     | (5.3)   | 881.2                                    | 2,819.8            |
| Profit for the period                                 |      | -                               | 128.7   | -  | -   | -  | 128.7              |
| Other comprehensive income/(loss)                     |      | -                               | -   | -  | (0.7)   | -  | (0.7)              |
| Total comprehensive income/(loss) for the period      |      | -                               | 128.7   | -  | (0.7)   | -  | 128.0              |
| Transactions with owners in their capacity as owners: |      |                                 |   |  |   |  |                    |
| Shares issued during the period                       | 7    | 0.2                             | -   | -  | -   | -  | 0.2                |
| Shares purchased on market (Treasury shares)          | 7    | (3.5)                           | -   | -  | -   | -  | (3.5)              |
| Final dividend paid from profit distribution reserve  | 6    | -                               | -   | -  | -   | (22.8)                                   | (22.8)             |
| Increase in share-based payments reserve              |      | -                               | -   | 1.7                                      | -   | -  | 1.7                |
| Transactions with owners                              |      | (3.3)                           | -   | 1.7                                      | -   | (22.8)                                   | (24.4)             |
| <b>Balance as at 31 December 2020</b>                 |      | <b>1,857.9</b>                  | <b>175.4</b>  | <b>37.7</b>                              | <b>(6.0)</b>                                      | <b>858.4</b>                             | <b>2,923.4</b>     |
| <b>For the half year ended 31 December 2019</b>       |      |                                 |   |  |   |  |                    |
| Balance as at 1 July 2019                             |      | 1,860.6                         | 345.9   | 32.8                                     | 8.3   | 126.8                                    | 2,374.4            |
| Profit for the period                                 |      | -                               | 278.5   | -  | -   | -  | 278.5              |
| Other comprehensive income                            |      | -                               | -   | -  | (0.8)   | -  | (0.8)              |
| Total comprehensive income/(loss) for the period      |      | -                               | 278.5   | -  | (0.8)   | -  | 277.7              |
| Transactions with owners in their capacity as owners: |      |                                 |   |  |   |  |                    |
| Shares issued during the period                       | 7    | 1.0                             | -   | -  | -   | -  | 1.0                |
| Shares purchased on market (Treasury shares)          | 7    | (0.5)                           | -   | -  | -   | -  | (0.5)              |
| Final dividend paid from profit distribution reserve  | 6    | -                               | -   | -  | -   | (22.8)                                   | (22.8)             |
| Increase in share-based payments reserve              |      | -                               | -   | 1.7                                      | -   | -  | 1.7                |
| Transactions with owners                              |      | 0.5                             | -   | 1.7                                      | -   | (22.8)                                   | (20.6)             |
| <b>Balance as at 31 December 2019</b>                 |      | <b>1,861.1</b>                  | <b>624.4</b>  | <b>34.5</b>                              | <b>7.5</b>  | <b>104.0</b>                             | <b>2,631.5</b>     |

The consolidated statement of changes in equity is to be read in conjunction with the notes to the half year consolidated financial statements.

# Consolidated Statement of Cash Flows

For the half year ended 31 December 2020

|  | CONSOLIDATED          |                       |
|--|-----------------------|-----------------------|
|  | Dec 2020<br>\$million | Dec 2019<br>\$million |
| <b>Cash flows from operating activities</b>  |                       |                       |
| Receipts from customers and other  | 793.7                 | 1,004.6               |
| Payments to suppliers and employees  | (362.7)               | (408.7)               |
| Payments for restoration   | (4.2)                 | (4.4)                 |
| Interest received  | 0.1                   | 1.7                   |
| Financing costs  | (3.1)                 | (3.9)                 |
| Income tax paid  | (128.0)               | (237.9)               |
| <b>Net cash provided by operating activities</b>                                   | <b>295.8</b>          | <b>351.4</b>          |
| <b>Cash flows from investing activities</b>  |                       |                       |
| Payments for property, plant and equipment   | (1.5)                 | (4.6)                 |
| Payments for petroleum assets  | (275.4)               | (289.0)               |
| Payments for exploration and evaluation assets                                     | (67.9)                | (146.3)               |
| Proceeds from government grants  | -                     | 12.1                  |
| Proceeds from sale of non-current assets   | -                     | 8.8                   |
| <b>Net cash used by investing activities</b>                                       | <b>(344.8)</b>        | <b>(419.0)</b>        |
| <b>Cash flows from financing activities</b>  |                       |                       |
| Proceeds from employee incentive loans   | 0.2                   | 1.0                   |
| Payment for shares purchased on market (Treasury shares)                           | (3.5)                 | (0.5)                 |
| Proceeds from borrowings   | 150.0                 | 115.0                 |
| Repayment of borrowings  | (50.0)                | (80.0)                |
| Payment of lease liabilities   | (19.1)                | (26.3)                |
| Dividends paid   | (22.8)                | (22.8)                |
| <b>Net cash provided/(used) by financing activities</b>                            | <b>54.8</b>           | <b>(13.6)</b>         |
| Net increase/(decrease) in cash held   | 5.8                   | (81.2)                |
| Cash at the beginning of the half year   | 109.9                 | 171.9                 |
| Effect of exchange rate changes on the balances of cash held in foreign currencies | (1.8)                 | 4.4                   |
| <b>Cash at the end of the half year</b>  | <b>113.9</b>          | <b>95.1</b>           |

The consolidated statement of cash flows is to be read in conjunction with the notes to the half year consolidated financial statements.

# Notes to the Half Year Consolidated Financial Statements

For the half year ended 31 December 2020

## Note 1 Reporting entity

Beach Energy Limited (**Beach** or the **Company**) is a company domiciled in Australia. The Half Year Financial Report of the Company for the six months ended 31 December 2020 comprises the Company and its controlled entities (together referred to as the **Group**).

The 2020 Annual Report is available upon request from the Company's registered office at Level 8, 80 Flinders Street, Adelaide, 5000 South Australia or at [www.beachenergy.com.au](http://www.beachenergy.com.au).

## Note 2 Basis of preparation of Half Year Financial Report

The Half Year Financial Report for the six months ended 31 December 2020 is a general purpose report prepared in accordance with Accounting Standards *AASB 134 Interim Financial Reporting* and the *Corporations Act 2001*. It is intended to provide users with an update on the latest annual financial statements of the Group and as such they do not include full disclosures of the type normally included in the annual report. It is recommended that they be read in conjunction with the 2020 Annual Report and any public announcements made by Beach during the half year reporting period in accordance with the continuous disclosure requirements of the ASX Listing Rules.

The Half Year Financial Report for the six months ended 31 December 2020 has been prepared in accordance with the accounting policies adopted in the 2020 Annual Report and have been consistently applied by the entities in the Group except for those that have arisen as a result of new standards, amendments to standards and interpretations effective from 1 July 2020. The Group has adopted all of the new and revised standards and interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to their operations and effective for the current half year. These have not had a significant or immediate impact on the Group's Half Year Financial Report.

## Note 3 Revenue and other income

|  | CONSOLIDATED          |                       |
|--|-----------------------|-----------------------|
|  | Dec 2020<br>\$million | Dec 2019<br>\$million |
| <b>(a) Revenue</b>                                     |                       |                       |
| Crude oil  | 300.7                 | 463.4                 |
| Sales gas and ethane                                   | 293.3                 | 293.1                 |
| Liquefied petroleum gas                                | 55.2                  | 54.7                  |
| Condensate   | 59.4                  | 79.5                  |
| Gas and gas liquids                                    | 407.9                 | 427.3                 |
| Revenue from contracts with customers                  | 708.6                 | 890.7                 |
| Crude oil – revaluation of provisionally priced sales  | (3.3)                 | 9.3                   |
| Sales Revenue <sup>(i)</sup>                           | 705.3                 | 900.0                 |
| Other operating revenue                                | 21.0                  | 48.3                  |
| <b>Total revenue</b>                                   | <b>726.3</b>          | <b>948.3</b>          |
| <b>(b) Other income</b>                                |                       |                       |
| Gain on sale of joint operations interests             | -                     | 8.6                   |
| Other income related to joint venture lease recoveries | 6.5                   | 8.4                   |
| Government grants                                      | 4.9                   | 0.4                   |
| Foreign exchange gains                                 | -                     | 0.8                   |
| <b>Total other income</b>                              | <b>11.4</b>           | <b>18.2</b>           |

(i) Provisionally priced oil sales revenue recorded as a receivable at Dec 2020 \$90.0 million (Dec 2019 \$143.8 million).

# Notes to the Half Year Consolidated Financial Statements

For the half year ended 31 December 2020

## Note 4 Expenses

|  | CONSOLIDATED          |                       |
|--|-----------------------|-----------------------|
|  | Dec 2020<br>\$million | Dec 2019<br>\$million |
| <b>(a) Cost of sales</b>                                       |                       |                       |
| Field operating costs  | 119.3                 | 121.4                 |
| Tariffs and tolls  | 68.0                  | 80.8                  |
| Royalties  | 53.6                  | 82.5                  |
| Total operating costs  | 240.9                 | 284.7                 |
| Depreciation and amortisation of petroleum assets              | 203.5                 | 210.1                 |
| Depreciation of leased assets                                  | 9.6                   | 9.4                   |
| Third party oil and gas purchases                              | 30.2                  | 54.1                  |
| Change in inventories  | 14.3                  | (8.3)                 |
| <b>Total cost of sales</b>                                     | <b>498.5</b>          | <b>550.0</b>          |
| <b>(b) Other expenses</b>                                      |                       |                       |
| Impairment of exploration & evaluation assets                  | -                     | 1.4                   |
| Exploration expense  | 39.3                  | -                     |
| Depreciation of leased assets                                  | 1.8                   | 1.8                   |
| Corporate expenses <sup>(i)</sup>                              | 8.3                   | 7.9                   |
| Foreign exchange losses  | 2.1                   | -                     |
| <b>Total other expenses</b>                                    | <b>51.5</b>           | <b>11.1</b>           |
| <b>(c) Net financing expenses</b>                              |                       |                       |
| Borrowing costs  | 4.1                   | 3.4                   |
| Discount unwinding on net present value assets and liabilities | 3.3                   | 6.1                   |
| Finance costs associated with lease liabilities                | 0.9                   | 1.8                   |
| Less borrowing costs capitalised                               | (3.4)                 | (3.2)                 |
| Total finance expenses   | 4.9                   | 8.1                   |
| Interest income  | (0.1)                 | (1.5)                 |
| <b>Net financing expenses</b>                                  | <b>4.8</b>            | <b>6.6</b>            |

(i) Includes depreciation of property, plant & equipment of \$3.9 million (Dec 2019: \$2.7 million).

## Note 5 Income tax

|   | CONSOLIDATED          |                       |
|---|-----------------------|-----------------------|
|   | Dec 2020<br>\$million | Dec 2019<br>\$million |
| <b>Reconciliation of income tax expense calculated on operating profit to income tax charged in the statement of profit or loss</b> |                       |                       |
| Operating profit  | 182.9                 | 398.8                 |
| Prima facie tax on accounting profit before tax at 30%  | 54.9                  | 119.7                 |
| Adjustment to income tax expense due to:  |                       |                       |
| Non-deductible expenditure  | 0.5                   | 0.9                   |
| Foreign exchange and tax rates applicable outside Australia   | (1.2)                 | (0.3)                 |
| <b>Income tax expense</b>   | <b>54.2</b>           | <b>120.3</b>          |

# Notes to the Half Year Consolidated Financial Statements

For the half year ended 31 December 2020

## Note 6 Dividends

|  | CONSOLIDATED          |                       |
|--|-----------------------|-----------------------|
|  | Dec 2020<br>\$million | Dec 2019<br>\$million |
| Final dividend of 1.0 cent per fully paid ordinary paid on 30 September 2020 | 22.8                  | -                     |
| Final dividend of 1.0 cent per fully paid ordinary paid on 30 September 2019 | -                     | 22.8                  |
| <b>Total dividends paid or payable</b>                                       | <b>22.8</b>           | <b>22.8</b>           |

## Note 7 Equity securities issued

|   | CONSOLIDATED          |                       |
|---|-----------------------|-----------------------|
|   | Dec 2020<br>\$million | Jun 2020<br>\$million |
| <b>(a) Movement in share capital</b>                    |                       |                       |
| Balance at beginning of period                          | 1,861.2               | 1,860.6               |
| Repayment of employee loans and sale of employee shares | 0.2                   | 1.3                   |
| Shares purchased on market (Treasury shares)            | (3.5)                 | (0.7)                 |
| <b>Balance at end of period</b>                         | <b>1,857.9</b>        | <b>1,861.2</b>        |

### Treasury shares

Treasury shares are purchased for use on vesting for the executive incentive plan and the employee share scheme. Shares are accounted for at the weighted cost for the period.

|  | Dec 2020<br>Number   | Jun 2020<br>Number   |
|--|----------------------|----------------------|
| <b>(b) Movement in Treasury shares</b>                             |                      |                      |
| Balance at beginning of period                                     | 520,325              | -                    |
| Shares purchased on market   | 1,864,181            | 541,053              |
| Utilisation of Treasury shares on vesting of employee share scheme | -                    | (20,728)             |
| <b>Balance at end of period</b>                                    | <b>2,384,506</b>     | <b>520,325</b>       |
| <b>(c) Movement in fully paid ordinary shares</b>                  |                      |                      |
| Balance at beginning of period                                     | 2,280,808,177        | 2,278,249,104        |
| Shares issued on vesting/exercise of unlisted incentive rights     | 525,479              | 2,559,073            |
| <b>Balance at end of period</b>                                    | <b>2,281,333,656</b> | <b>2,280,808,177</b> |
| <b>(d) Movement in unlisted Incentive Rights</b>                   |                      |                      |
| Balance at beginning of period                                     | 7,437,135            | 7,711,875            |
| Issued during the period   | 2,623,749            | 3,178,907            |
| Forfeited during the period  | -                    | (873,846)            |
| Vested/Exercised during the period                                 | (525,479)            | (2,579,801)          |
| <b>Balance at end of period</b>                                    | <b>9,535,405</b>     | <b>7,437,135</b>     |

### Employee Rights

During the period, Beach issued 263,199 unlisted rights pursuant to the Executive Incentive Plan for the 2019 short term incentive offer. 131,602 of the unlisted performance rights vest on 1 July 2021, 131,597 vest on 1 July 2022 subject to the holder of the rights remaining employed with Beach on the vesting dates. Beach also issued 2,360,550 Long Term Incentive unlisted rights under the Executive Incentive plan. 28,619 Long Term Incentive rights relate to the performance period from 1 December 2019 to 30 November 2022. These rights, which expire on 30 November 2024, are exercisable for nil consideration and are not exercisable before 1 December 2022 and are subject to performance testing in November 2022. 2,331,931 Long Term Incentive rights relate to the performance period from 1 December 2020 to 30 November 2023. These rights, which expire on 30 November 2025, are exercisable for nil consideration and are not exercisable before 1 December 2023 and are subject to performance testing in November 2023. Further details of the Executive Incentive Plan are detailed in the 2020 Annual Report.

# Notes to the Half Year Consolidated Financial Statements

For the half year ended 31 December 2020

## Note 8 Property, plant and equipment

|                                 | CONSOLIDATED          |                       |
|---------------------------------|-----------------------|-----------------------|
|                                 | Dec 2020<br>\$million | Jun 2020<br>\$million |
| Balance at beginning of period  | 34.2                  | 26.8                  |
| Additions                       | 1.4                   | 13.9                  |
| Depreciation expense            | (3.9)                 | (6.5)                 |
| <b>Balance at end of period</b> | <b>31.7</b>           | <b>34.2</b>           |

## Note 9 Petroleum assets

|   | CONSOLIDATED          |                       |
|---|-----------------------|-----------------------|
|   | Dec 2020<br>\$million | Jun 2020<br>\$million |
| Balance at beginning of period                  | 2,986.5               | 2,726.7               |
| Additions                                       | 236.6                 | 591.8                 |
| Depreciation and amortisation expense           | (203.5)               | (427.1)               |
| Increase/(decrease) in restoration              | 9.1                   | (32.5)                |
| Transfer from exploration and evaluation assets | -                     | 102.6                 |
| Disposals                                       | (0.2)                 | (0.4)                 |
| Borrowing costs capitalised                     | 3.4                   | 6.1                   |
| Capitalised depreciation of lease assets        | 1.9                   | 24.0                  |
| Foreign exchange movement                       | (0.2)                 | (4.7)                 |
| <b>Balance at end of period</b>                 | <b>3,033.6</b>        | <b>2,986.5</b>        |

## Note 10 Exploration and evaluation assets

|   | CONSOLIDATED          |                       |
|---|-----------------------|-----------------------|
|   | Dec 2020<br>\$million | Jun 2020<br>\$million |
| Balance at beginning of period                            | 462.4                 | 355.3                 |
| Additions   | 67.5                  | 231.5                 |
| Decrease in restoration                                   | -                     | (9.5)                 |
| Acquisition of subsidiaries and joint operation interests | -                     | 0.1                   |
| Transfer to petroleum assets                              | -                     | (102.6)               |
| Exploration and evaluation expenditure expensed           | (39.3)                | (20.7)                |
| Impairment of exploration and evaluation expenditure      | -                     | (1.6)                 |
| Disposal of joint operation interests                     | -                     | (2.2)                 |
| Borrowing costs capitalised                               | -                     | 0.4                   |
| Foreign exchange movement                                 | (0.2)                 | 0.3                   |
| Capitalised depreciation of lease assets                  | 6.3                   | 11.4                  |
| <b>Balance at end of period</b>                           | <b>496.7</b>          | <b>462.4</b>          |

# Notes to the Half Year Consolidated Financial Statements

For the half year ended 31 December 2020

## Note 11 Leases

|                                     | CONSOLIDATED          |                       |
|-------------------------------------|-----------------------|-----------------------|
|                                     | Dec 2020<br>\$million | Jun 2020<br>\$million |
| <b>Lease Assets</b>                 |                       |                       |
| Opening Balance                     | 58.7                  | 96.8                  |
| Additions                           | -                     | 30.1                  |
| Lease remeasurement                 | (9.9)                 | (11.5)                |
| Depreciation expense <sup>(i)</sup> | (19.6)                | (56.7)                |
| Foreign exchange movements          | 0.2                   | -                     |
| <b>Balance at end of period</b>     | <b>29.4</b>           | <b>58.7</b>           |

(i) Instances where the underlying costs regarding a lease contract would previously have been capitalised, the depreciation on the lease asset is capitalised. The Group capitalisation of depreciation in the half year is \$8.2m.

### Lease Liabilities

|                                 |             |             |
|---------------------------------|-------------|-------------|
| Opening Balance                 | 62.1        | 96.8        |
| Additions                       | -           | 30.1        |
| Repayments <sup>(ii)</sup>      | (20.0)      | (57.6)      |
| Lease remeasurement             | (9.9)       | (11.5)      |
| Accretion of interest           | 0.9         | 3.4         |
| Foreign exchange movements      | (1.8)       | 0.9         |
| <b>Balance at end of period</b> | <b>31.3</b> | <b>62.1</b> |

(ii) Instances where the payments regarding a lease contract are part of a joint arrangement and the Group is the responsible party for payment, the Group recognises the full lease liability, and recognises other income for the portion of payment that is recovered through other parties within the joint venture arrangement. The Group recognised \$6.5m of other income relating to joint venture recoveries.

# Notes to the Half Year Consolidated Financial Statements

For the half year ended 31 December 2020

## Note 12 Segment information

The Group has identified its operating segments to be its South Australian and Western Australian (SAWA), Victorian and New Zealand interests based on the different geographical regions and the similarity of assets within those regions. This is the basis on which internal reports are provided to the Chief Executive Officer for assessing performance and determining the allocation of resources within the Group.

The Group operates primarily in one business, namely the exploration, development and production of hydrocarbons. Revenue is derived from the sale of gas and liquid hydrocarbons. Gas sales contracts are spread across major Australian and New Zealand energy retailers and industrial users with liquid hydrocarbon product sales being made to major multi-national energy companies based on international market pricing.

Details of the performance of each of these operating segments for the six month period ended 31 December 2020 and 31 December 2019 are set out below.

|   | SAWA                     |                          | Victoria                 |                          | New Zealand              |                          | Total                    |                          |
|---|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
|   | 31 Dec 2020<br>\$million | 31 Dec 2019<br>\$million | 31 Dec 2020<br>\$million | 31 Dec 2019<br>\$million | 31 Dec 2020<br>\$million | 31 Dec 2019<br>\$million | 31 Dec 2020<br>\$million | 31 Dec 2019<br>\$million |
| <b>Segment revenue</b>  |                          |                          |                          |                          |                          |                          |                          |                          |
| Sales revenue   | 548.7                    | 719.5                    | 89.3                     | 116.1                    | 67.3                     | 64.4                     | 705.3                    | 900.0                    |
| <b>Segment results</b>  |                          |                          |                          |                          |                          |                          |                          |                          |
| Gross segment result before depreciation, amortisation and impairment | 313.5                    | 454.6                    | 60.0                     | 82.1                     | 46.4                     | 32.8                     | 419.9                    | 569.5                    |
| Depreciation and amortisation   | (141.7)                  | (156.0)                  | (54.1)                   | (47.9)                   | (17.3)                   | (15.6)                   | (213.1)                  | (219.5)                  |
|   | 171.8                    | 298.6                    | 5.9                      | 34.2                     | 29.1                     | 17.2                     | 206.8                    | 350.0                    |
| Other revenue   |                          |                          |                          |                          |                          |                          | 21.0                     | 48.3                     |
| Other income  |                          |                          |                          |                          |                          |                          | 11.4                     | 18.2                     |
| Net financing costs   |                          |                          |                          |                          |                          |                          | (4.8)                    | (6.6)                    |
| Other expenses  |                          |                          |                          |                          |                          |                          | (51.5)                   | (11.1)                   |
| Profit/(loss) before tax  |                          |                          |                          |                          |                          |                          | 182.9                    | 398.8                    |
| Income tax expense  |                          |                          |                          |                          |                          |                          | (54.2)                   | (120.3)                  |
| Net profit/(loss) after tax   |                          |                          |                          |                          |                          |                          | 128.7                    | 278.5                    |

Details of the assets and liabilities of each of these operating segments for the period ended 31 December 2020 and 30 June 2020 are set out below.

|   | SAWA                     |                          | Victoria                 |                          | New Zealand              |                          | Total                    |                          |
|---|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
|   | 31 Dec 2020<br>\$million | 30 Jun 2020<br>\$million | 31 Dec 2020<br>\$million | 30 Jun 2020<br>\$million | 31 Dec 2020<br>\$million | 30 Jun 2020<br>\$million | 31 Dec 2020<br>\$million | 30 Jun 2020<br>\$million |
| <b>Segment assets</b>                       | 2,759.8                  | 2,739.7                  | 946.2                    | 896.4                    | 262.7                    | 277.6                    | 3,968.7                  | 3,913.7                  |
| Total corporate and unallocated assets      |                          |                          |                          |                          |                          |                          | 295.8                    | 301.5                    |
| Total consolidated assets                   |                          |                          |                          |                          |                          |                          | 4,264.5                  | 4,215.2                  |
| <b>Segment liabilities</b>                  | 438.9                    | 502.8                    | 327.8                    | 353.8                    | 125.6                    | 123.3                    | 892.3                    | 979.9                    |
| Total corporate and unallocated liabilities |                          |                          |                          |                          |                          |                          | 448.8                    | 415.5                    |
| Total consolidated liabilities              |                          |                          |                          |                          |                          |                          | 1,341.1                  | 1,395.4                  |

## Note 13 Critical accounting estimates & judgements

The preparation of the Half Year Financial Report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this Half Year Financial Report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial report as at and for the year ended 30 June 2020.



# Notes to the Half Year Consolidated Financial Statements

For the half year ended 31 December 2020

## Note 14 Financial risk management

The Group's activities expose it to a variety of financial risks including currency, commodity, interest rate, credit and liquidity risk. Management identifies and evaluates all financial risks and enters into financial risk instruments such as foreign exchange contracts, commodity contracts and interest rate swaps to hedge certain risk exposures and minimise potential adverse effects of these risk exposures in accordance with the Group's financial risk management policy as approved by the Board. The Group does not trade in derivative financial instruments for speculative purposes.

The carrying value of the group's financial assets and financial liabilities which also approximates their fair values are set out below.

| Carrying amount              | Note | Financial assets/<br>financial liabilities<br>at amortised cost |                       | Financial assets at FVTPL |                       | Derivative financial<br>instruments |                       | Total                 |                       |
|------------------------------|------|---|-----------------------|---------------------------|-----------------------|-------------------------------------|-----------------------|-----------------------|-----------------------|
|                              |      | Dec 2020<br>\$million   | Jun 2020<br>\$million | Dec 2020<br>\$million     | Jun 2020<br>\$million | Dec 2020<br>\$million               | Jun 2020<br>\$million | Dec 2020<br>\$million | Jun 2020<br>\$million |
| <b>Financial assets</b>      |      |   |                       |                           |                       |                                     |                       |                       |                       |
| Cash                         |      | 113.9   | 109.9                 | -                         | -                     | -                                   | -                     | 113.9                 | 109.9                 |
| Receivables                  |      | 236.5   | 215.8                 | -                         | -                     | -                                   | -                     | 236.5                 | 215.8                 |
| Lease assets                 | 11   | 29.4  | 58.7                  | -                         | -                     | -                                   | -                     | 29.4                  | 58.7                  |
| Other                        |      | 72.2  | 84.8                  | -                         | -                     | -                                   | -                     | 72.2                  | 84.8                  |
|                              |      | 452.0   | 469.2                 | -                         | -                     | -                                   | -                     | 452.0                 | 469.2                 |
| <b>Financial liabilities</b> |      |   |                       |                           |                       |                                     |                       |                       |                       |
| Payables                     |      | 250.7   | 282.0                 | -                         | -                     | -                                   | -                     | 250.7                 | 282.0                 |
| Lease liabilities            | 11   | 31.3  | 62.1                  | -                         | -                     | -                                   | -                     | 31.3                  | 62.1                  |
| Interest bearing liabilities | 15   | 160.0   | 60.0                  | -                         | -                     | -                                   | -                     | 160.0                 | 60.0                  |
|                              |      | 442.0   | 404.1                 | -                         | -                     | -                                   | -                     | 442.0                 | 404.1                 |

### Fair Values

Certain assets and liabilities of the Group are recognised in the statement of financial position at their fair value in accordance with accounting standard AASB 13 *Fair Value Measurement*. The methods used in estimating fair value are made according to how the available information to value the asset or liability fits with the following fair value hierarchy:

- Level 1 - the fair value is calculated using quoted prices in active markets;
- Level 2 - the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability; and
- Level 3 - the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments.

### Derivative financial instruments

Derivative financial instruments are initially recognised at cost. Subsequent to initial recognition, derivative financial instruments are recognised at fair value using valuation techniques that maximise the use of observable market data where it is available with any gain or loss on re-measurement to fair value being recognised through the profit or loss. The Group's derivatives are not traded in active markets, however all significant inputs required to fair value an instrument are observable (Level 2).

The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at 31 December 2020 and there have been no transfers between the levels of the fair value hierarchy during the half year to 31 December 2020.

The Group also has a number of other financial assets and liabilities which are not measured at fair value in the Statement of Financial Position as their carrying values are considered to be a reasonable approximation of their fair value.

# Notes to the Half Year Consolidated Financial Statements

For the half year ended 31 December 2020

## Note 15 Finances and borrowings

Beach currently has a Senior Secured Debt Facility in place for \$525 million, comprised of a \$450 million revolving debt facility (Facility C) and a \$75 million Letter of Credit facility (Facility D), both of which have a maturity date of November 2022. As at 31 December 2020 \$160 million of Facility C was drawn with \$290 million remaining undrawn, with \$72 million of Facility D being utilised by way of bank guarantees.

|                                     | CONSOLIDATED          |                       |
|-------------------------------------|-----------------------|-----------------------|
|                                     | Dec 2020<br>\$million | Jun 2020<br>\$million |
| Bank Debt                           | 160.0                 | 60.0                  |
| Less debt issuance costs            | (2.0)                 | (3.3)                 |
| <b>Total non-current borrowings</b> | <b>158.0</b>          | <b>56.7</b>           |

## Note 16 Contingent liabilities

There has been no material change to the contingent liabilities since 30 June 2020.

## Note 17 Commitments

On November 3, 2020 Beach executed an Asset Sales Agreement with Senex Energy to acquire Senex's Cooper Basin assets for a cash consideration of \$87.5 million. The transaction remains subject to several conditions precedent. Settlement is expected to occur in the second half of FY21 with an adjustment made to the acquisition price based on cash flows from 1 July 2020 to the settlement date. The acquisition will be funded from existing cash and debt facilities.

Beach also entered into \$49 million of additional commitments since 30 June 2020, related to the offshore drilling program and Cooper Basin exploration commitments.

## Note 18 Earnings per share

(a) Earnings after tax used in the calculation of earnings per share (EPS) is as follows:

|                            | Dec 2020<br>\$million | Dec 2019<br>\$million |
|----------------------------|-----------------------|-----------------------|
| Basic earnings per share   | 128.7                 | 278.5                 |
| Diluted earnings per share | 128.7                 | 278.5                 |

(b) Weighted average number of ordinary shares and potential ordinary shares used in the calculation of earnings per share is as follows:

|                            | Dec 2020<br>Number | Dec 2019<br>Number |
|----------------------------|--------------------|--------------------|
| Basic earnings per share   | 2,280,482,927      | 2,279,020,538      |
| Share rights               | 5,576,587          | 5,457,528          |
| Diluted earnings per share | 2,286,059,514      | 2,284,478,066      |

(c) Calculation of earnings per share is as follows:

| Basic earnings per share (cents per share)   | 5.64 | 12.22 |
|--|------|-------|
| Diluted earnings per share (cents per share) | 5.63 | 12.19 |

# Notes to the Half Year Consolidated Financial Statements

For the half year ended 31 December 2020

## Note 19 Events occurring after the balance date

The Waitsia Joint Venture awarded the engineering, procurement and construction contract to Clough for works on the Waitsia Gas Project Stage 2 development in January 2021. Subsequent to the end of the period, the Waitsia Joint Venture reached unconditional FID for the Waitsia Gas Project Stage 2 development. This followed the satisfaction of outstanding commercial conditions and the receipt of final regulatory approvals.

Beach entered into an asset purchase agreement with Mitsui subsidiaries AWE Petroleum Pty Ltd and AWE (Bass Gas) Pty Ltd to acquire all of its interests in the Bass Basin in January 2021. These assets include Mitsui's 35.0% interest in the BassGas Project (comprising the onshore Lang Lang Gas Plant and Yolla gas field), as well as its 40.0% interest in the Trefoil development project and surrounding retention leases. The terms of the acquisition are confidential and subject to regulatory approvals and third-party consents. The transaction has an effective date of 1 July 2020, with settlement expected during the third quarter 2021.

In mid-February 2021, Beach confirmed a net 2P Reserves booking of 21 MMboe (34 MMboe gross) for the Enterprise gas field in the offshore Victorian Otway Basin (refer to announcement on 15 February 2021: Ref #004/21 "Enterprise Exploration Success Delivers Material 2P Reserves Booking"). Beach holds a 60% interest and is the operator of the VIC/P42(V) licence. The Company plans to progress the Enterprise development to an FID in FY22 and is targeting first gas in H1 FY23.

Other than matters described above, there has not been in the period since 31 December 2020 and up to the date of this report any other item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect substantially the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

# Directors' Declaration

The Directors of the Company declare that:

1. The half year financial report and notes set out on pages 15 to 27, are in accordance with the *Corporations Act 2001* including:
  - (a) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half year ended on that date; and
  - (b) complying with Accounting Standard *AASB 134 Interim Financial Reporting*, and the *Corporations Regulations 2001*.
2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Adelaide this 15th day of February 2021.

This declaration is made in accordance with a resolution of the Directors.



**G S Davis**

Chairman

# Independent Auditor's Review Report



Building a better  
working world

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## Independent Auditor's Review Report to the Members of Beach Energy Limited

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the accompanying half-year financial report of Beach Energy Limited (the Company) and its subsidiaries (collectively the Group), which comprises the condensed statement of financial position as at 31 December 2020, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2020 and of its consolidated financial performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2020 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

# Independent Auditor's Review Report



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## Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Beach Energy Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

A stylized, handwritten signature in black ink that reads 'Ernst &amp; Young'.

Ernst &amp; Young

A handwritten signature in black ink, appearing to be 'AJ' followed by a horizontal line.

Anthony Jones  
Partner  
Adelaide  
15 February 2021

# Glossary

|                        |   |                              |  |
|------------------------|---|------------------------------|--|
| <b>\$</b>              | Australian dollars  | <b>LPG</b>                   | Liquefied petroleum gas  |
| <b>BassGas</b>         | The BassGas Project (Beach 53.75% and operator, MEPAU 35%, Prize Petroleum International 11.25%), produces gas from the offshore Yolla gas field in the Bass Basin in production licence T/L1. Beach also holds a 50.25% operated interest in licenses TR/L2, TR/L4 and TR/L5 | <b>MEPAU</b>                 | Mitsui E&P Australia   |
| <b>bbl</b>             | Barrels   | <b>Mitsui</b>                | Mitsui & Co., Ltd and its subsidiaries   |
| <b>Beach</b>           | Beach Energy Limited and its subsidiaries   | <b>MMbbl</b>                 | Million barrels of oil   |
| <b>Beharra Springs</b> | Beharra Springs (Beach 50% and operator, Mitsui 50%) produces gas from the onshore Beharra Springs gas field in the Perth Basin in production licences L11 and L22  | <b>MMboe</b>                 | Million barrels of oil equivalent  |
| <b>boe</b>             | Barrels of oil equivalent – the volume of hydrocarbons expressed in terms of the volume of oil which would contain an equivalent volume of energy   | <b>MMscfd</b>                | Million standard cubic feet of gas per day   |
| <b>C&amp;S</b>         | Cased and suspended   | <b>NPAT</b>                  | Net profit after tax   |
| <b>Cooper Energy</b>   | Cooper Energy Ltd and its subsidiaries  | <b>NZ</b>                    | New Zealand  |
| <b>Cooper Basin</b>    | Includes both Cooper and Eromanga basins  | <b>NZOG</b>                  | New Zealand Oil & Gas and its subsidiaries   |
| <b>Cooper Basin JV</b> | The Santos operated, SACB JVs and SWQ JVs and ATP 299 (Tintaburra) (Beach 40%, Santos 60% and operator)   | <b>O.G. Energy</b>           | O.G. Energy Holdings Limited., a member of the Ofer Global group of companies  |
| <b>DBNGP</b>           | Dampier to Bunbury Natural Gas Pipeline   | <b>Origin</b>                | Origin Energy Limited and its subsidiaries   |
| <b>EP</b>              | Exploration Permit  | <b>Other Cooper Basin</b>    | Other Cooper Basin producing permit areas are ex PEL 513/632 (Beach 40%, Santos 60% and operator) and PRL 135 (Vanessa) (Beach 43%, Senex 57% and operator)  |
| <b>Ex PEL 91</b>       | PRLs 151 to 172 and various production licences. Beach 100%   | <b>PACE</b>                  | The South Australian Plan for Accelerating Exploration gas grant scheme  |
| <b>Ex PEL 92</b>       | PRLs 85 to 104 and various production licences. Beach 75% and operator, Cooper Energy 25%   | <b>P&amp;A</b>               | Plugged and abandoned  |
| <b>Ex PEL 104/111</b>  | PRLs 136 to 150 and various production licences. Beach 40%, Senex 60% and operator  | <b>PEL</b>                   | Petroleum Exploration Licence  |
| <b>Ex PEL 106</b>      | PRLs 129 and 130 and various production licences. Beach 100%  | <b>PL</b>                    | Petroleum License  |
| <b>Ex PEL 513</b>      | PRLs 191 and 206 and various production licences  | <b>PRL</b>                   | Petroleum Retention Licence  |
| <b>Ex PEL 632</b>      | PRLs 131 to 134 and various production licences   | <b>PPL</b>                   | Petroleum Production Licence   |
| <b>EBITDA</b>          | Earnings before interest tax depreciation and amortisation  | <b>Prize</b>                 | Prize Petroleum International  |
| <b>FEED</b>            | Front End Engineering Design  | <b>PJ</b>                    | Petajoule  |
| <b>FID</b>             | Final Investment Decision   | <b>Q(2) (FY21)</b>           | (Second) quarter of (FY21)   |
| <b>Free cash flow</b>  | Operating cash flow less investing cash flow (excluding acquisitions and divestitures)  | <b>Qtr</b>                   | Quarter  |
| <b>FY(20)</b>          | Financial year (2020)   | <b>SACB JV</b>               | 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%)   |
| <b>Genesis</b>         | Genesis Energy Limited and its subsidiaries   | <b>Santos</b>                | Santos Limited and its subsidiaries  |
| <b>GSA</b>             | Gas sales agreement   | <b>Senex</b>                 | Senex Energy Limited and its subsidiaries  |
| <b>GJ</b>              | Gigajoule   | <b>SWQ JV</b>                | South West Queensland Joint Ventures, incorporating various equity interests (Beach 30-52.2%)  |
| <b>H(1) (FY21)</b>     | (First) half year period (of FY21)  | <b>TJ</b>                    | Terajoule  |
| <b>kbbl</b>            | Thousand barrels of oil   | <b>Victorian Otway Basin</b> | Produces gas from licences VIC/L1(v) and VIC/P42(v) which contain the Halladale, Black Watch and Speculant near shore gas fields and licences VIC/L23, T/L2 and T/L3 which contain the Geographe and Thylacine offshore gas fields. Beach also holds non-producing offshore licenses |
| <b>kboe</b>            | Thousand barrels of oil equivalent  | <b>Waitsia</b>               | Waitsia Gas Project (Beach 50%, MEPAU 50% and operator) produces gas from the onshore Waitsia gas field in the Perth Basin in licence L1/L2  |
| <b>kt</b>              | Thousand tonnes   | <b>Western Flank Gas</b>     | Comprises gas production from ex PEL 91, 91, ex PEL 106 and the Udacha Block – PRL 26. All Beach 100%  |
| <b>Kupe</b>            | Kupe Gas Project (Beach 50% and operator, Genesis 46%, NZOG 4%) produces gas from the offshore Kupe gas field in the Taranaki Basin in licence PML38146   | <b>Western Flank Oil</b>     | Comprises oil production from ex PEL 91 (Beach 100%), ex PEL 92 (Beach 75% and operator, Cooper Energy 25%) and ex PEL 104/111 (Beach 40%, Senex 60% and operator)   |