



29 August 2024

ASX Listings Compliance

By Email: listingscompliancesydney@asx.com.au

Dear Sir/Madam

Response to ASX Aware Letter Dated 26 August 2024

Beach Energy Limited (BPT) writes in response to your letter dated 26 August 2024 (ASX Letter). Unless specifically defined otherwise, capitalised terms used in this letter have the same meaning as given in the ASX Letter.

1 Does BPT consider the following information, or any part thereof, to be information that a reasonable person would expect to have a material effect on the price or value of its securities?

1.1 Pressure data at the Enterprise gas field following the connection of the field to the Otway Gas Plant indicating a smaller reservoir than originally estimated.

No.

1.2 An expected revision by 11.5 MMboe of BPT's 2P reserves as at 30 June 2024 in respect of the Enterprise field.

Yes.

1.3 An expected net revision of 31.5 MMboe of BPT's 2P oil and gas reserves as at 30 June 2024.

Yes.

1.4 An expected decrease by 50 MMboe to 205 MMboe of BPT's 2P oil and gas reserves as at 30 June 2024.

Yes, in relation to 31.5 MMboe of the 49.7 MMboe decrease (see responses to questions 1.2 and 1.3 above). The remaining 18.2 MMboe is attributable to production for the year ended 30 June 2024, which was in-line with market expectations (see response to question 3.4 below).

2 If the answer to any part of question 1 is "no", please advise the basis for that view.

See response to 3.2 below in relation to the assessment and interpretation of pressure data from the Enterprise 1 well.

3 When did BPT first become aware of the information referred to in question 1 above?

3.1 Pressure data at the Enterprise gas field following the connection of the field to the Otway Gas Plant indicating a smaller reservoir than originally estimated.

See response to question 3.2 below.

3.2 An expected revision by 11.5 MMboe of BPT's 2P reserves as at 30 June 2024 in respect of the Enterprise field.

The Enterprise well ('Enterprise 1') commenced production on 12 June 2024 from the Waarre C reservoir. New wells typically take time to fully demonstrate their production behaviour and, accordingly, well pressure performance is ideally monitored for at least 6 months before an attempt is made to interpret the implications of pressure data on pre-production reserves estimates. Over time, with the stabilisation of production from a well, pressure behaviour can, subject to the uncertainties of sub-surface interpretation, improve the interpretation of gas accumulation volumes.

In the case of Enterprise, although initial production rates met expectations, well pressure declined faster than anticipated during the initial six weeks of production and preliminary well performance data trends indicated a potential reduction in gas accumulation volumes. In light of these indications, and as BPT was due to release its year-end reserves and resources estimates on 12 August 2024, BPT undertook an accelerated reserves estimation process in respect of the Enterprise field (which comprised one well, being Enterprise 1) to assess whether it could form a sufficiently robust estimate of any revision to the 2P reserves estimate in time for it to be included in BPT's year-end reserves statement.

In parallel to work being undertaken by BPT to interpret Enterprise 1's well performance data, BPT engaged RISC Advisory on 25 July 2024 to provide external verification of the available data and to advise on whether it was sufficiently robust to support any revision of the Enterprise reserves. The external verification was seen as prudent given the preliminary nature of the well production data, some inconsistency in the well production data which had emerged in the days leading up to RISC Advisory's engagement, and the accelerated timeframe in which BPT was working (compared to its usual practice and industry norms).

Alongside BPT's internal reserves estimation process, and the external verification being undertaken by RISC Advisory, BPT also instructed Netherland, Sewell & Associates, Inc. (NSAI), on 2 August 2024, to expand the scope of their external reserves audit to include the Enterprise field and to complete this work in time for the release of BPT's full year financial results (which would include the year-end reserves estimates) on Monday 12 August 2024. For context, NSAI had commenced an independent audit of BPT's reserves at 30 June 2024 in mid-May 2024. The Enterprise field was not part of the initial audit scope as it only commenced production on 12 June 2024. However, BPT considered it appropriate to expand the scope of NSAI's audit to include Enterprise given the process being undertaken by BPT and RISC Advisory to assess whether a reserves revision was appropriate.

BPT received a draft audit letter from RISC Advisory on the evening of Thursday, 8 August 2024 and a draft audit letter from NSAI on the morning of Friday, 9 August 2024. These were tabled at the Board meeting on Friday, 9 August 2024. At this meeting, the Board reviewed and discussed the draft year-end reserves estimates. The Board approved the year-end reserves estimates for release to market on Monday 12 August 2024, subject to finalisation of all internal verification and audit processes, including finalisation of the audit letters from RISC Advisory and NSAI. The final audit letter from RISC Advisory was received on the evening of 9 August 2024 and the final audit letter from NSAI was received on the morning of 10 August 2024.

Having regard to the accelerated time frame within which the Enterprise reserves were being assessed, the uncertain and complex nature of oil and gas reserves estimates, and the requirements of Chapter 5 of the Listing Rules, BPT only became aware of the revision of 11.5 MMboe to the Enterprise field's 2P reserves on 10 August 2024. On this date, BPT was in possession of all the information required to provide sufficient confidence in the veracity of the revision.

For completeness, BPT is not aware of any share trading activity or rumours which might indicate that there was speculation in the market regarding a potential revision to Enterprise 2P reserves before its disclosure to the ASX on 12 August 2024.

3.3 An expected net revision of 31.5 MMboe of BPT's 2P oil and gas reserves as at 30 June 2024.

The revision of 31.5 MMboe to BPT's 2P reserves as at 30 June 2024 was comprised of:

- 11.5 MMboe in the Enterprise field; and
- 20.0 MMboe from various other fields.

We have addressed when BPT became aware of the Enterprise revision in 3.2 above.

In relation to the balance of 20.0 MMboe, on 18 June 2024, BPT released its Strategic Review Outcomes presentation to the ASX. Slide 32 of the presentation referred to an expected ~19 MMboe revision to 2P reserves following a subsurface assessment that had been undertaken as part of the strategic review.

The 20.0 MMboe revision to BPT's final 2P reserves (as at 30 June 2024), announced on 12 August 2024, was consistent with the disclosure provided on slide 32 of the Strategic Review Outcomes presentation. The Enterprise field was not part of the subsurface assessment referred to in the 18 June 2024 presentation as the well only commenced production on 12 June 2024.

3.4 An expected decrease by 50 MMboe to 205 MMboe of BPT's 2P oil and gas reserves as at 30 June 2024.

The 49.7 MMboe reduction in 2P reserves (254.7 MMboe at year end 30 June 2023 to 205.0 MMboe at year end 30 June 2024) was comprised of:

- 18.2 MMboe of FY24 annual production;
- revisions of 11.5 MMboe in the Enterprise field (addressed in 3.2); and
- the balance of 20.0 MMboe of revisions from various other fields (addressed in 3.3).

The 18.2 MMboe produced during the year ended 30 June 2024 was first announced to the ASX on 19 July 2024 as part of BPT's FY24 Fourth Quarter Activities Report. It was within BPT's guidance of 18.0 to 18.5 MMboe announced to the ASX on 24 April 2024 in BPT's FY24 Third Quarter Activities Report.

See 3.2 and 3.3 above in relation to the second and third listed revisions.

4 If BPT first became aware of the information referred to in question 1 before the date of the Announcement, did BPT make any announcement prior to that date which disclosed the information? If not, please explain why the information was not released to the market at an earlier time, commenting specifically on when you believe BPT was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps BPT took to ensure that the information was released promptly and without delay.

See the response to question 3 above.

5 Does BPT consider that any measure of its statutory or underlying earnings for the year ended 30 June 2024 as disclosed in the Results Announcements ('Earnings Information') differed materially from the market's expectations, having regard to the following three base indicators (in decreasing order of relevance and reliability):

5.1 If BPT had published earnings guidance, that guidance.

BPT does not publish earnings guidance. See 3.4 above in relation to BPT's production guidance for the year ended 30 June 2024.

5.2 If BPT is covered by sell-side analysts, the earnings forecasts of those analysts.

Prior to the Results Announcements, the consensus underlying NPAT estimate was within 5% of BPT's underlying NPAT of \$341 million and consensus statutory NPAT estimate was within 10% of BPT's statutory NPAT of -\$475 million. Neither measure was considered a market sensitive difference and BPT's reported earnings were within ASX guidance parameters, in particular, section 7.3 of ASX Guidance Note 8. The greater statutory NPAT variance was impacted by analysts that had not accounted for a non-cash impairment charge of \$365 – 400 million (before tax), which had already been announced to market on 11 June 2024.

5.3 If paragraph 5.1 and 5.2 are not applicable, BPT's earnings for the prior corresponding period, being the year ended 30 June 2023.

N/A.

In summary, BPT does not consider that its underlying or statutory earnings for the financial year ending 30 June 2024 differed materially from the market's expectations.

6 Please explain the basis for the view provided in response to question 5. In doing so, please specify how BPT determined market expectations in relation to each relevant measure of its earnings, including:

6.1 If BPT had published earnings guidance, details of:

6.1.1 that guidance and when it was released to the market; and

N/A.

6.1.2 the date when the entity first became aware with a reasonable degree of certainty that its expected earnings for the relevant reporting period would vary from, or be in line with, that guidance.

N/A.

6.2 If BPT used sell-side analyst forecasts to estimate the market's expectations of its earnings, details of:

6.2.1 the method that BPT used to translate sell-side analyst forecasts into its estimate of market expectations for each measure of earnings referred to in the Earnings Information and, in particular, whether or not BPT used a "consensus estimate" or an "adjusted consensus estimate" the entity's estimate of market expectations using that method; and

Consensus estimates were sourced from Visible Alpha, which are regularly referred to by analysts as the primary view of market expectations. In addition to regularly monitoring Visible Alpha, BPT also maintains its own set of consensus estimates as a cross check.

There were 14 sell-side analysts who published reports after BPT released its previous market sensitive ASX announcement on 19 July 2024, the FY24 Fourth Quarter Activities Report. The consensus estimates sourced from these analyst reports were in-line with Visible Alpha estimates prior to the Results Announcements.

6.2.2 the entity's estimate of market expectations using that method; and

The consensus estimates prior to the Results Announcements were:

- FY24 underlying NPAT: \$330 million; and
- FY24 statutory NPAT: -\$431 million.

6.2.3 the date when the entity first became aware with a reasonable degree of certainty that its expected earnings for the relevant reporting period would vary from, or be in line with, its estimate of these expectations.

The consensus estimates noted in 6.2.2 are dated 11 August 2024. BPT regularly tracks Visible Alpha and also updates its internal analysis of consensus estimates whenever an analyst report is published. BPT held the view in the weeks prior to the Results Announcements that its expected earnings for the year ended 30 June 2024 were tracking in line with market expectations.

7 Does BPT consider that, at any point prior to the release of the Results Announcements, there was a variance between its expected earnings and its estimate of market expectations for the relevant reporting period of such a magnitude that a reasonable person would expect information about the variance to have a material effect on the price or value of BPT's securities? Please answer separately for each measure of earnings referred to in the Earnings Information.

No, for both underlying and statutory earnings for the financial year ending 30 June 2024.

8 If the answer to question 7 is "no", please provide the basis for that view.

See response to question 5.2 above. BPT's estimates for FY24 underlying NPAT and statutory NPAT were within 5% and 10%, respectively, of consensus estimates prior to the Results Announcements.

9 If the entity first became aware of the variance before the release of Results Announcements, did BPT make any announcement prior to the release of the Results Announcements which disclosed the relevant variance? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe BPT was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps BPT took to ensure that the information was released promptly and without delay.

N/A.

10 Please provide details of any other explanation BPT may have for the trading in its securities following the release of the Results Announcements.

N/A.

11 Please confirm that BPT is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

BPT confirms it is complying with the Listing Rules and, in particular, Listing Rule 3.1.

12 Please confirm that BPT's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of BPT with delegated authority from the board to respond to ASX on disclosure matters.

BPT confirms that its responses to the questions above have been authorised and approved by the Board.

Yours faithfully



David Lim

Company Secretary



26 August 2024

Reference: 98428

Mr David Lim
Company Secretary
Beach Energy Limited
Level 8, 80 Flinders Street
Adelaide, SA 5000
Australia

By email only.

Dear Mr Lim

Beach Energy Limited ('BPT'): ASX Aware Letter

ASX refers to the following:

A. BPT's announcements released on the ASX Market Announcements Platform on 12 August 2024 in connection with its full year results ('Results Announcements'), being:

- 1.1 Appendix 4E (released at 8.48 AM AEST on 12 August 2024);
- 1.2 Beach Energy Ltd FY24 Full Year Results (released at 8.58 AM AEST on 12 August 2024) (the 'Announcement');
- 1.3 2024 Beach Energy Ltd Annual Report (released at 9.00 AM AEST on 12 August 2024) ('Annual Report'); and
- 1.4 Beach Energy Ltd FY24 Results Presentation (released at 9.01 AM AEST on 12 August 2024).

B. The following disclosures in the Announcement:

"Enterprise production outcomes

- *The Enterprise field came online on 12 June 2024 and has flowed at peak rates of up to 68 TJ/day*
- *Early pressure data indicates a smaller resource pool than originally estimated*
- *A 2P reserves revision of 11.5 MMboe is included in the annual reserves statement and has been audited..."*

"Disappointingly, over recent weeks we have observed pressure decline at Enterprise which is consistent with a smaller reservoir than originally estimated. We have moved rapidly to assess the impact. This has resulted in a reserves revision which has been included in our annual reserves statement and audited by external experts. There is no impact to production guidance. The Enterprise field remains a valuable asset within Beach's portfolio and an important source of new gas supply for the East Coast market."...

C. The following disclosures in the Annual Report:

"On 12 August 2024, Beach announced a 2P reserves revision of 11.5 MMboe for Enterprise which is included in the FY24 annual reserves statement. Following the Enterprise field coming online on 12 June, which has flowed at peak rates of up to 68 TJ/day, early pressure data indicates a smaller resource pool than originally estimated. This reserves revision has no impact to FY25 production guidance or asset carrying values."

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- D. The decrease in the closing price of BPT's securities by 12.6% from \$1.425 on 9 August 2024 to \$1.245 on 12 August 2024.
- E. Listing Rule 3.1, which requires a listed entity to immediately give ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.
- F. The definition of "aware" in Chapter 19 of the Listing Rules, which states that:
- "an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity."*
- G. Section 4.4 in Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B* titled "When does an entity become aware of information?"
- H. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure as follows.
- "3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:*
- 3.1A.1 One or more of the following 5 situations applies:*
- It would be a breach of a law to disclose the information;*
 - The information concerns an incomplete proposal or negotiation;*
 - The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
 - The information is generated for the internal management purposes of the entity; or*
 - The information is a trade secret; and*
- 3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and*
- 3.1A.3 A reasonable person would not expect the information to be disclosed."*
- I. The concept of "confidentiality" detailed in section 5.8 of Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. In particular, the Guidance Note states that:
- "Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it is no longer a secret and it ceases to be confidential information for the purposes of this rule."*
- J. ASX's policy position on "market sensitive earnings surprises", which is detailed in section 7.3 of Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. In particular:
- "...If an entity becomes aware that its earnings for the current reporting period will differ materially (downwards or upwards) from market expectations, it needs to consider carefully whether it has a legal obligation to notify the market of that fact."...*
- "...An earnings surprise will need to be disclosed to the market under Listing Rule 3.1 if it is market sensitive – that is, it is of such a magnitude that a reasonable person would expect information about the earnings surprise to have a material effect on the price or value of the entity's securities."...*

Request for information

Having regard to the above, ASX asks BPT to respond separately to each of the following questions and requests for information:

1. Does BPT consider the following information, or any part thereof, to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
 - 1.1 Pressure data at the Enterprise gas field following the connection of the field to the Otway Gas Plant indicating a smaller reservoir than originally estimated.
 - 1.2 An expected revision by 11.5 MMboe of BPT's 2P reserves as at 30 June 2024 in respect of the Enterprise field.
 - 1.3 An expected net revision of 31.5 MMboe of BPT's 2P oil and gas reserves as at 30 June 2024.
 - 1.4 An expected decrease by 50 MMboe to 205 MMboe of BPT's 2P oil and gas reserves as at 30 June 2024.

Please answer separately for each of the above.

2. If the answer to any part of question 1 is "no", please advise the basis for that view.

Please answer separately for each of the items in question 1 above.

3. When did BPT first become aware of the information referred to in question 1 above?

Please answer separately for each of the items in question 1 above.

4. If BPT first became aware of the information referred to in question 1 before the date of the Announcement, did BPT make any announcement prior to that date which disclosed the information? If not, please explain why the information was not released to the market at an earlier time, commenting specifically on when you believe BPT was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps BPT took to ensure that the information was released promptly and without delay.

Please answer separately for each of the items in question 1 above and provide details of the prior announcement if applicable.

5. Does BPT consider that any measure of its statutory or underlying earnings for the year ended 30 June 2024 as disclosed in the Results Announcements ('Earnings Information') differed materially from the market's expectations, having regard to the following three base indicators (in decreasing order of relevance and reliability):

5.1 If BPT had published earnings guidance, that guidance.

5.2 If BPT is covered by sell-side analysts, the earnings forecasts of those analysts.

5.3 If paragraph 5.1 and 5.2 are not applicable, BPT's earnings for the prior corresponding period, being the year ended 30 June 2023.

Please answer separately for each measure of earnings referred to in the Earnings Information. In your response, please have regard to ASX's commentary in paragraphs 4(a) and 4(b) of section 7.3 of Guidance Note 8 about when a variation from market expectations may be material.

6. Please explain the basis for the view provided in response to question 5. In doing so, please specify how BPT determined market expectations in relation to each relevant measure of its earnings, including:

6.1 If BPT had published earnings guidance, details of:

6.1.1 that guidance and when it was released to the market; and

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- 6.1.2 the date when the entity first became aware with a reasonable degree of certainty that its expected earnings for the relevant reporting period would vary from, or be in line with, that guidance.
- 6.2 If BPT used sell-side analyst forecasts to estimate the market's expectations of its earnings, details of:
- 6.2.1 the method that BPT used to translate sell-side analyst forecasts into its estimate of market expectations for each measure of earnings referred to in the Earnings Information and, in particular, whether or not BPT used a "consensus estimate" or an "adjusted consensus estimate" or a different specified approach for determining this estimate;
- 6.2.2 the entity's estimate of market expectations using that method; and
- 6.2.3 the date when the entity first became aware with a reasonable degree of certainty that its expected earnings for the relevant reporting period would vary from, or be in line with, its estimate of these expectations.
7. Does BPT consider that, at any point prior to the release of the Results Announcements, there was a variance between its expected earnings and its estimate of market expectations for the relevant reporting period of such a magnitude that a reasonable person would expect information about the variance to have a material effect on the price or value of BPT's securities?
- Please answer separately for each measure of earnings referred to in the Earnings Information.
8. If the answer to question 7 is "no", please provide the basis for that view.
9. If the entity first became aware of the variance before the release of Results Announcements, did BPT make any announcement prior to the release of the Results Announcements which disclosed the relevant variance? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe BPT was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps BPT took to ensure that the information was released promptly and without delay.
10. Please provide details of any other explanation BPT may have for the trading in its securities following the release of the Results Announcements.
11. Please confirm that BPT is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.
12. Please confirm that BPT's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of BPT with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **4.30 PM AEST Thursday, 29 August 2024**.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, BPT's obligation is to disclose the information 'immediately'. This may require the information to be disclosed before the deadline set out above and may require BPT to request a trading halt immediately if trading in BPT's securities is not already halted or suspended.

Your response should be sent by e-mail to **ListingsComplianceSydney@asx.com.au**. It should not be sent directly to the ASX Market Announcements Office. This is to allow us to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Suspension

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in BPT's securities under Listing Rule 17.3.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to BPT's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that BPT's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Release of correspondence between ASX and entity

We reserve the right to release all or any part of this letter, your reply and any other related correspondence between us to the market under listing rule 18.7A. The usual course is for the correspondence to be released to the market.

Kind regards

ASX Compliance

CC: Ms Susan Jones, Beach Energy Limited