



ASX Release

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REVISED FY17 GUIDANCE – CAPITAL EXPENDITURE AND PRODUCTION VOLUMES

- **Capital expenditure guidance reduced to \$170 – 185 million (previously \$180 – 200 million)**
 - Expanded program with 16 operated wells (+3) and up to 42 non-operated wells (+5)
 - Cost savings and efficiencies to deliver expanded program at a reduced overall cost
- **Production guidance increased to 10.3 – 10.7 MMboe (previously 9.7 – 10.3 MMboe)**
 - Record production in H1 FY17, benefiting from greater investment in Western Flank

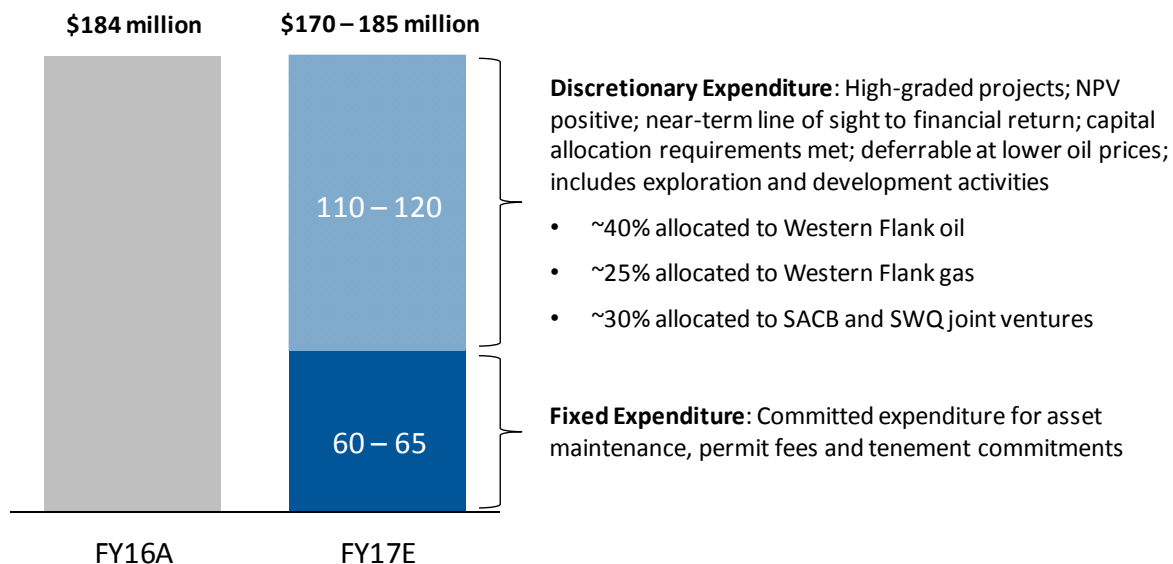
Beach Energy Ltd (ASX: BPT, “Beach”) provides the following update in relation to guidance for FY17 capital expenditure and production volumes. Due to record half-year production, success in the field and cost efficiencies, Beach has materially increased its drilling activity for FY17. Furthermore, Beach is confident that the expanded program can be undertaken at a cost below original guidance. Key changes to FY17 guidance are set out below. Guidance excludes potential impacts from weather related events, unforeseen operational delays, future exploration success and future corporate activity (acquisitions, divestments, farm-ins or farm-outs).

Capital expenditure

FY17 capital expenditure is expected to be within the range of **\$170 – 185 million** (previously \$180 – 200 million). Approximately two thirds of the revised FY17 program is discretionary expenditure. These discretionary projects:

- Present the most attractive expected return on capital profiles within Beach’s current opportunity set;
- Satisfy strict financial metrics, including but not limited to: net present value (NPV), risk weighted NPV, payback period and capital efficiency measures;
- Provide near-term line of sight to production and financial return;
- Balance the need for both development and replacement of 2P reserves; and
- May be selectively deferred if oil prices materially decline.

The remaining one third of the revised FY17 program is stay-in-business and committed expenditure (Fixed Expenditure). This is required expenditure on existing assets for purposes such as maintenance, regulatory commitments and contractual obligations.



The revised FY17 program includes increased allocation of discretionary capital to operated Western Flank activities and the SACB and SWQ joint ventures. Additional discretionary projects to be undertaken in H2 FY17 include:

- Installation of production facilities in ex PEL 91 to bring the Kangaroo-1 oil discovery online and provide capacity for future exploration success.
- Two follow-up exploration wells in ex PEL 91 to further appraise the Birkhead Formation oil play near the Kangaroo discovery.
 - Nine operated exploration wells planned for FY17.
- Two development wells in the Pennington Field in ex PEL 91 to optimise field commerciality and accelerate production.
 - Seven operated appraisal / development wells planned for FY17.
- Additional SACB and SWQ joint venture wells proposed by the operator due to improved drilling efficiencies which have resulted in faster drilling times.
 - Up to 36 wells proposed for FY17¹.

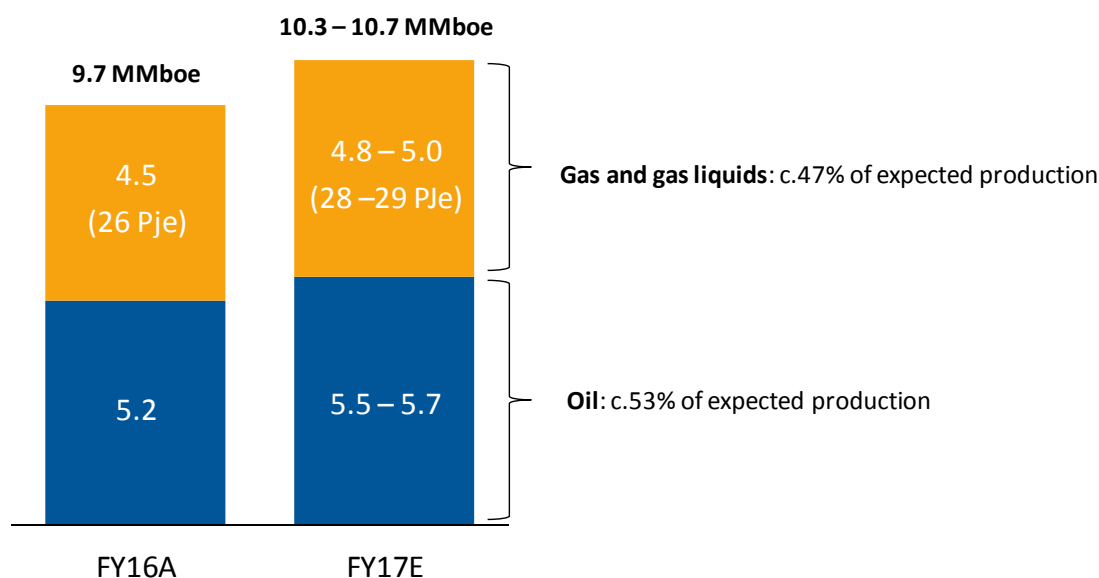
Revised guidance also reflects continued progress with cost savings and efficiencies, which have resulted in an overall reduction in capital expenditure estimates.

Further details of the revised FY17 capital expenditure program are contained in the Appendix.

¹ Certain wells are subject to Beach review and confirmation of participation

Production volumes

Beach has increased its FY17 production guidance to **10.3 – 10.7 MMboe** (previously 9.7 – 10.3 MMboe), as summarised below.



Upward revisions to full year FY17 production guidance were made to reflect the following:

- **Outperformance from ex PEL 91:** First half oil production exceeded expectations due to:
 - Optimised production from the Bauer-23 development well, with initial rates in excess of 2,000 bopd.
 - Better than expected performance from the Hanson Field following connection of development wells and installation of additional artificial lift.
 - Natural field decline across the permit at levels below expectations.
- **Outperformance from ex PEL 106:** First half gas and liquids production exceeded expectations due to:
 - Repair and maintenance work undertaken in Q4 FY16 which resulted in significant pressure re-charge at Middleton-1 and Brownlow-1 while the Middleton facility was offline for six weeks. Re-commencement of production in Q1 FY17 benefited from this pressure re-charge.
 - Better than expected initial production from the Ralgnal-1 and Udacha-1 wells.
- **Oil exploration success at Kangaroo-1:** The Kangaroo production facility has been completed and Kangaroo-1 is now on extended production test.
- **Additional development drilling in the Pennington Field:** Two prospects have been added to the FY17 drilling schedule, with Pennington-5 and Pennington-6 expected to be drilled in Q3 FY17. These wells will be brought online in Q4 FY17 assuming successful drilling outcomes.

Other operational factors influencing full year FY17 production guidance include:

- Additional oil and gas production from various field development activities, including:
 - **Bauer facility expansion:** Fluid handling capacity to be increased to 120,000 barrels of fluid per day (+60% / 45,000 barrels), enabling a material increase in production capacity for ex PEL 91 fields. Completion in Q3 FY17 is targeted.
 - **Middleton compression project:** Gas compression to be completed at the Middleton facility in ex PEL 106 to ensure maximum production capacity is maintained. Completion is expected in Q3 FY17, as well as connection of the Middleton East-1 and Coolawang-1 wells.
 - **Full field development plans:** Ongoing development activities include connection of well stock into the expanded Bauer facility, development drilling, installation of artificial lift and other initiatives.
- Natural field decline due in part to increasing water cuts and reductions in drilling activity over recent years.
- No production from Egypt and operated Queensland oil assets following completion of sales in H1 FY17.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Matt Kay".

Matt Kay
Chief Executive Officer

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Investor Relations

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Appendix – Revised FY17 Capital Expenditure Program and Indicative Drilling Timeline²

Capital Expenditure	\$ million	Wells		H2 FY17 Activities
		Exp.	App/Dev	
Western Flank Operated Oil				
Ex PEL 91	35 – 40	6	4	<ul style="list-style-type: none"> Bauer facility expansion Kangaroo production facility Two Birkhead exploration wells One Patchawarra exploration well Two Pennington development wells
Ex PEL 92	5 – 7	1	2	<ul style="list-style-type: none"> Facilities upgrades and artificial lift installations
Fixed Expenditure	10	-	-	
Western Flank Non-operated Oil				
Ex PEL 104 / 111	5 – 7	1	1	<ul style="list-style-type: none"> Two-well drilling program 3D seismic data interpretation
Fixed Expenditure	10	Up to 4	-	<ul style="list-style-type: none"> Up to three PEL 182 exploration wells PEL 87 exploration well 2D seismic interpretation (PEL 87)
Western Flank Gas				
Ex PEL 106 / 107	25 – 30	2	1	<ul style="list-style-type: none"> Middleton compression Three-well drilling program
Fixed Expenditure	10	-	-	
SACB and SWQ Joint Ventures				
Discretionary: Oil and Gas	35 – 40	Up to 2	Up to 34	<ul style="list-style-type: none"> Expanded exploration and development drilling program³
Fixed: Oil and Gas	25	-	-	
Other				
	Up to 10	-	-	
Total	170 – 185	Up to 16	Up to 42	
Exploration/Appraisal	c.33%			
Development	c.67%			

Indicative Drilling Timeline	Q3 FY17	Q4 FY17
Ex PEL 91 – Oil	Mokami-1, Pennington-5,-6	Knapmans-1, Rocky-1
Ex PEL 106 – Gas / liquids	Canunda-3, Crockery-1, Dandy-1	
Ex PEL 104 – Oil	Spitfire-8	Exploration well (to be confirmed)
PEL 182 – Oil	Sparta-1, Hoplite-1	Exploration well (to be confirmed)
PEL 87 – Oil		Exploration well (to be confirmed)
SACB and SWQ joint ventures	Oil and gas exploration and development drilling	

² Capital expenditure program subject to change; certain projects require joint venture approval

³ Certain wells are subject to Beach review and confirmation of participation