

24 April 2018  
Ref: #025/18

## Key Highlights

### Beach transformed

- Financial close of Lattice and Benaris transactions achieved.
- Free cash flow generation strong with approximately \$133 million generated for the quarter. Surplus cash reduces net gearing to 29% as at 31 March 2018 with liquidity at \$647 million.
- Transformation of Beach is evident with record production of 6.6 MMboe (+150%), sales volumes of 6.8 MMboe (+143%) and sales revenue of \$393 million (+89%).

### Lattice integration running to plan

- Integration progressing well with a seamless transition of ownership.
- Safety remains paramount and all assets, onshore and offshore, have continued safe operations throughout the ownership transition.
- On track to deliver synergy target of \$50 million per annum by the end of FY19.

### Production guidance tightened, capital expenditure guidance reduced and tightened

- Consolidation of Lattice financial results from 1 January 2018.
- Tightened FY18 pro forma<sup>1</sup> production guidance to 26.0 – 27.0 MMboe (previously 25.5 – 27.6 MMboe).
- Reduced and tightened FY18 pro forma<sup>1</sup> capital expenditure guidance to \$370 - 400 million (previously \$405 - 455 million).

### Cooper Basin continues to deliver

- 27 wells drilled at an 89% success rate.
- Successful horizontal development wells at Stunsail-6 and-7 and Growler-15 support increased focus on future horizontal well opportunities.
- 20% increase in oil production from operated ex PEL 91 driven by completion of artificial lift projects.
- 6% increase in production in operated ex PEL 106 following optimisation work.
- Middleton 40 MMscfd expansion field work commenced. On track to complete in FY18.
- Agreement with Senex to redirect legacy Lattice CBOS commitment to lower risk, expected higher return, western flank oil exploration and development.

### Development and farm down plans underway

- Otway Basin development plan is progressing in parallel with farm out process.
- Process to farm down the Otway gas project is underway.
- Perth Basin development plan incorporating Waitsia stage 2 development is progressing with joint venture partner, AWE.
- Toyota Tsusho transaction expected to complete in Q4 FY18.

1. Pro forma indicates 12 months of FY18 Beach legacy production/capex plus 12 months of FY18 Lattice legacy production/capex.

## Comments from Chief Executive Officer, Matt Kay

“It has been another extremely active quarter for Beach and I’m very pleased with the historic results we have delivered. It shows the step-change Beach is set to deliver with our strategically diverse and expanded portfolio of assets.

Headlined by the financial close of the Lattice acquisition and the safe and seamless ownership transition, the transformation of Beach has delivered record production, sales volumes and sales revenue. This translated into the generation of \$133 million free cash and has seen net gearing reduce to 29% at the end of March (original estimate of 35%).

While I am encouraged by the first steps we have taken, there is still more to be done especially as we continue to drive business synergies. We remain on track to meet our synergy target of \$50 million per annum by the end of FY19.

In addition to internal synergies, Beach is also realising value through efficient capital management which is evident by the agreement reached with Senex, subsequent to quarter end, to redirect up to \$43 million of capital expenditure to the lower risk, expected higher return western flank oil joint venture.

In terms of Beach’s operational performance, the Cooper Basin continues to deliver. A 20% increase in oil production from 100% Beach-owned ex PEL 91 and an 89% drilling success rate were the headlines for the quarter. Drilling successes included three horizontal development wells which will be monitored to confirm their anticipated superior return potential and has led to the identification of further horizontal well locations to be drilled in FY19. Our success in the Cooper Basin supports our target of maintaining FY18 Cooper Basin production over FY19 and FY20.

The newly acquired Lattice assets have delivered safe and steady performance throughout the quarter, meeting our Q3 production targets.

Offshore Otway Basin achieved a 4% increase in gross average daily production despite unplanned downtime for maintenance and power outages associated with the bushfires in south west Victoria. Wireline work was completed ahead of schedule at the Yolla field in the BassGas project and saw a solid production uplift late in the quarter. Kupe, in New Zealand, continued to deliver with steady operations, good customer demand and high liquids yields.

Steady operating performance allows us to tighten the FY18 pro forma production guidance range to 26.0 – 27.0 MMboe (previously 25.5 – 27.6 MMboe).

Beach is currently undertaking its annual asset review with a focus on applying Beach’s low cost, fit-for-purpose operating model to the new offshore asset base and determining optimal capital work programs, project ranking and sequencing across the entire portfolio.

High profile work streams include the previously announced farm down in the Otway Basin which is progressing and collaboration with our joint venture partner at Waitsia on determining the right-sized project options.

While the asset reviews are underway, we are prudently deferring non-core maintenance capital projects at our offshore assets, which in conjunction with ongoing capital efficiencies being achieved in the Cooper Basin allow us to reduce and tighten our FY18 pro forma capital expenditure guidance to \$370 – 400 million (previously \$405 – 455 million). Importantly, we consider this reduction in capital expenditure to be value additive to the business.”

## Key statistics

Key statistics					
	March Q3 FY17	December Q2 FY18	March Q3 FY18 <sup>1</sup>	Qtr on Qtr Change	YTD <sup>1</sup>
Production (kboe)	2,509	2,627	<b>6,575</b>	150%	11,755
Sales Volumes (kboe)	2,647	2,797	<b>6,808</b>	143%	12,488
Sales Revenue (\$ million)	153	208	<b>393</b>	89%	779
Realised Oil Price (\$/bbl)	68.8	97.4	<b>92.8</b>	(5%)	89.4
Realised Sales Gas and Ethane Price (\$/GJ)	6.3	6.5	<b>6.6</b>	2%	6.6
Net Cash/(Debt) (\$ million)	175	552	<b>(753)</b>	(236%)	(753)

1. FY18 results consolidate Lattice and Benaris assets from 1 January 2018. Toyota Tsusho Transaction is pending and therefore results do not include Toyota Tsusho's interests.

## Financial

### Sales volumes

Quarterly sales volumes of 6,808 kboe were 143% higher than the prior quarter, principally due to the contribution of the newly acquired assets. Year-to-date total sales volumes were 12,488 kboe.

Sales volumes						
		March Q3 FY17	December Q2 FY18	March Q3 FY18 <sup>1</sup>	Qtr on Qtr Change	YTD <sup>1</sup>
<b>Oil (kbbbl)</b>	Own Product	1,301	1,301	1,437	10%	4,027
	Third Party	76	153	199	30%	505
	<b>Total Oil</b>	<b>1,377</b>	<b>1,453</b>	<b>1,636</b>	<b>13%</b>	<b>4,532</b>
<b>Sales Gas and Ethane (PJ)</b>	Own Product	5.7	6.0	24.1	298%	36.2
	Third Party	0.1	0.1	0.3	245%	0.5
	<b>Total Gas</b>	<b>5.8</b>	<b>6.1</b>	<b>24.4</b>	<b>297%</b>	<b>36.7</b>
<b>LPG (kt)</b>	Own Product	14.2	18.5	47.5	156%	85.8
	Third Party	0.2	0.1	2.2	2,420%	2.9
	<b>Total LPG</b>	<b>14.4</b>	<b>18.6</b>	<b>49.6</b>	<b>166%</b>	<b>88.7</b>
<b>Condensate (kbbbl)</b>	Own Product	142	138	595	332%	946
	Third Party	6	1	5	472%	11
	<b>Total Condensate</b>	<b>148</b>	<b>139</b>	<b>600</b>	<b>333%</b>	<b>957</b>
<b>Total Oil and Gas Sales (kboe)</b>		<b>2,647</b>	<b>2,797</b>	<b>6,808</b>	<b>143%</b>	<b>12,488</b>
Total – Own Product (kboe)		2,536	2,627	6,531	149%	11,862
Total – Third Party (kboe)		111	170	277	63%	627

1. FY18 results consolidate Lattice and Benaris assets from 1 January 2018. Toyota Tsusho Transaction is pending and therefore results do not include Toyota Tsusho's interests.

## Sales revenue

Total sales revenue of \$393 million was 89% higher than the prior quarter, principally due to the contribution of the newly acquired assets. Year-to-date total sales revenue was \$779 million. Total average realised pricing was down 22% to \$57.8/boe on the increasing proportion of gas sales in the product mix. The average realised sales gas and ethane price increased by 2% to \$6.62/GJ.

Sales revenue (\$ million)					
	March Q3 FY17	December Q2 FY18	March Q3 FY18 <sup>1</sup>	Qtr on Qtr Change	YTD <sup>1</sup>
<b>Oil</b>	<b>94.8</b>	<b>141.5</b>	<b>151.7</b>	<b>7%</b>	<b>405.2</b>
Sales Gas and Ethane	36.7	39.9	161.3	304%	240.7
LPG	9.7	14.6	31.3	114%	57.5
Condensate	11.5	12.2	49.2	304%	76.0
<b>Sales Gas and Gas Liquids</b>	<b>57.9</b>	<b>66.7</b>	<b>241.8</b>	<b>262%</b>	<b>374.2</b>
<b>Total Oil and Gas</b>	<b>152.7</b>	<b>208.2</b>	<b>393.5</b>	<b>89%</b>	<b>779.4</b>
Total – Own Product	146.0	194.4	370.9	91%	731.4
Total – Third Party	6.7	13.8	22.6	64%	48.0
Average realised prices					
	March Q3 FY17	December Q2 FY18	March Q3 FY18 <sup>1</sup>	Qtr on Qtr Change	YTD <sup>1</sup>
<b>All Products (\$/boe)</b>	<b>57.7</b>	<b>74.4</b>	<b>57.8</b>	<b>(22%)</b>	<b>62.4</b>
Oil (\$/bbl)	68.8	97.4	92.8	(5%)	89.4
Sales Gas and Ethane (\$/GJ)	6.3	6.5	6.6	2%	6.6
LPG (\$/t)	675.5	783.9	630.1	(20%)	647.7
Condensate (\$/bbl)	77.8	87.7	81.9	(7%)	79.5

1. FY18 results consolidate Lattice and Benaris assets from 1 January 2018. Toyota Tsusho Transaction is pending and therefore results do not include Toyota Tsusho's interests.

## Capital expenditure

Total capital expenditure was \$86 million, 10% higher than the prior quarter. Development, Plant and Equipment capex was up 53% with greater development drilling occurring, including three horizontal development wells. Year-to-date capex was \$210 million.

Capital expenditure (\$ million)					
	March Q3 FY17	December Q2 FY18	March Q3 FY18 <sup>1</sup>	Qtr on Qtr Change	YTD <sup>1</sup>
Exploration and Appraisal	14.3	33.0	17.2	(48%)	60.7
Development, Plant and Equipment	22.3	44.8	68.4	53%	148.9
<b>Total</b>	<b>36.6</b>	<b>77.8</b>	<b>85.7</b>	<b>10%</b>	<b>209.6</b>

1. FY18 results consolidate Lattice and Benaris assets from 1 January 2018. Toyota Tsusho Transaction is pending and therefore results do not include Toyota Tsusho's interests.

Following review of year-to-date and forecast spend, Beach is able to reduce its FY18 pro forma capital expenditure guidance to \$370 – 400 million (previously \$405 – 455 million). Beach will consolidate Lattice for accounting purposes from 1 January 2018. On this basis, Beach guides to consolidated FY18 capital expenditure in the range of \$294 – 324 million.

As part of Beach's low-cost, fit-for-purpose operating business model, a full review of all capital expenditure programs is underway. Reduced FY18 pro forma capital expenditure guidance is driven by:

- Deferral of non-core, maintenance capital expenditure on the offshore asset portfolio;
- Value-based deferral of long lead items for the offshore Otway basin; and
- Continued drilling and other efficiencies in the Cooper Basin capital projects with some activity moving into Q1 FY19.

The reduced capital expenditure guidance does not impact previous FY18 pro forma production guidance, which Beach is able to tighten to 26.0 – 27.0 MMboe (previously 25.5 – 27.6 MMboe) (see Production section).

## Liquidity

Beach ended the quarter with net debt of \$753 million comprising drawn debt of \$950 million and cash reserves of \$197 million. With undrawn revolving credit facilities of \$450 million, Beach has total liquidity of \$647 million. Material cash flows for the quarter included the completion payment for the Lattice acquisition of \$1,498 million (see announcement #008/18 dated 31 January 2018), capital expenditure of \$86 million, a \$23 million dividend payment and \$219 million operating cash flow.

Liquidity (\$ million)				
	March Q3 FY17	December Q2 FY18	March Q3 FY18	Qtr on Qtr Change
Cash Reserves	325.3	552.2	196.5	(355.7)
Drawn Debt	150.0	–	950.0	950.0
<b>Net Cash/(Debt)</b>	<b>175.3</b>	<b>552.2</b>	<b>(753.5)</b>	<b>(1,305.7)</b>
Undrawn Facilities	350.0	200.0	450.0	

## Capital structure

Beach's capital structure as at 31 March 2018 is set out below. The change in unlisted employee rights reflects the lapse of executive long term incentive rights.

Capital structure			
	December Q2 FY18	March Q3 FY18	Qtr on Qtr Change
Fully Paid Ordinary Shares	2,276,155,671	2,276,155,671	-
Unlisted Employee Rights	9,084,691	7,557,226	(1,527,465)

## Hedging

Beach uses a range of instruments to protect against downside oil price scenarios. During the quarter, Beach entered into a 3-way collar for 5,220,000 bbls for the period April 2018 to March 2019 (A\$55 floor, A\$100 ceiling with re-participation above A\$110). The additional cash flow hedging was undertaken for prudent downside protection in recognition of Beach's new debt obligations. The following hedges were in place as at 31 March 2018.

Hedges (Brent)						
	3-way Collar \$50 – 96 – 106 per bbl	Collar \$40 – 90 per bbl	3-way Collar \$40 – 90 – 100 per bbl	3-way Collar \$40 – 103 – 113 per bbl	3-way Collar \$55 – 100 – 110 per bbl	Total Hedged Volumes (bbl)
FY18 (remaining)	75,000	330,000	285,000	-	1,785,000	2,475,000
FY19	-	285,000	577,500	630,000	3,435,000	4,927,500
<b>Total</b>	<b>75,000</b>	<b>615,000</b>	<b>862,500</b>	<b>630,000</b>	<b>5,220,000</b>	<b>7,402,500</b>

## Operations

### Production

Production					
	March Q3 FY17	December Q2 FY18	March Q3 FY18 <sup>1</sup>	Qtr on Qtr Change	YTD <sup>1</sup>
<b>Total Oil (kbbl)</b>	<b>1,349</b>	<b>1,331</b>	<b>1,543</b>	<b>16%</b>	<b>4,190</b>
Sales Gas and Ethane (PJ)	5.5	6.1	23.7	291%	35.5
LPG (kt)	12.7	15.6	57.2	267%	87.8
Condensate (kbbl)	109	131	506	285%	761
<b>Total Sales Gas and Gas Liquids (kboe)</b>	<b>1,161</b>	<b>1,296</b>	<b>5,032</b>	<b>288%</b>	<b>7,565</b>
<b>Total Production (kboe)</b>	<b>2,509</b>	<b>2,627</b>	<b>6,575</b>	<b>150%</b>	<b>11,755</b>
<b>Total Production (PJe)</b>	<b>14.6</b>	<b>15.3</b>	<b>38.2</b>	<b>150%</b>	<b>68.4</b>

1. FY18 results consolidate Lattice and Benaris assets from 1 January 2018. Toyota Tsusho Transaction is pending and therefore results do not include Toyota Tsusho's interests.

Quarterly production of 6,575 kboe was 150% higher than the prior quarter, principally driven by the contribution of the newly acquired assets. The contribution of the new assets was complemented by strong Western Flank performance, which included a 20% increase in oil production from 100% Beach owned ex PEL 91 driven by recent artificial lift installations and other field work and a 6% increase in production from 100% Beach owned ex PEL 106.

With another solid production result and steady operations expected across the onshore and offshore portfolio, Beach tightens its FY18 pro forma production guidance to 26.0 – 27.0 MMboe (previously 25.5 – 27.6 MMboe). Beach will consolidate Lattice for accounting purposes from 1 January 2018. On this basis, Beach guides to consolidated FY18 production in the range of 18.1 – 19.1 MMboe.

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

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

## SAWA Production

Consisting of Cooper Basin and Perth Basin.

Cooper Basin production					
	March Q3 FY17	December Q2 FY18	March Q3 FY18 <sup>1</sup>	Qtr on Qtr Change	YTD <sup>1</sup>
<b>Total Oil (kbbl)</b>	<b>1,349</b>	<b>1,331</b>	<b>1,543</b>	<b>16%</b>	<b>4,190</b>
Sales Gas and Ethane (PJ)	5.5	6.1	8.9	47%	20.7
LPG (kt)	12.7	15.6	24.4	57%	55.5
Condensate (kbbl)	109	131	198	52%	453
<b>Total Sales Gas and Gas Liquids (kboe)</b>	<b>1,161</b>	<b>1,296</b>	<b>1,922</b>	<b>48%</b>	<b>4,455</b>
<b>Total Production (kboe)</b>	<b>2,509</b>	<b>2,627</b>	<b>3,465</b>	<b>32%</b>	<b>8,645</b>
<b>Total Production (PJe)</b>	<b>14.6</b>	<b>15.3</b>	<b>20.2</b>	<b>32%</b>	<b>50.3</b>
Q3 FY18 Cooper Basin production detail					
	Oil (kbbl)	Sales Gas and Ethane (PJ)	LPG (kt)	Condensate (kbbl)	Total (kboe)
Western Flank ex PEL 91 (Beach 100%)	982 (+20%)	0.1 (+181%)	0.8 (+169%)	8 (+147%)	<b>1,020</b> <b>(+22%)</b>
Western Flank ex PEL 92 (Beach 75% and operator, Cooper Energy 25%)	204 (-4%)	-	-	-	<b>204</b> <b>(-4%)</b>
Western Flank ex PEL 106 (Beach 100%)	-	1.2 (-4%)	7.3 (+28%)	61 (+33%)	<b>327</b> <b>(+6%)</b>
Western Flank ex PEL 104 / 111 (Beach 40%, Senex 60% and operator)	95 (-6%)	-	-	-	<b>95</b> <b>(-6%)</b>
Cooper Basin JV (Various non-operated interests)	226 (+38%)	7.5 (+61%)	16.0 (+76%)	126 (+65%)	<b>1,767</b> <b>(+59%)</b>
Other producing permits (Various non-operated interests)	36 (+12%)	0.1 (-25%)	0.3 (-33%)	3 (-43%)	<b>52</b> <b>(-6%)</b>
<b>Total Production (kboe)</b>	<b>1,543</b>	<b>1,531</b>	<b>206</b>	<b>185</b>	<b>3,465</b>
<b>Total Production (PJe)</b>	<b>9.0</b>	<b>8.9</b>	<b>1.2</b>	<b>1.1</b>	<b>20.2</b>

Quarter-over-quarter movement shown in parenthesis.

1. FY18 results consolidate Lattice and Benaris assets from 1 January 2018.

### Commentary:

- Total Cooper Basin production was 32% higher than the prior quarter, principally due to Beach's enlarged ownership in the Cooper Basin JV after the Lattice acquisition.
- Oil production from ex PEL 91 grew 20% reflecting production uplift from the recently completed artificial lift campaign (four artificial lift installations completed during Q2 and three completed in Q3 FY18), the results of debottlenecking work in the field and a full quarter's contribution from Stanleys-1 which was brought online in December 2017.
- Senex operated Growler-15 was drilled and brought online during the quarter at an initial production rate of 1,850 bopd.
- Gas processing capacity at the Moomba plant has been restricted since early March due to repairs and maintenance to one of the CO<sub>2</sub> trains. To optimise production during this period, Beach is actively managing Western Flank gas production to wells with higher liquids and/or

lower CO<sub>2</sub> content. With high uptime at Beach's Middleton facility and active production management, Beach was able to grow ex PEL 106 production 6% for the quarter.

- Cooper Basin JV production was up 59% quarter-over-quarter driven by Beach's increased ownership in the joint venture. On a gross basis, average daily oil production increased 7% to 7,081 bopd while average daily gas and gas liquids production declined 2% to 47,806 boepd reflecting strong results from oil production optimisation.

Perth Basin production <sup>2</sup>			
	March Q3 FY18 <sup>1</sup>	Qtr on Qtr Change	YTD <sup>1</sup>
Sales Gas and Ethane (PJ)	1.2	NA	1.2
LPG (kt)	0.0	NA	0.0
Condensate (kbbl)	1	NA	1
<b>Total Production (kboe)</b>	<b>209</b>	<b>NA</b>	<b>209</b>
<b>Total Production (PJe)</b>	<b>1.2</b>	<b>NA</b>	<b>1.2</b>

1. FY18 results consolidate Lattice and Benaris assets from 1 January 2018.

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

#### Commentary:

- Beach's Perth Basin production is approximately 65% from Beharra Springs and 35% from Waitsia.

## Victoria Production

Consisting of offshore Otway Basin and Bass Basin.

Otway Basin production <sup>2</sup>			
	March Q3 FY18 <sup>1</sup>	Qtr on Qtr Change	YTD <sup>1</sup>
Sales Gas and Ethane (PJ)	8.5	NA	8.5
LPG (kt)	14.8	NA	14.8
Condensate (kbbl)	105	NA	105
<b>Total Production (kboe)</b>	<b>1,692</b>	<b>NA</b>	<b>1,692</b>
<b>Total Production (PJe)</b>	<b>9.8</b>	<b>NA</b>	<b>9.8</b>

1. FY18 results consolidate Lattice and Benaris assets from 1 January 2018.

2. Otway Basin production represents Otway gas project and HBWS. HBWS is Beach 100% owned. For Q3 FY18, ownership of Otway gas project was Beach 95% and operator, Toyota Tsusho 5%. See Beach ASX Announcement #098/17 from 21 December 2017. Beach has agreed to acquire Toyota Tsusho's 5% interest in Otway Gas Project and 11.25% interest in BassGas Project. Completion of the transaction is pending.

#### Commentary:

- Gross average daily production from the Otway Basin was up 4% quarter-over-quarter to approximately 113 TJe/day and in line with third quarter production targets.
- The strong production result was recorded despite an unplanned eight day shutdown of the Otway gas processing plant for repair work, and unplanned power outages during the emergency response to bushfires in southwest Victoria in March.

Bass Basin production <sup>2</sup>			
	March Q3 FY18 <sup>1</sup>	Qtr on Qtr Change	YTD <sup>1</sup>
Sales Gas and Ethane (PJ)	1.8	NA	1.8
LPG (kt)	5.0	NA	5.0
Condensate (kbbbl)	59	NA	59
<b>Total Production (kboe)</b>	<b>408</b>	<b>NA</b>	<b>408</b>
<b>Total Production (PJe)</b>	<b>2.4</b>	<b>NA</b>	<b>2.4</b>

1. FY18 results consolidate Lattice and Benaris assets from 1 January 2018.

2. Bass Basin production represents BassGas Project. For Q3 FY18, ownership of BassGas was Beach 42.5% and operator, AWE 35%, Toyota Tsusho 11.25%, Prize 11.25%. See Beach ASX Announcement #098/17 from 21 December 2017. Beach has agreed to acquire Toyota Tsusho's 5% interest in Otway Gas Project and 11.25% interest in BassGas Project. Completion of the transaction is pending.

### Commentary:

- Gross average daily production from the Bass Basin was down 13% quarter-over-quarter to approximately 62 TJe/day.
- Production was impacted by seasonally lower customer nominations, unplanned downtime to complete compressor repairs and a wireline campaign on Yolla-3, -4, -5 and -6 which curtailed production for approximately seven days. Successful completion of the wireline campaign saw initial incremental total production of 4 – 5 TJ/day late in the quarter.

## New Zealand Production

Consisting of Taranaki Basin.

Taranaki Basin production <sup>2</sup>			
	March Q3 FY18 <sup>1</sup>	Qtr on Qtr Change	YTD <sup>1</sup>
Sales Gas and Ethane (PJ)	3.2	NA	3.2
LPG (kt)	13.0	NA	13.0
Condensate (kbbbl)	144	NA	144
<b>Total Production (kboe)</b>	<b>802</b>	<b>NA</b>	<b>802</b>
<b>Total Production (PJe)</b>	<b>4.7</b>	<b>NA</b>	<b>4.7</b>

1. FY18 results consolidate Lattice and Benaris assets from 1 January 2018.

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

### Commentary:

- Gross average daily production from the Kupe Gas Project was up 4% quarter-over-quarter to approximately 104 TJe/day driven by higher customer nominations and steady operations.

## Drilling Summary

Well name	Basin / area	Wells drilled			Beach %	Well status
		Target	Type			
Balcaminga-3	SA Cooper	Gas	Dev.		33.4%	C&S
Bantam-1	Qld Cooper	Gas	Expl.		39.9%	C&S
Casimir-1	SA Cooper	Gas	Expl.		25%	C&S
Cocinero-5	Qld Cooper	Oil	Dev.		45%	P&A
Cocinero-6	Qld Cooper	Oil	App.		45%	C&S
Cocinero-7	Qld Cooper	Oil	Dev.		45%	C&S
Cocinero-8	Qld Cooper	Oil	Dev.		45%	C&S
Gooranie-8	SA Cooper	Gas & oil	Dev.		33.4%	C&S
Gooranie-9	SA Cooper	Gas & oil	Dev.		33.4%	C&S
Gooranie-10	SA Cooper	Gas & oil	Dev.		33.4%	C&S
Gooranie-11	SA Cooper	Gas & oil	Dev.		33.4%	C&S
Growler-15	SA Cooper	Oil	Hz. Dev.		40%	Online
Kalladeina-3	SA Cooper	Oil	App.		100%*	C&S
Kalladeina North-1	SA Cooper	Oil	App.		100%*	C&S
Kooroopa-4	Qld Cooper	Oil	App.		40%	C&S
Lady Bay-1	SA Cooper	Gas	Expl.		50%*	P&A
Marauder-2	SA Cooper	Oil	Expl.		40%	P&A
Marauder-2 DW1	SA Cooper	Oil	Dev.		40%	C&S
Napowie-3	SA Cooper	Gas	App.		33.4%	C&S
Stunsail-4	SA Cooper	Oil	Dev.		100%*	C&S
Stunsail-5	SA Cooper	Oil	Dev.		100%*	C&S
Stunsail-6	SA Cooper	Oil	Hz. Dev		100%*	C&S
Stunsail-7	SA Cooper	Oil	Hz. Dev		100%*	C&S
Takyah-6	Qld Cooper	Oil	App.		40%	C&S
Tirrawarra-89	SA Cooper	Gas & oil	Dev.		33.4%	C&S
Varanus-4	SA Cooper	Gas	Dev.		33.4%	C&S
Wackett-17	Qld Cooper	Gas	App.		39.9%	C&S

\* Indicates Beach operated

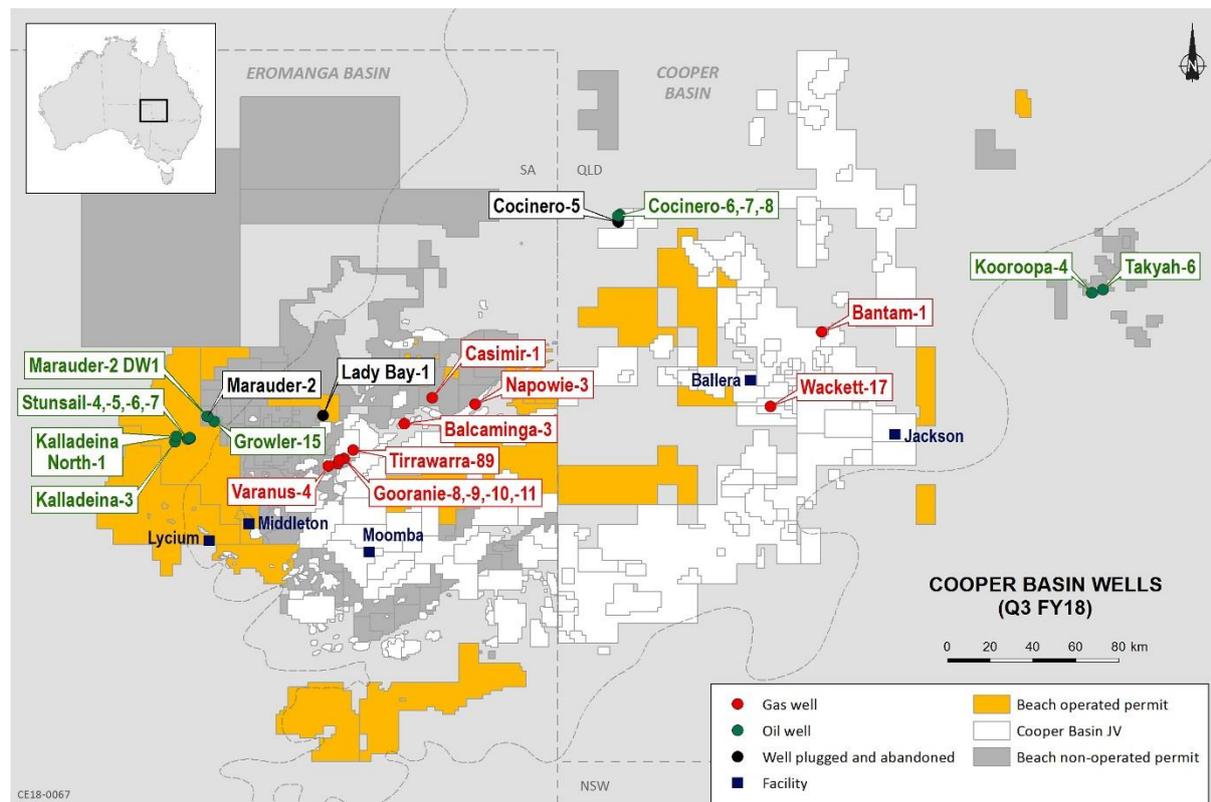
For additional information on the Q3 drilling program, please refer to monthly drilling reports for January (released 7 February 2018), February (released 7 March 2018) and March (released 4 April 2018).

Well results summary						
Basin	Category	Wells Spudded	Rig Released	Successful Wells	Success Rate	Successful Wells
Cooper	Oil – Exploration	1	1	0	0%	
	Oil – Appraisal	5	5	5	100%	Cocinero-6; Kalladeina-3; Kalladeina North-1; Kooroopa-4; Takyah-6
	Oil – Development	9	9	8	89%	Cocinero-7, -8; Growler-15; Stunsail-4, -5, -6, -7, Marauder-2 DW1
	Gas – Exploration	3	3	2	67%	Casimir-1; Bantam-1
	Gas – Appraisal	2	2	2	100%	Napowie-3; Wackett-17
	Gas – Development	7	7	7	100%	Balcaminga-3; Gooranie-8, -9, -10, -11; Tirrawarra-89; Varanus-4
	<b>Total Wells</b>		<b>27</b>	<b>27</b>	<b>24</b>	<b>89%</b>
All Exploration Wells		4	4	2	50%	
All Appraisal Wells		7	7	7	100%	
All Development Wells		16	16	15	94%	

### Drilling highlights:

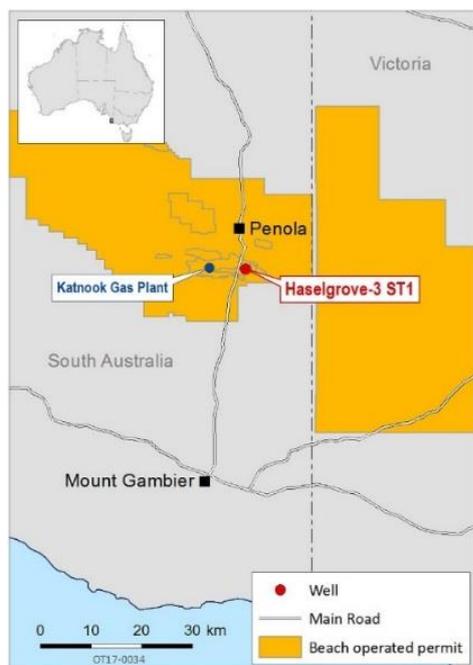
- Strong drilling performance continued with 27 wells drilled at an 89% success rate.
- The drilling component of the Stunsail full field development project was successfully completed. The campaign comprised an initial two-well vertical phase later followed by a two-well horizontal phase. Horizontal well, Stunsail-6 is the first Birkhead Formation, horizontal development well on the Western Flank. It drilled a 585 metre lateral section and encountered 203 metres of net oil pay. Horizontal well, Stunsail-7 targeted the McKinlay Member. It drilled a 528 metre lateral section and encountered 509 metres of net oil pay.
- Horizontal development well, Growler-15, was successfully drilled and brought online as a Birkhead Formation producer. Growler-15 drilled a 1,037 metre lateral section and encountered 578 metres of net oil pay.
- Successful horizontal development wells at Stunsail-6 and-7 and Growler-15 support increased focus on future horizontal well opportunities.
- 100% success rate in the five-well, Cooper Basin JV gas and oil development campaign in the Tirrawarra-Gooranie Field.
- Second phase of Beach's FY18 operated gas exploration campaign commenced in March.

## Cooper and Eromanga Basins



### Other commentary:

Haselgrove-3 ST1 was drilled in Q2 FY18 in the onshore Otway Basin as a deviated well to a total measured depth of 4,331 metres and targeted the Sawpit Sandstone and shallower Pretty Hill Sandstone. On 11 January 2018, Beach announced Haselgrove-3 ST1 as a new gas field discovery. An initial production test (IPT) was conducted from 10 February to 14 March. The IPT involved two stages, the flow test stage which occurred from 10 to 17 February and the pressure-build stage where the well was shut-in and pressure data observed until 14 March. The IPT confirmed excellent gas deliverability and low inert content (~5%) of the Sawpit Sandstone. Flow rates and pressure data indicate further appraisal is required to assess total volume of the Sawpit Sandstone structure. Development concepts to connect Haselgrove-3 ST1 are being assessed to determine commercial options. On 28 March, it was announced that Beach was awarded a \$6 million grant under the Australian Government's Gas Acceleration Program (GAP) to partially fund a proposed new Katnook Gas Processing Facility, which would be required to bring gas from Haselgrove-3 ST1 to market.



## Corporate and Commercial

### Financial close of Lattice and Benaris acquisitions

On 28 September 2017, Beach announced that it had entered into a binding agreement to acquire Lattice for \$1,585 million, a transformational acquisition which directly aligns with Beach's strategy. The transaction delivers a step-change in production and reserves, diversity across production hubs and gas processing infrastructure, and an expanded asset portfolio with significant optionality and value creating growth opportunities.

The final completion payment of \$1,498 million comprised the purchase price of \$1,585 million less adjustments of \$87 million, representing the economic benefit of Lattice from 1 July 2017, which was reflected in the adjustments and acquired cash. Beach will consolidate Lattice financial results from 1 January 2018.

This was funded from existing cash reserves of \$503 million, which included proceeds of a 3 for 14 accelerated non-renounceable pro-rata entitlement offer, and drawdown of new debt facilities of \$995 million.

The acquisition price for Lattice included the acquisition of Benaris' 27.77% interest in the Otway Gas Project which Origin had entered into a binding agreement to acquire for \$190 million, as announced to the ASX on 11 September 2017 and which cash settled on 5 February 2018.

On 21 December 2017, Beach announced that it had entered into binding agreements with Toyota Tsusho to acquire its interests in the Otway Gas Project and BassGas Project. Beach will acquire Toyota Tsusho's 5% stake in OGP and 11.25% stake in BassGas Project for cash consideration, to be funded from Beach's existing cash reserves. Completion is expected in Q4 FY18 with an effective date of 1 January 2017 for the Otway Gas Project interest and 1 July 2017 for the BassGas Project interests.

## Subsequent Events

### **Agreement with Senex to transfer free-carry commitment to Western Flank oil assets**

Beach and Senex have reached agreement to transfer the remaining free-carry commitment on the joint venture's unconventional gas project to the Senex operated Cooper Basin Western Flank oil assets. Beach's recent acquisition of Lattice included the commitment to free-carry Senex for up to \$43 million of investment, exploring for unconventional gas in the Cooper Basin. After negotiations with Senex, it has been agreed to transfer the commitment of up to \$43 million to lower-risk, expected higher-return oil opportunities in Western Flank permits ex PEL 104 and ex PEL 111 (Senex 60% and operator, Beach 40%).

The joint venture will commence an agreed work program in early FY19 that includes at least three horizontal development wells and seven exploration wells, and associated infrastructure, over approximately 18 months. The former Lattice, earned interest in the unconventional gas acreage will revert to Senex in full, subject to pre-emptive rights.

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

Investor Relations      Mark Hollis, Investor Relations Advisor

Media                      Rob Malinauskas, Group Manager - Corporate Affairs

## Glossary

\$	Australian dollars	kdbl	Thousand barrels of oil
AWE	AWE Limited	kboe	Thousand barrels of oil equivalent
ATP	Authority to Prospect	kt	Thousand tonnes
bbl	Barrels	Kupe Gas Project	Beach 50% and op, Genesis 46%, NZOG 4% Consists of offshore Kupe gas field in the Taranki Basin, the Kupe offshore platform, Kupe gas plant and associated infrastructure.
BassGas Project	Producing assets: Beach 42.5% and op, AWE 35%, Prize 11.25%, Toyota Tsusho 11.25%; Exploration permits: Beach 39% and op, AWE 40%, Toyota Tsusho 11.25%, Prize 9.75% Includes the producing Yolla field, the BassGas pipeline and Lang Lang gas plant as well as separate retention leases over the Trefoil, Rockhopper and White Ibis discoveries.	Lattice	Lattice Energy Ltd
Beach	Beach Energy Ltd	LPG	Liquefied petroleum gas
Benaris	Refers to 27.77% of Otway Gas Project, acquired by Lattice, as announced by Origin on 11 September 2017	MMbbl	Million barrels of oil
Bcf	Billion cubic feet	MMboe	Million barrels of oil equivalent
boe	Barrels of oil equivalent – the volume of hydrocarbons expressed in terms of the volume of oil which would contain an equivalent volume of energy	MMscfd	Million standard cubic feet of gas per day
bopd	Barrels of oil per day	NZOG	New Zealand Oil & Gas
C&S	Cased and suspended	Origin	Origin Energy Ltd
CBOS	Cooper Basin Operated Senex unconventional gas project	Otway Gas Project	Beach 95% and op, Toyota Tsusho 5% Consists of offshore gas fields, Thylacine and Geographe, the Thylacine Well Head Platform, Otway Gas Plant and associated infrastructure
Cooper Energy	Cooper Energy Ltd	P&A	Plugged and abandoned
Cooper Basin	Includes both Cooper and Eromanga basins	PACE	Plan for Accelerating Exploration
Cooper Basin JV	Incorporates the Santos operated, SACB JVs and SWQ JVs	PEL	Petroleum Exploration Licence
Ex PEL 91	PRLs 151 to 172 and various production licences	PEP	Petroleum Exploration Permit
Ex PEL 92	PRLs 85 to 104 and various production licences	Prize	Prize Petroleum International
Ex PEL 101	PRLs 173 and 174 and various production licences	PPL	Petroleum Production Licence
Ex PEL 104 / 111	PRLs 136 to 150 and various production licences	PRL	Petroleum Retention Licence
Ex PEL 106	PRLs 129 and 130 and various production licences	Pro forma	Pro forma indicates 12 months of FY18 Beach legacy production/capex plus 12 months of FY18 Lattice legacy production/capex.
Ex PEL 107	PRLs 175 to 179	PJ	Petajoule
Ex PEL 513 / 632	PRLs 191 to 206 and various production licences	PJe	Petajoule equivalent
Free cash flow	Defined as operating cash flow less capital expenditure	Q(3) (FY18)	(Third) quarter of (FY18)
FY(18)	Financial year (2018)	Qtr	Quarter
GAP	Gas Acceleration Program	SACB JV	South Australian Cooper Basin Joint Ventures, which include the Fixed Factor Area (Beach 33.4%, Santos 66.6%) and the Patchawarra East Block (Beach 27.68%, Santos 72.32%)
Genesis	Genesis Energy Limited	Santos	Santos Ltd
GSA	Gas sales agreement	Senex	Senex Energy Ltd
GJ	Gigajoule	SWQ JV	South West Queensland Joint Ventures, incorporating various equity interests (Beach 30-52.2%)
H(2) (FY18)	(Second) half year period (of FY18)	TJ	Terajoule
HBWS	100% Beach owned, Halladale, Blackwatch and Speculant fields in the offshore Otway Basin	The	Terajoule equivalent
IPT	Initial production test	Toyota Tsusho	Toyota Tsusho Corporation and related parties
		Toyota Tsusho Transaction	Refers to 5% of Otway Gas Project and 11.25% of BassGas Project agreed to be acquired by Beach, per Beach's announcement #098/17 of 21 December 2017.