

**Macquarie Australia Conference**  
**8 May 2014**

## **Disclaimer**

This presentation contains forward looking statements that are subject to risk factors associated with oil, gas, geothermal 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 presentation are to Australian currency, unless otherwise stated. References to “Beach” may be references to Beach Energy Limited or its applicable subsidiaries.

Unless otherwise noted, all references to reserves and resources figures are as at 30 June 2013 and represent Beach’s share.

## **Competent Persons Statement**

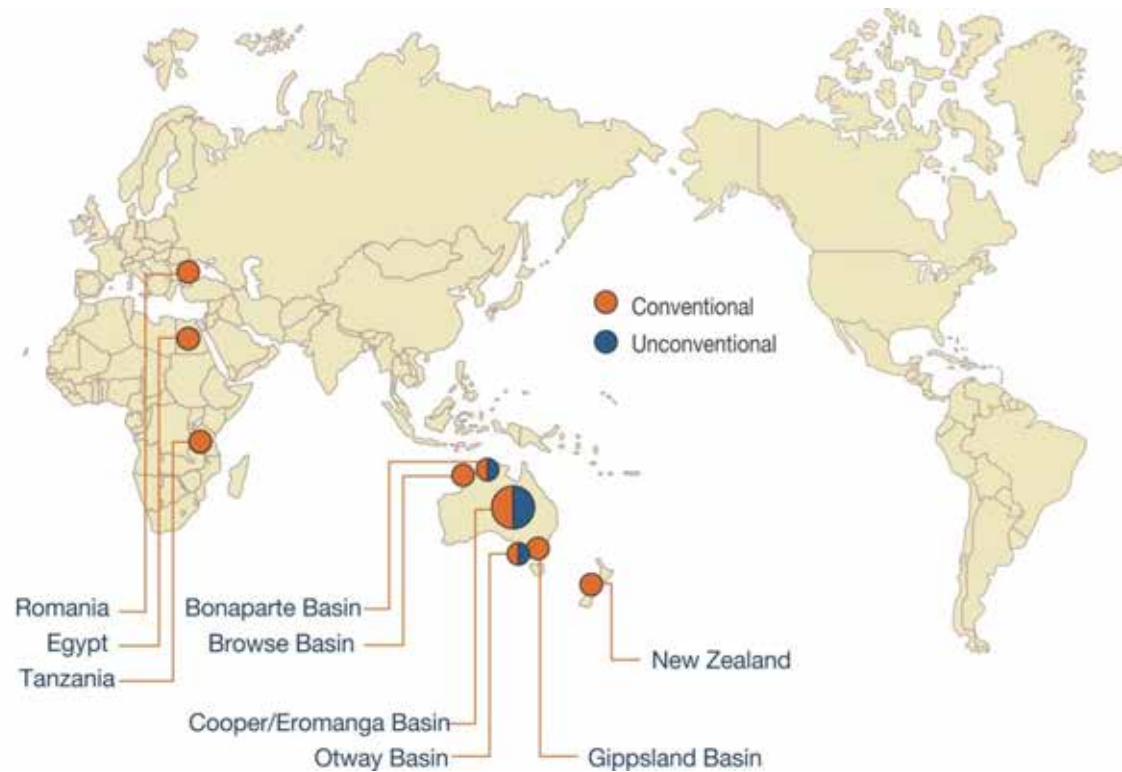
The reserves and resources information in this presentation is based on, and fairly represents, information and supporting documentation prepared by, or under the supervision of, Mr Tony Lake (Reservoir Engineering Manager). Mr Lake is an employee of Beach Energy Limited and has a BE (Mech) degree from the University of Adelaide and is a member of the Society of Petroleum Engineers (SPE). The reserves and resources information in this presentation has been issued with the prior written consent of Mr Lake in the form and context in which it appears.

## General overview



# Key facts

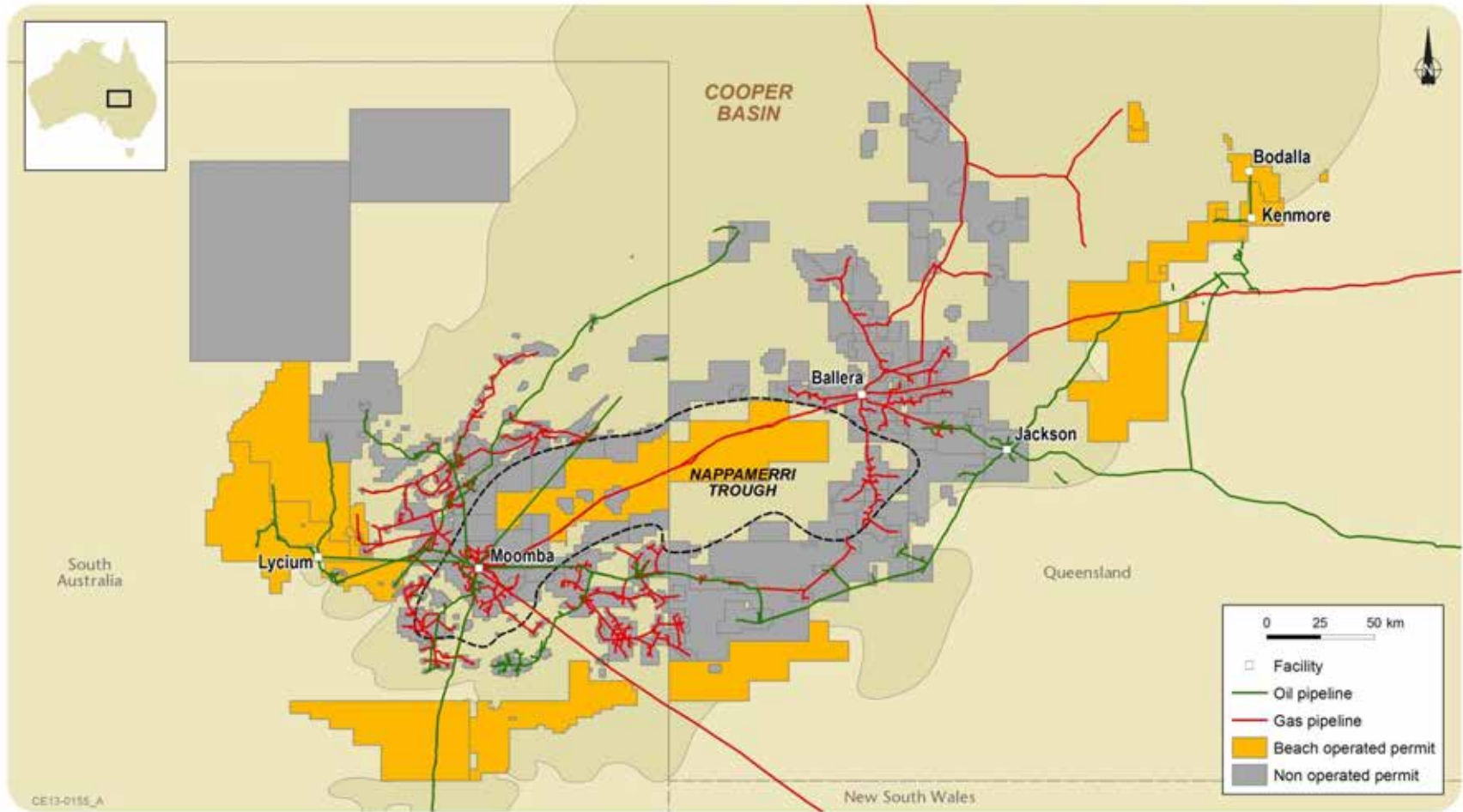
- ASX 100 company with a market capitalisation of ~A\$2.2 billion<sup>1</sup>
- Largest Australian onshore oil producer
- Strong balance sheet with cash of \$428 million<sup>2</sup>
- Undrawn secured debt facility of \$300 million
- FY14 sales revenue on track for \$1 billion



***Fully funded capex program primarily focused on the Cooper Basin***

1. As at 1 May 2014 2. As at 31 March 2014

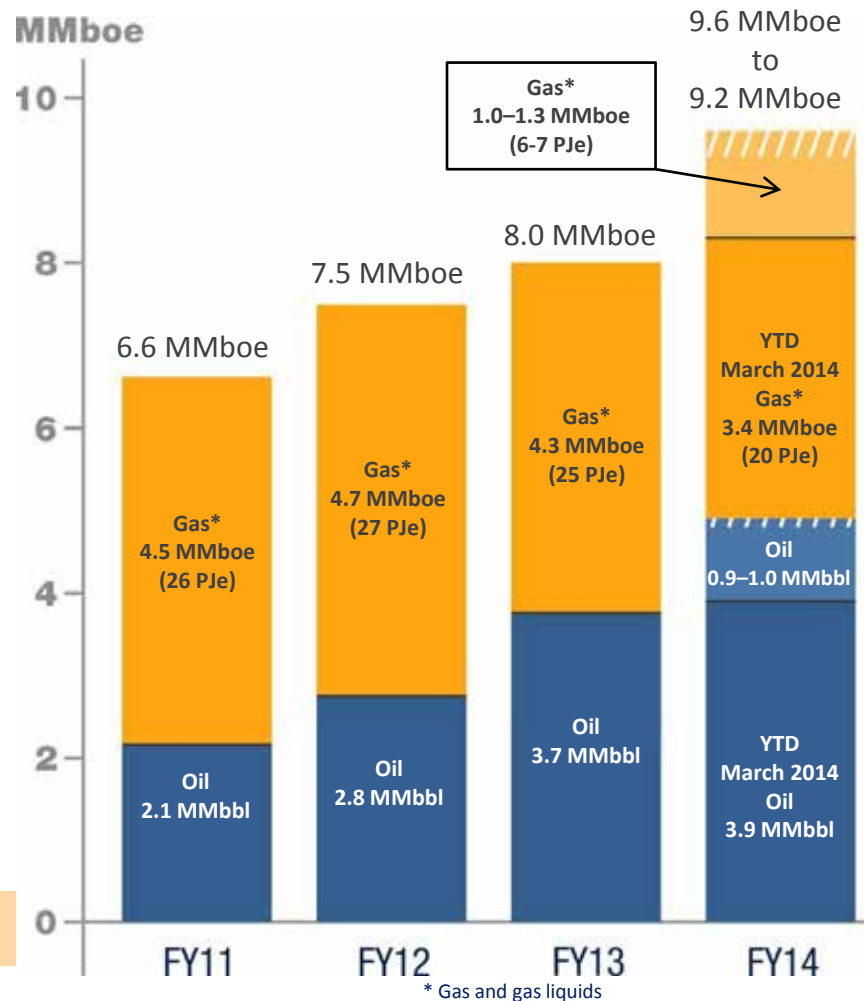
# Cooper Basin acreage



***Prolific gross acreage position of over 56,000 km<sup>2</sup> generating 99% of current production***

# FY14 actual and forecast production

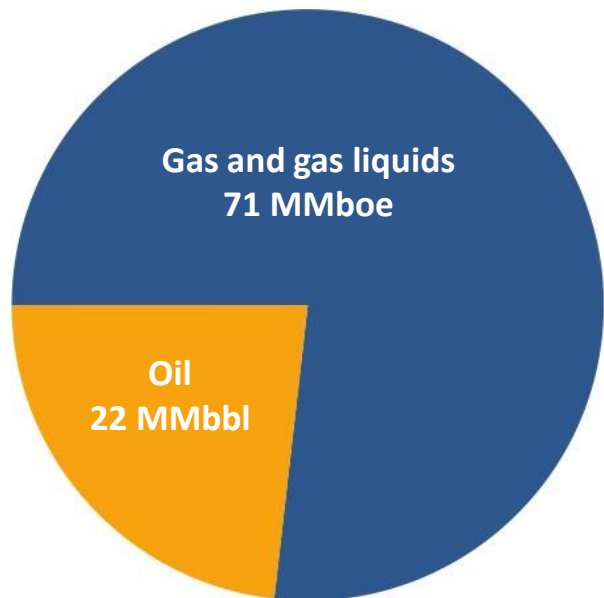
- Production of 7.3 MMboe to March 2014
- Production mix: 46% gas and gas liquids, 54% oil
- Production anticipated at the upper end of 9.2 – 9.6 MMboe guidance
- Cooper Basin oil production driven by:
  - Development, appraisal and exploration success
  - Flowlines remain at close to maximum available capacity
- 87 wells drilled, with:
  - 87% overall success rate
  - 77% exploration/appraisal success



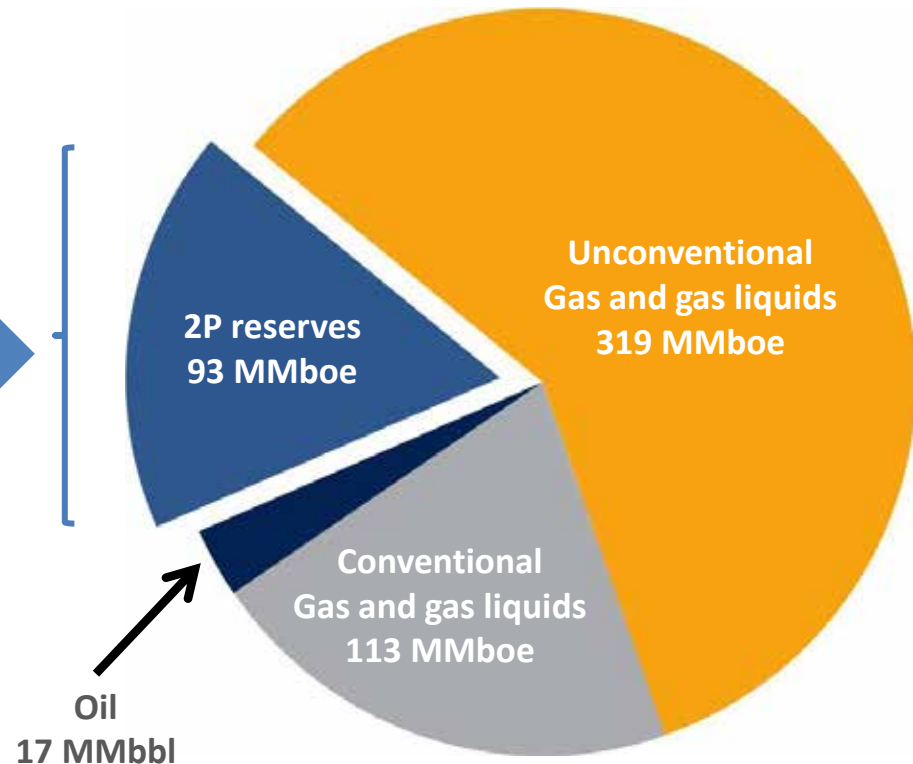
***Strong historical production growth***

# Reserves and contingent resources

**2P: 93 MMboe**



**2P and 2C: 542 MMboe**



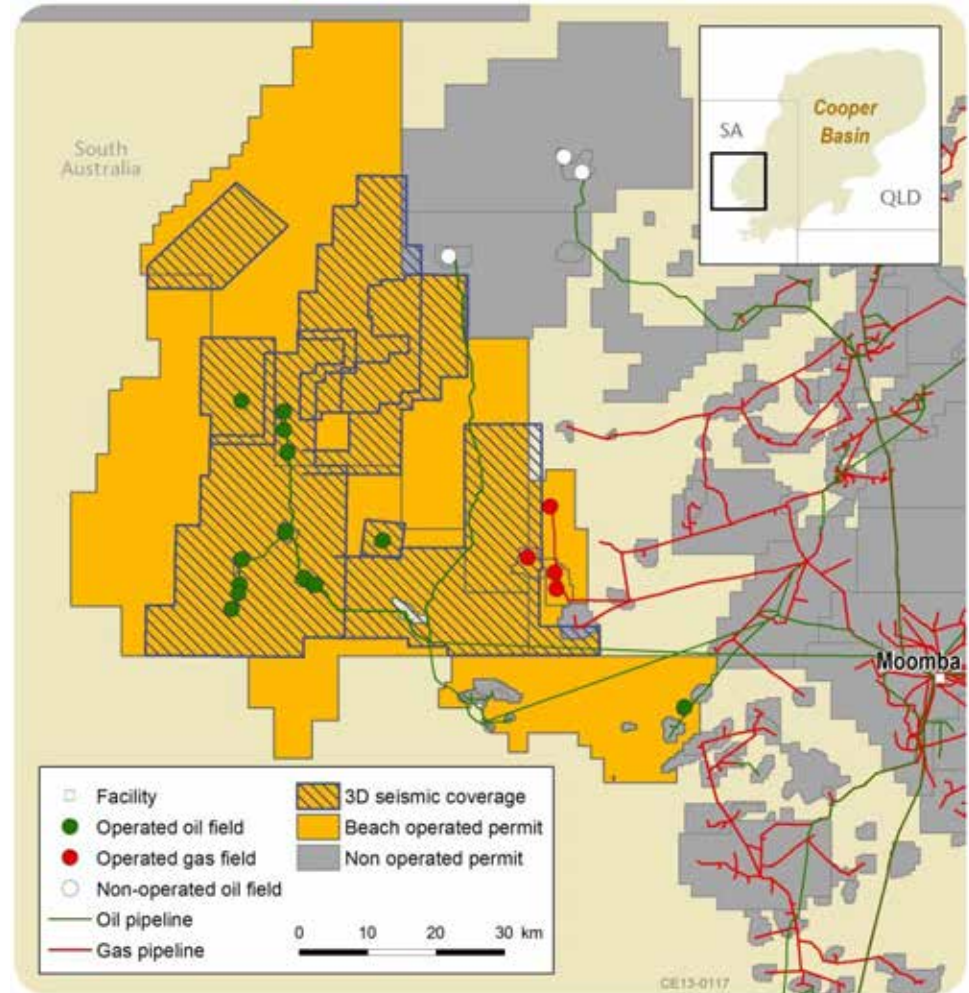
*Large reserve and resource base driving production growth profile*

# Cooper Basin Western Flank

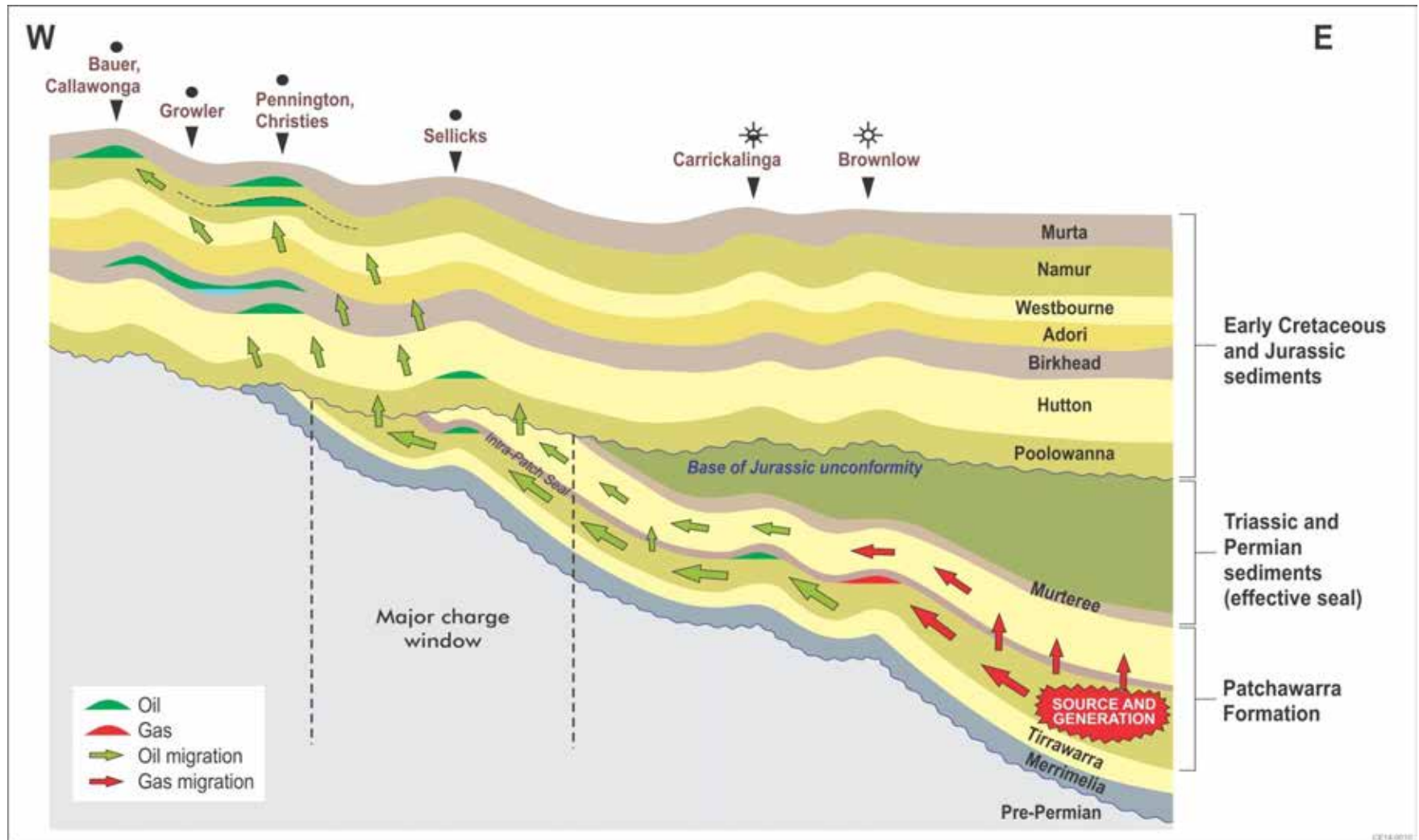


# Western Flank

- High net back for oil and wet gas
- Quick drill and tie-in, high flow rates
- Excellent geological understanding
- Established infrastructure
  - 250 kilometres of flowlines
  - 10 facilities and five trucking points
  - 40 oil wells on production
- 1,200 km<sup>2</sup> of 3D seismic
- Recent success with the Stunsail-1 discovery in PEL 91
- Appraisal success at Pennington-2
- Upcoming drilling:
  - PEL 91: Pennington North-1
  - PEL 92: Fishery-1, Shelly-1 and Morgan-1 exploration wells



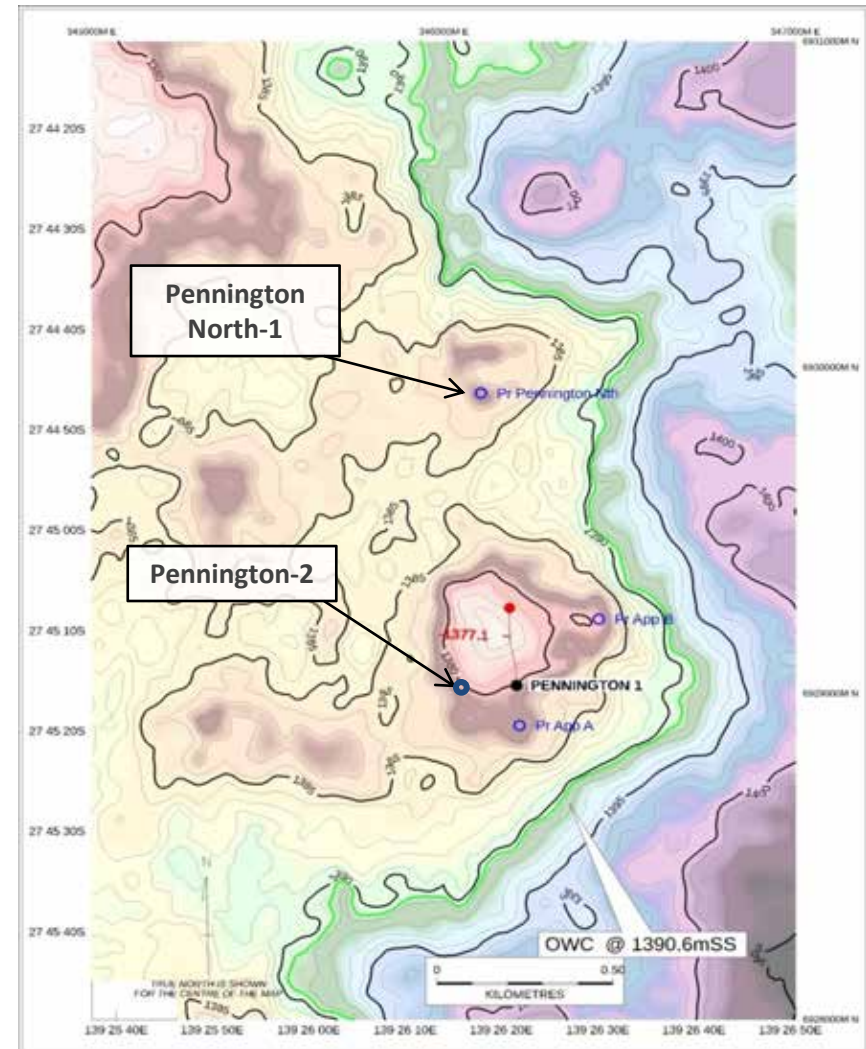
# Western Flank oil migration path



# PEL 91 – Pennington field appraisal

- Beach 40% and operator, Drillsearch 60%
- Appraisal program to evaluate field size prior to production facility design
- 3D seismic coverage with the Aquilus and Caseolus surveys
- Pennington-1 oil discovery:
  - Current EUR at 1.67 MMbbl
  - 13 metres McKinlay/Namur oil column
  - Six metre mid-Namur oil column
  - Oil shows in the Birkhead Formation
- Pennington-2 appraisal success with 12 metre oil column, seven metres net pay in highly productive Namur Sandstone
- Pennington North-1 to follow
- Field expected to be tied-in during 2015

***Stacked targets with significant upside***

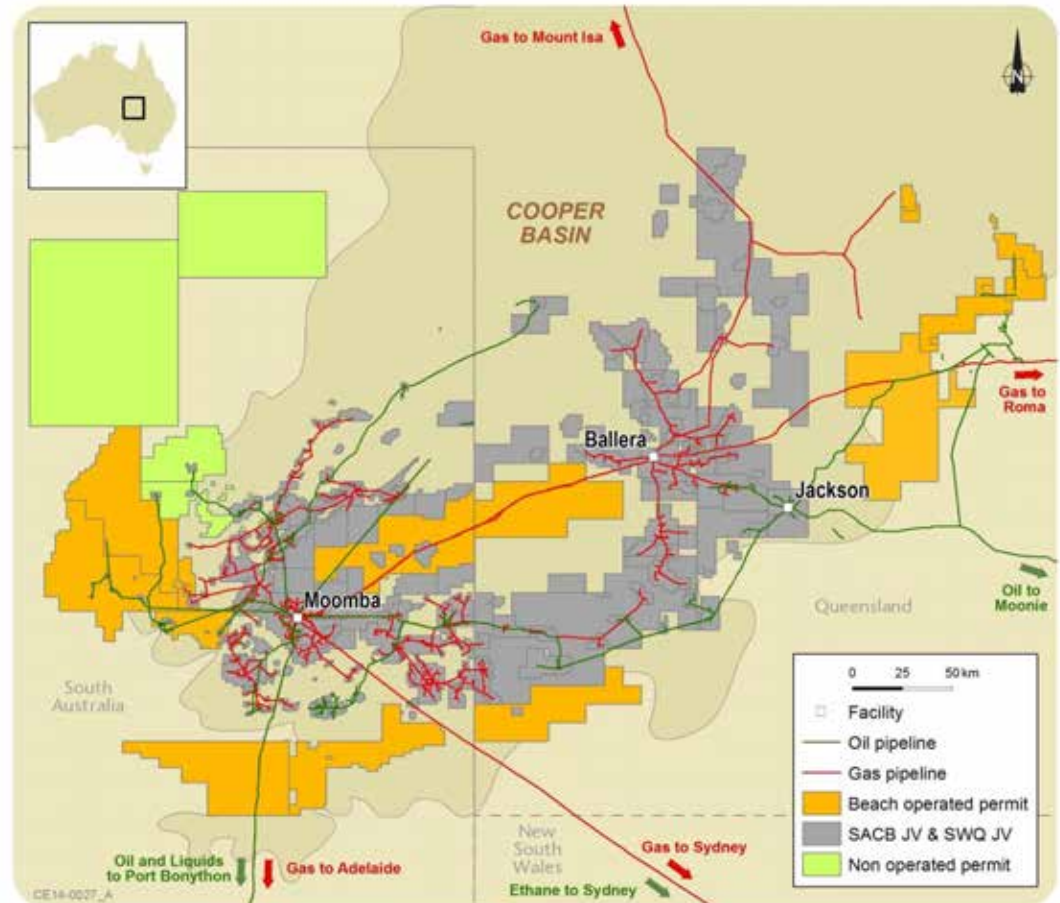


## SACB JV and SWQ JVs Conventional gas



# SACB JV and SWQ JVs

- Significant acreage with substantial reserves base
- 20.21% in the South Australian Cooper Basin Joint Venture (SACB JV) and 20-40% in the South West Queensland JVs (SWQ JVs)
- Gross area covered by various joint ventures ~26,800 km<sup>2</sup> (~6.6 million acres)
- Joint ventures include:
  - ~6,000 km of flowlines
  - Primary processing and transportation facilities
- Upside from shale and basin centred gas plays



***Operator targeting 30% production growth by 2015***

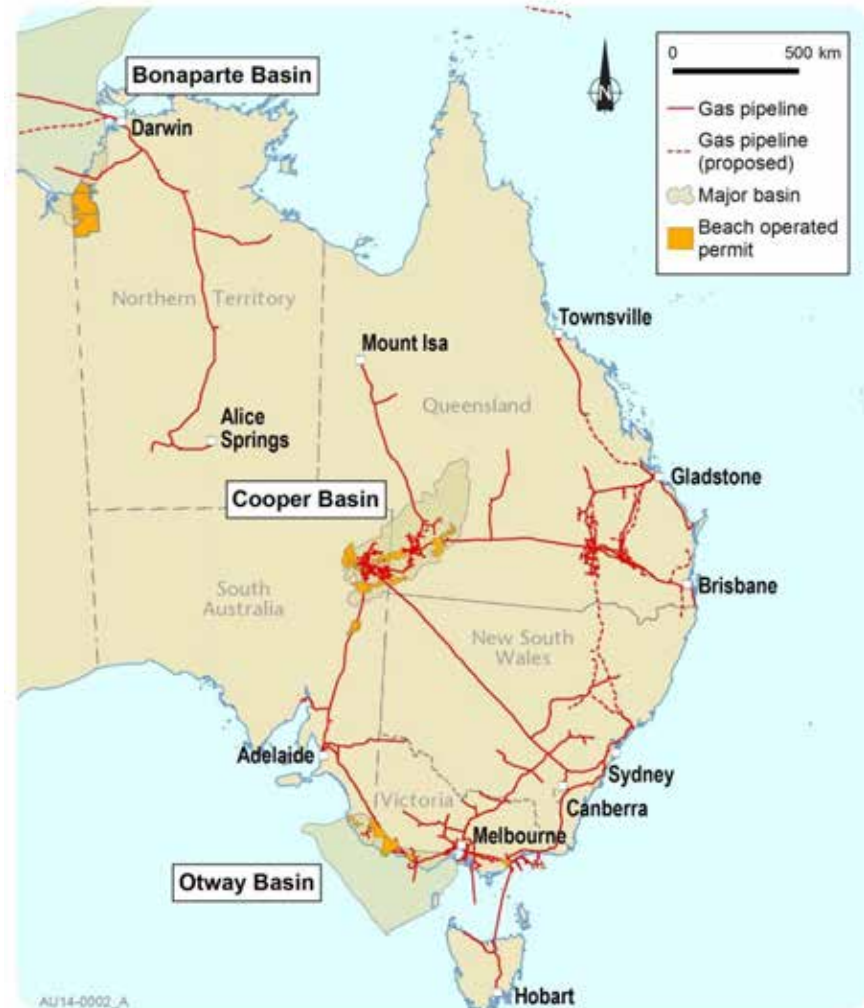
## Cooper Basin unconventional gas



# Unconventional positioning

- Strategically targeted three key basins for unconventional acreage
- Cooper Basin activity:
  - Nappamerri Trough Natural Gas with Chevron and Icon
  - SACB JV unconventional REM and BCG plays
- Otway and Bonaparte Basins targeting gas and gas liquids
- All basins proximal to infrastructure and markets
- Gas demand trending upward

***Positioned to fuel growing northern and eastern gas markets***



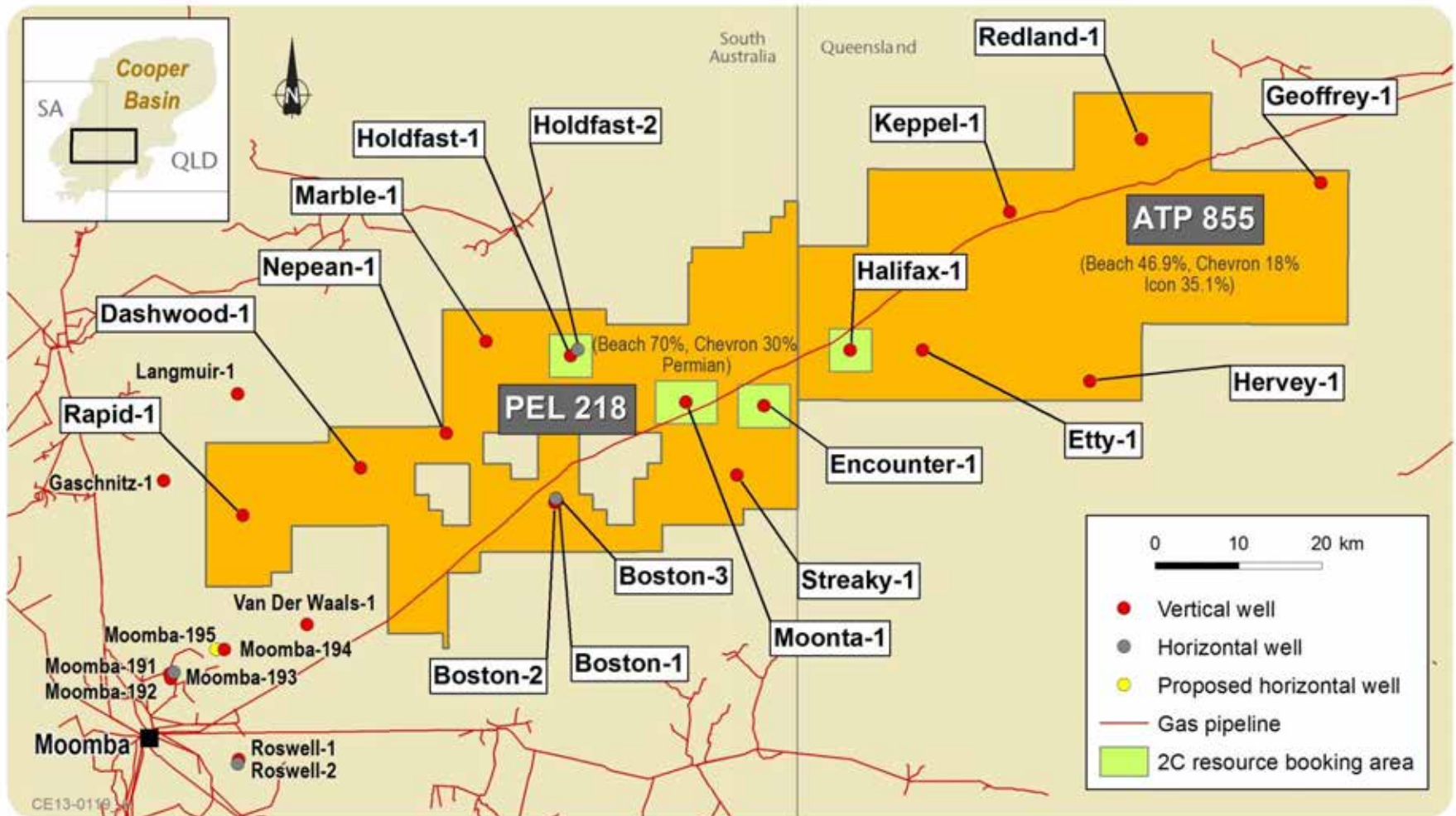
# The keys to unconventional success

- Uncovering 'sweet spots' with focused activity around them
- Well profiles a key focus
- Process improvements and technology to drive efficiencies
- Costs to be driven down by efficiencies and scale
- Gas pricing trending upward
- The right partnerships with the relevant expertise

***Estimated ultimate recovery per well the key for commerciality***



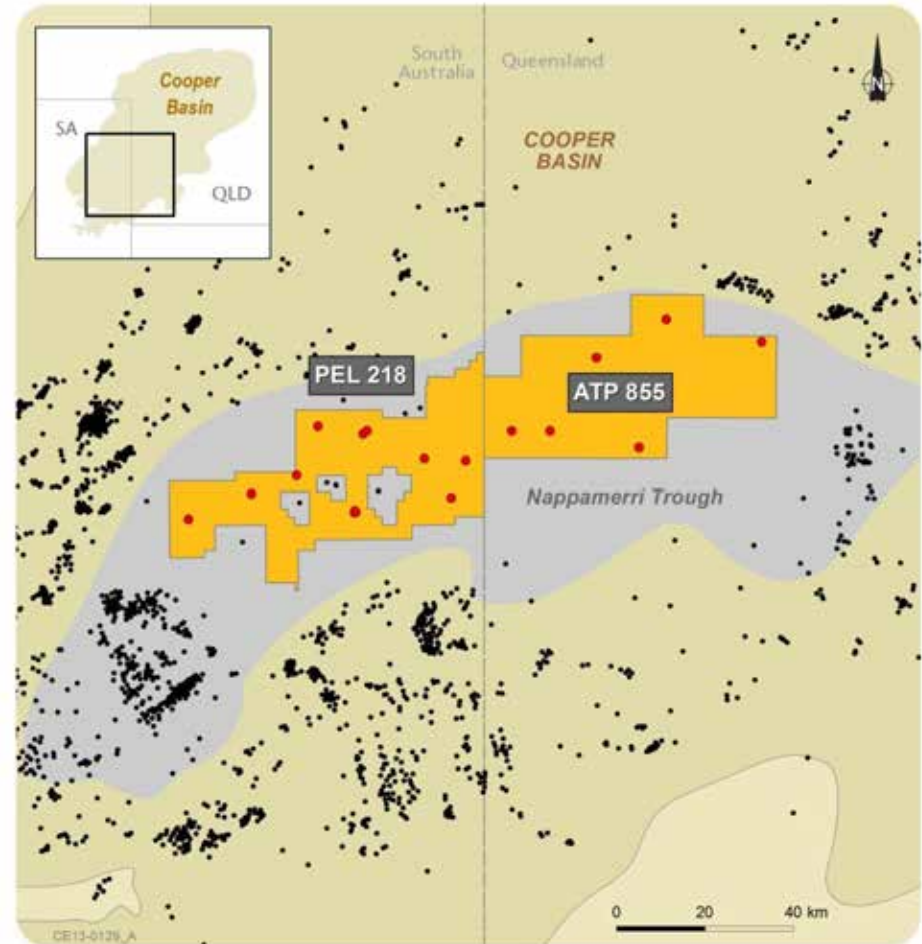
# Unconventional wells



# Nappamerri Trough Natural Gas

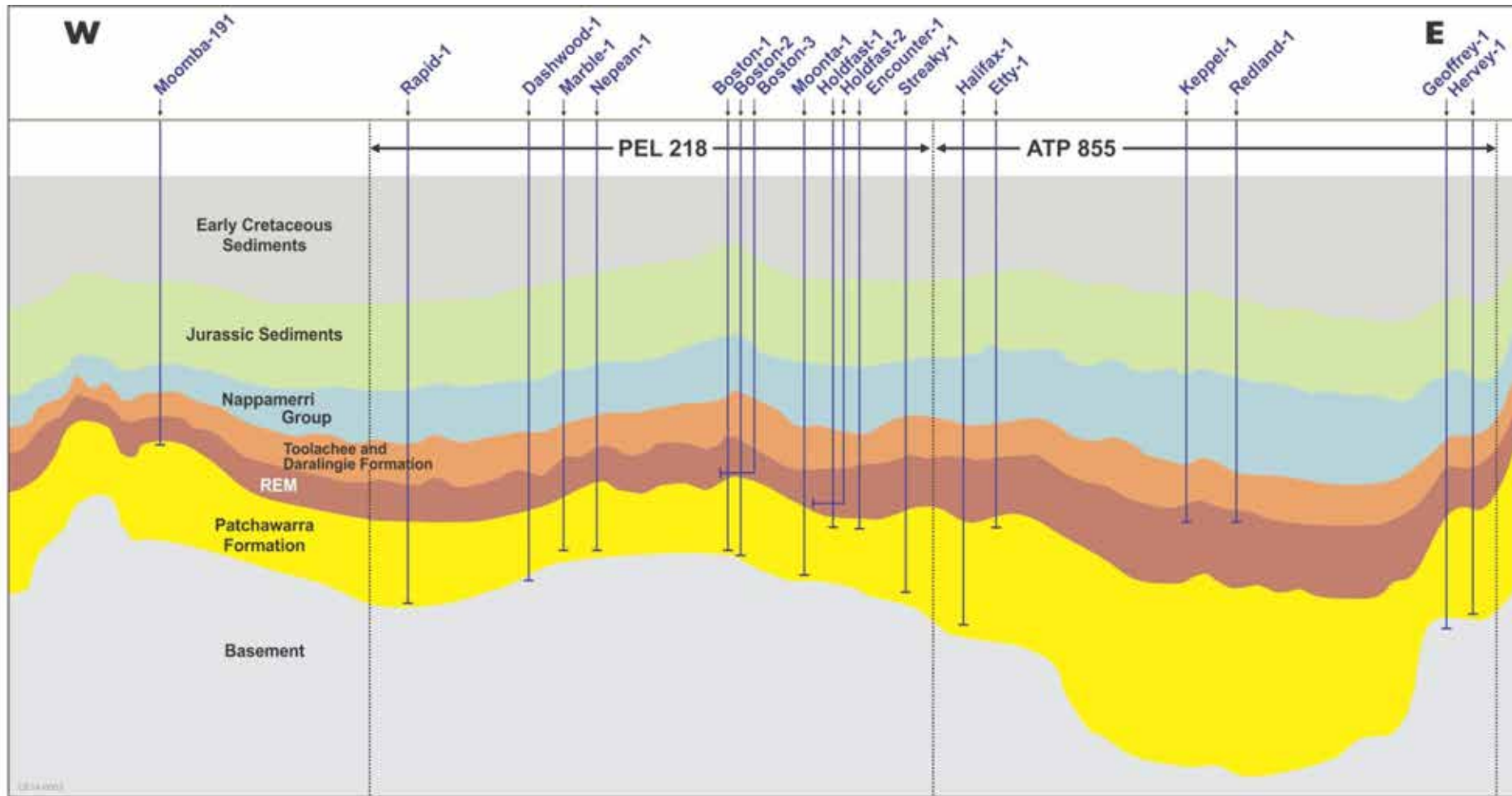
- A staged and methodical exploration and appraisal program
- Delineation of a significant untapped resource
- Multiple formations present
- Aerially extensive with permits covering more than 800,000 acres
- In excess of 1,000 metres of gas saturated section
- Process takes time and each piece of information important
- Moving up the learning curve
- Retention licenses offered over PEL 218

***Net 1.3 tcf of 2C resource booked at 30 June 2013 in PEL 218 and ATP 855***



Permian section equity interests: PEL 218 (Beach 70% and operator, Chevron 30%) and ATP 855 (Beach 46.9% and operator, Chevron 18%, Icon Energy 35.1%)

# Exploration and appraisal cross section



Note: Well locations are approximate only and may have been shifted to show their correct structural position on the cross section

- Retention licenses offered for up to 15 years
- Should project proceed to development, tenure may be extended by conversion to production license
- Nepean-1 flowback through 22/64" choke at 1.3 MMscfd
- Marble-1 work over in progress
- Dashwood-1 flow rate as expected, with specific log response delivering high CO<sub>2</sub>
- Holdfast-2 horizontal well shut-in for pressure build up
- Snubbing unit moving to the Boston-3 horizontal well after Marble-1 to install tubing for flow test



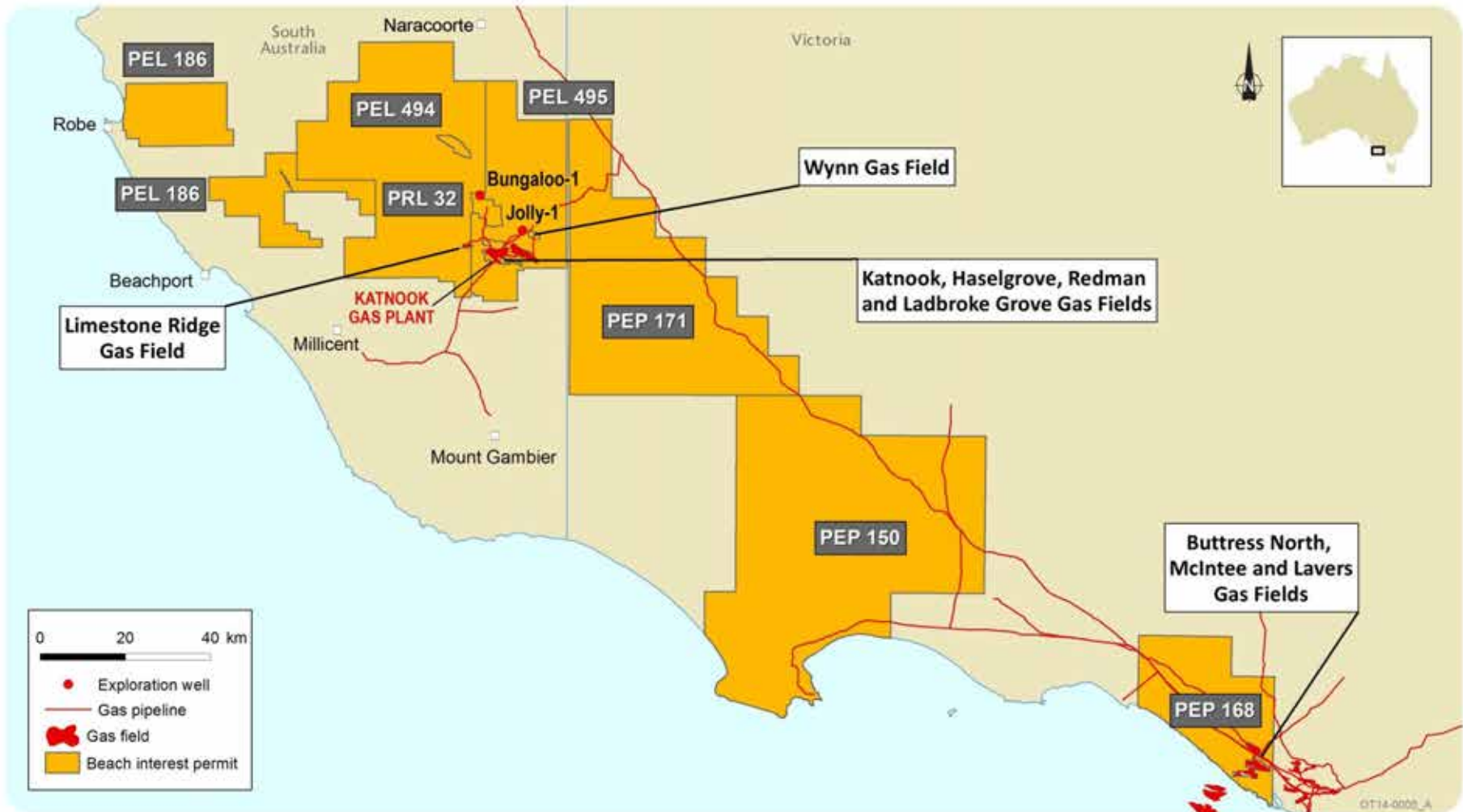
- Etty-1 reached a total depth of 3,807 metres
- Condor Energy Services Ltd:
  - Awarded four well fracture stimulation program
  - Newly established Australian company
  - International and Cooper Basin experience
  - New equipment from North America
- Fracture stimulation program scheduled to commence in July 2014
- Six vertical wells drilled, four to be fracture stimulated
- First permit commitments met
- Joint Venture currently working on fracture stimulation design, monitoring and flow testing



## Other Australia



# Otway Basin



# PEL 494 and 495 update

- Beach 70% and operator, Cooper Energy 30%

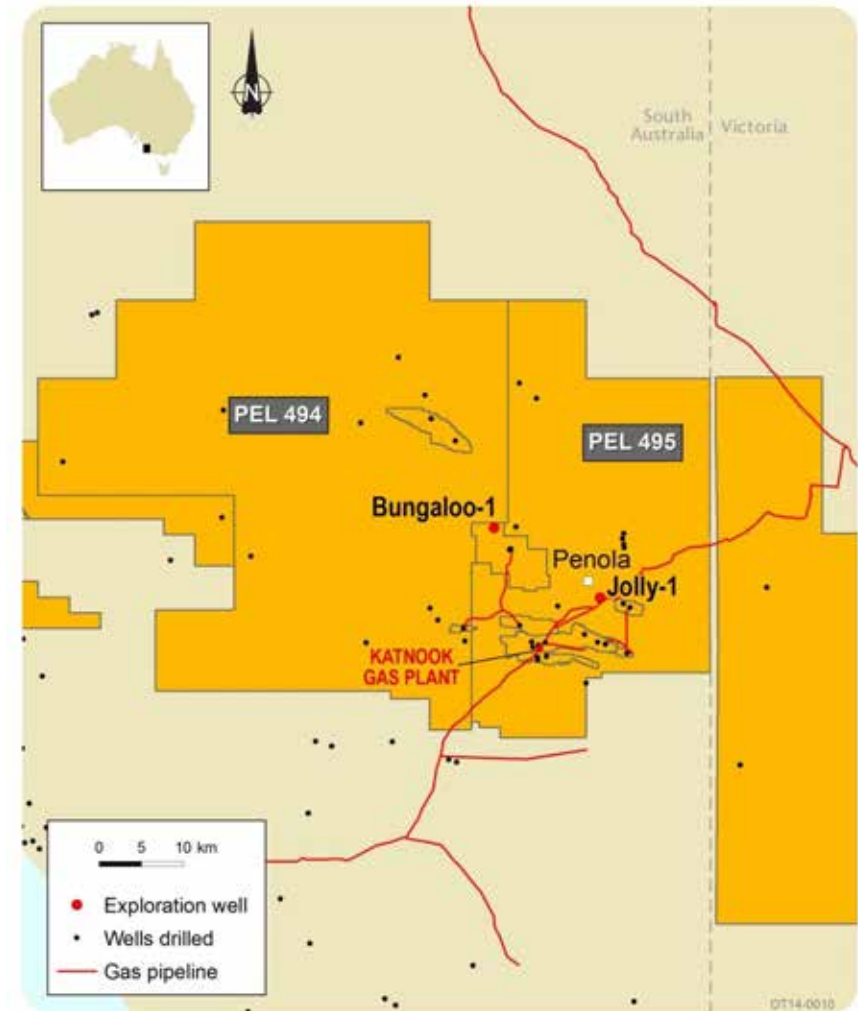
## Jolly-1 ST1

- Reached a total depth of 4,026 metres
- Intersected thick sections of shale and sandstone with elevated gas readings
- Core retrieved from the Lower Sawpit shale (~27 metres) and the Casterton Formation (~51 metres)
- Core to be analysed for porosity, permeability and gas content

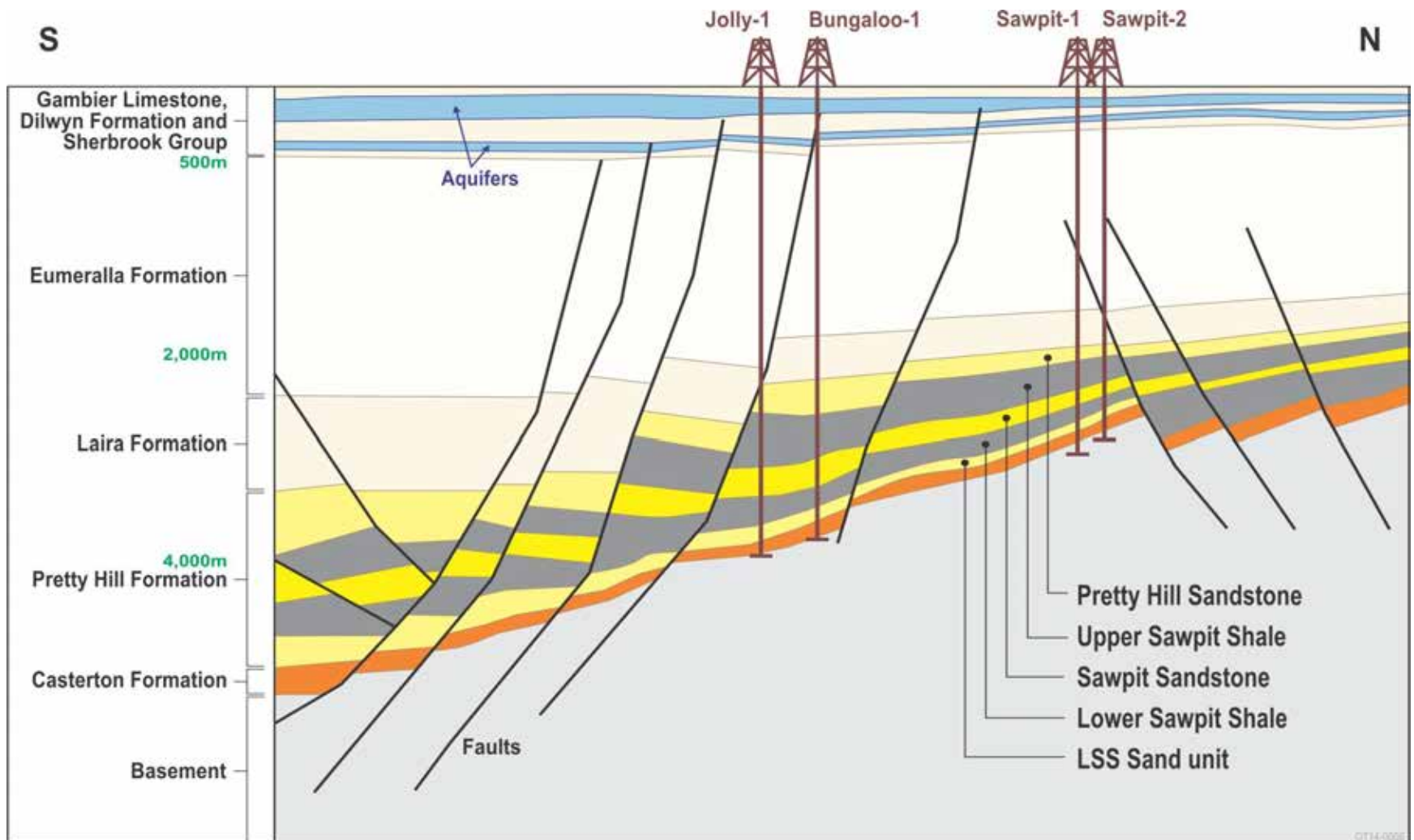
## Bungaloo-1

- Target sections similar to Jolly-1
- Drilling ahead at ~2,600 metres, target depth of ~3,700 metres

***Exploring for conventional and unconventional liquids rich gas near existing infrastructure***



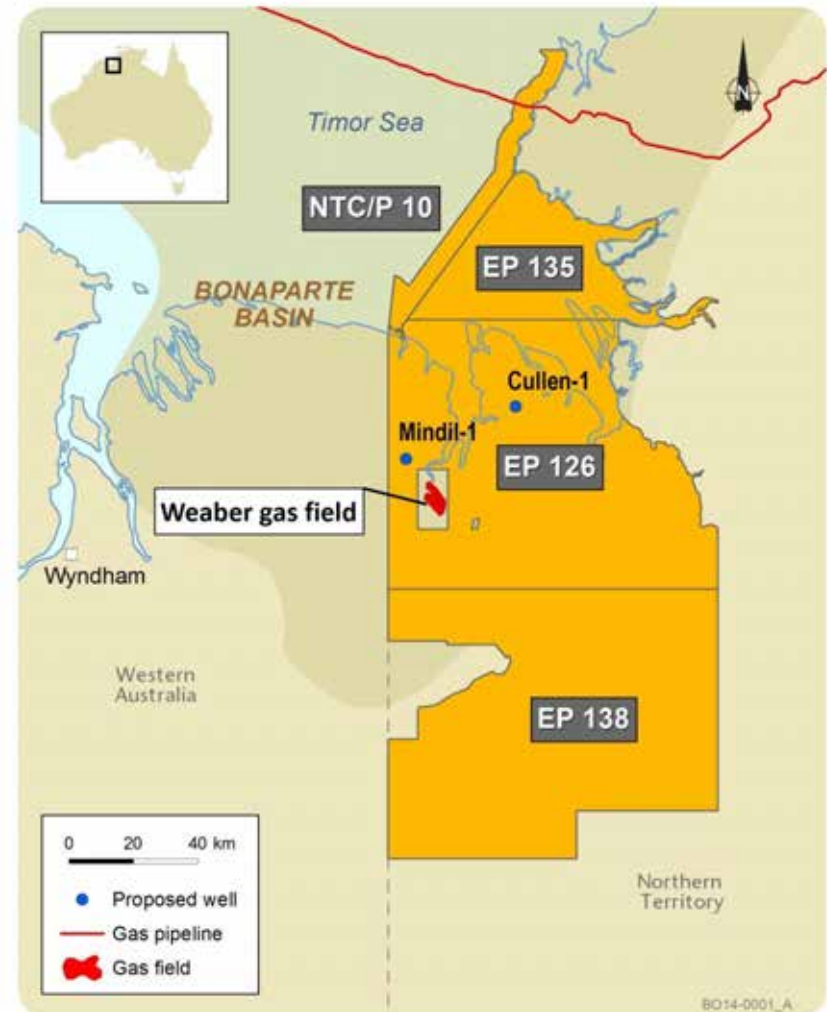
# PEL 494 and 495 cross section



# Bonaparte Basin

- Beach earning up to 90% in EP 126 from Territory Oil and Gas Pty Ltd
- ~6,500 km<sup>2</sup> of high resolution aeromag and gravity survey completed
- Ensign 965 rig being mobilised
- Cullen-1 well expected to spud in May
- Up to three months drill time anticipated
- Total depth expected between 3,600 – 4,000 metres
- Undeveloped Weaber gas field evidence of hydrocarbon presence

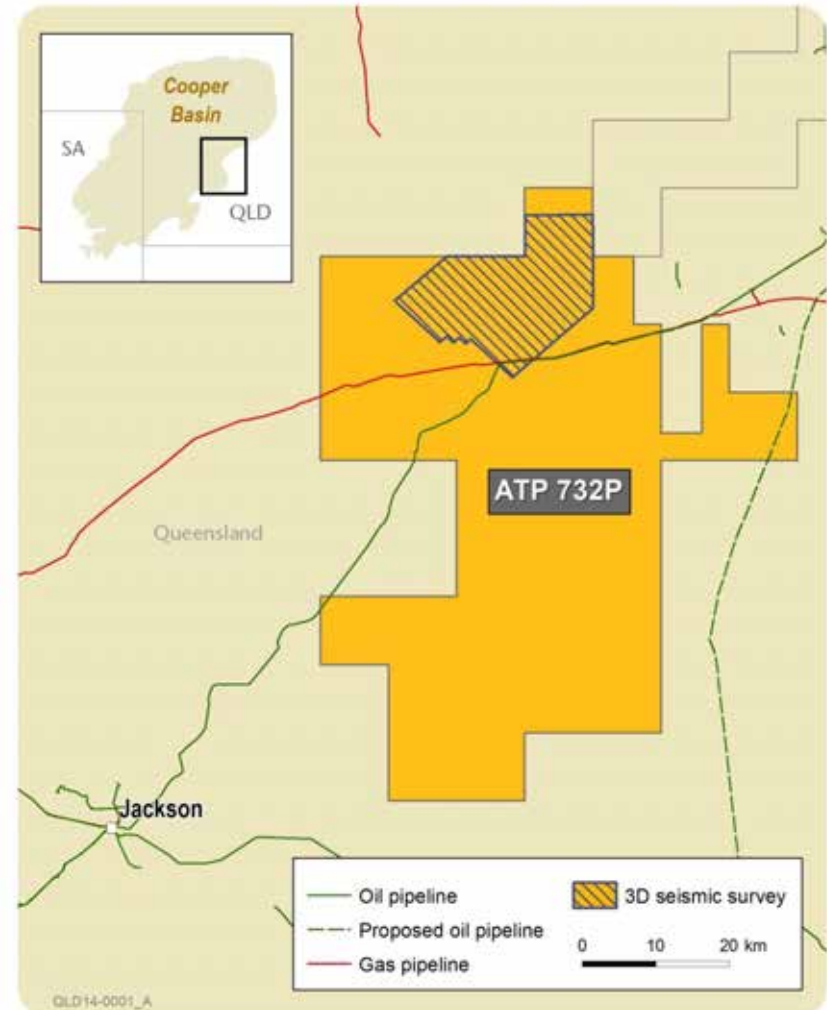
***Underexplored acreage with conventional and unconventional oil and gas targets***



# Cooper Basin – Eastern Flank

- ATP 732 (Beach earning 50%, Bengal Energy Ltd 50%)
- Located between the Jackson (~50 MMbbl of oil produced) and the Kenmore/Bodalla (~20 MMbbl of oil produced) fields
- ~300 km<sup>2</sup> Nassarius 3D seismic survey completed
- Targeting conventional oil reservoirs
- Location of next well to be based on interpreted Nassarius 3D seismic data
- Hydrocarbon shows in previous wells drilled

***Potential new oil fairway, well located between two prolific Cooper Basin oil fields in an underexplored area***



# International



## Country status

- Recent history of political volatility and unrest
- Business as usual from an operations standpoint

## Growth potential

- Targeting material oil prospects
- Abu Sennan success within the El Salmiya field

## Beach value add

- Sharing of geological and operational core skill set

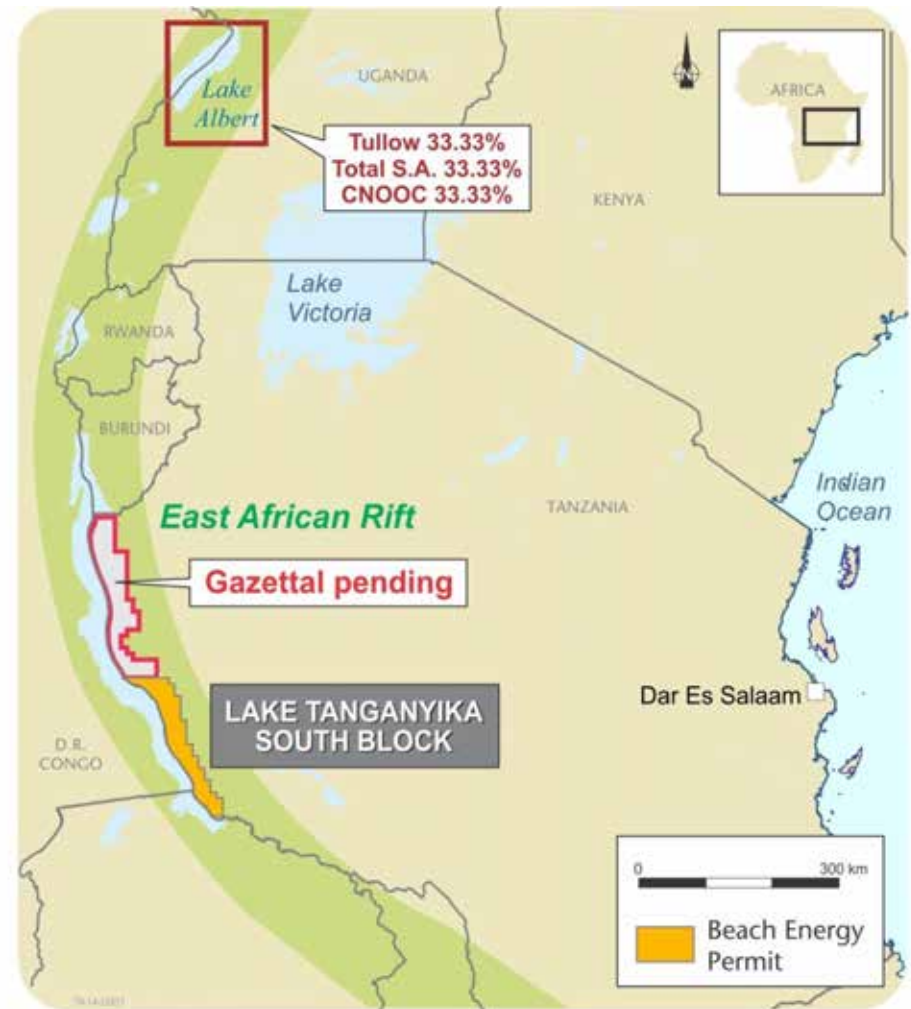
***Balanced portfolio of assets with growing oil production***



# Tanzania – Lake Tanganyika South Block

- Beach 100%
- Block area ~7,200 km<sup>2</sup>
- Natural oil seeps indicate a working petroleum system
- 2,080 kilometre 2D seismic survey completed in August 2012
- Extensive structuring confirmed, similar to Lake Albert in Uganda
- Indications of hydrocarbons over tilted fault blocks, low-side rollovers and mounded features
- Discussions taking place with respect to the farm-out

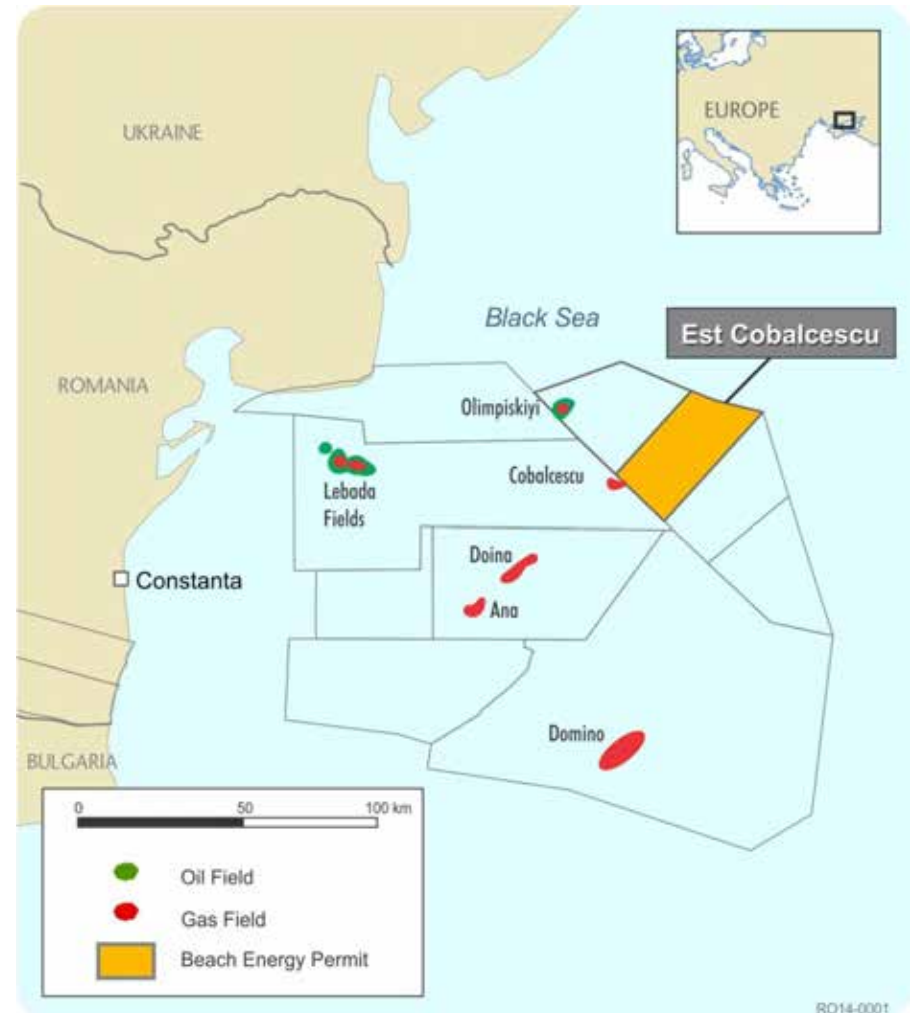
***A significant acreage position in the prospective East African Rift***



# Romania – Est Cobalcescu block

- Beach 30%, PetroCeltic 40% and operator, Petromar 30%
- ~1,000 km<sup>2</sup> with 3D seismic coverage
- Water depth <100 metres
- ExxonMobil deep water block Domino discovery
- Two further exploration wells planned in the next 12 months

***Newly available acreage with proven petroleum systems and multiple targets***



# Contact Information



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