



# ASX Announcement

## FY20 Fourth Quarter Activities Report

Reference #021/20

Date 22 July 2020

### **FY20 oil production 8.8 MMbbl (+27% on FY19), underpins full year production of 26.7 MMboe**

- Total Q4 production of 6.8 MMboe brings full year production to 26.7 MMboe, +2% on FY19 pro forma production<sup>1</sup> of 26.2 MMboe.
- The effects of COVID-19 impacted the pace of new Western Flank well connections and gas demand during the quarter, resulting in FY20 production being 1% below guidance.
- FY20 oil production of 8.8 MMbbl was +27% over FY19 and in-line with guidance of 8.7 - 9.2 MMbbl.
- Black Watch 1 development well commenced production during the quarter and added 45 TJ/day of deliverability to the Otway Gas Plant, the first new supply for the gas plant in almost four years.

### **Beach ends financial year in net cash position; 178 wells drilled in FY20 at 81% overall success rate**

- Q4 sales revenue of \$320 million was 26% lower than the prior quarter, primarily due to lower realised oil price (\$46.90/bbl, 37% below prior quarter).
- Beach moved rapidly to curtail spending in response to lower oil prices, resulting in FY20 capital expenditure of \$863 million, below the lower end of guidance.
- Operating costs have been reduced to help offset the impact of lower oil prices, with Beach targeting a 10% reduction in field operating costs/boe in FY21 relative to FY19 levels (\$9.30/boe).
- Beach ended FY20 with \$50 million net cash and access to \$500 million in liquidity.
- Beach participated in 178 wells in FY20, achieving an 81% overall success rate.

### **FY21 guidance and updated five year outlook to be released on 17 August**

- Beach expects FY20 underlying EBITDA to be marginally below prior guidance of \$1,175 million, primarily due to oil/liquids prices, the impact of COVID-19 on production and including the cost of Tawhaki 1 exploration well in underlying EBITDA.
- FY21 guidance and five year outlook is expected to be released along with FY20 results on 17 August.

### **Snapshot**

	June Q4 FY19	March Q3 FY20	June Q4 FY20	Qtr on Qtr Change	FY20
Production (MMboe) <sup>1</sup>	6.97	6.94	<b>6.84</b>	(2%)	26.74
Pro forma production (MMboe) <sup>1</sup>	6.46	6.94	<b>6.84</b>	(2%)	26.74
Sales Volumes (MMboe)	7.69	7.12	<b>7.13</b>	0%	27.66
Sales Revenue (\$ million)	501	431	<b>320</b>	(26%)	1,650
Realised Oil Price (\$/bbl)	102.0	74.0	<b>46.9</b>	(37%)	80.9
Realised Sales Gas/Ethane Price (\$/GJ)	7.0	7.6	<b>7.5</b>	(2%)	7.3

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

**Investor relations** Nik Burns, Investor Relations Manager

**Media** Rob Malinauskas, Head of Corporate Affairs and Community Relations

<sup>1</sup> In FY19 Beach accounted for its Victorian Otway interests at 100% interest until 31 May 2019 and 60% thereafter. For comparison purposes with prior periods, pro forma production shows production based on 60% ownership of Victorian Otway for the entire comparison period.

## **Solid end to FY20 despite low oil prices, COVID-19 impact**

An operationally strong fourth quarter for Beach Energy was offset by the ongoing effect of COVID-19, which impacted production in the June quarter.

COVID-19 quarantine related field restrictions reduced Western Flank tool time by ~25% and delayed the timing of new well connections. These field restrictions were resolved in June. Gas demand in New Zealand and Victoria was ~8% below expectations during the quarter predominantly due to COVID-19 demand impacts.

As a result, Beach recorded 6.84 MMboe of production for the June quarter, a two percent decrease on both the prior quarter and the prior corresponding period on a pro forma basis.

A full quarter of COVID-19 effects meant Beach was impacted multiple ways, including:

- the movement of staff and contractors to and from our operational sites, reducing activity levels;
- the timely delivery of equipment and other supplies, and;
- the decline in oil prices, with Beach's realised oil price averaging \$46.9/bbl in the June 2020 quarter, down 37% from the prior quarter.

Beach Managing Director and Chief Executive Officer Matt Kay said despite the environment created by COVID-19, he was pleased with the operational result in the fourth quarter.

"I am proud with our rapid response to COVID-19. We have ensured the safety of our staff while remaining committed to delivery – evidenced by 98% average facility reliability across our operated assets," Mr Kay said

"The emerging threat and reality of COVID-19 from February has impacted the way we work, our supply chain, customer demand and the oil price.

"We are in very good shape from an operational standpoint and we have worked diligently over the quarter to enact site protocols that facilitate easy staff and contractor movement across our sites. We have also worked closely with suppliers to mitigate risks around the delivery of equipment."

Mr Kay said the fundamentals of the business remain extremely strong, adding Beach was well positioned to manage any headwinds related to COVID-19 and a lower-for-longer oil price environment.

"Beach ended FY20 with \$50 million net cash and has access to \$500 million in liquidity, meaning our balance sheet remains rock solid," Mr Kay said.

"Our gas revenues remain stable and FY20 oil production was 8.8 MMbbl 27% higher than FY19 and in-line with guidance of 8.7 - 9.2 MMbbl.

"The June quarter saw the connection of the Black Watch 1 development well to the Otway Gas Plant, the first new gas supply for the Otway facility in almost four years. Overall, Beach participated in 178 wells in FY20 at an 81% overall success rate."

Despite the strong balance sheet, sound operational performance and a robust growth portfolio, Beach continued to adapt to oil price volatility and the uncertain outlook that became apparent over the June quarter. This saw the company make significant changes to its rate of growth investment and operating costs, in line with prudent financial management.

Beach will provide an update on its future growth plans along with its FY20 full year results on 17 August. It plans to release FY21 guidance and an update on future activities, including an updated five year outlook on the same date.

**FY20 guidance**

The following table summarises our FY20 guidance.

Item	Prior FY20 guidance	Current status
Production	27 – 28 MMboe (lower end)	26.7 MMboe
Capital Expenditure	\$875 – 950 million (lower end)	\$863 million
Underlying EBITDA	\$1.175 – 1.25 billion <sup>2</sup> (lower end)	To be released 17 August. Expected to be marginally below prior guidance, primarily due to impact of lower liquids prices and production
DD&A	\$17 – 17.5 / boe (lower end)	To be released 17 August

**Financial****Sales volume**

Quarterly sales volume of 7,132 kboe was up 15 kboe on the prior quarter. Higher oil sales volume was a result of timing of shipments. LPG sales volume was lower as a result of a one-time adjustment to reverse an over accrual for a March cargo. Lower condensate sales volume resulted from lower production and timing of shipments. Sales gas and ethane sales volume was in line with production.

		June Q4 FY19	March Q3 FY20	June Q4 FY20	Qtr on Qtr Change	FY20
<b>Oil (kbbl)</b>	Own Product	1,852	2,241	2,348	5%	8,579
	Third Party	300	266	278	4%	1,073
	<b>Total Oil</b>	<b>2,151</b>	<b>2,506</b>	<b>2,625</b>	<b>5%</b>	<b>9,652</b>
<b>Sales Gas and Ethane (PJ)</b>	Own Product	24.9	20.1	20.8	3%	82.3
	Third Party	0.0	0.1	0.3	115%	0.7
	<b>Total Gas</b>	<b>24.9</b>	<b>20.3</b>	<b>21.1</b>	<b>4%</b>	<b>82.9</b>
<b>LPG (kt)</b>	Own Product	73	62	48	(22%)	211
	Third Party	1	0	2	1,050%	3
	<b>Total LPG</b>	<b>74</b>	<b>62</b>	<b>51</b>	<b>(18%)</b>	<b>214</b>
<b>Condensate (kbbl)</b>	Own Product	678	644	479	(26%)	2,066
	Third Party	3	1	6	1,108%	9
	<b>Total Condensate</b>	<b>681</b>	<b>644</b>	<b>485</b>	<b>(25%)</b>	<b>2,075</b>
<b>Total Oil and Gas Sales (kboe)</b>		<b>7,689</b>	<b>7,117</b>	<b>7,132</b>	<b>0%</b>	<b>27,661</b>
Total - Own Product (kboe)		7,380	6,825	6,777	(1%)	26,444
Total - Third Party (kboe)		308	292	355	21%	1,217

Note: Figures and ratios may not reconcile to totals throughout the report due to rounding.

<sup>2</sup> Underlying EBITDA is based on actual realised oil price in January and February 2020 of A\$100/bbl, with forecast Brent oil price of US\$30/bbl and 0.60 AUDUSD from March to June 2020.

## Sales revenue

Total sales revenue of \$320 million was 26% lower than the prior quarter, impacted by significantly lower realised liquids pricing, attributed to the impact of COVID-19. Sales gas and ethane revenue was up 2% for the quarter, driven by higher sales volumes.

\$ million	June Q4 FY19	March Q3 FY20	June Q4 FY20	Qtr on Qtr Change	FY20
Oil	219	185	123	(34%)	781
Sales Gas and Ethane	173	155	157	2%	605
LPG	48	46	19	(60%)	119
Condensate	61	45	21	(54%)	145
Sales Gas and Gas Liquids	282	245	197	(20%)	869
<b>Total Oil and Gas Revenue</b>	<b>501</b>	<b>431</b>	<b>320</b>	<b>(26%)</b>	<b>1,650</b>
Total - Own Product	468	407	306	(25%)	1,557
Total - Third Party	33	24	14	(41%)	93

Note: Figures and ratios may not reconcile to totals throughout the report due to rounding.

## Average realised price

Average realised pricing across all products was \$44.8/boe, a decline of 26% on the prior quarter, primarily due to lower realised liquids prices.

	June Q4 FY19	March Q3 FY20	June Q4 FY20	Qtr on Qtr Change	FY20
<b>All products (\$/boe)</b>	<b>65.2</b>	<b>60.5</b>	<b>44.8</b>	<b>(26%)</b>	<b>59.7</b>
Oil (\$/bbl)	102.0	74.0	46.9	(37%)	80.9
Sales Gas and Ethane (\$/GJ)	7.0	7.6	7.5	(2%)	7.3
LPG (\$/tonne)	646	740	366	(50%)	557
Condensate (\$/bbl)	89.3	69.7	43.0	(38%)	70.0

## Capital expenditure

Fourth quarter capital expenditure was \$193 million. FY20 full year capital expenditure was \$863 million.

\$ million	June Q4 FY19	March Q3 FY20	June Q4 FY20	Qtr on Qtr Change	FY20
Exploration and Appraisal	49	78	37	(53%)	242
Development, Plant and Equipment	112	168	156	(7%)	622
<b>Total</b>	<b>161</b>	<b>246</b>	<b>193</b>	<b>(22%)</b>	<b>863</b>

## Liquidity

Beach ended the quarter in an \$50 million net cash position, comprising drawn debt of \$60 million and total cash reserves of \$110 million. With \$390 million undrawn under the \$450 million committed revolving credit facility (with a maturity date of November 2022), Beach has liquidity of \$500 million at the end of the quarter.

Material cash flows for the quarter included:

- Operating cash flow of \$233 million;
- Investing cash outflow of \$249 million; and
- Financing outflow of \$14 million for lease payments (recognised as a financing cash flow as a result of AASB16 accounting treatment).

\$ million	June Q4 FY19	March Q3 FY20	June Q4 FY20	Qtr on Qtr Change
Cash Reserves	172	140	110	(30)
Drawn Debt	-	(60)	(60)	-
<b>Net Cash/(Debt)</b>	<b>172</b>	<b>80</b>	<b>50</b>	<b>(30)</b>
Undrawn Facilities	450	390	390	-

## Capital structure

Beach's capital structure as at 30 June 2020 is set out below.

	March Q3 FY20	June Q4 FY20	Qtr on Qtr Change
Fully paid ordinary shares	2,280,808,177	<b>2,280,808,177</b>	-
Unlisted employee rights	7,790,656	<b>6,922,900</b>	(867,756)

Unlisted employee rights reduced by 867,756 as a consequence of cessation of employment.

## Hedging

As at 30 June 2020 Beach had no hedging in place.

## Operations

### Production (net to Beach)

Asset	Product	Units	June Q4 FY19	March Q3 FY20	June Q4 FY20	Qtr on Qtr Change	FY20
<b>Total Production</b>	<b>Sales Gas</b>	<b>PJ</b>	24.2	21.1	21.2	0%	84.5
	<b>LPG</b>	<b>kt</b>	57	54	55	1%	208
	<b>Condensate</b>	<b>kbbbl</b>	466	500	462	(8%)	1,786
	<b>Oil</b>	<b>kbbbl</b>	1,883	2,386	2,293	(4%)	8,780
	<b>Total</b>	<b>kboe</b>	<b>6,973</b>	<b>6,943</b>	<b>6,839</b>	<b>(2%)</b>	<b>26,738</b>
<b>Cooper Basin JV</b>	Sales Gas	PJ	8.0	9.7	9.3	(4%)	36.3
	LPG	kt	13	19	19	1%	68
	Condensate	kbbbl	135	210	161	(23%)	663
	Oil	kbbbl	424	301	288	(4%)	1,291
	<b>Total</b>	<b>kboe</b>	<b>2,046</b>	<b>2,327</b>	<b>2,201</b>	<b>(5%)</b>	<b>8,728</b>
<b>Western Flank</b>	Sales Gas	PJ	2.1	2.0	2.2	14%	8.6
	LPG	kt	10	10	12	21%	42
	Condensate	kbbbl	70	78	92	19%	300
	Oil	kbbbl	1,459	2,085	2,005	(4%)	7,488
	<b>Total</b>	<b>kboe</b>	<b>1,976</b>	<b>2,576</b>	<b>2,573</b>	<b>(0%)</b>	<b>9,607</b>
<b>Other Cooper Basin<sup>1</sup></b>	Sales Gas	PJ	0.1	0.0	0.0	(17%)	0.3
	LPG	kt	0	0	0	(18%)	1
	Condensate	kbbbl	1	0	0	(18%)	4
	<b>Total</b>	<b>kboe</b>	<b>22</b>	<b>8</b>	<b>7</b>	<b>(17%)</b>	<b>53</b>
<b>SA Otway</b>	Sales Gas	PJ	NA	0.3	0.7	144%	0.9
	Condensate	kbbbl	NA	0	0	105%	1
	<b>Total</b>	<b>kboe</b>	<b>NA</b>	<b>47</b>	<b>114</b>	<b>143%</b>	<b>161</b>
<b>Perth Basin<sup>2</sup></b>	Sales Gas	PJ	0.9	0.5	0.4	(22%)	2.3
	Condensate	kbbbl	0	0	0	(17%)	0
	<b>Total</b>	<b>kboe</b>	<b>155</b>	<b>81</b>	<b>62</b>	<b>(22%)</b>	<b>393</b>
<b>Victorian Otway Basin<sup>2</sup></b>	Sales Gas	PJ	8.4	3.8	3.7	(3%)	18.4
	LPG	kt	14	7	5	(23%)	28
	Condensate	kbbbl	90	44	45	0%	208
	<b>Total</b>	<b>kboe</b>	<b>1,646</b>	<b>756</b>	<b>724</b>	<b>(4%)</b>	<b>3,595</b>
<b>BassGas</b>	Sales Gas	PJ	1.4	1.7	1.7	2%	6.1
	LPG	kt	4	5	5	(3%)	19
	Condensate	kbbbl	43	57	58	3%	203
	<b>Total</b>	<b>kboe</b>	<b>306</b>	<b>390</b>	<b>396</b>	<b>1%</b>	<b>1,393</b>
<b>Kupe</b>	Sales Gas	PJ	3.4	3.1	3.2	1%	11.6
	LPG	kt	15	14	14	1%	51
	Condensate	kbbbl	127	111	105	(5%)	407
	<b>Total</b>	<b>kboe</b>	<b>823</b>	<b>758</b>	<b>762</b>	<b>0%</b>	<b>2,807</b>

1 Other Cooper Basin comprises ex PEL 513/632 (Beach 40% non-operated) and PRL 135 Vanessa (Beach 43% non-operated). Tintaburra (Beach 40% non-operated) is now reported within Cooper Basin JV to align treatment with Beach's reserves reporting. Prior periods above are adjusted for this change.

2 In FY19 Beach accounted for its Victorian Otway interests at 100% until 31 May 2019 and 60% thereafter. In FY20 Beach accounted for its Beharra Springs interests at 67% until 30 November and 50% thereafter.

## Group production

Q4 FY20 group production of 6.8 MMboe was 2% lower than the prior quarter, reflecting increased production from SA Otway, flat production from the Western Flank, Kupe and Bass and lower production from the Cooper Basin JV, Victorian Otway and Perth Basin.

FY20 group production is 26.7 MMboe, representing a 2% increase over pro forma FY19 production<sup>3</sup>, led by a 27% increase in FY20 oil production to 8.8 MMbbl.

## SAWA

### Cooper Basin

- Western Flank production was 2.6 MMboe, unchanged on the prior quarter as higher gas and gas liquids production offset lower oil production as drilling and new well connections slowed through Beach's COVID response.
- Western Flank gas and gas liquids production was 568 kboe (+16%). Sales gas and ethane production increased 14%, while gas liquids (LPG and condensate) increased 20% due higher facility reliability, supporting higher production rates.
- Western Flank gross average daily oil production (operated and non-operated) was 23.9 kbbl (-4%). Beach-operated assets (ex-PEL 91 and ex-PEL 92) contributed 21.5 kbbl/d down 4% on last quarter's best ever quarter for Beach-operated oil. Quarterly production was adversely impacted by a combination of infrastructure downtime and delays in new well connections, due to COVID-19 restrictions. These restrictions were resolved in June.
  - Net to Beach-operated oil production was 1,916 kbbl (-4%) with ex-PEL 91 contributing 1,805 kbbl and ex-PEL 92 111 kbbl. Senex-operated oil production contributed 89 kbbl (-7%) in ex-PEL 104/111.
  - A total of 8 new oil wells were brought online – 6 horizontal producers and 2 vertical producers.
  - 6 artificial lift projects were completed in the quarter, including Bauer North 2 ESP at 1,200 bopd and Bauer 51 and 55, both online with an initial rate of 800 bopd. COVID restriction in place meant the artificial lift projects were completed later in the quarter than initial expectations, with 2 additional projects planned for the June quarter completed subsequent to quarter end.
  - At the end of the fourth quarter 7 oil wells were awaiting connection.
- Cooper Basin JV production was 2,201 kboe, down 5% on the prior quarter.

### Perth Basin

- The Xyris gas facility remained shut in for the entire quarter, due to construction activity associated with Waitsia Stage 1 expansion. Perth Basin production in the June 2020 quarter was therefore from the Beharra Springs gas processing facility only.
- The Beharra Springs facility was shut in in mid-June, awaiting the installation and commissioning of a new cyclonic separator to assist with hydrocarbon dew point control. The facility is expected back online in September 2020.
- Production was 62 kboe, down 22% on the prior quarter due to natural field decline, lower customer nominations and the shut-in of the facility in mid-June.

<sup>3</sup> In FY19 Beach accounted for its Victorian Otway interests at 100% interest until 31 May 2019 and 60% thereafter. For comparison purposes with prior periods, pro forma production shows production based on 60% ownership of Victorian Otway for the entire comparison period.

### **SA Otway Basin**

- Production from the SA Otway was 114 kboe, up 143% due to the first full quarter's production contribution from the asset.

### **Victoria (Victorian Otway Basin and BassGas)**

- Victorian Otway Basin production was 724 kboe, down 4% on the prior period.
- First gas was produced from the Black Watch 1 well, brought online in late May. This provided an immediate uplift in deliverability from the Otway Gas Plant from 75 TJ/day to 120 TJ/day, however customer nominations generally remained low, believed to be driven by the impact of COVID-19 on demand and Queensland LNG maintenance increasing domestic gas supplies in June.
- BassGas production was 396 kboe, up 1% on the prior period with higher well deliverability following the well intervention activity in the third quarter, partially offset by 6 days of planned and unplanned downtime.

### **New Zealand (Kupe Gas Project)**

- Kupe production was 762 kboe, broadly flat on the prior period.
- Higher well deliverability following well intervention in the March 2020 quarter wasn't matched by higher customer nominations, which is primarily attributed to the impact of COVID-19 on gas demand in the June 2020 quarter.
- Plant reliability was 100% for the quarter.

**Drilling Summary**

<b>Well name</b>	<b>Basin / area</b>	<b>Target</b>	<b>Type</b>	<b>Beach %</b>	<b>Well status</b>
Bauer 53	SA Cooper	Oil	Dev (Hz)	100%*	C&S
Bauer 54	SA Cooper	Oil	Dev (Hz)	100%*	C&S
Bauer 55	SA Cooper	Oil	Dev (Hz)	100%*	C&S
Bauer 56	SA Cooper	Oil	Dev (Hz)	100%*	C&S
Bauer 57	SA Cooper	Oil	Dev (Hz)	100%*	C&S
Bauer 58	SA Cooper	Oil	Dev (Hz)	100%*	C&S
Bauer 59	SA Cooper	Oil	Dev (Hz)	100%*	C&S
Bauer 64	SA Cooper	Oil	Dev (Hz)	100%*	Drilling ahead
Bauer North 5	SA Cooper	Oil	App	100%*	C&S
Congony 6	SA Cooper	Oil	App	100%*	P&A
Kalladeina 10	SA Cooper	Oil	App	100%*	P&A
Kalladeina 11	SA Cooper	Oil	App	100%*	C&S
Kalladeina North 2	SA Cooper	Oil	App	100%*	P&A
Cooroo 7	Qld Cooper	Oil	App	38.50%	C&S
Cooroo North West 3 ^	Qld Cooper	Oil	Dev	38.50%	C&S
Cooroo North West 5	Qld Cooper	Oil	App	38.50%	C&S
Cooroo North West 6	Qld Cooper	Oil	App	38.50%	P&A
Brolga 6	SA Cooper	Gas	Dev	33.40%	C&S
Brolga 7	SA Cooper	Gas	Dev	33.40%	C&S
Favela 1	SA Cooper	Gas	Exp	33.40%	C&S
Gidgealpa South 1	SA Cooper	Gas	Exp	33.40%	P&A
Hector South East 1	Qld Cooper	Gas	Exp	39.94%	Drilling ahead
Merupa 3	SA Cooper	Gas	Dev (Hz)	33.40%	C&S
Moon 4	Qld Cooper	Gas	App	39.94%	C&S
Moon 5	Qld Cooper	Gas	Dev	39.94%	C&S
Napowie 9	SA Cooper	Gas	App	33.40%	Drilling ahead
Pondrinie 18	SA Cooper	Gas	App	33.40%	C&S
Pondrinie 19 ^	SA Cooper	Gas	Dev	33.40%	C&S
Pondrinie 20	SA Cooper	Gas	Dev	33.40%	C&S
Toolachee 55	SA Cooper	Gas	Dev	33.40%	C&S
Toolachee 56	SA Cooper	Gas	Dev	33.40%	C&S
Haselgrove 4 DW1 ^	SA Otway	Gas	App	100%*	C&S
Black Watch 1 ^	Vic Otway	Gas	Dev	60%*	C&S

\* Indicates Beach-operated

^ Indicates spudded in prior quarter

Basin	Category	Wells Spudded	Rig Released	Successful Wells	Success Rate
Cooper	Oil – Expl.	0	0	0	na
	Oil – App.	8	8	4	50%
	Oil – Dev.	8	8	8	100%
	Gas – Expl.	3	2	1	50%
	Gas – App.	3	2	2	100%
	Gas – Dev.	7	8	8	100%
SA Otway	Gas – App.	0	1	1	100%
Vic- Otway	Gas – Dev.	0	1	1	100%
<b>Total Wells</b>		<b>29</b>	<b>30</b>	<b>25</b>	<b>83%</b>
All Exploration Wells		3	2	1	50%
All Appraisal Wells		11	11	7	64%
All Development Wells		15	17	17	100%

### Drilling highlights:

In the fourth quarter, Beach participated in 30 wells where drilling operations were completed – 28 in the Cooper Basin, one in the South Australian Otway Basin and one in the Victorian Otway Basin – at a success rate of 83% (success defined as a well cased and suspended or completed as a future producer). Three wells were drilling ahead at quarter-end.

In FY20, Beach participated in 178 wells where drilling operations were completed, at an 81% success rate, representing a 32% increase in wells drilled over FY19 at a success rate still above 80%. FY20 drilling comprised:

- 18 exploration wells at a 61% success rate
- 74 appraisal wells at an 68% success rate
- 86 development wells at a 97% success rate

Highlights of the fourth-quarter Beach-operated Cooper Basin drilling program included:

- 12 wells drilled on the Western Flank at a 75% success rate. One well was drilling ahead at quarter-end.
- Seven horizontal oil development wells were successfully drilled on the Bauer Field. This included the Bauer 55 horizontal development well which extended the Bauer North structure to the north.
- Five appraisal wells were drilled across Bauer North, Congony, Kalladeina and Kalladeina North. Two producers were added with the Kalladeina field limit extended to the Southeast by Kalladeina 11. Bauer North 5 was cased and suspended as a future Birkhead formation producer.
- Bauer 55 horizontal McKinlay development well extended the Bauer North structure to the north of the field.

In the South Australian Otway Basin, Haselgrove 4 DW1 was cased and suspended for testing. Flow testing completed during the quarter, while the pressure-build phase was continuing at quarter end.

In the Victorian Otway Basin, the Black Watch 1 development well was completed and tied into the Otway Gas Plant in late May 2020. The 7.2 kilometre well is the longest well drilled in Australia using an onshore rig. It met pre-drill expectations and is producing within expected parameters to the Otway Gas Plant.

In the non-operated Cooper Basin JV, Beach participated in 16 wells in the quarter, 12 gas wells and four oil wells, at an overall success rate of 88%. Highlights included:

- Oil drilling was focussed on the Cooroo and Cooroo North West fields in Queensland where two appraisal and one development well were cased and suspended as future producers.
- Two gas exploration wells were drilled at a 50% success rate at Favela in South Australia.
- Ten gas appraisal and development wells were drilled in the quarter at a 100% success rate. This included a horizontal gas development well Merupa 3 in South Australia.

## **Corporate and Commercial**

### **Appointment of Chief Operating Officer**

On 1 June 2020, Beach announced the appointment of Ian Grant to the role of Chief Operating Officer.

Mr Grant brings over 25 years' experience in the energy industry, having held senior leadership and executive roles in operations, projects, drilling and supply chain functions. Most recently Mr Grant was Chief Operating Officer for Quadrant Energy and Vice President of Production Operations for Santos based in Perth.

Mr Grant commenced at Beach on 20 July 2020.

### **Beharra Springs GSA Agreed**

Beach together with MEPAU signed gas sales agreements with Alinta Energy for supply of gas from Beharra Springs Deep. The agreement is for supply of 10 TJ/d over a period of up to 2 years. First gas sales are expected to commence in Q3 FY21.

### **Victorian Drilling Update**

Beach and its Joint Venture Partner OGOG (Otway) Pty Ltd remain committed to the development of its undeveloped Otway Basin gas reserves, as well as exploration for additional gas reserves, targeting increased gas supplies for the Victorian gas market. Beach is currently engaging with Diamond and other rig providers to secure a rig for the Otway programme.

### **South Australian Otway Basin Permit Grant**

During the quarter Beach was announced as the successful bidder for PELA 680 in the SA Otway Basin. The permit is awaiting grant. Upon grant, ownership will be Beach 70% and operator, Cooper Energy 30%.

## **Subsequent Events**

### **Victorian Otway Basin Permit Grant**

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

### **Ironbark Environmental Plan approved**

On 16 July 2020 Beach was advised by BP, operator of WA-359-P, that the Ironbark Exploration Drilling Environment Plan (EP) had been approved. The Joint Venture is working towards commencing drilling in October 2020. Final timing is dependent on the progress of the current program on the Ocean Apex drilling rig, active nearby for Woodside.

Exploration permit WA-359-P is located in the Carnarvon Basin, offshore Western Australia, approximately 50km from the existing North West Shelf LNG infrastructure. The Ironbark-1 well is expected to drill to ~5500 metres and will be the first test of the Ironbark gas prospect. The participating interests in WA-359-P Ironbark are BP Developments Australia Pty Ltd (Operator): 42.5% Beach Energy: 21% New Zealand Oil & Gas: 15% Cue Energy: 21.5%

## Authorisation, disclaimer and other information

### Authorisation

This release has been authorised for release by Matt Kay, Managing Director and Chief Executive Officer of Beach Energy.

### Conversions

Product	Unit Conversion	Operation	Factor
Sales gas and ethane	PJ to MMboe	Multiply	0.17194
Condensate	MMbbl to MMboe	Multiply	0.935
LPG	Kt to MMboe	Multiply	0.008458

### Comparable periods

In FY19 Beach accounted for its Victorian Otway interests at 100% until 31 May 2019 when the Otway Sale completed and 60% thereafter.

In FY20 Beach accounted for its Beharra Springs interests at 67% until 30 November and 50% thereafter.

### Disclaimer

This ASX Release 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.

Certain FY20 planned activities are subject to joint venture approvals. References to planned activities beyond FY20 are subject to finalisation of work programs, government approvals, JV approvals and board approvals.

### Assumptions

These future development, appraisal and exploration projects are subject to approvals such as government approvals, joint venture approvals and board approvals. Beach expresses no view as to whether all required approvals will be obtained in accordance with current project schedules.

## Glossary

\$	Australian dollars	MMscfd	Million standard cubic feet of gas per day
BassGas	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 licences TR/L2, TR/L3, TR/L4 and TR/L5	NZ	New Zealand
bbl	Barrels	NZOG	New Zealand Oil & Gas and its subsidiaries
Beach	Beach Energy Limited and its subsidiaries	O.G. Energy	O.G. Energy Holdings Limited, a member of the Ofer Global group of companies
Beharra Springs	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	Origin	Origin Energy Limited and its subsidiaries
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	Other Cooper Basin	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)
C&S	Cased and suspended	Otway Sale	Sale of 40% of Beach's Victorian Otway interests to O.G. Energy (for additional information please refer to ASX announcement Ref: #047/18)
Cooper Energy	Cooper Energy Ltd and its subsidiaries	P&A	Plugged and abandoned
Cooper Basin	Includes both Cooper and Eromanga basins	PEL	Petroleum Exploration Licence
Cooper Basin JV	The Santos operated, SACB JVs and SWQ JVs and ATP 299 (Tintaburra) (Beach 40%, Santos 60% and operator),	PL	Petroleum Lease
EP	Exploration Permit	PRL	Petroleum Retention Licence
Ex PEL 91	PRLs 151 to 172 and various production licences. Beach 100%	Prize	Prize Petroleum International
Ex PEL 92	PRLs 85 to 104 and various production licences. Beach 75% and operator, Cooper Energy 25%.	PJ	Petajoule
Ex PEL 104 / 111	PRLs 136 to 150 and various production licences. Beach 40%, Senex 60% and operator.	Q(2) (FY20)	(Second) quarter of (FY20)
Ex PEL 106	PRLs 129 and 130 and various production licences. Beach 100%.	Qtr	Quarter
Ex PEL 513	PRLs 191 and 206 and various production licences	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%)
Ex PEL 632	PRLs 131 to 134 and various production licences	Santos	Santos Limited and its subsidiaries
EBITDA	Earnings before interest tax depreciation and amortisation	Senex	Senex Energy Limited and its subsidiaries
FY(20)	Financial year (2020)	SWQ JV	South West Queensland Joint Ventures, incorporating various equity interests (Beach 30-52.2%)
Genesis	Genesis Energy Limited and its subsidiaries	TJ	Terajoule
GSA	Gas sales agreement	Victorian Otway Basin	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 licences.
GJ	Gigajoule	Waitsia	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.
H(1) (FY20)	(First) half year period of (FY20)	Western Flank Gas	Comprises gas production from ex PEL 91 and 106. Both Beach 100%.
kbbl	Thousand barrels of oil	Western Flank Oil	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)
kboe	Thousand barrels of oil equivalent		
kt	Thousand tonnes		
Kupe	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		
Lattice	Lattice Energy Ltd		
LPG	Liquefied petroleum gas		
MEPAU	Mitsui E&P Australia		
Mitsui	Mitsui & Co., Ltd and its subsidiaries		
MMbbl	Million barrels of oil		
MMboe	Million barrels of oil equivalent		