

Good morning ladies and gentlemen. I declare open the 2012 Beach Energy Annual General Meeting. On behalf of the Board, a welcome to all of you.

At Beach, ladies and gentlemen, safety takes precedence in everything we do. That includes our Annual General Meeting. In the unlikely event of an emergency evacuation you will hear a “woop woop” alarm. On hearing that alarm please evacuate in a calm manner noting the two exits from the auditorium and follow the instructions from the Convention Centre staff who will direct you to a safe assembly point.

In addition to safety taking precedence so too do our relationships with the traditional owners of Australia. We acknowledge this land that we meet on today which is the traditional land of the Kurna people and we respect their spiritual relationship with the country. We also acknowledge the Kurna people as the custodians of the Adelaide region and that their cultural and heritage beliefs are still as important to the living Kurna people today.

As always ladies and gentlemen there are a few housekeeping matters:

- If you haven't already done so please turn your mobile phone to silent; and
- I would ask you to note that any unauthorised recording or photography during the course of the meeting is prohibited. The presentations are being recorded and will be available on the Beach website after the meeting.



## Introduction

**Glenn Davis**

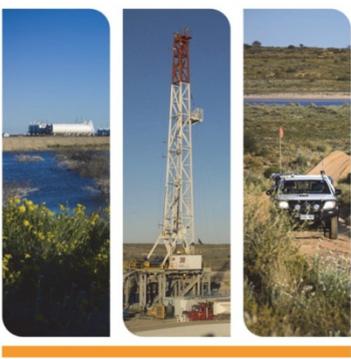
By way of introduction, those joining me on the stage today from my immediate right are:

- Reg Nelson, your Managing Director;
- Franco Moretti, non-executive director and lead independent director;
- John Butler, non-executive director;
- Belinda Robinson, non-executive director;
- Doug Schwebel, who will be standing for election as a non-executive director today;
- Fiona Bennett, who will also be standing for election as a non-executive director today;
- Kathryn Presser the Company CFO; and
- Cathy Oster the Company Secretary.

You will note that Dr Neville Alley is not with us on the stage today. Neville's term as a director ended by rotation at this Annual General Meeting and Neville decided not to stand for re-election today. Neville joined the Board of Beach on 6 July 2007. Neville is an expert in the geology of South Australia, is a man of great integrity and honour and one who always expresses his opinion without fear or favour. Neville, on behalf of the Board and shareholders, thank you for your contribution and I would like to note both personally, and on behalf of the Board, that you will be sadly missed. We wish you well

with all of your future endeavours. Please join with me in thanking Neville in the usual way.

Ladies and gentlemen you will also note that this is not the voice or face to which you have become accustomed over the years at Beach Annual General Meetings. Mr Kennedy's term as a director ended by rotation at this Annual General Meeting and for a number of reasons Bob decided not to offer himself for re-election today, ending a very long and remarkable stint as Chairman of the Company. Bob joined the Beach Board on 5 December 1991 and was elected Chairman on 27 November 1995. In his 21 years of service to the Company Bob has been involved in the rise of Beach from a company that had been ravaged by fraudsters to where it is today, a \$1.8 billion ASX top 100 company, poised for further great success. Bob is a man of great intelligence and great courage and during his term as a director has used both of those attributes to great effect for the benefit of the Company. After 21 years of service, it is certainly appropriate that Bob should have the opportunity to say a few parting remarks. On that basis would you please join with me in welcoming Bob to the stage.



**Chairman's Address**

**Glenn Davis**

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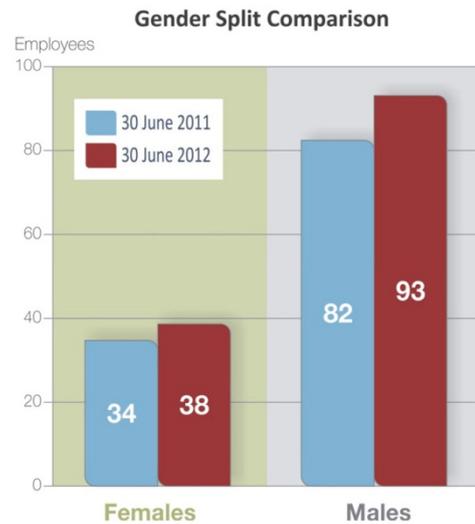
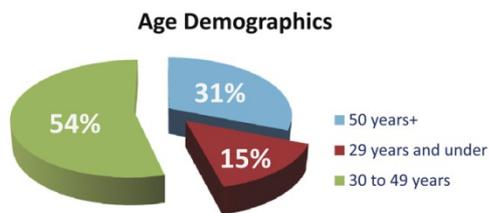
Our Managing Director will talk in a moment about the year in review, Beach's valuable oil and gas assets and our future plans.

In my comments this morning so too will I focus on assets, but on a very different but equally critical asset – people.

## Our people



- Staff numbers up 13% to 131 at end of FY12
- Head count expected to increase by 37% to 180 by end of FY13
- Continued focus on diversity
- Board stability
- Positive staff survey results



**Engaging well qualified, diverse and motivated people**

Annual General Meeting, 23 November 2012

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People are essential to our continued success. People both inside Beach and outside the company with whom we have strong working relationships.

Without the right people and without strong and healthy relationships with other stakeholders in the sector none of Beach's assets can be developed expeditiously.

Beach is a company on the move. At the end of the financial year we employed 131 people and we expect that to increase to 180 by the end of this current financial year. That alone is impressive, when other companies are cutting back, in the current economic climate. In building that workforce we continue our focus on diversity with 30% of our workforce being female.

In addition to growth it is worth noting that Beach's people are relatively young. 70% of our workforce is under 50 years of age. We continue to support growing involvement of women in the resources industry. We continue to look for employment opportunities for indigenous people.

We are focussed on building for the future, with a young dynamic energetic workforce backed by the skills and knowledge of experienced people. In this way we can maintain our vital Cooper Basin business building revenue and profitability, while underpinning new and exciting wealth growing activities, such as our Australian unconventional assets and international opportunities.

Beach generates employment opportunities, not just directly, but also by engaging numerous contractors and consultants. Beach is very busy. This puts pressure on

everyone, but one thing stands alone. Safety takes precedence in everything we do. We have to keep our workforce healthy. Beach works very hard in this area.

**Keeping our people safe** 

- Low Supervision Classification for Production Operations (SA) by DMITRE
- Continued support for APPEA Stand Together for Safety campaign
- Two recordable injuries among Beach employees across all operated sites over the last three years
- Working to educate increasing numbers of contractors in the Beach safety culture



**Safety takes precedence in everything we do**

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An example of that hard work is that the government regulator, DMITRE, has granted Beach low supervision classification for our South Australian oil production operations. Only Beach and one other company have achieved this status. We are currently working towards obtaining low supervision status for our gas production operations as well.

That low supervision classification is a credit to our staff out in the field doing the hard grind. Unfortunately not all of you can see where they work. It's a harsh environment. They do a fantastic job in a very professional and skilled way.

The low supervision status doesn't mean we will reduce our focus on safety – far from it. But it is an acknowledgment of the systems that we have in place and our safety track record and it provides a foundation for a future focus on safety for all of our employees.

And whilst we have an enviable safety track record in relation to our direct employees, it is fair to say there is still more work for us to do in relation to ensuring companies who provide contract services to us meet our safety standards. That will be a particular focus in the coming year.

## 2012 staff survey



The 2012 staff survey results are a tribute to the Beach culture:

- 100% of employees believe **Beach values the health and well-being of its staff and families**
- 99% of employees agreed they were **happy to work at Beach**
- 98% are **proud to tell people they work for Beach**
- 99% of employees believe that compared with other organisations they have worked for Beach is a **good employer**

Views of Beach insiders - changes over the last year:

- 90% of employees believe our **business focus has improved**
- 91% of employees believe there is a **greater awareness of diversity**
- 95% of employees believe the senior leadership team has **responded to and resolved relevant issues**



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In addition to keeping our staff healthy, competing in a worldwide market for scarce human resources with energy expertise, means that we also need to keep the right culture and maintain our position as an employer of choice.

Recent staff surveys suggest that management has done a very good job in fostering and guiding that culture. The survey numbers on the screen behind me speak for themselves. Our focus on maintaining that culture and attracting the very best people must remain.

### Working to maintain good stakeholder relations with:

- Traditional owners
- Landholders
- Government



*Dieri Consent Determination, Marree Station 1 May 2012*



*Cattle grazing in Cooper Creek on Mungerannie Station*

Whilst we have the licence to explore and produce energy, by and large, we do so in conjunction with others who have equally strong interests in the land. It is crucial that we build understanding and a strong working relationship with these people.

I acknowledged at the commencement today the importance of our relationship with the indigenous people, whether in Australia or wherever we work in the world.

This year marks the tenth anniversary of our first discovery of oil on the Western Flank of the Cooper Basin – a milestone in the resurrection of the Cooper.

The milestone that preceded it was the negotiation with key groups with claims in the region, notably the Dieri People and the Yandruwandha-Yawarrawarrka People in South Australia and the Boonthamurra People and Wongkumara People in Queensland.

The access agreements with these traditional owners were truly ground breaking. All parties were very new to the process and it says so much of the trust and strength of the relationships that we have all built that our exploration and production activities have achieved so much. Our work with the traditional owners is focused on respecting their heritage and their connection with the land. We value these relationships very highly.

We thank the traditional owner groups with whom we work for their continued support of our activities and co-operation with us in supplying vital energy for all Australians. It is important that we emphasise to all Australians that the support of traditional owners be understood, acknowledged – and most of all, respected.

We also work extensively with the land and station owners where we operate. Reg last week joined our Chief Operating Officer, Neil Gibbins, on his annual 3,000 km road trip to visit land holders and station managers in the Cooper Basin to discuss our activities and strengthen those relationships.

Those discussions were very constructive and I would like to thank the landholders with whom we work for allowing our staff into their homes and communities and for the open dialogue that takes place to enable constructive work to continue together.

We also invest heavily in maintaining and growing strong relationships with government. We have a very good working relationship with the Federal Government and the State Governments with whom we work.

We are equally aware that we must work closely and develop strong relationships with foreign governments, landholders and indigenous people in other countries in which we operate.



As shareholders, you are undoubtedly aware that Beach produced a very good set of results last financial year. I'm sure you'll be delighted to know that we are confident of producing a good set of results in this financial year. To achieve that we need to continue our focus on the engine room in the conventional Cooper Basin which is ticking over very nicely, further develop what is now recognised as a tremendous position in the unconventional space in Australia and bring forward as quickly as

reasonably possible our exploration and development activities in Tanzania, Egypt and now Romania.

None of that is possible, as I have explained, without the right people and without the right external stakeholder engagement and we must continue our focus on those elements if we are to succeed as the company goes through a significant growth phase.

With that, ladies and gentlemen, I will conclude this address with a thank you to the Board, both immediate past and present, to Reg and his senior executive team, all of our staff, whether here or out in the field and to you our shareholders for your continued support of the company.

I now present the Managing Director, Mr Reg Nelson who will present an overview of the operations of the company.



## Managing Director's Address

**Reg Nelson**

Thank you Glenn.

## Compliance statements

### 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 2012 and represent Beach's share.

### Competent Persons Statement

- This presentation contains information on Beach's Reserves and Resources which have been compiled by Mr Gordon Moseby, who is a full time employee of Beach, is qualified in accordance with ASX listing rule 5.11 and has consented to the inclusion of this information in the form and context in which it appears.

Please take a moment to read our compliance statements in relation to today's presentation.



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This year is a significant year for Beach. It marks the tenth anniversary of our Sellicks-1 oil discovery, which opened up the now prolific Cooper Western Flank.

At the time, we were told that the Cooper was played out. At the time, we were told by the so-called “experts” that Australia would be awash with gas and prices would be low for decades to come.

We begged to differ. We chose to defy conventional thinking. That is why Beach is now transforming into a very significant Australian and international energy company. We trust our own judgment, not so-called “experts.”

I stood here three years ago and articulated our plans to develop shale gas, yet even as recently as two years ago, some of our peers were saying that shale gas from the Cooper would not be on the horizon for many years.

Now everyone seems to have a shale story. But Beach has already moved beyond shale. In the Cooper Basin, we have identified Australia’s first known basin-centred gas play, of which shale gas perhaps forms only a third of this huge potential.



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

November 2012

Slide 4

Beach had an active FY12, with its entry into the ASX 100 for the first time, the raising of \$345 million through convertible notes (\$150 million) and the issue of shares (\$195 million), and the undertaking of significant capital expenditure projects covering our Western Flank oil business to our unconventional gas exploration program.

As this map depicts, Beach is now truly an international company. However, it is worth reiterating that the majority of the Company’s focus remains on the Cooper Basin. The international expansion is driven around our focused strategy of growing our oil business, which is difficult to do in Australia as it is a very mature country geologically and as a result more gas prone.

Shareholders who might be concerned about international exposure should be reassured that only 10% of our capex budget is attributed to the international business. However, we believe we have entered into some highly prospective areas that have real potential to deliver value to shareholders in the medium term.

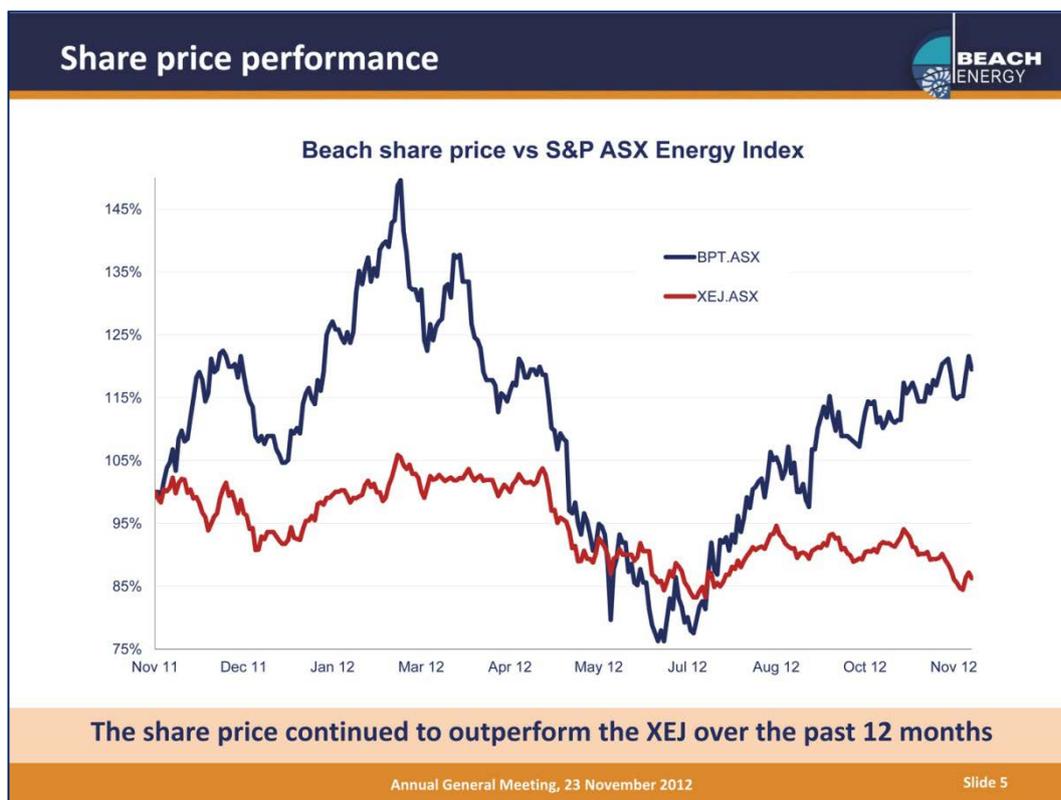
Financially Beach had an outstanding FY12, with NPAT of \$164 million, up \$262 million on FY11, a record underlying NPAT of \$122 million, up 190% on the previous year and strong cash flow from operations of \$219 million. We continue to have a robust balance sheet with cash in the bank of \$379 million at year end (which was a healthy \$336 million on Monday 19 November 2012), nil debt and a multi-option finance facility of \$150 million that we have not yet utilised. On top of this, the Board increased the final dividend to 1.5 cents, which resulted in a full year fully franked dividend total of 2.25 cents.

Corporately, the main achievements were the renegotiation of the Esso Australia royalty which applied to our Delhi Petroleum assets. This has delivered a material and long-lasting change for Beach. I acknowledge and thank ExxonMobil for the cooperative approach that should deliver value to both our companies.

During the year, Beach also acquired Adelaide Energy Limited for \$94 million. This allowed us to move to 100% ownership of the key Permian strata in PEL 218 in the Cooper Basin, as well as increasing Beach's farm-in interest in the adjacent ATP 855P to 60%.

Operationally we also had a strong year, with the following key outcomes:

- Production of 7.5 MMboe, up 14%
- Excellent results from the first four unconventional vertical wells in PEL 218
- Bauer oilfield discovered and production initiated
- First operated gas and gas liquids production in PEL 106B
- First Egyptian oil production and three discoveries



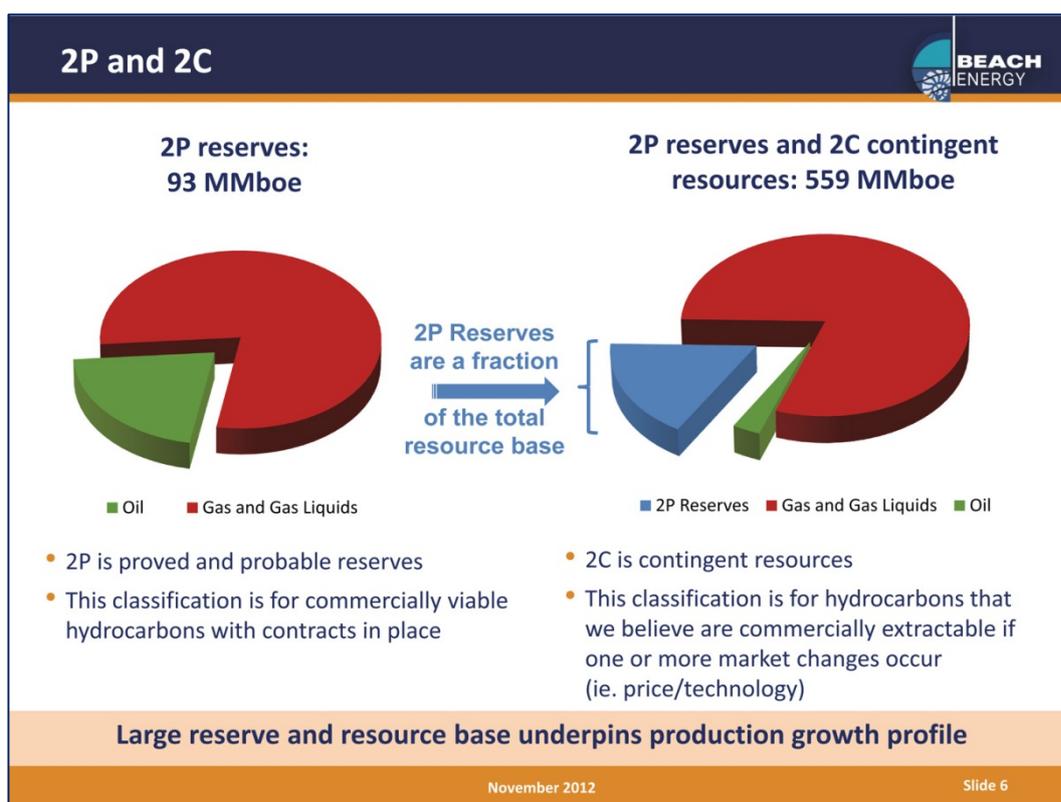
As the graph on this slide shows, Beach has outperformed the XEJ (ASX Energy Index) over the past 12 months. The share price once again has momentum behind it as activity within our unconventional exploration program picks up and as our Western Flank oil exploration and appraisal program continues with great success. All this

occurred despite a significant capital raising and macroeconomic factors related to the Eurozone crisis with a resultant hit to global oil prices.

At last year's AGM our share price was \$1.35, with the share price being \$1.435 at the close of business yesterday.

As a result of the capital raising during the year, an increase in the Company's issued shares effectively gives us a larger market capitalisation than this time last year.

Beach's market capitalisation today is around 1.8 billion, approximately 20% more than a year ago.

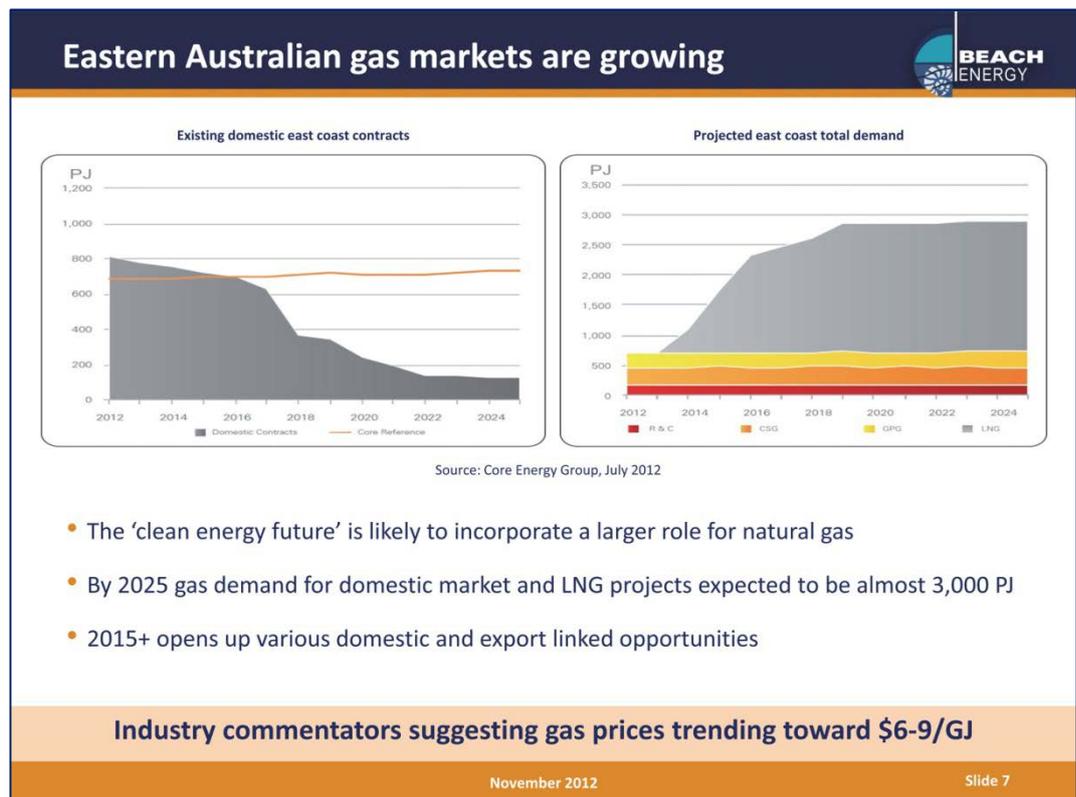


While production and resultant cash flow are key objectives from the operational standpoint of Beach, we place great importance on the regeneration and expansion of our 2P proved and probable reserves and 2C contingent resources base over recent years.

In this regard, Beach's 2P reserves have grown by approximately 20% per annum since FY10. Bear in mind that before increasing reserves, we first have to replace the oil and gas we have produced during the year. We believe we will continue to deliver this rate of reserves growth for the foreseeable future, primarily as a result of continued Western Flank exploration and appraisal success, as well as conventional gas infill drilling by the SACB JV, which delivered ~20 MMboe net to Beach of gas resource to reserve conversion in the last financial year.

For 2C contingent resources, Beach had a major increase in FY11 of 96% due to the booking of resources from our two unconventional vertical exploration wells, Encounter-1 and Holdfast-1. During FY12, Beach engaged DeGolyer & McNaughton to undertake an independent unconventional resource assessment. As part of this assessment, Beach adopted the new SPE Petroleum Reserves Management System guidelines for booking unconventional resource volumes. The new approach allows for 1C, 2C and 3C contingent resource booking. Previously, the area around each well that could be booked as a 2C resource was 100 km<sup>2</sup>. The new 2C reporting requirements significantly reduces the allowable area to 28 km<sup>2</sup> around each well for sandstones and 41 km<sup>2</sup> around each well for shales.

It is important to note that this has had no impact on our gas in place estimates for our unconventional acreage, which is at least 300 Tcf for PEL 218. We also anticipate providing guidance in relation to a further resource upgrade early in the new calendar year from the unconventional wells that have recently and are currently being fracture stimulated. These include Moomba-191 (Beach 20.21%), Moonta-1 (Beach 100%), Streaky-1 (Beach 100%) and Halifax-1 (Beach 60%).



The Eastern Australian gas market has continued to move in line with our expectations over the past few years. As detailed in this slide, Core Energy, an independent group based in Adelaide, estimate that with planned LNG trains coming on line from 2014-15, the growth in gas demand on the East coast of Australia will almost triple to around 3,000 PJ per annum by 2020.

Beach has a real opportunity to be part of this growth story through its significant position in the Cooper Basin. We are already negotiating the sale of significant conventional Cooper Basin gas reserves with a number of parties. Suffice to say that there is already strong competition for gas from both LNG and domestic consumers.

Our unconventional exploration program is, of course, attracting strong interest. On top of an intensive drilling campaign now underway, Beach is aiming to commence a pilot production program from horizontal wells during calendar year 2013.

Should these wells deliver according to our expectations, we will look to scale up the project to meet the rapidly emerging gap between demand and supply.

## Our Cooper Basin engine room

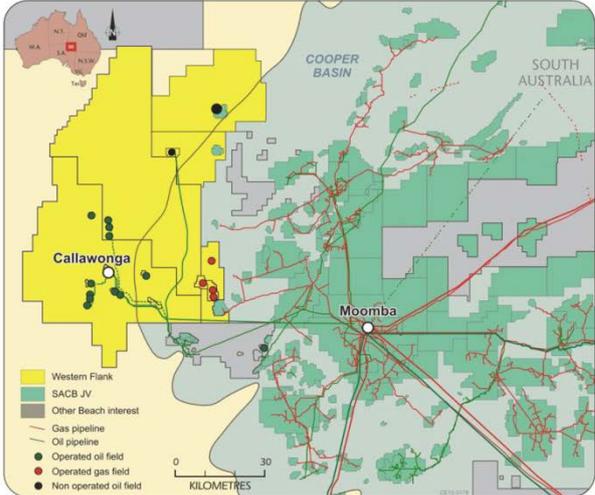


**The Western Flank:**

- High oil net back per barrel of ~A\$80\* (including opex, royalties and transportation)
- Quick drill and tie-in periods
- High flow rates from wells
- Excellent understanding of the geology
- Proposed flowline infrastructure to increase production

**SACB JV:**

- Discussions with potential customers for conventional gas
- ~10 MMboe p.a. of gas resource to reserve with infill drilling
- Renegotiated royalty with Esso Australia



\*Assumes Brent oil price of A\$105 per barrel

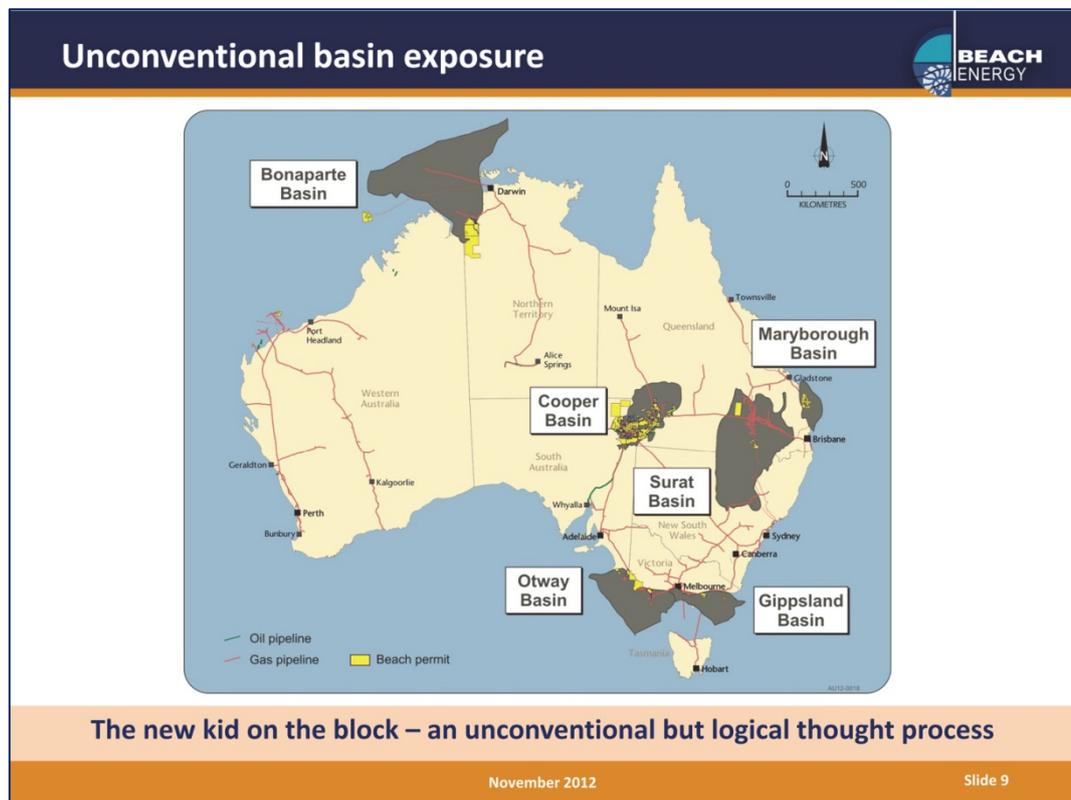
**Responsible for the majority of the Company's cash generating capability**

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The Western Flank and the SACB JV are the two key cash generating areas of the business. Approximately two thirds of the cash generated during FY12 came from the oil business, mainly on the Western Flank and primarily as a result of the high net back per barrel received, which was in the order of A\$80 per barrel. This cash flow should increase over the course of FY13 as we complete the wet commissioning and construction of all pipelines into the Lycium Hub.

On the gas front, we completed a significant renegotiation of the Esso Australia royalty agreement during the year, which is a material and favourable change for the business. This, along with the expectation that gas contracts will be signed up at pricing much higher than that historically, will certainly help underpin a strong gas business over the coming years.

I think it would be fair to say that the Cooper Basin is undergoing a major resurgence and the market is finally standing up and taking notice.

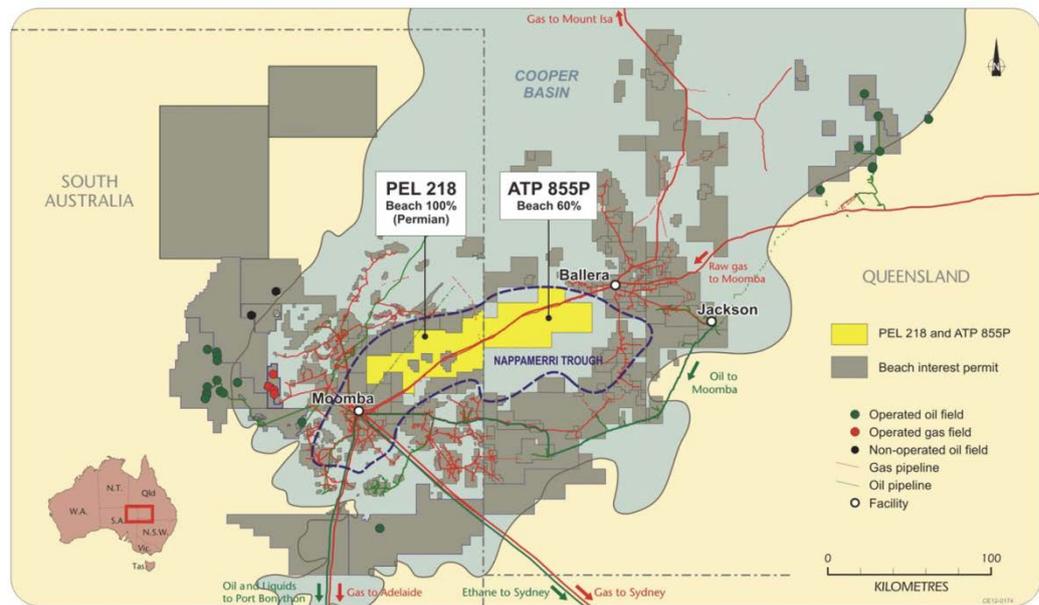


Our prime focus for unconventional resources is on our PEL 218 and ATP 855P tenements in the Permian section of the Nappamerri Trough in the Cooper Basin.

However, this is far from being Beach's only opportunity in the unconventional space. Our exploration team have worked hard at building a portfolio that we believe will deliver other such opportunities around Australia.

While the geology of all these areas is highly prospective, the other key aspect for our entry into any basin is infrastructure. We do not believe in building a business with stranded oil and/or gas, which is why we target only areas in close proximity to infrastructure, that will allow for an orderly tie in of discoveries.

In addition to our Cooper unconventional activities, I'm very pleased to advise that we will shortly commence an aeromagnetic and gravity survey of the Bonaparte Basin as well as seismic in the Otway. We believe that both basins are prospective for oil or liquids-rich gas and I'm confident that we'll have some interesting results as we progress exploration in these areas.



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However, let me now discuss our unconventional program in the Cooper. Our targeted choice is the Nappamerri Trough, between the Moomba and Ballera gas processing plants.

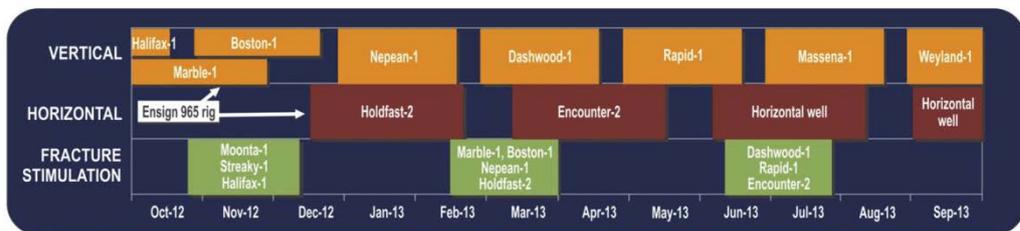
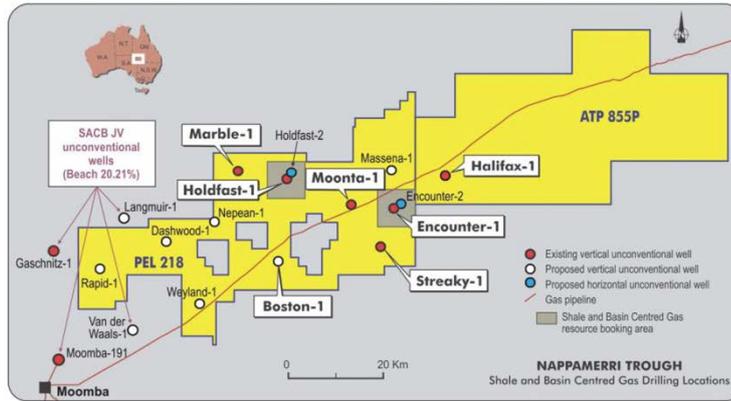
Shale sequences in the Nappamerri Trough have been a principal source of the gas that has escaped and become trapped in gas fields such as Moomba and Big Lake near the Trough's western margin. We believe that what has escaped is just a very small component of gas generated and that by far the greatest accumulation remains in situ, deep within the centre of the Trough.

PEL 218 in South Australia and ATP 855P in Queensland cover this central, core part of the Trough, where the shales are thickest and – most importantly – overpressured.

We believe that, as with the prolific Haynesville Shale of East Texas and Louisiana, the overpressuring is the key to higher deliverability of gas and therefore economic viability. Therefore, we were greatly encouraged by good flow rates from the shale section recently tested in the Moomba-191 well in our joint venture with Santos and Origin Energy. Overpressuring here is slight compared to that observed in the core part of the Trough.

The Moomba-191 well flowed up to 3 MMscfd and has already been tied into the gas processing and sales network, which demonstrates the ease of accomplishing commercialisation. Along with Santos, Beach can claim to have participated in the first shale gas sales in Australia.

# Unconventional acreage and timeline



November 2012

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Our timeline for the unconventional business shows just how much activity we have and will be undertaking over the coming year. We now have two rigs operating concurrently in PEL 218 and are in the midst of our first batch fracture stimulation of three deeper vertical wells, which should provide a number of data points in the lead up to the calendar year end. As depicted in the timeline, our first horizontal well, Holdfast-2 is expected to spud around mid-December, the first of its kind, targeting unconventional targets in the Nappamerri Trough. As mentioned previously, we believe that this program will deliver the information we require to move to a pilot production phase during calendar year 2013.



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Nearly one third of petroleum accumulations discovered in the world to date have been found in rift basins. In recent years, there has been a renewed focus on rift basins, particularly those of East Africa.

Rift basins are formed when tectonic plates separate and underlying plumes of hot magma invade fracture zones. The resulting rift valleys are major centres for the deposition of sediments from lakes. Within the lakes, organic rich sediments accumulate. Through relatively rapid burial, combined with heat, the resulting shales eventually mature as hydrocarbons which may then be expelled into reservoir sands.

Through the way they are formed, rift basins offer a wide range of potential petroleum reservoir and traps.

Oil seeps and bitumen occurrences along the margin of rift systems have been long known. Recent work on ancient Egyptian mummies has indicated that some of the bitumen used as a preservative is considered most likely to have come from ancient, hand dug wells discovered at Gebel Zeit on the southwestern shore of Egypt's Gulf of Suez. These wells were undoubtedly fed by petroleum seepage along a fault.

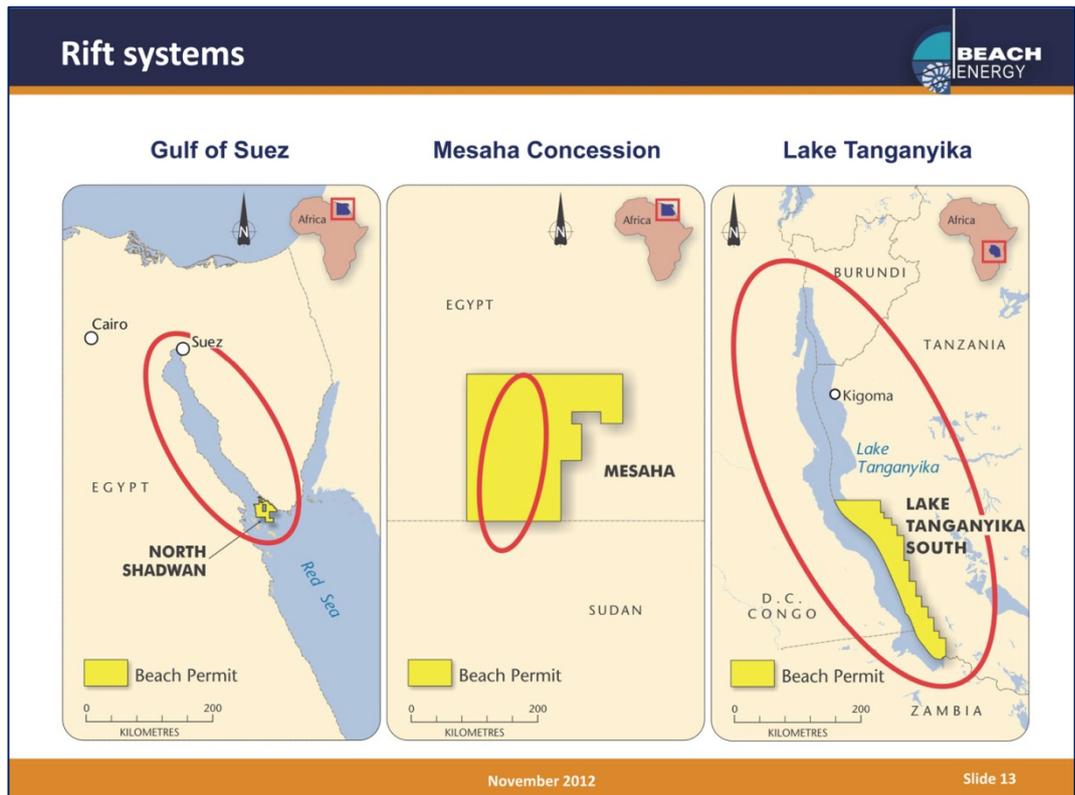
The name Gebel Zeit is Arabic for "oil mountain". The seepages there were well known and later exploited by the Romans for a numerous purposes, including domestic lighting and heating.

The Gulf of Suez and Red Sea area is one of the most prolific hydrocarbon provinces in Egypt and the site of the earliest exploration. The Gulf of Suez has historically

accounted for up to 70% of Egypt's annual oil production. It has yielded over 4.5 billion barrels over the last 40 years from numerous fields.

Beach's North Shadwan oil production and development is on the opposite side of the Gulf from Gebel Zeit.

Any rift systems that exhibits signs of oil seepage is a natural target for exploration, which is why Beach has turned its efforts toward other rift systems elsewhere in Africa.



The East African Rift System consists of a set of linked rift basins that extend through the African continent Southwest from the juncture of the Red Sea, with the Gulf of Aden, then curving back towards the Indian Ocean coast near Malawi.

Our particular interest is the Albertine Rift which stretches from the Northern end of Lake Albert to the Southern end of Lake Tanganyika.

Oil seeps have been identified on the shores of Lake Albert for many years and the first exploration well was drilled there in 1938, encountering oil shows and clearly demonstrating that oil was sourcing in the basin. However, it was over 60 years before any further activity took place.

In Uganda, Tullow has drilled over 45 wells since 2006 with 1.1 billion barrels (P50) of oil discovered in the Lake Albert Rift basin with additional prospective resources yet to be drilled. Following the farm-down of two-thirds of its equity in the Lake Albert basin to CNOOC and Total in February 2012, Tullow is now working

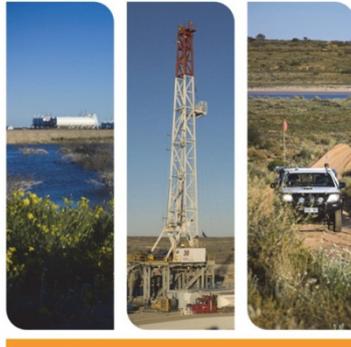
closely with the Government and its new partners on a basin-wide development plan with the potential to produce in excess of 200,000 barrels of oil per day.



What attracted us to Lake Tanganyika is the very same reason for Tullow's initial interest in Lake Albert – naturally occurring oil seeps – a sure sign that conditions are right for oil generation to occur within the rift system.

Here's the proof – a vast slick of oil, which we have sampled and proved to be naturally occurring.

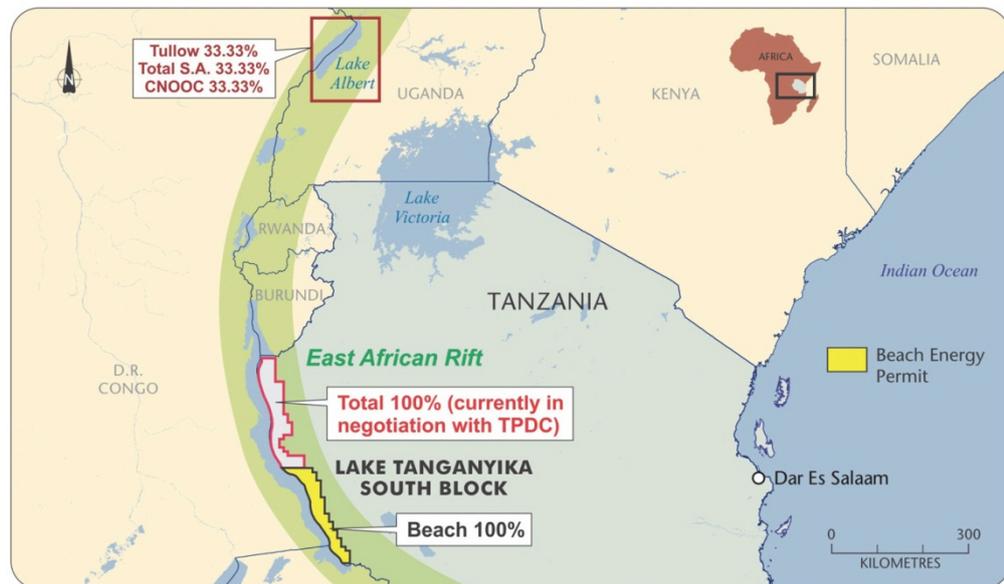
I will now hand over to Danny Burns, who heads up our international ventures team, and Marcus Mngongo, our man on the ground in Tanzania, to briefly run you through our Tanzanian operations from both a technical and, what I see as equally important, community engagement perspective.



## Tanzanian operations and community engagement

**Danny Burns**  
**Marcus Mng'ong'o**

## Tanzania – Lake Tanganyika South Block

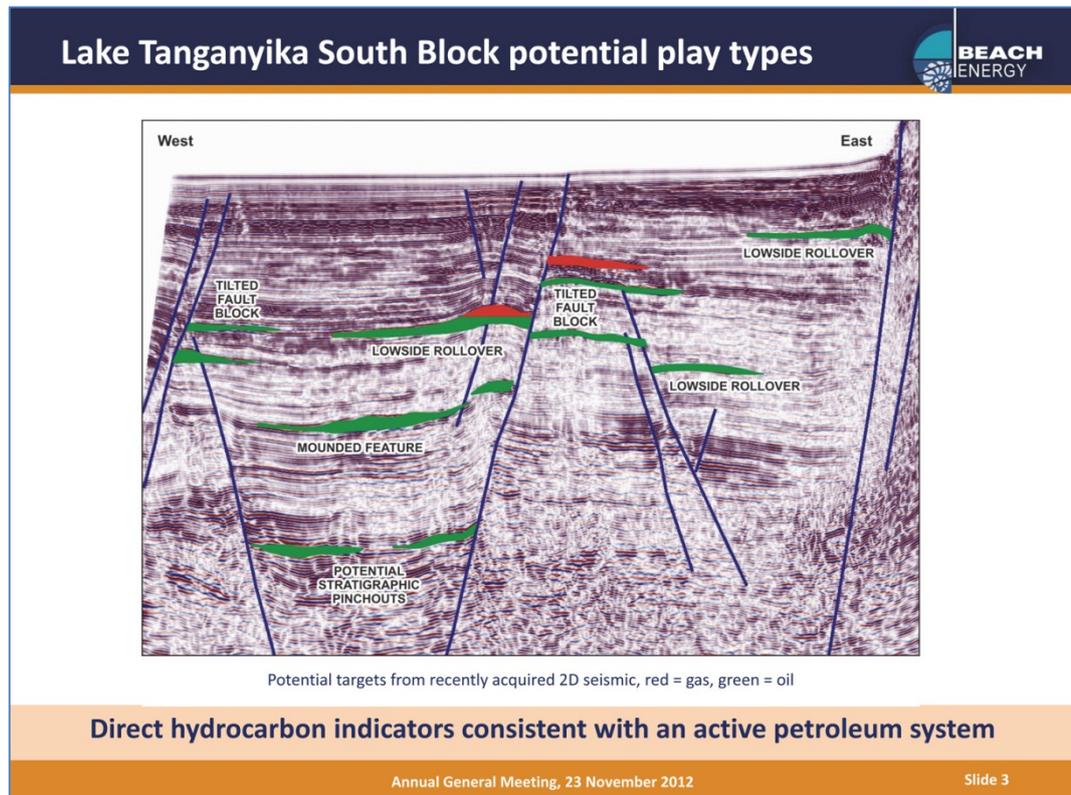


**A significant acreage position in the prospective East African Rift**

Beach holds a 100% interest in the Lake Tanganyika South oil and gas exploration permit, a 7,200 km<sup>2</sup> section of the East African rift basin. Further North along the rift, Tullow Oil plc has found 1.2 billion barrels of oil (P50) in their Lake Albert permits, with

Total and CNOOC having recently farmed-in to two thirds of the acreage for US\$2.9 billion. Lake Tanganyika has similar geology to Lake Albert and, like Lake Albert, has oil seeps, indicating an active hydrocarbon system underneath the lake.

Recently Total was the successful bidder in a hotly contested gazettal round for the Lake Tanganyika North exploration permit, immediately adjacent to Beach's permit, and they are currently negotiating a PSA.



Since mid-2010, Beach has conducted a number of geophysical surveys over the permit, a high resolution aeromagnetic and gradiometric gravity survey, a bathymetry survey, and in mid-2012, a 2,080 kilometre 2D seismic survey. We were delighted when this seismic survey delivered seismic data of very high quality.

As can be seen in this field processed seismic line, many structural and stratigraphic play types have been identified, which in many ways are similar to the Lake Albert play types in Uganda. There are numerous amplitude anomalies in settings which suggest that they may be possible direct hydrocarbon indicators. When final processing of the seismic data is completed, in the first half of calendar year 2013, it will be interpreted in conjunction with the gravity and magnetic data to develop prospects and leads for drilling candidates.

### Community engagement involves:

- Visiting 71 villages containing ~140,000 people along 250 kilometres of lake frontage

### Anti-Malaria campaign

- In 2009, a USAID sponsored anti-malaria campaign along the shores of Lake Tanganyika stalled
- In 2010, Beach rescued the campaign by donating 26,000 mosquito nets

### Building inter-village rapport

- Beach donated soccer balls and jerseys to villages during consultations
- Jerseys were printed with village names for inter-village competitions



Malaria is a major public health problem in Tanzania. It is estimated that malaria kills 60,000 people in Tanzania annually, with 80% of these deaths among children under five years of age.

When Beach first visited Lake Tanganyika, after signing the Production Sharing Agreement with the Tanzanian Government, we discovered a stalled anti-malaria program which had run out of funds. Beach rescued the program by donating 26,000 mosquito nets for distribution to villagers along the lake shore, where malaria is virulent.

In 2010 during the first round of community consultations, Beach distributed 2 or 3 soccer balls and pumps per village. Due to an overwhelming response, in 2011 Beach printed and distributed soccer and netball jerseys, balls and pumps to the 71 villages along the 250 kilometre shorefront within the permit zone. Jerseys were printed with village names for inter-village competitions.

## Mwongozo ferry refurbishment



- 1982 – The Mwongozo built as mixed passenger and cargo ferry
- 2008 – Declared unseaworthy
- 2011 – Beach awarded the seismic contract which included refurbishment of the Mwongozo
- 2012 – Mwongozo declared seaworthy and recertified
- 2012+ – Mwongozo to potentially be re-used as a passenger/cargo ferry



Annual General Meeting, 23 November 2012

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Travel on the lake is limited and difficult with a shortage of reliable passenger and cargo ferries. Currently there is only one boat, the Liembe, in regular service. The Mwongozo was built in 1982 as a mixed passenger and cargo ferry which had the capacity to carry 800 passengers and 80 tonnes of cargo. In November 2008, the vessel was deemed unseaworthy and suspended from operations. Beach awarded its 2D seismic contract to Fugro Oceansismica from Italy in March 2011 and negotiations for the refurbishment of the Mwongozo commenced. In May 2012 the vessel refurbishment was completed and the Mwongozo was declared seaworthy and certified for use as a seismic vessel.



In my experience I have seen many companies come to Tanzania and not engage with the local Government or local communities, and it has not ended well. Beach signed a PSA between itself and the central Government, so for Beach to engage with the villagers from day one has been very well received. In Africa, goodwill gestures make a big difference. Beach has made it a priority to provide tokens of goodwill such as the soccer balls and mosquito nets, which has resulted in Beach being considered as a good corporate citizen by the villagers. To date Beach has completed its operations in Tanzania without any problems from the communities along the lake shore of our Tanganyika South block. With the foundation laid to date, we expect and are hopeful that this will continue for our future work programs.