



**5<sup>th</sup> Annual  
Australian and NZ  
Citi investment conference**

**30 October 2013**

# 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 2013 and represent Beach’s share.

## **Competent Persons Statement**

This presentation contains information on Beach’s Reserves and Resources which have been compiled by Mr Tony Lake, 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.

# Overview





## Is a....

- Safety, people and environment first company
- Global oil and gas explorer and producer with unrivalled cash generation amongst its peer group
- Prudent portfolio manager

## Will seek to....

- Deliver consistent superior shareholder returns in terms of capital appreciation and yield
- Maintain growth in its high margin oil business
- Leverage the Australian east coast market to build a long-term profitable gas business



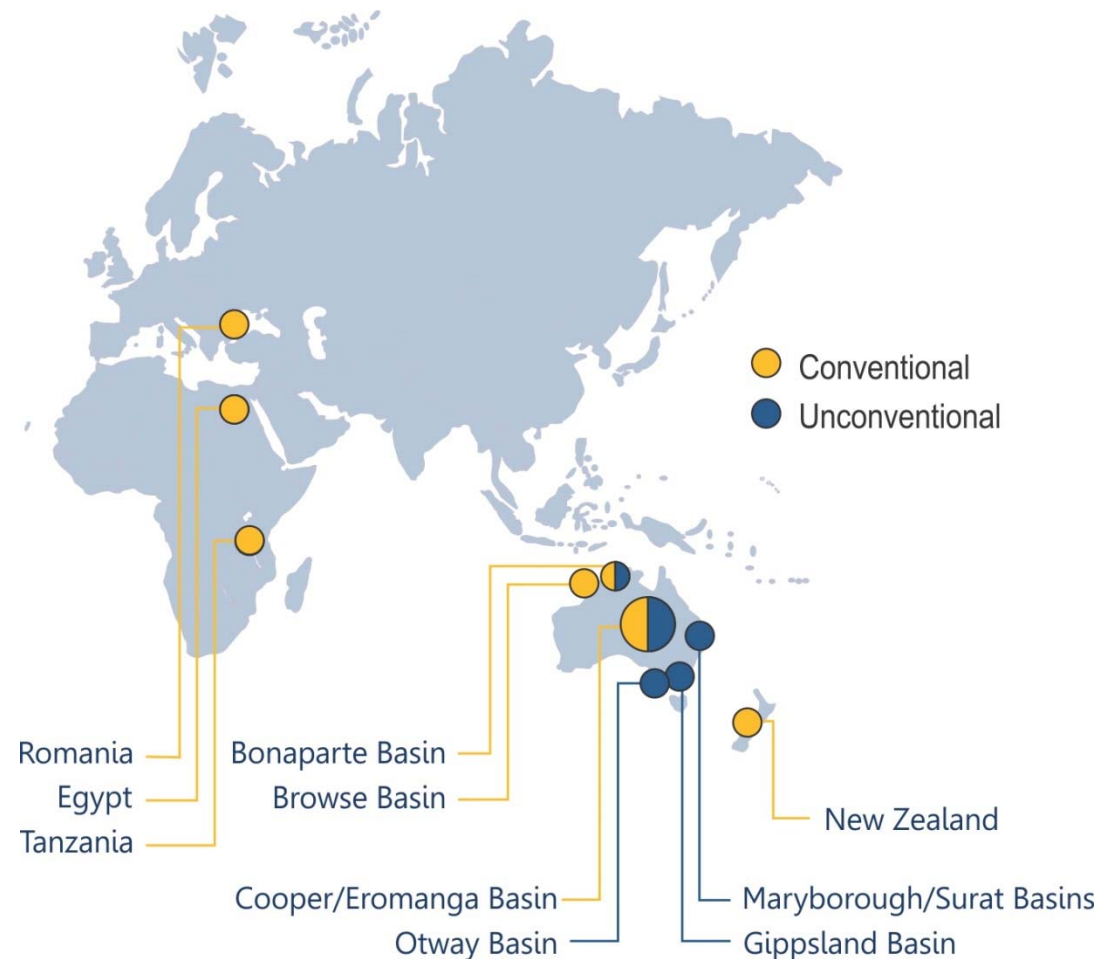
# Company overview



- ASX 100 company with a market cap ~A\$1.7 billion
- Largest Cooper Basin oil producer, sixth largest in Australia
- Strong balance sheet with cash of \$402 million\*
- Undrawn secured debt facility of A\$320 million
- Record revenue of \$270 million for Q1 FY14
- FY14 capex guidance \$420-\$480 million

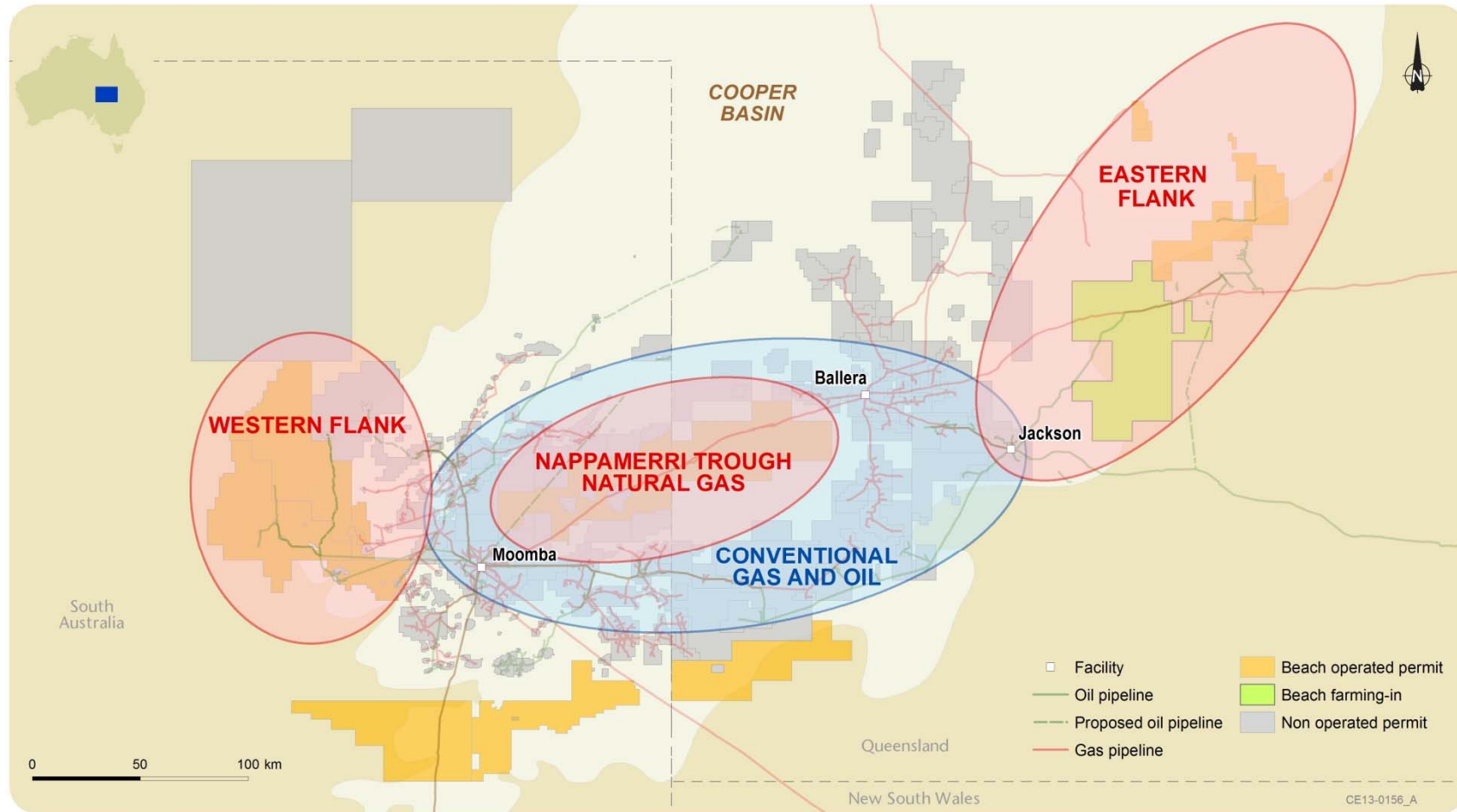
\* As at 30 September 2013

## Key global operations



Fully funded capex program primarily focused on the Cooper Basin

# Cooper Basin acreage



Prolific gross acreage position of over 56,000 square kilometres

# Actual and forecast production

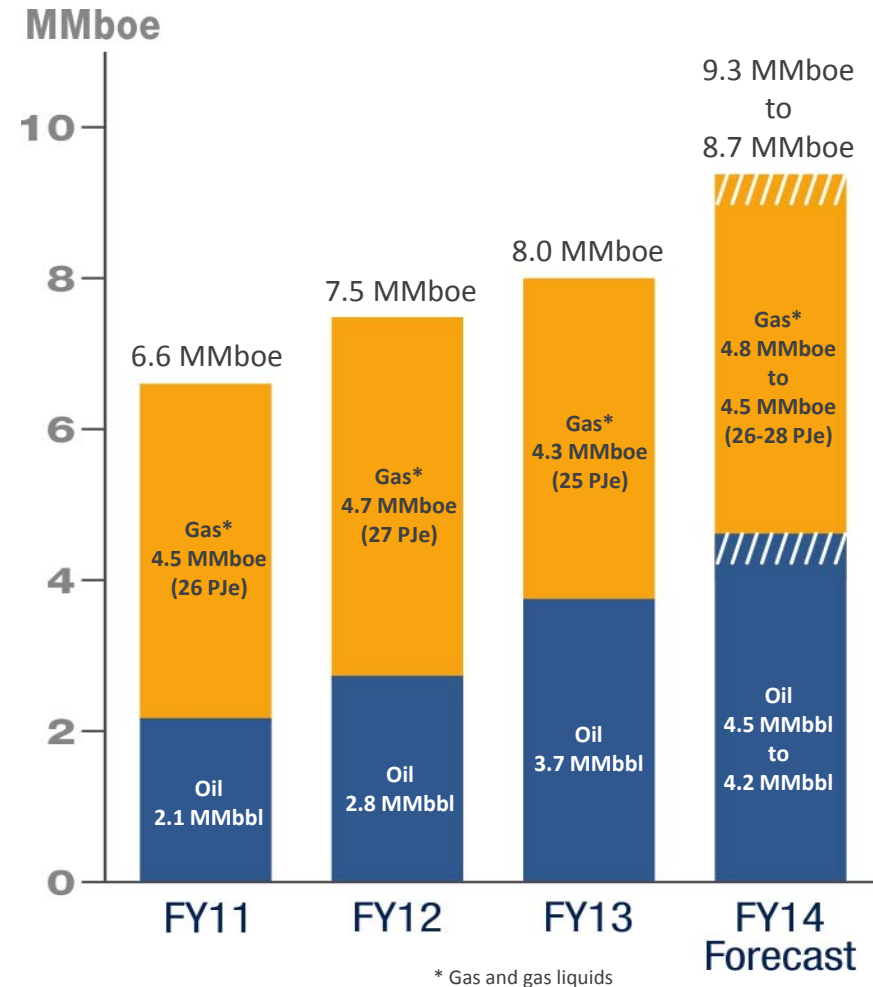


## Q1 FY14

- Record total revenue of \$270 million
- Record net oil production of 1.3 MMbbl
- Record net oil sales volumes of 1.6 MMbbl
- Participation in 27 wells with a success rate of 80%

## FY14

- Production guidance up 10-15% on FY13
- Up to 127 exploration and development wells



Continued production growth expected over the coming years

# Sources and uses of funds FY14/FY15

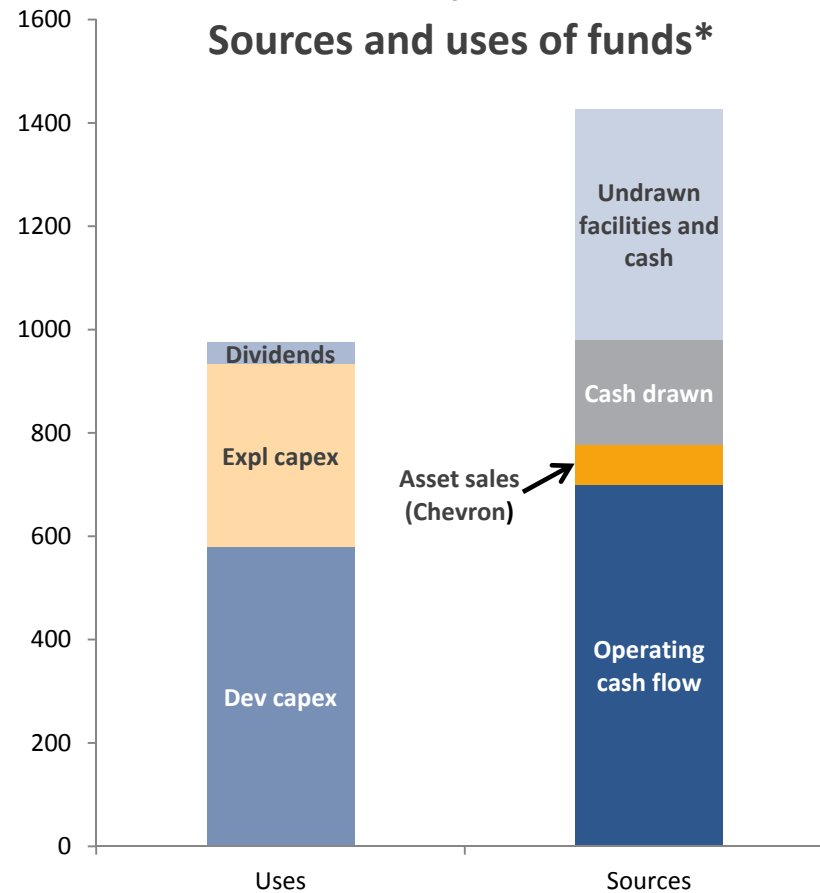


- \$402 million# cash on hand
- Secured \$320 million debt facility
- FY13 full year dividend up 22%
- Fully funded FY14/FY15 capex program anticipated

## Sources and uses of funds assumptions:

- Operating cash flow forecast includes minimal exploration success
- Capex forecast does not include material acquisitions/divestments/farm-downs
- Chevron Stage 2 funds received

FY14/FY15  
Sources and uses of funds\*



# As at 30 September 2013

\*Assumes oil price of US\$110 per barrel



# FY14 Capital expenditure guidance



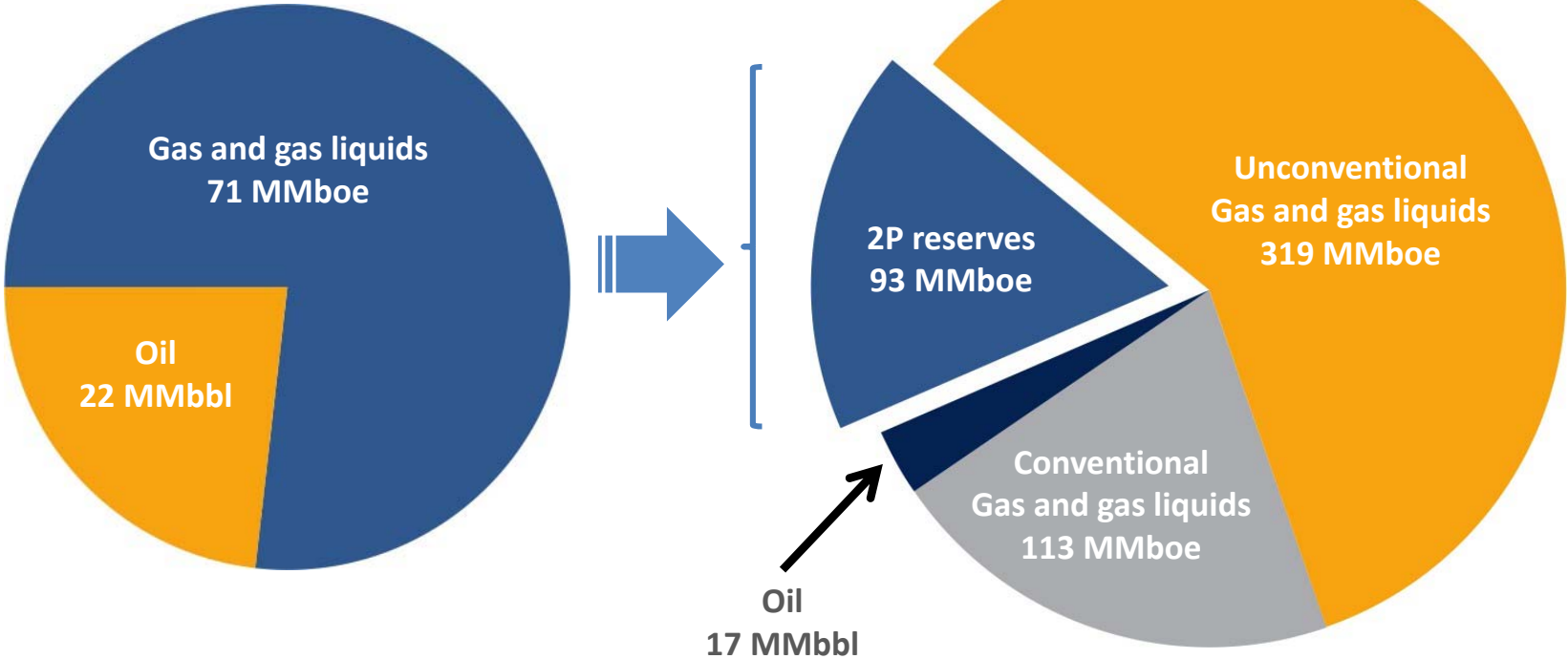
	Capex (\$ million)	Wells	Seismic		Expected reserves additions
			2D – km	3D – km <sup>2</sup>	MMboe
<b>DEVELOPMENT</b>					
Cooper Basin – non-SACB JV	60 – 65	10 – 13	–	–	–
Cooper Basin – SACB/SWQ JV	175 – 200	35 – 45	–	–	–
International	10 – 15	6	–	–	–
<b>Total Development</b>	<b>245 – 280</b>	<b>Up to 64</b>	–	–	–
<b>EXPLORATION</b>					
Cooper Basin – non-SACB JV	45-50	30 – 35	450	1,200	3.3
Cooper Basin – SACB/SWQ JV	5	6	–	–	0.1
Unconventional	90 – 100	10 – 15	–	200	–
International	30 – 35	5 – 7	–	1,050	13.7
New Ventures and Other	5 – 10	–	650	–	–
<b>Total Exploration</b>	<b>175 – 200</b>	<b>Up to 63</b>	<b>1,100</b>	<b>2,450</b>	<b>17.1</b>
<b>TOTAL</b>	<b>420 – 480</b>	<b>Up to 127</b>	<b>1,100</b>	<b>2,450</b>	<b>17.1</b>

# Reserves and contingent resources



**2P: 93 MMboe**

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

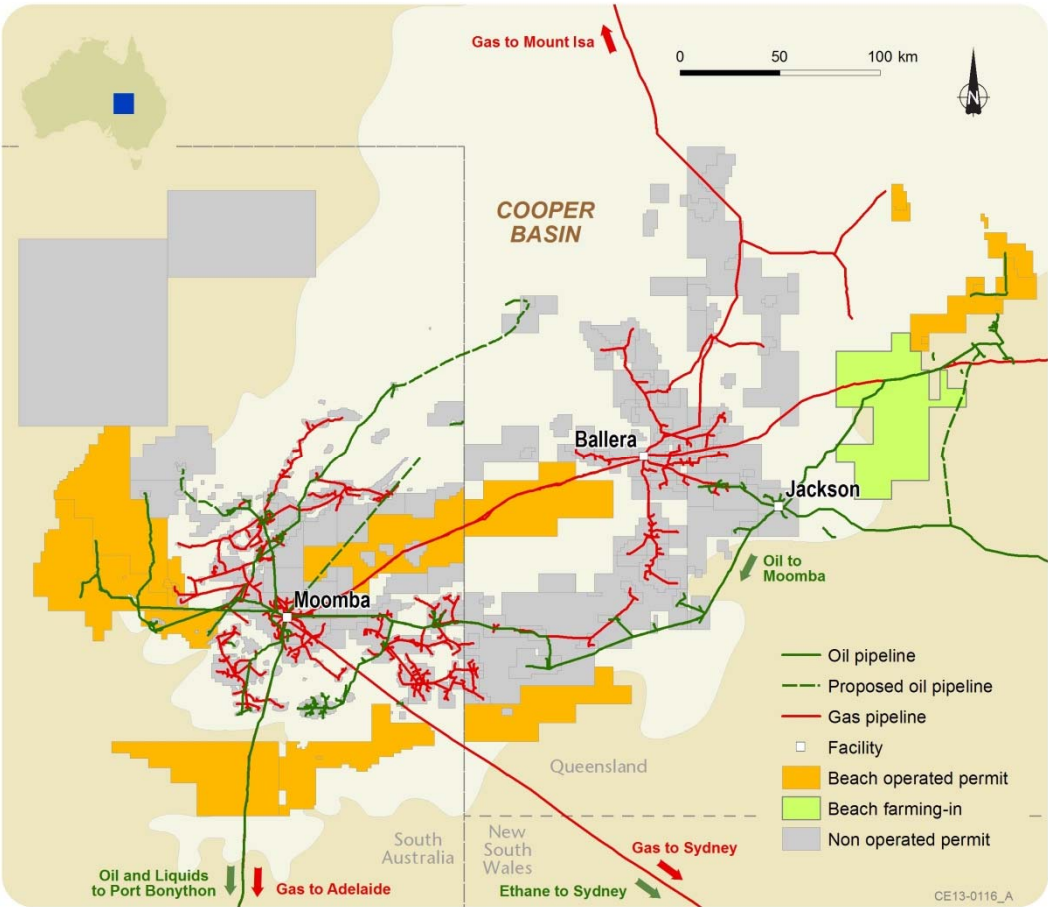
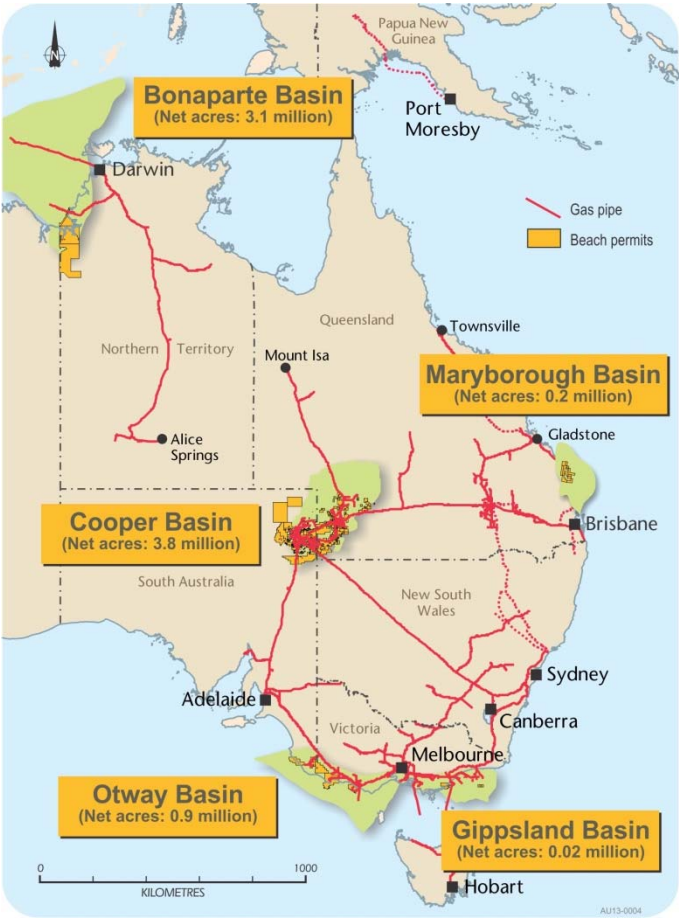


Large reserve and resource base driving production growth profile

# Australian east coast gas market



# Prolific acreage strategically located

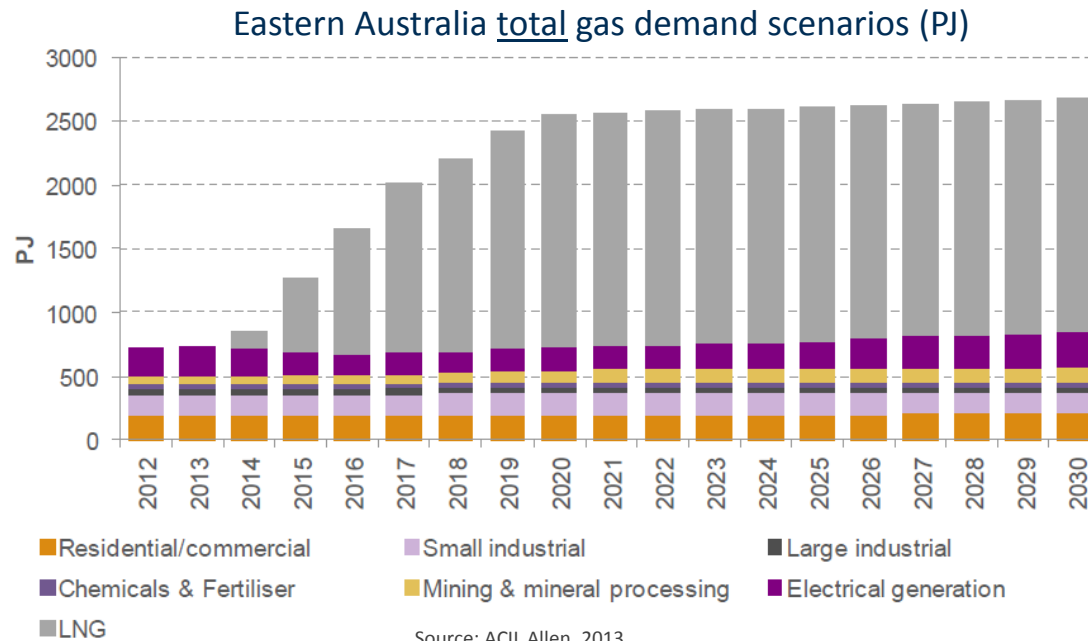


Beach is well placed to supply gas to Eastern Australia

# Eastern Australian gas markets



- Strong predicted growth in Eastern Australian gas and Asian LNG demand
- Gladstone based export LNG projects have transformed the east coast gas market
- Projected gas supply is 'tight' and demand strong
- The bulk of 'non-LNG' demand is yet to be contracted
- Upward pricing trajectory confirmed by recent contracts and market commentary



Key strategic driver - positioned to capture expected gas market demand



# Upstream and downstream dynamics



- 'Equity' molecules to 'equity' projects
- Suppliers creating new markets via downstream investments
- Vertical integration driven by both domestic and export opportunities
- Depending on volume and deliverability, supply likely to under-write 'equity' projects as a priority



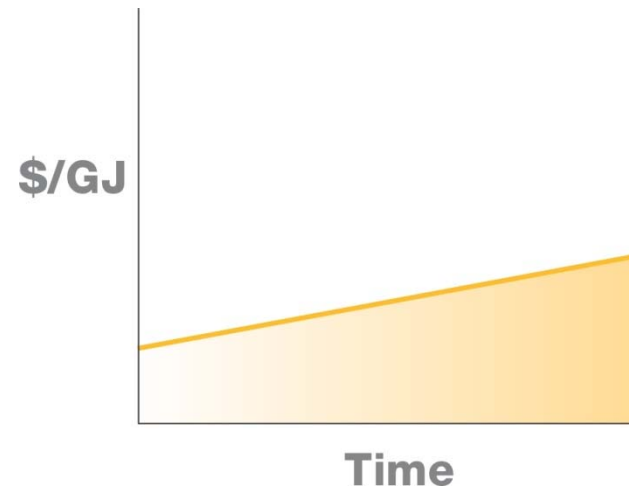
Source: Logos sourced from company websites

# Gas pricing – then and now



## Traditional gas pricing

- A\$ price with CPI escalation and periodic price re-openers



## New gas pricing paradigm

- Clear shift to oil-linked pricing
- Driven by export opportunities
- Potential for hybrid pricing:
  - Curves?
  - Floors / Caps / Collars?
  - Other mechanisms?
- No or few price re-openers



# Recent gas related transactions



- Origin Gas Sales Agreement:
  - Signed April 2013
  - 139 PJ over eight years, potential to extend to 173 PJ over ten years

**High value opportunities**



- PEL 106B – SACB JV raw Gas Sales Agreement:
  - Signed March 2013
  - Minimum of 10 Bcf

**Quality counterparties**



- Chevron Nappamerri Trough Natural Gas farm-in:
  - Signed February 2013
  - PEL 218 and ATP 855
  - \$349 million of potential payments to Beach

**Diversified options**

**Positioned for future growth**

Source: Logos sourced from company websites

# Key commercialisation initiatives



- Cooper Basin:
  - Conventional;
    - Delhi Petroleum (wholly owned Beach subsidiary)
    - PEL 106B gas and gas liquids
  - Nappamerri Trough Natural Gas;
    - PEL 218/ATP 855 activities
    - Various potential development options
- Otway Basin:
  - Near term drilling to address gas and gas liquids potential
- Bonaparte Basin:
  - Opportunity to access northern Australian market
  - Gas and liquids potential

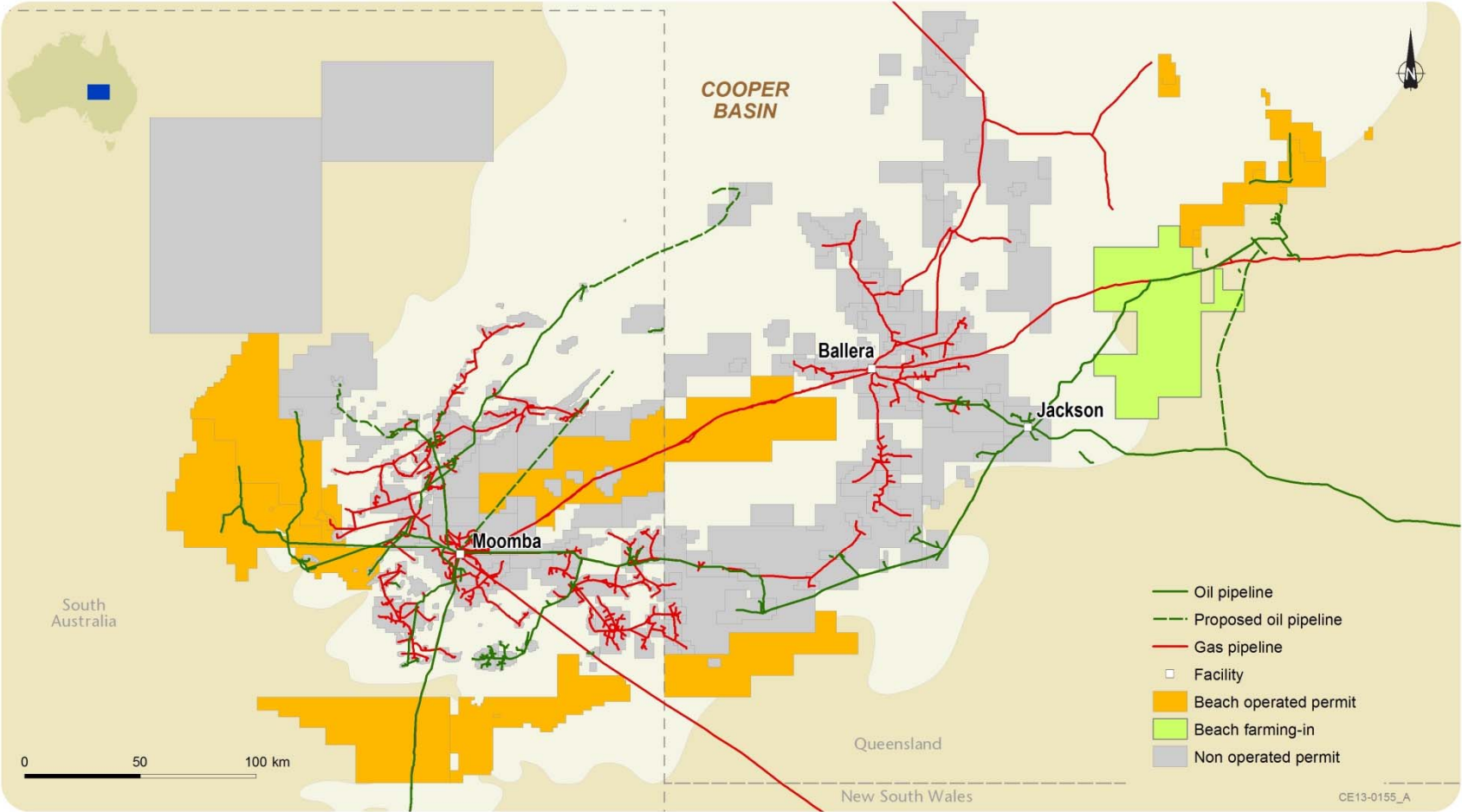


# The Cooper Basin





# Cooper Basin acreage



# The Cooper Basin



- Prolific acreage position
- Main oil and gas production, reserve and resource contributor to Beach
- Largest onshore gas producing province in Australia
- Australia's third largest oil producing basin
- Established infrastructure with access to markets
- Significant volumetric and value growth potential:
  - Conventional gas infill
  - Basin centred gas
  - High margin oil exploration and development



## SACB JV and SWQ JVs

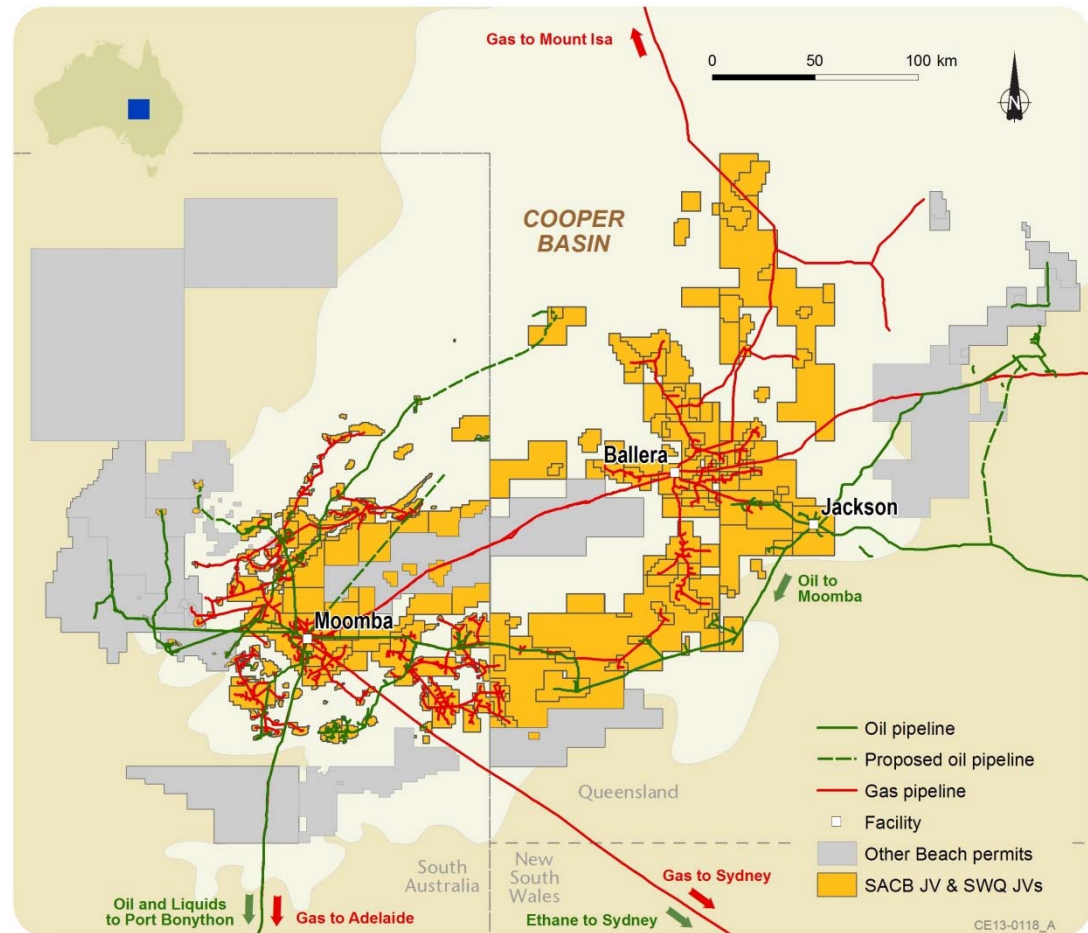




# SACB JV and SWQ JVs



- Significant 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
  - Significant strategically located processing and transportation facilities
- Substantial reserves base
- Huge upside with shale and basin centred gas plays



Operator targeting 30% conventional gas production growth by 2015

# Moomba processing facility



- Strategically located expandable facility
- Moomba facility cumulative gross production to date of ~6 Tcf
- Current daily capacity approximately:
  - 300 TJ gas
  - 35 kbbl oil/condensate
  - 600 tonnes LPG
- Substantial gas storage system with capacity ~70 PJ
- Gas supplied directly into New South Wales, Queensland and South Australian markets
- Further processing capacity at Ballera >200 TJ per day

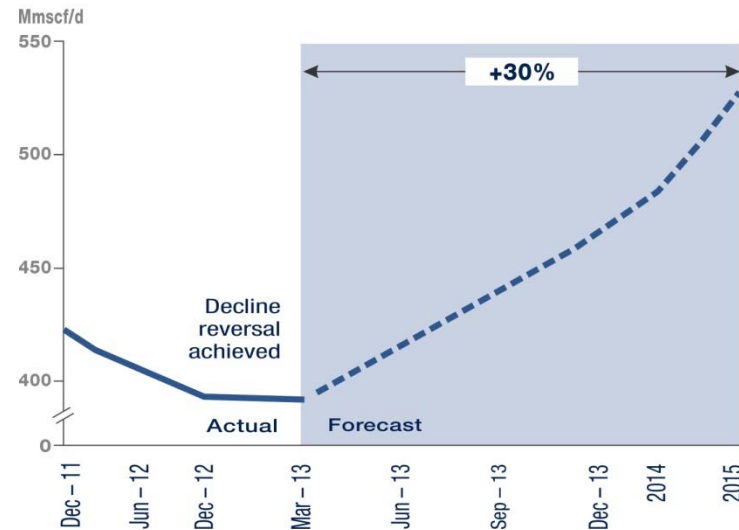
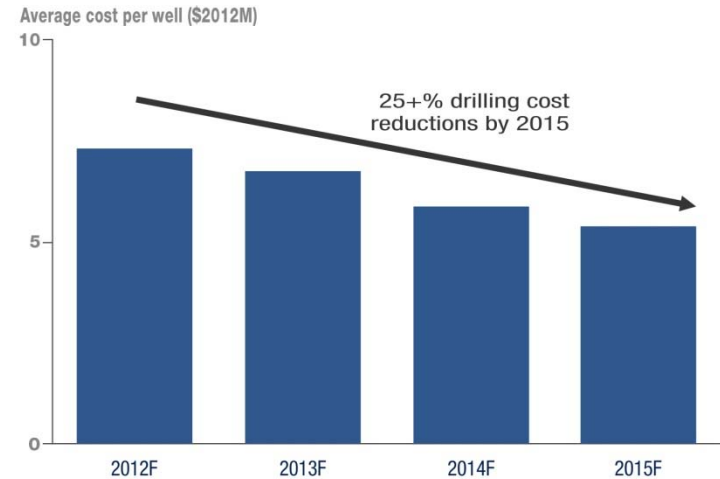




# SACB JV gas growth project



- Multi-well pad drilling, with four rigs expected to be operating by 2014
- SIMOPS approach to drilling, completions and connections
- Production costs reduction target of 30%, to ~\$9/boe, by 2015
- 30% production growth to 2015
- Maintenance strategies delivering record 'uptime' leading to production benefits



Source: Derived from Santos

# SACB JV unconventional program



- SACB JV increasing focus on unconventional potential near Moomba
- Net capex of \$32 million planned for FY14

## REM play

- Moomba-191 vertical well fracture stimulated over three stages and producing strongly at ~2.0 MMscfd
- Two vertical and three horizontal wells planned for FY14

## BCG play

- Gaschnitz-1 vertical well fracture stimulated over seven zones and producing at ~1 MMscfd
- Three vertical wells planned for FY14



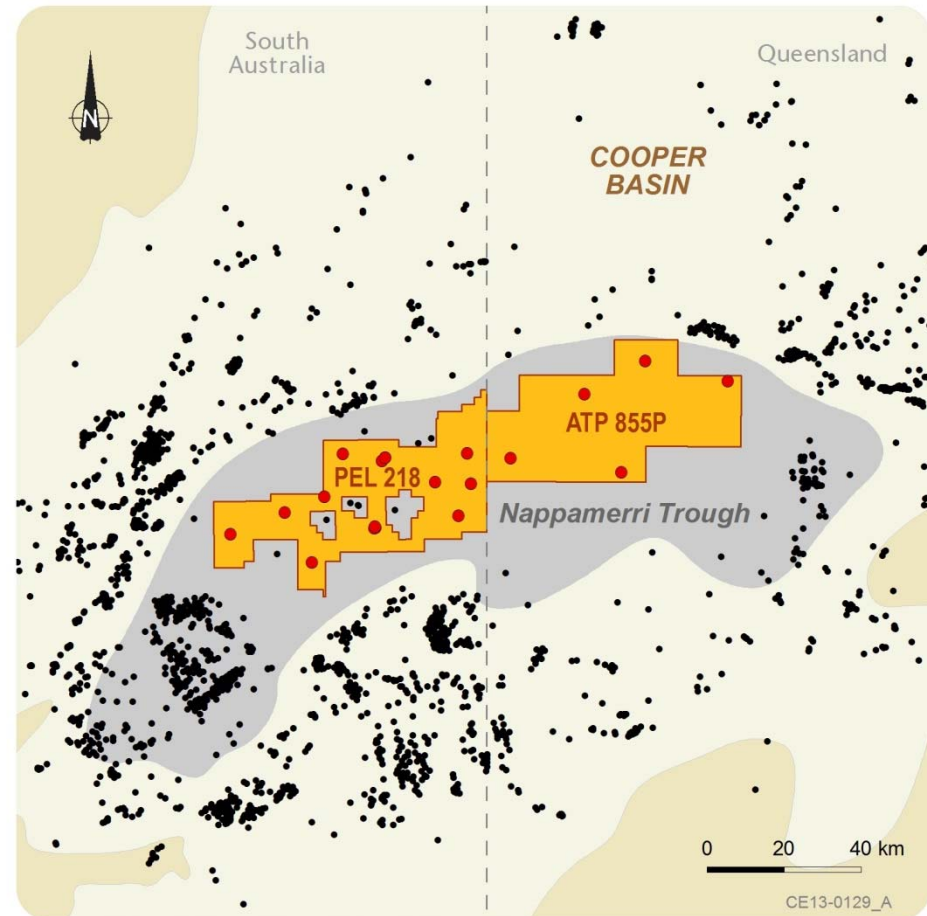
# Nappamerri Trough Natural Gas



# Nappamerri Trough Natural Gas



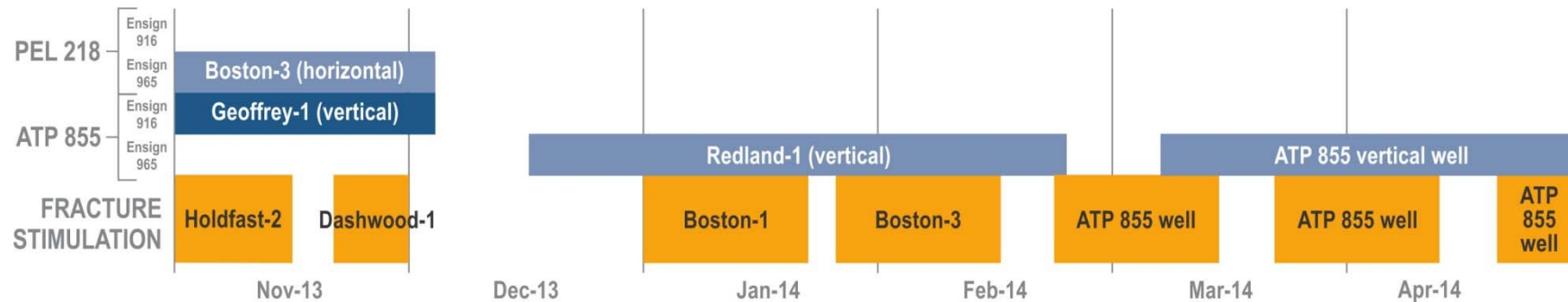
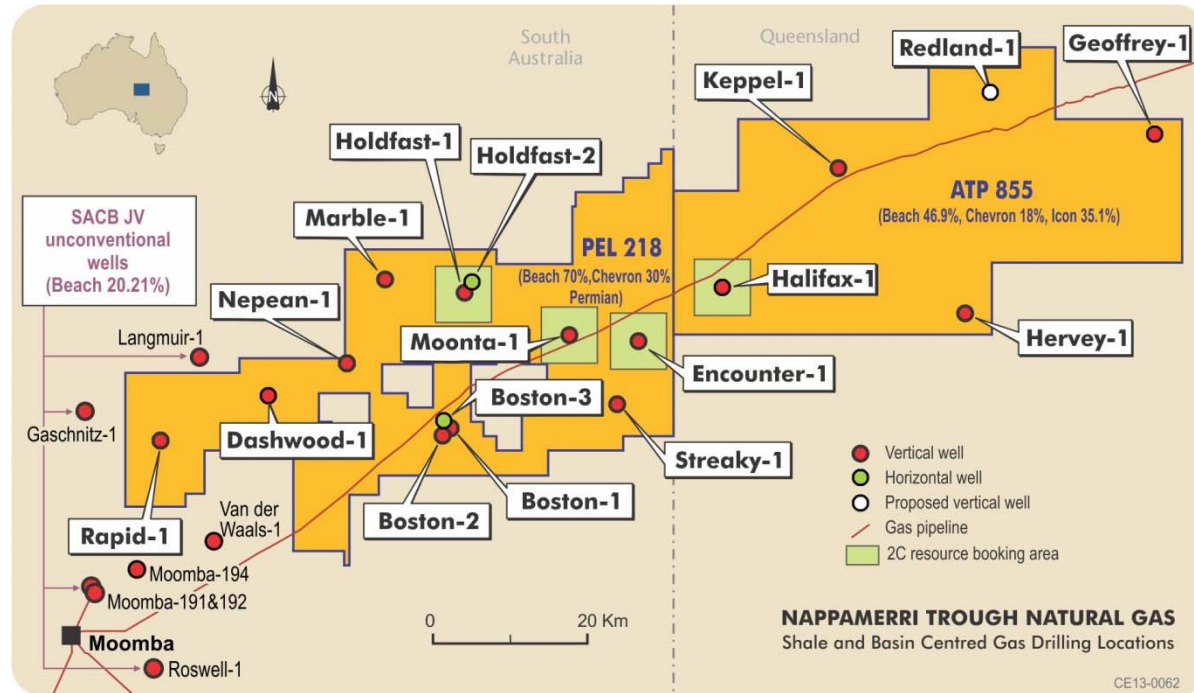
- Sizeable footprint of >800,000 acres for PEL 218 and ATP 855
- Significantly underexplored area off-structure
- Off-structure drilling has delivered:
  - Gas saturated sections >1,000 metres
  - Gas flow from all wells flow tested
- Material net 2C resource booking of 1.3 Tcf (220 MMboe) to date
- Chevron farm-in:
  - Permian section of PEL 218 and ATP 855
  - Two staged process
  - \$349 million of potential payments
  - Validates potential
  - Introduces global technical expertise



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%)



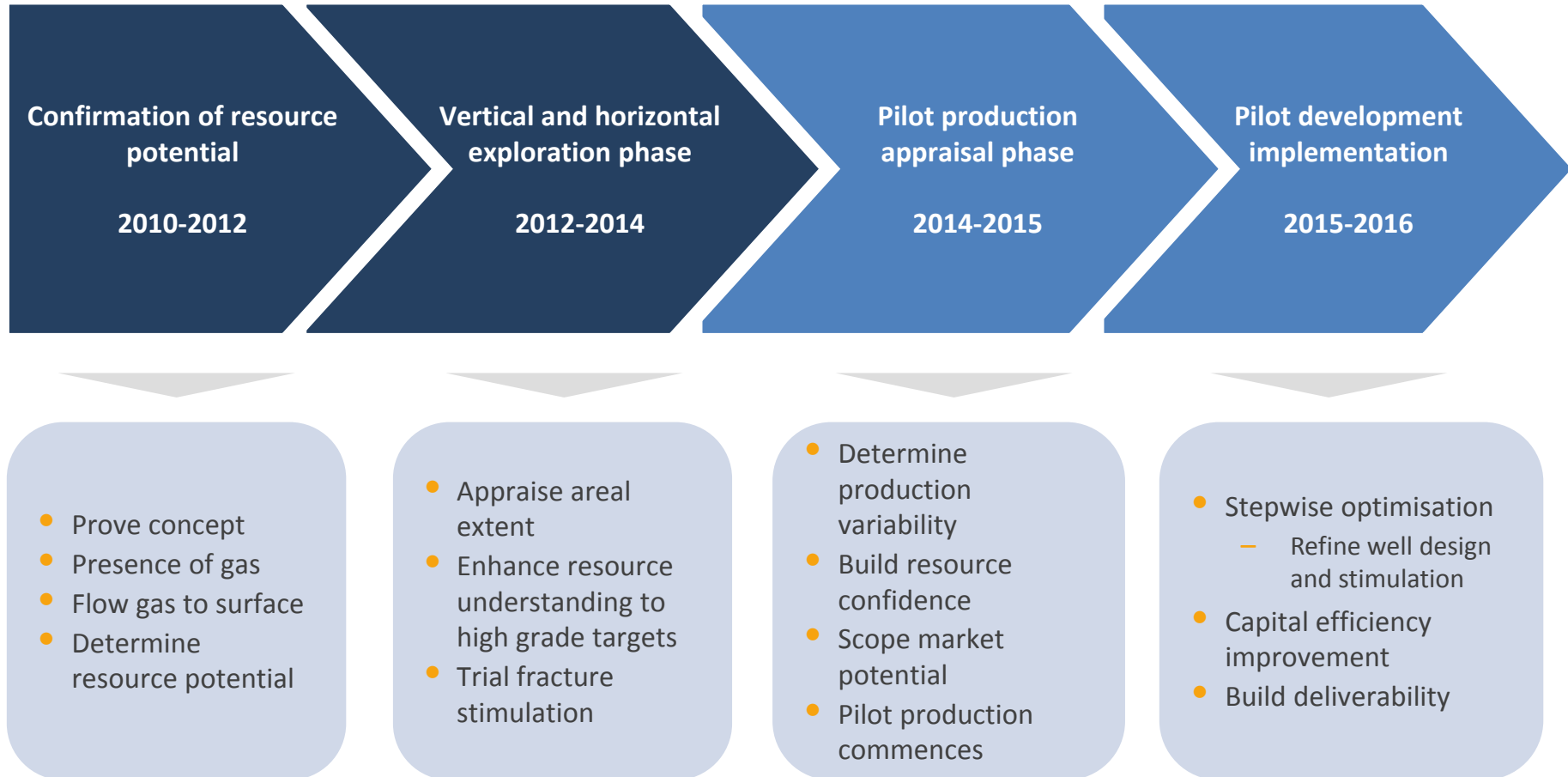
# NTNG wells and proposed timeline



Note: Timeline subject to third party equipment delivery, weather and joint venture and regulatory approvals



# NTNG look back and look forward



# Western Flank



# The Western Flank

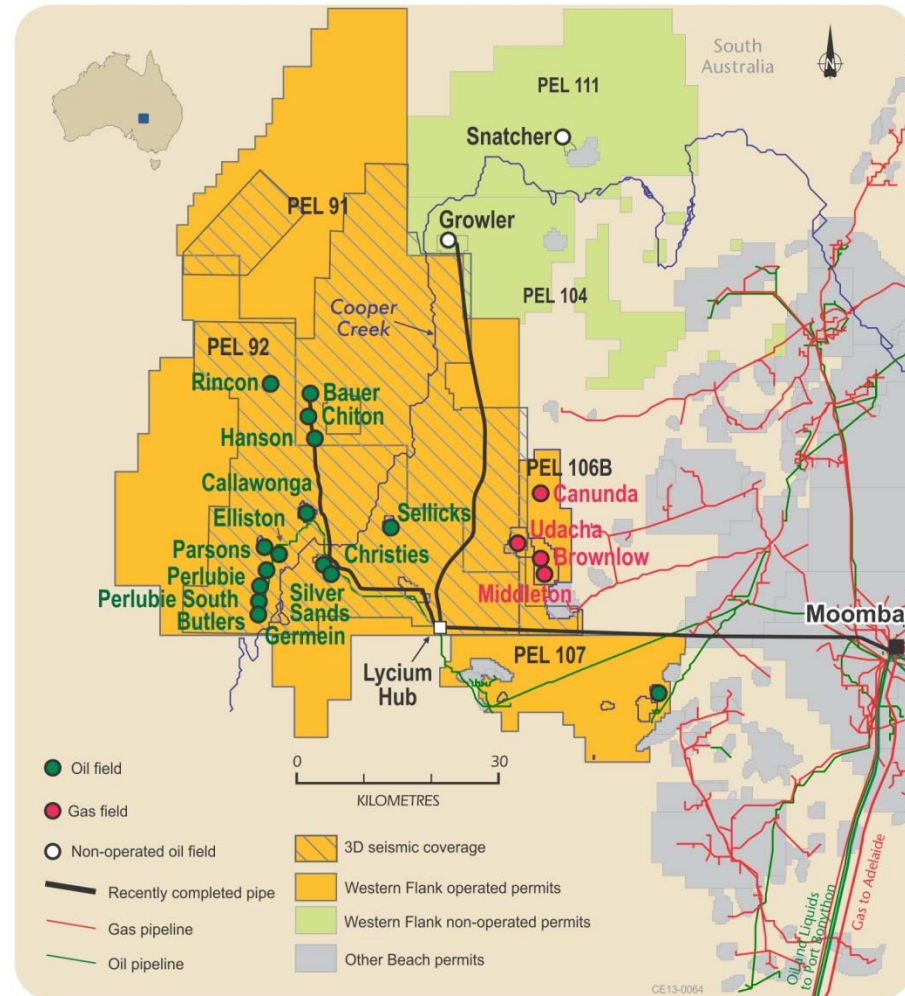


## Key facts

- High net back for oil and wet gas
- Quick drill and tie-in
- High flow rates
- Excellent understanding of the geology
- Established infrastructure
- 1,200 km<sup>2</sup> of 3D seismic

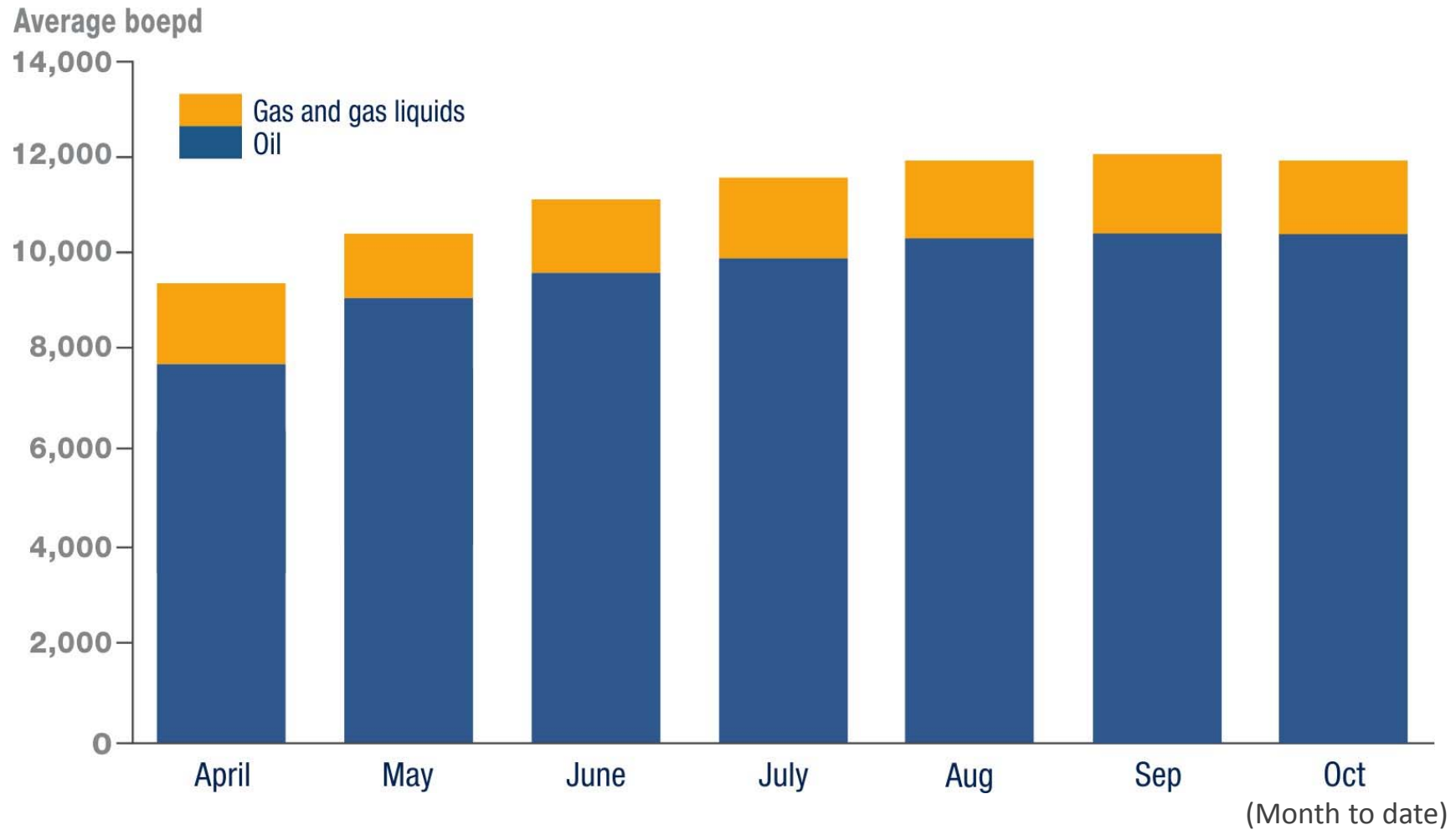
## FY14 targets

- Net production target in excess of 10,000 boepd
- 30 exploration wells
- 14 development wells



“Largest net oil producer in the Cooper Basin”

# Average Western Flank net production



👉 Last six months in excess of net 10,000 boepd from the Western Flank 🏹



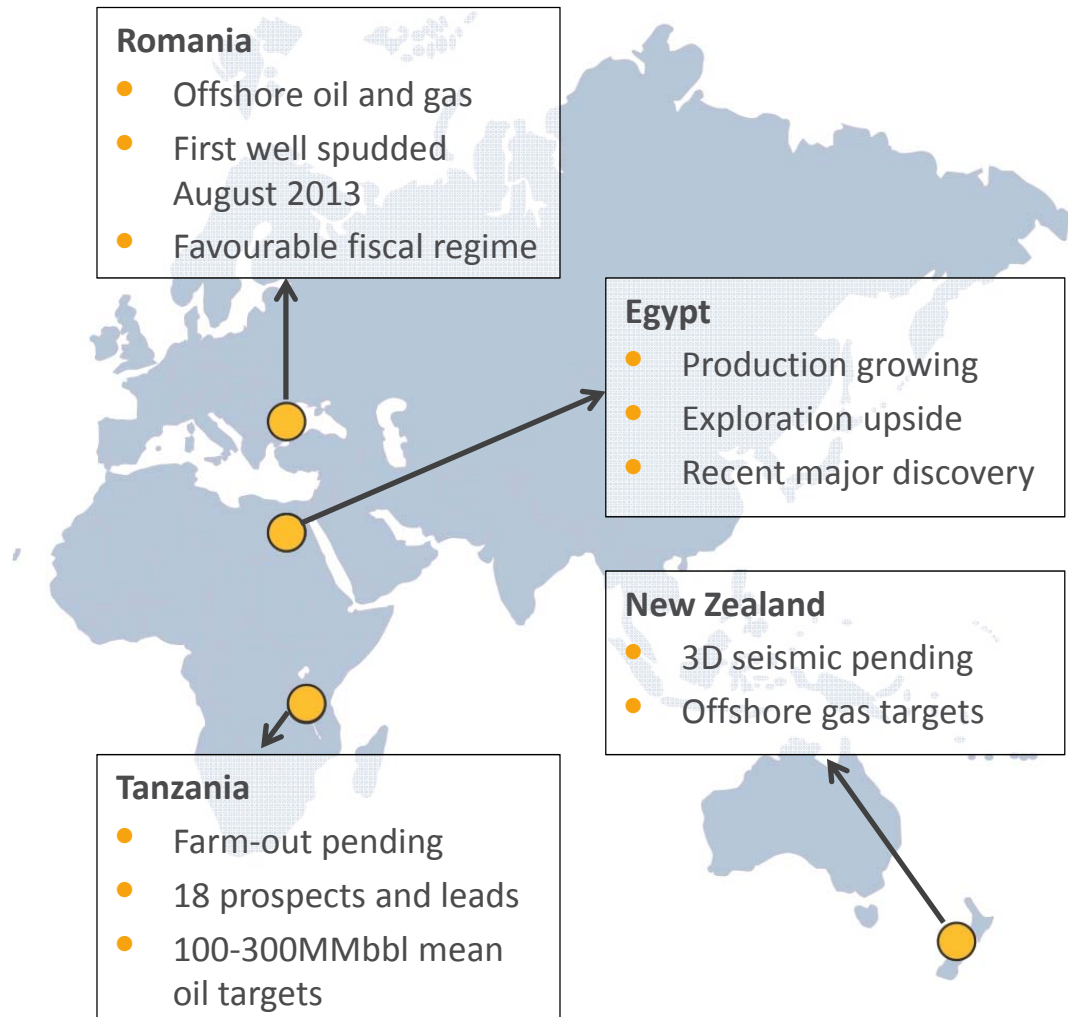
# International





# International operations

- Provides long-term growth options
- Targeted and disciplined approach to key attributes:
  - Technical
  - Commercial
  - Risk/reward proposition
  - Capital allocation
- Focused on early entry step change opportunities
- Bias for oil and high price gas markets



## Country status

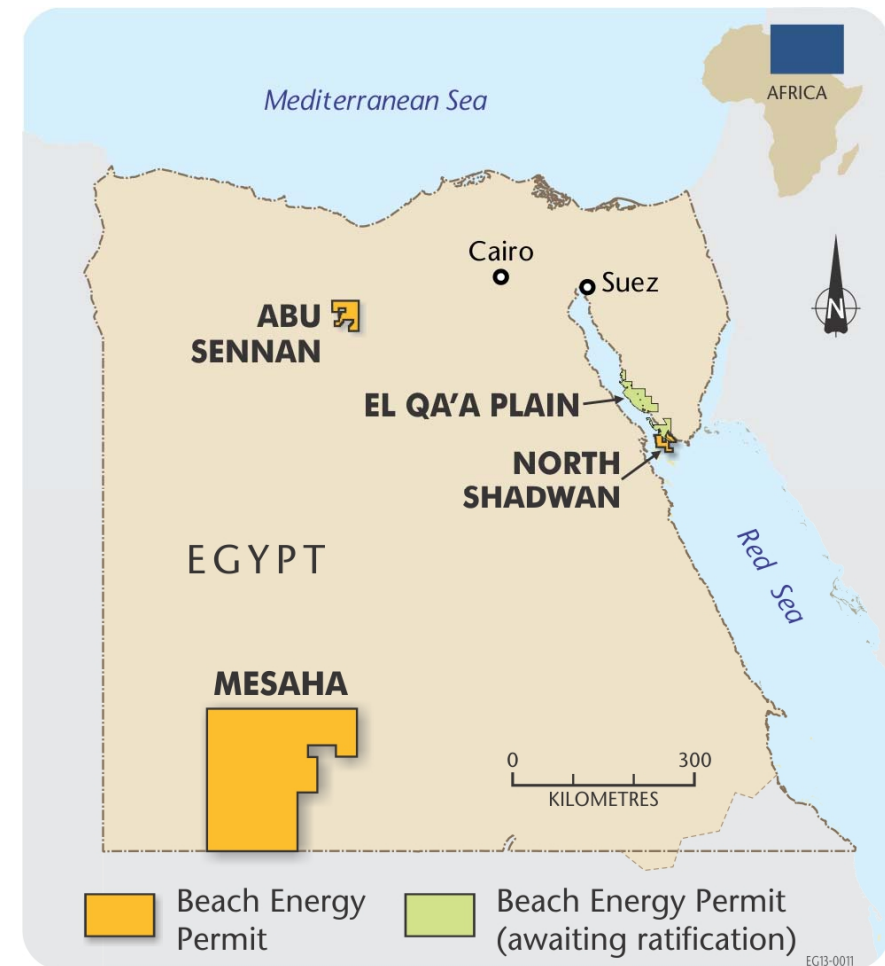
- Recent history of political volatility and unrest
- Business as usual from an operations standpoint

## Growth potential

- Targeting 20+ MMbbl oil prospects
- El Salmiya-2 discovery estimated by operator at 18.5 MMbbl of oil and 142 Bcf of gas

## Beach value add

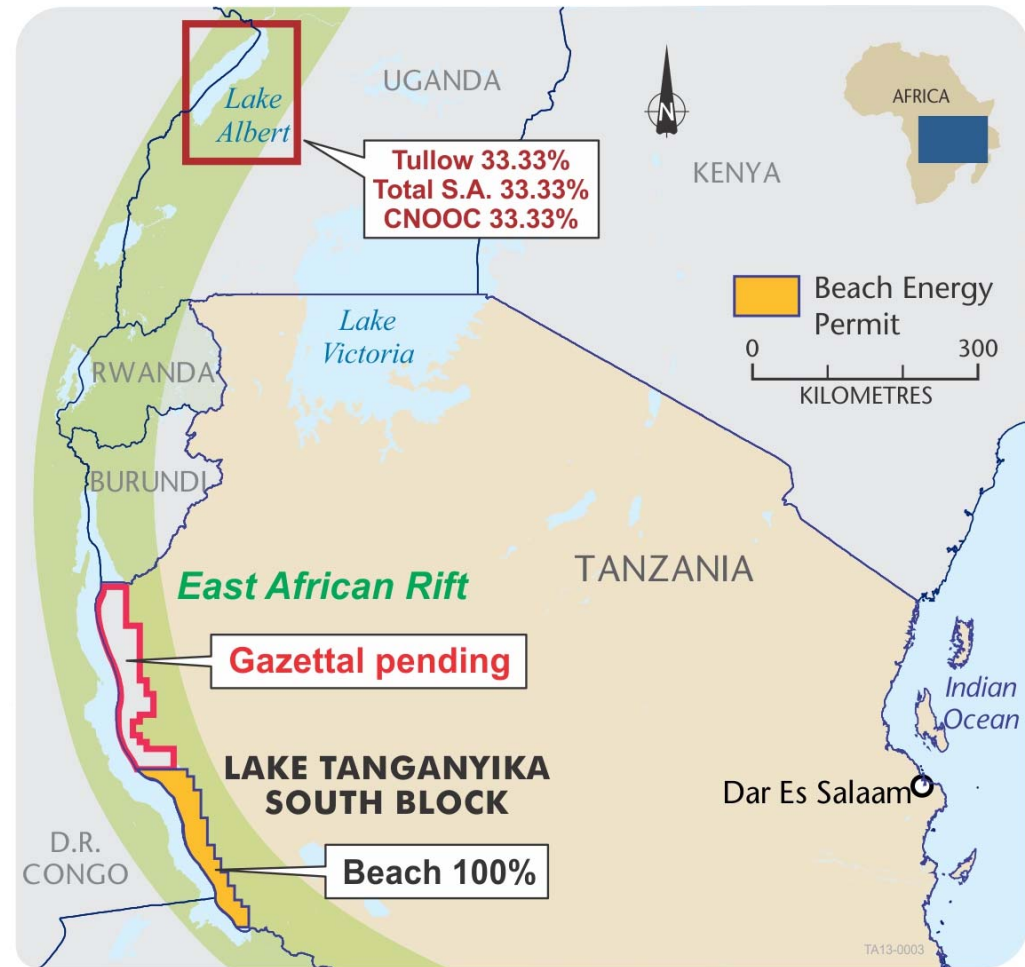
- Sharing of core skill set:
  - Geological – Similarities between Cooper Basin and Western Desert
  - Operational – Trucking initiated out of North Shadwan



# Tanzania – Lake Tanganyika South Block



- Farm-out process commenced
- South 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
- 18 prospects and leads, each 100-300 MMbbl (mean recoverable)

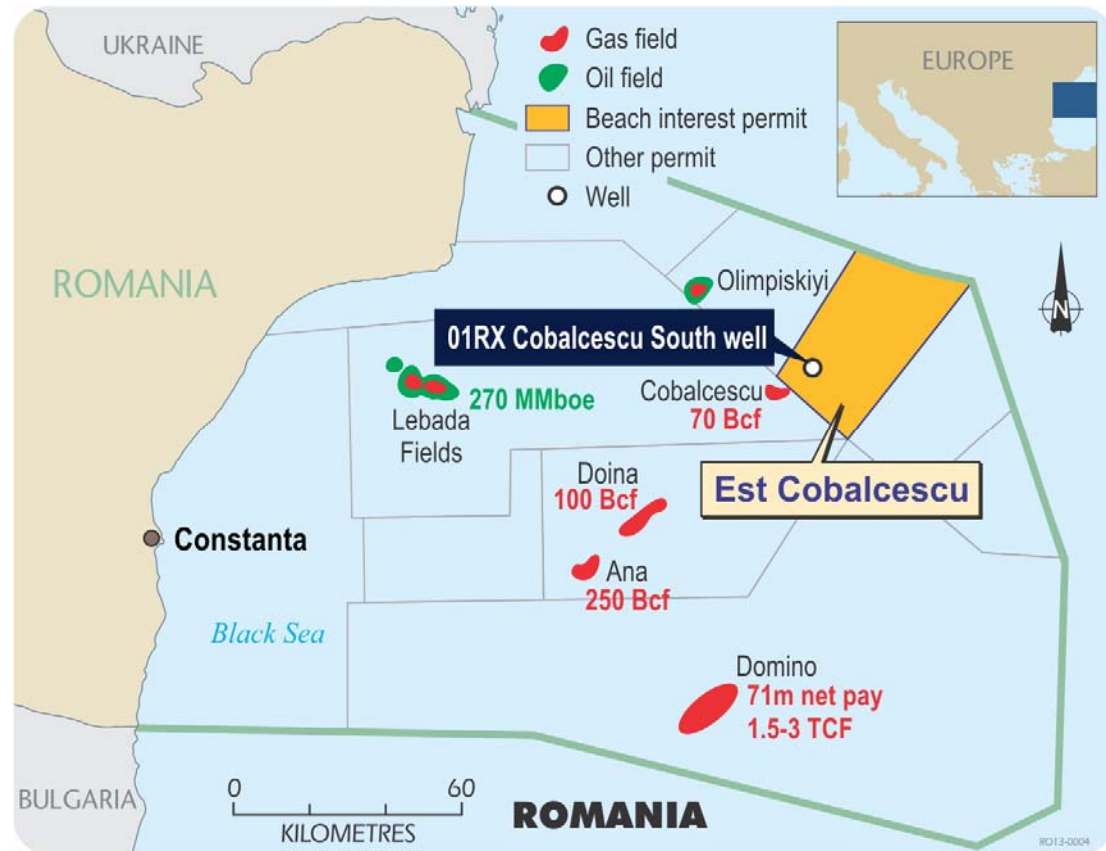


“ A significant acreage position in the prospective East African Rift ”

# Romania



- Beach 30%, PetroCeltic 40% and operator, Petromar 30%
- 01RX Cobalcescu South well spudded August 2013
- 3D seismic coverage
- Water depth <100 metres
- Significant leads identified on available data
- Adjacent to ExxonMobil deep water block with a 2012 discovery estimated 2P reserves of 1.5 - 3 Tcf
- Three exploration wells planned in the next 12 months



Operator reserve estimates detailed above

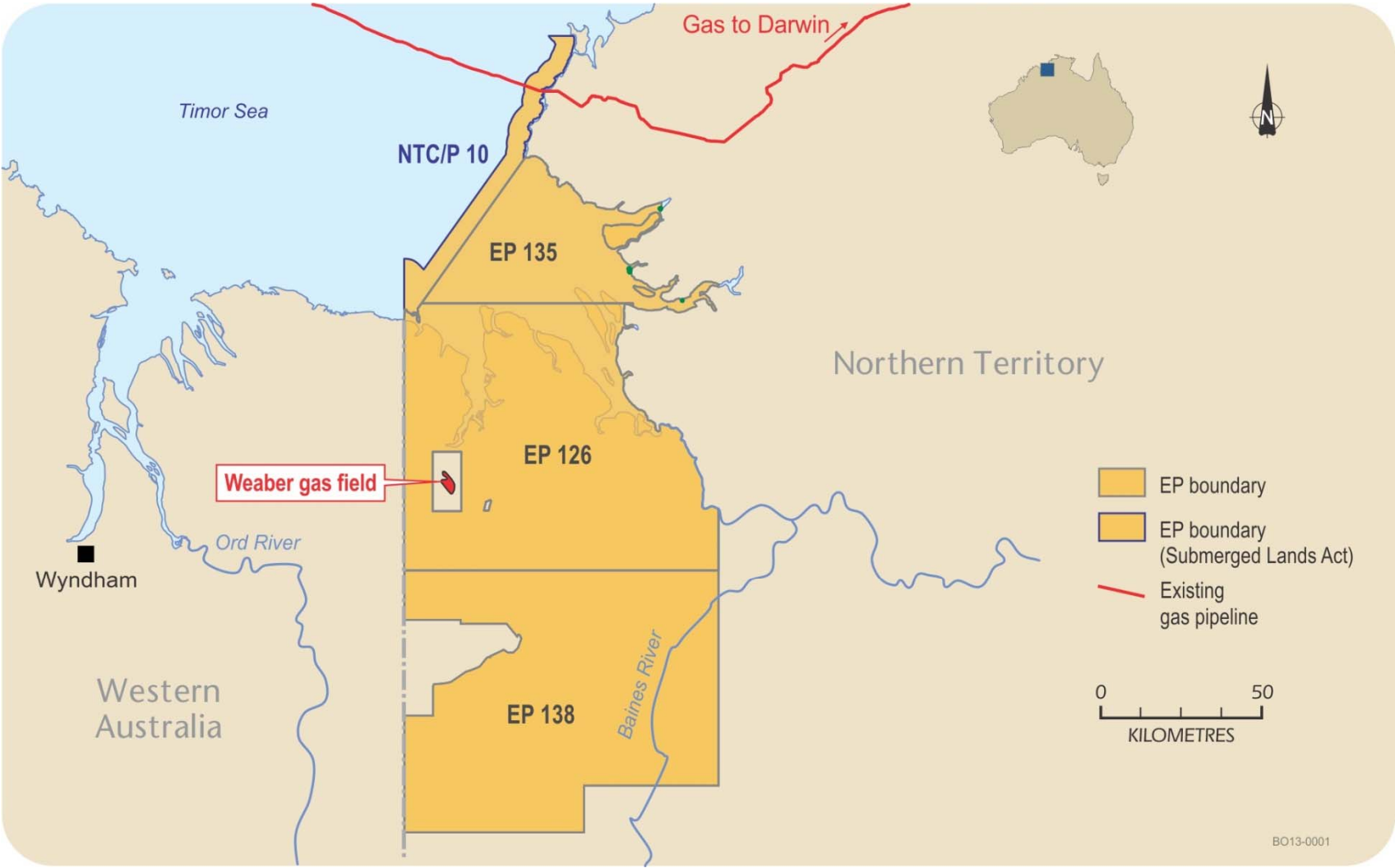


# Appendices



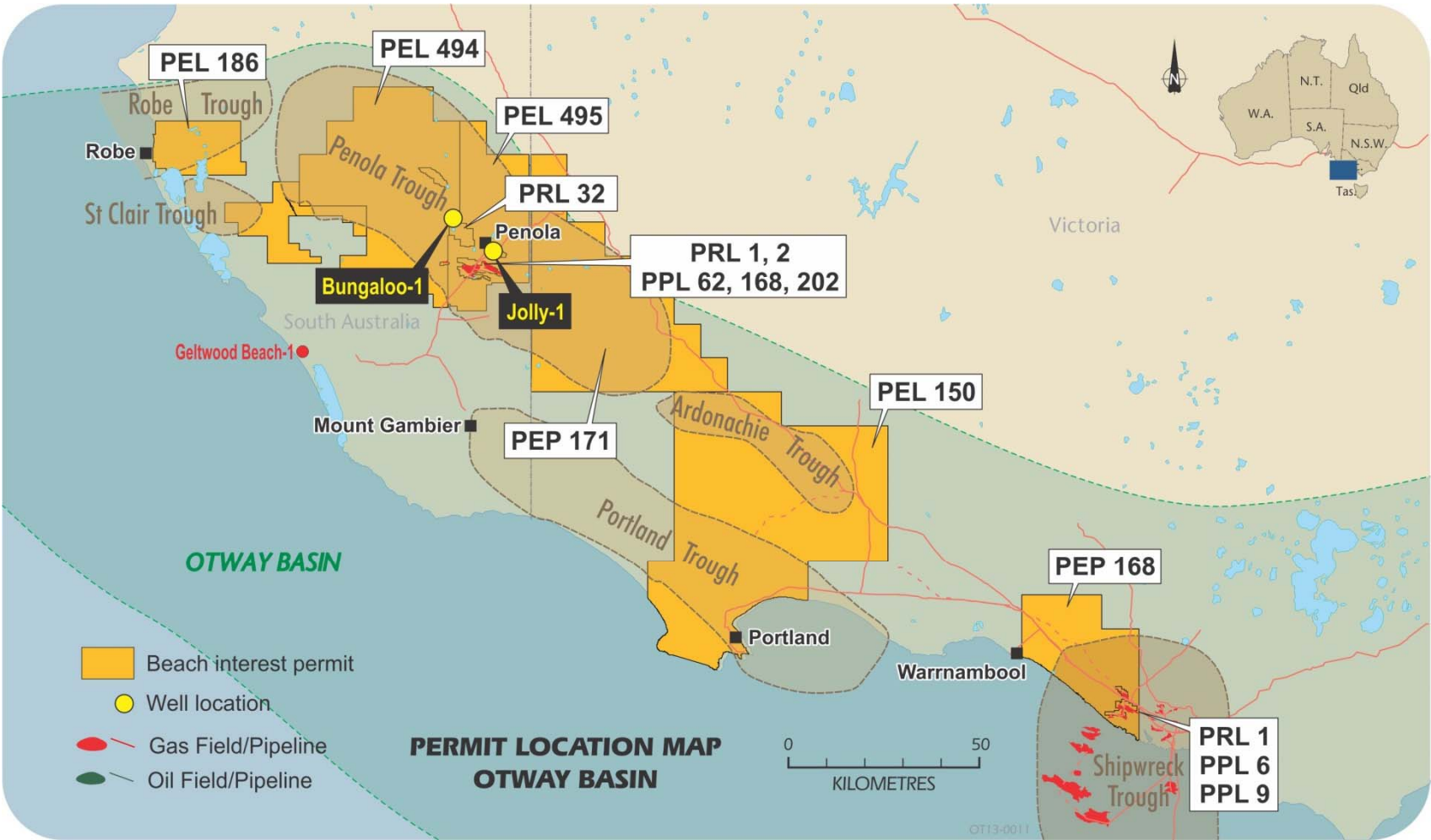


# Bonaparte Basin

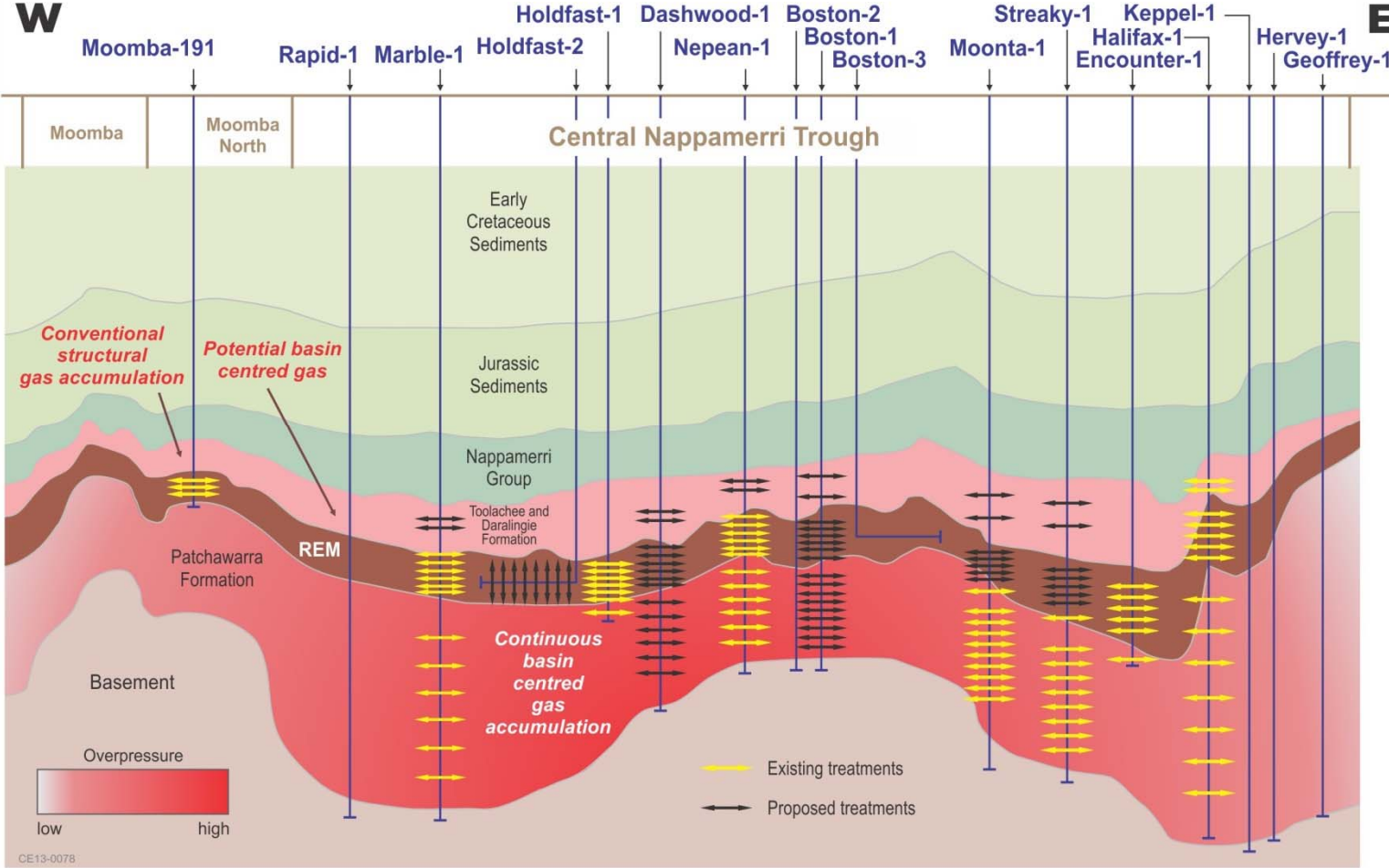


Underexplored with conventional and unconventional targets

# Otway Basin



# Exploration and appraisal cross section



# Well summary PEL 218



Well	Total Depth (metres)	Gas Saturated section (metres)	Stimulation stages	Peak flow rate (MMscfd)
Holdfast- 1	3,497	>600	7	2
Encounter- 1	3,616	>600	6	2.1
Moonta- 1	3,810	>1,000	10	2.6
Streaky-1	3,821	>1,000	9	Dec-13
Marble- 1	3,962	>1,100	12	Nov-13
Nepean- 1	3,527	~1,000	12	Nov-13
Boston- 1	3,755	>1,100	15*	Jan 14
Dashwood-1	4,021	>1,000	4*	Dec-13
Rapid-1	4,208	~1,200	10*	Dec-13*
Boston- 2	3,803	>1,100	None	Observation Well
Holdfast- 2	3,800 (600 lateral)	>1,000	8*	Nov-13
Boston-3	3,860* (600 lateral)	Plan >1,200	12*	Feb-14

\* Subject to JV approval or currently drilling, awaiting well results + Specific test objective, further stages later

# Well summary ATP 855



Well	Total Depth (metres)	Gas Saturated section (metres)	Stimulation stages	Peak flow rate (MMscfd)
Halifax- 1	4,266	>1,300	14	4.5
Hervey- 1	4,269	>1,500	12*	Feb-14
Geoffrey-1	TBC	TBC	TBC	TBC
Redland-1	TBC	TBC	TBC	TBC
Keppel- 1	3,898	>700	Suspended	Suspended

\* Subject to JV approval or currently drilling, awaiting well results + Specific test objective, further stages later



# Chevron transaction summary



- Subject to joint venture approvals, the key work program elements envisaged across the two permits involve an initial exploration program to be followed by pilot production programs

## PEL 218 – potential payments

### Stage 1 (initial 30%) <sup>(1)</sup>

- US\$36 million cash
- US\$95 million carry

### Stage 2 (additional 30%)

- US\$41 million cash
- US\$47 million carry

- Commitment bonus payment of US\$35 million

## ATP 855 – potential payments

### Stage 1 (initial 18%)

- US\$59 million cash

### Stage 2 (additional 18%)

- US\$36 million cash

(1) Vertical wells exclude Holdfast-1 and Encounter-1  
Note: Chevron has the option to continue or withdraw at the end of each stage

**US\$349 million of potential payments to Beach over several years**

# Contact Information



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