UPDATE ON SOUTH AUSTRALIAN OTWAY BASIN ACTIVITY
Disclaimer

This presentation 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 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 2018 and represent Beach’s share.

Certain FY19 planned activities are subject to joint venture approvals. References to planned activities beyond FY19 are subject to finalisation of work programs, government approvals, joint venture approvals and board approvals.

Due to rounding, figures and ratios may not reconcile to totals throughout the presentation.

Reserves disclosure

Beach prepares its petroleum reserves and contingent resources estimates in accordance with the Petroleum Resources Management System (PRMS) published by the Society of Petroleum Engineers. The reserves and contingent resources presented in this presentation were originally disclosed to the market in ASX release #034/18 from 2 July 2018. Beach confirms that it is not aware of any new information or data that materially affects the information included in this presentation and that all the material assumptions and technical parameters underpinning the estimates in the aforesaid market announcement continue to apply and have not materially changed.

Conversion factors used to evaluate oil equivalent quantities are sales gas and ethane: 5.816 TJ per kboe, LPG: 1.389 bbl per boe, condensate: 1.069 bbl per boe and oil: 1 bbl per boe. The reference point for reserves determination is the custody transfer point for the products. Reserves are stated net of fuel and third party royalties.
• Reinvigorated South Australian Otway with FY18 Haselgrove discovery (15 MMboe 2C contingent resource)

• Attractive local gas market gas demand

• Supported in part by state and federal grants

• Key objective is conversion of the contingent resources to reserves through long term production data and appraisal drilling (Haselgrove-4)

• Anticipated first gas from Haselgrove before end of 2019 (H1 FY20) at 10TJ/d, expanding to 40-50TJ/d with drilling success

• Further growth potential from Dombey-1 exploration well (FY19) and Katnook Deep exploration prospect
**SOUTH AUSTRALIAN OTWAY BASIN**

**INDICATIVE TIMELINE**

- Beach planning first gas to market by end of 2019 (H1 FY20)

- Katnook processing facility concept select studies are underway

- Haselgrove-4 and Dombey-1 to be drilled in FY19

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<th>FY19</th>
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<td>Katnook facility (design and build)</td>
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<td>Dombey-1 (exploration)</td>
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<td>Haselgrove-4 (appraisal)</td>
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<td>Follow-on drilling</td>
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Potential drill timing 🛠️, Potential first gas 🔥, Facility design and construction 🛠️

1. Indicative timeline subject to variables such as finalisation of work programs, exploration results, joint venture approvals and Board approvals.
SOUTH AUSTRALIAN OTWAY BASIN
HASELGROVE-3ST1

- First deep pool test of the Sawpit Sandstone
- Recipient of 2016 PACE Grant of $6 million
- Directional well to maximise chance of intersecting gas filled sands at an optimal location
- Intersected gross gas column of 104m True Vertical Thickness in Sawpit Sandstone
- Estimated net pay of 26m
- Cased Hole test (4,023 – 4,185 m) flowed gas @ 25 MMscfd over a 100 minute period through a 36/64” choke and at 2,700 psig well head pressure
- Requirement to provide gas into SA Market before end of 2019
SOUTH AUSTRALIAN OTWAY BASIN
KATNOOK GAS PROCESSING FACILITY

- Successful applicant for Commonwealth GAP Grant of $6 million for construction of a new facility
- Planned as 10TJ/d facility supplying gas into local market
- Option to expand to a larger facility supplying gas to SA market via the SEAGas Line dependent on results of drilling
- Plant equipment includes inlet separation, impurity removal, dew point and hydrate control, liquids separation, liquids storage and load out facilities, metering, flare, control room and upgraded crib facilities
SOUTH AUSTRALIAN OTWAY BASIN
HASELGROVE-4

- Haselgrove-4 located approximately 1.4km west northwest of Haselgrove-ST-3
- Planned to drill a near vertical well
- Appraisal well testing the Sawpit Sandstone down dip of Haselgrove-3ST1
- Targeting similar seismic response to Haselgrove-3ST1 which flowed up to 25mmcf/d
- Objective is to find the GWC to determine size of the gas accumulation
- Lower Pretty Hill Sandstone is a also an objective
SOUTH AUSTRALIAN OTWAY BASIN
DOMBEY-1

- Exploration well in PEL 494 (Beach 70%, Cooper 30%)
- Approximately 20 km west of Penola
- Well is targeting the Pretty Hill and Sawpit sandstones
- Recipient of 2017 PACE Grant of $6.89 million
- Success would increase prospectivity of western Penola Trough
- Requirement to provide gas to SA market by end 2020
- Initial well slot in Beach’s four well firm onshore Otway program
- Expected to commence drilling in January next year
SOUTH AUSTRALIAN OTWAY BASIN
REGIONAL ENGAGEMENT ACTIVITIES INCREASING

• Strong engagement activities conducted through drilling of Haselgrove-3 with 82 local leaders hosted on tour of Haselgrove-3 drilling operations

• Over $120K provided in grants (to date) for local community organisations

• Completed community engagement sessions with Beach technical experts in Penola and Millicent (Aug 2018) covering:
  - SEO/EIR updates for drilling/production
  - Dombey-1 and Haselgrove-4 drilling
  - Proposed new Katnook Gas Processing Facility

• Construction of SA Otway Regional office in Penola commenced (expect open late Jan 2019)
SOUTH AUSTRALIAN OTWAY BASIN
FUTURE ACTIVITY

• In the event of success at Dombey there is potential for follow up exploration in the Western Penola Trough

• A seismic survey would be required (notionally 170km²) to cover prospects/leads along trend

• Consideration to be given to drilling Katnook Deep, a deep pool test of the Sawpit Sandstone once results of Haselgrove-4 are known