

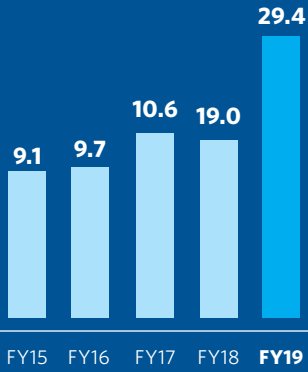


ANNUAL REPORT 2019



PRODUCTION
MMBOE

55% ▲



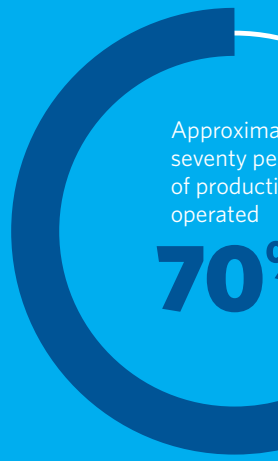
Kupe processing station and
Mount Taranaki, New Zealand



Kupe well head platform
in the Taranaki Basin,
New Zealand



beach



**Australia's
premier**
multi-basin
upstream oil
company

OUR
SAFEST
YEAR ON
RECORD





Record Beach
production of
29.4MMboe



Beach Energy Limited
ABN 20 007 617 969
19 AUGUST 2019
BEACHENERGY.COM.AU





**Visualised as
an energy burst**
of droplets, the
new Beach Energy
logo creates the
shape of **an
ammonite shell**

— a tribute to Beach's founder
and respected geologist
Dr Reg Sprigg.



for more information on our new brand

Executing our **strategy**, delivering on promises and driving best-in-class **returns**

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ABOUT THIS REPORT

This 2019 Annual Report is a summary of Beach's operations and activities for the 12-month period ended 30 June 2019 and financial position as at 30 June 2019. In this report, unless otherwise stated, references to 'Beach' and the 'Group', the 'company', 'we', 'us' and 'our' refer to Beach Energy Limited and its subsidiaries. See Glossary for further defined terms used in this report.

This report contains forward-looking statements. Please refer to page 50, which contains a notice in respect of these statements.

All references to dollars, cents or \$ in this document are to Australian currency, unless otherwise stated. Due to rounding, figures and ratios in tables and charts throughout this report may not reconcile to totals.

An electronic version of this report is available on Beach's website, www.beachenergy.com.au

The 2019 Corporate Governance Statement can be viewed on our website on the Corporate Governance page.

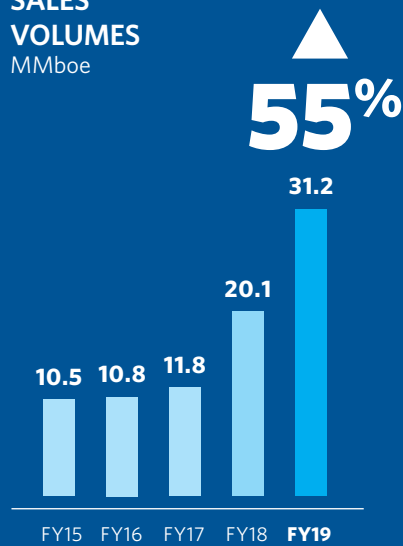


ANNUAL GENERAL MEETING

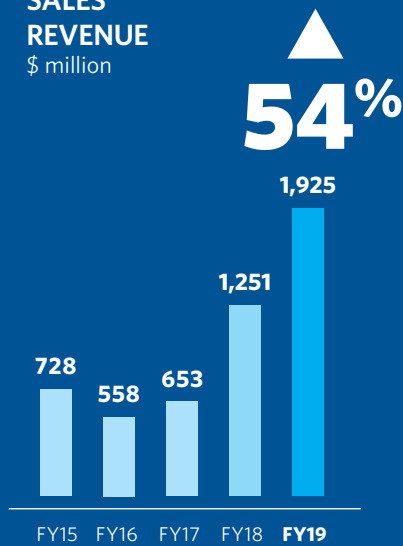
Venue:
Adelaide Convention Centre
Address:
North Terrace,
Adelaide SA 5000
Date:
10.30am,
Tuesday, 26 November 2019

PERFORMANCE
HIGHLIGHTS

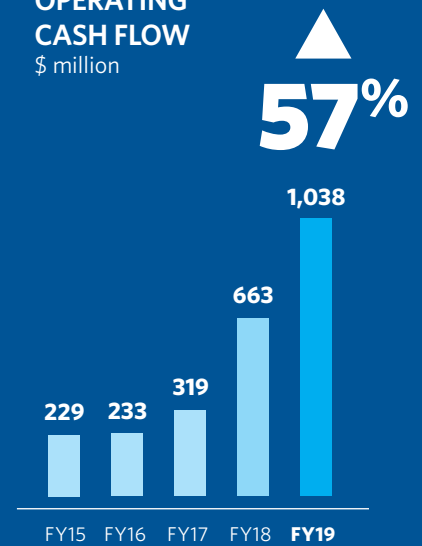
SALES
VOLUMES
MMboe



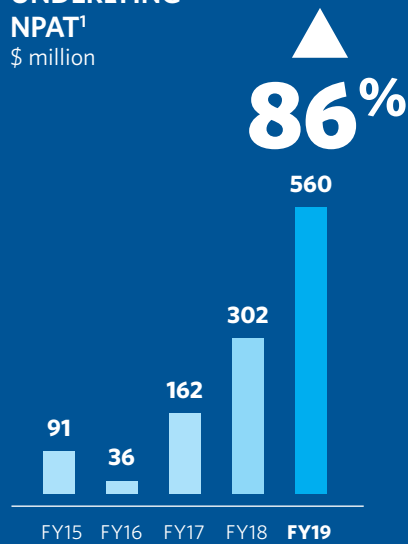
SALES
REVENUE
\$ million



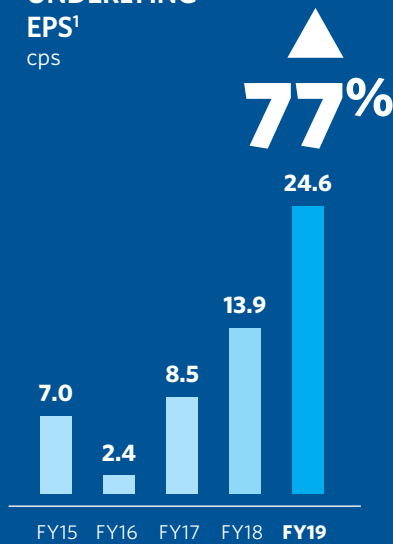
OPERATING
CASH FLOW
\$ million



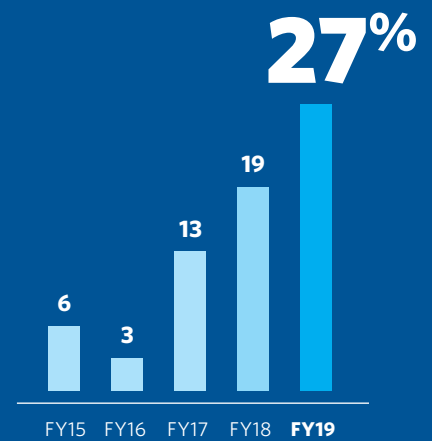
UNDERLYING
NPAT¹
\$ million



UNDERLYING
EPS¹
cps



RETURN ON
CAPITAL
EMPLOYED³
%



ORGANIC 2P RESERVES
REPLACEMENT RATIO²

204%

DEBT REPAYD IN FY19

\$950m

COOPER BASIN OPERATED
FIELD OPERATING COSTS

<\$5/boe

¹ Underlying results in the charts above are categorised as non-IFRS financial information provided to assist readers to better understand the financial performance of the underlying operating business. They have not been subject to audit or review by Beach's external auditors. Please refer to the table on page 46 for a reconciliation of this information to the financial report.

² Refer to Reserves Statement for the year ended 30 June 2019 on pages 30 - 35 of this report for additional disclosures.

³ Return on capital employed (ROCE) defined as underlying NPAT divided by the average of opening total equity and closing total equity.

Australia's largest onshore oil producer, with a major gas business



OUR VISION

We aim to be Australia's premier multi-basin upstream oil and gas company

OUR PURPOSE

To deliver sustainable growth in shareholder value

OUR VALUES

Our values define us, guide our actions, our decisions and our words



Safety

Safety takes precedence in everything we do



Creativity

We continuously explore innovative ways to create value



Respect

We respect each other, our communities and the environment



Integrity

We are honest with ourselves and others



Performance

We strive for excellence and deliver on our promises



Teamwork

We help and challenge each other to achieve our goals

Our committed people and our values-based culture are our foundation for success

Beach Energy is an ASX listed, oil and gas exploration and production company headquartered in Adelaide, South Australia.

Founded in 1961, Beach has operated and non-operated, onshore and offshore, oil and gas production in five producing basins across Australia and New Zealand and is a key supplier of gas into the Australian east coast gas market.

Beach's asset portfolio includes ownership interests in strategic oil and gas infrastructure, such as the Moomba processing facility and Otway Gas Plant, as well as a suite of high potential exploration prospects. Beach is focused on maintaining the highest health, safety and environmental standards.

Beach has established a world-class operated oil business on the Western Flank of the Cooper Basin, and has grown to become Australia's largest onshore oil producer. We have an active operated drilling program focused on key Western Flank play fairways, and we continue to develop and appraise our acreage across the Cooper Basin.

Beach also has a major gas business comprising operated and non-operated, onshore and offshore assets across five producing basins that supply gas to the Australian west coast and east coast markets and the New Zealand market. With its Cooper Basin, offshore Otway Basin and Bass Basin producing assets, Beach supplied approximately 15% of Australian east coast domestic gas demand in FY19.



FY19 GROUP Highlights

Record Beach production of 29.4 MMboe

204% organic 2P reserves replacement ratio

\$60 million synergy target achieved

Achieved portfolio average facility reliability of **97%**

In addition to its producing assets, Beach has exploration permits in the onshore and offshore Otway Basin and offshore Bonaparte, Browse and Carnarvon basins in Australia and the Canterbury Basin in New Zealand.

Beach continues to pursue growth opportunities within Australia and nearby which align with its strategy, satisfy strict capital allocation criteria, and demonstrate clear potential for shareholder value creation.

Beach is also committed to engaging positively with the local communities in which it operates, providing local employment, as well as partnerships with a range of clubs and organisations.

ASSET HIGHLIGHTS

Perth Basin

- Beach and Mitsui E&P Australia (MEPAU) agreed to align interests 50:50 across all shared Perth Basin assets.
- FID of Waitsia Stage 1 expansion, supplying new gas contract with Alinta Energy.
- Waitsia Gas Project Stage 2 progressed with FEED completed and EPC tenders in progress.

Cooper Basin

- 134 wells drilled in FY19 at an overall success rate of 84%.
- Horizontal drilling technology successfully applied in Western Flank, driving record Western Flank oil production of 5.2 MMboe and adding 7.4 MMbbl of 2P oil reserves.

South Australian Otway Basin

- Drilling commenced at Haselgrove-4 appraisal well.
- Construction of 10 TJ/d Katnook gas processing facility commenced.

Victorian Otway Basin

- Rigs secured to drill near shore, extended reach drilling wells Black Watch and Enterprise in FY20.
- Ocean Onyx offshore rig secured to undertake offshore exploration and development program.
- O.G. Energy becomes a 40% participant in the Victorian Otway Basin assets for consideration of \$344 million.
- Acquired La Bella gas field via government gazettal process for \$4 million.

Bass Basin

- Progressed the evaluation of a potential tieback of the Trefoil Field, moving to "concept select" phase.

Taranaki Basin

- FEED completed on Kupe onshore compression project, designed to extend the production plateau and field life of the Kupe gas field.

Canterbury Basin

- Finalised a farm out and committed to Stage 3 work programme in PEP38264, which includes the commitment to drill one well by October 2021.





Carnarvon Basin

- Beach farmed in to exploration permit WA- 359-P which includes the Ironbark prospect.
- Secured Ocean Apex rig for proposed drilling of Ironbark prospect in FY21.

Bonaparte Basin

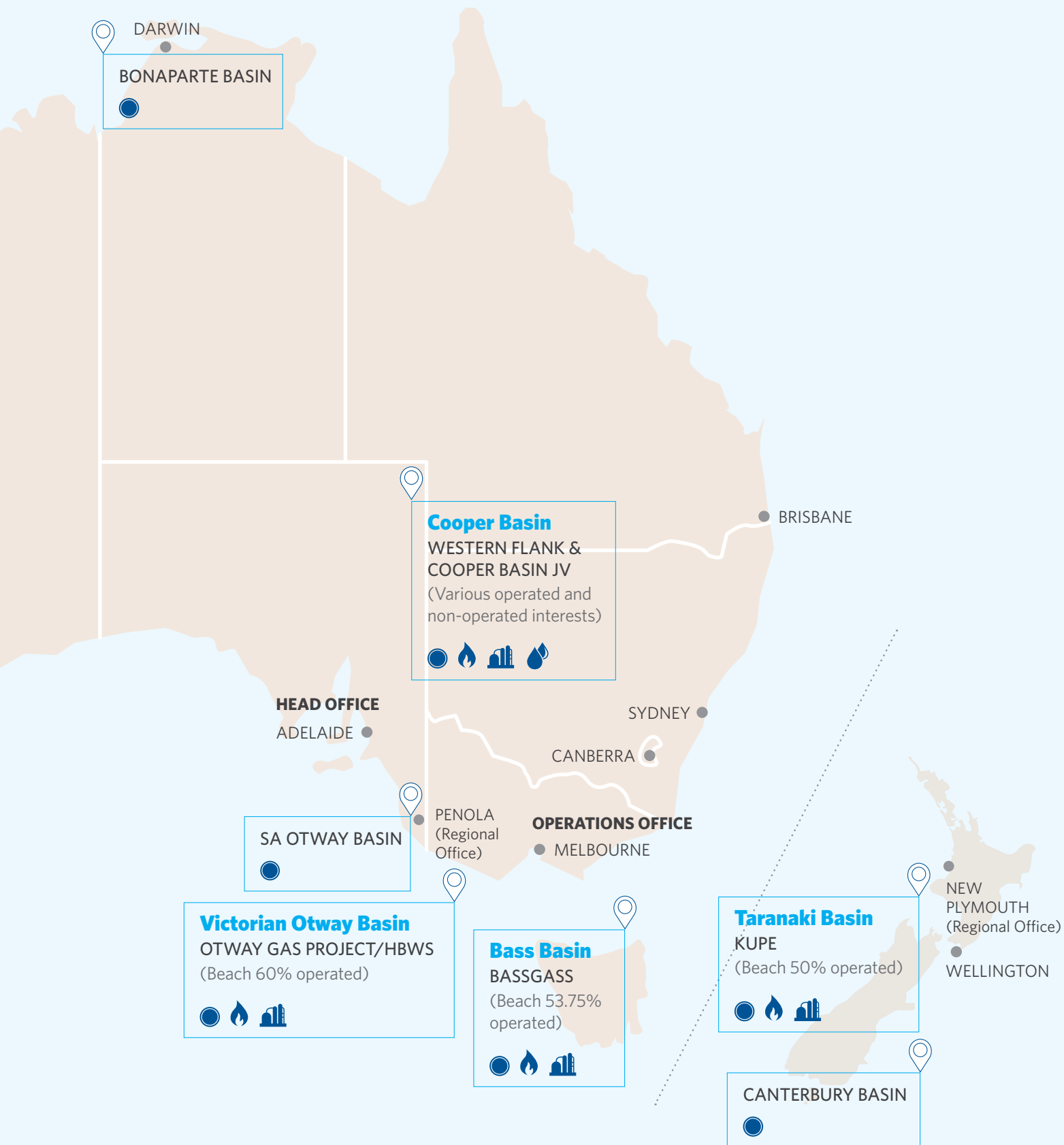
- Executed equity alignment agreement with Santos across four offshore exploration permits.



-  GAS PROCESSING FACILITIES
-  GAS PRODUCTION
-  OIL PRODUCTION
-  EXPLORATION

Ownership percentages provided are Beach's ownership of the producing assets in the respective regions. Illustration not to scale.

Beach portfolio

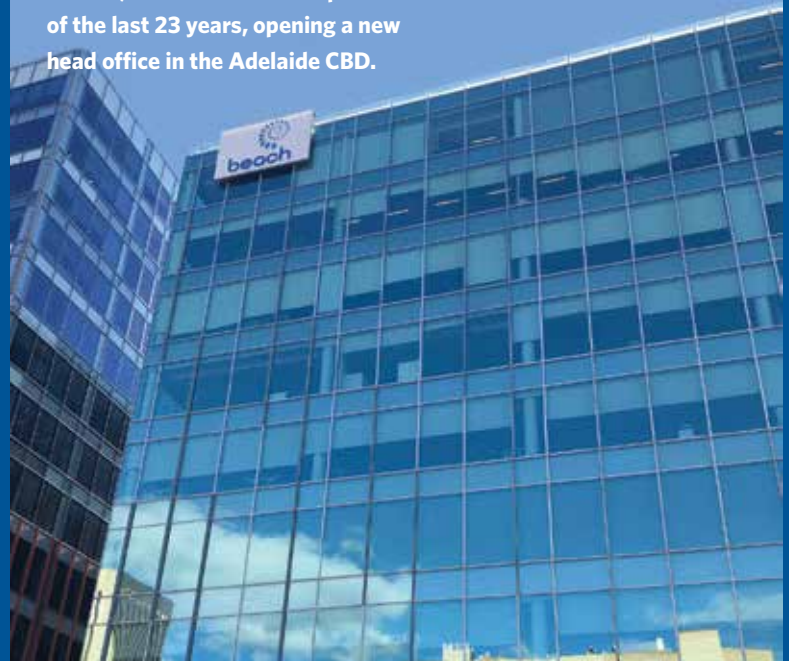


Our New Brand

In March, Beach undertook a company rebrand, unveiling **a fresh new look** to coincide with our expanded operations.



In June, Beach left its headquarters of the last 23 years, opening a new head office in the Adelaide CBD.



Major sponsor of the Royal Flying Doctors (SA/NT)

Haselgrove-4 drilling, Otway Basin, South Australia



In FY19, Beach launched a new company website, showcasing our basin activities and providing easily accessible information for investors, stakeholders or members of the community.

beachenergy.com.au



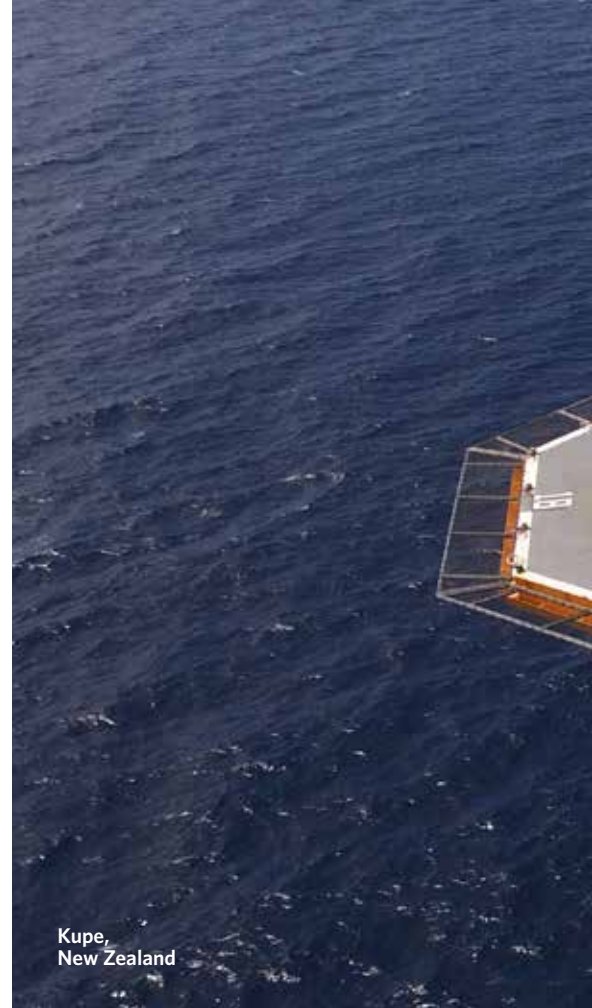
2019 APPEA Conference



The new Beach logo is a tribute to the company's history, with an energy burst coming together to create the shape of an ammonite shell — a tribute to Beach's founder and respected geologist Dr Reg Sprigg.



Cooper Basin,
South Australia



Kupe,
New Zealand

Chairman's Letter



Glenn Davis
Chairman

Dear Shareholder,

Today we report another year of strong operational and financial performance, highlighted by an 86% increase in underlying NPAT to \$560 million. We foreshadowed our expectation of strong operational and financial performance from our expanded asset portfolio and this report reflects that with record levels of production and excellent financial results

We are in an enviable financial position as we enter an important year for reinvestment into our core business. Our balance sheet is in a net cash position, two years earlier than originally anticipated when we first announced the Lattice acquisition with Beach having repaid \$950 million of outstanding debt in FY19.

We are well positioned to continue investing in our portfolio of assets under the multi-year exploration and development program we have previously outlined. This investment began in earnest in FY19. Most visible via the number of active rigs, with three operated drill rigs and one non-operated drill rig added during the year and contracts executed for two additional drill rigs to commence in FY20.

Beach enters FY20 planning significant investment in its organic growth portfolio. The business is focussed on precise and safe execution of work programs, which will include: drilling two of the longest onshore to offshore wells drilled in Australia, commencement of offshore drilling activities in the Victorian Otway Basin, elevated activity in the Cooper Basin, reinvigoration of SA Otway Basin as a gas producing region, and further maturation of high impact exploration prospects. Successful execution of these work programs is our prime focus as we strive to achieve our vision of being Australia's premier multi-basin upstream oil and gas company.

We believe this investment will continue to drive superior returns on shareholders equity noting total shareholder return over the last three years has been 270%.

Your board expanded during the year to its full complement of nine members. In February, we welcomed Ms Sally-Anne Layman as a non-executive director, at the same time also appointing CEO Matt Kay, as Managing Director. We are very pleased to welcome both Sally-Anne and Matt to the Board.



Our people
have achieved
tremendous
results
throughout
the year

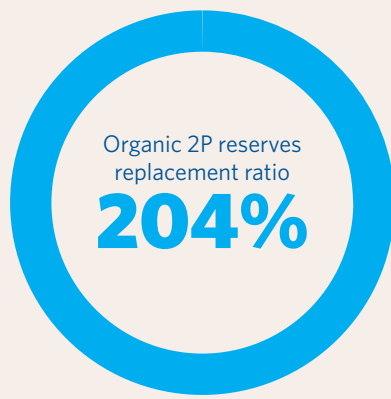
Our people have achieved tremendous results throughout the year and I congratulate them on and thank them for their efforts. Their ability to deliver safe and efficient work programs together with disciplined capital allocation will we believe continue to generate shareholder value.

On behalf of the board, I thank all shareholders for their continued support as the company continues to grow with a focus on generating returns for you, our members.

A handwritten signature in black ink, appearing to read 'G. Davis'.

Glenn Davis
Chairman

19 August 2019



Managing Director's Letter



Matt Kay
Managing Director and Chief Executive Officer



Dear Shareholder,

Beach is executing its strategy, delivering on promises and driving best in class returns on investment. This has been a focus from the moment we closed the Lattice acquisition in FY18 and continued in FY19 with tangible progress against our ambitious targets.

Today Beach reports a very strong FY19 financial performance, delivering:

- An 85% increase in underlying net profit after tax to \$560 million
- Free cash flow of \$559 million underpinning \$950 million of debt repayments and putting our balance sheet in a net cash position
- Record investment in the Beach business with capital expenditure of \$447 million
- A world class return on capital employed of 27%, reflecting disciplined financial management and diligent execution on our portfolio of organic investment opportunities
- A 204% organic 2P reserves replacement ratio.

We also reported our safest year and best environmental performance on record.

Our FY19 financial performance was underpinned by very strong operational performance across the business, being a display of the cohesive and team-oriented approach of our functionally organised work force. I want to take the opportunity to highlight just some of the achievements across our business.

Our drilling team oversaw the drilling of 134 wells in FY19, a 40% increase over FY18, and at improved drill rates, particularly on our more technically complex horizontal wells. There was a 24% improvement in spud-to-online time from our first such well in FY18, to the four well horizontal campaign in H1 FY19. Our drilling success rate was 84% in FY19, helping to drive an increase in Cooper Basin production.

Our development team made good progress on a number of growth initiatives, including: completion of FEED activities on Waitsia Gas Project Stage 2 with our JV partner Mitsui E&P Australia in the Perth Basin; completion of FEED on the Kupe compression project in New Zealand to extend the production plateau; entering concept select phase on Trefoil development in the Bass Basin; commencing construction of the Katnook gas facility in the South Australian Otway Basin and preparing for drilling activity in the Victorian Otway Basin.

Executing our strategy, delivering on promises and driving best-in-class returns



Our operations crews led further improvement in safety and environmental performance which in turn assisted in our outstanding facility reliability result, where our six operated facilities averaged 97% reliability for FY19. The team also extracted over \$20 million in operating cost savings, on track to reach our target of \$30 million per annum by the end of FY20.

Commercially, we have aligned our participating interests with joint venture partners in the Bonaparte and Perth basins, brought in an aligned partner in the Victorian Otway Basin and entered newly formed joint ventures in the Carnarvon and Canterbury Basins. Aligned joint ventures are an integral step in achieving our mission of becoming a premier mid-cap E&P company, so we are very pleased to have reached these agreements. On the gas marketing front, during the year we added a new commercial customer for our Western Flank gas, undertook a successful price negotiation with Origin in relation to a Victorian Otway gas supply contract and in the Western Australia gas market, agreed a supply agreement with Alinta for 20 TJ/day of Waitsia gas.

Also in the Victorian Otway Basin, during the year we brought in a 40% joint venture partner, O.G. Energy, for consideration of \$344 million. The introduction of an aligned joint venture partner was a strategic move by Beach. Over the coming three years, O.G. Energy and Beach will be undertaking a \$1 billion exploration and development program that will bring significant new gas supplies to the domestic east coast market. Beach supplies approximately 15% of domestic east coast gas demand and is proud to undertake this significant commitment to ensure the longer term supply of Australian domestic gas.

With a fully integrated company, a balance sheet in a net cash position less than 18 months after drawing almost \$1 billion in debt and a strong, stable gas business with oil and gas liquids upside, Beach is in an enviable position as we head in to FY20.

Our five year targets

Last year I commented on the high quality opportunity set now available to Beach and we followed this up at our September 2018 Investor Day with a deep dive on the expanded asset portfolio and presentation of Beach's five year outlook.

We will continue to refine our forward development plans and growth targets as our business evolves and our understanding of our assets increases over time. Agility is an important characteristic in oil and gas companies such as Beach, allowing us to take advantage of new opportunities and new information as it arises. The one constant remains our commitment to enhancing shareholder value.

Environmental, Social and Governance

I want to comment on Beach's commitment to continual improvement in Environmental, Social and Governance (ESG) practices. In the face of a transformational period for the company, we are updating our policies and practices in each of these areas to create the tools and framework necessary to ensure good ESG outcomes for all stakeholders as we continue to grow the Beach business.

This year we refined our governance structure so that climate change and environmental matters fall under the direct responsibility of the Board. Climate change and the environment are important to Beach. We have also made progress against our TCFD reporting requirements. I refer you to the sustainability pages of this report for more discussion.

In the communities in which we operate, we strive to be a good corporate citizen, an organisation of whom the local community can talk proudly. We are strong believers in undertaking this from a grass roots level which can be seen with our work in helping fund local playgrounds, walking paths, sponsoring local sporting clubs, providing surf life saving club equipment, sponsoring community college courses, opening our land to local agriculture where it is safe. We also entered a long term sponsorship with the Royal Flying Doctors Service (SA/NT) which provides the organisation with funding and equipment critical to the ongoing provision of the high quality, high impact services the Royal Flying Doctor Service provides.

Conclusion

The most visible change during the year was the company rebranding and upgrading of corporate headquarters to reflect a modern organisation. This is a reflection of the new Beach. We are a modern, diverse energy company, striving to operate efficiently and environmentally consciously and meet the expectations of our local communities and broader Australian market. We are generating world class returns, have a high quality opportunity set in which to continue investing, and the financial strength to support this. We look forward to the year ahead and thank you for your support.

Yours sincerely,

Matt Kay
Managing Director & Chief Executive Officer

19 August 2019

Executive Team



1. Matthew Kay
MANAGING DIRECTOR &
CHIEF EXECUTIVE OFFICER
BEC, MBA, FCPA, GAICD

Mr Kay joined Beach in May 2016 as Chief Executive Officer and was appointed Managing Director in February 2019. Mr Kay has over 25 years' experience in oil and gas and prior to joining Beach, served as Executive General Manager, Strategy and Commercial at Oil Search, a position he held for two years. In that role he was a member of the executive team and led the strategy, commercial, supply chain, economics, marketing, M&A and legal functions. Prior to Oil Search, Mr Kay spent 12 years with Woodside Energy in various leadership roles, including Vice President of Corporate Development, General Manager of Production Planning and General Manager of Commercial for Middle East and Africa. In these roles Mr Kay developed extensive leadership skills across LNG, pipeline gas and oil joint ventures, and developments in Australia and internationally.

2. Morné Engelbrecht
CHIEF FINANCIAL OFFICER
BCom (Hons), CA (ANZ & South Africa),
MAICD

Mr Engelbrecht joined Beach in September 2016 as Chief Financial Officer and is responsible for the finance, tax, treasury, information technology, contracts & procurement, insurance and investor relations functions. He is a Chartered Accountant with more than 19 years' experience including in the oil, gas and resource sectors across various jurisdictions including Australia, South Africa, the United Kingdom, Papua New Guinea and China. He held the position of Chief Executive Officer of ASX-listed company, Carbon Energy, prior to his role with Beach. Prior to this he held various financial, commercial and advisory senior management positions at InterOil, Newcrest (formerly LGL), Harmony Gold and PwC. Mr Engelbrecht also has extensive experience in strategy and planning, capital management, debt and equity markets, M&A and joint venture management and operations.



3. Dawn Summers

CHIEF OPERATING OFFICER

BEng (Hons) (Chemical)

Ms Summers joined Beach in January 2018 as Chief Operating Officer bringing to Beach over 25 years of upstream and downstream, international oil and gas experience. Prior to joining Beach, Ms Summers was Chief Operating Officer of Origin Energy's integrated gas division, with operational responsibility for the Lattice asset portfolio and Asia Pacific LNG assets. Prior to this, Ms Summers' experience includes two years on the executive team at Genel Energy plc, an independent exploration and production company focused on Iraq and Africa, and 20 years with BP, ending up as Global Vice President for Upstream Production Operations and Safety & Operational Risk.

4. Jeff Schrull

GROUP EXECUTIVE EXPLORATION AND APPRAISAL

BSc Geophysics (Maths, Geology, Physics), M.S Geophysics

Mr Schrull joined Beach in January 2017 in the position of Group Executive Exploration and Development bringing to Beach over 30 years of upstream oil and gas experience. Prior to this, Mr Schrull held the position of General Manager Exploration and Production at Cue Energy. He previously held several senior international positions with Chevron over a 19 year period, and was subsequently at Addax Petroleum in the role of Corporate General Manager of Exploration. He has a strong track record in creating and delivering growth through exploration, development, operations and M&A.

5. Lee Marshall

GROUP EXECUTIVE CORPORATE STRATEGY AND COMMERCIAL

BE Commerce (Economics and Finance)

Mr Marshall joined Beach in January 2018 as Group Executive Corporate Strategy and Commercial. Prior to joining Beach, Mr Marshall was most recently General Manager UK for Woodside Energy. Based in London, Mr Marshall managed exploration assets and business development opportunities in the Atlantic Basin and Africa. He has over 20 years of Australian and global commercial, business development and financial management experience across upstream oil and gas and LNG. Mr Marshall is responsible for upstream commercial, strategy, economics, M&A, business development and marketing.

6. Geoff Barker

GROUP EXECUTIVE DEVELOPMENT

BSc, MEng (Pet Eng)

Mr Barker joined Beach in February 2018 as Group Executive Development bringing to Beach over 30 years of upstream oil and gas experience. Prior to joining Beach, Mr Barker was a partner at leading oil and gas consulting firm RISC where he managed development and value enhancement studies on a wide range of onshore and offshore major projects internationally and within the Australasian region. Mr Barker has held senior management and technical positions in development and operations at Woodside, Shell and Bridge Oil.

7. Brett Doherty

GROUP EXECUTIVE HEALTH, SAFETY, ENVIRONMENT AND RISK

BEng (Electrical), LLB (Hons)

Mr Doherty joined Beach in February 2018 as Group Executive Health, Safety, Environment and Risk, bringing over 30 years of upstream oil and gas experience to Beach. His career includes extensive exposure to both offshore and onshore development and operations. Prior to Beach, Mr Doherty was General Manager of Health, Safety and Environment at INPEX Australia. He has held several senior international positions during his career, including ten years as the Chief HSEQ Officer at RasGas Company Limited, in the State of Qatar.

8. Sheree Ford

GENERAL COUNSEL

BA, LLB, MBA

Ms Ford joined Beach in March 2018 bringing over 25 years' experience as a corporate lawyer primarily in the upstream oil and gas industry. Prior to joining Beach, Ms Ford worked for over 10 years as in house counsel at BHP Limited, primarily in the oil and gas business and was General Counsel and Company Secretary at listed and privately owned oil and gas companies including InterOil Corporation, Oil Search Limited and Roc Company Limited. As well as extensive experience in upstream oil and gas business across Australia, Asia, Africa and the United Kingdom, Ms Ford has been involved in numerous large company transactions including M&A.

Our Strategy

Beach undertook a strategy review during FY19 where its strategic pillars were updated in the context of the new, enlarged organisation.



Optimise our core production hubs

- Achieved average reliability of 97% across Beach's six operated facilities in FY19. Targeting >98% across all facilities in FY20.
- Completed FEED on the Kupe compression project which seeks to extend production plateau and field life.
- Achieved record Western Flank oil production net to Beach.
- Reduced Beach operating costs per barrel from \$9.7/boe in FY18 to \$9.3/boe in FY19.
- Ended FY19 having delivered over \$20 million in operating cost reductions, on track to meet our target of \$30 million per annum by the end of FY20.



Grow additional production hubs

- Commenced construction of a 10 TJ/d gas facility in the South Australian Otway Basin.
- Approved Waitsia Stage 1 expansion to 20 TJ/day and completed FEED on Waitsia Gas Project Stage 2.
- Acquired a 21% interest in exploration permit WA-359-P which includes the Ironbark prospect. Rig secured to drill the Ironbark prospect in mid FY21.
- Subsequent to year end a farm out agreement was signed with O.G. Energy in relation to PEP38264 in the Canterbury Basin, New Zealand which contains the Wherry and Gondola gas prospects. The joint venture committed to Stage 3 work program, which includes a commitment to drill one well by October 2021.



Grow our east coast gas business

- Awarded permit VIC/P73 in Victorian Otway Basin, containing the La Bella gas field enhancing the value of existing reserves and infrastructure.
- Plans for tie back of Trefoil gas field progressed to "concept select" phase as we seek to extend the life of the BassGas asset.
- Contracted rigs to undertake the near shore and offshore drilling programs in the Victorian Otway Basin. The exploration and development drilling program is expected to bring new gas supplies to the east coast domestic gas market.
- Added two operated Western Flank drill rigs and a fourth non-operated Cooper Basin JV drill rig.



Maintain financial strength

- Reported ROCE of 27% in FY19.
- Repaid \$950 million of debt, ending FY19 in a net cash position.
- Available liquidity of \$622 million at 30 June 2019.
- Core gas business provides revenue stability and certainty of funding of near term operating costs and capital expenditure. Provides insulation from oil price volatility.

Operating Review

Record
Beach
production

29.4
MMboe



Three of Beach's six operated facilities achieved >98% reliability in FY19. Targeting >98% across all facilities in FY20.

PERFORMANCE OVERVIEW

		FY15	FY16	FY17	FY18	FY19
Production	MMboe	9.1	9.7	10.6	19.0	29.4
2P reserves ¹	MMboe	74	70	75	313	326
2C contingent resources ¹	MMboe	677	205	153	207	185
Sales revenue	\$ million	728	558	653	1,251	1,925
Net profit after tax	\$ million	(514)	(589)	388	199	577
Underlying net profit after tax	\$ million	91	36	162	302	560
Earnings per share	cps	(39.6)	(39.6)	20.4	9.2	25.4
Underlying earnings per share	cps	7.0	2.4	8.5	13.9	24.6
Cash flow from operating activities	\$ million	229	233	319	663	1,038
Net assets	\$ million	1,355	1,075	1,402	1,838	2,374
Net debt/(cash)	\$ million	(20)	(49)	(198)	639	(172)
Gross gearing ratio	%	11.0	13.5	11.8	34.2	NA
Fully franked dividends declared per share	cents	1.50	0.50	2.0	2.0	2.0
Shares on issue	million	1,300	1,861	1,874	2,277	2,278
Share price at year end	\$	1.05	0.61	0.575	1.755	1.985
Market capitalisation at year end	\$ million	1,365	1,135	1,077	3,995	4,522

PRODUCTION

	FY18	FY19				Year-on-year change (%)
		Oil equivalent (MMboe)	Oil (MMbbl)	Gas liquids (MMboe)	Gas (PJ)	
Western Flank	6.1	5.2	0.6	7.4	7.1	16%
Cooper Basin JV	5.9	1.5	1.0	32.3	8.1	37%
Other Cooper Basin	0.2	0.1	0.0	0.5	0.2	11%
Perth Basin	0.4	0.0	0.0	3.9	0.7	59%
SAWA	12.7	6.9	1.6	44.1	16.1	27%
Otway Basin	3.7	0.0	1.0	43.0	8.4	125%
Bass Basin	1.1	0.0	0.4	7.5	1.7	59%
Victoria	4.8	0.0	1.4	50.5	10.1	110%
New Zealand	1.5	0.0	0.9	12.9	3.2	115%
Total Production	19.0	6.9	4.0	107.4	29.4	55%

1. Refer to Reserves Statement for the year ended 30 June 2019 on pages 30 - 35 of this report for additional disclosures.

Operating Review

continued

FINANCE

We start FY20 a fully integrated company having realised our \$60 million per annum synergy target, repaid all term debt and with the balance sheet and operational capability to execute on our long term investment strategy

Finance and technology are key value drivers at any company, but particularly so at Beach during a period of acquisition and integration.

A key component of integration was unifying all corporate systems into one integrated IT system. This completed in December 2018 when Beach discharged the Transition Services Agreement with Origin. This was a key achievement of the first half of FY19 and underpinned not only the realisation of the \$60 million per annum synergy target, but also puts the business in a technologically advanced position from which we can apply the Beach low cost operator model.

The other headline achievement of the financial year came in May 2019 when our balance sheet entered a net cash position, less than 18 months after we drew down almost \$1 billion in debt and more than two years ahead of initial expectations. This came upon completion of the sell down of the 40% stake in the Victorian Otway assets to O.G. Energy for \$344 million.

FY19 was a year of volatility in the price of oil as Brent ranged between approximately US\$50 and US\$86 during the year. With a substantial, stable gas business, Beach now generates a sizeable portion of our revenues from gas. In recognition of this and our rapid de-gearing, we allowed our oil hedge book to roll off over the

course of FY19. Beach has no hedging in place at year end. This position is actively monitored and reviewed by management and the board as we seek to ensure our strategic pillar of maintaining financial strength continues to be met.

In addition to the strategic pillar of maintaining financial strength, during FY19 Beach outlined a key financial target of continuing to generate a return on capital employed (ROCE) of 17-20%. In FY19 we have exceeded this target, reporting a ROCE of 27%, driven by a combination of improved production performance, and reductions in per boe operating costs.

At our FY18 Annual General Meeting held in November 2018, our Chairman confirmed that Beach remains very much a growth-oriented company, with our capital allocation priority directed to investment in value-accretive growth initiatives. We have ended FY19 in a net cash position, with available liquidity of \$622 million, placing Beach in a strong position from which to launch its FY20 organic investment program which is expected to be one of the largest investment years undertaken by Beach.

Morné Engelbrecht
Chief Financial Officer

**ACHIEVED
SYNERGY TARGET**

\$60m
per annum

**RETURN ON
CAPITAL EMPLOYED**

27%
FY19

OPERATIONS

In FY19 Beach continued to achieve important milestones and deliver value through implementation of Operational Excellence: Safe, Reliable and Efficient operations, across our expanded portfolio of offshore and onshore operations in all five basins.

Most importantly, our portfolio of offshore and onshore assets continued safe operations throughout the integration process, which completed during the year and where we fully realised our \$60 million per annum synergy target. Focus has concurrently moved ahead with the launch of our Operational Excellence program with the mission to generate value through safe, reliable and efficient operations. Getting this right underpins our growth agenda.

The Operational Excellence program supported another set of strong results in FY19, a highlight being our continuous improvement in safety performance. Our focus on process safety has seen us report our safest year on record. Significantly, Beach had no material process safety events recorded since we began operatorship of the former Lattice assets, which is an indicator of how we are ensuring our people are out of harm's way and running our plants safely. In addition, our crude spill volumes continue to reflect best in class performance.

Our focus on improving reliability through use of industry best practice and smart technology, the most visible example being the application of drone technology to assist infrastructure inspections, is helping to improve both safety and base production across our facilities. In FY19 Beach has seen further improvement in facility reliability and

achieved record average reliability of 97% across our six operated facilities contributing to Beach achieving FY19 production of 29.4 MMboe, ahead of our initial FY19 guidance range of 26 - 28 MMboe.

Beach continued applying its low cost operating model, identifying further efficiency opportunities whilst at the same time maintaining a balance with safety and production performance. We made excellent progress in FY19, and are on track to meet the 20% sustainable cost reduction target by the end of FY20, which would equate to approximately \$30 million per annum of savings. These cost efficiencies are being achieved in areas such as logistics, maintenance planning and scheduling efficiency improvements, technology collaboration with our JV partners and basin operator synergies. By the end of FY19 Beach has already delivered over \$20 million of direct operating cost savings.

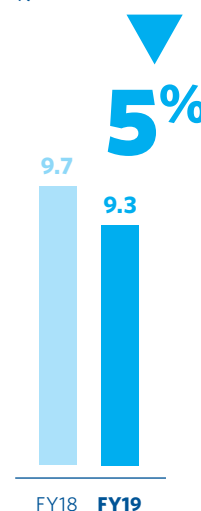
This combination of improved facility reliability and application of Beach's low cost operator principles helped Beach achieve a 5% reduction in operating costs per boe to \$9.3/boe in FY19, with Beach's operated Cooper Basin assets continuing to operate at less than \$5/boe.

Dawn Summers
Chief Operating Officer

AVERAGE FACILITY RELIABILITY¹



OPERATING COSTS²
\$/boe



1. Average facility reliability measured across the six Beach-operated facilities.
2. Operating costs per boe is for the entire group and includes both operated and non-operated assets. Operating costs exclude royalties, tolls, tariffs and third-party purchases.

Operating Review

continued

EXPLORATION AND APPRAISAL

Our exploration and appraisal activities are designed to extend the life of our core businesses and feed the longer term growth objectives of the company.

Our appraisal strategy is designed to optimise recovery from our fields in the most cost effective way possible, achieving this by understanding the size and distribution of hydrocarbons as early as possible in the field development cycle. We are also leveraging our development activities, applying modern technologies to obtain appraisal information – minimising appraisal costs, driving portfolio value.

Cooper Basin

During the year we announced a step up in our appraisal activity in the Cooper Basin, which we have coined the “Bauer Strategy”. This calls for the drilling of appraisal wells with larger step out distances from existing wells to define boundaries of our producing oil and gas fields. Once field limits are defined, full field development plans are formulated, focussed on adequate in-fill spacing and ultimately a line of sight to the number of wells to fully monetise the asset.

The Bauer Strategy includes the ongoing refinement to our geotechnical methods as well as the application of modern technologies. These include geo-steering horizontal wells to collect appraisal information, in-well-bore seismic studies, 3D structural modelling and advanced pad-drilling techniques to lower cost per well. The objective is to increase our chance of success and minimise the finding and development cost per barrel.

Implementing the strategy in FY19 yielded extensions of the Bauer and Hanson oil fields and the Lowry gas field in the Western Flank, identifying additional drilling opportunities. This strategy will continue to be rolled out across the Western Flank.

Victorian Otway Basin

The Otway Basin is a proven petroleum province with exploration and appraisal potential in Beach’s operated fields and exploration permits. We are applying a new “whole-of-basin” approach that incorporates best-in-class 3D seismic data covering over 9,000 square kilometres, integrating all existing offshore 3D surveys.

Analysis of the integrated data set has yielded better understanding of the discovered gas resources, identification of new prospects and leads, as well as validating our view of the commercial prospectivity of the undeveloped La Bella gas field which Beach acquired when awarded permit VIC/P73 in February 2019 after participating in a gazettal process.

Perth Basin

In FY19 we contracted the Easternwell 106 onshore rig to drill the Beharra Springs Deep exploration well in the first half of FY20. The well will test the potential of the prolific Kingia and Highcliff sandstones, which are the primary productive reservoirs at the nearby Waitsia gas field. Several other high impact prospects targeting the same play will be matured for drilling with the Trieste 3D survey planned for H2 FY20. Our alignment across the Perth Basin with MEPAU was enhanced

recently when the companies entered into an agreement to move to 50:50 ownership across all licences.

Frontier Exploration

Looking to the longer term, we have made clear progress across three high impact, geographically diverse frontier exploration plays.

In the Carnarvon Basin, the WA-359-P (Ironbark) JV was formed with BP as operator and is progressing towards drilling the Ironbark prospect in late 2020.

In the Bonaparte Basin, Beach and Santos reached agreement to align interests at 50% across four exploration blocks, with Santos taking operatorship and the lead in maturing several new play types towards drilling.

In the Canterbury Basin a farm out process was undertaken, bringing in O.G. Energy as the joint venture works towards drilling a commitment well by October 2021.

Jeff Schrull

Group Executive – Exploration and Appraisal

Basin	Target	Type	Wells drilled	Successful	Rate
Cooper / Eromanga Basins	Oil	Exploration	12	3	25%
		Appraisal	24	19	79%
		Development	23	22	96%
	Gas	Exploration	11	10	91%
		Appraisal	26	22	85%
		Development	38	36	95%
Total wells drilled			134	112	84%

73 exploration and appraisal wells were drilled in FY19 at a 74% success rate

Horizontal wells have the potential to add **substantial value** to the business



Cooper Basin,
South Australia

DEVELOPMENT

Cooper Basin

In FY19, Beach participated in 61 development wells in the Cooper Basin as we ended the year with three operated drilling rigs (+2 from FY18) and four non-operated drilling rigs (+1 from FY18).

In the Western Flank, the successful application of horizontal drilling technology targeting the McKinlay and Birkhead reservoirs helped increase net Western Flank oil production to 5.2 MMbbl, a 10% increase over FY18. Horizontal wells have the potential to add substantial value to the business as we have seen such wells perform over eight times more productively than a vertical well, at 1.5 times the cost to drill, complete and connect. A total of eight horizontal wells were drilled and completed across the Beach-operated Bauer, Pennington and CKS fields and Senex-operated Growler Field. The four Bauer horizontal wells added an estimated 7,000 bopd on artificial lift (30 day initial production rate), after achieving an average spud to online time of 24 days. Beach plans to increase the number of horizontal development wells in FY20.

In the Cooper Basin JV Beach is supporting operator Santos in its development plans to maintain or increase production. The addition of a fourth Cooper Basin JV drilling rig has provided capacity to drill more wells. We were pleased to see an increase in the number of oil wells drilled in the Cooper Basin JV in FY19 after the early success in Queensland at the Watson and Watkins fields. Follow up drilling and a full year of increased ownership helped support an increase in Cooper Basin JV oil production, net to Beach, to 1.5 MMbbl, an 82% increase over FY18 levels. The operator continues to drive cost out which increases the portfolio of opportunities available.

Perth Basin

In the Perth Basin, our development team worked closely with partner and operator, MEPAU, in the evaluation of different development options for the Waitsia gas field including brownfield and greenfield expansion options. Final investment decision (FID) was reached on Waitsia Stage 1 expansion of the Xyris facility to 20 TJ/day while front end engineering design (FEED) was completed on Waitsia Gas Project Stage 2 (100 – 250 TJ/day).

SA Otway Basin

Construction of a 10 TJ/d gas facility has commenced at the site of the previous Katnook facility, which was successfully remediated. First gas is scheduled for mid FY20.

New Zealand

In New Zealand, FEED was completed on the Kupe onshore compression project to extend the field's production plateau and increase recovery by accessing undeveloped reserves. FID is currently targeted for Q1 FY20 and first gas by late FY21.

Bass Basin

In the Bass Basin, the Trefoil Field development planning progressed moving to the "concept select" phase which aims to reduce subsurface and development uncertainties to a point where an investment decision can be taken.

Victorian Otway Basin

While in the Victorian Otway Basin, rigs were contracted to undertake our near shore and offshore development programs which include the extended reach Black Watch development well and six offshore development wells.

Geoff Barker

Group Executive – Development

Operating Review continued

WESTERN FLANK OIL AND GAS

FY19 PRODUCTION

7.1MMboe

(24% of Beach's total production)

2P RESERVES¹

58MMboe

(72% oil, 28% gas and gas liquids)

Operations

Western Flank oil operations accounted for 18% of Beach's FY19 production. The connection of new oil wells and artificial lift saw Beach's share of Western Flank oil production increase to a record 5.2 MMbbl, representing a 10% increase on FY18 levels.

Strong performance was underpinned by optimisation of activities including timeliness of well on-line times to enable early production and appropriate artificial lift installation.

Western Flank gas operations accounted for 6% of Beach's FY19 production. Western Flank gas/gas liquids production increased to 1.9 MMboe in FY19, representing a 35% increase on FY18 levels. The increase in gas and gas liquids output was underpinned by improved reliability and the capacity expansion of the Middleton gas facility resulting in FY19 being Beach's best ever operated gas and gas liquids production from the Cooper Basin.

Development

Beach participated in 19 Western Flank oil and gas development wells with an overall success rate of 95%.

Notable outcomes were:

- Six Beach-operated, and two Senex-operated, horizontal oil development wells were drilled; one each on the Pennington and Kalladeina fields, two on the Growler Field, and four on the Bauer Field. All wells were successful. The aggregate 30 day initial production rate from the four wells drilled on the Bauer Field was approximately 7,000 bopd on artificial lift.
- A five vertical well Bauer oil development campaign completed at a 100% success rate in the fourth quarter.
- Hanson-7 oil development well confirmed a southern extension to the field. The well had a strong initial flow rate of 2,600 bopd and was converted to artificial lift (ESP) at the end of the year to bring forward production.
- Liquids handling capacity was expanded at the Middleton facility increasing the facility's raw gas capacity to 40 MMscfd and helping achieve higher gas and gas liquids production volumes.

Exploration and Appraisal

Beach participated in 23 Western Flank oil and gas exploration and appraisal wells with 14 wells cased and suspended as future producers (seven oil and seven gas wells), equivalent to a success rate of 61%.

Appraisal activities were highlighted by campaigns on the Bauer and Hanson oil fields (ex PEL 91) and the Lowry gas field (PRL 26), designed to delineate the lateral extent of each field and assist with full field development plans. Positive results saw an increase in 2P reserves at each of the fields at 30 June 2019. Further appraisal drilling



FY19 Highlights

Increased drilling activities with third Western Flank drill rig added.

Eight operated and non-operated horizontal oil wells successfully drilled.

Successful oil appraisal programs in Bauer and Hanson fields, extended field limits and validated the 'Bauer Strategy' for field appraisal.

Successful gas exploration and appraisal programs in Lowry and Udacha South fields extended field limits and discovered new field.

Further expansion of Middleton facility via increased liquids handling capacity to underpin Western Flank gas production.



FY20 Focus

Continued roll out of the Bauer strategy for appraisal across fields including Parsons and Congony-Kalladeina-Sceale field complex, as well as follow-up appraisal drilling at Bauer and Hanson.

Follow up the horizontal drilling success with up to 16 more horizontal wells in FY20.

Expansion of surface facilities to accommodate higher production volumes.

Commence drilling prospects identified by Spondylus 3D seismic survey.

1. Refer to Reserves Statement for the year ended 30 June 2019 on pages 30 - 35 of this report for additional disclosures.

is required in both Hanson and Bauer to follow up the initial success, and will be undertaken in FY20, ahead of full field development.

In non-operated Western Flank, Senex undertook a seven-well oil exploration and appraisal program which yielded two new producers and defined core Birkhead play area in the ex PEL 104/111 acreage in which Beach holds a 40% non-operated position.

Beach received and processed the Spondylus 3D seismic survey which covers the southern portion of the Western Flank Gas play fairway (ex PEL 107). A number of prospects and leads have already been defined, with Beach intending to drill up to four wells in FY20.

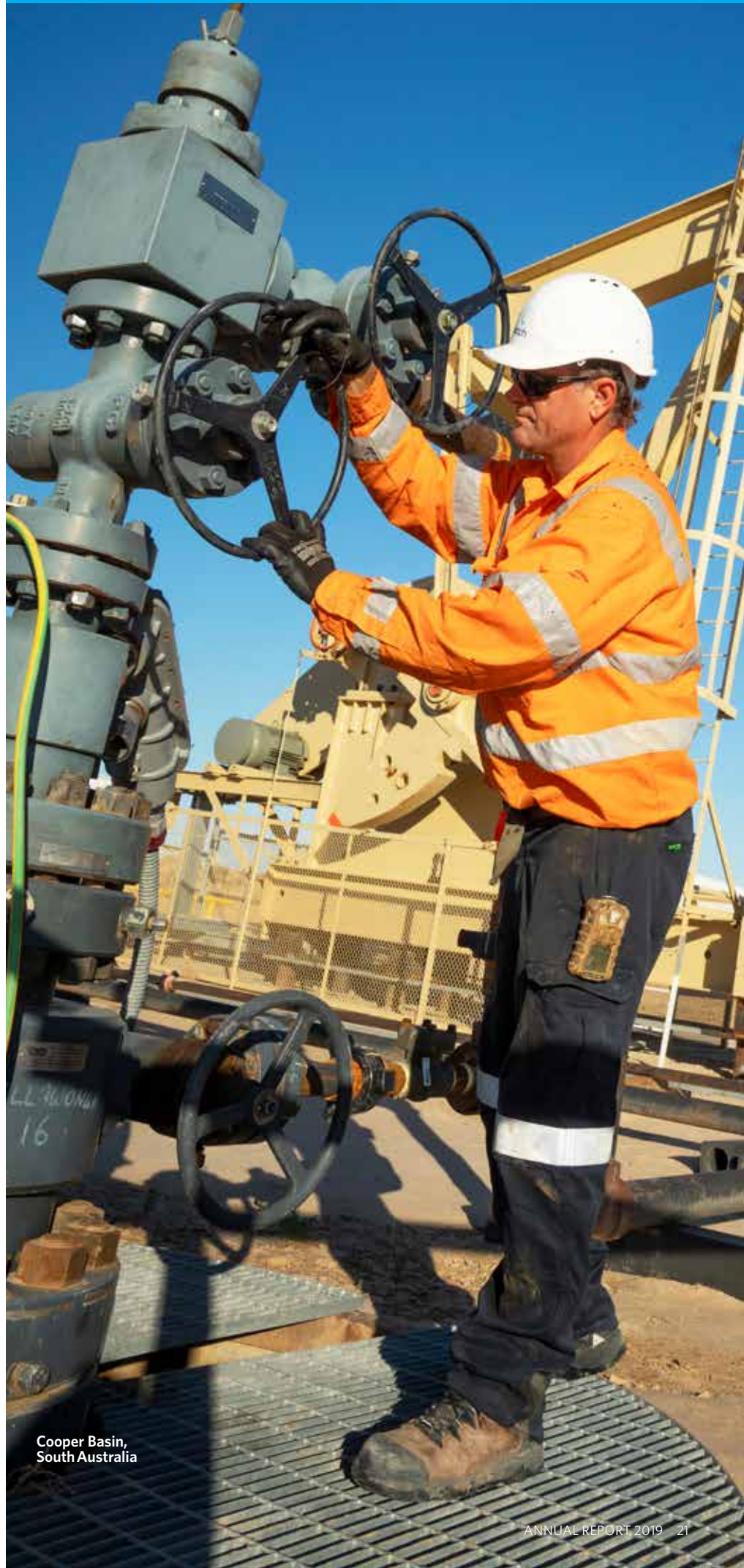
Commercial

Beach executed a GSA with Liberty Primary Steel and now has GSAs with Adelaide Brighton, Alinta Energy and Liberty to supply Western Flank gas in 2019.

Description

Western Flank oil producing areas are 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).

Western Flank gas producing areas are ex PEL 106 (Beach 100%), ex PEL 91 (Beach 100%) and the Udacha Block — PRL 26 (Beach 100%). Other licences include PEL 630 (Beach 50% and operator, Bridgeport 50%).



Cooper Basin,
South Australia

Operating Review continued

COOPER BASIN JOINT VENTURE

FY19 PRODUCTION

8.1MMboe

(28% of Beach's total production)

2P RESERVES¹

84MMboe



FY19 Highlights

Increased drilling activities with fourth Cooper Basin JV drill rig added.

Successful Moomba South gas appraisal program.

Continued focus on oil targets, with 25 oil wells drilled in FY19.



FY20 Focus

Increasing activity levels including focus on horizontal wells.

Accelerated pilots for the Patchawarra in Moomba South.

Continued focus on operating efficiencies, such as shifting beam pumps to solar and battery power and other cost-outs.

Operations

The Cooper Basin JV operations accounted for 28% of Beach's FY19 production. Net gas and gas liquids production of 6.6 MMboe was up 29% from the prior year and comprised sales gas of 5.6 MMboe and gas liquids of 1.0 MMboe. This was driven by the full year of increased Cooper Basin JV ownership and new well connections after higher drilling activity.

Net oil production of 1.5 MMbbl was up 82% on the prior year driven by the full year of increased Cooper Basin JV ownership and the strong results of the Watson and Watkins oil exploration and appraisal programs.

Exploration, Appraisal and Development

Beach participated in 92 Cooper Basin JV wells, seven gas exploration, 22 gas appraisal, 38 gas development, seven oil exploration, 14 oil appraisal and four oil development wells.

Highlights from the FY19 drilling program included:

- Overall success rate of 87%.
- Successful Moomba South gas appraisal campaign which saw seven of the eight drilled wells brought into production. Beach and Santos are working to identify further locations to roll out the Moomba South appraisal strategy.
- Southwest Queensland oil appraisal success highlighted by a three well campaign in the Watkins Field, with a peak production add of 3000 bopd.
- Southwest Queensland gas exploration success at Anna North, Aztec, Lane, Bearcat and Tillamook.

Description

Beach owns non-operated interests in the South Australian Cooper Basin joint ventures (collectively 33.40% in SA Unit and 27.68% in Patchawarra East) and the South West Queensland joint ventures (various interests of 30% to 52.2%), which are collectively referred to as the Cooper Basin JV.



Cooper Basin,
South Australia

1. Refer to Reserves Statement for the year ended 30 June 2019 on pages 30 - 35 of this report for additional disclosures.

PERTH BASIN

FY19 PRODUCTION

0.7MMboe

(2% of Beach's total production)

2P RESERVES¹

73MMboe



FY19 Highlights

GSA executed with Alinta Energy for delivery of 20 TJ/d from July 2020.

FID reached on Waitsia Stage 1 expansion to 20 TJ/day.

Beach and MEPAU agreed to align interests 50:50 across the Perth Basin.

Easternwell 106 rig contracted to drill Beharra Spring Deep-1 exploration well in FY20.

FEED completed and EPC tenders in progress on Waitsia Gas Project Stage 2.



FY20 Focus

Drill Beharra Springs Deep-1 exploration well

Commence construction of Waitsia Stage 1 expansion

FID on Waitsia Gas Project Stage 2.

Trieste 3D seismic survey

Maintain high facility reliability

Operations

Perth Basin operations accounted for 2% of Beach's FY19 production. Perth Basin production of 0.7 MMboe was 59% higher than the prior year due to the Perth Basin assets being consolidated for the entire FY19 reporting period.

Development

The Waitsia joint venture continued to progress commercialisation plans for Waitsia Gas.

Beach and MEPAU signed a GSA with Alinta Energy for the supply of up to 20 TJ/day of gas from the Waitsia Field, commencing 1 July 2020 with a duration of 4.5 years. Detailed engineering has commenced on the Stage 1 expansion of the Xyris gas processing facility from 10 to 20 TJ/day output. Stage 1 expansion incorporates a large diameter pipeline (with capacity for future Stage 2 production volumes) connecting the Xyris facility to the DBNGP.

Waitsia Gas Project Stage 2 development progressed with the completion of FEED and issue of EPC tenders for the construction of a 100 – 250 TJ/day facility. FID is currently anticipated in FY20.

Exploration and Appraisal

The Easternwell 106 rig has been contracted to drill the Beharra Springs Deep-1 gas exploration well, currently expected in H1 FY20.

Commercial

Subsequent to year end, Beach and MEPAU entered into an agreement that will result in the two entities moving to a 50% interest in production licences L11 and L22, exploration permit EP 320 and pipeline licence PL18.

These tenements contain the Beharra Springs and Redback gas fields and associated gas processing facilities, the Beharra Springs Deep exploration prospect and the underexplored EP320 where Beach will undertake the Trieste 3D seismic survey to mature several prospects already identified on lower quality 2D seismic.

Beach will remain operator of these tenements.

Description

Producing licence areas are Waitsia (Beach 50%, MEPAU 50% and operator) in licence L1/L2 and Beharra Springs (Beach 67% and operator, MEPAU 33%) (pending completion of a 17% sell down described under "Commercial"), in licences L11 and L22.

In FY19 gas from the Waitsia gas field was processed at the Xyris gas processing facility. Gas from Beharra Springs was processed at the Beharra Springs gas processing facility.

1. Refer to Reserves Statement for the year ended 30 June 2019 on pages 30 – 35 of this report for additional disclosures.

Operating Review

continued

VICTORIAN OTWAY BASIN

FY19 PRODUCTION

8.4MMboe

(29% of Beach's total production)

2P RESERVES¹

62MMboe



FY19 Highlights

High facility reliability and customer nominations supported production of 8.4 MMboe up 125% on FY18.

Acquisition the La Bella gas field.

Onshore and offshore rigs contracted and scheduled to commence drilling operations in FY20.



FY20 Focus

Commencement of the near shore and offshore drilling programs in the Victorian Otway Basin.

Hookup of Black Watch-1 to the production facilities.

Pre-planning for the Enterprise-1 pipeline.

Safe and efficient execution of Otway Gas Plant Major Campaign Turnaround.

Maintain high facility reliability.

Operations

Otway Basin operations accounted for 29% of Beach's FY19 production. Otway Basin production was 8.4 MMboe, 125% higher than FY18 due to consolidating the Victorian Otway assets for the entire reporting period (at 100% until 31 May 2019 and 60% thereafter), improved plant reliability and higher customer gas nominations.

Development, Exploration and Appraisal

Activities during FY19 related to pre-drill preparation including rig contracting, for the near shore and offshore drilling activities expected to commence in FY20. Once drilling is completed in the South Australian Otway in early FY20, the Ensign 931 rig will move to Victoria to drill the near shore Black Watch development well and Enterprise exploration well using extended reach technology from onshore drilling locations. At approximately 7kms in length, Black Watch-1 will be one of the longest onshore wells in Australia.

Semi-submersible rig Ocean Onyx, has been contracted to undertake the offshore drilling campaign currently expected to commence with the Artisan-1 gas exploration well.

Commercial

Beach completed the 40% sell-down of its Victorian Otway Assets to O.G. Energy on 31 May 2019.

Beach was awarded VIC/P73 containing the undeveloped La Bella gas field which is located in the offshore Otway Basin in Victoria, within tie-back distance to Beach's existing infrastructure.

Description

Victorian Otway Basin (Beach 60% and operator) includes licenses VIC/L1(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. Victorian Otway Basin also includes non-producing offshore permits VIC/P42(v) and VIC/P43 (Beach 60% and operator), VIC/P73 (La Bella) and T/30P (Beach 100% and operator). Gas from all producing fields is processed at the Otway Gas Plant.

1. Refer to Reserves Statement for the year ended 30 June 2019 on pages 30 - 35 of this report for additional disclosures.



Thylacine offshore platform,
Victorian Otway Basin

Operating Review continued

BASSGAS

FY19 PRODUCTION

1.7MMboe

(6% of Beach's total production)

2P RESERVES¹

20MMboe

Operations

BassGas accounted for 6% of Beach's FY19 production. BassGas production was 1.7 MMboe up 59% over FY18 due to BassGas being consolidated for the entire FY19 reporting period and improved facility reliability.

Development

Evaluation of the Trefoil, Rockhopper and White Ibis gas fields was carried out in FY19. The study high-graded the Trefoil gas field which moved to the "concept select" phase, with more work, such as 3D seismic acquisition, required at the other fields. Development studies will continue in FY20.

Description

The BassGas Project (Beach 53.75% and operator, MEPAU 35%, Prize Petroleum International 11.25%), produces gas from the Yolla field, situated approximately 140 kilometres off the Gippsland coast in production licence T/L1. Gas from Yolla is piped to a gas processing facility located near the township of Lang Lang approximately 70 kilometres southeast of Melbourne. Beach also holds a 50.25% operated interest in licenses TR/L2, TR/L3, TR/L4 and TR/L5.



FY19 Highlights

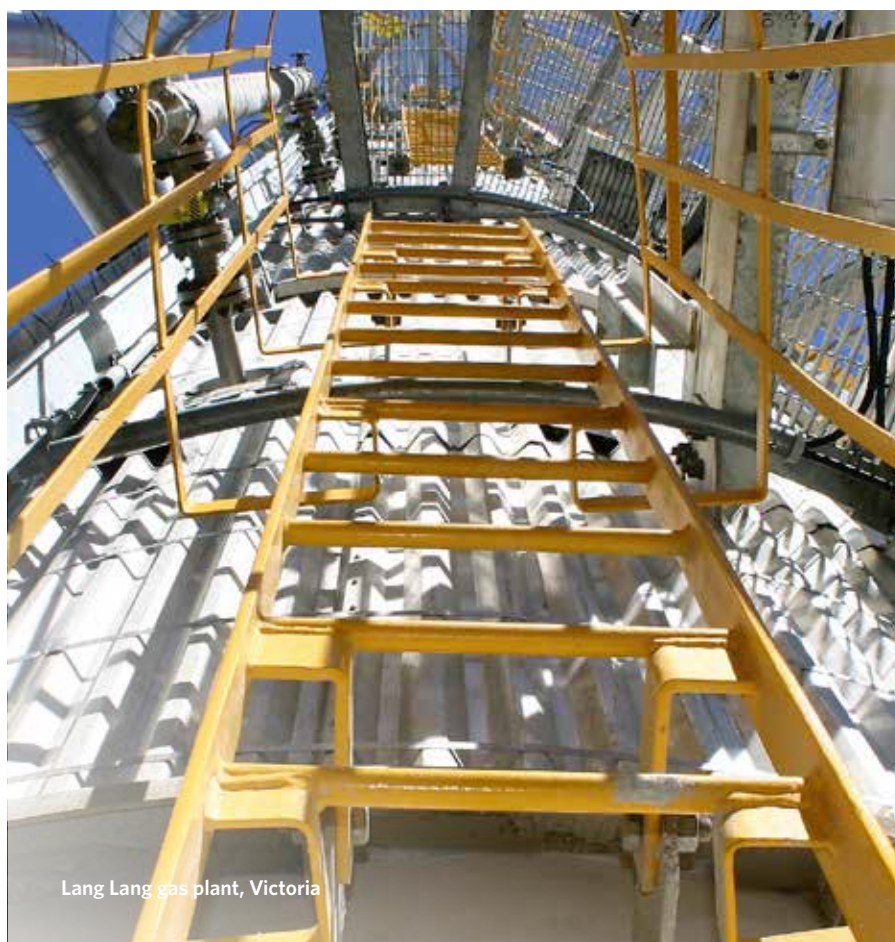
Progressed the evaluation of a potential tieback of the Trefoil Field moving to "concept select" phase.



FY20 Focus

Continue development studies on Trefoil, Rockhopper and White Ibis gas fields.

Maintain high facility reliability.



Lang Lang gas plant, Victoria

1. Refer to Reserves Statement for the year ended 30 June 2019 on pages 30 - 35 of this report for additional disclosures.

NEW ZEALAND - KUPE

FY19 PRODUCTION

3.2MMboe

(11% of Beach's total production)

2P RESERVES¹

27MMboe

Operations

New Zealand operations accounted for 11% of Beach's FY19 production. Net New Zealand production in FY19 was 3.2 MMboe up 115% over FY18 driven by consolidating the New Zealand assets for the entire reporting period, strong customer demand which was supported by high facility reliability. Beach achieved reliability of greater than 99% at Kupe production station in FY19.

Development, Exploration and Appraisal

Development activities focussed on the Kupe onshore compression project which completed FEED during FY19. Exploration and appraisal activities saw the Kupe and Kerry seismic surveys reprocessed. The data from the reprocessing is intended to facilitate a refresh of the near-field exploration portfolio around the Kupe field.

Description

New Zealand operations comprises Kupe (Beach 50% and operator, Genesis 46%, NZOG 4%) in the Taranaki Basin. Kupe produces gas from the Kupe field, situated approximately 30 kilometres off the New Zealand North Island, in licence PML38146. Gas from the Kupe field is piped to the onshore Kupe production station.



FY19
Highlights

High reliability of >99% achieved at Kupe production station.

Amine system statutory inspection scope successfully executed.

FEED completed for Kupe compression project.

FY20
Focus

Progress the Kupe onshore compression project to FID.

Safe and efficient execution of Kupe Major Campaign Turnaround.

Maintain high facility reliability.



Kupe wellhead platform, Taranaki Basin, New Zealand

1. Refer to Reserves Statement for the year ended 30 June 2019 on pages 30 - 35 of this report for additional disclosures.

Operating Review continued

GROWTH ASSETS

SA Otway Basin

Drilling commenced on a two-well campaign which will include the Dombey-1 gas exploration well (Beach 70%) following the Haselgrove-4 gas appraisal well (Beach 100%) a follow-up to the Haselgrove-3 discovery in FY18.

Construction of a 10 TJ/d gas facility has commenced at the site of the previous Katnook facility, which was successfully remediated. First gas is scheduled for mid FY20. A modular design concept has been chosen which can accommodate an expanded plant capacity based upon results of the current two-well campaign.

Carnarvon Basin

Significant progress was made in the Carnarvon Basin, offshore Western Australia, where Beach acquired a 21% equity interest in WA-359-P after approval was obtained for a 24-month suspension and extension of exploration permit WA-359-P. The WA-349-P joint venture comprises BP 42.5% and operator, Cue 21.5%, Beach 21% and NZOG 15%. The Ocean Apex offshore rig has been contracted to drill the Ironbark prospect in late calendar year 2020.

Beach retains a call option over a 7.5% interest in neighbouring WA-409-P.

Bonaparte Basin

Beach and Santos agreed to align interests across four Bonaparte Basin exploration blocks, which will now be owned Santos 50% and operator, Beach 50%. This provides joint venture alignment to progress drill ready targets in the coming years.

Canterbury Basin

Subsequent to year end a farm out agreement was signed with O.G. Energy in relation to PEP38264 in the Canterbury Basin, New Zealand which contains the Wherry and Gondola gas prospects. Subject to regulatory approvals of the farm out, PEP38264 will become Beach 37.5% and operator, OGOG 37.5% and Discover Exploration 25%.

A Change of Conditions to extend Stage 3 of the work programme was submitted to and approved by the NZ regulator in Q4 FY19. The PEP38264 Joint Venture subsequently committed to the Stage 3 work program, which includes the requirement to drill one well by October 2021.



Otway Basin,
South Australia



Reserves Statement

Net to Beach at 30 June 2019

BEACH ENDED FY19 WITH 2P OIL AND GAS RESERVES OF 326 MMBOE

Proved plus probable (2P) reserves increased by 13 MMboe from the prior year to 326 MMboe at 30 June 2019, resulting in a 204% organic reserves replacement ratio.

Western Flank oil and gas had total revisions of 22 MMboe resulting from exploration and appraisal success, reclassification of 2C contingent resources to 2P reserves and reservoir performance.

27 MMboe of Otway Basin 2P reserves were divested via the Otway sale, this was partially offset by 8 MMboe for the La Bella acquisition and 14 MMboe of other revisions as a result of updated reservoir modelling and field development planning (all 2P developed and undeveloped).

2C contingent resources reduced by 22 MMboe to 185 MMboe, with the majority of the change due to migration to 2P reserves.

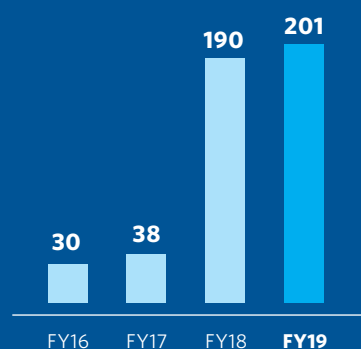
Key Metrics

	Note	FY18 (MMboe)	FY19 (MMboe)
Proved reserves (1P)		190	201
Proved plus probable reserves (2P)		313	326
Proved plus probable plus possible reserves (3P)		491	514
2C contingent resources		207	185
Organic 2P reserves replacement ratio	1	368%	204%
Inorganic 2P reserves replacement ratio	2	938%	141%
2P reserves life (years)	3	11.0	12.4

All reserve and resource figures are quoted net of fuel; due to rounding, figures and ratios throughout this report may not reconcile to totals.

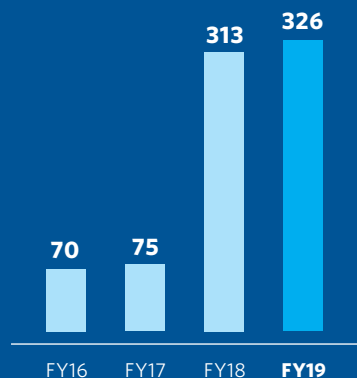
1P RESERVES (MMboe)

▲
6%



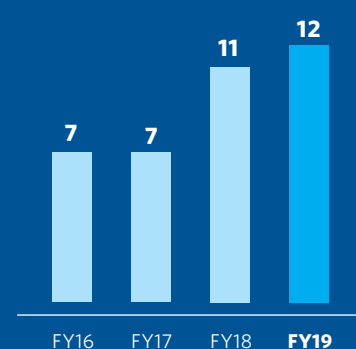
2P RESERVES (MMboe)

▲
4%



2P RESERVE LIFE (years)

▲
13%



PROVED RESERVES (1P) (NET TO BEACH)

ALL PRODUCTS (MMBOE)									
	Note	FY18	FY19 Production	Acquisi- tions/ divestments	Exploration/ Appraisal	Contingent Resources to Reserves	Other	Total Revisions	FY19
Western Flank Oil	4	22	5	-	3	1	3	7	23
Western Flank Gas	5	3	2	-	-	-	8	8	10
Cooper Basin JV	6	43	8	-	-	-	11	11	46
Other Cooper Basin	7	0	0	-	-	-	(0)	(0)	0
Perth Basin	8	45	1	-	-	1	4	5	50
Otway Basin	9	51	8	(11)	-	1	8	(3)	40
Bass Basin	10	7	2	-	-	10	1	11	16
Taranaki Basin	11	18	3	-	-	-	1	1	16
Total		190	29	(11)	3	12	36	40	201

PROVED RESERVES (1P) (NET TO BEACH)

							ALL PRODUCTS (MMBOE)	
Note	Gas (PJ)	LPG (kt)	Condensate (MMbbl)	Oil (MMbbl)	Total (MMboe)	Developed	Undeveloped	
Western Flank Oil	4	-	-	0	23	23	15	8
Western Flank Gas	5	36	202	2	-	10	10	-
Cooper Basin JV	6	212	408	3	3	46	39	7
Other Cooper Basin	7	0	1	0	-	0	0	0
Perth Basin	8	288	-	0	-	50	13	37
Otway Basin	9	203	360	2	-	40	14	26
Bass Basin	10	71	175	2	-	16	4	11
Taranaki Basin	11	67	293	2	-	16	8	8
Total		878	1,439	12	26	201	103	97

All reserves in the tables above are conventional.

Reserves Statement

continued

PROVED AND PROBABLE RESERVES (2P) (NET TO BEACH)

ALL PRODUCTS (MMBOE)									
	Note	FY18	FY19 Production	Acqui- sitions/ divestments	Exploration/ Appraisal	Contingent Resources to Reserves	Other	Total Revisions	FY19
Western Flank Oil	4	34	5	-	8	1	4	13	42
Western Flank Gas	5	9	2	-	-	-	9	9	16
Cooper Basin JV	6	84	8	-	4	1	3	8	84
Other Cooper Basin	7	0	0	-	-	-	(0)	(0)	0
Perth Basin	8	72	1	-	-	7	(6)	1	73
Otway Basin	9	75	8	(18)	-	1	14	(3)	63
Bass Basin	10	9	2	-	-	13	(0)	13	20
Taranaki Basin	11	30	3	-	-	-	0	0	27
Total		313	29	(18)	12	23	25	42	326

PROVED AND PROBABLE RESERVES (2P) (NET TO BEACH)

							ALL PRODUCTS (MMBOE)		
	Note	Gas (PJ)	LPG (kt)	Condensate (MMbbl)	Oil (MMbbl)	Total (MMboe)	Developed	Undeveloped	
Western Flank Oil	4	-	-	0	42	42	23	19	
Western Flank Gas	5	60	345	3	-	16	16	-	
Cooper Basin JV	6	378	732	6	7	84	69	16	
Other Cooper Basin	7	1	3	0	-	0	0	0	
Perth Basin	8	424	-	0	-	73	16	57	
Otway Basin	9	319	540	4	-	63	17	46	
Bass Basin	10	90	221	3	-	20	5	15	
Taranaki Basin	11	117	510	3	-	27	11	17	
Total		1,388	2,351	19	49	326	157	169	

All reserves in the tables above are conventional.

2C CONTINGENT RESOURCES (NET TO BEACH)

ALL PRODUCTS (MMBOE)											
	Note	FY18	Contingent Acquisi- tions/ divestments	Resources to	Revisions	FY19	Gas (PJ)	LPG (kt)	Conden- sate (MMbbl)	Oil (MMbbl)	Total (MMboe)
Western Flank Oil		6	-	1	3	8	-	-	-	8	8
Western Flank Gas		3	-	-	(2)	1	4	32	0	-	1
Cooper Basin JV		55	-	1	(4)	50	188	233	2	14	50
Other Cooper Basin	12	19	-	-	(1)	18	40	4	0	11	18
Perth Basin		32	-	7	14	39	228	-	0	-	39
Otway Basin		17	(1)	1	-	16	90	9	0	-	16
Bass Basin		29	-	13	(11)	5	16	72	2	0	5
Taranaki Basin		3	-	-	1	4	12	52	1	0	4
Bonaparte Basin	13	20	3	-	-	23	128	-	1	-	23
Total Conventional 2C Contingent Resources		183	2	23	2	164	706	401	6	33	164
Cooper Basin JV (Unconventional)	14	24	-	-	(3)	21	97	206	3	-	21
Total 2C Contingent Resources		207	2	23	(1)	185	804	606	9	33	185

Notes

- FY19 organic 2P reserves replacement ratio calculated as 2P reserves additions, excluding acquisitions and divestments, of 60 MMboe divided by FY19 reported production of 29.4 MMboe.
- FY19 inorganic 2P reserves replacement ratio calculated as 2P reserves additions of 42 MMboe divided by FY19 reported production of 29.4 MMboe.
- FY19 2P reserves life calculated as 326 MMboe 2P reserves, divided by FY19 pro forma production of 26.2 MMboe. Pro forma FY19 adjusts to reflect Victorian Otway assets at 60% for the entire FY19.
- Western Flank Oil comprises ex PEL 91 (Beach 100%), ex PEL 92 (Beach 75%) and ex PEL 104/111 (Beach 40%). 1P reserves at 30 June 2019 are split 69% ex PEL 91, 22% ex PEL 92, 9% ex PEL104/111. 2P reserves at 30 June 2019 are split 73% ex PEL 91, 19% ex PEL 92, 8% ex PEL104/111. Probabilistic and deterministic methodologies are used.
- Western Flank Gas comprises ex PEL 106 (Beach 100%), PRL 26 (Beach 100%) and the Mokami Field in ex PEL 91 (Beach 100%). 1P reserves at 30 June 2019 are split 97% ex PEL 106, 3% PRL 26, 0% ex PEL91. 2P reserves at 30 June 2019 are split 98% ex PEL 106, 2% PRL 26, 0% ex PEL91. Probabilistic and deterministic methodologies are used.
- The Cooper Basin JV comprises the South Australian Cooper Basin joint ventures where Beach equity interests are 27.68% and 33.40%, the South West Queensland joint ventures where Beach equity interests range from 20.76% to 45.00% and Tintaburra JV where Beach equity interest is 40%. Deterministic methodology is used.
- Other Cooper Basin includes ex PEL 513/632 (SWJIV) (Beach 40%) and PRL 135 (Vanessa) (Beach 43%). Deterministic methodology is used.
- Perth Basin comprises Waitsia (Beach 50%) and Beharra Springs (Beach 67%). Probabilistic and deterministic methodologies are used. Beharra Springs farm down from 67% to 50% in process (refer ASX announcement #018/19, 3 July 2019).
- Otway Basin comprises Thylacine and Geographe (Beach 60%), Halladale, Black Watch and Speculant (HBWS)(Beach 60%), LaBella (Beach 100%) and Haselgrove (Beach 100%). 1P reserves at 30 June 2019 are split 75% Thylacine and Geographe, 9% HBWS, 15% LaBella, 2% Haselgrove. 2P reserves at 30 June 2019 are split 77% Thylacine and Geographe, 8% HBWS, 13% LaBella, 1% Haselgrove. Probabilistic and deterministic methodologies are used. LaBella farm down from 100% to 60% in process (refer ASX announcement #016/19, 31 May 2019).
- Bass Basin comprises BassGas producing permits (Beach 53.75%) and BassGas retention licenses (Beach 50.25%). Probabilistic and deterministic methodologies are used.
- Taranaki Basin comprises Kupe Gas Project (Beach 50% and operator). Deterministic methodologies are used.
- Other Cooper Basin comprises ex PEL 513/632 (SWJIV) (Beach 40%), PRL 135 (Vanessa) (Beach 43%) and PRL14/18 (Flax), PRL18 (Juniper), PRL 17 (Yarrow) (all Beach 100%) Divestment of 100% of PRL14/18 (Flax), PRL18 (Juniper), PRL 17 (Yarrow) in process (refer Red Sky Energy ASX announcement, 21 March 2019).
- Bonaparte Basin comprises NT/RL 1 (Petrel) (Beach 5.75%).
- Cooper Basin JV unconventional includes contingent resources classified as unconventional in the South Australian Cooper Basin joint ventures where Beach equity interests are 27.68% and 33.40%.

Reserves Statement

continued

NOTES TO THE RESERVES STATEMENT

Beach's reserves are prepared in accordance with the 2007 Petroleum Resources Management System (PRMS) by, or under the supervision of Qualified Petroleum Reserve and Resource Evaluators (QPRRE).

The reserves statement presents estimates of petroleum reserves and contingent resources as at 30 June 2019 and unless noted represents Beach's net share. The estimates contained in the reserves statement are based on, and fairly represents, the supporting information and documentation prepared by Beach staff who are either QPRREs or under the supervision of QPRREs.

The reserves statement as a whole is approved by Mr David Capon (General Manager - Offshore Victoria, New Zealand and Northern Territory). Mr Capon is a full time employee of Beach and a member of the SPE; he has a Bachelor of Science (Honours) from the University of Adelaide and in excess of 25 years of relevant experience. The reserves statement has been issued with the prior written consent of Mr Capon as to the form and context in which the estimates and information are presented.

Beach prepares its reserve and resource estimates annually in line with the Beach reserves policy. The policy lays out the external auditing requirements for reserves estimates. The policy is overseen by the Beach Reserves Committee.

Beach's reserve estimates are prepared using deterministic and probabilistic methods as appropriate with the methodology used approved by the relevant QPRRE for the asset. An

independent audit of Beach's reserves as at 30 June 2019 was conducted by RISC Advisory Pty Ltd (RISC). The audit report states "It is RISC's opinion that, in aggregate, Beach's reserve estimates are reasonable and have been prepared in accordance with the definitions and guidelines contained within the Petroleum Resources Management System (PRMS) and generally accepted petroleum engineering and evaluation principles as set out in the SPE Reserves Auditing Standards". The audit covered 75% of the 2P reserves in line with the Beach reserves policy which requires at least 50% of reserves to be audited. The audit included 99% of undeveloped reserves and 52% of developed reserves.

Contingent resource estimates have not been audited.

Conversion factors used to evaluate oil equivalent quantities are sales gas and ethane 171.94 kboe per PJ, LPG 8.458 kboe per kT, condensate: 0.934 kboe per kbbbl and oil 1 kboe per kbbbl. Beach's reserves are stated net of fuel, flare and vent at reference points defined for each asset. The reference point is the first point of custody transfer after production operations. Estimates of reserves and resources have been aggregated by arithmetic summation at the different category levels, consequently Proved reserves and Proved plus Probable plus Possible reserves may be very conservative or very optimistic respectively due to the portfolio effects of arithmetic summation.

Material Reserves Change

Beach advises of a material reserves change due to the booking of Trefoil as undeveloped reserves in retention license T/RL2. These reserves were transferred from the contingent resources category. Beach is the Operator of the field and holds a 50.3% working interest. The other JV parties are Mitsui and Prize Petroleum.

Gas producibility at Trefoil was demonstrated by gas flows of greater than 10 MMscf/d from two separate zones during cased hole production testing in Trefoil-1. Trefoil-2 was not tested.

In FY19 Beach carried out development studies for Trefoil. The current development plan is to drill two near horizontal wells to develop the gas in the Trefoil field. The wells are expected to utilise dry wellheads on a well head platform near Yolla field. The platform will be tied back to the nearby Yolla platform (in licence T/L1 and with the same JV parties) with a wet gas pipeline. Gas will flow to shore via the existing Yolla gas pipeline and be processed at the (JV owned) Lang Lang gas plant.

Geologic models of the field were built to determine OGIP and these OGIP estimates were incorporated into material balance models to generate production forecasts for the field.

Trefoil net reserves at 30 June 2019

Classification	Gas (PJ)	LPG (kT)	Condensate (MMbbl)	TOTAL (MMboe)
1P	44	105	1.3	9.7
2P	60	142	1.7	13.1



Further development studies are being undertaken for Trefoil. It is anticipated that an investment decision could be taken in early 2021 with first gas in 2023 - 2024.

Beach has undertaken cash flow analyses for the proposed Trefoil development using its corporate assumptions which are commercially sensitive. The analyses include all applicable costs to develop and operate the field.

Marketing and commercialisation studies for the gas and other product streams expected to be produced from Trefoil are underway. Gas sales agreements may not necessarily be in place prior to an investment decision but the depth of the Eastern Australia gas market means that this is not a significant risk factor.

The Trefoil development is located within Commonwealth waters and is subject to the necessary regulatory approvals from the National Offshore Petroleum Safety and Environmental Management Authority (NOPSEMA). Beach is progressing the necessary approvals.

Sustainability

OUR PEOPLE

The safety of our people is our number one priority and we are committed to developing a talented workforce and a high-performance culture.

HSE Performance

- Our safest year on record with a 3.4 TRIFR.
- Beach was a finalist in the Award for Company Safety at the 2019 APPEA Awards.
- Used innovative solutions such as drones to identify and prioritise risk areas in our offshore facilities.
- Completed third occupational hygiene assessment.
- Developed heat stress guidelines for field operations.

Workforce development and retention

- Delivered a new Corporate Induction to reflect the expanded business
- Commenced a Geosciences and Engineering Competency Framework
- Continued developing our leaders through expanded leadership training - Building Our Leaders and Leadership for High Performance
- New package of Staff Benefits rolled out including Employee Referral Program, Share Plan and Salary Packaging Options
- Conducted employee engagement survey
- Completed roll-out of a number of training courses, including training on discrimination, equal opportunity, sexual harassment and bullying.



FY19 was both Beach's safest year on record and our best environmental performance on record

Otway Basin, Victoria



OUR
SAFEST
YEAR ON
RECORD

CLIMATE CHANGE

Beach recognises that climate change is one of the global challenges of this century. As a member of the energy industry we have a role to play in managing carbon emissions.

We believe that a variety of energy sources are required to meet global energy demand. We also support global efforts to reduce climate change through the implementation of clear and stable climate change policies and market mechanisms.



OUR CLIMATE CHANGE POLICY COMMITMENT

Beach Energy is committed to:

- Identifying, managing and mitigating material climate risks to business;
- Measuring and reporting carbon emissions as required by the regulatory requirements of the regions we operate in;
- Ensuring that our practices and procedures align and integrate climate risks into project decision-making;
- Where economically practicable, integrate low emissions technologies in our operations, and identify opportunities for carbon emission reduction;
- Evaluating the resilience of our portfolio and investment decisions to potential changes in global climate policy and changes in climate; and
- Setting targets to encourage innovation and drive reductions in our carbon emissions as well as modelling an internal carbon price to help guide our business decisions.

Task Force on Climate Related Financial Disclosures (TCFD)

Following review of Beach's climate related disclosures against the TCFD recommendations last year, we undertook a number of first steps to help us improve the management of disclosure around climate change. These are:

- Updated governance documents to record oversight of climate-related matters;
- Developed and published a Climate Change Policy;
- Conducted scenario-based risk analysis using widely accepted climate-related scenarios;
- Currently undertaking a review of our material climate related risks and opportunities.

Environmental Performance:

- Our best environmental performance on record with 0.07kl crude spills down 99.9% since FY15.
- Offset 579 hectares of land, through financial contributions to Witchelina Station reserve, which is run by Nature Foundation SA.
- Partnership with Heytesbury & District Landcare Network to help bolster local efforts to try and control Coastal Wattle in the Bay of Islands National Park, Victoria.
- Kupe receives 'high performance' endorsement for environmental performance from Taranaki Regional Council.
- Reduced paper usage through adoption of Paper-Lite initiative.
- Developed a broad rehabilitation strategy for Cooper Basin operations.

OUR BEST
ENVIRONMENTAL
YEAR ON
RECORD

Sustainability continued

OUR COMMUNITY

Beach's emphasis is to become a trusted, respected and accepted member of the communities in which we operate. We do this by demonstrating to local communities the Beach values, our commitment to safe operations, respect for each other, the communities and environment.

Indigenous Relationships

Our relationships with local indigenous groups are highly valued by the company. We proactively keep indigenous stakeholders informed of all relevant activities within their country or tribal area. We seek clarification of our understanding of cultural values and traditions and proactively collaborate creating enhanced understanding and strengthening relationships.

Community and Landowner

Our engagement is proactive and transparent; acknowledging issues, sharing information, actively listening and delivering upon agreed commitments that deliver mutual benefit aligned to community aspirations and business outcomes.

Relationships with local landowners and wider community are fostered by direct consultation, understanding community views and concerns, providing adequate notice of activity, observation of protocols, and delivery of agreed commitments.

Community Partnerships:

Beach announced a number of key community partnerships in FY19, including:

- Major sponsorship of the Royal Flying Doctor Service (SA/NT).
- Major sponsorship of Port Campbell Surf Life Saving Club.
- Sponsorship of key community wellness program "Its Time to Talk Taranaki", to aid community mental health and well-being.
- Partnership with SA Museum to deliver Fossil Fest, resulting in the Museum's busiest day in its 150 year history.
- Partnership with the Taranaki Community Rugby Trust to support the development of grassroots rugby in the region.

A warm welcome from Ngaruahine iwi

Thursday 19 July 2018 was an important day for Beach Energy, as Ngaruahine iwi, the traditional custodians of the land, welcomed Beach executives to the Kupe Production Station in Taranaki.

A traditional Maori 'pōwhiri' welcome was performed to signify the end of the relationship with Origin Energy and mark the beginning of a new relationship with Beach.

For Beach's executive team, it was an honour to meet with the local elders, learn more about their culture and to provide some insight into our operations.



Announcing Port Campbell
Surf Life Saving Club Major
Sponsorship



Being welcomed by the Ngaruahine iwi

BEACH ANNOUNCES MAJOR SPONSORSHIP OF ROYAL FLYING DOCTOR SERVICE

The Royal Flying Doctor Service Central Operations (serving SA/NT) has unveiled a brand new 'flying intensive care unit' and announced a new major sponsor in Beach Energy Limited.

In recognition of the three-year bespoke sponsorship, the new medically-equipped Pilatus PC12 NG aircraft will be badged with the Beach logo. The \$7 million aircraft, VH-JDN (Juliet-Delta-November), is one of 71 RFDS aircraft located across the country, many of which serving the outback and rural communities where Beach staff, contractors and community stakeholders live, work and play.



RFDS Major Sponsorship

CONSULTATION ACTIVITIES

Beach conducted a number of community and stakeholder engagement activities in FY19:

Victoria

- Black Watch extended reach drilling campaign in South West Victoria
- Enterprise Exploration extended reach drilling project near Port Campbell
- Otway offshore drilling campaign including seabed assessments.

South Australia

- Dombey-1 drilling campaign
- Haselgrove-4 drilling campaign
- Katnook Gas Plant renewal
- Haselgrove-3 connection to Katnook Gas plant
- Exploration and drilling in the Cooper basin.

Western Australia

- Beharra Spring Deep drill campaign
- Trieste seismic survey.

New Zealand

- Kupe Phase 2 compressor upgrade
- Kupe Offshore Spill Response Plan review
- Kupe shutdown
- Kupe subsea monitoring.

FOR MORE INFORMATION:

See the 2019 Beach Energy Sustainability Report, to be released later this year.

Board of Directors



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1. Glenn Davis INDEPENDENT NON-EXECUTIVE CHAIRMAN

LLB, BEc, FAICD

Mr Davis has practiced as a solicitor in corporate and risk throughout Australia for over 30 years initially in a national firm and then a firm he founded. He has expertise and experience in the execution of large transactions and in corporate activity regulated by the Corporations Act and ASX Limited. Mr Davis has worked in the oil and gas industry as an advisor and director for over 25 years.

Mr Davis's special responsibilities include membership of the Remuneration and Nomination Committee. Mr Davis joined Beach on 6 July 2007 as a non-executive director. He was appointed non-executive Deputy Chairman in June 2009 and Chairman in November 2012. He was last re-elected to the Board on 23 November 2018.

2. Matthew Kay MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER

BEc, MBA, FCPA, GAICD

Mr Kay joined Beach in May 2016 as Chief Executive Officer. Mr Kay has over 25 years' experience in oil and gas and prior to joining Beach, served as Executive General Manager, Strategy and Commercial at Oil Search, a position he held for two years. In that role he was a member of the executive team and led the strategy, commercial, supply chain, economics, marketing, M&A and legal functions. Prior to Oil Search, Mr Kay spent 12 years with Woodside Energy in various leadership roles, including Vice President of Corporate Development, General Manager of Production Planning and General Manager of Commercial for Middle East and Africa. In these roles Mr Kay developed extensive leadership skills across LNG, pipeline gas and oil joint ventures, and developments in Australia and internationally.

Mr Kay was appointed to the Board on 25 February 2019.

3. Colin Beckett INDEPENDENT NON-EXECUTIVE DEPUTY CHAIRMAN

FIEA, MICE, GAICD

As an engineer with over 40 years' experience in engineering design, project management, commercial and gas marketing, Mr Beckett offers a diverse and complementary set of skills in a range of technical disciplines. Mr Beckett

previously held senior executive positions at Chevron Australia Pty Ltd, most recently as the General Manager responsible for the development of the Gorgon LNG and domestic gas project, being developed on Barrow Island offshore Western Australia.

Mr Beckett read engineering at Cambridge University and has a Master of Arts (1975). He was formerly the Chancellor of Curtin University and is currently Chair of Western Power. He is a past Chairman of Perth Airport Pty Ltd and also a past Chairman and board member of the Australian Petroleum Producers and Explorers Association (APPEA). In addition Mr Beckett is a past member of the West Australian Scitech Board and the Resources Sector Suppliers Advisory Forum and was a Fellow of the Australian Institute of Engineers.

Mr Beckett's special responsibilities include chairmanship of the Remuneration and Nomination Committee and membership of the Risk, Corporate Governance and Sustainability Committee. He was appointed to the Board on 2 April 2015, last having been re-elected to the Board on 23 November 2017.

4. Philip Bainbridge INDEPENDENT NON-EXECUTIVE DIRECTOR

BSc (Hons) Mechanical Engineering,
MAICD

Mr Bainbridge has extensive industry experience having worked for the BP Group for 23 years in a range of petroleum engineering, development, commercial and senior management roles in the UK, Australia and USA. From 2006, he has worked at Oil Search, initially as Chief Operating Officer, then Executive General Manager LNG, responsible for all aspects of Oil Search's interests in the \$19 billion PNG LNG project, then EGM Growth responsible for gas growth and exploration.

He is currently a non-executive chairman of the PNG Sustainable Development Program and a non-executive director of the Global Institute of Carbon Capture and Storage. He was formerly the non-executive chairman of Sino Gas and Energy Holdings until 2018 and a non-executive director of Drillsearch Energy Limited from 2013 to 2016.

Mr Bainbridge's special responsibilities include chairmanship of the Risk, Corporate Governance and Sustainability Committee and membership of the Audit Committee. He was appointed by the Board on 1 March 2016, last having been elected to the Board on 10 November 2016.

5. Joycelyn Morton

INDEPENDENT NON-EXECUTIVE DIRECTOR

BEc, FCA, FCPA, FIPA, FCIS, FAICD

Ms Morton has more than 39 years' experience in finance and taxation having begun her career with Coopers & Lybrand (now PwC), followed by senior management roles with Woolworths Limited and global leadership roles in Australia and internationally within the Shell Group of companies.

Ms Morton was National President of both CPA Australia and Professions Australia, has served on many committees and councils in the private, government and not-for-profit sectors and held international advisory positions. She holds a Bachelor of Economics degree from the University of Sydney.

Her other current ASX listed board positions are Argo Investments Limited and Argo Global Listed Infrastructure Limited. She is also a non-executive director of ASC Pty Ltd and Snowy Hydro Limited. She has valuable board experience across a range of industries, including previous roles as a non-executive director and Chair of both Thorn Group Limited and Noni B Limited and a non-executive director of Crane Group Limited, Count Financial Limited and InvoCare Limited.

Ms Morton's special responsibilities include membership of the Audit Committee. She was appointed a non-executive director of Beach Energy Limited on 21 February 2018 and then elected to the Board on 23 November 2018.

6. Ryan Stokes

NON-EXECUTIVE DIRECTOR

BComm FAIM

Mr Stokes is the Managing Director and Chief Executive Officer of Seven Group Holdings Limited (SGH). SGH is a listed diverse investment company involved in Industrial Services, Media, and Energy. SGH interests include 25.6% of Beach Energy, WesTrac, Coates Hire and 41% of Seven West Media Limited. Mr Stokes is a director of WesTrac, Chairman of Coates Hire, and a director of Seven West Media. Mr Stokes is Chairman of the National Gallery of Australia. He is also a member of the Prime Ministerial Advisory Council on Veterans' Mental Health, a Committee member of the innovationXchange (within the Department

of Foreign Affairs and Trade), and a member of the International Olympic Committee Education Commission. His previous roles include Chairman of the National Library of Australia.

Mr Stokes is a member of the Remuneration and Nomination Committee. He was appointed by the Board on 20 July 2016, last having been re-elected to the Board on 23 November 2018.

7. Richard Richards

NON-EXECUTIVE DIRECTOR

BComs/Law (Hons), LL.M, MAppFin, CA, Admitted Solicitor

Mr Richards is currently Chief Financial Officer of Seven Group Holdings Limited (SGH) (since October 2013). He is responsible for Finance across the diversified conglomerate (equipment manufacture, sales and service, equipment hire, investments, property, media and oil and gas). Mr Richards is a member of the Board of Directors of WesTrac, SGH Energy, is a Director and Chair of the Audit and Risk Committee of Coates Hire Pty Limited, a Director and member of KU Children Services (NFP) and a member of the Marcia Burgess Foundation Committee (DGR). He had held senior finance roles with Downer EDI, the Lowy Family Group and Qantas.

Mr Richards is both a Chartered Accountant and admitted solicitor with over 30 years of experience in business and complex financial structures, corporate governance, risk management and audit.

Mr Richards' special responsibilities include membership of the Audit Committee, which he temporarily chaired during a casual vacancy. He was appointed to the Board on 4 February 2017 and then elected to the Board on 23 November 2017.

8. Dr Peter Moore

INDEPENDENT NON-EXECUTIVE DIRECTOR

PhD, BSc (Hons), MBA, GAICD

Dr Moore has over 35 years of oil and gas industry experience. His career commenced at the Geological Survey of Western Australia, with subsequent appointments at Delhi Petroleum Pty Ltd, Esso Australia, ExxonMobil and Woodside. Dr Moore joined Woodside as Geological Manager in 1998 and progressed through the roles of Head of Evaluation, Exploration Manager Gulf of Mexico, Manager Geoscience Technology

Organisation and Vice President Exploration Australia. From 2009 to 2013, Dr Moore led Woodside's global exploration efforts as Executive Vice President Exploration. In this capacity, he was a member of Woodside's Executive Committee and Opportunities Management Committee, a leader of its Crisis Management Team, Head of the Geoscience function and a director of ten subsidiary companies. From 2014 to 2018, Dr Moore was a Professor and Executive Director of Strategic Engagement at Curtin University's Business School. He has his own consulting company, Norris Strategic Investments Pty Ltd. Dr Moore is currently a non-executive director of Carnarvon Petroleum Ltd (since 2015).

Dr Moore's special responsibilities include membership of the Risk, Corporate Governance and Sustainability Committee and of the Remuneration and Nomination Committee. Dr Moore was appointed by the Board on 1 July 2017 and then elected to the Board on 23 November 2017.

9. Sally-Anne Layman

INDEPENDENT NON-EXECUTIVE DIRECTOR

B Eng (Mining) Hon, B Com, CPA, MAICD

Sally-Anne Layman is a company director with 25 years' experience in the resources sector and financial markets, including 14 years with Macquarie Group where she was a division director and Joint Head of the Perth Office for the Metals, Mining & Agriculture Division.

Prior to moving into finance, Ms Layman undertook various mining roles including production engineer at Great Central Mines and mining engineer at Mount Isa Mines. Ms Layman holds a WA First Class Mine Manager's Certificate of Competency.

Ms Layman is also a Non-Executive Director of Perseus Mining Ltd, Imdex Ltd and Pilbara Minerals Ltd.

Ms Layman holds a Bachelor of Engineering, Mining from Curtin University and a Bachelor of Commerce from the University of Southern Queensland. Ms Layman is a Certified Practising Accountant and worked in this capacity at Western Metals and Normandy Yandal.

Ms Layman was appointed to the Board on 25 February 2019.

FULL YEAR REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

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Directors' Report

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

Your directors present their report for Beach Energy Limited (Beach or Company) on the consolidated accounts for the financial year ended 30 June 2019. Beach is a company limited by shares that is incorporated and domiciled in Australia.

The directors of the Company during the year ended 30 June 2019 and up to the date of this report are:

Surname	Other Names	Position
Davis	Glenn Stuart	Independent non-executive Chairman
Beckett	Colin David	Independent non-executive Deputy Chairman
Bainbridge	Philip James	Independent non-executive director
Kay	Matthew Vincent	Managing director ⁽³⁾
Layman	Sally-Anne Georgina	Independent non-executive director ⁽²⁾
Moore	Peter Stanley	Independent non-executive director
Morton	Joycelyn Cheryl	Independent non-executive director
Richards	Richard Joseph	Non-executive director
Stokes	Ryan Kerry	Non-executive director
McKerlie	James David	Independent non-executive director ⁽¹⁾

(1) Retired on 23 November 2018

(2) Appointed as a non-executive director on 25 February 2019

(3) Appointed as managing director on 25 February 2019

Directors Interests in shares, options and rights

The relevant interest of each director in the ordinary share capital of Beach at the date of this report is:

Shares held in Beach Energy Limited

Name	Shares	Rights
G S Davis	218,226 ⁽²⁾	-
C D Beckett	77,694 ⁽¹⁾	-
P J Bainbridge	118,090 ⁽²⁾	-
M V Kay	2,614,104 ⁽¹⁾	2,786,058 ⁽¹⁾
S G Layman	-	-
P S Moore	44,200 ⁽²⁾	-
J C Morton	50,000 ⁽¹⁾⁽²⁾	-
R J Richards ⁽³⁾	229,443 ⁽²⁾	-
R K Stokes ⁽³⁾	-	-

(1) Held directly

(2) Held by entities in which a relevant interest is held

(3) Mr Stokes does not hold a relevant interest in Beach shares but he was nominated as a director by Beach's largest shareholder Seven Group Holdings Limited (SGH) and related corporations who collectively have a relevant interest in 28.57% of Beach shares. He is Managing Director and Chief Executive Officer of SGH. Mr Richards was also nominated as a director by SGH. He is the Chief Financial Officer of SGH.

Details of the qualifications, experience, special responsibilities and meeting attendance of each of the directors are set out later in the Directors' Report.

Directors' Report

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

Principal activities

Beach Energy is an ASX listed, oil and gas, exploration and production company headquartered in Adelaide, South Australia. It has operated and non-operated, onshore and offshore, oil and gas production from five producing basins across Australia and New Zealand and is a key supplier to the Australian east coast gas market. Beach's asset portfolio includes ownership interests in strategic oil and gas infrastructure, such as the Moomba processing facility and Otway Gas Plant, as well as a suite of high potential exploration prospects. Beach is focused on maintaining the highest health, safety and environmental standards.

Operating and Financial Review

A review of operations of Beach Energy during the financial year are set out on pages 15-29.

Financial results from FY19 are summarised below:

- Group profit attributable to equity holders of Beach was \$577.3 million (FY18: \$198.8 million).
- Sales revenue was up 54% from FY18 to \$1,925 million due to higher sales volumes with a full year contribution from the Lattice assets as well as higher prices.
- Cost of sales were up 56% from FY18 to \$1,207 million, mainly as a result of a full year's ownership of the Lattice assets with higher operating costs, royalties, depreciation and third party purchases, partly offset by lower inventory.
- A net profit after tax of \$577 million was reported due to the strong underlying operating performance.

Key Results

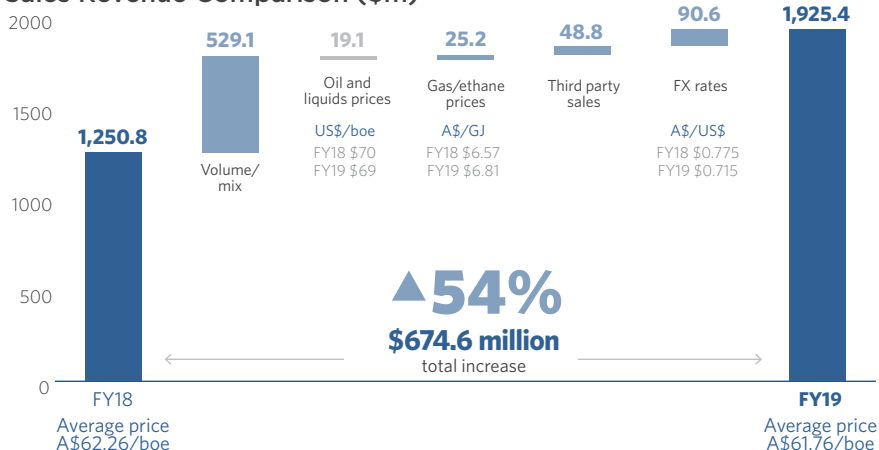
		2019	2018	Change %
Operations				
Production	MMboe	29.4	19.0	55%
Sales	MMboe	31.2	20.1	55%
Capital expenditure	\$m	(447.0)	(288.5)	(55%)
Income				
Sales revenue	\$m	1,925.4	1,250.8	54%
Total revenue	\$m	2,077.7	1,267.4	64%
Cost of sales	\$m	(1,207.4)	(773.8)	(56%)
Gross profit	\$m	870.3	493.6	76%
Other income	\$m	41.8	24.1	73%
Net profit after tax (NPAT)	\$m	577.3	198.8	190%
Underlying NPAT *	\$m	560.2	301.5	86%
Dividends paid	cps	2.00	2.00	0%
Dividends announced	cps	1.00	1.00	0%
Basic EPS	cps	25.35	9.16	177%
Underlying EPS *	cps	24.59	13.89	77%
Cash flows				
Operating cash flow	\$m	1,038.2	662.9	57%
Investing cash flow	\$m	(187.6)	(1,730.7)	89%
Financial position				
Net assets	\$m	2,374.4	1,838.0	29%
Cash balance	\$m	171.9	311.2	(45%)

* Underlying results in the table above are categorised as non-IFRS financial information provided to assist readers to better understand the financial performance of the underlying operating business. They have not been subject to audit or review by Beach's external auditors. Please refer to the table on page 46 for a reconciliation of this information to the financial report.

Revenue

Higher oil and gas sales volumes driven by a full year contribution from the Lattice assets, increased third party sales and a lower A\$/US\$ exchange rate in FY19 contributed to a 54% increase in sales revenue to \$1,925 million (\$1,251 million in FY18). Sales volumes of 31.2 MMboe were 55% higher than FY18 due to a full year contribution from the Lattice assets and higher third party volumes. The average realised oil price increased to A\$102/bbl, up A\$9/bbl from FY18, primarily due to a decrease in the average A\$/US\$ exchange rate.

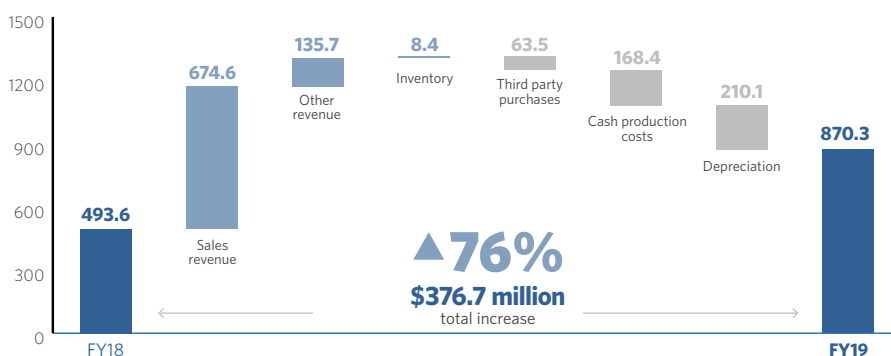
Sales Revenue Comparison (\$m)



Gross Profit

Gross profit for the full year of \$870 million (FY18 \$494 million) was up 76%. The increase in gross profit was primarily due to higher sales revenue driven by a full year contribution from the Lattice assets partly offset by higher total cost of sales which were up 56% from FY18 to \$1,207 million. The increase in cost of sales is principally due to a full year contribution from the Lattice assets with higher cash production costs (\$168 million), higher depreciation and amortisation (\$210 million) and higher third party purchases (\$64 million), partly offset by a decrease in inventory charges (\$8 million). Cash production costs were up \$168 million (45%), reflecting higher operating costs and higher royalties from the increase in production and prices. Higher depreciation and amortisation charges were mainly due to increases in production driven by a full year contribution from the Lattice assets. Third party oil and gas purchases increased due to higher volumes. The decrease in inventory charges primarily reflects timing of shipments and drawdown of gas from storage. Key movements in gross profit are summarised below:

Gross Profit Comparison (\$m)



Directors' Report

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

Net profit after tax (NPAT)

Other income of \$42 million was up \$18 million from FY18 due to the unrealised hedging gains and higher gains on the disposal of various joint venture and other interests.

Other expenses for FY19 of \$44 million was \$154 million lower than the prior year which included impairment expenses of \$88 million and acquisition and integration costs of \$50 million.

The reported net profit after tax of \$577 million is \$379 million higher than FY18, primarily due to the strong operating performance with a full year contribution from the Lattice assets.

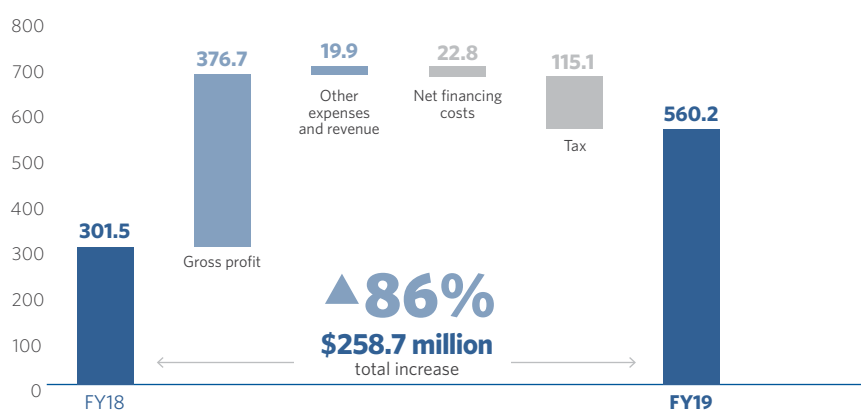
Underlying NPAT

By adjusting FY19 NPAT to exclude asset disposals (as summarised below), underlying NPAT was \$560.2 million. This represents an 86% increase on FY18, mainly due to a full year contribution from the Lattice assets.

Comparison of underlying profit	FY19 \$ million	FY18 \$ million	Movement from PCP \$ million	
Net profit after tax	577.3	198.8	378.5	190%
Adjusted for:				
Acquisition, integration and debt cancellation costs	-	51.4	(51.4)	
Gain on asset disposals	(20.5)	(20.3)	(0.2)	
Marked to market hedging movements	-	13.2	(13.2)	
Impairment (reversal)/loss of assets	-	88.3	(88.3)	
Tax impact of above changes	3.4	(29.9)	33.3	
Underlying net profit after tax	560.2	301.5	258.7	86%

* Underlying results in this report are categorised as non-IFRS financial information provided to assist readers to better understand the financial performance of the underlying operating business. They have not been subject to audit or review by Beach's external auditors. All of the items being adjusted pre-tax are separately identified within Notes 2(b), 3(b) and 14 to the financial statements.

Underlying Net Profit After Tax Comparison (\$m)



Financial Position

Assets

Total assets decreased by \$163 million to \$3,914 million.

Cash balances decreased by \$139 million to \$172 million, primarily due to repayment of the remaining debt facility (\$950 million), capital expenditure (\$479 million) and dividends paid (\$46 million) partly offset by cash flow from operations of \$1,038 million and proceeds on the sale of assets (\$284 million).

Receivables increased by \$11 million primarily due to higher joint venture receivables. Inventories also increased \$5 million due to higher stores inventory partly offset by lower product inventory. Derivative financial instruments assets fell by \$19 million to nil with all hedging maturing during the period. Current contract assets increased by \$14 million related to the Lattice acquisition. Assets held for sale have decreased by \$14 million with the sale of the corporate head office building partly offset by the recognition of the Perth Basin assets as held for sale as at 30 June 2019.

Fixed assets, petroleum and exploration assets decreased by \$86 million. This comprised adjustments to the acquisition of Lattice and Toyota assets of \$180 million, other acquisitions of \$3 million, capital expenditure of \$478 million, capitalised interest of \$22 million, increases in restoration assets of \$161 million and foreign currency changes of \$8 million partly offset by amortisation and depreciation of \$527 million, disposals of \$404 million and reclassifications of assets to held for sale of \$7 million.

Goodwill of \$57 million was recognised on the Lattice and Toyota acquisitions.

Non-current contract assets increased by \$60 million related to the Lattice acquisition.

Other assets increased by \$21 million due to higher prepayments and reclassification of unamortised debt establishment fees on the remaining undrawn debt facility.

Liabilities

Total liabilities decreased by \$699 million to \$1,540 million, mainly due to repayment of borrowings of \$926 million and a decrease in derivative financial instruments liabilities of \$47 million partly offset by increased contract assets of \$103 million related to the Lattice acquisition, restoration provisions of \$68 million, an increase in tax liabilities of \$91 million and a \$20 million increase in payables.

Equity

Equity increased by \$536 million, mainly due to net profit after tax of \$577 million partly offset by dividends paid during the year of \$46 million.

Dividends

During the financial year the Company paid an FY18 fully franked final dividend of 1.0 cent per share as well as an interim FY19 fully franked dividend of 1.0 cent per share. The Company will also pay an FY19 fully franked final dividend of 1.0 cent per share from the profit distribution reserve.

State of affairs

In the opinion of the directors, other than the effect of the movement in oil prices summarised below, there were no significant changes in the state of affairs of the Group that occurred during the financial year under review not disclosed elsewhere in the Directors' Report.

Funding and capital management

As at 30 June 2019, Beach held cash and cash equivalents of \$172 million. On 23 November 2017, Beach executed a \$1,475 million Senior Secured Debt Facility comprised of a \$475 million three year term debt facility (Facility A), \$475 million five year term debt facility (Facility B), \$450 million five year revolving debt facility (Facility C), and \$75 million Letter of Credit facility (Facility D). During the period, Beach voluntarily prepaid and cancelled the Facility A and Facility B commitments of \$950 million. As at 30 June 2019, Facility C remained fully undrawn, with \$61.9 million of Facility D being utilised by way of bank guarantees.

Beach anticipates that its current funding to be adequate for capital expenditure anticipated for FY20.

Material Business Risks

Beach recognises that the management of risk is a critical component in Beach achieving its purpose of delivering sustainable growth in shareholder value.

The Company has a framework to identify, understand, manage and report risks. As specified in its Board Charter, the Board has responsibility for overseeing Beach's risk management framework and monitoring its material business risks.

Given the nature of Beach's operations, there are many factors that could impact Beach's operations and results. The material business risks that could have an adverse impact on Beach's financial prospects or performance include economic risks, health, safety and environmental risks, community and social licence risks and legal risks. These may be further categorised as strategic risks, operational risks, commercial risks, regulatory risks, reputational risks and financial risks. A description of the nature of the risk and how such risks are managed is set out below. This list is neither exhaustive nor in order of importance.

Directors' Report

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

Economic risks

Exposure to oil and gas prices

A decline in the price of oil and gas may have a material adverse effect on Beach's financial performance. Historically, international crude oil prices have been very volatile. A sustained period of low or declining crude oil prices could adversely affect Beach's operations, financial position and ability to finance developments. Beach has a policy for hedging oil price and currency risks. Beach uses a structured framework for capital allocation decisions. The process provides rigorous value and risk assessment against a broad range of business metrics and stringent hurdles to maximise return on capital. This process is a significant development in Beach's continuing focus on reducing capital and operating expenditure and improving business efficiency.

Declines in the price of oil and continuing price volatility may also lead to revisions of the medium and longer term price assumptions for oil from future production, which, in turn, may lead to a revision of the carrying value of some of Beach's assets.

The valuation of oil and gas assets is affected by a number of assumptions, including the quantity of reserves and resources booked in relation to these oil and gas assets and their expected cash flows. An extended or substantial decline in oil and/or gas prices or demand, or an expectation of such a decline, may reduce the expected cash flows and/or quantity of reserves and resources booked in relation to the associated oil and gas assets, which may lead to a reduction in the valuation of these assets. If the valuation of an oil and gas asset is below its carrying value, a non-cash impairment adjustment to reduce the historical book value of these assets will be made with a subsequent reduction in the reported net profit in the same reporting period.

Foreign exchange and hedging risk

Beach's financial report is presented in Australian dollars. Beach converts funds to foreign currencies as its payment obligations in those jurisdictions where the Australian dollar is not an accepted currency become due. Certain of Beach's costs will be incurred in currencies other than Australian dollars, including the US dollar and the New Zealand dollar. Accordingly, Beach is subject to fluctuations in the rates of currency exchange between these currencies.

The Company uses derivative financial instruments such as foreign exchange contracts, commodity contracts and interest rate swaps to hedge certain risk exposures, including commodity price fluctuations through the sale of petroleum productions and other oil-linked contracts. The Company does not have a policy to hedge interest rates, which means it may be adversely affected by fluctuations in interest rates.

Ability to access funding

The oil and gas business involves significant capital expenditure on exploration and development, production, processing and transportation. Beach relies on cash flows from operating activities and bank borrowings and offerings of debt or equity securities to finance capital expenditure.

If cash flows decrease or Beach is unable to access necessary financing, this may result in postponement of or reduction in planned capital expenditure, relinquishment of rights in relation to assets, or an inability to take advantage of opportunities or otherwise respond to market conditions. Any of these outcomes could have a material adverse effect on Beach's ability to expand its business and/or maintain operations at current levels, which in turn could have a material adverse effect on Beach's business, financial condition and operations.

Beach has a Board approved financial risk management policy covering areas such as liquidity, investment management, debt management, interest rate risk, foreign exchange risk, commodity risk and counterparty credit risk. The policy sets out the organisational structure to support this policy. Beach has a treasury function and clear delegations and reporting obligations. The annual capital and operating budgeting processes approved by the Board ensure appropriate allocation of resources.

Operational risks

Joint Venture Operations

Beach participates in a number of joint ventures for its business activities. This is a common form of business arrangement designed to share risk and other costs. Under certain joint venture operating agreements, Beach may not control the approval of work programs and budgets and a joint venture partner may vote to participate in certain activities without the approval of Beach. As a result, Beach may experience a dilution of its interest or may not gain the benefit of the activity, except at a significant cost penalty later in time.

Failure to reach agreement on exploration, development and production activities may have a material impact on Beach's business. Failure of Beach's joint venture partners to meet financial and other obligations may have an adverse impact on Beach's business.

Beach works closely with its joint venture partners to minimise joint venture misalignment.

Material change to reserves and resources

Underground oil and gas reserves and resources estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which are valid at a certain point in time may alter significantly or become uncertain when new oil and gas reservoir information becomes available through additional drilling, or reservoir engineering over the life of the field. As reserves and resources estimates change, development and production plans may be altered in a way that may adversely affect Beach's operations and financial results.

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 and are subject to periodic external review or audit.

Exploration and development

Success in oil and gas production is key and in the normal course of business Beach depends on the following factors: successful exploration, establishment of commercial oil and gas reserves, finding commercial solutions for exploitation of reserves, ability to design and construct efficient production, gathering and processing facilities, efficient transportation and marketing of hydrocarbons and sound management of operations. Oil and gas exploration is a speculative endeavour and the nature of the business carries a degree of risk associated with failure to find hydrocarbons in commercial quantities or at all.

Beach utilises well-established prospect evaluation and ranking methodology to manage exploration and development risks.

Production risks

Any oil or gas project, including off-shore activity, may be exposed to production decrease or stoppage, which may be the result of facility shut-downs, mechanical or technical failure, climatic events and other unforeseeable events. A significant failure to maintain production could result in Beach lowering production forecasts, loss of revenue and additional operational costs to bring production back online.

There may be occasions where loss of production may incur significant capital expenditure, resulting in the requirement for Beach to seek additional funding, through equity or debt. Beach's approach to facility design, process safety and integrity management is critical to mitigating production risks.

Cyber Risk

The integrity, availability and reliability of data within Beach's information and operational technology systems may be subject to intentional or unintentional disruption (for example, cyber security attack). Beach continues to invest in robust systems to prevent such attacks and to optimise response should one occur.

Social licence to operate risks

Regulatory risk

Changes in government policy (such as in relation to taxation, environmental protection and the methodologies permitted to be used in oil and gas exploration and production activity such as produced water disposal) or statutory changes may affect Beach's business operations and its financial position. A change in government regime may significantly result in changes to fiscal, monetary, property rights and other issues which may result in a material adverse impact on Beach's business and its operations.

Companies in the oil and gas industry may also be required to pay direct and indirect taxes, royalties and other imposts in addition to normal company taxes. Beach currently has operations or interests in Australia and New Zealand. Accordingly its profitability may be affected by changes in government taxation and royalty policies or in the interpretation or application of such policies in each of these jurisdictions.

Beach monitors changes in relevant regulations and engages with regulators and governments to ensure policy and law changes are appropriately influenced and understood.

Permitting risk

All petroleum licences held by Beach are subject to the granting and approval of relevant government bodies and ongoing compliance with licence terms and conditions.

Tenure management processes and standard operating procedures are utilised to minimise the risk of losing tenure.

Land access and Native Title

Beach is required to obtain the consent of owners and occupiers of land within its licence areas. Compensation may be required to be paid to the owners and occupiers of land in order to carry out exploration activities.

Beach operates in a number of areas within Australia that are or may become subject to claims or applications for native title determinations or other third party access. Although Beach has experience in dealing with native title claims in Australia in relation to some of its existing Cooper Basin licences, native title claims have the potential to introduce delays in the granting of petroleum and other licences and, consequently, may have an effect on the timing and cost of exploration, development and production.

Native or indigenous title and land rights may also apply or be implemented in other jurisdictions in which Beach operates outside of Australia.

Beach's standard operating procedures and stakeholder engagement processes are used to manage land access and native title risks.

Health, safety and environmental risks

The business of exploration, development, production and transportation of hydrocarbons involves a variety of risks which may impact the health and safety of personnel, the community and the environment.

Oil and gas production and transportation can be impacted by natural disasters, operational error or other occurrences which can result in hydrocarbon leaks or spills, equipment failure and loss of well control. Potential failure to manage these risks could result in injury or loss of life, damage or destruction of wells, production facilities, pipelines and other property, damage to the environment, legal liability and damage to Beach's reputation.

Losses and liabilities arising from such events could significantly reduce revenues or increase costs and have a material adverse effect on the operations and/or financial conditions of Beach.

Beach employs a health, safety and environment management system to identify and manage risks in this area. Insurance policies, standard operating procedures, contractor management processes and facility design and integrity management systems, amongst other things, are important elements of the system that supports mitigation of these risks.

Climate change

Beach is likely to be subject to increasing regulations and costs associated with climate change and management of carbon emissions. Strategic, regulatory and operational risks and opportunities associated with climate change are incorporated into Company policy, strategy and risk management processes and practices. The Company actively monitors current and potential areas of climate change risk and takes actions to prevent and/or mitigate any impacts on its objectives and activities. Reduction of waste and emissions is an integral part of delivery of cost efficiencies and forms part of the Company's routine operations.

Directors' Report

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

Forward Looking Statements

This report contains forward-looking statements, including statements of current intention, opinion and predictions regarding the Company's present and future operations, possible future events and future financial prospects. While these statements reflect expectations at the date of this report, they are, by their nature, not certain and are susceptible to change. Beach makes no representation, assurance or guarantee as to the accuracy or likelihood of fulfilling of such forward looking statements (whether expressed or implied), and except as required by applicable law or the ASX Listing Rules, disclaims any obligation or undertaking to publicly update such forward-looking statements.

Material Prejudice

As permitted by sections 299(3) and 299A(3) of the Corporations Act 2001, Beach has omitted some information from the above Operating and Financial Review in relation to the Company's business strategy, future prospects and likely developments in operations and the expected results of those operations in future financial years on the basis that such information, if disclosed, would be likely to result in unreasonable prejudice (for example, because the information is premature, commercially sensitive, confidential or could give a third party a commercial advantage). The omitted information typically relates to internal budgets, forecasts and estimates, details of the business strategy, and contractual pricing.

Environmental regulations and performance statement

Beach participates in projects and production activities that are subject to the relevant exploration and development licences prescribed by government. These licences specify the environmental regulations applicable to the exploration, construction and operations of petroleum activities as appropriate. For licences operated by other companies, this is achieved by monitoring the performance of these companies against these regulations.

There have been no known significant breaches of the environmental obligations of Beach's operated contracts or licences during the financial year.

Beach reports under the National Greenhouse and Energy Reporting Act for its Australian operations and the Climate Change Response Act 2002 for its New Zealand operations.

Dividends paid or recommended

Since the end of the financial year the directors have resolved to pay a fully franked dividend of 1.0 cent per share on 30 September 2019. The record date for entitlement to this dividend is 30 August 2019. The financial impact of this dividend, amounting to \$22.8 million has not been recognised in the Financial Statements for the year ended 30 June 2019 and will be recognised in subsequent Financial Statements.

The details in relation to dividends paid during the reporting period are set out below:

Dividend	Record Date	Date of payment	Cents per share	Total Dividends
FY18 Final	31 August 2018	28 September 2018	1.0	\$22.8 million
FY19 Interim	28 February 2019	29 March 2019	1.0	\$22.8 million

For Australian income tax purposes, all dividends were fully franked and were not sourced from foreign income.

Share options and rights

Beach does not have any options on issue at the end of financial year and has not issued any during FY19.

Share rights holders do not have any right to participate in any issue of shares or other interests in the Company or any other entity. There have been no unissued shares or interests under option of any controlled entity within the Group during or since the reporting date. For details of performance rights issued to executives as remuneration, refer to the Remuneration Report. During the financial year, the following movement in share rights to acquire fully paid shares occurred:

Executive Performance Rights

On 6 December 2018, Beach issued 437,928 Short Term Incentive (STI) unlisted performance rights under the Executive Incentive Plan (EIP). These performance rights are exercisable for nil consideration and are not exercisable before 1 July 2019 and 1 July 2020.

On 14 December 2018, Beach also issued 2,328,932 Long Term Incentive (LTI) unlisted performance rights under the Executive Incentive Plan (EIP). These performance rights, which expire on 30 November 2023, are exercisable for nil consideration and are not exercisable before 1 December 2021.

Rights	Balance at beginning of financial year	Issued during the financial year	Exercised during the financial year	Expired during the financial year and not exercised	Balance at end of financial year
2015 LTI unlisted rights					
Issue 1 December 2015	403,226	-	(403,226)	-	-
2015 LTI unlisted rights					
Issue 19 May 2016	815,401	-	(815,401)	-	-
2016 LTI unlisted rights					
Issue 1 December 2016	1,604,006	-	-	-	1,604,006
2016 LTI unlisted rights					
Issue 21 February 2017	275,843	-	-	-	275,843
2016 STI unlisted rights					
Issue 1 December 2017	920,521	-	(460,259)	-	460,262
2017 LTI unlisted rights					
Issue 1 December 2017	1,641,429	-	-	-	1,641,429
2017 LTI unlisted rights					
Issue 9 April 2018	963,475	-	-	-	963,475
2017 STI unlisted rights					
Issue 6 December 2018	-	437,928	-	-	437,928
2018 LTI unlisted rights					
Issue 14 December 2018	-	2,328,932	-	-	2,328,932
Total	6,623,901	2,766,860	(1,678,886)	-	7,711,875

Directors' Report

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

Information on Directors

The names of the directors of Beach who held office during the financial year and at the date of this report are:

Glenn Stuart Davis

Independent non-executive Chairman – LLB, BEc, FAICD

Mr Davis has practiced as a solicitor in corporate and risk throughout Australia for over 30 years initially in a national firm and then a firm he founded. He has expertise and experience in the execution of large transactions and in corporate activity regulated by the Corporations Act and ASX Limited. Mr Davis has worked in the oil and gas industry as an advisor and director for over 25 years.

Current and former listed company directorships in the last 3 years

Mr Davis is a former director of ASX listed company Auteco Minerals Limited (previously called Monax Mining Limited) (from 2004 to November 2018).

Responsibilities

His special responsibilities include Chairmanship of the Board and membership of the Remuneration and Nomination Committee.

Date of appointment

Mr Davis joined Beach on 6 July 2007 as a non-executive director. He was appointed non-executive Deputy Chairman in June 2009 and Chairman in November 2012. He was last re-elected to the Board on 23 November 2018.

Colin David Beckett

Independent non-executive Deputy Chairman – FIEA, MICE, GAICD

Experience and expertise

As an engineer with over 40 years' experience in engineering design, project management, commercial and gas marketing, Mr Beckett offers a diverse and complementary set of skills in a range of technical disciplines. Mr Beckett previously held senior executive positions at Chevron Australia Pty Ltd, most recently as the General Manager responsible for the development of the Gorgon LNG and domestic gas project, being developed on Barrow Island offshore Western Australia. Mr Beckett read engineering at Cambridge University and has a Master of Arts (1975). He was formerly the Chancellor of Curtin University and is currently Chairman of Western Power. He is a past Chairman of Perth Airport Pty Ltd and also a past Chairman and board member of the Australian Petroleum Producers and Explorers Association (APPEA). In addition Mr Beckett is a past member of the West Australian Scitech Board and the Resources Sector Suppliers Advisory Forum and a Fellow of the Australian Institute of Engineers.

Current and former listed company directorships in the last 3 years

Nil

Responsibilities

His special responsibilities include chairmanship of the Remuneration and Nomination Committee and membership of the Risk, Corporate Governance and Sustainability Committee.

Date of appointment

Mr Beckett was appointed to the Board on 2 April 2015 and last re-elected to the Board on 23 November 2017.

Philip James Bainbridge

Independent non-executive director – BSc (Hons) Mechanical Engineering, MAICD

Experience and expertise

Mr Bainbridge has extensive industry experience having worked for the BP Group for 23 years in a range of petroleum engineering, development, commercial and senior management roles in the UK, Australia and USA. From 2006, he has worked at Oil Search, initially as Chief Operating Officer, then Executive General Manager LNG, responsible for all aspects of Oil Search's interests in the \$19 billion PNG LNG project, then EGM Growth responsible for gas growth and exploration.

Current and former listed company directorships in the last 3 years

He is currently a non-executive chairman of the PNG Sustainable Development Program and a non-executive director of the Global Institute of Carbon Capture and Storage. He was formerly the non-executive chairman of Sino Gas and Energy Holdings until 2018 and a non-executive director of Drillsearch Energy Limited from 2013 to 2016.

Responsibilities

His special responsibilities include chairmanship of the Risk, Corporate Governance and Sustainability Committee.

Date of appointment

Mr Bainbridge was appointed to the Board on 1 March 2016 and then elected to the Board on 10 November 2016.

Matthew Kay

Managing director & Chief executive officer – BEc, MBA, FCPA, GAICD

Experience and expertise

Mr Kay joined Beach in May 2016 as Chief Executive Officer. Mr Kay has over 25 years' experience in energy and resources and prior to joining Beach, served as Executive General Manager, Strategy and Commercial at Oil Search, a position he held for two years. In that role he was a member of the executive team and led the strategy, commercial, supply chain, economics, marketing, M&A and legal functions.

Prior to Oil Search, Mr Kay spent 12 years with Woodside Energy in various leadership roles, including Vice President of Corporate Development, General Manager of Production Planning and General Manager of Commercial for Middle East and Africa. In these roles Mr Kay developed extensive leadership skills across LNG, pipeline gas and oil joint ventures, and developments in Australia and internationally.

Current and former listed company directorships in the last 3 years

Nil

Responsibilities

Managing Director & Chief Executive Officer

Date of appointment

Mr Kay was appointed managing director of Beach Energy Limited on 25 February 2019.

Sally-Anne Layman

Independent non-executive director – B Eng (Mining) Hon, B Com, CPA, MAICD

Experience and expertise

Sally-Anne Layman is a company director with 25 years' experience in the resources sector and financial markets, including 14 years with Macquarie Group where she was a division director and Joint Head of the Perth Office for the Metals, Mining & Agriculture Division. Prior to moving into finance, Ms Layman undertook various mining roles including production engineer at Great Central Mines and mining engineer at Mount Isa Mines. Ms Layman holds a WA First Class Mine Manager's Certificate of Competency.

Ms Layman holds a Bachelor of Engineering, Mining from Curtin University and a Bachelor of Commerce from the University of Southern Queensland. Ms Layman is a Certified Practising Accountant and worked in this capacity at Western Metals and Normandy Yandal.

Current and former listed company directorships in the last 3 years

Ms Layman is also on the board of Perseus Mining Ltd (since September 2017), Imdex Ltd (since February 2017) and Pilbara Minerals Ltd (since April 2018) and was previously on the board of Gascoyne Resources Ltd (from June 2017 until May 2019).

Responsibilities

Her special responsibilities include Chairmanship of the Audit Committee.

Date of appointment

Ms Layman was appointed to the Board on 25 February 2019.

Peter Stanley Moore

Independent non-executive director – PhD, BSc (Hons), MBA, GAICD

Experience and expertise

Dr Moore has over 35 years of oil and gas industry experience. His career commenced at the Geological Survey of Western Australia, with subsequent appointments at Delhi Petroleum Pty Ltd, Esso Australia, ExxonMobil and Woodside. Dr Moore joined Woodside as Geological Manager in 1998 and progressed through the roles of Head of Evaluation, Exploration Manager Gulf of Mexico, Manager Geoscience Technology Organisation and Vice President Exploration Australia. From 2009 to 2013, Dr Moore led Woodside's global exploration efforts as Executive Vice President Exploration. In this capacity, he was a member of Woodside's Executive Committee and Opportunities Management Committee, a leader of its Crisis Management Team, Head of the Geoscience function and a director of ten subsidiary companies. From 2014 to 2018, Dr Moore was a Professor and Executive Director of Strategic Engagement at Curtin University's Business School. He has his own consulting company, Norris Strategic Investments Pty Ltd.

Current and former listed company directorships in the last 3 years

Dr Moore is currently a non-executive director of Carnarvon Petroleum Ltd (since 2015) and was previously a non-executive director of Central Petroleum Ltd (from 2014 to November 2018).

Responsibilities

His special responsibilities include membership of the Risk, Corporate Governance and Sustainability Committee and the Remuneration and Nomination Committee.

Date of appointment

Dr Moore was appointed by the Board on 1 July 2017 and then elected to the Board on 23 November 2017.

Joycelyn Cheryl Morton

Independent non-executive director – BEc, FCA, FCPA, FIPA, FCIS, FAICD

Experience and expertise

Ms Morton has more than 38 years' experience in finance and taxation having begun her career with Coopers & Lybrand (now PwC), followed by senior management roles with Woolworths Limited and global leadership roles in Australia and internationally within the Shell Group of companies.

Ms Morton was National President of both CPA Australia and Professions Australia, has served on many committees and councils in the private, government and not-for-profit sectors and held international advisory positions. She holds a Bachelor of Economics degree from the University of Sydney. She is also a non-executive director of ASC Pty Ltd and Snowy Hydro Limited.

Current and former listed company directorships in the last 3 years

Her other current ASX listed board positions are Argo Investments Limited and Argo Global Listed Infrastructure Limited (since March 2015). She has valuable board experience across a range of industries, including previous roles as a non-executive director and Chair of both Thorn Group Limited (since 2011 to 2018) and Noni B Limited (since May 2009 to February 2015) and a non-executive director of Crane Group Limited (since October 2010 to April 2011), Count Financial Limited (since 2006 to 2011) and InvoCare Limited (since August 2015 to May 2018).

Responsibilities

Her special responsibilities include membership of the Audit Committee.

Date of appointment

Ms Morton was appointed a non-executive director of Beach Energy Limited on 21 February 2018 and then elected to the Board on 23 November 2018.

Richard Joseph Richards

Non-executive director – BComs/Law (Hons), LLM, MAppFin, CA, Admitted Solicitor

Experience and expertise

Mr Richards is currently Chief Financial Officer of Seven Group Holdings Limited (SGH) (since October 2013). He is responsible for Finance across the diversified conglomerate (equipment manufacture, sales and service, equipment hire, investments, property, media and oil and gas). Mr Richards is a member of the Board of Directors of WesTrac, SGH Energy, is a Director and Chair of the Audit and Risk Committee of Coates Hire Pty Limited, a Director and Chair of the Audit and Risk Committee of KU Children Services (NFP) and a member of the Marcia Burgess Foundation Committee (DGR). He had held senior finance roles with Downer EDI, the Lowy Family Group and Qantas. Mr Richards is both a Chartered Accountant and admitted solicitor with over 30 years of experience in business and complex financial structures, corporate governance, risk management and audit.

Current and former listed company directorships in the last 3 years

Nil.

Responsibilities

His special responsibilities include membership of the Audit Committee.

Date of appointment

Mr Richards was appointed to the Board on 4 February 2017 and then elected to the Board on 23 November 2017.

Directors' Report

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

Ryan Kerry Stokes

Non-executive director – BComm, FAIM

Experience and expertise

Mr Stokes is the Managing Director and Chief Executive Officer of Seven Group Holdings Limited (SGH). SGH is a listed diverse investment company involved in Industrial Services, Media, and Energy. SGH interests include 28.57% of Beach Energy, WesTrac, Coates Hire and 41% of Seven West Media Limited. Mr Stokes is a director of WesTrac, Chairman of Coates Hire, and a director of Seven West Media. Mr Stokes is Chairman of the National Gallery of Australia. He is also a member of the Prime Ministerial Advisory Council on Veterans' Mental Health, a Committee member of the innovationXchange (within the Department of Foreign Affairs and Trade), and a member of the International Olympic Committee Education Commission. His previous roles include Chairman of the National Library of Australia.

Current and former listed company directorships in the last 3 years

Mr Stokes is an executive director of SGH and a non-executive director of Seven West Media.

Responsibilities

His special responsibilities include membership of the Remuneration and Nomination Committee.

Date of appointment

Mr Stokes was appointed to the Board on 20 July 2016 and then elected to the Board on 23 November 2018.

The names of the directors of Beach who held office during the financial year and are no longer on the Board are:

James David McKerlie

Independent non-executive director – BEc, Dip Fin Mgt, FCA, FAICD

Experience and expertise

Mr McKerlie brings to the Board over 20 years' experience as director and chairman of public companies. He is an experienced international executive and Chartered Accountant with appointments as a partner at KPMG and Partner in Charge at Deloitte.

Current and former listed company directorships in the last 3 years

He is the current chairman of ELMO Software Limited (since June 2017) and is the former chairman of Drillsearch Energy Limited (from 2008 to 2016), and a director of Great Artesian Oil and Gas, former chairman of Manalto Limited (from 2016 to 2017), Lithium Consolidated Minerals Exploration Limited (2017), onthehouse Limited (2010 to 2012) and Two Way TV (1999 to 2002).

Responsibilities

His special responsibilities included membership of the Audit Committee.

Date of appointment/resignation

Mr McKerlie was appointed to the Board on 1 March 2016 and then elected to the Board on 10 November 2016. He retired on 23 November 2018.

Directors' meetings

The number of Directors' meetings and meetings of Committees of Directors held during the financial year and the number of meetings attended by each of the directors is set out below:

Name	Directors' Meetings		Audit Committee Meetings		Remuneration and Nomination Committee Meetings		Risk, Corporate Governance and Sustainability Committee Meetings	
	Held ⁽¹⁾	Attended	Held ⁽¹⁾	Attended	Held ⁽¹⁾	Attended	Held ⁽¹⁾	Attended
G S Davis	12	12	-	-	8	8	-	-
C D Beckett	12	12	-	-	8	8	4	4
P J Bainbridge	12	11	7	7	-	-	4	4
M V Kay	4	4	-	-	-	-	-	-
S G Layman	4	4	-	-	-	-	-	-
P S Moore	12	12	-	-	8	8	4	4
J C Morton	12	12	7	7	-	-	-	-
R J Richards	12	12	7	7	-	-	-	-
R K Stokes	12	12	-	-	8	8	-	-
J D McKerlie	5	0	2	1	-	-	-	-

(1) Number of Meetings held during the time that the director was appointed to the Board or committee

Board Committees

Chairmanship and current membership of each of the board committees at the date of this report are as follows:

Committee	Chairman	Members
Audit	S G Layman	J C Morton, R J Richards
Risk, Corporate Governance & Sustainability	P J Bainbridge	C D Beckett, P S Moore
Remuneration and Nomination	C D Beckett	G S Davis, R K Stokes, P S Moore

Indemnity of Directors and Officers

Beach has arranged directors' and officers' liability insurance policies that cover all the directors and officers of Beach and its controlled entities. The terms of the policies prohibit disclosure of details of the amount of the insurance cover, the nature thereof and the premium paid.

Company Secretary

Peter Kupniewski

Company Secretary - LL.B/LP

Mr Kupniewski joined Beach in June 2018 as Senior Legal Manager & Company Secretary. He most recently worked as an in house lawyer with Santos Ltd working on asset acquisitions and divestments, gas marketing and transport, native title and cultural heritage, contracting and procurement and commercial disputes. Prior to Santos, Mr Kupniewski spent 13 years in private legal practice where he gained extensive experience working on takeovers and schemes, capital raisings, commercial disputes and meeting the daily head office needs of a range of ASX listed entities.

Non-audit services

Beach may decide to employ the external auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with Beach are important.

The Board has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor as set out below, did not compromise the audit independence requirement of the *Corporations Act 2001* for the following reasons:

- All non-audit services have been reviewed by the Audit Committee to ensure they do not impact the impartiality and objectivity of the auditor.
- None of the services undermine the general principle relating to auditor independence as set out in APES 110 Code - Code of Ethics for Professional Accountants, including reviewing or auditing the auditor's own work, acting in a management or a decision making capacity for Beach, acting as advocate for Beach or jointly sharing economic risk and reward.

Details of the amounts paid or payable to the external auditors, Ernst & Young, for audit and non-audit services provided during the year are set out at Note 27 to the financial statements.

Rounding off of amounts

Beach is an entity to which ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission applies relating to the rounding off of amounts. Accordingly, amounts in the directors' report and the financial statements have been rounded to the nearest hundred thousand dollars, unless shown otherwise.

Proceedings on behalf of Beach

No person has applied to the Court under Section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of Beach, or to intervene in any proceedings to which Beach is a party, for the purpose of taking responsibility on behalf of Beach for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of Beach with leave of the Court under Section 237 of the *Corporations Act 2001*.

Matters arising subsequent to the end of the financial year

On 3 July 2019, Beach announced that it has executed agreements with AWE (Beharra Springs) Pty Ltd, a related body corporate of Mitsui E&P Australia (MEPAU), to move to 50:50 ownership of production licences L11 and L22 (Beharra Springs), exploration permit EP 320 and pipeline licence PL 18 in the Perth Basin. The previous ownership structure for these permits was Beach 67% and MEPAU 33%. Beach will retain operatorship of the permits. The transaction has an effective date of 1 January 2019 and is expected to be completed during Q1 FY20, subject to satisfaction of various conditions including regulatory approval.

Other than the matters described above, there has not arisen in the interval between 30 June 2019 and up to the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years, unless otherwise noted in the financial report.

Audit independence declaration

Section 307C of the *Corporations Act 2001* requires our auditors, Ernst & Young, to provide the directors of Beach with an Independence Declaration in relation to the audit of the full year financial statements. This Independence Declaration is made on the following page and forms part of this Directors' Report.

This directors' report is signed in accordance with a resolution of directors made pursuant to section 298(2) of the *Corporations Act 2001*.

On behalf of the directors



G S Davis
Chairman

Adelaide, 19 August 2019

Auditors' Independence Declaration

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019



Ernst & Young
121 King William Street
Adelaide SA 5000 Australia
GPO Box 1271 Adelaide SA 5001

Tel: +61 8 8417 1600
Fax: +61 8 8417 1775
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Auditor's Independence Declaration to the Directors of Beach Energy Limited

As lead auditor for the audit of the financial report of Beach Energy Limited for the financial year ended 30 June 2019, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Beach Energy Limited and the entities it controlled during the financial year.

A stylized signature of 'Ernst & Young' in a cursive font, enclosed in a light grey rectangular box.

Ernst & Young

A stylized signature of 'Anthony Jones' in a cursive font, enclosed in a light grey rectangular box.

Anthony Jones
Partner
Adelaide
19 August 2019

2019 Remuneration in Brief (Unaudited)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

FY19 remuneration outcomes at a glance

Fixed Remuneration	BENCHMARK INCREASES FOR SENIOR EXECUTIVES	Total fixed remuneration (TFR) increased from the previous year according to industry benchmarks.
Short Term Incentive (STI)	STI AWARDED	The board awarded an STI to senior executives.
Long Term Incentive (LTI)	LTI PARTIALLY VESTED	The 2015 LTI performance rights fully vested following achievement of the performance condition.
Non-executive directors	NO BASE FEE INCREASES	Fees payable to the Chair of the Risk, Corporate Governance and Sustainability Committee increased from \$15,000 to \$25,000. Fees payable to members of that Committee increased from \$10,000 to \$15,000. The increases made fees for each Board Committee the same. Otherwise there were no changes to Board fees for FY19.
2018 AGM Remuneration Report	98.7% 'YES VOTE'	Beach received more than 98% of 'yes' votes on a poll to adopt its Remuneration Report for the 2018 financial year. No specific feedback on Beach's remuneration practices was received at the 2018 annual general meeting.

Remuneration to executive key management personnel in FY19

A summary of the audited cost to the Company of executive key management personnel (KMP) remuneration is provided in Table 8.

Disclosures required in the remuneration report by the Corporations Act, particularly the inclusion of accounting values for LTI performance rights awarded but not vested, can vary significantly from the remuneration actually paid to senior executives. This is because the Accounting Standards require a value to be placed on a right at the time it is granted to a senior executive and then reported as remuneration even if ultimately the senior executive does not receive any actual value, for example because performance conditions are not met and the rights do not vest.

The following table is a summary of remuneration actually paid to executive KMP in FY19. It is not audited.

Table 1: Remuneration to executive key management personnel (unaudited)

Name	TFR					
	Salary \$	Super \$	STI cash bonus \$	Other ⁽¹⁾ \$	Termination \$	Total Cash \$
M V Kay <i>Managing Director and Chief Executive Officer</i>	1,176,357	25,000	580,447	-	-	1,781,804
M Engelbrecht <i>Chief Financial Officer</i>	521,262	25,000	114,293	-	-	660,555
D Summers <i>Chief Operating Officer</i>	669,670	20,531	144,419	-	-	834,620
G Barker <i>Group Executive Development</i>	446,343	25,000	99,819	-	-	571,162
L Marshall <i>Group Executive Corporate Strategy & Commercial</i>	452,050	25,000	99,819	100,000	-	676,869
J Schrull <i>Group Executive Exploration & Appraisal</i>	461,593	20,531	100,881	-	-	583,005
Total	3,727,275	141,062	1,139,678	100,000	-	5,108,015

(1) Other remuneration includes allowances paid under the terms and conditions of employment such as retention allowances.

2019 Remuneration Report (Audited)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

This report has been prepared in accordance with section 300A of the Corporations Act 2001 (Cth) (Corporations Act) for the consolidated entity for the financial year ended 30 June 2019. It has been audited as required by section 308(3C) of the Corporations Act and forms part of the Directors' Report.

Key management personnel

The Company's KMP are listed in Table 2. They are the Company's non-executive directors (NED) and executive KMP who have authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly.

Table 2: Key management personnel during FY19

Name	Position	Period as KMP during the year
Executive KMP		
M V Kay	Managing Director & Chief Executive Officer (CEO)	All of FY19
M Engelbrecht	Chief Financial Officer	All of FY19
D Summers	Chief Operating Officer	All of FY19
G Barker	Group Executive Development	All of FY19
L Marshall	Group Executive Corporate Strategy and Commercial	All of FY19
J Schrull	Group Executive Exploration and Appraisal	All of FY19
Non-executive Directors		
G S Davis	Independent Chairman	All of FY19
P J Bainbridge	Non-executive Director	All of FY19
C D Beckett	Non-executive Director	All of FY19
P S Moore	Non-executive director	All of FY19
J C Morton	Non-executive Director	All of FY19
R J Richards	Non-executive Director	All of FY19
R K Stokes	Non-executive Director	All of FY19
S G Layman	Non-executive Director	Appointed 25 February 2019
Former Non-executive Directors		
J D McKerlie	Non-executive Director	Ceased to be a Director on 23 November 2018

Beach's remuneration policy framework

Beach's purpose is to deliver sustainable growth in shareholder value.

Beach's remuneration framework seeks to focus executives on delivering that purpose:

- Fixed remuneration aligns to market practice and prevailing economic conditions. It seeks to attract, motivate and retain executives focused on delivering Beach's purpose.
- 'At risk' performance based incentives link to shorter and longer term Company goals. The goals contribute to the achievement of Beach's purpose.
- Longer term 'at risk' incentives align with shareholder objectives and interests. Beach benchmarks shareholder returns against peers considered to be alternative investments to Beach. Beach offers share based rather than all cash rewards to executives.
- Beach may recover remuneration benefits paid if there has been fraud or dishonesty.
- The Corporations Act and Beach's Share Trading Policy prohibit hedging. Hedging is where a person enters a transaction to reduce the risk of an 'at risk' incentive. Beach has a process to track compliance with its no hedging policy. Beach's Share Trading Policy is available at Beach's website: www.beachenergy.com.au.

How Beach makes decisions about remuneration

The Board decides Beach's KMP remuneration. It decides that remuneration based on recommendations by its Remuneration and Nomination Committee. The Committee's members are all non-executive directors. Its charter is available at Beach's website: www.beachenergy.com.au. Beach's Managing Director & CEO may attend Committee meetings by invitation in an advisory capacity. Other executives may also attend by invitation. The Committee excludes executives from any discussion about their own remuneration.

External advisers and remuneration advice

During the year Beach engaged Guerdon Associates to provide services to the Company. It provided data to help the Board make decisions about Board and Committee fees. It did not make a remuneration recommendation for the purpose of the Corporations Act 2001.

Beach follows a protocol to engage any adviser to make a remuneration recommendation. The protocol ensures the recommendation is free from undue influence by management. The Board or Committee chair engages the adviser. The Board or Committee chair deals with the adviser on all material matters. Management involvement is only to the extent necessary to coordinate the work.

The Board and Committee seek recommendations from the Managing Director & CEO about executive remuneration. The Managing Director & CEO does not make any recommendation about his own remuneration.

The Board and Committee have regard to industry benchmarking information.

The Board and Committee consulted with governance specialists and other stakeholder groups throughout the year. The matters discussed included KMP remuneration. There were few consistent opinions between these groups. Even so the Board and Committee had regard to their views.

How Beach links performance to incentives

Beach's remuneration policy includes short term and long term incentive plans. The plans seek to align management performance with shareholder interests.

The LTI links to an increase in total shareholder return over an extended period.

The STI has equal proportions of cash and performance rights. Performance rights may convert to Beach shares.

The following table shows some key shareholder wealth indicators.

KPI and STI awards for FY18 and FY19 are detailed in Table 8.

Table 3: Shareholder wealth indicators FY15 - FY19

	FY15	FY16	FY17	FY18	FY19
Total revenue	\$735.5m	\$564.6m	\$665.7m	\$1,267.4m	\$2,077.7m
Net profit/(loss) after tax	(\$514.1m)	(\$588.8m)	\$387.5m	\$198.8m	\$577.3m
Underlying net profit after tax	\$90.7m	\$35.7m	\$161.7m	\$301.5m	\$560.2m
Share price at year-end	105.0 cents	61.0 cents	57.5 cents	175.5 cents	198.5 cents
Dividends declared	1.50 cents	0.50 cents	2.00 cents	2.00 cents	2.00 cents
Reserves	74 MMboe	70 MMboe	75 MMboe	313 MMboe	326 MMboe
Production	9.1 MMboe	9.7 MMboe	10.6 MMboe	19.0 MMboe	29.4 MMboe

Senior executive remuneration structure

This section details the remuneration structure for senior executives.

Remuneration mix

Remuneration for senior executives is a mix of a fixed cash salary component and an 'at risk' component. The 'at risk' component means that specific targets or conditions must be met before a senior executive becomes entitled to it.

2019 Remuneration Report (Audited)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

What is the balance between fixed and 'at risk' remuneration?

The remuneration structure and packages offered to senior executives for the period were:

- Fixed remuneration.
- 'At risk' remuneration comprising:
 - Short term incentive (STI) – an annual cash and equity based incentive, which may be offered at the discretion of the Board, linked to Company and individual performance over a year.
 - Long term incentive (LTI) – equity grants, which may be granted annually at the discretion of the Board, linked to performance conditions measured over three years.

The balance between fixed and 'at risk' remuneration depends on the senior executive's role. The CEO has the highest level of 'at risk' remuneration reflecting the greater level of responsibility of this role.

Table 4 sets out the relative proportions of the three elements of the executives KMP's total remuneration packages for FY18 and FY19.

Table 4: Remuneration mix ⁽¹⁾

Position	Performance based remuneration			Total 'at risk' %
	Fixed Remuneration %	STI %	LTI %	
CEO				
2019	34	33	33	66
2018	34	33	33	66
Other Executive KMP				
2019	51	23	26	49
2018	51	23	26	49

(1) The remuneration mix assumes maximum 'at risk' awards. Percentages shown later in this report reflect the actual incentives paid as a percentage of total fixed remuneration, movements in leave balances and other benefits and share based payments calculated using the relevant accounting standards.

Fixed remuneration

What is fixed remuneration?	Senior executives are entitled to a fixed cash remuneration amount inclusive of the guaranteed superannuation contribution. The amount is not based upon performance. Senior executives may decide to salary sacrifice part of their fixed remuneration for additional superannuation contributions and other benefits.
How is fixed remuneration reviewed?	Fixed remuneration is determined by the Board based on independent external review or advice that takes account of the role and responsibility of each senior executive. It is reviewed annually against industry benchmarking information including the National Awards Group Incorporated remuneration survey.

Fixed remuneration for the year

Total fixed remuneration (TFR) of KMP are provided in Table 1 and Table 8. Table 8 reports on the remuneration for KMP as required under the Corporations Act. Table 1 shows the actual realised cash remuneration that KMP received.

Short Term Incentive (STI)

What is the STI?	The STI is part of 'at risk' remuneration offered to senior executives. It measures individual and Company performance over a 12 month period. The period coincides with Beach's financial year. It provides equal parts of cash and equity that may vest subject to extra retention conditions. It is offered to senior executives at the discretion of the Board.
How does the STI link to Beach's objectives?	The STI is an at risk opportunity for senior executives. It rewards senior executives for meeting or exceeding key performance indicators. The key performance indicators link to Beach's key purpose. The STI aims to motivate senior executives to meet Company expectations for success. Beach can only achieve its purpose if it attracts and retains high performing senior executives. An award made under the STI has a retention component. Half is paid in cash and half is issued as performance rights with service conditions attached.

What are the performance conditions or KPIs?	<p>Beach's key performance indicators (KPIs) are set by the Board for each 12 month period beginning at the start of a financial year. They reflect Beach's financial and operational goals that are essential to it achieving its purpose. Senior executives also have individual KPIs to reflect their particular responsibilities.</p> <p>For the reporting period, the performance measures comprised:</p> <ul style="list-style-type: none"> • Beach KPIs (60% weighting) <ul style="list-style-type: none"> - Production (15%) - Safety (10%) - Environment (5%) - Reserves replacement (15%) - Statutory NPAT (15%) • Individual KPIs (40% weighting). <p>Refer to Table 6 for more information.</p> <p>Individual KPIs link to Beach's strategy and strategic plan. Individual KPIs relate to areas where senior executives are able to influence or control outcomes. KPIs may include: delivery of cost savings; development of project specific plans to align with Beach's strategic pillars; specific initiatives for developing employee capability; funding capacity; improvements in systems to achieve efficiencies; specific commercial or corporate milestones; or specific safety and environmental targets.</p>												
Are there different performance levels?	<p>The Board sets KPI measures at threshold, target and stretch levels. A participant must achieve the threshold level to entitle them to any payment for an individual KPI. The stretch level is the greatest performance outcome for an individual KPI.</p>												
What is the value of the STI award that can be earned?	<p>Incentive payments are based on a percentage of a senior executive's fixed remuneration.</p> <p>The CEO can earn up to a maximum of 100% of his fixed remuneration.</p> <p>The value of the award that can be earned by other senior executives is up to a maximum of 45% of their fixed remuneration.</p>												
How are the performance conditions assessed?	<p>The KPIs are reviewed against an agreed target.</p> <p>The Board assesses the extent to which KPIs were met for the period after the close of the relevant financial year and once results are finalised. The Board assesses senior executive performance on the CEOs recommendation. The Board assesses the achievement of the KPIs for the CEO.</p>												
Is there a threshold level of performance or hurdle before an STI is paid?	<p>Yes. At the end of Beach's financial year there is a calculation of return on capital. There is also a calculation of a one year relative total shareholder return against the ASX 200 Energy Index. Refer to table 5 below.</p> <p>Table 5: Two-tiered test</p> <table border="1" data-bbox="454 1355 1513 1500"> <thead> <tr> <th>Measures</th> <th>Green</th> <th>Yellow</th> <th>Red</th> </tr> </thead> <tbody> <tr> <td>One year Relative Total Shareholder Return against the ASX 200 Energy Index for the Performance Period</td> <td>>Index return</td> <td>=Index return</td> <td><Index return</td> </tr> <tr> <td>Return on capital⁽¹⁾</td> <td>>7%</td> <td>7%</td> <td><7%</td> </tr> </tbody> </table> <p>(1) Return on capital (ROC) is based on statutory NPAT/average total equity (being the average total equity at the beginning and end of the financial year)</p>	Measures	Green	Yellow	Red	One year Relative Total Shareholder Return against the ASX 200 Energy Index for the Performance Period	>Index return	=Index return	<Index return	Return on capital ⁽¹⁾	>7%	7%	<7%
Measures	Green	Yellow	Red										
One year Relative Total Shareholder Return against the ASX 200 Energy Index for the Performance Period	>Index return	=Index return	<Index return										
Return on capital ⁽¹⁾	>7%	7%	<7%										
What happens if an STI is awarded?	<p>On achievement of the relevant KPIs, Beach pays half of the STI award in cash. Beach includes cash awards in its financial statements for the relevant financial year. Beach pays cash awards after the end of its financial year, usually in October.</p> <p>Beach issues the remaining half of the STI award value in performance rights. Performance rights vest over one and two years if the senior executive remains employed by Beach at each vesting date. If a senior executive leaves Beach before the vesting date the performance rights lapse. The Board may exercise its discretion for early vesting if the senior executive leaves Beach due to death or disability. The Board may exercise its discretion for early vesting in the event of a change of control of Beach. The Board also has a general discretion to allow early vesting of performance rights. The Board needs exceptional circumstances to consider exercising that general discretion.</p>												

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STI Performance for the year

At the completion of the financial year the Board tested each senior executive's performance against the STI performance conditions set for the year after exercising its discretion in relation to the hurdle measures. The results of the two hurdle measures were:

Measures	FY19 Hurdle Measure
One year Relative Total Shareholder Return against ASX 200 Energy Total Return Index (Index Return) at the end of the Performance Period	14.7%
Return on capital at the end of the Performance Period	27.4%

Both results fell in the green band.

The percentage of the maximum STI that will be paid or forfeited for the period for each executive KMP was as follows (paid/forfeited):

Mr Kay 97%/3%, Mr Engelbrecht 93%/7%, Ms Summers 93%/7%, Mr Marshall 93%/7%, Mr Barker 93%/7%, Mr Schrull 93%/7%.

The STI awards made reflect Beach's strong performance for FY19, including:

- The achievement of full year production at the high end of guidance and exceeding stretch targets.
- Beach's reserves replacement exceeding stretch targets.
- Beach's statutory NPAT exceeding stretch targets.

Further detail regarding the outcomes of the Company related performance conditions that make up 60% of the STI KPIs is provided in Table 6.

Table 6: Outcome of FY19 STI Company KPIs

STI Measure and weighting	Link to Beach's strategy	Performance and score
Production - 15 %	Production is fundamental to Beach's earnings and profit.	Beach's full year production was 29.4 MMboe. Score - stretch met.
Reserves replacement - 15%	Replacing reserves is fundamental to Beach's longer term financial sustainability.	Beach's 2P reserves increased by 60 MMboe (excluding production and divestments) to 326 MMboe. Score - stretch met.
Personal safety - 5%	Beach's key value is that 'Safety takes precedence in everything we do'. Beach is focused on ensuring it and its contractors operate in a safe manner. Beach has included other safety and reliability measures in the annual Sustainability Report. The Sustainability Report is available on Beach's website.	Beach achieved a total recordable injury frequency rate (TRIFR) of 3.4. Score - threshold met.
Process safety - 5%		Beach did not record any Loss of Primary Containment events during the year. Score - stretch met.
Environment - 5%	Beach strives to reduce the environmental impact of its activities.	Beach achieved environmental targets for FY19. Score - stretch met.
Statutory NPAT - 15%	Statutory NPAT reflects Beach's earning performance. Stretch performance is achieved through strong sales revenue and cost reduction.	In FY19 Beach delivered NPAT of \$577 million. Score - stretch met.

STI performance rights issued in 2017 and 2018 to senior executives converted automatically to shares because they remained employed by the Company on 1 July 2019. A total of 679,224 shares were issued.

STI performance rights issued or in operation in FY19

The fair value of services received in return for STI rights (see Table 13) granted is measured by reference to the fair value of STI rights granted calculated using the Binomial or Black-Scholes Option Pricing Models. The contractual life of the STI rights is used as an input into the valuation model. The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the rights), adjusted for any expected changes to future volatility due to publicly available information. The risk free rate is based on Commonwealth Government bond yields relevant to the term of the performance rights.

Long Term Incentive (LTI)

What is the LTI?	The LTI is an equity based 'at risk' incentive plan. The LTI aims to reward results that promote long term growth in shareholder value or total shareholder return (TSR). Beach offers LTIs to senior executives at the discretion of the Board.
How does the LTI link to Beach's key purpose?	The LTI links to Beach's key purpose by aligning the longer term 'at risk' incentive rewards with outcomes that match shareholder objectives and interests by: <ul style="list-style-type: none"> • benchmarking shareholder returns against a group of companies considered alternative investments to Beach; • giving share based rather than cash based rewards to executives. This links their own rewards to shareholder expectations of dividends and share price growth.
How are the number of rights issued to senior executives calculated?	The number of performance rights granted to the executives under the LTI is calculated as (fixed remuneration at 1 July [year] x [insert] % / Market Value). The Market Value is the market value of a fully paid ordinary share in the Company, calculated using a five day VWAP, up to and including the date the performance rights are granted. This method of calculating the number of performance rights does not discount for the value of anticipated dividends during the performance period.
What equity based grants are given and are there plan limits?	Beach grants performance rights using the formula set out above. If the performance conditions are met, senior executives have the opportunity to acquire one Beach share for every vested performance right. There are no plan limits as a whole for the LTI. This is due to the style of the plan and advice by external remuneration consultants about individual plan limits. Individual limits for the plans that are currently operational are set out in Table 8.
What is the performance condition?	The performance condition is based on Beach's Total Shareholder Return (TSR) relative to the ASX 200 Energy Total Return Index. The initial out-performance level is set at the Index return plus 5.5% compound annual growth rate (CAGR) over the three year performance period, such that: <ul style="list-style-type: none"> • < the Index return - 0% vesting; • = the Index return - 50% vesting; • Between the Index return and Index + 5.5% - a prorated number will vest; • = or > Index return + 5.5% - 100% vesting.
Why choose this performance condition?	TSR is a measure of the return to shareholders over a period of time through the change in share price and any dividends paid over that time. The dividends are notionally reinvested to perform the calculation. Beach chose this performance condition to align senior executive remuneration with increased shareholder value. The Board has reinforced that alignment by imposing two more conditions. First, the Board sets a threshold level for the executive to meet before making an award. Secondly, the Board will not make an award if Beach's TSR is negative.
Is shareholders equity diluted when shares are issued on vesting of performance rights or exercise of options?	The Board has not imposed dilution limits due to the structure of the LTI plan and the number of rights on issue. Any dilution would be minimal. If all the current performance rights vested at 30 June 2019, shareholders equity would have diluted by 0.34% (FY18 - 0.29%). It has been the practice of the Board when there is an entitlement to shares on vesting of performance rights to issue new shares. Yet there is provision for the buying of shares on market if the Board considers that dilution of shareholder equity may be material.
What happens to LTI performance rights on a change of control?	The Board reserves the discretion for early vesting in the event of a change of control of the Company. Adjustments to a participant's entitlements may also occur in the event of a company reconstruction and certain share issues.

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Table 7: Details of LTI equity awards issued, in operation or tested during the year

Details	2015, 2016, 2017 and 2018 Performance Rights including CEO 2015 LTI performance rights
Type of grant	Performance rights
Calculation of grant limits for senior executives	Max LTI is 100% of Total Fixed Remuneration (TFR) for CEO Max LTI is 50% of TFR for other senior executives
Grant date	2018 Performance Rights 14 Dec 2018 2017 Performance Rights 1 Dec 2017/9 April 2018 2016 Performance Rights 1 Dec 2016/21 February 2017 2015 Performance Rights 1 Dec 2015/19 May 2016 for CEO only
Issue price of performance rights	Granted at no cost to the participant
Performance period Note: the date immediately after the end of the performance period is the first date that the performance rights vest and become exercisable	2018 Performance Rights 1 Dec 2018 – 30 Nov 2021 2017 Performance Rights 1 Dec 2017 – 30 Nov 2020 2016 Performance Rights 1 Dec 2016 – 30 Nov 2019 2015 Performance Rights 1 Dec 2015 – 30 Nov 2018
Expiry/lapse	Performance rights lapse if vesting does not occur on testing of performance condition
Expiry date	2018 Performance Rights 30 Nov 2023 2017 Performance Rights 30 Nov 2022 2016 Performance Rights 30 Nov 2021 2015 Performance Rights 30 Nov 2020
Exercise price on vesting	Not applicable – provided at no cost
What is received on vesting?	One ordinary share in Beach for every performance right
Status	2018 Performance Rights In progress 2017 Performance Rights In progress 2016 Performance Rights In progress 2015 Performance Rights Testing completed. Resulted in full vesting of performance rights.

Details of LTI performance rights issued or in operation in FY19

The fair value of services received in return for LTI performance rights (see table 13) granted is measured by reference to the fair value of LTI performance rights granted calculated using the Binomial or Black-Scholes Option Pricing Models. The estimate of the fair value of the services received for the LTI performance rights and options issued are measured with reference to the expected outcome, which may include the use of a Monte Carlo simulation. The contractual life of the LTI performance rights is used as an input into this model. Expectations of early exercise are incorporated into a Monte Carlo simulation method where applicable. The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the rights or options), adjusted for any expected changes to future volatility due to publicly available information. The risk free rate is based on Commonwealth Government bond yields relevant to the term of the performance rights.

Employment agreements – senior executives

The senior executives have employment agreements with Beach.

The provisions relating to duration of employment, notice periods and termination entitlements of the senior executives are as follows:

Managing Director and Chief Executive Officer

The CEO's employment agreement commenced with effect 2 May 2016 and is ongoing until terminated by either Beach or Mr Kay on six months' notice. Beach may terminate the CEO's employment at any time for cause (for example, for serious breach) without notice. In certain circumstances Beach may terminate the employment on notice of not less than three months for issues concerning the CEO's performance that have not been satisfactorily addressed.

Other senior executives

Other senior executives have employment agreements that are ongoing until terminated by either Beach from between 3 and 12 months' notice or the senior executive upon giving three months' notice. Beach may terminate a senior executive's appointment for cause (for example, for serious breach) without notice. Beach must pay any amount owing but unpaid to the employee whose services have been terminated at the date of termination, such as accrued leave entitlements. In certain circumstances Beach may terminate employment on notice of not less than between one and three months for issues concerning the senior executives performance that have not been satisfactorily addressed. If Beach terminates the senior executive's appointment other than for cause or he or she resigns due to a permanent relocation of his or her workplace to a location other than Adelaide, then they are entitled to an amount up to one times their final annual salary.

Details of total remuneration for KMP calculated as required under the Corporations Act for FY18 and FY19

Legislative and IFRS reported remuneration for KMP

Details of the remuneration package by value and by component for senior executives in the reporting period and the previous period are set out in Table 8. These details differ from the actual payments made to senior executives for the reporting period that are set out in Table 1.

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Table 8: Senior executives' remuneration for FY18 and FY19 as required under the Corporations Act

Name	Year	Short Term Employee Benefits			Share based payments ⁽³⁾		Termination \$	Other long term benefits Long Service Leave \$	Total \$	Total at risk %	Total issued in equity %
		Fixed Remuneration ⁽¹⁾ \$	Annual Leave \$	LTI Rights STI ⁽²⁾	STI Rights \$						
M V Kay	2019	1,201,357	25,662	580,447	535,859	527,586	-	22,054	2,892,965	58	37
	2018	903,000	15,633	364,662	369,378	763,410	-	9,812	2,425,895	62	47
M Engelbrecht	2019	546,262	20,441	114,293	132,817	116,260	-	4,069	934,142	39	27
	2018	525,000	17,163	172,129	77,096	150,428	-	3,342	945,158	43	24
D Summers ⁽⁴⁾	2019	690,201	(5,173)	144,419	130,283	81,789	-	9,569	1,051,088	35	20
	2018	285,797	17,899	41,640	49,908	9,613	-	13,414	418,271	27	14
G Barker ⁽⁵⁾	2019	471,343	(265)	99,819	88,984	56,855	-	1,304	718,040	34	20
	2018	198,764	11,985	28,172	33,874	5,863	-	974	279,632	25	14
L Marshall ⁽⁶⁾	2019	477,050	331	99,819	90,988	59,476	-	1,304	728,968	35	21
	2018	257,138	16,542	35,698	35,044	8,887	-	974	354,283	23	12
J Schrull	2019	482,124	19,378	100,881	97,273	89,584	-	2,978	792,218	37	24
	2018	475,000	19,182	133,603	46,858	94,527	-	3,024	772,194	36	18
Former Senior Executives											
K Hollingsworth ⁽⁷⁾	2019	-	-	-	-	-	-	-	-	N/A	N/A
	2018	180,073	(469)	-	(8,604)	-	102,328	(757)	272,571	N/A	N/A
C L Oster ⁽⁸⁾	2019	-	-	-	-	-	-	-	-	N/A	N/A
	2018	235,878	12,259	-	58,821	59,283	-	(3,669)	362,572	N/A	N/A
R A Rayner ⁽⁹⁾	2019	-	-	-	-	-	-	-	-	N/A	N/A
	2018	241,265	(19,079)	-	(77,922)	-	653,873	(56,933)	741,204	N/A	N/A
M R Squire ⁽¹⁰⁾	2019	-	-	-	-	-	-	-	-	N/A	N/A
	2018	230,861	5,838	41,055	56,047	73,518	-	8,170	415,489	N/A	N/A
M R Dodd ⁽¹¹⁾	2019	-	-	-	-	-	-	-	-	N/A	N/A
	2018	261,866	800	-	(27,493)	-	399,593	(7,000)	627,766	N/A	N/A
TOTAL	2019	3,868,337	60,374	1,139,678	1,076,204	931,550	-	41,278	7,117,421	45	28
	2018	3,794,642	97,753	816,959	613,007	1,165,529	1,155,794	(28,649)	7,615,035	34	23

(1) Fixed remuneration comprises base salary and superannuation and ad hoc payments treated as remuneration, relocation and vehicle allowances.

(2) This amount represents the cash portion of the STI for FY19, which are expected to be paid in October 2019. FY18 also includes additional cash bonuses totalling \$125,000 awarded by the Board to selected KMP in recognition of the successful transaction to acquire Lattice Energy Limited.

(3) In accordance with the requirements of the Australian Accounting Standards, remuneration includes a proportion of the notional value of equity compensation granted or outstanding during the year. The fair value of equity instruments which do not vest during the reporting period is determined as at the grant date and is progressively expensed over the vesting period. The amount included as remuneration is not related to or indicative of the benefit (if any) that individuals may ultimately realise should the rights vest. The fair value of the rights as at the date of their grant has been determined in accordance with principles set out in Note 4 to the Financial Statements.

(4) FY18 figures shown for Ms Summers are for the period 31 January 2018 to 30 June 2018.

(5) FY18 figures shown for Mr Barker are for the period 19 February 2018 to 30 June 2018. 'Fixed remuneration' in FY18 includes a relocation payment made to Mr Barker.

(6) FY18 figures shown for Mr Marshall are for the period 15 January 2018 to 30 June 2018. 'Fixed remuneration' in FY18 includes a relocation payment made to Mr Marshall.

(7) Mr Hollingsworth ceased to be a KMP on 31 December 2017 as part of a corporate restructure following the acquisition of Lattice Energy Ltd. His employment by Beach ended on 4 January 2018. FY18 figures shown for Mr Hollingsworth are for the period 1 July 2017 to 4 January 2018.

(8) Ms Oster ceased to be a KMP on 31 December 2017 as part of a corporate restructure following the acquisition of Lattice Energy Ltd. FY18 figures shown for Ms Oster are for the period 1 July 2017 to 31 December 2017. A termination payment of \$644,184 was made to Ms Oster during FY18 but after she ceased to be a KMP.

(9) Mr Rayner ceased to be a KMP on 15 December 2017. FY18 figures shown for Mr Rayner are for the period 1 July 2017 to 15 December 2017.

(10) Mr Squire ceased to be a KMP on 15 January 2018 when Mr Marshall commenced in the role as Group Executive Corporate Strategy and Commercial. FY18 figures for Mr Squire are for the period 1 July 2017 to 14 January 2018.

(11) Mr Dodd ceased to be a KMP on 31 December 2017. FY18 figures for Mr Dodd are for the period 1 July 2017 to 31 December 2017.

Remuneration policy for non-executive directors

The fees paid to non-executive directors are determined using the following guidelines. Fees are:

- not incentive or performance based but are fixed amounts;
- determined by reference to the nature of the role, responsibility and time commitment required for the performance of the role including membership of board committees;
- are based on independent advice and industry benchmarking data; and
- driven by a need to attract a diverse and well-balanced group of individuals with relevant experience and knowledge.

The remuneration of Beach non-executive directors is within the aggregate annual limit of \$1,500,000 approved by shareholders at the 2016 annual general meeting.

The remuneration for non-executive directors comprises directors' fees, board committee fees and superannuation contributions to meet Beach's statutory superannuation obligations.

Directors who perform extra services for Beach or make any special exertions on behalf of Beach may be remunerated for those services in addition to the usual directors' fees. Non-executive directors are also entitled to be reimbursed for their reasonable expenses incurred in the performance of their directors' duties.

Details of the fees payable to non-executive directors for Board and committee membership for FY19 are set out in Table 9.

Table 9: FY19 non-executive directors' fees and board committee fees per annum

Board ⁽¹⁾		Board Committee					
Chairman/ Deputy Chairman \$	Member \$	Chairman Audit \$	Member Audit \$	Chairman Remuneration and Nomination \$	Member Remuneration and Nomination \$	Chairman Risk, Corporate Governance and Sustainability \$	Member Risk, Corporate Governance and Sustainability \$
275,000/ 121,000	110,000	25,000	15,000	25,000	15,000	25,000	15,000

(1) The Chairman does not receive additional fees for committee work. The fees shown are inclusive of the statutory superannuation contribution.

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Table 10: Non-executive directors' remuneration for FY18 and FY19

Name	Year	Directors Fees (inc committee fees) \$	Super- annuation \$	Total \$
G S Davis ⁽¹⁾	2019	275,000	-	275,000
	2018	275,000	-	275,000
P J Bainbridge ⁽²⁾	2019	131,589	12,501	144,090
	2018	100,500	24,500	125,000
C D Beckett ⁽³⁾	2019	147,032	13,968	161,000
	2018	142,466	13,534	156,000
S G Layman ⁽⁴⁾	2019	35,160	3,340	38,500
	2018	-	-	-
P S Moore ⁽⁵⁾	2019	127,854	12,146	140,000
	2018	105,957	10,066	116,023
J C Morton ⁽⁶⁾	2019	123,288	11,712	135,000
	2018	44,178	4,197	48,375
R J Richards ⁽⁷⁾	2019	114,155	10,845	125,000
	2018	116,521	11,070	127,591
R K Stokes ⁽⁸⁾	2019	114,155	10,845	125,000
	2018	114,155	10,845	125,000
J D McKerlie ⁽⁹⁾	2019	45,403	4,313	49,716
	2018	114,155	10,845	125,000
F R V Bennett ⁽¹⁰⁾	2019	-	-	-
	2018	52,667	5,003	57,670
Total	2019	1,113,636	79,670	1,193,306
	2018	1,065,599	90,060	1,155,659

(1) No superannuation contributions were made on behalf of Mr Davis. Director's fees for Mr Davis are paid to a related entity. Mr Davis does not receive additional fees for committee work.

(2) Mr Bainbridge is chair of the Risk, Corporate Governance and Sustainability Committee.

(3) Mr Beckett is Deputy Chairman and chair of the Remuneration and Nomination Committee. He is a member of the Risk, Corporate Governance and Sustainability Committee.

(4) Ms Layman commenced as a director on 25 February 2019 and became chair of the Audit Committee on 1 July 2019.

(5) Dr Moore became a member of the Risk, Corporate Governance and Sustainability Committee on 23 November 2017 and a member of the Remuneration and Nomination Committee on 1 July 2018.

(6) Ms Morton commenced as a director on 21 February 2018. She became chair of the Audit Committee on that date until 30 June 2019. She remains a member of the Audit Committee.

(7) Mr Richards is a member of the Audit Committee. He was chair of the Audit Committee from 23 November 2017 to 21 February 2018.

(8) Mr Stokes is a member of the Remuneration and Nomination Committee.

(9) Mr McKerlie retired as a director on 23 November 2018. Until his retirement he was a member of the Audit Committee.

(10) Ms Bennett retired as a director on 23 November 2017.

Other KMP disclosures

The following two tables show the movements during the reporting period in shares and performance rights over ordinary shares in the Company held directly, indirectly or beneficially by each KMP and their related entities.

Performance rights held by KMP

The following table details the movements during the reporting period in performance rights over ordinary shares in the Company held directly, indirectly or beneficially by each KMP and their related entities.

Table 11: Movements in performance rights held by key management personnel

Rights	Opening balance	Granted	Rights exercised/ rights vested	Closing balance
MD & CEO				
M V Kay	3,304,363	994,019	(1,110,797)	3,187,585
Senior executives				
M Engelbrecht	683,008	230,966	(65,243)	848,731
D Summers	320,960	250,166	-	571,126
G Barker	217,845	172,555	-	390,400
L Marshal	225,365	176,936	-	402,301
J Schrull	570,736	206,481	(35,418)	741,799
Total	5,322,277	2,031,123	(1,211,458)	6,141,942

The following table details the movements during the reporting period in ordinary shares in the Company held directly, indirectly or beneficially by each KMP and their related entities.

Table 12: Shareholdings of key management personnel

Ordinary Shares	Opening balance	Purchased	Sold	Issued upon vesting of performance rights	Other ⁽¹⁾	Closing balance
Directors						
G S Davis	153,226	65,000	-	-	-	218,226
P J Bainbridge	118,090	-	-	-	-	118,090
C D Beckett	65,914	11,780	-	-	-	77,694
S G Layman	-	-	-	-	-	-
J D McKerlie	124,840	-	-	-	(124,840)	-
P S Moore	22,500	21,700	-	-	-	44,200
J C Morton	50,000	-	-	-	-	50,000
R J Richards	179,443	50,000	-	-	-	229,443
R K Stokes	-	-	-	-	-	-
Senior executives						
M V Kay	1,101,780	-	-	1,110,797	-	2,212,577
M Engelbrecht	-	-	-	65,243	-	65,243
D Summers	-	-	-	-	-	-
G Barker	-	30,000	-	-	-	30,000
L Marshall	-	-	-	-	-	-
J Schrull	-	-	-	35,418	-	35,418
Total	1,815,793	178,480	-	1,211,458	(124,840)	3,080,891

(1) Relates to changes resulting from individuals ceasing to be KMPs during the period.

Specific details of the number of LTI and STI performance rights and CEO commencement and retention rights issued, vested and lapsed in FY19 for KMP are set out in Table 13.

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Table 13: Details of LTI and STI Performance Rights and CEO rights

Name	Date of grant	Performance rights on issue at 30 June 2018	Fair Value \$	Granted	Vested	Lapsed	Performance rights on issue at 30 June 2019	Date performance rights vest and become exercisable
M V Kay	19 May 2016	815,401	0.3256	-	(815,401)	-	-	1 Dec 2018
	1 Dec 2016	1,049,112	0.4667	-	-	-	1,049,112	1 Dec 2019
	1 Dec 2017	295,396	1.1295	-	(295,396)	-	-	1 Jul 2018
	1 Dec 2017	295,397	1.1117	-	-	-	295,397	1 Jul 2019
	1 Dec 2017	849,057	0.6161	-	-	-	849,057	1 Dec 2020
	6 Dec 2018	-	1.5559	106,130	-	-	106,130	1 Jul 2019
	6 Dec 2018	-	1.5314	106,130	-	-	106,130	1 Jul 2020
	14 Dec 2018	-	1.0181	781,759	-	-	781,759	1 Dec 2021
Total		3,304,363		994,019	(1,110,797)	-	3,187,585	
Total (\$)				1,123,564	599,144	-		
M Engelbrecht	1 Dec 2016	304,879	0.4667	-	-	-	304,879	1 Dec 2019
	1 Dec 2017	65,243	1.1295	-	(65,243)	-	-	1 Jul 2018
	1 Dec 2017	65,244	1.1117	-	-	-	65,244	1 Jul 2019
	1 Dec 2017	247,642	0.6161	-	-	-	247,642	1 Dec 2020
	6 Dec 2018	-	1.5559	28,268	-	-	28,268	1 Jul 2019
	6 Dec 2018	-	1.5314	28,268	-	-	28,268	1 Jul 2020
	14 Dec 2018	-	1.0181	174,430	-	-	174,430	1 Dec 2021
	Total		683,008		230,966	(65,243)	-	848,731
Total (\$)				264,859	73,692	-		
D Summers	9 Apr 2018	320,960	0.7997	-	-	-	320,960	1 Dec 2020
	6 Dec 2018	-	1.5559	12,118	-	-	12,118	1 Jul 2019
	6 Dec 2018	-	1.5314	12,119	-	-	12,119	1 Jul 2020
	14 Dec 2018	-	1.0181	225,929	-	-	225,929	1 Dec 2021
Total		320,960		250,166	-	-	571,126	
Total (\$)				267,432	-	-		
L Marshall	9 Apr 2018	225,365	0.7997	-	-	-	225,365	1 Dec 2020
	6 Dec 2018	-	1.5559	10,389	-	-	10,389	1 Jul 2019
	6 Dec 2018	-	1.5314	10,390	-	-	10,390	1 Jul 2020
	14 Dec 2018	-	1.0181	156,157	-	-	156,157	1 Dec 2021
Total		225,365		176,936	-	-	402,301	
Total (\$)				191,059	-	-		
G Barker	9 Apr 2018	217,845	0.7997	-	-	-	217,845	1 Dec 2020
	6 Dec 2018	-	1.5559	8,199	-	-	8,199	1 Jul 2019
	6 Dec 2018	-	1.5314	8,199	-	-	8,199	1 Jul 2020
	14 Dec 2018	-	1.0181	156,157	-	-	156,157	1 Dec 2021
Total		217,845		172,555	-	-	390,400	
Total (\$)				184,296	-	-		
J Schrull	21 Feb 2017	275,843	0.2177	-	-	-	275,843	1 Dec 2019
	1 Dec 2017	35,418	1.1295	-	(35,418)	-	-	1 Jul 2018
	1 Dec 2017	35,418	1.1117	-	-	-	35,418	1 Jul 2019
	1 Dec 2017	224,057	0.6161	-	-	-	224,057	1 Dec 2020
	6 Dec 2018	-	1.5559	24,331	-	-	24,331	1 Jul 2019
	6 Dec 2018	-	1.5314	24,332	-	-	24,332	1 Jul 2020
	14 Dec 2018	-	1.0181	157,818	-	-	157,818	1 Dec 2021
	Total		570,736		206,481	(35,418)	-	741,799
Total (\$)				235,793	40,005	-		

Looking ahead – Remuneration and related issues for 2020

Human capital management

FY20 will see the continued deployment of the leadership for high performance framework and leadership program. All leaders will be enrolled in and commence program attendance. The program commences with an assessment of the leader's leadership style and the organisational climate they create. It then offers development and concludes with a re-survey of the leadership style and organisational climate.

Diversity

Beach prepared an FY20-22 Diversity and Inclusion Strategy following a review of sources including:

- an internal Employee Engagement and Enablement Survey;
- Workplace Gender Equality Agency (WGEA) data from other oil and gas companies;
- National Resources Group (NRG) HR Business Practices Survey (HRBPS) Benchmark Report
- Sustainability Reports of other oil and gas companies

From those sources Beach has developed FY20-22 Diversity and Inclusion Strategy Focus Areas as follows:

- Gender Diversity
- Indigenous Representation
- Flexible Work Practices
- Diversity and Inclusion Awareness

Beach will report progress against those Focus Areas in its 2019 Sustainability Report.

The Board approved measurable objectives for achieving gender diversity and Beach's progress in achieving those objectives over FY19 are set out in Beach's 2019 Corporate Governance Statement, available in the Corporate Governance section of Beach's website.

Review of total fixed remuneration for FY20

Following a benchmarking analysis of executive remuneration, the remuneration of the Managing Director & CEO, Chief Financial Officer and Group Executive Exploration & Appraisal were reviewed this year.

In reviewing the remuneration of the Managing Director & CEO and Chief Financial Officer, analysis was completed using two different sets of external data: the Korn Ferry Hay Job Methodology and a comparison of the actual remuneration of individuals in comparable positions from similar organisations.

In reviewing the remuneration of the Group Executive Exploration & Appraisal, analysis was completed using external data provided by the National Rewards Group (NRG) based on the participation of similar sector companies who contribute data to the NRG senior executive remuneration survey.

Consistent with Beach's objective to develop and maintain a high-performance culture, is an extrinsic link between pay and performance.

Market benchmarking indicated that the Managing Director & CEO, Chief Financial Officer and Group Executive Exploration & Appraisal remuneration justified an increase to recognise superior company and personal performance and remain market competitive.

Following the benchmarking analysis, the Board approved an increase in the total fixed remuneration of the:

- Chief Financial Officer to \$589,050 effective 1 April 2019;
- Managing Director & CEO to \$1,266,000 effective 1 July 2019; and
- Group Executive Exploration & Appraisal to \$532,950 effective 1 July 2019.

2019 Remuneration Report (Audited)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

Review of STI, threshold, measures and weightings

For FY20 the hurdle measure for return on capital (ROC) will increase from 7% to 10%. The Board have made some changes to the FY20 STI measures and weightings as follows:

Table 14: FY20 hurdle measures

Performance Measures	Weightings
Production	15%
Statutory NPAT	15%
Reserves replacement	15%
All in cost/boe	15%
Personal safety	5%
Process safety	5%
Environment - loss of hydrocarbon liquids	5%

Company related performance conditions will now make up 75% of the STI metrics.

Review of non-executive director fees

Following a benchmarking analysis against Beach's peers, the board approved an increase to board fees effective 1 July 2019. The benchmarking analysis was conducted by comparing Beach non-executive director fees to those of a peer group comprising 24 ASX-listed companies of similar size. Beach's market capitalisation was at the 49th percentile of the peer group. The analysis showed Beach's base board fees for non-executive directors were at the 11th percentile of the comparator group, and Beach's base board fee for the Chairman was at the 7th percentile of the comparator group. Base board fees were increased to ensure Beach will be able to attract and retain quality board candidates. There will be no increase to board committee fees. The increase is within the maximum aggregate remuneration of non-executive directors of \$1.5m approved by shareholders at the 2016 Annual General Meeting.

Table 15: FY20 Board Fees

Chairman	\$305,000 (FY19 \$275,000)
Deputy Chairman	\$122,500 (FY19 \$121,000)
Board Member	\$122,500 (FY19 \$110,000)

Directors' Declaration

1. In the directors' opinion:
 - (a) the financial statements and notes set out on pages 74 to 115 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with accounting standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2019 and of its performance for the financial year ended on that date; and
 - (b) there are reasonable grounds to believe that Beach will be able to pay its debts as and when they become due and payable.
2. The attached financial statements are in compliance with International Financial Reporting Standards, as noted in the Basis of Preparation which forms part of the financial statements.
3. At the time of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group identified in note 21 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 21.
4. The directors have been given the declarations by the Chief Executive Officer and the Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of the directors made pursuant to section 295(5) of the *Corporations Act 2001* on behalf of the directors.



G S Davis

Chairman

Adelaide

19 August 2019

Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

		Consolidated	
	Note	2019 \$million	2018 \$million
Revenue	2(a)	2,077.7	1,267.4
Cost of sales	3(a)	(1,207.4)	(773.8)
Gross profit		870.3	493.6
Other income	2(b)	41.8	24.1
Other expenses	3(b)	(43.6)	(197.6)
Operating profit before financing costs		868.5	320.1
Interest income	14	3.9	7.0
Finance expenses	14	(62.0)	(43.6)
Profit before income tax expense		810.4	283.5
Income tax expense	5	(233.1)	(84.7)
Net profit after tax		577.3	198.8
Other comprehensive income/(loss)			
<i>Items that may be reclassified to profit or loss</i>			
Net change in fair value of available-for-sale financial assets		-	(17.2)
Net change in hedging reserve		14.4	(14.4)
Net gain/(loss) on translation of foreign operations		(2.1)	1.6
Tax effect relating to components of other comprehensive income	5	(4.3)	6.6
Other comprehensive income/(loss), net of tax		8.0	(23.4)
Total comprehensive income after tax		585.3	175.4
Basic earnings per share (cents per share)	6	25.35¢	9.16¢
Diluted earnings per share (cents per share)	6	25.28¢	9.14¢

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

AS AT 30 JUNE 2019

	Note	Consolidated	
		2019 \$million	2018 \$million
Current assets			
Cash and cash equivalents	15	171.9	311.2
Receivables	16	284.9	273.5
Inventories	7	99.5	94.4
Derivative financial instruments	16	-	19.0
Contract assets		14.1	-
Assets held for sale	24	6.7	21.2
Other		21.4	4.9
Total current assets		598.5	724.2
Non-current assets			
Property, plant and equipment	8	26.8	5.5
Petroleum assets	9	2,726.7	2,710.2
Exploration and evaluation assets	10	355.3	478.9
Goodwill	25	57.1	83.9
Deferred tax assets	5	79.8	68.8
Contract assets		59.6	-
Other		10.1	5.3
Total non-current assets		3,315.4	3,352.6
Total assets		3,913.9	4,076.8
Current liabilities			
Payables	16	324.4	293.3
Provisions	12	25.4	39.6
Current tax liabilities		201.4	100.2
Derivative financial instruments	16	-	47.0
Contract liabilities		60.6	-
Liabilities associated with assets held for sale	24	1.5	2.6
Total current liabilities		613.3	482.7
Non-current liabilities			
Payables	16	6.3	17.8
Provisions	12	842.8	766.8
Interest bearing liabilities	14	-	925.7
Deferred tax liabilities	5	35.1	45.8
Contract liabilities		42.0	-
Total non-current liabilities		926.2	1,756.1
Total liabilities		1,539.5	2,238.8
Net assets		2,374.4	1,838.0
Equity			
Contributed equity	17	1,860.6	1,859.1
Reserves	18	167.9	210.3
Retained earnings/(accumulated losses)		345.9	(231.4)
Total equity		2,374.4	1,838.0

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	Note	Contributed equity \$million	Retained earnings/ (accumulated losses) \$million	Share based payment reserve \$million	Available for sale reserve \$million	Foreign currency translation reserve \$million	Profit distribution reserve \$million	Hedging reserve \$million	Total \$million
Balance as at 30 June 2017		1,558.5	(388.7)	29.1	14.9	15.8	172.4	-	1,402.0
Profit for the year		-	198.8	-	-	-	-	-	198.8
Other comprehensive income		-	-	-	(14.9)	1.6	-	(10.1)	(23.4)
Total comprehensive income/(loss) for the year		-	198.8	-	(14.9)	1.6	-	(10.1)	175.4
Transactions with owners in their capacity as owners:									
Equity raising during the year	17	301.1	-	-	-	-	-	-	301.1
Equity raising costs (net of tax)	17	(3.8)	-	-	-	-	-	-	(3.8)
Shares issued during the year	17	3.3	-	-	-	-	-	-	3.3
Final dividend paid	19	-	(18.7)	-	-	-	-	-	(18.7)
Interim dividend paid	19	-	(22.8)	-	-	-	-	-	(22.8)
Increase in share based payments reserve		-	-	1.5	-	-	-	-	1.5
Transactions with owners		300.6	(41.5)	1.5	-	-	-	-	260.6
Balance as at 30 June 2018		1,859.1	(231.4)	30.6	-	17.4	172.4	(10.1)	1,838.0
Profit for the year		-	577.3	-	-	-	-	-	577.3
Other comprehensive income		-	-	-	-	(2.1)	-	10.1	8.0
Total comprehensive income/(loss) for the year		-	577.3	-	-	(2.1)	-	10.1	585.3
Transactions with owners in their capacity as owners:									
Disposal of foreign operations	24	-	-	-	-	(7.0)	-	-	(7.0)
Shares issued during the year	17	1.5	-	-	-	-	-	-	1.5
Final dividend paid	19	-	-	-	-	-	(22.8)	-	(22.8)
Interim dividend paid	19	-	-	-	-	-	(22.8)	-	(22.8)
Increase in share based payments reserve		-	-	2.2	-	-	-	-	2.2
Transactions with owners		1.5	-	2.2	-	(7.0)	(45.6)	-	(48.9)
Balance as at 30 June 2019		1,860.6	345.9	32.8	-	8.3	126.8	-	2,374.4

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

		Consolidated	
	Note	2019 \$million	2018 \$million
Cash flows from operating activities			
Receipts from customers and other		2,179.6	1,350.6
Payments to suppliers and employees		(948.0)	(633.1)
Payments for restoration		(16.6)	(25.1)
Interest received		4.1	8.4
Financing costs		(31.1)	(15.9)
Derivative payments		(18.7)	(7.9)
Income tax paid		(131.1)	(14.1)
Net cash provided by operating activities	15	1,038.2	662.9
Cash flows from investing activities			
Payments for property, plant and equipment		(110.5)	(46.6)
Payments for subsurface assets		(271.2)	(183.4)
Payments for exploration and evaluation assets		(97.6)	(90.1)
Proceeds from government grants		-	6.6
Proceeds on sale of joint operations interests	24	262.4	1.3
Payments for acquisition of subsidiaries and joint operations, net of cash acquired	25	-	(1,453.0)
Proceeds from sale of non-current assets		21.2	2.0
Proceeds from sale of equity investments		-	32.5
Payments received for future restoration liabilities		11.3	-
Acquisition of exploration tenements		(3.2)	-
Net cash used in investing activities		(187.6)	(1,730.7)
Cash flows from financing activities			
Proceeds from issue of shares		-	301.1
Costs associated with issue of shares		-	(5.0)
Proceeds from borrowings	15	-	950.0
Debt facility establishment costs	15	-	(27.7)
Repayment of borrowings	15	(950.0)	(150.0)
Proceeds from employee incentive loans		1.5	3.3
Dividends paid		(45.5)	(41.5)
Net cash (used in)/provided by financing activities		(994.0)	1,030.2
Net decrease in cash held		(143.4)	(37.6)
Cash at beginning of financial year		311.2	348.0
Effects of exchange rate changes on the balances of cash held in foreign currencies		4.1	0.8
Cash at end of financial year		171.9	311.2

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

Basis of preparation

This section sets out the basis upon which the Group's (comprising Beach and its subsidiaries) financial statements are prepared as a whole. Significant accounting policies and key judgements and estimates of the Group that summarise the measurement basis used and assist in understanding the financial statements are described in the relevant note to the financial statements or are otherwise provided in this section.

Beach Energy Limited (Beach) is a for profit company limited by shares, incorporated in Australia and whose shares are publicly listed on the Australian Securities Exchange (ASX). The nature of the Group's operations are described in the segment note. The consolidated general purpose financial report of the Group for the financial year ended 30 June 2019 was authorised for issue in accordance with a resolution of the directors on 19 August 2019.

This general purpose financial report:

- Has been prepared in accordance with Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. The financial statements comply with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board.
- Has been prepared on a going concern and accruals basis and is based on the historical cost convention, except for derivative financial instruments, debt and equity financial assets, and contingent consideration that have been measured at fair value.
- Is presented in Australian dollars with all amounts rounded to the nearest hundred thousand dollars unless otherwise stated, in accordance with ASIC (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investment Commission.
- Has been prepared by consistently applying all accounting policies to all the financial years presented, unless otherwise stated.
- The consolidated financial statements provide comparative information in respect of the previous period. Where there has been a change in the classification of items in the financial statements for the current period, the comparative for the previous period has been reclassified to be consistent with the classification of that item in the current period.

Notes to the financial statements

The notes include information which is required to understand the financial statements that is material and relevant to the operations, financial position or performance of the Group. Information is considered material and relevant where the amount is significant in size or nature, it is important in understanding changes to the operations or results of the Group or it may significantly impact on future performance.

Key judgements and estimates

In the process of applying the Group's accounting policies, management has had to make judgements, estimates and assumptions about future events that affect the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates and the reasonableness of these estimates and underlying assumptions are reviewed on an ongoing basis. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are found in the following notes:

Note 2 - Revenue from contracts with customers

Note 5 - Taxation

Note 8 - Property, plant and equipment

Note 9 - Petroleum assets

Note 10 - Exploration and evaluation assets

Note 11 - Interests in joint operations

Note 12 - Provisions

Basis of consolidation

The consolidated financial statements are those of Beach and its subsidiaries (detailed in Note 20). Subsidiaries are those entities that Beach controls as it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. In preparing the consolidated financial statements, all transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable. The acquisition of subsidiaries is accounted for using the acquisition method of accounting.

Foreign currency

Both the functional and presentation currency of Beach is Australian dollars. Some subsidiaries have different functional currencies which are translated to the presentation currency. Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the foreign exchange rate ruling at the reporting date. Foreign exchange differences arising on translation are recognised in the profit or loss. Non monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the initial transaction. Non monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences that arise on the translation of monetary items that form part of the net investment in a foreign operation are recognised in equity in the consolidated financial statements. Revenues, expenses and equity items of foreign operations are translated to Australian dollars using the exchange rate at the date of transaction while assets and liabilities are translated using the rate at balance date with differences recognised directly in the Foreign Currency Translation Reserve.

Adoption of new and revised accounting standards

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current annual reporting period. Information on adoption of these new standards is provided below.

AASB 15 Revenue from Contracts with Customers (AASB 15)

AASB 15 has been adopted from 1 July 2018 and provides a new basis for recognising revenue earned from a contract with a customer. AASB 15 replaces *AASB 118 Revenue*, *AASB 111 Construction Contracts* and several revenue related Interpretations. AASB 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. AASB 15 also makes consequential amendments to AASB 116 Property, Plant & Equipment and AASB 138 Intangible Assets which may impact on the date of disposal and the amount of consideration included in the gain or loss arising from the derecognition.

In accordance with the transition provisions of AASB 15, the Group has adopted the full retrospective transition approach. The Group undertook a detailed review of its revenue contracts and whilst AASB 15 has resulted in some changes in accounting policy and adjustments to amounts recognised in the consolidated financial statements, the Group concluded there were no adjustments required to net profit or opening retained earnings on transition as the amounts were not material. No transition practical expedients were applied. Comparatives for previous reporting period have been restated.

Under AASB 15, the subsequent measurement of provisionally priced sales is not revenue from customers and has been recognised as other sales revenue. The total impact of transition adjustments on 30 June 2018 reported revenue is as follows:

	30 June 2018 \$ million	Transition adjustment \$million	(Restated) 30 June 2018 \$ million
Crude oil	595.0	(44.4)	550.6
Gas and gas liquids	655.8	-	655.8
Revenue from contracts with customers	1,250.8	(44.4)	1,206.4
Crude oil - revaluation of provisionally priced sales	-	44.4	44.4
Sales Revenue	1,250.8	-	1,250.8
Other Revenue	16.6	-	16.6
Total Revenue	1,267.4	-	1,267.4

The Group has elected to change from the "entitlements method" to the "sales method" of accounting for sales revenue. Previously under the entitlements method, sales revenue was recognised on the basis of the Group's interest in a producing field. Under the sales method, revenue will be recognised based on volumes sold under contracts with customers, at the point in time where performance obligations are considered met. Generally, regarding the sale of hydrocarbon products, the performance obligation will be met when the product is delivered to the specified measurement point (gas) or point of loading/unloading (liquids).

AASB 9 Financial Instruments (AASB 9)

AASB 9 has been adopted from 1 July 2018. It addresses the classification, measurement and derecognition of financial assets, financial liabilities and hedging and a new impairment model for financial assets and replaces *AASB139 Financial Instruments: Recognition and Measurement*.

The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses. No adjustment was required to opening retained earnings at 1 July 2018 on transition to the forward looking ECL model. There are no hedging contracts remaining at 30 June 2019 although hedging contracts from FY18 were not impacted by AASB 9 during the FY19 year.

AASB 2016-5 Amendments to Australian Accounting Standards - Classification and Measurement of Share-based Payment Transactions

The adoption of this amendment did not have any impact on the amounts recognised in prior periods and will also not affect the current or future periods.

Notes to the Financial Statements

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

Basis of preparation continued

Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Group:

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Group. Management anticipates that all of the relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Group's financial statements is provided below.

Year ended 30 June 2020:

AASB 16 Leases (AASB 16)

AASB 16 will become effective from financial reporting periods beginning on or after 1 January 2019 and will be adopted by the Group from 1 July 2019. AASB 16 provides a new lessee accounting model which requires a lessee to recognise a right-of-use asset, representing its right to use the underlying asset, and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of a low value.

At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) based on the present value of unavoidable future lease payments to be made over the lease term. A corresponding asset, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs, is also recognised at commencement representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset).

The depreciation of the right-of-use asset and interest on the lease liability will be recognised in the consolidated income statement. AASB 16 replaces AASB 117 *Leases* and AASB Interpretation 4 *Determining whether an arrangement contains a lease*. Accounting for leases by a lessor remained substantially unchanged under AASB 16.

The Group operates predominantly as a lessee. The standard will affect primarily the accounting for the Group's operating leases, with no significant impact expected for the Group's finance leases.

A project team was established comprising appropriate leasing subject matter specialists, with a detailed review of AASB 16 and relevant industry guidance being performed. In addition, the Group undertook a detailed identification and assessment exercise, to identify and quantify the impact of leasing arrangements that existed as at the transition date of the standard.

The Group will apply the modified retrospective transition approach, with election of the option to retrospectively measure the right-of-use asset as equal to the lease liability.

Furthermore, the Group plans to elect the following transition practical expedients:

- (i) lease arrangements with a short remaining term (less than 12 months) from date of initial application;
- (ii) discount rate applied to a portfolio of leases with similar characteristics; and
- (iii) use of hindsight with regards to determination of the lease term.

The operating lease commitments for leases within joint operations are included on the basis of the Group's net working interest for the information provided in Note 13, irrespective of whether the Group is the operator and whether the lease has been co-signed by the joint operators or not. However, for transition to AASB 16, the facts and circumstances of each lease in a joint operation have been assessed to determine the Group's rights and obligations and to recognise assets and liabilities on the group balance sheet accordingly. This relates mainly to leases of drilling rigs within joint operations. Where all parties to a joint operation jointly have the right to control the use of the identified asset and all parties have a legal obligation to make lease payments to the lessor, only the Group's share of the right-of-use asset and the lease liability will be recognised. However, in cases where the Group is the only party with the legal obligation to make lease payments to the lessor, the full lease liability will be recognised. If, however, the underlying asset is jointly controlled by all parties to the joint operation, the Group will recognise its net share of the right-of-use asset along with a receivable representing the amounts to be recovered from the other parties. If Beach is not legally obliged to make lease payments to the lessor but jointly controls the asset, the net share of the right-of-use asset will be recognised on the group balance sheet along with a payable representing amounts to be paid to the other parties.

Based on the information currently available and having consideration for AASB 11 *Joint Arrangements*, the Group estimates the following impact on its consolidated statement of financial position as at 30 June 2019. The Group will monitor developments in any interpretations in accounting for leases including with respect to joint operations, on an ongoing basis, which may result in a change to the amounts currently estimated below.

Estimated impact on Consolidated Statement of Financial Position	2019 \$million
Right-of-use assets	97.2
Lease liabilities	97.2

The Group estimates the presentation and timing of recognition of charges in its consolidated statement of profit or loss and other comprehensive income will also change as the operating lease expense currently recognised under AASB 117, typically on a straight-line basis, will be replaced by depreciation of the right-of-use asset and interest on the lease liability. In the consolidated statement of cash flows, operating lease payments are currently presented within cash flows from operating activities but under AASB 16 payments will be presented as financing cash flows, representing repayments of debt, and as operating cash flows, representing payments of interest. Variable lease payments that do not depend on index or rate are not included in the lease liability and will continue to be presented as operating cash flows.

The Group does not expect the adoption of AASB 16 to impact its ability to comply with debt covenants.

As at the reporting date, the Group has non-cancellable operating lease commitments of \$64.3 million as detailed in Note 13. The operating lease commitments disclosed in Note 13 include amounts relating to leases entered into by the Group that had not yet commenced as at 30 June 2019. In accordance with AASB 16 assets and liabilities will not be recognised until the date of commencement of the lease. Such commitments will continue to be disclosed in future under AASB 16.

Year ended 30 June 2021:

AASB 2018-6 Amendments to Australian Accounting Standards - Definition of a Business

This amendment updates the definition of a business in AASB 3 Business Combinations to help determine whether an acquired set of activities and assets is a business or not. The amendment requires prospective application and will provide further clarity on the accounting treatment for future acquisition transactions. This amendment is applicable to annual reporting periods beginning on or after 1 January 2020 but is available for early adoption. The Group plans to adopt the new standard on the required effective date.

AASB Interpretation 23 Uncertainty over Income Tax Treatment

This Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of AASB 112 and does not apply to taxes or levies outside the scope of AASB 112, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available. The Group plans to adopt the new standard on the required effective date.

Notes to the Financial Statements

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

Results for the year

This section explains the results and performance of the Group including additional information about those individual line items in the financial statements most relevant in the context of the operations of the Group, including accounting policies that are relevant for understanding the items recognised in the financial statements and an analysis of the Group's result for the year by reference to key areas, including operating segments, revenue, expenses, employee costs, taxation and earnings per share.

1. Operating segments

The Group has identified its operating segments to be its South Australian and Western Australian (SAWA), Victorian and New Zealand interests based on the different geographical regions and the similarity of assets within those regions. This is the basis on which internal reports are provided to the Chief Executive Officer for assessing performance and determining the allocation of resources within the Group.

The Group operates primarily in one business, namely the exploration, development and production of hydrocarbons. Revenue is derived from the sale of gas and liquid hydrocarbons. Gas sales contracts are spread across major Australian and New Zealand energy retailers and industrial users with liquid hydrocarbon product sales being made to major multi-national energy companies based on international market pricing.

Details of the performance of each of these operating segments for the financial years ended 30 June 2019 and 30 June 2018 are set out as follows:

	SAWA		Victoria		New Zealand		Total	
	2019 \$million	2018 \$million	2019 \$million	2018 \$million	2019 \$million	2018 \$million	2019 \$million	2018 \$million
Segment revenue								
Revenue from external customers	1,304.6	955.5	446.8	208.2	174.0	87.1	1,925.4	1,250.8
<i>During the year revenue from three customers amounted to \$1,053 million (2018: \$591.6 million from two customers) arising from sales from SAWA and Victoria segments.</i>								
Segment results								
Gross segment result before depreciation, amortisation and impairment	782.0	576.7	344.5	156.0	114.1	56.8	1,240.6	789.5
Depreciation and amortisation	(257.9)	(207.2)	(242.4)	(91.0)	(22.3)	(14.3)	(522.6)	(312.5)
Impairment expense	-	(60.5)	-	-	-	-	-	(60.5)
	524.1	309.0	102.1	65.0	91.8	42.5	718.0	416.5
Other revenue							152.3	16.6
Other income							41.8	24.1
Net financing costs							(58.1)	(36.6)
Other expenses							(43.6)	(137.1)
Profit before tax							810.4	283.5
Income tax benefit							(233.1)	(84.7)
Net profit after tax							577.3	198.8
Segment assets	2,448.3	2,124.6	739.2	1,073.4	301.9	276.1	3,489.4	3,474.1
Total corporate and unallocated assets							424.5	602.7
Total consolidated assets							3,913.9	4,076.8
Segment liabilities	643.0	459.0	412.4	330.0	145.4	76.7	1,200.8	865.7
Total corporate and unallocated liabilities							338.7	1,373.1
Total consolidated liabilities							1,539.5	2,238.8
Additions and acquisitions of non-current assets								
Exploration and evaluation assets	107.6	112.0	17.0	419.3	0.4	0.1	125.0	531.4
Petroleum assets	392.1	862.5	292.3	690.9	8.8	277.4	693.2	1,830.8
	499.7	974.5	309.3	1,110.2	9.2	277.5	818.2	2,362.2
Total corporate and unallocated assets							25.5	14.5
Total additions and acquisitions of non-current assets							843.7	2,376.7

	Australia		New Zealand		Total	
	2019 \$million	2018 \$million	2019 \$million	2018 \$million	2019 \$million	2018 \$million
Non-current assets *	2,959.3	3,005.6	266.2	272.9	3,225.5	3,278.5

* excluding financial assets and deferred taxes

2. Revenue from contracts with customers and other income

Revenue from contracts with customers is recognised in the income statement when the performance obligations are considered met, which is when control of the hydrocarbon products or services provided are transferred to the customer. Revenue is recognised at an amount that reflects the consideration the Group expects to be entitled to, net of goods and services tax or similar taxes.

Product sales

Sales revenue is recognised using the "sales method" of accounting. The sales method results in revenue being recognised based on volumes sold under contracts with customers, at the point in time where performance obligations are considered met. Generally, regarding the sale of hydrocarbon products, the performance obligation will be met when the product is delivered to the specified measurement point (gas) or point of loading/unloading (liquids).

The Group's sales of crude oil, liquefied natural gas, ethane, condensate, LPG, and in some contractual arrangements, natural gas, are based on market prices. In contractual arrangements with market base pricing, at the time of the delivery, there is only a minimal risk of a change in transaction price to be allocated to the product sold. Accordingly, at the point of sale where there is not a significant risk of revenue reversal relative to the cumulative revenue recognised, there is no constraining of variable consideration.

Where the sales price is not final at the point the performance obligations are met, any subsequent measurement of these provisionally priced sales is not revenue from customers and has been recognised as other sales revenue.

Contract liabilities and contract assets

A contract liability for deferred revenue is recorded for obligations under sales contracts to deliver natural gas in future periods for which payment has already been received. Where the period between when payment is received and performance obligations are considered met, is more than 12 months, an assessment will be made for whether a significant financing component is required to be accounted for. Deferred revenue liabilities unwind as "revenue from contracts with customers", upon settlement of the obligation, and if a significant financing component associated with deferred revenue exists, an interest expense will also be recognised over the life of the contract.

On acquisition of the Lattice and Toyota Tsusho interests (refer note 25), pre-existing revenue contracts were fair valued, resulting in contract assets and liabilities being recognised. Both the contract assets and liabilities represent the differential in contract pricing and market price, and will be realised as performance obligations are considered met in the underlying revenue contract. To the extent a contract asset or liability represents the fair value differential between contract price and market price, it will be unwound through "other operating revenue or expense".

(a) Revenue

	Consolidated	
	2019 \$million	2018 \$million
Crude oil ⁽¹⁾	779.3	550.6
Sales gas and ethane	755.6	416.8
Liquefied petroleum gas	170.6	97.5
Condensate	223.4	141.5
Gas and gas liquids	1,149.6	655.8
Revenue from contracts with customers	1,928.9	1,206.4
Crude oil - revaluation of provisionally priced sales ⁽²⁾	(3.5)	44.4
Sales Revenue	1,925.4	1,250.8
Other operating revenue	152.3	16.6
Total revenue	2,077.7	1,267.4

(1) Inclusive of realised hedge settlements and premiums paid of \$16.4 million (FY18 \$10.2 million).

(2) Provisionally priced oil sales revenue recorded at 30 June 2019 totalled \$94.5 million (FY18 \$80.4 million).

Notes to the Financial Statements

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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2. Revenue from contracts with customers and other income continued

(b) Other income

	Note	Consolidated	
		2019 \$million	2018 \$million
Gain on sale of joint operations interests	24	13.5	-
Gain on liquidation of overseas subsidiary	24	7.0	-
Gain on derivative financial instruments		13.6	-
Gain on settlement of restoration obligation		-	15.0
Gain on sale of investments		-	5.3
Gain on sale of non-current assets		-	1.0
Government grants received		-	1.2
Foreign exchange gains		4.2	1.6
Other		3.5	-
Total other income		41.8	24.1

3. Expenses

The Group's significant expenses in operating the business are described below split between cost of sales and other expenses including impairment and corporate and other costs.

(a) Cost of sales

	Note	Consolidated	
		2019 \$million	2018 \$million
Operating costs		385.1	273.1
Royalties		155.9	99.5
Total operating costs		541.0	372.6
Depreciation and amortisation of petroleum assets	9	522.6	312.5
Third party oil and gas purchases		139.3	75.8
Change in inventory		4.5	12.9
Total cost of sales		1,207.4	773.8

(b) Other expenses

	Note	Consolidated	
		2019 \$million	2018 \$million
Impairment			
Impairment expense on other property, plant & equipment	8	-	1.2
Impairment of exploration and evaluation assets	10	-	87.1
Total impairment expense		-	88.3
Other			
Loss on derivative financial instruments		-	13.2
Loss on sale of non-current assets		0.1	-
Depreciation of property, plant and equipment	8	3.9	2.0
Acquisition and integration costs	25	1.6	50.1
Corporate expenses		38.0	44.0
Other expenses		43.6	109.3
Total other expenses		43.6	197.6

4. Employee benefits

Provision is made for the Group's employee benefits liability arising from services rendered by employees to the end of the reporting period. These benefits include wages, salaries, annual leave and long service leave. Where these benefits are expected to be settled within 12 months of the reporting date, they are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-vesting personal leave are recognised when the leave is taken and are measured at the rates paid or payable. Liabilities for long service leave and annual leave that is not expected to be taken wholly before 12 months after the end of the reporting period in which the employee rendered the related service, are recognised and measured as the present value of the estimated future cash outflows to be made in respect of employees' services up to the reporting date. The obligation is calculated using expected future increases in wage and salary rates, experience of employee departures and periods of service. The estimated future payments have been discounted using Australian corporate bond rates. The obligations are presented as current liabilities in the statement of financial position if the Group does not have the unconditional right to defer settlement for at least 12 months after the reporting date, regardless of when the actual settlement is expected to occur.

Superannuation commitments - Each employee nominates their own superannuation fund into which Beach contributes compulsory superannuation amounts based on a percentage of their salary.

Termination benefits - Termination benefits may be payable when employment is terminated before the normal retirement date, without cause, or when an employee accepts voluntary redundancy in exchange for these benefits. Beach recognises termination benefits when it is demonstrably committed to making these payments.

Equity settled compensation

Employee Incentive Plan - The Group operates an Employee Incentive Plan, approved by shareholders. Shares are allotted to employees under this plan at the Board's discretion. Shares acquired by employees are funded by interest free non-recourse loans for a term of 10 years which are repayable on cessation of employment with the consolidated entity or expiry of the loan term. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period with a corresponding increase in equity. The fair value of shares issued is determined with reference to the latest ASX share price. Rights are valued using an appropriate valuation technique such as the Binomial or Black-Scholes Option Pricing Models which takes into account the vesting conditions.

No new shares were issued to employees during the financial year, pursuant to this plan.

The closing ASX share price of Beach fully paid ordinary shares at 28 June 2019 was \$1.985 as compared to \$1.755 as at 29 June 2018.

Employee Share Plan - A new employee share plan was approved by shareholders during the year where Employees who buy shares under the Plan will have those shares matched by Beach, provided any relevant conditions determined by the Board are satisfied. Eligible Employees are employees of the Group, other than a non-executive director and includes another person determined by the Board as eligible to participate in the Plan. The Board will have discretion to set an annual limit on the value of shares that participants may purchase under the Plan (not exceeding \$5,000) with Purchased Shares to be acquired at a price determined by the Board at the time of invitation. The Board currently intends that Purchased Shares will be purchased periodically at the prevailing market price. Participants pay for their Purchased Shares using their own funds which may include salary sacrifice. To receive Matched Shares, a participant must satisfy the conditions determined by the Board at the time of the invitation. As at 30 June 2019, no shares had been purchased or issued under this plan.

Incentive Rights - The Group operates an Executive Incentive Plan (EIP) providing both Short Term Incentives (STIs) and Long Term Incentives (LTIs). The STI is part of 'at risk' remuneration offered to senior executives. It measures individual and Company performance over a 12 month period coinciding with Beach's financial year. It is provided in equal parts of cash and equity that may or may not vest subject to additional retention conditions. It is offered annually to senior executives at the discretion of the Board. The LTI is an equity based 'at risk' incentive plan. The LTI is intended to reward efforts and results that promote long term growth in shareholder value or total shareholder return (TSR). LTIs are offered to senior executives at the discretion of the Board. The fair value of performance rights issued are recognised as an employee benefits expense with a corresponding increase in equity. The fair value of the performance rights are measured at grant date and recognised over the vesting period during which the senior executives become entitled to the performance rights. The fair value of the STIs is measured using the Black-Scholes Option Pricing Model and the fair value of the LTIs is measured using Monte Carlo simulation, taking into account the terms and conditions upon which these rights were issued. Details of the key assumptions used in determining the valuation of both STI's and LTI's issued during the year are outlined below.

The following employee shares are currently on issue	Number
Balance as at 30 June 2017	6,703,641
Loans repaid during 2018 financial year	(3,021,983)
Balance as at 30 June 2018	3,681,658
Loans repaid during 2019 financial year	(1,140,170)
Balance as at 30 June 2019	2,541,488

Notes to the Financial Statements

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

4. Employee benefits continued

Equity settled compensation continued

	2017 STI Rights	2017 STI Rights	2018 LTI Rights
Grant date	6 Dec 2018	6 Dec 2018	14 Dec 2018
Vesting date	1 Jul 2019	1 Jul 2020	1 Dec 2021
Share price at grant date (A\$)	1.575	1.575	1.645
Exercise price (A\$)	Nil	Nil	Nil
Expected volatility (average)	n/a	n/a	49.33%
Vesting Period (years)	0.6	1.6	3.0
Risk free rate	n/a	n/a	2.04%
Dividend yield	1.60%	1.60%	1.60%
Number of securities issued	218,962	218,966	2,328,932
Fair value of security at grant date (A\$)	1.5559	1.5314	1.0181
Total fair value at grant date	340,683	335,325	2,371,086

Movements in unlisted performance rights are set out below:

	Consolidated	
	2019 number	2018 number
Balance at beginning of period	6,623,901	6,820,796
Issued during the period	2,766,860	4,114,642
Cancelled during the period	-	(3,097,646)
Vested during the period	(1,678,886)	(1,213,891)
Balance at end of period	7,711,875	6,623,901

During the period, Beach issued 437,928 unlisted rights pursuant to the EIP for the 2017 STI offer. 218,962 of the unlisted performance rights vest on 1 July 2019 and 218,966 vest on 1 July 2020 subject to the holder of the rights remaining employed with Beach on the vesting dates. Beach also issued 2,328,932 LTI unlisted rights under the EIP. These rights, which expire on 30 November 2023, are exercisable for nil consideration and are not exercisable before 1 December 2021.

5. Taxation

Taxation on the profit or loss for the year comprises current and deferred tax. Taxation is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates and laws enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous years.

Deferred tax is determined using the statement of financial position approach on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the statement of financial position. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences or unused tax losses and tax offsets can be utilised.

Deferred tax is not recognised for temporary differences arising from goodwill or from the initial recognition of assets and liabilities (other than a business combination) in a transaction that affects neither accounting profit nor taxable income.

Deferred tax assets and liabilities are measured at the tax rates that are expected to be applied when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted at the reporting date.

Current and deferred tax assets and liabilities are offset when there is a legally enforceable right to offset and when the tax balances are related to taxes levied by the same tax authority and the entity intends to settle its tax assets and liabilities on a net basis.

Petroleum Resource Rent Tax (PRRT)

PRRT is considered, for accounting purposes, to be a tax based on income. Accordingly, current and deferred PRRT expense is measured and disclosed on the same basis as income tax.

The impact of future augmentation on expenditure is included in the determination of future taxable profits when assessing the extent to which a deferred tax asset for PRRT can be recognised in the statement of financial position. From 1 July 2019, the existing PRRT regime was amended to remove all Australian petroleum production sourced from projects located onshore and amend the augmentation rates for carry forward expenditure. These changes have been assessed to measure and disclose the current and deferred PRRT expense.

Australian income tax consolidation

Beach and its wholly owned Australian subsidiaries are consolidated for Australian income tax purposes with Beach responsible for recognising the current and deferred tax assets and liabilities for the income tax consolidated group.

Beach is responsible for recognising the current tax liability, current tax assets and deferred tax assets arising from unused tax losses and credits for the income tax consolidated group. The Group has applied the separate taxpayer approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group.

Beach has entered into a tax sharing agreement with its wholly owned subsidiaries whereby each company in the group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group.

Notes to the Financial Statements

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

5. Taxation continued

Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- When the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Consolidated Statement of Cash Flows on a gross basis.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(a) Income tax expense/(benefit)

Income tax recognised in the statement of profit or loss of the Group is as follows:

	Consolidated	
	2019 \$million	2018 \$million
Recognised in the statement of profit or loss		
Current tax expense		
Current year	242.5	101.0
Adjustments for prior years	(10.5)	3.3
Total current tax expense/(benefit)	232.0	104.3
Deferred tax expense		
Origination and reversal of temporary differences	1.7	(17.8)
Adjustments for prior years	(3.4)	(0.1)
Derecognition/(recognition) of tax losses	2.8	(1.7)
Total deferred tax expense/(benefit)	1.1	(19.6)
Total income tax expense/(benefit)	233.1	84.7

(b) Numerical reconciliation between tax expense and prima facie tax expense

A reconciliation between income tax expense calculated on profit before tax to income tax expense included in the statement of profit or loss

	Consolidated	
	2019 \$million	2018 \$million
Accounting profit before income tax	810.4	283.5
Prima facie tax on accounting profit before tax at 30%	243.1	85.0
Adjustment to income tax expense due to:		
Non-deductible expenditure	0.7	5.2
Losses of controlled foreign entities not recognised	2.0	0.2
Sale of investments	-	(1.6)
Impact of tax rates applicable outside Australia	(1.6)	(0.6)
Derecognition/(recognition) of tax losses	2.8	(1.7)
Non assessable income	-	(5.0)
Under/(over) provision in prior years	(13.9)	3.2
Income tax expense reported in the Statement of Profit or Loss	233.1	84.7

(c) Tax effects relating to each component of other comprehensive income (\$million)

Group	2019			2018		
	Before tax amount	Tax In Equity	Net of tax amount	Before tax amount	Tax benefit	Net of tax amount
Available-for-sale financial assets	-	-	-	(17.2)	2.3	(14.9)
Hedging reserve	14.4	(4.3)	10.1	(14.4)	4.3	(10.1)
Exchange difference on translating foreign controlled entities	(3.0)	-	(3.0)	1.6	-	1.6

(d) Movement in Group deferred tax balances (\$million)

Current financial year	Balance 1 July 2018	Recognised in income	Acquired	Recognised in OCI/Equity	Balance 30 June 2019	Deferred Tax Asset	Deferred Tax Liability
Oil & Gas Assets	(217.1)	(26.5)	31.0	-	(212.6)	82.0	(294.6)
Assets and Liabilities Held For Sale	0.5	-	1.6	-	2.1	2.1	-
Provisions	232.4	32.0	(12.0)	-	252.4	272.2	(19.8)
Employee benefits	5.2	1.2	0.5	-	6.9	6.9	-
Tax Losses	-	6.2	-	-	6.2	6.2	-
Other Items	2.4	(13.6)	6.3	(4.6)	(9.5)	11.4	(20.9)
Inventories	(0.4)	(0.4)	-	-	(0.8)	-	(0.8)
Tax assets/(liabilities) before set-off	23.0	(1.1)	27.4	(4.6)	44.7	380.8	(336.1)
Set-off of deferred tax assets in Australia	-	-	-	-	-	(301.0)	301.0
Net deferred tax asset/(liabilities)						79.8	(35.1)

Previous financial year	Balance 1 July 2017	Recognised in income	Acquired	Recognised in OCI/Equity	Balance 30 June 2018	Deferred Tax Asset	Deferred Tax Liability
Oil & Gas Assets	9.5	14.1	(240.7)	-	(217.1)	55.1	(272.2)
Investments	-	(2.3)	-	2.3	-	-	-
Assets and Liabilities Held For Sale	(0.5)	1.0	-	-	0.5	0.5	-
Provisions	81.4	3.0	148.0	-	232.4	232.4	-
Employee benefits	2.0	(0.7)	3.9	-	5.2	5.2	-
Other Items	(12.6)	4.5	5.0	5.5	2.4	20.4	(18.0)
Inventories	(0.5)	0.1	-	-	(0.4)	-	(0.4)
Tax assets/(liabilities) before set-off	79.3	19.7	(83.8)	7.8	23.0	313.6	(290.6)
Set-off of deferred tax assets in Australia	-	-	-	-	-	(244.8)	244.8
Net deferred tax asset/(liabilities)						68.8	(45.8)

Notes to the Financial Statements

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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5. Taxation continued

(e) Deferred tax assets have not been recognised in respect of the following items:

	Consolidated	
	2019 \$million	2018 \$million
Tax losses (capital)	25.0	18.7
Foreign tax losses (revenue)	9.3	12.5
PRRT (net of income tax)	1,057.6	4,277.3
Total	1,091.9	4,308.5

6. Earnings per share (EPS)

The Group presents basic and diluted EPS for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares for the dilutive effect, if any, of outstanding share rights which have been issued to employees.

Earnings after tax used in the calculation of EPS is as follows:

	2019 \$million	2018 \$million
Basic EPS and Diluted EPS	577.3	198.8

Weighted average number of ordinary shares and potential ordinary shares used in the calculation of EPS is as follows:

	2019 Number	2018 Number
Basic EPS	2,277,720,328	2,170,981,952
Share rights	6,436,398	5,136,462
Diluted EPS	2,284,156,726	2,176,118,414

Calculation of EPS is as follows:

Basic earnings per share (cents per share)	25.35¢	9.16¢
Diluted earnings per share (cents per share)	25.28¢	9.14¢

There were no potential ordinary shares relating to performance rights that were not considered dilutive during the period as vesting would not have occurred based on the status of the required vesting conditions at the end of the relevant reporting period. Accordingly, these have been excluded from the calculation of diluted EPS.

A further 679,224 shares were issued upon vesting of unlisted performance rights issued on 1 December 2017 and 6 December 2018 pursuant to the Beach Energy Ltd Executive Incentive Plan for the 2016 and 2017 Short Term Incentive Offers following satisfaction of the retention condition.

Capital employed

This section details the investments made by the Group in exploring for and developing its petroleum business including inventories, property plant and equipment, petroleum assets, joint operations and any related restoration provisions as well as an assessment of asset impairment and details of future commitments.

7. Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Cost is determined as follows:

- (i) Drilling and maintenance stocks, which include plant spares, consumables, maintenance and drilling tools used for ongoing operations, are valued at weighted average cost; and
- (ii) Petroleum products, which comprise extracted crude oil, liquefied petroleum gas, condensate and naphtha stored in tanks and pipeline systems and process sales gas and ethane stored in sub-surface reservoirs, are valued using the absorption cost method.

	Consolidated	
	2019 \$million	2018 \$million
Petroleum products	66.5	70.5
Drilling and maintenance stocks	41.4	38.0
Less provision for obsolescence	(8.4)	(14.1)
Total current inventories at lower of cost and net realisable value	99.5	94.4
Petroleum products included above which are stated at net realisable value	-	0.9

8. Property, plant and equipment (PPE)

PPE is measured at cost less depreciation and impairment losses. The carrying amount of PPE is reviewed bi-annually for impairment triggers. The cost of PPE constructed within the Group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred. The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in the profit or loss.

The depreciable amount of all PPE is depreciated using a straight line basis over their useful lives commencing from the time the asset is held ready for use. The depreciation rates used in the current and previous period for each class of depreciable asset are between 4-33%.

	Note	Consolidated	
		2019 \$million	2018 \$million
Land and buildings			
Land and buildings at cost		-	-
Less accumulated depreciation		-	-
Total land and buildings		-	-
Reconciliation of movement in land and buildings:			
Balance at beginning of financial year		-	22.6
Impairment of land and buildings		-	(1.2)
Reclassification to assets held for sale ⁽¹⁾	24	-	(21.0)
Depreciation expense		-	(0.4)
Total land and buildings		-	-

(1) In FY18, Head office building classified as held for sale comprises land (\$8.5 million), buildings (\$12.5 million) and other equipment (\$0.2 million) forming part of the sale.

Notes to the Financial Statements
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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8. Property, plant and equipment (PPE) continued

	Note	Consolidated	
		2019 \$million	2018 \$million
Plant and equipment			
Plant and equipment		33.3	13.1
Plant and equipment under construction		7.5	2.7
Less accumulated depreciation		(14.0)	(10.3)
Total plant and equipment		26.8	5.5
Reconciliation of movement in other plant and equipment:			
Balance at beginning of financial year		5.5	3.8
Additions		25.5	3.4
Reclassification to assets held for sale ⁽¹⁾	24	-	(0.2)
Depreciation expense		(3.9)	(1.5)
Disposals		(0.3)	-
Total plant and equipment		26.8	5.5
Total property, plant and equipment		26.8	5.5

(1) In FY18, Head office building classified as held for sale comprises land (\$8.5 million), buildings (\$12.5 million) and other equipment (\$0.2 million) forming part of the sale.

9. Petroleum assets

Petroleum assets are stated at cost less accumulated depreciation and impairment charges. They include initial cost, with an appropriate proportion of fixed and variable overheads, to acquire, construct, install or complete production and infrastructure facilities such as pipelines and platforms, capitalised borrowing costs, transferred exploration and evaluation assets and development wells. Subsequent capital costs, including major maintenance, are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The depreciable amount of all onshore production facilities, field and other equipment excluding freehold land is depreciated using a straight line basis over the lesser of their useful lives and the life of proved and probable reserves commencing from the time the asset is held ready for use. Offshore production facilities and field equipment are depreciated based on a units of production method using proved and probable reserves. The depreciation rates used in the current and previous period for each class of depreciable asset are 4-50% for onshore production facilities, field and other equipment.

Subsurface assets are amortised using the units of production method over the life of the area according to the rate of depletion of the proved and probable reserves. Retention of petroleum assets is subject to meeting certain work obligations/commitments as detailed in Note 13. The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in the profit or loss.

Estimates of reserve quantities

The estimated quantities of proved and probable hydrocarbon reserves reported by the Group are integral to the calculation of amortisation (depletion), depreciation expense and to assessments of possible impairment or impairment reversal. Estimated reserve quantities are based upon interpretations of geological and geophysical models and assessment of the technical feasibility and commercial viability of producing the reserves. Beach prepares its petroleum reserves estimates in accordance with the Petroleum Resources Management System (PRMS) published by the Society of Petroleum Engineers. All estimates of petroleum reserves reported by Beach are prepared by, or under the supervision of, a qualified petroleum reserves and resources evaluator. To ensure the integrity and reliability of data used in the reserves estimation process, the raw data is reviewed and quality controlled by senior professional staff at Beach. During each petroleum reserves review, this data is updated, analysed and checked against the previous year's data. These assessments require assumptions to be made regarding future development and production costs, commodity prices, exchange rates and fiscal regimes. Approximately three quarters of Beach's 2P (developed and Undeveloped) Reserves at 30 June 2019 have been independently audited by RISC Advisory in accordance with Beach's reserves policy. Estimates of reserves may change from period to period as the economic assumptions used to estimate the reserves can change from period to period, and as additional geological data is generated during the course of operations. Estimates are reviewed annually or when there are significant changes in the circumstances impacting specific assets or asset groups. These changes may impact depreciation, asset carrying values, restoration provisions and deferred tax balances. If proved and probable reserves estimates are revised downwards, earnings could be affected by higher depreciation expense or an immediate write-down of the asset's carrying value.

		Consolidated	
	Note	2019 \$million	2018 \$million
Field land and buildings			
Land and buildings at cost		85.7	87.9
Less accumulated depreciation		(34.5)	(27.3)
Total land and buildings		51.2	60.6
Reconciliation of movement in field land and buildings:			
Balance at beginning of financial year		60.6	22.3
Additions		-	32.8
Acquisition of subsidiaries and joint operation interests		-	10.1
Transfer from production facilities and field equipment		-	1.0
Transfer from subsurface assets		-	4.1
Depreciation expense		(10.0)	(9.7)
Foreign exchange movement		0.6	-
Total field land and buildings		51.2	60.6
Production facilities and field equipment			
Production facilities and field equipment		1,814.7	1,851.5
Production facilities and field equipment under construction		125.9	5.2
Less accumulated depreciation		(851.8)	(595.2)
Total production facilities and field equipment		1,088.8	1,261.5
Reconciliation of movement in production facilities, field and other equipment:			
Balance at beginning of financial year		1,261.5	378.7
Additions		75.3	6.1
Acquisition of subsidiaries and joint operation interests ⁽¹⁾		(53.3)	949.8
Reclassification to assets held for sale	24	(3.9)	-
Transfer to field land and buildings		-	(1.0)
Transfer from exploration and evaluation assets		6.8	-
Depreciation expense		(77.6)	(72.1)
Disposals		(127.3)	-
Foreign exchange movement		7.3	-
Total production facilities and field equipment		1,088.8	1,261.5
Subsurface assets			
Subsurface assets at cost		3,013.2	2,617.7
Subsurface assets under construction		306.8	118.1
Less accumulated depreciation		(1,733.3)	(1,347.7)
Total subsurface assets		1,586.7	1,388.1
Reconciliation of movement in subsurface assets			
Balance at beginning of financial year		1,388.1	558.8
Additions		274.7	169.0
Acquisition of subsidiaries and joint operation interests ⁽¹⁾		234.3	634.6
Increase in restoration		144.1	28.0
Transfer from exploration and evaluation assets		140.6	232.1
Transfer to field land and buildings		-	(4.1)
Reclassification to assets held for sale	24	(1.3)	-
Borrowing costs capitalised		18.1	-
Foreign exchange movement		(0.1)	0.5
Amortisation expense		(435.0)	(230.8)
Disposals		(176.8)	-
Total subsurface assets		1,586.7	1,388.1
Total petroleum assets		2,726.7	2,710.2

(1) Acquisitions of petroleum assets represent adjustments made in the current period to the provisional purchase price accounting for the acquisition of the Lattice and Toyota interests in the previous financial year as detailed in note 25.

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

9. Petroleum assets continued

Estimates of reserve quantities continued

The carrying amounts of petroleum assets are assessed half yearly to determine whether there is an indication of impairment or impairment reversal for those assets which have previously been impaired. Indicators of impairment and impairment reversals include changes in future selling prices, future costs and reserves. When assessing potential indicators of impairment or reversals the Group models scenarios and a range of possible future commodity prices is considered. If any such indication exists, the asset's recoverable amount is estimated. Petroleum assets are assessed for impairment indicators on a cash generating unit (CGU) basis. Following review of interdependencies between the various operations within the Group, it has been determined that the operational CGU's are Cooper Basin, Perth Basin, OGP, BassGas and Kupe. Where the carrying value of a CGU includes goodwill, the recoverable amount of the CGU is estimated regardless of whether there is an indicator of impairment or not.

The recoverable amount of an asset or CGU is determined as the higher of its value in use and fair value less costs of disposal. Value in use is determined by estimating future cash flows after taking into account the risks specific to the asset and discounting it to its present value using an appropriate discount rate. If the carrying amount of an asset or CGU exceeds its recoverable amount, the asset or CGU is written down and an impairment loss is recognised in the statement of profit or loss. For assets previously impaired, if the recoverable amount exceeds the carrying amount and the indicators driving the increase in value are sustained for a period of time, the impairment loss is reversed. The carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Future cash flow information used for the value in use calculation is based on the Group's latest reserves, budget, five-year plan and project economic plans.

Impairment and impairment reversal indicator modelling

In determining whether there is an indicator of impairment, in the absence of quoted market prices, estimates are made regarding the present value of future cash flows for each CGU. These estimates require significant management judgement and are subject to risk and uncertainty, and hence changes in economic conditions can also affect the assumptions used and the rates used to discount future cash flow estimates. The present value of future cash flows for each CGU were estimated using the assumptions below with reference to external market forecasts at least bi-annually. The assumptions applied have regard to contracted prices and observable market data including forward values and external market analyst's forecasts.

For the current financial year, the following assumptions were used in the assessment of the CGU's recoverable amounts:

- Brent oil price (real) of US\$62.50/bbl in FY20 and US\$70/bbl for FY21 and beyond.
- A\$/US\$ exchange rate of 0.70 in FY20 and 0.75 for FY21 and beyond.
- Post-tax real discount rate of 7%.

For impairment reversals, the present value of future cash flows are considered using lower oil price scenarios that sit within independent broker estimates.

No indicators of impairment or impairment reversal were identified in the current year.

10. Exploration and evaluation assets

Expenditure on exploration and evaluation is accounted for in accordance with the area of interest method. Areas of interest are based on a geological area. These costs are only carried forward to the extent that they are expected to be recouped through the successful development or sale of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of proved and probable hydrocarbon reserves and where the rights to tenure of the area of interest are current. The costs of acquiring interests in new exploration and evaluation licences are capitalised. The costs of drilling exploration wells are initially capitalised pending the results of the well. Costs are expensed where the well does not result in the successful discovery of economically recoverable hydrocarbons and the recognition of an area of interest. Subsequent to the recognition of an area of interest, all further evaluation costs relating to that area of interest are capitalised. Upon approval for the commercial development of an area of interest, accumulated expenditure for the area of interest is transferred to petroleum assets.

Area of interest

An area of interest (AOI) is defined by Beach as an area defined by major geological structural elements that has a discrete exploration strategy and has largely independent costs for exploration and evaluation from other geological areas.

Impairment of exploration and evaluation assets

The recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective AOI. Each potential or recognised AOI is reviewed half-yearly to determine whether economic quantities of reserves have been found or whether further exploration and evaluation work is underway or planned to support continued carry forward of capitalised costs. Where a potential impairment is indicated, assessment is performed using a fair value less costs to dispose method to determine the recoverable amount for each AOI to which the exploration and evaluation expenditure is attributed.

This assessment requires management to make certain estimates and apply judgement in determining assumptions as to future events and circumstances, in particular, the assessment of whether economic quantities of reserves have been found. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised expenditure under the policy, the Group concludes that it is unlikely to recover the expenditure by future exploitation or sale, then the relevant capitalised amount will be written off to the statement of profit or loss. Retention of exploration assets is subject to meeting certain work obligations/exploration commitments as detailed in Note 13.

Government grants received in relation to the drilling of exploration wells are recognised as a reduction in the carrying value of the exploration permit as expenditure is incurred.

	Note	Consolidated	
		2019 \$million	2018 \$million
Exploration and evaluation assets at beginning of financial year		478.9	255.2
Additions		102.6	77.2
Increase in restoration		17.0	29.4
Acquisition of subsidiaries and joint operation interests	25	1.9	436.3
Transfer to petroleum assets		(147.4)	(232.1)
Reclassification to assets held for sale	24	(1.5)	-
Impairment of exploration and evaluation assets		-	(87.1)
Disposal of joint operation interests		(99.7)	-
Borrowing costs capitalised		3.5	-
Total exploration and evaluation assets		355.3	478.9

11. Interests in joint operations

Exploration and production activities are conducted through joint arrangements governed by joint operating agreements, production sharing contracts or similar contractual relationships. A joint operation involves the joint control, and often the joint ownership, of one or more assets contributed to, or acquired for the purpose of the joint operation and dedicated to the purposes of the joint operation. The assets are used to obtain benefits for the parties to the joint operation. Each party may take a share of the output from the assets and each bears an agreed share of expenses incurred. Each party has control over its share of future economic benefits through its share of the joint operation. The interests of the Group in joint operations are brought to account by recognising in the financial statements the Group's share of jointly controlled assets, share of expenses and liabilities incurred, and the income from the sale or use of its share of the production of the joint operation in accordance with the Group's revenue policy.

Accounting for interests in other entities

Judgement is required in assessing the level of control obtained in a transaction to acquire an interest in another entity; depending upon the facts and circumstances in each case, Beach may obtain control, joint control or significant influence over the entity or arrangement. Judgement is applied when determining the relevant activities of a project and if joint control is held over them. Relevant activities include, but are not limited to, work program and budget approval, investment decision approval, voting rights in joint operating committees, amendments to permits and changes to joint arrangement participant holdings. Transactions which give Beach control of a business are business combinations.

If Beach obtains joint control of an arrangement, judgement is also required to assess whether the arrangement is a joint operation or a joint venture. If Beach has neither control nor joint control, it may be in a position to exercise significant influence over the entity, which is then accounted for as an associate.

The Group has a direct interest in a number of unincorporated joint operations with those significant joint operation interests shown below.

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11. Interests in joint operations continued

Accounting for interests in other entities continued

Joint Operation	Principal activities	% interest	
		2019	2018
Oil and Gas interests			
Australia			
Cooper Basin (South Australia)			
Ex PEL 92 (PRLs 85-104)	Oil production	75.0	75.0
Ex PEL 104 (PRLs 15,136-141)	Oil production	40.0	40.0
Ex PEL 513 (PRLs 191-206)	Gas production and exploration	40.0	40.0
Ex PEL 632 (PRLs 131-134)	Gas production and exploration	40.0	40.0
PEL 630	Oil and gas exploration	50.0	50.0
SA Fixed Factor Area	Oil and gas production	33.4	33.4
SA Unit	Oil production	33.4	33.4
Cooper Basin (Queensland)			
Naccowlah Block	Oil production	38.5	38.5
ATP 299 (Tintaburra)	Oil production	40.0	40.0
Total 66 Block	Oil production	30.0	30.0
SWQ Unit	Gas production	39.9	39.9
Otway Basin (Victoria/Tasmania)			
Otway Gas Project	Gas production	60.0	n/a
Bass Basin (Tasmania)			
BassGas Project	Gas production	53.8	53.8
Perth Basin (Western Australia)			
Beharra Springs	Gas production	67.0	67.0
Waitsia Gas Project	Gas production	50.0	50.0
International			
Taranaki Basin (New Zealand)			
Kupe Gas Project	Gas production	50.0	50.0

Details of commitments for expenditure and contingent liabilities incorporating the Group's interests in joint operations are shown in Notes 13 and 26 respectively.

12. Provisions

A provision for rehabilitation and restoration is provided by the Group where there is a present obligation as a result of exploration, development, production, transportation or storage activities having been undertaken, and it is probable that an outflow of economic benefits will be required to settle the obligation. The estimated future obligations include the costs of removing facilities, abandoning wells and restoring the affected areas once petroleum reserves are exhausted. Restoration liabilities are discounted to present value and capitalised as a component part of petroleum assets and exploration and evaluation assets. The capitalised costs are amortised over the life of the petroleum assets and the provision revised at the end of each reporting period through the profit or loss as the discounting of the liability unwinds. The unwinding of discounting on the provision is recognised as a finance cost.

Estimate of restoration costs

The Group holds provisions for the future removal costs of offshore and onshore oil and gas platforms, production facilities and pipelines at different stages of the development, construction and end of their economic lives. Most of these decommissioning events are many years in the future and the precise requirements that will have to be met when the removal event occurs are uncertain. Decommissioning technologies and costs are constantly changing, as are political, environmental, safety and public expectations. The timing and amounts of future cash flows are subject to significant uncertainty and estimation is required in determining the amounts of provisions to be recognised. Any changes in the expected future costs are reflected in both the provision and the asset.

The provision for environmental liabilities represents the Group's best estimate based on current industry practice, current regulations, technology, price levels and expected plans for end of life remediation. The restoration costs have been prepared using deterministic estimates that are largely classified as Class 4, with two exceptions relating to ATP940 and Katnook assets which were prepared on a Class 2 basis. Within Beach's provision the following costs have been provided:

- For offshore assets provision has been made for installation of permanent well barriers, sever casings and conductors, recovery of nearshore subsea flowlines, umbilicals and manifolds, platform preparation, jacket and topside removal, cutting of piles, removal and disposal of recovered components. It is currently the Group's intention to leave all subsea piles in-situ.
- For onshore assets provision has been made for demolition and removal of facilities, removal of aboveground pipelines and services, flush and clean and leave in-situ below ground pipelines, removal of contaminated soil, site contouring and revegetation.
- For non-operated joint venture assets, the provision recorded represents the Group's share of the relevant Joint Venture operator estimate as responsibility for the restoration will reside with the operator who has the best knowledge and understanding of the assets. The Group regularly assesses the operator estimates with the assistance of Group appointed experts.

Actual costs and cash outflows can differ from current estimates because of changes in laws and regulations, public expectations, prices, discovery and analysis of site conditions and changes in clean-up technology. The timing and amount of future expenditures relating to decommissioning and environmental liabilities are reviewed annually, together with the interest rate used in discounting the cash flows. The interest rate used to determine the balance sheet obligations at 30 June 2019 was within the range 1.3% to 2.4% (2018 within the range 1.9% to 3.1%), which was based on applicable government bonds with a tenure aligned to the tenure of the liability.

Changes in assumptions in relation to the group's provisions could result in a material change in their carrying amounts within the next financial year. A 0.5% change in the nominal discount rate could have an impact of approximately \$55 million on the value of the group's provisions. The impact on the group income statement would not be significant as the majority of the group's provisions relate to decommissioning costs with adjustments recorded against the carrying value of the Group's assets.

Estimate of employee entitlements

Long service leave is measured at the present value of benefits accumulated up to the end of the reporting period. The liability is discounted using an appropriate discount rate. Management requires judgement to determine key assumptions used in the calculation including future increases in salaries and wages, future on-cost rates and future settlement dates of employees' departures.

	Consolidated	
	2019 \$million	2018 \$million
Current		
Other provisions	-	4.3
Employee entitlements	13.6	11.4
Restoration	11.8	23.9
Total	25.4	39.6
Non-Current		
Employee entitlements	2.2	6.0
Restoration	840.6	760.8
Total	842.8	766.8

Movement in the Group's provisions are set out below:

	Restoration \$million	Employee entitlements \$million	Other \$million
Balance at 1 July 2018	784.7	17.4	4.3
Provision made during the year	161.1	2.6	-
Provision paid/used during the year	(15.1)	(4.2)	(4.3)
Unwind of discount	22.7	-	-
Acquisitions/disposals	(102.1)	-	-
Net transfer to liabilities held for sale	1.1	-	-
Balance at 30 June 2019	852.4	15.8	-

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13. Commitments for expenditure

	Consolidated	
	2019 \$million	2018 \$million
Capital Commitments		
The Group has contracted the following amounts for capital expenditure at the end of the reporting period for which no amounts have been provided for in the financial statements.		
Due within 1 year	116.7	31.1
Due within 1-5 years	0.6	0.4
Due later than 5 years	-	-
	117.3	31.5
Minimum Exploration Commitments		
The Group is required to meet minimum expenditure requirements of various government regulatory bodies and joint arrangements. These obligations may be subject to renegotiation, may be farmed out or may be relinquished and have not been provided for in the financial statements.		
Due within 1 year	19.9	56.2
Due within 1-5 years	36.2	23.5
Due later than 5 years	5.7	0.7
	61.8	80.4

The Group's share of the above commitments that relate to its interest in joint arrangements are \$109.1 million (2018: \$27.3 million) for capital commitments and \$57.3 million (2018: \$31.9 million) for minimum exploration commitments.

Non-Cancellable Operating Lease Commitments

The Group has contracted the following amounts for operating expenditure at the end of the reporting period for which no amounts have been provided for in the financial statements.

	Consolidated	
	2019 \$million	2018 \$million
Due within 1 year	28.8	12.3
Due within 1-5 years	24.2	1.2
Due later than 5 years	11.3	-
	64.3	13.5

Default on permit commitments by other joint arrangement participants could increase the Group's expenditure commitments over the forthcoming 5 year period and/or result in relinquishment of tenements. Any increase in the Group's commitments that arises from a default by a joint arrangement party would be accompanied by a proportionate increase in the Group's equity in the tenement concerned.

Financial and risk management

This section provides details on the Group's debt and related financing costs, interest income, cash flows and the fair values of items in the Group's statement of financial position. It also provides details of the Group's market, credit and liquidity risks and how they are managed.

14. Finances and borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Subsequent to initial recognition, borrowings are stated at amortised cost with any difference between cost and redemption being recognised in the profit or loss over the period of the borrowings on an effective interest basis. Transaction costs are amortised on a straight line basis over the term of the facility. The unwinding of present value discounting on debt and provisions is also recognised as a finance cost.

Borrowing costs relating to major oil and gas assets under development are capitalised as a component of the cost of development. Where funds are borrowed specifically for qualifying projects, the actual borrowing costs incurred are capitalised. Where the projects are funded through general borrowings, the borrowing costs are capitalised based on the weighted average cost of borrowing. Borrowing costs incurred after commencement of commercial operations are expensed to the income statement.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. Interest income is recognised in the profit or loss as it accrues using the effective interest method and if not received at balance date, is reflected in the balance sheet as a receivable.

	Consolidated	
	2019 \$million	2018 \$million
Net finance expenses/(income)		
Finance costs	21.7	10.6
Interest expense	21.2	18.1
Discount unwinding on net present value assets and liabilities	40.7	14.9
Less borrowing costs capitalised ⁽¹⁾	(21.6)	-
Total finance expenses	62.0	43.6
Interest income	(3.9)	(7.0)
Net finance expenses	58.1	36.6
Non-current Borrowings		
Bank debt	-	950.0
Less debt issuance costs ⁽²⁾	-	(24.3)
Total non-current borrowings	-	925.7

(1) Includes borrowing costs for the half year to December 2018 of \$8.3 million which were only capitalised in the half year to June 2019.

(2) Remaining unamortised cost relating to the Syndicated Debt Facility were reclassified to other current and non-current assets in FY19.

On 23 November 2017, Beach executed a Syndicated Debt Facility Agreement for a \$1,475 million Senior Secured Debt Facility in order to fund the acquisition of Lattice. The facility is comprised of a \$475 million three year term debt facility (Facility A), \$475 million five year term debt facility (Facility B), \$450 million five year revolving debt facility (Facility C), and \$75 million Letter of Credit facility (Facility D). During the period, Beach voluntarily prepaid and cancelled the Facility A and Facility B commitments of \$950 million.

As at 30 June 2019, Facility C remained fully undrawn, with \$61.9 million of Facility D being utilised by way of bank guarantees. Bank debt bears interest at the relevant reference rate plus a margin, with the effective interest rate in FY19 of 3.79% (FY18: 3.76%).

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15. Cash flow reconciliation

For the purpose of the statement of cash flows, cash and cash equivalents includes cash on hand, cash at bank, term deposits with banks, and highly liquid investments in money market instruments, net of outstanding bank overdrafts subject to them being an insignificant risk of change in value and a short term maturity. Any investments of the Group with fixed maturities are stated at amortised cost using the effective interest rate method where it is the Group's intention to hold them to maturity.

	Consolidated	
	2019 \$million	2018 \$million
(a) Reconciliation of cash and cash equivalents		
Cash at bank	171.9	231.2
Term deposits	-	80.0
Cash and cash equivalents	171.9	311.2
(b) Reconciliation of net profit to net cash provided by operating activities		
Net profit after tax	577.3	198.8
Less items classified as investing/financing activities:		
- Loss/(Gain) on disposal of non-current assets	0.1	(1.0)
- Gain on disposal of investments	-	(5.3)
- Gain on sale of joint operation interests	(13.5)	-
- Gain on settlement of restoration obligation	-	(15.0)
- Gain on sale of subsidiary	-	-
- Recognition of deferred tax assets/(liability) on items direct in equity	(4.4)	7.8
	559.5	185.3
Add/(less) non-cash items:		
- Share based payments	2.1	1.4
- Depreciation and amortisation	526.5	314.5
- Impairment expense	-	88.3
- Unrealised hedging gain	(0.3)	(1.3)
- Discount unwinding on provision for restoration	22.7	14.9
- Provision for stock obsolescence movement	(13.8)	-
- Gain on liquidation of overseas subsidiary	(7.0)	-
- Borrowing costs	18.3	-
- Other	3.5	5.4
Net cash provided by operating activities before changes in assets and liabilities	1,111.5	608.5
Changes in assets and liabilities net of acquisitions/disposal of subsidiaries:		
- Decrease/(increase) in trade and other receivables	(10.0)	(56.2)
- Decrease/(increase) in inventories	6.4	13.4
- Decrease/(increase) in other current assets	(15.3)	0.9
- Decrease/(increase) in other non-current assets	1.0	0.7
- Decrease/(increase) in deferred tax assets	(12.3)	10.5
- Increase/(decrease) in provisions	(22.5)	(36.8)
- Increase/(decrease) in current tax liability	101.2	90.1
- Increase/(decrease) in deferred tax liability	(10.7)	(38.1)
- Increase/(decrease) in trade and other payables	9.0	52.1
- Increase/(decrease) in net derivatives	(13.6)	17.8
- Increase/(decrease) in contract liabilities	(106.5)	-
Net cash provided by operating activities	1,038.2	662.9
(c) Reconciliation of liabilities arising from financing activities to financing cash flows		
Opening Balance	925.7	148.0
Financing cash flows ⁽¹⁾	(950.0)	772.3
Non-cash changes	24.3	5.4
Closing Balance	-	925.7

(1) Financing cash flows consist of the net amount of proceeds from borrowing and repayments of borrowings in the statement of cash flows.

16. Financial risk management

The Group's activities expose it to a variety of financial risks including currency, commodity, interest rate, credit and liquidity risk. Management identifies and evaluates all financial risks and enters into financial risk instruments such as foreign exchange contracts, commodity contracts and interest rate swaps to hedge certain risk exposures and minimise potential adverse effects of these risk exposures in accordance with the Group's financial risk management policy as approved by the Board. The Group does not trade in derivative financial instruments for speculative purposes.

The Board actively reviews all hedging on a regular basis with updates provided to the Board from independent consultants/banking analysts to keep them fully informed of the current status of the financial markets. Reports providing detailed analysis of all hedging are also continually monitored against the Group's financial risk management policy.

The Group classifies its financial instruments in the following categories: financial assets at amortised cost, financial assets at fair value through profit or loss (FVTPL), financial assets at fair value through other comprehensive income (FVOCI), financial liabilities at amortised cost and derivative instruments. The classification depends on the purpose for which the financial instruments were acquired, which is determined at initial recognition based upon the business model of the Group and the characteristics of the contractual cash flows of the instrument.

With the exception of trade receivables, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables are measured at the transaction price determined under AASB 15.

Financial assets at amortised cost: A financial asset is classified in this category if the asset is held with the objective of collecting contractual cash flows and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest. These assets are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through other comprehensive income: A financial asset is classified in this category if it relates to debt securities where the contractual cash flows are solely principal and interest and the objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets. Upon disposal, any balance within the OCI reserve for these debt investments is reclassified to the statement of profit or loss.

Financial assets at fair value through profit or loss: A financial asset is classified in this category if it is held for trading, designated upon initial recognition at fair value through profit or loss, or mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. A financial asset is classified in this category if acquired principally for the purpose of selling in the near term. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in profit or loss in the period in which they arise.

Financial liabilities: On initial recognition, the Group measures a financial liability at its fair value minus, in the case of a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the issue of the financial liability. After initial recognition, these financial liabilities are stated at amortised cost. Policies for the recognition and subsequent measurement of derivative liabilities are as outlined below.

Derivative instruments: Derivative financial instruments entered into by the Group for the purpose of managing its exposures to market risks arising in the normal course of business have been assessed for hedge accounting. The principal derivatives that may be used are commodity derivatives, forward foreign exchange contracts and interest rate swaps. The use of derivative financial instruments is subject to a set of policies, procedures and limits approved by the Board of Directors. The Group does not trade in derivative financial instruments for speculative purposes.

(a) Fair values

Certain assets and liabilities of the Group are recognised in the statement of financial position at their fair value in accordance with accounting standard AASB 13 Fair Value Measurement. The methods used in estimating fair value are made according to how the available information to value the asset or liability fits with the following fair value hierarchy:

- Level 1 - the fair value is calculated using quoted prices in active markets for identical assets or liabilities;
- Level 2 - the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for substantially the full term of the asset or liability; and
- Level 3 - the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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16. Financial risk management continued

(a) Fair values continued

The Group's financial assets and financial liabilities measured and recognised at fair value is set out below:

Carrying amount	Note	Financial assets/ financial liabilities at amortised cost		Financial assets at FVTPL		Derivative financial instruments		Total	
		2019 \$million	2018 \$million	2019 \$million	2018 \$million	2019 \$million	2018 \$million	2019 \$million	2018 \$million
Financial assets									
Derivatives		-	-	-	-	-	19.0	-	19.0
Cash		171.9	311.2	-	-	-	-	171.9	311.2
Receivables		284.9	273.5	-	-	-	-	284.9	273.5
Other		31.5	10.2	-	-	-	-	31.5	10.2
		488.3	594.9	-	-	-	19.0	488.3	613.9
Financial liabilities									
Derivatives		-	-	-	-	-	47.0	-	47.0
Payables		330.7	311.1	-	-	-	-	330.7	311.1
Interest bearing liabilities	14	-	950.0	-	-	-	-	-	950.0
		330.7	1,261.1	-	-	-	47.0	330.7	1,308.1

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments:

Derivative financial instruments

Derivative financial instruments are initially recognised at fair value. Subsequent to initial recognition, derivative financial instruments are recognised at fair value using valuation techniques that maximise the use of observable market data where it is available with any gain or loss on re-measurement to fair value being recognised through profit or loss or other comprehensive income (OCI) and later reclassified to profit or loss when the hedge item affects profit or loss. The Group's derivatives are not traded in active markets, however all significant inputs required to fair value an instrument are observable (Level 2).

Cash Flow Hedging

There were no cash flow hedges in place at 30 June 2019 (FY18: 2,782,350 bbls of Crude oil) and no outstanding unrealised losses in the hedge reserve. The Group's cash flow hedges are not traded in active markets, however all significant inputs required to fair value an instrument are observable (Level 2).

The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at 30 June 2019 and there have been no transfers between the levels of the fair value hierarchy during the year ended 30 June 2019.

The Group also has a number of other financial assets and liabilities including cash and cash equivalents, receivables and payables which are recorded at their carrying value which is considered to be a reasonable approximation of their fair value.

(b) Market Risk

The Group is exposed to commodity price fluctuations through the sale of petroleum products and other oil-linked contracts. Option contracts are used by the Group to manage its forward commodity risk exposure. The Group policy is to manage commodity price exposure by way of Australian dollar denominated oil options for up to 18 months. Changes in fair value of these derivatives are recognised immediately in the profit or loss and other comprehensive income, having regard to whether they are defined as accounting hedges.

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. The Group sells a portion of its products and commits to some contracts in US dollars or NZ dollars. Australian dollar oil option contracts are used by the Group to manage its foreign currency risk exposure. Any foreign currencies held which are surplus to forecast needs are converted to Australian dollars as required.

There are no commodity hedges outstanding at 30 June 2019.

Commodity Hedges outstanding at 30 June 2018

- Brent Crude oil monthly average collar for \$40-90-105/bbl for 65,000 bbls/month for the period July 2018 – September 2018 and 30,000 bbls/month for the period October 2018 – December 2018.
- Brent Crude oil monthly average collar for \$40-90-100/bbl for 95,000 bbls/month for the period July 2018 – September 2018, 65,000 bbls/month for the period October 2018 – December 2018 and 32,500 bbls/month for the period January 2019 – March 2019.
- Brent Crude oil monthly average collar for \$40-102.5-112.5/bbl for 60,000 bbls/month for the period July 2018 – March 2019 and 30,000 bbls/month for the period April 2019 – June 2019.
- Brent Crude oil monthly average collar for \$55-100-110/bbl for 595,000 bbls/month for the period July 2018 – September 2018 and 275,000 bbls/month for the period October 2018 – March 2019.

The Group's interest rate risk arises from the interest bearing cash held on deposit and its bank loan facility which is subject to variable interest rates. The interest rate profile of the Group's interest-bearing financial instruments is as follows:

	Consolidated	
	2019 \$million	2018 \$million
Fixed rate instruments:		
Term deposits	-	80.0
	-	80.0
Variable rate instruments:		
Financial assets	171.9	231.2
Bank loan facility	-	(950.0)
	171.9	(718.8)

Sensitivity analysis for all market risks

The following table demonstrates the estimated sensitivity to changes in the relevant market parameter, with all variables held constant, on post tax profit and equity, which are the same as the profit impact flows through to equity. These sensitivities should not be used to forecast the future effect of a movement in these market parameters on future cash flows which may be different as a result of the Group commodity hedge book.

	Consolidated	
	2019 \$million	2018 \$million
Impact on post-tax profit and equity		
A\$/US\$ - 10% increase in Australian/US dollar exchange rate	(51.3)	(39.1)
A\$/US\$ - 10% decrease in Australian/US dollar exchange rate	64.8	47.0
US\$ oil price - increase of \$10/bbl	82.1	57.2
US\$ oil price - decrease of \$10/bbl	(83.2)	(61.6)
Interest rates - increase of 1%	(2.3)	(0.7)
Interest rates - decrease of 1%	2.3	0.7

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16. Financial risk management continued

(c) Credit risk

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions, and represents the potential financial loss if counterparties fail to perform as contracted. Management monitors credit risk on an ongoing basis. Gas sales contracts are spread across major Australian and New Zealand energy retailers and industrial users with liquid hydrocarbon products sales being made to major multi-national energy companies based on international market pricing.

The Group applied the simplified approach to providing for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all trade receivables and contract assets. Under this method, determination of the loss allowance provision and expected loss rate incorporates past experience and forward-looking information, including the outlook for market demand and forward-looking interest rates. As the expected loss rate at 30 June 2019 is 0.1% (2018: 0.1%), a loss allowance has been recorded at 30 June 2019 of \$0.4 million (FY18: \$0.4 million).

	Consolidated	
	2019 \$million	2018 \$million
Ageing of Receivables :		
Receivables not yet due	284.9	272.1
Receivables past due	0.4	1.8
Considered impaired	(0.4)	(0.4)
Total Receivables	284.9	273.5

The Group manages its credit risk on financial assets by predominantly dealing with counterparties with an investment grade credit rating. Customers who wish to trade on unsecured credit terms are subject to credit verification procedures.

Cash is placed on deposit amongst a number of financial institutions to minimise the risk of counterparty default.

(d) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group aims at maintaining flexibility in funding to meet ongoing operational requirements, exploration and development expenditure, and small-to-medium-sized opportunistic projects and investments, by keeping committed credit facilities available. Details of Beach's financing facilities are outlined in Note 14.

The Group's exposure to liquidity risk for each class of financial liabilities is set out below:

		Carrying amount							
		Less than 1 year		1 to 2 years		2 to 5 years		Total	
Note		2019 \$million	2018 \$million	2019 \$million	2018 \$million	2019 \$million	2018 \$million	2019 \$million	2018 \$million
Financial liabilities									
		324.4	293.3	6.3	17.8	-	-	330.7	311.1
	14	-	-	-	-	-	950.0	-	950.0
		324.4	293.3	6.3	17.8	-	950.0	330.7	1,261.1

Equity and group structure

This section provides information which will help users understand the equity and group structure as a whole including information on equity, reserves, dividends, subsidiaries, the parent company, related party transactions and other relevant information.

17. Contributed equity

Ordinary shares are classified as equity. Transaction costs of an equity transaction are accounted for as a reduction to the proceeds received, net of any related income tax benefit. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

	Number of Shares	\$million
Issued and fully paid ordinary shares at 30 June 2017	1,873,812,484	1,558.5
Issued during the FY18 financial year		
Shares issued on vesting of unlisted performance and CEO rights	1,213,891	-
Rights issue (3 for 14 pro-rata entitlement offer, net of costs)	401,543,843	297.3
Repayment of employee loans and sale of employee shares	-	3.3
Issued and fully paid ordinary shares at 30 June 2018	2,276,570,218	1,859.1
Issued during the FY19 financial year		
Shares issued on vesting of unlisted performance rights	1,678,886	-
Repayment of employee loans and sale of employee shares	-	1.5
Issued and fully paid ordinary shares at 30 June 2019	2,278,249,104	1,860.6

In accordance with changes to applicable corporations legislation effective from 1 July 1998, the shares issued do not have a par value as there is no limit on the authorised share capital of the Company. All shares issued under the Company's employee incentive plan are accounted for as a share-based payment (refer Note 4 and 18 for further details). Shares issued under the Company's dividend reinvestment plan and employee incentive plan represent non-cash investing and financing activities. On a show of hands, every person qualified to vote, whether as a member or proxy or attorney or representative, shall have one vote. Upon a poll, every member shall have one vote for each ordinary share held.

Details of shares and rights issued and outstanding under the Employee Incentive Plan and Executive Incentive Plan are provided in Note 4.

Dividend Reinvestment Plan

The Board suspended the operation of the Dividend Reinvestment Plan on 21 August 2017 on the basis that this form of capital management is not currently required at this time.

Capital management

Management is responsible for managing the capital of the Group, on behalf of the Board, in order to maintain an appropriate debt to equity ratio, provide shareholders with adequate returns and ensure the Group can fund its operations with secure, cost-effective and flexible sources of funding. The Group debt and capital includes ordinary shares, borrowings and financial liabilities including derivatives supported by financial assets. Management effectively manages the capital of the Group by assessing the financial risks and adjusting the capital structure in response to changes in these risks and in the market. The responses include the management of debt levels, dividends to shareholders and share issues. Debt repayment is currently a key priority for the Group in order to bring net gearing levels in line with market guidance. The Group net gearing ratio is nil (FY18: 25.9%). Net gearing has been calculated as financial liabilities (including borrowings and unsecured bank guarantees) less cash and cash equivalents, as a proportion of these items plus shareholder's equity.

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

18. Reserves

The Share based payments reserve is used to recognise the fair value of shares, options and rights issued to employees of the Company.

The Foreign currency translation reserve is used to record foreign exchange differences arising from the translation of the financial statements of subsidiaries with functional currencies other than Australian dollars.

The Profit distribution reserve represents an amount allocated from retained earnings that is preserved for future dividend payments.

The Hedging reserve is used to capture the effective portion of the mark to market movement of instruments designated in a hedge relationship.

	Consolidated	
	2019 \$million	2018 \$million
Share based payments reserve	32.8	30.6
Foreign currency translation reserve	8.3	17.4
Profit distribution reserve	126.8	172.4
Hedging reserve	-	(10.1)
Total reserves	167.9	210.3

19. Dividends

A provision is recognised for dividends when they have been announced, determined or publicly recommended by the directors on or before the reporting date.

	Consolidated	
	2019 \$million	2018 \$million
Final dividend of 1.0 cent (2018: 1.0 cent)	22.8	18.7
Interim dividend of 1.0 cent (2018: 1.0 cent)	22.8	22.8
Total dividends paid or payable	45.6	41.5
Franking credits available in subsequent financial years based on a tax rate of 30% (2018 - 30%)	142.2	47.5

20. Subsidiaries

Name of Company	Place of incorporation	Percentage of shares held	
		% 2019	% 2018
Beach Energy Limited ⁽¹⁾	South Australia		
Beach Petroleum (NZ) Pty Ltd	South Australia	100	100
Beach Oil and Gas Pty Ltd	New South Wales	100	100
Beach Production Services Pty Ltd	South Australia	100	100
Beach Petroleum (Cooper Basin) Pty Ltd	Victoria	100	100
Beach Petroleum (CEE) s.r.l. ⁽²⁾	Romania	-	100
Beach (Tanzania) Pty Ltd	Victoria	100	100
Beach Petroleum (Tanzania) Limited	Tanzania	100	100

Percentage of shares held

Name of Company	Place of incorporation	% 2019	% 2018
Beach (USA) Inc ⁽²⁾	USA	-	100
Beach Petroleum (NT) Pty Ltd	Victoria	100	100
Territory Oil & Gas Pty Ltd	Northern Territory	100	100
Adelaide Energy Pty Ltd	South Australia	100	100
Australian Unconventional Gas Pty Ltd	South Australia	100	100
Deka ResourcePty Ltd	South Australia	100	100
Well Traced Pty Ltd	South Australia	100	100
Australian Petroleum Investments Pty Ltd ⁽¹⁾	Victoria	100	100
Delhi Holdings Pty Ltd	Victoria	100	100
Delhi Petroleum Pty Ltd ⁽¹⁾	South Australia	100	100
Impress Energy Pty Ltd ⁽¹⁾	Western Australia	100	100
Impress (Cooper Basin) Pty Ltd ⁽¹⁾	Victoria	100	100
Springfield Oil and Gas Pty Ltd ⁽¹⁾	Western Australia	100	100
Mazeley Ltd	Liberia	100	100
Mawson Petroleum Pty Ltd	Queensland	100	100
Claremont Petroleum (PNG) Ltd ⁽²⁾	Papua New Guinea	-	100
Drillsearch Energy Pty Ltd ⁽¹⁾	Victoria	100	100
Circumpacific Energy (Australia) Pty Ltd	New South Wales	100	100
Drillsearch Gas Pty Ltd	Queensland	100	100
Drillsearch (Field Ops) Pty Ltd	New South Wales	100	100
Drillsearch Energy (PNG) Ltd ⁽²⁾	Papua New Guinea	-	100
Drillsearch (513) Pty Ltd	New South Wales	100	100
Drillsearch (Central) Pty Ltd	Victoria	100	100
Ambassador Oil & Gas Pty Ltd	Victoria	100	100
Ambassador (US) Oil & Gas LLC	USA	100	100
Ambassador Exploration Pty Ltd	Victoria	100	100
Acer Energy Pty Ltd	Queensland	100	100
Great Artesian Oil & Gas Pty Ltd ⁽¹⁾	New South Wales	100	100
Lattice Energy Limited ⁽¹⁾	South Australia	100	100
Lattice Energy Resources (Perth Basin) Pty Ltd ⁽¹⁾	Australian Capital Territory	100	100
Lattice Energy Resources (Bonaparte) Pty Ltd	South Australia	100	100
Lattice Energy Resources (Bass Gas) Limited	UK	100	100
Lattice Energy Services Pty Ltd	Victoria	100	100
Lattice Energy Finance Pty Ltd	Victoria	100	100
Beach Energy Resources NZ (Holdings) Limited	New Zealand	100	100
Beach Energy Resources NZ (Kupe) Limited	New Zealand	100	100
Beach Energy (Kupe) Limited	New Zealand	100	100
Kupe Mining (No.1) Limited	New Zealand	100	100
Beach Energy Resources NZ (Tawn) Limited	New Zealand	100	100
Lattice Energy Resources (Otway) Limited	UK	100	100

All shares held are ordinary shares, other than Mazeley Ltd which is held by a bearer share.

(1) Company in Closed Group in FY18 and FY19 (refer Note 21).

(2) Company liquidated and deregistered/dissolved during FY19.

Notes to the Financial Statements

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

21. Deed of cross guarantee

Pursuant to ASIC (wholly-owned companies) Instrument 2016/785, certain wholly-owned subsidiaries can be relieved from the Corporations Act 2001 requirements for preparation, audit and lodgement of their financial reports.

As a condition of the Class Order, Beach and each of the subsidiaries that opted for relief during the year (the Closed Group) entered into a Deed of Cross Guarantee (Deed). The effect of the Deed is that Beach has guaranteed to pay any deficiency in the event of winding up of any of the subsidiaries under certain provisions of the Corporations Act 2001. The Subsidiaries have also given a similar guarantee in the event that Beach is wound up. Those companies in the Closed Group for each year are referred to in Note 20.

The consolidated statement of profit or loss and other comprehensive income, summary of movements in retained earnings/(accumulated losses) and statement of financial position of the Closed Group are as follows:

	Closed Group	
	2019 \$million	2018 \$million
Consolidated Statement of Profit or Loss and Other Comprehensive Income		
Revenue	1,861.2	1,160.9
Cost of sales	(1,069.0)	(714.4)
Gross profit	792.2	446.5
Other income	89.7	22.3
Other expenses	(256.4)	(375.0)
Operating profit before financing costs	625.5	93.8
Interest income	2.9	6.6
Finance expenses	(67.5)	(40.7)
Profit before income tax expense	560.9	59.7
Income tax expense	(179.4)	(19.4)
Profit after tax for the year	381.5	40.3
Other comprehensive income/(loss)		
Net change in fair value of available for sale financial assets	-	(17.2)
Net change in hedging reserves	14.4	(14.4)
Tax effect relating to components of Other Comprehensive Income	(4.3)	6.6
Other comprehensive income/(loss) net of tax	10.1	(25.0)
Total comprehensive income/(loss) after tax	391.6	15.3
Summary of movements in the Closed Group's retained earnings/(accumulated losses)		
Accumulated losses at beginning of the year	(309.1)	(307.9)
Net profit for the year	381.5	40.3
Dividends paid to shareholders	-	(41.5)
Retained earnings/(accumulated losses) at end of the year	72.4	(309.1)

Closed Group

	2019 \$million	2018 \$million
Consolidated Statement of Financial Position		
Current assets		
Cash and cash equivalents	75.0	193.5
Receivables	306.1	265.5
Inventories	89.5	90.4
Derivative financial instruments	-	19.0
Other	20.8	6.4
Assets held for sale	6.8	21.2
Total current assets	498.2	596.0
Non-current assets		
Other property, plant and equipment	26.9	5.5
Petroleum assets	2,438.0	2,426.2
Exploration and evaluation assets	226.0	357.3
Goodwill	57.1	37.2
Deferred tax assets	91.8	83.2
Other financial assets	183.8	372.1
Total non-current assets	3,023.6	3,281.5
Total assets	3,521.8	3,877.5
Current liabilities		
Payables	234.4	263.4
Provisions	16.1	20.9
Current tax liability	172.7	81.3
Derivative financial instruments	-	47.0
Contract liabilities	57.6	-
Liabilities held for sale	1.5	-
Total current liabilities	482.3	412.6
Non-current liabilities		
Payables	247.1	152.5
Provisions	666.0	643.8
Contract liabilities	33.8	-
Interest bearing liabilities	-	925.7
Total non-current liabilities	946.9	1,722.0
Total liabilities	1,429.2	2,134.6
Net assets	2,092.6	1,742.9
Equity		
Contributed equity	1,860.6	1,859.1
Reserves	159.6	192.9
Retained earnings/(accumulated losses)	72.4	(309.1)
Total equity	2,092.6	1,742.9

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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22. Parent entity financial information

Selected financial information of the parent entity, Beach Energy Limited, is set out below:

Financial performance

	Parent	
	2019 \$million	2018 \$million
Net loss after tax	(273.8)	(38.2)
Other comprehensive income/(loss), net of tax	10.1	(14.9)
Total comprehensive loss after tax	(263.7)	(53.1)
Total current assets ⁽¹⁾	528.4	449.2
Total assets	2,459.5	2,639.5
Total current liabilities ⁽¹⁾	1,518.0	496.2
Total liabilities	1,588.1	1,463.4
Issued capital	1,860.6	1,859.1
Share based payments reserve	32.7	30.6
Profits distribution reserve	126.9	172.4
Hedging reserve	-	(10.1)
Retained earnings	(1,148.8)	(875.9)
Total equity	871.4	1,176.1

(1) Includes reclassification in FY18 of intercompany loans (\$295 million) from current assets to current liabilities.

Expenditure Commitments

The Company's contracted expenditure at the end of the reporting period for which no amounts have been provided for in the financial statements.

	Parent	
	2019 \$million	2018 \$million
Capital expenditure commitments	9.8	0.4
Minimum exploration commitments	7.2	14.2
Operating commitments	44.6	0.2

Contingent liabilities and guarantees

Details of contingent liabilities for the Company in respect of service agreements, bank guarantees and parent company guarantees are disclosed in Note 26.

Beach Energy Limited and a number of its wholly owned subsidiaries are parties to a Deed of Cross Guarantee as disclosed in Note 21. The effect of the Deed is that Beach Energy Limited has guaranteed to pay any deficiency in the event of winding up of any of the listed subsidiary companies under certain provisions of the Corporations Act 2001.

Parent entity financial information has been prepared using the same accounting policies as the consolidated financial statements. Investments in controlled entities are included in other financial assets and are initially recorded in the financial statements at cost. These investments may have subsequently been written down to their recoverable amount determined by reference to the net assets of the controlled entities at the end of the reporting period where this is less than cost.

23. Related party disclosures

Transactions with related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Remuneration for Key Management Personnel

	Consolidated	
	2019 \$	2018 \$
Short term benefits	6,261,695	7,020,807
Share based payments	2,007,754	1,778,536
Other long term benefits	41,278	(28,649)
Total	8,310,727	8,770,694

Subsidiaries

Interests in subsidiaries are set out in Note 20.

Transactions with other related parties

During the financial year ended 30 June 2019, Beach used the legal services of DMAW Lawyers, a legal firm of which the Chairman, Mr Davis is a principal. Beach paid \$64,861 during the financial year (FY18: \$48,231) to DMAW lawyers for legal services. Directors fees payable to Mr Davis for the year ended 30 June 2019 of \$275,000 (FY18: \$275,000) were also paid directly to DMAW Lawyers.

During the current financial year Beach paid US\$1,199,933 (FY18: US\$1,973,472) to Central Petroleum Mereenie Pty Ltd, an entity of which director, Peter Moore was also a director, for the purchase of crude oil on commercial terms. Peter Moore ceased to be a director of Central Petroleum Mereenie Pty Ltd on 13 November 2018. Beach also paid \$179,782 (FY18: \$227,905) to Coates Hire Operations Pty Ltd, an entity of which Ryan Stokes and Richard Richards are also directors, for the hire of equipment on arms length commercial terms.

In FY18, entities controlled by Seven Group Holdings Limited (SGH) agreed to sub-underwrite the institutional and retail tranches of Beach's 3 for 14 Entitlement Offer for up to 68,260,311 New Shares (Sub-Underwriting Cap). SGH received an arm's length fee for its sub-underwriting commitment which is materially the same as paid by the Underwriters to other institutional sub-underwriters.

24. Disposal group held for sale

On 31 May 2019, Beach announced it had completed the sale of 40% of Beach's Victorian Otway assets to O.G. Energy Holdings Ltd. (O.G. Energy). The Otway assets includes the Otway Gas Plant, existing gas field Geographe, Thylacine, Halladale, Speculant and Black Watch as well as exploration prospects Enterprise and Artisan. In each joint venture Beach (or its wholly owned subsidiaries) will hold a 60% interest and remain as operator, whilst O.G. Energy will hold 40%. Beach received cash consideration of \$262.4 million on completion comprising the sale price of \$344.0 million less completion adjustments of \$81.6 million reflecting O.G. Energy's share of net cashflow from these assets between the effective date of the transaction being 1 July 2018 and the completion date. A receivable of \$2.2m was booked at 30 June 2019 comprising a final completion adjustment of \$0.2m and a further amount for income tax payable by the purchaser of \$2.0m relating to earnings made during the interim period.

	\$million
Profit on sale	
Cash consideration	344.0
Completion adjustments	(81.6)
Receivables	2.2
Total consideration received	264.6
Less assets and liabilities disposed	
- Assets held for sale	410.6
- Liabilities held for sale	(158.9)
Net assets disposed	251.7
Profit on sale	12.9
Cash flow on disposal	
Cash consideration	344.0
Completion adjustment	(81.6)
Net cash flow on disposal	262.4

Notes to the Financial Statements

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24. Disposal group held for sale continued

On 3 July 2019, Beach announced that it has executed agreements with AWE (Beharra Springs) Pty Ltd, a related body corporate of Mitsui E&P Australia (MEPAU), to move to 50:50 ownership of production licences L11 and L22 (Beharra Springs), exploration permit EP 320 and pipeline licence PL 18 in the Perth Basin. The previous ownership structure for these permits was Beach 67% and MEPAU 33%. Beach will retain operatorship of the permits. The transaction has an effective date of 1 January 2019 and is expected to be completed during Q1 FY20, subject to satisfaction of various conditions including regulatory approval. The interest being held for sale is part of the SAWA operating segment with assets and liabilities held for sale shown at historic cost.

Beach Petroleum (CEE) s.r.l, a wholly owned Romanian subsidiary, was liquidated during the year resulting in the release of a cumulative gain of \$7.0 million on the historic translation of this entity from other comprehensive income to the statement of profit or loss.

The head office building was shown as held for sale at 30 June 2018 with its carrying value impaired by \$1.2 million down to the sale price less costs to sell of \$21.2 million. The sale completed on 12 July 2018. Beach also entered into a sale agreement in FY18 for exploration permit EP 126 in the Bonaparte Basin. This transaction was completed at the end of January 2019 which along with other joint venture interests sold during FY19 resulted in a gain of \$0.6 million.

Assets and liabilities of disposal groups held for sale

	Bonaparte		Perth Basin		Corporate		Total	
	Jun 2019 \$million	Jun 2018 \$million	Jun 2019 \$million	Jun 2018 \$million	Jun 2019 \$million	Jun 2018 \$million	Jun 2019 \$million	Jun 2018 \$million
Property, plant and equipment	-	-	3.9	-	-	21.2	3.9	21.2
Petroleum assets	-	-	1.3	-	-	-	1.3	-
Exploration	-	-	1.5	-	-	-	1.5	-
Assets held for sale	-	-	6.7	-	-	21.2	6.7	21.2
Provisions	-	2.6	1.5	-	-	-	1.5	2.6
Liabilities held for sale	-	2.6	1.5	-	-	-	1.5	2.6

25. Business combination

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments issued or liabilities incurred or assumed at the date of exchange. Where equity instruments are issued in an acquisition, the fair value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. Transaction costs incurred in relation to the business combination are expensed as incurred to the Statement of Profit or Loss. The excess of the cost of acquisition over the fair value of the consolidated entity's share of the identifiable net assets acquired is recorded as goodwill.

During the previous financial year, Beach acquired the Lattice Energy Group, Benaris' interest in the Otway Gas Project and Toyota Tsusho corporations interest in the Otway Gas Project and the BassGas project. Beach acquired these interests for \$1,532 million in consideration with an effective accounting acquisition date of 1 January 2018. Lattice was Origin's conventional upstream oil and gas business that has interests in the offshore Victorian (OGP and BassGas), onshore Cooper Basin (SACB JV and SWQ JVs), onshore Perth Basin (Waitsia development project and Beharra Springs) and offshore New Zealand (Kupe) operations, as well as exploration exposure in the Bonaparte (offshore Western Australia) and Canterbury Basin (New Zealand). Lattice also has ownership interests in a number oil and gas processing facilities, transportation flowlines and trunklines that deliver product to the Australian East Coast, West Coast and New Zealand gas markets. The Lattice acquisition included the acquisition of Benaris' 27.77% interest in OGP for which Origin had entered into a binding purchase agreement and the Toyota Tsusho transaction increased Beach's ownership in OGP to 100% and BassGas Project to 53.75%.

These acquisitions have transformed Beach from a Cooper Basin oil and gas producer and explorer to a multi-basin producer and explorer with significant development potential and had the following effect on the consolidated entity. The provisional acquisition entries booked in FY18 have been further adjusted in the current financial year as shown below following a further detailed review of the assets and liabilities acquired. The impact of these changes on both the prior year and current year is not material.

	Provisional \$million	Final \$million
Purchase consideration	1,532.0	1,532.0
Fair value of net assets acquired	1,448.1	1,474.9
Goodwill on acquisition	83.9	57.1
Fair Value of assets acquired		
Assets and liabilities held at acquisition date:		
- Cash	79.0	79.0
- Receivables	93.8	93.8
- Inventory	57.7	57.7
- Other current assets	4.8	17.8
- Other non-current assets	-	66.6
- Deferred tax assets	-	1.5
- Petroleum assets	1,594.5	1,775.5
- Exploration and evaluation assets	436.3	435.0
- Current payables	(163.6)	(163.6)
- Other current liabilities	-	(100.3)
- Current provisions	(17.6)	(17.6)
- Non-current payables	(46.6)	(46.6)
- Other non-current liabilities	-	(160.3)
- Restoration liabilities	(501.1)	(501.2)
- Deferred tax liabilities	(83.8)	(57.1)
- Other non-current provisions	(5.3)	(5.3)
Net assets	1,448.1	1,474.9
Cash consideration	(1,532.0)	(1,532.0)
Less cash acquired on acquisition	79.0	79.0
Net cashflow on acquisition	(1,453.0)	(1,453.0)

The Statement of Profit or Loss includes integration costs incurred during the period of \$1.6 million (FY18 \$50.1 million) for both acquisitions. Goodwill arising from the acquisition has been recognised as the excess of the consideration paid above the fair value of the assets acquired and liabilities assumed as a part of the business combination. The goodwill is attributable to the deferred tax liability recognised on the acquisition. None of the goodwill recognised is expected to be deductible for tax purposes.

Notes to the Financial Statements

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

Other information

Additional information required to be disclosed under Australian Accounting Standards.

26. Contingent liabilities

The directors are of the opinion that the recognition of a provision is not required in respect of the following matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

Service agreements

Service agreements exist with other executive officers under which termination benefits may, in appropriate circumstances, become payable. The maximum contingent liability at 30 June 2019 under the service agreements for the other executive officers is \$1,964,450 (FY18 \$1,761,500).

Bank guarantees

As at 30 June 2019, Beach has been provided with a \$75 million letter of credit facility, of which \$61.9 million had been utilised by way of bank guarantees or letters of credit as security predominantly for our environmental obligations and work programs (refer Note 14 for further details on the corporate debt facility).

Joint Venture Operations

In the ordinary course of business, the Group participates in a number of joint ventures which is a common form of business arrangement designed to share risk and other costs. Failure of the Group's joint venture partners to meet financial and other obligations may have an adverse financial impact on the Group.

Tax obligations

In the ordinary course of business, the Group is subject to audits from government revenue authorities which could result in an amendment to historical tax positions.

Parent Company Guarantees

Beach has provided parent company guarantees in respect of performance obligations for certain exploration interests.

Legal proceedings and claims

The Group may be involved in various legal proceedings and claims in the ordinary course of business, including contractual, third party, contractor and regulatory claims. While the outcome of these legal proceedings and claims cannot be predicted with certainty, it is the directors' opinion that as of the date of this report, it is unlikely these claims will have a material adverse impact on the Group.

27. Remuneration of auditors

	Consolidated	
	2019 \$000	2018 \$000
Audit services		
Amounts received or due and receivable by Ernst & Young for:		
- auditing or reviewing the financial statements of the group	1,275	768
- auditing the financial statements for subsidiaries	135	115
- auditing of joint operation financial statements and royalty returns	94	62
	1,504	945
Amounts received or due and receivable by other firms for:		
- auditing or reviewing the financial statements of the group	-	100
- auditing of joint operation financial statements and royalty returns	-	59
- auditing the financial statements for subsidiaries	17	23
Total audit services	1,521	1,127
Other services		
Amounts received or due and receivable by Ernst & Young for:		
- transaction services for Lattice acquisition	80	1,475
- other assurance services	91	51
Total other services	171	1,526

28. Subsequent events

On 3 July 2019, Beach announced that it has executed agreements with AWE (Beharra Springs) Pty Ltd, a related body corporate of Mitsui E&P Australia (MEPAU), to move to 50:50 ownership of production licences L11 and L22 (Beharra Springs), exploration permit EP 320 and pipeline licence PL 18 in the Perth Basin. The previous ownership structure for these permits was Beach 67% and MEPAU 33%. Beach will retain operatorship of the permits. The transaction has an effective date of 1 January 2019 and is expected to be completed during Q1 FY20, subject to satisfaction of various conditions including regulatory approval.

Other than the matters described above, there has not arisen in the interval between 30 June 2019 and up to the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years, unless otherwise noted in the financial report.

Independent Auditor's Report



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Independent Auditor's Report to the Members of Beach Energy Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Beach Energy Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2019 and of its consolidated financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.



1. Carrying value of petroleum assets

Why significant

At 30 June 2019 the Group had petroleum assets of \$2,727 million.

Australian Accounting Standards require the Group to assess throughout the reporting period whether there is any indication that an asset may be impaired or a previous impairment reversed. If any indication exists, the Group must estimate the recoverable amount of the asset. At year end, the Group has concluded, based on this assessment, that there were no indicators of impairment or impairment reversal for any of its Cash Generating Units (CGUs). As a result, no impairments or impairment reversals were recorded during the year.

The assessment of indicators of impairment and reversal of impairment is complex and highly judgmental, and includes modelling a range of assumptions and estimates that are impacted by expected future performance and market conditions. Accordingly, this matter was considered to be a key audit matter.

Key assumptions, judgements and estimates used in the Group's assessment of these items are set out in the financial report in note 9.

How our audit addressed the key audit matter

In completing our audit procedures, we:

- ▶ Assessed the Group's definition of cash generating units in accordance with Australian Accounting Standards.
- ▶ Evaluated the assumptions, methodologies and conclusions used by the Group in assessing for indicators of impairment and impairment reversal, in particular, those relating to the forecast cash flows and inputs used to formulate them. This included assessing, in conjunction with our valuation specialists, the discount rates, foreign exchange rates and commodity prices with reference to market prices (where available), market research, market practice, market indices, broker consensus and historical performance.
- ▶ Used the work of the Group's internal and external experts with respect to the hydrocarbon reserve assumptions used in the cash flow forecasts. This included understanding the reserve estimation processes carried out, and assessing the qualifications, competence and objectivity of the Group's experts, the scope and appropriateness of their work.
- ▶ Analysed forecast cost assumptions against historical performance and the latest approved budgets and forecasts.
- ▶ Considered the Group's market capitalisation.
- ▶ Considered the carrying value of producing assets against recent comparable market transactions and the market value of comparable companies, where available.



2. Impairment assessment of capitalised exploration and evaluation expenditure

Why significant	How our audit addressed the key audit matter
<p>As at 30 June 2019 the Group had exploration and evaluation assets of \$355 million.</p> <p>The carrying value of exploration and evaluation assets is subjective based on the Group's ability and intention, to continue to explore the assets. The carrying value may also be impacted by the results of exploration work indicating that the oil and gas resources may not be commercially viable for extraction. The Group is required to assess whether any indicators of impairment are present.</p> <p>Given the size of the balance and the complex and judgmental nature of impairment indicator assessments, this was considered a key audit matter.</p> <p>Disclosure regarding this matter can be found in Note 10 of the financial report.</p>	<p>We evaluated the Group's assessment of the carrying value of exploration and evaluation assets. In obtaining sufficient audit evidence, we:</p> <ul style="list-style-type: none">▶ Assessed the Group's definition of area of interest in accordance with Australian Accounting Standards.▶ Considered the Group's right to explore in the relevant exploration area which included obtaining and assessing supporting documentation such as license agreements and correspondence with relevant government agencies.▶ Considered the Group's intention to carry out significant exploration and evaluation activities in relevant exploration areas, or plans to transfer the assets to petroleum assets. This included assessment of the Group's budgets and enquiries with senior management and directors as to the intentions and strategy of the Group.▶ Assessed the carrying value of exploration and evaluation assets where recent exploration activity, in a given licensed area, provided negative indicators as to the recoverability of amounts capitalised.▶ Considered the commercial viability of results relating to exploration and evaluation activities carried out in the relevant licensed areas.▶ Assessed the Group's ability to finance any planned future exploration and evaluation activity.



3. Provisionally priced oil revenue

Why significant

At 30 June 2019 the group recorded \$94.5 million of provisionally priced oil revenue (30 June 2018: \$80.4 million), which represents a significant portion (12%) of total annual oil revenue (30 June 2018: 15%).

In accordance with contractual terms within the Crude Oil Sale and Purchase Agreement ('COSPA'), risk and title of oil produced in the Cooper Basin is transferred to the South Australian Cooper Basin Joint Venture ("SACBJV"), when the oil reaches the Moomba processing facility. **The supply of oil to the Moomba processing facility is the point the Group satisfies its performance obligation to the SACBJV in respect of the supply of oil.** Revenue is calculated using forecast oil prices when title has passed, with actual invoices not raised until the oil has shipped from Port Bonython.

Given the complexity in calculating volume of oil supplied and judgement in the application of the estimated transaction price, there can be significant variations in the final revenue value recorded on invoicing.

Disclosure regarding this matter can be found in Note 2 to the financial report.

How our audit addressed the key audit matter

In completing our audit procedures, we:

- ▶ Assessed the point and recognition of revenue with reference to executed contracts between the parties and the requirements of Australian Accounting Standards.
- ▶ Obtained directly from the SACBJV an independent confirmation of the barrels of oil received at the Moomba processing facility, but not yet shipped via Port Bonython.
- ▶ For all provisionally priced revenue barrels sold, assessed the estimated sales price applied by the Group to forward commodity price assumptions together with estimates of quality premiums and exchange rates for the period in which settlement is likely to occur with reference to contractual arrangements and Brent oil price futures.
- ▶ Selected shipments which occurred close to the period end assessed whether revenue was recorded in the correct period.
- ▶ Selected and examined subsequent cash receipts.



Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not and will not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- ▶ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 58 to 72 of the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Beach Energy Limited for the year ended 30 June 2019, complies with section 300A of the Corporations Act 2001.

Independent Auditor's Report



Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

A stylized signature of 'Ernst & Young' in a cursive script, enclosed in a light grey rectangular box.

Ernst & Young

A stylized signature of 'Anthony Jones' in a cursive script, enclosed in a light grey rectangular box.

Anthony Jones
Partner
Adelaide
19 August 2019

Glossary of terms

A\$ or \$	Australian dollars	EBITDA	Earnings before interest, tax, depreciation and amortisation
2C	Contingent resource best estimate ⁽¹⁾	EIP	Executive Incentive Plan
3D	Three dimensional	EP	Exploration Permit
1P	Proved reserve estimate ⁽¹⁾	EPC	Engineering, Procurement and Construction
2P	Proved and probable reserve estimate ⁽¹⁾	EPS	Earnings per share
3P	Proved, probable and possible reserve estimate ⁽¹⁾	Ex PEL 91	PRLs 151 to 172 and various production licences
AASB	Australian Accounting Standards Board	Ex PEL 92	PRLs 85 to 104 and various production licences
AGM	Annual General Meeting	Ex PEL 104 / 111	PRLs 136 to 150 and various production licences
AOI	Area of interest	Ex PEL 106	PRLs 129 and 130 and various production licences
ASX	Australian Securities Exchange	Ex PEL 513	PRLs 191 and 206 and various production licences
ATP	Authority to Prospect	Ex PEL 632	PRLs 131 to 134 and various production licences
Adelaide Brighton	Adelaide Brighton Cement Ltd, a wholly owned subsidiary of Adelaide Brighton Limited (ASX: ABC)	FEED	Front End Engineering Design
Alinta Energy	Alinta Energy Retail Sales Pty Ltd	FID	Final Investment Decision
BassGas Project	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 licenses TR/L2, TR/L3, TR/L4 and TR/L5	Free cash flow	Operating cash flow less investing cash flow (excluding acquisitions and divestitures)
bbbl	Barrels	FY(19)	Financial year ended 30 June (2019)
Bcf	Billion cubic feet	Genesis Group	Genesis Energy Limited and its subsidiaries
Beach	Beach Energy Limited and its subsidiaries	GSA	Gas sales agreement
Beharra Springs	Beharra Springs (Beach 67% and operator, Mitsui 33%, pending completion of a 17% sell down described in ASX Release 018/19 dated 3 July 2019) produces gas from the onshore Beharra Springs gas field in the Perth Basin in production licences L11 and L22	GJ	Gigajoule
Benaris interests	Refers to 27.77% of OGP, acquired by Lattice, as announced by Origin on 11 September 2017	HBWS	Halladale, Black Watch and Speculant offshore gas fields in the Victorian Otway Basin
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	H(1) (FY19)	(First) half year period (of FY19)
Board	Board of Directors of Beach	IFRS	International Financial Reporting Standards
Bridgeport	Bridgeport (Cooper Basin) Pty Ltd	kbbl	Thousand barrels of oil
CAGR	Compounded annual growth rate	kboe	Thousand barrels of oil equivalent
C&S	Cased and suspended	km	Kilometre
CGU	Cash generating unit	KMP	Key management personnel
CKS	Congony-Kalladeina-Sceale field complex	KPI	Key performance indicator
Company	Beach and its subsidiaries	kt	Thousand tonnes
Cooper Energy	Cooper Energy Ltd and its subsidiaries	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
Cooper Basin	Includes both Cooper and Eromanga Basins	Lattice	Lattice Energy Limited
Cooper Basin JV	The Santos operated, SACB JVs and SWQ JVs	LNG	Liquefied natural gas
		LPG	Liquefied petroleum gas
		LTI	Long term incentive
		MEPAU	Mitsui E&P Australia
		MMbbl	Million barrels of oil
		MMboe	Million barrels of oil equivalent
		MMscf	Million standard cubic feet of gas
		MMscfd	Million standard cubic feet of gas per day

Glossary of terms

Net Gearing	The ratio of net debt/(cash) to the sum of net debt/(cash) and total book equity	Tcf	Trillion cubic feet
NPAT	Net profit after tax	TCFD	Task Force on Climate Related Financial Disclosures
NZ	New Zealand	TFR	Total fixed remuneration
NZOG	New Zealand Oil & Gas Limited and its subsidiaries	TJ	Terajoule
O.G. Energy	O.G. Energy Holdings Limited, a member of the Ofer Global group of companies	TJ/d	Terajoules per day
Origin	Origin Energy Limited and its subsidiaries	Toyota Tsusho interests	Refers to 5% of OGP and 11.25% of the BassGas Project. Refer Beach's ASX release #098/17 of 21 December 2017 for further information
OGP	Otway Gas Project. Offshore gas fields Thylacine and Geographe, the Thylacine Well Head Platform, Otway Gas Plant and associated infrastructure in the Victorian Otway Basin	TRIFR	Total recordable injury frequency rate
Other Cooper Basin production	Other Cooper Basin producing areas are ATP 299 (Tintaburra) (Beach 40%), ex PEL 513/632 (Beach 40%) and PRL 135 (Vanessa) (Beach 43%), all non-operated	TSR	Total shareholder return
Otway Sale	Sale of 40% of Beach's Victorian Otway interests to O.G. Energy	US\$	United States dollars
PACE	The South Australian Plan for Accelerating Exploration gas grant scheme	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.
P&A	Plugged and abandoned		
PCP	Prior corresponding period		
PEL	Petroleum Exploration Licence		
PEP	Petroleum Exploration Permit		
PL	Petroleum Lease		
PPL	Petroleum Production Licence		
PJ	Petajoule		
PRL	Petroleum Retention Licence (SA)		
PRMS	Petroleum Resources Management System		
PRRT	Petroleum Resource Rent Tax		
Q(1) (FY19)	(First) quarter (FY19)		
ROC	Return on capital		
Rockhopper	Rockhopper Exploration plc		
SACB JVs	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%)		
Santos	Santos Limited and its subsidiaries		
SAWA	Beach's South Australia Western Australia reporting segment		
Senex	Senex Energy Limited		
SGH	Seven Group Holdings Limited		
SPE	Society of Petroleum Engineers		
STI	Short term incentive		
SWQ JVs	South West Queensland Joint Ventures, incorporating various equity interests (Beach 30-52.2%)		

(1) Complete definitions for Reserves and Contingent Resources can be sourced from "Guidelines for Application of the Petroleum Resources Management System" November 2011 – better known as SPE PRMS.

Schedule of Tenements

FOR THE YEAR ENDED 30 JUNE 2019

Cooper/Eromanga - Queensland

Subsidiary Company	Tenement	%
Maw 6.50%	ATP 1189 ex ATP 259	38.5%
Delhi 32%	(Naccowlah Block) ¹	
Delhi 22.5%	ATP 1189 ex ATP 259	47.5%
LEL 25%	(Aquitaine A Block) ²	
Delhi 20%	ATP 1189 ex ATP 259	45%
LEL 25%	(Aquitaine B Block) ³	
Delhi 25.2%	ATP 1189 ex ATP 259	52.2%
LEL 27%	(Aquitaine C Block) ⁴	
Delhi	ATP 1189 ex ATP 259	30%
	(Innamincka Block) ⁵	
Delhi	ATP 1189 ex ATP 259	30%
	(Total 66 Block) ⁶	
Delhi 28.8%	ATP 1189 ex ATP 259	38.8%
LEL 10%	(Wareena Block) ⁷	
Delhi	PL 55 (50/40/10)	40%
Delhi 23.2%	SWQ Gas Unit ⁸	39.9375%
LEL 16.7375%		
Circumpacific	ATP 940	100%

Cooper/Eromanga - South Australia

Subsidiary Company	Tenement	%
BPT	PPL 204 (Sellicks Oil Field)	75%
BPT	PPL 205 (Christies Oil Field)	75%
BPT	PPL 210 (Aldinga Oil Field)	50%
BPT 40%	PPL 212 (Kiana Oil Field)	100%
DLS 30%		
GAOG 30%		
BPT	PPL 220 (Callawonga Oil Field)	75%
BPT	PPL 224 (Parsons Oil Field)	75%
BPT 50%	PPL 239 (Middleton/Brownlow	100%
GAOG 50%	Fields)	
Springfield 15%	PPL 240 (Snatcher Oil Field)	40%
Impress (CB) 25%		
Springfield 15%	PPL 242 (Growler Oil Field)	40%
Impress (CB) 25%		
Springfield 15%	PPL 243 (Mustang Oil Field)	40%
Impress (CB) 25%		
BPT	PPL 245 (Butlers Oil Field)	75%
BPT	PPL 246 (Germein Oil Field)	75%
BPT	PPL 247 (Perlubie Oil Field)	75%
BPT	PPL 248 (Rincon Oil Field)	75%

Subsidiary Company	Tenement	%
BPT	PPL 249 (Elliston Oil Field)	75%
BPT	PPL 250 (Windmill Oil Field)	75%
BPT 40%	PPL 253 (Bauer/Bauer-North/	100%
GAOG 60%	Chiton/Arno Oil Fields)	
BPT 40%	PPL 254 (Congony/Kalladeina Oil	100%
GAOG 60%	Fields)	
BPT 40%	PPL 255 (Hanson/Snelling Oil	100%
GAOG 60%	Fields)	
BPT 40%	PPL 256 (Sceale Oil Field)	100%
GAOG 60%		
BPT 50%	PPL 257 (Canunda/Coolawang	100%
GAOG 50%	Fields)	
Springfield 15%	PPL 258 (Spitfire Oil Field)	40%
Impress (CB) 25%		
BPT 40%	PPL 260 (Stunsail Oil Field)	100%
GAOG 60%		
BPT 40%	PPL 261 (Pennington Oil Field)	100%
GAOG 60%		
BPT 40%	PPL 262 (Balgowan Oil Field)	100%
GAOG 60%		
Springfield 15%	PPL 263 (Martlett North Oil Field)	40%
Impress (CB) 25%		
Springfield 15%	PPL 264 (Martlett Oil Field)	40%
Impress (CB) 25%		
Springfield 15%	PPL 265 (Marauder Oil Field)	40%
Impress (CB) 25%		
BPT 40%	ex PEL 91 ⁹	100%
GAOG 60%		
BPT 40%	GSEL 648 (ex PEL 91)	100%
GAOG 60%		
BPT	ex PEL 92 ¹⁰	75%
BPT	GSEL 634 (ex PEL 92)	75%
BPT	PEL 94	50%
BPT	PEL 95	50%
Acer	ex PEL 101 ¹¹	100%
Acer	GSEL 652 (ex PEL 101) ¹¹	80%
Springfield 15%	ex PEL 104 ¹⁴	40%
Impress (CB) 25%		
Springfield 15%	PRL 15 (Growler Block)	40%
Impress (CB) 25%		
BPT 50%	ex PEL 106 ¹²	100%
GAOG 50%		
BPT 50%	GSEL 646 (ex PEL 106) ¹²	100%
GAOG 50%		

Schedule of Tenements

FOR THE YEAR ENDED 30 JUNE 2019

Subsidiary Company	Tenement	%
BPT 40% DLS 20% GAOG 40%	ex PEL 107 ¹³	100%
BPT 40% DLS 20% GAOG 40%	GSEL 653 (ex PEL 107) ¹³	100%
Springfield 15% Impress (CB) 25%	ex PEL 111 ¹⁴	40%
Acer	PEL 182	43%
Acer	ex PEL 182 ¹⁵	43%
BPT	ex PEL 218 (Permian) ¹⁶	100%
DLS (513)	ex PEL 513 ¹⁷	40%
Ambassador	PEL 570	47.5%
BPT	PEL 630	50%
GAOG	ex PEL 632 ¹⁸	40%
Delhi 12.86% LEL 7.902%	Reg Sprigg West Unit ²⁶	20.759%
BPT 25% DLS Gas 30% GAOG 45%	PRL 26 (Udacha Unit)	100%
BPT 25% DLS Gas 30% GAOG 45%	GSEL 645 (ex Udacha Unit)	100%
Delhi 17.14% LEL 10.536%	Patchawarra East ¹⁹	27.676%
Delhi	Fixed Factor Agreement ²⁰	20.21%
Delhi 20.21% LEL 13.19%	SA Unit ²⁷	33.4%

Otway - South Australia

Subsidiary Company	Tenement	%
ADE	PEL 494	70%
ADE	GSEL 654	70%
ADE	PPL 62 (Katnook)	100%
ADE	PPL 168 (Redman)	100%
ADE	PPL 202 (Haselgrove)	100%
ADE	PRL 1 (Wynn)	100%
ADE	PRL 2 (Limestone Ridge)	100%
ADE	PRL 13 (Killanoola Field)	100%
ADE	PRL 32 (ex PEL 255)	70%
ADE	GSRL 27	100%

Arrowie - South Australia

Subsidiary Company	Tenement	%
BPT	GEL 156	21%

Otway - Victoria

Subsidiary Company	Tenement	%
BPT	PPL 6 (McIntee Gas Field)	10%
BPT	PPL 9 (Lavers Gas Field)	10%
LEL	Vic/P42(V) ²¹	60%
LEL	Vic/P43 ²¹	60%
LEL 55% LEROL 5%	Vic/L23 ²²	60%
LEL	Vic/L1(V) ²¹	60%
LEL	Vic/P73	60%
BPT	PEP 168	50%

Browse - Western Australia

Subsidiary Company	Tenement	%
BPT	WA-80-R	7.34%

Bonaparte Basin - Western Australia

Subsidiary Company	Tenement	%
LEL	WA-454-P	50%
LERBPL	WA-6-R (West Petrel)	5.75%

Otway (Offshore) - Tasmania

Subsidiary Company	Tenement	%
LEL	T/30P	100%
LEL 55% LEROL 5%	T/L2 (Thylacine) ²²	60%
LEL 55% LEROL 5%	T/L3 (Thylacine South) ²²	60%

Bass Basin - Tasmania

Subsidiary Company	Tenement	%
LEL 37.5% LERBGL 5% BPT 11.25%	T/L1 (Yolla)	53.75%
LEL 39% BPT 11.25%	TR/L2	50.25%
LEL 39% BPT 11.25%	TR/L3	50.25%
LEL 39% BPT 11.25%	TR/L4	50.25%
LEL 39% BPT 11.25%	TR/L5	50.25%

Carnarvon - Western Australia

Subsidiary Company	Tenement	%
BPT	WA-359-P	21%

Perth Basin - Western Australia

Subsidiary Company	Tenement	%
LERPBPL	EP 320 ²³	50%
LERPBPL	L11/L22 (Beharra Springs) ²⁴	50%
LERPBPL	L1/L2 (Waitsia Excluding Dongara, Mondarra and Yardarino)	50%

Bonaparte - Northern Territory

Subsidiary Company	Tenement	%
LEL	NT/P82	50.00%
LEL	NT/P84	50.00%
LEL	NT/P85	50.00%
LERBPL	NT/RL1	5.75%

Canterbury - New Zealand

Subsidiary Company	Tenement	%
BPT (NZ)	PEP 52717	50%
BERNZHL	PEP 38264	37.5% ²⁵

Northern Taranaki Graben - New Zealand

Subsidiary Company	Tenement	%
BPT (NZ)	PEP 57080	50%

Taranaki Basin - New Zealand

Subsidiary Company	Tenement	%
BERNZKL Kupe Mining No.1 Ltd	PML 38146 (Kupe)	50%

Schedule of Tenements

FOR THE YEAR ENDED 30 JUNE 2019

1. The Naccowlah Block consists of ATP 1189 ex ATP 259 (Naccowlah) and PLs 23-26, 35, 36, 62, 76-79, 82, 87, 133, 149, 175, 181, 182, 189, 287, 302, 495, 496, PLA 1026. Note sub-leases of PLs (gas) to SWQ Unit and PCAs 251, 269, 271.
2. The Aquitaine A Block consists of ATP 1189 ex ATP 259 (Aquitaine A) and PLs 86, 131, 146, 177, 208 and 254. Note sub-leases of part PLs (gas) to SWQ Unit and PCA 276.
3. The Aquitaine B Block consists of ATP 1189 ex ATP 259 (Aquitaine B) and PLs 59 - 61, 81, 83, 85, 108, 111, 112, 132, 135, 139, 147, 151, 152, 155, 205, 288, PL 508, 509, 1013, PLA 1014, PLA 1035. Note sub-leases of part of PLs (gas) to SWQ Unit and PCA 248.
4. The Aquitaine C Block consists of ATP 1189 ex ATP 259 (Aquitaine C) and PLs 138 and 154.
5. The Innamincka Block consists of ATP 1189 ex ATP 259 (Innamincka) and PLs 58, 80, 136, 137, 156, 159 and 249. Note sub-leases of part PLs (gas) to SWQ Unit and PCAs 270, 278, 281, 282, 283.
6. The Total 66 Block consists of ATP 1189 ex ATP 259 (Total 66) and PLs 34, 37, 63, 68, 75, 84, 88, 110, 129, 130, 134, 140, 142 - 144, 150, 178, 186, 193, 241, 255, 301, 502 PLA 497 and PLA 513. Note sub-leases of part of PLs (gas) to SWQ Unit and PCAs 252, 253, 254, 275, 279, 280.
7. The Wareena Block consists of ATP 1189 ex ATP 259 (Wareena) and PLs 113, 114, 141, 145, 148, 153, 157, 158, 187, 188, 411 and PL 1016. Note sub-leases of part of PLs (gas) to SWQ Unit and PCAs 250, 268, 272, 273, 274, 277.
8. The SWQ Gas Unit consists of subleases of PLs within the gas production area of Naccowlah Block, Aquitaine A Block, Aquitaine B Block, Innamincka Block, Wareena Block and Total 66 Block.
9. ex PEL 91 consists of PRLs 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171 and 172.
10. ex PEL 92 consists of PRLs 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100, 101, 102, 103 and 104.
11. ex PEL 101 consists of PRLs 173 and 174.
12. ex PEL 106 consists of PRLs 129 and 130.
13. ex PEL 107 consists of PRLs 175, 176, 177, 178 and 179.
14. ex PEL 104/111 consists of PRLs 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149 and 150.
15. ex PEL 182 consists of PRLs 135, 238, 239, 240, 241, 242, 243 and 244.
16. ex PEL 218 (Permian) consists of Permian section of PRLs 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48 and 49.
17. ex PEL 513 consists of PRLs 191 to 206.
18. ex PEL 632 consists of PRLs 131, 132, 133 and 134.
19. Patchawarra East consists of PPLs 26, 76, 77, 118, 121 - 123, 125, 131, 136, 147, 152, 156, 158, 167, 182, 187, 194, 201 and 229.
20. The Fixed Factor Agreement consists of PPLs 6 - 20, 22 - 25, 27, 29 - 33, 35 - 48, 51 - 61, 63 - 70, 72 - 75, 78 - 81, 83, 84, 86 - 92, 94, 95, 98 - 111, 113 - 117, 119, 120, 124, 126 - 130, 132 - 135, 137 - 140, 143 - 146, 148 - 151, 153 - 155, 159 - 166, 172, 174 - 180, 189, 190, 193, 195, 196, 228 and 230 - 238.
21. VIC/P42(V), VIC/P43, VIC/L1(V), VIC/P73. Registered interest is 100%. Assignment of 40% subject to regulatory approval.
22. T/L2, T/L3, VIC/L23. Registered interest is 100%. Assignment of 40% subject to regulatory approval.
23. EP 320. Registered interest is 67%. Assignment of 17% subject to regulatory approval.
24. Beharra Springs (L11 and L22). Registered interest is 67%. Assignment of 17% subject to regulatory approval.
25. PEP 38264. Registered interest is 65%. Assignment of 27.5% subject to regulatory approval.
26. The Reg Sprigg West Unit is a unitisation arrangement which includes part of PPL 194 (Patchawarra East).
27. The SA Unit consists of discoveries in the Fixed Factor Agreement Area.

Subsidiary Company

Acer	Acer Energy Pty Ltd
Ambassador	Ambassador Exploration Pty Ltd
ADE	Adelaide Energy Pty Ltd
AUG	Australian Unconventional Gas Pty Ltd
BPT (NT)	Beach Petroleum (NT) Pty Ltd
BPT (NZ)	Beach Petroleum (NZ) Pty Ltd
BPT	Beach Energy Limited
Circumpacific	Circumpacific Energy (Australia) Pty Ltd
Deka	Deka Resources Pty Ltd
Delhi	Delhi Petroleum Pty Ltd
DLS (513)	Drillsearch (513) Pty Ltd
DLS	Drillsearch Energy Ltd
DLS Gas	Drillsearch Gas Pty Ltd
GAOG	Great Artesian Oil & Gas Pty Ltd
Impress (CB)	Impress (Cooper Basin) Pty Ltd
LEL	Lattice Energy Limited
LERBPL	Lattice Energy Resources (Bonaparte) Pty Limited
LEROL	Lattice Energy Resources (Otway) Limited
LERPBPL	Lattice Energy Resources (Perth Basin) Pty Limited
BERNZKL	Beach Energy Resources NZ (Kupe) Limited
BERNZHL	Beach Energy Resources NZ (Holdings) Limited
LERBGL	Lattice Energy Resources (Bass Gas) Limited
Maw	Mawson Petroleum Pty Ltd
Springfield	Springfield Oil and Gas Pty Ltd
TOAG	Territory Oil and Gas Pty Ltd
Well Traced	Well Traced Pty Ltd

Tenements Acquired

L 22, PCAs, VIC/P73

Tenements Divested

PPL 4, 5, 7, 10, 12, VIC/P69, EP 126, ex PEL 218 (Post Permian), GSEL 633, PEL 87, PEL 424, PEL 103, GSEL 659, PEL 103 (A), GSEL 660

Shareholder information

Share details - Distribution as at 1 August 2019

Range of shares	Number of shareholders Fully paid ordinary shares
1 - 1,000	5,394
1,001 - 5,000	7,891
5,001 - 10,000	3,927
10,001 - 100,000	6,015
100,001 Over	486
Total	23,713
Shareholders with non-marketable parcels	1,980

Voting rights - fully paid ordinary shares

On a show of hands, every person qualified to vote, whether as a member or proxy or attorney or representative, shall have one vote. Upon a poll, every member shall have one vote for each share held.

Substantial shareholders as disclosed by notices received by Beach as at 1 August 2019

Name	Number of voting shares held	Date of notice
Seven Group Holdings Limited and others	650,554,052	15 November 2018
Australian Capital Equity Pty Ltd, Wroxby Pty Ltd, North Aston Pty Ltd and others (ACE Group); Ashblue Holdings Pty Ltd, Tiberius (Seven Investments) Pty Ltd, Tiberius Pty Ltd and others (Tiberius Group); Mr Kerry Stokes AC and Kemast Investments Pty Ltd	650,554,052	15 November 2018

Twenty largest shareholders as at 1 August 2019

Rank	Name	Fully paid ordinary shares	% of Units
1.	NETWORK INVESTMENT HOLDINGS PTY LTD	556,667,776	24.43
2.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	495,955,897	21.76
3.	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	327,912,748	14.39
4.	CITICORP NOMINEES PTY LIMITED	217,202,315	9.53
5.	NATIONAL NOMINEES LIMITED	110,332,974	4.84
6.	BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	40,669,419	1.78
7.	NETWORK INVESTMENT HOLDINGS PTY LTD	34,127,698	1.50
8.	UBS NOMINEES PTY LTD	26,843,311	1.18
9.	BNP PARIBAS NOMS PTY LTD <DRP>	23,497,527	1.03
10.	NETWORK INVESTMENT HOLDINGS PTY LTD	18,742,950	0.82
11.	CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	15,345,401	0.67
12.	NETWORK INVESTMENT HOLDINGS PTY LTD	14,172,317	0.62
13.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	12,717,204	0.56
14.	MR ROBERT LEE PETERSEN	8,515,117	0.37
15.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	7,581,044	0.33
16.	AMP LIFE LIMITED	7,382,222	0.32
17.	AYERSLAND PTY LTD	4,870,000	0.21
18.	NEWECONOMY COM AU NOMINEES PTY LIMITED <900 ACCOUNT>	3,838,535	0.17
19.	BNP PARIBAS NOMS PTY LTD <UOB KAY HIAN PRIV LTD DRP>	3,480,867	0.15
20.	MR LEENDERT HOEKSEMA + MRS AALTJE HOEKSEMA	2,800,000	0.12
Top 20 holders of fully paid ordinary shares		1,932,655,322	84.81
Remaining Holders Balance		346,273,006	15.19
Total		2,278,928,328	100

Corporate Information

Annual meeting

The annual meeting will be held as follows:

Place	ADELAIDE CONVENTION CENTRE NORTH TCE, ADELAIDE SA 5000
Date	TUESDAY 26 NOVEMBER 2019
Time	10.30 AM

Corporate Directory

Chairman

Glenn Stuart Davis

LLB, BEc, FAICD
Independent non-executive

Deputy Chairman

Colin David Beckett

FIEA, MICE, GAICD
Independent non-executive

Directors

Philip James Bainbridge

BSc (Hons) (Mechanical Engineering), MAICD
Independent non-executive

Matthew Kay

BEc, MBA, FCPA, GAICD
Managing Director

Sally-Anne Layman

B Eng (Mining) Hon, B Com, CPA, MAICD
Independent non-executive

Peter Stanley Moore

PhD, BSc (Hons), MBA, GAICD
Independent non-executive

Joycelyn Cheryl Morton

BEc, FCA, FCPA, FIPA, FCIS, FAICD
Independent non-executive

Richard Joseph Richards

BComs/Law (Hons), LLM, MAppFin
Non-executive

Ryan Kerry Stokes

BComm, FAIM
Non-executive

Company Secretary

Peter Kupniewski
LL.B/LP

Registered Office

Level 8, 80 Flinders Street
ADELAIDE SA 5000

Telephone: (08) 8338 2833

Facsimile: (08) 8338 2336

Email: info@beachenergy.com.au

Share Registry - South Australia

Computershare Investor Services Pty Ltd
Level 5, 115 Grenfell St
ADELAIDE SA 5000

Telephone: (08) 8236 2300

Facsimile: (08) 8236 2305

Auditors

Ernst & Young
Level 12/121 King William Street
ADELAIDE SA 5000

Securities Exchange Listing

Beach Energy Limited shares are listed
on the ASX Limited
(ASX Code: BPT)

Beach Energy Limited

ABN 20 007 617 969

Website

www.beachenergy.com.au

