

BEACH ENERGY

Driving Growth

Beach Energy Limited
(ABN 20 007 617 969)

ANNUAL
REPORT
2017

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Our vision, purpose and values are clear and concise statements that define Beach as an organisation. These statements have been developed to be enduring, and to navigate us through the longer term.

We are a proud Australian oil and gas company with a strong pioneering history.

We have grown to become Australia's largest onshore oil producer with a major gas business.

Our portfolio of strategically located oil and gas assets positions us for further growth.

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



Beach field staff at the Middleton gas facility



Middleton gas compression
commissioned in FY17



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Competent Persons Statement

The reserves and resources information in this Annual Report is based on, and fairly represents, information and supporting documentation prepared by, or under the supervision of, Mr Tony Lake (Manager Gas Development). Mr Lake is an employee of Beach Energy Ltd and has a BE (Mech) degree from the University of Adelaide and is a member of the Society of Petroleum Engineers. The reserves and resources information in this Annual Report has been issued with the prior written consent of Mr Lake in the form and context in which it appears.



Annual General Meeting

Venue
Adelaide Convention Centre

Address
North Tce, Adelaide SA 5000

Date
10.30am, Thursday 23 November 2017



ABOUT BEACH ENERGY

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

Beach Energy is an ASX-listed oil and gas exploration and production company, with core operations in South Australia's Cooper Basin, Australia's most prolific onshore oil and gas province. We are a values-based organisation, where safety takes precedence in everything we do. Beach is committed to sustainability and improvement of social, environmental and economic outcomes for the benefit of all stakeholders.

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 our acreage across the Cooper Basin.

Beach also has a major gas business comprising operated and non-operated assets. With strategic infrastructure and active gas exploration and development campaigns, Beach is well positioned to service demand in Australian east coast and southern gas markets. In addition to the Cooper Basin, Beach has permits in other basins in Australia and 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.

Lattice Energy

Subsequent to year-end, Beach announced the proposed \$1,585 million acquisition of Lattice Energy, a transformational acquisition which directly aligns with Beach's strategy. The transaction will deliver a step-change in production and reserves, diversity across production hubs and gas processing infrastructure, and an expanded asset portfolio with significant optionality and value creating growth opportunities. An overview of Lattice Energy and the proposed transaction is provided on pages 08 – 09.

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 VISION

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

FY17 saw active exploration and development in the Cooper and Otway basins. These basins are linked to strategic infrastructure servicing key east coast and southern energy markets.

In the Cooper Basin, Beach is focused on extracting maximum value from its Western Flank oil and gas fairways, and its non-operated Cooper Basin JV acreage. A multi-year work program has commenced which will provide the foundation for sustained activity in the region over coming years.

Western
Australia

0 500km

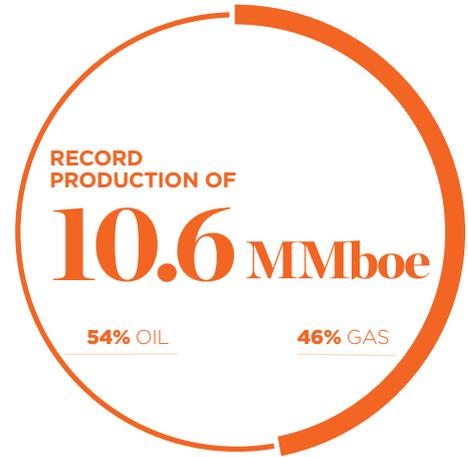
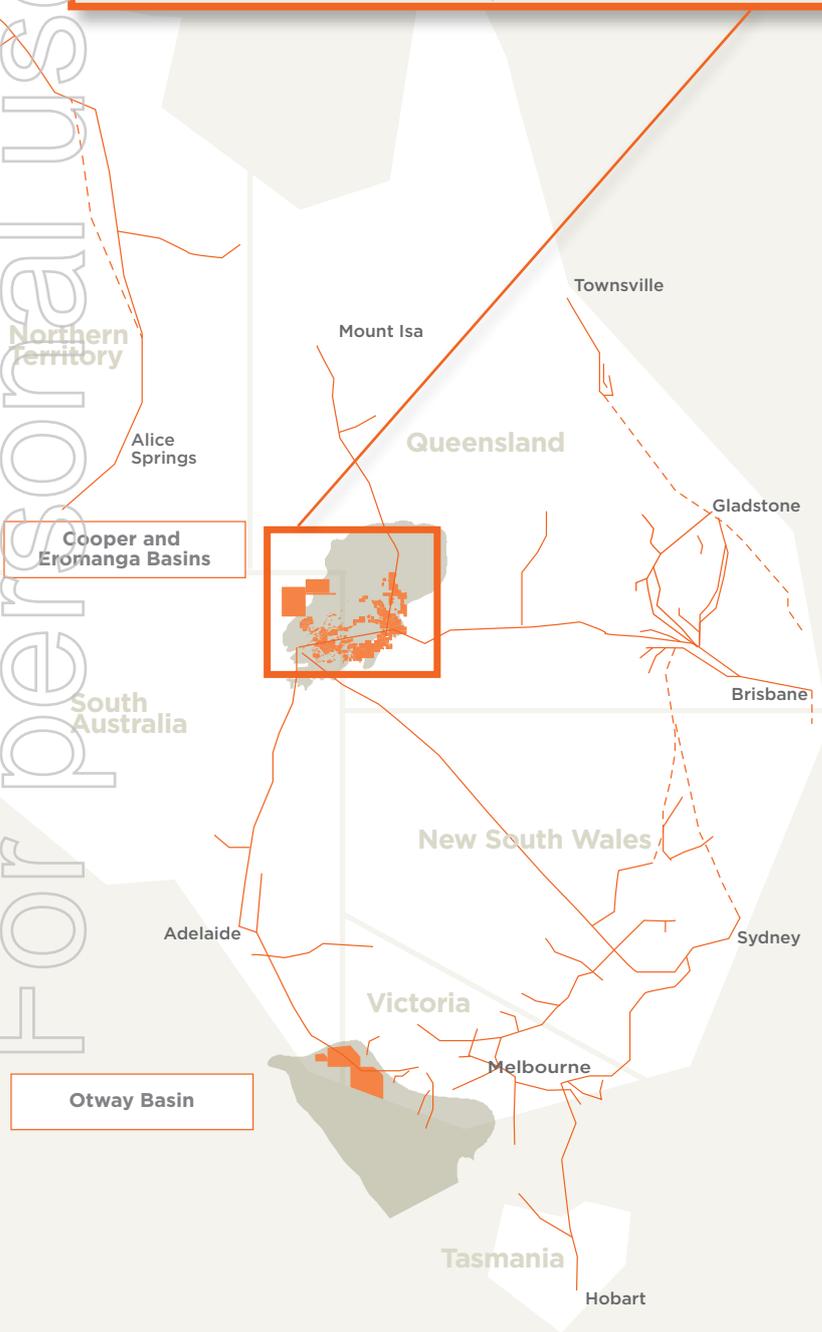
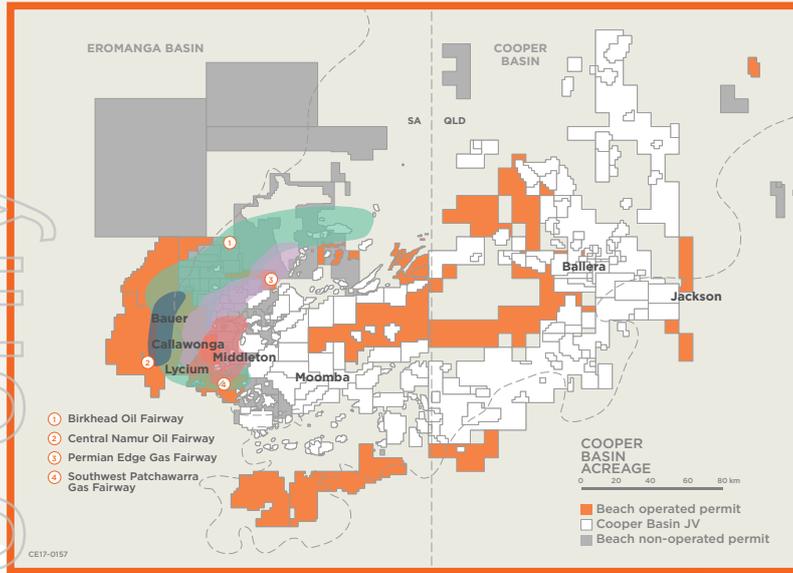
- Gas pipeline
- Gas pipeline (proposed)
- Major Basin
- Beach Permit

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“
In FY17, Beach achieved record production, a turnaround in profit, and further improvements in safety and environmental standards.

These outcomes reinforce our reputation as a leading Australian upstream oil and gas operator.”

MATT KAY
 CHIEF EXECUTIVE OFFICER



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OUR STRATEGY

Our clearly articulated strategy provides the roadmap for sustainable growth through the cycle.

Beach's strategy is premised on its Vision: We aim to be Australia's premier multi-basin upstream oil and gas company, and its Purpose: To deliver sustainable growth in shareholder value. To achieve these goals, four strategic pillars drive all decision making and serve as a roadmap for the future.

THE STRATEGIC PILLARS ARE:

- 1. Optimise our core in the Cooper Basin.**
- 2. Build a complementary gas business in east coast basins.**
- 3. Pursue compatible growth opportunities in Australia and nearby.**
- 4. Maintain financial strength.**

Beach has again demonstrated tangible progress against each strategic pillar. This has enabled an increase in drilling and field development activity in FY18 as the company embarks on a multi-year work program. Progress made against each strategic pillar in FY17 is summarised in the adjacent table. Details of the FY18 capital program and multi-year work program are contained later in this Annual Report within the Directors' Report.

“

With focus and discipline we have again demonstrated progress against our strategy, and our vision remains unchanged – to deliver shareholder value through building Australia's premier oil and gas company.”

MATT SQUIRE
GROUP EXECUTIVE CORPORATE
DEVELOPMENT AND STRATEGY



STRATEGIC PILLARS

Objectives

FY17 Progress

Highlights



Optimise our core in the Cooper Basin

Drive growth in Beach's core business through organic and inorganic opportunities

- Record production of 10.6 MMboe, up 9% from FY16
- 2P reserves replacement ratio of 179%
- Completion of major infrastructure expansion projects
- High drilling success rate of 79% from 58 wells
- Three gas discoveries from four-well operated program
- Birkhead oil discoveries with follow-up prospects
- Broad ranging operating and cost efficiencies
- Multi-year work program developed and commenced

2P RESERVES REPLACEMENT RATIO

179%



Build a complementary gas business in east coast basins

Establish a gas business in east coast basins to benefit from increasing gas demand from east coast markets

- Improved commercial terms for operated gas sales
- Three gas discoveries in operated acreage support expanded FY18 drilling campaign
- Production capacity enhancement from the Middleton gas compression project
- Cooper Basin JV drilling efficiencies enabling more wells to be drilled

COOPER BASIN JV DRILLING EFFICIENCIES ENABLING MORE WELLS TO BE DRILLED



Pursue compatible growth opportunities in Australia and nearby

A disciplined approach to mature the current opportunity set, identify prospective basins and execute growth opportunities

- Clearly defined inorganic growth strategy underpinned by robust base business
- Strict capital allocation framework for screening all growth opportunities
- Multiple opportunities under review
- Portfolio rationalisation through sale of non-core assets
- Withdrawal and extension of various permit interests
- Proposed acquisition of Lattice Energy announced subsequent to year-end

ACQUISITION OF LATTICE ENERGY ANNOUNCED

\$1,585M



Maintain financial strength

Maintain financial strength to underpin exploration efforts and growth options, and support the objective of sustainable growth in shareholder value

- Net operating cash flow of \$321 million, up 38% from FY16
- Cash reserves increased by \$149 million to \$348 million
- Year-end available liquidity of ~\$700 million
- Full-year dividends of 2.0 cents per share

YEAR-END AVAILABLE LIQUIDITY

~\$700M

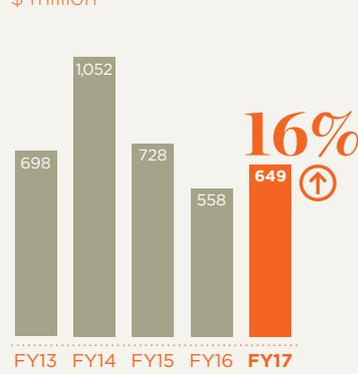
FINANCIAL PERFORMANCE

FY17 financial performance demonstrates reward for focus, discipline and a clearly articulated strategy.

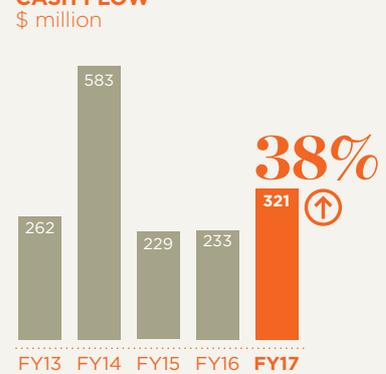
SALES VOLUMES
MMboe



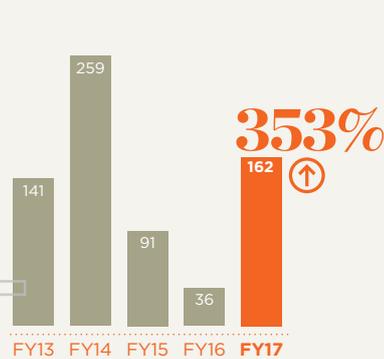
SALES REVENUE
\$ million



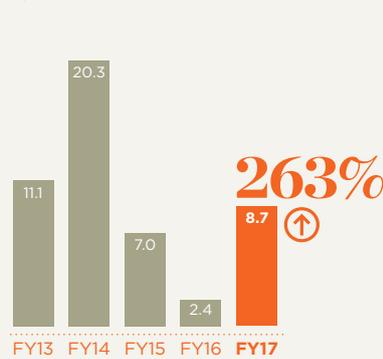
OPERATING CASH FLOW
\$ million



UNDERLYING NPAT
\$ million



UNDERLYING EPS
cps



FULLY FRANKED DIVIDENDS
cps



COOPER BASIN JV FIELD OPERATING COSTS

\$16/boe
⬇️ 20%

FREE CASH GENERATED BY THE COOPER BASIN JV

\$105M
⬆️ \$109M

WESTERN FLANK OPERATED FIELD COSTS

\$3.10/boe
⬇️ 15%

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“Record sales volumes, operating efficiencies, reduced costs and improved oil pricing underpinned material growth in profit and free cash flow.”

MORNÉ ENGELBRECHT
CHIEF FINANCIAL OFFICER



PERFORMANCE OVERVIEW

Results for the past five years

		FY13	FY14	FY15	FY16	FY17
Production	MMboe	8.0	9.6	9.1	9.7	10.6
2P reserves	MMboe	93	86	74	70	75
2C contingent resources	MMboe	449	467	677	205	153
Sales revenue	\$ million	698	1,052	728	558	649
Net profit after tax	\$ million	154	102	(514)	(589)	388
Underlying net profit after tax	\$ million	141	259	91	36	162
Earnings per share	cps	12.2	7.9	(39.6)	(39.6)	20.8
Underlying earnings per share	cps	11.1	20.3	7.0	2.4	8.7
Cash flow from operating activities	\$ million	262	583	229	233	321
Net assets	\$ million	1,783	1,871	1,355	1,075	1,402
Net debt/(cash)	\$ million	(198)	(261)	(20)	(49)	(198)
Gearing ratio	%	7.4	8.6	11.0	13.5	11.8
Fully franked dividends declared per share	cents	2.75	4.00	1.50	0.50	2.00
Shares on issue	million	1,269	1,292	1,300	1,861	1,874
Share price at year end	\$	1.14	1.68	1.05	0.61	0.575
Market capitalisation at year end	\$ million	1,440	2,171	1,365	1,135	1,077

ACQUISITION OF LATTICE ENERGY

A transformational acquisition enhancing growth, scale and diversity of operations.



Transaction overview

On 28 September 2017, Beach announced that it had entered into a binding agreement to acquire Lattice Energy for \$1,585 million. The acquisition is to be funded through existing cash reserves, new debt facilities and a \$301 million 3 for 14 pro-rata entitlement offer. On 2 October 2017, Beach announced that the accelerated institutional entitlement offer had been completed with a near record take-up rate of over 98%. The retail entitlement offer closes on 16 October 2017.

The acquisition is subject to approvals from the New Zealand Overseas Investment Office and the New Zealand Minister of Energy and Resources. Further information and disclosures in relation to the proposed acquisition and capital raising are contained in the announcement and presentation of 28 September 2017.

Financial highlights

The transaction is financially compelling and value accretive:

- ~155% 2P reserves accretive on a per share basis (as at 30 June 2017).
- >60% operating cash flow accretive on a per share basis in the first full year of ownership.
- Materially value per share accretive.
- Return on equity on incremental equity raised of 30%+.
- Ramping up to an annual run-rate of \$20 million of readily identifiable synergies (pre-tax) during the first full year of ownership¹.
- Strong and stable cash flow generation underpinned by long term gas sales agreements with high quality counterparties.

1. Annual run-rate synergies (pre-tax) post integration comprising overhead and corporate savings.

2. Beach production: Information on Beach's standalone production of 10.6MMboe is contained in Beach's ASX announcement of 18 August 2017. Pro forma Beach and Lattice production: Based on information provided by Origin for Cooper Basin, Otway, Kupe, HSBW, BassGas and Perth Basin (included in the Origin Reserves Report) added to Beach's standalone production for Cooper Basin set out above.

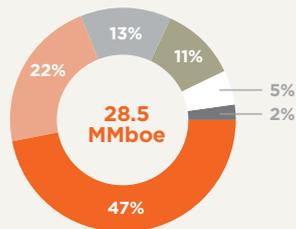
3. Beach 2P reserves: Estimates of 75MMboe are contained in Beach's ASX announcement of 18 August 2017. No new information has subsequently come to hand which would materially alter estimates or underlying assumptions. Lattice Energy's 2P reserves: Estimates of 26MMboe (for interests in Cooper Basin), 44MMboe (for interests in Perth Basin), 32MMboe (for interests in Kupe), 8MMboe (for interests in BassGas) and 48MMboe (for interests in Otway and HSBW) are taken from the Origin Reserves Report and the Origin Benaris Announcement and is as at 30 June 2017. No new information has subsequently come to hand which would materially alter estimates or underlying assumptions. In accordance with ASX Listing Rules, Beach expects to announce its assessment of reserves and contingent resources attributable to the Lattice Energy assets after the Acquisition completes as at 30 June 2018.

FY17 Production (MMboe)²

BEACH STANDALONE



PRO FORMA BEACH AND LATTICE

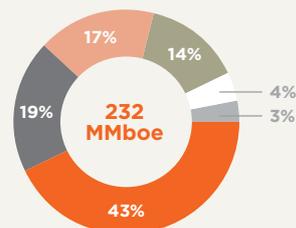


FY17 2P reserves (MMboe)³

BEACH STANDALONE



PRO FORMA BEACH AND LATTICE



Cooper Basin Otway Kupe
Perth Basin BassGas HSBW

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OPERATED PRODUCTION MOVES FROM**~50% to ~70%****OFFSHORE OPERATIONS ACCOUNT FOR****~50% of production****KEY HIGHLIGHTS**

The acquisition of Lattice Energy is transformational for Beach, significantly enhancing the company's scale and creating the leading ASX-listed oil and gas mid-cap with diversity of production and growth options. The combination will expand Beach's footprint across multiple basins, production hubs and jurisdictions, and increase Beach's 2P reserves by ~200% to 232 MMboe⁴ and FY18 production guidance by ~150% to 25-27 MMboe⁵. Lattice Energy will also deliver a step-change in operatorship capabilities and expertise, including gas processing and offshore production.

- Transformational acquisition enhancing scale and diversity of operations
- Portfolio of producing assets underpinned by long term contracts delivering strong and stable cash flow with development upside
- Significant portfolio upside through exploration, strategic partnering and infrastructure ownership
- Increased exposure to the strong market fundamentals of the Australian east coast gas market
- Value creation through scale, operating capabilities and synergies
- Acquisition delivers reserves, operating cash flow and value per share accretion; strongly supported by major shareholder, SGH

**EXPANDED FOOTPRINT WITH MULTIPLE PRODUCTION HUBS AND BASIN EXPOSURES****1. BONAPARTE BASIN**

Exploration, future development

2. PERTH BASIN**Waitsia**

Status: Development / Appraisal / Expl
Working interest: 50% (non-operated)
FY17 production: 1PJJe (0.2MMboe)

Beharra Springs

Status: Production / Exploration
Working interest: 67% (operated)
FY17 production: 3PJJe (0.5MMboe)

3. OTWAY BASIN**Otway Gas Project / HSBW⁶**

Status: Production / Development / Expl.
Working interest: Var. majority interests (op.)
FY17 production: 59PJJe (10.1MMboe)

4. BASS BASIN**BassGas⁷**

Status: Production / Development
Working interest: 42.5% (operated)
FY17 production: 8PJJe (1.4MMboe)

5. CANTERBURY BASIN

Exploration

6. TARANAKI BASIN**Kupe**

Status: Production / Development
Working interest: 50% (operated)
FY17 production: 18PJJe (3.1MMboe)

7. COOPER BASIN⁸

Status: Production / Development
Working interest: Var. interests (op. / non-op.)
FY17 production: 78PJJe (13.3MMboe)
Includes existing Beach production and acquired Lattice production

● Exploration Beach Production Beach infrastructure Lattice Production Lattice infrastructure

NB. The conversion from PJJe to MMboe is calculated as 5.833MMboe per PJJe.

4. Calculated as pro forma Beach and Lattice Energy 2P reserves divided by Beach's 2P reserves as at 30 June 2017.
5. Pro forma production calculation based on Beach's advised FY18 guidance as presented in Beach's FY17 Preliminary Full Year Results released on 21 August 2017, combined with Beach's estimate of potential FY18 production range for Lattice Energy's assets.
6. Includes Halladale, Speculant and Vic/LI(v) Black Watch which are 100% owned by Lattice and assumes a 95% interest in Otway (Thylacine, Geographe).
7. Includes 39% operated interest in Trefoil, Rockhopper and White Ibis.
8. Includes Cooper Basin Operated Senex (CBOS) – Senex operated PEL637 and PEL638 exploration joint venture.

CHAIRMAN'S LETTER



GLENN DAVIS
CHAIRMAN

“**Financial performance in 2017 was excellent with both operated and non-operated ventures contributing material growth.**”

Dear Shareholder,

Over the past three years, Beach has taken broad ranging actions to ensure we remain resilient and profitable during extended periods of low oil prices. Review and refinement of our strategy, strict cost and capital discipline and organisational change are examples of these actions. In 2017, our results clearly demonstrate reward for these efforts, with outstanding financial and operating outcomes. Furthermore, a strengthened financial position and improved ability to pursue meaningful growth enabled us to announce subsequent to year-end the proposed acquisition of Lattice Energy.

Financial performance in 2017 was excellent with both operated and non-operated ventures contributing material growth. Underlying net profit increased by 353% to \$162 million and cash reserves were boosted by \$149 million. These results were achieved with only a modest 13% increase in realised oil prices. This demonstrates the robust, low cost nature of our base business, which continues to create value during challenging market conditions.

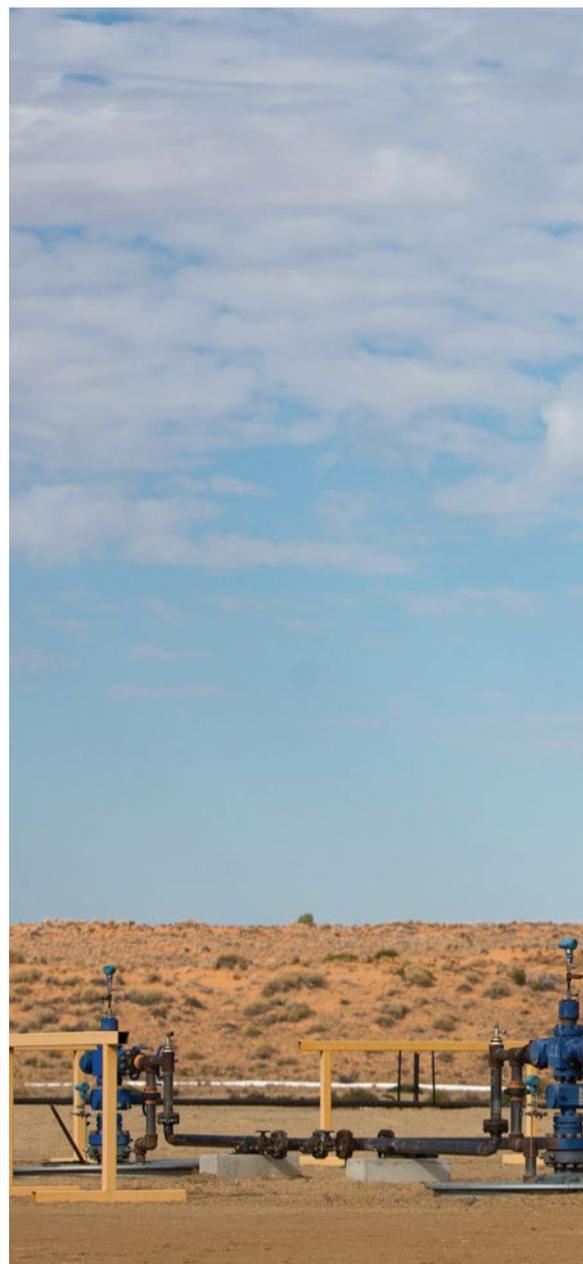
In recognition of this performance and our strengthened year-end liquidity, the board announced a final fully franked dividend of one cent per share. This takes full year

dividends to two cents per share, a 1.5 cent increase from the prior year, and marks our 16th year of consecutive dividend payments.

In the field we achieved record production, commissioned major infrastructure upgrades and made key discoveries in our Western Flank oil and gas acreage. Activity levels increased significantly, however we recorded another year of improved safety and environmental standards. These results further reinforce our standing as a leading Australian upstream oil and gas operator, and they are a credit to our team.

With new discoveries, field extensions and sustainable improvements in operating performance, Beach increased its reserves booking at year-end. A 2P reserves replacement ratio of 179% highlights solid progress against our objective to optimise our core Cooper Basin acreage. A reversal of prior year asset value impairments was also booked, which reflects improved prospects for our existing acreage.

Supported by our exploration success and infrastructure upgrades, an expanded multi-year work program was developed and has subsequently commenced. The program has a primary focus on extracting maximum value from our Cooper Basin acreage, as well as recommencing exploration in the



Otway Basin with support from the South Australian Government. Our ability to increase investment and activity at a time when industry conditions remain challenging demonstrates Beach's enviable position of strength.

During the year we welcomed new executives and two new directors to the board. Sadly, we also reported the unexpected passing of Doug Schwebel. Doug's technical expertise and leadership skills proved invaluable to Beach, and his contribution to the board and support for fellow directors were significant. Doug was an exceptional individual who is greatly missed.

Our attention has now turned to 2018 and the year has begun with excitement as we announced the proposed acquisition of Lattice Energy. This transaction will be truly transformational for Beach as it delivers significant growth, scale and diversity, whilst at the same time being value and cash flow accretive per share.

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Artificial lift installation post
Bauer Field pad drilling



The Lattice Energy portfolio is a mix of upstream gas production and exploration assets with diverse exposure to the Australian East Coast, West Coast and New Zealand gas markets. It is highly complementary to Beach's existing portfolio and significantly expands our geographic footprint and operatorship capabilities, including gas processing infrastructure and offshore production installations. This is a transaction fully aligned with our growth strategy which will entrench Beach as the leading mid-cap ASX-listed oil and gas company.

In closing, I would like to thank our staff for their continued hard work and the results they have produced. On behalf of the board I thank you, as shareholders, for your ongoing support of the company.

Glenn Davis
Chairman

6 October 2017

CHIEF EXECUTIVE OFFICER'S REPORT



MATT KAY
CHIEF EXECUTIVE OFFICER

Dear Shareholder,

As the industry continues to navigate a 'lower for longer' oil price environment, it is pleasing to report results which showcase a highly profitable Beach Energy. Over the past year, Beach has diligently executed its strategy with sharpened focus on efficiencies within its Cooper Basin acreage. In 2017, reward for much hard effort and change within the business was clearly evident. A turnaround in profit, strong cash generation and success in the field allowed us to increase investment in our business at a time when capital spend across the industry remains muted.

The past year was also one of much hard work as we pursued growth opportunities beyond the Cooper Basin. These efforts culminated in the announcement subsequent to year-end of the proposed \$1,585 million acquisition of Lattice Energy. This transaction is transformational for Beach and represents a significant milestone as we execute our strategy to become a premier upstream oil and gas company.

Financial highlights

A 353% increase in underlying net profit after tax to \$162 million validates our strict focus on cost and operating efficiencies. Furthermore, the significance of this turnaround is evident when reviewing realised oil prices over the past three years. In FY17 net profit was 78% higher than in FY15, despite average realised oil prices being 24% lower than in FY15. This reflects improved resilience of our base business and an ability to remain highly profitable at lower oil prices.

It is also worth noting progress made with divestment of higher-cost, non-core assets. A number of transactions were completed in FY17 which have improved the overall cost structure of our business. This contributed to a 106% increase in EBITDA to \$385 million, and an EBITDA margin expansion from 34% last year to 59% in FY17.

Beach continues to generate material free cash flow and strengthen its financial position.

In FY17, \$321 million of net operating cash flow was generated, up 38% from the prior year. Of this, \$149 million remained in cash reserves, \$152 million was directed to capital expenditure and other investment, and \$20 million was paid in dividends. At year-end, cash reserves were \$348 million and undrawn debt facilities were \$350 million.

A major contributor to our financial results this year was the Cooper Basin JV, which has transformed into a material cash generating unit for Beach. Santos as operator continues to achieve operating and capital efficiencies, and progress is continuing. In FY17, a 20% reduction in per barrel field operating costs was achieved, and the joint venture generated \$105 million in free cash flow (net to Beach). This represents a significant improvement from recent years.

The culmination of operating and capital efficiencies across the business was a material reduction in our cash flow breakeven. In FY17, Beach lowered this metric by 39% to US\$16 a barrel¹. This is truly world-class and highlights our ability to withstand severe market dislocations.

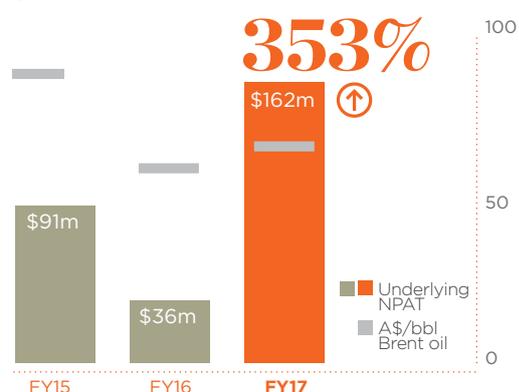
FY17 operational highlights

Results from the field further enhanced our reputation as a leading Australian upstream oil and gas operator. Record production, cost and operating efficiencies, drilling success and infrastructure expansions were key highlights. Pleasingly, we undertook increased levels of activity while achieving further improvements in our already high safety and environmental standards.

Production

Production of 10.6 million barrels of oil equivalent was a record result, up 9% from 2016. New discoveries, new wells brought online, a range of production optimisation projects, and a full year of contribution from former Drillssearch interests were key contributors to this result. We also achieved a 15% reduction in Western Flank operated

UNDERLYING NPAT



field costs to \$3.10 per barrel of oil equivalent, which again highlights the low cost nature of this business.

Drilling

Drilling efficiencies were achieved across operated and non-operated ventures. On the Western Flank, Beach reduced its average cost to drill, case and complete free flowing oil wells by 12% to \$2.0 million per well. Within the Cooper Basin JV, average drill durations were reduced by 35% to 5.6 days for a standard gas development well. These efficiency gains enabled more wells to be drilled in 2017 with an overall reduction in capital expenditure. In total, Beach participated in 58 wells at a success rate of 79%. Importantly, the program delivered key discoveries which have underpinned plans for future activity.

On the Western Flank, our operated gas exploration program delivered three successes from four wells. The Canunda-3, Crockery-1 and Mokami-1 discoveries demonstrated potential for high flow rates and high liquids content. Using refined mapping techniques, these discoveries provided confidence to expand our FY18 operated gas exploration campaign, with up to 11 wells planned.

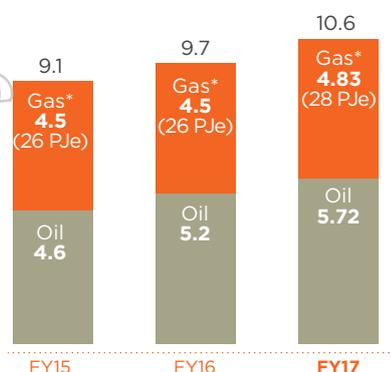
In our Western Flank oil acreage, the Kangaroo-1 exploration well discovered stratigraphically trapped oil in the Birkhead Formation. Production facilities were subsequently installed and the well commenced production less than four months after being drilled. This was an exciting discovery as the Birkhead oil play fairway has potential to redefine prospectivity across the Western Flank. Up to 10 Birkhead oil wells are planned in FY18, including horizontal wells to optimise development.

1. Average annual oil price whereby cash flows from operating activities before tax equate to cash flows from investing activities less discretionary expenditure and acquired cash.

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PRODUCTION

MMboe



* Gas and gas liquids

Drilling success, cost efficiencies and strong production contributed to a 7% increase in year-end 2P oil and gas reserves. This equates to a 2P reserves replacement ratio of 179%, which is an outstanding result.

Infrastructure expansions

To ensure our production capabilities are sufficient for increased activity, we completed major upgrades to our oil and gas processing facilities. At the Bauer oil facility, fluids handling capacity was increased by 60% to 120,000 barrels per day. This provides production capacity headroom to manage activity in coming years, including new producers and incremental production from optimisation initiatives. At the Middleton gas facility, compression was installed to enable greater gas throughput. This has allowed maximum daily raw gas production of 25 million standard cubic feet to be reached. The next stage of Middleton gas capacity expansion is currently being evaluated.

Safety and environment

As we focus on high performance and cost efficiencies, safety remains paramount at Beach. FY17 was the fourth consecutive year of reduction in our lost time injury frequency rate. This was achieved during a period of major contractor projects associated with our infrastructure expansions, which were completed without safety incident. Environmental performance also improved, with reductions in spills and spill volumes. Total crude oil spill volumes were less than two barrels, which is below usual reporting thresholds. Continual improvement in process and procedures have underpinned these results.

FY18 and beyond

Buoyed by successful outcomes from FY17 and a strengthened financial position, Beach has commenced a multi-year Cooper Basin work program to extract maximum value from this acreage. The program has been designed to fully appraise the undeveloped reserve and

prospective resource potential of the basin, and will provide the foundation for sustained activity in the region over coming years.

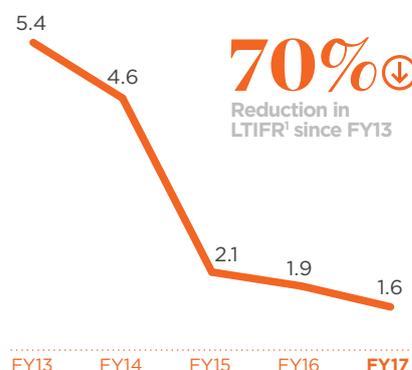
The multi-year Cooper Basin program begins with an exciting and active year in FY18. We plan to connect more than 20 wells which were cased and suspended at year-end, undertake various production optimisation and expansion projects, and participate in up to 34 development wells, seven more than drilled in FY17. These activities are expected to offset natural field decline and maintain Cooper Basin production levels in FY18. To support medium-term production and activity, the FY18 program also comprises increased exploration and appraisal drilling, with up to 44 wells planned, 13 more than drilled in FY17.

FY18 will also be a year of completing and integrating the acquisition of Lattice Energy. This is a truly transformational opportunity for Beach. It will propel the company from a single-basin onshore producer, to a multi-basin, onshore and offshore producer with significant gas processing capabilities across Australia and New Zealand. A diverse portfolio of quality assets brings with it much optionality and high impact, value creating growth opportunities.

To highlight the scale of this transaction, the acquisition of Lattice Energy will increase Beach's 2P reserves by ~200% to 232 MMboe² and FY18 production guidance by ~150% to 25-27 MMboe³. Operated production will increase from ~50% to ~70%, and offshore operations are expected to account for ~50% of production. The transaction will also see Beach become a material supplier of gas to east coast markets, with combined production from three processing hubs equivalent to approximately 15% of FY17 east coast gas demand⁴.

The transaction is also financially attractive and value accretive across a range of metrics, including reserves, operating cash flow and net asset value. The combined business will

LTIFR¹



generate stable cash flows, underpinned by attractive long-term gas sales agreements with annual price increases and future market pricing re-sets. Cash flow generated will fully fund growth capital programs and enable rapid Balance Sheet deleveraging.

To summarise, this is a transformational acquisition that directly matches our strategy, and creates a portfolio of assets with significant optionality and growth upside. We will become the only mid-cap ASX-listed oil and gas company of scale with production volumes approaching larger industry peers. Our work to complete the acquisition and integrate the businesses now begins, as we seek to exceed value expectations for you, our shareholders.

In closing, I would like extend my gratitude to the board, executive team and staff for their diligent efforts to deliver outstanding results, particularly in what are challenging times. With a profitable and cash generative base business and a company transforming acquisition underway, Beach is well positioned to continue delivering sustainable growth.

Matt Kay
Chief Executive Officer

6 October 2017

1. LTIFR: Lost Time Injury Frequency Rate, calculated as lost time injuries per million hours worked (Beach employees and contractors).
2. Calculated as pro forma Beach and Lattice Energy 2P reserves divided by Beach's 2P reserves as at 30 June 2017.
3. Pro forma production calculation based on Beach's advised FY18 guidance as presented in Beach's FY17 Preliminary Full Year Results released on 21 August 2017, combined with Beach's estimate of potential FY18 production range for Lattice Energy's assets.
4. Based on combined Beach and Lattice Energy FY17 east coast gas production and estimated FY17 east coast gas demand of 624 PJ from AEMO actual delivery data over the period 1 July 2016 to 30 June 2017, less delivery to LNG proponents in Gladstone.

REVIEW OF OPERATIONS

A leading Australian upstream oil and gas operator.

Operational highlights from FY17 are summarised below. Further details are contained later in this Annual Report within the Directors' Report.

Production

Beach achieved record production of 10.6 MMboe in FY17, of which oil accounted for 54% and gas and gas liquids accounted for 46%. Record production was supported by development drilling, production optimisation projects, infrastructure expansions and exploration success.

Western Flank Oil

Western Flank oil operations account for the majority of Beach's total oil production. Producing permit areas include ex PEL 91 (100%), ex PEL 92 (75% operated interest) and ex PEL 104 / 111 (40% non-operated interest). Western Flank net oil production was 4.8 MMbbl (13,200 bopd) in FY17, up 20% from the prior year.

Western Flank Gas

Western Flank gas operations account for a material portion of Beach's total gas and gas liquids production. Permit areas include ex PEL 106 (100%), ex PEL 107 (100%) and ex PEL 513 / 632 (40% non-operated interest). Western Flank net gas and gas liquids production was 1.1 MMboe (3,060 boepd) in FY17, up 201% from the prior year.

Cooper Basin JV

Beach's wholly owned subsidiary Delhi Petroleum Pty Ltd owns non-operated interests in the South Australian Cooper Basin joint ventures (17.14% and 20.21% interests) and the South West Queensland joint ventures (various interests of 20% to 40%), which are collectively referred to as the Cooper Basin JV. These operations account for the majority of Beach's total gas and gas liquids production and a material portion of total oil production. Net gas and gas liquids production of 3.7 MMboe was down 9% from the prior year. Net oil production of 0.7 MMbbl was down 10% from the prior year.

Otway Basin

Beach commenced preparations for drilling a conventional onshore gas exploration well in the Penola Trough, Otway Basin in South Australia. Beach will be supported by the South Australian Government through the PACE gas grant scheme, which aims to bring new gas to the South Australian market within three years. If successful, Beach's Penola Trough acreage has follow-up exploration prospects which may be drilled.

Infrastructure expansions

Beach undertook broad ranging field development activities to support current and future production requirements. Successful projects from FY17 include:

- Installation and commissioning of the Bauer oil facility expansion, which increased fluids handling capacity by 60% to 120,000 bfpd;

- Installation and commissioning of gas compression at Middleton, which enables production at the facility's current capacity of 25 MMscfd; and
- Five Western Flank artificial lift installations, which provided initial incremental oil production of >800 bopd.

Exploration and development

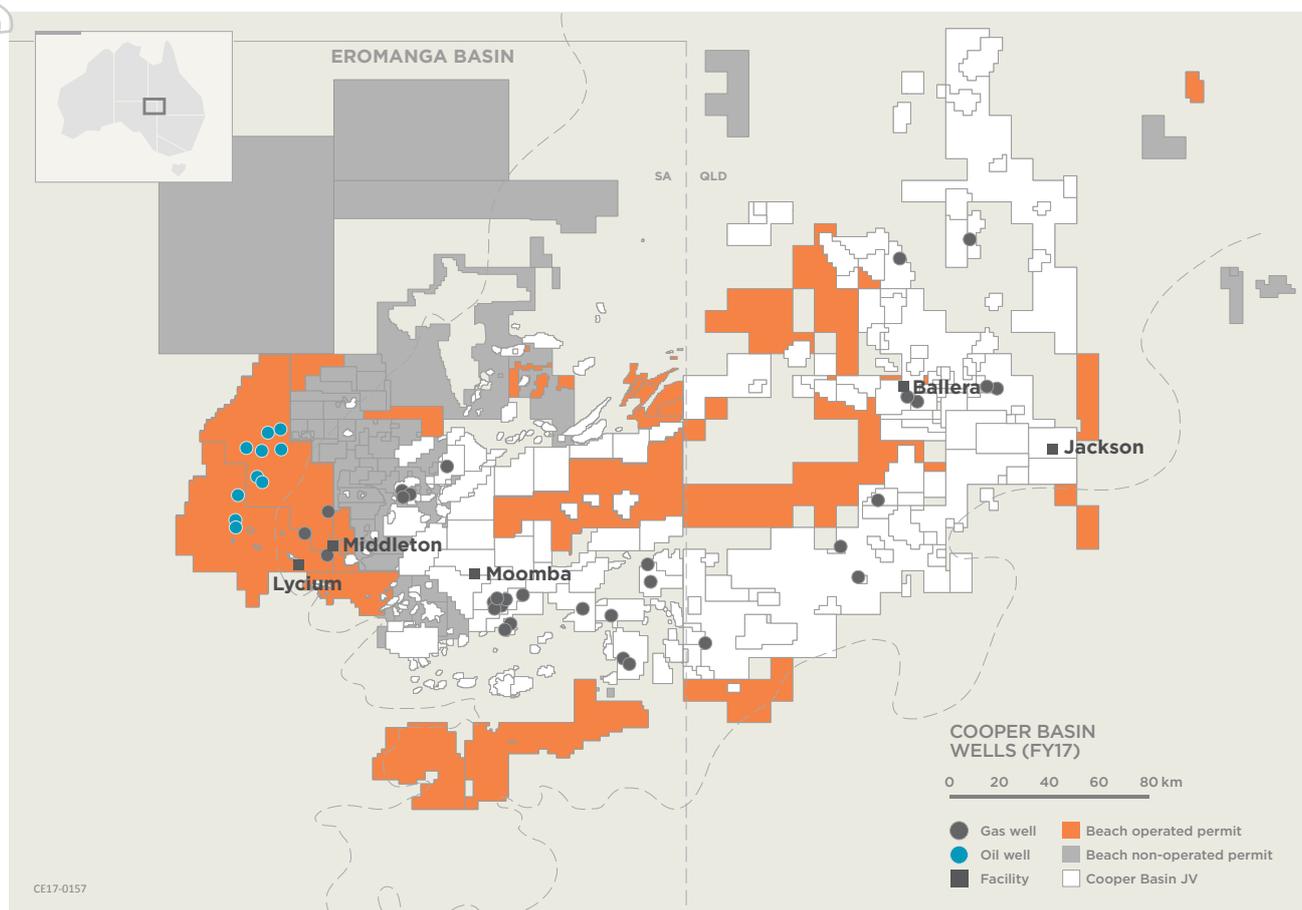
Beach participated in the drilling of 58 wells, with an overall success rate of 79%. Successful outcomes from FY17 include:

- Two Western Flank Birkhead Formation oil discoveries;
- Three Western Flank gas discoveries from a four-well operated campaign;
- A five-well oil development and appraisal campaign in the Callawonga Field; and
- Four discoveries from a six-well Cooper Basin JV exploration campaign in Queensland.

Production by area

	AREA	FY16	FY17	CHANGE
Oil (kbbbl)	Cooper/Eromanga basins	5,028	5,722	14%
	Egypt	141	-	(100%)
	Total oil	5,169	5,722	11%
Gas (PJ)	Cooper Basin	21.8	23.1	6%
	Egypt	0.3	-	(100%)
LPG (kt)	Cooper Basin	43.9	52.7	20%
Condensate (kbbbl)	Cooper Basin	353	447	26%
	Total gas/liquids (kboe)	4,497	4,835	8%
Total Oil, Gas and Gas Liquids (kboe)		9,666	10,557	9%

Successful FY17 wells drilled in the Cooper and Eromanga basins



“

We continue to achieve drilling and operating efficiencies across our operated and non-operated ventures. These efficiencies enabled Beach to increase drilling and field activity in FY17 while reducing our cash flow breakeven to a world-class US\$16/bbl.”

MIKE DODD
CHIEF OPERATING OFFICER

Drilling Summary

	Category	Wells Drilled	Successful Wells	Success Rate
Cooper/ Eromanga basins	Exploration - Oil	9	3	33%
	Appraisal - Oil	3	1	33%
	Development - Oil	10	10	100%
	Exploration - Gas	9	5	56%
	Appraisal - Gas	10	10	100%
	Development - Gas	17	17	100%
Total		58	46	79%

REVIEW OF OPERATIONS CONTINUED

Beach achieved a 2P oil and gas reserves replacement ratio of 179% in FY17.

Reserves and resources

Beach recorded a 2P reserves replacement ratio of 179% for the 12 month period ended 30 June 2017, with year-end 2P oil and gas reserves 7% higher than the prior year. Upward reserve revisions relate to operated acreage following new discoveries, field extensions, identification of additional development opportunities, strong field production performances and operating cost efficiencies. Beach's reserves and contingent resources as at 30 June 2017 are summarised in the adjacent tables, and further information is contained later in this Annual Report within the Directors' Report. No new information has subsequently come to hand which would materially alter these estimates or underlying assumptions.

“
It will be an exciting year of exploration and development in FY18. This marks the first year of a multi-year program to fully appraise the undeveloped reserve and prospective resource potential of the Cooper Basin.”

JEFF SCHRULL
GROUP EXECUTIVE EXPLORATION
AND DEVELOPMENT

Reserves (Net)	1P	2P	3P
Oil (MMbbl)	12.0	26.3	50.4
Gas and gas liquids (MMboe)	25.5	48.4	87.9
Total as at 30 June 2017 (MMboe)	37.5	74.7	138.3
Total as at 30 June 2016	29.9	69.8	132.6
Increase/(decrease)	25.4%	7.0%	4.3%

Developed and Undeveloped Reserves (Net)	1P	2P	3P
DEVELOPED			
Oil (MMbbl)	9.9	18.8	34.1
Gas and gas liquids (MMboe)	22.9	41.5	71.8
Total as at 30 June 2017 (MMboe)	32.8	60.3	105.9
Total as at 30 June 2016	21.4	54.0	101.8
Increase/(decrease)	53.6%	11.7%	4.1%

UNDEVELOPED			
Oil (MMbbl)	2.1	7.6	16.4
Gas and gas liquids (MMboe)	2.6	6.9	16.0
Total as at 30 June 2017 (MMboe)	4.7	14.4	32.4
Total as at 30 June 2016	8.6	15.8	30.9
Increase/(decrease)	(44.9%)	(8.7%)	(4.9%)

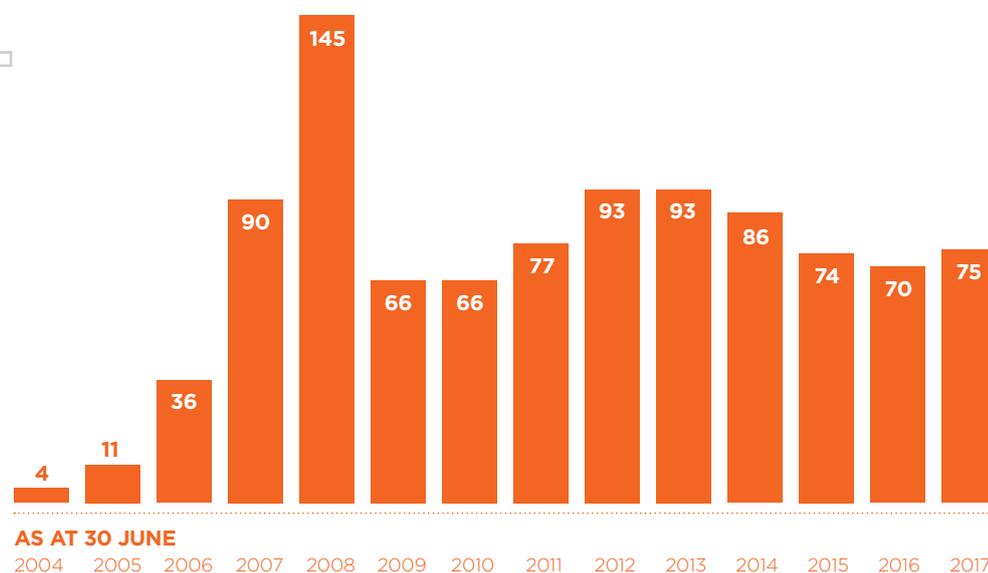
2C Contingent Resources (Net)	30 Jun 16	Revisions	30 Jun 17
Oil (MMbbl)	25.1	3.9	29.0
Conventional gas and gas liquids (MMboe)	88.6	(2.3)	86.2
Unconventional gas and gas liquids (MMboe)	91.5	(53.9)	37.7
Total (MMboe)	205.2	(52.3)	152.9

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

Year	NUMBER OF WELLS ¹		DRILLING SUCCESS RATE		
	Exploration	Appraisal	Exploration	Appraisal	Total
FY04	12	5	17%	60%	30%
FY05	7	8	14%	100%	60%
FY06	11	8	45%	88%	63%
FY07	35	31	34%	81%	56%
FY08	28	34	32%	68%	52%
FY09	14	16	64%	75%	70%
FY10	13	8	31%	88%	53%
FY11	13	4	54%	100%	65%
FY12	32	14	47%	86%	59%
FY13	43	11	60%	82%	64%
FY14	31	13	58%	69%	62%
FY15	21	22	52%	82%	67%
FY16	16	12	75%	92%	82%
FY17	18	13	44%	85%	61%
Total	294	199	47%	80%	60%

1. Excludes coal seam drilling

2P Reserves



SUSTAINABILITY

Our Environment

As an oil and gas explorer and producer, we recognise our responsibility to understand and respect the environment we operate in, to minimise our impact, and remediate areas affected by past activities.

Environmental Performance

- Continued reduction in greenhouse gas emissions since 2013
- Financial contributions to the Native Vegetation Fund offsetting 59 hectares of land
- Improved processing resulting in reduced waste
- Utilisation of drone technology for environmental rehabilitation projects and safety checks
- Commenced a Geographic Information System (GIS) based project to map and document Beach's operational footprint
- Inaugural participation in CDP (formerly known as the Carbon Disclosure Project)
- Significant reduction in spill related incidents and volumes

For additional information on Beach's environmental performance, related data, and case studies please refer to our 2017 Sustainability Report available at www.beachenergy.com.au

Our People

Our success is contingent upon a highly capable workforce that seeks to continually improve and reach new standards in performance.

Health and Safety Performance

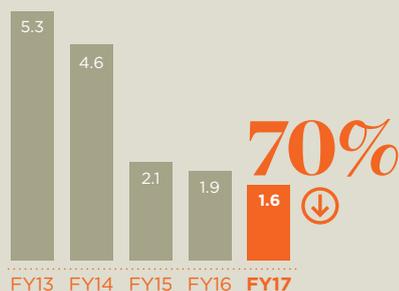
- Achieved highest HSE system external audit score since FY10
- 70% reduction in combined LTIFR since 2013
- Undertook occupational hygiene monitoring in the field
- Continued implementation of process safety framework: pilot project carried out at the Middleton gas facility

Workforce development and retention

- Beach's executive team and management team received training to drive high performance and accountability
- Implemented a full catalogue of technical training to address competency requirements
- Introduced a capability review process for identification and management of talent in the organisation
- Conducted mental health and resilience workshops for head office employees

BEACH LTIFR

Injuries per million hours worked



For additional information on Beach's health and safety performance, workforce development initiatives, related data and case studies, please refer to our 2017 Sustainability Report available at www.beachenergy.com.au





Callawonga facility

Economics

Our purpose is to deliver sustainable growth in shareholder value.

Economic Performance

- Continued focus on reducing operational costs and improving efficiencies
- Cash flow breakeven down 39% to US\$16/bbl
- Operating cash flow up 38% to \$321 million
- Underlying net profit after tax up 353% to \$162 million
- Available liquidity of ~\$700 million
- Expansion of throughput capacity at the Middleton gas facility
- Expansion of fluids handling capacity at the Bauer oil facility

For additional information on Beach's economic performance, related data, and case studies please refer to our 2017 Sustainability Report available at www.beachenergy.com.au

Our Communities

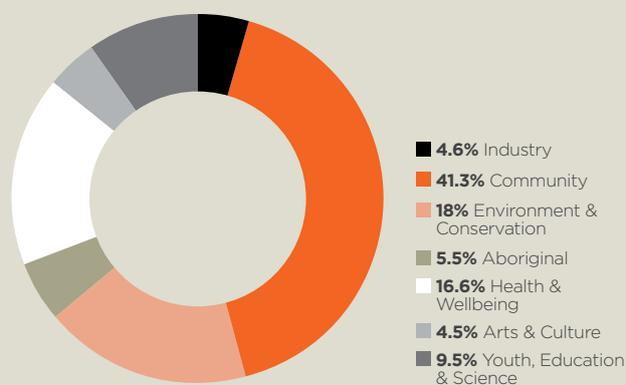
Beach's long-term sustainability is contingent upon maintaining strong and meaningful relationships with the communities in which we operate. As such, Beach seeks to create and maintain long-term relationships that we ensure make a positive contribution to these communities.

Community Engagement Specialist

Beach employed a community engagement specialist to help undertake extensive community and stakeholder consultation in the Otway region of South Australia.

Community Investment

This year Beach invested \$250,000 in community sponsorships across the following priority areas:



For additional information on community investments, related data and case studies please refer to our 2017 Sustainability Report available at www.beachenergy.com.au

Governance at Beach

Beach's vision is to be Australia's premier multi-basin upstream oil and gas company and its purpose is to deliver sustainable growth in shareholder value. To achieve this, it is committed to conducting a business that values, among other things, safety, integrity, respect and performance. Beach's governance framework provides the structure to achieve this through:

- A set of values and a Code of Conduct supported by policies, procedures and systems designed to promote high standards of governance and the right behaviour of our people and those we deal with. Copies of those policies are found at Beach's website at Sustainability at Beach/Corporate governance
- Open and timely communication and engagement with our shareholders and key stakeholders
- An appropriate risk management framework
- An experienced, skilled and diverse Board
- Accountability through a clear delegation of authority
- Monitoring and accounting for our performance

The 2017 Corporate Governance Statement can be viewed on our website at Sustainability at Beach/Corporate governance.

BOARD OF DIRECTORS



From left to right: Ryan Stokes, Richard Richards, James McKerlie, Philip Bainbridge, Glenn Davis, Fiona Bennett, Colin Beckett, Peter Moore (absent)

Glenn Davis
Independent non-executive Chairman
LLB, BEc, FAICD

Mr Davis is a solicitor and principal of DMAW Lawyers, a firm he founded. He joined Beach in July 2007 as a non-executive director and was appointed non-executive Deputy Chairman in June 2009 and Chairman in November 2012. Mr Davis brings to the Board his expertise in the execution of large legal and commercial transactions and his expertise and experience in corporate activity regulated by the Corporations Act and ASX Limited. Mr Davis is a director of ASX listed companies Monax Mining Limited (since 2004) and a former director of Marmota Energy Limited (from 2007 to June 2015).

Mr Davis's special responsibilities include membership of the Remuneration and Nomination Committee. He was elected to the Board on 6 July 2007, last having been re-elected to the Board on 10 November 2016.

Colin Beckett
Independent non-executive Deputy Chairman
FIEA, MICE, GAICD

As an engineer with over 35 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 is currently the Chancellor of Curtin University, Chairman of Perth Airport Pty Ltd and Western Power and a past Chairman and board member of the Australian Petroleum Producers and Explorers Association (APPEA), and a past member of the West Australian Scitech Board. In addition Mr Beckett is a past member of the Resources Sector Suppliers Advisory Forum and 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 elected to the Board on 2 April 2015, last having been re-elected to the Board on 25 November 2015.

Philip Bainbridge

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

Mr Bainbridge joined Beach in March 2016. 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 director of the board of the PNG Sustainable Development Program and a non-executive Chairman of Sino Gas and Energy Holding. He was formerly 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. He was elected to the Board on 1 March 2016, last having been re-elected to the Board on 10 November 2016.

Fiona Bennett

Independent non-executive director
BA (Hons), FCA, FAICD, FIML

Ms Bennett is a Chartered Accountant with over 30 years' experience in business and financial management, corporate governance, risk management and audit. She has previously held senior executive positions at BHP Billiton Limited and Coles Group Limited, and has been the Chief Financial Officer at several organisations within the health sector. Ms Bennett is a graduate of The Executive Program at the University of Virginia's Darden Graduate School and the AICD Company Directors' course. She is currently a director of Hills Holdings Limited (since 2010) and Select Harvests Limited (since 2017) and a former director of Boom Logistics Limited (from 2010 to 2015).

Ms Bennett's special responsibilities include chairmanship of the Audit Committee and membership of the Risk, Corporate Governance and Sustainability Committee. She was elected to the Board on 23 November 2012, last having been re-elected to the Board on 25 November 2015.

James McKerlie

Independent non-executive director
BEC, Dip Fin Mgt, FCA, FAICD

Mr McKerlie is a Chartered Accountant and business consultant and has had an international career consulting to the public and private sector on technology, digital innovation and growth strategies as a partner at KPMG and Partner in Charge at Deloitte. He brings to the Board extensive corporate experience as director and chairman of private and public companies. He is currently the chairman of Lithium Consolidated Minerals Exploration Limited (since its ASX listing in March 2017) and is the former chairman of Drillsearch Energy Limited (from 2008 to 2016) and Manalto Limited (from 2016 to 2017).

Mr McKerlie's special responsibilities include membership of the Audit Committee. He was elected to the Board on 1 March 2016, last having been re-elected to the Board on 10 November 2016.

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. 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. He has an Executive MBA from the Mt Eliza campus of the Melbourne Business School and is a graduate of the Australian Institute of Company Directors. Dr Moore is 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 Central Petroleum Ltd (since 2014) and Carnarvon Petroleum Ltd (since 2015).

Dr Moore was elected to the Board on 1 July 2017.

Ryan Stokes

Non-executive director
BComm, FAIM

Mr Stokes is the Managing Director and Chief Executive Officer of Seven Group Holdings Limited (SGH). He has been an executive director of the company since February 2010 and CEO since 2015. SGH and related corporations collectively have a relevant interest in 22.89% of the shares of Beach. SGH owns 43% of Seven West Media Limited (SWM). SWM owns the Seven Network (the largest free to air television network in Australia and a significant content producer), The West Australian Newspaper, Pacific Magazines and 50% of Yahoo7. SGH owns WesTrac Pty Limited, a large Caterpillar franchisee in NSW, ACT, WA and Northern China.

Mr Stokes has extensive experience in China, having developed relationships with various mining and media companies over the past fifteen years. He is also Chairman of Coates Hire Pty Limited a joint venture between SGH and Carlyle. He has been a director of Seven West Media Limited since 2012.

Mr Stokes's special responsibilities include membership of the Remuneration and Nomination Committee. He was elected to the Board on 20 July 2016, last having been re-elected to the Board on 10 November 2016.

Richard Richards

Non-executive director
BComm/Law (Hons), LLM, MAppFin

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 Australia, WesTrac China, 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 has held senior finance roles with Downer EDI and Qantas.

Mr Richards' special responsibilities include membership of the Audit Committee. He was elected to the Board on 4 February 2017.

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EXECUTIVE TEAM



1. Matthew Kay
Chief Executive Officer
BEC, MBA, FCPA, GAICD

Mr Kay joined Beach in May 2016 as Chief Executive Officer. He most recently 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 lead the strategy, commercial, supply chain, economics, marketing, M&A and legal functions. Prior to Oil Search, Mr Kay served as Vice President of Corporate Development at Woodside Petroleum Limited, holding several leadership roles across corporate and business units. In these roles Mr Kay developed extensive leadership skills across LNG, pipeline gas and oil joint ventures, and developments in Australia and internationally. He is a Fellow of CPA Australia and a graduate of the Australian Institute of Company Directors.

2. Morné Engelbrecht
Chief Financial Officer
BCom (Hons), CA (SA), MAICD

Mr Engelbrecht was appointed Chief Financial Officer in September 2016. He is a Chartered Accountant with experience in the oil & gas and resource sectors across various jurisdictions, including Australia, China, Papua New Guinea, South Africa and the UK. He previously held a Chief Executive role and various senior financial, commercial and advisory management positions at InterOil, Lihir Gold, Carbon Energy and PwC. Mr Engelbrecht also has extensive experience in strategy and planning, debt and equity markets, mergers and acquisitions, joint venture management and operations.

3. Michael Dodd
Chief Operating Officer
BSc (Hons) Geology

Mr Dodd was appointed Chief Operating Officer in January 2017. He was formerly Group Executive Exploration and Development at Beach and has 29 years of oil and gas experience. Mr Dodd joined Beach in 2007 and has been integral to the growth of its operated Western Flank oil and gas business. Prior to Beach, Mr Dodd's global experience includes the UK, USA, Egypt, Algeria and Kazakhstan, and he has held senior technical and leadership roles at BG, Santos and Anadarko.

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4. Jeff Schrull Group Executive Exploration and Development

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

Mr Schrull was appointed to the role of Group Executive Exploration and Development in January 2017 and brings to Beach over 30 years of upstream oil and gas experience. Mr Schrull was formerly General Manager Exploration and Production at Cue Energy. He has also held several senior international positions with Chevron over a 19 year period, and was subsequently Corporate General Manager of Exploration at Addax Petroleum. Mr Schrull has a strong track record in creating and delivering growth through exploration, development, operations, mergers and acquisitions.

5. Cathy Oster General Counsel and Company Secretary

BA (Jurisprudence), LL.M (Corporate and Commercial), FGIA, FCIS

Ms Oster was appointed Joint Company Secretary in July 2005 and subsequently appointed Company Secretary in March 2016. She was a partner in private legal practice, advising on corporate and commercial transactions before joining Beach. Ms Oster is a qualified chartered secretary. She has responsibility for governance, legal services, government engagement and corporate affairs. Ms Oster currently holds positions on not-for-profit boards and management / advisory committees.

6. Matthew Squire Group Executive Corporate Development and Strategy

BE (Hons) Mechanical, BA (Economics), Grad Dip App Finance and Investment

Mr Squire joined Beach in 2012 and was appointed to the role of Group Executive Corporate Development and Strategy in 2014. He previously held a number of commercial and business development positions within the energy industry at Origin, Santos and BG Group (now Shell). He has led teams involved in several major acquisitions and business development opportunities and specialises in commercial, economic and technical business review. As Group Executive Corporate Development and Strategy, Mr Squire has responsibility for corporate transactions and business development opportunities.

7. Rod Rayner Group Executive Commercial

BSc (Hons) Geology, GAICD

Mr Rayner joined Beach in 2011 following a period where as a consultant he assisted with driving growth in Beach's gas business. His career spans more than 30 years in the oil and gas industry, including executive roles at AGL and Santos, including head of Santos's Queensland and Northern Territory business. Mr Rayner has extensive experience in business development, joint venture and commercial management, petroleum marketing and the delivery of major oil, gas and infrastructure projects.

8. Kevin Hollingsworth Group Executive Human Resources

Bachelor of Applied Science (Psychology), Graduate Diploma in Occupational Psychology

Mr Hollingsworth was appointed to the role of Group Executive Human Resources in December 2016. He brings to Beach over 30 years of experience in human resources, with particular expertise in executive leadership development, talent development and the creation of high performance cultures. Mr Hollingsworth was most recently Executive Vice President Human Resources at Clough, and previously held senior management positions with Woodside Energy.

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DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2017

Your directors present their report for Beach Energy Limited (Beach or Company) on the consolidated accounts for the financial year ended 30 June 2017. 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 2017 and up to the date of this report are:

Surname	Other Names	Position
Bainbridge	Philip James	Independent non-executive director
Beckett	Colin David	Independent non-executive Deputy Chairman
Bennett	Fiona Rosalyn Vivienne	Independent non-executive director
Butler	John Charles	Independent non-executive director ⁽¹⁾
Davis	Glenn Stuart	Independent non-executive Chairman
McKerlie	James David	Independent non-executive director
Moore	Peter Stanley	Independent non-executive director ⁽²⁾
Schwebel	Douglas Arthur	Independent non-executive director ⁽³⁾
Stokes	Ryan Kerry	Non-executive director ⁽⁴⁾
Richards	Richard Joseph	Non-executive director ⁽⁵⁾

(1) Retired on 20 July 2016

(2) Appointed as a non-executive director from 1 July 2017

(3) Deceased 5 December 2016

(4) Appointed as a non-executive director from 20 July 2016

(5) Appointed as a non-executive director from 4 February 2017

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
P J Bainbridge	97,250 ⁽²⁾	-
C D Beckett	41,929 ⁽¹⁾	-
F R V Bennett	100,075 ⁽²⁾	-
G S Davis	126,186 ⁽²⁾	-
J D McKerlie	349,868 ⁽²⁾	-
P S Moore	-	-
D A Schwebel	74,860 ⁽²⁾	-
R K Stokes ⁽³⁾	-	-
R J Richards ⁽³⁾	147,776 ⁽²⁾	-

(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 22.73% 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

Principal activities

The principal activities of the Group continue to be oil and gas exploration, development and production and investment in the resources industry.

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DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2017

Operating and Financial Review

The following operating results and events from FY17 are discussed in this Directors' Report.

- Beach achieved record production of 10.56 MMboe, up 9% from the prior year.
- Oil production of 5.72 MMbbl was 11% higher than the prior year and accounted for 54% of total production.
- Gas and gas liquids production of 4.84 MMboe was 8% higher than the prior year and accounted for 46% of total production.
- The Drillsearch assets and operations were successfully integrated and Beach benefited from 100% ownership of its key oil and gas producing permit areas (ex PEL 91 and 106, respectively).
- Capital expenditure of \$155 million was 16% lower than the prior year, however operating and cost efficiencies enabled the program to deliver additional wells, infrastructure expansions and increased levels of field activity.
- Beach participated in 58 wells at a success rate of 79%. Exploration and appraisal wells accounted for 31% and 22% of total wells, respectively, with success rates of 44% and 85%, respectively.
- Drilling successes included three gas discoveries from a four-well operated campaign, Birkhead oil discoveries in ex PEL 91, and four gas discoveries (one subsequent to year-end) from a six-well campaign in southwest Queensland.
- 2P oil and gas reserves were 74.7 MMboe at year-end, up 7% from the prior year. Discoveries, field extensions, new development opportunities and strong field performances underpinned a 2P reserves replacement ratio of 179%.
- The Bauer oil facility expansion was commissioned, which increased daily fluids handling capacity by 60% to 120,000 bfpd.
- The Middleton gas compression project was commissioned, which enabled maximum daily raw gas production of 25 MMscfd to be reached.
- Net operating cash flow of \$321 million was assisted by record production, cost savings and operating efficiencies. Beach increased cash reserves by \$149 million to \$348 million, and ended the year with available liquidity of approximately \$700 million.
- A multi-year work program was developed and is focused on extracting maximum value from Beach's core Cooper Basin acreage. The program commenced subsequent to year-end.

Production summary

	FY17				FY16
	Oil (MMbbl)	Gas Liquids (MMboe)	Gas (PJ)	Oil Equivalent (MMboe)	Oil Equivalent (MMboe)
Production (Net)					
Ex PEL 91	3.7	-	-	3.7	2.6
Ex PEL 92	0.7	-	-	0.7	0.9
Ex PEL 104/111	0.4	-	-	0.4	0.5
Kenmore-Bodalla	0.0	-	-	0.0	0.1
Tintaburra	0.2	-	-	0.2	0.1
Ex PEL 106	-	0.3	4.0	1.0	0.3
Ex PEL 513/632	-	0.1	0.6	0.2	0.1
Cooper Basin JV	0.7	0.5	18.5	4.4	4.9
Cooper/Eromanga	5.7	0.9	23.1	10.6	9.5
Egypt	-	-	-	-	0.2
Total Production	5.7	0.9	23.1	10.6	9.7

NB. Due to rounding, figures may not reconcile to totals.

Drilling summary

	Category	Wells Drilled	Successful Wells	Success Rate
Cooper/Eromanga Basins	Oil - Exploration	9	3	33%
	Oil - Appraisal	3	1	33%
	Oil - Development	10	10	100%
	Gas - Exploration	9	5	56%
	Gas - Appraisal	10	10	100%
	Gas - Development	17	17	100%
Total Wells		58	46	79%

Cooper Basin

Western Flank Oil

Western Flank oil operations account for the majority of Beach's total oil production. Producing permit areas include ex PEL 91 (100%), ex PEL 92 (75% operated interest) and ex PEL 104/111 (40% non-operated interest). Other permits include PEL 630 (farming into a 50% operated interest) and ex PEL 182 (43% non-operated interest). Western Flank net oil production was 4.8 MMbbl (13,200 bopd) in FY17, up 20% from the prior year. Increased production was attributable to new discoveries and new wells brought online, a range of production optimisation projects, and a full year of contribution from interests acquired as part of the Drillsearch merger.

Ex PEL 91 (Beach 100%)

Beach's interest in ex PEL 91 increased from 40% to 100% upon completion of the merger with Drillsearch on 1 March 2016. Oil production of 3.7 MMbbl was 43% higher than the prior year and benefited in part from 100% ownership of the permit area. Production was also supported by four new development wells brought online and artificial lift installations in the Hanson and Pennington fields. Eight oil wells were drilled, including Birkhead Formation oil discoveries at Kangaroo-1 and Osmanli-1, development wells in the Hanson, Stunsail and Pennington fields, and an appraisal well in the Chiton Field. The Bauer facility expansion was commissioned in Q4 FY17, which increased fluids handling capacity by 60% to 120,000 bfpd. This provides production capacity headroom for tie-in of current well inventory, new producers from future drilling campaigns, ongoing production optimisation initiatives, and increasing water cuts. At year-end, 2P oil reserves were 12.4 MMbbl, up 24% from the prior year.

Ex PEL 92 (Beach 75% and operator, Cooper Energy 25%)

Net oil production of 0.7 MMbbl was 22% lower than the prior year, mainly due to natural field decline. Artificial lift installations, flowline reconfigurations and a new development well brought online partly mitigated field decline. Eight oil wells were drilled, including five successful development wells in the Callawonga Field, which are expected to be brought online in Q2 FY18. At year-end, 2P oil reserves were 5.9 MMbbl, up 116 % from the prior year.

Ex PEL 104/111 (Beach 40%, Senex 60% and operator)

Net oil production of 0.4 MMbbl was 25% lower than the prior year, mainly due to natural field decline. One appraisal well was drilled in the Spitfire Field and brought online in Q3 FY17. The 295 km² Liberator 3D seismic survey was acquired and spans the unmapped northwest extent of the Snatcher Field. Interpretation aims to identify Namur Sandstone and Birkhead Formation drilling prospects. At year-end, 2P oil reserves were 1.9 MMbbl, up 80% from the prior year.

PEL 630 (Beach operator and farming into 50% interest with Bridgeport)

Beach entered a binding farm-in agreement with Bridgeport to acquire a 50% operated interest in PEL 630. The permit comprises a western block within the Namur Sandstone and Birkhead Formation oil play fairways, and an eastern block within the Permian Edge gas play fairway. In accordance with the farm-in agreement, two oil exploration wells were drilled in the western block to test a possible northern extension of the Namur and Birkhead play fairways. Both wells were plugged and abandoned, however results helped define boundaries of the oil play fairways. No 2P reserves were recognised for PEL 630 at year-end.

Ex PEL 182 (Beach 43%, Senex 57% and operator)

A three-well oil exploration campaign tested the extent of Namur Sandstone and Birkhead Formation hydrocarbon migration to the north of the Western Flank. All wells were plugged and abandoned due to lack of commercial pay, however results improved definition of the Namur Sandstone and Birkhead Formation oil play fairway boundaries. No 2P reserves were recognised for ex PEL 182 at year-end.

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2017

Western Flank Gas

Western Flank gas operations account for a material portion of Beach's total gas and gas liquids production. Permit areas include ex PEL 106 (100%), ex PEL 107 (100%) and ex PEL 513/632 (40% non-operated interest). Activity is also undertaken on the eastern trends of the ex PEL 91 and 92 permit areas. Western Flank net gas and gas liquids production was 1.1 MMboe (3,060 boepd) in FY17, up 201% from the prior year.

Ex PEL 106 (Beach 100%)

Beach's interest in ex PEL 106 increased from 50% to 100% upon completion of the merger with Drillsearch on 1 March 2016. Gas and gas liquids production of 961 kboe was up 227% from the prior year and comprised sales gas of 686 kboe (up 223%), LPG of 141 kboe (up 205%) and condensate of 134 kboe (up 277%). Production benefited in part from 100% ownership of the permit area, as well as four new wells brought online, better than expected performance from certain wells, and commissioning of gas compression in Q4 FY17. Gas compression at the Middleton facility has enabled greater gas throughput and allowed maximum daily raw gas production of 25 MMscfd to be achieved (broadly equivalent to 1.3 MMboe of annual sales gas and gas liquids production). A four-well exploration and appraisal campaign was undertaken which delivered three gas discoveries (one in ex PEL 91). All discoveries indicated potential for high liquids content and high initial flow rates. At year-end, 2P gas and gas liquids reserves were 8.2 MMboe (including Mokami-1 in ex PEL 91), up 70% from the prior year.

Ex PEL 107 (Beach 100%)

The Spondylus 3D seismic survey in ex PEL 107 was acquired. The survey spans approximately 340 km² and seeks to test a possible southern extension of the Southwest Patchawarra gas play fairway and identify new exploration prospects. Survey processing and interpretation commenced subsequent to year-end.

Ex PEL 513/632 (Beach 40%, Santos 60% and operator)

Beach acquired its interest in ex PEL 513/632 upon completion of the merger with Drillsearch on 1 March 2016. Gas and gas liquids production of 156 kboe was up 101% from the prior year and comprised sales gas of 97 kboe (up 107%), LPG of 24 kboe (up 91%) and condensate of 35 kboe (up 92%). No drilling activity was undertaken during the year. At year-end, 2P gas and gas liquids reserves were 0.3 MMboe, up 14% from the prior year.

Cooper Basin JV

Beach's wholly owned subsidiary Delhi Petroleum Pty Ltd owns non-operated interests in the South Australian Cooper Basin joint ventures (17.14% and 20.21% interests) and the South West Queensland joint ventures (various interests of 20% to 40%), which are collectively referred to as the Cooper Basin JV. These operations account for the majority of Beach's total gas and gas liquids production and a material portion of total oil production. Net gas and gas liquids production of 3.7 MMboe was down 9% from the prior year and comprised sales gas of 3.2 MMboe (down 9%), LPG of 280 kboe (down 10%) and condensate of 249 kboe (down 10%). Net oil production of 0.7 MMbbl was down 10% from the prior year. At year-end, 2P oil and gas reserves were 45.1 MMboe, down 3% from the prior year.

A total of 32 wells were drilled across the South Australian and Queensland acreage. In South Australia, the joint venture undertook successful gas development drilling in the Allunga, Big Lake, Kanowana, Gooranie and Tirrawarra fields, gas appraisal drilling in the Caraka, Namur and Strzelecki fields, directional drilling utilising a workover rig in the Dullingari Field, and underbalanced drilling in the Toolachee Field. In Queensland, the joint venture undertook a six-well gas exploration campaign which delivered four discoveries (one subsequent to year-end), successful gas development drilling in the Galex and Windigo fields, and successful gas appraisal drilling in the Coolah, Lepard and Roti fields.

The Snowball 3D seismic survey was acquired. The survey covers approximately 1,680 km² across South Australian and Queensland acreage and seeks to identify development prospects in South Australia and exploration prospects in Queensland. Interpretation commenced in Q4 FY17.

Otway Basin

Beach commenced preparations for drilling a conventional onshore gas exploration well in the Penola Trough, Otway Basin in South Australia. Beach will be supported by the South Australian Government through the PACE gas grant scheme, which aims to bring new gas to the South Australian market within three years. The grant will support drilling of Haselgrove-3, a conventional gas and gas liquids prospect in the Sawpit Sandstone Member. Depending on the scope of well design and evaluation program, the \$6 million PACE grant is expected to cover 40–50% of the estimated cost to drill Haselgrove-3. If successful, Beach's Penola Trough acreage has follow-up exploration prospects which may be drilled.

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Other operating results and key events

Other operating results and key events from FY17 are discussed below.

Divestment of non-core assets

Beach divested various non-core assets in FY17. These transactions were consistent with Beach's strategy to focus on Australia and nearby, and they reflect an ongoing focus on portfolio rationalisation, management of future liabilities, and selective capital allocation to projects with clear line of sight to value creation. The following acreage positions were divested during FY17.

- *Queensland operated oil:* Bridgeport acquired various operated oil permit interests within the greater Kenmore-Bodalla area. These mature fields represented Beach's only operated oil production in the Queensland area of the Cooper Basin.
- *Beach Egypt:* Rockhopper (AIM: RKH) acquired Beach Egypt, whose core asset is a 22% interest in the Abu Sennan Concession. Transaction terms provided for cash consideration of up to US\$20.5 million, comprising upfront and deferred components.
- *T/49P, Offshore Otway Basin:* Beach completed interpretation and mapping of the 974 km² Flanagan 3D seismic survey. Based on assessment of the permit's risk-weighted financial return profile relative to other projects, it was decided to cease participation in the joint venture. Beach subsequently advised 3D Oil Ltd of its intention to withdraw from T/49P, and its 30% non-operated interest was assigned to 3D Oil Ltd for nil consideration.
- *ATP 855:* Beach transferred its 64.9% interest in ATP 855 to Icon Energy Ltd for nil consideration. This permit represents the Queensland acreage portion of the Nappamerri Trough natural gas project.
- *Queensland exploration permits:* Key Petroleum Ltd will acquire, subject to standard Ministerial approvals, the ATP 920, 924 and 783 Queensland oil exploration permits.

Corporate activities

Corporate and commercial activities from FY17 are discussed below.

Gas sales agreement with Adelaide Brighton

Beach signed a gas sales agreement with Adelaide Brighton Cement Ltd, a wholly owned subsidiary of Adelaide Brighton Ltd (ASX: ABC), for supply ex-Moomba of processed sales gas from Beach's Western Flank acreage. Beach also signed a gas processing agreement with the Cooper Basin JV, with gas liquids recovered through processing at Moomba sold to the Cooper Basin JV. The GSA replaced Beach's former ex PEL 106 raw gas sales contract. Supply of gas commenced on 1 January 2017 and will continue for a 12 month term. The new GSA and gas processing agreement are expected to deliver a material uplift in net revenue from Western Flank gas production. Any gas production beyond GSA contract volumes will continue to be available in 2017 for sale via the spot market or new contracts.

Crude Oil Sale and Purchase Agreements

Beach entered into new Crude Oil Sale and Purchase Agreements (COSPAs) with the Cooper Basin JV, to which Beach sells oil from its operated and non-operated acreage, including joint ventures in which it participates with the Cooper Basin JV. Terms remain confidential, however, the new arrangements provide improved pricing, exploration incentives via further price improvements, and a five year term for security of off-take and reduced administrative burden.

Participation in Cooper Energy equity raising

Cooper Energy undertook an equity raising to part fund its Sole gas project in the offshore Gippsland Basin. Beach participated in the equity raising and was issued \$15.5 million of new Cooper Energy shares. Upon completion of all equity raising components, Beach retained an ownership interest in Cooper Energy of 10.24%.

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2017

Executive appointments

Beach announced various changes to the composition and structure of its senior executive team. The changes are consistent with Beach's growth strategy and follow recommendations from the 2016 organisational review. New appointments to the executive team are summarised below.

- *Chief Financial Officer:* Morné Engelbrecht commenced as Chief Financial Officer on 1 September 2016. Morné is a Chartered Accountant with experience in the oil, gas and resource sectors across various jurisdictions, including Australia, South Africa, the United Kingdom, Papua New Guinea and China. Morné previously held the position of Chief Executive Officer of ASX-listed Carbon Energy Ltd, having served in this role since 2013. Prior to that he held various financial, commercial and advisory senior management positions at InterOil, Lihir Gold and PwC. Morné brings to Beach extensive experience in strategy and planning, debt and equity markets, mergers and acquisitions, joint venture management and operations.
- *Chief Operating Officer:* Mike Dodd, formerly Group Executive Exploration and Development, was appointed to the role of Chief Operating Officer, with effect from 3 January 2017. Mike has 28 years of oil and gas experience. He joined Beach in 2007 and has been integral to the growth of its operated Western Flank oil and gas business. Prior to Beach, Mike gained global experience in the UK, USA, Egypt, Algeria and Kazakhstan, and held senior technical and leadership roles at BG, Santos and Anadarko.
- *Group Executive Exploration and Development:* Jeff Schrull was appointed to the role of Group Executive Exploration and Development, with effect from 3 January 2017. Jeff brings to Beach over 30 years of upstream oil and gas experience. Jeff was formerly General Manager Exploration and Production at Cue Energy. He also held several senior international positions with Chevron over a 19 year period, and was subsequently Corporate General Manager of Exploration at Addax Petroleum. Jeff has a strong track record in creating and delivering growth through exploration, development, operations, mergers and acquisitions.

- *Group Executive Human Resources:* Kevin Hollingsworth was appointed to the newly created role of Group Executive Human Resources, with effect from 5 December 2016. The role recognises the importance of leading, managing and developing Beach's people as part of its growth strategy. Kevin brings to Beach over 30 years of experience in human resources, with particular expertise in executive leadership development, talent development and the creation of high performance cultures. Kevin was most recently Executive Vice President Human Resources at Clough, and previously held senior management positions with Woodside Energy.

Board size and composition

At the AGM held on 10 November 2016, Beach shareholders approved an increase to the maximum number of directors from seven to nine. This increase was considered prudent in order to provide flexibility and allow additional appropriately skilled directors to be appointed. Subsequent to the AGM, the following changes to Board composition occurred.

- *Dr Doug Schwebel:* Beach advised of the unexpected passing of Dr Doug Schwebel. Doug joined Beach in 2012 as a non-executive director and brought to the Board over 30 years of energy sector experience. Doug's technical expertise and leadership skills proved invaluable to Beach, and his contribution to the Board and support for fellow directors were significant.
- *Mr Richard Richards:* Beach appointed Mr Richard Richards as a non-executive director, effective 4 February 2017. Richard is the Chief Financial Officer of Seven Group Holdings Ltd (ASX: SVW) and a nominee of Seven Group Holdings Ltd and related corporations, who collectively have a relevant interest in ~23% of the shares of Beach. Usual protocols and other arrangements appropriate to the appointment of a director representing a large shareholder were agreed with Seven Group Holdings Ltd and Mr Richards to protect the confidential information of Beach, and to address any potential conflicts of interest that may arise.
- *Dr Peter Moore:* Subsequent to year-end, Beach appointed Dr Peter Moore as an independent non-executive director, with effect from 1 July 2017. Peter is a geologist with over 35 years of oil and gas industry experience, including executive exploration appointments with ExxonMobil and Woodside.

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Reserves and resources

Details and disclosures in relation to Beach's reserves and resources as at 30 June 2017 are contained in the announcement of 18 August 2017. An extract of this announcement is provided below. 1P, 2P and 3P reserves were independently audited by RISC Advisory. No new information has subsequently come to hand which would materially alter estimates or underlying assumptions.

Beach recorded a 2P reserves replacement ratio of 179% for the 12 month period ended 30 June 2017, with year-end 2P oil and gas reserves 7% higher than the prior year. Upward reserve revisions predominantly relate to operated acreage following new discoveries, field extensions, identification of additional development opportunities, strong field production performances and operating cost efficiencies. Net 2C contingent resources decreased 25% to 152.9 MMboe, mainly due to removal of Cooper Basin JV Nappamerri Trough unconventional gas bookings. Reserves and resources as at 30 June 2017 are summarised below.

Reserves (Net)	1P	2P	3P
Oil (MMbbl)	12.0	26.3	50.4
Gas and gas liquids (MMboe)	25.5	48.4	87.9
Total as at 30 June 2017 (MMboe)	37.5	74.7	138.3
Total as at 30 June 2016	29.9	69.8	132.6
<i>Increase/(decrease)</i>	25.4%	7.0%	4.3%

Developed and Undeveloped Reserves (Net)	DEVELOPED			UNDEVELOPED		
	1P	2P	3P	1P	2P	3P
Oil (MMbbl)	9.9	18.8	34.1	2.1	7.6	16.4
Gas and gas liquids (MMboe)	22.9	41.5	71.8	2.6	6.9	16.0
Total as at 30 June 2017 (MMboe)	32.8	60.3	105.9	4.7	14.4	32.4
Total as at 30 June 2016	21.4	54.0	101.8	8.6	15.8	30.9
<i>Increase/(decrease)</i>	53.6%	11.7%	4.1%	(44.9%)	(8.7%)	4.9%

2C Contingent Resources (Net)	30 June 2016	Revisions	30 June 2017
Oil (MMbbl)	25.1	3.9	29.0
Conventional gas and gas liquids (MMboe)	88.6	(2.3)	86.2
Unconventional gas and gas liquids (MMboe)	91.5	(53.9)	37.7
Total (MMboe)	205.2	(52.3)	152.9

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2017

2P Reserves by Permit (Reconciliation)

2P Reserves (Net, MMboe)	Note	2P 30 June 2016	REVISIONS				2P 30 June 2017	Oil (MMbbl)	Gas (PJ)	LPG (kt)	Condensate (MMbbl)
			FY17 Production	Acquisitions /Divestments	Exploration /Appraisal	Other Revisions					
Ex PEL 91	1	10.0	(3.7)	-	0.5	5.6	12.4	12.4	-	-	-
Ex PEL 92	2	2.7	(0.7)	-	-	3.8	5.9	5.9	-	-	-
Ex PEL 104/111	3	1.1	(0.4)	-	-	1.2	1.9	1.9	-	-	-
Kenmore-Bodalla	4	0.3	(0.0)	(0.3)	-	-	-	-	-	-	-
Tintaburra	5	0.9	(0.2)	-	-	-	0.8	0.8	-	-	-
Ex PEL 106	6	4.8	(1.0)	-	3.1	1.2	8.2	-	29.2	164.0	1.9
Ex PEL 513/632	7	0.2	(0.2)	-	-	0.2	0.3	-	0.9	5.2	0.1
PRL135 (Vanessa)	8	0.0	(0.0)	-	-	0.1	0.1	-	0.6	2.1	0.0
Cooper Basin JV	9	46.5	(4.4)	-	0.3	2.8	45.1	5.4	195.2	423.9	2.8
Cooper/Eromanga		66.7	(10.6)	(0.3)	3.9	15.0	74.7	26.3	225.9	595.1	4.8
Egypt	10	3.1	-	(3.1)	-	-	-	-	-	-	-
Total 2P Reserves		69.8	(10.6)	(3.4)	3.9	15.0	74.7	26.3	225.9	595.1	4.8

1. Beach equity interest: 100%; a mixture of probabilistic and deterministic methodologies applied
2. Beach equity interest: 75%; a mixture of probabilistic and deterministic methodologies applied
3. Beach equity interest: 40%; deterministic methodology applied
4. Beach equity interest: 100%; deterministic methodology applied; sale of Kenmore-Bodalla interests completed on 19 October 2016
5. Beach equity interest: 40%; deterministic methodology applied
6. Beach equity interest: 100%; deterministic methodology applied; includes gas reserves associated with Mokami-1 in ex PEL 91 (Beach 100%)
7. Beach equity interest: 40%; deterministic methodology applied
8. Beach equity interest: 43%; deterministic methodology applied
9. Beach equity interests: South Australian Cooper Basin joint ventures (17.14% and 20.21%) and South West Queensland joint ventures (20% to 40%); deterministic methodology applied
10. Beach equity interest: 22% (net entitlement 9.4%); probabilistic methodology applied; sale of Egypt completed on 17 August 2016

2P Reserves by Permit (Developed/Undeveloped)

2P Reserves (Net, MMboe)	Note	DEVELOPED RESERVES					UNDEVELOPED RESERVES				
		Gas (PJ)	LPG (kt)	Condensate (MMbbl)	Oil (MMbbl)	Total (MMboe)	Gas (PJ)	LPG (kt)	Condensate (MMbbl)	Oil (MMbbl)	Total (MMboe)
Ex PEL 91	1	-	-	-	9.6	9.6	-	-	-	2.8	2.8
Ex PEL 92	2	-	-	-	3.3	3.3	-	-	-	2.5	2.5
Ex PEL 104/111	3	-	-	-	1.3	1.3	-	-	-	0.6	0.6
Tintaburra	4	-	-	-	0.6	0.6	-	-	-	0.2	0.2
Ex PEL 106	5	20.8	107.7	1.2	-	5.6	8.2	56.3	0.7	-	2.6
Ex PEL 513/632	6	0.9	5.2	0.1	-	0.3	0.0	0.0	0.0	-	0.0
PRL135 (Vanessa)	7	-	-	-	-	-	0.6	2.1	0.0	-	0.1
Cooper Basin JV	8	178.2	349.3	2.2	3.9	39.5	17.0	74.6	0.6	1.5	5.6
Total 2P Reserves		200.0	462.2	3.4	18.8	60.3	25.9	133.0	1.4	7.6	14.4

1. Beach equity interest: 100%; a mixture of probabilistic and deterministic methodologies applied
2. Beach equity interest: 75%; a mixture of probabilistic and deterministic methodologies applied
3. Beach equity interest: 40%; deterministic methodology applied
4. Beach equity interest: 40%; deterministic methodology applied
5. Beach equity interest: 100%; deterministic methodology applied; includes gas reserves associated with Mokami-1 in ex PEL 91 (Beach 100%)
6. Beach equity interest: 40%; deterministic methodology applied
7. Beach equity interest: 43%; deterministic methodology applied
8. Beach equity interests: South Australian Cooper Basin joint ventures (17.14% and 20.21%) and South West Queensland joint ventures (20% to 40%); deterministic methodology applied

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1P Reserves by Permit (Reconciliation)

		REVISIONS									
1P Reserves (Net, MMboe)	Note	1P 30 June 2016	FY17 Production	Acquisitions /Divestments	Exploration /Appraisal	Other Revisions	1P 30 June 2017	Oil (MMbbl)	Gas (PJ)	LPG (kt)	Condensate (MMbbl)
Ex PEL 91	1	4.3	(3.7)	-	0.2	5.5	6.3	6.3	-	-	-
Ex PEL 92	2	1.7	(0.7)	-	-	0.9	1.9	1.9	-	-	-
Ex PEL 104/111	3	0.5	(0.4)	-	-	0.7	0.8	0.8	-	-	-
Kenmore-Bodalla	4	0.0	(0.0)	(0.0)	-	-	-	-	-	-	-
Tintaburra	5	0.3	(0.2)	-	-	0.1	0.2	0.2	-	-	-
Ex PEL 106	6	4.1	(1.0)	-	1.2	(1.0)	3.4	-	12.2	67.9	0.8
Ex PEL 513/632	7	0.2	(0.2)	-	-	0.2	0.2	-	0.6	3.2	0.0
PRL135 (Vanessa)	8	0.0	(0.0)	-	-	0.1	0.1	-	0.4	1.5	0.0
Cooper Basin JV	9	17.8	(4.4)	-	0.1	11.3	24.7	2.8	108.1	226.3	1.5
Cooper/Eromanga		28.9	(10.6)	(0.0)	1.6	17.7	37.5	12.0	121.3	298.9	2.3
Egypt	10	1.1	-	(1.1)	-	-	-	-	-	-	-
Total 1P Reserves		29.9	(10.6)	(1.1)	1.6	17.7	37.5	12.0	121.3	298.9	2.3

1. Beach equity interest: 100%; a mixture of probabilistic and deterministic methodologies applied
2. Beach equity interest: 75%; a mixture of probabilistic and deterministic methodologies applied
3. Beach equity interest: 40%; deterministic methodology applied
4. Beach equity interest: 100%; deterministic methodology applied; sale of Kenmore-Bodalla interests completed on 19 October 2016
5. Beach equity interest: 40%; deterministic methodology applied
6. Beach equity interest: 100%; deterministic methodology applied; includes gas reserves associated with Mokami-1 in ex PEL 91 (Beach 100%)
7. Beach equity interest: 40%; deterministic methodology applied
8. Beach equity interest: 43%; deterministic methodology applied
9. Beach equity interests: South Australian Cooper Basin joint ventures (17.14% and 20.21%) and South West Queensland joint ventures (20% to 40%); deterministic methodology applied
10. Beach equity interest: 22% (net entitlement 9.4%); probabilistic methodology applied; sale of Egypt completed on 17 August 2016

1P Reserves by Permit (Developed/Undeveloped)

		DEVELOPED RESERVES					UNDEVELOPED RESERVES				
1P Reserves (Net, MMboe)	Note	Gas (PJ)	LPG (kt)	Condensate (MMbbl)	Oil (MMbbl)	Total (MMboe)	Gas (PJ)	LPG (kt)	Condensate (MMbbl)	Oil (MMbbl)	Total (MMboe)
Ex PEL 91	1	-	-	-	5.1	5.1	-	-	-	1.2	1.2
Ex PEL 92	2	-	-	-	1.7	1.7	-	-	-	0.2	0.2
Ex PEL 104/111	3	-	-	-	0.7	0.7	-	-	-	0.1	0.1
Tintaburra	4	-	-	-	0.2	0.2	-	-	-	0.0	0.0
Ex PEL 106	5	8.9	44.3	0.4	-	2.3	3.3	23.6	0.3	-	1.1
Ex PEL 513/632	6	0.6	3.2	0.0	-	0.2	0.0	0.0	0.0	-	0.0
PRL135 (Vanessa)	7	-	-	-	-	0.0	0.4	1.5	0.0	-	0.1
Cooper Basin JV	8	102.0	199.7	1.2	2.2	22.6	6.1	26.6	0.2	0.6	2.1
Total 1P Reserves		111.5	247.2	1.7	9.9	32.8	9.8	51.7	0.6	2.1	4.7

1. Beach equity interest: 100%; a mixture of probabilistic and deterministic methodologies applied
2. Beach equity interest: 75%; a mixture of probabilistic and deterministic methodologies applied
3. Beach equity interest: 40%; deterministic methodology applied
4. Beach equity interest: 40%; deterministic methodology applied
5. Beach equity interest: 100%; deterministic methodology applied; includes gas reserves associated with Mokami-1 in ex PEL 91 (Beach 100%)
6. Beach equity interest: 40%; deterministic methodology applied
7. Beach equity interest: 43%; deterministic methodology applied
8. Beach equity interests: South Australian Cooper Basin joint ventures (17.14% and 20.21%) and South West Queensland joint ventures (20% to 40%); deterministic methodology applied

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2017

2C Contingent Resources

2C Contingent Resources as at 30 June 2017 (Net, MMboe)	Note	Oil (MMbbl)	Sales Gas & Ethane (PJ)	Condensate ⁸ (MMboe)	Total Oil Equivalent (MMboe)
Western Flank	1	8.8	5.9	1.5	11.4
Cooper Basin JV	2	7.7	308.0	8.3	69.0
Other Cooper Basin	3	12.3	48.1	1.6	22.1
Otway Basin	4	-	3.7	0.1	0.7
Carnarvon Basin	5	0.2	2.8	0.1	0.8
Browse Basin	6	-	57.4	1.4	11.3
Total Conventional 2C Contingent Resources		29.0	425.8	13.0	115.2
Cooper Basin JV Unconventional	7	-	207.0	2.1	37.7
Total 2C Contingent Resources		29.0	632.8	15.1	152.9

1. Beach equity interests: ex PEL 91 (100%), ex PEL 92 (75%), ex PEL 104/111 (40%) and ex PEL 106 (100%)
2. Beach equity interests: 17.14% and 20.21% interests in South Australian acreage and 20% to 40% interests in Queensland acreage
3. Beach equity interests: Tintaburra (40%), Flax (100%), Juniper (100%), Yarrow (100%), Vanessa (43%) and the South West Joint Venture (40%)
4. Beach equity interests: 10% - 100% interests in various fields
5. Beach equity interests: 10% interest in the Hurricane Field
6. Beach equity interests: 7% interest in the Lasseter South and Burnside fields
7. Beach equity interests: South Australian Cooper Basin joint ventures (17.14% and 20.21%) and South West Queensland joint ventures (20% to 40%)
8. A separate assessment of LPG has not been made, except in South Australian Cooper Basin JV

2C Contingent Resources (Reconciliation)

2C Contingent Resources as at 30 June 2017 (Net, MMboe)	Note	2C 30 June 2016	Acquisitions/ Divestments	Revisions/ Discoveries/ Extensions	2C 30 June 2017
Western Flank	1	7.1	(0.4)	4.7	11.4
Cooper Basin JV	2	66.8	-	2.2	69.0
Other Cooper Basin	3	26.6	-	(4.4)	22.1
Otway Basin	4	0.7	-	-	0.7
Carnarvon Basin	5	0.8	-	-	0.8
Browse Basin	6	11.3	-	-	11.3
Egypt	7	0.6	(0.6)	-	-
Total Conventional 2C Contingent Resources		113.7	(1.0)	2.5	115.2
Cooper Basin JV Unconventional	8	91.5	-	(53.9)	37.7
Total 2C Contingent Resources		205.2	(1.0)	(51.4)	152.9

1. Beach equity interests: ex PEL 91 (100%), ex PEL 92 (75%), ex PEL 104/111 (40%) and ex PEL 106 (100%)
2. Beach equity interests: 17.14% and 20.21% interests in South Australian acreage and 20% to 40% interests in Queensland acreage
3. Beach equity interests: Tintaburra (40%), Flax (100%), Juniper (100%), Yarrow (100%), Vanessa (43%) and the South West Joint Venture (40%)
4. Beach equity interests: 10% - 100% interests in various fields
5. Beach equity interests: 10% interest in the Hurricane Field
6. Beach equity interests: 7% interest in the Lasseter South and Burnside fields
7. Beach equity interest: 22% (net entitlement 9.4%); probabilistic methodology applied; sale of Egypt completed on 17 August 2016
8. Beach equity interests: South Australian Cooper Basin joint ventures (17.14% and 20.21%) and South West Queensland joint ventures (20% to 40%)

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

Financial results

	FY17 \$ million	FY16 \$ million
Group profit/(loss) attributable to equity holders of Beach	387.5	(588.8)

Financial results from FY17 are summarised below:

- Sales revenue was up 16% from FY16 to \$649 million due to higher sales volumes and prices.
- Cost of sales were down 3% from FY16 to \$463 million, mainly as a result of lower third party purchases and inventory, partly offset by higher depreciation from increased production and higher royalties.
- A net profit after tax of \$388 million was reported, as a strong underlying operating performance was increased by a reversal of impairment, asset sales and a tax benefit from the recognition of a deferred tax asset.
- Other expenses were \$(70) million, \$762 million lower than FY16, mainly due to reduced asset impairment charges and a reversal of impairment in FY17.

KEY FINANCIAL RESULTS

		FY17	FY16	Change
Income				
Sales revenue	\$m	649.3	558.0	16%
Total revenue	\$m	662.4	564.6	17%
Cost of sales	\$m	(463.4)	(477.8)	3%
Gross profit	\$m	185.9	80.2	132%
Other income	\$m	52.6	4.8	996%
Net profit/(loss) after tax (NPAT)	\$m	387.5	(588.8)	> 100%
Underlying NPAT	\$m	161.7	35.7	353%
Dividends paid	cps	1.50	0.50	200%
Dividends announced (final)	cps	1.00	0.50	100%
Basic EPS	cps	20.76	(39.56)	> 100%
Underlying EPS	cps	8.66	2.40	261%
Cash flows				
Operating cash flow	\$m	321.2	233.4	38%
Investing cash flow	\$m	(154.2)	(36.4)	(324%)
		As at 30 June 2017	As at 30 June 2016	Change
Financial position				
Net assets	\$m	1,402.0	1,074.5	30%
Cash balance	\$m	348.0	199.1	75%

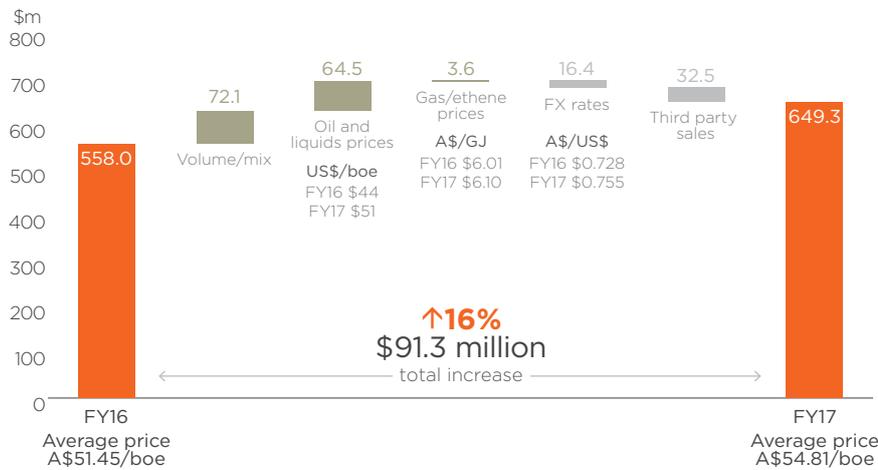
Underlying results in the table above are categorised as non-IFRS financial information provided to assist readers to better understand the financial performance of the underlying operating business. They have not been subject to audit or review by Beach's external auditors. Please refer to the table on page 37 for a reconciliation of this information to the financial report.

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2017

Revenue

Higher oil and gas sales volumes and higher prices in FY17 contributed to a 16% increase in sales revenue to \$649 million (\$558 million in FY16). Lower third party sales and a higher average A\$/US\$ exchange rate partly offset this increase. Sales revenue from production increased by \$122 million and third party sales decreased by \$33 million. Sales volumes of 11.8 MMboe were 9% higher than FY16 due to higher oil production and gas sales volumes, partly offset by lower third party volumes. The average realised oil price increased to A\$68/bbl, up A\$8/bbl from FY16, due to a higher US\$ oil price, but was partly offset by an increase in the average A\$/US\$ exchange rate.

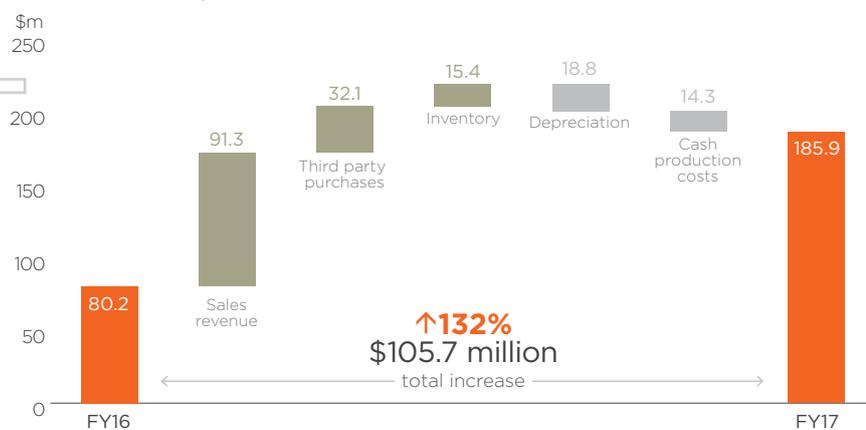
Sales Revenue Comparison



Gross Profit

Gross profit for the full year of \$186 million (FY16 \$80 million) was up 132%. The increase in gross profit was primarily due to higher sales revenue and lower total cost of sales which were down 3% from FY16 to \$463 million. The reduction in cost of sales is principally due to lower third party purchases (\$32 million) and a decrease in inventory charges (\$15 million) partly offset by higher depreciation and amortisation (\$19 million) and higher cash production costs (\$14 million). Cash production costs were up \$14 million (7%), reflecting higher royalties from the increase in production and prices. Higher depreciation and amortisation charges were mainly due to increases in production. Third party oil and gas purchases decreased due to reduced 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



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Net profit/(loss) after tax (NPAT)

Other income of \$53 million was up \$48 million from FY16, mainly due to a gain on the sale of Beach Egypt (\$47 million).

Other expenses were down to \$(70) million, \$762 million lower than FY16. Impairment reversals (pre-tax) of \$150 million on Cooper Basin producing assets were partly offset by impairment charges (pre-tax) of \$41 million, which included Bonaparte Basin, Carnarvon Basin, New Zealand and Tanzania (\$38 million) and corporate assets (\$3 million).

The reported net profit after tax of \$388 million is \$976 million higher than FY16, primarily due to the recognition of a deferred tax asset in the current year, asset sales and reduced impairment charges.

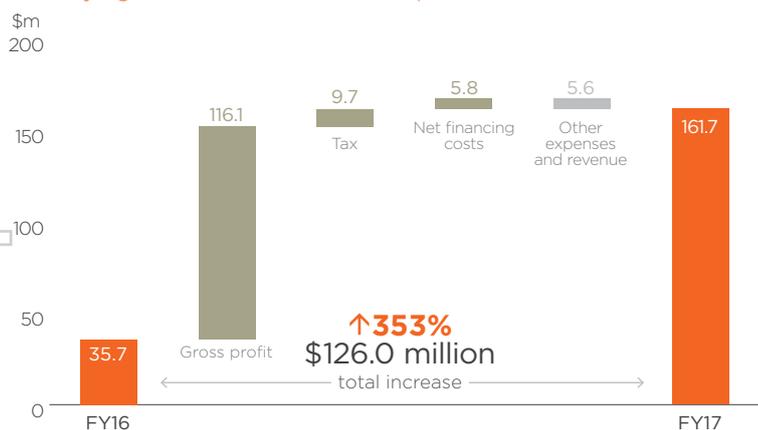
Underlying NPAT

By adjusting FY17 NPAT to exclude impairment and non-recurring items (as summarised below), underlying NPAT was \$162 million. This represents a 353% increase on FY16, due mainly to higher production and prices.

Comparison of underlying profit	FY17 \$m	FY16 \$m	Movement from PCP \$m	
Net profit/(loss) after tax	387.5	(588.8)	976.3	166%
Remove merger costs	-	7.7	(7.7)	
Remove gain on asset sales	(52.0)	-	(52.0)	
Remove unrealised hedging movements	3.7	15.4	(11.7)	
Remove provision for non-recovery of international taxes	-	7.5	(7.5)	
Remove other non-recurring items	10.4	-	10.4	
Remove impairment (reversal)/expense	(108.6)	634.6	(743.2)	
Deferred tax asset recognition	(79.3)	-	(79.3)	
Tax impact of above changes	-	(40.7)	40.7	
Underlying net profit after tax	161.7	35.7	126.0	353%

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.

Underlying Net Profit After Tax Comparison



DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2017

Financial Position

Assets

Total assets increased by \$268 million to \$1,893 million.

Cash balances increased by \$149 million to \$348 million, primarily due to:

- Cash flow from operations of \$321 million, partly offset by
- Capital expenditure of \$160 million.

Receivables increased by \$32 million primarily due to higher sales accruals due to timing of shipments. Inventories decreased \$27 million due to timing of shipments and drawdown of gas from storage. Available-for-Sale (AFS) financial assets increased by \$31 million, due mainly to the increase in value of investments over the period. Assets held for sale have decreased by \$65 million mainly due to the sale of Egypt and certain Queensland oil assets and the termination of the Tintaburra sale agreement.

Fixed assets, petroleum and exploration assets increased by \$72 million. Capital expenditure of \$156 million, a net impairment reversal of \$109 million and reclassifications of assets from held for sale of \$19 million were partly offset by amortisation and depreciation of \$172 million, decreases for restoration of \$27 million and disposals of joint venture assets of \$13 million.

Deferred tax assets (DTA) of \$79 million were recognised in FY17 due to Beach determining that it is probable that it will have sufficient taxable income in future years to enable the DTA to be utilised.

Liabilities

Total liabilities decreased by \$60 million to \$491 million, mainly due to lower payables of \$24 million reflecting lower accruals for gas purchases, a decrease in liabilities held for sale of \$39 million due to the sale of certain Queensland oil assets and the termination of the Tintaburra sale agreement and lower restoration provisions of \$3 million, partly offset by an increase in current tax liabilities of \$9 million.

Equity

Equity increased by \$327 million, mainly due to the net profit after tax of \$388 million, shares issued during the year of \$10 million and an increase in other reserves of \$12 million, primarily due to the increase in the value of available-for-sale financial assets, partly offset by dividends paid during the year of \$28 million and a decrease in the foreign currency translation reserve of \$54 million as gains on the translation of foreign operations were released on completion of the Egypt sale.

Dividends

During the financial year the Company paid an FY16 fully franked final dividend of 0.5 cents per share from the profit distribution reserve as well as an interim FY17 final fully franked dividend of 1.0 cents per share. The Company will also pay an FY17 fully franked final dividend of 1.0 cents per share.

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.

Oil prices

The average A\$ realised oil price for FY17 increased 13% from the average price received in FY16.

Matters arising subsequent to the end of the financial year

There has not arisen in the interval between 30 June 2017 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.

Future developments

Our strategy

Beach's strategy is premised on its Vision: *We aim to be Australia's premier multi-basin upstream oil and gas company*, and its Purpose: *To deliver sustainable growth in shareholder value*. To achieve these goals, four strategic pillars drive all decision making and serve as a roadmap for the future. The strategic pillars are:

1. Optimise our core in the Cooper Basin.
2. Build a complementary gas business in east coast basins.
3. Pursue compatible growth opportunities in Australia and nearby.
4. Maintain financial strength.

In FY17, Beach demonstrated tangible progress against each strategic pillar, as summarised below.

	Objectives	FY17 Progress
Pillar 1	<i>Drive growth in Beach's core business through organic and inorganic opportunities</i>	<ul style="list-style-type: none"> ✓ Record production of 10.6 MMboe, up 9% from FY16 ✓ Integration of Drillsearch assets and operations ✓ Completion of major infrastructure expansion projects ✓ Broad ranging operating and cost efficiencies ✓ High drilling success rate of 79% from 58 wells ✓ Three gas discoveries from four-well operated program ✓ Birkhead oil discoveries with follow-up prospects ✓ 2P reserves replacement ratio of 179% ✓ Multi-year work program developed and commenced ✓ Portfolio rationalisation through sale of non-core assets
Pillar 2	<i>Establish a gas business in east coast basins to benefit from increasing gas demand from east coast markets</i>	<ul style="list-style-type: none"> ✓ Improved commercial terms for operated gas sales ✓ Three gas discoveries in operated acreage support expanded FY18 drilling campaign ✓ Production capacity enhancement from the Middleton gas compression project ✓ Cooper Basin JV drilling efficiencies enabling more wells to be drilled
Pillar 3	<i>A disciplined approach to mature the current opportunity set, identify prospective basins and execute growth opportunities</i>	<ul style="list-style-type: none"> ✓ Clearly defined inorganic growth strategy underpinned by robust base business ✓ Strict capital allocation framework for screening all growth opportunities ✓ Multiple opportunities under review ✓ Portfolio rationalisation through sale of non-core assets ✓ Withdrawal and extension of various permit interests
Pillar 4	<i>Maintain financial strength to underpin exploration efforts and growth options, and support the objective of sustainable growth in shareholder value</i>	<ul style="list-style-type: none"> ✓ Net operating cash flow of \$321 million, up 38% from FY16 ✓ Cash reserves increased by \$149 million to \$348 million ✓ Year-end available liquidity of ~\$700 million ✓ Full-year dividends of 2.0 cents per share

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2017

FY18 outlook

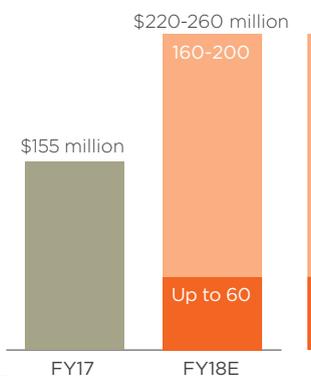
Capital Expenditure

Beach has commenced a multi-year capital program designed to fully appraise undeveloped reserve and prospective resource potential of the Cooper Basin. The program is consistent with Beach's strategy to optimise its core Cooper Basin acreage, and provides confidence to guide towards production of 10.0 – 10.6 MMboe in FY18 and target at least 10 MMboe of production in FY19 and FY20. An expanded, full-year operated and non-operated multi-rig exploration and appraisal drilling campaign also provides confidence to target at least 100% replacement of produced reserves through to year-end FY19.

FY18 capital expenditure is expected to be within the range of \$220 – 260 million and the program establishes the foundation for sustained activity and production in future years. Planned activity in FY18 includes:

- Completion and connection of more than 20 currently cased and suspended wells, production optimisation projects, facility expansions and development drilling. These activities are expected to offset natural field decline and sustain production levels in FY18.
- An expanded drilling program of up to 78 wells (+35% from FY17), including up to 44 exploration and appraisal wells (+42% from FY17) to add reserves and guide development programs for future years.
- Processing and interpretation of recently acquired 3D seismic surveys to identify exploration targets for FY19 and beyond.

The FY18 program continues to demonstrate Beach's strict focus on value accretive capital allocation. Approximately 75% of expected FY18 capital expenditure is classified as discretionary and meets strict investment hurdles and return requirements. Due to the low-cost, fast payback nature of Beach's Cooper Basin acreage, approximately two thirds of discretionary expenditure is allocated to projects with expected internal rates of return greater than 60%. The remaining FY18 capital expenditure is stay-in-business and committed expenditure (fixed expenditure). This is required expenditure on existing assets for purposes such as maintenance, regulatory commitments and contractual obligations. Components of the FY18 capital program are summarised below.



Discretionary expenditure

High-graded projects; NPV positive; near-term line of sight to financial return; capital allocation requirements met; deferrable at lower oil prices; includes exploration and development activities

- ~35% allocated to Western Flank oil
- ~35% allocated to Western Flank gas
- ~25% allocated to Cooper Basin JV

Fixed expenditure

Committed expenditure for asset maintenance, permit fees and tenement commitments

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The multi-year capital program has a primary focus on core Western Flank oil and gas play fairways and the Cooper Basin JV. A summary of objectives for each is outlined below.

BIRKHEAD OIL PLAY FAIRWAY (EX PEL 91, 92, 104/111)

FY18 capital program objectives:

The Birkhead Formation is a proven oil reservoir in Western Flank fields such as Growler and Spitfire, however has not been subjected to play-wide, focused exploration and appraisal. Recent exploration success at Kangaroo and Marauder has provided further encouragement for the fairway's development potential. The FY18 campaign aims to establish commerciality and size of existing discoveries, appraise field extensions, discover new accumulations for future development and, importantly, develop optimal, cost effective development programs.

Two vertical exploration wells in Beach's 100% owned acreage are planned for Q1 FY18 to appraise the Birkhead discoveries at Kangaroo and Stanleys. These wells are designed to test up-side potential represented by large combination stratigraphic and structural accumulations. Results will be integrated with existing well control and production data to determine locations for three geo-steered horizontal appraisal wells, which will be drilled near existing fields or potential new discoveries.

Due to reservoir variability, the Birkhead Formation is considered suitable for geo-steered horizontal drilling, with potential for high daily production rates (>1,000 bopd per well), low water cuts and long production tails. Incremental recoveries and rates from horizontal wells would significantly reduce development capital per barrel compared with a vertical well development plan. Success in FY18 may lead to material development of Birkhead fields.

A further five operated and non-operated exploration wells are planned for H2 FY18.

FY18 exploration wells: 7

FY18 appraisal/development wells: 3 horizontals

FY18 discretionary capital allocation: -15%

CENTRAL NAMUR OIL PLAY FAIRWAY (EX PEL 91, 92)

FY18 capital program objectives:

The Namur Sandstone is a developed reservoir which has underpinned past oil production growth. Advanced velocity modelling techniques across the entire play fairway are currently being applied to improve depth mapping and reduce risk associated with targeting low relief structures. Two Namur exploration wells are planned for H2 FY18, with further targets to be identified for FY19.

The McKinlay Member is a thin sandstone overlaying but not in direct communication with the Namur Sandstone. It is a proven oil reservoir, however has not been subjected to focused development. McKinlay accumulations cover areas much larger than the underlying Namur fields, and ongoing subsurface work shows significant potential for reserve additions. Studies indicate that due to the thin nature of the sand, horizontal wells should increase production rates and lower development capital expenditure per barrel. Bauer-26 is the first Western Flank McKinlay horizontal well and was drilled in early Q1 FY18. Well results and current studies will set the scope and design of wells to optimise the development of the McKinlay reservoir in FY18 and FY19. Potential development wells in the Bauer, Chiton and Callawonga fields may be drilled in H2 FY18.

FY18 exploration wells: 2 Namur

FY18 appraisal/development wells: Up to 4, including 1 McKinlay horizontal

FY18 discretionary capital allocation: -20%

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FOR THE YEAR ENDED 30 JUNE 2017

SOUTHWEST PATCHAWARRA AND PERMIAN EDGE GAS PLAY FAIRWAYS (EX PEL 106, 107, 91, 92)

FY18 capital program objectives:

Western Flank gas acreage spans the Southwest Patchawarra (SWP) and Permian Edge (PE) play fairways. Both fairways contain combination structural and stratigraphically trapped conventional gas targets in the Patchawarra Formation.

The SWP play fairway is Beach's proven production area (ex PEL 106) and remaining prospects are relatively low risk targets. In FY18, six near field exploration wells are planned which aim to add reserves and accelerate production. Interpretation of recently acquired 3D seismic is progressing and seeks to extend the SWP play fairway to the south (ex PEL 107). Exploration targets are expected to be generated for the FY19 campaign.

The PE play fairway is a relatively underexplored western pinch-out of the Patchawarra Formation against the Western Flank. The fairway has seen limited exploration to date, however the Mokami-1 discovery in FY17 provided encouragement for upcoming activity. Five exploration wells are planned for FY18 which are designed to discover new resources, extend the play area to the west and provide the basis for longer-term exploration activity.

FY18 exploration wells: 11 (6 SWP, 5 PE)

FY18 appraisal/development wells: -

FY18 discretionary capital allocation: -35%

COOPER BASIN JV OIL AND GAS

FY18 capital program objectives:

Continuing cost and operating efficiencies achieved by the operator have improved the economics of the Cooper Basin JV's prospect seriatim, and have led to a rejuvenated exploration and development program. Key initiatives in FY18 include horizontal oil drilling, targeting higher liquids content gas prospects, and underbalanced in-fill gas drilling.

Beach currently plans to participate in up to 14 oil wells, including three appraisal wells. Drilling is focused predominantly on the Merrimelia and McKinlay fields in South Australia, and the Zeus, Tenappera and Irtalie East fields in southwest Queensland.

Gas exploration, appraisal and development drilling will continue across South Australian and Queensland acreage, and will include follow-up to recent success in the Namur Field. Beach currently plans to participate in up to 35 wells, including eight exploration wells. Interpretation of the 1,200 km² Snowball 3D seismic survey in Queensland is progressing. Drilling of identified prospects is expected to commence in H2 FY18 and further prospects are likely to be identified for FY19.

FY18 exploration wells: 8 gas

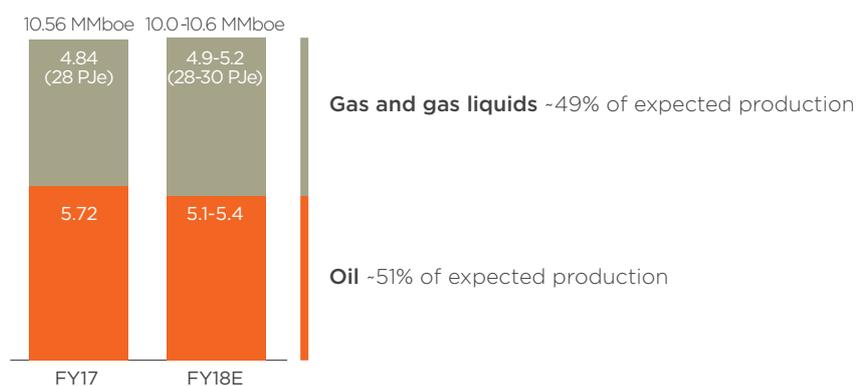
FY18 appraisal/development wells: Up to 41

FY18 discretionary capital allocation: -25%

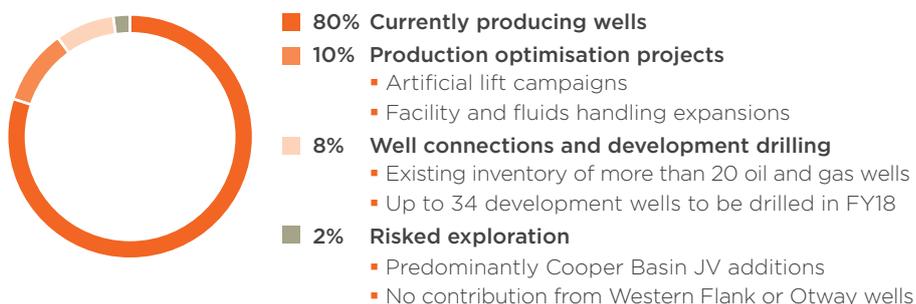
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Production

FY18 production volumes are expected to be within the range of 10.0 – 10.6 MMboe. Estimated oil and gas composition is summarised below.



Sustained levels of production in FY18 are underpinned by connection of existing well stock, production optimisation projects and ongoing development drilling, and do not rely on FY18 exploration drilling success. Expected contributions to FY18 production are summarised below.



Funding and capital management

As at 30 June 2017, Beach held cash and cash equivalents of \$348.0 million. Beach also has a \$530 million secured corporate debt facility comprising a \$200 million three year revolving general facility with a maturity date of 4 December 2018, a \$200 million five year revolving general facility with a maturity date of 4 December 2020, a \$100 million three year revolving acquisition facility with a maturity date of 4 December 2018 and a \$30 million letter of credit facility with a maturity date of 4 December 2018.

As at 30 June 2017, \$150 million of the three year revolving general facility was drawn, with the remaining \$50 million undrawn. The \$200 million revolving general facility and the \$100 million revolving acquisition facility remained undrawn, with \$22 million of the letter of credit facility being utilised by way of bank guarantees.

Beach anticipates that its current funding to be adequate for capital expenditure anticipated in the 2018 financial year.

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 and social licence to operate 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 YEAR ENDED 30 JUNE 2017

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 has responded to the sustained low oil price by developing 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, the New Zealand dollar and the Tanzanian shilling. 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.

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Beach's reserves are estimated in accordance with SPE Petroleum Resources Management System (PRMS) guidelines (November 2011) 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 may be exposed to production decrease or stoppage, which may be the result of facility shut-downs, mechanical or technical failure, climactic 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 and integrity management is critical to mitigating production risks.

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) 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, New Zealand and Tanzania. 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 combination of insurance policies, standard operating procedures, contractor pre-qualification, facility design and integrity management systems to mitigate these risks.

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2017

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.

Dividends paid or recommended

Since the end of the financial year the directors have resolved to pay a fully franked dividend of 1.0 cents per share on 29 September 2017. The record date for entitlement to this dividend is 28 August 2017. The financial impact of this dividend, amounting to \$18.7 million has not been recognised in the Financial Statements for the year ended 30 June 2017 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
FY16 Final	9 September 2016	30 September 2016	0.50	\$9.3 million
FY17 Interim	3 March 2017	31 March 2017	1.00	\$18.7 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 FY17.

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 1 December 2016, Beach issued 2,485,295 Long Term Incentive (LTI) unlisted performance rights under the Executive Incentive Plan (EIP). These performance rights, which expire on 30 November 2021, are exercisable for nil consideration and are not exercisable before 1 December 2019. A further 479,096 LTI unlisted performance rights were issued on 21 February 2017 under the EIP, which expire on 30 November 2021, are exercisable for nil consideration and are not exercisable before 1 December 2019.

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
2013 LTI unlisted rights					
Issue 2 December 2013	731,462	-	-	(731,462)	-
2013 STI unlisted rights					
Issue 1 September 2014	77,580	-	(77,580)	-	-
2014 LTI unlisted rights					
Issue 1 December 2014	1,422,220	-	-	(534,948)	887,272
2015 LTI unlisted rights					
Issue 1 December 2015	2,787,763	-	-	(1,048,578)	1,739,185
2015 LTI unlisted rights					
Issue 19 May 2016	815,401	-	-	-	815,401
CEO STI unlisted rights					
Issue 19 May 2016	565,956	-	(565,956)	-	-
CEO STI unlisted rights					
Issue 19 May 2016	414,547	-	-	-	414,547
2016 LTI unlisted rights					
Issue 1 December 2016	-	2,485,295	-	-	2,485,295
2016 LTI unlisted rights					
Issue 21 February 2017	-	479,096	-	-	479,096
Total	6,814,929	2,964,391	(643,536)	(2,314,988)	6,820,796

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2017

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

Experience and expertise

Mr Davis is a solicitor and principal of DMAW Lawyers, a firm he founded. He joined Beach in July 2007 as a non-executive director and was appointed non-executive Deputy Chairman in June 2009 and Chairman in November 2012. Mr Davis brings to the Board his expertise in the execution of large legal and commercial transactions and his expertise and experience in corporate activity regulated by the Corporations Act and ASX Limited.

Current and former listed company directorships in the last 3 years

Mr Davis is a director of ASX listed companies Monax Mining Limited (since 2004) and a former director of Marmota Energy Limited (from 2007 to June 2015).

Responsibilities

Mr Davis's special responsibilities include membership of the Remuneration and Nomination Committee. He was elected to the Board on 6 July 2007, last having been re-elected to the Board on 10 November 2016.

Date of appointment

Mr Davis was elected to the Board on 6 July 2007, last having been re-elected to the Board on 10 November 2016.

Colin David Beckett

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

Experience and expertise

As an engineer with over 35 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.

Current and former listed company directorships in the last 3 years

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

Responsibilities

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 elected to the Board on 2 April 2015, last having been re-elected to the Board on 25 November 2015.

Date of appointment

Mr Beckett was elected to the Board on 2 April 2015, last having been re-elected to the Board on 25 November 2015.

Philip James Bainbridge

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

Experience and expertise

Mr Bainbridge joined Beach in March 2016. 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 director of the board of the PNG Sustainable Development Program and a non-executive Chairman of Sino Gas and Energy Holding. He was formerly a non-executive director of Drillsearch Energy Limited from 2013 to 2016.

Responsibilities

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

Date of appointment

Mr Bainbridge was elected to the Board on 1 March 2016, last having been re-elected to the Board on 10 November 2016.

Fiona Rosalyn Vivienne Bennett

Independent non-executive director – BA (Hons), FCA, FAICD, FIML

Experience and expertise

Ms Bennett is a Chartered Accountant with over 30 years' experience in business and financial management, corporate governance, risk management and audit. She has previously held senior executive positions at BHP Billiton Limited and Coles Group Limited, and has been the Chief Financial Officer at several organisations within the health sector. Ms Bennett is a graduate of The Executive Program at the University of Virginia's Darden Graduate School and the AICD Company Directors' course. She is currently a director of Hills Holdings Limited (since 2010) and Select Harvests Limited (since 2017) and a former director of Boom Logistics Limited (from 2010 to 2015).

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Current and former listed company directorships in the last 3 years

She is currently a director of Hills Holdings Limited (since 2010) and Select Harvests Limited (since 2017) and a former director of Boom Logistics Limited (from 2010 to 2015).

Responsibilities

Ms Bennett's special responsibilities include chairmanship of the Audit Committee and membership of the Risk, Corporate Governance and Sustainability Committee. She was elected to the Board on 23 November 2012, last having been re-elected to the Board on 25 November 2015.

Date of appointment

Ms Bennett was elected to the Board on 23 November 2012, last having been re-elected to the Board on 25 November 2015.

James David McKerlie

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

Experience and expertise

Mr McKerlie is a Chartered Accountant and business consultant and has had an international career consulting to the public and private sector on technology, digital innovation and growth strategies as a partner at KPMG and Partner in Charge at Deloitte. He brings to the Board extensive corporate experience as director and chairman of private and public companies. He is currently the chairman of Lithium Consolidated Minerals Exploration Limited (since its ASX listing in March 2017) and is the former chairman of Drillsearch Energy Limited (from 2008 to 2016) and Manalto Limited (from 2016 to 2017).

Current and former listed company directorships in the last 3 years

He is currently the chairman of Lithium Consolidated Minerals Exploration Limited (since its ASX listing in March 2017) and is the former chairman of Drillsearch Energy Limited (from 2008 to 2016) and Manalto Limited (from 2016 to 2017).

Responsibilities

Mr McKerlie's special responsibilities include membership of the Audit Committee. He was elected to the Board on 1 March 2016, last having been re-elected to the Board on 10 November 2016.

Date of appointment

Mr McKerlie was elected to the Board on 1 March 2016, last having been re-elected to the Board on 10 November 2016.

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. 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. He has an Executive MBA from the Mt Eliza campus of the Melbourne Business School and is a graduate of the Australian Institute of Company Directors. Dr Moore is 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 Central Petroleum Ltd (since 2014) and Carnarvon Petroleum Ltd (since 2015).

Dr Moore was elected to the Board on 1 July 2017.

Current and former listed company directorships in the last 3 years

Dr Moore is currently a non-executive director of Central Petroleum Ltd (since 2014) and Carnarvon Petroleum Ltd (since 2015).

Date of appointment

Dr Moore was elected to the Board on 1 July 2017.

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DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2017

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). He has been an executive director of the company since February 2010 and CEO since 2015. SGH and related corporations collectively have a relevant interest in 22.89% of the shares of Beach. SGH owns 43% of Seven West Media Limited (SWM). SWM owns the Seven Network (the largest free to air television network in Australia and a significant content producer), The West Australian Newspaper, Pacific Magazines and 50% of Yahoo7. SGH owns WesTrac Pty Limited, a large Caterpillar franchisee in NSW, ACT, WA and Northern China.

Current and former listed company directorships in the last 3 years

Mr Stokes has extensive experience in China, having developed relationships with various mining and media companies over the past fifteen years. He is also Chairman of Coates Hire Pty Limited a joint venture between SGH and Carlyle. He has been a director of Seven West Media Limited since 2012.

Responsibilities

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

Date of appointment

Mr Stokes was elected to the Board on 20 July 2016, last having been re-elected to the Board on 10 November 2016.

Richard Joseph Richards

Non-executive director – BComm/Law (Hons), LLM, MAppFin

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 Australia, WesTrac China, 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 has held senior finance roles with Downer EDI and Qantas.

Current and former listed company directorships in the last 3 years

Nil.

Responsibilities

Mr Richards' special responsibilities include membership of the Audit Committee. He was elected to the Board on 4 February 2017.

Date of appointment

Mr Richards was elected to the Board on 4 February 2017.

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

John Charles Butler

Independent non-executive director – FCPA, FAICD, FIFS

Experience and expertise

Mr Butler joined Beach in June 1999 as a non-executive director, having been previously the alternate director to Mr Nelson from 1994–1998. He brings to the Board financial and business experience from employment in senior management positions in the financial services industry from 1974 to 1992. He has been a business consultant and company director since 1992.

Current and former listed company directorships in the last 3 years

Nil.

Date of appointment

Mr Butler was elected to the Board on 23 June 1999, last having been re-elected to the Board on 29 November 2013. He retired on 20 July 2016.

Douglas Arthur Schwebel

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

Experience and expertise

Dr Schwebel had over 30 years' experience in the resources sector, having held various senior executive positions with ExxonMobil including Exploration Director for its Australian upstream subsidiaries. His 26-year career with ExxonMobil included exploration and resource commercialisation and strategy roles in Australia, the USA and Asia. Between 2008 and 2011 he was Chief Executive Officer of the privately owned Pexco NV and its Australian subsidiary Benaris International Pty Ltd.

Current and former listed company directorships in the last 3 years

He was a former director of Tap Oil Limited (from 2012 to 2016).

Responsibilities

His special responsibilities included chairmanship of the Corporate Governance and Sustainability Committee and membership of the Audit Committee and the Risk Committee.

Date of appointment

Dr Schwebel was elected to the Board on 23 November 2012, last having been re-elected to the Board on 25 November 2015. Dr Schwebel ceased as a director on his death on 5 December 2016.

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Directors' meetings

The Board met sixteen times, the Audit Committee met seven times, the Corporate Governance and Sustainability Committee met two times, the Remuneration and Nomination Committee met five times, the Risk Committee met four times and the Risk, Corporate Governance and Sustainability Committee met two times

during the financial year. In addition to formal meetings held, a number of members of the Board also attended the annual conference of the Australian Petroleum Production and Exploration Association. The number of meetings attended by each of the directors of Beach during the financial year was:

Name	NUMBER OF DIRECTORS' MEETINGS		AUDIT COMMITTEE MEETINGS		CORPORATE GOVERNANCE AND SUSTAINABILITY COMMITTEE MEETINGS		REMUNERATION AND NOMINATION COMMITTEE MEETINGS		RISK COMMITTEE MEETINGS		RISK, CORPORATE GOVERNANCE AND SUSTAINABILITY COMMITTEE MEETINGS	
	Held ⁽¹⁾	Attended ⁽¹⁾	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held ⁽²⁾	Attended ⁽²⁾
G S Davis	16	16	-	-	-	-	5	5	4	4	-	-
P J Bainbridge	16	16	-	-	2	2	-	-	1	1	2	2
C D Beckett	16	16	-	-	2	1	5	5	4	3	2	2
F R V Bennett	16	14	7	7	-	-	2	2	4	4	2	2
R K Stokes	16	15	-	-	-	-	3	3	3	-	-	-
J D McKerlie	16	16	7	7	-	-	-	-	1	1	-	-
R J Richards	6	6	4	4	-	-	-	-	3	3	-	-
D A Schwebel	5	5	3	3	2	2	-	-	4	4	-	-

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

(2) Corporate Governance & Sustainability Committee and Risk Committee were amalgamated on the 12 January 2017

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	F R V Bennett	J D McKerlie, R J Richards
Risk, Corporate Governance & Sustainability	P J Bainbridge	C D Beckett, F R V Bennett
Remuneration and Nomination	C D Beckett	G S Davis, R K Stokes

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.

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2017

Company Secretary

Catherine Louise Oster

General Counsel and Company Secretary - BA (Jurisprudence), LLM (Corporate & Commercial), FGIA, FCIS

Ms Oster was appointed Company Secretary in July 2005. Ms Oster is a lawyer who before joining Beach was a partner in private practice, advising on corporate and commercial transactions. Ms Oster is a qualified chartered secretary. She is a member of the Governance Institute of Australia, the Australian Institute of Company Directors, the Law Society of South Australia, AMPLA and the Australian Corporate Lawyers Association. She also serves on the SA&NT State Council of the Governance Institute of Australia and currently holds positions on not-for-profit boards and management/advisory committees.

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, KPMG for audit and non-audit services provided during the year are set out at Note 28 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*.

Audit independence declaration

Section 307C of the *Corporations Act 2001* requires our auditors, KPMG, 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, 21 August 2017

AUDITORS' INDEPENDENCE DECLARATION

FOR THE YEAR ENDED 30 JUNE 2017



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Beach Energy Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2017 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read 'Scott Fleming'.

KPMG

A handwritten signature in black ink, appearing to read 'Scott Fleming'.

Scott Fleming
Partner

Adelaide
21 August 2017

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REMUNERATION REPORT (AUDITED)

FOR THE YEAR ENDED 30 JUNE 2017

FY17 REMUNERATION OUTCOMES AT A GLANCE

Fixed Remuneration	CPI increase for Senior Executives	Total fixed remuneration (TFR) increased by CPI for senior executives from the previous year.
Short Term Incentive (STI)	STI awarded	The Board awarded an STI to senior executives. STI performance rights issued in 2014 to senior executives, following assessment of the performance of KPIs by the Board, converted automatically to shares on the employment retention condition being met on 1 July 2016.
Long Term Incentive (LTI)	No LTI vesting	LTI performance rights issued in December 2013 were measured in December 2016. The measure over the three year performance period, Beach's total shareholder return, was negative so no LTI performance rights vested.
Non-executive directors	No Director fee increase	Non-executive directors' base fees and committee fees did not increase for the financial year.
2016 AGM Remuneration Report	98% 'Yes vote'	Beach received more than 98% of "yes" votes on a poll to adopt its Remuneration Report for the 2016 financial year. No specific feedback on Beach's remuneration practices was received at the 2016 annual general meeting.

Realised cash remuneration paid to senior executives in FY17

The summary in Table 1 shows what was actually paid to senior executives in the reporting period. It does not include the value of any securities issued as STIs or LTIs during the year.

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.

TABLE 1: REALISED CASH REMUNERATION FOR FY17 OF THE SENIOR EXECUTIVE TEAM AS AT 30 JUNE 2017 (NON-IFRS) (UNAUDITED)

Name	TFR ⁽³⁾					Total Cash \$
	Salary \$	Super \$	STI cash bonus ⁽¹⁾ \$	Other ⁽²⁾ \$	Termination \$	
M V Kay Chief Executive Officer	873,000	30,000	341,100	-	-	1,244,100
M R Dodd⁽⁴⁾ Chief Operating Officer	486,695	35,000	93,098	585	-	615,378
M Engelbrecht⁽⁵⁾ Chief Financial Officer	548,313	19,616	75,338	-	-	643,267
K Hollingsworth⁽⁶⁾ Group Executive Human Resources	257,164	27,716	35,158	-	-	320,038
C L Oster General Counsel/Company Secretary	436,755	35,000	121,236	-	-	592,991
R A Rayner Group Executive Commercial	489,127	35,000	70,600	-	-	594,727
J L Schrull⁽⁷⁾ Group Executive Exploration and Development	343,821	9,808	40,898	-	-	394,527
M R Squire Group Executive Corporate Development and Strategy	400,525	30,000	114,136	-	-	544,661
N M Gibbins⁽⁸⁾ Chief Operating Officer	76,340	7,252	-	-	1,028,387	1,111,979
K A Presser⁽⁹⁾ Chief Financial Officer	1,946	185	-	-	767,171	769,302
Total	3,913,686	229,577	891,564	585	1,795,558	6,830,970

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- (1) This amount includes the cash portion of the STI for FY17, which will be paid in September 2017, and additional cash bonuses following the outcome of the FY16 financial results totalling \$95,000 that were awarded by the Board to selected KMP in recognition of the successful transaction to acquire Drillsearch Energy Limited in 2016.
- (2) Other remuneration includes allowances paid under the terms and conditions of employment such as vehicle allowances.
- (3) Salary includes only paid annual, long service and other leave.
- (4) Mr Dodd was Group Executive Exploration and Development until his appointment as Chief Operating Officer from 3 January 2017.
- (5) Mr Engelbrecht was appointed Chief Financial Officer from 1 September 2016.
- (6) Mr Hollingsworth was appointed Group Executive Human Resources from 5 December 2016.
- (7) Mr Schrull was appointed Group Executive Exploration and Development from 3 January 2017.
- (8) Mr Gibbins ceased to be a KMP on 6 August 2016.
- (9) Ms Presser ceased to be a KMP on 2 July 2016.

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 2017. This Remuneration Report has been audited as required by section 308(3C) of the Corporations Act and forms part of the Directors' Report.

This report details the key remuneration activities in the 2017 financial year and provides remuneration information in relation to the Company's directors, the Chief Executive Officer and the Company's senior executives who are the key management personnel (KMP) of the consolidated entity for the purpose of the Corporations Act and the Accounting Standards.

1. What is in this report?

This report:

- Explains Beach's policy and framework for structuring and setting remuneration for its KMP to align with company objectives and performance – see section 2;
- Describes how Beach makes decisions about remuneration – see section 3;
- Describes how Beach engages with external remuneration advisers and other stakeholders – see section 4;
- Describes how the company links incentives to company performance – see section 5;
- Details the structure of remuneration for its senior executives – see section 6;
- Details senior executive employment arrangements – see section 7;
- Details total remuneration for senior executives as required under the Corporations Act – see section 8;
- Explains Beach's remuneration policy for non-executive directors – see section 9;
- Details total remuneration for non-executive directors as required under the Corporations Act – see section 10;
- Details additional remuneration disclosures required by the law – see section 11; and
- Looks ahead to remuneration for FY18 – see section 12.

2. Beach's remuneration policy framework

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

Beach's remuneration policy framework for its senior executives is designed to:

- **Attract, motivate and retain** a skilled and talented senior executive team focused on achieving the Company's purpose by offering fixed remuneration that aligns the roles and responsibilities of the senior executive with market practice and prevailing economic conditions;
- **Link** 'at risk' performance based incentives to shorter term and longer term Company goals that contribute to the achievement of the Company's purpose; and
- **Align** the longer term 'at risk' incentive rewards with expectations and outcomes consistent with shareholder objectives and interests by:
 - Benchmarking shareholder return against a peer group of companies that could be considered as an alternative investment to Beach;
 - Giving share based rather than all cash based rewards to senior executives.

Two additional features of Beach's policy framework are:

- A right to recover remuneration benefits awarded in situations involving fraud or dishonesty;
- A process to monitor compliance with prohibition on hedging to ensure 'at risk' incentives are genuinely 'at risk'.

These features are described in more detail on the following page.

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Clawback of Senior Executive Remuneration

The Board can take action in relation to vested and unvested entitlements where a senior executive acts fraudulently or dishonestly or in breach of his or her obligations to Beach. In these circumstances the Board may decide that entitlements such as shares or rights lapse, are forfeited or that cash awards be repaid, or that the proceeds of the sale of shares be paid to the Company.

Where an award vests because of the fraud, dishonesty or breach of obligations by a senior executive and other senior executives not involved also benefit, the Board may decide that the award has not vested or shares issued are forfeited to ensure that there is no unfair benefit. The Board may make a different award to those not involved in the inappropriate conduct. A claw back of incentive benefits applies to STI and LTI offers.

Hedging

The Corporations Act prohibits KMPs and their closely related parties from entering into transactions that limit the economic risk of participating in unvested entitlements or vested entitlements subject to holding locks imposed by the Company in equity based remuneration schemes. Beach monitors this requirement through a policy that includes the requirement that a senior executive confirm compliance with the policy and/or provide confirmation of dealings in Beach securities on request. This prohibition is also reflected in Beach's Share Trading Policy which can be viewed on Beach's website www.beachenergy.com.au.

3. How Beach makes decisions about remuneration

The Board has responsibility for the remuneration of its KMP. A Board committee, the Remuneration and Nomination Committee oversees remuneration matters concerning Beach's KMP. It makes recommendations to the Board about remuneration policy, fees and remuneration packages for non-executive directors and senior executives.

The committee's charter can be viewed on Beach's website at www.beachenergy.com.au. The committee comprises non-executive directors.

At the invitation of the committee, the Chief Executive Officer also attends its meetings in an advisory capacity. Other senior executives may also attend committee meetings to provide management support. Senior executives are excluded from discussion concerning their own remuneration arrangements.

4. External advisers and remuneration advice

Beach engaged independent remuneration advisers Guerdon Associates, during the year to advise it and undertake work on KMP remuneration issues and to remain up to date with market practices. That work included providing data for a review of Board and board committee fees, TSR performance testing and share rights valuation work. None of the work undertaken by Guerdon during FY17 was classified as a 'remuneration recommendation' under the Corporations Act.

Where advisers are engaged by the Board and the Remuneration and Nomination Committee to undertake remuneration related work, where a remuneration recommendation is made the engagement occurs in accordance with its protocol. The protocol for the engagement of external remuneration advisers is used to ensure that the information, advice or work the committee and the Board receives is free from any undue influence from management. The Board or the committee, through its chairmen, appoints and engages directly with the consultant in relation to remuneration matters for KMP. The terms of any engagement are finalised by the Board or committee and all remuneration advice, work or recommendations are provided directly to the Board or committee chairman. Management is involved in this process only to the extent that it can assist to coordinate the work of the advisers as requested.

In addition to engaging external advisers to provide advice and undertake work on KMP remuneration issues, the committee may also request recommendations from the Chief Executive Officer about remuneration packages for Beach's senior executive team (other than the Chief Executive Officer). The committee also considers industry benchmarking information including the National Rewards Group Incorporated remuneration survey. The Board through the Chairman and the chairman of the Remuneration and Nomination Committee consulted with governance specialists and other stakeholder groups during the year on a range of matters including KMP remuneration. These views are taken into account in the recommendations made to the Board by the committee, recognising that there is no commonly held view on various key remuneration issues across these stakeholder groups.

5. How the Company links performance to incentives

Beach's remuneration policy includes short and long term incentive plans designed to align management performance with shareholder interests. The LTI in particular links long term management performance to an increase in shareholder value through a total shareholder return measure applied over an extended period. The STI is an incentive comprising an equal proportion of cash and performance rights for Beach shares.

The following table shows Beach's gross revenue, net profit or loss after tax, dividends and reserves and production position for the last 5 financial years. It also shows the share price at the end of each of those financial years. No incentives were awarded for the previous or the current year's performance.

TABLE 2: SHAREHOLDER WEALTH INDICATORS FY13 - FY17

	FY13	FY14	FY15	FY16	FY17
Total revenue	\$700.5m	\$1,057.7m	\$735.5m	\$564.6m	\$662.4m
Net profit/(loss) after tax	\$153.7m	\$101.8m	(\$514.1m)	(\$588.8m)	\$387.5m
Underlying net profit after tax	\$140.8m	\$259.2m	\$90.7m	\$35.7m	\$161.7m
Share price at year-end	113.5 cents	168.0 cents	105.0 cents	61.0 cents	57.5 cents
Dividends declared	2.75 cents	4.00 cents	1.50 cents	0.50 cents	2.0 cents
Reserves	93 MMboe	86 MMboe	74 MMboe	70 MMboe	74.7 MMboe
Production	8.0 MMboe	9.6 MMboe	9.1 MMboe	9.7 MMboe	10.6 MMboe

6. 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.

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;
- Performance based 'at risk' remuneration comprises:
 - 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; and
 - Long term incentive (LTI) – equity grants, which may be granted annually at the discretion of the Board, linked to performance conditions measured over a period of three years.

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

Table 3 sets out the relative proportions of the three elements of the senior executives total remuneration packages for the 2016 and 2017 financial years that relate to performance and those that are not.

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TABLE 3: REMUNERATION MIX ⁽¹⁾

Position	FIXED REMUNERATION	PERFORMANCE BASED REMUNERATION		TOTAL 'AT RISK'
	%	STI %	LTI %	%
Chief Executive Officer ⁽²⁾				
2017	34	33	33	66
2016	50	0	50	50
Senior Executives				
2017	51	23	26	49
2016	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.

(2) Mr Kay commenced as Chief Executive Officer on 2 May 2016 and was offered long term incentive 'at risk' remuneration for FY16. The figures here do not include the CEO's commencement grants.

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

For the reporting period fixed remuneration increased by CPI for senior executives from the previous year. Some changes in fixed remuneration were also made due to a change in a role or responsibilities. These are detailed in Table 10.

Remuneration details for individuals are provided in Table 1 and Table 10. Table 10 reports on the remuneration for senior executives as required under the Corporations Act. Table 1 shows the actually realised cash remuneration that senior executives received.

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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 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.
How does the STI link to Beach's objectives?	The STI is an at risk opportunity for senior executives to be rewarded for meeting or exceeding key performance indicators that are linked to Beach's key purpose. The STI is designed to motivate senior executives to meet Company expectations for success. Beach can only achieve its objectives if it attracts and retains high performing senior executives. An award made under the STI has a retention component as half of the award is paid in cash with the remaining half issued as performance rights with service conditions attached.
What are the performance conditions or KPIs?	<p>The Company performance conditions or key performance indicators (KPIs) are set by the Board for each 12 month period beginning at the start of a financial year. They reflect financial and operational goals of Beach that are essential in achieving Beach's key purpose. Individual KPIs are also set for each senior executive to reflect their particular responsibilities.</p> <p>For the reporting period, the performance measures comprised:</p> <ul style="list-style-type: none"> ▪ Company KPIs (60% weighting) <ul style="list-style-type: none"> – Operating costs (12%) – Production (12%) – Safety (12%) and – Strategic objectives (24%). <p>Further details about these measures can be found in Table 5</p> ▪ Individual KPIs (40% weighting). Individual KPIs are linked to Beach's strategy and strategic plan detailed in Table 5. Individual KPIs reflect senior executives areas of responsibility where they have the ability to influence and control outcomes. The KPIs relate to 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, specific safety and environmental focussed targets.
Are there different performance levels?	The Board sets KPI measures at threshold, target and stretch levels. A threshold objective must be achieved in any individual KPI before a participant is entitled to any payment for that KPI. A stretch level indicates a maximum performance outcome for a KPI.
What is the value of the STI award that can be earned?	<p>The incentive payment is based on a percentage of a senior executive's fixed remuneration.</p> <p>The Chief Executive Officer 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 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 assessment of performance of senior executives other than the Chief Executive Officer is made by the Board on the Chief Executive Officer's recommendation. The Board assesses the achievement of the KPIs for the Chief Executive Officer.</p>

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Is there a threshold level of performance or hurdle before an STI is paid?

Yes. A calculation at the end of a performance period (being the end of Beach's financial year) of both a return on capital and a one year relative total shareholder return against the ASX 200 Energy Index as set out in the table below.

TABLE 4: TWO TIERED TEST

Measures	Green	Yellow	Red
One year Relative Total Shareholder Return against ASX 200 Energy Total Return Index (Index Return) at the end of the Performance Period	>Index Return	= Index Return	<Index Return
Return on capital ⁽¹⁾	>5%	5%	<5%

(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)

If any one of the hurdle measures in the table falls within the red band or any two hurdle measures fall within the yellow band then the Board may use its discretion to determine by resolution whether to award an STI or decrease the award of an STI.

What happens if an STI is awarded?

On achievement of the relevant KPIs, half of the STI award is paid in cash. Any cash that is earned pursuant to the STI is included in the financial statements for the financial year but paid after the conclusion of the financial year, usually in September after release of the annual financial results.

The remaining half of the STI award value is issued in performance rights that vest progressively over one and two years, subject to the senior executive remaining employed with Beach at each vesting date. If a senior executive leaves Beach's employment the performance rights will be forfeited. Early vesting of the performance rights may occur at the discretion of the Board if the senior executive leaves Beach due to death or disability. The Board also reserves the right to exercise its discretion for early vesting in the event of a change of control of the Company. There is a general discretion available to the Board, to allow early vesting of performance rights. However, the Board would require exceptional circumstances to exist before it would consider using its discretion.

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:

- 1 year relative total shareholder return (TSR) against the ASX 200 Energy Index was 0.72% compared to 7.83% index return. The result fell in the red band; and
- Return on Capital (ROC) was 31.3%. The result fell in green band.

If any one of the hurdle measures in the table falls within the red band or any two hurdle measures fall within the yellow band then the Board may use its discretion to determine by resolution whether to award an STI or decrease the award of an STI.

The Board decided to exercise its discretion to award an STI noting the circumstances that it took into account in making its decision. The Board tracked Beach's performance against the ASX 200 Energy Index for FY17. For most of FY17, Beach's TSR was well above the index but it fell below the index from mid-May 2017 until mid-July 2017 when it again moved above the index. The Board considered that the measure being taken at a specific date therefore has limitations and did not recognise the healthy performance of Beach for most of the year. In view of this, and the strong financial results for FY17, the Board decided to exercise its discretion to award an STI for FY17.

The outcome of testing of individual KPIs for senior executives that make up 40% of the STI KPIs was between threshold and stretch targets for the range of measures described above.

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The outcomes of the testing of the Company related performance conditions that make up 60% of the STI KPIs are summarised below.

TABLE 5: OUTCOME OF FY17 STI COMPANY KPIS

STI Measure and weighting	Link to Beach's strategy	Performance and score
Safety - measured by total recordable injury frequency rate (TRIFR) - 12%	<p>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.</p> <p>Other safety and reliability measures can be found in our annual Sustainability Report on Beach's website.</p>	<p>Beach's safety record in the financial year did not meet the threshold target of 5 TRIFR.</p> <p>Beach also had one Lost Time Injury (LTI) for the year.</p> <p>Beach did meet the 'overall' intent of the measure for the safety strategic pillar goal of 'year on year' improvement in safety outcomes and Beach has now achieved five consecutive years of LTIFR reduction.</p> <p>Score - Not met.</p>
Operating Costs - 12%	<p>Beach's strategy is to maintain financial strength. It has planned its operations to adapt to an environment where oil prices remain lower for longer. This measure focuses on Beach maintaining its low cost and reliable operator status. Operating and cost efficiencies enabled the program to deliver additional wells, infrastructure expansions and increased levels of field activity.</p>	<p>The KPI was measured against full year operating costs and was at the high end of the range.</p> <p>Score - Met.</p>
Production - 12%	<p>Production is fundamental for driving Beach's earnings and profit outcomes.</p>	<p>Production of 10.6 MMboe was at record annual levels and exceeded target and was at the high end of the guidance range provided to the market.</p> <p>Score - Met.</p>
Strategic objectives - 24%	<p>Beach's strategy is premised on its Vision: <i>We aim to be Australia's premier multi-basin upstream oil and gas company</i>, and Purpose: <i>To deliver sustainable growth in shareholder value</i>. To achieve these goals, four strategic pillars drive all decision making and serve as a roadmap for the future. The strategic pillars are:</p> <ol style="list-style-type: none"> 1. Optimise our core in the Cooper Basin. 2. Build a complementary gas business in east coast basins. 3. Pursue compatible growth opportunities in Australia and nearby. 4. Maintain financial strength. <p>To align the STI with the strategic plan that is Beach's roadmap to delivering on its strategy, the Board set a pool of specific projects and activities to be delivered during the year.</p> <p>These ranged from capital reduction programs, infrastructure value initiatives, development of inorganic and organic growth opportunities, asset development, portfolio rationalisation through sale of non-core assets, safety, environment, human capital management initiatives.</p>	<p>The senior executives achieved a score between target and stretch.</p> <p>Score - Met.</p>

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The percentage of the maximum STI that will be paid/forfeited for the period for each senior executive was Mr Kay 76%/24%, Mr Dodd 67%/33%, Mr Engelbrecht 77%/23%, Mr Hollingsworth 77%/23%, Ms Oster 77%/23%, Mr Rayner 60%/40%, Mr Schrull 77%/23% and Mr Squire 77%/23%.

STI performance rights issued in 2014 to various senior executives converted automatically to shares because they remained employed by the Company on 1 July 2016. A total of 77,580 shares were issued.

STI performance rights and CEO commencement rights issued or in operation in FY17

The fair value of services received in return for STI rights and the Chief Executive Officer's commencement rights (see Table 15) 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.

TABLE 6: STI PERFORMANCE RIGHTS AND CEO COMMENCEMENT RIGHTS ISSUED OR IN OPERATION IN FY17

	2013 RIGHTS	CEO RIGHTS	CEO RIGHTS
	Retention met on 1 July 2016 and shares issued	Retention met on 2 May 2017 and shares issued	Retention to be tested on 2 May 2018
Number of securities issued	202,207	565,956	414,547
Share price	1.710	0.665	0.665
Exercise price	-	-	-
Vesting period (years)	2.0	1.0	2.0
Term (years)	2.0	1.0	2.0
Dividend yield	3.323%	1.600%	1.600%
Fair value of security at grant date (weighted average)	1.618	0.654	0.644
Total fair value at grant date	327,108	370,362	267,010
Expensed/cancelled in prior period	178,972	-	-
Expensed FY16	148,136	48,308	17,043
Cancelled due to conditions not met FY17	-	-	-
Expensed FY17	-	322,054	136,346
Remaining expenditure in future years	-	-	113,621

Long Term Incentive (LTI)

What is the LTI?	The LTI is an equity based 'at risk' incentive plan. The LTI is intended to reward 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.
How does the LTI link to Beach's key objective?	The LTI links to Beach's key purpose by aligning the longer term 'at risk' incentive rewards with expectations and outcomes that match shareholder objectives and interests by: <ul style="list-style-type: none"> ▪ Benchmarking shareholder return against a peer group of companies considered an alternative investment option to Beach; ▪ Giving share based rather than cash based rewards to executives to link their own rewards to shareholder expectations of dividend return 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?	Performance rights are granted 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 combined with the guidance requested from external remuneration consultants about appropriate individual plan limits. Those individual limits for the plans that are currently operational are set out in Table 7.
What is the performance condition?	The performance condition is based on Beach's Total Shareholder Return (TSR) performance relative to the ASX 200 Energy Total Return Index such that the initial out-performance level is set at the Index return plus an additional 5.5% compound annual growth rate (CAGR) over the three year performance period. <p>Beach's TSR performance relative to the ASX 200 Energy Total Return Index such that the initial out-performance level is set at the Index return plus an additional 5.5% compound annual growth rate (CAGR) over the performance period such that:</p> <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 for the purpose of the calculation. This performance condition was chosen to align senior executives' remuneration with a corresponding increase in shareholder value. The Board has reinforced the alignment to shareholder return by imposing two additional conditions. First, the Board sets a threshold level that must be achieved before an award will be earned. 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 having regard to the structure of the LTI plan as a whole and that the historical level of rights on issue would result in minimal dilution. If all of the current performance rights vested at 30 June 2017, shareholders equity would have diluted by 0.36% (FY16 - 0.36%). It has been the practice of the Board when there is an entitlement to shares on vesting of performance rights to issue new shares. However, there is provision for shares to be purchased on market should the Board consider that dilution of shareholders equity is likely to be of concern.
What happens to LTI performance rights on a change of control?	The Board reserves the right to exercise its discretion for early vesting in the event of a change of control of the Company. Certain adjustments to a participant's entitlements may 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	2013, 2014, 2015 and 2016 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 Chief Executive Officer Max LTI is 50% of TFR for other senior executives
Grant date	2016 Performance Rights 1 Dec 2016/21 February 2017 2015 Performance Rights 1 Dec 2015/19 May 2016 for Chief Executive Officer only 2014 Performance Rights 1 Dec 2014 2013 Performance Rights 2 Dec 2013
Issue price of performance rights	Granted at no cost to the participant
Performance period <i>Note: the date immediately after the after the end of the performance period is the first date that the performance rights vest and become exercisable</i>	2016 Performance Rights 1 Dec 2016 – 30 Nov 2019 2015 Performance Rights 1 Dec 2015 – 30 Nov 2018 2014 Performance Rights 1 Dec 2014 – 30 Nov 2017 2013 Performance Rights 1 Dec 2013 – 30 Nov 2016
Expiry/lapse	Performance rights lapse if vesting does not occur on testing of performance condition
Expiry date	2016 Performance Rights 30 Nov 2021 2015 Performance Rights 30 Nov 2020 2014 Performance Rights 30 Nov 2019 2013 Performance Rights 30 Nov 2018
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	2016 Performance Rights In progress 2015 Performance Rights In progress 2014 Performance Rights In progress 2013 Performance Rights Testing completed. Resulted in no vesting of performance rights.

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Details of LTI performance rights (including CEO 2015 LTI performance rights) issued or in operation in FY17

The fair value of services received in return for LTI performance rights 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.

TABLE 8: DETAILS OF LTI PERFORMANCE RIGHTS (INCLUDING CEO 2015 LTI PERFORMANCE RIGHTS) ISSUED OR IN OPERATION IN FY17

	2013 RIGHTS	2014 RIGHTS	2015 RIGHTS	2015 CEO RIGHTS	2016 RIGHTS
	Lapsed	To be tested in December 2017	To be tested in December 2018	To be tested in December 2018	To be tested in December 2019
Number of securities issued	2,066,744	1,667,671	2,787,763	815,401	2,964,391
Share price	1.350	0.975	0.525	0.665	0.862
Volatility (average)	35.815%	35.100%	46.155%	46.155%	57.101%
Vesting Period (years)	3.0	3.0	3.0	3.0	3.0
Term (years)	5.0	5.0	5.0	5.0	5.0
Risk free rate	2.990%	2.310%	2.160%	2.160%	2.538%
Dividend yield	2.400%	3.080%	2.860%	2.860%	2.404%
Fair value of security at grant date (weighted average)	0.672	0.471	0.257	0.326	0.426
Total fair value at grant date	1,387,819	785,640	717,570	265,495	1,264,186
Expensed/cancelled in prior period	790,012	152,763	-	-	-
Expensed/cancelled FY16	529,588	316,484	139,528	13,057	-
Cancelled due to conditions not met FY17	35,401	119,007	217,422	-	-
Expensed FY17	32,818	139,331	149,222	104,457	245,814
Remaining expenditure in future years	-	58,055	211,398	147,981	1,018,372

LTI Performance and outcomes during FY17

LTI performance rights issued in December 2013 were measured. As the measure over a three year period, Beach's total shareholder return (TSR), was negative 37.43 %, none of the performance rights vested.

Other plans that senior executives have participated in that are still in operation: Employee Incentive Plan (EIP)

Senior executives have previously participated in the shareholder approved Employee Incentive Plan where at the Board's discretion, employees may be offered fully paid ordinary shares or options to acquire fully paid ordinary shares in Beach by way of 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. In 2007 as a result of the introduction of a formal STI/LTI incentive scheme, the Board determined that senior executives would not participate in the EIP in the future. However, the senior executives continue to participate in the EIP in respect of the shares already issued to them under the EIP. An exception was the issue of EIP shares to Mr Dodd as he was not a senior executive at the time of issue.

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A total of \$126,880 in EIP loans remains outstanding from employee shares issued in prior reporting periods to senior executives as detailed in Table 9:

TABLE 9: DETAILS OF EIP LOANS FOR SENIOR EXECUTIVES

Name	Issue Date	Expiry Date	Number of Shares	Outstanding loan value - \$
M R Dodd	1 Jul 2008	1 Jul 2018	104,000	126,880
Total			104,000	126,880

If interest on the EIP loans in Table 9 was charged at arm's length based on the ATO statutory interest rate of 5.65%, the relevant interest charge in FY17 would be \$7,169.

7. 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:

Chief Executive Officer

The Chief Executive Officer'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 Chief Executive Officer'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 Chief Executive Officer's performance that have not been satisfactorily addressed.

The Chief Executive Officer may also give one month's notice of termination of his employment in the event that Beach requires him to permanently transfer to another location outside of Adelaide. If this occurs, Beach will pay to the Chief Executive Officer a retirement payment equal to six months' salary.

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 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.

8. Details of total remuneration for senior executives calculated as required under the Corporations Act for FY16 and FY17

Legislative and IFRS reported remuneration for senior executives

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 10. 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 10: SENIOR EXECUTIVES' REMUNERATION FOR FY16 AND FY17 AS REQUIRED UNDER THE CORPORATIONS ACT

Name	Year	SHORT TERM EMPLOYEE BENEFITS ⁽¹⁾			SHARE BASED PAYMENTS ⁽³⁾		TERMINATION	OTHER LONG TERM BENEFITS		Total at risk %	Total issued in equity %
		Fixed Remuneration ⁽¹⁾ \$	Annual Leave \$	STI ⁽²⁾	LTI Rights \$	STI Rights \$		Termination \$	Long Service Leave \$		
M V Kay ⁽⁴⁾	2017	903,000	64,314	341,100	199,661	458,399	-	6,137	1,972,611	51	33
	2016	277,659	11,380	-	13,057	65,351	-	1,869	369,316	22	21
M R Dodd ⁽⁵⁾	2017	522,280	(13,732)	93,098	27,493	-	-	15,381	644,520	19	4
	2016	402,532	2,576	N/A	-	-	-	27,067	432,175	0	0
M Engelbrecht ⁽⁶⁾	2017	567,929	20,400	75,338	27,667	-	-	1,135	692,469	15	4
	2016	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
K Hollingsworth ⁽⁷⁾	2017	284,880	15,158	35,158	8,604	-	-	757	344,557	13	2
	2016	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
C L Oster	2017	471,755	(18,790)	121,236	113,713	-	-	13,308	701,222	34	16
	2016	465,700	(13,433)	-	110,969	14,564	-	11,727	589,527	21	21
R A Rayner	2017	524,127	16,474	70,600	126,339	-	-	20,938	758,478	29	17
	2016	517,400	(18,869)	-	123,293	15,732	-	14,939	652,495	24	21
J L Schrull ⁽⁸⁾	2017	353,629	17,919	40,898	11,677	-	-	1,027	425,150	13	3
	2016	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
M R Squire	2017	430,525	(535)	114,136	89,589	-	-	13,442	647,157	34	14
	2016	425,000	7,303	-	52,485	-	-	8,811	493,599	12	11
Former Senior Executives											
N M Gibbins ⁽⁹⁾	2017	83,592	2,546	N/A	(206,248)	-	1,028,387	77,834	986,111	N/A	N/A
	2016	772,192	(7,718)	-	131,879	16,582	-	14,375	927,310	16	16
K A Presser ⁽¹⁰⁾	2017	2,131	(871)	N/A	(198,730)	-	129,231	(9,478)	(77,717)	N/A	N/A
	2016	530,200	6,180	-	126,347	16,582	637,940	(1,019)	1,316,230	11	11
Total	2017	4,143,848	102,883	891,564	199,765	458,399	1,157,618	140,481	7,094,558	22	9
	2016	3,390,683	(12,581)	-	558,030	128,811	637,940	77,769	4,780,652	15	14

(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 FY17, which will be paid in September 2017. Following the outcome of the FY16 financial results, additional cash bonuses totalling \$95,000 were awarded by the Board to selected KMP in recognition of the successful transaction to acquire Drillsearch Energy Limited in 2016.

(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) Mr Kay became a KMP on 2 May 2016 when he commenced as Chief Executive Officer. Mr Kay's STI share based payments relate to the rights granted to him on commencement and described in Table 15.

(5) Mr Dodd became a KMP on 16 September 2015 when he became Acting Chief Operating Officer until 1 May 2016. He was appointed Group Executive Exploration & Development on 16 March 2016 until 3 January 2017 when he was appointed Chief Operating Officer.

(6) Mr Engelbrecht became a KMP on 1 September 2016 when he commenced as Chief Financial Officer. Figures shown for Mr Engelbrecht are for the period 1 September 2016 to 30 June 2017. He was not a KMP in FY16.

(7) Mr Hollingsworth became a KMP on 5 December 2016 when he commenced as Group Executive Human Resources. Figures shown for Mr Hollingsworth are for the period 5 December 2016 to 30 June 2017. He was not a KMP in FY16.

(8) Mr Schrull became a KMP on 3 January 2017 when he commenced as Group Executive Exploration & Development. Figures shown for Mr Schrull are for the period 3 January 2017 to 30 June 2017. He was not a KMP in FY16.

(9) Mr Gibbins was Chief Operating Officer/EVP Australian Oil and International until 30 November 2015 and Acting Chief Executive Officer from 19 August 2015 until 1 May 2016 and then Chief Operating Officer. Mr Gibbins ceased to be a KMP on 6 August 2016.

(10) Ms Presser was Chief Financial Officer/Company Secretary/EVP Corporate Services until 30 November 2015, Chief Financial Officer/Company Secretary until 15 March 2016 and then Chief Financial Officer from 16 March 2016. Ms Presser ceased to be a KMP on 2 July 2016.

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9. 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. This increase in the aggregate annual limit takes into account the increase in the maximum size of the board from seven to nine directors which was also approved by shareholders at the 2016 annual general meeting. There was however no increase in fees for FY17.

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.

The board committee structure was reviewed during the year and from 1 January 2017 the Corporate Governance and Sustainability Committee and the Risk Committee were combined. Fees payable to members of the Corporate Governance and Sustainability Committee were then paid to the new combined, Risk, Corporate Governance and Sustainability Committee. No fees were paid to members of the Risk Committee other than the chairman of this committee who was paid \$15,000 per annum.

Details of the fees payable to non-executive directors for Board and committee membership are set out in Table 11.

TABLE 11: NON-EXECUTIVE DIRECTORS' FEES AND BOARD COMMITTEE FEES PER ANNUM

BOARD ⁽¹⁾		BOARD COMMITTEE					
Chairman/ Deputy Chairman \$'000s	Member \$'000s	Chairman Audit \$'000s	Member Audit \$'000s	Chairman Remuneration and Nomination \$'000s	Member Remuneration and Nomination \$'000s	Chairman Risk, Corporate Governance and Sustainability \$'000s	Member Risk, Corporate Governance and Sustainability \$'000s
250/10	100	25	15	25	15	15	10

(1) The Chairman receives no additional fees for committee work. The fees shown are inclusive of the statutory superannuation contribution.

10. Remuneration for non-executive directors

Fees paid to non-executive directors for the financial year and the previous financial year are detailed in Table 12. No fee increases were made to director fees for both years. The differences in fees received are explained in the notes and reflect changes in roles and responsibilities through the period and superannuation payments. Directors do not receive share based payments.

TABLE 12: NON-EXECUTIVE DIRECTORS' REMUNERATION FOR FY16 AND FY17

Name	Year	Directors Fees (inc committee fees) \$	Super- annuation \$	Total \$
G S Davis ⁽¹⁾	2017	250,000	-	250,000
	2016	250,000	-	250,000
P J Bainbridge ⁽²⁾	2017	82,500	35,000	117,500
	2016	27,916	8,750	36,666
C D Beckett ⁽³⁾	2017	132,420	12,580	145,000
	2016	112,183	10,657	122,840
F R V Bennett ⁽⁴⁾	2017	130,898	12,435	143,333
	2016	136,225	12,942	149,167
J C Butler ⁽⁵⁾	2017	-	32,333	32,333
	2016	93,333	35,000	128,333
J D McKerlie ⁽⁶⁾	2017	96,271	18,729	115,000
	2016	35,007	3,326	38,333
D A Schwebel ⁽⁷⁾	2017	70,375	5,458	75,833
	2016	132,420	12,580	145,000
R K Stokes ⁽⁸⁾	2017	93,462	8,879	102,341
	2016	N/A	N/A	N/A
R J Richards ⁽⁹⁾	2017	42,447	4,032	46,479
	2016	N/A	N/A	N/A
Total	2017	898,373	129,446	1,027,819
	2016	787,084	83,255	870,339

(1) No superannuation contributions were made on behalf of Mr Davis. Directors fees for Mr Davis are paid to a related entity.

(2) Mr Bainbridge was a member of the Corporate Governance and Sustainability Committee and the Risk Committee. He became chairman of the Risk Committee from 1 September 2016 and then became the chairman of the combined Risk, Corporate Governance and Sustainability Committee on 1 January 2017.

(3) Mr Beckett is Deputy Chairman and chairman of the Remuneration and Nomination Committee. He was appointed a member of the Corporate Governance and Sustainability Committee on 1 March 2016 which became the Risk, Corporate Governance and Sustainability Committee on 1 January 2017.

(4) Ms Bennett is chairman of the Audit Committee. She was appointed a member of the Risk Committee in March 2016 which became the Risk, Corporate Governance and Sustainability Committee on 1 January 2017. She was also appointed a member of the Remuneration and Nomination Committee on 1 March 2016 but ceased to be a member of that committee from 1 January 2017.

(5) Mr Butler was a member of the Risk Committee until he retired as a non-executive director on 20 July 2016.

(6) Mr McKerlie was a member of the Risk Committee until 1 September 2016. He is a member of the Audit Committee.

(7) Dr Schwebel was chairman of the Corporate Governance Committee until 1 September and at which time he then became a member of that committee. He became chairman of the Risk Committee from 1 September 2016. He was a member of the Audit Committee. Dr Schwebel ceased as a director on his death on 5 December 2016.

(8) Mr Stokes commenced as a director on 20 July 2016 at which time he became a member of the Risk Committee. He ceased as a member of this committee from 1 September 2016. He was appointed a member of the Remuneration and Nomination Committee on 1 January 2017.

(9) Mr Richards commenced as a director on 6 February 2017. He was appointed a member of the Audit Committee on his appointment as a director.

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11. Other key management personnel 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 key management personnel

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 13: MOVEMENTS IN PERFORMANCE RIGHTS HELD BY KEY MANAGEMENT PERSONNEL

Rights	Opening balance	Granted ⁽¹⁾	Rights exercised/ rights vested	Other ⁽²⁾	Closing balance ⁽³⁾
CEO					
M V Kay	1,795,904	1,049,112	(565,956)	-	2,279,060
Senior executives					
M R Dodd ⁽⁴⁾	-	302,959	-	-	302,959
M Engelbrecht ⁽⁵⁾	-	304,879	-	-	304,879
N M Gibbins ⁽⁶⁾	1,033,921	-	(20,272)	(1,013,649)	-
K Hollingsworth ⁽⁷⁾	-	203,253	-	-	203,253
C L Oster	851,736	273,958	(17,804)	(166,679)	941,211
K A Presser ⁽⁸⁾	969,733	-	(20,272)	(949,461)	-
R A Rayner	945,759	304,372	(19,232)	(185,199)	1,045,700
J Schrull ⁽⁹⁾	-	275,843	-	-	275,843
M R Squire	608,938	250,015	-	-	858,953
Total	6,205,991	2,964,391	(643,536)	(2,314,988)	6,211,858

(1) Relates to 2016 LTI performance rights granted to senior executives as disclosed in Table 16.

(2) Relates to rights that did not vest due to performance conditions not being met and were forfeited during the year and changes resulting from individuals ceasing to be KMPs during the period.

(3) No rights vested at the end of FY17, were vested and exercisable at the end of FY17 or had vested and were exercisable at the end of FY17.

(4) Mr Dodd became a KMP on 16 September 2015 when he became Acting Chief Operating Officer until 1 May 2016. He was appointed Group Executive Exploration & Development on 16 March 2016 until 3 January 2017 when he was appointed Chief Operating Officer.

(5) Mr Engelbrecht became a KMP when he commenced as Chief Financial Officer on 1 September 2016.

(6) Mr Gibbins ceased to be a KMP on 6 August 2016.

(7) Mr Hollingsworth became a KMP when he commenced as Group Executive Human Resources on 5 December 2016.

(8) Ms Presser ceased to be a KMP on 2 July 2016.

(9) Mr Schrull became a KMP when he commenced as Group Executive Exploration and Development on 3 January 2017.

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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 14: SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL

Ordinary Shares	Opening balance	Granted	Purchased ⁽¹⁾	Sold	Other changes ⁽²⁾	Closing balance
Directors						
P J Bainbridge	97,250	-	-	-	-	97,250
C D Beckett	41,929	-	-	-	-	41,929
F R V Bennett	100,075	-	-	-	-	100,075
J C Butler ⁽³⁾	167,393	-	-	-	(167,393)	-
G S Davis	123,238	-	-	-	2,948	126,186
J D McKerlie	2,499,868	-	-	(600,000)	(1,550,000)	349,868
D A Schwebel ⁽⁴⁾	74,860	-	-	-	(74,860)	-
R K Stokes ⁽⁵⁾	-	-	-	-	-	-
R J Richards ⁽⁶⁾	-	-	-	-	147,776	147,776
Senior Executives						
M R Dodd	213,182	-	-	-	(91,250)	121,932
M Engelbrecht ⁽⁷⁾	-	-	-	-	-	-
N M Gibbins ⁽⁸⁾	1,678,273	20,272	-	-	(1,698,545)	-
K Hollingsworth ⁽⁹⁾	-	-	-	-	-	-
M V Kay	-	565,956	-	-	-	565,956
C L Oster	71,548	17,804	-	-	-	89,352
K A Presser ⁽¹⁰⁾	600,000	20,272	-	-	(620,272)	-
R A Rayner	106,157	19,232	-	(19,232)	-	106,157
J L Schroll ⁽¹¹⁾	-	-	-	-	-	-
M R Squire	-	-	-	-	-	-
Total	5,773,773	643,536	-	(619,232)	(4,051,596)	1,746,481

(1) Includes purchases on market.

(2) Dividend Reinvestment Plan allocations, changes resulting from individuals commencing or ceasing to be KMPs during the period, or other off-market transfers.

(3) Mr Butler ceased to be a KMP when he retired as a non-executive director on 20 July 2016.

(4) Dr Schwebel ceased as a KMP on his death on 5 December 2016.

(5) Mr Stokes became a KMP when he commenced as a non-executive director on 20 July 2016.

(6) Mr Richards became a KMP when he commenced as a non-executive director on 4 February 2017.

(7) Mr Engelbrecht became a KMP when he commenced as Chief Financial Officer on 1 September 2016.

(8) Mr Gibbins ceased to be a KMP on 6 August 2016.

(9) Mr Hollingsworth became a KMP when he commenced as Group Executive Human Resources on 5 December 2016.

(10) Ms Presser ceased to be a KMP on 2 July 2016.

(11) Mr Schroll became a KMP when he commenced as Group Executive Exploration and Development on 3 January 2017.

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Mr Kay commenced as Chief Executive Officer on 2 May 2016. He was offered retention and commencement rights in partial recognition of incentives foregone from his previous employment. The rights are detailed in the table below and in the release to ASX in the announcement of his appointment on 12 January 2016.

TABLE 15: COMMENCEMENT RIGHTS FOR CEO

	GRANTED		VESTED		LAPSED
	Number	Maximum value	Number	Maximum value	
Retention and commencement rights in partial recognition of incentives forgone for previous employment					
M V Kay	565,956	\$370,362	565,956	\$370,362	-
	414,547	\$267,010	-	-	-
Total	980,503	\$637,372	-	-	-

The rights were issued on 19 May 2016. The 565,956 rights were subject to a 12 month service condition starting on 2 May 2016 and ended and vested on 2 May 2017. The 414,547 rights are subject to a 24 month service condition starting on 2 May 2016 and ending on 2 May 2018 inclusive.

Specific details of the number of LTI and STI performance rights and CEO commencement and retention rights issued, vested and lapsed in FY17 for senior executives are set out below in Table 16.

TABLE 16: DETAILS OF LTI AND STI PERFORMANCE RIGHTS AND CEO RIGHTS

Name	Date of grant	Performance rights on issue at 30 June 2016	Fair Value \$	Granted	Vested ⁽¹⁾	Lapsed ⁽²⁾	Performance rights on issue at 30 June 2017	Date performance rights first vest and become exercisable
M V Kay	19 May 2016	815,401	0.326	-	-	-	815,401	1 Dec 2018
	19 May 2016	565,956	0.654	-	(565,956)	-	-	2 May 2017
	19 May 2016	414,547	0.644	-	-	-	414,547	2 May 2018
	1 Dec 2016	-	0.467	1,049,112	-	-	1,049,112	1 Dec 2019
Total		1,795,904		1,049,112	(565,956)	-	2,279,060	
Total (\$)				489,621	370,362	-		
M R Dodd	1 Dec 2016	-	0.467	302,959	-	-	302,959	1 Dec 2019
Total				302,959	-	-	302,959	
Total (\$)				141,391	-	-		
N M Gibbins	2 Dec 2013	189,792	0.672	-	-	(189,792)	-	1 Dec 2016
	1 Sept 2014	20,272	1.636	-	(20,272)	-	-	1 July 2016
	1 Dec 2014	278,316	0.471	-	-	(278,316)	-	1 Dec 2017
	1 Dec 2015	545,541	0.257	-	-	(545,541)	-	1 Dec 2018
Total		1,033,921		-	(20,272)	(1,013,649)	-	
Total (\$)				-	33,165	398,982		
M Engelbrecht	1 Dec 2016	-	0.467	304,879	-	-	304,879	1 Dec 2019
Total				304,879	-	-	304,879	
Total (\$)				142,287	-	-		
K Hollingsworth	21 Feb 2017	-	0.218	203,253	-	-	203,253	1 Dec 2019
Total				203,253	-	-	203,253	
Total (\$)				44,248	-	-		

TABLE 16: DETAILS OF LTI AND STI PERFORMANCE RIGHTS AND CEO RIGHTS

Name	Date of grant	Performance rights on issue at 30 June 2016	Fair Value \$	Granted	Vested ⁽¹⁾	Lapsed ⁽²⁾	Performance rights on issue at 30 June 2017	Date performance rights first vest and become exercisable
C L Oster	2 Dec 2013	166,679	0.672	-	-	(166,679)	-	1 Dec 2016
	1 Sept 2014	17,804	1.636	-	(17,804)	-	-	1 July 2016
	1 Dec 2014	225,412	0.471	-	-	-	225,412	1 Dec 2017
	1 Dec 2015	441,841	0.257	-	-	-	441,841	1 Dec 2018
	1 Dec 2016	-	0.467	273,958	-	-	273,958	1 Dec 2019
Total		851,736		273,958	(17,804)	(166,679)	941,211	
Total (\$)				127,856	29,857	111,925		
K A Presser	2 Dec 2013	189,792	0.672	-	-	(189,792)	-	1 Dec 2016
	1 Sept 2014	20,272	1.636	-	(20,272)	-	-	1 July 2016
	1 Dec 2014	256,632	0.471	-	-	(256,632)	-	1 Dec 2017
	1 Dec 2015	503,037	0.257	-	-	(503,037)	-	1 Dec 2018
Total		969,733		-	(20,272)	(949,461)	-	
Total (\$)				-	33,165	377,826		
R A Rayner	2 Dec 2013	185,199	0.672	-	-	(185,199)	-	1 Dec 2016
	1 Sept 2014	19,232	1.636	-	(19,232)	-	-	1 July 2016
	1 Dec 2014	250,436	0.471	-	-	-	250,436	1 Dec 2017
	1 Dec 2015	490,892	0.257	-	-	-	490,892	1 Dec 2018
	1 Dec 2016	-	0.467	304,372	-	-	304,372	1 Dec 2019
Total		945,759		304,372	(19,232)	(185,199)	1,045,700	
Total (\$)				142,050	31,464	124,361		
J L Schrull	21 Feb 2017	-	0.218	275,843	-	-	275,843	1 Dec 2019
Total		-		275,843	-	-	275,843	
Total (\$)				60,051	-	-		
M R Squire	1 Dec 2014	205,712	0.471	-	-	-	205,712	1 Dec 2017
	1 Dec 2015	403,226	0.257	-	-	-	403,226	1 Dec 2018
	1 Dec 2016	-	0.467	250,015	-	-	250,015	1 Dec 2019
Total		608,938		250,015	-	-	858,953	
Total (\$)				116,682	-	-		

(1) The rights that vested resulted in the issue of one share for each right as set out in Table 14. No amount was paid for the issue of those shares.

(2) Relates to rights that did not vest due to performance conditions not being met and were forfeited during the year and changes resulting from individuals ceasing to be KMPs during the period. The fair value of equity instruments which do not vest during the reporting period is determined as at the grant date and is progressively allocated 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 AASB 2. The calculations are performed using various approved option valuation methodologies. The total value of the rights, if the performance conditions are not met, is nil. No rights that vested during FY16 were unexercisable at the end of the reporting period. The percentage of all rights that vested in the year and lapsed in the year for senior executives listed was 100%. All rights issued during the year are issued with a zero exercise price.

Related party disclosures

During the financial year ended 30 June 2017, Beach used the legal services of DMAW Lawyers, a legal firm of which Mr Davis is a principal. Beach paid \$64,742 during the financial year (FY16: \$248,039) to DMAW lawyers for legal and advisory services, of which \$22,771 related to FY16. In addition to fees paid during the year a further \$990 (FY16: \$22,771) is payable to DMAW Lawyers as at 30 June 2017 for invoices received but not yet paid and work in progress not yet invoiced. Directors fees payable to Mr Davis for the year ended 30 June 2017 of \$250,000 (FY16: \$250,000) were also paid directly to DMAW Lawyers.

During the current financial year Beach paid \$33,000 (FY16: \$41,250) to Energy Insights (a company owned by Mr Rayner) for office rental in Brisbane.

REMUNERATION REPORT (AUDITED)
FOR THE YEAR ENDED 30 JUNE 2017

12. Looking ahead – Remuneration and related issues for 2018

Human Capital Management

Corporate Capability Review and Executive High Performance Training

The second half of FY17 saw the commencement of a number of initiatives to develop Beach's senior executive, managers and employees. The initiatives will continue into FY18 and are summarised below:

- Commencement of a corporate capability review to identify employee career development needs and to support managers in developing their staff. By the end of FY18 it is expected that all staff will have an individual development plan against which they will be assessed
- Implementation of a leadership for high performance framework and program for managers who report to a senior executive or are key managers to the organisation
- Commencement of a leadership for high performance program within the new framework for senior executives. The objectives of the program are:
 - Each senior executive to understand their capabilities as a member of the executive, including key strengths and areas for development;
 - Understand the critical conditions required for executive team effectiveness and high performance and how each individual and role contributes to that;
 - Give opportunity for feedback on how each senior executive believes the team is currently performing against the critical conditions;
 - Understand the role of the executive team in creating a high performing culture that drives bottom line performance and agree individually and collectively what needs to be done and what is necessary for us to lead the organisation; and
 - Align the executive team's vision and purpose to the strategy and identify what needs to change to ensure the team is strong against all critical conditions of an effective executive team.

Review of total fixed remuneration for 2018

There is no increase in fixed remuneration for senior executives for the coming year.

Review of STI structure for senior executives

The broader review of Beach's remuneration framework started in FY17 will continue in 2018. This year, the Board reviewed and agreed changes to the structure of the STI offers to be made for FY18. A key change relates to the hurdles used to assess if senior executives become eligible for an STI award. For FY18, the proposed hurdle measures are shown below in table 17. The two measures remain the same as in FY17 however the approach to determining the impact on the STI calculation has changed. There is no longer Board discretion in determining the impact of the hurdles, as set out below:

- If both measures meet the hurdle then up to 100% of STI is available of the calculated STI against the KPIs
- If one measure meets the hurdle then up to 50% of STI is available (that is 50% of the calculated STI against KPIs)
- If both measures do not meet the hurdle then no STI will be calculated or paid.

TABLE 17: FY18 HURDLE MEASURES

Measures	FY18 Hurdle Measure
1 year Relative Total Shareholder Return against ASX 200 Energy Total Return Index (Index Return) at the end of the Performance Period	> or = to Index Return
Return on capital ⁽¹⁾ at the end of the Performance Period	> or = to 5%

(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).

A further enhancement to the STI for FY18, is a discretion for the CEO to adjust the calculated STI (company and individual goals) if a senior executive does not meet or is exemplary in overall or specific requirements in performing their role (including demonstrating executive leadership, contribution to the executive team, demonstration of company values, behavioural requirements or overall role performance). The CEO can adjust the calculated STI up or down for individuals so long as the overall cost of the Executive STI is equal to or less than the total cost if no discretion was applied. As a guide the CEO can adjust the calculated STI for an individual between 0 and 20% (+ or -). However, with Board approval greater discretion can be applied in special circumstances so long as the overall cost of the calculated STI before applying the CEO discretion is not exceeded. Nothing in this discretion enables the CEO to adjust an individual's entitlement above the maximum that the individual would be entitled to which is currently 45% of total fixed remuneration.

The Board also made changes to the FY18 STI measures:

- A profit target has been added (NPAT) and replaces Operating Costs.
- Reserves Replacement has been added as a measure.
- An environmental measure has been added, as it has significance in relation to Beach's strategic business objectives and its 'license to operate'.
- The utilisation of Beach's 'strategic objective goals' as a Company STI measure (number of goals achieved) has been removed. The strategic goals will be used as a management tool to drive internal clarity and focus with employees, but will no longer form a company goal measure for STI purposes. However, specific strategic objectives may still be set as goals for individual senior executives and in particular, the CEO.
- Weightings have been changed to reflect strategic importance.

Review of non-executive directors fees

The Board engaged an external remuneration consultant to provide benchmark board and committee fee data. Following a review of this data, the Board has increased annual Board fees (but not committee fees) for the coming year from \$250,000 for the Chairman to \$275,000, \$121,000 for the Deputy Chairman from \$100,000 and for members, \$110,000 from \$100,000. Board fees have not increased since 2012.

DIRECTORS' DECLARATION

FOR THE YEAR ENDED 30 JUNE 2017

1. In the directors' opinion:

- (a) the financial statements and notes set out on pages 77 to 117 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 2017 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 22 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 22.
 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

21 August 2017

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2017

	Note	CONSOLIDATED	
		2017 \$million	2016 \$million
Sales revenue	2(a)	649.3	558.0
Cost of sales	3(a)	(463.4)	(477.8)
Gross profit		185.9	80.2
Other revenue	2(a)	13.1	6.6
Other income	2(b)	52.6	4.8
Other expenses	3(b)	70.1	(692.1)
Operating profit/(loss) before financing costs		321.7	(600.5)
Interest income	15	6.9	3.8
Finance expenses	15	(20.9)	(23.6)
Profit/(loss) before income tax expense		307.7	(620.3)
Income tax benefit	5	79.8	31.5
Net profit/(loss) after tax		387.5	(588.8)
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		13.8	(9.3)
Net gain/(loss) on translation of foreign operations		(0.3)	2.1
Tax effect relating to components of other comprehensive income	5	(2.3)	0.6
Other comprehensive income, net of tax		11.2	(6.6)
Total comprehensive income/(loss) after tax		398.7	(595.4)
Basic earnings per share (cents per share)	6	20.76¢	(39.56¢)
Diluted earnings per share (cents per share)	6	20.73¢	(39.56¢)

The accompanying notes form part of these financial statements.

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2017

		CONSOLIDATED	
	Note	2017 \$million	2016 \$million
Current assets			
Cash and cash equivalents	16	348.0	199.1
Receivables	17	116.0	84.5
Inventories	7	50.1	77.3
Derivative financial instruments	17	0.6	4.1
Other		5.5	4.6
Assets held for sale	25	1.7	66.2
Total current assets		521.9	435.8
Non-current assets			
Available-for-sale financial assets	17	44.4	13.0
Property, plant and equipment	8	427.4	430.9
Petroleum assets	9	558.8	418.9
Exploration and evaluation assets	10	255.2	319.6
Deferred tax assets	5	79.3	-
Derivative financial instruments	17	0.2	0.7
Other financial assets		5.9	6.6
Total non-current assets		1,371.2	1,189.7
Total assets		1,893.1	1,625.5
Current liabilities			
Payables	17	66.5	90.1
Employee entitlements		5.2	6.4
Provisions	13	43.4	12.4
Current tax liabilities		10.1	0.7
Derivative financial instruments	17	0.6	0.6
Liabilities held for sale	25	0.4	38.9
Total current liabilities		126.2	149.1
Non-current liabilities			
Employee entitlements		1.4	1.2
Provisions	13	215.0	253.2
Borrowings	15	148.0	146.6
Derivative financial instruments	17	0.5	0.9
Total non-current liabilities		364.9	401.9
Total liabilities		491.1	551.0
Net assets		1,402.0	1,074.5
Equity			
Contributed equity	18	1,558.5	1,548.7
Reserves	19	232.2	283.3
Retained earnings/(accumulated losses)		(388.7)	(757.5)
Total equity		1,402.0	1,074.5

The accompanying notes form part of these financial statements.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2017

	Contributed Equity \$million	Retained Earnings/ (Accumulated Losses) \$million	Reserves \$million	Total \$million
Balance as at 30 June 2015	1,250.1	(168.7)	273.4	1,354.8
Loss for the year	-	(588.8)	-	(588.8)
Other comprehensive income	-	-	(6.6)	(6.6)
Total comprehensive income/(loss) for the year	-	(588.8)	(6.6)	(595.4)
Transactions with owners in their capacity as owners:				
Shares issued during the year (Note 18)	298.6	-	-	298.6
Final dividend paid from profit distribution reserve (Note 20)	-	-	(6.5)	(6.5)
Disposal of available-for-sale financial assets	-	-	(3.4)	(3.4)
Change to reserves following impairment of available-for-sale financial assets	-	-	25.8	25.8
Increase in share based payments reserve	-	-	0.6	0.6
Transactions with owners	298.6	-	16.5	315.1
Balance as at 30 June 2016	1,548.7	(757.5)	283.3	1,074.5
Profit for the year	-	387.5	-	387.5
Other comprehensive income	-	-	11.2	11.2
Total comprehensive income/(loss) for the year	-	387.5	11.2	398.7
Transactions with owners in their capacity as owners:				
Shares issued during the year (Note 18)	9.8	-	-	9.8
Interim dividend paid (Note 20)	-	(18.7)	-	(18.7)
Final dividend paid from profit distribution reserve (Note 20)	-	-	(9.3)	(9.3)
Disposal of foreign operations	-	-	(53.7)	(53.7)
Increase in share based payments reserve	-	-	0.7	0.7
Transactions with owners	9.8	(18.7)	(62.3)	(71.2)
Balance as at 30 June 2017	1,558.5	(388.7)	232.2	1,402.0

The accompanying notes form part of these financial statements.

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CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2017

	Note	CONSOLIDATED	
		2017 \$million	2016 \$million
Cash flows from operating activities			
Receipts from oil and gas operations		676.6	642.2
Operating and personnel costs paid		(378.0)	(411.4)
Interest received		5.5	3.6
Other receipts		14.4	7.3
Financing costs		(8.2)	(16.1)
Derivative receipts		3.3	8.5
Income tax refund		10.1	8.6
Income tax paid		(2.5)	(9.3)
Net cash provided by operating activities	16	321.2	233.4
Cash flows from investing activities			
Payments for property, plant and equipment		(32.0)	(66.4)
Payments for petroleum assets		(78.4)	(94.2)
Payments for exploration		(49.7)	(55.1)
Payments for restoration		(2.2)	(2.7)
Sale of joint venture interests		1.3	-
Acquisition of subsidiaries, net of cash	26	-	182.0
Sale of subsidiary, net of cash disposed	25	22.9	-
Proceeds from sale of non-current assets		1.4	-
Purchase of equity investments		(17.5)	-
Net cash used in investing activities		(154.2)	(36.4)
Cash flows from financing activities			
Repayment of convertible notes		-	(165.2)
Repayment of Employee Incentive Loans		1.7	1.7
Dividends paid		(20.0)	(5.2)
Net cash used in financing activities		(18.3)	(168.7)
Net increase/(decrease) in cash held		148.7	28.3
Cash at beginning of financial year		199.1	170.2
Effects of exchange rate changes on the balances of cash held in foreign currencies		0.2	0.6
Cash at end of financial year		348.0	199.1

The accompanying notes form part of these financial statements

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NOTES TO THE FINANCIAL STATEMENTS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

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 2017 was authorised for issue in accordance with a resolution of the directors on 21 August 2017.

This general purpose financial report:

- Has been prepared in accordance with Australian Accounting Standards adopted by the Australian Accounting Standards Board and the *Corporations Act 2001*. Australian Accounting Standards incorporate International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board. Compliance with Australian Accounting Standards ensures that the financial statements and notes of Beach Energy Limited also comply with IFRSs.
- Has been prepared on an accruals basis and is based on the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss or other comprehensive income.
- Is presented in Australian dollars with all amounts rounded to the nearest hundred thousand dollars unless otherwise stated, in accordance with ASIC Corporations (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.

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 5 - Taxation

Note 8 - Property, plant and equipment

Note 9 - Petroleum assets

Note 10 - Exploration and evaluation assets

Note 12 - Impairment expense and reversals on non-financial assets

Note 13 - Provisions

Basis of consolidation

The consolidated financial statements are those of Beach and its subsidiaries (detailed in Note 21). 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.

NOTES TO THE FINANCIAL STATEMENTS
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STATEMENTS FOR THE FINANCIAL YEAR ENDED
30 JUNE 2017

Basis of preparation continued

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. The adoption of these new and revised Australian Accounting Standards and Interpretations has had no significant impact on the Group's accounting policies or the amounts reported during the financial year.

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 are as follows.

Year ended 30 June 2019:

Amendments to AASB 116 and AASB 138, Clarification of acceptable methods of depreciation and amortisation

This standard will clarify that revenue based methods to calculate depreciation and amortisation are not considered appropriate. This will not result in a change to the manner in which the Group's financial result is determined as no such method is currently in use.

AASB 15: Revenue from Contracts with Customers

This standard will change the timing and in some cases the quantum of revenue recognised from customers. AASB 15 requires an entity to recognise revenue by identifying for each customer contract, the performance obligations in the contract and the transaction price. The transaction price is then allocated against the performance obligations in the contract with revenue recognised when (or as) the entity satisfies each performance obligation. The Group has reviewed its current contracts which are not expected to require a change to the timing or amount of revenue recognition although some additional disclosure requirements may be required.

AASB 9: Financial Instruments

AASB 9, approved in December 2015, replaces the existing guidance in AASB 139 Financial Instruments: Recognition and Measurement. AASB 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from AASB 139. AASB 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Group has assessed that this standard will not have a material impact on the financial performance or financial position of the Group.

Year ended 30 June 2020: AASB 16: Leases

AASB 16 Leases removes the lease classification test for lessees and requires all leases (including those classified as operating leases) to be brought onto the balance sheet (effective for financial years commencing on or after 1 January 2019). The Group is currently assessing the impact of the new standard.

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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 Cooper Basin, Other Australia and International 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 Other Australia operating segment includes the Group's interest in all on-shore and off-shore production and exploration tenements within Australia other than the Cooper Basin while the International operating segment includes the Group's interests in all areas outside Australia.

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 energy retailers and industrial users with liquid hydrocarbon products sales being made to major multi-national energy companies based on international market pricing.

Cooper Basin segment revenue represents oil and gas sales from Australian production. International segment revenue represents oil and gas sales from Egyptian production.

Details of the performance of each of these operating segments for the financial years ended 30 June 2017 and 30 June 2016 are set out as follows:

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NOTES TO THE FINANCIAL STATEMENTS
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1. Operating segments continued

	COOPER BASIN		OTHER AUSTRALIA		INTERNATIONAL		TOTAL	
	2017 \$million	2016 \$million	2017 \$million	2016 \$million	2017 \$million	2016 \$million	2017 \$million	2016 \$million
Segment revenue								
Oil and gas sales	649.3	548.9	-	-	-	9.1	649.3	558.0
<i>During the year revenue from two customers amounted to \$382.3 million (2016: \$367.9 million from two customers) arising from sales from the Cooper Basin segment.</i>								
Segment results								
Gross segment result before depreciation, amortisation and impairment	356.0	230.2	(0.9)	(1.7)	-	2.0	355.1	230.5
Depreciation and amortisation	(169.2)	(150.4)	-	-	-	-	(169.2)	(150.4)
Reversal of impairment	150.0	-	-	-	-	-	150.0	-
Impairment expense	(2.8)	(581.6)	(33.7)	-	(1.8)	(27.2)	(38.3)	(608.8)
	334.0	(501.8)	(34.6)	(1.7)	(1.8)	(25.2)	297.6	(528.7)
Other revenue							13.1	6.6
Other income							52.6	4.8
Net financing costs							(14.0)	(19.8)
Other expenses							(41.6)	(83.2)
Profit/(loss) before tax							307.7	(620.3)
Income tax benefit							79.8	31.5
Net profit/(loss) after tax							387.5	(588.8)
Segment assets	1,290.2	1,223.1	79.3	103.5	9.0	48.1	1,378.5	1,374.7
Total corporate and unallocated assets							514.6	250.8
Total consolidated assets							1,893.1	1,625.5
Segment liabilities	254.7	326.0	50.8	37.1	1.8	8.9	307.3	372.0
Total corporate and unallocated liabilities							183.8	179.0
Total consolidated liabilities							491.1	551.0
Additions and acquisitions of non current assets								
Exploration and evaluation assets	46.2	113.0	8.3	3.0	1.5	1.8	56.0	117.8
Petroleum assets	42.7	379.5	-	-	-	-	42.7	379.5
Other land, buildings plant and equipment	28.1	97.6	-	-	-	-	28.1	97.6
	117.0	590.1	8.3	3.0	1.5	1.8	126.8	594.9
Total corporate and unallocated assets							1.9	1.4
Total additions and acquisitions of non current assets							128.7	596.3
	AUSTRALIA		EGYPT		OTHER COUNTRIES		TOTAL	
	2017 \$million	2016 \$million	2017 \$million	2016 \$million	2017 \$million	2016 \$million	2017 \$million	2016 \$million
Non-current assets*	1,187.3	1,160.1	-	-	9.1	9.3	1,196.4	1,169.4

* excluding financial assets

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2. Revenue and other income

The Group's revenue is derived primarily from the sale of gas and liquid hydrocarbons. Sales revenue is recognised on the basis of the Group's interest in a producing field, when the physical product and associated risks and rewards of ownership pass to the purchaser, which is generally at the time of ship or truck loading, or on the product entering the relevant pipeline.

	CONSOLIDATED	
	2017 \$million	2016 \$million
(a) Revenue		
Crude oil	411.4	376.1
Gas and gas liquids		
- sales gas and ethane	170.8	136.8
- liquified petroleum gas	27.4	23.7
- condensate	39.7	21.4
Sales revenue	649.3	558.0
Other revenue	13.1	6.6
Total revenue	662.4	564.6
(b) Other income		
Gain on sale of subsidiary (Note 25)	46.9	-
Gain on sale of joint venture interests	3.7	-
Gain on sale of non-current assets	0.6	0.1
Gain on adjustments to fair values on acquisition of subsidiary	1.4	-
Gain on revaluation of available-for-sale financial assets (Note 26)	-	1.0
Gain on redemption of convertible notes	-	2.4
Foreign exchange gains	-	1.3
Total other income	52.6	4.8

NOTES TO THE FINANCIAL STATEMENTS
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3. Expenses

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

	CONSOLIDATED	
	2017 \$million	2016 \$million
(a) Cost of sales		
Operating costs	179.7	178.1
Royalties	54.0	41.3
Total operating costs	233.7	219.4
Depreciation of property, plant and equipment	55.5	54.6
Amortisation of petroleum assets	113.7	95.8
Total amortisation and depreciation for operations	169.2	150.4
Third party oil and gas purchases	36.4	68.5
Change in inventory	24.1	39.5
Total cost of sales	463.4	477.8
(b) Other expenses		
Impairment		
Impairment of other financial assets	-	25.8
Impairment (reversal)/expense on property, plant & equipment (Note 8)	(24.7)	56.5
Impairment (reversal)/expense on petroleum assets (Note 9)	(122.2)	469.7
Impairment of exploration and evaluation assets (Note 10)	38.3	82.6
Total impairment (reversal)/expense (Note 12)	(108.6)	634.6
Other		
Employee benefits expense (Note 4)	20.5	16.6
Provision for doubtful debts	-	7.7
Loss on commodity hedging	0.4	7.0
Foreign exchange losses	1.7	-
Depreciation of property, plant and equipment	2.3	2.9
Corporate development costs	6.1	6.1
Merger costs	-	7.7
Corporate expenses	7.5	9.5
Other expenses	38.5	57.5
Total other expenses	(70.1)	692.1

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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. Consistent with the determination that Australia now has a deep market for high quality corporate bonds, 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.

The following employee shares are currently on issue	Number
Balance as at 30 June 2015	12,152,949
Sold/loan repaid during the financial year	(2,832,993)
Balance as at 30 June 2016	9,319,956
Sold/loan repaid during the financial year	(2,616,315)
Balance as at 30 June 2017	6,703,641

No 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 30 June 2017 was \$0.575 as compared to \$0.61 as at 30 June 2016.

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4. Employee benefits continued

Incentive Rights – The Group operates an Executive Incentive Plan for key management personnel 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 key management personnel 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.

Movements in unlisted performance rights are set out below:

	2017 number	2016 number
Balance at beginning of period	6,814,929	5,777,763
Issued during the period	2,964,391	4,583,667
Cancelled during the period	(2,314,988)	(3,104,566)
Vested during the period	(643,536)	(441,935)
Balance at end of period	6,820,796	6,814,929

On 1 December 2016, Beach issued 2,485,295 LTI unlisted performance rights under the Executive Incentive Plan (EIP). These performance rights, which expire on 30 November 2021, are exercisable for nil consideration and are not exercisable before 1 December 2019. A further 479,096 LTI unlisted performance rights were issued on 21 February 2017 under the EIP, which expire on 30 November 2021, are exercisable for nil consideration and are not exercisable before 1 December 2019.

	CONSOLIDATED	
	2017 \$million	2016 \$million
Employee benefits expense		
Short term benefits	16.7	12.4
Post employment benefits	3.1	3.6
Share based payments	0.7	0.6
Total	20.5	16.6

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5. Taxation

Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income. The income tax expense or benefit for the period is the tax payable on the current period's taxable income, which is based on the notional income tax rates, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses. These temporary differences are recognised at the tax rate expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

	CONSOLIDATED	
	2017 \$million	2016 \$million
Recognised in the statement of profit or loss		
Current tax expense		
Current financial year tax expense	6.0	8.1
Over provision in the prior year	(4.3)	(13.5)
Other	0.1	0.2
Total current tax expense/(benefit)	1.8	(5.2)
Deferred tax expense		
Origination and reversal of temporary differences	-	(177.5)
Under provision in the prior year	-	10.5
Initial recognition of deferred taxes	-	(18.4)
Recognition of capital losses	(2.3)	-
(Recognition)/derecognition of deferred taxes	(79.3)	159.1
Total deferred tax expense/(benefit)	(81.6)	(26.3)
Total income tax expense/(benefit)	(79.8)	(31.5)
Numerical reconciliation between tax expense and prima facie tax expense		
Reconciliation of the prima facie income tax expense calculated on profit before income tax expense included in the statement of profit or loss		
Profit/(loss) before income tax expense	307.7	(620.3)
Prima facie income tax expense/(benefit) using an income tax rate at 30% (2016: 30%)	92.3	(186.1)
Adjustment to income tax expense due to:		
(Recognition)/derecognition of deferred taxes future periods	(79.3)	159.1
Recognition of deferred tax asset current period	(73.2)	-
Tax impact on disposal of overseas assets	(14.2)	-
Non-deductible expenses	0.4	0.3
Losses of controlled foreign entities not recognised	0.8	9.9
Impairment of available-for-sale financial assets	-	7.7
Initial recognition of deferred taxes	-	(18.4)
Recognition of capital losses	(2.3)	-
Non-assessable income	-	(1.0)
Over provision in the prior year	(4.3)	(3.0)
Income tax expense/(benefit) on pre-tax profit	(79.8)	(31.5)

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5. Taxation continued

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

Group	2017			2016		
	Before tax amount	Tax expense	Net of tax amount	Before tax amount	Tax benefit	Net of tax amount
Available-for-sale financial assets	13.8	(2.3)	11.5	(9.3)	0.6	(8.7)
Exchange difference on translating foreign controlled entities	(0.3)	-	(0.3)	2.1	-	2.1

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 tax consolidated group. Beach has entered into tax sharing agreements 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. Accordingly, as head entity, Beach is responsible for recognising current tax liabilities, current tax assets and deferred tax assets from unused tax losses and credits of members of the tax consolidated group. Deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax consolidated group are allocated amongst the members of the tax consolidated group using the "Separate Taxpayer within Group" approach in accordance with Interpretation 1052, *Tax Consolidation Accounting*.

Movement in Group deferred tax balances (\$million)

Current financial year	Balance 1 July 2016	Recognised in income	Recognised in OCI	Balance 30 June 2017	Deferred Tax Asset	Deferred Tax Liability
Oil & gas assets	69.0	(59.5)	-	9.5	61.5	(52.0)
Investments	-	2.3	(2.3)	-	-	-
Assets and liabilities held for sale	4.2	(4.7)	-	(0.5)	-	(0.5)
Provisions	77.6	3.8	-	81.4	81.4	-
Employee benefits	2.3	(0.3)	-	2.0	2.0	-
Other Items	4.0	(16.6)	-	(12.6)	4.8	(17.4)
Inventories	2.0	(2.5)	-	(0.5)	-	(0.5)
Tax assets/(liabilities) before set-off	159.1	(77.5)	(2.3)	79.3	149.7	(70.4)
Set-off of deferred tax assets in Australia					(70.4)	70.4
Recognise net deferred tax assets balance	(159.1)	159.1				
Net deferred tax assets/(liabilities)	-	81.6	(2.3)	79.3	79.3	-

Previous financial year	Balance 1 July 2015	Recognised in income	Recognised in OCI	Balance 30 June 2016	Deferred Tax Asset	Deferred Tax Liability
Oil & gas assets	(78.8)	147.8	-	69.0	187.2	(118.2)
Investments	(0.6)	-	0.6	-	-	-
Assets and liabilities held for sale	-	4.2	-	4.2	11.1	(6.9)
Provisions	46.7	30.9	-	77.6	77.6	-
Employee benefits	2.4	(0.1)	-	2.3	2.3	-
Other Items	1.1	2.9	-	4.0	9.3	(5.3)
Inventories	2.3	(0.3)	-	2.0	3.9	(1.9)
Tax assets/(liabilities) before set-off	(26.9)	185.4	0.6	159.1	291.4	(132.3)
Set-off of deferred tax assets in Australia					(291.4)	132.3
Derecognise net deferred tax assets balance		(159.1)		(159.1)		
Net deferred tax assets/(liabilities)	(26.9)	26.3	0.6	-	-	-

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Petroleum Resource Rent Tax (PRRT): PRRT is recognised as an income tax under AASB112 - *Income Taxes*. From 1 July 2012, the PRRT regime was extended to all Australian onshore oil and gas projects. Accounting for PRRT involves judging the impact of the combination of production licences into PRRT projects, the taxing point of projects, the measurement of the starting base of projects, the impact of farm-ins, the deductibility of expenditure and the impact of legislative amendments. A deferred tax asset is recognised in relation to the carry forward deductible PRRT expenditure of projects only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. The group has determined the carry forward deductible PRRT expenditure of projects including augmentation on expenditure categories in the calculation of future taxable profit when assessing the extent to which a deferred tax asset should be recognised in the financial statements. Deferred tax assets in respect of PRRT are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Beach has previously applied for and was granted a PRRT combination certificate by the Minister for Industry in respect of its Cooper Basin projects. Therefore, the Cooper Basin production licences together are treated as one project for PRRT purposes. The government has also enacted legislation which will enable contract liabilities with third parties to be apportioned based on the extent that the expenditure relates to the petroleum project. Due to the substantial value of carry forward deductible PRRT expenditure at 30 June 2017, the Group does not expect to pay PRRT in the short to medium term and as a result, no additional deferred tax asset has been recognised in the financial statements for the year ended 30 June 2017.

	CONSOLIDATED	
	2017 \$million	2016 \$million
Deferred tax assets have not been recognised in respect of the following items:		
Temporary difference arising from available-for-sale financial assets	-	2.4
Net temporary differences arising from all other assets and liabilities	-	159.1
Tax losses (capital)	16.2	11.5
Foreign tax losses (revenue)	15.6	29.3
PRRT (net of income tax)	1,132.1	1,127.9
Total	1,163.9	1,330.2

Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST). The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables. Cash flows are included in the statement of cash flows on a gross basis.

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:

	2017 \$million	2016 \$million
Basic EPS and Diluted EPS	387.5	(588.8)

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

	2017 Number	2016 Number
Basic EPS	1,866,129,837	1,488,275,435
Share rights	2,969,133	1,903,344
Diluted EPS	1,869,098,970	1,490,178,779

3,851,663 (2016: 4,911,585) potential ordinary shares relating to performance rights 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 and so have been excluded from the calculation of diluted EPS. No further shares have been issued since the end of the current financial year and before the completion of this report.

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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 in a manner which approximates specific identification.

	CONSOLIDATED	
	2017	2016
	\$million	\$million
Petroleum products	40.0	64.2
Drilling and maintenance stocks	24.2	26.4
Less provision for obsolescence	(14.1)	(13.3)
Total current inventories at lower of cost and net realisable value	50.1	77.3
Petroleum products included above which are stated at net realisable value	1.3	-

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 (refer Note 12). 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 excluding freehold land is depreciated on a straight line basis over their useful lives to the Group commencing from the time the asset is held ready for use. Production facilities, field equipment and buildings are depreciated based on the proved and probable hydrocarbon reserves.

The depreciation rates used in the current and previous period for each class of depreciable asset are:

- 2% for the corporate head office building;
- 5-33% for other equipment;
- Life of the area according to the rate of depletion of the proved and probable hydrocarbon reserves for production facilities and field buildings and equipment.

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	CONSOLIDATED	
	2017 \$million	2016 \$million
Land and buildings		
Land and buildings at cost	66.2	63.6
Less accumulated depreciation	(21.3)	(18.7)
Total land and buildings	44.9	44.9
Reconciliation of movement in land and buildings:		
Balance at beginning of financial year	44.9	43.8
Additions	5.7	3.7
Impairment of land and buildings (Note 12)	(3.1)	-
Depreciation expense	(2.6)	(2.6)
Total land and buildings	44.9	44.9
Production facilities, field and other equipment		
Production facilities and field equipment	874.0	823.1
Production facilities and field equipment under construction	40.8	41.3
Less accumulated depreciation	(532.3)	(478.4)
Total production facilities and field equipment	382.5	386.0
Reconciliation of movement in production facilities and field equipment:		
Balance at beginning of financial year	386.0	404.3
Additions	23.4	55.9
Acquisition of joint venture interests	-	39.4
Impairment reversal/(expense) on production facilities and field equipment (Note 12)	27.8	(56.5)
Reclassification (to)/from assets held for sale (Note 25)	0.7	(2.2)
Depreciation expense	(55.2)	(54.9)
Disposals	(0.2)	-
Total production facilities and field equipment	382.5	386.0
Total property, plant and equipment	427.4	430.9

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9. Petroleum assets

Petroleum assets are measured at cost less amortisation and impairment losses. The assets useful lives are reviewed, and adjusted if appropriate, at each reporting date. The carrying amount of petroleum assets is reviewed bi-annually (Refer Note 12). Gains and losses on disposals are determined by comparing proceeds with the carrying amount and included in the profit or loss. Petroleum assets are amortised over the life of the area according to the rate of depletion of the proved and probable hydrocarbon reserves. Retention of petroleum assets is subject to meeting certain work obligations/commitments as detailed in Note 14.

	CONSOLIDATED	
	2017	2016
	\$million	\$million
Petroleum assets at cost	1,569.0	1,300.8
Petroleum assets under construction	106.7	122.0
Less accumulated amortisation	(1,116.9)	(1,003.9)
Total petroleum assets	558.8	418.9
Reconciliation of movement in petroleum assets		
Balance at beginning of financial year	418.9	588.2
Additions	75.5	80.9
Acquisition of joint venture interests	-	211.6
Increase/(decrease) in restoration	(32.5)	87.0
Transfer from exploration and evaluation assets	68.1	21.4
Reclassification (to)/from assets held for sale (Note 25)	20.3	(4.7)
Impairment reversal/(expense) on petroleum assets (Note 12)	122.2	(469.7)
Amortisation expense	(113.7)	(95.8)
Total petroleum assets	558.8	418.9

10. Exploration and evaluation assets

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. 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. A bi-annual review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs. All exploration and evaluation expenditure is capitalised until a "trigger event" occurs that will invoke impairment testing. A trigger event could arise from a significant change in the forward looking assessment of geo-technical and/or commercial factors. This could involve a series of dry holes, the relinquishment of an area, a significant farm-out of an area or any similar type event. Once impairment testing events arise, Beach will complete a full assessment of the recoverable value of the area of interest as compared to the carrying value of the area of interest. This may result in a write down of its carrying value. Accumulated costs in relation to an abandoned area are written off in full in the profit or loss in the year in which the decision to abandon the area is made. When production commences, the accumulated costs for the relevant area of interest are transferred to petroleum assets and amortised over the life of the area according to the rate of depletion of the proved and probable hydrocarbon reserves.

The application of this policy requires management to make certain estimates and assumptions as to future events and circumstances. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised exploration and evaluation expenditure, activities in the area have reached a stage that permits reasonable assessment of the existence of proved and probable hydrocarbon reserves and management concludes that the capitalised expenditure is unlikely to be recovered by future exploitation or sale, then the relevant capitalised amount is written off through the profit or loss. Retention of exploration assets is subject to meeting certain work obligations/exploration commitments (Note 14).

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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.

	CONSOLIDATED	
	2017 \$million	2016 \$million
Exploration and evaluation assets at beginning of financial year (net of amounts written off)	319.6	305.3
Additions	51.5	34.6
Increase in restoration	5.1	3.8
Acquisitions of joint venture interests	-	79.4
Transfer to petroleum assets	(68.1)	(21.4)
Reclassification to assets held for sale (Note 25)	(1.6)	(0.5)
Impairment of exploration and evaluation assets (Note 12)	(38.3)	(82.6)
Disposal of joint venture interests	(13.0)	-
Foreign exchange movement	-	1.0
Total exploration and evaluation assets	255.2	319.6

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.

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

Joint Operation	Principal activities	% INTEREST	
		2017	2016
Oil and Gas interests			
Abu Sennan	Oil production and exploration	-	22.0
Naccowlah Block	Oil production	38.5	38.5
North Shadwan	Oil production	-	20.0
PL 31,32,47	Oil production	-	100.0
Ex PEL 91 (PRLs 151-172)	Oil production	100.0	100.0
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 106 (PRLs 129-130)	Gas production and exploration	100.0	100.0
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	-
Ex PEL 218 (PRLs 33-49) (Permian)	Shale gas exploration	100.0	100.0
ATP 855	Shale gas exploration	-	64.9
ATP 299 (Tintaburra)	Oil production	40.0	40.0
SA Fixed Factor Area	Oil and gas production	20.2	20.2
SA Unit	Oil production	20.2	20.2
SWQ Unit	Gas production	23.2	23.2
Total 66 Block	Oil production	30.0	30.0

Details of commitments and contingent liabilities incorporating the Group's interests in joint operations are shown in Notes 14 and 27 respectively.

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12. Impairment expense and reversals on non-financial assets

The carrying value of the Group's assets, other than inventories and deferred tax assets are reviewed on a bi-annual basis to determine whether there are any indications of impairment or impairment reversal. Where an indicator of impairment or impairment reversal exists, a formal estimate of the recoverable amount is made. Petroleum assets and property, plant and equipment are assessed for impairment on a cash generating unit (CGU) basis. A CGU is the smallest grouping of assets that generates independent cash inflows, and generally represents an area of interest. Impairment expense or reversals recognised in respect of CGUs are allocated to the carrying amount of the assets on a pro-rata basis. Any impairment (reversal)/expense is recognised in the statement of profit or loss.

This requires an estimation of the recoverable amount of the area of interest to which each asset belongs. The recoverable amount of an asset is the greater of its fair value less costs to sell and its value in use. Value in use is assessed on the basis of the expected net cash flows that will be received from the assets continued employment and subsequent disposal. For oil and gas assets the estimated future cash flows are based on estimates of hydrocarbon reserves, future production profiles, commodity prices, operating costs and any future development costs necessary to produce the reserves.

Where an asset does not generate cash flows that are largely independent of other assets or groups of assets, the recoverable amount is determined for the CGU to which the asset belongs.

For the financial year ended 30 June 2017, the Group assessed each CGU to determine whether an indicator of impairment or impairment reversal existed. Indicators of impairment or impairment reversal include changes in future selling prices, future costs and reserves. Following a formal assessment of the recoverable amount of the Cooper Basin CGU, taking into account the sensitivity of the recoverable amount model to key assumptions, and the market capitalisation of the Company, it was determined that a reversal of impairment expenses of \$150 million should be booked in relation to producing assets as detailed below.

The drivers of the impairment reversal on Cooper Basin oil and gas assets relate to the increase in 2P reserves together with improvements to the operating and capital cost assumptions, reflecting improvements made since last review.

Exploration and evaluation assets and corporate land and buildings were also formally assessed, resulting in the recognition of an impairment loss of \$41.4 million as detailed below. In the previous financial year, Cooper Basin assets were impaired by \$581.6 million, Tanzania by \$21.6 million, New Zealand by \$5.1 million, Romania by \$0.5 million and corporate assets by \$25.8 million.

Reconciliation of impairment (reversal)/expense for the current financial year (\$million)

	Note	Cooper	Tanzania	New Zealand	Bonaparte	Corporate	Carnarvon	Total
Property, plant and equipment	8	(27.8)	-	-	-	-	-	(27.8)
Petroleum assets	9	(122.2)	-	-	-	-	-	(122.2)
Exploration and evaluation assets	10	2.8	1.2	0.6	30.6	-	3.1	38.3
Total oil and gas assets		(147.2)	1.2	0.6	30.6	-	3.1	(111.7)
Land and buildings	8	-	-	-	-	3.1	-	3.1
Total impairment (reversal)/expense		(147.2)	1.2	0.6	30.6	3.1	3.1	(108.6)

All impairment movements have been recognised within other expenses 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. Management prepare reserve estimates which conform to guidelines prepared by the Society of Petroleum Engineers. These assessments require assumptions to be made regarding future development and production costs, commodity prices, exchange rates and fiscal regimes. The 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.

Beach recorded a 2P reserves replacement ratio of 179% for the 12 month period ended 30 June 2017, with year-end 2P oil and gas reserves 7% higher than the prior year. Upward reserve revisions predominantly relate to operated acreage following new discoveries, field extensions, identification of additional development opportunities, strong field production performances and operating cost efficiencies.

Estimates of commodity prices and exchange rates

Commodity prices and foreign exchange rates are estimated 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\$52.50/bbl in FY18, US\$62.50/bbl in FY19, US\$62.50/bbl in FY20 and US\$65/bbl beyond FY20.
- A\$/US\$ exchange rate of 0.75.
- Pre-tax real discount rate of 7.5%.
- Where appropriate the cash flow inputs have been adjusted to reflect identifiable uncertainty and risk.

Asset valuations are based on cash flow projections which require assumptions to be made and these assumptions are subject to change. The impact on valuations from a possible change in key assumptions (all other assumptions remaining the same) is shown below:

- +/- US\$5/bbl change to the long term oil price would impact valuations by approximately \$65 million.
- +/- 5 cent change to the long term exchange rate would impact valuations by approximately \$125 million.
- +/- 1% change to the discount rate would impact valuations by approximately \$40 million.

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13. 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. 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

As in most instances restoration will occur many years in the future, management is required to make judgements regarding estimated future costs of restoration, taking into account estimated timing of restoration activities, planned environmental legislation, the extent of restoration activities and future removal technologies.

	CONSOLIDATED	
	2017 \$million	2016 \$million
Current		
Other provisions	3.9	8.1
Restoration	39.5	4.3
Total	43.4	12.4
Non-Current		
Restoration	215.0	253.2

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

	Restoration \$million	Other \$million
Balance at 1 July 2016	257.5	8.1
Provision made during the year	(26.4)	-
Provision paid/used during the year	(1.9)	(4.2)
Unwind of discount	11.3	-
Disposals	(3.8)	-
Net transfer from liabilities held for sale	17.8	-
Balance at 30 June 2017	254.5	3.9

14. Commitments for expenditure

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.

	CONSOLIDATED	
	2017 \$million	2016 \$million
Due within 1 year	18.3	20.9
Due within 1-5 years	1.0	2.1
Due later than 5 years	-	-
	19.3	23.0

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.

	CONSOLIDATED	
	2017 \$million	2016 \$million
Due within 1 year	7.5	85.6
Due within 1-5 years	39.9	112.8
Due later than 5 years	0.3	-
	47.7	198.4

The Group's share of the above commitments that relate to its interest in joint arrangements are \$17.8 million (2016: \$21.3 million) for capital commitments and \$30.2 million (2016: \$124.9 million) for minimum exploration commitments.

Operating 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	
	2017 \$million	2016 \$million
Due within 1 year	11.4	11.4
Due within 1-5 years	-	0.8
Due later than 5 years	-	-
	11.4	12.2

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.

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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.

15. 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. 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	
	2017 \$million	2016 \$million
Net finance expenses/(income)		
Finance costs	4.5	4.7
Interest expense	5.1	6.1
Discount unwinding on provision for restoration (Note 13)	11.3	12.8
Total finance expenses	20.9	23.6
Interest income	(6.9)	(3.8)
Net finance expenses	14.0	19.8
Borrowings		
Non-current (bank debt)	148.0	146.6
Total borrowings	148.0	146.6

Beach currently has a \$530 million secured corporate debt facility comprising a \$200 million three year revolving general facility with a maturity date of 4 December 2018, a \$200 million five year revolving general facility with a maturity date of 4 December 2020, a \$100 million three year revolving acquisition facility with a maturity date of 4 December 2018 and a \$30 million letter of credit facility with a maturity date of 4 December 2018.

As at 30 June 2017, \$150 million of the three year revolving general facility was drawn, with the remaining \$50 million undrawn. The \$200 million revolving general facility and the \$100 million revolving acquisition facility remained undrawn, with \$22 million of the letter of credit facility being utilised by way of bank guarantees. Bank debt bears interest at the relevant reference rate plus a margin.

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16. Cash flow reconciliation

For the purpose of the statement of cash flows, cash includes cash on hand, cash at bank, term deposits with banks, and highly liquid investments in money market instruments, net of outstanding bank overdrafts. 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	
	2017 \$million	2016 \$million
Reconciliation of cash and cash equivalents		
Cash at bank	32.3	74.0
Term deposits	315.7	125.1
Cash and cash equivalents	348.0	199.1
Reconciliation of net profit to net cash provided by operating activities:		
Net profit after tax	387.5	(588.8)
Less items classified as investing/financing activities:		
- Gain on disposal of non-current assets	(0.6)	(3.5)
- Gain on sale of subsidiary	(46.9)	-
- Gain on sale of joint venture interests	(3.7)	-
- Gain on adjustments to fair values on acquisition of subsidiary	(1.4)	-
- Recognition of deferred tax assets/(liability) on items direct in equity	(2.3)	0.6
	332.6	(591.7)
Add/(less) non-cash items:		
- Share based payments	0.7	0.6
- Depreciation and amortisation	171.5	153.3
- Impairment (reversal)/expense	(108.6)	634.7
- Unrealised hedging (gain)/loss	3.6	15.4
- Discount unwinding on provision for restoration	11.3	12.8
- Provision for stock obsolescence movement	0.8	(0.2)
- Other	2.2	6.2
Net cash provided by operating activities before changes in assets and liabilities	414.1	231.1
Changes in assets and liabilities net of acquisitions/disposal of subsidiaries:		
- Decrease/(increase) in trade and other receivables	(35.9)	20.9
- Decrease/(increase) in inventories	26.4	38.6
- Decrease/(increase) in other current assets	(0.9)	3.5
- Decrease/(increase) in other non-current assets	0.7	0.4
- Decrease/(increase) in deferred tax assets	(79.3)	-
- Increase/(decrease) in provisions	(4.2)	(12.2)
- Increase/(decrease) in current tax liability	9.4	(5.9)
- Increase/(decrease) in deferred tax liability	-	(26.9)
- Increase/(decrease) in trade and other payables	(9.1)	(16.1)
Net cash provided by operating activities	321.2	233.4

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17. 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.

Financial instruments are initially measured at fair value being the cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below:

Financial assets at fair value through profit or loss: 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.

Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Held-to-maturity investments: These investments have fixed maturities, and it is the Group's intention to hold these investments to maturity. Any held-to-maturity investments of the Group are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets: Available-for-sale financial assets include any financial assets not capable of being included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity. When an investment is derecognised, the cumulative gain or loss in equity is reclassified to profit or loss.

Financial liabilities: Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Fair value: Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment: At each reporting date, the consolidated entity assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are transferred from the available-for-sale reserve to be recognised in the profit or loss.

(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;
- Level 2 - the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for 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.

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

	Note	CARRYING AMOUNT									
		FAIR VALUE - DERIVATIVES		LOANS AND RECEIVABLES		AVAILABLE-FOR-SALE		OTHER FINANCIAL ASSETS/LIABILITIES		TOTAL	
		2017 \$million	2016 \$million	2017 \$million	2016 \$million	2017 \$million	2016 \$million	2017 \$million	2016 \$million	2017 \$million	2016 \$million
Financial assets											
Measured at fair value											
Derivatives		0.8	4.8	-	-	-	-	-	-	0.8	4.8
Available-for-sale		-	-	-	-	44.4	13.0	-	-	44.4	13.0
		0.8	4.8	-	-	44.4	13.0	-	-	45.2	17.8
Not measured at fair value											
Cash		-	-	-	-	-	-	348.0	199.1	348.0	199.1
Receivables		-	-	116.0	84.5	-	-	-	-	116.0	84.5
Other		-	-	-	-	-	-	11.4	11.2	11.4	11.2
		-	-	116.0	84.5	-	-	359.4	210.3	475.4	294.8
Financial liabilities											
Measured at fair value											
Derivatives		1.1	1.5	-	-	-	-	-	-	1.1	1.5
		1.1	1.5	-	-	-	-	-	-	1.1	1.5
Not measured at fair value											
Payables		-	-	-	-	-	-	66.5	90.1	66.5	90.1
Borrowings	15	-	-	-	-	-	-	148.0	146.6	148.0	146.6
		-	-	-	-	-	-	214.5	236.7	214.5	236.7

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

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17. Financial risk management continued

(a) Fair values continued

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 cost. 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 the 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).

Available-for-sale financial assets

The fair value of available-for-sale financial assets is determined by reference to their quoted closing price at the reporting date (Level 1). These investments are measured at fair value using the closing price on the reporting date as listed on various securities exchanges. Unrealised gains and losses arising from changes in fair value are taken directly to equity. When an investment is derecognised, the cumulative gain or loss in equity is reclassified to the profit or loss.

The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at 30 June 2017 and there have been no transfers between the levels of the fair value hierarchy during the year ended 30 June 2017.

The Group also has a number of other financial assets and liabilities which are not measured at fair value in the Statement of Financial Position as their carrying values are considered to be a reasonable approximation of their fair value.

(b) Market Risk

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 its petroleum and commits to contracts in US 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.

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 hedge up to 70% of forecast oil production costs and corporate costs 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.

Commodity Hedges outstanding at 30 June 2017

- Brent Crude oil monthly average collar for \$40-102/bbl for 57,500 bbls/month for the period July 2017-March 2018.
- Brent Crude oil monthly average 3-way collar for \$50-96-106/bbl for 42,500 bbls/month for the period July 2017-September 2017, 37,500 bbls/month for the period October 2017-December 2017, 30,000 bbls/month for the period January 2018-March 2018 and 25,000 bbls/month for the period April 2018-June 2018.
- Brent Crude oil monthly average collar for \$40-90/bbl for 55,000 bbls/month for the period October 2017-December 2017, 110,000 bbls/month for the period January 2018-June 2018, 65,000 bbls/month for the period July 2018-September 2018 and 30,000 bbls/month for the period October 2018-December 2018.

Commodity Hedges outstanding at 30 June 2016

- Brent Crude oil monthly average collar for US\$60–85/bbl for 51,667 bbls/month for the period July 2016–September 2016 and 20,000 bbls/month for the period October 2016–December 2016.
- Brent Crude oil monthly average fixed price floor for \$45/bbl for 177,500 bbls/month for the period July 2016–September 2016, 130,000 bbls/month for the period October 2016–December 2016, 90,000 bbls/month for the period January 2017–March 2017 and 45,000 bbls/month for the period April 2017–June 2017.
- Brent Crude oil monthly average collar for \$40–111/bbl for 50,000 bbls/month for the period October 2016–December 2016, 135,000 bbls/month for the period January 2017–March 2017, 120,000 bbls/month for the period April 2017–June 2017, 115,000 bbls/month for the period July 2017–September 2017 and 57,500 bbls/month for the period October 2017–December 2017.

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	
	2017 \$million	2016 \$million
Fixed rate instruments:		
Term deposits	315.7	125.1
	315.7	125.1
Variable rate instruments:		
Financial assets	32.3	74.0
Bank loan facility	(148.0)	(146.6)
	(115.7)	(72.6)

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	
	2017 \$million	2016 \$million
Impact on post-tax profit and equity		
A\$/US - 10% increase in Australian/US dollar exchange rate	(24.6)	(16.9)
A\$/US - 10% decrease in Australian/US dollar exchange rate	30.0	22.8
US\$ oil price - increase of \$10/bbl	51.4	46.5
US\$ oil price - decrease of \$10/bbl	(51.1)	(38.3)
Interest rates - increase of 1%	0.9	0.3
Interest rates - decrease of 1%	(0.9)	(0.3)

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17. 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 energy retailers and industrial users with liquid hydrocarbon products sales being made to major multi-national energy companies based on international market pricing.

In addition, receivables balances are monitored on an ongoing basis with the result that Beach's exposure to bad debts is not significant. The Group does not hold collateral, nor does it securitise its trade and other receivables. At 30 June 2017, Beach does not have any material trade and other receivables which are outside standard trading terms which have not been provided against.

	CONSOLIDATED	
	2017 \$million	2016 \$million
Ageing of Receivables:		
Receivables not yet due*	116.0	84.5
Receivables past due	0.4	0.4
Considered impaired	(0.4)	(0.4)
Total Receivables	116.0	84.5

* This excludes a \$7.5 million receivable in relation to international taxes which has been fully provided for.

Trade debtors to be settled within agreed terms are carried at amounts due. The collectability of debts is assessed at the end of the reporting period and specific provision is made for any doubtful accounts.

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 15.

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		CARRYING AMOUNT	
Note		2017 \$million	2016 \$million	2017 \$million	2016 \$million	2017 \$million	2016 \$million	2017 \$million	2016 \$million
Financial liabilities									
	Payables	63.4	90.1	-	-	-	-	63.4	90.1
	Borrowings	-	-	148.0	-	-	146.6	148.0	146.6
		63.4	90.1	148.0	-	-	146.6	211.4	236.7

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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.

18. 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 2015	1,300,149,513	1,250.1
Issued during the FY16 financial year		
Shares issued on vesting of unlisted performance rights	441,935	-
Shares issued under the terms of the Dividend Reinvestment Plan		
Final 0.5 cent per share dividend	2,286,529	1.3
Shares issued on merger with Drillsearch	557,826,555	295.6
Repayment of employee loans and sale of employee shares	-	1.7
Issued and fully paid ordinary shares at 30 June 2016	1,860,704,532	1,548.7
Issued during the FY17 financial year		
Shares issued on vesting of unlisted performance rights	643,536	-
Shares issued under the terms of the Dividend Reinvestment Plan		
Interim 1.0 cent per share dividend	8,151,724	5.7
Final 0.5 cent per share dividend	4,312,692	2.3
Shares issued on vesting of unlisted performance rights	-	1.8
Issued and fully paid ordinary shares at 30 June 2017	1,873,812,484	1,558.5

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 19 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

Beach has established a Dividend Reinvestment Plan under which holders of fully paid ordinary shares may elect to have all or part of their dividend entitlements satisfied by the issue of new fully paid ordinary shares rather than by being paid in cash. Shares are issued under this plan at a discount to the market price as set by the Board.

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

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18. Contributed equity continued

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. There have been no changes in the strategy adopted by management to control the capital during the year. The Group gearing ratio is 11.8% (2016: 13.5%). Gearing has been calculated as financial liabilities (including borrowings, derivatives and bank guarantees) as a proportion of these items plus shareholder's equity.

19. 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 Available-for-sale reserve is used to recognise changes in the fair value of available-for-sale financial assets. Amounts are recognised in the profit or loss when the associated assets are sold or impaired.

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.

	CONSOLIDATED	
	2017	2016
	\$million	\$million
Share based payments reserve	29.1	28.4
Available-for-sale reserve	14.9	3.3
Foreign currency translation reserve	15.8	69.8
Profit distribution reserve	172.4	181.8
Total reserves	232.2	283.3

20. 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	
	2017	2016
	\$million	\$million
Final dividend of 0.5 cents (2016: 0.5 cents)	9.3	6.5
Interim dividend of 1.0 cents (2016: nil)	18.7	-
Total dividends paid or payable	28.0	6.5
Franking credits available in subsequent financial years based on a tax rate of 30% (2016 - 30%)	51.6	71.2

21. Subsidiaries

Name of Company	Place of incorporation	PERCENTAGE OF SHARES HELD	
		% 2017	% 2016
Beach Energy Limited ⁽¹⁾⁽²⁾	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 Pty Ltd ⁽³⁾	Victoria	-	100
Beach Petroleum (Cooper Basin) Pty Ltd	Victoria	100	100
Beach Petroleum (CEE) s.r.l	Romania	100	100
Beach Petroleum (Egypt) Pty Ltd ⁽⁵⁾	Victoria	-	100
Beach Petroleum (Exploration) Pty Ltd ⁽³⁾	Victoria	-	100
Beach (Tanzania) Pty Ltd	Victoria	100	100
Beach Petroleum (Tanzania) Limited	Tanzania	100	100
Beach (USA) Inc ⁽⁶⁾	USA	100	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 Resources Pty Ltd	South Australia	100	100
Well Traced Pty Ltd	South Australia	100	100
Australian Petroleum Investments Pty Ltd ⁽¹⁾⁽²⁾	Victoria	100	100
Delhi Holdings Pty Ltd	Victoria	100	100
Delhi Petroleum Pty Ltd ⁽¹⁾⁽²⁾	South Australia	100	100
Impress Energy Pty Ltd ⁽¹⁾⁽²⁾	Western Australia	100	100
Impress (Cooper Basin) Pty Ltd ⁽¹⁾⁽²⁾	Victoria	100	100
Springfield Oil and Gas Pty Ltd ⁽¹⁾⁽²⁾	Western Australia	100	100
Mazeley Ltd	Liberia	100	100
Mawson Petroleum Pty Ltd	Queensland	100	100
Claremont Petroleum (USA) Pty Ltd ⁽³⁾	Victoria	-	100
Tagday Pty Ltd ⁽³⁾	New South Wales	-	100
Claremont Petroleum (PNG) Ltd	Papua New Guinea	100	100
Midland Exploration Pty Ltd ⁽³⁾	South Australia	-	100
Shale Gas Australia Pty Ltd ⁽³⁾	Victoria	-	100
Drillsearch Energy Pty Ltd ⁽¹⁾⁽²⁾	Victoria	100	100
Circumpacific Energy (Australia) Pty Ltd	New South Wales	100	100

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21. Subsidiaries continued

Name of Company	Place of incorporation	PERCENTAGE OF SHARES HELD	
		% 2017	% 2016
Drillsearch Gas Pty Ltd	Queensland	100	100
Drillsearch (Field Ops) Pty Ltd	New South Wales	100	100
Drillsearch (Finance) Pty Ltd ⁽⁴⁾	Victoria	100	100
Drillsearch SWQ Gas Pty Ltd ⁽⁵⁾	New South Wales	-	100
Drillsearch Energy (Canada) Inc. ⁽³⁾	Canada	-	100
Drillsearch Energy (PNG) Ltd	Papua New Guinea	100	100
Kun Yick International Ltd ⁽⁴⁾	Hong Kong	100	100
Drillsearch (513) Pty Ltd	New South Wales	100	100
Drillsearch (539) Pty Ltd ⁽³⁾	New South Wales	-	100
Drillsearch (549) Pty Ltd ⁽³⁾	New South Wales	-	100
Drillsearch (657) Pty Ltd ⁽³⁾	Queensland	-	100
Drillsearch (783) Pty Ltd ⁽³⁾	Queensland	-	100
Drillsearch (920) Pty Ltd ⁽³⁾	New South Wales	-	100
Drillsearch (924) Pty Ltd ⁽³⁾	New South Wales	-	100
Drillsearch (299) Pty Ltd ⁽³⁾	Queensland	-	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⁽²⁾	New South Wales	100	100
Clean Gas Pty Ltd ⁽³⁾	New South Wales	-	100

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

(1) Company in Closed Group in FY16 (refer Note 22)

(2) Company in Closed Group in FY17 (refer Note 22)

(3) Company liquidated and deregistered/dissolved during FY17

(4) Company in voluntary liquidation during FY17, to be deregistered FY18

(5) Sale of Beach Petroleum (Egypt) Pty Ltd 16 August 2016

(6) Voluntary dissolution of Beach USA Inc. authorised on 11 February 2016, to be finalised 11 February 2019

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22. Deed of cross guarantee

Pursuant to ASIC Corporations (wholly-owned companies) Instrument 2016/785, wholly-owned subsidiaries Australian Petroleum Investments Pty Ltd, Delhi Petroleum Pty Ltd, Drillsearch Energy Pty Ltd, Great Artesian Oil & Gas Pty Ltd, Impress Energy Pty Ltd, Impress (Cooper Basin) Pty Ltd and Springfield Oil & Gas Pty Ltd (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 21.

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

	CLOSED GROUP	
	2017 \$million	2016 \$million
Consolidated Statement of Profit or Loss and Other Comprehensive Income		
Sales revenue	636.3	476.4
Cost of sales	(460.5)	(402.6)
Gross profit	175.8	73.8
Other revenue	25.0	1.4
Other income	-	3.9
Other expenses	74.8	(900.3)
Operating profit/(loss) before financing costs	275.6	(821.2)
Interest income	6.8	3.8
Finance expenses	(20.2)	(22.0)
Profit/(loss) before income tax expense	262.2	(839.4)
Income tax benefit/(expense)	81.3	17.3
Profit/(loss) after tax for the year	343.5	(822.1)
Other comprehensive income/(loss)		
Net change in fair value of available-for-sale financial assets	11.6	(9.3)
Other comprehensive income/(loss) net of tax	11.6	(9.3)
Total comprehensive income/(loss) after tax	355.1	(831.4)

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22. Deed of cross guarantee continued

	CLOSED GROUP	
	2017 \$million	2016 \$million
Summary of movements in the Closed Group's retained earnings		
Retained earnings at beginning of the year	(1,156.8)	(173.0)
Net profit/(loss) for the year	343.5	(822.1)
Change in Closed Group entities	572.1	(161.7)
Dividends paid to shareholders from retained earnings	(18.7)	-
Retained earnings at end of the year	(259.9)	(1,156.8)
Consolidated Statement of Financial Position		
Current assets		
Cash and cash equivalents	347.5	180.9
Receivables	125.0	76.0
Inventories	49.6	78.4
Derivative financial instruments	0.6	4.1
Other	5.5	4.5
Assets held for sale	1.6	23.4
Total current assets	529.8	367.3
Non-current assets		
Receivables	59.2	-
Available-for-sale financial assets	44.4	13.0
Property, plant and equipment	413.0	370.5
Petroleum assets	557.4	211.9
Exploration and evaluation assets	187.7	146.1
Derivative financial instruments	0.2	0.7
Deferred tax assets	84.4	-
Other financial assets	109.5	166.9
Total non-current assets	1,455.8	909.1
Total assets	1,985.6	1,276.4
Current liabilities		
Payables	70.0	82.2
Employee entitlements	3.7	4.8
Provisions	37.9	10.0
Current tax liability	10.1	0.7
Derivative financial instruments	0.6	0.6
Liabilities held for sale	0.4	33.4
Total current liabilities	122.7	131.7
Non-current liabilities		
Payables	-	304.0
Employee entitlements	1.1	0.9
Provisions	198.2	222.5
Borrowings	148.0	146.6
Derivative financial instruments	0.5	0.9
Total non-current liabilities	347.8	674.9
Total liabilities	470.5	806.6
Net assets	1,515.1	469.8

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	CLOSED GROUP	
	2017 \$million	2016 \$million
Equity		
Contributed equity	1,558.5	1,548.7
Reserves	216.5	77.9
Retained earnings/(accumulated losses)	(259.9)	(1,156.8)
Total equity	1,515.1	469.8

23. Parent entity financial information

Selected financial information of the parent entity, Beach Energy Limited, is set out below:

Financial performance

	PARENT	
	2017 \$million	2016 \$million
Net profit/(loss) after tax	207.4	(453.4)
Other comprehensive income/(loss), net of tax	11.5	3.3
Total comprehensive income/(loss) after tax	218.9	(450.1)
Total current assets	528.6	311.3
Total assets	1,223.7	1,018.0
Total current liabilities	67.2	34.2
Total liabilities	245.0	240.5
Issued capital	1,558.5	1,548.8
Share based payments reserve	29.1	28.4
Available-for-sale reserve	14.8	3.3
Profits distribution reserve	172.4	181.8
Retained earnings	(796.1)	(984.8)
Total equity	978.7	777.5

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	
	2017 \$million	2016 \$million
Capital expenditure commitments	1.5	1.9
Minimum exploration commitments	29.1	94.2
Operating commitments	0.1	0.1

Contingent liabilities

Details of contingent liabilities for the Company in respect of service agreements, bank guarantees and parent company guarantees are disclosed in Note 27.

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.

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24. 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.

	CONSOLIDATED	
	2017 \$	2016 \$
Remuneration for Key Management Personnel		
Short term benefits	7,323,732	6,287,487
Share based payments	658,164	528,078
Other long term benefits	140,481	65,471
Total	8,122,377	6,881,036

Subsidiaries

Interests in subsidiaries are set out in Note 21.

Transactions with other related parties

During the financial year ended 30 June 2017, Beach used the legal services of DMAW Lawyers, a legal firm of which Mr Davis is a principal. Beach paid \$64,742 during the financial year (FY16: \$248,039) to DMAW lawyers for legal and advisory services, of which \$22,771 related to FY16. In addition to fees paid during the year a further \$900 (FY16: \$22,771) is payable to DMAW Lawyers as at 30 June 2017 for invoices received but not yet paid and work in progress not yet invoiced. Directors fees payable to Mr Davis for the year ended 30 June 2017 of \$250,000 (FY16: \$250,000) were also paid directly to DMAW Lawyers.

During the current financial year Beach paid \$33,000 (FY16: \$41,250) to Energy Insights (a company owned by Mr Rayner) for office rental in Brisbane.

25. Disposal group held for sale

On 17 August 2016, Beach announced it had completed the sale of Beach Petroleum (Egypt) Pty Ltd (Beach Egypt), whose core asset is a 22% interest in the Abu Sennan Concession, to Rockhopper Exploration plc. Beach will receive cash consideration of up to US\$20.5 million and also received a post completion adjustment of US\$6.7m.

The disposal had the following effect on the consolidated entity:

	\$million
Profit on sale	
Cash consideration	15.6
Receivables	9.8
Post completion adjustment	8.9
Total consideration received	34.3
Less assets and liabilities disposed	
- Assets held for sale	(39.4)
- Liabilities held for sale	0.8
Net assets disposed	(38.6)
Release of cumulative gain on historic translation of Beach Egypt included in OCI	53.7
Transaction costs and other adjustments	(2.5)
Profit on sale	46.9
Cash flow on disposal	
Net cash disposed with the subsidiary	-
Cash consideration (excluding deposit received in prior year)	14.0
Post completion adjustment	8.9
Cash received from outstanding receivable on sale	1.6
Cash outflows paid prior to sale	(1.6)
Net cash flow on disposal	22.9

During FY17, Beach completed the sale of various operated oil permit interests within the greater Kenmore–Bodalla area to Bridgeport (Cooper Basin) Pty Ltd. Beach received cash consideration of \$0.8m along with a purchase price adjustment for working capital of \$0.4m.

As part of the merger with Drillsearch, Beach acquired a 40% working interest in the producing Tintaburra Block (ATP 299) operated by Santos. On 21 January 2016, Drillsearch announced a sale agreement in relation to its 40% interest in the Tintaburra Block, Queensland (ATP 299). The agreement was terminated during the period as conditions precedent to the sale were not met and the asset is no longer being classified as held for sale.

In July 2017 Beach entered into a sale agreement in relation to certain Queensland gas permits (PL184 and ATP932). The carrying value of these permits has been impaired down to the expected sale price less costs to sell and reclassified as an asset held for sale.

Assets and liabilities of disposal groups held for sale

	EGYPT		QUEENSLAND OIL		TINTABURRA		QUEENSLAND GAS		TOTAL	
	June 2017 \$million	June 2016 \$million								
Receivables	-	14.5	-	-	-	-	-	-	-	14.5
Property, plant and equipment	-	15.2	-	2.2	-	0.2	-	-	-	17.6
Petroleum assets	-	2.4	-	4.5	-	20.0	-	-	-	26.9
Exploration	-	6.8	-	0.4	-	-	1.7	-	1.7	7.2
Assets held for sale	-	38.9	-	7.1	-	20.2	1.7	-	1.7	66.2
Payables	-	0.8	-	-	-	0.3	-	-	-	1.1
Provisions	-	0.8	-	18.8	-	18.2	0.4	-	0.4	37.8
Liabilities held for sale	-	1.6	-	18.8	-	18.5	0.4	-	0.4	38.9

26. 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 an increase in the development/exploration assets acquired.

In the prior year, Beach and Drillsearch Energy Limited (Drillsearch) announced they had entered into a binding Merger Implementation Agreement to create the leading mid-cap ASX oil and gas company through an all-scrip merger. Under the terms of the agreement, Beach agreed to acquire all of the shares in Drillsearch that it did not already own via a Scheme of Arrangement (the Scheme). Following approval of the Scheme by the Federal Court of Australia in February 2016, the scheme was implemented on 1 March 2016 with Drillsearch shareholders receiving 1.25 Beach shares for each Drillsearch share held and Drillsearch became a wholly-owned subsidiary of Beach. A gain of \$1.0 million on the revaluation of Beach's initial 4.9% interest in Drillsearch to fair value was recognised in the Statement of Profit or Loss along with the expensing of merger costs of \$7.7 million.

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NOTES TO THE FINANCIAL STATEMENTS
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26. Business combination continued

The acquisition had the following effect on the consolidated entity:

	\$million
Purchase consideration	311.0
Fair value of net assets acquired	311.0
Goodwill on acquisition	-
	Fair Value of assets acquired \$million
Assets and liabilities held at acquisition date:	
- Current assets	257.6
- Non current assets	328.3
- Current liabilities	(82.8)
- Non current liabilities	(192.1)
Net assets	311.0

The acquisition of Drillsearch resulted in a net cash inflow of \$184.0 million for the Group comprising cash acquired on the acquisition of \$185.5 million less a \$1.5 million payment for Drillsearch options. The purchase consideration of \$311.0 million comprised \$295.6 million for the value of Beach shares issued (Note 18) and \$13.9 million for the fair value of an initial shareholding the Company held in Drillsearch prior to the acquisition and the \$1.5 million payment for Drillsearch options. The fair value assigned to non-current assets of \$328.3 million included \$39.4 million for property, plant & equipment, \$211.6 million for development assets and \$77.3 million for exploration.

In the full year to 30 June 2016, Drillsearch contributed \$61.3 million to group revenues and \$3.9 million profit to the consolidated loss before tax.

Beach also acquired 100% interest in Territory Oil & Gas Pty Ltd during the prior year which owns a 45% interest in EP126. While the transaction is immaterial to Beach, terms of the transaction remain confidential.

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OTHER INFORMATION

Additional information required to be disclosed under Australian Accounting Standards.

27. 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 2017 under the service agreements for the other executive officers is \$2,360,437 (2016: \$2,373,350).

Bank guarantees

As at 30 June 2017, Beach has provided \$36.9 million of bank guarantees or letters of credit as security predominantly for our environmental obligations and work programs.

Beach has been provided with a \$30 million letter of credit facility, of which \$21.8 million had been utilised by way of bank guarantees (refer Note 15 for further details on the corporate debt facility) with the remaining \$15.1 million of bank guarantees being provided by an unsecured 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.

28. Remuneration of auditors

	CONSOLIDATED	
	2017 \$000	2016 \$000
Audit services		
Amounts received or due and receivable by the auditor of Beach for:		
- auditing or reviewing the financial statements of the group	488	438
- auditing the financial statements for subsidiaries	119	56
- auditing of joint operation financial statements	18	19
- audit of royalty returns	44	33
	669	546
Amounts received or due and receivable by other firms for:		
- auditing the financial statements for overseas subsidiaries	8	8
Total audit services	677	554
Other services		
Amounts received or due and receivable by the auditor of Beach for:		
- information technology services	-	20
- tax services Australia	22	83
- tax and other services for overseas subsidiaries	88	180
- transaction services for Drillsearch merger	-	189
Total other services	110	472

29. Subsequent events

There has not arisen in the interval between 30 June 2017 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



Independent Auditor's Report

To the shareholders 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).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The Financial Report comprises:

- Consolidated statement of financial position as at 30 June 2017
- 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 including a summary of significant accounting policies
- Directors' Declaration.

The Group consists of the Company and the entities it controlled at the year end and from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 *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 fulfilled our other ethical responsibilities in accordance with the Code.

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Key Audit Matters

The Key Audit Matters we identified are:

- Recoverable value of oil and gas assets
- Provision for restoration

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 period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recoverable value of oil and gas assets

Production facilities, field and other equipment \$382.5m (including reversal of impairment of \$27.8m) – Note 8

Petroleum assets \$558.8m (including reversal of impairment of \$122.2m) – Note 9

Exploration and evaluation assets \$255.2m (including impairment of \$38.3m) – Note 10

Known collectively as 'oil and gas assets'.

The key audit matter

The Group's recoverable value of oil and gas assets is based on a net present value model. The recoverable value of oil and gas assets is a key audit matter due to:

- The sensitivity of the valuation to small changes in assumptions such as commodity prices, exchange rates and the discount rate. This is made more complex for us given the recent volatility in commodity prices, which is expected to continue into the forecast period; and
- The high level of judgement used in evaluating the inputs to the net present value model. These specifically include estimates that are affected by expected future operating performance and market conditions. We focused on:
 - The level of reserves as reported in the Reserves and Contingent Resources Statement ("Reserves Statement") capable of being produced economically;
 - The cost of developing areas of interest and producing oil and gas;

How the matter was addressed in our audit

Our procedures included:

Production facilities, field & other equipment and Petroleum assets

- Assessing the appropriateness of the methodology used to determine the value of the assets with reference to Australian Accounting Standards.
- Testing the key controls over the Group's valuation process including Board authorisation of the net present value.
- Checking the forecast cost of developing areas of interest and producing oil and gas, future production volumes and timing to Board approved plans and budgets.
- Checking amount of reserves to the Reserves Statement.
- We assessed the accuracy of previous Group forecasts to inform our evaluation of forecasts incorporated in the model. We evaluated the costs of production against this experience and our knowledge of industry trends.
- Evaluating the scope, competence and

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INDEPENDENT AUDITOR'S REPORT



- Future production volumes and timing; and
- The discount rate applied in the model.

Due to the significance of the Group's assets in the Cooper Basin, relative to other areas of interest, our procedures focussed on the recoverable value of Cooper Basin assets.

At 30 June 2017, the Group has recognised an oil and gas asset impairment reversal of \$150.0m.

- In assessing Exploration and evaluation assets, the greater level of audit effort to evaluate the Group's application of the requirements of the industry specific accounting standard AASB 6 *Exploration for and Evaluation of Mineral Resources*, in particular the conditions allowing capitalisation of relevant expenditure and presence of impairment indicators. The presence of impairment indicators would necessitate a detailed analysis by management of the value of Exploration and evaluation assets, therefore given the criticality of this to the scope of our work, we involved senior team members to challenge the Group's analysis.

At 30 June 2017, the Group has recognised an impairment of \$38.3m against these assets.

objectivity of the Group's internal and external experts who produced the Reserves Statement utilised within the net present value model by considering their professional qualifications and experience.

- Involving our valuation specialists and assessing the Group's net present value model and assumptions relating to commodity prices, exchange rates, inflation rates, and discount rate based on our knowledge of the industry, comparable entities, industry consensus data and common valuation techniques.
- Performing sensitivity analysis on the discount rate, exchange rates and oil and gas price assumptions further challenging management's assumptions.
- Assessing the financial report disclosures regarding reversals of impairment against the relevant oil and gas assets to our understanding and the requirements of the accounting standards.

Exploration and evaluation assets

- Evaluating the Group's accounting policy to recognise exploration and evaluation assets to the criteria in the accounting standard.
- Assessing the Group's area of interest rights by testing to government registries.
- Evaluating Group documents, such as minutes of Board meetings and the Exploration and evaluation asset impairment assessment presented to the Board, for consistency with their stated intentions for continuing exploration and evaluation in certain areas. We corroborated this through interviews with key operational and finance personnel.
- Assessing the financial report disclosures regarding impairment, and the recoverable value of the Group's Exploration and evaluation assets to our understanding and the requirements of the accounting standards.

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Provision for restoration

Provision for restoration \$254.5m – note 13

The key audit matter

The Group incurs obligations to close, restore and rehabilitate affected areas once petroleum reserves are exhausted. The provision for these restoration activities is a key audit matter due to the inherent complexity for the Group in determining the amount, and for us in gathering persuasive audit evidence thereon. This is due to the costs being incurred many years into the future. We focused on:

- estimates for the quantum and timing of future restoration costs; and
- an appropriate rate to discount these restoration costs back to their current value.

How the matter was addressed in our audit

Our procedures included:

- Gaining an understanding of the Group's restoration obligation process.
- Checking Board approval of key inputs into the calculation such as cost estimates, anticipated timing of cash outflows and the discount rate adopted in the calculation.
- Assessing the basis for recognition and measurement of the provision for restoration for compliance with Australian Accounting Standards.
- Checking the estimates of timing of restoration activities to the forecasted date for depletion of reserves used by the Group, and tested by us, as set out in the recoverable value of oil and gas assets key audit matter.
- Checking a sample of future cost estimates to external invoices/quotes and information provided by operators of joint ventures.
- Comparing the discount rate used to determine the current value of the restoration obligations to forecast bond rates reflective of the timing of cash outflows. We also assessed the escalation rate to published long term target inflation rates.

INDEPENDENT AUDITOR'S REPORT



Other Information

Other Information is financial and non-financial information in Beach Energy's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Directors Report (including the Remuneration Report). The Chairman's letter, Chief Executive Officer's report, Review of operations, Sustainability report and Shareholder information are expected to be made available to us after the date of the Auditor's Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not and will not express an audit opinion or 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. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*;
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- assessing the Group's ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they 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 objective is to:

- obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- 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 Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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.

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A further description of our responsibilities for the Audit of the Financial Report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_files/ar2.pdf. This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Beach Energy Limited for the year ended 30 June 2017, complies with *Section 300A* of the *Corporations Act 2001*.

Director's 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 responsibilities

We have audited the Remuneration Report for the year ended 30 June 2017.

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 the KPMG firm, appearing as a series of connected loops and lines.

KPMG

A handwritten signature in cursive script, reading 'A.C. Fleming'.

Scott Fleming
Partner

Adelaide

21 August 2017

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GLOSSARY

A\$ or \$	Australian dollars	GSA	Gas sales agreement
1C	Contingent resource low estimate ⁽¹⁾	GSEL	Gas Storage Exploration Licence
2C	Contingent resource best estimate ⁽¹⁾	GSRL	Gas Storage Retention Licence
3C	Contingent resource high estimate ⁽¹⁾	GJ	Gigajoule
3D	Three dimensional	GR1	Global reporting initiative
1P	Proved reserve estimate ⁽¹⁾	H(1) FY17	(First) half year period of FY17
2P	Proved and probable reserve estimate ⁽¹⁾	IPIECA	International Petroleum Industry Environmental Conservation Association
3P	Proved, probable and possible reserve estimate ⁽¹⁾	kbbl	Thousand barrels of oil
ASX	Australian Securities Exchange	kboe	Thousand barrels of oil equivalent
ATP	Authority To Prospect (QLD)	km	Kilometre
bbl	Barrels	kt	Thousand tonnes
Bcf	Billion cubic feet	LNG	Liquefied natural gas
bfpd	Barrels of fluid per day	LPG	Liquefied petroleum gas
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	LTI	Lost time injury
bopd	Barrels of oil per day	LTIFR	Lost time injury frequency rate
boepd	Barrels of oil equivalent per day	Mid Continent	Mid Continent Equipment (Australia) Pty Ltd
Beach	Beach Energy Ltd	MMbbl	Million barrels of oil
Beach Egypt	Beach Petroleum (Egypt) Pty Ltd	MMboe	Million barrels of oil equivalent
Bridgeport	Bridgeport (Cooper Basin) Pty Ltd	MMscfd	Million standard cubic feet of gas per day
Cooper Energy	Cooper Energy Ltd	NPAT	Net profit after tax
Cooper Basin	Includes both Cooper and Eromanga basins	Origin	Origin Energy Ltd
Cooper Basin JV	The various joint venture interests owned by Beach's wholly owned subsidiary Delhi in the SACB JVs and SWQ JVs	PACE	The South Australian Plan for Accelerating Exploration gas grant scheme
COSPAs	Crude Oil Sale and Purchase Agreements	pcp	Prior corresponding period
CO₂-e	Carbon dioxide equivalent	PEL	Petroleum Exploration Licence (SA)
Delhi	Delhi Petroleum Pty Ltd	PEP	Petroleum Exploration Permit (Victoria and NZ)
Drillsearch	Drillsearch Energy Pty Ltd	PL	Petroleum Lease (QLD)
EP	Exploration Permit (NT)	PPL	Petroleum Production Licence (SA)
Ex PEL 91	PRLs 151 to 172 and various production licences	PJ	Petajoule
Ex PEL 92	PRLs 85 to 104 and various production licences	PRL	Petroleum Retention Licence (SA)
Ex PEL 101	PRLs 173 and 174 and various production licences	PRMS	Petroleum Resources Management System
Ex PEL 104/111	PRLs 15, 136 to 150 and various production licences	Q(1) FY17	(First) quarter FY17
Ex PEL 106	PRLs 129 and 130 and various production licences	Rockhopper	Rockhopper Exploration plc
Ex PEL 107	PRLs 175 to 179	SACB JVs	South Australian Cooper Basin joint ventures which include the Fixed Factor Area (Beach 20.21%, Santos 66.6%, Origin 13.19%) and the Patchawarra East Block (Beach 17.14%, Santos 72.32%, Origin 10.54%)
Ex PEL 218	PRLs 33 to 49	Santos	Santos Ltd
Ex PEL 513	PRLs 191 and 206 and various production licences	Senex	Senex Energy Ltd
Ex PEL 632	PRLs 131 to 134 and various production licences	SPE	Society of Petroleum Engineers
FY(17)	Financial year (2017)	SWQ JVs	South West Queensland joint ventures, incorporating various equity interests (Beach 20-40%)
GEL	Geothermal Exploration Licence	Tcf	Trillion cubic feet
Group	Beach and its subsidiaries	TJ	Terajoule
		US\$	United States \$
		WAC	Work area clearance

(1) Complete definitions for Reserves and Contingent Resources can be sourced from "Guidelines for Application of the Petroleum Resources Management System" November 2011 (SPE PRMS).

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SCHEDULE OF TENEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

Subsidiary Company	Tenement	%
Cooper/Eromanga - Queensland		
Maw 6.50%	ATP 1189 ex ATP 259	
Delhi 32%	(Nacowlah Block and PLs) ¹	38.5%
Delhi	ATP 1189 ex ATP 259 (Aquitaine A Block) ²	22.5%
Delhi	ATP 1189 ex ATP 259 (Aquitaine B Block) ³	20%
Delhi	ATP 1189 ex ATP 259 (Aquitaine C Block) ⁴	25.2%
Delhi	ATP 1189 ex ATP 259 (Innamincka Block) ⁵	30%
Delhi	ATP 1189 ex ATP 259 (Total 66 Block) ⁶	30%
Delhi	ATP 1189 ex ATP 259 (Wareena Block) ⁷	28.8%
Delhi	PL 55 (50/40/10)	40%
BPT 74.205%	PL 184 (Thylungra Gas Discovery)	80.40%
Maw 6.191%	ATP 299 (Tintaburra Block) ⁸	40%
Delhi	SWQ Gas Unit ⁹	23.2%
GAOG	ATP 539	100%
GAOG	ATP 549 (Cypress Block) ¹⁰	40%
GAOG	ATP 549 (West Block) ¹⁰	66.67%
BPT	ATP 633	100%
DLS	ATP 783 (Chandos Block) ¹¹	0%
DLS 0%		
Circumpacific 0%	ATP 920 ¹²	0%
DLS 0%		
Circumpacific 0%	ATP 924 ¹²	0%
DLS 50%		
Circumpacific 50%	ATP 932	100%
Circumpacific	ATP 940	40%
Cooper/Eromanga - South Australia		
BPT	PPL 204 (Sellicks Oil Field)	75%
BPT	PPL 205 (Christies Oil Field)	75%
BPT	PPL 210 (Aldinga Oil Field)	50%
BPT 40%		
DLS 30%		
GAOG 30%	PPL 212 (Kiana Oil Field)	100%
BPT	PPL 220 (Callawonga Oil Field)	75%
BPT	PPL 224 (Parsons Oil Field)	75%
BPT 50%		
GAOG 50%	PPL 239 (Middleton/Brownlow Fields)	100%
Springfield 15%		
Impress (CB) 25%	PPL 240 (Snatcher Oil Field)	40%
Springfield 15%		
Impress (CB) 25%	PPL 242 (Growler Oil Field)	40%
Springfield 15%		
Impress (CB) 25%	PPL 243 (Mustang Oil Field)	40%
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%
BPT	PPL 249 (Elliston Oil Field)	75%

Subsidiary Company	Tenement	%
BPT	PPL 250 (Windmill Oil Field)	75%
BPT 40%		
GAOG 60%	PPL 253 (Bauer/Bauer-North/Chiton/Arno Oil Fields)	100%
BPT 40%		
GAOG 60%	PPL 254 (Congony/Kalladeina Oil Fields)	100%
BPT 40%		
GAOG 60%	PPL 255 (Hanson/Snelling Oil Fields)	100%
BPT 40%		
GAOG 60%	PPL 256 (Sceale Oil Field)	100%
BPT 50%		
GAOG 50%	PPL 257 (Canunda/Coolawang Fields)	100%
Springfield 15%		
Impress (CB) 25%	PPL 258 (Spitfire Oil Field)	40%
BPT 40%		
GAOG 60%	PPL 260 (Stunsail Oil Field)	100%
BPT 40%		
GAOG 60%	PPL 261 (Pennington Oil Field)	100%
BPT 40%		
GAOG 60%	PPL 262 (Balgowan Oil Field)	100%
Springfield 15%		
Impress (CB) 25%	PEL 87	40%
BPT 40%		
GAOG 60%	ex PEL 91 ¹³	100%
BPT 40%		
GAOG 60%	GSEL 648 (ex PEL 91)	100%
BPT	ex PEL 92 ¹⁴	75%
BPT	GSEL 634 (ex PEL 92)	75%
BPT	PEL 94	50%
BPT	PEL 95	50%
Acer	ex PEL 101 ¹⁵	80%
Acer	GSEL 652 (ex PEL 101)	80%
Acer	ex PEL 103 ¹⁶	100%
Acer	GSEL 659	100%
Acer	ex PEL 103A (Avery Block) ¹⁷	75%
Acer	GSEL 660 (ex PEL 103A)	75%
Springfield 15%		
Impress (CB) 25%	ex PEL 104 ²⁰	40%
Springfield 15%		
Impress (CB) 25%	PRL 15 (Growler Block)	40%
BPT 50%		
GAOG 50%	ex PEL 106 ¹⁸	100%
BPT 50%		
GAOG 50%	GSEL 646 (ex PEL 106)	100%
BPT 40%		
DLS 20%		
GAOG 40%	ex PEL 107 ¹⁹	100%
BPT 40%		
DLS 20%		
GAOG 40%	GSEL 653 (ex PEL 107)	100%
Springfield 15%		
Impress (CB) 25%	ex PEL 111 ²⁰	40%
Acer	ex PEL 182 ²¹	43%
BPT	ex PEL 218 (Permian) ²²	100%
BPT	GSEL 633 (ex PEL 218 Permian)	70%

SCHEDULE OF TENEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

Subsidiary Company	Tenement	%
BPT	23.33%	
ADE	10%	
Deka	5.03%	
Well Traced	5.03%	43.39%
	ex PEL 218 (Post Permian) ²³	
Springfield	15%	
Impress (CB)	25%	40%
	PEL 424	
DLS (513)		40%
	ex PEL 513 ²⁴	
Ambassador		47.5%
	PEL 570	
BPT		50%
	PEL 630	
GAOG		40%
	ex PEL 632 ²⁵	
Delhi		12.86%
	Reg Sprigg West Unit	
BPT	15%	
DLS Gas	30%	
GAOG	45%	90%
	PRL 26 (Udacha Unit)	
BPT	15%	
DLS Gas	30%	
GAOG	45%	90%
	GSEL 645 (ex Udacha Unit)	
Delhi		17.14%
	Patchawarra East ²⁶	
Delhi		20.21%
	Fixed Factor Agreement ²⁷	
Delhi		20.21%
	SA Unit	
Otway - South Australia		
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		
BPT	GEL 156	21%
Otway - Victoria		
BPT	PPL 6 (McIntee Gas Field)	10%
BPT	PPL 9 (Lavers Gas Field)	10%
BPT	PRL 1 (Buttress North)	10%
Maw	PEP 150	50%
BPT	PEP 168	50%
BPT	PEP 171	75%
Browse - Western Australia		
BPT	WA-281-P	7.34%
Carnarvon - Western Australia		
BPT	WA-48-R (Hurricane) ²⁸	0%
Bonaparte - Northern Territory		
BPT (NT)	55%	
TOAG	45%	100%
	EP 126	
Canterbury - New Zealand		
BPT (NZ)	PEP 52717	50%
Northern Taranaki Graben - New Zealand		
BPT (NZ)	PEP 57080	50%

- The Naccowlah Block consists of ATP 1189 ex ATP 259 (Naccowlah) and PLs 23-26, 35, 36, 62, 76-79, 82, 87, 105, 133, 149, 175, 181, 182, 189, 287, 302, 495 and 496. Note sub-leases of PLs (gas) to SWQ Unit.
- 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.
- The Aquitaine B Block consists of ATP 1189 ex ATP 259 (Aquitaine B) and PLs 59 - 61, 81, 83, 85, 97, 106, 108, 111, 112, 132, 135, 139, 147, 151, 152, 155, 205, 207/1014, 288, PLA 508, 509 and 1013. Note sub-leases of part of PLs (gas) to SWQ Unit.
- The Aquitaine C Block consists of ATP 1189 ex ATP 259 (Aquitaine C) and PLs 138 and 154.
- 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.
- 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, PLA 497, 502 and PLA 513. Note sub-leases of part of PLs (gas) to SWQ Unit.
- 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 PLA 1016. Note sub-leases of part of PLs (gas) to SWQ Unit.
- The Tintaburra Block consists of ATP 299 (Tintaburra) and PLs 29, 38, 39, 52, 57, 95, 169, 170, 293, 294, 295 and 298.
- 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.
- ATP 549W and ATP 549C are references to parts of the area covered by ATP 549 held by Australian Gasfield Limited. Drillsearch is party to contractual arrangements whereby the area covered by permit ATP 549 is proposed to be segregated into three separate permits (including permits covering the areas known as ATP 549W and ATP 549C). Drillsearch is not a holder of a registered interest in ATP 549.
- ATP 783 is subject to regulatory approval.
- ATPs 920 and 924 are subject to satisfaction of a condition precedent and regulatory approval.
- 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.
- 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.
- ex PEL 101 consists of PRLs 173 and 174.
- ex PEL 103 consists of PRLs 14, 17, 18, 180 and 181.
- ex PEL 103A consists of PRL 182.
- ex PEL 106 consists of PRLs 129 and 130.
- ex PEL 107 consists of PRLs 175, 176, 177, 178 and 179.
- ex PEL 104/111 consists of PRLs 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149 and 150.
- ex PEL 182 consists of PRL 135.
- 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.
- ex PEL 218 (Post Permian) consists of Post Permian section of PRLs 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48 and 49. Registered interest is 66.67%. Assignment of 23.28% subject to completion of assignment documentation and regulatory approval.
- ex PEL 513 consists of PRLs 191 and 206.
- ex PEL 632 consists of PRLs 131, 132, 133 and 134.
- Patchawarra East consists of PRLs 26, 76, 77, 118, 121-123, 125, 131, 136, 147, 152, 156, 158, 167, 182, 187, 194, 201 and 229.
- The Fixed Factor Agreement consists of PRLs 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.
- Withdrawn. Subject to assignment documentation and regulatory approval.

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Subsidiary Company

Acer	Acer Energy Pty Ltd
Ambassador	Ambassador Exploration Pty Ltd
ADE	Adelaide Energy 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
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

PEL 630

Tenements Divested

North Shadwan-1 Development Lease (377), North Shadwan-2 Development Lease (385), North Shadwan-3 Development Lease, El Qa'a Plain, Mesaha Graben Concession, Abu Sennan Concession, Abu Sennan-1 Development Lease (Al Jahraa Field), Abu Sennan-2 Development Lease (El Salmiya Field), Abu Sennan-3 Development Lease (ASA Field), Abu Sennan-4 Development Lease (Al Qasdsiya Field), Al Ahmadi Development Lease (ZZ Field, Almadi Field), ATP 732, PL 31 (Bodalla South Oil Field), PL 32 (Kenmore Oil Field), PL 47 (Black Stump Oil Field), ATP 269 (Glenvale/Bargie JV), ATP 269 (Coolum/Byrock JV), Lake Tanganyika South, Vic/L26, Vic/L27, Vic/L28, T/49P, ATP 783, ATP 920, ATP 924, ATP 855

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SHAREHOLDER INFORMATION

Beach Energy Limited

Share details – Distribution as at 7 September 2017

Range of shares	Number of shareholders Fully paid ordinary shares
1 - 1,000	5,190
1,001 - 5,000	8,908
5,001 - 10,000	4,786
10,001 - 100,000	7,994
100,001 Over	712
Total	27,590
Shareholders with non-marketable parcels	3,708

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.

Twenty largest shareholders as at 7 September 2017

Rank		Fully Paid Ordinary Shares	%
1.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	355,563,683	18.98
2.	NETWORK INVESTMENT HOLDINGS PTY LTD	331,968,713	17.72
3.	CITICORP NOMINEES PTY LIMITED	213,838,398	11.41
4.	J P MORGAN NOMINEES AUSTRALIA LIMITED	211,505,712	11.29
5.	NATIONAL NOMINEES LIMITED	67,442,786	3.60
6.	NETWORK INVESTMENT HOLDINGS PTY LTD	34,127,698	1.82
7.	UBS NOMINEES PTY LTD	26,843,311	1.43
8.	BNP PARIBAS NOMS PTY LTD <DRP>	21,192,940	1.13
9.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	19,215,912	1.03
10.	NETWORK INVESTMENT HOLDINGS PTY LTD	18,742,950	1.00
11.	ZERO NOMINEES PTY LTD	17,063,768	0.91
12.	NETWORK INVESTMENT HOLDINGS PTY LTD	14,172,317	0.76
13.	BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	12,592,327	0.67
14.	BNP PARIBAS NOMS PTY LTD <UOB KAY HIAN PRIV LTD DRP>	10,554,740	0.56
15.	AMP LIFE LIMITED	7,391,720	0.39
16.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED – A/C 2	6,573,589	0.35
17.	CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	6,314,048	0.34
18.	MR ROBERT LEE PETERSEN	5,858,168	0.31
19.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	4,337,985	0.23
20.	AYERSLAND PTY LTD	3,784,208	0.20
	Top 20 Holders of Fully Paid Ordinary Shares	1,389,084,973	74.13
	Remaining Holders Balance	484,727,511	25.87
	Total	1,873,812,484	100.00

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CORPORATE INFORMATION

Annual meeting

The annual meeting will be held as follows:

Place Adelaide Convention Centre
North Tce, Adelaide SA 5000

Date Thursday 23 November 2017

Time 10.30 AM

Approximate date the Annual Report will be available 20 October 2017

CORPORATE DIRECTORY

Chairman

Glenn Davis
LLB, BEc, FAICD
Independent non-executive

Deputy Chairman

Colin Beckett
FIEA, MICE, GAICD
Independent non-executive

Directors

Philip Bainbridge
BSc (Hons) (Mechanical Engineering), MAICD
Independent non-executive

Fiona Bennett
BA (Hons), FCA, FAICD, FIML
Independent non-executive

James McKerlie
BEc, Dip Fin Mgt, FCA, FAICD
Independent non-executive

Peter Moore
PhD, BSc (Hons), MBA, GAICD
Independent non-executive

Richard Richards
BComm/Law (Hons), LL.M, MAppFin
Non-executive

Ryan Stokes
BComm, FAIM
Non-executive

Company Secretary

Catherine Oster
BA (Jurisprudence), LL.M (Corporate & Commercial),
FGIA, FCIS
General Counsel and Company Secretary

Registered Office

25 Conyngham Street
Glenside SA 5065

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

KPMG
151 Pirie 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

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