



ASX Announcement

Beach expands Cooper Basin portfolio

Reference #037/20

Date

3 November 2020

Highlights

- Beach to acquire Senex Energy's Cooper Basin portfolio of assets
- Following completion, Beach to be sole operator in the Western Flank and associated infrastructure
- Consideration is \$87.5 million cash with an effective date of 1 July 2020
- Acquisition includes 6.8 MMboe of 2P reserves and forecast FY21 production of ~0.6 MMboe
- Extensive exploration portfolio includes more than 10 drill-ready prospects
- Acquisition is immediately earnings accretive, with \$5 million per annum of synergies identified

Beach Energy Limited (ASX: BPT, "Beach") is pleased to announce it has executed an Asset Sales Agreement ("ASA") with Senex Energy ("Senex") to acquire Senex's Cooper Basin assets (the "Assets") for a cash consideration of \$87.5 million (the "Transaction").

The acquisition sees Beach expand on its comprehensive South Australian Cooper Basin portfolio after picking up a material acreage position from Senex (10,876 km² gross). As an existing equity holder in many of the key permits, Beach already has in depth knowledge of the key assets and plays.

Beach Managing Director Matt Kay said he was pleased to make the acquisition as it would enable the company to apply its exploration, appraisal and development expertise across a broader footprint.

"From a Beach perspective this was a logical acquisition given our proven track record of extracting value from permits we operate, combined with the fact we are building on our extensive position in the Western Flank across the South Australian Cooper Basin," Mr Kay said.

"The transaction is immediately earnings accretive for shareholders, with initial estimates pointing to approximately \$5 million in annual operating cost savings, expected to be realised in the first year post acquisition."

"Pleasingly, the new acreage contains more than 10 drill-ready oil and gas prospects, providing additional upside potential. These prospects will be integrated into our growth portfolio as drilling candidates from FY22."

The transaction sees Beach become the sole Western Flank operator, delivering material synergies through the simplification of Western Flank field operations and enabling Beach to apply its proven technical capabilities to explore, appraise, develop and produce the reserves and resources.

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Nik Burns, Investor Relations Manager

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In addition, the Transaction will see Beach take 100% ownership of Western Flank infrastructure, including the Growler to Lycium Flowline System (“GLFS”) and the Lycium to Moomba Flowline System (“LMFS”).

Beach believes the acquisition will also unlock significant value creation opportunities. These include:

1. **Consolidation of field operations and reduction in corporate overheads.** As a proven low-cost operator, Beach will look to consolidate and simplify field operations across all operated assets within the Cooper Basin. Initial estimates point to approximately \$5 million in annual operating cost savings, expected to be realised in the first year post acquisition.
2. **Application of Beach’s proven approach to appraisal and development.** Beach has applied new thinking to its Western Flank operations, resulting in a doubling of 2P Estimated Ultimate Recovery over the past 4 years and the doubling of operated oil production over the past 2 years. Beach will apply this approach to Senex’s Assets following completion of the Transaction.
3. **Exploration upside.** The extensive exploration portfolio provides opportunities for Beach to apply its technical expertise, which has been developed and successfully applied in its existing operated acreage. Focus areas will include the prospective Birkhead oil play, the southern portion of the Western Flank (covered by the recently acquired Westeros 3D seismic) and multiple Patchawarra gas prospects adjacent to the Gemba gas discovery. More than 10 drill ready prospects have already been identified within the newly acquired acreage.

The Transaction remains subject to a number of conditions precedent, including relevant regulatory approvals. Settlement is expected to occur in the March 2021 quarter (or earlier), with an adjustment made to the acquisition price based on cash flows from 1 July 2020 to the settlement date. The acquisition will be funded from existing cash and debt facilities.

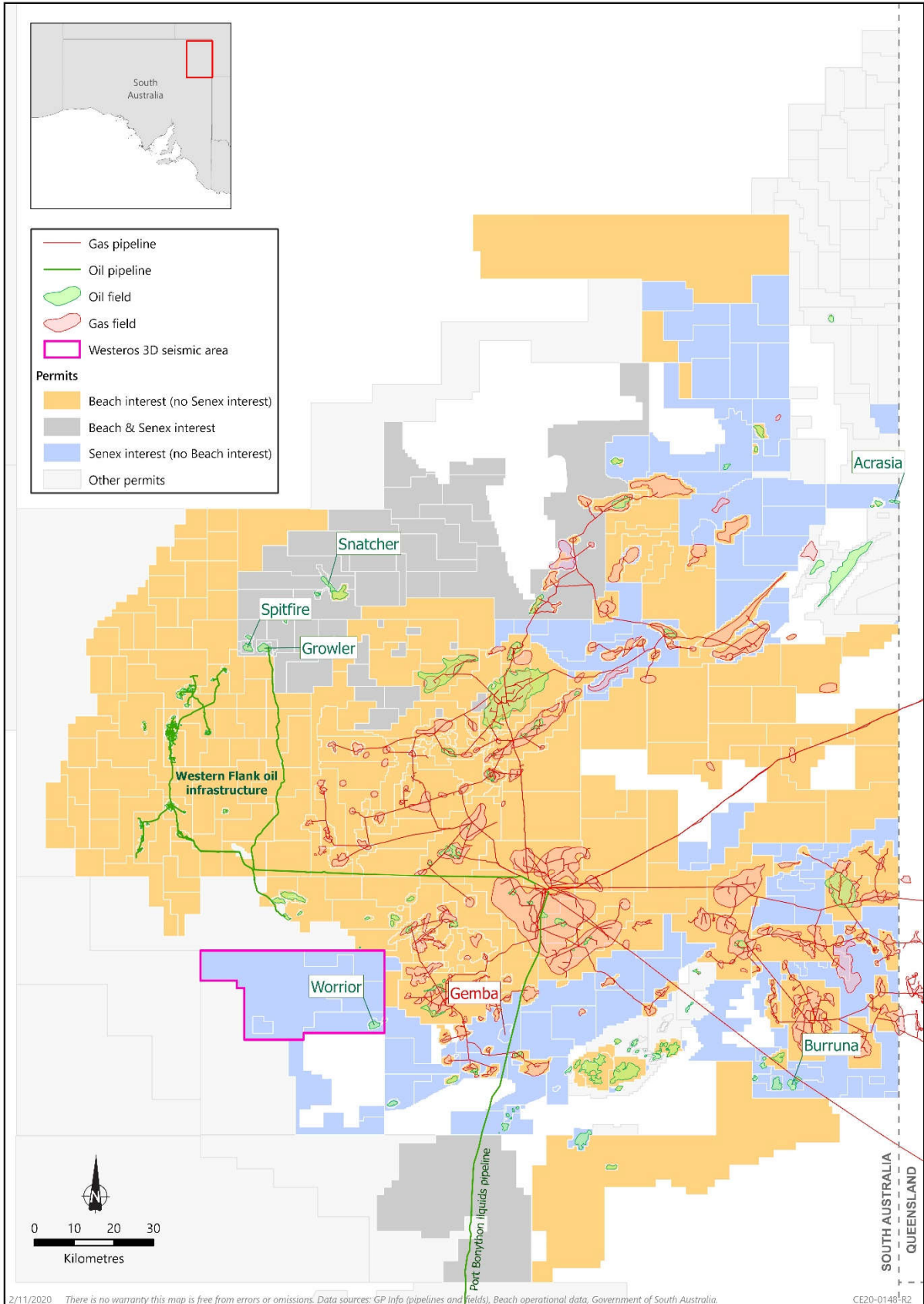
Beach will update FY21 full year guidance following completion of the acquisition.

Overview of assets acquired

A map of the acquired assets and licences can be found in the appendix. The acquisition includes:

- All of Senex’s Cooper Basin assets, covering 10,876 km² gross, including:
 - A 60% operated interest in ex PEL 104 and ex PEL 111, including the Growler, Snatcher and Spitfire oil fields and associated infrastructure. Beach’s interest in these permits will be 100% following completion.
 - A 60% operated interest in the GLFS and a 40% interest in the LMFS. Beach’s interest in these assets will be 100% following completion.
 - A 100% operated interest in PPL 270, containing the producing Gemba gas field.
 - A 70% operated interest in PPL 207, containing the producing Worrior oil field.
- Forecast FY21 production of ~0.6 MMboe.
- 2P reserves additions of:
 - 4.6 MMboe oil.
 - 2.2 MMboe gas and gas liquids.

Appendix: Map of South Australian Cooper Basin acreage



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Authorisation

This release has been authorised for release by Matt Kay, Managing Director and CEO of Beach Energy.

Notes on reserves and resources

Beach prepares its petroleum reserves and contingent resources estimates in accordance with the 2018 update to the Petroleum Resources Management System (PRMS) published by the Society of Petroleum Engineers.

The reserves and resources information in this release is based on, and fairly represents, information and supporting documentation prepared by, or under the supervision of, Mr David Capon (General Manager Development - Victoria, New Zealand and NT). Mr Capon is a full time employee of Beach Energy Limited and has a BSc (Hons) degree from the University of Adelaide and is a member of the Society of Petroleum Engineers. He has in excess of 25 years of relevant experience. The reserves and resources information in this release has been issued with the prior written consent of Mr Capon as to the form and context in which it appears.

Beach confirms that it is unaware of any new information, data, changes to assumptions or technical parameters that materially impacts on reserves and resources that were reported in Beach's 2020 annual report, released to the ASX on 17 August 2020.

Conversion factors used to evaluate oil equivalent quantities are sales gas and ethane: 5.816 TJ per kboe, LPG: 1.398 bbl per boe, condensate: 1.069 bbl per boe and oil: 1 bbl per boe. The reference point for reserves determination is the custody transfer point for the products. Reserves are stated net of fuel, flare & vent and third party royalties.