



ASX Announcement

Waitsia Gas Project Stage 2 Reaches FID

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Date

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Highlights

- The Waitsia Joint Venture (WJV) has made a Final Investment Decision (FID) for the Waitsia Gas Project Stage 2 development, subject to certain regulatory approvals and commercial conditions.
- The WJV has finalised and signed key commercial agreements with the North West Shelf Project participants (NWSPP), the State of Western Australia and the Australian Gas Infrastructure Group (AGIG).
- The WJV and Woodside Burrup Pty Ltd, with gas from the Pluto fields, become the inaugural third parties to sign binding commercial access agreements with the NWSPP.
- First equity Liquefied Natural Gas (LNG) sales from Waitsia Stage 2 are expected to commence in H2 CY23.
- Total capital expenditure to first production of A\$350 – 400 million net to Beach, fully funded from the Company's existing cash flows and facilities.
- In alignment with the Government of Western Australia policy, approximately 60% of the project's greenhouse gas (GHG) emissions are planned to be reduced or offset during the project's life.

Beach Energy Limited (ASX: BPT, Beach) has announced that the Waitsia Joint Venture (BPT: 50%, AWE Perth Pty Ltd, a related body corporate of Mitsui E&P Australia (MEPAU): 50% and operator) has taken FID and committed initial funding for the 250TJ per day Waitsia Gas Project Stage 2 development in the onshore Perth Basin, with full funding to be committed upon resolution of certain regulatory approvals and commercial conditions, which are expected to be satisfied in Q3 FY21.

The WJV has executed and entered into key commercial and State Government agreements, including:

- A Domestic Gas Commitment Agreement (DCA) and Project Development Deed with the State of Western Australia;
- A Gas Processing Agreement, Tie-in Agreement, Product Allocation Agreement and Lifting and Offtake Agreements with the NWSPP; and
- A Gas Transportation Agreement with AGIG, owner and operator of the Dampier to Bunbury Natural Gas Pipeline (DBNGP).

The Waitsia Gas Project Stage 2 development will also deliver an emissions reduction profile, reducing or offsetting all reservoir GHG emissions (approximately 60% of the project's total emissions) from the commencement of production the second half of 2023.

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Beach Energy Managing Director Matt Kay said the approval of the project delivers on a core element of Beach's five-year growth strategy aimed at delivering annual production of more than 37MMboe by FY25.

"The sanctioning of Waitsia Stage 2 is an important milestone for Beach, being one of our most significant growth targets over recent years" Mr Kay said.

"Waitsia is a world class, low cost, onshore gas resource and we are thrilled to be growing the Beach portfolio in Western Australia. The Waitsia development delivers further value to our shareholders initiated from the acquisition of Lattice Energy in 2018."

"We believe the project offers material value to Beach's shareholders and, through the agreement to export through the North West Shelf facilities, makes Beach an LNG player for the first time in the Company's 60-year history."

"In addition to royalties, Waitsia will deliver approximately two hundred jobs for Western Australians through the development of our resources, construction of the new gas facility and its ongoing production."

"The Beach and Mitsui teams have worked tirelessly over the past two years to deliver this important achievement, which drives us towards delivering on our production target of greater than 37MMboe by FY25."

Waitsia Gas Project Stage 2 overview

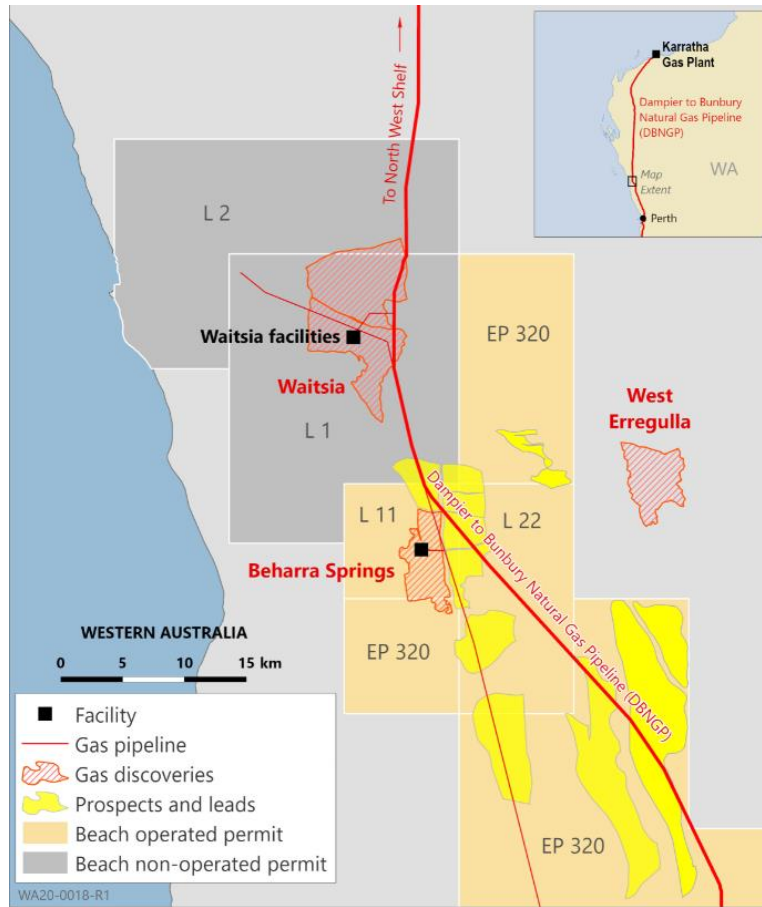
The development involves the drilling of up to six wells, construction of a new 250TJ per day gas processing facility, planned with preferred contractor Clough, and associated gas gathering infrastructure. Total capital expenditure to first production is expected to be within the range of A\$700 – 800 million (A\$350 – 400 million net BPT) (real terms 2020), with funding to be supported from the Company's operating cash flows and facilities.

The Gas Processing Agreement and related agreements signed with the NWSPP will enable up to approximately 1.5 million tonnes of LNG per annum (gross) (0.75 million tonnes of LNG per annum net BPT) of Waitsia gas to be tolled and processed into LNG through the NWS facilities in Karratha between the second half of 2023 and the end of 2028. The WJV participants will each market their respective LNG equity interest independently of the NWSPP.

Delivery of gas to the NWS facilities will occur via the DBNGP. The pipeline connection between the Waitsia facilities to the DBNGP is already in place, following its construction as part of the Waitsia Gas Project Stage 1 expansion, announced in July 2019.

The WJV has also entered into a DCA with the State of Western Australia, which includes the approval to export up to 7.5 million tonnes of LNG until the end of calendar year 2028. The DCA also specifies the WJV domestic gas marketing obligation of 20TJ per day during the export period, which the WJV are currently meeting through their existing gas sales from the Waitsia Gas Project Stage 1 facilities (Xyris gas processing facility).

Perth Basin location map



Asset interest

Asset	Mitsui E&P Australia	Beach
Waitsia Gas Project (L1/L2)	50.0%*	50.0%

*Denotes operator

Authorisation

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

Disclaimer

This ASX Release contains forward looking statements that are subject to risk factors associated with oil, gas and related businesses. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results or trends to differ materially, including, but not limited to: price fluctuations, actual demand, currency fluctuations, drilling and production results, reserve estimates, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, economic and financial market conditions in various countries and regions, political risks, project delays or advancements, approvals and cost estimates.

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