Media Release

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Beach increases production guidance and drilling activity at reduced cost

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Beach Energy's second quarter results for FY17 continue to demonstrate the company's business model is delivering strong results, with an increase in production guidance and drilling activities; and further operational cost savings announced today.

Beach announced a record half year production of 5.5 MMboe, and has increased its FY17 production guidance to 10.3 – 10.7 MMboe (previously 9.7 – 10.3 MMboe).

During the first half of FY17, Beach drilled 24 wells and achieved an 88% success rate.

In PEL 91 on the Western Flank, a further two oil discoveries were made during the past quarter with the September-1 and Osmanli-1 discoveries.

Subsequent to quarter-end development work also progressed in PEL 91 with production facilities for the Kangaroo-1 Birkhead oil discovery installed and the well now on extended production test.

Despite announcing an increase in the FY17 drilling program of a further eight additional wells, ongoing efficiency measures have reduced the FY17 capital expenditure guidance to be within the range of $170 - $185 million (previously $180 – 200 million).

Chief Executive Officer Matt Kay said that he is pleased with the strong financial and field operating performance to date in FY17.

"The quarter results have strengthened the company's performance at the half year mark by delivering record half year sales volumes of 6.4 MMboe, which is 25% higher than the previous corresponding period last year," Mr Kay said.

"Our strong operational performance has allowed us to increase our production guidance for the financial year.

"An additional eight wells will be added to our drilling program, bringing the expected FY17 total number of wells to 58.

"Importantly, given efficiencies across the business, we are confident of delivering this increased program at below our initial capital cost guidance.

"I am also pleased to announce today that our Western Flank operated field costs are now below $3.00 per barrel of oil equivalent, down more than 20% year-to-date.

"Furthermore, the SACB JV is delivering operating cost savings and is on track to beat our full year cost reduction guidance of 15%.

"As a result of improved operating performance and an improvement in realised oil prices, our cash reserves increased by $55 million during the quarter to $298 million and we now have approximately $650 million of available liquidity," Mr Kay said.

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