

Notice of 2020 Annual General Meeting

Due to Federal and State Government restrictions regarding gatherings in light of COVID-19 Beach Energy Limited (Beach) will hold its 59th Annual General Meeting virtually on Wednesday, 25 November 2020 at 10:30 am (ACDT) using the Lumi software platform at web.lumiagm.com/365267843. Registration will open from 10.00 am (ACDT).

Agenda

Ordinary Business

Financial Statements

To receive and consider the financial statements and the reports of the directors and auditors for the financial year ended 30 June 2020.

These statements and reports can be viewed in the Annual Report.

Note: There is no requirement for shareholders to approve the financial statements and reports and accordingly no resolution will be put to shareholders regarding this item of business.

Resolution 1

-Adoption of Remuneration Report

To consider and put to a non-binding vote the following ordinary resolution:

That, for the purposes of section 250R(2) of the Corporations Act, the remuneration report for the financial year ended 30 June 2020, as set out in Beach's 2020 Annual Report, be adopted.

Voting exclusion statement (Corporations Act)
Beach will disregard any votes cast on resolution 1:

- by or on behalf of a member of the Key Management Personnel (KMP), details of whose remuneration are included in the Remuneration Report, or a Closely Related Party of a member of the KMP, in any capacity; or
- as a proxy by a person who has become a Closely Related Party of a member of the KMP by the time of the Annual General Meeting, or by any Closely

Related Party of a member of the KMP,

unless the vote is cast as a proxy for a person who is entitled to vote on resolution 1 and:

- the vote is cast in accordance with directions on the Proxy Form specifying how the proxy is to vote, rather than
- the vote is cast by the Chair and the Proxy Form authorises him to vote as he decides on resolution 1 even though the resolution is connected with the remuneration of KMP.

Resolution 2

- Re-election of Glenn Davis as a director

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

That Glenn Davis, who retires by rotation pursuant to clause 6.1 of the Constitution and ASX Listing Rule 14.4 and, being eligible, offers himself for re-election, is re-elected as a director of Beach.

Resolution 3

- Re-election of Richard Richards as a director

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

That Richard Richards, who retires by rotation pursuant to clause 6.1 of the Constitution and ASX Listing Rule 14.4 and, being eligible, offers himself for re-election, is re-elected as a director of Beach.

Special Business

Resolution 4

- Approval of the issue of securities to Matthew Kay under the Beach 2019 Short Term Incentive Offer

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, the issue of 95,111 performance rights to acquire fully paid ordinary shares in Beach to Matthew Kay under the Executive Incentive Plan (as part of the Beach 2019 Short Term Incentive Offer) upon the terms set out in the Explanatory Statement be approved.

Voting Exclusion Statement (ASX Listing Rules)

In accordance with the ASX Listing Rules, Beach will disregard any votes cast in favour of resolution 4 by or on behalf of Mr Kay and any of his Associates, being the only director eligible to participate in the Beach Executive Incentive Plan.

However, this does not apply to a vote cast in favour of this resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Voting Exclusion Statement (Corporations Act)

In addition, in accordance with the Corporations Act, Beach will disregard any votes cast on resolution 4 by Beach's KMP, details of whose remuneration are included in the Remuneration Report, or by any Closely Related Party of a member of the KMP acting as a proxy.

However, Beach need not disregard a vote on resolution 4 if it is cast:

- by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, rather than
- by the Chair as proxy for a person who is entitled to vote in accordance with a direction on the Proxy Form to vote as the Chair decides.

If you appoint the Chair as your proxy on resolution 4 and the proxy is not directed, you expressly authorise the Chair to cast your vote on this resolution as he decides even though this resolution is connected with the remuneration of KMP.

Resolution 5

- Approval of the issue of securities to Matthew Kay under the Beach 2020 Long Term Incentive Offer

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, the issue of performance rights to acquire fully paid ordinary shares in Beach to Matthew Kay under the Executive Incentive Plan (as part of the Beach 2020 Long Term Incentive Offer) upon the terms set out in the Explanatory Statement (including the formula for determining the number of performance rights) be approved.

Voting Exclusion Statement (ASX Listing Rules)

In accordance with the ASX Listing Rules, Beach will disregard any votes cast in favour of resolution 5 by or on behalf of Mr Kay and any of his Associates, being the only director eligible to participate in the Beach Executive Incentive Plan.

However, this does not apply to a vote cast in favour of this resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Voting Exclusion Statement (Corporations Act)

In addition, in accordance with the Corporations Act, Beach will disregard any votes cast on resolution 5 by Beach's KMP, details of whose remuneration are included in the Remuneration Report, or by any Closely Related Party of a member of the KMP acting as a proxy.

However, Beach need not disregard a vote on resolution 5 if it is cast:

- by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- by the Chair as proxy for a person who is entitled to vote in accordance with a direction on the Proxy Form to vote as the Chair decides.

If you appoint the Chair as your proxy on resolution 5 and the proxy is not directed, you expressly authorise the Chair to cast your vote on this resolution as he decides even though this resolution is connected with the remuneration of KMP.

Resolution 6

- Resolutions requisitioned by a group of shareholders

The following resolutions are NOT SUPPORTED by the Board:

Resolution 6(a)

- Amendment to the Constitution

To consider and, if thought fit, pass the following resolution as a special resolution:

To amend the constitution to insert beneath Clause 5 'General meetings' the following new sub-clause:

"The company in general meeting may by ordinary resolution express an opinion or request information about the way in which a power of the company partially or exclusively vested in the directors has been or should be exercised. However, such a resolution must relate to a material risk as identified by the company and cannot either advocate action that would violate any law or relate to any personal claim or grievance. Such a resolution is advisory only and does not bind the directors or the company."

Note: Resolution 6(a) is proposed as a special resolution and requires approval of 75% of votes cast by shareholders entitled to vote on the resolution.

Resolution 6(b)

- Capital Protection

Shareholders request the company disclose, in subsequent annual reporting, a plan that demonstrates how the company will wind up its oil and gas production assets and operations in a manner consistent with the climate goals of the Paris Agreement.

This plan should include:

- Details of how the company's capital expenditure will facilitate the efficient wind up of oil and gas operations and assets in a timeframe consistent with the Paris goals;
- Production guidance for the lifetime of oil and gas assets that is consistent with the Paris goals;
- Plans for decommissioning and rehabilitating asset sites at the end of their Paris-aligned lifetimes;

- Plans for how employees of the company will be informed of asset closures, and employee transition plans, including any compensation for job losses, training and support in seeking future employment; and
- Details of how remaining capital in the company will be returned to investors.

Note: Resolution 6(b) is an "advisory resolution" and will only be put at the meeting if Resolution 6(a) is passed by special resolution. If Resolution 6(a) is not passed, this item will not be put to the meeting. However, Beach intends to allow a reasonable opportunity for Shareholders to ask questions on the subject matter of this item.

The resolutions in items 6(a) and 6(b) were proposed by a group of shareholders holding approximately 70,444 or 0.00309% of Beach's ordinary shares. The Board has considered the requisitions and supporting statements put forward.

The Board unanimously recommends that shareholders vote against items 6(a) and 6(b) for the reasons set out on pages 13 to 16 of this Notice. The Chair intends to vote undirected proxies **AGAINST** resolutions 6(a) and 6(b).

By Order of the Board

Signed for and on behalf of Beach Energy Limited by:

Daniel Murnane

Company Secretary

19 October 2020

¹ As at the date of requisition, 24 August 2020.

Information for shareholders

In addition to this Notice of Meeting, Beach shareholders should visit www.beachenergy.com.au/agm for important information about our virtual meeting.

Virtual access to the meeting

Shareholders can participate in the meeting virtually from their computer or mobile device by entering the URL in their browser: web.lumiagm.com and entering the meeting ID 365-267-843.

To participate in the meeting virtually enter:

- 1. Your username, which is your SRN/HIN; and
- 2. Your password, which is the postcode registered to your holding if you are an Australian shareholder. Overseas shareholders should refer to the user guide (link below) for their password details.

Attending the meeting virtually enables shareholders to view the meeting live and to also vote and ask questions at the appropriate times whilst the meeting is in progress.

More information regarding participating in the meeting virtually, including browser requirements, is detailed in the 'Virtual Beach AGM User Guide' available at Beach's website www.beachenergy.com/agm.

How to vote

- 1. Voting on all items of business will be conducted by a poll.
- 2. A shareholder entitled to attend and vote at this meeting is entitled to appoint not more than two proxies to attend and vote instead of the shareholder.
- 3. Where more than one proxy is appointed, a shareholder may specify the percentage or number of votes each proxy may exercise. If the Proxy Form does not specify the percentage or number of votes each proxy may exercise, each proxy may exercise half of the shareholder's votes on a poll. Fractions will be disregarded.
- 4. A proxy need not be a shareholder of Beach.
- 5. A proxy form accompanies this Notice of

- Meeting and contains additional information.
- 6. If your proxy chooses to vote, he or she must vote in accordance with your directions. If you have directed your proxy to vote, and they fail to attend the meeting or they choose to not vote on a poll, then the Chair will vote your proxies as directed by you.
- 7. If you do not mark a box, your proxy may vote as they choose on that item. However, note that if the Chair is your proxy, you expressly authorise him to vote undirected proxies on resolutions 1, 4 and 5 even though the resolutions are connected directly or indirectly with the remuneration of a member of the KMP. The Chair intends to vote undirected proxies in favour of resolutions 1, 4 and 5. The Chair also intends to vote undirected proxies in favour resolutions 2 and 3.
- 8. Consistent with the unanimous recommendation of the Board, the Chair intends to vote undirected proxies against resolutions 6(a) and 6(b).
- 9. To be valid, duly completed Proxy Forms and any proxy appointment authorities under which a Proxy Form is signed, such as a power of attorney, must be received by Beach at an address specified on the Proxy Form no later than 48 hours before the time, in Adelaide, of the commencement of the meeting.
- 10. For the purpose of the meeting, shares in Beach will be taken to be held by those persons who are registered holders at 6:30pm (Adelaide time)/7:00pm (Sydney time) on Monday, 23 November 2020. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.
- 11. The Constitution provides that, if the number of shareholders entitled to vote is two or more, two shareholders present shall be a quorum for a general meeting of Beach.

Explanatory Statement to Notice of Annual General Meeting

Ordinary Business

Financial Statements

In accordance with section 317 of the *Corporations Act 2001* (Cth) (Corporations Act), the business of an annual general meeting must include the receipt and consideration of the financial statements and reports required by law for the past financial year. They are found in the Annual Report which is available for shareholders to access and can be downloaded from the Beach website beachenergy.com.au. If you would like to receive a hard copy of the Annual Report free of charge you can contact Beach's Share Registry on

1300 556 161 (inside Australia) or + 61 3 9415 4000 (outside Australia).

There is no requirement for shareholders to approve these statements or reports. During this item of business, the Chair will allow a reasonable opportunity to ask questions and make comments on these financial statements and reports. Ernst & Young conducted the audit of Beach for the last financial year. Ernst & Young has been invited to attend this meeting and Beach has been advised that a suitably qualified member of the audit team of Ernst & Young, who conducted the audit of Beach for the last financial year, will attend the meeting.

Shareholders as a whole will be allowed a reasonable opportunity at the meeting to ask the auditor's representative questions relevant to the conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted by Beach in the preparation of the financial statements and the independence of the auditor in relation to the conduct of the audit.

Shareholders who are entitled to vote at the meeting may submit a written question to the auditor that is relevant to the content of the auditor's report to be considered at the meeting or the conduct of the audit of the annual financial report to be considered at the meeting. In addition to the capacity to submit questions at appropriate times during the meeting,

written questions may also be submitted by sending them to Beach. Questions must be submitted no later than the fifth business day before the meeting is held. Shareholders can use the form accompanying this Notice of Meeting, see page 20.

Resolution 1 - Adoption of Remuneration Report

At the meeting, there will be reasonable opportunity for shareholders to ask questions about, or make comments on, the Remuneration Report. The Remuneration Report of Beach is included in the Annual Report and appears on pages 56 to 72 of the report. It is also available for shareholders to access and download from Beach's website beachenergy. com.au. The Remuneration Report sets out Beach's remuneration arrangements for its non-executive directors, executive director and senior executives.

The law requires that a resolution, that the Remuneration Report be adopted, be put to the vote at Beach's annual general meeting. The vote on the resolution is advisory only and does not bind the directors or Beach. However, the Board will take the outcome of the vote into consideration when reviewing the remuneration practices and policies of Beach.

Shareholders should also note that in accordance with the 'two strikes rule', the result of the vote on this item may affect next year's annual general meeting - if 25% or more of the votes cast on this resolution are 'against', a 'spill resolution' will be included in the 2021 notice of annual general meeting as required by the Corporations Act. A 'spill resolution' is a resolution proposing that an extraordinary general meeting of shareholders be called to consider the election of directors. If 25% or more of the votes cast on the remuneration resolution at the 2021 annual general meeting are against the remuneration resolution, shareholders would then be required to consider the 'spill resolution'. If 50% or more of the votes cast on the spill resolution are 'for', a further separate 'spill meeting' would need to be held within 90 days.

Beach received more than 98% of 'yes' votes on its remuneration report for the 2019 financial year. The Company did not receive any specific feedback at the 2019 annual general meeting on its remuneration practices.

The directors recommend that shareholders VOTE IN FAVOUR of resolution 1.

Resolutions 2 and 3 - Re-election of directors

Clause 6.1 of Constitution states that at each annual general meeting, one-third of the directors (not counting the managing director and any directors who have been appointed as an addition or to fill a casual vacancy since the last annual general meeting) must retire. Under ASX Listing Rule 14.4, a director (other than the managing director) must not hold office (without re-election) past the third annual general meeting following the director's appointment or 3 years, whichever is longer.

Mr Davis has served as a director since 6 July 2007 and was appointed deputy chairman in June 2009 and chairman in November 2012. Mr Davis has offered himself for re-election pursuant to clause 6.1 of the Constitution.

Mr Richards has served as a director since 4 February 2017 (he was appointed on that date and then elected by shareholders on 23 November 2017). Mr Richards is required to seek re-election pursuant to ASX Listing Rule 14.4.

In accordance with the policy of the Board, a review of Mr Davis and Mr Richards effectiveness as directors was considered by the Board prior to accepting their respective offers to stand for reelection as a director of Beach.

If resolutions 2 and 3 are not passed, Mr Davis and Mr Richards will cease to be directors of Beach following the closure of the Annual General Meeting.

A description of their experience, qualifications and competencies follows.

Glenn Davis

Independent non-executive chairman, LLB, Bec, FAICD

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

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

Richard Joseph Richards

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

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

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 Boral Limited, WesTrac, SGH Energy, is a Director and chair of the Audit and Risk Committee of Coates Hire Pty Limited, a Director and chair of the Audit and Risk Committee of KU Children Services (NFP) and a member of the Marcia Burgess Foundation Committee (DGR). He had held senior finance roles with Downer EDI, the Lowy Family Group and Qantas.

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

Beach entered into an agreement with SGH and associated corporations to agree protocols and other arrangements appropriate to the appointment of a director representing a large shareholder. There is also an agreement with SGH and Mr Richards and Mr Stokes, the other SGH nominee director to protect the confidential information of Beach, and address any potential conflicts of interest that may arise. It has also been agreed that if SGH, Network Investment Holdings Pty Ltd and WesTrac Holdings Pty Ltd's interest in Beach falls below 12.5%, SGH will procure the resignation of SGH Nominee directors if requested by Beach.

His special responsibilities include membership of the Audit Committee.

The directors (other than the relevant director for their own re-election) recommend the re-election of Mr Davis and Mr Richards as directors.

Special Business

Resolution 4

 Approval of the issue of 95,111 performance rights to Matthew Kay under the Executive Incentive Plan as part of the Beach 2019 Short Term Incentive Offer.

Beach has an Executive Incentive Plan in place under which annual grants of short-term incentives are made. The Short-Term Incentive (STI) is designed to reward selected Beach Group employees for achieving annual performance measures.

The Beach 2019 STI offer made to Mr Kay was structured to reward Mr Kay through a combination of both cash and performance rights. Mr Kay met some of the performance measures for the 2019 STI offer and as a result Beach wishes to issue performance rights to Mr Kay, subject to obtaining shareholder approval.

Under the 2019 STI offer, if performance conditions are met over the 12-month performance period commencing on 1 July 2019 to 30 June 2020:

- 50% of the award will be delivered by way of a cash reward; and
- the other 50% will be delivered by way of a grant of performance rights which vest subject to further service conditions.

Based on FY20 performance, the cash reward will equal \$143,808 and the value attributable to the performance rights equals \$143,808.

Beach has chosen to grant performance rights for the following reasons:

- to align Mr Kay's reward with shareholders' interests by payment in equity linked to Beach's performance; and
- to incentivise Mr Kay to continue providing ongoing dedicated services to Beach.

ASX Listing Rule 10.14 provides that a listed company must not permit any of the following persons to acquire equity securities under an employee incentive scheme:

- director of the company (ASX Listing Rule 10.14.1);
- an Associate of a director of the company (ASX Listing Rule 10.14.2); or
- a person whose relationship with the company or a person referred to above is such that, in ASX's opinion, the acquisition should be approved by its shareholders (ASX Listing Rule 10.14.3),

unless it obtains the approval of its shareholders. As Mr Kay is a director of Beach, the issue of the performance rights falls within ASX Listing Rule 10.14.1. Accordingly, the acquisition by Mr Kay of performance rights requires shareholder approval under ASX Listing Rule 10.14.

If resolution 4 is passed, Mr Kay will be issued 95,111 performance rights. If resolution 4 is not passed, Beach will not be able to proceed with the issue to Mr Kay unless it issues the performance rights under the 2019 STI Offer pursuant to the exception to ASX Listing Rule 10.14 (which Beach would be able to do by issuing performance rights that may only be satisfied through the transfer of Beach securities acquired on-market). Any decision not to issue performance rights relying on that exception, or to provide alternative remuneration (such as a cash payment), may impact Beach's ability to incentivise Mr Kay and align his interest with those of the shareholders.

A brief overview of the proposed grant of performance rights, including the information required under ASX Listing Rule 10.15, is set out below. Mr Kays total current maximum remuneration package is \$2,507,684 comprised of \$1,202,864 as total fixed remuneration (which includes a 6 month reduction in base salary of 10%) and variable remuneration up to a maximum amount of \$1,304,820. Further details of Mr Kay's remuneration package are set out in the Remuneration Report on pages 56 to 72 of the Annual Report.

Testing of performance conditions

The performance measures are set by the Board and reflect the financial and operational goals of Beach over a 12-month period.

The Board tested the performance measures around the time of the release of the FY20 results. The outcome was that Mr Kay is entitled to a cash award and to be issued performance rights. Details of the outcome of the testing of the performance rights are set out below.

Gates	FY20 Measures for Gates	FY20
Total Shareholder Return	One-year Relative Total Shareholder Return against ASX200 Energy Total Return Index (Index Return) at the end of the Performance Period being 30 June 2020	Achieved
Return on Capital	Return on capital at the end of the Performance Period	Achieved

FY20 Measure	Weight	Performance and score
Production	15%	Beach's full year production was 26.7 MMboe. Score - threshold met.
Statutory NPAT	15%	In FY20 Beach delivered NPAT of \$501 million. Score - threshold not met.
Reserves Replacement	15%	Beach's reserves increased by 26 MMboe. Score - threshold met.
All in cost/boe	15%	Beach's all in cost/boe for FY20 was \$8.97. Score - threshold met.
Personal safety	5%	Beach achieved a total recordable injury frequency rate (TRIFR) of 3.7. Score - threshold not met.
Process safety	5%	Beach recorded one Loss of Primary Containment event during the year. Score - target met.
Environment	5%	Beach recorded two loss of hydrocarbon events in FY20. Score - threshold met.

Date of grant of performance rights

Subject to shareholder approval, the performance rights under the 2019 STI offer will be granted to Mr Kay soon after the Annual General Meeting but in any event will not be later than 3 months after the date of this meeting.

Vesting dates

The performance rights will vest according to the following schedule:

- in respect of 50% of the performance rights, 1 July 2021; and $\,$
- in respect of the balance of the performance rights, 1 July 2022.

Price payable on grant or vesting

No amount will be payable in respect of the grant or upon vesting of the performance rights.

Mr Kay will be granted 95,111 performance rights under the 2019 STI offer.

Maximum entitlement under STI offer

The number of performance rights was determined by dividing 50% of his STI entitlement by the value of the rights (which is \$1.512 per right being the volume weighted average price of a Beach share for the 5 consecutive trading days where Beach shares were traded up to and including 30 June 2020). This calculation has been undertaken by Beach internally without obtaining an independent verification.

Each performance right entitles the holder, upon vesting, to one fully paid ordinary share in Beach.

Are there any restrictions on trading of the shares once vested

Any shares issued upon vesting will be subject to a restriction on dealing until the day following the end of the 'black-out period' under Beach's Share Trading Policy which occurs immediately after the exercise of performance rights. They will then be subject to any other restrictions on trading contained in Beach's Share Trading Policy.

Cessation of employment

Fraud or dishonesty

Unless otherwise determined by the Board, any performance rights granted under the STI offer will generally lapse where Mr Kay ceases employment with the Beach group before the performance right has vested.

Where, in the opinion of the Board, a participant acts fraudulently or dishonestly or is in breach of his or her obligations to the Beach group, then the Board may:

- deem all or any awards of the participant which have not vested to have lapsed or been forfeited (as relevant); or
- deem all or any awards or shares (allocated in respect of an award) held by the participant to have lapsed or be forfeited; or
 - require the participant to repay all or part of any payment made upon the vesting of a cash reward; or
 - where shares that have been allocated to the participant upon vesting or exercise of an award are subsequently sold, require the participant to repay the net proceeds of such a sale to Beach.

Takeover, scheme of arrangement or winding up

The Board has discretion in the event of a takeover, scheme of arrangement or winding up to vest some or all the performance rights.

Mr Kay is the only director eligible to acquire performance rights under the Beach Executive Incentive Plan. Any additional persons covered by ASX Listing Rule 10.14 who become entitled to participate in the plan after this resolution is approved will not participate until approval is obtained under that rule.

Details of the performance rights to be granted to Mr Kay will also be published in Beach's annual report for the financial year ended 30 June 2021, along with a statement that approval for the issue was obtained under ASX Listing Rule 10.14.

Mr Kay has previously been issued a total of 2,081,374 performance rights under the Executive Incentive Plan as part of previous STI Offers and, in each case, no amount was paid by Mr Kay for the acquisition of the performance rights.

Other information

A summary of the material terms of:

- the Executive Incentive Plan can be found in Beach's 2016 notice of annual general meeting (on page 6); and
- the 2019 STI Offer can be found in the Annual Report (beginning on page 59),

in each case available on the ASX website by searching for Beach announcements under Beach's ticker code (ASX: BPT).

No other person referred to in ASX Listing Rule 10.14 has received securities under the Beach Executive Incentive Plan.

If approval is given under ASX Listing Rule 10.4, approval will not be required under ASX Listing Rule 7.1.

The directors (other than Mr Kay) recommend shareholders VOTE IN FAVOUR of resolution 4

Resolution 5

- Approval of the issue of securities performance rights to Matthew Kay under the Executive Incentive Plan as part of the Beach 2020 Long Term Incentive Offer

Approval is sought from shareholders for Mr Kay's participation in the 2020 long term incentive offer (LTI offer).

The Board views Beach's long term incentive and its performance based conditions for vesting of the rights issued under it as an appropriate link between a portion of an executive's remuneration and the generation of long term growth in shareholder value. The LTI offer will comprise a grant of performance rights.

Beach has chosen to grant performance rights for the following reasons:

- to align Mr Kay's reward with shareholders' interests by payment in equity linked to Beach's performance;
- to clearly link Mr Kay's reward to delivering against Beach's Purpose; and
- to provide an incentive to satisfy performance hurdles over a three year period which are measured across multiple factors important to shareholder value, and provide a counter balance for any tendency to focus on short term outcomes.

ASX Listing Rule 10.14 provides that a listed company must not permit any of the following persons to acquire equity securities under an employee incentive scheme:

- director of the company (ASX Listing Rule 10.14.1);
- an Associate of a director of the company (ASX Listing Rule 10.14.2); or

 a person whose relationship with the company or a person referred to above is such that, in ASX's opinion, the acquisition should be approved by its shareholders (ASX Listing Rule 10.14.3),

unless it obtains the approval of its shareholders. As Mr Kay is a director of Beach, the issue of the performance rights falls within ASX Listing Rule 10.14.1. Accordingly, the acquisition by Mr Kay of performance rights requires shareholder approval under ASX Listing Rule 10.14.

If resolution 5 is passed, Mr Kay will be issued performance rights, as calculated. If resolution 5 is not passed, Beach will not be able to proceed with the issue to Mr Kay unless it issues the performance rights under the 2020 LTI Offer pursuant to the exception to ASX Listing Rule 10.14 (which Beach would be able to do by issuing performance rights that may only be satisfied through the transfer of Beach securities acquired on-market). Any decision not to issue performance rights relying on that exception, or to provide alternative remuneration (such as a cash payment), may impact Beach's ability to incentivise Mr Kay and align his interest with those of the shareholders.

A brief overview of the proposed grant of performance rights, including the information required under ASX Listing Rule 10.15, is set out below. Mr Kays total current maximum remuneration package is \$2,507,684 comprised of \$1,202,864 as total fixed remuneration (which includes a 6 month reduction in base salary of 10%) and variable remuneration up to a maximum amount of \$1,304,820. Further details of Mr Kay's remuneration package are set out in the Remuneration Report on pages 56 to 72 of the Annual Report.

Each performance right entitles the holder, upon vesting, to one fully paid ordinary share in Beach.

The formula to calculate the number of performance rights to be granted is (Base Package x Max LTI% / Rights Value) where:

- Base Package = \$1,266,000; and
- Max LTI% = 100%.

Maximum entitlement under LTI offer

The Rights Value is the market value of a fully paid ordinary share in Beach at the date the performance rights are granted, which Beach has calculated, without an independent verification, to be an appropriate valuation for a performance right. Accordingly, the maximum number of performance rights to be issued will be a function of the Beach share price at the date the performance rights are granted. For example, assuming a Beach share price of 0.920 (the lowest price at which Beach shares were traded during the nine months to 1 October 2020), a maximum 1,376,087 performance rights would be issued ($1.266,000 \times 100\%$ / 0.920 = 1.376,087).

Date of grant of performance rights	If shareholder approval is obtained, it is expected that the performance rights under the LTI offer will be granted to Mr Kay in December 2020, and in any event, no later than three months after the date of this meeting.					
Performance period	The performance period is three years. For the LTI offer, the performance period commences on 1 December 2020 and ends on 30 November 2023. (Performance Period).					
	The performance condition is based on Beach's Total Shareholder Return (TSR) relative to the ASX200 Energy Total Return Index. The initial out-performance level is set at the Index return plus 5.5% compound annual growth rate (CAGR) over the three year performance period, such that:					
Performance condition	 < 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.					
Exercise period	Where the performance rights vest, they may be exercised at any time up to the 'Last Exercise Date' which in respect of the LTI offer is 30 November 2025. Any unexercised performance rights will lapse following the Last Exercise Date, subject to any earlier lapse occurring pursuant to the rules of the Plan.					
Price payable on grant or exercise	No amount will be payable in respect of the grant or upon exercise of the performance rights.					
Are there any restrictions on trading of the shares once exercised?	Any shares issued upon vesting will be subject to a restriction on dealing until the day following the end of the 'black-out period' under Beach's Share Trading Policy which occurs immediately after the exercise of performance rights. They will then be subject to any other restrictions on trading contained in Beach's Share Trading Policy.					
	In general, if Mr Kay ceases employment by reason of death, disability, bona fide redundancy or other reason approved by the Board he will be entitled to any performance rights that have vested prior to the date of cessation.					
Cessation of employment	The Board has discretion in relation to any performance rights that have not vested prior to cessation, including to determine that any unvested rights will be tested at the end of the performance period and vest on a pro rata basis to the extent that the performance condition has been satisfied (that is, having regard to the part of the performance period which has elapsed and to the degree to which the performance conditions have been achieved).					
	Any unvested performance rights will immediately lapse where a participant ceases employment by reason of resignation, dismissal for cause or for any other reason not approved by the Board.					
	Any vested performance rights will lapse unless they are exercised within 30 days from the date of cessation of employment (however if this occurs during a blackout period under Beach's Share Trading Policy, shares allocated on exercise will be subject to a restriction on trading until the end of that period).					

Mr Kay is the only director eligible to acquire performance rights under the Beach Executive Incentive Plan. Any additional persons covered by ASX Listing Rule 10.14 who become entitled to participate in the plan after this resolution is approved will not participate until approval is obtained under that rule.

Details of the performance rights to be granted to Mr Kay will also be published in Beach's annual report for the financial year ended 30 June 2021, along with a statement that approval for the issue was obtained under ASX Listing Rule 10.14.

Mr Kay has previously been issued a total of 4,026,147 performance rights under the Executive Incentive Plan as part of previous LTI Offers and, in each case, no amount was paid by Mr Kay for the acquisition of the performance rights.

Other information

A summary of the material terms of the Executive Incentive Plan can be found in Beach's 2016 notice of annual general meeting (on page 6) which is available on the ASX website by searching for Beach announcements under Beach's ticker code (ASX: BPT).

A summary of the material terms of the 2020 LTI Offer is set out above.

No other person referred to in ASX Listing Rule 10.14 has received securities under the Beach Executive Incentive Plan.

If approval is given under ASX Listing Rule 10.4, approval will not be required under ASX Listing Rule 7.1.

The directors (other than Mr Kay) recommend shareholders VOTE IN FAVOUR of resolution 5

Resolution 6

- Resolutions requisitioned by a group of shareholders

6(a) Special Resolution

- Amendment to the Constitution

Pursuant to section 249N of the Corporations Act, a group of shareholders holding approximately 70,444 or 0.00309% of Beach's shares² has proposed the resolution under item 6(a). In addition, the group of shareholders has requested that the statement set out in Appendix 1 to this Notice of Meeting be provided to shareholders.

The Board's Response

The Board values engagement with our shareholders and respects the rights of all shareholders to propose resolutions for consideration by shareholders. The requisitioned resolution proposes to amend the Constitution, which would allow for resolutions passed by an ordinary resolution to either express an opinion or request information about the way in which a power partially or exclusively vested in the Board has or should be exercised.

The Board does not consider this amendment to be in the best interests of Beach as a whole and recommends that shareholders vote against this resolution for the reasons set out below.

Beach, led by its Board has a proven track record of listening, understanding and reacting to the views of shareholders and the communities in which we have a social licence to operate.

The Board considers that approval of the proposed amendment would result in consequences detrimental to Beach by consuming its resources and undermining the authority and accountability of the directors who have been elected by shareholders.

Beach and the Board are committed to balancing, understanding and reacting to the sentiments of all shareholders and believes that effective means are already in place to allow for healthy and active debate about the future of Beach. The approval of the proposed amendment would not in and of itself improve shareholder engagement, but would rather magnify the voice of one group of shareholders over all others.

² As at the date of requisition, 24 August 2020.

Shareholders can already engage with Beach via investor centre, which allows for two-way communication. Shareholders can also access webcasts, videos, investor presentations, transcripts and other materials via the website.

At the annual general meeting, shareholders are encouraged to submit questions in advance of the meeting. The Chair also encourages questions and comments about Beach and its progress.

Additionally, the directors are of the view that the proposed resolution could adversely impact on the governance of Beach. The power to manage the business of the Company is conferred on the Board by the Constitution. It is important that the directors are able to make decisions using their business judgment about the business and affairs of the Company in the interests of all shareholders.

Ultimately, shareholders can hold directors to account for their decisions and actions by voting on the appointment and removal of directors.

For the reasons set out above, the Board recommends voting against the proposed resolution.

The directors recommend shareholders VOTE AGAINST resolution 6(a).

Note: Resolution 6(b) is an "advisory resolution" and will only be put at the meeting is Resolution 6(a) is passed by special resolution. If Resolution 6(a) is not passed, this item will not be put to the meeting. However, Beach intends to allow a reasonable opportunity for Shareholders to ask questions on the subject matter of this item.

6(b) Special ResolutionCapital Protection

Pursuant to section 249N of the Corporations Act, a group of shareholders holding approximately 70,444 or 0.00309% of Beach's shares has proposed the resolution under item 6(b). In addition, the group of shareholders has requested that the statement set out in Appendix 2 to this Notice of Meeting be provided to shareholders.

The Board's Response

Beach recognises that climate change is one of the global challenges of this century. Our strategy predominantly focuses on gas, which we believe will continue to play a key role in a low carbon future. In fact, natural gas will supply a quarter of the world's total energy demand by 2040, according to many International Energy Agency (IEA) scenarios⁴.

Natural gas is a fuel for the future as it enables the growth of renewable energy, providing the reliability and flexibility to deliver cleaner baseload power.

Despite this, Beach is committed to being part of the solution to meet the critical objectives of limiting greenhouse gas emissions while providing access to reliable and affordable energy.

Earlier this year our company purpose was updated to "Sustainably deliver energy for communities". This helps highlight our passion of delivering reliable and affordable energy in a sustainable manner.

As a member of the energy industry we have a role to play in managing our carbon emissions and we have already declared our intentions on this front through our '25 by 25' initiative, which declared a new mid-term five-year target to reduce emissions from our operations by 25 per cent relative to FY18 benchmarked levels (when Beach acquired Lattice Energy Limited). This reduction in greenhouse gas emissions will be achieved across Beach's assets through a combination of projects including electrification of the Bauer field, flare management plan, a Leak Detection and Repair (LDAR) programme, and other site-specific process efficiencies.

Furthermore, Beach tests its portfolio against a carbon price of up to \$50/tonne CO²e⁵ to ensure robust decision making in relation to the management of its assets. Beach will continue to monitor domestic and international regulatory and carbon markets development and revise its internal carbon pricing accordingly.

In our 2019 Sustainability Report, Beach disclosed the details of its scenario analysis work in which it stress tested the business against various climate scenarios.

Consistent with the requirements of the Task Force for Climate-Related Financial Disclosure (TCFD)

⁴ IEA (2018), World Energy Outlook 2018, IEA, Paris https://www.iea.org/reports/world-energy-outlook-2018

⁵ The carrying value of Australian producing assets was assessed against NPVs including a carbon pricing slope ranging from \$25/tCO2e and increasing to \$50/tCO2e by 2040 (real).

³ As at the date of requisition, 24 August 2020.

Beach modelled the impact of changing climate policy on its current portfolio of assets. Beach used four distinct IEA scenarios. The IEA modelled the scenarios using the IEA World Energy Model (WEM) to generate oil, gas and CO2 emissions forecasts.

The WEM is a large-scale data intensive simulation model covering the whole global energy system. The scenarios selected were:

- The New Policies Scenario aims to provide a sense of where today's policy ambitions seem likely to take the energy sector. It incorporates not just the policies and measures that governments around the world have already put in place, but also the likely effects of announced policies, including the Nationally Determined Contributions made for the Paris Agreement.
- 2. The Sustainable Development Scenario (SDS), a 2°C equivalent scenario outlines an integrated approach to achieving internationally agreed objectives on climate change, air quality and universal access to modern energy.
- 3. The Current Policies Scenario only considers the impact of those policies and measures that are firmly enshrined in legislation as of mid-2018. It provides a cautious assessment of where momentum from existing policies might lead the energy sector in the absence of any other impetus from government.
- 4. The Beyond 2°C Scenario explores how far deployment of technologies that are already available or in the innovation pipeline could limiting the average global temperature increase to 1.75°C by 2100.

Based on the scenario analysis undertaken under each of these IEA scenarios, it was clear the enterprise value of Beach's current portfolio remains robust and resilient. This is likely to improve as Beach deploys its 25 by 25 strategy and Beach is committed to conducting more scenario analyses in the future.

The IEA's 2018 World Energy Outlook estimates that significant oil and gas investment is needed to meet growing demand in all scenarios out to 2040^6 . At the lower end, more than US\$13 trillion of investment is needed to achieve the SDS. According to the IEA, ceasing to invest in either oil or natural gas could lead to a significant energy supply shortfall between now and 2040^7 .

6 IEA (2018), World Energy Outlook 2018, IEA, Paris https://www.iea.org/reports/world-energy-outlook-2018

7 ibid.

The IEA, also notes large scale carbon capture and storage (CCS) opportunities will be a key in addressing climate change and the operator of the Cooper Basin Joint Venture (to which Beach is a party) is investigating CCS opportunities in the Cooper Basin.

On the domestic front, the recently released Australian Energy Market Operator's Integrated System Plan (ISP) identifies the critical role of gasfired power generators and highlights the total amount of gas-fired power generation will increase as coal capacity retires from 2030⁸.

The ISP made it clear that greater renewable penetration will increase the need for availability of a portfolio of flexible generating technologies such as gas. Beach's home state of South Australia provides a perfect example of this where SA has Australia's highest level of renewables, partnered by natural gas to manage sudden changes in the supply and demand balance or weather variability. This was also reiterated by Australia's chief scientist, Dr. Alan Finkel earlier this year who highlighted the importance of gas in maintaining energy reliability⁹.

In this report, Australian Energy Market Operator (AEMO) also highlighted the importance of ongoing investment in new natural gas supplies, finding a need for continued investment of between 120 PJ and 285 PJ every year between 2024-25 and 2036-37¹⁰.

In its most recent Integrated Systems Plan (ISP) – released in August 2020 – the Australian Energy Market Operator (AEMO) predicts higher levels of gas fired power generation in 2041-42 relative to 2021-22 levels in all modelled scenarios, including the most ambitious 'step change' scenario, which would see most coal fired generation closed over this timeframe to achieve a 90% reduction in power generation carbon emissions by 2041-42.

Under this step change scenario, output from gasfired generation is forecast to increase by 33% through to 2041-42, enabling renewables generation to increase by 285%. The ISP highlights the critical role gas is set to play in firming variable renewable energy generation over the next 20 years in the National Electricity Market. Furthermore, in the 2020 AEMO Gas Statement of Opportunities (GSOO) report it predicts Residential, Commercial and Industrial demand for natural gas to increase slightly by 1.3 percent between 2020 and 2039.

⁸ AEMO. "2020 Integrated System Plan." July 2020

⁹ Finkel, A. "National Press Club Address: the orderly transition to an electric planet". Canberra, ACT. 12 February 2020

¹⁰ AEMO. "2020 Integrated System Plan." July 2020

In relation to oil, whilst the demand for oil for transportation is expected to taper over time, the demand for petrochemicals is expected to increase significantly by 2050 according to the 2018 IEA report¹¹. The growth in demand for petrochemical products such as plastics means that petrochemicals are expected to account for about half of the growth in oil demand by 2050 and an additional 56 billion cubic metres of natural gas by 2030. Growth in renewable energy production is also a key driver of petrochemicals as they are found in virtually every part of the modern energy system including solar panels, wind turbines, batteries, electric vehicles and thermal insulation for buildings.

Based on the evidence above, Beach is confident in its strategy and direction in a carbon constrained world. Beach transparently reports its Scope 1 and Scope 2 greenhouse gas emissions. It manages its approach to climate change as well as the management of risks and opportunities through a dedicated Risk,

11 IEA (2018), The Future of Petrochemicals, IEA, Paris https://www.iea.org/reports/the-future-of-petrochemicals

Corporate Governance and Sustainability Committee of the Board.

Beach is committed to disclosure about climate change in a manner consistent with the TCFD guidelines and has been delivering on this front since FY2019. To that end Beach released its 2020 Sustainability Report on October 19, 2020. This includes more information around the topics discussed in this response.

Beach neither has nor intends to produce plans to close down its oil and gas operations – to do so would be completely against the interests of Beach's shareholders. The Board sees the proposed resolution as being contrary to the interests of all shareholders.

For the reasons set out above, the Board recommends voting against the proposed resolution.

The directors recommend shareholders VOTE AGAINST resolution 6(b).

Glossary

\$ means Australian Dollar

ACDT means Australian Central Daylight time.

AEMO means Australian Energy Market Operator.

Annual General Meeting or **Meeting** means the meeting convened by this Notice.

Annual Report means the 2020 Annual Report of Beach which is available at beachenergy.com.au.

Associate has the meaning given to that term in the Corporations Act.

ASX means ASX Limited.

Board means the board of directors of the Company.

CCS means carbon capture and storage.

Chair means the chair of the Meeting.

Closely Related Party of a member of the KMP is defined in the Corporations Act and includes a spouse, child, dependent and certain other close family members, as well as companies controlled by that member of KMP.

Company or **Beach** means Beach Energy Limited (ACN 007 617 969).

Constitution means the Company's constitution.

Corporations Act or **Act** means the *Corporations Act 2001* (Cth)

Directors means the current directors of the Company.

Executive Incentive Plan means the plan under which annual grants of short-term incentives for executives are made.

IEA means International Energy Agency.

ISP means Integrated System Plan.

KMP or Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

Notice of Meeting means this notice of annual general meeting including the Explanatory Statement.

Proxy Form means the proxy form accompanying the Notice of Meeting.

Remuneration Report means the remuneration report set out in the Director's Report section of the Annual Report.

SDS means Sustainable Development Scenario.

TCFD means the Task Force for Climate-Related Financial Disclosure.

WEM means the IEA World Energy Model.

Appendix

APPENDIX 1

The shareholders who requisitioned the resolution in item 6(a) have requested that, pursuant to section 249P of the Corporation Act, the following statement accompany the resolution.

The Board and Beach do not endorse and are not responsible for the contents of the statement or for any inaccurate or misleading statements contained in it.

Statement pursuant to Section 249P of the Corporation Act in relation to Item 6(a).

Shareholder resolutions are a healthy part of corporate democracy in many jurisdictions. For example, in the UK shareholders can consider resolutions seeking to explicitly direct the conduct of the board. In the US, New Zealand and Canada shareholders can consider resolutions seeking to advise their board as to how it should act. As a matter of practice, typically, unless the board permits it, Australian shareholders cannot follow the example of their UK, US, New Zealand or Canadian cousins in this respect.

A board of Directors is a steward for shareholders and accountability for the discharge of that stewardship is essential to long-term corporate prosperity.

In rare situations the appropriate course of action for shareholders dissatisfied with the conduct of board members is to seek to remove them. But in many situations such a personality-focused approach is unproductive and unwarranted. In those situations a better course of action is to formally and publicly allow shareholders the opportunity at shareholder meetings such as the AGM to alert board members that the shareholders seek more information or favour a particular approach to corporate policy.

The Constitution of Beach Energy is not conducive to the right of shareholders to place resolutions on the agenda of a shareholder meeting.

In our view, this is contrary to the long-term interests of Beach Energy, the Beach Energy board and all Beach Energy shareholders.

Passage of this resolution – to amend the Beach Energy constitution – will simply put Beach Energy in a similar position in regard to shareholder resolutions as any listed company in the UK, US, Canada or New Zealand. We encourage shareholders to vote in favour of this resolution.

APPENDIX 2

The shareholders who requisitioned the resolution in item 6(b) have requested that, pursuant to section 249P of the Corporation Act, the following statement accompany the resolution.

The Board and Beach do not endorse and are not responsible for the contents of the statement or for any inaccurate or misleading statements contained in it.

Statement pursuant to Section 249P of the Corporation Act in relation to Item 6(b).

This resolution is in the best interests of shareholders and the company, given the risk that further capital expenditure on oil and gas development and production projects would be stranded by market and policy shifts to meet the climate goals of the Paris Agreement, resulting in severe financial impacts on our company.

We request disclosure of a plan to limit capital expenditure to only support production that is demonstrably viable in a Paris-aligned scenario, and meet the company's obligations for asset site rehabilitation, employee wage and entitlement payments, and an employee transition plan.

The Paris Agreement on climate change aims to hold global warming to well below 2°C above preindustrial levels and pursue a 1.5°C limit¹², and has been ratified by 185 countries. Governments and markets are accelerating climate action to achieve these goals.

Managed decline for oil and gas

"The time to begin planning for a wind-down of gas production is, as with other fossil fuels, already upon us" -SEI, IISD, ODI, Climate Analytics, CICERO, and UNEP ¹³

IPCC analysis shows the remaining global carbon budget for a 66% chance of limiting warming to 1.5°C was 420 Gt $\rm CO_2$ from 2018¹⁴. Given the $\rm CO_2$ emissions embedded in existing and underconstruction fossil fuel projects is more than double

¹² https://unfccc.int/sites/default/files/english_paris_agreement.pdf, Article

¹³ http://productiongap.org/wp-content/uploads/2019/11/Production-Gap-Report-2019.pdf, 17

¹⁴ https://www.ipcc.ch/sr15/chapter/spm/

the IPCC's 1.5°C budget¹⁵, there is no room for new or expansionary supply projects.

"We already have far more carbon facilities in operation today than we need to blow the Paris budget." - Emeritus Professor Will Steffen, ANU^{16}

IPCC modelling of a 1.5°C scenario shows gas use for primary energy falling globally by 25% by 2030 and 74% by 2050 (from a 2010 baseline), and oil's role in primary energy falling 37% and 87% over the same timeframes¹⁷.

Markets shrinking

The decline in oil and gas use required to meet the Paris goals leaves Beach exposed to rapidly shrinking markets. Beach's FY19 sales revenue was split around 60:40 between gas (sold to the Australian domestic market)¹⁸ and oil (sold to international energy traders)¹⁹. Beach's growth plans are focused on increasing gas production.²⁰

As shown in the Australian Energy Market Operator (AEMO) Gas Statement of Opportunities, all of AEMO's scenarios for the country's major electricity grid model gas consumption for electricity generation remaining below 2019 levels from now on. In fact, gas use for eastern Australia electricity generation is expected to fall significantly in most scenarios, with a drop of 83% from 2019 to 2029 in the Paris-aligned Step Change scenario.²¹

ClimateWorks' Decarbonisation Futures work shows gas use in Australian residential and commercial buildings falling to effectively zero by 2035, and industrial gas use also dropping significantly in a 1.5°C scenario.²²

Increasing stranded asset risk

Beach's current plans would risk investor capital on projects that are incompatible with a Paris-aligned energy transition. Beach plans to spend AU\$4 billion to increase production by around 50% over the next 5 years.²³

15 http://priceofoil.org/2018/10/17/the-skys-limit-ipcc-report-15-degrees-of-warming/

This is in addition to considerable recent acquisitions and development, which have seen Beach triple production since FY15. In FY18, Beach raised AU\$300 million in equity and AU\$1.5 billion in credit facilities to fund AU\$1.5 billion worth of acquisitions, doubling the company's production rate from FY17 to FY18

Optimistic forecasting

Beach's growth strategy appears to be based on long-term oil price forecasts that are inconsistent with Paris-aligned expectations, and unreasonably optimistic in light of current market conditions.

The company's overestimation of oil prices has led to impairments totalling \$1.6 billion since FY10. Considering all annual oil price estimates (FY16E-FY20E) provided in its five annual reports to FY19, Beach has overestimated actual Brent oil prices by an average of 28%.

In FY15 Beach recorded an impairment of AU\$753 million as a result of the sharp oil price crash from above US\$100/bl in June 2014 to below US\$50/bl in January 2015. In its FY15 Annual Report, Beach forecast oil prices to almost fully recover to over US\$90/bl from FY19 onwards. However, the average annual price decreased again from FY15 to FY16 and has remained below US\$70/bl since then. Beach then significantly lowered its oil price assumption in FY16, causing another major impairment loss of AU\$609 million.

Beach's FY19 Annual Report assumed FY20 oil prices of US\$70/bl. Brent prices are currently around US\$45/bl, and Brent Crude Futures are currently trading at below \$US60/bl out to 2029.²⁴ BP has set its long term oil price forecast at US\$55/bl,²⁵ and committed to cut production by 40% by 2030.²⁶ Carbon Tracker states that, in a scenario closer to alignment with the Paris climate goals, "oil demand can be satisfied by projects that generate a 15% internal rate of return at an oil price in the [high] \$40s."²⁷

¹⁶ https://youtu.be/wDYHW-AyeNQ?t=362

¹⁷ https://www.ipcc.ch/sr15/chapter/spm/ (Figure SPM.3b)

 $^{18 \}quad https://www.beachenergy.com.au/wp-content/uploads/2019/08/\\ BeachEnergy_AnnualReport2019. pdf, 83$

¹⁹ https://www.asx.com.au/asxpdf/20200507/pdf/44hn02knwwwkty.pdf, 5

²⁰ https://www.beachenergy.com.au/wp-content/uploads/2019/08/BeachEnergy_AnnualReport2019.pdf

²¹ https://aemo.com.au/-/media/files/gas/national_planning_and_forecasting/gsoo/2020/2020-gas-statement-of-opportunities.pdf, 28

²² https://www.climateworksaustralia.org/resource/decarbonisation-futures-solutions-actions-and-benchmarks-for-a-net-zero-emissions-australia/, 92, 107

²³ https://www.beachenergy.com.au/wp-content/uploads/2019/08/ASX-Release-27-Beach-Energy-FY19-Full-Year-Results-Presentation.pdf, 6

²⁴ https://www.theice.com/products/219/Brent-Crude-Futures

²⁵ https://www.bp.com/en/global/corporate/news-and-insights/press-releases/bp-revises-long-term-price-assumptions.html

²⁶ https://www.bp.com/en/global/corporate/news-and-insights/press-releases/from-international-oil-company-to-integrated-energy-company-bp-sets-out-strategy-for-decade-of-delivery-towards-net-zero-ambition.html

²⁷ https://carbontracker.org/reports/the-impair-state/

Capital preservation

With the transition to a decarbonised economy shrinking our company's markets, capital in our company must be preserved, rather than wasted pursuing plans based on demand scenarios and price forecasts that are inconsistent with global climate goals.

Shareholders are interested in this preservation of capital, maximising future company value, and ensuring sites of operations are restored and employees supported in the energy transition. All shareholders are strongly encouraged to support this resolution.

Questions from Shareholders

Please use this form to submit any questions concerning Beach that you would like Beach to respond to at the Annual General Meeting and return it via fax (08) 8338 2336 or email to info@beachenergy.com.au.

Beach will respond to as many of the more frequently asked questions as possible at the Annual General Meeting. Beach will not be able to reply individually.

Shareholder's name	
Address	_
Securityholder Reference Number (SRN) or Holder Identification Number (HIN)	
Question(s)	
	_
	_
	_
	_
	_
	_
	_



Need assistance?



Phone:

1300 850 505 (within Australia) +61 3 9415 4000 (outside Australia)



Online:

www.investorcentre.com/contact



YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by 10:30am (ACDT)

Monday 23 November 2020.

Proxy Form

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

APPOINTMENT OF PROXY

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: If you are entitled to cast two or more votes at the meeting, you are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Voting Restrictions: Please note that if you appoint a member of the Company's key management personnel ("KMP") or one of their closely related parties as your proxy, they will not be able to cast your vote on Items 1, 4 and 5, and Mr Matthew Kay and his associates will not be able to vote your proxy on Items 4 and 5, unless you direct them how to vote (or the Chairman of the Meeting is your proxy). See the Notice of Meeting for further details.

SIGNING INSTRUCTIONS FOR POSTAL FORMS

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

PARTICIPATING IN THE MEETING

Corporate Representative

If a representative of a corporate securityholder or proxy is to participate in the meeting you will need to provide the appropriate "Appointment of Corporate Representative". A form may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Lodge your Proxy Form:

Online:

Lodge your vote online at www.investorvote.com.au using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is

Control Number: 184701 SRN/HIN:

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

By Mail:

Computershare Investor Services Pty Limited GPO Box 242 Melbourne VIC 3001 Australia

By Fax:

1800 783 447 within Australia or +61 3 9473 2555 outside Australia



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential

Change of address. If incorrect,
mark this box and make the
correction in the space to the left.
Securityholders sponsored by a
broker (reference number
commences with 'X') should advise
your broker of any changes.
_

Please mark 🗶 to indicate you	directions
-------------------------------	------------

	OXY FOITH			r lease illai	to indicat	e your un	ECLIONS
Ste	p 1 Appoint a Proxy	y to Vote on Yo	our Behalf				
I/We	being a member/s of Beach Energ	y Limited hereby appo	oint				
	the Chairman of the Meeting				PLEASE NOTE: L you have selected Meeting. Do not ins	the Chairma	an of the
act g the e softw postp Chai Meet on Ite indire	iling the individual or body corporate the enerally at the meeting on my/our be extent permitted by law, as the proxy strare platform at https://web.lumiagm.conement of that meeting. Irman authorised to exercise undirecting as my/our proxy (or the Chairman ems 1, 4 & 5 (except where I/we have excity with the remuneration of a member than 1, 4 & 5 by marking the approximation of the Mg on Items 1, 4 & 5 by marking the Agent 1, 4 & 5 b	half and to vote in accosees fit) at the Annual Goom/365267843 on We ected proxies on remun becomes my/our proxe indicated a different voter of key management ecting is (or becomes)	rdance with the formal Meeting of dhesday, 25 Now uneration related by by default), I/worting intention in the personnel, which your proxy you come and the second of the	following directions (or if not Beach Energy Limited to the present of the presen	o directions have to be held virtually ACDT) and at any e have appointed Chairman to exercis 1, 4 & 5 are conr	been given using the I adjournment the Chairm cise my/oun nected dire	n, and to Lumi ent or nan of the r proxy ctly or
Ste	p 2 Items of Busine		-	stain box for an item, you are ot be counted in computing th		not to vote of	on your
Ordi	nary Business	bonan on a pon a	ia year veice wiii ii	State State of the	For	Against	Abstaiı
1	Adoption of Remuneration Report			<u> </u>			
2	Re-election of Glenn Davis as a di	rector					
3 Sned	Re-election of Richard Richards as	a director					
4	Approval of the issue of securities	to Matthew Kay under t	he Beach 2019 S	Short Term Incentive Offer			
5	Approval of the issue of securities	to Matthew Kay under t	he Beach 2020 l	ong Term Incentive Offer			
The	Board recommends shareholders	vote AGAINST the foll	owing resolutio	ons			
6(a)	Amendment to the Constitution						
6(b)	Capital Protection						
(b), v	Chairman of the Meeting intends to volume where the Chairman of the Meeting in ge his/her voting intention on any res	tends to vote Against th	nese items. In ex	ceptional circumstances, t	•	,	,
Ste	p 3 Signature of Se	curityholder(s)	This section	must be completed.			
Indiv	idual or Securityholder 1	Securityholder 2		Securityholder 3			
						1	1
Sole	Director & Sole Company Secretary	Director		Director/Company Secreta	ry	Dat	ie
Upd	ate your communication detail	s (Optional)		roviding your email address, y		e future Not	tice
Mobi	le Number	Ema	il Address of M	eeting & Proxy communicatio	ns electronically		







Need assistance?



Phone:

1800 011 275 (within Australia) +61 3 9415 4196 (outside Australia)



Online:

www.computershare.com/employee/au/bpt



YOUR VOTE IS IMPORTANT

For your vote to be effective it must be received by 5:00pm (ACDT) Thursday 19 November 2020.

Voting Instruction Form

How to Vote on Items of Business

You can vote by completing, signing and returning your Voting Instruction Form. This form gives your voting instructions to CPU Share Plans Pty Limited, ABN: 20 081 600 875, as Trustee for the Beach Energy Employee Share Purchase Plan which will vote the underlying shares on your behalf. You need to return the form no later than the time and date shown above to give CPU Share Plans Pty Limited enough time to tabulate all votes and to vote on the underlying shares.

SIGNING INSTRUCTIONS FOR POSTAL FORMS

For your vote to be valid, the form must be signed by the named holder or their power of attorney.

Power of Attorney: If you have not already lodged the Power of Attorney with the Australian registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Lodge your Form:

By Mail:

Computershare Investor Services Pty Limited GPO Box 242 Melbourne VIC 3001 Australia

By Fax:

1800 783 447 within Australia or +61 3 9473 2555 outside Australia



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

Change of address. If incorrect,
mark this box and make the
correction in the space to the left.

Voting Instruction For	m
------------------------	---

Please mark X	to indicate your	direction
---------------	------------------	-----------

Step 1

CPU Share Plans Pty Limited will vote as directed

Voting Instructions to CPU Share Plans Pty Limited

I, being a holder of shares under the Beach Energy Limited Employee Share Purchase Plan hereby direct CPU Share Plans Pty Limited to vote the shares underlying my holding at the Annual General Meeting of Beach Energy Limited to be held virtually using the Lumi software platform at https://web.lumiagm.com/365267843 on Wednesday, 25 November 2020 at 10:30am (ACDT) and at any adjournment or postponement of that meeting.

By execution of this Voting Instruction Form the undersigned hereby authorises CPU Share Plans Pty Limited to appoint such proxies or their substitutes to vote in their discretion on such business as may properly come before the meeting.

Step 2

Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing CPU Share Plans Pty Limited not to vote on your behalf on a poll and your votes will not be counted in computing the required majority.

Ordin	ary Business					For	Against	Abstain
1	Adoption of Remuneration Report							
2	Re-election of Glenn Davis as a director		A					
3	Re-election of Richard Richards as a direct	ctor						
Spec	al Business							
4	Approval of the issue of securities to Matth	new Kay ur	nder the Beach 2	019 Short Term Incenti	ve Offer			
5	Approval of the issue of securities to Matth	new Kay ur	nder the Beach 2	2020 Long Term Incenti	ve Offer			
The E	Board recommends shareholders vote AC	SAINST the	e following reso	olutions				
6(a)	Amendment to the Constitution							
6(b)	S(b) Capital Protection							
Step	Signature of Securit	yholde	This sec	tion must be completed				
Indivi	dual D	ate						
		1	1					
-	te your communication details (Open Number	otional)	Email Address	By providing your email a of Meeting & Proxy comm			e future Noti	ice



