Annual Report 2022

Delivering energy security

Beach Energy Limited
ABN 20 007 617 969

beach

Delivering energy security

Our Vision

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

Our Purpose

Sustainably deliver energy for communities.

Our Values

Safety

Safety takes precedence in everything we do

Creativity

We continuously explore innovative ways to create value

Respect

We respect each other, our communities and the environment

Integrity

We are honest with ourselves and others

Performance

We strive for excellence and deliver on our promises

Teamwork

We help and challenge each other to achieve our goals

Delivering critical growth projects

More gas delivered to the East Coast market

Offshore Otway Basin

The offshore Otway Basin project is a critical investment in new gas supply to support the East Coast market. Drilling commenced in February 2021 and concluded with the final well of the campaign completed in July 2022. The seven-well campaign was the largest in the basin's history and delivered one new gas discovery at the Artisan field and six development wells in the Geographe and Thylacine fields. Over 820,000 operational hours were required for the drilling campaign, which was delivered safely and received the 2021 IADC Safety Award recognising outstanding safety performance. The two Geographe wells have been connected to the Otway Gas Plant and enabled higher production rates in the final quarter of FY22. Activities for connection of the remaining four Thylacine wells are underway.

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ABN 20 007 617 969

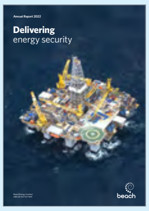
About this Report

This 2022 Annual Report is a summary of Beach Energy's operations, activities and financial position for the 12 month period ended 30 June 2022. In this report, unless otherwise stated, references to 'Beach' and the 'Group', the 'company', 'we', 'us' and 'our' refer to Beach Energy Limited and its subsidiaries. See Glossary for further defined terms used in this report. This report contains forward-looking statements. Please refer to page 47, which contains a notice in respect of these statements. All references to dollars, cents or $ in this document are to Australian currency, unless otherwise stated. Due to rounding, figures and ratios in tables and charts throughout this report may not reconcile to totals. An electronic version of this report is available on Beach's website, www.beachenergy.com.au

The 2022 Corporate Governance Statement can be viewed on our website on the Corporate Governance page.

Annual General Meeting

Venue: Crowne Plaza Hotel
(subject to prevailing health directives at the time)
Address: 27 Frome Street, Adelaide SA 5000
Date: Wednesday, 16 November 2022
For more information, visit:
www.beachenergy.com.au/agm



In this report

Beach a new entrant in the global LNG market

→

Waitsia Stage 2, Perth Basin

Waitsia Stage 2 is a transformational growth project which will see Beach become a new supplier in the global LNG market. The project includes construction of a 250 TJ/day gas plant and development drilling in the Waitsia field. Half of Beach's existing Waitsia reserves will be sold to bp via the North West Shelf facilities in Karratha, with the remaining reserves earmarked for the domestic market. Significant progress was made in FY22, including commencing construction of the gas plant, drilling three of six development wells and signing the LNG Heads of Agreement with bp. Waitsia Stage 2 is targeting first LNG sales in the second half of 2023.

→ Waitsia Gas Plant concept design

About Beach Energy

Beach Energy is an ASX-listed oil and gas exploration and production company headquartered in Adelaide, South Australia.

Beach's purpose to 'sustainably deliver energy for communities' means it operates while maintaining the highest health, safety and environmental standards.

Founded in 1961, Beach today produces oil and gas from five basins across Australia and New Zealand and is a key supplier of gas to the Australian East Coast gas market.

In addition to participating in Australian and New Zealand domestic gas markets, Beach will enter the global LNG market in FY24 when it exports its share of gas volumes from the Waitsia Stage 2 project.

Beach also has a suite of exploration permits across the onshore Cooper and Perth basins, onshore and offshore Otway Basin and offshore acreage in the Bonaparte (Australia) and Taranaki (New Zealand) basins.

Beach continues to pursue growth opportunities within Australia and nearby which align with its strategy, satisfy strict capital allocation criteria and demonstrate clear line of sight for sustainable shareholder value creation.

Beach has a target of reducing emissions intensity from its portfolio by 35 per cent by 2030 and has an aspiration to reach net zero Scope 1 and 2 emissions by 2050. Beach is a 33% stakeholder in the Moomba Carbon Capture and Storage project in the Cooper Basin, one of Australia's largest emissions reduction projects.

Beach is committed to engaging positively with the local communities in which it operates and providing local employment, supply chain opportunities and partnerships with a range of clubs and organisations.

FY22 Highlights

Liquidity

$765m

$165m net cash at year-end

Otway Gas Plant
Geographe 4 and 5 connected

Moomba CCS
Final Investment Decision taken

Otway Basin
Offshore drilling campaign complete

Enterprise
Final Investment Decision taken

Cooper Basin
Oil exploration campaign delivered

Waitsia Stage 2
Gas plant construction and drilling commenced

Award
APPEA Project Environment Excellence Award

Award
2021 IADC Safety Award

Safety

→ >7 years of no recordable injuries at the Otway Gas Plant

→ >4 years of no recordable injuries at the Beharra Springs Gas Plant

Gas plant reliability

→

>99% gas plant reliability at Otway and Kupe

Sales Revenue

2022	$1,749m
2021	$1,519m

Underlying EBITDA

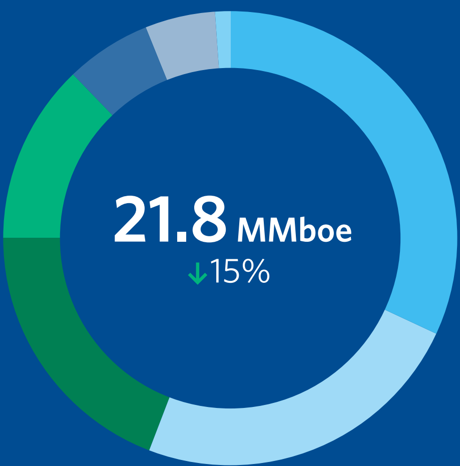
2022	$1,111m
2021	$953m

Underlying NPAT

2022	$504m
2021	$363m

Operating Cash Flow

$1,223m



Production

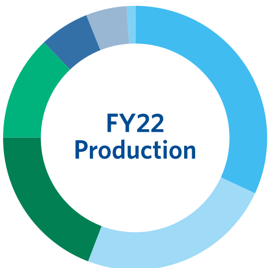
21.8 MMboe

- 32% Cooper Basin JV
- 24% Western Flank Oil and Gas
- 19% Otway Basin (VIC)
- 13% Taranaki Basin
- 6% Perth Basin
- 5% Bass Basin
- 1% Otway Basin (SA)

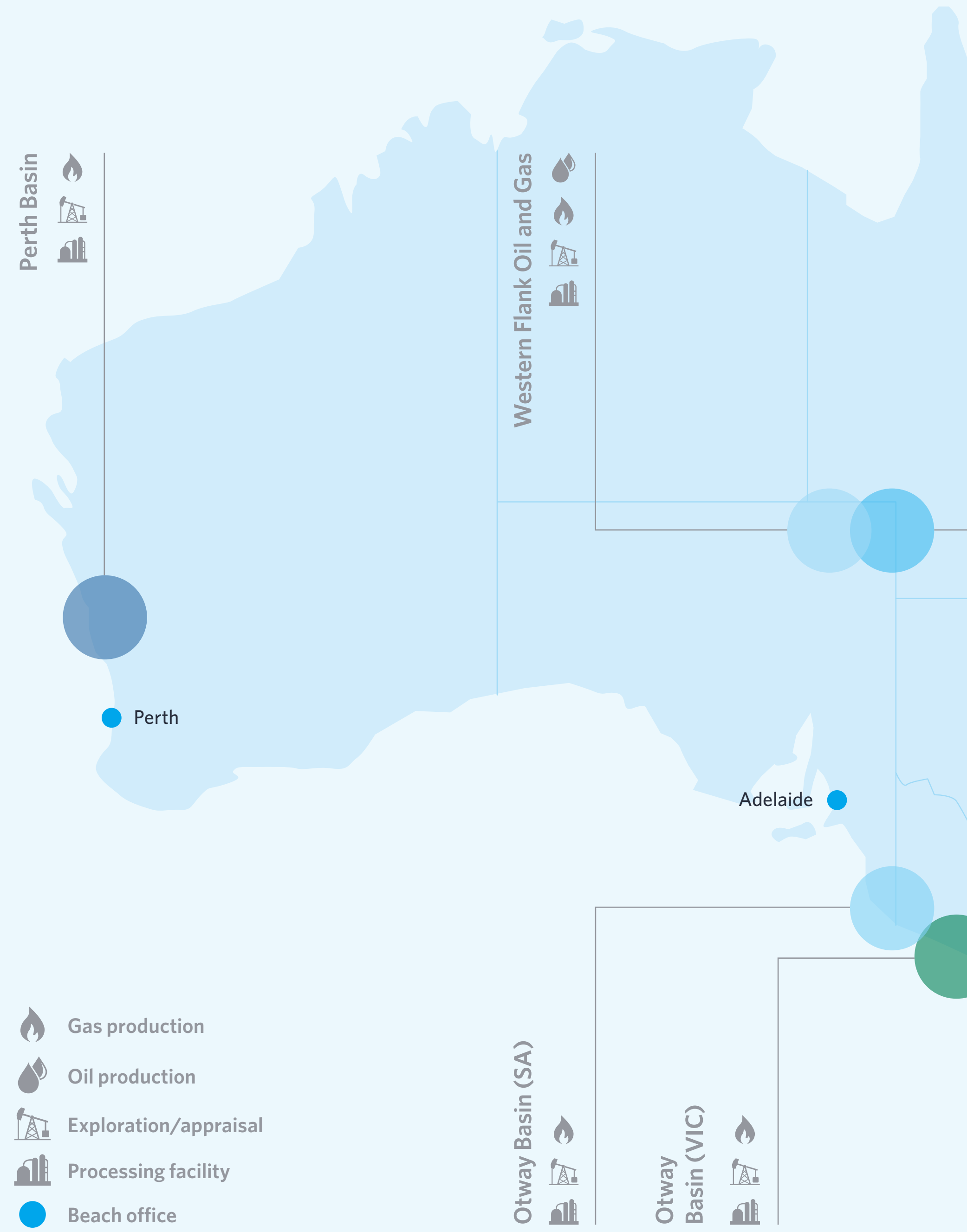
Diverse Assets and Operations

Beach Energy has a diverse portfolio of assets, spanning onshore and offshore operations across five hydrocarbon basins.

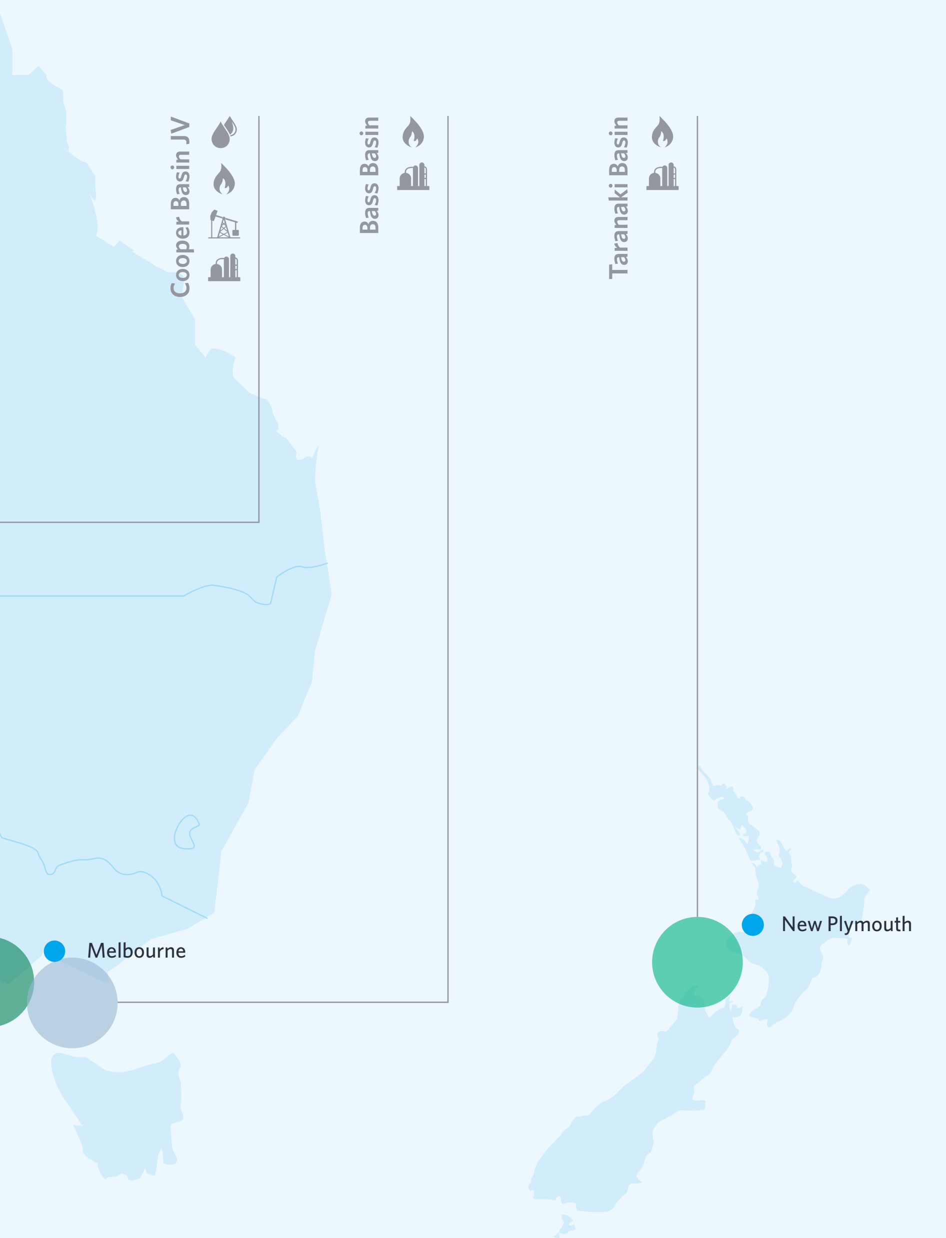
Production, exploration, appraisal and development activities are undertaken in the Cooper Basin (South Australia and Queensland), Bass Basin (Victoria), Otway Basin (Victoria and South Australia), Perth Basin (Western Australia) and the Taranaki Basin (New Zealand).



- 7.1 MMboe — Cooper Basin JV
- 5.2 MMboe — Western Flank Oil and Gas
- 4.1 MMboe — Otway Basin (VIC)
- 2.8 MMboe — Taranaki Basin
- 1.3 MMboe — Perth Basin
- 1.1 MMboe — Bass Basin
- 0.1 MMboe — Otway Basin (SA)



	Cooper Basin JV	Western Flank Oil and Gas	Otway Basin (VIC)	Taranaki Basin
Key Assets	- Moomba Gas Plant - ~220 producing oil and gas fields - Depleted reservoirs for CCS	- Middleton Gas Plant - Oil infrastructure - ~30 producing oil and gas fields	- Otway Gas Plant - Thylacine, Geographe, Speculant, Halladale and Black Watch gas fields - Enterprise, Artisan and La Bella discoveries	- Kupe Gas Plant - Kupe gas field
FY22 Highlights	- 64 wells drilled at a 94% success rate - FID for Moomba CCS - Additional rig to accelerate gas development	- 26 wells drilled at a 54% success rate - Two oil discoveries and two gas discoveries - Mitigation strategies for oil production decline	- Completion of seven-well offshore drilling campaign - Connection of Geographe 4 and 5 wells - FID for connection of the Enterprise discovery	- Kupe inlet compression project commissioned - Kupe Gas Plant uptime >99% - No recordable safety incidents



Community Investments

Beach is committed to being an active member in the communities we are part of, and collectively contributing to a more sustainable future.

Our community investment program funds community-led initiatives that build resilience, empowerment and positive change. In FY22, Beach contributed $4.1 million to a range of community organisations.

Focused on education, the environment, and health, safety and well being, in FY22 Beach supported 65 organisations, benefiting more than 29,000 people.

$4.1m
Total contributions

65
Organisations

~29,000
People benefited

Perth Basin

- Beharra Springs and Xyris gas plants
- Waitsia Stage 2 Gas Plant (under construction)
- Beharra Springs and Waitsia gas fields

- Waitsia Stage 2 works commenced
- LNG HoA signed with bp
- Three Waitsia development wells drilled

Bass Basin

- Lang Lang Gas Plant
- Yolla gas field
- Trefoil, White Ibis and Bass discoveries

- Yolla wireline intervention project
- Acquisition of the Prion 3D seismic survey
- Identification of the Yolla West infield drilling opportunity

Otway Basin (SA)

- Katnook Gas Plant
- Haselgrove gas field

- Dombey 3D seismic survey acquired
- Extended production from Katnook Gas Plant

Emissions Reduction

Our emissions reduction journey

Beach Energy understands the role that oil and gas must play in decarbonising the global economy. We are committed to reducing emissions from our operations and have previously announced an aspiration to reach net zero Scope 1 and 2 emissions by 2050.

Demonstrating our commitment, Beach has confirmed a new emissions intensity reduction target which aims to deliver a 35% reduction in emissions intensity by 2030 against 2018 levels.

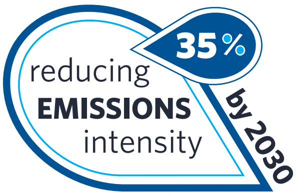
The emissions intensity reduction target will measure equity emissions intensity reduction across all operated and non-operated activities, including the nation-leading Moomba CCS Project, operated by Santos.

Our emissions reduction journey has already begun, as we decarbonise through initiatives such as reducing flaring at our sites and partnering our operations with renewable energy.

The emissions intensity reduction target will be measured against a 2018 baseline, when Beach expanded its portfolio through the acquisition of Lattice Energy.

For further details about the emissions intensity reduction target and how Beach intends to achieve it, please see the 2022 Sustainability Report.

Demonstrating our commitment, Beach announced a new emissions intensity reduction target which aims to deliver a 35% reduction in emissions intensity by 2030.



Emissions Reduction Framework

- Dedicated sustainability team
- Annual review cycle for scope 1 and 2 emissions reduction targets
- Regular reporting against emission reduction targets
- Commitment to aspirational targets aligned with Paris <2°C warming limits or better
- Delivering Fuel, Flare and Vent (FFV) projects to reduce emissions
- Annual scope 1 & 2 emissions pathway targets set for to guide progress

Moomba CCS

→ Moomba Gas Plant, Cooper Basin

Beach has a 33% ownership interest in the Moomba CCS Project, operated by our joint venture partner Santos.

Constructed adjacent to the Moomba Gas Plant in the Cooper Basin, the project is one of the world's largest CCS projects and will deliver a material greenhouse gas reduction for Beach's portfolio.

Upon its completion, Moomba CCS will safely store up to 1.7 million tonnes per annum of carbon emissions in the depleted reservoirs near the Moomba Gas Plant.

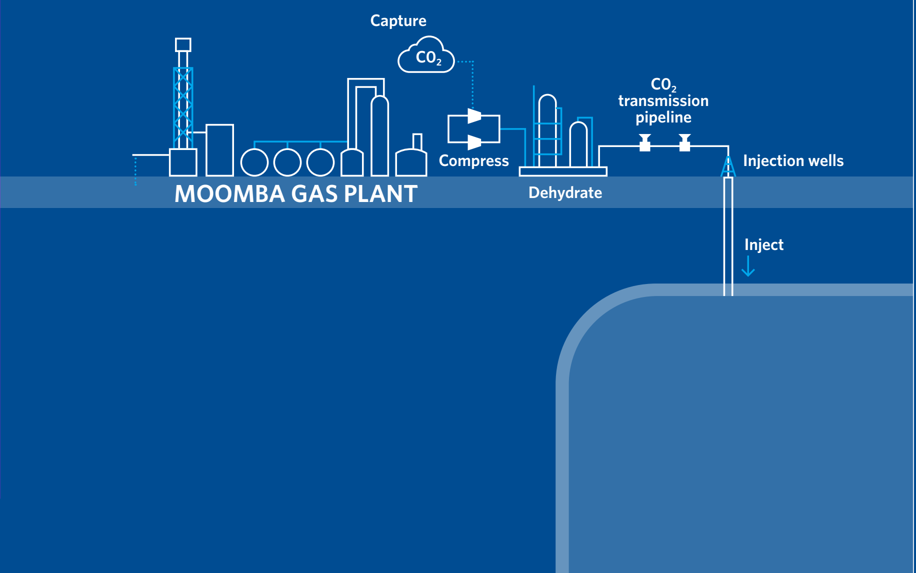
The project has been registered with the Clean Energy Regulator, providing a crediting period of 25 years, over which period the project will qualify for Australian Carbon Credit Units.

Beach reached a Final Investment Decision for the Moomba CCS Project in November 2021. Project construction is underway with first injection of CO_2 targeted for 2024.

→ **CO_2 per annum safely stored upon completion**

Up to

1.7 Mtpa



→ **"Our numbers show that reaching net zero goals without CCS will be almost impossible."**

—

International Energy Agency Executive Director Fatih Birol

The Cooper and Eromanga basins in South Australia and Queensland have the potential for injection of over 20 million tonnes of CO_2 per year for more than 50 years. This capacity is equivalent to taking half of Australia's passenger vehicles off the road.

Letter From the Chairman

Demonstrated progress towards becoming Australia's premier multi-basin upstream oil and gas company.

Dear Shareholder,

On behalf of the Beach Energy Board of Directors, I am pleased to deliver the Annual Report for 2022, which outlines a year of project milestones and improved financial performance.

Beach's underlying net profit after tax of $504 million is the company's best result since the start of the COVID-19 pandemic and our operating cash flow of $1.2 billion is a company record. Year-end liquidity of $765 million and a net cash position of $165 million will enable Beach to complete its major growth projects and deliver more gas to market at a time when it is needed most.

The role that your company has played in supporting local energy security during a time of global uncertainty should not be understated. It is something we should all be proud of and is the theme of this year's Annual Report.

You will remember that on completing the Lattice acquisition in 2018, Beach turned its focus towards growing domestic gas supply. Our plan has been to develop the assets within our portfolio, keep our plants processing at higher rates for longer, and in doing so achieve sustainable growth.

This last year saw much progress made on Beach's two largest projects, which underpin our production targets for FY24 and beyond.

The drilling campaign in the offshore Otway Basin, the largest in your company's 60-year history, was a tremendous success. The campaign delivered one new gas discovery and six development wells. Two development wells were connected to the Otway Gas Plant in financial year 2022 and we are targeting connection of the remaining four wells in mid-2023. Our progress demonstrates Beach's ability to deliver large and complex projects, which not even a global pandemic could stop.

Waitsia Stage 2 in Western Australia is a transformational project which will see Beach become a supplier of LNG to the global market. We signed a Sale and Purchase Agreement with bp, a top tier counterparty, for all Waitsia Stage 2 LNG volumes. We are targeting first LNG volumes to leave the North West Shelf in the second half of 2023.

As important as it is to deliver more energy to communities, we must also do this in a way that is sustainable and limits our Scope 1 and 2 emissions.

Beach has announced a new target to reduce emissions intensity by 35% by 2030 against 2018 levels. This target takes into account both our operated and non-operated assets, including our investment in one of Australia's largest carbon emission reductions projects, Moomba Carbon Capture and Storage (CCS).

CCS will play a significant role in global efforts to decarbonise, including Beach's own aspiration to reach net zero Scope 1 and 2 emissions by 2050.

→

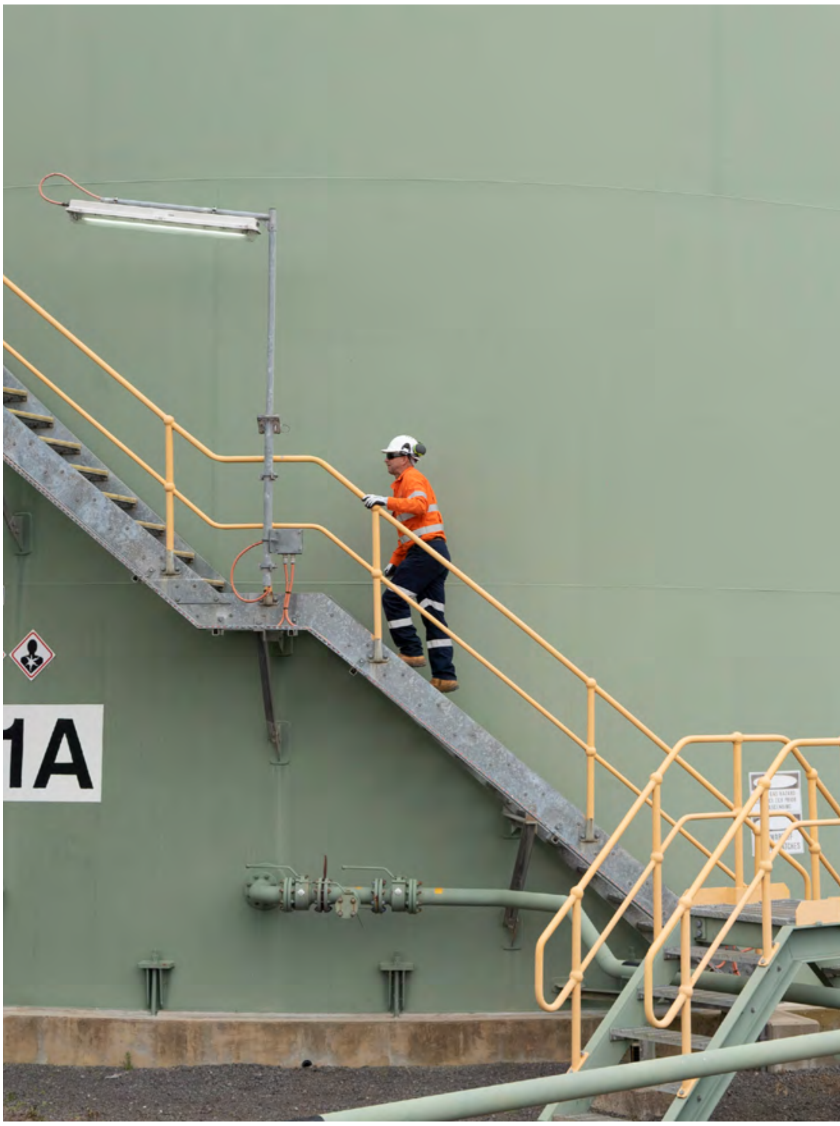
"The role that your company has played in supporting local energy security during a time of global uncertainty should not be understated."

This year, your company welcomed a new CEO, with Morné Engelbrecht being appointed following an extensive international search. Having spent more than six years with Beach as CFO, your Board of Directors has tremendous confidence in Morné and his team to deliver on the next phase of Beach's growth.

Before I conclude, I want to thank all the hard-working people who have contributed towards delivering on Beach's strategy this last year. We are very lucky to have some of the industry's most talented and committed individuals working with Beach.

Lastly, I thank you, our shareholders for your continued support of our company. On behalf of the Board, we look forward to continuing our strong momentum this coming year.

Glenn Davis | Chairman
15 August 2022



Letter From the CEO

Dear Shareholder,

The 2022 financial year brought into sharp focus the important role natural gas will play in providing energy security for decades to come.

With global instability causing pressure on oil and gas prices and Australia experiencing the realities of an energy network not yet ready for the transition away from traditional baseload power, the provision of locally sourced gas has never been more important.

Beach has been advocating the importance of finding more gas for the increasing demand on Australia's East Coast for several years. We have been investing heavily in developing new gas resources and were one of few companies actively drilling and developing gas throughout the COVID-19 pandemic. As we navigate the current energy crisis, I am proud to say that all of our East Coast gas production is sold to domestic retailers and that we are targeting growing our East Coast gas market share by more than 30%(1) by FY24.

FY22 financial review

Over recent years, Beach has taken decisive steps to diversify its production base, gain exposure to multiple commodity markets and invest for growth. The benefits of this strategy were clearly evident in our financial results this year.

While production was down 15% to 21.8 MMboe due to natural field decline as we deliver our major growth projects, we benefited from increasing demand and pricing for our oil and gas. Total revenue increased 13% to $1.8 billion and underlying earnings before interest, tax, depreciation and amortisation (EBITDA) increased 17% to $1.1 billion.

These results contributed to a strengthening of our financial position. We ended the year in a net cash position with total available liquidity of $765 million, including a 100% increase in cash reserves to $255 million. This leaves us in great shape to deliver our major development projects and balance our longer-term growth aspirations with future capital management initiatives.

FY22 operating review

The 2022 financial year was one of many operational milestones and achievements, including completion of the offshore Otway Basin drilling campaign and commencement of the Waitsia Stage 2 project.

In the offshore Otway Basin, drilling commenced in February 2021 and concluded in July 2022. The seven-well campaign was the largest in the basin's history and delivered one new gas discovery at the Artisan field and six development wells in the Geographe and Thylacine fields.

The first two wells of the campaign, Geographe 4 and 5, were connected to the Otway Gas Plant and contributed to an 82% increase in gas production in the final quarter of the year. Connection of the final four wells in mid-2023 is targeted.

Most importantly, the offshore Otway Basin drilling campaign was delivered safely and won the 2021 IADC Safety Award recognising outstanding safety performance. A great achievement we are all very proud of.

In the Perth Basin, the Waitsia Stage 2 project commenced with progress made on plant construction and development well drilling. First LNG sales in the second half of 2023 is targeted, which will herald Beach as a new supplier in the global LNG market.

In New Zealand, the Kupe compression project was successfully commissioned and we now plan for future infill drilling opportunities to bring the plant back to capacity production rates.

In the Bass Basin, a major plant maintenance shut down was safely carried out. We are now focused on planning for drilling the Yolla West infield opportunity.

In the Cooper Basin, our Western Flank oil exploration campaign delivered two commercial discoveries and one technical success. We also employed new reservoir management strategies to help mitigate natural oil decline, with the decline in daily production rates out-performing our beginning-of-year guidance.

Climate action

Gas has a critical role to play in supporting the global energy transition but we must continue to do everything practicable to continue the reduction of our emissions.

That is why I am pleased to announce Beach's new emissions intensity reduction target of 35% by 2030. This target is benchmarked against 2018 levels and takes into account both operated and non-operated assets.

(1) Increasing East Coast gas market share from 12% to 16%

Beach is investing heavily in new gas supply for local markets at a time when it is desperately needed.


Otway Gas Plant

We have a plan to reach this target and we will report regularly on progress. We also maintain our aspiration to reach net zero Scope 1 and 2 emissions by 2050.

Carbon capture and storage (CCS) is emerging as a frontrunning technology for reducing emissions economically and in a timely manner. Net Zero will not be possible without CCS and the Moomba CCS project will be a game-changer for the local industry and one of the key contributors to Beach reaching our emissions intensity reduction target.

Once the project is commissioned in 2024, we are targeting injection and storage of up to 1.7 million tonnes of carbon emissions annually into depleted Cooper Basin reservoirs. This equates to roughly 0.5 million tonnes net to Beach, or one third of our current equity emissions.

I am also very excited to announce our biggest ever environmental partnership with Deakin University's Blue Carbon Lab, which seeks to use new technologies to re-establish coastal wetlands, and creates meaningful ecological and social impact, while also creating opportunities for our staff to get involved in these important environmental projects.

FY23 outlook

As Beach enters the new financial year, we have a busy schedule ahead of us as we build towards our target of 28 MMboe of production in FY24. Activities this year will include:

- Connecting the four Thylacine offshore wells and the Enterprise discovery to the Otway Gas Plant;
- Planning for our next nearshore and offshore Otway Basin exploration programs;
- Progressing Waitsia Stage 2 gas plant construction and development well drilling;
- Perth Basin gas exploration drilling in both operated and non-operated acreage;
- Planning for drilling the Kupe development well in the Taranaki Basin;
- Planning for drilling the Yolla West infield well in the Bass Basin;
- Ongoing oil and gas exploration, appraisal and development drilling in the Cooper Basin; and
- Working with our joint venture partner to progress the Moomba CCS project.

Conclusion

It is an honour to have been appointed Chief Executive Officer of Beach. We have a proud history of more than 60 years and I look forward to building on our significant legacy.

As we sign off on a year of significant milestones and achievements, I take this opportunity to thank our staff and contractors across Australia and New Zealand. Your commitment is greatly appreciated. I am also grateful for the support and guidance of our Board and executive team.

In closing, I thank you, our shareholders, for your continuing loyal support. Beach is dedicated to delivering value for you as we support Australia's energy security and pursue sustainable growth.

Morné Engelbrecht | Chief Executive Officer
15 August 2022

Committed to the emissions reduction journey

→ New
35%
emissions
intensity reduction target

→ Moomba CCS first
CO_2
injection
in 2024 targeted

→ Net Zero by
2050
aspiration
Scope 1 and 2 emissions

Executive Team

→ 1.
Morné Engelbrecht
Chief Executive Officer
BCom (Hons), CA (ANZ), MAICD

Mr Engelbrecht joined Beach in 2016 as Chief Financial Officer and was responsible for the finance, tax, treasury, IT, contracts & procurement, insurance, internal audit and investor relations functions. In November 2021, he was appointed Acting Chief Executive Officer of Beach and in May 2022 he was appointed Chief Executive Officer.

He is a Chartered Accountant with more than 20 years' experience including in the oil & gas and resource sectors across various jurisdictions including Australia, South Africa, the United Kingdom, Papua New Guinea and China. Prior to this he held various financial, commercial and advisory senior management positions at InterOil, Lihir Gold (Merged with Newcrest), Harmony Gold and PwC. In November 2021, he was appointed to the board of the Australian Petroleum Production & Exploration Association (APPEA).

Mr Engelbrecht also has extensive experience in strategy and planning, capital management, debt and equity markets, Mergers & Acquisitions and joint venture management and operations.

→ 2.
Anne-Marie Barbaro
Chief Financial Officer
BCom, CA (ANZ)

Ms Barbaro joined Beach in 2018 in the role of Group Manager Planning and Reporting and was subsequently promoted to General Manager Finance in 2019 and Acting Chief Financial Officer in November 2021. Ms Barbaro was appointed Chief Financial Officer in July 2022, and is responsible for the finance, tax, treasury, IT, investor relations, procurement, insurance and internal audit functions.

Ms Barbaro is a Chartered Accountant with over 20 years' experience in the accounting industry, including 12 years in the oil and gas sector.

Prior to this, Ms Barbaro held roles at Santos across Finance and Marketing and Trading, as well as finance roles at Australian Naval Infrastructure and PwC.

→ 3.
Ian Grant
Chief Operating Officer
MSc, CMgr FCMI, GAICD

Mr Grant has over 25 years' experience in the energy industry, having held senior leadership and executive roles in operations, projects, drilling and supply chain functions.

Born in Scotland, Mr Grant has extensive North Sea experience and has worked in Europe and Australia with companies such as Mobil, ARCO/BP, Apache, Quadrant Energy and Santos.

Most recently Mr Grant was Chief Operating Officer for Quadrant Energy and Vice President of Production Operations for Santos based in Perth.

He is passionate about delivering safety, operational and commercial performance in both onshore and offshore environments.

→ 4.
Sam Algar
Group Executive Exploration and Subsurface
BA (Hons), PhD

Dr Algar joined Beach in February 2021 and brings over 25 years' experience in the energy industry, having held senior leadership and executive roles in Australia and internationally, including the UK, Indonesia, Malaysia, Canada and the USA, looking after global exploration, new venture and subsurface portfolios.

Most recently Dr Algar was Senior Vice President, Subsurface and Exploration with Oil Search Limited. Dr Algar holds a Bachelor of Arts (Hons) Geology from Oxford University and a PhD Geology from Dartmouth College in the USA.

Previous employers include Ophir Energy, Murphy Oil, ENI, LASMO and Enterprise Oil.

→ 5.
Brett Doherty
Group Executive Health, Safety, Environment and Risk
BEng (Electrical), LLB (Hons)

Mr Doherty joined Beach in February 2018 as Group Executive Health, Safety, Environment and Risk, bringing over 30 years of upstream oil and gas experience to Beach. His career includes extensive exposure to both offshore and onshore development and operations.

Prior to Beach, Mr Doherty was General Manager of Health, Safety and Environment at INPEX Australia. He has held several senior international positions during his career, including ten years as the Chief HSEQ Officer at RasGas Company Limited, in the State of Qatar.

→ 6.
Susan Jones
General Counsel
LLB (Hons)

Ms Jones joined Beach in February 2021 and was appointed General Counsel in August 2021. She has over 25 years experience having worked in Australia, USA, UK and northern Africa in legal and non-legal roles. Her legal experience covers all aspects of legal operations, M&A, project finance, PSC negotiations, commodity sales and compliance. She has also held senior commercial and asset management roles.

Previous employers include Total, Woodside, BHP and Ophir. In addition to her in-house experience, she has worked at King Wood Mallesons (Australia) and Sidleys (New York).

Ms Jones is originally from South Australia and holds a first class honours LLB. In addition to being admitted to practise law in Australia she is admitted to practise in New York.

→ 7.
Paul Hogarth
Acting Group Executive Corporate Strategy and Commercial
B.Com

Mr Hogarth has over 25 years of international energy industry experience working in senior commercial, marketing, business development and strategy roles spanning the energy value chain in Australia, Europe, Asia, Africa and the USA.

Mr Hogarth joined Beach in October 2019 as General Manager Commercial and Marketing. Prior to joining Beach, he worked for Shell, BG Group and Woodside.

His deep experience in global energy markets at various points of the energy value chain (upstream, midstream and downstream) developed his acute understanding of the key value drivers to successfully lead acquisition and divestment; market entry; and commercialisation of energy products, including LNG, domestic/pipeline gas, oil, condensate, LPG and electricity.

Mr Hogarth holds a Bachelor of Commerce from Curtin University.

→ 8.
Greg Murray
Group Executive Human Resources
B.Health Sc, M.Bus (HRM)

Mr Murray joined Beach in January 2022 as Group Executive Human Resources and brings 20 years' experience in energy and engineering services industries, including executive leadership of human resources, corporate affairs, marketing, communications and corporate social responsibility functions, combined with over 16 years' international experience gained in the United Kingdom, Asia Pacific region and China. Mr Murray has also had commercial and major industrial projects leadership experience, including Mergers and Acquisitions and major transformation activities.

Prior to joining Beach, Mr Murray was Chief Human Resources, Communications and CSR Officer for ENGIE Asia Pacific and China region.

Mr Murray is responsible for Beach's human resources and organisational development functions.

Our FY22 Strategic Pillars

Our strategy is to support Australia's energy security and build the foundation for sustainable growth.

Optimise core producing assets

Otway Gas Plant 99.9% reliability

- Western Flank reservoir management strategies
- Kupe inlet compression project
- Yolla wireline intervention program

Maintain financial strength

$165m

net cash at 30 June 2022

- Refinanced and upsized debt facility
- Disciplined capital management
- $765m liquidity at year-end

Pursue other compatible growth opportunities

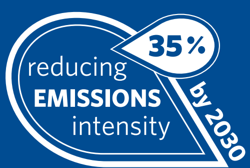
- Integration of Senex's Cooper Basin assets
- Moomba CCS project
- Ongoing assessment of growth opportunities

Strengthen our complementary gas business

Offshore Otway drilling campaign completed

- Geographe 4 and 5 connected
- FID for connection of the Enterprise discovery
- Waitsia Stage 2 project commenced
- LNG SPA signed with bp

Sustainability



- New emissions intensity reduction target
- APPEA environmental project award
- Emissions reductions projects at Beach-operated sites
- Moomba CCS project

Our Markets

Exposure to five commodity markets with strong fundamentals.

Global oil and liquids

- Geopolitical/energy security concerns highlight importance of oil and liquids
- Increasing demand outlook to support energy transition
- Limited investment in new supply accentuating imbalances
- Beach offers unhedged exposure to Brent and liquids pricing

Global LNG

- Geopolitical/energy security concerns highlight importance of LNG
- Limited investment in new supply accentuating imbalances
- Beach a new entrant in the global LNG market
- SPA with bp for all of Beach's share of Waitsia Stage 2 LNG

East Coast gas

- Beach supplying ~12% of annual demand, targeting ~16% in FY24
- Significant investment in the Otway Basin to support the East Coast market
- Reducing coal-fired power, intermittent renewable supply and grid network instability support gas demand outlook
- Anticipate gas supply will continue to tighten
- Stable policy framework required to stimulate investment in new gas supply

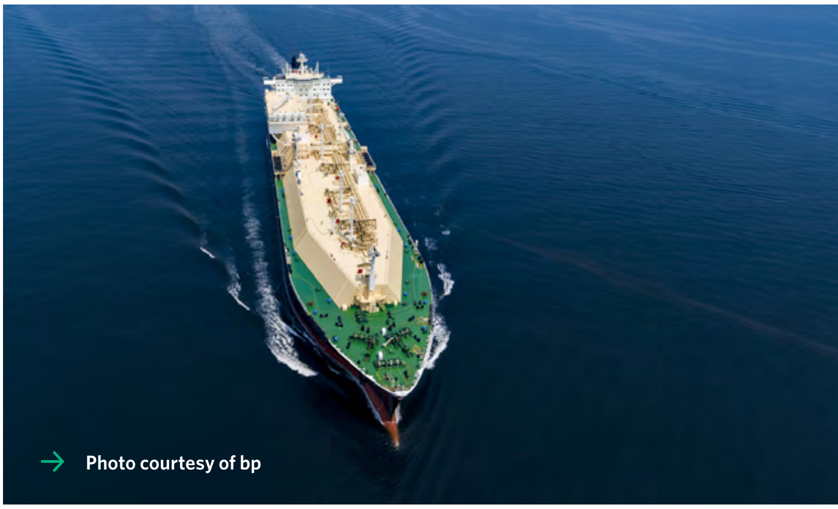


Photo courtesy of bp

West Coast gas

- Beach supplying ~2% of annual demand
- Significant investment in development and exploration to support the domestic market
- Existing gas supply expected to decline with tightness in late 2020s anticipated
- New industries and demand opportunities emerging

New Zealand gas

- Beach supplying ~8% of annual gas demand and ~25% of annual LPG demand
- Gas accounts for >20% of energy mix and expected to remain a critical source
- Supply constraints emerging with no new gas developments
- Other major New Zealand gas fields in decline, supporting further investment in Kupe

East Coast gas

West Coast gas

New Zealand gas

Operating Review

Performance overview

		FY18	FY19	FY20	FY21	FY22
Production	MMboe	19.0	29.4	26.7	25.6	**21.8**
2P Reserves	MMboe	313	326	352	339	**283**
2C Contingent Resources	MMboe	207	185	180	191	**221**
Sales revenue	$ million	1,251	1,925	1,650	1,519	**1,749**
Statutory net profit after tax	$ million	199	577	499	317	**501**
Underlying net profit after tax	$ million	302	560	459	363	**504**
Statutory earnings per share	cps	9.2	25.4	21.9	13.9	**22.0**
Underlying earnings per share	cps	13.9	24.6	20.2	15.9	**22.1**
Cash flow from operating activities	$ million	663	1,038	874	760	**1,223**
Net assets	$ million	1,838	2,374	2,818	3,088	**3,540**
Net debt/(cash)	$ million	639	(172)	(50)	48	**(165)**
Net gearing ratio	%	25.9	n/a	n/a	1.5	**n/a**
Fully franked dividends declared per share	cents	2.0	2.0	2.0	2.0	**2.0**
Shares on issue	million	2,277	2,278	2,281	2,281	**2,281**
Share price at year end	$	1.755	1.985	1.520	1.240	**1.725**
Market capitalisation at year end	$ million	3,995	4,522	3,467	2,829	**3,935**

Production

	FY21	FY22					
	Oil equivalent (MMboe)	Oil (MMbbl)	Sales Gas (PJ)	LPG (kt)	Condensate (kbbl)	Oil equivalent (MMboe)	Year-on-year change
Perth Basin	0.8	–	7.5	–	–	1.3	59%
Otway Basin (Victoria)	2.8	–	20.6	35	287	4.1	47%
Otway Basin (South Australia)	0.3	–	0.7	–	1	0.1	(58%)
Bass Basin	1.9	–	4.8	13	166	1.1	(42%)
Western Flank Oil and Gas	8.9	3.4	6.7	36	287	5.2	(42%)
Cooper Basin JV	8.1	1.0	29.4	67	524	7.1	(13%)
Cooper Basin Other	0.1	0.0	0.6	2	19	0.1	104%
Taranaki Basin	2.7	–	12.0	51	323	2.8	3%
Total	**25.6**	**4.4**	**82.3**	**204**	**1,607**	**21.8**	**(15%)**

Finance

A strengthened financial position to support future growth and capital management initiatives.

In FY22, Beach benefited from strengthening commodity prices and ongoing success with its strategy to grow and diversify its asset portfolio.

The year saw much uncertainty and volatility in global markets. Against this backdrop, Beach stayed focused on safely delivering its major growth projects while maintaining strict focus on costs and capital expenditure across the business.

This culminated in a pleasing set of financial results. Despite a 15% decline in production to 21.8 MMboe, mainly due to natural field decline, financial performance showed a material improvement. Revenue was up 13% to $1.8 billion, underlying earnings before interest, tax, depreciation and amortisation (EBITDA) up 17% to $1.1 billion, underlying net profit after tax up 39% to $504 million and cash flows from operating activities up 61% to $1.2 billion.

Higher realised sales prices supported these results. The average realised oil price was up 79% to $140 per barrel and the average realised gas/ethane price was up 10% to $8.1 per gigajoule. Beach's unhedged oil exposure and increased contributions from higher-priced gas contracts contributed to these outcomes.

Beach ended the year with a strengthened financial position despite heightened capital spend to deliver the Otway and Perth basin growth projects. During the year, Beach's debt facility was refinanced and upsized to a $600 million revolving limit. At year-end, $90 million of debt was drawn and cash reserves were $255 million, resulting in a net cash position of $165 million and total liquidity of $765 million. This leaves the company well positioned to deliver current projects while balancing future growth aspirations with capital management initiatives.

Beach has a demonstrated track record of prudent Balance Sheet management, including deploying capital for investment only when there is a clear line of sight to sustainable value creation. This disciplined focus on capital management will continue as the company embarks on an active FY23 and strives to deliver its production target of 28 MMboe in FY24.

Beach has a demonstrated track record of prudent Balance Sheet management, including deploying capital for investment only when there is a clear line of sight to sustainable value creation.

Revenue	Underlying EBITDA
$1.8 billion	$1.1 billion
↑ 13%	↑ 17%

Perth Basin

Contribution

- **6%** FY22 Production
- **35%** 2P Reserves

A new entrant in the global LNG market.

FY22 Highlights

- Over four years of Beharra Springs Gas Plant operations with no Lost Time Injury
- Signing of LNG HoA with bp
- Commencement of construction of the 250 TJ/day Waitsia Gas Plant
- Commencement of the Waitsia Stage 2 development drilling campaign

FY23 Focus

- Complete construction of the Waitsia Gas Plant
- Complete the six-well Waitsia Stage 2 development drilling campaign
- Commence the Perth Basin gas exploration drilling campaign
- Progress marketing strategy for any new gas volumes from exploration success

Development

The Waitsia Stage 2 project is a key driver of Beach's growth strategy and aims to develop existing gas reserves for both the global LNG market and the domestic Western Australia market. The work program commenced during the year, with construction of the 250 TJ/day capacity Waitsia Gas Plant progressed and three of six development wells drilled and completed.

Waitsia Stage 2 is targeting first LNG sales in the second half of 2023.

Exploration and appraisal

Well planning and regulatory processes progressed for a three to six-well gas exploration campaign in the joint venture's extensive Perth Basin gas play. The expected first Beach operated well of the campaign, Trigg 1, is on-trend and up-dip from the West Erregulla gas field and the South Erregulla discovery and presents as a robust analogue to the Lockyer Deep gas discovery.

Commercial

Beach signed a HoA with bp for all of Beach's 3.75 million tonne share of LNG from Waitsia Stage 2. Subsequent to year-end, Beach finalised an LNG Sale and Purchase Agreement to formalise the arrangements. Terms include a hybrid pricing structure linked to both Brent and Japan Korea Marker (JKM) indices. Pricing parameters preserve Beach's exposure to current commodity prices and provide for full upside price participation. The SPA also includes a downside price protection mechanism. LNG will be delivered to bp on a free on board basis from the North West Shelf facilities in Karratha, Western Australia, leveraging bp's leading LNG trading and shipping capabilities and existing ownership interest in the North West Shelf Joint Venture.

Acreage description

Perth Basin producing licence areas include Waitsia (Beach 50%, MEPAU 50% and operator) in licences L1 and L2 and Beharra Springs (Beach 50% and operator, MEPAU 50%) in licences L11 and L22. The exploration permit is EP 320 (Beach 50% and operator, MEPAU 50%).

The Waitsia Stage 2 project is a key driver of Beach's growth strategy and aims to develop existing gas reserves for both the global LNG market and the domestic Western Australia market.

1.3 MMboe

FY22 production

2021 | 0.8 MMboe

99 MMboe

2P Reserves

2021 | 100 MMboe

Production

Total production of 1.3 MMboe was 59% higher than the prior year (FY21: 0.8 MMboe) and comprised 7.5 PJ of sales gas (+59%). Higher production was underpinned by a full year of contribution from the Waitsia Stage 1 expansion (completed August 2020) and the Beharra Springs Deep discovery (connected April 2021).

Otway Basin
(Victoria)

Contribution

- **19%** FY22 Production
- **24%** 2P Reserves

Developing new gas supply to support the East Coast market.

FY22 Highlights

- Over seven years of Otway Gas Plant operations with no Lost Time Injury
- Completion of the seven-well offshore drilling campaign
- Connection of Geographe 4 and 5 to the Otway Gas Plant
- Average daily Otway Gas Plant production up 46% to 94 TJ/day gross (FY21: 64 TJ/day)
- Final Investment Decision taken for connection of Enterprise to the Otway Gas Plant

FY23 Focus

- Connection of the four Thylacine wells and the Enterprise discovery to the Otway Gas Plant
- Marketing of new Enterprise gas volumes
- Maturing offshore exploration drilling prospects for FY24/25 drilling
- Planning for nearshore and onshore 3D seismic acquisition

Development

Otway Basin program

Beach completed the seven-well offshore drilling campaign. Drilling commenced in February 2021 and concluded with release of the Ocean Onyx rig in July 2022. The campaign was the largest in the basin's history and delivered one new gas discovery at the Artisan field and six development wells in the Geographe and Thylacine fields.

Completion of Beach's first offshore development drilling campaign is a significant achievement which has de-risked the Otway Basin program and proven Beach's offshore operating capabilities. Key highlights from the campaign include:

- Beach's first extended offshore drilling campaign, delivered safely, on schedule and on budget;
- Beach was the only Australian offshore operator to drill continuously through the COVID-19 pandemic;
- Over 820,000 operational hours to deliver the campaign, with the rig operator, Diamond Offshore Drilling, receiving the 2021 IADC Safety Award recognising outstanding safety performance;
- Longest horizontal well drilled in the Otway Basin (Thylacine North 2 lateral section of 3.5 km);
- Longest horizontal campaign in the Otway Basin (three wells with a total lateral section of 8.1 km); and
- First gas from the two Geographe development wells delivered in less than nine months from spud.

Completion of the drilling campaign is a key milestone in delivering Beach's production target of 28 MMboe in FY24. Connection of the four Thylacine development wells in mid-2023 is targeted and expected to enable the Otway Gas Plant to produce at full nameplate capacity, with this gas to be sold into existing contracts with price resets to market. This increase in production is coming at a time when new gas supply for the East Coast market is desperately needed.

Enterprise pipeline project

A Final Investment Decision was taken for the Enterprise Pipeline Project, which involves connecting the Enterprise 1 well to the Otway Gas Plant. The Enterprise discovery was drilled from an onshore well pad in FY21. The discovery yielded liquids-rich gas and de-risked existing nearshore exploration prospects.

Beach is targeting connection of the Enterprise discovery to the Otway Gas Plant in mid-2023, subject to regulatory approvals. Enterprise will provide Beach with optionality to market these new volumes beyond existing customer arrangements. Market engagement regarding Enterprise volumes has commenced. Timing of this new gas supply aligns with forecasts for increasing East Coast shortfalls.

Exploration and appraisal

Exploration and appraisal activity focused on amplitude supported prospects in both offshore and nearshore acreage. Beach progressed 3D seismic activity, including planning for acquisition of new 3D seismic across the nearshore and onshore acreage and maturing exploration prospects in the offshore acreage. Exploration work programs will be progressed in FY23 with potential drilling campaigns in FY24 and FY25.

Acreage description

Otway Basin Victoria (Beach 60% and operator, O.G. Energy 40%) includes producing licences VIC/L1(v) which contains the Halladale, Black Watch and Speculant nearshore gas fields, and licences VIC/L23, T/L2 and T/L3 which contain the Geographe and Thylacine offshore gas fields. Gas from all producing fields is processed at the Otway Gas Plant.

The Victorian Otway Basin also includes non-producing nearshore VIC/P42(v), containing the Enterprise gas field and offshore licences VIC/P43, containing the Artisan gas discovery, VIC/P73, containing the La Bella gas field (Beach 60% and operator, O.G. Energy 40%) and T/30P (Beach 100%). It also includes the nearshore exploration permit VIC/P007192(v) (Beach 60% and operator, O.G. Energy 40%).

4.1 MMboe

FY22 production

2021 | 2.8 MMboe

67 MMboe

2P Reserves

2021 | 70 MMboe

Production

Total production of 4.1 MMboe was 47% higher than the prior year (FY21: 2.8 MMboe) and comprised 20.6 PJ of sales gas (+47%), 35 kt of LPG (+46%) and 287 kbbl of condensate (+61%). Production benefited from commissioning of the Geographe 4 and 5 development wells in Q3 FY22 which increased well deliverability and saw average daily Otway Gas Plant production rates increase to 140 TJ/day gross in Q4 FY22 (FY21: 64 TJ/day).

Bass Basin

Contribution

- **5%** FY22 Production
- **2%** 2P Reserves

Prioritising near-term opportunities for new East Coast gas supply.

FY22 Highlights

- Completion of the Yolla wireline intervention project
- Acquisition of the Prion 3D seismic survey over the Trefoil, White Ibis and Bass discoveries
- Reprocessing of existing 3D seismic data over the Yolla field
- Identification of the Yolla West infield opportunity

FY23 Focus

- Planning for drilling of Yolla West
- Marketing strategy for new Yolla West gas volumes
- Update Trefoil, White Ibis and Bass resource estimates from new 3D seismic
- Progress Trefoil FEED to inform next steps

Development

Reprocessing of the existing 3D seismic survey over the Yolla field revealed a previously unidentified fault block, Yolla West, which is drillable from the existing Yolla platform. If successful, Yolla West could be connected to the Lang Lang Gas Plant soon after drilling. On 20 May 2022, Beach announced that drilling of Yolla West over the 2022/23 summer was targeted, subject to securing a suitable drill rig. Although progress was made with a rig contractor, the suitability of the rig for the specific conditions was still to be finalised. Beach will potentially defer drilling to the summer of 2023/24 with planning activities to continue.

Beach continues to undertake various performance improvement and development initiatives to maximise throughput and production from the Lang Lang Gas Plant.

Exploration and appraisal

Beach acquired the Prion 3D seismic survey across the Trefoil, White Ibis and Bass discoveries. This new seismic data has improved the imaging of these discoveries, which will enable more informed development decisions. Processing and interpretation will continue in FY23.

A Final Investment Decision for Trefoil was deferred to provide more time to complete interpretation of the Prion 3D seismic survey, refine the most cost-effective development option and benchmark the Trefoil investment case against other growth opportunities within Beach's portfolio. Consequently, the related Reserves have been reclassified to Contingent Resources.

Commercial

In July 2021, Beach completed the acquisition of MEPAU's 35.0% interest in the BassGas Project (comprising the onshore BassGas Plant and offshore Yolla gas field), as well as its 40.0% interest in the Trefoil discovery and surrounding retention leases. The transaction had an effective date of 1 July 2020.

Acreage description

The BassGas Project (Beach 88.75% and operator, Prize Petroleum 11.25%) produces gas from the Yolla field, situated approximately 140 km off the Gippsland coast in licence T/L1. Gas from the Yolla field is piped to the Lang Lang Gas Plant located near the township of Lang Lang, approximately 70 km southeast of Melbourne. Beach also holds a 90.25% operated interest in licences T/RL2, T/RL3, T/RL4 and T/RL5, which capture the Trefoil, White Ibis and Bass discoveries.

1.1 MMboe

FY22 production

2021 | 1.9 MMboe

5 MMboe

2P Reserves

2021 | 31 MMboe

Production

Total production of 1.1 MMboe was 42% below the prior year (FY21: 1.9 MMboe) and comprised 4.8 PJ of sales gas (-40%), 13 kt of LPG (-50%) and 166 kbbl of condensate (-40%). Production was impacted by natural field decline, downtime for the Yolla wireline intervention project and a significant weather event which required a turbine replacement at the Yolla platform.

Western Flank Oil and Gas

Contribution

- **24%** FY22 Production
- **8%** 2P Reserves

Mitigating oil decline through reservoir management strategies and ongoing drilling.

FY22 Highlights

- Mitigation of natural oil field decline through refined reservoir management strategies
- Largest oil exploration campaign since 2013, with two commercial discoveries and one technical success
- Appraisal drilling in the Martlet field
- Five-well horizontal oil development campaign

FY23 Focus

- Single-rig drilling campaign and workover rig activities throughout the year
- Near field oil exploration and appraisal drilling targeting the Namur and Birkhead reservoirs in ex PEL 91 and ex PEL 92
- Follow-up appraisal drilling in the Martlet field
- Horizontal oil development drilling in the Bauer, Growler and Spitfire fields
- Ongoing workover and optimisation activities

Development

Beach drilled six oil development wells with a 100% success rate. Development drilling included a five-well horizontal oil well campaign in the Growler, Spitfire, Balgowan and Kalladeina fields. All wells were successfully completed and brought online. A horizontal well was drilled in the Stunsail field and was awaiting connection at year-end.

Development activity in FY23 will include horizontal oil campaigns in the Growler and Spitfire fields to fully develop the Birkhead reservoir. This follows the FY22 campaigns in these fields.

Exploration and appraisal

Beach drilled 20 oil and gas exploration and appraisal wells with an overall success rate of 40%. Major campaigns included a four-well gas program in ex PEL 106 which delivered two discoveries, a three-well oil appraisal program in the Martlet field which delivered a 100% success rate, and oil exploration across the Western Flank which delivered two commercial discoveries and one technical success. The 10 well oil exploration campaign was the largest program since 2013 and focused on near-field prospects with the Namur reservoir as the primary objective.

Exploration and appraisal activity in FY23 will include follow-up oil appraisal in the Martlet field, near field exploration in ex PEL 91 and ex PEL 92 and review of FY22 oil exploration outcomes to inform follow-up drilling campaigns.

A three-well oil appraisal program in the Martlet field delivered a 100% success rate.

Acreage description

Western Flank oil producing assets include ex PEL 91 (Beach 100%), ex PEL 104/111 (Beach 100%) and ex PEL 92 (Beach 75% and operator, Cooper Energy 25%). Western Flank gas producing assets include ex PEL 106 (Beach 100%) and the Udacha Block – PRL 26 (Beach 100%).

5.2 MMboe

FY22 production

2021 | 8.9 MMboe

22 MMboe

2P Reserves

2021 | 34 MMboe

Production

Total production of 5.2 MMboe was 42% below the prior year (FY21: 8.9 MMboe) and comprised 3.4 MMbbl of oil (-48%), 6.7 PJ of sales gas (-26%), 36 kt of LPG (-22%) and 287 kbbl of condensate (-4%).

Production was adversely impacted by workover activity constraints including COVID-19 border restrictions and heavy rain across the basin, which delayed well connections and other development activities. Despite these challenges, oil production decline of 32% was recorded and compared with original guidance of 35–45%. The improved decline profile was a result of refined reservoir management strategies, workover and optimisation activities and positive development well results.

Cooper Basin JV

Contribution

- **32%** FY22 Production
- **24%** 2P Reserves

Decarbonising through one of the largest CCS projects globally.

FY22 Highlights

- Final Investment Decision for the Moomba CCS project
- Participation in 64 wells with an overall success rate of 94%
- Gas exploration success at the Merlin and Cook East fields

FY23 Focus

- Five-rig drilling campaign with a primary focus on gas development
- Ongoing production and performance improvement initiatives
- Ongoing electrification across the asset portfolio
- Delivery of the Moomba CCS project

Development

Beach participated in 53 oil and gas development wells (excluding wells drilling ahead at year-end) with an overall success rate of 96%. Major development programs focused on gas development in the Moomba, Tirrawarra and Bolah fields, and oil development in the McKinlay field. Development drilling in FY23 will include gas campaigns in the Moomba, Big Lake and Tirrawarra fields and oil campaigns in the Narcoonowie, Zeus, Minos and Tennaperra. Five wells targeting the shallow Coorikiana reservoir in the Jena, Seccante and Isoptera complex are also expected to be drilled. Development activities will be supported by a fifth rig which commenced drilling in June 2022.

Exploration and appraisal

Beach participated in 11 oil and gas exploration and appraisal wells with an overall success rate of 82%. Gas exploration success was achieved in the Merlin and Cook East fields and gas appraisal success was achieved in the Barrolka, Meranji, Pelican and Kappa fields. Exploration and appraisal activity in FY23 will focus on oil in the Naccowlah field, up to 10 appraisal wells in the Seccante, Isoptera, Ulandi and Ragno complex targeting the shallow Coorikiana reservoir, and gas exploration in the south west Queensland acreage of the Cooper Basin.

Moomba CCS project

Beach and joint venture partner Santos announced the Final Investment Decision for the Moomba CCS project following the registration of the project with the Clean Energy Regulator. The registration entitles Beach to generate ACCUs for its sequestered CO_2 over a 25-year period.

Moomba CCS will deliver a material reduction in Beach's CO_2 emissions through use of depleted reservoirs to sequester up to 1.7 million tonnes of CO_2 per annum (gross), representing more than 0.5 million tonnes of CO_2 per annum net to Beach. The project is underway with first injection of CO_2 targeted in 2024.

Acreage description

Beach owns non-operated interests in the South Australian Cooper Basin joint ventures (collectively 33.40% in SA Unit and 27.68% in Patchawarra East), the South West Queensland joint ventures (various interests of 30% to 52.2%) and ATP 299 (Tintaburra; Beach 40%), which are collectively referred to as the Cooper Basin JV. Santos is the operator.

Beach participated in 53 oil and gas development wells (excluding wells drilling ahead at year-end) with an overall success rate of 96%.

7.1 MMboe

FY22 production

2021 | 8.1 MMboe

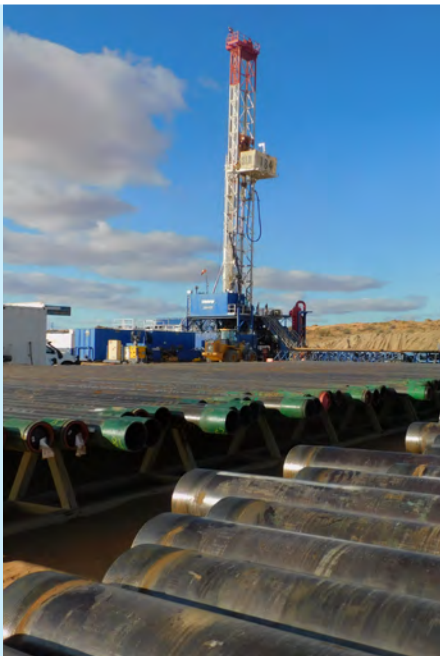
68 MMboe

2P Reserves

2021 | 77 MMboe

Production

Total production of 7.1 MMboe was 13% below the prior year (FY21: 8.1 MMboe) and comprised 1.0 MMbbl of oil (-16%), 29.4 PJ of sales gas (-11%), 67 kt of LPG (-16%) and 524 kbbl of condensate (-19%). Production was impacted by natural field decline, less drilling activity than planned due to weather related access restrictions and operational downtime. Various activities and initiatives are underway to address production decline, including commencement of a fifth rig in June to accelerate gas development drilling. Other initiatives include in-wellbore opportunities and maintenance optimisation activities to improve underperforming fields.



Taranaki Basin

Contribution

- **13%** FY22 Production
- **8%** 2P Reserves

Production

Total production of 2.8 MMboe was 3% higher than the prior year (FY21: 2.7 MMboe) and comprised 12.0 PJ of sales gas (+9%), 51 kt of LPG (+2%) and 323 kbbl of condensate (-8%). Following completion of the Kupe inlet compression project in Q1 FY22, production reached plant capacity of 77 TJ/day. Since commissioning, well deliverability declined faster than expected and impacted the ability to reach daily capacity rates. Despite this, gas supply has been higher than originally anticipated due to strong customer demand.

2.8 MMboe

FY22 production

2021 | 2.7 MMboe

Development

Beach continues to assess opportunities to return the Kupe Gas Plant to capacity production rates. Opportunities to increase well productivity and production performance, including in-wellbore intervention activities and development well drilling, are being assessed. Subsurface analysis, planning and regulatory activities progressed for the potential drilling and connection of a development well in FY24.

Acreage description

New Zealand operations comprise Kupe (Beach 50% and operator, Genesis 46%, NZOG 4%) in the Taranaki Basin. Kupe produces gas from the offshore Kupe field, situated approximately 30 km off the New Zealand North Island in licence PML38146. Gas from the Kupe field is then piped to the onshore Kupe Gas Plant.

Supporting New Zealand's energy transition.

22 MMboe

2P Reserves

2021 | 27 MMboe

FY22 Highlights

- Completion of the Kupe Inlet Compression project with improved plant reliability
- Kupe Gas Plant rates increased post compression project
- Reliable production with Kupe Gas Plant uptime exceeding 99%
- No recordable safety incidents

FY23 Focus

- Planning for potential drilling of Kupe development well in FY24
- Ongoing productivity and optimisation activities

Operating Review

Otway Basin

(SA)

Contribution

1% FY22 Production

Production

Total production of 0.1 MMboe was 58% below the prior year (FY21: 0.3 MMboe) and comprised 0.7 PJ of sales gas (-65%). Production was impacted by natural field decline and scheduled plant maintenance. The Katnook Gas Plant remained operational for longer than anticipated but is expected to be shut-in during FY23 as volumes decline below the minimum required turndown rate. The plant will be kept available for production in the event of future development or exploration success.

0.1 MMboe

FY22 production

2021 | 0.3 MMboe

Exploration and appraisal

The Dombey 3D seismic acquisition was completed. The survey covers 165 square kilometres in PEL 494 and captures the Dombey field and surrounding exploration prospects. This newly acquired seismic aims to assess opportunities for new gas supply through the Katnook Gas Plant. Seismic processing is underway and interpretation of data to inform next steps is expected to be completed in FY23.

Acreage description

Otway Basin South Australia comprises producing acreage PPL 62 (Beach 100%) and PEL 494, which contains the Dombey gas field, PEL 680 and PRL 32 (Beach 70% and operator, Cooper Energy 30%).

Partnering with local communities.

FY22 Highlights

- Dombey 3D seismic acquisition completed
- Katnook Gas Plant remained operational throughout FY22

FY23 Focus

- Dombey 3D seismic processing and interpretation
- Identification of potential drilling prospects

Reserves Statement

Net to Beach at 30 June 2022

Beach ended FY22 with 283 MMboe of 2P oil and gas reserves (30 June 2021: 339 MMboe). The decrease was mainly attributable to production (-22 MMboe) and Bass Basin revisions (-25 MMboe). The opportunity to increase reserves was limited without exploration or appraisal drilling outside of the Cooper Basin.

Bass Basin revisions resulted from reclassification of the Trefoil project from reserves to contingent resources and an associated reduction of Yolla economic life. This follows deferral of the Trefoil development decision.

Other revisions included:

- Exploration success, appraisal of Martlet, infill drilling and production performance at Spitfire and Growler, offset by fracture stimulation results at Balgowan, infill drilling at Kalladeina and production performance at Bauer, all in Western Flank Oil
- Revised modelling assumptions in Western Flank Gas and the Taranaki Basin
- Additional development of Moomba South and production performance in the Cooper Basin JV
- Infill drilling and production performance in the Otway Basin

Beach ended FY22 with 221 MMboe of 2C contingent resources (30 June 2021: 191 MMboe). The increase was mainly attributable to reclassification of projects from reserves to contingent resources, particularly Bass Basin, infill drilling and reservoir management strategies in Western Flank Oil.

Beach recorded 2P storage capacity of 4.4 Mt and 2C contingent storage resources of 11.6 Mt after taking a Final Investment Decision for the Moomba CCS project.

Key Metrics	Note	YEJ20	YEJ21	**YEJ22**
1P reserves (MMboe)		202	183	146
2P reserves (MMboe)		352	339	283
3P reserves (MMboe)		576	531	466
2C contingent resources (MMboe)		180	191	221
2P reserves life	1	13.2	13.2	12.9

Cooper Basin

		All Products (MMboe)						
1P Reserves	Note	YEJ21	Production	Acquisition/ Divestment	Exploration	From Contingent Resources	Other	YEJ22
Western Flank Oil	2	10	4	–	–	(1)	1	7
Western Flank Gas	3	5	2	–	–	(0)	(0)	3
Cooper Basin JV	4	37	7	–	–	–	5	35
Perth Basin	5	54	1	–	–	–	(1)	52
Otway Basin	6	38	4	–	–	–	(3)	30
Bass Basin	7	20	1	–	–	(17)	(1)	2
Taranaki Basin	8	19	3	–	–	–	2	18
Total		**183**	**22**	**–**	**–**	**(18)**	**2**	**146**

						All Products (MMboe)		
1P Reserves	Note	Gas (PJ)	LPG (kt)	Condensate (MMbbl)	Oil (MMbbl)	Total	Developed	Undeveloped
Western Flank Oil	2	–	–	–	7	7	6	0
Western Flank Gas	3	10	47	0	–	3	2	1
Cooper Basin JV	4	152	275	3	4	35	28	7
Perth Basin	5	300	–	–	–	52	14	38
Otway Basin	6	150	286	2	–	30	11	20
Bass Basin	7	8	26	0	–	2	2	–
Taranaki Basin	8	77	341	2	–	18	16	2
Total		**697**	**975**	**7**	**11**	**146**	**78**	**67**

		All Products (MMboe)						
2P Reserves	Note	YEJ21	Production	Acquisition/ Divestment	Exploration	From Contingent Resources	Other	YEJ22
Western Flank Oil	2	26	4	–	0	(2)	(2)	19
Western Flank Gas	3	8	2	–	–	–	(3)	4
Cooper Basin JV	4	77	7	–	–	–	(2)	68
Perth Basin	5	100	1	–	–	–	(0)	99
Otway Basin	6	70	4	–	–	–	2	67
Bass Basin	7	31	1	–	–	(25)	(0)	5
Taranaki Basin	8	27	3	–	–	–	(2)	22
Total		**339**	**22**	**–**	**0**	**(27)**	**(8)**	**283**

Reserves Statement

2P Reserves	Note	Gas (PJ)	LPG (kt)	Condensate (MMbbl)	Oil (MMbbl)	All Products (MMboe) Total	Developed	Undeveloped
Western Flank Oil	2	–	–	–	19	19	15	4
Western Flank Gas	3	14	64	1	–	4	3	1
Cooper Basin JV	4	306	509	5	7	68	51	17
Perth Basin	5	574	–	–	–	99	17	82
Otway Basin	6	333	636	5	–	67	16	52
Bass Basin	7	21	66	1	–	5	5	–
Taranaki Basin	8	93	408	2	–	22	19	3
Total		**1,341**	**1,683**	**13**	**26**	**283**	**124**	**159**

2C Contingent Resources	Note	All Products (MMboe) YEJ21	Acquisition/ Divestment	From Reserves	Other	YEJ22	Gas (PJ)	LPG (kt)	Condensate (MMbbl)	Oil (MMbbl)	Total (MMboe)
Western Flank Oil	2	12	–	2	3	17	–	–	–	17	17
Western Flank Gas	3	2	–	–	(0)	1	4	21	0	–	1
Cooper Basin JV	4	59	–	–	1	60	273	274	2	9	60
Perth Basin	5	38	–	–	–	38	222	–	–	–	38
Otway Basin	6	31	–	–	(0)	30	167	146	1	–	30
Bass Basin	7	10	–	25	–	35	149	423	6	–	35
Taranaki Basin	8	5	–	–	–	5	18	78	1	–	5
Bonaparte Basin	9	23	–	–	–	23	128	–	1	–	23
Total Conventional		**179**	**–**	**27**	**3**	**209**	**961**	**942**	**11**	**26**	**209**
Unconventional	10	12	–	–	(0)	12	41	200	3	–	12
Total		**191**	**–**	**27**	**3**	**221**	**1,002**	**1,142**	**14**	**26**	**221**

1P Storage Capacity	Note	All Products (Mt) YEJ21	Injection	Acquisition/ Divestment	From Contingent Resources	Other	YEJ22
Cooper Basin JV	11	–	–	–	–	3	3
Total		**–**	**–**	**–**	**–**	**3**	**3**

2P Storage Capacity	Note	All Products (Mt) YEJ21	Injection	Acquisition/ Divestment	From Contingent Resources	Other	YEJ22
Cooper Basin JV	11	–	–	–	–	4	4
Total		**–**	**–**	**–**	**–**	**4**	**4**

2C Contingent Storage Resources	Note	All Products (Mt) YEJ21	Acquisition/ Divestment	From Capacity	Other	YEJ22
Cooper Basin JV	11	–	–	–	12	12
Total		**–**	**–**	**–**	**12**	**12**

Notes to the Reserves Statement

Reserves and resources estimates are prepared in accordance with the 2018 update to the Petroleum Resources Management System (SPE-PRMS). Storage resources are prepared in accordance with the 2017 CO_2 Storage Resources Management System (SPE-SRMS). Both systems are sponsored by the Society of Petroleum Engineers (SPE), World Petroleum Council, American Association of Petroleum Geologists, Society of Petroleum Evaluation Engineers, Society of Exploration Geophysicists, Society of Petrophysicists and Well Log Analysts and the European Association of Geoscientists & Engineers.

The statement presents Beach's net economic interest estimated at 30 June 2022 using a combination of probabilistic and deterministic methods. Each category is aggregated by arithmetic summation. Note that the aggregated 1P category may be a very conservative estimate due to the portfolio effects of arithmetic summation.

Reserves are stated net of fuel, flare and vent at reference points defined by the custody transfer point of each product. Waitsia reserves include 30 PJ of fuel used for LNG processing through the NWS facilities in Karratha.

Conversion factors used to evaluate oil equivalent quantities are sales gas and ethane: 171,940 boe per PJ, LPG: 8.458 boe per tonne, condensate: 0.935 boe per bbl and oil: 1 boe per bbl.

The estimates are based on, and fairly represent, information and supporting documentation prepared by, or under the supervision of, Qualified Petroleum Reserves and Resources Evaluators (QPRRE) employed by Beach. The QPRRE are Ian Cockerill, Scott Delaney, Mark Sales and Jason Storey, who are all members of SPE.

The reserves statement as a whole is approved by Ms Paula Pedler (Head of Reservoir Engineering). Ms Pedler is employed by Beach and is a member of SPE; she has a Bachelor of Engineering (Honours) degree from the University of Adelaide and more than 30 years of relevant experience. The reserves statement has been issued with the prior written consent of Ms Pedler as to the form and context in which the estimates and information are presented.

Beach prepares its reserves and resources estimates annually as specified in the Beach reserves policy. This policy also details the internal governance and external audit requirements of the reserves and resources estimation process.

An independent audit of Beach's reserves at 30 June 2022 was conducted by Netherland, Sewell & Associates Inc. (NSAI). In NSAI's opinion the reserves estimates are reasonable when aggregated at the 1P, 2P and 3P levels and have been prepared in accordance with generally accepted petroleum engineering and evaluation principles set forth in the Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserves Information promulgated by the SPE. The audit encompassed 62% of 2P reserves, including 79% of developed reserves and 48% of undeveloped reserves. Contingent resources have not been audited.

Material Reserves Changes

Beach has disclosed material reserves changes throughout the year in accordance with continuous disclosure obligations.

- Reclassification of the Trefoil Development Project (refer to ASX announcement #014/22, 20 May 2022: "Bass Basin Update").

Material Contingent Resources Changes

There are no material contingent resources changes.

Notes

(1) 2P reserves life is calculated as 2P reserves divided by annual production.

(2) Western Flank Oil comprises the tenements listed in the table below. Deterministic methodologies are used to estimate reserves and resources.

	ex PEL 91	ex PEL 92	ex PEL 104/111	PPL 207, PPL 209, PPL 221
1P (%)	36	22	41	1
2P (%)	40	18	41	1

(3) Western Flank Gas comprises the tenements listed in the table below. Deterministic methodologies are used to estimate reserves and resources.

	ex PEL 106	PPL 270	ex PEL 91, PRL 26
1P (%)	65	33	2
2P (%)	69	28	3

(4) Cooper Basin JV comprises the Fixed Factor Agreement, Patchawarra East, SWQ Gas Unit and the Naccowlah, Aquitaine B, Total 66 and Tintaburra blocks. Deterministic methodologies are used to estimate reserves and resources.

(5) Perth Basin comprises L1/L2, L11/L22 and EP320. Deterministic and probabilistic methodologies are used to estimate reserves and resources.

(6) Otway Basin comprises the tenements listed in the table below. Deterministic and probabilistic methodologies are used to estimate reserves and resources.

	T/L2, T/L3, VIC/L23	VIC/L1(V), VIC/P42(V)	VIC/P43, VIC/P73	PPL 62, PEL 494, PPL 202, PPL 168, PRL 32
1P (%)	71	29	–	–
2P (%)	64	36	–	–

(7) Bass Basin comprises the tenements listed in the table below. Deterministic and probabilistic methodologies are used to estimate reserves and resources.

	T/L1	T/RL2, T/RL5
1P (%)	100	–
2P (%)	100	–

(8) Taranaki Basin comprises PML 38146. Deterministic methodologies are used to estimate reserves and resources.

(9) Bonaparte Basin comprises NT/RL1. Deterministic and probabilistic methodologies are used to estimate reserves and resources.

(10) Unconventional resources are contained within the Fixed Factor Agreement.

(11) Storage resources are contained within the Cooper Basin in GSL 1, GSL 2, GSL 3 and GSL 4.

Sustainability

Sustainability at Beach is about operating our business in a responsible manner, to deliver the maximum possible return to shareholders while sensibly managing the economic, social and environmental risks inherent within our industry.

The 2022 Sustainability Report details Beach's actions across a range of Environment, Social and Governance activity areas, and addresses:

- **Health and safety:** our outcomes and responses to keeping our people safe at work
- **Environment:** our performance in managing environmental risks inherent within our business
- **Cultural heritage:** working alongside First Nations people in the communities in which we operate to protect cultural heritage
- **Climate change:** our commitment to addressing climate change across our business including:
  - **Reducing emissions:** including our new emissions intensity reduction target of 35% by 2030
  - **Moomba CCS:** our investment in one of the nation's leading emissions reduction projects
- **Governance and Risk management:** our approach to addressing risks in our business
- **Community investments:** contributing to the communities in which we operate
- **Our people:** our approach to developing and supporting our workforce

Natural gas' role in the energy transition

As Australia entered winter in 2022, a combination of circumstances led to the Australian Energy Market Operator (AEMO) warning of potential supply shortfalls in the East Coast electricity market, as well as high spot prices for both electricity and gas.

The factors causing these outcomes included Russia's war on Ukraine, maintenance on coal-fired power stations and other circumstances impacting coal supplies, as well as low generation from renewable energy (particularly solar).

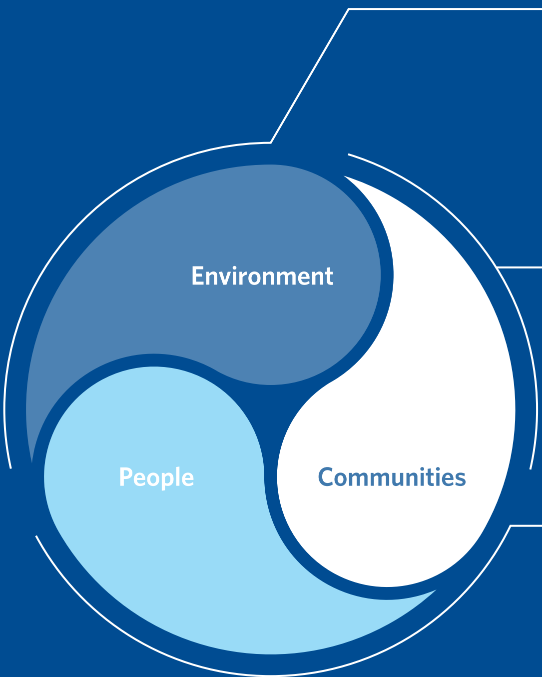
It was natural gas that helped to meet the supply shortfall during this energy crisis, demonstrating gas' criticality in delivering energy security for the nation.

Natural gas will be required in Australia's energy mix for many years to come, firming up energy supplies, particularly as more coal comes offline.

In the future, large scale battery storage and hydrogen will provide a solution, but we are many years away from producing these at the scale and reliability that will be required.

Beach's investment in East Coast Gas over recent years has become particularly important for the energy security of Australia, with new gas supplies being connected at a time when the nation needs it most.

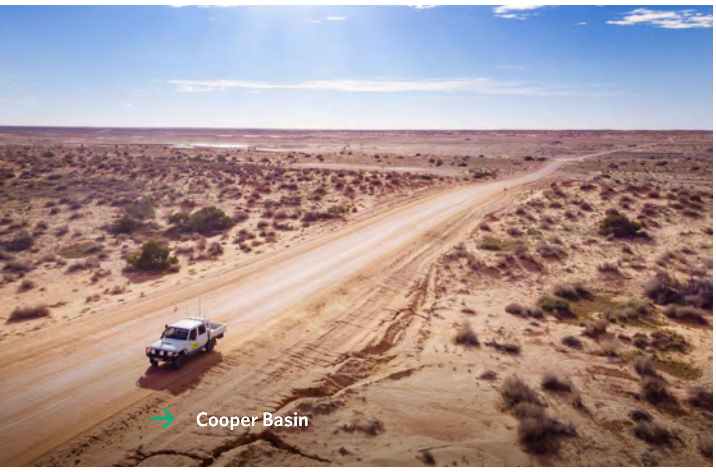
Natural gas, when partnered with CCS, presents a low/zero emissions solution that is available today, and Beach is well positioned to take advantage of this opportunity.



Operated emissions reductions delivered in FY22 — **7.4 ktCO_2e**

Total contributions (monetary and volunteering hours) — **$4.1m**

Volunteering hours delivered — **971**



Cooper Basin

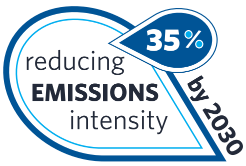
Reducing emissions

The oil and gas industry has become a leader in efforts to reduce emissions, demonstrating it has the will, the know-how and the capital available to make a substantial contribution to decarbonisation efforts.

Beach's investment as a 33% non-operator of the Moomba CCS project is one such example of our industry leading the way when it comes to emissions reduction.

Beach has announced a new emissions intensity reduction target of 35% by 2030 – measuring emissions intensity from across its portfolio, including non-operated assets, benchmarked against 2018 levels.

The new target builds upon Beach's aspiration to reach net zero Scope 1 and 2 emissions by 2050.



Case Study

Beach Awarded for fishing sector collaboration

Beach Energy has been recognised for its approach to collaboration with stakeholders and increasing the evidence base around seismic survey technology.

Beach received the Award for 'Project Environment Excellence' at the 2022 Australian Petroleum Production and Exploration (APPEA) Awards for collaborating with fishers to develop an extensive research program into the potential impacts of marine seismic surveys on scallop and lobster.

The research program was developed from a consultation process Beach undertook with the fishing sector in preparation for the Prion Seismic Survey, which took place in the offshore Bass Basin in Commonwealth waters approximately 73km east of King Island in October 2021.

The first study was to assess scallop biomass and conduct a 'before and after' impact assessment on potential new scallop beds in a small part in the south-west corner of the Prion Survey area.

The second study is a nation-leading collaborative research project to test emerging advanced seismic survey technologies whilst also researching the impacts to scallop and lobster from conventional compared to the new technologies.

Beach proposed this study to the Institute of Marine and Antarctic Studies (IMAS) who were keen to build upon their existing studies on scallop and lobster. The resulting research program was supported by the Fisheries Research and Development Corporation (FRDC), Curtin University of Technology, the Bass Strait Scallop Industry Association (BSSIA), and the Department of Natural Resources, Tasmania.

Beach initiated and contributed cash and in-kind support equal to three quarters of the cost of the multimillion-dollar collaborative research project.

The project also attracted financial and in-kind support from the Institute for Marine and Antarctic Studies, Curtin University of Technology, Fisheries Research and Development Corporation (FRDC), the Bass Strait Scallop Industry Association and the Department of Natural Resources and Environment, Tasmania.

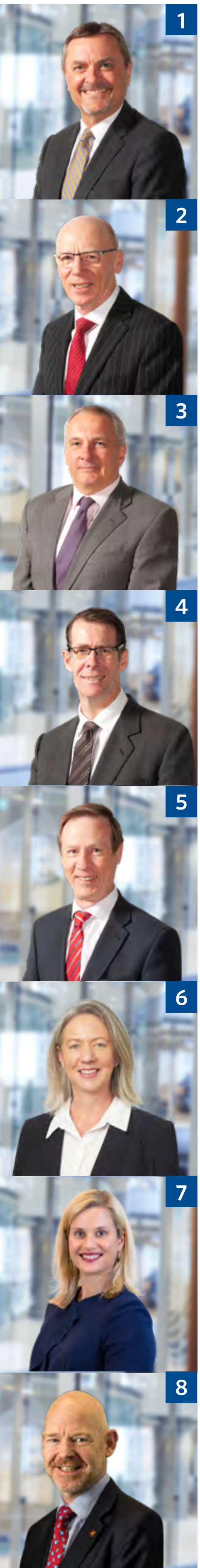
Sustainability Report

Visit the Beach Energy website to read the 2022 Sustainability Report.

→ **beachenergy.com.au/sustainability**

2022 APPEA awards

Board of Directors



1.
Glenn Davis
Independent Non-Executive Chairman
LLB, BEc, FAICD

Mr Davis has practised as a solicitor in corporate and risk throughout 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 in corporate activity regulated by the *Corporations Act (2001)* and ASX Limited. Mr Davis has worked in the oil and gas industry as an advisor and director for over 25 years.

Mr Davis is currently a non-executive director and Chair of iTech Minerals Ltd.

Mr Davis's special responsibilities include membership of the Remuneration and Nomination Committee. Mr Davis joined Beach on 6 July 2007 as a non-executive director. He was appointed Non-Executive Deputy Chairman in June 2009 and Chairman in November 2012. He was last re-elected to the Board on 25 November 2020.

2.
Colin Beckett AO
Independent Non-Executive Deputy Chairman
FIEA, MICE, GAICD

Mr Beckett is an experienced non-executive director and previously held senior executive positions in Australia with Chevron, Mobil, and BP. His experience in engineering design, project management, commercial negotiations and gas marketing provides him with a diverse and complementary set of skills relevant to the oil and gas industry.

Mr Beckett read engineering at Cambridge University and has a Master of Arts. He was awarded an honorary doctorate from Curtin University in 2019. He was previously a fellow of the Australian Institute of Engineers. He is a graduate member of the Institute of Company Directors.

He is currently Chair of Western Power. He was the Chancellor of Curtin University until end 2018. He is a past Chairman of Perth Airport Pty Ltd and past Chairman of the Australian Petroleum Producers and Explorers Association (APPEA).

Mr Beckett's special responsibilities include Chairmanship of the Remuneration and Nomination Committee. He was appointed to the Board on 2 April 2015, last having been re-elected to the Board on 26 November 2019.

3.
Philip (Phil) Bainbridge
Independent Non-Executive Director
BSc (Hons) Mechanical Engineering, MAICD

Mr Bainbridge has extensive industry experience having worked for the BP Group for 23 years in a range of petroleum engineering, development, commercial and senior management roles in the UK, Australia and USA. From 2006, he has worked at Oil Search, initially as Chief Operating Officer, then Executive General Manager LNG, responsible for all aspects of Oil Search's interests in the $19 billion PNG LNG project, then EGM Growth responsible for gas growth and exploration.

He is currently the non-executive chairman of the Global Institute of Carbon Capture and Storage, non-executive director of Newcrest Mining Limited and non-executive chairman of Sino Gas and Energy.

He was formerly the non-executive chairman of the PNG Sustainable Development Program until 2021, non-executive chairman of Sino Gas and Energy Holdings until 2018 and a non-executive director of Drillsearch Energy Limited from 2013 to 2016.

Mr Bainbridge's special responsibilities include membership of the Risk, Corporate Governance and Sustainability Committee and the Audit Committee. He was appointed by the Board on 1 March 2016, last having been elected to the Board on 26 November 2019.

4.
Richard Richards
Non-Executive Director
BComs/Law (Hons), LLM, MAppFin, CA, Admitted Solicitor

Mr Richards has been Chief Financial Officer of Seven Group Holdings Limited (SGH) since October 2013. He is a director of SGH Energy and is a director and Chair of the Audit and Risk Committee of WesTrac Pty Limited and Coates Hire Pty Limited. He is a director of Boral Limited and is a member of their Audit and Risk and Safety Committees and he is also a director of Flagship Property Holdings.

Mr Richards joined SGH from the diverse industrial group, Downer EDI, where he was Deputy Chief Financial Officer responsible for group finance across the company for three years. Prior to joining Downer EDI, Mr Richards was CFO for the Family Operations of LFG, the private investment and philanthropic vehicle of the Lowy Family for two years. Prior to that, Richard held senior finance roles at Qantas for over 10 years.

Mr Richards is a former director and the Chair of Audit and Risk Management Committee of KU – established in 1895 as the Kindergarten Union of New South Wales, KU is one of the most respected childcare providers in Australia. He was also a member of the Marcia Burgess Foundation Committee.

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.

Mr Richards' special responsibilities include membership of the Audit Committee and of the Remuneration & Nomination Committee. He was appointed to the Board on 4 February 2017 and was last re-elected to the Board on 25 November 2020.

→ 5.
Dr Peter Moore
Independent Non-Executive Director
PhD, BSc (Hons), MBA, GAICD

Dr Moore has over 41 years of oil and gas industry experience. His career commenced at the Geological Survey of Western Australia, with subsequent appointments at Delhi Petroleum Pty Ltd, Esso Australia, ExxonMobil and Woodside. Dr Moore joined Woodside as Geological Manager in 1998 and progressed through the roles of Head of Evaluation, Exploration Manager Gulf of Mexico, Manager Geoscience Technology Organisation and Vice President Exploration Australia. From 2009 to 2013, Dr Moore led Woodside's global exploration efforts as Executive Vice President Exploration. In this capacity, he was a member of Woodside's Executive Committee and Opportunities Management Committee, a leader of its Crisis Management Team, Head of the Geoscience function and a director of ten subsidiary companies. From 2014 to 2018, Dr Moore was a Professor and Executive Director of Strategic Engagement at Curtin University's Business School. He has his own consulting company, Norris Strategic Investments Pty Ltd. Dr Moore is currently a non-executive director of Carnarvon Petroleum Ltd (since 2015).

Dr Moore's special responsibilities include chairmanship of the Risk, Corporate Governance and Sustainability Committee and membership of the Remuneration and Nomination Committee. Dr Moore was appointed by the Board on 1 July 2017 and last re-elected to the Board on 26 November 2019.

→ 6.
Sally-Anne Layman
Independent Non-Executive Director
BEng (Mining) Hons, BCom, CPA, MAICD

Ms Layman is a company director with diverse international experience in the resources sector and financial markets. Previously, Ms Layman held a range of senior positions with Macquarie Group Limited, including as Division Director and Joint Head of the Perth office of the Metals, Mining & Agriculture Division.

Prior to moving into finance, Ms Layman undertook various roles with resource companies including Mount Isa Mines, Great Central Mines and Normandy Yandal. Ms Layman holds a WA First Class Mine Manager's Certificate of Competency.

Ms Layman is also a non-executive director of Imdex Ltd, Pilbara Minerals Ltd and Newcrest Mining Ltd.

Ms Layman holds a Bachelor of Engineering (Mining) Hons from Curtin University and a Bachelor of Commerce from the University of Southern Queensland. Ms Layman is a Certified Practising Accountant and is a member of CPA Australia Ltd and the Australian Institute of Company Directors.

Ms Layman is Chair of the Audit Committee and was appointed to the Board in February 2019 and formally elected to the Board on 26 November 2019.

→ 7.
Margaret Hall
Non-Executive Director
BEng (Met) (Hons), GAICD, MIEAust, SPE

Ms Margaret Hall has circa 31 years of experience in the oil and gas industry, spanning both super-major and independent companies.

Ms Hall is currently Chief Executive Officer of SGH Energy and holds responsibility for delivering value from the SGH Energy oil and gas assets within Australia and the USA. From 2011 to 2014 she held senior management roles in Nexus Energy with responsibilities covering development, production, operations, engineering, exploration, health, safety and environment. This was preceded by 19 years with ExxonMobil in Australia, across production and development in the Victorian Gippsland Basin and Joint Ventures across Australia.

Ms Hall is a director of SGH Energy Pty Ltd and its subsidiary entities within Seven Group Holdings Ltd's group of companies.

Ms Hall's special responsibilities include membership of the Risk, Corporate Governance and Sustainability Committee. She was appointed a non-executive director of Beach Energy Limited on 10 November 2021.

→ 8.
Robert (Rob) Jager ONZM
Independent Non-Executive Director
BE Mechanical Engineering (Hons), MBA (distinction), MAICD, CMinstD, FENZ

Mr Jager has extensive executive, industry and board experience following a career of more than 40 years with Shell in a variety of executive roles, most recently as Vice President Prelude in Perth. Prior to that, Mr Jager served as Vice President and Country Chair for Shell's New Zealand business. Mr Jager has most recently been an independent non-executive director of Air New Zealand, serving for nearly nine years, including as Chair of the Board Health, Safety and Security Committee.

In 2018, Mr Jager was awarded an Officer of New Zealand Order of Merit (ONZM) for his services to business and health and safety. During his career Mr Jager chaired the Petroleum Exploration and Production Association of NZ as well as the Business Leaders Health and Safety Forum.

Mr Jager's special responsibilities include membership of the Risk, Corporate Governance and Sustainability Committee. He was appointed an independent non-executive director of Beach Energy Limited on 14 December 2021.

Full Financial Report

Directors' report

Your directors present their report for Beach Energy Limited (Beach or Company) on the consolidated accounts for the financial year ended 30 June 2022. Beach is a company limited by shares that is incorporated and domiciled in Australia.

The directors of the Company during the year ended 30 June 2022 and up to the date of this report are:

Surname	Other Names	Position
Davis	Glenn Stuart	Independent non-executive Chairman
Beckett	Colin David	Independent non-executive Deputy Chairman
Bainbridge	Philip James	Independent non-executive director
Hall	Margaret Helen	Non-executive director (1)
Jager	Robert	Independent non-executive director (2)
Kay	Matthew Vincent	Managing director (3)
Layman	Sally-Anne Georgina	Independent non-executive director
Moore	Peter Stanley	Independent non-executive director
Morton	Joycelyn Cheryl	Independent non-executive director (4)
Richards	Richard Joseph	Non-executive director
Stokes	Ryan Kerry	Alternate non-executive director (5)

(1) Appointed 10 November 2021 as a non-executive director having previously been appointed an alternate director for Mr Stokes for the period from 3 May 2021 to 10 November 2021.
(2) Appointed 14 December 2021.
(3) Resigned 2 November 2021.
(4) Retired 10 November 2021.
(5) Retired 10 November 2021 as a non-executive director. Mr Stokes was subsequently appointed as an alternate director for Ms Hall, effective from 1 December 2021.

Directors' Interests in shares, options and rights

The relevant interest of each director in the ordinary share capital of Beach at the date of this report is:

Shares held in Beach Energy Limited		
Name	Shares	Rights
G S Davis	320,101 (2)	–
C D Beckett	91,678 (1)	–
P J Bainbridge	137,320 (2)	–
R J Jager	–	–
S G Layman	45,000 (2)	–
P S Moore	44,200 (2)	–
R J Richards (3)	488,053 (2)	–
R K Stokes (4)	150,000 (1)	–
M H Hall (3)(4)	17,068 (2)	–

(1) Held directly.
(2) Held by entities in which a relevant interest is held.
(3) Mr Richards was nominated as a director by Beach's largest shareholder Seven Group Holdings Limited (SGH) and related corporations who collectively have a relevant interest in 30.02% of Beach shares. He is the Chief Financial Officer of SGH. Ms Hall was also nominated as a director by SGH. Ms Hall is the chief executive officer of Seven Group Holdings Energy.
(4) Mr Stokes is an alternate director for Ms Hall. Mr Stokes is appointed until either Ms Hall ceases to be a director or until terminated in accordance with the Beach constitution. He is Managing Director and Chief Executive Officer of SGH.

Details of the qualifications, experience, special responsibilities and meeting attendance of each of the directors are set out later in the Directors' Report.

Director appointments and retirements

During the financial year, the following changes to Board composition occurred:

- Mr Kay resigned as the Managing Director on 2 November 2021.
- At the Annual General Meeting held on 10 November 2021 Ms Joycelyn Morton retired from the Board of Directors.
- At the Annual General Meeting held on 10 November 2021 Mr Ryan Stokes retired from the Board of Directors. Mr Stokes was subsequently appointed an alternate director for Ms Margaret Hall on 1 December 2021.
- Ms Margaret Hall was appointed a director of Beach on 10 November 2021. Prior to this, Ms Hall was an alternate director for Mr Ryan Stokes.
- Mr Robert Jager was appointed a director on 14 December 2021 and pursuant to the constitution will be obliged to retire at the 2022 Annual General Meeting and being eligible to seek re-election.

At as 30 June 2022, the board comprises eight directors. The approved maximum number of directors is nine.

Principal activities

Beach Energy is an ASX listed, oil and gas, exploration and production company headquartered in Adelaide, South Australia. It has operated and non-operated, onshore and offshore, oil and gas production from five producing basins across Australia and New Zealand and is a key supplier to the Australian east coast gas market. Beach's asset portfolio includes ownership interests in strategic oil and gas infrastructure and assets across Australia and New Zealand and continues to pursue growth opportunities which align with its strategy, satisfy strict capital allocation criteria, and demonstrate clear potential for shareholder value creation. Beach is focused on maintaining the highest health, safety and environmental standards.

Operating and Financial Review

A review of operations of Beach Energy during the financial year are set out on pages 16 – 29.

Financial results from FY22 are summarised below:

- Group profit attributable to equity holders of Beach was $500.8 million (FY21 $316.5 million).
- Sales revenue was up 15% from FY21 to $1,749.1 million due to favourable US dollar oil and liquids prices, partly offset by lower volumes.
- Cost of sales were up 3% from FY21 to $995.6 million, mainly as a result of higher royalties, third party purchases, tariff and toll charges, partly offset by favourable inventory movements and lower depreciation.
- A net profit after tax of $500.8 million was reported reflecting higher sales revenue and no impairment or exploration expense in FY22, partly offset by higher tax impacts, restoration expense, lower other income and higher costs of sales.

Key Results

		2022	2021	Change
Operations				
Production	MMboe	**21.8**	24.8	(12%)
Production (pro-forma) [1]	MMboe	**21.8**	25.6	(15%)
Sales	MMboe	**22.4**	26.1	(14%)
Capital expenditure	$m	**(872.3)**	(671.3)	(30%)
Income				
Sales revenue	$m	**1,749.1**	1,519.4	15%
Total revenue	$m	**1,771.4**	1,562.0	13%
Cost of sales	$m	**(995.6)**	(967.1)	(3%)
Gross profit	$m	**775.8**	594.9	30%
Other income	$m	**12.0**	51.1	(77%)
Net profit after tax (NPAT)	$m	**500.8**	316.5	58%
Underlying NPAT [2]	$m	**504.3**	363.0	39%
Dividends paid	cps	**2.00**	2.00	0%
Dividends announced	cps	**1.00**	1.00	0%
Basic EPS	cps	**21.97**	13.88	58%
Underlying EPS [2]	cps	**22.12**	15.92	39%
Cash flows				
Operating cash flow	$m	**1,223.2**	759.8	61%
Investing cash flow	$m	**(897.8)**	(757.8)	(18%)

		As at 30 June 2022	As at 30 June 2021	Change
Financial position				
Net assets	$m	**3,539.9**	3,087.8	15%
Cash balance	$m	**254.5**	126.7	101%

(1) Production (pro-forma) for 2021 includes the impact of the acquisition of Senex Energy's Cooper Basin assets and Mitsui's Bass Basin assets, with an effective date 1 July 2020.

(2) Underlying results in the table above are categorised as non-IFRS financial information provided to assist readers to better understand the financial performance of the underlying operating business. They have not been subject to audit or review by Beach's external auditors. Please refer to the table on page 43 for a reconciliation of this information to the financial report.

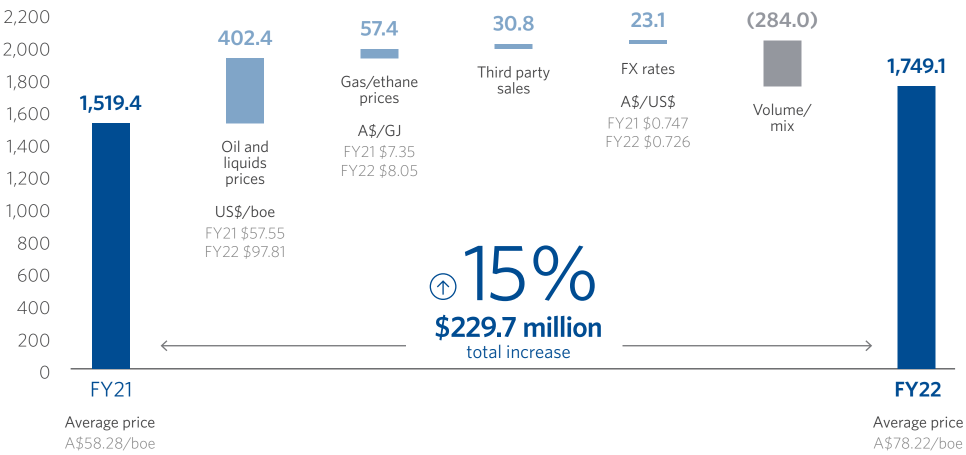
Directors' report

Revenue

Sales revenue of $1,749.1 million in FY22 was $229.7 million or 15% higher than FY21, driven by higher realised prices, higher third-party sales and favourable FX rates, partly offset by lower production volumes.

Higher US dollar oil and liquids prices increased sales revenue by $402.4 million, with the average realised liquids price increasing to US$97.81/boe, up from US$57.55/boe in FY21. Favourable gas and ethane prices increased sales revenue by $57.4 million, higher sales from third party product contributed an additional $30.8 million and favourable A$/US$ exchange rates in FY22 resulted in an increase of $23.1 million to sales revenue. These are partly offset by lower production volumes, decreasing sales revenue by $284.0 million.

Sales Revenue Comparison ($m)

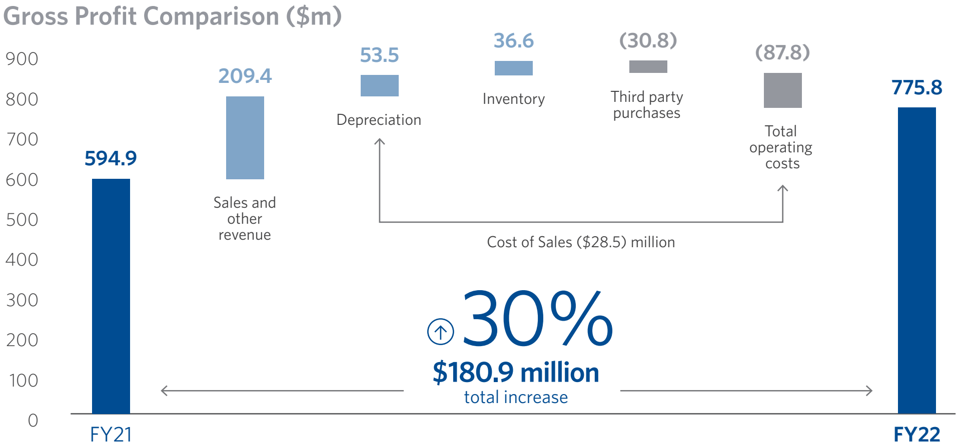


Gross Profit

Gross profit for FY22 of $775.8 million (FY21 $594.9 million) was up 30%, driven by higher sales, lower depreciation and inventory movements, partly offset by higher royalties, third party purchases and tariff and tolls.

The increase in cost of sales, up 3% from FY21 to $995.6 million, is driven by a $65.3 million increase in royalties, a $30.8 million increase in third party purchases, both principally driven by higher realised oil and liquids prices, and an increase in tariff and toll charges of $18.5 million with FY21 including favourable arbitral outcome regarding the allocation of carbon emissions under one of Beach's long term gas sales agreements, offset by lower Western Flank volumes. These are partly offset by a reduction in depreciation of $53.5 million as a result of lower book values following FY21 impairments and lower production volumes, and favourable inventory movement of $36.6 million.

Gross Profit Comparison ($m)



Net Profit Result

Other income of $12.0 million, was $39.1 million lower than FY21, with FY21 including a gain on reversal of acquired liabilities of $35.4 million and lower joint venture lease recoveries of $6.5 million, partly offset by foreign exchange gains in FY22 of $6.4 million.

Other expenses of $57.7 million were $146.0 million lower than FY21, with FY21 including a $117.0 million impairment expense in SA Otway and exploration and evaluation expense of $56.7 million. This is partly offset by restoration expense of $29.5 million recognised in FY22 relating to increased restoration provisions for assets in abandonment phase in the Cooper Basin.

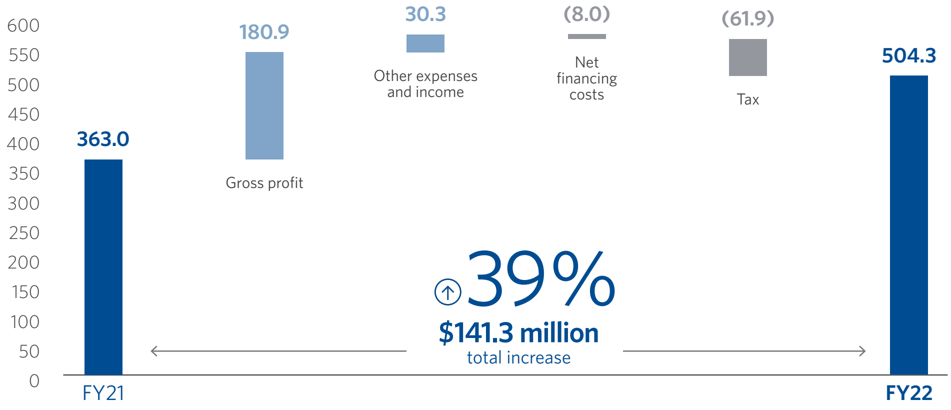
The reported net profit after income tax of $500.8 million is $184.3 million higher than FY21, driven by higher gross profits primarily the result of higher sales revenue and lower other expenses, partly offset by corresponding higher income tax expense.

By adjusting the FY22 profit to exclude the one-off provision for legal costs related to shareholder class actions, Beach's underlying net profit after tax is $504.3 million.

Comparison of underlying profit	FY22 $ million	FY21 $ million	Movement from PCP $ million	
Net profit after tax	**500.8**	**316.5**	**184.3**	**58%**
Adjusted for:				
Provision for legal costs related to shareholder class actions	**5.0**	–	5.0	
Gain on reversal of acquired liabilities	**–**	(35.4)	35.4	
Impairment of assets	**–**	117.0	(117.0)	
Tax impact of above changes	**(1.5)**	(35.1)	33.6	
Underlying net profit after tax [1]	**504.3**	**363.0**	**141.3**	**39%**

(1) Underlying results in this report are categorised as non-IFRS financial information provided to assist readers to better understand the financial performance of the underlying operating business. They have not been subject to audit or review by Beach's external auditors. All of the items being adjusted pre-tax are separately identified within Notes 2(b) and 3(b) to the financial statements.

Underlying Net Profit After Tax Comparison ($m)



Directors' report

Financial Position

Assets

Total assets increased by $419.0 million to $5,102.1 million during the period with cash balances increased by $127.8 million to $254.5 million, primarily due to:

- Cash inflow from operations of $1,223.2 million, offset by,
- Cash outflow from investing activities of $897.8 million,
- Cash outflow from financing activities of $199.5 million, and,
- Favourable foreign exchange impact of $1.9 million.

Receivables decreased by $132.5 million, primarily driven by timing of liftings and Beach receipting favourable arbitral outcome regarding the allocation of carbon emissions under one of Beach's long term gas sales agreements in early FY22. Other current assets increased by $28.2 million, primarily driven prepayments for long lead items relating to major growth projects, partly offset by a reduction in lease receivables.

Fixed assets, petroleum and exploration assets increased by $435.4 million, driven by capital expenditure of $818.7 million and capitalisation of depreciation of lease assets under AASB 16 Leases of $53.6 million, partly offset by depreciation and amortisation of $365.6 million and decrease in restoration of $67.2 million. Lease assets decreased $40.5 million primarily as a result of depreciation during the period.

Liabilities

Total liabilities decreased by $33.1 million to $1,562.2 million, due to a decrease in debt drawn of $86.8 million, lease liabilities of $70.0 million, provisions of $37.8 million and contract liabilities of $11.6 million. This is partially offset by an increase in payables of $70.6 million, deferred tax liabilities of $62.0 million and current tax liabilities of $40.5 million.

Equity

Total equity increased by $452.1 million, primarily due to a net profit after tax of $500.8 million for the year, partly offset by dividends paid during the period of $45.6 million.

Dividends

During the financial year, the Company paid a FY21 fully franked final dividend of 1.0 cent per share as well as an interim FY22 fully franked dividend of 1.0 cent per share. The Company will also pay a FY22 fully franked final dividend of 1.0 cent per share from the profit distribution reserve.

State of affairs

A review of operations of Beach Energy during the financial year on pages 16 – 29 sets out a number of matters that have had a significant effect on the state of affairs of the group. Other than those matters, there were no significant changes in the state of affairs of the group during the financial year.

Funding and Capital Management

As at 30 June 2022, Beach held cash and cash equivalents of $255 million.

Beach currently has a Senior Secured Debt Facility in place for $675 million, comprised of a three year $250 million syndicated revolving debt facility maturing September 2024 (Facility A), a five year $350 million syndicated revolving facility maturing September 2026 (Facility B), and three year $75 million bilateral Contingent Instrument facilities (CI Facilities) with a maturity date of September 2024.

As at 30 June 2022, $90 million of Facility A was drawn with $43 million of the CI Facilities being predominantly utilised by way of bank guarantees.

Material Business Risks

Beach recognises that the management of risk is a critical component in Beach achieving its purpose of sustainably delivering energy for communities.

The Company has a framework to identify, understand, manage and report risks. As specified in its Board Charter, the Board has responsibility for overseeing Beach's risk management framework and monitoring its material business risks.

Given the nature of Beach's operations, there are many factors that could impact Beach's operations and results. The material business risks that could have an adverse impact on Beach's financial prospects or performance include economic risks, health, safety and environmental risks, community and social licence risks and legal risks. These may be further categorised as strategic risks, operational risks, commercial risks, regulatory risks, reputational risks and financial risks. A description of the nature of the risk and how such risks are managed is set out below. This list is neither exhaustive nor in order of importance.

Economic risks

Exposure to oil and gas prices

A decline in the price of oil and gas may have a material adverse effect on Beach's financial performance. Historically, international crude oil prices have been very volatile. A sustained period of low or declining crude oil prices could adversely affect Beach's operations, financial position and ability to finance developments. Beach uses a structured framework for capital allocation decisions. The process provides rigorous value and risk assessment against a broad range of business metrics and stringent hurdles to maximise return on capital. This process is a significant development in Beach's continuing focus on reducing capital and operating expenditure and improving business efficiency.

Declines in the price of oil and continuing price volatility may also lead to revisions of the medium and longer term price assumptions for oil from future production, which, in turn, may lead to a revision of the carrying value of some of Beach's assets.

The valuation of oil and gas assets is affected by a number of assumptions, including the quantity of reserves and resources booked in relation to these oil and gas assets and their expected cash flows. An extended or substantial decline in oil and/or gas prices or demand, or an expectation of such a decline, may reduce the expected cash flows and/or quantity of reserves and resources booked in relation to the associated oil and gas assets, which may lead to a reduction in the valuation of these assets. If the valuation of an oil and gas asset is below its carrying value, a non-cash impairment adjustment to reduce the historical book value of these assets will be made with a subsequent reduction in the reported net profit in the same reporting period.

Foreign exchange and hedging risk

Beach's financial report is presented in Australian dollars. Beach converts funds to foreign currencies as its payment obligations in those jurisdictions where the Australian dollar is not an accepted currency become due. Certain of Beach's costs will be incurred in currencies other than Australian dollars, including the US dollar and the New Zealand dollar. Accordingly, Beach is subject to fluctuations in the rates of currency exchange between these currencies.

The Company may use derivative financial instruments such as foreign exchange contracts, commodity contracts and interest rate swaps to hedge certain risk exposures, including commodity price fluctuations through the sale of petroleum productions and other oil-linked contracts.

Ability to access funding

The oil and gas business involves significant capital expenditure in relation to exploration and development, production, processing and transportation. Beach relies on cash flows from operating activities and bank borrowings and offerings of debt or equity securities to finance capital expenditure.

If cash flows decrease or Beach is unable to access necessary financing, this may result in postponement of or reduction in planned capital expenditure, relinquishment of rights in relation to assets, or an inability to take advantage of opportunities or otherwise respond to market conditions. Any of these outcomes could have a material adverse effect on Beach's ability to expand its business and/or maintain operations at current levels, which in turn could have a material adverse effect on Beach's business, financial condition and operations.

Beach has a Board approved financial risk management policy covering areas such as liquidity, debt management, interest rate risk, foreign exchange risk, commodity risk and counterparty credit risk. The policy sets out the organisational structure to support this policy. Beach has a treasury function and clear delegations and reporting obligations. The annual capital and operating budgeting processes approved by the Board ensure appropriate allocation of resources.

A dispute, or a breakdown in the relationship, between Beach and its JVPs, suppliers or customers, a failure to reach a suitable arrangement with a particular JVP, supplier or customer, or the failure of a JVP, supplier or customer to pay or otherwise satisfy its contractual obligations (including as a result of insolvency, financial stress or the impacts of COVID-19), could have an adverse effect on the reputation and/or the financial performance of Beach.

Operational risks

Joint Venture Operations

Beach participates in a number of joint ventures for its business activities. This is a common form of business arrangement designed to share risk and other costs. Under certain joint venture operating agreements, Beach may not control the approval of work programs and budgets and a JVP may vote to participate in certain activities without the approval of Beach. As a result, Beach may experience a dilution of its interest or may not gain the benefit of the activity, except at a significant cost penalty later in time.

Failure to reach agreement on exploration, development and production activities may have a material impact on Beach's business. Failure of Beach's JVPs to meet financial and other obligations may have an adverse impact on Beach's business.

Beach works closely with its JVPs to minimise joint venture misalignment.

Material change to reserves and resources

The estimated quantities of reserves and resources are based upon interpretations of geological, geophysical and engineering models and assessment of the technical feasibility and commercial viability of producing the reserves. Estimates that are valid at a certain point in time may alter significantly or become uncertain when new reservoir information becomes available through additional drilling or technical analysis over the life of the field. As reserves and resources estimates change, development and production plans may be altered in a way that may adversely affect Beach's operations and financial results.

Beach prepares its reserves and resources estimates in accordance with the 2018 update to the Petroleum Resources Management System sponsored by the Society of Petroleum Engineers, World Petroleum Council, American Association of Petroleum Geologists and Society of Petroleum Evaluation Engineers (SPE-PRMS). The estimates are subject to periodic independent review or audit.

Exploration and development

Success in oil and gas production is key and in the normal course of business Beach depends on the following factors: successful exploration, establishment of commercial oil and gas reserves, finding commercial solutions for exploitation of reserves, ability to design and construct efficient production, gathering and processing facilities, efficient transportation and marketing of hydrocarbons and sound management of operations. Oil and gas exploration is a speculative endeavour and the nature of the business carries a degree of risk associated with failure to find hydrocarbons in commercial quantities or at all.

Beach utilises well-established prospect evaluation and ranking methodology to manage exploration and development risks.

Directors' report

Production risks

Any oil or gas project, including off-shore activity, may be exposed to production decrease or stoppage, which may be the result of facility shut-downs, mechanical or technical failure, project delays, climatic events and other unforeseeable events. A significant failure to maintain production could result in Beach lowering production forecasts, loss of revenue and additional operational costs to bring production back online.

There may be occasions where loss of production may incur significant capital expenditure, resulting in the requirement for Beach to seek additional funding, through equity or debt. Beach's approach to facility design, process safety and integrity management is critical to mitigating production risks.

Beach and its JVPs may face disruptions as a result of the restrictions on the movement and supply of personnel and products due to external influences such as geopolitical unrest or conflict and the COVID-19 pandemic. A significant failure to meet production and/or project targets could compromise Beach's production and sales deliverability obligations, impact operating cash flows through loss of revenue and/or from incurring additional costs needed to reinstate production to required levels.

Cyber Risk

The integrity, availability and confidentiality of data within Beach's information and operational technology systems may be subject to intentional or unintentional disruption (for example, from a cyber security attack). Beach continues to invest in robust processes and technology, supported by specialist cyber security skills to prevent, detect, respond and recover from such attacks should one occur.

This risk has escalated as a result of the increased global cyber threat across the economy, particularly with regard to ransomware. Beach has invested in further measures that align with the Australian Signals Directorate (ASD) Essential 8 Maturity Framework that include application allow listing, system hardening and retiring of legacy systems. In addition, we have expanded validation of existing controls through regular penetration testing, phishing simulations and cyber exercises. The board and its committee's consider cyber risks on at least a quarterly basis commensurate with the evolving nature of this risk and the level of internal activity.

Social licence to operate risks

Regulatory risk

Changes in government policy (such as in relation to taxation, environmental protection, competition and pricing regulation and the methodologies permitted to be used in oil and gas exploration and production activity such as produced water disposal) or statutory changes may affect Beach's business operations and its financial position. A change in government regime may significantly result in changes to fiscal, monetary, property rights and other issues which may result in a material adverse impact on Beach's business and its operations.

Companies in the oil and gas industry may also be required to pay direct and indirect taxes, royalties and other imposts in addition to normal company taxes. Beach currently has operations or interests in Australia and New Zealand. Accordingly its profitability may be affected by changes in government taxation and royalty policies or in the interpretation or application of such policies in each of these jurisdictions.

Beach monitors changes in relevant regulations and engages with regulators and governments to ensure policy and law changes are appropriately influenced and understood.

Permitting risk

All petroleum licences held by Beach are subject to the granting and approval of relevant government bodies and ongoing compliance with licence terms and conditions.

Tenure management processes and standard operating procedures are utilised to minimise the risk of losing tenure.

Land access, cultural heritage and Native Title

Beach is required to obtain the consent of owners and occupiers of land within its licence areas. Compensation may be required to be paid to the owners and occupiers of land in order to carry out exploration and development activities.

Beach operates in a number of areas within Australia that are or may become subject to claims or applications for native title determinations or other third party access. Native title claims have the potential to introduce delays in the granting of petroleum and other licences and, consequently, may have an effect on the timing and cost of exploration, development and production.

Native or indigenous title and land rights may also apply or be implemented in other jurisdictions in which Beach operates outside of Australia, including New Zealand.

Beach's standard operating procedures and stakeholder engagement processes are used to manage land access, cultural heritage and native title risks.

Health, safety and environmental risks

The business of exploration, development, production and transportation of hydrocarbons involves a variety of risks which may impact the health and safety of personnel, the community and the environment.

Oil and gas production and transportation can be impacted by natural disasters, operational error or other occurrences which can result in hydrocarbon leaks or spills, equipment failure and loss of well control. Potential failure to manage these risks could result in injury or loss of life, damage or destruction of wells, production facilities, pipelines and other property, damage to the environment, legal liability and damage to Beach's reputation.

Losses and liabilities arising from such events could significantly reduce revenues or increase costs and have a material adverse effect on the operations and/or financial conditions of Beach.

Beach employs an Operations Excellence Management System to identify and manage risks in this area. Insurance policies, standard operating procedures, contractor management processes and facility design and integrity management systems, amongst other things, are important elements of the system that supports mitigation of these risks.

Beach seeks to maintain appropriate policies of insurance consistent with those customarily carried by organisations in the energy sector. Any future increase in the cost of such insurance policies, or an inability to fully renew or claim against insurance policies as a result of the current economic environment and the impact of COVID-19 (for example, due to a deterioration in an insurers ability to honour claims), could adversely affect Beach's business, financial position and operational results.

Beach's ability to mitigate these risks and effectively respond to health and safety incidents may be also impaired by restrictions on the movement of products and personnel relating to the COVID-19 pandemic.

Pandemic risk

Large scale pandemic outbreak of a communicable disease such as COVID-19 has the potential to affect personnel, production and delivery of projects. The Company employs its crisis and emergency management plans, health emergency plans and business continuity plans to manage this risk including ongoing monitoring and response to government directions and advice. This enables the Company to take active steps to manage risks to the Company's staff and stakeholders and to mitigate risks to production and progress of growth projects.

Climate change

Beach is likely to be subject to increasing regulations and costs associated with climate change and management of carbon emissions. Strategic, regulatory and operational risks and opportunities associated with climate change are incorporated into Company policy, strategy and risk management processes and practices. The Company actively monitors current and potential areas of climate change risk and takes actions to prevent and/or mitigate any impacts on its objectives and activities including setting of targets to reduce carbon emissions. Reduction of waste and emissions is an integral part of delivery of cost efficiencies and forms part of the Company's routine operations.

Forward Looking Statements

This report contains forward-looking statements, including statements of current intention, opinion and predictions regarding the Company's present and future operations, possible future events and future financial prospects. While these statements reflect expectations at the date of this report, they are, by their nature, not certain and are susceptible to change. Beach makes no representation, assurance or guarantee as to the accuracy or likelihood of fulfilling of such forward looking statements (whether expressed or implied), and except as required by applicable law or the ASX Listing Rules, disclaims any obligation or undertaking to publicly update such forward-looking statements.

Material Prejudice

As permitted by sections 299(3) and 299A(3) of the *Corporations Act 2001*, Beach has omitted some information from the above Operating and Financial Review in relation to the Company's business strategy, future prospects and likely developments in operations and the expected results of those operations in future financial years on the basis that such information, if disclosed, would be likely to result in unreasonable prejudice (for example, because the information is premature, commercially sensitive, confidential or could give a third party a commercial advantage). The omitted information typically relates to internal budgets, forecasts and estimates, details of the business strategy, and contractual pricing.

Environmental regulations and performance statement

Beach participates in projects and production activities that are subject to the relevant exploration and development licences prescribed by government. These licences specify the environmental regulations applicable to the exploration, construction and operations of petroleum activities as appropriate. For licences operated by other companies, this is achieved by monitoring the performance of these companies against these regulations.

There have been no known significant breaches of the environmental obligations of Beach's operated contracts or licences during the financial year.

Beach reports under the National Greenhouse and Energy Reporting Act for its Australian operations and the *Climate Change Response Act 2002* for its New Zealand operations.

Dividends paid or recommended

Since the end of the financial year the directors have resolved to pay a fully franked dividend of 1.0 cent per share on 30 September 2022. The record date for entitlement to this dividend is 31 August 2022. The financial impact of this dividend, amounting to $22.8 million has not been recognised in the Financial Statements for the year ended 30 June 2022 and will be recognised in subsequent Financial Statements.

The details in relation to dividends paid during the reporting period are set out below:

Dividend	Record Date	Date of payment	Cents per share	Total Dividends
FY21 Final	31 August 2021	30 September 2021	1.0	$22.8 million
FY22 Interim	28 February 2022	31 March 2022	1.0	$22.8 million

For Australian income tax purposes, all dividends were fully franked and were not sourced from foreign income.

Share options and rights

Beach does not have any options on issue at the end of financial year and has not issued any during FY22.

Share rights holders do not have any right to participate in any issue of shares or other interests in the Company or any other entity. There have been no unissued shares or interests under option of any controlled entity within the Group during or since the reporting date. For details of performance rights issued to executives as remuneration, refer to the Remuneration Report. During the financial year, the following movement in share rights to acquire fully paid shares occurred:

Executive Performance Rights

Throughout FY22, Beach issued the following Long Term Incentive (LTI) unlisted performance rights under the Executive Incentive Plan (EIP): 87,203 on 30 September 2021; 2,112,784 on 31 December 2021; 958,735 on 31 March 2022; and 327,702 on 30 June 2022.

87,203 performance rights, which expire on 30 November 2025, are exercisable for nil consideration and are not exercisable before 1 December 2023. 3,399,221 performance rights, which expire on 30 November 2026, are exercisable for nil consideration and are not exercisable before 1 December 2024.

Rights	Balance at beginning of financial year	Issued during the financial year	Vested/ exercised during the financial year	Expired/ lapsed during the financial year	Balance at end of financial year
2017 LTI unlisted rights					
Issued 1 December 2017 and 9 April 2018	1,214,294	–	(1,214,294)	–	–
2018 LTI unlisted rights					
Issued 14 December 2018 and 19 December 2019	1,642,447	–	–	(1,642,447)	–
2018 STI unlisted rights					
Issued 19 December 2019	275,109	–	(275,109)	–	–
2019 LTI unlisted rights					
Issued 19 December 2019 and 14 December 2021	1,224,112	–	–	(419,890)	804,222
2019 STI unlisted rights					
Issued 25 November 2021	213,665	–	(111,504)	(28,997)	73,164
2020 LTI unlisted rights					
Issued 14 December 2020, 31 May 2021 and 30 September 2021	2,312,232	87,203	–	(782,465)	1,616,970
2021 LTI unlisted rights					
Issued 31 December 2021, 31 March 2022 and 30 June 2022	–	3,399,221	–	(263,811)	3,135,410
Total	**6,881,859**	**3,486,424**	**(1,600,907)**	**(3,137,610)**	**5,629,766**

Employee share plan

An employee share plan (Plan) was approved by shareholders in November 2019. Under the terms of the Plan, employees who buy shares under the Plan will have those shares matched by Beach, provided any relevant conditions determined by the Board are satisfied. Eligible Employees are employees of the Group, other than a non-executive director and any other person determined by the Board as ineligible to participate in the Plan.

The Board has the discretion to set an annual limit on the value of shares that participants may purchase under the Plan, not exceeding $5,000. Purchased Shares have been acquired periodically at the prevailing market price. Participants pay for their Purchased Shares using their own funds which may include salary sacrifice. To receive Matched Shares, a participant must satisfy the conditions determined by the Board at the time of the invitation. Full terms can be found in the *Notice of 2018 Annual General Meeting* released on 19 October 2018.

Rights	Balance at beginning of financial year	Issued during the financial year	Vested during the financial year	Expired/ lapsed during the financial year	Balance at end of financial year
FY20 employee share plan [(1)]					
Issued up to 30 June 2020	502,503	–	–	(68,617)	433,886
FY21 employee share plan [(2)]					
Issued up to 30 June 2021	799,977	–	–	(101,390)	698,587
FY22 employee share plan [(3)]					
Issued up to 30 June 2022	–	709,379	–	(38,465)	670,914
Total	**1,302,480**	**709,379**	**–**	**(208,472)**	**1,803,387**

(1) 3-year restriction period end on the first practicable date after 30 June 2022.
(2) 3-year restriction period end on the first practicable date after 30 June 2023.
(3) 3-year restriction period end on the first practicable date after 30 June 2024.

Information on Directors

The names of the directors of Beach who held office during the financial year and at the date of this report are:

Glenn Stuart Davis

Independent non-executive Chairman – LLB, BEc, FAICD

Experience and expertise

Mr Davis has practiced as a solicitor in corporate and risk throughout 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 in corporate activity regulated by the *Corporations Act (2001)* and ASX Limited. Mr Davis has worked in the oil and gas industry as an advisor and director for over 25 years.

Current and former listed company directorships in the last 3 years

Mr Davis is currently a director of ASX listed company iTech Minerals Ltd (ITM) (since 2021).

Responsibilities

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

Date of appointment

Mr Davis joined Beach on 6 July 2007 as a non-executive director. He was appointed non-executive Deputy Chairman in June 2009 and Chairman in November 2012. He was last re-elected to the Board on 25 November 2020.

Colin David Beckett, AO

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

Experience and expertise

Mr Beckett is an experienced non-executive director and previously held senior executive positions in Australia with Chevron, Mobil, and BP. His experience in engineering design, project management, commercial negotiations and gas marketing provides him with a diverse and complementary set of skills relevant to the oil and gas industry. Mr Beckett read engineering at Cambridge University and has a Master of Arts. He was awarded an honorary doctorate from Curtin University in 2019. He was previously a fellow of the Australian Institute of Engineers. He is a graduate member of the Institute of Company Directors. He is currently Chair of Western Power. He was the Chancellor of Curtin University until end 2018. He is a past Chairman of Perth Airport Pty Ltd and past Chairman of the Australian Petroleum Producers and Explorers Association (APPEA).

Current and former listed company directorships in the last 3 years

Nil.

Responsibilities

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

Date of appointment

Mr Beckett was appointed to the Board on 2 April 2015 and last re-elected to the Board on 26 November 2019.

Philip James Bainbridge

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

Experience and expertise

Mr Bainbridge has extensive industry experience having worked for the BP Group for 23 years in a range of petroleum engineering, development, commercial and senior management roles in the UK, Australia and USA. From 2006, he has worked at Oil Search, initially as Chief Operating Officer, then Executive General Manager LNG, responsible for all aspects of Oil Search's interests in the $19 billion PNG LNG project, then EGM Growth responsible for gas growth and exploration.

He is currently the non-executive chairman of the Global Institute of Carbon Capture and Storage and was formally a non-executive chairman of Sino Gas and Energy until 2018.

Current and former listed company directorships in the last 3 years

Mr Bainbridge is currently a non-executive director of Newcrest Mining Ltd (since April 2021).

Responsibilities

His special responsibilities include membership of the Audit Committee and the Risk, Corporate Governance and Sustainability Committee.

Date of appointment

Mr Bainbridge was appointed to the Board on 1 March 2016 and was last re-elected to the Board on 26 November 2019.

Sally-Anne Layman

Independent non-executive director – BEng (Mining) Hons, BCom, CPA, MAICD

Experience and expertise

Ms Layman is a company director with diverse international experience in the resources sector and financial markets. Previously, Ms Layman held a range of senior positions with Macquarie Group Limited, including as Division Director and Joint Head of the Perth office of the Metals, Mining & Agriculture Division. Prior to moving into finance, Ms Layman undertook various roles with resource companies including Mount Isa Mines, Great Central Mines and Normandy Yandal. Ms Layman holds a WA First Class Mine Manager's Certificate of Competency, a Bachelor of Engineering (Mining) Hons from Curtin University and a Bachelor of Commerce from the University of Southern Queensland. Ms Layman is a Certified Practising Accountant and is a member of CPA Australia Ltd and the Australian Institute of Company Directors.

Current and former listed company directorships in the last 3 years

Ms Layman is on the board of Newcrest Mining Ltd (since September 2020), Imdex Ltd (since February 2017) and Pilbara Minerals Ltd (since April 2018) and was previously on the board of Perseus Mining Ltd (from September 2017 until October 2020).

Responsibilities

Her special responsibilities include Chair of the Audit Committee.

Date of appointment

Ms Layman was appointed to the Board on 25 February 2019 and elected to the Board on 26 November 2019.

Directors' report

Peter Stanley Moore

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

Experience and expertise

Dr Moore has over forty one years of oil and gas industry experience. His career commenced at the Geological Survey of Western Australia, with subsequent appointments at Delhi Petroleum Pty Ltd, Esso Australia, ExxonMobil and Woodside. Dr Moore joined Woodside as Geological Manager in 1998 and progressed through the roles of Head of Evaluation, Exploration Manager Gulf of Mexico, Manager Geoscience Technology Organisation and Vice President Exploration Australia. From 2009 to 2013, Dr Moore led Woodside's global exploration efforts as Executive Vice President Exploration. In this capacity, he was a member of Woodside's Executive Committee and Opportunities Management Committee, a leader of its Crisis Management Team, Head of the Geoscience function and a director of ten subsidiary companies. From 2014 to 2018, Dr Moore was a Professor and Executive Director of Strategic Engagement at Curtin University's Business School. He has his own consulting company, Norris Strategic Investments Pty Ltd.

Current and former listed company directorships in the last 3 years

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

Responsibilities

His special responsibilities include Chairmanship of the Risk, Corporate Governance and Sustainability Committee and membership of the Remuneration and Nomination Committee.

Date of appointment

Dr Moore was appointed by the Board on 1 July 2017 and then elected to the Board on 26 November 2019.

Richard Joseph Richards

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

Experience and expertise

Mr Richard Richards has been Chief Financial Officer of Seven Group Holdings Limited (SGH) since October 2013. He is a director of SGH Energy and is a director and Chair of the Audit and Risk Committee of WesTrac Pty Limited and Coates Hire Pty Limited. He is a director of Boral Limited and is a member of their Audit and Risk and Safety Committees and he is also a director of Flagship Property Holdings.

Mr Richards joined SGH from the diverse industrial group, Downer EDI, where he was Deputy Chief Financial Officer responsible for group finance across the company for three years. Prior to joining Downer EDI, Mr Richards was CFO for the Family Operations of LFG, the private investment and philanthropic vehicle of the Lowy Family for two years. Prior to that, Richard held senior finance roles at Qantas for over 10 years.

Mr Richards is a former director and the Chair of Audit and Risk Management Committee of KU – established in 1895 as the Kindergarten Union of New South Wales, KU is one of the most respected childcare providers in Australia. He was also a member of the Marcia Burgess Foundation Committee.

Current and former listed company directorships in the last 3 years

Boral Limited during October 2021 and was reappointed during August 2022.

Responsibilities

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

Date of appointment

Mr Richards was appointed to the Board on 4 February 2017 and was last re-elected to the board on 25 November 2021.

Margaret Helen Hall

Non-executive director – BEng (Met) Hons, MIEAust, GAICD, SPE

Experience and expertise

Ms Hall is the chief executive officer of Seven Group Holdings Energy, a subsidiary of Seven Group Holdings Limited. Ms Hall has over 31 years of experience in the oil and gas industry having worked at both super-major and independent companies. From 2011 to 2014 Ms Hall held senior management roles in Nexus Energy with responsibilities covering Development, Production Operations, Engineering, Exploration, Health, Safety and Environment. This was preceded by 19 years with ExxonMobil in Australia, across production and development in the Victorian Gippsland Basin and joint ventures across Australia.

Current and former listed company directorships in the last 3 years

Nil.

Responsibilities

Her special responsibilities include membership of the Risk, Corporate Governance and Sustainability Committee.

Date of appointment

Ms Hall was appointed to the Board on 10 November 2021.

Robert Jager, ONZM

Independent Non-executive Director – BE Mechanical Engineering (Hons), MBA (distinction), MAICD, CMinstD, FENZ

Experience and expertise

Mr Jager has extensive executive, industry and board experience following a career of more than 40 years with Shell in a variety of executive roles, most recently as Vice President Prelude in Perth. Prior to that, Mr Jager served as Vice President and Country Chair for Shell's New Zealand business. Mr Jager has most recently been an independent non-executive director of Air New Zealand, serving for nearly nine years, including as chair of the Board Health, Safety and Security Committee.

In 2018, Mr Jager was awarded an Officer of New Zealand Order of Merit (ONZM) for his services to business and health and safety. During his career Mr Jager chaired the Petroleum Exploration and Production Association of NZ as well as the Business Leaders Health and Safety Forum.

Current and former listed company directorships in the last 3 years

Mr Jager was formerly a director of Air New Zealand Limited until October 2021.

Responsibilities

His special responsibilities include membership of the Risk, Corporate Governance & Sustainability Committee.

Date of appointment

Mr Jager was appointed to the Board on 14 December 2021.

Ryan Kerry Stokes, AO – alternate director

Non-executive director – BComm, FAIM
Alternate for Margaret Hall

Experience and expertise

Mr Stokes is the Managing Director and Chief Executive Officer of Seven Group Holdings Limited (SGH). SGH is a listed diverse investment company involved in Industrial Services, Media and Energy. SGH interests include 30.02% of Beach Energy, WesTrac Pty Limited, Coates Hire, 69.9% of Boral Limited (as at 30 July 2022) and 41% of Seven West Media Limited. Mr Stokes is Chairman of Boral Limited, Chairman of Coates Hire, and a director of WesTrac Pty Limited and Seven West Media.

Mr Stokes is Chief Executive Officer of Australian Capital Equity Pty Limited (ACE). ACE is a private company with its primary investment being an interest in SGH. Mr Stokes is Chairman of the National Gallery of Australia and is an Officer of the Order of Australia. He is also a member of the International Olympic Committee Education Commission. His previous roles include Chairman of the National Library of Australia, member of the Prime Ministerial Advisory Council on Veterans' Mental Health, Founding Chair Headspace, Youth Mental Health Foundation.

Current and former listed company directorships in the last 3 years

Mr Stokes is an executive director of Seven Group Holdings (since 2010) and a non-executive director of Seven West Media (since 2012) and a director and Chairman of Boral Limited (since Sep 2020).

Date of appointment

Mr Stokes was appointed a Director in July 2016 and ceased to be a Director in November 2021. Mr Stokes was appointed an alternate Director for Margaret Hall on 1 December 2021.

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

Matthew Vincent Kay

Managing director & Chief executive officer – BEc, MBA, FCPA, GAICD

Experience and expertise

Mr Kay joined Beach in May 2016 as Chief Executive Officer. Mr Kay has circa 30 years' experience in energy and resources and prior to joining Beach, served as Executive General Manager, Strategy and Commercial at Oil Search, a position he held for two years. In that role he was a member of the executive team and led the strategy, commercial, supply chain, economics, marketing, M&A and legal functions.

Prior to Oil Search, Mr Kay spent 12 years with Woodside Energy in various leadership roles, including Vice President of Corporate Development, General Manager of Production Planning leading over 80 operations professionals, and General Manager of Commercial for Middle East and Africa. In these roles Mr Kay developed extensive leadership skills across LNG, pipeline gas and oil joint ventures, and developments in Australia and internationally.

Current and former listed company directorships in the last 3 years

Nil.

Responsibilities

Managing Director & Chief Executive Officer until 2 November 2021.

Date of appointment/resignation

Mr Kay was appointed managing director of Beach Energy Limited on 25 February 2019 and elected to the Board on 26 November 2019. Mr Kay resigned as a director on 2 November 2021.

Joycelyn Cheryl Morton

Independent non-executive director – BEc, FCA, FCPA, FIPA, FCIS, FAICD

Experience and expertise

Ms Morton has extensive experience in finance and taxation having begun her career with Coopers & Lybrand (now PwC), followed by senior management roles with Woolworths Limited and global leadership roles in Australia and internationally within the Shell Group of companies.

Ms Morton was National President of both CPA Australia and Professions Australia, has served on many committees and councils in the private, government and not-for-profit sectors and held international advisory positions. She holds a Bachelor of Economics degree from the University of Sydney. She is also a non-executive director of ASC Pty Ltd (since 2017 to 30 June 2022) and Snowy Hydro Limited (since 2012).

In addition, Ms Morton has valuable board experience across a range of industries, including previous roles as a non-executive director and Chair of both Thorn Group Limited (from 2011 to 2018) and Noni B Limited (from May 2009 to February 2015) and a non-executive director of Crane Group Limited (from October 2010 to April 2011), Count Financial Limited (from 2006 to 2011) and InvoCare Limited (from August 2015 to May 2018).

Current and former listed company directorships in the last 3 years

Ms Morton is currently a non-executive director of Argo Investments Limited (since 2012), Argo Global Listed Infrastructure Limited (since March 2015) and Felix Group Holdings (since July 2022). She previously was non-executive director of Snowy Hydro (until June 2022) and non-executive director and Chair of Thorn Group Limited (from 2011 to 2018) and non-executive director of InvoCare Limited (from 2015 to 2018).

Responsibilities

Her special responsibilities included membership of the Audit Committee.

Date of appointment/resignation

Ms Morton was appointed a non-executive director of Beach Energy Limited on 21 February 2018 and then elected to the Board on 23 November 2018. She retired on 10 November 2021.

Directors' meetings

The number of Directors' meetings and meetings of Committees of Directors held during the financial year and the number of meetings attended by each of the directors is set out below:

	Directors' Meetings		Audit Committee Meetings		Remuneration and Nomination Committee Meetings		Risk, Corporate Governance and Sustainability Committee Meetings	
Name	Held (1)	Attended	Held (1)	Attended	Held (1)	Attended	Held (1)	Attended
G S Davis	15	15	–	–	6	6	–	–
C D Beckett	15	14	–	–	6	6	6	6
P J Bainbridge	15	15	4	4	–	–	7	7
M V Kay	8	8	–	–	–	–	–	–
S G Layman	15	15	6	6	–	–	–	–
P S Moore	15	15	–	–	6	6	7	7
J C Morton	8	8	3	3	–	–	–	–
R J Richards	15	15	6	6	2	2	6	6
M H Hall	8	8 (2)	–	–	–	–	1	1
R Jager	6	6	–	–	–	–	1	1
R K Stokes	8	7 (3)	–	–	3	3	–	–

(1) Number of Meetings held during the time that the director was appointed to the Board or committee.
(2) Ms Hall attended one meeting during the year in her capacity as an alternate director. All other meetings attended relate to the period from 10 November 2021 whilst Ms Hall was a director.
(3) Mr Stokes was not required to attend any meetings for Ms Hall as an alternate director. All meetings attended relate to the period prior to 10 November 2021, whilst Mr Stokes was a director.

Board Committees

Chairmanship and current membership of each of the board committees at the date of this report are as follows:

Committee	Chairman	Members
Audit	S G Layman	P J Bainbridge (1), R J Richards
Remuneration and Nomination	C D Beckett	G S Davis, P S Moore, R J Richards (2)
Risk, Corporate Governance & Sustainability	P S Moore	P J Bainbridge, M Hall (3), R Jager (3)

(1) Mr Bainbridge was appointed a committee member on 29 October 2021.
(2) Mr Richards commenced as a committee member on 24 March 2022.
(3) Ms Hall and Mr Jager commenced as committee members on 24 March 2022.

Indemnity of Directors and Officers

Beach has arranged directors' and officers' liability insurance policies that cover all the directors and officers of Beach and its controlled entities. The terms of the policies prohibit disclosure of details of the amount of the insurance cover, the nature thereof and the premium paid.

Company Secretary

Daniel Murnane

Company Secretary – BA/LLB

Mr Murnane joined Beach in May 2018 as Senior Legal Counsel and was appointed to Company Secretary on 2 March 2021. He has more than 16 years' experience, including over 12 years advising resources companies. Mr Murnane has worked as a senior associate in private legal practice predominately for energy companies on mergers and acquisitions, major projects, capital raisings and commercial disputes. In addition, Mr Murnane has held various in-house roles spanning legal and corporate governance environments, including with a NYSE listed oil and gas company.

Mr Murnane is qualified as a solicitor in New South Wales and Papua New Guinea and holds a Bachelor of Arts and a Bachelor of Laws.

Non-audit services

Beach may decide to employ the external auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with Beach are important.

The Board has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor as set out below, did not compromise the audit independence requirement of the *Corporations Act 2001* for the following reasons:

- All non-audit services have been reviewed by the Audit Committee to ensure they do not impact the impartiality and objectivity of the auditor.
- None of the services undermine the general principle relating to auditor independence as set out in APES 110 Code – Code of Ethics for Professional Accountants, including reviewing or auditing the auditor's own work, acting in a management or a decision making capacity for Beach, acting as advocate for Beach or jointly sharing economic risk and reward.

Details of the amounts paid or payable to the external auditors, Ernst & Young, for audit and non-audit services provided during the year are set out at Note 28 to the financial statements.

Rounding off of amounts

Beach is an entity to which ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission applies relating to the rounding off of amounts. Accordingly, amounts in the directors' report and the financial statements have been rounded to the nearest hundred thousand dollars, unless shown otherwise.

Proceedings on behalf of Beach

No person has applied to the Court under Section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of Beach, or to intervene in any proceedings to which Beach is a party, for the purpose of taking responsibility on behalf of Beach for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of Beach with leave of the Court under Section 237 of the *Corporations Act 2001*.

Matters arising subsequent to the end of the financial year

On 8 August 2022, Beach announced the finalisation and signing of the LNG Sale and Purchase Agreement (SPA) with BP Singapore Pte. Limited, a subsidiary of BP plc (bp). The LNG SPA will see bp purchase all 3.75 million tonnes of Beach's expected LNG volumes from the Waitsia Stage 2 project. Supply is targeted to commence in the second half of 2023 and will continue for approximately five years. Terms include flexibility around the commencement of supply, ensuring alignment with Waitsia Stage 2 construction and commissioning activities. The LNG SPA contains a hybrid pricing structure linked to both Brent and Japan Korea Marker (JKM) indices. Pricing parameters agreed support Beach's exposure to the current commodity cycle prices and do not restrict upside price participation. The SPA also includes a downside price protection mechanism.

Other than the matter described above there has not arisen in the interval between 30 June 2022 and up to the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years, unless otherwise noted in the financial report.

Audit independence declaration

Section 307C of the *Corporations Act 2001* requires our auditors, Ernst & Young, to provide the directors of Beach with an Independence Declaration in relation to the audit of the full year financial statements. This Independence Declaration is made on the following page and forms part of this Directors' Report.

This Directors' Report is signed in accordance with a resolution of directors made pursuant to section 298(2) of the *Corporations Act 2001*.

On behalf of the directors

G S Davis

Chairman

Adelaide, 15 August 2022

Auditor's Independence Declaration

Ernst & Young
121 King William Street
Adelaide SA 5000 Australia
GPO Box 1271 Adelaide SA 5001

Tel: +61 8 8417 1600
Fax: +61 8 8417 1775
ey.com/au

Auditor's independence declaration to the directors of Beach Energy Limited

As lead auditor for the audit of the financial report of Beach Energy Limited for the financial year ended 30 June 2022, I declare to the best of my knowledge and belief, there have been:

a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;

b. No contraventions of any applicable code of professional conduct in relation to the audit; and

c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Beach Energy Limited and the entities it controlled during the financial year.

Ernst & Young

Ernst & Young

Anthony Jones
Partner
15 August 2022

2022 Remuneration in Brief (Unaudited)

Remuneration to executive key management personnel in FY22

Consistent with FY22 remuneration outcomes, Board and management have sought to ensure FY22 remuneration takes into account broader economic conditions which have impacted Beach and acknowledging key outcomes achieved throughout the year.

A summary of the audited cost to the Company of executive key management personnel (KMP) remuneration is provided in Table 8.

FY22 remuneration outcomes at a glance

Fixed Remuneration	NO CHANGE	No fixed remuneration increases for non-executive directors or senior executives, including KMP. Acting KMP received increases in their base TFR commensurate with higher duties.
Short Term Incentive (STI)	STI AWARDED	The Board awarded an STI to senior executives. The level of at-risk participation in the STI for senior executives increased from 45% to 65% to further correlate company outcomes with remuneration. The 2018 and 2019 STI performance rights converted automatically to shares on the retention condition being met on 1 July 2021.
Long Term Incentive (LTI)	LTI LAPSED	The 2018 LTI performance rights lapsed as the performance conditions were not met on 30 November 2021.
2021 AGM Remuneration Report	95.28% 'YES VOTE'	Beach received more than 95% of 'yes' votes on a poll to adopt its Remuneration Report for the 2021 financial year. No specific feedback on Beach's remuneration practices was received at the 2021 annual general meeting.

Disclosures required in the remuneration report by the Corporations Act, particularly the inclusion of accounting values for LTI performance rights awarded but not vested, can vary significantly from the remuneration actually paid to senior executives. This is because the Accounting Standards require a value to be placed on a right at the time it is granted to a senior executive and then reported as remuneration even if ultimately the senior executive does not receive any actual value, for example because performance conditions are not met and the rights do not vest.

2022 Remuneration in Brief (Unaudited)

The following table is a summary of remuneration actually paid or payable to executive KMP for FY22. It is not audited.

Table 1: Remuneration to executive key management personnel (non-IFRS and unaudited)

	Total Fixed Remuneration				
Name	Salary $	Super $	STI cash bonus [(6)] $	Other [(1)] $	Total Cash $
M Engelbrecht [(2)]					
Chief Executive Officer	1,014,257	27,500	276,937	–	1,318,694
I Grant					
Chief Operating Officer	629,500	27,500	88,079	–	745,079
AM Barbaro [(3)]					
Acting Chief Financial Officer	221,648	15,062	29,893	–	266,603
S Algar					
Group Executive Exploration & Subsurface	629,500	27,500	90,748	54,750	802,498
T Nador					
Group Executive Development	470,500	27,500	–	–	498,000
P Hogarth [(3)]					
Acting Group Executive Corporate Strategy & Commercial	97,274	–	12,972	–	110,246
Former KMP					
M V Kay [(4)]					
Former Managing Director and Chief Executive Officer	412,833	27,500	132,236	862,712	1,435,281
L Marshall [(5)]					
Former Group Executive Corporate Strategy & Commercial	357,104	27,500	–	52,485	437,089
Total	**3,832,616**	**180,062**	**630,865**	**969,947**	**5,613,490**

(1) Other remuneration includes the payment of accrued employee entitlements, payment of salary during notice periods where no work is being performed but the employee remains employed and allowances paid under the terms and conditions of employment such as relocation and retention allowances.
(2) Mr Engelbrecht, previously Chief Financial Officer, was appointed Acting Chief Executive Officer on 2 November 2021 and subsequently appointed as Chief Executive Officer on 19 May 2022.
(3) Ms Barbaro and Mr Hogarth both became KMP with effect from 15 November 2021 and 11 April 2022 respectively with their remuneration only shown for the period from their appointment until 30 June 2022.
(4) Mr Kay ceased to be KMP on 2 November 2021 although continued to be employed with no decision making rights during his 6 month notice period until 2 May 2022.
(5) Mr Marshall ceased to be KMP on 10 April 2022 although continued to be employed during the remainder of his notice period with no decision making rights until 13 May 2022.
(6) This amount represents the cash portion of the STI for FY22, which is expected to be paid in October 2022.

Remuneration Report (Audited)

This report has been prepared in accordance with section 300A of the *Corporations Act 2001* (Cth) (Corporations Act) for the consolidated entity for the financial year ended 30 June 2022. It has been audited as required by section 308(3C) of the Corporations Act and forms part of the Directors' Report.

Key management personnel

The Company's KMP are listed in Table 2. They are the Company's non-executive directors (NED) and executive KMP who have authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly.

Table 2: Key management personnel during FY22

Name	Position	Period as KMP during the year
Executive KMP		
M Engelbrecht	Chief Executive Officer (CEO)/Acting Chief Executive Officer (CEO), Chief Financial Officer (1)	All of FY22 (2 November 2021 – 30 June 2022 and 1 July 2021 – 1 November 2021 respectively)
I Grant	Chief Operating Officer	All of FY22
AM Barbaro	Chief Financial Officer (2)	15 November 2021 – 30 June 2022
S Algar	Group Executive Exploration and Subsurface	All of FY22
T Nador	Group Executive Development	All of FY22
P Hogarth	Acting Group Executive Corporate Strategy and Commercial	11 April 2022 – 30 June 2022
Non-executive Directors		
G S Davis	Independent Chairman	All of FY22
P J Bainbridge	Non-executive Director	All of FY22
C D Beckett	Non-executive Director	All of FY22
S G Layman	Non-executive Director	All of FY22
P S Moore	Non-executive Director	All of FY22
J C Morton	Non-executive Director	1 July 2021 – 10 November 2021
R J Richards	Non-executive Director	All of FY22
R K Stokes	Non-executive Director/Alternate Director	1 July 2021 – 10 November 2021 and 1 December 2021 – 30 June 2022 respectively
M H Hall	Alternate Director/Non-executive Director	All of FY22
R Jager	Non-executive Director	14 December 2021 – 30 June 2022
Former KMP		
M V Kay	Former Managing Director & Chief Executive Officer	1 July 2021 – 2 November 2021
L Marshall	Former Group Executive Corporate Strategy and Commercial	1 July 2021 – 10 April 2022

(1) Mr Engelbrecht was Acting Chief Executive Officer during the period from 2 November 2021 until 30 June 2022. Previously, Mr Engelbrecht was Chief Financial Officer during the period from 1 July 2021 to 1 November 2021. He has since been appointed CEO.

(2) Ms Barbaro was Acting Chief Financial Officer from 15 November 2021 until year end. She has since been appointed CFO.

Remuneration Report (Audited)

Beach's remuneration policy framework

Beach's vision is to be Australia's premier multi-basin upstream oil and gas company.

Beach's remuneration framework seeks to focus executives on delivering that purpose:

- Fixed remuneration aligns to market practice and prevailing economic conditions. It seeks to attract, motivate and retain executives focused on delivering Beach's purpose.
- 'At risk' performance-based incentives link to shorter- and longer-term Company goals. The goals contribute to the achievement of Beach's purpose.
- Longer term 'at risk' incentives align with shareholder objectives and interests. Beach benchmarks shareholder returns against peers considered to be alternative investments to Beach. Beach offers share based rather than all cash rewards to executives.
- Beach may recover remuneration benefits paid if there has been fraud or dishonesty.
- The Corporations Act and Beach's Share Trading Policy prohibit hedging. Hedging is where a person enters a transaction to reduce the risk of an 'at risk' incentive. Beach has a process to track compliance with its no hedging policy. Beach's Share Trading Policy is available at Beach's website: www.beachenergy.com.au.

How Beach makes decisions about remuneration

The Board decides Beach's KMP remuneration. It decides that remuneration based on recommendations by its Remuneration and Nomination Committee. The Committee's members are all non-executive directors. Its charter is available at Beach's website: www.beachenergy.com.au. Beach's CEO may attend Committee meetings by invitation in an advisory capacity. Other executives may also attend by invitation. The Committee excludes executives from any discussion about their own remuneration.

External advisers and remuneration advice

Beach follows a protocol to engage an adviser to make a remuneration recommendation. The protocol ensures the recommendation is free from undue influence by management. The Board or Committee chair engages the adviser. The Board or Committee chair deals with the adviser on all material matters. Management involvement is only to the extent necessary to coordinate the work.

The Board and Committee seek recommendations from the CEO about executive remuneration. The CEO does not make any recommendation about his own remuneration.

The Board and Committee have regard to industry benchmarking information.

How Beach links performance to incentives

Beach's remuneration policy includes short term and long-term incentive plans. The plans seek to align management performance with shareholder interests.

The LTI links to an increase in total shareholder return over an extended period.

The STI has equal proportions of cash and performance rights. Performance rights may convert to Beach shares.

The following table shows some key shareholder wealth indicators.

KPI and STI awards for FY21 and FY22 are detailed in Table 8.

Table 3: Shareholder wealth indicators FY18 – FY22

	FY18	FY19	FY20	FY21	FY22
Total revenue	$1,267.4m	$2,077.7m	$1,728.2m	$1,562.0m	**$1,771.4m**
Net profit/(loss) after tax	$198.8m	$577.3m	$499.1m	$316.5m	**$500.8m**
Underlying net profit after tax	$301.5m	$560.2m	$459.3m	$363.0m	**$504.3m**
Share price at year-end	175.5 cents	198.5 cents	152.0 cents	124.0 cents	**172.5 cents**
Dividends declared	2.00 cents	2.00 cents	2.00 cents	2.00 cents	**2.00 cents**
Reserves	313 MMboe	326 MMboe	352 MMboe	339 MMboe	**283 MMboe**
Production	19.0 MMboe	29.4 MMboe	26.7 MMboe	25.6 MMboe	**21.8 MMboe**

Senior executive remuneration structure

This section details the remuneration structure for senior executives.

Remuneration mix

Remuneration for senior executives is a mix of a fixed cash salary component and an 'at risk' component. The 'at risk' component means that specific targets or conditions must be met before a senior executive becomes entitled to it.

What is the balance between fixed and 'at risk' remuneration?

The remuneration structure and packages offered to senior executives for the period were:

- Fixed remuneration.
- 'At risk' remuneration comprising:
  Short term incentive (STI) – an annual cash and equity-based incentive, which may be offered at the discretion of the Board, linked to Company and individual performance over a year.
  Long term incentive (LTI) – equity grants, which may be granted annually at the discretion of the Board, linked to performance conditions measured over three years.

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

Table 4 sets out the relative proportions of the three elements of the executives KMP's total remuneration packages for FY21 and FY22.

Table 4: Remuneration mix (1)

Position	Fixed Remuneration %	Performance based Remuneration STI %	Performance based Remuneration LTI %	Total 'at risk' %
CEO (2)				
2022	**34**	**33**	**33**	**66**
2021	34	33	33	66
Other Executive KMP				
2022	**47**	**30**	**23**	**53**
2021	51	23	26	49

(1) The remuneration mix assumes maximum 'at risk' awards. Percentages shown later in this report reflect the actual incentives paid as a percentage of total fixed remuneration, movements in leave balances and other benefits and share based payments calculated using the relevant accounting standards.
(2) A reference to the CEO also includes a CEO who was also an MD.

Fixed remuneration

What is fixed remuneration?	Senior executives are entitled to a fixed cash remuneration amount inclusive of the guaranteed superannuation contribution. The amount is not based upon performance. Senior executives may decide to salary sacrifice part of their fixed remuneration for additional superannuation contributions and other benefits.
How is fixed remuneration reviewed?	Fixed remuneration is determined by the Board based on independent external review or advice that takes account of the role and responsibility of each senior executive. It is reviewed annually against industry benchmarking information including the National Rewards Group Incorporated remuneration survey.
Fixed remuneration for the year	Total fixed remuneration (TFR) of KMP are provided in Table 1 and Table 8. Table 8 reports on the remuneration for KMP as required under the Corporations Act. Table 1 shows the actual realised cash remuneration that KMP received.

Remuneration Report (Audited)

Short Term Incentive (STI)

What is the STI?

The STI is part of 'at risk' remuneration offered to senior executives. It measures individual and Company performance over a 12-month period. The period coincides with Beach's financial year. It provides equal parts of cash and equity that may vest subject to extra retention conditions. It is offered to senior executives at the discretion of the Board.

How does the STI link to Beach's objectives?

The STI is an at risk opportunity for senior executives. It rewards senior executives for meeting or exceeding key performance indicators. The key performance indicators link to Beach's key purpose. The STI aims to motivate senior executives to meet Company expectations for success. Beach can only achieve its purpose if it attracts and retains high performing senior executives. An award made under the STI has a retention component. Half is paid in cash and half is issued as performance rights with service conditions attached.

What are the performance conditions or KPIs?

Beach's key performance indicators (KPIs) are set by the Board for each 12-month period beginning at the start of a financial year. They reflect Beach's financial and operational goals that are essential to it achieving its purpose. Senior executives also have individual KPIs to reflect their particular responsibilities.

For the reporting period, the performance measures comprised:

STI Measures	Weighting
Company KPIs	**75%**
Production	15%
Underlying NPAT	15%
Reserves replacement	15%
Field operating cost/boe	15%
Personal safety	5%
Process safety	5%
Environment	5%
Individual KPIs	**25%**

Refer to Table 6 for more information.

Individual KPIs link to Beach's strategy and strategic plan. Individual KPIs relate to areas where senior executives are able to influence or control outcomes. KPIs may include: gender diversity targets; delivery of cost savings; development of project specific plans to align with Beach's strategic pillars; specific initiatives for developing employee capability; funding capacity; improvements in systems to achieve efficiencies; specific commercial or corporate milestones; or specific safety and environmental and sustainability targets.

Are there different performance levels?

The Board sets KPI measures at threshold, target and stretch levels. A participant must achieve the threshold level to entitle them to any payment for an individual KPI. The stretch level is the greatest performance outcome for an individual KPI.

What is the value of the STI award that can be earned?

Incentive payments are based on a percentage of a senior executive's fixed remuneration.
The CEO can earn up to a maximum of 100% of his fixed remuneration.

The Senior Executives can earn up to a maximum of 65% of their fixed remuneration. Following an independent review on external comparators and as determined by the Board, this has increased from 45% in FY21, to further incentivise Senior Executives to drive company performance and shareholder value.

How are the performance conditions assessed?

The KPIs are reviewed against an agreed target.

The Board assesses the extent to which KPIs were met for the period after the close of the relevant financial year and once results are finalised. The Board assesses senior executive performance on the CEO's recommendation. The Board assesses the achievement of the KPIs for the CEO.

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

Yes. At the end of Beach's financial year there is a two-tiered test applied as set out in Table 5 below.

Table 5: Two-tiered test

Hurdle measures	Green	Red
One year Relative Total Shareholder Return against the ASX 200 Energy Index (Index Return) for the Performance Period	> = Index return	< Index return
Return on capital (1)	> = 10%	< 10%

(1) Return on capital (ROC) is based on statutory NPAT/average total equity (being the average total equity at the beginning and end of the financial year).

The following determines the impact of the hurdle measures on the STI calculation:

- If both hurdle measures are met, then up to 100% of the STI award calculation is available;
- If one hurdle measure is met, then up to 50% of STI award calculation is available;
- If both hurdle measures are not met, then no STI award will be calculated

What happens if an STI is awarded?	On achievement of the relevant KPIs, Beach pays half of the STI award in cash. Beach includes cash awards in its financial statements for the relevant financial year. Beach pays cash awards after the end of its financial year, usually in October. Beach issues the remaining half of the STI award value in performance rights. Performance rights vest over one and two years if the senior executive remains employed by Beach at each vesting date. If a senior executive leaves Beach before the vesting date the performance rights lapse. The Board may exercise its discretion for early vesting if the senior executive leaves Beach due to death or disability. The Board may exercise its discretion for early vesting in the event of a change of control of Beach. The Board also has a general discretion to allow early vesting of performance rights. The Board needs exceptional circumstances to consider exercising that general discretion.

STI Performance for the year

At the completion of the financial year the Board tested each senior executive's performance against the STI performance conditions set for the year. The results of the two hurdle measures were:

FY22 measures	Outcome	Hurdle
One year Relative Total Shareholder Return against ASX 200 Energy Total Return Index at the end of the Performance Period	42.3%	24.5%
Return on capital at the end of the Performance Period	15.1%	10.0%

The percentage of the maximum STI that will be paid or forfeited for the period for each executive KMP was as follows (paid/forfeited):

Mr Kay 25%/75%, Mr Engelbrecht 44%/56%, Ms Barbaro 39%/61%, Mr Grant 41%/59%, Mr Hogarth 39%/61%, Mr Algar 43%/57%.

The STI awards made reflect Beach's performance for FY22, with outcomes of the Company related performance conditions that make up a fixed percentage of the STI KPIs provided in Table 6.

Table 6: Outcome of FY22 STI Company KPIs

STI Measure	Link to Beach's strategy	Performance and score
Production	Production is fundamental to Beach's earnings and profit.	Beach's full year production was 21.8 MMboe. **Score – threshold not met.**
Underlying NPAT	Underlying NPAT reflects the financial performance of Beach's underlying operating business. Stretch performance is achieved through strong sales revenue and cost reduction.	In FY22 Beach delivered Underlying NPAT of $504 million. **Score – stretch met.**
Reserves replacement	Replacing reserves is fundamental to Beach's longer term financial sustainability.	Beach's 2P reserves decreased by 35 MMboe (excluding production) to 283 MMboe. **Score – threshold not met.**
Field operating cost/boe	Maintaining a cost and efficiency focus in order to optimise our core production hubs and maintain financial strength are key strategic pillars.	Beach's field operating cost/boe for FY22 was $11.74. **Score – threshold not met.**
Personal safety	Beach's key value is that 'Safety takes precedence in everything we do'. Beach is focused on ensuring it and its contractors operate in a safe manner. Beach has included other safety and reliability measures in the annual Sustainability Report. The Sustainability Report is available on Beach's website.	Beach achieved a total recordable injury frequency rate (TRIFR) of 4.4. **Score – threshold not met.**
Process safety		Beach recorded two Loss of Primary Containment events during the year. **Score – threshold met.**
Environment	Beach strives to reduce the environmental impact of its activities.	Beach recorded one loss of hydrocarbon event in FY22. **Score – target met.**

STI performance rights relating to the 2018 and 2019 performance periods converted automatically to shares because the relevant senior executives remained employed by the Company on 1 July 2021. A total of 386,613 shares were transferred.

STI performance rights issued or in operation in FY22

The fair value of services received in return for STI rights (see Table 13) granted is measured by reference to the fair value of STI rights granted calculated using the Binomial or Black-Scholes Option Pricing Models. The contractual life of the STI rights is used as an input into the valuation model. The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the rights), adjusted for any expected changes to future volatility due to publicly available information. The risk free rate is based on Commonwealth Government bond yields relevant to the term of the performance rights.

Long Term Incentive (LTI)

What is the LTI?	The LTI is an equity based 'at risk' incentive plan. The LTI aims to reward results that promote long term growth in shareholder value or total shareholder return (TSR). Beach offers LTIs to senior executives at the discretion of the Board.
How does the LTI link to Beach's key purpose?	The LTI links to Beach's key purpose by aligning the longer term 'at risk' incentive rewards with outcomes that match shareholder objectives and interests by: – benchmarking shareholder returns against a group of companies considered alternative investments to Beach; – giving share based rather than cash-based rewards to executives. This links their own rewards to shareholder expectations of dividends and share price growth.
How are the number of rights issued to senior executives calculated	The number of performance rights granted to the executives under the LTI is calculated as fixed remuneration at 1 November of the Financial year times the relevant percentage divided by the market value. The Market Value is the market value of a fully paid ordinary share in the Company, calculated using a five day VWAP, up to and including the date the performance rights are granted. This method of calculating the number of performance rights does not discount for the value of anticipated dividends during the performance period.
What equity based grants are given and are there plan limits?	Beach grants performance rights using the formula set out above. If the performance conditions are met, senior executives have the opportunity to acquire one Beach share for every vested performance right. There are no plan limits as a whole for the LTI. This is due to the style of the plan and advice by external remuneration consultants about individual plan limits. Individual limits for the plans that are currently operational are set out in Table 8.
What is the performance condition?	The performance condition is based on Beach's Total Shareholder Return (TSR) relative to the ASX 200 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: – < the Index return – 0% vesting; – = the Index return – 50% vesting; – between the Index return and Index + 5.5% – a prorated number will vest; – = or > Index return + 5.5% – 100% vesting.
Why choose this performance condition?	TSR is a measure of the return to shareholders over a period of time through the change in share price and any dividends paid over that time. The dividends are notionally reinvested to perform the calculation. Beach chose this performance condition to align senior executive remuneration with increased shareholder value. The Board has reinforced that alignment by imposing two more conditions. First, the Board sets a threshold level for the executive to meet before making an award. Secondly, the Board will not make an award if Beach's TSR is negative. During FY22 a review of the appropriateness of the LTI metric was undertaken by the Remuneration and Nomination Committee in conjunction with an independent external consultant. The review also included consideration of alternative or additional metrics, and concluded that the current TSR metric remained appropriate and had not been positively or negatively impacted by recent market activities associated with the ASX Energy 200 Index. The Committee will keep the appropriateness of the current metric under review.
Is shareholders equity diluted when shares are issued on vesting of performance rights or exercise of options?	All entitlements to shares on the vesting of LTI performance rights are currently satisfied by the purchasing of shares on market which does not result in any dilution to shareholders equity.
What happens to LTI performance rights on a change of control?	The Board reserves the discretion for early vesting in the event of a change of control of the Company. Adjustments to a participant's entitlements may also occur in the event of a company reconstruction and certain share issues.

Table 7: Details of LTI equity awards issued, in operation or tested during the year

Details	2018, 2019, 2020 and 2021 Performance Rights
Type of grant	Performance rights
Calculation of grant limits for senior executives	Max LTI is 100% of Total Fixed Remuneration (TFR) for CEO Max LTI is 50% of TFR for other senior executives
Grant date	**2021 Performance Rights** 31 Dec 2021/31 Mar 2022/30 Jun 2022 **2020 Performance Rights** 14 Dec 2020/31 May 2021/30 Sep 2021 **2019 Performance Rights** 19 Dec 2019/14 Dec 2020 **2018 Performance Rights** 14 Dec 2018/19 Dec 2019
Issue price of performance rights	Granted at no cost to the participant
Performance period Note: the date immediately after the end of the performance period is the first date that the performance rights vest and become exercisable	**2021 Performance Rights** 1 Dec 2021 – 30 Nov 2024 **2020 Performance Rights** 1 Dec 2020 – 30 Nov 2023 **2019 Performance Rights** 1 Dec 2019 – 30 Nov 2022 **2018 Performance Rights** 1 Dec 2018 – 30 Nov 2021
Expiry/lapse	Performance rights lapse if vesting does not occur on testing of performance condition
Expiry date	**2021 Performance Rights** 30 Nov 2026 **2020 Performance Rights** 30 Nov 2025 **2019 Performance Rights** 30 Nov 2024 **2018 Performance Rights** 30 Nov 2023
Exercise price on vesting	Not applicable – provided at no cost
What is received upon vesting and exercise?	One ordinary share in Beach for every performance right
Status	**2021 Performance Rights** In progress **2020 Performance Rights** In progress **2019 Performance Rights** In progress **2018 Performance Rights** Testing complete. Resulted in lapsing of performance rights

Details of LTI performance rights issued or in operation in FY22

The fair value of services received in return for LTI performance rights (see Table 13) granted is measured by reference to the fair value of LTI performance rights granted calculated using the Binomial or Black-Scholes Option Pricing Models. The estimate of the fair value of the services received for the LTI performance rights and options issued are measured with reference to the expected outcome, which may include the use of a Monte Carlo simulation. The contractual life of the LTI performance rights is used as an input into this model. Expectations of early exercise are incorporated into a Monte Carlo simulation method where applicable. The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the rights or options), adjusted for any expected changes to future volatility due to publicly available information. The risk free rate is based on Commonwealth Government bond yields relevant to the term of the performance rights.

Employment agreements – senior executives

The senior executives have employment agreements with Beach.

The provisions relating to duration of employment, notice periods and termination entitlements of the senior executives are as follows:

Chief Executive Officer

The CEO's employment agreement commenced on 19 May 2022 and is ongoing until terminated by either Beach or Mr Engelbrecht on six months' notice. Beach may discharge such notice obligation by payment in lieu. Beach may terminate the CEO's employment at any time for serious misconduct or breach without notice. In certain circumstances Beach may terminate the employment on notice of not less than three months for issues concerning the CEO's performance that have not been satisfactorily addressed.

Other senior executives

Other senior executives have employment agreements that are ongoing until terminated by either Beach or the senior executive upon six months' notice. Beach may terminate a senior executive's appointment for cause (for example, for serious breach) without notice. Beach must pay any amount owing but unpaid to the employee whose services have been terminated at the date of termination, such as accrued leave entitlements. In certain circumstances Beach may terminate employment on notice of not less than between one and three months for issues concerning the senior executive's performance that have not been satisfactorily addressed. If Beach terminates the senior executive's appointment other than for cause or he or she resigns due to a permanent relocation of his or her workplace to a location other than their location of hire, then they are entitled to an amount up to one time their final annual salary.

Former Senior Executives

Mr Kay stepped down as Managing Director and Chief Executive Officer on 2 November 2021 and remained an employee for the duration of his 6 month notice period until 2 May 2022 with salary payments made to him during this time of $619,250 and a further $243,462 in employee entitlements paid following the cessation of his employment. At the time of his cessation, Mr Kay was eligible to participate in a number of tranches under the Executive Incentive Scheme. The impact on each is set out below: (a) 2018 LTI was tested on 1 December 2021 and no performance rights vested; (b) 2019 LTI is due to be tested on 1 December 2022; (c) 2019 STI, the two year tranche will vest on 1 July 2022; (d) 2020 LTI is due to be tested on 1 December 2023. Pro-ration based on the period of employment of Mr Kay, against relevant performance periods has been applied to items (b) and (d) above, resulting in the cancellation of those rights which could not vest even where performance conditions are met. Details of rights remaining are set out in Table 13. The board determined that Mr Kay retaining rights post cessation of employment was appropriate having regard to Mr Kay's contractual rights, service period, contribution to the company and proportionate in the circumstances.

Details of total remuneration for KMP calculated as required under the Corporations Act for FY21 and FY22

Details of the remuneration package by value and by component for senior executives in the reporting period and the previous period are set out in Table 8. These details differ from the actual payments made to senior executives for the reporting period that are set out in Table 1.

Table 8: Senior executives' remuneration for FY21 and FY22 required under the Corporations Act

		Short Term Employee Benefits			Share based payments (1)		Other long term benefits	Other			
Name	Year	Fixed Remuner-ation (2) $	Annual Leave (3) $	STI (4) $	LTI Rights $	STI Rights (5) $	Long Service Leave (3) $	Termination Payments (10) $	Total $	Total at risk %	Total issued in equity %
M Engelbrecht (6)	**2022**	**1,041,757**	**187,666**	**276,937**	**329,930**	**124,149**	**73,000**	**-**	**2,033,439**	**40**	**22**
	2021	570,954	29,387	-	174,929	50,465	13,669	-	839,404	28	27
I Grant	**2022**	**657,000**	**49,184**	**88,079**	**99,163**	**75,410**	**-**	**-**	**968,836**	**27**	**18**
	2021	680,804	29,192	-	36,349	126,165	-	-	872,510	19	19
A Barbaro (7)	**2022**	**236,710**	**16,665**	**29,893**	**-**	**12,456**	**609**	**-**	**296,333**	**14**	**4**
	2021	-	-	-	-	-	-	-	-	-	-
S Algar	**2022**	**711,750**	**49,820**	**90,748**	**64,360**	**150,163**	**-**	**-**	**1,066,841**	**29**	**20**
	2021	287,437	18,829	-	2,292	72,421	-	-	380,979	20	20
T Nador	**2022**	**498,000**	**63,541**	**-**	**54,579**	**-**	**-**	**-**	**616,120**	**9**	**9**
	2021	174,614	2,018	-	6,553	-	-	-	183,185	4	4
P Hogarth (7)	**2022**	**97,274**	**7,696**	**12,972**	**5,913**	**5,406**	**268**	**-**	**129,529**	**19**	**9**
	2021	-	-	-	-	-	-	-	-	-	-
Former Senior Executives											
M Kay (8)	**2022**	**440,333**	**69,023**	**132,236**	**525,964**	**28,374**	**(52,729)**	**619,250**	**1,762,451**	**36**	**31**
	2021	1,202,864	22,092	-	736,372	208,961	52,729	-	2,223,018	45	43
L Marshall (9)	**2022**	**384,604**	**29,575**	**-**	**(83,965)**	**(13,216)**	**(4,834)**	**34,462**	**346,626**	**-**	**-**
	2021	524,703	7,441	-	154,969	41,018	4,834	-	732,965	27	27
G J Barker	**2022**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	2021	293,557	(16,810)	-	(88,815)	16,201	4,210	-	208,343	-	-
J L Schrull	**2022**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	2021	319,934	(10,297)	-	(97,347)	(58,817)	10,005	-	163,478	-	-
Total	**2022**	**4,067,428**	**473,170**	**630,865**	**995,944**	**382,742**	**16,314**	**653,712**	**7,220,175**	**28**	**19**
	2021	4,054,867	81,852	-	925,302	456,414	85,447	-	5,603,882	26	25

(1) In accordance with the requirements of the Australian Accounting Standards, remuneration includes a proportion of the notional value of equity compensation granted or outstanding during the year. The fair value of equity instruments are determined as at the grant date and then progressively expensed over the vesting period. The amount included as remuneration is not related to or indicative of the benefit (if any) that individuals may ultimately realise should the rights vest. The fair value of the rights as at the date of their grant has been determined in accordance with principles set out in Note 4 to the Financial Statements.
(2) Fixed remuneration comprises base salary and superannuation and other contractual payments treated as remuneration including retention and relocation payments where applicable.
(3) This amount represents the movement in the relevant leave entitlement provision during the year.
(4) This amount represents the cash portion of the STI for FY22, which is expected to be paid in October 2022.
(5) Mr Grant and Mr Algar are entitled to retention payments on the first and third anniversary of their commencement dates. The retention payments are payable in shares, equal to $100,000 for Mr Grant and $125,000 for Mr Algar respectively, divided by a 5 day VWAP as calculated on the relevant anniversary date.
(6) Mr Engelbrecht, previously Chief Financial Officer, was appointed Acting Chief Executive Officer on 2 November 2021 and subsequently appointed as Chief Executive Officer on 19 May 2022.
(7) Ms Barbaro and Mr Hogarth both became KMP with effect from 15 November 2021 and 11 April 2022 respectively with their remuneration only shown for the period from their appointment until 30 June 2022.
(8) Mr Kay ceased to be KMP on 2 November 2021 although continued to be employed with no decision making rights until 2 May 2022.
(9) Mr Marshall ceased to be KMP on 10 April 2022 although continued to be employed with no decision making rights until 13 May 2022.
(10) Termination payments includes the payment of salary during notice periods where no work is being performed but the employee remains employed.

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Remuneration policy for non-executive directors

The fees paid to non-executive directors are determined using the following guidelines. Fees are:

- not incentive or performance based but are fixed amounts;
- determined by reference to the nature of the role, responsibility and time commitment required for the performance of the role including membership of board committees;
- are based on independent advice and industry benchmarking data; and
- driven by a need to attract a diverse and well-balanced group of individuals with relevant experience and knowledge.

Following a review by the Remuneration & Nomination Committee a recommendation was made to, and approved by the Board, to leave all non-executive director's fees unchanged in FY22.

The remuneration of Beach non-executive directors remains within the aggregate annual limit of $1,500,000 approved by shareholders at the 2016 annual general meeting.

The remuneration for non-executive directors comprises directors' fees, board committee fees and superannuation contributions to meet Beach's statutory superannuation obligations.

Directors who perform extra services for Beach or make any special exertions on behalf of Beach may be remunerated for those services in addition to the usual directors' fees. Non-executive directors are also entitled to be reimbursed for their reasonable expenses incurred in the performance of their directors' duties. Alternate directors do not receive any remuneration for those services. However, Beach will reimburse any reasonable expense incurred in attending board meetings as an alternate.

Details of the fees payable to non-executive directors for Board and committee membership for FY22 are set out in Table 9.

Table 9: FY22 non-executive directors' fees and board committee fees per annum

Board [1]		Board Committee					
Chairman/ Deputy Chairman $	Member $	Chairman Audit $	Member Audit $	Chairman Remuneration and Nomination $	Member Remuneration and Nomination $	Chairman Risk, Corporate Governance and Sustainability $	Member Risk, Corporate Governance and Sustainability $
305,000/ 122,500	**122,500**	25,000	15,000	25,000	15,000	25,000	15,000

(1) The Chairman does not receive additional fees for committee work. The fees shown are inclusive of the statutory superannuation contribution.

Following a review of directors' fees at the conclusion of FY22, an increase in directors fees' commencing on 1 July 2022 has been agreed. See Remuneration Lookahead for FY23 on page 71.

Table 10: Non-executive directors' remuneration for FY21 and FY22

Name	Year	Directors Fees (inc committee fees) $	Superannuation $	Total $
G S Davis [(1)]	**2022**	**305,000**	**–**	**305,000**
	2021	289,750	–	289,750
P J Bainbridge [(2)]	**2022**	**134,145**	**13,414**	**147,559**
	2021	127,968	12,157	140,125
C D Beckett [(3)]	**2022**	**144,022**	**14,402**	**158,424**
	2021	144,154	10,221	154,375
S G Layman [(4)]	**2022**	**147,500**	**–**	**147,500**
	2021	131,167	8,958	140,125
P S Moore [(5)]	**2022**	**147,727**	**14,773**	**162,500**
	2021	132,306	12,569	144,875
J C Morton [(6)]	**2022**	**50,000**	**–**	**50,000**
	2021	124,660	5,965	130,625
R J Richards [(7)]	**2022**	**138,636**	**13,864**	**152,500**
	2021	122,965	11,682	134,647
R K Stokes [(8)]	**2022**	**50,000**	**–**	**50,000**
	2021	130,625	–	130,625
M H Hall [(9)]	**2022**	**74,995**	**7,500**	**82,495**
	2021	–	–	–
R J Jager [(10)]	**2022**	**65,036**	**6,504**	**71,540**
	2021	–	–	–
Total	**2022**	**1,257,061**	**70,457**	**1,327,518**
	2021	1,203,595	61,552	1,265,147

(1) No superannuation contributions were made on behalf of Mr Davis. Director's fees for Mr Davis are paid to a related entity. Mr Davis does not receive additional fees for committee work.
(2) Mr Bainbridge is both a member of the Risk, Corporate Governance and Sustainability Committee and the Audit Committee. Having been appointed to the Audit committee on 29 October 2021.
(3) Mr Beckett is Deputy Chairman and chair of the Remuneration and Nomination Committee. He was a member of the Risk, Corporate Governance and Sustainability Committee until 24 March 2022.
(4) Ms Layman is chair of the Audit Committee.
(5) Dr Moore is the chair of the Risk, Corporate Governance and Sustainability Committee and a member of the Remuneration and Nomination Committee.
(6) Ms Morton was a member of the Audit Committee. Ms Morton retired as a director on 10 November 2021.
(7) Mr Richards is a member of both the Audit Committee and the Remuneration and Nomination Committee. Mr Richards ceased to be a member of the Risk, Corporate Governance and Sustainability Committee on 24 March 2022.
(8) Mr Stokes was a member of the Remuneration and Nomination Committee until he retired as a director on 10 November 2021. Mr Stokes was subsequently appointed as an alternate director for Ms Hall. He does not derive any separate remuneration for this role.
(9) Ms Hall was appointed a director on 10 November 2021, prior to this Ms Hall was an alternate Director for Mr Stokes and did not receive any separate remuneration for this role. Ms Hall was appointed a member of the Risk, Corporate Governance and Sustainability Committee on 24 March 2022.
(10) Mr Jager was appointed a director on 14 December 2021. Mr Jager was appointed a member of the Risk, Corporate Governance and Sustainability Committee on 24 March 2022.

Other KMP disclosures

The following three tables show the movements during the reporting period in shares and performance rights over ordinary shares in the Company held directly, indirectly or beneficially by each KMP and their related entities.

Performance rights held by KMP

The following table details the movements during the reporting period in performance rights over ordinary shares in the Company held directly, indirectly or beneficially by each KMP and their related entities.

Table 11: Movements in performance rights held by key management personnel

Rights	Opening balance	Granted	Vested/ exercised	Lapsed	Other [1]	Closing balance
CEO						
M Engelbrecht	772,688	1,058,529	(291,642)	(174,430)	–	1,365,145
Senior executives						
I Grant	181,492	274,666	–	–	–	456,158
A Barbaro	–	–	–	–	–	–
S Algar	167,736	274,666	–	–	–	442,402
T Nador	111,420	208,194	–	–	–	319,614
P Hogarth	–	–	–	–	144,809	144,809
Former senior executives						
M V Kay [2]	3,105,102	–	(1,045,522)	(1,254,125)	–	805,455
L Marshall	441,513	204,427	(36,685)	(609,255)	–	–
Total	**4,779,951**	**2,020,482**	**(1,373,849)**	**(2,037,810)**	**144,809**	**3,533,583**

(1) Relates to changes resulting from individuals becoming KMP during the period.
(2) As at 30 June 2022, Mr Kay retained a total of 805,455 performance rights which are subject to performance testing on 1 July 2022, 1 December 2022 and 1 December 2023.

The following table details the movements during the reporting period in ordinary shares in the Company held directly, indirectly or beneficially by each KMP and their related entities.

Table 12: Shareholdings of key management personnel

Ordinary Shares	Opening balance	Purchased	Issued on exercise of perform-ance rights	Sold	Other	Closing balance
Directors						
G S Davis	320,101	–	–	–	–	320,101
P J Bainbridge	137,320	–	–	–	–	137,320
C D Beckett	91,678	–	–	–	–	91,678
S G Layman	45,000	–	–	–	–	45,000
P S Moore	44,200	–	–	–	–	44,200
J C Morton	74,000	–	–	–	(74,000) (1)	–
R J Richards	388,053	100,000	–	–	–	488,053
R K Stokes (2)	–	150,000	–	–	–	150,000
M H Hall	17,068	–	–	–	–	17,068
R J Jager	–	–	–	–	–	–
CEO						
M Engelbrecht	463,223	–	291,642	(175,000)	–	579,865
Senior executives						
I Grant	–	–	–	–	78,679 (3)	78,679
A Barbaro	–	–	–	–	–	–
S Algar	76,826	–	–	–	83,949 (3)	160,775
T Nador	–	–	–	–	–	–
P Hogarth	–	–	–	–	–	–
Former senior executives						
M V Kay (4)	3,918,255	–	1,045,522	–	(4,963,777) (1)	–
L Marshall (5)	271,752	–	36,685	–	(308,437) (1)	–
Total	**5,847,476**	**250,000**	**1,373,849**	**(175,000)**	**(5,183,586)**	**2,112,739**

(1) Relates to changes resulting from individuals becoming or ceasing to be KMPs during the period.
(2) Mr Stokes is an alternate director for M Hall.
(3) Mr Grant and Algar are contractually entitled to retention payments on the first and third anniversary of their respective commencement dates. Each issuance relates to the first anniversary retention payments which are payable in shares, equal to $100,000 for Mr Grant and $125,000 for Mr Algar respectively.
(4) Mr Kay ceased to be a KMP on 2 November 2021.
(5) Mr Marshall ceased to be a KMP on 10 April 2022.

Specific details of the number of LTI and STI performance rights granted, vested/exercised and lapsed in FY22 for KMP are set out in Table 13.

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Table 13: Details of LTI and STI Performance Rights

Name	Date of grant	Performance rights on issue at 30 June 2021	Fair Value $	Granted	Vested/ Exercised	Lapsed	Other [(1)]	Performance rights on issue at 30 June 2022	Date performance rights vest and become exercisable
M Engelbrecht	1 Dec 2017	247,642	0.6161	–	(247,642)	–	–	–	1 Dec 2020
	14 Dec 2018	174,430	1.0181	–	–	(174,430)	–	–	1 Dec 2021
	19 Dec 2019	29,321	2.5300	–	(29,321)	–	–	–	1 Jul 2021
	19 Dec 2019	125,961	1.4600	–	–	–	–	125,961	1 Dec 2022
	25 Nov 2020	14,679	1.8100	–	(14,679)	–	–	–	1 Jul 2021
	25 Nov 2020	14,679	1.7900	–	–	–	–	14,679	1 Jul 2022
	14 Dec 2020	165,976	1.0300	–	–	–	–	165,976	1 Dec 2023
	31 Mar 2022	–	0.8600	788,678	–	–	–	788,678	1 Dec 2024
	30 Jun 2022	–	1.0500	269,851	–	–	–	269,851	1 Dec 2024
Total		**772,688**		**1,058,529**	**(291,642)**	**(174,430)**	**–**	**1,365,145**	
Total ($)				**961,607**	**253,323**				
I Grant	14 Dec 2020	181,492	1.0300	–	–	–	–	181,492	1 Dec 2023
	31 Dec 2021	–	0.6900	274,666	–	–	–	274,666	1 Dec 2024
Total		**181,492**		**274,666**	**–**	**–**	**–**	**456,158**	
Total ($)				**189,520**	**–**				
S Algar	31 May 2021	167,736	0.4100	–	–	–	–	167,736	1 Dec 2023
	31 Dec 2021	–	0.6900	274,666	–	–	–	274,666	1 Dec 2024
Total		**167,736**		**274,666**	**–**	**–**	**–**	**442,402**	
Total ($)				**189,520**	**–**				
T Nador	14 Dec 2020	46,691	1.0300	–	–	–	–	46,691	1 Dec 2023
	31 May 2021	64,729	0.4100	–	–	–	–	64,729	1 Dec 2023
	31 Dec 2021	–	0.6900	208,194	–	–	–	208,194	1 Dec 2024
Total		**111,420**		**208,194**	**–**	**–**	**–**	**319,614**	
Total ($)				**143,654**	**–**				
P Hogarth	19 Dec 2019	–	1.4600	–	–	–	33,359	33,359	1 Dec 2022
	14 Dec 2020	–	1.0300	–	–	–	43,956	43,956	1 Dec 2023
	31 Dec 2021	–	0.6900	–	–	–	67,494	67,494	1 Dec 2024
Total		**–**		**–**	**–**	**–**	**144,809**	**144,809**	
Total ($)				**–**	**–**				
M V Kay [(2)]	1 Dec 2017	849,057	0.6161	–	(849,057)	–	–	–	1 Dec 2020
	14 Dec 2018	781,759	1.0181	–	–	(781,759)	–	–	1 Dec 2021
	19 Dec 2019	148,909	2.5300	–	(148,909)	–	–	–	1 Jul 2021
	19 Dec 2019	530,818	1.4600	–	–	(103,160)	–	427,658	1 Dec 2022
	25 Nov 2020	47,556	1.8100	–	(47,556)	–	–	–	1 Jul 2021
	25 Nov 2020	47,555	1.7900	–	–	–	–	47,555	1 Jul 2022
	14 Dec 2020	699,448	1.0300	–	–	(369,206)	–	330,242	1 Dec 2023
Total		**3,105,102**		**–**	**(1,045,522)**	**(1,254,125)**	**–**	**805,455**	
Total ($)				**–**	**985,920**				

Name	Date of grant	Performance rights on issue at 30 June 2021	Fair Value $	Granted	Vested/ Exercised	Lapsed	Other (1)	Performance rights on issue at 30 June 2022	Date performance rights vest and become exercisable
L Marshall	14 Dec 2018	156,157	1.0181	–	–	(156,157)	–	–	1 Dec 2021
	19 Dec 2019	25,607	2.5300	–	(25,607)	–	–	–	1 Jul 2021
	19 Dec 2019	102,514	1.4600	–	–	(102,514)	–	–	1 Dec 2022
	25 Nov 2020	11,078	1.8100	–	(11,078)	–	–	–	1 Jul 2021
	25 Nov 2020	11,077	1.7900	–	–	(11,077)	–	–	1 Jul 2022
	14 Dec 2020	135,080	1.0300	–	–	(135,080)	–	–	1 Dec 2023
	31 Dec 2021	–	0.6900	204,427	–	(204,427)	–		1 Dec 2024
Total		**441,513**		**204,427**	**(36,685)**	**(609,255)**	**–**	**–**	
Total ($)				**141,055**	**84,837**				

(1) Relates to changes resulting from individuals becoming KMP during the period.
(2) As at 30 June 2022, Mr Kay retained a total of 805,455 performance rights which are subject to performance testing on 1 July 2022, 1 December 2022 and 1 December 2023.

Looking ahead – Remuneration and related issues for 2023

Non-executive directors' fee increase

Effective from 1 July 2022, non-executive director fees were increased by 3.0% (inclusive of superannuation) excluding the remuneration of the Chairman which will remain unchanged. This fee increase takes into account the market comparators, the length of time since the last fee increase, the existing fee cap and the potential impact on future director recruitment.

Superannuation guarantee

Effective from 1 July 2022, the Superannuation Guarantee (SG) minimum compulsory rate for all Australian employees is legislated to increase from 10% to 10.5%. In respect of all Australian employees, Beach has increased total fixed remuneration so that no employee suffers any real remuneration decrease as a consequence of the legislative change. The total fixed remuneration of non-executive directors is set out above.

Employee Retention

The ability to attract and retain the workforce will remain of critical importance as Beach seeks to ensure our planning and engagement practices are optimised to deliver operational and project priorities.

Activities in areas including engagement, performance and remuneration, wellbeing and resourcing practices will continue to be optimised with any improvement opportunities identified in these areas being applied. During the course of 2022, Beach has also implemented a contractual bonus scheme for employees, where employees, can earn up to a maximum of 15% of their Total Fixed Remuneration (TFR), subject to company and individual performance. Note: Participation in this scheme does not include employees engaged under an Enterprise Agreement arrangement, Non-Executive Directors, nor employees participating to other existing Short Term Incentive Schemes.

Leadership Development and Culture Development

Beach remains focused on building a diverse, flexible, and safe culture. In support, the following was implemented:

- Finalisation of Front-Line Leader program for Health, Safety and Environment and Drilling and Completions Managers;
- Implementing Unconscious Bias and Cultural Awareness training;
- Implementing psychological safety training at some sites;
- Achieved our target of a minimum of 30% female candidates shortlisted for externally recruited roles at Beach; and
- Established a membership with Supply Nation as part of our commitment to enabling contracts and procurement diversity.

Competency Development

Completion of the Beach Technical competency assessment process occurred in January 2022 across 16 technical disciplines in support of creating a safe and compliance workplace along with building ongoing careers for Beach employees.

Flexible Work Arrangements

New Flexible Work Arrangements (FWA) procedures and leader guides remain an important way to offer an environment which supports diversity and inclusion at work, whilst also ensuring the business meets legislative requirements in Australia and New Zealand operations.

Directors' Declaration

1. In the directors' opinion:
   (a) the financial statements and notes set out on pages 73 – 112 are in accordance with the *Corporations Act 2001*, including:
      (i) complying with accounting standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
      (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and
   (b) there are reasonable grounds to believe that Beach will be able to pay its debts as and when they become due and payable.
2. The attached financial statements are in compliance with International Financial Reporting Standards, as noted in the Basis of Preparation which forms part of the financial statements.
3. At the time of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group identified in note 23 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 23.
4. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2022.

Signed in accordance with a resolution of the directors made pursuant to section 295(5) of the *Corporations Act 2001* on behalf of the directors.

G S Davis

Chairman

Adelaide

15 August 2022

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the financial year ended 30 June 2022

		Consolidated	
	Note	2022 $million	2021 $million
Revenue	2(a)	**1,771.4**	1,562.0
Cost of sales	3(a)	**(995.6)**	(967.1)
Gross profit		**775.8**	594.9
Other income	2(b)	**12.0**	51.1
Other expenses	3(b)	**(57.7)**	(203.7)
Operating profit before financing costs		**730.1**	442.3
Interest income	16	**0.2**	0.9
Finance expenses	16	**(13.7)**	(6.4)
Profit before income tax expense		**716.6**	436.8
Income tax expense	5	**(215.8)**	(120.3)
Net profit after tax		**500.8**	316.5
Other comprehensive income/(loss)			
Items that may be reclassified to profit or loss			
Net gain/(loss) on translation of foreign operations		**(5.5)**	0.3
Other comprehensive income/(loss), net of tax		**(5.5)**	0.3
Total comprehensive income after tax		**495.3**	316.8
Basic earnings per share (cents per share)	6	**21.97¢**	13.88¢
Diluted earnings per share (cents per share)	6	**21.94¢**	13.87¢

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

As at 30 June 2022

		Consolidated	
	Note	2022 $million	2021 $million
Current assets			
Cash and cash equivalents	17	**254.5**	126.7
Receivables	18	**222.5**	355.0
Inventories	7	**101.4**	99.4
Current tax asset		**–**	3.9
Contract assets		**15.6**	16.2
Other		**101.8**	73.6
Total current assets		**695.8**	674.8
Non-current assets			
Property, plant and equipment	8	**6.2**	8.6
Petroleum assets	9	**3,759.5**	3,431.6
Exploration and evaluation assets	10	**444.7**	334.8
Intangible assets	11	**77.1**	77.1
Lease assets	14	**31.7**	72.2
Contract assets		**26.8**	38.8
Other		**60.3**	45.2
Total non-current assets		**4,406.3**	4,008.3
Total assets		**5,102.1**	4,683.1
Current liabilities			
Payables	18	**334.9**	263.2
Provisions	13	**89.4**	42.9
Current tax liabilities		**48.3**	7.8
Lease liabilities	14	**14.7**	77.0
Contract liabilities		**4.3**	12.0
Total current liabilities		**491.6**	402.9
Non-current liabilities			
Payables	18	**3.4**	4.5
Provisions	13	**855.2**	939.5
Interest bearing liabilities	16	**87.3**	174.1
Deferred tax liabilities	5	**106.4**	44.4
Lease liabilities	14	**18.3**	26.0
Contract liabilities		**–**	3.9
Total non-current liabilities		**1,070.6**	1,192.4
Total liabilities		**1,562.2**	1,595.3
Net assets		**3,539.9**	3,087.8
Equity			
Contributed equity	19	**1,862.3**	1,859.5
Reserves	20	**815.6**	867.1
Retained earnings		**862.0**	361.2
Total equity		**3,539.9**	3,087.8

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

For the financial year ended 30 June 2022

	Note	Contributed equity $million	Retained earnings $million	Share based payment reserve $million	Foreign currency translation reserve $million	Profit distribution reserve $million	Total $million
Balance as at 30 June 2020		1,861.2	44.7	36.0	(5.3)	881.2	2,817.8
Profit for the year		–	316.5	–	–	–	316.5
Other comprehensive income/(loss)		–	–	–	0.3	–	0.3
Total comprehensive income/(loss) for the year		–	316.5	–	0.3	–	316.8
Transactions with owners in their capacity as owners:							
Shares issued during the year	19	0.2	–	–	–	–	0.2
Shares purchased on market, net of tax (Treasury shares)	19	(4.0)	–	–	–	–	(4.0)
Utilisation of Treasury shares on vesting of shares and rights under employee and executive incentive plans	19	2.1	–	(2.1)	–	–	–
Final dividend paid	21	–	–	–	–	(22.8)	(22.8)
Interim dividend paid	21	–	–	–	–	(22.8)	(22.8)
Increase in share based payments reserve		–	–	2.6	–	–	2.6
Transactions with owners		(1.7)	–	0.5	–	(45.6)	(46.8)
Balance as at 30 June 2021		1,859.5	361.2	36.5	(5.0)	835.6	3,087.8
Profit for the year		**–**	**500.8**	**–**	**–**	**–**	**500.8**
Other comprehensive income/(loss)		**–**	**–**	**–**	**(5.5)**	**–**	**(5.5)**
Total comprehensive income/(loss) for the year		**–**	**500.8**	**–**	**(5.5)**	**–**	**495.3**
Transactions with owners in their capacity as owners:							
Shares issued during the year	19	**1.0**	**–**	**–**	**–**	**–**	**1.0**
Shares purchased on market, net of tax (Treasury shares)	19	**(0.7)**	**–**	**–**	**–**	**–**	**(0.7)**
Utilisation of Treasury shares on vesting of shares and rights under employee and executive incentive plans	19	**2.5**	**–**	**(2.5)**	**–**	**–**	**–**
Final dividend paid	21	**–**	**–**	**–**	**–**	**(22.8)**	**(22.8)**
Interim dividend paid	21	**–**	**–**	**–**	**–**	**(22.8)**	**(22.8)**
Increase in share based payments reserve		**–**	**–**	**2.1**	**–**	**–**	**2.1**
Transactions with owners		**2.8**	**–**	**(0.4)**	**–**	**(45.6)**	**(43.2)**
Balance as at 30 June 2022		**1,862.3**	**862.0**	**36.1**	**(10.5)**	**790.0**	**3,539.9**

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

For the financial year ended 30 June 2022

	Note	Consolidated 2022 $million	Consolidated 2021 $million
Cash flows from operating activities			
Receipts from customers and other		**2,017.4**	1,624.3
Payments to suppliers and employees		**(701.5)**	(692.6)
Receipt on settlement of arbitration		**42.2**	-
Payments for restoration		**(15.9)**	(12.7)
Interest received		**0.4**	0.2
Financing costs		**(9.5)**	(6.5)
Income tax paid		**(109.9)**	(152.9)
Net cash provided by operating activities	17	**1,223.2**	759.8
Cash flows from investing activities			
Payments for property, plant and equipment		**-**	(1.1)
Payments for petroleum assets		**(796.2)**	(529.2)
Payments for exploration and evaluation assets		**(111.1)**	(139.4)
Payments for intangible assets		**(5.5)**	(3.9)
Proceeds on sale of joint operations interests		**1.0**	-
Proceeds from sale of non-current assets		**0.4**	-
Payments for acquisition of joint operations	26	**-**	(84.2)
Completion adjustment on acquisition of joint interest		**13.6**	-
Net cash used in investing activities		**(897.8)**	(757.8)
Cash flows from financing activities			
Proceeds from borrowings	17	**145.0**	260.0
Repayment of borrowings	17	**(230.0)**	(145.0)
Payment of the principal portion of lease liabilities		**(68.9)**	(42.9)
Proceeds from employee incentive loans		**1.0**	0.2
Payment for shares purchased on market (Treasury shares)		**(1.0)**	(5.7)
Dividends paid	21	**(45.6)**	(45.6)
Net cash provided by/(used in) financing activities		**(199.5)**	21.0
Net increase/(decrease) in cash held		**125.9**	23.0
Cash at beginning of financial year		**126.7**	109.9
Effects of exchange rate changes on the balances of cash held in foreign currencies		**1.9**	(6.2)
Cash at end of financial year		**254.5**	126.7

The accompanying notes form part of these financial statements

Notes to the Financial Statements

Notes to and forming part of the Financial Statements for the financial year ended 30 June 2022

Basis of preparation

This section sets out the basis upon which the Group's (comprising Beach Energy Limited and its subsidiaries) financial statements are prepared as a whole. Significant accounting policies and key judgements and estimates of the Group that summarise the measurement basis used and assist in understanding the financial statements are described in the relevant note to the financial statements or are otherwise provided in this section.

Beach Energy Limited (Beach) is a for profit company limited by shares, incorporated in Australia and whose shares are publicly listed on the Australian Securities Exchange (ASX). The nature of the Group's operations are described in the segment note. The consolidated general purpose financial report of the Group for the financial year ended 30 June 2022 was authorised for issue in accordance with a resolution of the directors on 15 August 2022.

This general purpose financial report:

- Has been prepared in accordance with Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*. The financial statements comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.
- Has been prepared on a going concern and accruals basis and is based on the historical cost convention, except for derivative financial instruments, debt and equity financial assets, and contingent consideration that have been measured at fair value.
- Is presented in Australian dollars with all amounts rounded to the nearest hundred thousand dollars unless otherwise stated, in accordance with ASIC (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investment Commission.
- Has been prepared by consistently applying all accounting policies to all the financial years presented, unless otherwise stated.
- The consolidated financial statements provide comparative information in respect of the previous period. Where there has been a change in the classification of items in the financial statements for the current period, the comparative for the previous period has been reclassified to be consistent with the classification of that item in the current period.

Notes to the financial statements

The notes include information which is required to understand the financial statements that is material and relevant to the operations, financial position or performance of the Group. Information is considered material and relevant where the amount is significant in size or nature, it is important in understanding changes to the operations or results of the Group or it may significantly impact on future performance.

Key judgements and estimates

In the process of applying the Group's accounting policies, management has had to make judgements, estimates and assumptions about future events that affect the reported amounts of assets and liabilities, revenue and expenses. These estimates and judgements incorporate the impact of the ongoing uncertainties associated with the COVID–19 pandemic and other material business risks. The reasonableness of these estimates and underlying assumptions are reviewed on an ongoing basis. Actual results may differ from these estimates.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are found in the following notes:

Note 2 – Revenue from contracts with customers
Note 3 – Expenses
Note 5 – Taxation
Note 9 – Petroleum assets
Note 10 – Exploration and evaluation assets
Note 11 – Intangible assets
Note 13 – Provisions
Note 14 – Leases

Climate change

In preparing the Financial Report, management has considered the impact of climate change and current climate-related legislation. Beach is committed to managing climate risk and delivering a sustainable business model in a low-carbon world. Beach reports on its climate strategy, climate transition action plans, annual emissions and emissions targets in the Beach sustainability report which Beach has published annually since 2017 in accordance with the Financial Stability Board's Task Force on Climate-Related Disclosures ("TCFD") recommendations on climate-related financial disclosures.

The impacts of climate change include estimates of a range of economic and climate-related scenarios. This includes market supply and demand profiles, carbon emissions reduction profiles, legal impacts and technological impacts. These are factored into discount rates, commodity price forecasts, and demand and supply profiles, all of which are impacted by the global demand profile of the economy as a whole. A carbon price is included in Beach's economic modelling of projects and the portfolio as applicable. The estimates and forecasts used by the Group are in accordance with current climate-related legislation and policy. The impact of climate change is considered in the significant judgements and key estimates in a number of areas in the Financial Report including:

- asset useful lives and carrying values for petroleum assets and exploration and evaluation assets through determination of valuations considered for impairment – refer notes 9 and 10;
- restoration obligations, including the timing of such activities – refer note 13; and
- deferred taxes, primarily related to asset carrying values and restoration obligations – refer note 5;

Beach continues to monitor climate-related policy and its impact on the Financial Report.

Going concern

The Group ended FY22 with $255 million in cash, drawn debt of $90 million and net working capital of $204 million (current assets less current liabilities). Available liquidity was $765 million, comprising $255 million in cash and $510 million in undrawn debt facilities. Management has prepared cash flow forecast scenarios that represent reasonably possible downside scenarios relating to the business from potential economic scenarios that could arise over the next 12 months, which have been reviewed by the directors. These forecasts demonstrate that the Group has sufficient cash, other liquid resources and undrawn credit facilities to enable the Group to meet its obligations as they fall due. As such the directors considered it appropriate to adopt the going concern basis of accounting in preparing the full year financial statements.

Notes to the Financial Statements

Basis of consolidation

The consolidated financial statements are those of Beach and its subsidiaries (detailed in Note 22). Subsidiaries are those entities that Beach controls as it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. In preparing the consolidated financial statements, all transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the date Beach obtains control for acquisitions and the date Beach loses control for disposals, as applicable. The acquisition of businesses is accounted for using the acquisition method of accounting.

Foreign currency

Both the functional and presentation currency of Beach is Australian dollars. Some subsidiaries have different functional currencies which are translated to the presentation currency. Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the foreign exchange rate ruling at the reporting date. Foreign exchange differences arising on translation are recognised in the profit or loss. Non monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the initial transaction. Non monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences that arise on the translation of monetary items that form part of the net investment in a foreign operation are recognised in equity in the consolidated financial statements. Revenues, expenses and equity items of foreign operations are translated to Australian dollars using the exchange rate at the date of transaction while assets and liabilities are translated using the rate at balance date with differences recognised directly in the Foreign Currency Translation Reserve.

Adoption of new and revised accounting standards

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current annual reporting period. Information on relevant new standards is provided below, with no immediate material impact on the Group's consolidated financial statements.

AASB 2020-8 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2

This amendment is in response to the Interbank offered rates (IBOR) reforms. The second phase of the project focuses on issues that might affect financial reporting upon replacement of existing interest rate benchmarks, and amends the requirements in AASB 9 Financial Instruments, AASB 139 Financial Instruments: Recognition and Measurement, AASB 7 Financial Instruments: Disclosures, AASB 4 Insurance Contracts and AASB 16 Leases. The objective of the amendments is to minimise the financial reporting consequences of a change in benchmark interest rates that Australian Accounting Standards may otherwise require, such as the derecognition or remeasurement of financial instruments, and the discontinuation of Hedge accounting.

These amendments have not had a significant or immediate impact on the Group's annual consolidated financial statements.

Standards, amendments, and interpretations to existing standards that are not yet effective and have not been adopted early by the Group

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Group in preparing these consolidated financial statements. Management anticipates that all of the relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement. The Group's assessment of the impact of these new standards, amendments to standards and interpretations is set out below.

i) Amendments to AASB 116 – Property, Plant and Equipment: Proceeds before intended use

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment ("PP&E"), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss. These amendments apply from 1 July 2022 and are not expected to materially impact the Group's annual consolidated financial statements.

ii) Amendments to AASB 137 – Onerous Contracts – Costs of Fulfilling a contract

The amendments provide clarification on which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a 'directly related cost approach'. These amendments apply from 1 July 2022 and are not expected to materially impact the Group's annual consolidated financial statements.

iii) Amendments to AASB 112 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments narrow the scope of the initial recognition exception under AASB 112, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. These amendments apply from 1 July 2023 and It is yet to be determined what the impact on the Group would be as a result of this amendment to the standard.

Several other amendments to standards and interpretations will apply on or after 1 July 2022, and have not yet been applied, however they are not expected to impact the Group's annual consolidated financial statements.

Results for the year

This section explains the results and performance of the Group including additional information about those individual line items in the financial statements most relevant in the context of the operations of the Group, including accounting policies that are relevant for understanding the items recognised in the financial statements and an analysis of the Group's result for the year by reference to key areas, including operating segments, revenue, expenses, employee costs, taxation and earnings per share.

1. Operating segments

The Group has identified its operating segments to be its South Australian, Western Australian, Victorian and New Zealand interests based on the different geographical regions and the similarity of assets within those regions. This is the basis on which internal reports are provided to the Chief Executive Officer for assessing performance and determining the allocation of resources within the Group.

The Group operates primarily in one business, namely the exploration, development and production of hydrocarbons. Revenue is derived from the sale of gas and liquid hydrocarbons. Gas sales contracts are spread across major Australian and New Zealand energy retailers and industrial users with liquid hydrocarbon product sales being made to major multi-national energy companies based on international market pricing.

Details of the performance of each of these operating segments for the financial years ended 30 June 2022 and 30 June 2021 are as follows:

	SA		WA		Victoria		New Zealand		Total	
	2022 $million	2021 $million	2022 $million	2021 $million	2022 $million	2021 $million	2022 $million	2021 $million	2022 $million	2021 $million
Segment revenue										
Sales revenue [1]	**1,219.2**	1,158.7	**32.6**	19.1	**317.2**	207.1	**180.1**	134.5	**1,749.1**	1,519.4
Segment results										
Gross segment result before depreciation, amortisation and impairment	**736.1**	699.4	**20.3**	10.4	**235.6**	134.8	**126.4**	125.9	**1,118.4**	970.5
Depreciation and amortisation	**(227.1)**	(256.2)	**(9.5)**	(11.1)	**(111.0)**	(117.3)	**(17.3)**	(33.6)	**(364.9)**	(418.2)
Impairment expense	**–**	(117.0)	**–**	–	**–**	–	**–**	–	**–**	(117.0)
	509.0	326.2	**10.8**	(0.7)	**124.6**	17.5	**109.1**	92.3	**753.5**	435.3
Other revenue									**22.3**	42.6
Other income									**12.0**	51.1
Net financing costs									**(13.5)**	(5.5)
Other expenses									**(57.7)**	(86.7)
Profit/(loss) before tax									**716.6**	436.8
Income tax expense									**(215.8)**	(120.3)
Net profit/(loss) after tax									**500.8**	316.5
Segment assets	**2,535.2**	2,529.3	**603.1**	438.4	**1,387.6**	1,224.9	**243.9**	291.7	**4,769.8**	4,484.3
Total corporate and unallocated assets									**332.3**	198.8
Total consolidated assets									**5,102.1**	4,683.1
Segment liabilities	**538.1**	565.2	**19.8**	18.9	**361.8**	506.4	**121.2**	110.7	**1,040.9**	1,201.2
Total corporate and unallocated liabilities									**521.3**	394.1
Total consolidated liabilities									**1,562.2**	1,595.3
Additions and acquisitions of non-current assets										
Exploration and evaluation assets	**66.2**	95.1	**1.0**	1.6	**26.1**	45.2	**–**	0.7	**93.3**	142.6
Petroleum assets	**288.6**	316.7	**122.2**	32.6	**286.5**	261.7	**9.7**	23.1	**707.0**	634.1
	354.8	411.8	**123.2**	34.2	**312.6**	306.9	**9.7**	23.8	**800.3**	776.7
Total corporate and unallocated assets									**6.7**	33.4
Total additions and acquisitions of non-current assets									**807.0**	810.1

(1) During the year revenue from three customers amounted to $1,220 million (2021: $989 million from three customers) arising from sales from SA, WA, Victoria and New Zealand segments.

Notes to the Financial Statements

1. Operating segments (continued)

	Australia		New Zealand		Total	
	2022 $million	2021 $million	2022 $million	2021 $million	2022 $million	2021 $million
Non-current assets	**4,203.4**	3,798.6	**202.9**	209.7	**4,406.3**	4,008.3

2. Revenue from contracts with customers and other income

Revenue from contracts with customers is recognised in the statement of profit or loss and other comprehensive income when the performance obligations are considered met, which is when control of the hydrocarbon products or services provided are transferred to the customer. Revenue is recognised at an amount that reflects the consideration the Group expects to be entitled to, net of goods and services tax or similar taxes.

Product sales

Sales revenue is recognised using the "sales method" of accounting. The sales method results in revenue being recognised based on volumes sold under contracts with customers, at the point in time where performance obligations are considered met. Generally, regarding the sale of hydrocarbon products, the performance obligation will be met when the product is delivered to the specified measurement point (gas) or point of loading/unloading (liquids).

The Group's sales of crude oil, liquefied natural gas, ethane, condensate, LPG, and in some contractual arrangements, natural gas, are based on market prices. In contractual arrangements with market base pricing, at the time of the delivery, there is only a minimal risk of a change in transaction price to be allocated to the product sold. Accordingly, at the point of sale where there is not a significant risk of revenue reversal relative to the cumulative revenue recognised, there is no constraining of variable consideration.

Where the sales price is not final at the point the performance obligations are met, any subsequent measurement of these provisionally priced sales is not revenue from customers and has been recognised as other sales revenue.

Contract liabilities and contract assets

A contract liability for deferred revenue is recorded for obligations under sales contracts to deliver natural gas in future periods for which payment has already been received. Where the period between when payment is received and performance obligations are considered met, is more than 12 months, an assessment will be made for whether a significant financing component is required to be accounted for. Deferred revenue liabilities unwind as "revenue from contracts with customers", with reference to the performance obligation, and if a significant financing component associated with deferred revenue exists, an interest expense will also be recognised over the life of the contract.

On acquisition of the Lattice and Toyota Tsusho interests, pre-existing revenue contracts were fair valued, resulting in contract assets and liabilities being recognised. Both the contract assets and liabilities represent the differential in contract pricing and market price, and will be realised as performance obligations are considered met in the underlying revenue contract. To the extent a contract asset or liability represents the fair value differential between contract price and market price, it will be unwound through "other operating revenue or expense".

Net contract assets and liabilities have decreased by $1.0 million to $38.1 million, with $4.5 million included in other expense and $0.5 million in FCTR less $4.0 million unwind of discount included in finance expenses.

	Consolidated	
	2022 $million	2021 $million
(a) Revenue		
Crude oil	**625.7**	613.6
Sales gas and ethane	**673.8**	609.4
Liquefied petroleum gas	**202.0**	130.5
Condensate	**214.3**	143.6
Gas and gas liquids	**1,090.1**	883.5
Revenue from contracts with customers	**1,715.8**	1,497.1
Crude oil – revaluation of provisionally priced sales	**33.3**	22.3
Sales Revenue [1]	**1,749.1**	1,519.4
Other operating revenue	**22.3**	42.6
Total revenue	**1,771.4**	1,562.0

(1) Provisionally priced oil sales revenue recorded as a receivable at 30 June 2022 totalled $53.4 million (FY21 $110.9million).

	Consolidated	
	2022 $million	2021 $million
(b) Other income		
Gain on sale of joint operations interests	**0.7**	–
Gain on reversal of acquired liabilities	**–**	35.4
Gain on sale of non-current assets	**0.3**	–
Other income related to joint venture lease recoveries	**3.3**	9.8
Government grants received	**0.7**	5.3
Foreign exchange gains	**6.4**	–
Other	**0.6**	0.6
Total other income	**12.0**	51.1

3. Expenses

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

	Consolidated	
	2022 $million	2021 $million
(a) Cost of sales		
Field operating costs	**255.8**	251.8
Tariffs and tolls	**94.5**	76.0
Royalties	**182.2**	116.9
Total operating costs	**532.5**	444.7
Depreciation and amortisation of petroleum assets (Note 9)	**357.1**	405.6
Depreciation of leased assets (Note 14)	**7.6**	12.6
Third party oil and gas purchases	**99.2**	68.4
Decrease/(increase) in product inventory	**(0.8)**	35.8
Total cost of sales	**995.6**	967.1
(b) Other expenses		
Impairment		
Impairment of petroleum assets (Note 9)	**–**	35.3
Impairment of exploration and evaluation assets (Note 10)	**–**	81.7
Total impairment expense	**–**	117.0
Other		
Exploration expense	**(0.2)**	56.7
Restoration expense	**29.5**	–
Loss on sale of non-current assets	**0.2**	1.7
Depreciation of leased assets (Note 14)	**3.6**	3.5
Foreign exchange losses	**–**	8.9
Unwind of acquired contract assets and liabilities	**4.5**	–
Provision for legal costs related to shareholder class actions	**5.0**	–
Corporate expenses [(1)]	**15.1**	15.9
Other expenses	**57.7**	86.7
Total other expenses	**57.7**	203.7

(1) Includes depreciation of property, plant and equipment and amortisation of software costs of $7.9 million (FY21 $7.3 million) as shown in Note 8 and 11, and share based payments expense of $2.1 million (FY21 $2.6 million).

Notes to the Financial Statements

4. Employee benefits

Provision is made for the Group's employee benefits liability arising from services rendered by employees to the end of the reporting period. These benefits include wages, salaries, annual leave and long service leave. Where these benefits are expected to be settled within 12 months of the reporting date, they are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-vesting personal leave are recognised when the leave is taken and are measured at the rates paid or payable. Liabilities for long service leave and annual leave that is not expected to be taken wholly before 12 months after the end of the reporting period in which the employee rendered the related service, are recognised and measured as the present value of the estimated future cash outflows to be made in respect of employees' services up to the reporting date. The obligation is calculated using expected future increases in wage and salary rates, experience of employee departures and periods of service. The estimated future payments have been discounted using Australian corporate bond rates. The obligations are presented as current liabilities in the statement of financial position if the Group does not have the unconditional right to defer settlement for at least 12 months after the reporting date, regardless of when the actual settlement is expected to occur.

Superannuation commitments – Each employee nominates their own superannuation fund into which Beach contributes compulsory superannuation amounts based on a percentage of their salary.

Termination benefits – Termination benefits may be payable when employment is terminated before the normal retirement date, without cause, or when an employee accepts voluntary redundancy in exchange for these benefits. Beach recognises termination benefits when it is demonstrably committed to making these payments.

Equity settled compensation

Employee Incentive Plan – The Group operates an Employee Incentive Plan, approved by shareholders. Shares are allotted to employees under this plan at the Board's discretion. Shares acquired by employees are funded by interest free non-recourse loans for a term of 10 years which are repayable on cessation of employment with the consolidated entity or expiry of the loan term. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period with a corresponding increase in equity. The fair value of shares issued is determined with reference to the latest ASX share price. Rights are valued using an appropriate valuation technique such as the Binomial or Black-Scholes Option Pricing Models which takes into account the vesting conditions.

The following employee shares are currently on issue	Number
Balance as at 30 June 2020	**1,538,288**
Loans repaid during 2021 financial year	(150,850)
Balance as at 30 June 2021	**1,387,438**
Loans repaid during 2022 financial year	(709,838)
Balance as at 30 June 2022	**677,600**

No new shares were issued to employees during the financial year, pursuant to this plan.

The closing ASX share price of Beach fully paid ordinary shares at 30 June 2022 was $1.725 as compared to $1.24 as at 30 June 2021.

Employee Share Plan – The group operates an employee share plan, approved by shareholders. Employees who buy shares under the Plan will have those shares matched by Beach, provided any relevant conditions determined by the Board are satisfied. Eligible Employees are employees of the Group, other than a non-executive director and any other person determined by the Board as ineligible to participate in the Plan. The Board has the discretion to set an annual limit on the value of shares that participants may purchase under the Plan, not exceeding $5,000. Purchased Shares have been acquired periodically at the prevailing market price. Participants pay for their Purchased Shares using their own funds which may include salary sacrifice. To receive Matched Shares, a participant must satisfy the conditions determined by the Board at the time of the invitation. Details of shares purchased and utilised under this plan are detailed in Note 19.

Incentive Rights – The Group operates an Executive Incentive Plan (EIP) providing both Short Term Incentives (STIs) and Long Term Incentives (LTIs). The STI is part of 'at risk' remuneration offered to senior executives. It measures individual and Company performance over a 12 month period coinciding with Beach's financial year. It is provided in equal parts of cash and equity that may or may not vest subject to additional retention conditions. It is offered annually to senior executives at the discretion of the Board. The LTI is an equity based 'at risk' incentive plan. The LTI is intended to reward efforts and results that promote long term growth in shareholder value or total shareholder return (TSR). LTIs are offered to senior executives at the discretion of the Board. The fair value of performance rights issued are recognised as an employee benefits expense with a corresponding increase in equity. The fair value of the performance rights are measured at grant date and recognised over the vesting period during which the senior executives become entitled to the performance rights. The fair value of the STIs is measured using the Black-Scholes Option Pricing Model and the fair value of the LTIs is measured using Monte Carlo simulation, taking into account the terms and conditions upon which these rights were issued.

Details of the key assumptions used in determining the valuation of unlisted performance rights issued during the year are outlined below.

	2020 LTI Rights	2021 LTI Rights	2021 LTI Rights	2021 LTI Rights	FY22 ESP [1]
Grant date	30 Sep 2021	31 Dec 2021	31 Mar 2022	30 Jun 2022	Up to 30 Jun 2022
Vesting date	1 Dec 2023	1 Dec 2024	1 Dec 2024	1 Dec 2024	1 Jul 2024
Expiry date	30 Nov 2025	30 Nov 2026	30 Nov 2026	30 Nov 2026	n/a
Share price at grant date (A$)	1.50	1.26	1.56	1.73	1.05 – 1.73
Exercise price (A$)	Nil	Nil	Nil	Nil	Nil
Expected volatility (average)	52.7%	50.8%	52.9%	50.4%	n/a
Vesting Period (years)	2.2	2.9	2.7	2.4	2.0 – 2.9
Risk free rate	0.25%	2.26%	2.18%	3.19%	n/a
Dividend yield	1.34%	1.59%	1.29%	1.16%	1.16% – 1.90%
Number of securities issued	87,203	2,112,784	958,735	327,702	709,379
Fair value of security at grant date (A$)	0.82	0.69	0.86	1.05	0.99 – 1.69
Total fair value at grant date	**71,506**	**1,457,821**	**824,512**	**344,087**	**956,810**

(1) Matched Share Rights under the Employee Share Plan are acquired periodically throughout the year. Details show the range of valuation inputs during the year.

Movements in unlisted performance rights are set out below:

	Consolidated 2022 number	Consolidated 2021 number
Balance at beginning of period	**8,184,339**	7,437,135
Issued during the period	**4,195,803**	3,757,017
Forfeited during the period	**(3,346,082)**	(1,414,684)
Vested/Exercised during the period	**(1,600,907)**	(1,595,129)
Balance at end of period	**7,433,153**	8,184,339

5. Taxation

Taxation on the profit or loss for the year comprises current and deferred tax. Taxation is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates and laws enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous years.

Deferred tax is determined using the statement of financial position approach on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the statement of financial position. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences or unused tax losses and tax offsets can be utilised.

Deferred tax is not recognised for temporary differences arising from goodwill or from the initial recognition of assets and liabilities (other than a business combination) in a transaction that affects neither accounting profit nor taxable income.

Deferred tax assets and liabilities are measured at the tax rates that are expected to be applied when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted at the reporting date.

Current and deferred tax assets and liabilities are offset when there is a legally enforceable right to offset and when the tax balances are related to taxes levied by the same tax authority and the entity intends to settle its tax assets and liabilities on a net basis.

5. Taxation (continued)

Petroleum Resource Rent Tax (PRRT)

PRRT is considered, for accounting purposes, to be a tax based on income. Accordingly, current and deferred PRRT expense is measured and disclosed on the same basis as income tax.

The impact of future augmentation on expenditure is included in the determination of future taxable profits when assessing the extent to which a deferred tax asset for PRRT can be recognised in the statement of financial position.

Australian income tax consolidation

Beach and its wholly owned Australian subsidiaries are consolidated for Australian income tax purposes with Beach responsible for recognising the current and deferred tax assets and liabilities for the income tax consolidated group.

Beach is responsible for recognising the current tax liability, current tax assets and deferred tax assets arising from unused tax losses and credits for the income tax consolidated group. The Group has applied the separate taxpayer approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group.

Beach has entered into a tax sharing agreement with its wholly owned subsidiaries whereby each company in the Group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group.

Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- When the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Consolidated Statement of Cash Flows on a gross basis.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(a) Income tax expense

Income tax recognised in the statement of profit or loss of the Group is as follows:

	Consolidated	
	2022 $million	2021 $million
Recognised in the statement of profit or loss		
Current tax expense		
Current year	**157.0**	99.2
Adjustments for prior years	**(3.8)**	(25.6)
Total current tax expense	**153.2**	73.6
Deferred tax expense		
Origination and reversal of temporary differences	**56.2**	20.7
Adjustments for prior years	**6.4**	26.0
Total deferred tax expense	**62.6**	46.7
Total income tax expense	**215.8**	120.3

(b) Numerical reconciliation between tax expense and prima facie tax expense

A reconciliation between income tax expense calculated on profit before tax to income tax expense included in the statement of profit or loss:

	Consolidated	
	2022 $million	2021 $million
Accounting profit before income tax	**716.6**	436.8
Prima facie tax on accounting profit before tax at 30%	**215.0**	131.0
Adjustment to income tax expense due to:		
Non-deductible expenditure	**0.9**	0.9
Impact of tax rates applicable outside Australia	**(2.7)**	(2.1)
Non assessable income	**-**	(9.9)
Adjustments for prior years	**2.6**	0.4
Income tax expense reported in the Statement of Profit or Loss	**215.8**	120.3

(c) Income tax related to items charged or credited to equity ($million)

	Consolidated	
	2022 $million	2021 $million
Share based equity	**(0.2)**	(1.7)
Foreign Currency Translation Reserve	**2.4**	-

(d) Deferred tax assets and liabilities ($million)

	Assets		Liabilities		Net	
Current financial year	2022 $million	2021 $million	2022 $million	2021 $million	2022 $million	2021 $million
Oil & Gas Assets	**-**	-	**(346.7)**	(301.8)	**(346.7)**	(301.8)
Provisions	**274.7**	287.0	**-**	-	**274.7**	287.0
Employee benefits	**6.6**	6.1	**-**	-	**6.6**	6.1
Tax Losses	**1.3**	2.8	**-**	-	**1.3**	2.8
Leases	**9.9**	30.9	**(9.5)**	(10.1)	**0.4**	20.8
Other Items	**5.5**	8.1	**(48.2)**	(67.4)	**(42.7)**	(59.3)
Tax assets/(liabilities)	**298.0**	334.9	**(404.4)**	(379.3)	**(106.4)**	(44.4)
Set-off of tax	**(298.0)**	(334.9)	**298.0**	334.9	**-**	-
Net deferred tax assets/(liabilities)	**-**	-	**(106.4)**	(44.4)	**(106.4)**	(44.4)

(e) Deferred tax assets have not been recognised in respect of the following items:

	Consolidated	
	2022 $million	2021 $million
Revenue losses - non-Australian	**2.6**	2.6
Capital losses	**28.7**	28.7
Petroleum rights	**43.4**	43.4
Petroleum Resource Rent Tax, net of income tax	**1,661.6**	1,212.4
Total	**1,736.3**	1,287.1

6. Earnings per share (EPS)

The Group presents basic and diluted EPS for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the statement of profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares for the dilutive effect, if any, of outstanding share rights which have been issued to employees.

Earnings after tax used in the calculation of EPS is as follows:

	2022 $million	2021 $million
Basic EPS and Diluted EPS	**500.8**	316.5

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

	2022 Number	2021 Number
Basic EPS	**2,279,696,899**	2,279,860,248
Share rights	**3,350,862**	2,118,934
Diluted EPS	**2,283,047,761**	2,281,979,182
Calculation of EPS is as follows:		
Basic earnings per share (cents per share)	**21.97¢**	13.88¢
Diluted earnings per share (cents per share)	**21.94¢**	13.87¢

2,421,192 (FY21 5,178,791) potential ordinary shares relating to performance rights that were not considered dilutive during the period as vesting would not have occurred based on the status of the required vesting conditions at the end of the relevant reporting period. Accordingly, these have been excluded from the calculation of diluted EPS.

Capital employed

This section details the investments made by the Group in exploring for and developing its petroleum business including inventories, property, plant and equipment, petroleum assets, joint operations, leases and any related restoration provisions as well as an assessment of asset impairment and details of future commitments.

7. Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Cost is determined as follows:

(i) Drilling and maintenance stocks, which include plant spares, consumables, maintenance and drilling tools used for ongoing operations, are valued at weighted average cost; and

(ii) Petroleum products, which comprise extracted crude oil, liquefied petroleum gas, condensate and naphtha stored in tanks and pipeline systems and process sales gas and ethane stored in sub-surface reservoirs, are valued using the absorption cost method.

	Consolidated	
	2022 $million	2021 $million
Petroleum products	**40.4**	37.7
Drilling and maintenance stocks	**68.7**	65.5
Less provision for obsolescence	**(7.7)**	(3.8)
Total current inventories at lower of cost and net realisable value	**101.4**	99.4
Petroleum products included above which are stated at net realisable value	**-**	-

8. Property, plant and equipment (PPE)

PPE is measured at cost less depreciation and impairment losses. The carrying amount of PPE is reviewed bi-annually for impairment triggers. The cost of PPE constructed within the Group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss during the financial period in which they are incurred. The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in the profit or loss.

The depreciable amount of all PPE is depreciated using a straight line basis over their useful lives commencing from the time the asset is held ready for use. The depreciation rates used in the current and previous period for each class of depreciable asset are between 3–33%.

	Consolidated	
	2022 $million	2021 $million
Property, plant and equipment		
Plant and equipment	**13.3**	14.4
Plant and equipment under construction	**3.0**	2.0
Less accumulated depreciation	**(10.1)**	(7.8)
Total property, plant and equipment	**6.2**	8.6
Reconciliation of movement in property, plant and equipment:		
Balance at beginning of financial year	**8.6**	9.6
Additions	**-**	0.7
Depreciation expense	**(2.4)**	(1.7)
Total property, plant and equipment	**6.2**	8.6

Notes to the Financial Statements

9. Petroleum assets

Petroleum assets are stated at cost less accumulated depreciation and impairment charges. They include initial cost, with an appropriate proportion of fixed and variable overheads, to acquire, construct, install or complete production and infrastructure facilities such as pipelines and platforms, capitalised borrowing costs, transferred exploration and evaluation assets and development wells. Subsequent capital costs, including major maintenance, are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The depreciable amount of all onshore production facilities, field and other equipment excluding freehold land is depreciated using a straight line basis over the lesser of their useful lives and the life of proved and probable reserves commencing from the time the asset is held ready for use. Offshore production facilities and field equipment are depreciated based on a units of production method using proved and probable reserves. The depreciation rates used in the current and previous period for each class of depreciable asset are 1–67% for onshore production facilities, field and other equipment.

Subsurface assets are amortised using the units of production method over the life of the area according to the rate of depletion of the proved and probable reserves. Retention of petroleum licences is subject to meeting certain work obligations/commitments as detailed in Note 15. The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in the profit or loss.

Estimates of reserve and resource quantities

The estimated quantities of reserves and resources reported by the Group are integral to the calculation of amortisation (depletion) expense and to assessments of possible impairment or impairment reversal. The estimated quantities of reserves and resources are based upon interpretations of geological, geophysical and engineering models and assessment of the technical feasibility and commercial viability of production. Beach prepares its reserves and resources estimates in accordance with the 2018 update to the Petroleum Resources Management System sponsored by the Society of Petroleum Engineers, World Petroleum Council, American Association of Petroleum Geologists and Society of Petroleum Evaluation Engineers (SPE-PRMS).

All estimates of reserves and resources reported by Beach are prepared by, or under the supervision of, a qualified petroleum reserves and resources evaluator. Over half of Beach's 2P reserves as at 30 June 2022 have been independently audited by Netherland, Sewell & Associates Inc. in accordance with Beach's reserves policy. Reserves and resources estimates require assumptions regarding future development and production costs, commodity prices, exchange rates and fiscal regimes. Estimates may change from period to period as the economic assumptions used to prepare the estimates can change from period to period, and as additional geological and engineering information becomes available through additional drilling or technical analysis. Estimates are reviewed annually or when there are significant changes in the circumstances impacting specific assets or asset groups. These changes may impact depreciation, asset carrying values, restoration provisions and deferred tax balances. If reserves estimates are revised downwards, earnings could be affected by higher depreciation expense or an immediate write-down of the asset's carrying value.

	Consolidated	
	2022 $million	2021 $million
Field land and buildings		
Land and buildings at cost	**81.0**	78.7
Less accumulated depreciation	**(24.6)**	(22.3)
Total field land and buildings	**56.4**	56.4
Reconciliation of movement in field land and buildings:		
Balance at beginning of financial year	**56.4**	54.8
Additions	**2.8**	4.0
Depreciation expense	**(2.3)**	(2.3)
Foreign exchange movement	**(0.5)**	(0.1)
Total field land and buildings	**56.4**	56.4
Production facilities and field equipment		
Production facilities and field equipment	**2,210.4**	2,090.9
Production facilities and field equipment under construction	**107.7**	89.9
Less accumulated depreciation	**(1,066.6)**	(996.4)
Total production facilities and field equipment	**1,251.5**	1,184.4

	Consolidated	
	2022 $million	2021 $million
Reconciliation of movement in production facilities, field and other equipment:		
Balance at beginning of financial year	**1,184.4**	1,166.8
Additions	**150.1**	105.4
Acquisition of assets and joint operation interests (Note 26)	**0.9**	30.2
Impairment of production facilities and field equipment	**–**	(17.7)
Depreciation expense	**(78.8)**	(98.1)
Disposals	**(0.2)**	(0.2)
Foreign exchange movement	**(4.9)**	(2.0)
Total production facilities and field equipment	**1,251.5**	1,184.4
Subsurface assets		
Subsurface assets at cost	**4,385.3**	4,031.8
Subsurface assets under construction	**633.2**	451.0
Less accumulated depreciation	**(2,566.9)**	(2,292.0)
Total subsurface assets	**2,451.6**	2,190.8
Reconciliation of movement in subsurface assets		
Balance at beginning of financial year	**2,190.8**	1,764.9
Additions	**554.7**	406.8
Acquisition of assets and joint operation interests (Note 26)	**0.8**	87.7
Increase/(decrease) in restoration	**(70.3)**	53.3
Transfer from exploration and evaluation assets	**–**	180.8
Impairment of subsurface assets	**–**	(17.6)
Borrowing costs capitalised	**7.5**	7.1
Foreign exchange movement	**–**	(0.1)
Amortisation expense	**(276.3)**	(305.2)
Disposals	**–**	(1.5)
Capitalised depreciation of lease assets	**44.4**	14.6
Total subsurface assets	**2,451.6**	2,190.8
Total petroleum assets	**3,759.5**	3,431.6

The carrying amounts of petroleum assets are assessed half yearly to determine whether there is an indication of impairment or impairment reversal for those assets which have previously been impaired. Indicators of impairment and impairment reversals include changes in future selling prices, future costs and reserves. When assessing potential indicators of impairment or reversals the Group models scenarios and a range of possible future commodity prices is considered. If any such indication exists, the asset's recoverable amount is estimated. Petroleum assets are assessed for impairment indicators on a cash generating unit (CGU) basis. Following review of interdependencies between the various operations within the Group, it has been determined that the operational CGUs are Cooper Basin, Perth Basin, Victoria Otway, South Australia Otway, Bass Gas and Kupe. Where the carrying value of a CGU includes goodwill, the recoverable amount of the CGU is estimated regardless of whether there is an indicator of impairment or not.

The recoverable amount of an asset or CGU is determined as the higher of its value in use and fair value less costs of disposal. Value in use is determined by estimating future cash flows based on reserves after taking into account the risks specific to the asset and discounting it to its present value using an appropriate discount rate. Fair value less costs of disposal also considers value attributable to additional resource and exploration opportunities beyond reserves based on production plans as well as costs of disposal. If the carrying amount of an asset or CGU exceeds its recoverable amount, the asset or CGU is written down and an impairment loss is recognised in the statement of profit or loss. For assets previously impaired, if the recoverable amount exceeds the carrying amount and the indicators driving the increase in value are sustained for a period of time, the impairment loss is reversed, except in relation to goodwill. The carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Future cash flow information used for the recoverable amount calculations is based on the Group's latest reserves, budget, five-year plan and project economic plans which includes information sourced and reviewed from operators of our non-operated interests.

9. Petroleum assets (continued)

Impairment and impairment reversal indicator modelling

In determining whether there is an indicator of impairment, in the absence of quoted market prices, estimates are made regarding the present value of future cash flows for each CGU. These estimates require significant management judgement and are subject to risk and uncertainty, and hence changes in economic conditions can also affect the assumptions used and the rates used to discount future cash flow estimates. Current climate change legislation is also factored into the calculation and future uncertainty around climate change risks continue to be monitored. These risks may include a proportion of a CGU's reserves becoming incapable of extraction in an economically viable fashion; demand for the Group's products decreasing, due to policy, regulatory (including carbon pricing mechanisms), legal, technological, market or societal responses to climate change and physical impacts related to acute risks resulting from increased severity of extreme weather events, and those related to chronic risks resulting from longer-term changes in climate patterns. In most cases, the present value of future cash flows is most sensitive to the assumptions outlined below. An evaluation of climate risk is reflected in Beach's assumptions on carbon cost pricing, including carbon pricing slope of \$34/tCO_2e increasing to A\$61/tCO_2e by 2030 then increasing to A\$70/tCO_2e by 2040 (real) and incorporating the benefits of CCS and the delivery of other committed projects which is applicable to Australian emissions that exceed facility-specific baselines in accordance with Australian regulations. Beach continues to monitor the uncertainty around climate change risks and will revise carbon pricing assumptions accordingly. The present value of future cash flows for each CGU were estimated using the assumptions below with reference to external market forecasts at least bi-annually. The assumptions applied have regard to contracted prices and observable market data including forward values and external market analyst's forecasts.

For the current financial year, the following assumptions were used in the assessment of the CGU's recoverable amounts:

- Brent oil price (real) of US\$102.50/bbl in FY23, US\$87.50/bbl for FY24, US\$83.75/bbl for FY25, US\$81.25/bbl for FY26 and US\$70/bbl for FY27 and beyond.
- A\$/US\$ exchange rate of 0.74 for FY23 and 0.75 for FY24 and beyond.
- A\$/NZ\$ exchange rate of 1.07 for FY23 and beyond.
- Post-tax real discount rate of 7%.

For impairment reversals, the present value of future cash flows are considered using lower oil price scenarios based on a Monte-Carlo simulation of Reuters Mean and a 10% reduction in life of asset production, assuming production loss under a long-term oil-price constrained environment.

In the event that future circumstances vary from these assumptions, the recoverable amount of the Group's petroleum assets could change materially and result in impairment losses or the reversal of previous impairment losses. Due to the interrelated nature of the assumptions, movements in any one variable can have an indirect impact on others and individual variables rarely change in isolation. Additionally, management can be expected to respond to some movements, to mitigate downsides and take advantage of upsides, as circumstances allow. Consequently, it is impracticable to estimate the indirect impact that a change in one assumption has on other variables and hence, on the likelihood, or extent, of impairments, or reversals of impairments, under different sets of assumptions in subsequent reporting periods.

In the prior year, an impairment expense of \$35.3 million was recorded against the carrying value of petroleum assets for the SA Otway CGU which is part of the SA operating segment due to the suspension of operations at the Katnook Gas Plant. This impairment charge was recognised within other expenses in the statement of profit or loss and other comprehensive income.

10. Exploration and evaluation assets

Expenditure on exploration and evaluation is accounted for in accordance with the area of interest method. Areas of interest are based on a geological area. These costs are only carried forward to the extent that they are expected to be recouped through the successful development or sale of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of proved and probable hydrocarbon reserves and where the rights to tenure of the area of interest are current. The costs of acquiring interests in new exploration and evaluation licences are capitalised. The costs of drilling exploration wells are initially capitalised pending the results of the well. Costs are expensed where the well does not result in the successful discovery of economically recoverable hydrocarbons and the recognition of an area of interest. Subsequent to the recognition of an area of interest, all further evaluation costs relating to that area of interest are capitalised. Upon approval for the commercial development of an area of interest, accumulated expenditure for the area of interest is transferred to petroleum assets.

Area of interest

An area of interest (AOI) is defined by Beach as an area defined by major geological structural elements that has a discrete exploration strategy and has largely independent costs for exploration and evaluation from other geological areas.

Impairment of exploration and evaluation assets

The recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective AOI. Each potential or recognised AOI is reviewed half-yearly to determine whether economic quantities of reserves have been found or whether further exploration and evaluation work is underway or planned to support continued carry forward of capitalised costs. Where a potential impairment is indicated, assessment is performed using a fair value less costs to dispose method to determine the recoverable amount for each AOI to which the exploration and evaluation expenditure is attributed.

This assessment requires management to make certain estimates and apply judgement in determining assumptions as to future events and circumstances, in particular, the assessment of whether economic quantities of reserves have been found. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised expenditure under the policy, the Group concludes that it is unlikely to recover the expenditure by future exploitation or sale, then the relevant capitalised amount will be written off to the statement of profit or loss. Retention of exploration assets is subject to meeting certain work obligations/exploration commitments as detailed in Note 15.

Government grants received in relation to the drilling of exploration wells are recognised as a reduction in the carrying value of the exploration permit as expenditure is incurred.

In the prior year, an impairment expense of $81.7 million was recorded against the carrying value of exploration and evaluation assets for the SA Otway CGU which is part of the SA operating segment. This impairment charge was recognised within other expenses in the statement of profit or loss and other comprehensive income.

	Consolidated	
	2022 $million	2021 $million
Exploration and evaluation assets at beginning of financial year	**334.8**	462.4
Additions	**100.1**	126.5
Increase/(decrease) in restoration	**3.1**	4.2
Acquisition of assets and joint operation interests (Note 26)	**(2.3)**	48.8
Transfer to petroleum assets	**-**	(180.8)
Impairment of exploration and evaluation assets	**-**	(81.7)
Exploration and evaluation expenditure expensed	**0.2**	(56.7)
Disposal of joint operation interests	**(0.3)**	(0.4)
Foreign exchange movement	**(0.1)**	(0.2)
Capitalised depreciation of lease assets	**9.2**	12.7
Total exploration and evaluation assets	**444.7**	334.8

11. Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired business combination accounted at the date of acquisition. Goodwill on acquisitions is included in intangible assets. Goodwill is not amortised, but instead tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains or losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to CGUs for the purpose of impairment testing. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount of an asset or CGU is the greater of its value-in-use and its fair value less cost of disposal. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination. Impairment losses are recognised in profit or loss unless the asset has previously been revalued, in which case the impairment is recognised as a reversal to the extent of that previous revaluation with any excess recognised in profit or loss. Refer to Note 9 for further information regarding critical accounting estimates and judgements used for impairment testing.

Software

Software is stated at historical cost less accumulated amortisation. Where costs incurred to configure or customise Software as a Service (SaaS) arrangement result in the creation of a resource which is identifiable, and where the company has the power to obtain the future economic benefits flowing from the underlying resource and to restrict the access of others to those benefits, such costs are recognised as a separate intangible software asset. In all other cases, SaaS costs are expensed as incurred. All capitalised software costs are amortised over the useful life of the software on a straight-line basis. The amortisation is reviewed at least at the end of each reporting period and any changes are treated as changes in accounting estimates.

Notes to the Financial Statements

11. Intangible assets (continued)

Amortisation methods and useful lives

The group amortises software assets with a limited useful life using the straight-line method over 5 years.

	Consolidated	
	2022 $million	2021 $million
Goodwill		
Goodwill at cost	**57.1**	57.1
Less accumulated amortisation	**-**	-
Total goodwill	**57.1**	57.1
Software		
Software at cost	**45.6**	39.8
Less accumulated amortisation	**(25.6)**	(19.8)
Total software	**20.0**	20.0
Reconciliation of movement in software:		
Balance at beginning of financial year	**20.0**	21.7
Additions	**5.5**	3.9
Amortisation expense	**(5.5)**	(5.6)
Total software	**20.0**	20.0
Total intangibles	**77.1**	77.1

12. Interests in joint operations

Exploration and production activities are conducted through joint arrangements governed by joint operating agreements, production sharing contracts or similar contractual relationships. A joint operation involves the joint control, and often the joint ownership, of one or more assets contributed to, or acquired for the purpose of the joint operation and dedicated to the purposes of the joint operation. The assets are used to obtain benefits for the parties to the joint operation. Each party may take a share of the output from the assets and each bears an agreed share of expenses incurred. Each party has control over its share of future economic benefits through its share of the joint operation. The interests of the Group in joint operations are brought to account by recognising in the financial statements the Group's share of jointly controlled assets, share of expenses and liabilities incurred, and the income from the sale or use of its share of the production of the joint operation in accordance with the Group's revenue policy.

Accounting for interests in other entities

Judgement is required in assessing the level of control obtained in a transaction to acquire an interest in another entity; depending upon the facts and circumstances in each case, Beach may obtain control, joint control or significant influence over the entity or arrangement. Judgement is applied when determining the relevant activities of a project and if joint control is held over them. Relevant activities include, but are not limited to, work program and budget approval, investment decision approval, voting rights in joint operating committees, amendments to permits and changes to joint arrangement participant holdings. Transactions which give Beach control of a business are business combinations.

If Beach obtains joint control of an arrangement, judgement is also required to assess whether the arrangement is a joint operation or a joint venture. If Beach has neither control nor joint control, it may be positioned to exercise significant influence over the entity, which is then accounted for as an associate.

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

Joint Operation	Principal activities	% interest 2022	% interest 2021
Oil and Gas interests			
Australia			
Cooper Basin (South Australia)			
Ex PEL 92 (PRLs 85-104)	Oil production	**75.0**	75.0
Ex PEL 513 (PRLs 191-206)	Gas production and exploration	**40.0**	40.0
Ex PEL 632 (PRLs 131-134)	Gas production and exploration	**40.0**	40.0
PEL 630	Oil and gas exploration	**–**	50.0
SA Fixed Factor Area	Oil and gas production	**33.4**	33.4
SA Unit	Oil production	**33.4**	33.4
Cooper Basin (Queensland)			
Naccowlah Block	Oil production	**38.5**	38.5
ATP 299 (Tintaburra)	Oil production	**40.0**	40.0
Total 66 Block	Oil production	**30.0**	30.0
SWQ Unit	Gas production	**39.9**	39.9
Otway Basin (Victoria/Tasmania)			
Otway Gas Project	Gas production	**60.0**	60.0
Bass Basin (Tasmania)			
BassGas Project	Gas production	**88.8**	88.8
Trefoil	Gas development	**90.3**	90.3
Perth Basin (Western Australia)			
Beharra Springs	Gas production	**50.0**	50.0
Waitsia Gas Project	Gas production	**50.0**	50.0
International			
Taranaki Basin (New Zealand)			
Kupe Gas Project	Gas production	**50.0**	50.0

Details of commitments for expenditure and contingent liabilities incorporating the Group's interests in joint operations are shown in Notes 15 and 27 respectively.

Notes to the Financial Statements

13. Provisions

A provision for rehabilitation and restoration is provided by the Group where there is a present obligation as a result of exploration, development, production, transportation or storage activities having been undertaken, and it is probable that an outflow of economic benefits will be required to settle the obligation. The estimated future obligations include the costs of removing facilities, abandoning wells and restoring the affected areas once petroleum reserves are exhausted. Restoration liabilities are discounted to present value and capitalised as a component part of petroleum assets and exploration and evaluation assets. The capitalised costs are amortised over the life of the petroleum assets. Any changes in the estimate are reflected in the present value of the restoration provision at the reporting date, with a corresponding change in the cost of the associated asset. In the event the restoration provision is reduced, the cost of the related petroleum or exploration asset is reduced by an amount not exceeding its carrying value. If the decrease in restoration provision exceeds the carrying amount of the asset, the excess is recognised immediately in the statement of profit or loss as other income. The unwinding of discounting on the provision is recognised as a finance cost through the statement of profit or loss as the discounting of the liability unwinds at the end of each reporting period.

Estimate of restoration costs

The Group holds provisions for the future removal costs of offshore and onshore oil and gas platforms, production facilities and pipelines at different stages of the development, construction and end of their economic lives. Most of these decommissioning events are many years in the future and the precise requirements that will have to be met when the removal event occurs are uncertain. Decommissioning technologies and costs are constantly changing, as are political, environmental, safety and public expectations. The timing and amounts of future cash flows are subject to significant uncertainty and estimation is required in determining the amounts of provisions to be recognised.

The Group's restoration obligations are based on compliance with the requirements of relevant regulations which vary for different jurisdictions and are often non-prescriptive. Australian legislation requires removal of structures, equipment and property, or alternative arrangements to removal which are satisfactory to the regulator. The Group maintains technical expertise to ensure that industry learnings, scientific research and local and international guidelines are reviewed in assessing its restoration obligations.

The provision for restoration requires judgement regarding removal date, environmental legislation and regulations, the extent of restoration activities required, the engineering methodology for estimating cost, removal technologies in determining the removal cost, and inflation and discount rates to determine the present value of these cash flows. It represents the Group's best estimate based on current industry practice, current legislation and regulations, technology, price levels and expected plans for end of life remediation. Within Beach's provision the following costs have been provided:

- For offshore assets provision has been made for installation of permanent well barriers, sever casings and conductors, recovery of nearshore subsea flowlines, umbilicals and manifolds, platform preparation, jacket and topside removal, cutting of piles, removal and disposal of recovered components. It is currently the Group's intention to leave all subsea pipelines in-situ.
- For onshore assets provision has been made for demolition and removal of facilities, removal of aboveground pipelines and services, flush and clean and leave in-situ below ground pipelines, removal of contaminated soil, site contouring and revegetation.
- For non-operated joint venture assets, the provision recorded represents the Group's share of the relevant Joint Venture operator estimate as responsibility for the restoration will reside with the operator who has the best knowledge and understanding of the assets. The Group regularly assesses the operator estimates with the assistance of Group appointed experts.

Elements composed of steel, or steel and concrete, with hydrocarbons removed have previously been accepted by the Australian regulator to be decommissioned in-situ where it has been demonstrated there is an acceptable impact to the environment and to current and future marine users (i.e. fishing, shipping and other activities).

The basis of the restoration provision for assets with approved decommissioning plans or general directions issued by the regulator can differ from the assumptions disclosed above. Whilst the provisions reflect the Group's best estimate based on current knowledge and information, further studies and detailed analysis of the restoration activities for individual assets will be performed near the end of their operational life and/or when detailed decommissioning plans are required to be submitted to the relevant regulatory authorities. Actual costs and cash outflows can materially differ from the current estimate as a result of changes in laws & regulations and their application, prices, discovery and analysis of site conditions, public expectations, further studies, timing of restoration and changes in removal technology. These uncertainties may result in actual costs and cash outflows differing from amounts included in the provision recognised as at 30 June 2022. The timing and amount of future costs relating to decommissioning and environmental liabilities are reviewed annually, together with the inflation and discount rates. The discount rates used to determine the obligations at 30 June 2022 reflected in the statement of financial position were within the range 2.4% to 4.0% (2021 within the range 0.0% to 2.2%), and were based on applicable government bonds with a tenure aligned to the tenure of the liability.

Changes in assumptions in relation to the Group's restoration provision could result in a material change in their carrying amounts within the next financial year. A 0.5% change in the nominal discount rate or inflation rate could have an impact of approximately -$56/+$61 million respectively on the value of the Group's restoration provision. If the cost estimates were increased by 10% then the provision would be $78 million higher.

Estimated costs in the provision currently assume that all major sub-sea pipelines will be left in-situ noting that, whilst the removal of offshore pipelines is the default requirement under current legislation, the existing guidelines provide options other than complete removal if the titleholder can demonstrate that the alternative approach delivers equal or better environmental, safety and well integrity outcomes. The Group currently has plans that we believe would deliver these equal or better outcomes and have prepared the provision using our best estimate of these plans. In addition, cost savings have also been embedded in the cost estimates assuming that restoration activities can be undertaken in an efficient manner, such as part of a campaign. Should the future outcome of negotiations with regulators change these plans or impact our ability to realise the campaign cost savings, these decommissioning activities may need to be expanded or brought forward which may result in additional costs of up to $270 million which are not included in our best estimate and the associated provision recorded at 30 June 2022.

Estimate of employee entitlements

Annual and long service leave is measured at the present value of benefits accumulated up to the end of the reporting period. The liability is discounted using an appropriate discount rate. Management requires judgement to determine key assumptions used in the calculation including future increases in salaries and wages, future on-cost rates and future settlement dates of employees' departures.

	Consolidated	
	2022 $million	2021 $million
Current		
Employee entitlements	**21.2**	19.5
Restoration	**63.7**	23.4
Other Provisions	**4.5**	–
Total	**89.4**	42.9
Non-Current		
Employee entitlements	**0.9**	0.8
Restoration	**854.3**	938.7
Total	**855.2**	939.5

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

	Other provisions $million	Restoration $million	Employee entitle-ments $million
Balance at 1 July 2021	**–**	**962.1**	**20.3**
Provision made or reversed during the year	**5.0**	**(49.4)**	**10.3**
Provision paid/used during the year	**(0.5)**	**(14.4)**	**(8.5)**
Unwind of discount	**–**	**17.1**	**–**
Foreign exchange movements	**–**	**2.6**	**–**
Balance at 30 June 2022	**4.5**	**918.0**	**22.1**

14. Leases

Recognition and measurement as a lessee

Leases are recognised as a lease asset and a corresponding liability at the date at which the leased asset is available for use by the Group. A lease is a contract (i.e., an agreement between two or more parties that creates enforceable rights and obligations), or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration. To be a lease, a contract must convey the right to control the use of an identified asset. Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. The Group has lease contracts for various items of plant, machinery, vehicles, buildings and other equipment used in its operations. The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

Lease assets are measured at cost, less any accumulated depreciation, and adjusted for any remeasurement of lease liabilities and for impairment losses, assessed in accordance with the Group's impairment policies. The cost of lease assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The recognised lease assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. Judgement is required to determine the Group's rights and obligations for lease contracts within joint operations, to assess whether lease liabilities are recognised gross (100%) or in proportion to the Group's participating interest in the joint operation. This includes an evaluation of whether the lease arrangement contains a sublease with the joint operation. Instances where the payments regarding a lease contract are part of a joint operations and the Group is the responsible party for payment, the Group recognises the full lease liability, and recognises other income for the portion of payment that is recovered through other parties within the joint venture arrangement. Instances where a sublease is entered into, the Group recognises the full lease liability, and recognises a sublease receivable for the portion of payment that is recovered through other parties within the sublease arrangement.

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the Group's incremental borrowing rate is used, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the lease asset in a similar economic environment with similar terms, security and conditions. After the commencement date, the amount of lease liabilities is increased by the interest cost and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the Group under residual value guarantees;
- The exercise price of a purchase option if the Group is reasonably certain to exercise that option;
- Lease payments to be made under reasonably certain extension options; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the lease asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Instances where the underlying costs regarding a lease contract would previously have been capitalised, the depreciation on the lease asset is capitalised. Payments associated with short-term leases and all leases of assets considered to be of low value are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Set out below are the carrying amounts of lease assets recognised and the movements during the period:

	Consolidated	
	2022 $million	2021 $million
Lease Assets at the beginning of the financial year	**72.2**	58.7
Additions	**24.1**	70.2
Lease remeasurement	**0.2**	(13.3)
Depreciation expense [(1)]	**(64.8)**	(43.4)
Total Lease Assets	**31.7**	72.2

(1) Instances where the underlying costs regarding a lease contract would previously have been capitalised, the depreciation on the lease asset is capitalised. The Group capitalisation of depreciation is $53.6m.

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	Consolidated	
	2022 $million	2021 $million
Lease Liabilities at the beginning of the financial year	**103.0**	62.1
Additions	**24.1**	103.7
Repayments [(2)] [(3)]	**(101.5)**	(53.8)
Lease remeasurement	**5.6**	(13.3)
Accretion of interest	**1.5**	2.0
Foreign exchange movements	**0.3**	2.3
Total Lease Liabilities	**33.0**	103.0
Current Liabilities	**14.7**	77.0
Non-current Liabilities	**18.3**	26.0

(2) Instances where the payments regarding a lease contract are part of a joint arrangement and the Group is the responsible party for payment, the Group recognises the full lease liability, and recognises other income for the portion of payment that is recovered through other parties within the joint venture arrangement. The Group recognised $3.3m of other income relating to joint venture recoveries.

(3) Instances where the payments regarding a lease contract are part of sublease arrangement and the Group is the responsible party for payment, the Group recognises the full lease liability, and recognises a sublease receivable for the portion of payment that is recovered through other parties within the sublease arrangement. The Group received $25.6m of sublease repayments from other parties and no longer holds a sublease receivable at 30 June 2022.

Payments of $7.7 million (FY21 $42.0 million) for short-term leases (lease term of 12 months or less) and payments of $0.1 million (FY21: $6 million) for leases of low value assets were also accounted for in the year ended 30 June 2022.

Other income associated with lease arrangements

Where it has been determined that the Group directs the use of the leased asset, and is the only party with legal obligation to pay the lessor, the Group recognises other income for any amount of the lease payments that are recoverable from other parties, representing "other income related to joint venture lease recoveries" in other income. For the year ending 30 June 2022, the amount recognised was $3.3 million.

15. Commitments for expenditure

Capital Commitments

	Consolidated	
	2022 $million	2021 $million
The Group has contracted the following amounts for capital expenditure at the end of the reporting period for which no amounts have been provided for in the financial statements.		
Due within 1 year	**154.0**	69.6
Due within 1–5 years	**–**	–
Due later than 5 years	**–**	–
	154.0	69.6

Minimum Exploration Commitments

The Group is required to meet minimum expenditure requirements of various government regulatory bodies and joint arrangements. These obligations may be subject to renegotiation, may be farmed out or may be relinquished and have not been provided for in the financial statements.

	Consolidated	
	2022 $million	2021 $million
Due within 1 year	**35.4**	35.2
Due within 1–5 years	**45.0**	47.0
Due later than 5 years	**2.1**	4.2
	82.5	86.4

The Group's share of the above commitments that relate to its interest in joint arrangements are $152.6 million (FY21 $68.3 million) for capital commitments and $23.3 million (FY21 $25.0 million) for minimum exploration commitments.

Default on permit commitments by other joint arrangement participants could increase the Group's expenditure commitments over the forthcoming 5 year period and/or result in relinquishment of tenements. Any increase in the Group's commitments that arises from a default by a joint arrangement party may be accompanied by a proportionate increase in the Group's equity in the tenement concerned.

Financial and risk management

This section provides details on the Group's debt and related financing costs, interest income, cash flows and the fair values of items in the Group's statement of financial position. It also provides details of the Group's market, credit and liquidity risks and how they are managed.

16. Finances and borrowings

Borrowings are recognised initially at fair value, net of directly attributable transaction costs incurred. Subsequent to initial recognition, borrowings are stated at amortised cost with any difference between cost and redemption being recognised in the profit or loss over the period of the borrowings on an effective interest basis. Transaction costs are amortised on a straight line basis over the term of the facility. The unwinding of present value discounting on debt and provisions is also recognised as a finance cost.

Borrowing costs relating to major oil and gas assets under development are capitalised as a component of the cost of development. Where funds are borrowed specifically for qualifying projects, the actual borrowing costs incurred are capitalised. Where the projects are funded through general borrowings, the borrowing costs are capitalised based on the weighted average cost of borrowing. Borrowing costs incurred after commencement of commercial operations are expensed to the statement of profit or loss and other comprehensive income.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. Interest income is recognised in the profit or loss as it accrues using the effective interest method and if not received at balance date, is reflected in the statement of financial position as a receivable.

	Consolidated	
	2022 $million	2021 $million
Net finance expenses/(income)		
Finance costs	**4.3**	4.4
Interest expense	**2.2**	2.3
Discount unwinding on net present value assets and liabilities	**13.1**	4.8
Finance costs associated with lease liabilities	**1.6**	2.0
Less borrowing costs capitalised	**(7.5)**	(7.1)
Total finance expenses	**13.7**	6.4
Interest income	**(0.2)**	(0.9)
Net finance expenses	**13.5**	5.5
Non-current Borrowings		
Bank debt	**90.0**	175.0
Less debt issuance costs	**(2.7)**	(0.9)
Total non-current borrowings	**87.3**	174.1

On 27 September 2021, Beach refinanced the existing $525 million Senior Secured Debt Facility, with a $675 million Senior Secured Debt Facility comprised of a three year $250 million syndicated revolving debt facility maturing September 2024 (Facility A), a five year $350 million syndicated revolving facility maturing September 2026 (Facility B), and three year $75 million bilateral Contingent Instrument facilities (CI Facilities) with a maturity date of September 2024. As at 30 June 2022 $90 million of Facility A was drawn with $43 million of the CI Facilities being predominantly utilised by way of bank guarantees. Bank debt bears interest at the relevant reference rate plus a margin, with the Group's average interest rate on interest bearing liabilities in FY22 of 1.42% (FY21 1.48%).

Notes to the Financial Statements

17. Cash flow reconciliation

For the purpose of the statement of cash flows, cash and cash equivalents includes cash on hand, cash at bank, term deposits with banks, and highly liquid investments in money market instruments, net of outstanding bank overdrafts subject to them being an insignificant risk of change in value and a short term maturity.

	Consolidated	
	2022 $million	2021 $million
(a) Reconciliation of cash and cash equivalents		
Cash at bank	**254.5**	126.7
Cash and cash equivalents	**254.5**	126.7
(b) Reconciliation of net profit to net cash provided by operating activities		
Net profit after tax	**500.8**	316.5
Less items classified as investing/financing activities:		
– Loss/(gain) on disposal of non-current assets	**(0.1)**	0.8
– Loss/(gain) on sale of joint operation interests	**(0.7)**	0.9
	500.0	318.2
Add/(less) non-cash items:		
– Share based payments	**2.2**	2.6
– Depreciation and amortisation	**376.2**	429.5
– Impairment expense	**–**	117.0
– Exploration expense	**(0.2)**	56.7
– Restoration expense	**29.5**	–
– Foreign exchange loss	**(0.8)**	0.8
– Discount unwinding on provision for restoration	**17.1**	8.1
– Discount unwinding on acquired contract assets and liabilities	**(4.0)**	(3.3)
– Provision for stock obsolescence movement	**4.0**	(0.7)
– Gain on reversal of acquired liabilities	**–**	(35.4)
– Capitalised borrowing costs	**(7.5)**	(6.6)
– Amortisation of borrowing costs	**1.7**	2.4
Net cash provided by operating activities before changes in assets and liabilities	**918.2**	889.3
Changes in assets and liabilities net of acquisitions/disposal of subsidiaries:		
– Decrease/(increase) in trade and other receivables	**115.2**	(96.5)
– Decrease/(increase) in inventories	**(5.3)**	14.6
– Decrease/(increase) in other current assets	**0.8**	(28.6)
– Decrease/(increase) in other non-current assets	**(13.8)**	(18.8)
– Decrease/(increase) in deferred tax assets	**–**	33.6
– Increase/(decrease) in provisions	**(9.6)**	(10.6)
– Increase/(decrease) in current tax liability	**44.4**	(80.9)
– Increase/(decrease) in deferred tax liability	**62.1**	15.1
– Increase/(decrease) in trade and other payables	**114.9**	65.5
– Increase/(decrease) in debt establishment fees	**(3.4)**	–
– Increase/(decrease) in net contract liabilities	**(0.3)**	(22.9)
Net cash provided by operating activities	**1,223.2**	759.8
(c) Reconciliation of liabilities arising from financing activities to financing cash flows		
Opening Balance	**174.1**	56.7
Financing cash flows (1)	**(85.0)**	115.0
Non-cash changes	**1.7**	2.4
Operating cash flows (2)	**(3.4)**	–
Closing Balance	**87.4**	174.1

(1) Financing cash flows consist of the net amount of proceeds from borrowing $145 million (FY21: $260 million) and repayments of borrowings $230 million (FY21: $145 million) in the statement of cash flows.
(2) Operating cash flows consist of the debt establishment fees ($3.4 million).

18. Financial risk management

The Group's activities expose it to a variety of financial risks including currency, commodity, interest rate, credit and liquidity risk. Management identifies and evaluates all financial risks and may enter into financial risk instruments such as foreign exchange contracts, commodity contracts and interest rate swaps to hedge certain risk exposures and minimise potential adverse effects of these risk exposures in accordance with the Group's financial risk management policy as approved by the Board. The Group does not trade in derivative financial instruments for speculative purposes.

The Board actively reviews all financial risks and any hedging on a regular basis with updates provided to the Board from independent consultants/banking analysts to keep them fully informed of the current status of the financial markets. Reports providing detailed analysis of any hedging in place are monitored against the Group's financial risk management policy on a regular basis.

The Group classifies its financial instruments in the following categories: financial assets at amortised cost, financial assets at fair value through profit or loss (FVTPL), financial assets at fair value through other comprehensive income (FVOCI), financial liabilities at amortised cost and derivative instruments. The classification depends on the purpose for which the financial instruments were acquired, which is determined at initial recognition based upon the business model of the Group and the characteristics of the contractual cash flows of the instrument.

With the exception of trade receivables, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables are measured at the transaction price determined under AASB 15.

Financial assets at amortised cost: A financial asset is classified in this category if the asset is held with the objective of collecting contractual cash flows and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest. These assets are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through other comprehensive income: A financial asset is classified in this category if it relates to debt securities where the contractual cash flows are solely principal and interest and the objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets. Upon disposal, any balance within the OCI reserve for these debt investments is reclassified to the statement of profit or loss.

Financial assets at fair value through profit or loss: A financial asset is classified in this category if it is held for trading, designated upon initial recognition at fair value through profit or loss, or mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. A financial asset is classified in this category if acquired principally for the purpose of selling in the near term. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in profit or loss in the period in which they arise.

Financial liabilities: On initial recognition, the Group measures a financial liability at its fair value minus, in the case of a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the issue of the financial liability. After initial recognition, these financial liabilities are stated at amortised cost. Policies for the recognition and subsequent measurement of derivative liabilities are as outlined below.

Derivative instruments: Derivative financial instruments may be entered into by the Group for the purpose of managing its exposures to market risks arising in the normal course of business. Any such instruments would be assessed for hedge accounting. The principal derivatives that may be used are commodity derivatives, forward foreign exchange contracts and interest rate swaps. The use of derivative financial instruments is subject to a set of policies, procedures and limits approved by the Board of Directors. The Group does not trade in derivative financial instruments for speculative purposes.

(a) Fair values

Certain assets and liabilities of the Group are recognised in the statement of financial position at their fair value in accordance with accounting standard AASB 13 Fair Value Measurement. The methods used in estimating fair value are made according to how the available information to value the asset or liability fits with the following fair value hierarchy:

- Level 1 – the fair value is calculated using quoted prices in active markets for identical assets or liabilities;
- Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for substantially the full term of the asset or liability; and
- Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

18. Financial risk management (continued)

(a) Fair values (continued)

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

		Financial assets/financial liabilities at amortised cost	
Carrying amount	Note	2022 $million	2021 $million
Financial assets			
Cash and cash equivalents		**254.5**	126.7
Receivables		**222.5**	355.0
		477.0	481.7
Financial liabilities			
Payables		**338.3**	267.7
Lease liabilities	14	**33.0**	103.0
Interest bearing liabilities	16	**90.0**	175.0
		461.3	545.7

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

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments:

The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at 30 June 2022 and there have been no transfers between the levels of the fair value hierarchy during the year ended 30 June 2022.

The Group also has a number of other financial assets and liabilities including cash and cash equivalents, receivables and payables which are recorded at their carrying value which is considered to be a reasonable approximation of their fair value.

(b) Market Risk

The Group is exposed to commodity price fluctuations through the sale of petroleum products and other oil-linked contracts. Derivatives may be used by the Group to manage its forward commodity risk exposure. The Group policy to manage commodity price exposure may include the use of Australian dollar denominated oil options. Changes in fair value of these derivatives are recognised immediately in the profit or loss and other comprehensive income, having regard to whether they are defined as accounting hedges.

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. The Group sells a portion of its products and commits to some contracts in US dollars or NZ dollars. Australian dollar oil option contracts may be used by the Group to manage its foreign currency risk exposure. Any foreign currencies held which are surplus to forecast needs are converted to Australian dollars as required.

There were no commodity hedges outstanding at 30 June 2021 or 30 June 2022.

The Group's interest rate risk arises from the interest bearing cash held on deposit and its bank loan facility which is subject to variable interest rates. The interest rate profile of the Group's interest-bearing financial instruments is as follows:

	Consolidated	
	2022 $million	2021 $million
Variable rate instruments:		
Cash and cash equivalents	**254.5**	126.7
Interest bearing liabilities	**(90.0)**	(175.0)
	164.5	(48.3)

Sensitivity analysis for all market risks

The following table demonstrates the estimated sensitivity to changes in the relevant market parameter, with all variables held constant, on post tax profit and equity, which are the same as the profit impact flows through to equity. These sensitivities should not be used to forecast the future effect of a movement in these market parameters on future cash flows which may be different as a result of the Group commodity hedge book.

	Consolidated 2022 $million	Consolidated 2021 $million
Impact on post-tax profit and equity		
US$ oil price – increase of $10/bbl	**59.4**	88.5
US$ oil price – decrease of $10/bbl	**(59.4)**	(90.2)
A$/$US – 10% increase in Australian/US dollar exchange rate	**(54.1)**	(46.4)
A$/$US – 10% decrease in Australian/US dollar exchange rate	**66.1**	56.7
Interest rates – increase of 1%	**(0.7)**	(0.7)
Interest rates – decrease of 1%	**0.1**	(0.2)

(c) Credit risk

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions, and represents the potential financial loss if counterparties fail to perform as contracted. Management monitors credit risk on an ongoing basis. Gas sales contracts are spread across major Australian and New Zealand energy retailers and industrial users with liquid hydrocarbon products sales being made to major multi-national energy companies based on international market pricing.

The Group applied the simplified approach to providing for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all trade receivables and contract assets. Under this method, determination of the loss allowance provision and expected loss rate incorporates past experience and forward-looking information, including the outlook for market demand and forward-looking interest rates. As the expected loss rate at 30 June 2022 is 0.1% (FY21 0.1%), a loss allowance has been recorded at 30 June 2022 of $0.2 million (FY21 $0.2 million).

	Consolidated 2022 $million	Consolidated 2021 $million
Ageing of Receivables:		
Receivables not yet due	**222.5**	355.0
Receivables past due	**0.2**	0.2
Considered impaired	**(0.2)**	(0.2)
Total Receivables	**222.5**	355.0

The Group manages its credit risk on financial assets by predominantly dealing with counterparties with an investment grade credit rating. Customers who wish to trade on unsecured credit terms are subject to credit verification procedures.

Cash is placed on deposit amongst a number of financial institutions to minimise the risk of counterparty default.

(d) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group aims at maintaining flexibility in funding to meet ongoing operational requirements, exploration and development expenditure, and small-to-medium-sized opportunistic projects and investments, by keeping committed credit facilities available. Details of Beach's financing facilities are outlined in Note 16.

The Group's exposure to liquidity risk for each class of financial liabilities is set out below:

		Carrying amount							
		Less than 1 year		1 to 5 years		Greater than 5 years		Total	
	Note	2022 $million	2021 $million	2022 $million	2021 $million	2022 $million	2021 $million	2022 $million	2021 $million
Financial liabilities									
Payables		**334.9**	263.2	**3.0**	2.5	**0.4**	2.0	**338.3**	267.7
Lease liabilities	14	**14.7**	77.0	**18.3**	18.3	**–**	7.7	**33.0**	103.0
Interest bearing liabilities	16	**–**	–	**90.0**	175.0	**–**	–	**90.0**	175.0
		349.6	340.2	**111.3**	195.8	**0.4**	9.7	**461.3**	545.7

Equity and group structure

This section provides information which will help users understand the equity and group structure as a whole including information on equity, reserves, dividends, subsidiaries, the parent company, related party transactions and other relevant information.

19. Contributed equity

Ordinary shares are classified as equity. Transaction costs of an equity transaction are accounted for as a reduction to the proceeds received, net of any related income tax benefit. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

	Number of Shares	$million
Issued and fully paid ordinary shares at 30 June 2020	2,280,808,177	1,861.2
Issued during the FY21 financial year		
Shares issued on vesting/exercise of unlisted performance rights	525,479	-
Repayment of employee loans and sale of employee shares	-	0.2
Shares purchased on market (Treasury shares), net of tax	-	(4.0)
Utilisation of Treasury shares on vesting of shares and rights under employee and executive incentive plans	-	2.1
Issued and fully paid ordinary shares at 30 June 2021	**2,281,333,656**	**1,859.5**
Issued during the FY22 financial year		
Repayment of employee loans and sale of employee shares	**-**	**1.0**
Shares purchased on market (Treasury shares), net of tax	**-**	**(0.7)**
Utilisation of Treasury shares on vesting of shares and rights under employee and executive incentive plans	**-**	**2.5**
Issued and fully paid ordinary shares at 30 June 2022	**2,281,333,656**	**1,862.3**

Treasury shares

Treasury shares are held to satisfy the obligations under the employee and executive incentive plans. Shares are accounted for at the weighted average cost for the period. During the year $1.0 million (FY21: $5.6 million) of Treasury shares were purchased on market.

Movement in Treasury shares	Number
Balance at 30 June 2020	520,325
Shares purchased on market during FY21	3,523,725
Utilisation of Treasury shares on vesting of rights under executive incentive plan	(1,069,650)
Balance at 30 June 2021	**2,974,400**
Shares purchased on market during FY22	709,379
Utilisation of Treasury shares on vesting of rights under executive incentive plan	(1,763,535)
Balance at 30 June 2022	**1,920,244**

In accordance with *Corporations Act 2001* shares issued do not have a par value as there is no limit on the authorised share capital of the Company. All shares issued under the Company's employee incentive plan are accounted for as a share-based payment (refer Note 4 and 20 for further details). Shares issued under the Company's dividend reinvestment plan and employee incentive plan represent non-cash investing and financing activities. On a show of hands, every person qualified to vote, whether as a member or proxy or attorney or representative, shall have one vote. Upon a poll, every member shall have one vote for each ordinary share held. Pursuant to the employee share plan trust, the trustee shall not vote any shares held in respect of the employee incentive plan or executive incentive plan, except where it is incidental to providing shares to the participants in the plan.

Details of shares and rights issued and outstanding under the Employee Incentive Plan and Executive Incentive Plan are provided in Note 4.

Dividend Reinvestment Plan

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

Capital management

Management is responsible for managing the capital of the Group, on behalf of the Board, in order to maintain an appropriate debt to equity ratio, provide shareholders with adequate returns and ensure the Group can fund its operations with secure, cost-effective and flexible sources of funding. The Group debt and capital includes ordinary shares, borrowings and financial liabilities supported by financial assets. Management effectively manages the capital of the Group by assessing the financial risks and adjusting the capital structure in response to changes in these risks and in the market. The responses include the management of debt levels, dividends to shareholders and share issues. The Group net gearing ratio is 1.5% (FY21 1.5%). Net gearing has been calculated as interest bearing liabilities less cash and cash equivalents, as a proportion of these items plus shareholder's equity.

20. Reserves

The share based payments reserve is used to recognise the fair value of shares, options and rights issued to employees of the Company.

The Foreign currency translation reserve is used to record foreign exchange differences arising from the translation of the financial statements of subsidiaries with functional currencies other than Australian dollars.

The Profit distribution reserve represents an amount allocated from retained earnings that is preserved for future dividend payments.

	Consolidated	
	2022 $million	2021 $million
Share based payments reserve	**36.1**	36.5
Foreign currency translation reserve	**(10.5)**	(5.0)
Profit distribution reserve	**790.0**	835.6
Total reserves	**815.6**	867.1

21. Dividends

A provision is recognised for dividends when they have been announced, determined or publicly recommended by the directors on or before the reporting date.

	Consolidated	
	2022 $million	2021 $million
Final dividend of 1.0 cent (2021 1.0 cent)	**22.8**	22.8
Interim dividend of 1.0 cent (2021 1.0 cent)	**22.8**	22.8
Total dividends paid or payable	**45.6**	45.6
Franking credits available in subsequent financial years based on a tax rate of 30% (2021: 30%)	**549.5**	475.3

22. Subsidiaries

Name of Company	Place of incorporation	Percentage of shares held % 2022	% 2021
Beach Energy Limited [(1)]	South Australia		
Beach Petroleum (NZ) Pty Ltd	South Australia	**100**	100
Beach Oil and Gas Pty Ltd	New South Wales	**100**	100
Beach Production Services Pty Ltd	South Australia	**100**	100
Beach Petroleum (Cooper Basin) Pty Ltd	Victoria	**100**	100
Beach (Tanzania) Pty Ltd	Victoria	**100**	100
Beach Petroleum (Tanzania) Limited	Tanzania	**100**	100
Beach Energy (Operations) Limited [(1)]	South Australia	**100**	100
Beach Energy (Perth Basin) Pty Ltd [(1)]	Australian Capital Territory	**100**	100
Beach Energy (Bonaparte) Pty Ltd	South Australia	**100**	100
Beach Energy (Bass Gas) Limited	UK	**100**	100
Beach Energy Services Pty Ltd	Victoria	**100**	100
Beach Energy Finance Pty Ltd	Victoria	**100**	100
Beach Energy (Offshore) Pty Ltd	South Australia	**100**	100
Beach Energy (Otway) Limited	UK	**100**	100
Beach Petroleum (NT) Pty Ltd	Victoria	**100**	100
Territory Oil & Gas Pty Ltd	Northern Territory	**100**	100
Adelaide Energy Pty Ltd	South Australia	**100**	100
Australian Unconventional Gas Pty Ltd	South Australia	**100**	100
Deka Resources Pty Ltd	South Australia	**100**	100
Well Traced Pty Ltd	South Australia	**100**	100
Australian Petroleum Investments Pty Ltd [(1)]	Victoria	**100**	100
Delhi Holdings Pty Ltd	Victoria	**100**	100
Delhi Petroleum Pty Ltd [(1)]	South Australia	**100**	100
Impress Energy Pty Ltd [(1)]	Western Australia	**100**	100
Impress (Cooper Basin) Pty Ltd [(1)]	Victoria	**100**	100
Springfield Oil and Gas Pty Ltd [(1)]	Western Australia	**100**	100
Mazeley Ltd	Liberia	**100**	100
Mawson Petroleum Pty Ltd	Queensland	**100**	100
Drillsearch Energy Pty Ltd [(1)]	Victoria	**100**	100
Circumpacific Energy (Australia) Pty Ltd	New South Wales	**100**	100
Drillsearch Gas Pty Ltd	Queensland	**100**	100
Drillsearch (Field Ops) Pty Ltd	New South Wales	**100**	100
Drillsearch (513) Pty Ltd	New South Wales	**100**	100
Drillsearch (Central) Pty Ltd	Victoria	**100**	100
Ambassador Oil & Gas Pty Ltd	Victoria	**100**	100
Ambassador (US) Oil & Gas LLC	USA	**100**	100
Ambassador Exploration Pty Ltd	Victoria	**100**	100
Acer Energy Pty Ltd	Queensland	**100**	100
Great Artesian Oil & Gas Pty Ltd [(1)]	New South Wales	**100**	100
Beach Energy Resources NZ (Holdings) Limited	New Zealand	**100**	100
Beach Energy Resources NZ (Kupe) Limited	New Zealand	**100**	100
Beach Energy (Kupe) Limited	New Zealand	**100**	100
Kupe Mining (No.1) Limited	New Zealand	**100**	100
Beach Energy Resources NZ (Clipper) Limited	New Zealand	**100**	100
Beach Energy Resources NZ (Tawhaki) Limited	New Zealand	**100**	100
Beach Energy Resources NZ (Tawn) Limited	New Zealand	**100**	100
Beach Energy Resources NZ (Wherry No.1) Limited	New Zealand	**100**	100
Beach Energy Resources NZ (Wherry No.2) Limited	New Zealand	**100**	100

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

(1) Company in Closed Group in FY21 and FY22 (refer Note 23).

23. Deed of cross guarantee

Pursuant to ASIC (wholly-owned companies) Instrument 2016/785, certain wholly-owned subsidiaries can be relieved from the *Corporations Act 2001* requirements for preparation, audit and lodgement of their financial reports.

As a condition of the Class Order, Beach and each of the subsidiaries that opted for relief during the year (the Closed Group) entered into a Deed of Cross Guarantee (Deed). The effect of the Deed is that Beach has guaranteed to pay any deficiency in the event of winding up of any of the subsidiaries under certain provisions of the *Corporations Act 2001.* The Subsidiaries have also given a similar guarantee in the event that Beach is wound up. Those companies in the Closed Group for each year are referred to in Note 22.

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

	Closed Group	
	2022 $million	2021 $million
Consolidated Statement of Profit or Loss and Other Comprehensive Income		
Revenue	**1,504.3**	1,382.3
Cost of sales	**(885.1)**	(867.6)
Gross profit	**619.2**	514.7
Other income	**0.8**	11.6
Other expenses	**(37.8)**	(68.7)
Operating profit before financing costs	**582.2**	457.6
Interest income	**–**	0.2
Finance expenses	**(18.1)**	(11.8)
Profit before income tax expense	**564.1**	446.0
Income tax expense	**(174.5)**	(131.1)
Profit after tax for the year	**389.6**	314.9
Other comprehensive income/(loss) net of tax	**–**	–
Total comprehensive income/(loss) after tax	**389.6**	314.9
Summary of movements in the Closed Group's retained earnings/(accumulated losses)		
Retained earnings at beginning of the year	**76.3**	(238.6)
Net profit for the year	**389.6**	314.9
Retained earnings/(accumulated losses) at end of the year	**465.9**	76.3

23. Deed of cross guarantee (continued)

	Closed Group	
	2022 $million	2021 $million
Consolidated Statement of Financial Position		
Current assets		
Cash and cash equivalents	**243.3**	113.0
Receivables	**229.7**	411.2
Inventories	**92.1**	92.6
Other	**99.4**	71.2
Total current assets	**664.5**	688.0
Non-current assets		
Property, plant and equipment	**7.1**	8.6
Petroleum assets	**3,470.4**	3,173.8
Exploration and evaluation assets	**334.9**	213.0
Lease assets	**30.4**	70.1
Intangible Assets	**75.7**	77.1
Other financial assets	**291.7**	266.0
Other	**60.2**	-
Total non-current assets	**4,270.4**	3,808.6
Total assets	**4,934.9**	4,496.6
Current liabilities		
Payables	**306.7**	209.5
Provisions	**78.0**	38.5
Current tax liability	**14.0**	10.1
Lease liabilities	**14.3**	76.4
Contract liabilities	**-**	12.0
Total current liabilities	**413.0**	346.5
Non-current liabilities		
Payables	**524.9**	408.9
Provisions	**671.6**	730.6
Lease liabilities	**17.3**	24.5
Contract liabilities	**-**	3.9
Deferred Tax Liability	**88.3**	1.3
Interest bearing liabilities	**87.3**	174.1
Total non-current liabilities	**1,389.4**	1,343.3
Total liabilities	**1,802.4**	1,689.8
Net assets	**3,132.5**	2,806.8
Equity		
Contributed equity	**1,862.3**	1,857.8
Reserves	**804.3**	872.7
Retained earnings/(accumulated losses)	**465.9**	76.3
Total equity	**3,132.5**	2,806.8

24. Parent entity financial information

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

Financial performance

	Parent	
	2022 $million	2021 $million
Net profit/(loss) after tax	**44.8**	34.0
Other comprehensive income/(loss), net of tax	**–**	–
Total comprehensive income after tax	**44.8**	34.0
Total current assets	**1,161.9**	963.3
Total assets	**2,753.0**	2,532.8
Total current liabilities	**947.9**	626.1
Total liabilities	**1,128.6**	910.0
Issued capital	**1,862.3**	1,859.5
Share based payments reserve	**36.1**	36.5
Profits distribution reserve	**790.0**	835.6
Other reserve	**0.6**	0.6
Retained earnings	**(1,064.6)**	(1,109.4)
Total equity	**1,624.4**	1,622.8

Expenditure Commitments

The Company's contracted expenditure at the end of the reporting period for which no amounts have been provided for in the financial statements.

	Parent	
	2022 $million	2021 $million
Capital expenditure commitments	**14.1**	1.3
Minimum exploration commitments	**–**	–

Contingent liabilities and guarantees

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

Beach Energy Limited and a number of its wholly owned subsidiaries are parties to a Deed of Cross Guarantee as disclosed in Note 23. The effect of the Deed is that Beach Energy Limited has guaranteed to pay any deficiency in the event of winding up of any of the listed subsidiary companies under certain provisions of the *Corporations Act 2001.*

Parent entity financial information has been prepared using the same accounting policies as the consolidated financial statements except for investments in controlled entities which are included in other financial assets and are initially recorded in the financial statements at cost. These investments may have subsequently been written down to their recoverable amount determined by reference to the net assets of the controlled entities at the end of the reporting period where this is less than cost.

25. Related party disclosures

Transactions with related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Remuneration for Key Management Personnel

	Consolidated	
	2022 $	2021 $
Short term benefits	**6,498,981**	5,401,866
Share based payments	**1,378,686**	1,381,716
Other long term benefits	**16,314**	85,447
Termination payments	**653,712**	–
Total	**8,547,693**	6,869,029

25. Related party disclosures (continued)

Subsidiaries

Interests in subsidiaries are set out in Note 22.

Transactions with other related parties

During the financial year ended 30 June 2022, Beach paid $624,877 (FY21 $847,529) to Coates Hire Operations Pty Ltd, an entity of which Ryan Stokes and Richard Richards are both directors, for the hire of equipment on arm's length commercial terms.

Directors fees payable to Mr Davis for the year ended 30 June 2022 of $305,000 (FY21 $289,750) were paid directly to DMAW Lawyers.

26. Acquisitions and disposals

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments issued or liabilities incurred or assumed at the date of exchange. Where equity instruments are issued in an acquisition, the fair value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. Transaction costs incurred in relation to the business combination are expensed as incurred to the statement of profit or loss. The excess of the cost of acquisition over the fair value of the consolidated entity's share of the identifiable net assets acquired is recorded as goodwill.

Asset acquisitions which are not business combinations are accounted for by allocating the purchase consideration, including capitalised transaction costs, against identifiable assets and liabilities acquired, based on their relative fair values determined on acquisition date.

In the previous financial year, Beach executed an asset purchase agreement with Senex Energy to acquire Senex's Cooper Basin assets for a cash consideration of $87.5 million. The transaction was subject to a number of conditions precedent and completed on 1 March 2021 with an adjustment made to the acquisition price based on cash flows from 1 July 2020 to the completion date.

Beach also entered into an asset purchase agreement in January 2021 with Mitsui subsidiaries AWE Petroleum Pty Ltd and AWE (Bass Gas) Pty Ltd to acquire all of its interests in the Bass Basin. These assets include Mitsui's 35.0% interest in the BassGas Project (comprising the onshore Lang Lang Gas Plant and Yolla gas field), as well as its 40.0% interest in the Trefoil development project and surrounding retention leases. The transaction, the terms of which are confidential, was subject to regulatory approvals and third-party consents and completed on 31 July 2021 with an adjustment made to the acquisition price based on cash flows from 1 July 2020 to the completion date.

Both acquisitions have been accounted for in the prior financial year as asset acquisitions as they meet the requirements of the optional concentration test under AASB 3 Business Combinations. Details of the combined purchase consideration and purchase price allocation to net identifiable assets acquired for both acquisitions are as follows:

	2021 $million
Purchase consideration	71.7
Transaction costs	4.6
Total purchase consideration	**76.3**
Fair Value of assets acquired	
Assets and liabilities held at acquisition date:	
– Receivables	8.1
– Inventory	5.2
– Petroleum assets	117.9
– Exploration and evaluation assets	48.8
– Current payables	(5.4)
– Restoration provision	(98.1)
– Other non-current provisions	(0.2)
Net assets acquired	**76.3**
Purchase consideration	76.3
Add amount to be received on completion	11.6
Less accrued transactions costs	(3.7)
Net cash outflow on acquisition	**84.2**

Other information

Additional information required to be disclosed under Australian Accounting Standards.

27. Contingent liabilities

The directors are of the opinion that the recognition of a provision is not required in respect of the following matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount of the obligation cannot be measured with sufficient reliability.

Service agreements

Service agreements exist with executive officers under which termination benefits may, in appropriate circumstances, become payable. The maximum contingent liability at 30 June 2022 under the service agreements for the executive officers is $1,961,077 (FY21 $2,083,910).

Bank guarantees

As at 30 June 2022, Beach has been provided with a three year $75 million bilateral Contingent Instrument facilities (CI Facilities), of which $43 million had been utilised by way of bank guarantees or letters of credit as security predominantly for our environmental obligations and work programs (refer Note 16 for further details on the corporate debt facility).

Joint Venture Operations

In the ordinary course of business, the Group participates in a number of joint ventures which is a common form of business arrangement designed to share risk and other costs. Failure of the Group's joint venture partners to meet financial and other obligations may have an adverse financial impact on the Group.

Tax obligations

In the ordinary course of business, the Group is subject to audits from government revenue authorities which could result in an amendment to historical tax positions.

Parent Company Guarantees

Beach has provided parent company guarantees in respect of performance obligations for certain exploration interests.

Restoration obligations (refer Note 13)

The Group holds provisions for the future removal costs of offshore and onshore oil and gas platforms, production facilities and pipelines at different stages of the development, construction and end of their economic lives. Most of these decommissioning events are many years in the future and the precise requirements that will have to be met when the removal event occurs are uncertain. Decommissioning technologies and costs are constantly changing, as are political, environmental, safety and public expectations. The timing and amounts of future cash flows are subject to significant uncertainty and estimation is required in determining the amounts of provisions to be recognised with the provision representing the Group's best estimate based on current industry practice, regulations, technology, price levels and expected plans for end of life remediation.

Estimated costs in the provision currently assume that all major sub-sea pipelines will be left in-situ noting that, whilst the removal of offshore pipelines is the default requirement under current legislation, the existing guidelines provide options other than complete removal if the titleholder can demonstrate that the alternative approach delivers equal or better environmental, safety and well integrity outcomes. The Group currently has plans that we believe would deliver these equal or better outcomes and have prepared the provision using our best estimate of these plans. In addition, cost savings have also been embedded in the cost estimates assuming that restoration activities can be undertaken in an efficient manner, such as part of a campaign. Should the future outcome of negotiations with regulators change these plans or impact our ability to realise the campaign cost savings, these decommissioning activities may need to be expanded or brought forward which may result in additional cost which are not included in our best estimate and the associated provision recorded at 30 June 2022.

The *Offshore Petroleum and Greenhouse Gas Storage Amendment (Titles Administration and Other Measures) Act 2021* (Titles Administration Act) became law on 2 September 2021 and in force from 2 March 2022. The Bill has been developed after consultation with industry, regulators and the public.

The bill amendments are as follows:

- oversight of changes in company control (such as through a corporate merger or acquisition);
- an expansion of existing powers to 'call back' previous titleholders to decommission and remediate the environment (also known as trailing liability);
- the inclusion of decision making criteria and expanded information gathering powers to assess suitability of companies operating in the offshore oil and gas regime; and
- minor and technical amendments to improve the operation of the OPGGS Act, including enabling for electronic lodgement of applications.

Under the current framework a titleholder can only be 'called back' when a title has ceased through termination, expiration, revocation, cancellation or has been surrendered. The enhanced framework would empower the regulator and the responsible Commonwealth Minister to 'call back' a previous titleholder to remediate the title area, regardless of how its interest in the title ceased. Requiring a former titleholder to decommission and remediate the environment is intended to be an option of last resort where all other regulatory options have been exhausted.

This legislation does not materially impact the financial position or performance of the Group at 30 June 2022.

Notes to the Financial Statements

27. Contingent liabilities (continued)

Shareholder class action

One of two competing shareholder class actions filed against Beach in November 2021 has been dismissed. The remaining claim is proceeding in the Victorian Supreme Court.

At this stage, it is not possible to determine what financial impact, if any, this claim may have on Beach's financial position. In respect of the substance of the claim, Beach considers that it has at all times complied with its disclosure obligations, denies any liability and will vigorously defend the proceedings.

Legal proceedings and claims

The Group may be involved in various other legal proceedings and claims in the ordinary course of business, including contractual, third party, contractor and regulatory claims. While the outcome of these legal proceedings and claims cannot be predicted with certainty, it is the directors' opinion that as of the date of this report, it is unlikely these claims will have a material adverse impact on the Group.

28. Remuneration of auditors

	Consolidated	
	2022 $000	2021 $000
Fees to Ernst & Young (Australia)		
Auditing or reviewing the financial statements of the Group	**800**	801
Other assurance services required by legislation	**40**	35
Other assurance services not required by legislation	**152**	74
Other services	**-**	225
Total fees to Ernst & Young (Australia)	**992**	1,135
Fees to other overseas member firms of Ernst & Young (Australia)		
Auditing the financial statements of controlled entities	**80**	135
Other assurance services not required by legislation	**30**	20
Total fees to other overseas member firms of Ernst & Young (Australia)	**110**	155
Fees to other audit firms		
Auditing financial statements of controlled entities	**17**	14
Total fees to other firms	**17**	14
Total auditor's remuneration	**1,119**	1,304

29. Subsequent events

On 8 August 2022, Beach announced the finalisation and signing of the LNG Sale and Purchase Agreement (SPA) with BP Singapore Pte. Limited, a subsidiary of BP plc (bp). The LNG SPA will see bp purchase all 3.75 million tonnes of Beach's expected LNG volumes from the Waitsia Stage 2 project. Supply is targeted to commence in the second half of 2023 and will continue for approximately five years. Terms include flexibility around the commencement of supply, ensuring alignment with Waitsia Stage 2 construction and commissioning activities. The LNG SPA contains a hybrid pricing structure linked to both Brent and Japan Korea Marker (JKM) indices. Pricing parameters agreed support Beach's exposure to the current commodity cycle prices and do not restrict upside price participation. The SPA also includes a downside price protection mechanism.

Other than the matter described above there has not arisen in the interval between 30 June 2022 and up to the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years, unless otherwise noted in the financial report.

Independent Auditor's Report

Building a better working world

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Independent auditor's report to the members of Beach Energy Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Beach Energy Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a. Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2022 and of its consolidated financial performance for the year ended on that date; and

b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

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Carrying value of petroleum assets

Why significant	How our audit addressed the key audit matter
At 30 June 2022 the Group had petroleum assets of $3,759.5 million. Australian Accounting Standards require the Group to assess throughout the reporting period whether there is any indication that an asset may be impaired, or that reversal of a previously recognised impairment may be required. If any such indication exists an entity shall estimate the recoverable amount of the asset. The Group identified impairment indicators in respect of certain petroleum asset cash generating units ('CGUs'). Impairment testing was undertaken which resulted in no impairment charge being recorded for the year. The assessment of indicators of impairment and reversal of impairment is judgemental and includes an assessment of a range of external and internal factors which could impact the recoverable amount of the CGUs. Where impairment indicators are identified, forecasting cashflows for the purpose of determining the recoverable amount of a CGU involves critical accounting estimates and judgements and is affected by expected future performance and market conditions. The key forecast assumptions such as, discount rates, foreign exchange rate, and commodity prices used in the Group's impairment assessment are set out in the Financial Report in Note 9. As a result, we considered the impairment testing of the Group's petroleum asset CGUs and the related disclosures in the financial report to be a key audit matter.	In completing our audit procedures, we: ▸ Assessed the Group's definition of CGU in accordance with Australian Accounting Standards. ▸ Evaluated the assumptions, methodologies and conclusions used by the Group in assessing for indicators of impairment and impairment reversal, in particular, those relating to the forecast cash flows and inputs used to formulate them. This included assessing, in conjunction with our valuation specialists, the discount rates, foreign exchange rates and commodity prices with reference to market prices (where available), market research, market practice, market indices, broker consensus and historical performance. ▸ Used the work of the Group's internal and external experts with respect to the hydrocarbon reserve assumptions used in the cash flow forecasts. This included understanding the reserve estimation processes carried out, and assessing the qualifications, competence and objectivity of the Group's experts, the scope and appropriateness of their work. ▸ Analysed forecast cost assumptions against historical performance and the latest approved budgets and forecasts. ▸ Considered the Group's market capitalisation. ▸ Considered the carrying value of producing assets against recent comparable market transactions and the market value of comparable companies, where available. ▸ Assessed the adequacy of the disclosures in Note 9 and basis of preparation of the financial report

Impairment assessment of capitalised exploration and evaluation expenditure

Why significant	How our audit addressed the key audit matter
At 30 June 2022 the Group had exploration and evaluation assets of $444.7 million. The carrying value of exploration and evaluation assets is subjective based on the Group's ability and intention, to continue to explore the assets. The carrying value may also be impacted by the results of exploration work indicating that the oil and gas resources may not be commercially viable for extraction. The Group is required to assess whether any indicators of impairment are present. Key assumptions, judgements and estimates used in the impairment indicator assessment can lead to significant changes in respect to whether economic quantities of hydrocarbons can be commercialised or whether further exploration and evaluation work is underway or planned to support the continued carry forward of capitalised costs. At 30 June 2022, the Group did not identify impairment indicators in respect of its exploration and evaluation assets and consequently no impairment charge was recorded during the year.	For exploration and evaluation assets, in completing our audit procedures, we: ▸ Assessed whether any impairment indicators, as set out in AASB 6 *Exploration for and Evaluation of Mineral Resources*, were present, and assessed the conclusions reached by management. ▸ Assessed the Group's definition of area of interest in accordance with Australian Accounting Standards. ▸ Considered the Group's right to explore in the relevant exploration area which included obtaining and assessing supporting documentation such as license agreements and correspondence with relevant government agencies. ▸ Considered the Groups intention to carry out significant exploration and evaluation activities in relevant exploration areas or plans to transfer the assets to petroleum assets. This included the assessment of the Group's forecasts with comparison to approved budgets and enquiries with senior exploration management and directors as to the intentions and strategy of the Group.

Why significant	How our audit addressed the key audit matter
As a result, we considered the impairment assessment of the Group's exploration and evaluation assets and the related disclosures in the financial report to be a key audit matter	▸ Assessed the carrying value of exploration and evaluation assets where recent exploration activity, in a given licensed area, provided negative indicators as to the recoverability of amounts capitalised. ▸ Considered the commercial viability of results relating to the exploration and evaluation activities carried out in the relevant licensed areas. ▸ Assessed the Group's ability to finance any planned future exploration and evaluation activity. ▸ Assessed the adequacy of the disclosures in Note 10 of the financial report.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2022 annual report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

Independent Auditor's Report

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As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 57 to 71 of the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Beach Energy Limited for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Ernst & Young

Anthony Jones
Partner
Adelaide
15 August 2022

Glossary

A$ or $	Australian dollars
2C	Best estimate of contingent resources (petroleum or storage)(1)
3D	Three dimensional
1P	Low estimate of reserves or capacity (proved)(1)
2P	Best estimate of reserves or capacity (proved plus probable)(1)
3P	High estimate of reserves or capacity (proved plus probable plus possible)(1)
AASB	Australian Accounting Standards Board
ACCU	Australian Carbon Credit Unit
AGM	Annual General Meeting
AOI	Area of interest
ASX	Australian Securities Exchange
ATP	Authority To Prospect (Qld)
BassGas Project	The BassGas Project (Beach 88.75% and operator, Prize Petroleum International 11.25%), produces gas from the offshore Yolla gas field in the Bass Basin in production licence T/L1. Beach also holds a 90.25% operated interest in licenses TR/L2, TR/L4 and TR/L5
bbl	Barrels
Bcf	Billion cubic feet
Beach	Beach Energy Limited
Beharra Springs	Beach 50% and operator, MEPAU 50%. Consists of the Beharra Springs, Redback Terrace and Tarantula gas fields and the Beharra Springs gas processing facilities
boe	Barrels of oil equivalent – the volume of hydrocarbons expressed in terms of the volume of oil which would contain an equivalent volume of energy
Board	Board of Directors of Beach
Bridgeport	Bridgeport (Cooper Basin) Pty Ltd
CAGR	Compounded annual growth rate
CCS	Carbon capture and storage
CGU	Cash generating unit
Company	Beach and its subsidiaries
Cooper Energy	Cooper Energy Ltd
Cooper Basin	Includes both Cooper and Eromanga Basins
CBJV (Cooper Basin JV)	The various joint venture interests owned by Beach's wholly owned subsidiaries Delhi and Beach Energy (Operations) in the SACB JVs and SWQ JVs
DBNGP	Dampier to Bunbury Natural Gas Pipeline
DTA	Deferred tax assets
EBITDA	Earnings before interest, tax, depreciation and amortisation
EIP	Executive Incentive Plan
EP	Exploration Permit (NT)
EPS	Earnings per share
Ex PEL 91	PRLs 151 to 172 and various production licences
Ex PEL 92	PRLs 85 to 104 and various production licences
Ex PEL 104/111	PRLs 136 to 150 and various production licences
Ex PEL 106	PRLs 129 and 130 and various production licences
Ex PEL 513	PRLs 191 and 206 and various production licences
Ex PEL 632	PRLs 131 to 134 and various production licences
FEED	Front-End Engineering Design
FID	Final investment decision
Free cash flow	Operating cash flow less investing cash flow (excluding acquisitions and divestitures)
FY22	Financial year 2022
Genesis	Genesis Energy Limited and its subsidiaries
Group	Beach and its subsidiaries
GSA	Gas sales agreement
GJ	Gigajoule
HBWS	Halladale/Black Watch/Speculant fields in the offshore Otway Basin in licenses VIC/L1(v) and VIC/P42(v)
H1 FY22	First half year period of FY22
HoA	Heads of Agreement
IFRS	International Financial Reporting Standards
JV	Joint Venture
kbbl	Thousand barrels of oil
kboe	Thousand barrels of oil equivalent
kbopd	Thousand barrels of oil per day
km	Kilometre
KMP	Key management personnel
KPI	Key performance indicator
kt	Thousand tonnes
Kupe	Kupe Gas Project. Beach 50% and operator, Genesis 46%, NZOG 4%. Consists of offshore Kupe gas field in the Taranaki Basin, the Kupe offshore platform, Kupe gas plant and associated infrastructure
LNG	Liquefied natural gas
LPG	Liquefied petroleum gas
LTI	Long term incentive

(1) A full list of reserves, storage and contingent resources definitions are contained within the Petroleum Resources Management System (SPE-PRMS) and Storage Resources Management System (SPE-SRMS).

MEPAU	Mitsui E&P Australia
Mitsui	Mitsui &Co., Ltd and its subsidiaries
MMbbl	Million barrels of oil
MMboe	Million barrels of oil equivalent
MMscf	Million standard cubic feet of gas
MMscfd	Million standard cubic feet of gas per day
Mt	Million tonnes
Net Gearing	The ratio of net debt/(cash) to the sum of net debt/(cash) and total book equity
NPAT	Net profit after tax
NZ	New Zealand
NZOG	New Zealand Oil & Gas Limited and its subsidiaries
O.G. Energy	O.G. Energy Holdings Limited, a member of the Ofer Global group of companies
OGP	Otway Gas Project. Beach 60% and operator. Consists of offshore gas fields Thylacine and Geographe, the Thylacine Well Head Platform, Otway Gas Plant and associated infrastructure
OMV	OMV Group and its subsidiaries
Origin	Origin Energy Limited and its subsidiaries
PCP	Prior corresponding period
PEL	Petroleum Exploration Licence (SA)
PEP	Petroleum Exploration Permit (Victoria and NZ)
Perth Basin	Includes Beach's assets Waitsia and Beharra Springs
PL	Petroleum Lease (QLD)
PPL	Petroleum Production Licence (SA)
PJ	Petajoule
Prize	Prize Petroleum Licence
PRL	Petroleum Retention Licence (SA)
PRMS	Petroleum Resources Management System
PRRT	Petroleum Resource Rent Tax
Q1 FY22	First quarter of FY22
ROC	Return on capital
SACB JVs	South Australian Cooper Basin Joint Ventures
South Australian Cooper Basin Joint Ventures	The Fixed Factor Area (Beach 33.4%, Santos 66.6%) and the Patchawarra East Block (Beach 27.68%, Santos 72.32%)
Santos	Santos Limited and its subsidiaries
SA	South Australia reporting segment
Senex	Senex Energy Limited
SGH	Seven Group Holdings Limited
SPA	Sale and Purchase Agreement
SPE	Society of Petroleum Engineers
STI	Short Term Incentive
SWQ JVs	South West Queensland Joint Ventures
South West Queensland Joint Ventures	Includes the SWQ Gas Unit and exploration and oil production licences – various equity interests (Beach 30–52.2%)
Tcf	Trillion cubic feet
TFR	Total Fixed Remuneration
TJ	Terajoule
TRIFR	Total recordable injury frequency rate
TSR	Total shareholder return
Udacha Block	PRL 26
US$	United States $
WA	Western Australia reporting segment
Waitsia	Beach 50%, MEPAU 50% and operator. The project consists of the Waitsia Gas Project, an interest in the Xyris production facility and other in-field pipelines
YEJ21	30 June 2021
YEJ22	30 June 2022

Schedule of Tenements

For the year ended 30 June 2022

Cooper/Eromanga – Queensland

Subsidiary Company	Tenement	%
Maw 6.50% Delhi 32%	ATP 1189 ex ATP 259 (Naccowlah Block)[1]	38.5%
Delhi 22.5% BE(OP)L 25%	ATP 1189 ex ATP 259 (Aquitaine A Block)[2]	47.5%
Delhi 20% BE(OP)L 25%	ATP 1189 ex ATP 259 (Aquitaine B Block)[3]	45%
Delhi 25.2% BE(OP)L 27%	ATP 1189 ex ATP 259 (Aquitaine C Block)[4]	52.2%
Delhi	ATP 1189 ex ATP 259 (Innamincka Block)[5]	30%
Delhi	ATP 1189 ex ATP 259 (Total 66 Block)[6]	30%
Delhi 28.8% BE(OP)L 10%	ATP 1189 ex ATP 259 (Wareena Block)[7]	38.8%
Delhi	PL 55 (50/40/10)	40%
Delhi 23.2% BE(OP)L 16.7375%	SWQ Gas Unit[8]	39.9375%
Circumpacific	ATP 940	100%
DLS	PLs (Tintaburra Block)[9]	40%

Cooper/Eromanga – South Australia

Subsidiary Company	Tenement	%
Impress (CB)	PPL 203 (Acrasia Oil Field)	100%
BPT	PPL 204 (Sellicks Oil Field)	75%
BPT	PPL 205 (Christies Oil Field)	75%
Impress (CB)	PPL 207 (Worrior Field)	70%
Impress (CB)	PPL 208 (Derrilyn West Field)[10]	100%
Impress (CB)	PPL 209 (Harpoono Field)	100%
BPT	PPL 210 (Aldinga Oil Field)	50%
Impress (CB)	PPL 211 (Regg Sprigg West Field)[11]	100%
BPT 40% DLS 30% GAOG 30%	PPL 212 (Kiana Oil Field)	100%
Impress (CB)	PPL 213 (Mirage Field)	100%
Impress (CB)	PPL 214 (Ventura Field)	100%
Impress (CB)	PPL 215 (Toparoa Field)[10]	100%
Impress (CB)	PPL 217 (Arwon West Field)	100%
Impress (CB)	PPL 218 (Arwon East Field)	100%
BPT	PPL 220 (Callawonga Oil Field)	75%
Impress (CB)	PPL 221 (Padulla Field)	100%
BPT	PPL 224 (Parsons Oil Field)	75%
BPT 50% GAOG 50%	PPL 239 (Middleton/Brownlow Fields)	100%
Impress (CB) 85% Springfield 15%	PPL 240 (Snatcher Oil Field)	100%
Impress (CB)	PPL 241 (Vintage Crop Field)	100%
Impress (CB) 85% Springfield 15%	PPL 242 (Growler Oil Field)	100%
Impress (CB) 85% Springfield 15%	PPL 243 (Mustang Oil Field)	100%
BPT	PPL 245 (Butlers Oil Field)	75%
BPT	PPL 246 (Germein Oil Field)	75%
BPT	PPL 247 (Perlubie Oil Field)	75%
BPT	PPL 248 (Rincon Oil Field)	75%
BPT	PPL 249 (Elliston Oil Field)	75%
BPT	PPL 250 (Windmill Oil Field)	75%
Impress (CB)	PPL 251 (Burruna Field)	100%
BPT 40% GAOG 60%	PPL 253 (Bauer/Bauer-North/ Chiton/Arno Oil Fields)	100%
BPT 40% GAOG 60%	PPL 254 (Congony/Kalladeina/ Sceale Oil Fields)	100%
BPT 40% GAOG 60%	PPL 255 (Hanson/Snelling Oil Fields)	100%
BPT 50% GAOG 50%	PPL 257 (Canunda/Coolawang Fields)	100%
Impress (CB) 85% Springfield 15%	PPL 258 (Spitfire Oil Field)	100%
BPT 40% GAOG 60%	PPL 260 (Stunsail Oil Field)	100%
BPT 40% GAOG 60%	PPL 261 (Pennington Oil Field)	100%
BPT 40% GAOG 60%	PPL 262 (Balgowan Oil Field)	100%
Impress (CB) 85% Springfield 15%	PPL 263 (Martlett North Oil Field)	100%
Impress (CB) 85% Springfield 15%	PPL 264 (Martlett Oil Field)	100%
Impress (CB) 85% Springfield 15%	PPL 265 (Marauder Oil Field)	100%
Impress (CB) 85% Springfield 15%	PPL 266 (Breguet Oil Field)	100%
Impress (CB) 57% Acer 43%	PPL 268 (Vanessa Gas Field)	100%
Impress (CB)	PPL 270 (Gemba Field)	100%
Impress (CB) 85% Springfield 15%	PRL 15 (Growler Block)	100%
Impress (CB)	PRL 16 (Dunoon-2)	100%
BPT 25% DLS Gas 30% GAOG 45%	PRL 26 (Udacha Unit)	100%
BPT	PRLs 35, 37, 38, 41, 43-45, 48, 49 (ex PEL 218 Permian)	100%
Impress (CB)	PRL 73 (ex PEL 90C)	100%
Impress (CB)	PRLs 76 to 77 (ex PEL 102)	100%
Impress (CB)	PRLs 78 to 84 (ex PEL 113)	100%
BPT	PRLs 85 to 104 (ex PEL 92)	75%
Impress (CB)	PRLs 105, 106, 116, 117 (ex PEL 115)	100%

Impress (CB)	PRLs 108 to 110 (ex PEL 105)	100%
Impress (CB)	PRLs 120 and 128 (ex PEL 514)	100%
BPT 50% GAOG 50%	PRLs 129 and 130 (ex PEL 106)	100%
GAOG	PRLs 131 to 134 (ex PEL 632)	40%
Impress (CB) 57% Acer 43%	PRL 135 (Vanessa Gas Field)	100%
Impress (CB) 85% Springfield 15%	PRLs 136 to 150 (ex PEL 104 and PEL 111)	100%
BPT 40% GAOG 60%	PRLs 151 to 172 (ex PEL 91)	100%
Acer	PRLs 173 to 174 (ex PEL 101)	100%
BPT 40% DLS 20% GAOG 40%	PRLs 175 to 179 (ex PEL 107)	100%
Impress (CB)	PRLs 183 to 190 (ex PEL 110)	80%
DLS (513)	PRLs 191 to 206 (ex PEL 513)	40%
Impress (CB)	PRLs 207 to 209 (ex PEL 100)	55%
Impress (CB)	PRLs 210, 212 to 220 (ex PEL 637)	100%
Impress (CB)	PRL 211 (ex PEL 637)[12]	15%
Impress (CB)	PRLs 231 to 233 and 237 (ex PEL 93)[13]	70%
Impress (CB) 57% Acer 43%	PRLs 238 to 244 (ex PEL 182)	100%
Impress (CB)	PRLs 245 to 246 (ex PEL 90k)	100%
BPT 50% Impress (BCB) 15%	PEL 94	65%
BPT	PEL 95	50%
Impress (CB) 57% Acer 43%	PEL 182	100%
Impress (CB)	PEL 516	100%
Ambassador	PEL 570	33.3333%
BPT	PEL 630[14]	50%
Impress (CB)	PEL 639	100%
BPT	GSEL 634 (ex PEL 92)	75%
BPT 25% DLS Gas 30% GAOG 45%	GSEL 645 (ex Udacha Unit)	100%
BPT 50% GAOG 50%	GSEL 646 (ex PEL 106)	100%
BPT 40% GAOG 60%	GSEL 648 (ex PEL 91)	100%
BPT 40% DLS 20% GAOG 40%	GSEL 653 (ex PEL 107)	100%
Delhi 17.14% BE(OP)L 10.536%	PPL 194 Reg Sprigg West Unit	27.676%
Delhi 17.14% BE(OP)L 10.536%	Patchawarra East[15]	27.676%
Delhi 20.21% BE(OP)L 13.19%	Fixed Factor Agreement[16]	33.4%
Delhi 20.21% BE(OP)L 13.19%	SA Unit	33.4%

Otway – South Australia

Subsidiary Company	Tenement	%
ADE	PEL 494	70%
ADE	GSEL 654	70%
ADE	PPL 62 (Katnook)	100%
ADE	PPL 168 (Redman)	100%
ADE	PPL 202 (Haselgrove)	100%
ADE	PRL 1 (Wynn)	100%
ADE	PRL 2 (Limestone Ridge)	100%
ADE	PRL 32 (ex PEL 255)	70%
ADE	GSRL 27	100%
ADE	PEL 680	70%

Onshore Otway – Victoria

Subsidiary Company	Tenement	%
BPT	PPL 6 (McIntee Gas Field)	10%
BPT	PPL 9 (Lavers Gas Field)	10%
BPT	PEP 168	50%

Nearshore Otway Victoria

Subsidiary Company	Tenement	%
BE(OP)L	Vic/L1(V)	60%
BE(OP)L	Vic/P42(V)	60%
BE(OP)L	Vic/P007192(V)[17]	100%
BE(OP)L	Vic/L007745(V)	60%

Offshore Otway – Victoria

Subsidiary Company	Tenement	%
BE(OP)L	Vic/P43	60%
BE(OP)L	Vic/P73	60%
BE(OP)L 55% BE(Ot)L 5%	Vic/L23	60%

Browse – Western Australia

Subsidiary Company	Tenement	%
BPT	WA-80-R	9.7637%

Bonaparte Basin – Western Australia

Subsidiary Company	Tenement	%
BE(OP)L	WA-454-P	50%
BE(B)PL	WA-6-R[17]	5.75%
BE(O)PL	WA-545-P	10%
BE(B)PL	WA-548-P	5.75%

Schedule of Tenements

Otway (Offshore) – Tasmania

Subsidiary Company	Tenement	%
BE(OP)L	T/30P	100%
BE(OP)L 55% BE(Ot)L 5%	T/L2 (Thylacine)	60%
BE(OP)L 55% BE(Ot)L 5%	T/L3 (Thylacine South)	60%
BE(OP)L	T/L4 (Thylacine West Extension)[17]	100%

Bass Basin – Tasmania

Subsidiary Company	Tenement	%
BE(OP)L 72.5% BE(BG)L 5% BPT 11.25%	T/L1 (Yolla)	88.75%
BE(OP)L 79% BPT 11.25%	T/RL2	90.25%
BE(OP)L 79% BPT 11.25%	T/RL4	90.25%
BE(OP)L 79% BPT 11.25%	T/RL5	90.25%

Perth Basin – Western Australia

Subsidiary Company	Tenement	%
BE(PB)PL	EP 320	50%
BE(PB)PL	L11/L22 (Beharra Springs)	50%
BE(PB)PL	L1/L2 (Waitsia Excluding Dongara, Mondarra and Yardarino)	50%

Bonaparte – Northern Territory

Subsidiary Company	Tenement	%
BE(B)PL	NT/P88	5.75%
BE(B)PL	NT/RL1[17]	5.75%

Taranaki Basin – New Zealand

Subsidiary Company	Tenement	%
BERNZKL 32.1875% Kupe Mining No.1 Ltd 17.8125%	PML 38146 (Kupe)	50%

(1) The Naccowlah Block consists of ATP 1189 ex ATP 259 (Naccowlah) and PLs 23-26, 35, 36, 62, 76-78, 79 (PLA 1078 replacement), 82 (PL 1079 replacement), 87 (PLA 1080 replacement), 133 (PLA 1085 replacement), 149, 175, 181, 182, 287, 302, 495, 496, 1026. PLAs 1047, 1060, 1078, 1079, 1085, 1093. Note sub-leases of PLs (gas) to SWQ Unit and PCAs 269, 271.
(2) The Aquitaine A Block consists of ATP 1189 ex ATP 259 (Aquitaine A) and PLs 86, 131, 146, 177, 254, 1051, PLA 1058. Note sub-leases of part PLs (gas) to SWQ Unit and PCA 276.
(3) The Aquitaine B Block consists of ATP 1189 ex ATP 259 (Aquitaine B) and PLs 59 60 (PLA 1072 replacement), 61 (PLA 1073 replacement), 81, 83 (PLA 1092 replacement), 85, 108, 111 (PLA 1090 replacement), 112, 132 (PLA 1091 replacement), 135, 139, 147 (PLA 1075 replacement), 151, 152, 155, 205 (PLA 1076 replacement), 288, 508, 509, 1013, 1014, 1035. PLA 1108. Note sub-leases of part of PLs (gas) to SWQ Unit and PCAs 248, 270, 251, 281.
(4) The Aquitaine C Block consists of ATP 1189 ex ATP 259 (Aquitaine C) and PLs 138 and 154.
(5) The Innamincka Block consists of ATP 1189 ex ATP 259 (Innamincka) and PLs 58, 80, 136, 137, 156, 159, 249, 1087. Note sub-leases of part PLs (gas) to SWQ Unit and PCAs 278, 282, 283.
(6) The Total 66 Block consists of ATP 1189 ex ATP 259 (Total 66) and PLs 34, 37, 63, 68, 75, 84, 88, 110 (PL 497 replacement), 129, 130, 134, 140, 142, 143 (PLA replacement 1057), 144, 150, 186, 193 (PLA 513 replacement), 241, 255, 301, 497, 502, 1046, 1056 and 1077. Note sub-leases of part of PLs (gas) to SWQ Unit and PCAs 252, 253, 254, 275, 279, 280.
(7) The Wareena Block consists of ATP 1189 ex ATP 259 (Wareena) and PLs 141, 145, 148, 153, 158 (PLA 1105 replacement), 187, 1016, 1054, 1055 and 1107. Note sub-leases of part of PLs (gas) to SWQ Unit and PCAs 250, 251, 268, 272, 273,274, 277, 281.
(8) The SWQ Gas Unit consists of subleases of PLs within the gas production area of Naccowlah Block, Aquitaine A Block, Aquitaine B Block, Innamincka Block, Wareena Block and Total 66 Block.
(9) Ex ATP 299 (Tintaburra) consists of PLs 29, 38, 39, 52, 57, 95, 169, 170, 295, PLA 1027, PLA 1029.
(10) Derrilyn Unitisation Agreement for PPL 206, PPL 208 and PPL 215 – Impress (CB) 35% interest.
(11) Regg Sprigg West Unitisation Agreement for well consists of PPL 211 (Impress CB) and PPL 94 (Patchwarra East).
(12) The divestment of PRL 211 is included in the accounts, transfer of interest is subject to Government approvals.
(13) PRL 237 Impress CB 56% interest.
(14) The relinquishment of PEL 630 is included in the accounts and subject to Government approvals.
(15) Patchawarra East consists of PPLs 26, 76, 77, 118, 121–123, 125, 131, 136, 147, 152, 156, 158, 167, 182, 187, 194, 201 and 229.
(16) The Fixed Factor Agreement consists of PPLs 6–20, 22–25, 27, 29–33, 35–48, 51–61, 63–70, 72–75, 78–81, 83, 84, 86–92, 94, 95, 98–111, 113–117, 119, 120, 124, 126–130, 132–135, 137–140, 143–146, 148–151, 153–155, 159–166, 172, 174–180, 189, 190, 193, 195, 196, 228 and 230–238.
(17) Transfer of interest subject to Government approvals.

Subsidiary Company

Acer	Acer Energy Pty Ltd
Ambassador	Ambassador Exploration Pty Ltd
ADE	Adelaide Energy Pty Ltd
BPT	Beach Energy Limited
BE(Op)L	Beach Energy (Operations) Limited
BE(B)PL	Beach Energy (Bonaparte) Pty Limited
BE(Ot)L	Beach Energy (Otway) Limited
BE(PB)PL	Beach Energy (Perth Basin) Pty Limited
BERNZ(K)L	Beach Energy Resources NZ (Kupe) Limited
BE(BG)L	Beach Energy (Bass Gas) Limited
BE(O)PL	Beach Energy (Offshore) Pty Ltd
Circumpacific	Circumpacific Energy (Australia) Pty Ltd
Delhi	Delhi Petroleum Pty Ltd
DLS (513)	Drillsearch (513) Pty Ltd
DLS	Drillsearch Energy Ltd
DLS Gas	Drillsearch Gas Pty Ltd
GAOG	Great Artesian Oil & Gas Pty Ltd
Impress (CB)	Impress (Cooper Basin) Pty Ltd
Maw	Mawson Petroleum Pty Ltd
Springfield	Springfield Oil and Gas Pty Ltd

Tenements Acquired

T/L4, Vic/L007745(V)

Tenements Divested

NT/P82, PPL 256

Shareholder Information

Share details – Distribution as at 3 August 2022

Range	Total holders	Units	% Units
1 – 1000	9,102	4,628,104	0.21
1,001 – 5,000	12,169	33,315,936	1.46
5,001 – 10,000	5,483	41,654,992	1.83
10,001 – 100,000	7,643	215,885,636	9.46
100,001 Over	557	1,985,848,988	87.05
Rounding			**0.00**
Rounding Total	**34,954**	**2,281,333,656**	**100.00**

Unmarketable Parcels

	Minimum Parcel Size	Holders	Units
Minimum $ 500.00 parcel at $ 1.8000 per unit	278	2,154	152,671

Substantial shareholders as disclosed by notices received by Beach as at 3 August 2022

Name	Number of voting shares held	Date of Notice
Seven Group Holdings and others	684,774,056	30 April 2021
Australian Capital Equity Pty Ltd, Wroxby Pty Ltd, North Aston Pty Ltd and others (ACE Group); Ashblue Holdings Pty Ltd, Tiberius (Seven Investments) Pty Ltd, Tiberius Pty Ltd and others (Tiberius Group); Mr Kerry Matthew Stokes AC and Kemast Investments Pty Ltd	684,774,056	30 April 2021

Twenty largest shareholders as at 3 August 2022

Rank	Name	Units	% Units
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	566,891,288	24.85
2	NETWORK INVESTMENT HOLDINGS PTY LTD	333,511,087	14.62
3	NETWORK INVESTMENT HOLDINGS PTY LTD	250,000,000	10.96
4	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	220,172,871	9.65
5	CITICORP NOMINEES PTY LIMITED	214,929,200	9.42
6	BNP PARIBAS NOMS PTY LTD <DRP>	55,828,810	2.45
7	NATIONAL NOMINEES LIMITED	52,437,927	2.30
8	NETWORK INVESTMENT HOLDINGS PTY LTD	34,127,698	1.50
9	NETWORK INVESTMENT HOLDINGS PTY LTD	18,742,950	0.82
10	MR ROBERT LEE PETERSEN	17,458,155	0.77
11	SANDHURST TRUSTEES LTD <COLLINS ST VALUE FUND A/C>	16,426,622	0.72
12	NETWORK INVESTMENT HOLDINGS PTY LTD	14,172,317	0.62
13	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NTCOMNWLTH SUPER CORP A/C>	12,912,644	0.57
14	MR KENNETH JOSEPH HALL <HALL PARK A/C>	7,010,000	0.31
15	CITICORP NOMINEES PTYLIMITED <COLONIAL FIRST STATE INV A/C>	5,822,600	0.26
16	AYERSLAND PTY LTD	5,120,110	0.22
17	MR MICHAEL PIPEROGLOU	4,198,181	0.18
18	MR MATTHEW VINCENT KAY	4,163,777	0.18
19	NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	3,764,478	0.17
20	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	3,258,906	0.14
Totals: Top 20 holders of FULLY PAID ORDINARY SHARES (Total)		**1,840,949,621**	**80.70**
Total Remaining Holders Balance		**440,384,035**	**19.30**

Corporate Information

Annual General Meeting

For information about the Annual General Meeting, please visit:
beachenergy.com.au/agm

Corporate Directory

Chairman

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

Deputy Chairman

Colin David Beckett AO
FIEA, MICE, GAICD
Independent non-executive

Directors

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

Margaret Helen Hall
BEng (Met) Hons, MIEAust, GAICD, SPE
Non-executive

Robert Jager (ONZM)
BE Mechanical Engineering (Hons), MBA (distinction), MAICD, CMinstD, FENZ
Independent non-executive

Sally-Anne Layman
BEng (Mining) Hons, BCom, CPA, MAICD
Independent non-executive

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

Richard Joseph Richards
BComs/Law (Hons), LLM, MAppFin, CA, Admitted Solicitor
Non-executive

Ryan Kerry Stokes AO
Alternate (non-executive) Director for Margaret Hall
BComm, FAIM

Company Secretary

Daniel Murnane
BA/LLB

Registered Office

Level 8, 80 Flinders Street
ADELAIDE SA 5000

Telephone: (08) 8338 2833
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Email: info@beachenergy.com.au

Share Registry – South Australia

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ADELAIDE SA 5000

Telephone: 1300 556 161 (within Australia)
+61 (03) 9415 4000 (outside Australia)
Contact Computershare – www.investorcentre.com/contact

Auditors

Ernst & Young
Level 12/121 King William Street
ADELAIDE SA 5000

Securities Exchange Listing

Beach Energy Limited shares are listed on the ASX Limited (ASX Code: BPT)

Beach Energy Limited

ABN 20 007 617 969

Website

www.beachenergy.com.au

Annual Report 2022
Delivering energy security

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