



## ASX Release

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**For Immediate Release – 22 October 2012**  
Ref. #103/12

ASX Ltd/SGX Singapore Exchange Ltd  
Companies Announcement Office  
Electronic Lodgement System

Dear Sir,

### **BEACH ENERGY LIMITED 2012 NOTICE OF ANNUAL GENERAL MEETING AND PROXY FORM**

Please see attached the Beach Energy 2012 Notice of Annual General Meeting and Proxy Form.

Beach will hold its 51<sup>st</sup> Annual General Meeting at the Adelaide Convention Centre, North Terrace Adelaide South Australia, 5000 on Friday 23 November 2012 at 10.30 am (Adelaide time).

To view a live webcast of the Beach 2012 AGM Presentation, available from 10.30 am (Adelaide time) on Friday 23 November 2012, please go to the Beach website, [www.beachenergy.com.au](http://www.beachenergy.com.au). A recording of the webcast will be available on demand from Tuesday 27 November 2012.

Yours faithfully,

A handwritten signature in black ink, appearing to read "Cathy Oster".

**Cathy Oster**  
Company Secretary

# BEACH ENERGY LIMITED

ACN 007 617 969 (Beach)



## NOTICE OF 2012 ANNUAL GENERAL MEETING

Beach will hold its 51<sup>st</sup> Annual General Meeting at the Convention Centre, North Terrace Adelaide South Australia, 5000 on Friday 23 November 2012 at 10.30am (Adelaide time).

### AGENDA

#### ORDINARY BUSINESS

##### Financial Statements

To receive and consider the financial statements and the reports of the directors and auditors for the financial year ended 30 June 2012.

##### Resolution 1

###### - Adoption of Remuneration Report

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

*"That the remuneration report for the financial year ended 30 June 2012 be adopted."*

*Voting Exclusion Statement (Corporations Act):*

*A vote on this resolution must not be cast by or on behalf of a member of the key management personnel (KMP), details of whose remuneration are included in the Remuneration Report, or by any of their closely related parties (such as certain of their family members, dependents and companies they control). However, this does not prevent those KMPs or any of their closely related parties from voting as a proxy for a person who is not a member of the KMP or a closely related party if:*

- the person specifies the way the proxy is to vote on this resolution in the proxy form; or*
- the person voting as a proxy is the Chairman and the proxy form expressly authorises the Chairman to exercise the proxy even if the resolution is directly or indirectly connected with the remuneration of a member of the KMP for Beach.*

##### Resolution 2

###### - Election of Ms F R V Bennett as a Director

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

*"That Fiona Rosalyn Vivienne Bennett is elected as a director of Beach."*

##### Resolution 3

###### - Election of Dr D A Schwebel as a Director

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

*"That Douglas Arthur Schwebel is elected as a director of Beach."*

### SPECIAL BUSINESS

##### Resolution 4

###### - Approval of Securities Issued under the EIP

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

*"That the issue of securities in Beach to participants under Beach's Employee Incentive Plan the principal terms of which are set out in the explanatory statement accompanying this notice of annual general meeting, is approved for all purposes including for the purpose of listing rule 7.2 exception 9 (as an exception to listing rule 7.1) during the 3 year period commencing on 23 November 2012."*

##### Resolution 5

###### - Approval of the participation of Mr R G Nelson, Managing Director, in the Beach 2012 Short Term Incentive Offer

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

*"That Beach approve the acquisition of performance rights in Beach by Mr R G Nelson, the Managing Director, under the Beach Energy Limited 2012 Short Term Incentive offer upon the terms set out in the Explanatory Statement."*

*Relevant listing rule applicable to resolution 5: listing rule 10.14*

##### Resolution 6

###### - Approval of the participation of Mr R G Nelson, Managing Director, in the Beach 2012 Long Term Incentive Offer

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

*"That Beach approve the acquisition of performance rights in Beach by Mr R G Nelson, the Managing Director, under the Beach Energy Limited 2012 Long Term Incentive offer upon the terms set out in the Explanatory Statement."*

*Relevant listing rule applicable to resolution 6: listing rule 10.14*

*Voting Exclusion Statement (ASX Listing Rules and Corporations Act) applicable to resolutions 4, 5 and 6:*

*In accordance with the ASX Listing Rules, Beach will disregard any votes cast on resolutions 4, 5 and 6 by Mr Nelson and any of his associates, being the only director eligible to participate in the EIP or the Beach Executive Incentive Plan. However, Beach need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form. However, the Chairman of the meeting may vote an undirected proxy if the proxy appointment expressly authorises the Chairman to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of KMP for Beach.*

*In addition, Beach's KMP and their closely related parties may only cast a vote on resolutions 4, 5 and 6 if that person does so as a proxy for a person who is permitted to vote, in accordance with a direction on the proxy form.*

**Resolution 7  
– Reinstatement of Partial Takeover  
Provisions in the Constitution**

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

*“That Clause 6.4 of Beach's constitution is reinstated in the constitution for a further three years after the date of this annual general meeting.”*

**Resolution 8  
– Approval of issue A\$150 million  
convertible notes**

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

*“That the issue of the 3.95% A\$150 million convertible notes (Notes) and the future issue of ordinary shares to the holders of the Notes in accordance with the terms and conditions of the Notes be approved for all purposes.”*

Information in respect of the Notes, including a summary of the key terms and conditions of the Notes, is set out in the Explanatory Statement attached to this Notice of Meeting.

*Relevant listing rule applicable to resolution 8: listing rule 7.4*

*Voting exclusion statement (ASX Listing Rules) applicable to resolution 8:*

*In accordance with the ASX Listing Rules, Beach will disregard any votes cast in respect of resolution 8 by persons who participated in the issue of Notes and any of their associates. However, Beach need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.*

The Chairman of the Meeting intends to vote all available proxies in favour of each item of business.

By Order of the Board

Signed for and on behalf of Beach Energy Limited by:



Catherine Oster  
Company Secretary  
22 October 2012

**NOTES:**

**Important note regarding proxies:**

**The laws that that apply to voting on resolutions relating to the remuneration of key management personnel have changed.**

**Certain categories of persons (including directors and the Chairman of the Meeting) are now prohibited from voting on such resolutions, including as proxy in some circumstances.**

**If you are appointing a proxy, to ensure that your vote counts, please read the following notes and the instructions on the proxy form carefully.**

1. A shareholder entitled to attend and vote at this meeting is entitled to appoint not more than two proxies to attend and vote instead of the shareholder.
2. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the shareholder's voting rights.
3. A proxy need not be a shareholder of Beach.
4. A proxy form accompanies this notice of meeting and contains additional information.
5. If your proxy chooses to vote, he/she must vote in accordance with your directions. If you have directed your proxy to vote, and they fail to attend the meeting or they choose to not vote on a poll, then the Chairman of the Meeting will vote your proxies as directed by you.

6. If you do not mark a box, your proxy may vote as they choose on that item. However, note that if the Chairman of the Meeting is your proxy, you expressly authorise the Chairman to vote undirected proxies on items 1, 4, 5 or 6 even though the resolutions are connected directly or indirectly with the remuneration of a member of KMP.
7. To be valid, duly completed proxy forms and any proxy appointment authorities under which a proxy form is signed, such as a power of attorney, must be received by Beach at an address specified in note 8 below no later than 48 hours before the time, in Adelaide, of the commencement of the meeting.
8. A proxy form and proxy appointment authorities may be lodged:
- In person at the:**  
Registered Office – 25 Conyngham Street, Glenside SA 5065 Australia;  
or  
Share Registry – Computershare Investor Services Pty Ltd, Level 5, 115 Grenfell Street Adelaide SA 5000 Australia.
- By mail to:**  
Registered Office – 25 Conyngham Street, Glenside SA 5065 Australia;  
or  
Share Registry – Computershare Investor Services Pty Ltd, GPO Box 242, Melbourne, VIC 3001 Australia.
- By facsimile to:**  
1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia).
- Vote online:**  
Shareholders can also cast their votes online using a computer or the new smartphone voting service at [www.investorvote.com.au](http://www.investorvote.com.au) and follow the prompts. To use this facility you will need your holder number (SRN or HIN), postcode and control number as shown on the proxy form. You will have been taken to have signed the proxy form if you lodge it in accordance with the instructions on the website.
- Custodian voting:**  
For Intermediary Online subscribers only (custodians) please visit [www.intermediaryonline.com](http://www.intermediaryonline.com) to submit your voting intentions.
9. For the purpose of the meeting, shares in Beach will be taken to be held by those persons who are registered holders at close of business on Wednesday 21 November 2012. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.
10. The constitution of Beach provides that three shareholders present in person, by proxy, attorney or representative shall be a quorum for a general meeting of Beach.
11. Grant Thornton conducted the audit of Beach for the last financial year. Grant Thornton has been invited to attend this meeting and Beach has been advised that a suitably qualified member of the audit team of Grant Thornton, who conducted the audit of Beach for the last financial year, will attend the meeting.
12. Shareholders as a whole will be allowed a reasonable opportunity at the meeting to ask the auditor's representative questions relevant to the conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted by Beach in the preparation of the financial statements and the independence of the auditor in relation to the conduct of the audit.
13. Shareholders who are entitled to vote at the meeting may submit a written question to the auditor that is relevant to the content of the auditors report to be considered at the meeting or the conduct of the audit of the annual financial report to be considered at the meeting. Written questions may be submitted by giving them to Beach. Questions must be submitted no later than the fifth business day before the meeting is held. Shareholders can use the form accompanying this notice of meeting.
14. The Annual Report is available for shareholders to access and can be downloaded from the Beach website [www.beachenergy.com.au](http://www.beachenergy.com.au). If you would like to receive a hard copy of the Annual Report free of charge you can contact Beach's Share Registry on 1300 556 161 (inside Australia) or + 61 3 9415 4000 (outside Australia).

## **EXPLANATORY STATEMENT TO NOTICE OF ANNUAL GENERAL MEETING**

This explanatory statement is provided to shareholders of Beach in relation to resolutions to be proposed at the 2012 Annual General Meeting.

### **ORDINARY BUSINESS**

#### **Resolution 1**

##### **– Adoption of Remuneration Report**

At the meeting, there will be reasonable opportunity for shareholders to ask questions about, or make comments on, the Remuneration Report. The Remuneration Report of Beach is included in the Annual Report and appears on pages 62 to 78 of the report. It is also available for shareholders to access and download from Beach's website *www.beachenergy.com.au*. The Remuneration Report sets out Beach's remuneration arrangements for its non-executive directors, executive director and senior executives.

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

Shareholders should also note that following recent amendments to the Corporations Act known generally as the "two strikes rule", the result of the vote on this item may affect next year's annual general meeting – if 25% or more of the votes cast on this resolution are "against", a resolution to spill the board will be included in the 2013 Notice of Annual General Meeting as required by the Corporations Act.

Beach received more than 90% of "yes" votes on its Remuneration Report for

the 2011 financial year. The company did not receive any specific feedback at the 2011 annual general meeting on its remuneration practices, and did appoint an independent adviser, as outlined in section 4 of the Remuneration Report.

#### ***The directors recommend that shareholders vote in favour of Resolution 1.***

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#### **Resolutions 2 and 3**

##### **– Election of Ms F R V Bennett and Dr D A Schwebel as Directors**

Beach's constitution states that at each annual general meeting, one-third of the directors (not taking into account the directors who have been appointed as an addition or to fill a casual vacancy since the last annual general meeting) must retire. Mr Kennedy has served as a director since his last election at the annual general meeting in 2009 and has not offered himself for re-election. Dr Alley has also indicated that he will retire at this annual general meeting and not offer himself for re-election. The board has nominated two candidates to replace Mr Kennedy and Dr Alley. Both will be independent non-executive directors. Their details are set out below.

A description of Ms Bennett's experience, qualifications and competencies follows:

##### **Fiona Rosalyn Vivienne Bennett**

*BA(Hons) FCA, FAICD, FAIM*

Fiona Bennett is a Chartered Accountant with over 30 years' experience in business and financial management, corporate governance, risk management and audit. She has previously held senior executive positions at BHP Billiton Limited and Coles Group Limited and has been a Chief Financial Officer at several organisations in the health sector. Ms Bennett is a graduate of The Executive Program at the University of Virginia's Darden Graduate School and the AICD Company Directors' course. She is currently a director of Hills

Holdings Limited (since 2010) and Boom Logistics Limited (since 2010).

A description of Dr Schwebel's experience, qualifications and competencies follows:

##### **Douglas Arthur Schwebel**

*PhD B.Sc (Hons) (Geology)*

Douglas Schwebel has over 30 years experience in the resources sector, having held various senior executive positions with ExxonMobil, including Exploration Director for its Australian upstream subsidiaries. His 26-year career with ExxonMobil included exploration and resource commercialisation and strategy roles in Australia, the USA and Asia. Between 2008 and 2011 he was Chief Executive Officer of the privately owned Pexco NV and its Australian subsidiary Benaris International Pty Ltd. He is currently a director of Tap Oil Limited (since 2012). Dr Schwebel has also served as a non-executive director on the boards of Roc Oil Limited and Great Artesian Oil & Gas Limited.

#### ***The directors recommend the election of Ms Bennett and Dr Schwebel.***

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### **SPECIAL BUSINESS**

#### **Resolution 4**

##### **– Approval of Securities Issued under the EIP**

Listing rule 7.1 prohibits Beach from issuing or agreeing to issue new securities amounting to more than 15 per cent of the issued capital of Beach during a 12 month period, without shareholder approval unless an exception applies. One of those exceptions is exception 9 of listing rule 7.2 which excludes securities issued under an employee incentive plan where 3 years before the date of the issue, shareholders have approved the issue of the securities under such a plan.

This resolution seeks shareholder approval for the issue of securities in Beach under

its Employee Incentive Plan (EIP) so that they will not be included in the 15 percent limit referred to above.

This exception enables the board flexibility to issue further securities (outside of the EIP) up to the 15 percent limit, subject to other exceptions to the limit. If this resolution is not passed, the board may still use the EIP, however, securities issued under the EIP will count towards the 15 percent limit. The approval by shareholders simply gives the board the full flexibility afforded by the 15 per cent rule imposed by the ASX.

Beach has issued 3,628,961 ordinary shares under the EIP since the date of the last approval. No options have been issued under the EIP.

A summary of the rules of the EIP is set out below. Copies of the EIP rules are available on request to the Company Secretary.

The rules of the EIP in respect of share issues are summarised in the following paragraphs:

- The EIP is open to permanent employees of Beach or a controlled entity of Beach which will include a director holding salaried employment in Beach or a controlled entity of Beach (Eligible Persons).
  - Under the EIP, the directors at their discretion may offer ordinary fully paid shares or options to acquire ordinary shares in Beach to Eligible Persons. Any issue of securities under the EIP to a director must be first approved by shareholders.
  - The shares issued under the EIP have the same rights as other ordinary fully paid shares in Beach subject to restrictions on transfer, which apply where a loan made by Beach remains unpaid.
  - The subscription price for shares will be the market value of the shares on the day of offer.
- Beach at the time of making an offer to purchase shares may also provide an interest free loan to assist with the purchase of those shares. Unless otherwise specified in the offer document the terms of the loan will be as follows:
    - the loan will be interest free and for a term of 10 years;
    - if a disqualifying event (as defined in the EIP Rules) occurs, Beach may sell the shares and after costs apply the sale proceeds to repay the outstanding amounts of the loan. If there is a shortfall between the loan amount still owing and the sale price, the participant will not be required to make good the shortfall. If there is a surplus after the sale of the shares the participant is only entitled to the surplus if the Qualifying Period described in dot point 7 below has expired; and
    - if at the expiry of a loan term a participant does not repay the loan, Beach may sell the shares and after costs, repay the loan. Any surplus will be repaid to the participant. No shortfall between the sale price and the loan amount will be recoverable from the participant.
  - While an offer to take up shares under the EIP will be at market value the incentive for Eligible Persons to accept the offer is the granting of an interest free loan to fund all or part of the purchase price.
  - In certain circumstances the directors may specify in an offer to an Eligible Person that shares may not be transferred by the Eligible Person for a certain period of time (Qualifying Period). Where Beach issues shares under the EIP and there is a loan granted to purchase those shares, Beach retains a lien over the shares until such time as the loan is repaid in full.
- By accepting an offer of shares in accordance with the EIP, a participant agrees to be bound by the EIP rules and other conditions contained in the offer document.
  - The EIP rules must comply with the Listing Rules and Corporations Act requirements from time to time.
  - The EIP rules can be amended by the board. However, the board will not be entitled to amend the rules in a manner which affects the rights of participants in the EIP unless it obtains the written consent of the affected participants or unless such amendments are necessary for tax or administrative purposes.
  - The EIP rules allow participants in the EIP the ability to deal with their shares issued under the EIP (Plan Shares) in the event of a change of control in Beach or termination of the participant's employment with Beach for reasons other than misconduct (each a Trigger Event) notwithstanding that the relevant Qualifying Period has not expired at the time of the Trigger Event.

***The directors (other than Mr Nelson) recommend that shareholders vote in favour of this resolution.***

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At the 2010 annual general meeting shareholders approved the new Beach Executive Incentive Plan (Plan) which operates as an 'umbrella' incentive plan pursuant to which the board may make both short and long term incentive offers to eligible executives. As with Beach's previous incentive plans, the Plan is designed to link the reward of employees with the performance of the Beach group and the generation of shareholder wealth. It is pursuant to this Plan that the board wishes to make both short term and a long term incentive offers to the Managing

Director, Mr Nelson on the terms set out in resolutions 5 and 6 summarised below.

**Resolution 5**  
**– Approval of the participation of**  
**Mr R G Nelson, Managing Director,**  
**in the Beach 2012 Short Term**  
**Incentive Offer**

The Beach short term incentive (STI) is an annual incentive scheme designed to reward selected Beach group employees for achieving annual performance measures.

The Beach 2012 STI offer to be made under the new Beach Executive Incentive Plan approved by shareholders in 2010 (STI offer) is structured to reward eligible employees through a combination of both cash and performance rights.

Under the STI offer, if performance conditions are met over the 12 month performance period commencing on 1 July 2012 to 30 June 2013:

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

Under ASX listing rule 10.14, a director of Beach may only acquire securities under an employee share plan where such participation is approved by ordinary resolution of Beach in general meeting. Therefore, the grant of performance rights to Mr Nelson under the STI offer is subject to receiving shareholder approval at this meeting.

Approval is sought from shareholders for the grant of performance rights to Mr Nelson under the STI offer on substantially the same terms as offers will be made to other senior executives of Beach.

A brief overview of the details of the proposed grant of performance rights is set out below. Further details of Mr Nelson's remuneration package are set out in the Remuneration Report on pages 62 to 78 of the Annual Report.

**Resolution 5 – Overview of Beach 2012 STI Offer**

<p><b>Date of grant of performance rights</b></p>	<p>Subject to shareholder approval, if the performance measures are met, the performance rights under the STI offer will be granted to Mr Nelson after the end of the STI performance period (expected to be in September 2013), but in any event will not be later than 12 months after the date of this meeting.</p> <p>The performance measures are set by the board and reflect the financial and operational goals of Beach over a 12 month period.</p>
<p><b>Vesting dates</b></p>	<p>The performance rights will vest according to the following schedule:</p> <ul style="list-style-type: none"> <li>• in respect of 50% of the performance rights, 1 July 2014; and</li> <li>• in respect of the balance of the performance rights, 1 July 2015.</li> </ul>
<p><b>Price payable on grant or vesting</b></p>	<p>No amount will be payable in respect of the grant or upon vesting of the performance rights.</p>
<p><b>Maximum entitlement under STI offer</b></p>	<p>Subject to shareholder approval, Mr Nelson will be granted a maximum of 500,000 performance rights under the 2012 STI offer.</p> <p>If the performance measures are achieved, and subject to shareholder approval, Mr Nelson will be granted such number of performance rights determined by dividing 50% of his vested STI award by the value of the rights (which is currently proposed to be the volume weighted average price for the 5 consecutive trading days where Beach shares are traded up to and including 30 June 2013 (Allocation Price)), subject to a maximum of 500,000 performance rights.</p> <p>As an example, using the formula, if performance rights were granted on 24 September 2012 assuming the Allocation Price was \$1.50 per share and the STI award vested at 100%, then the number of performance rights to be granted to Mr Nelson under the STI offer would have been 437,500. Each performance right entitles the holder, upon vesting, to one fully paid ordinary share in Beach.</p>
<p><b>Are there any restrictions on the trading of the shares once vested?</b></p>	<p>Any shares issued upon vesting of the performance rights will be subject to a restriction on dealing until the day following the end of the 'black-out period' under Beach's Share Trading Policy which occurs immediately after the exercise of performance rights.</p>
<p><b>Cessation of employment</b></p>	<p>Unless otherwise determined by the board, any performance rights granted under the STI offer will generally lapse where Mr Nelson ceases employment with the Beach group before the performance right has vested.</p>

**Resolution 5 – Overview of Beach 2012 STI Offer (continued)**

<p><b>Fraud or Dishonesty</b></p>	<p>Where, in the opinion of the board, a participant acts fraudulently or dishonestly or is in breach of his or her obligations to the Beach group, then the board may:</p> <ul style="list-style-type: none"> <li>• deem all or any awards of the participant which have not vested to have lapsed or been forfeited (as relevant); and/or</li> <li>• deem all or any awards or shares (allocated in respect of an award) held by the Participant to have lapsed or be forfeited; and/or</li> <li>• require the participant to repay all or part of any payment made upon the vesting of a cash reward; and/or</li> <li>• where shares that have been allocated to the participant upon vesting or exercise of an award are subsequently sold, require the participant to repay the net proceeds of such a sale to Beach.</li> </ul>
<p><b>Takeover, scheme of arrangement or winding up</b></p>	<p>The board has discretion in the event of a takeover, scheme of arrangement or winding up to vest some or all of the performance rights.</p>
<p><b>Other information</b></p>	<p>Mr Nelson is the only director eligible to acquire performance rights under the Beach Executive Incentive Plan.</p> <p>The STI offer will be made under the Beach Executive Incentive Plan. Following shareholder approval at the 2011 annual general meeting, Mr Nelson was issued 609,924 performance rights under the Plan in respect of the 2011 STI offer. Securities were issued under the Plan in respect of the long term incentive in 2011. Details are described in the explanatory statement for resolution 6.</p>

**Resolution 6**

**– Approval of the participation of Mr R G Nelson, Managing Director, in the Beach 2012 Long Term Incentive Offer**

Approval is sought from shareholders for Mr Nelson's participation in the 2012 long term incentive offer (LTI offer).

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

Under ASX listing rule 10.14, a director of Beach may only acquire securities under an employee share plan where such participation is approved by ordinary resolution of Beach in general meeting. Therefore, Mr Nelson's participation in the LTI offer is subject to receiving shareholder approval at this meeting.

A brief overview of the details of the proposed grant is set out below. Further details of Mr Nelson's remuneration package are set out in the Remuneration Report on pages 62 to 78 of the Annual Report.

***The directors (other than Mr Nelson) recommend that shareholders vote in favour of resolution 5.***

**Resolution 6 – Overview of Beach 2012 LTI Offer**

<p><b>Maximum entitlement under LTI offer</b></p>	<p>Subject to shareholder approval, Mr Nelson will be granted a maximum of 1,000,000 performance rights under the LTI offer.</p> <p>Each performance right entitles the holder, upon vesting and exercise, to one fully paid ordinary share in Beach. Mr Nelson's maximum opportunity in relation to the LTI offer is, therefore, 1,000,000 Beach shares.</p> <p>The formula to calculate the number of performance rights to be granted is (Base Package x Max LTI% / Rights Value). The Rights Value is the market value of a fully paid ordinary share in Beach at the date the performance rights are granted.</p> <p>As an example using the formula, if the performance rights were granted on 24 September 2012, assuming a Rights Value of \$1.50 then:</p> <p><math>(\\$1,312,500 \times 100\% / \\$1.50) = 875,000</math> performance rights</p>
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## Resolution 6 – Overview of Beach 2012 LTI Offer (continued)

<b>Date of grant of performance rights</b>	If shareholder approval is obtained, it is expected that the performance rights under the LTI offer will be granted to Mr Nelson in December 2012, and in any event, no later than three months after the date of this meeting.								
<b>Performance period</b>	The performance period is three years. For the LTI offer, the performance period commences on 1 December 2012 and ends on 30 November 2015 (Performance Period).								
<b>Performance condition</b>	<p>The performance condition applicable to the performance rights under the LTI offer is Beach's Total Shareholder Return (TSR) performance relative to the S&amp;P/ASX 300 Energy Index. TSR is, broadly, increase in share price.</p> <p>The performance rights under the LTI offer will vest upon satisfaction of the performance condition according to the table below:</p> <table border="1" data-bbox="422 651 1442 813"> <thead> <tr> <th data-bbox="422 651 933 689">TSR relative growth</th> <th data-bbox="933 651 1442 689">Percentage of performance rights to vest</th> </tr> </thead> <tbody> <tr> <td data-bbox="422 689 933 728">Below 50<sup>th</sup> percentile</td> <td data-bbox="933 689 1442 728">0%</td> </tr> <tr> <td data-bbox="422 728 933 766">50<sup>th</sup> percentile</td> <td data-bbox="933 728 1442 766">50%</td> </tr> <tr> <td data-bbox="422 766 933 813">Between 50<sup>th</sup> and 100<sup>th</sup> percentile</td> <td data-bbox="933 766 1442 813">Pro-rata</td> </tr> </tbody> </table> <p>The performance condition will not be met if Beach's TSR is negative at the date the TSR is calculated.</p> <p>Any performance rights that do not vest at the end of the Performance Period will lapse. There will be no re-testing of the performance condition.</p>	TSR relative growth	Percentage of performance rights to vest	Below 50 <sup>th</sup> percentile	0%	50 <sup>th</sup> percentile	50%	Between 50 <sup>th</sup> and 100 <sup>th</sup> percentile	Pro-rata
TSR relative growth	Percentage of performance rights to vest								
Below 50 <sup>th</sup> percentile	0%								
50 <sup>th</sup> percentile	50%								
Between 50 <sup>th</sup> and 100 <sup>th</sup> percentile	Pro-rata								
<b>Exercise Period</b>	<p>Where the performance rights vest, they may be exercised at any time up to the 'Last Exercise Date', which in respect of the LTI offer, is 30 November 2017.</p> <p>Any unexercised performance rights will lapse following the Last Exercise Date, subject to any earlier lapse occurring pursuant to the rules of the Plan.</p>								
<b>Price payable on grant or exercise</b>	No amount will be payable in respect of the grant or upon exercise of the performance rights.								
<b>Are there any restrictions on the trading of the shares once exercised?</b>	Any shares issued on the exercise of the performance rights will be subject to a restriction on dealing until the day following the end of the 'black-out period' under Beach's Share Trading Policy which occurs immediately after the exercise of performance rights.								
<b>Cessation of employment</b>	<p>In general, if Mr Nelson ceases employment by reason of death, disability, bona fide redundancy or other reason approved by the board he will be entitled to any performance rights that have vested prior to the date of cessation.</p> <p>The board has discretion in relation to any performance rights that have not vested prior to cessation, including to determine that any unvested rights will be tested at the end of the performance period and vest on a pro rata basis to the extent that the performance condition has been satisfied (ie having regard to the part of the performance period which has elapsed and to the degree to which the performance conditions have been achieved).</p> <p>Any unvested performance rights will immediately lapse where a participant ceases employment by reason of resignation, dismissal for cause or for any other reason not approved by the board.</p> <p>Any vested performance rights will lapse unless they are exercised within 30 days from the date of cessation of employment (however if this occurs during a blackout period under Beach's Share Trading Policy, shares allocated on exercise will be subject to a restriction on trading until the end of that period).</p>								

## Resolution 5 – Overview of Beach 2012 LTI Offer (continued)

<b>Other information</b>	<p>Mr Nelson is the only director eligible to acquire performance rights under the Beach Executive Incentive Plan.</p> <p>The LTI offer will be made under the Beach Executive Incentive Plan.</p> <p>Mr Nelson is the only director who has been eligible to participate in Beach's Executive Incentive Plan since the last approval was sought from shareholders at the 2011 annual general meeting. Following shareholder approval at the 2011 annual general meeting 966,851 performance rights were granted to Mr Nelson in relation to the 2011 LTI offer. The performance rights were issued for nil consideration and no amount will be payable in respect of shares which may be acquired upon vesting of the performance rights.</p>
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**The directors (other than Mr Nelson) recommend that shareholders vote in favour of resolution 6.**

### **Resolution 7 – Reinstatement of Partial Takeover Provisions in the Constitution**

#### *Background*

Clause 6.4 of Beach's constitution deals with proportional or partial takeovers. A proportional or partial takeover is a bid made for a specified proportion of each shareholder's shares (Partial Takeover). Broadly, Clause 6.4 provides that a Partial Takeover for Beach's shares may only proceed after shareholder approval.

Clause 6.4 was last approved at Beach's 2009 annual general meeting. In accordance with the Corporations Act (Act), Clause 6.4 expires three years after that annual general meeting, and at that time ceases to have effect.

The directors consider that it is in the interests of Beach's shareholders to have a Partial Takeover rule in the constitution and shareholders are therefore asked to consider a resolution to reinstate the previous Clause 6.4 in identical terms.

An extract of Clause 6.4 is set out in Schedule A to this Explanatory Statement.

#### *The operation of Clause 6.4*

If shareholders agree to reinstate Clause 6.4 and a Partial Takeover is subsequently made for a class of shares in Beach, the directors will be required to convene a meeting of shareholders in that class to vote on a resolution to approve the Partial Takeover offer. The resolution must be voted on at least 14 days before the offer closes. The bidder and any associates will be excluded from voting. The meeting would be conducted in accordance with the provisions governing general meetings in Beach's constitution.

If a resolution approving the Partial Takeover is passed, the offer may proceed. If the resolution is rejected, the offer will be taken to be withdrawn and registration of any transfer of shares resulting from the offer will be prohibited. Acceptances will be returned and any contracts formed by acceptances will be rescinded.

If no resolution is voted on at least 14 days before the close of the offer then the resolution will be deemed to have been approved.

Clause 6.4 does not apply to full takeover bids, that is, for all shares in Beach. The provisions of Clause 6.4 will expire after three years unless renewed by shareholders.

#### *Reasons for proposing the resolution*

Part 6.5 Division 5 of the Act permits the inclusion of Partial Takeover approval provisions in a company's constitution.

The directors consider that it is in the interests of Beach's shareholders to have a Partial Takeover approval rule in its constitution as it gives shareholders the opportunity to vote on a proposed Partial Takeover. Without the proposed provisions, a Partial Takeover bid for Beach might enable an offeror to obtain control of Beach without shareholders having the opportunity to sell all their shares. The proposed provisions give shareholders the opportunity to decide whether a Partial Takeover bid should proceed. If it does proceed, individual shareholders can make a separate decision as to whether they wish to accept the bid for their shares.

#### *Present acquisition proposals*

At the date of this explanatory statement, none of the directors is aware of any proposal by a person to acquire, or to increase the extent of, a substantial interest in Beach other than has been announced to the ASX.

### *Potential advantages and disadvantages*

The reinstatement of Clause 6.4 will enable the directors to ascertain the views of shareholders on a Partial Takeover bid. Apart from this, there is no specific advantage or disadvantage for the directors, as directors, of reinstating Clause 6.4 as they remain free to make a recommendation whether a Partial Takeover bid should be accepted.

The Partial Takeover approval provisions will ensure that all shareholders will have the opportunity to consider a Partial Takeover bid and vote on whether it should be permitted to proceed. This should ensure that the terms of any future proportional offers are structured to be attractive to a majority of independent shareholders.

On the other hand, it could be argued that the Partial Takeover approval provisions make a Partial Takeover more difficult to achieve and therefore proportional offers will be discouraged. This in turn may reduce opportunities which shareholders may have to sell some of their shares at an attractive price to persons securing control of Beach and may reduce the element of takeover speculation from Beach's share price.

***The directors consider the reinstatement of Clause 6.4 of the existing constitution is in the best interests of shareholders and, accordingly, recommend that shareholders vote in favour of the resolution.***

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### **Resolution 8 – Approval of issue A\$150 million convertible notes**

The purpose of the resolution is to ensure that the administrative requirements of the ASX listing rules are satisfied so that the future issue of ordinary shares on the conversion of the 3.95% A\$150 million convertible notes (Notes) is excluded from the calculation of the 15% threshold of the company's shares which may be issued without shareholder approval.

#### *Listing Rules 7.1, 7.2 and 7.4*

Broadly speaking, listing rule 7.1 provides that a listed company may issue or agree to issue in aggregate up to 15% of its fully paid ordinary shares within a 12 month period without shareholder approval. Listing rule 7.2 provides exceptions to listing rule 7.1. Listing rule 7.2 exception 4 provides that securities issued on the conversion of convertible securities (such as the Notes) are not taken into account when calculating the 15% limit, provided that the company's shareholders have approved the issue of the convertible securities as an exception to the general rule at the time the company issued the convertible securities.

The Notes were issued on 3 April 2012 without prior approval of the company's shareholders. Listing rule 7.4, however, provides that an issue of securities made without approval under listing rule 7.1 is treated as having been made with approval for the purpose of listing rule 7.1 if the issue did not breach listing rule 7.1 and the holders of ordinary shares subsequently approve it.

The issue of the Notes on 3 April 2012 satisfied the requirements of listing rule 7.1. The terms and conditions of the Notes provides that the Notes convert to the company's ordinary shares. Resolution 8 seeks shareholder approval of the issue of the Notes for the purpose of listing rule 7.1, 7.2 and 7.4 so that the company has the ability to issue ordinary shares in accordance with the terms and conditions of the Notes.

The board believes that shareholder approval of resolution 8 will provide the company with the flexibility necessary to raise additional capital as and when appropriate.

In order to satisfy listing rule 7.4, listing rule 7.5 requires the following information to be provided to shareholders.

**Resolution 8 – Listing rule information**

7.5.1	The number of securities allotted	The Notes are represented by a Global Certificate deposited with a common depository. Convertible securities were issued in denominations of A\$200,000 and integral multiples of A\$100,000 in excess thereof which are convertible to the company's ordinary shares at an initial conversion price of \$2.00. Assuming no adjustments to the initial conversion price, the number of ordinary shares to be issued on full conversion of the Notes is 75,000,000 ordinary shares.
7.5.2	The price at which the securities were issued	The Notes were issued for a subscription price of A\$200,000 each and integral multiples of A\$100,000 in excess of that sum.
7.5.3	The terms of the securities	A copy of the full terms and conditions of the Notes was included in the company's announcement released on 3 April 2012. A summary of the key terms and conditions of the Notes is detailed below.
7.5.4	The names of the allottees	The allottees of the Notes were clients of the joint lead managers for the Notes offering being Citigroup Global Markets Australia Pty Limited, Goldman Sachs Australia Capital Markets Limited or Macquarie Capital (Australia) Limited or their affiliates.
7.5.5	The use (or intended use) of the funds raised	<p>The net proceeds from the issue of the Notes will be used, together with the proceeds of existing operating cash flow and other capital resources, to fund the company's future capital expenditure initiatives over the next two to three years and for general working capital purposes.</p> <p>The key elements of the company's capital expenditure programme include:</p> <ul style="list-style-type: none"><li>• Cooper Basin conventional – ongoing exploration, appraisal and development of the company's key cash producing assets;</li><li>• Cooper Basin unconventional – continued appraisal of a gas resource in the Nappamerri Trough;</li><li>• Egypt – ongoing appraisal and development of oil discoveries and further exploration; and</li><li>• Tanzania – exploration for oil reservoirs along the proven East Africa Rift.</li></ul>
7.5.6	Voting exclusion statement	A voting exclusion statement is included in the Notice of Meeting.

## Resolution 8 – Summary of the key terms and conditions of the Notes

<b>Maturity Date</b>	3 April 2017
<b>Coupon (interest rate)</b>	3.95% per annum payable semi annually in arrear, the first payment date being 3 October 2012.
<b>Status</b>	<p>The Notes are direct, unconditional unsubordinated, senior and unsecured obligations of the company, ranking pari passu among other unsecured and unsubordinated obligations, ranking pari passu, without any preference among themselves and with preference and priority to all existing and future subordinated obligations, save for any obligations that may be preferred by mandatory provisions of law.</p> <p>The shares issued and allotted on conversion of any Note will be fully paid and will rank pari passu in all respects with the fully paid shares on the date on which such Note is converted for the shares.</p>
<b>Investor Put Date</b>	3 April 2015 (3 years)
<b>Issue Price</b>	100%
<b>Redemption Price</b>	100%
<b>Put Price</b>	100% of the principal amount of the Notes together with accrued but unpaid interest.
<b>Reference Share Price</b>	The theoretical ex-rights price of A\$1.56.
<b>Initial Conversion Ratio</b>	100,000 ordinary shares per A\$200,000 principal amount of Note at the initial Conversion Price.
<b>Conversion Price</b>	Initial conversion price is A\$2.00 per ordinary shares subject to adjustments to the Conversion Price (see below).
<b>Conversion Right</b>	Noteholders have the right to convert their Notes into shares (credited as fully paid).
<b>Conversion Period</b>	The Notes are convertible at any time on or after 14 May 2012 up to and including 27 March 2017.
<b>Cash Settlement Option</b>	At the option of the company, upon a conversion request by any Noteholder, the Issuer may make an election by giving notice to the relevant Noteholder by not later than the date falling three Sydney business days following the relevant Conversion Date (the "Cash Election Date") to satisfy the exercise of the Conversion right in respect of the relevant Notes by making payment, or procuring that payment is made, to the relevant Noteholder of an amount in A\$ equivalent to the product of (i) the number of shares deliverable upon conversion and (ii) the arithmetic average of the daily volume weighted average price of the shares for 20 consecutive dealing days commencing on the relevant Cash Election Date.
<b>Redemption at the Option of the Company</b>	<ul style="list-style-type: none"> <li>• Company Call – callable on or after 3 April 2015 in whole but not in part at the principal amount together with accrued but unpaid interest if the volume weighted average price of the shares for any 20 consecutive dealing day period is at least 130% of the Conversion Price.</li> <li>• Clean Up Call – callable anytime in whole but not in part at the principal amount together with accrued but unpaid interest if the aggregate principal amount of the Notes outstanding is 10% or less of the aggregate principal amount of the Notes originally issued.</li> </ul>

**Resolution 8 – Summary of the key terms and conditions of the Notes (continued)**

<p><b>Redemption at the Option of the Company (continued)</b></p>	<ul style="list-style-type: none"> <li>• Tax Call – The company may redeem in whole but not in part the Notes at their principal amount together with accrued but unpaid interest, if following a change in Australian tax laws or regulations, the company is required to pay additional amounts in respect of any withholding or other taxes imposed in respect of payments to be made by the company in respect of the Notes.</li> </ul>
<p><b>Redemption at the Option of Noteholders</b></p>	<ul style="list-style-type: none"> <li>• Change of Control Put – following the occurrence of a Change of Control, each Noteholder will have the option to require the company to redeem in whole or in part such Noteholder's Notes at the principal amount together with accrued but unpaid interest.  A Change of Control occurs when: <ul style="list-style-type: none"> <li>– an offer is made to acquire the whole or as nearly as practicable all of the issued shares (other than those shares of the offeror and/or any associate of the offeror) and such offer has become or been declared unconditional in all respects, and the offeror has acquired at any time during the relevant offer period a relevant interest in more than 50% of the shares in issue; or</li> <li>– any person proposes a scheme of arrangement with regard to such acquisition where such scheme of arrangement (A) is approved by shareholders and all other classes of members or creditors whose approval is required for the scheme of arrangement and (B) the scheme of arrangement is implemented.</li> </ul> </li> <li>• Redemption following delisting of the Shares – following the shares ceasing to be listed or admitted to trading on the ASX or the suspension of the shares for a period of 20 consecutive dealing days, each Noteholder will have the option to require the company to redeem in whole or in part such Noteholder's Notes at the principal amount together with accrued but unpaid interest.</li> </ul>
<p><b>Adjustments to Conversion Price</b></p>	<p>Adjustment of the Conversion Price in certain circumstances, including but not limited to:</p> <ul style="list-style-type: none"> <li>• consolidation, reclassification or subdivision</li> <li>• capitalisation of profits or reserves</li> <li>• capital distributions and cash dividends to shareholders</li> <li>• rights issues to shareholders at less than 95% of the Current Market Price per share</li> <li>• other distribution to shareholders</li> <li>• issues of shares at less than 95% of the Current Market Price per share</li> <li>• issues of equity related securities at less than 95% of the Current Market Price per share</li> <li>• modifications of rights of conversion of equity related securities issued so that the consideration per share is less than 95% of the Current Market Price after such modification.</li> </ul>
	<p>"Current Market Price" means the arithmetic average of the volume weighted average price of a share for each day during the five consecutive dealing days ending on the dealing day immediately preceding such date.</p>
<p><b>Dividend Protection</b></p>	<p>Conversion Price adjustments for any dividend payments and/or cash dividends.</p>
<p><b>Listing</b></p>	<p>The Singapore Stock Exchange.</p>

***The directors recommend that shareholders vote in favour of this resolution.***

## **SCHEDULE A – PROPORTIONAL TAKEOVER BID**

### **6.4 Proportional Takeover Bid**

- 6.4.1 The registration of a transfer giving effect to a contract resulting from the acceptance of an offer made under a Proportional Takeover Bid is prohibited unless and until an Approving Resolution to approve the Proportional Takeover Bid is passed.
- 6.4.2 A person (other than the Bidder or an associate of the Bidder) who, as at the end of the day on which the first offer under the Proportional Takeover Bid was made, held Bid Class Shares is entitled to:
- (a) vote on an Approving Resolution; and
  - (b) have one vote for each Bid Class Share held.
- 6.4.3 Where offers have been made under a Proportional Takeover Bid, the Directors must ensure that an Approving Resolution is voted on at a meeting of the persons described in clause 6.4.2 before the Approving Resolution Deadline.
- 6.4.4 An Approving Resolution is passed if more than 50% of the votes cast on the resolution are cast in favour of the resolution, and otherwise is taken to have been rejected.
- 6.4.5 The provisions of this Constitution that apply in relation to a general meeting of the Company apply, with any modifications that circumstances require, to a meeting that is convened under this clause 6.4 as if the meeting was a general meeting of the Company.
- 6.4.6 If an Approving Resolution to approve the Proportional Takeover Bid is voted on in accordance with this clause 6.4 before the Approving Resolution Deadline, the Company must, on or before the Approving Resolution Deadline, give:
- (a) the Bidder; and
  - (b) each relevant financial market,
- a written notice stating that an Approving Resolution to approve the Proportional Takeover Bid has been voted on and whether it was passed or rejected.
- 6.4.7 If no resolution has been voted on in accordance with this clause 6.4 as at the end of the day before the Approving Resolution Deadline, a resolution to approve the Proportional Takeover Bid is taken, for the purposes of clause 6.4, to have been passed in accordance with this clause 6.4.
- 6.4.8 This clause 6.4 will cease to have effect three years after the date of its adoption or its last renewal.

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**Beach Energy Limited**  
ABN 20 007 617 969

## Lodge your vote:

  **Online:**  
[www.investorvote.com.au](http://www.investorvote.com.au)




 **By Mail:**  
Computershare Investor Services Pty Limited  
GPO Box 242 Melbourne  
Victoria 3001 Australia


Alternatively you can fax your form to  
(within Australia) 1800 783 447  
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only  
(custodians) [www.intermediaryonline.com](http://www.intermediaryonline.com)

**For all enquiries call:**  
(within Australia) 1300 556 161  
(outside Australia) +61 3 9415 4000

## Proxy Form

  <b>Vote and view the annual report online</b> <ul style="list-style-type: none"><li>• Go to <a href="http://www.investorvote.com.au">www.investorvote.com.au</a> or scan the QR Code with your mobile device.</li><li>• Follow the instructions on the secure website to vote.</li></ul>	
<b>Your access information that you will need to vote:</b>  PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.	

 **For your vote to be effective it must be received by 10:30am (Adelaide time) Wednesday 21 November 2012**

### How to Vote on Items of Business

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

#### Appointment of Proxy

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

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

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

**A proxy need not be a securityholder of the Company.**

### Signing Instructions for Postal Forms

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

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

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

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

### Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the information tab, "Downloadable Forms".

**Comments & Questions:** If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,  
or turn over to complete the form** →

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

# Proxy Form

Please mark  to indicate your directions

## STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Beach Energy Limited hereby appoint

the Chairman of the Meeting OR

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Beach Energy Limited to be held at the Convention Centre, North Terrace Adelaide South Australia, 5000 on Friday 23 November 2012 at 10:30am (Adelaide time) and at any adjournment or postponement of that Meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Items 1, 4, 5 & 6 (except where I/we have indicated a different voting intention below) even though Items 1, 4, 5 & 6 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Items 1, 4, 5 & 6 by marking the appropriate box in step 2 below.

## STEP 2 Items of Business

**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

### ORDINARY BUSINESS

	For	Against	Abstain
1 Adoption of the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Election of Ms F R V Bennett as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Election of Dr D A Schwebel as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### SPECIAL BUSINESS

4 Approval of Securities Issued under the EIP	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Approval of the participation of Mr R G Nelson, Managing Director, in the Beach 2012 Short Term Incentive Offer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Approval of the participation of Mr R G Nelson, Managing Director, in the Beach 2012 Long Term Incentive Offer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7 Reinstatement of Partial Takeover Provisions in the Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8 Approval of issue of A\$150 million convertible notes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote all available proxies in favour of each item of business.

## SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date / /