



## HIGHLIGHTS

### Corporate

- Long-term Chairman, Mr Bob Kennedy, decided not to seek re-election at the AGM in November 2012. Mr Glenn Davis elected Chairman
- Two new independent non-executive directors elected to the Board

### Operations

- Record Cooper Basin oil production, due to Western Flank flowlines operational in early December; and record total oil sales volumes and revenue
- Total revenue of \$173 million, 2% up, mainly due to increased prices and more oil in the sales mix
- Sales volumes of 2.0 MMboe, 21% down, mainly due to lower gas demand and production volumes, partly offset by increased oil sales
- Quarterly production of 1.85 MMboe, 12% down, mainly due to PEL 106B shut-in, partly offset by increased oil production
- Year to date production of 3.95 MMboe, with no change to full year guidance of 8.5-9.0 MMboe
- PEL 91 (Beach 40%) – Bauer oil field extended with Bauer-9, and new field discoveries at Pennington-1 and Bauer North-1
- PEL 92 (Beach 75%) – Exploration success at Windmill-1
- PEL 218 (Beach 100%) unconventional exploration program – Two vertical wells drilled and the first horizontal well, Holdfast-2, spudded
- SACB JV (Beach 20.21%) – Moomba-191 shale gas well connected to Moomba infrastructure, which confirms the REM shale gas concept tested by Beach in its Holdfast-1 and Encounter-1 wells

### Subsequent Events

- PEL 218 (Beach 100%) – Basin centred gas (BCG) concept confirmed by Moonta-1 gas flow at up to 2.6 MMscfd; REM (Shale gas play) continues to be evaluated with Holdfast-2 horizontal well; Nepean-1 vertical well spudded
- ATP 855P (Beach 60%) – 14 stage fracture stimulation of Halifax-1 completed

### Financial

- Strong balance sheet, with cash reserves of \$343 million and a multi-option financing facility of \$150 million available

	Dec 2011 Quarter	Sep 2012 Quarter	Dec 2012 Quarter	Qtr on Qtr Change	YTD
Production (kboe)	1,712.8	2,106.9	1,844.9	(12%)	3,951.8
Sales (kboe)	2,138.4	2,543.3	2,022.2	(21%)	4,565.5
Revenue (\$ million)	142.9	169.9	173.0	2%	342.9
Oil Price (\$ per bbl)	114.5	109.4	111.1	2%	110.4
Cash reserves (\$ million)	58.5	352.1	342.6	(3%)	342.6

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### directors

*Independent Non-executive Chairman*

**Glenn Davis**

*Managing Director*

**Reg Nelson**

*Independent Non-executive Directors*

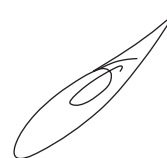
**John Butler**

**Franco Moretti**

**Belinda Robinson**

**Fiona Bennett**

**Doug Schwebel**



**Reg Nelson**  
Managing Director  
29 January 2013

Ref: #003/13

*This report contains information on Beach's Reserves and Resources which have been compiled by Mr Tony Lake, who is a full time employee of Beach, is qualified in accordance with ASX listing rule 5.11 and has consented to the inclusion of this information in the form and context in which it appears.*

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## CORPORATE

Long term Chairman, Mr Bob Kennedy, decided not to offer himself for re-election at the Annual General Meeting (AGM) of the Company, on 23 November 2012, after more than twenty years of service as a director. His exceptional contributions were duly acknowledged at the meeting.

Former Deputy Chairman, Mr Glenn Davis, has been elected as Chairman.

Two new independent non-executive directors, Ms Fiona Bennett and Dr Doug Schwebel, were elected to the Beach Board at the AGM. Ms Bennett and Dr Schwebel replaced Mr Kennedy and Dr Alley, who also decided not to stand for re-election.

## SUBSEQUENT EVENTS

In the Permian unconventional program in PEL 218, the BCG concept was successfully confirmed when the Moonta-1 vertical well delivered the highest gas flow rate to date, principally from tight sandstones of the Patchawarra Formation, at 2.6 MMscfd. At the time of reporting, the gas rate was at 1.4 MMscfd.

Production logging tool data has identified five stimulation stages as the major contributors to the overall flow from the well.

The Patchawarra Formation underlies the REM (Roseneath-Epsilon-Murteree) formations, which are predominantly organic-rich shales and comprise the Nappamerri Trough Shale gas play.

The Shale gas play, confirmed by the Holdfast-1 and Encounter-1 testing, was given further impetus by the successful flow of gas from the Moomba-191 well in the Santos operated SACB JV (Beach 20.21%).

The Holdfast-2 horizontal well is currently drilling toward its lateral target, the Murteree Shale, at 3,368 metres.

The Ensign 916 rig spudded the Nepean-1 vertical well, which is currently drilling ahead at 2,383 metres.

In ATP 855P, the Halifax-1 well is being prepared for flowback, which is anticipated late-January. The 14 stage fracture stimulation of Halifax-1 through the whole of the Permian target section was completed mid-January.

The installation of production tubing and subsequent flowback at Streaky-1 will take place after Halifax-1.

## PRODUCTION, SALES and REVENUE

### Production

A significant feature of the December quarter production of 1.85 MMboe, was an increase in the oil:gas ratio. This was driven by the ramp up of oil production from the Western Flank, with new flowlines to Moomba operational in the final month of the quarter.

Overall production was 12% lower than the September quarter, mainly due to:

- Santos operated gas and gas liquids production down, primarily due to natural decline (currently being addressed by the infill development program); and
- The shut-in of the Middleton gas and gas liquids facility in PEL 106B on 1 October 2012.

However, this was offset by the increased and more profitable oil production component of the mix.

Year to date production of 3.95 MMboe was 15% up on the same period last year. Beach anticipates stronger second half production, and as a result, full year guidance of 8.5-9.0 MMboe remains unchanged.

QUARTERLY PRODUCTION		Dec 2011 Quarter	Sep 2012 Quarter <sup>1</sup>	Dec 2012 Quarter <sup>2</sup>	Qtr on Qtr Change	YTD
Oil (Kbbl)	Cooper and Eromanga Basins	617.1	811.9	824.2	2%	1,636.1
	Egypt	–	32.1	28.3	(12%)	60.4
	Williston Basin	4.9	3.3	3.2	(2%)	6.5
	<b>Total Oil</b>	<b>622.0</b>	<b>847.3</b>	<b>855.7</b>	<b>1%</b>	<b>1,703.0</b>
Sales Gas and Ethane (PJ)	Cooper Basin	5.4	6.1	4.8	(21%)	10.9
LPG (kt)	Cooper Basin	10.0	13.5	9.8	(27%)	23.3
Condensate (kbbl)	Cooper Basin	75.8	98.3	81.4	(17%)	179.7
<b>TOTAL OIL AND GAS (kboe)</b>		<b>1,712.8</b>	<b>2,106.9</b>	<b>1,844.9</b>	<b>(12%)</b>	<b>3,951.8</b>

<sup>1</sup> Final reconciled production figures

<sup>2</sup> Preliminary data for the Williston Basin

Production through the recently completed Beach operated flowlines on the Western flank, namely the Growler to Lycium (Beach 40% and operator), Callawonga to Lycium (Beach 75% and operator) and Lycium to Moomba (Beach 60% and operator) flowlines, commenced in early-December at an average daily rate for the month of approximately 10,500 bopd (gross).

### PEL 91 (Beach 40%)

Production for the quarter was significantly up as a result of optimised trucking operations. December production was the main driver behind production being up 71% on the previous quarter.

Construction of the flowline from Bauer to Lycium commenced in December with approximately a third of the line in place prior to the end of the quarter. It is expected that the installation of the Bauer flowline will be completed prior to the end of Q1 2013, with final end of line and facility commissioning anticipated for early Q2 2013.

The Hanson production facility is nearing completion and expected to be on-line in Q1 2013, along with the connection of the Bauer-5, -7 and -8 development wells.

### PEL 92 (Beach 75%)

Production volumes were higher than the previous quarter, mainly due to the commissioning and connection of the Callawonga flowline to the Lycium hub in early December. The flow rate through the Callawonga flowline was approximately 5,300 bopd (3,975 bopd net) by the end of the quarter. The Butlers-5 and -6 and Christies-6 and -7 development wells are expected to be connected in Q1 2013.

### PEL 106B (Beach 50%)

The Middleton/Brownlow fields in PEL 106B were shut-in on 1 October 2012, in accordance with the customer's rights under the interruptible gas sales agreement. Commercial discussions are on-going in relation to the extension of gas sales beyond April 2013.

Beach maintains its positive view of gas prices in eastern Australia and continues to work on exploration and development opportunities on the Western Flank, as well as elsewhere.

The pipeline for the Canunda gas connection project has been installed and hydro-tested. Long lead items for the end of line connections to the Canunda well and the Middleton facility are due to arrive in February, with work expected to be completed in Q1 2013. An integrity and

compliance review of the Middleton facility commenced in December, with repairs and planned maintenance scheduled to be completed prior to the end of Q1 2013.

### Santos operated (Beach 20.21%)

The operator has advised that the Moomba-191 well is commercial after it was tied into the Moomba field gathering systems. The well was commissioned on 28 September 2012, with a first month average flow rate of 2.7 MMscfd. At period end the well was flowing at 2.5 MMscfd.

### Senex operated (Beach 40%)

Production for the quarter averaged 1,900 bopd (net), which was lower than the previous quarter mainly due to natural field decline in the Growler oil field.

### Egypt

An agreement that will allow for the export of oil from North Shadwan (Beach 20%) by truck to the Ras Budran facility, was signed subsequent to period end. Oil from the NS 377 oil field is currently exported by pipeline and limited to 1,000 barrels per day. With the NS 385 oil field development drilling in its final stages, the additional capacity provided by trucking will allow unconstrained export of crude from both fields.

QUARTERLY SALES		Dec 2011 Quarter	Sep 2012 Quarter	Dec 2012 Quarter <sup>1</sup>	Qtr on Qtr Change	YTD <sup>1</sup>
Oil (kbbl)	Cooper and Eromanga Basins	762.0	898.8	1,121.7	25%	2,020.5
	Egypt	–	29.8	28.9	(3%)	58.7
	Williston Basin	3.4	3.2	1.8	(45%)	5.0
	<b>Total Oil</b>	<b>765.4</b>	<b>931.8</b>	<b>1,152.4</b>	<b>24%</b>	<b>2,084.2</b>
Sales gas and Ethane (PJ)	Cooper Basin	6.9	7.9	4.0	(50%)	11.9
LPG (kt)	Cooper Basin	7.6	14.7	7.6	(48%)	22.3
Condensate (kbbl)	Cooper Basin	132.3	142.6	130.7	(8%)	273.3
<b>TOTAL OIL and GAS (kboe)</b>		<b>2,138.4</b>	<b>2,543.3</b>	<b>2,022.2</b>	<b>(21%)</b>	<b>4,565.5</b>

<sup>1</sup> Includes sales of oil & gas liquids and gas purchased from third parties for the December quarter of 263 kboe (YTD: 405 kboe) and 0 PJ (YTD: 0.7 PJ) respectively

QUARTERLY REVENUE		Dec 2011 Quarter A\$000	Sep 2012 Quarter A\$000	Dec 2012 Quarter <sup>1</sup> A\$000	Qtr on Qtr Change	YTD <sup>1</sup> A\$000
Oil	Cooper and Eromanga Basins	87,188	99,077	124,874	26%	223,951
	Egypt	–	2,626	3,023	15%	5,649
	Williston Basin	459	277	176	(37%)	453
	<b>Total Oil</b>	<b>87,647</b>	<b>101,980</b>	<b>128,073</b>	<b>26%</b>	<b>230,053</b>
<b>Gas and Gas Liquids</b>	Cooper Basin	55,242	67,933	44,908	(34%)	112,841
<b>TOTAL OIL and GAS</b>		<b>142,889</b>	<b>169,913</b>	<b>172,981</b>	<b>2%</b>	<b>342,894</b>
<b>Average Realised Price (A\$/boe)</b>		66.8	66.8	85.5	28%	75.1
<b>Average Realised Oil Price (A\$/bbl)</b>		114.5	109.4	111.1	2%	110.4

<sup>1</sup> Includes sales of oil & gas liquids and gas purchased from third parties for the December quarter of \$28.7 million (YTD: \$43.8 million) and \$0 million (YTD: \$3.8 million) respectively

QUARTERLY CAPITAL EXPENDITURE	Dec 2011 Quarter A\$ million	Sep 2012 Quarter A\$ million	Dec 2012 Quarter A\$ million	Qtr on Qtr Change	YTD A\$ million
Exploration and Appraisal	19.3	35.9	73.8	106%	109.7
Development, Plant and Equipment	44.9	55.5	63.6	15%	119.1
<b>TOTAL</b>	<b>64.2</b>	<b>91.4</b>	<b>137.4</b>	<b>50%</b>	<b>228.8</b>

In the Abu Sennan concession (Beach 22%), extended production testing at Al Ahmadi, Al Jahraa and El Salmiya and GPZZ continued. The combined initial gross production rate was approximately 2,500 bopd and 10 MMscfd of gas. Net production from the Development Leases to date is 32,100 barrels of oil.

### Sales

December quarter sales volumes were 2.0 MMboe, a decrease of 21% on the September quarter, mainly due to:

- The shut-in of the PEL 106B Middleton gas and gas liquids facility; and
- Reduced gas demand over the non-winter months; partly offset by
- Increased oil sales due to timing of sales and production increases.

### Revenue

Total revenue for the December quarter was up by 2% on the September quarter, mainly due to:

- Higher prices received for all products; and
- Increased oil in the sales volume mix.

### Capital expenditure

Capex was up by 50% on the September quarter, mainly due to:

- Unconventional exploration drilling and fracture stimulation activities; and
- Increased infill development drilling in the SACB JV.

Capex for the first half of FY13 was \$229 million. Full year Capex guidance of \$350-450 million remains, however, expected Capex for the full year is likely to be at the high end of guidance.

## EXPLORATION & DEVELOPMENT AUSTRALIA

### COOPER AND EROMANGA BASINS

#### OPERATED – DEVELOPMENT

#### PEL 91 (Beach 40%)

The northern culmination of the Bauer oil field was appraised with the drilling of Bauer-9, which is located approximately two kilometres north of Bauer-1. The well intersected seven metres of high quality oil pay in the Namur Sandstone, and was overlain by four metres of oil saturated McKinlay.

Development and appraisal work on the Bauer oil field is expected to result in an increase in ultimate recovery for the field to around 10 million barrels of oil (gross), approximately five million barrels above the 30 June 2012 booking.

**PEL 92 (Beach 75%)**

The results from the Butlers-5 and -6 development wells, both completed in Q3 2012, are currently being integrated into a revised reserves estimate for the field. An increase of approximately 300,000 barrels of oil (gross) above the 30 June 2012 booking is expected.

**NON OPERATED – DEVELOPMENT**

**Senex operated (Beach 40%)**

The Snatcher-8 deviated development well, located 240 metres west of Snatcher-1 in PEL 111, intersected an 18 metre oil column, with 14 metres of interpreted net oil pay in the mid-Birkhead reservoir. This well is designed to optimise the drainage of the reservoir in the southern portion of the field.

Snatcher-9, a deviated appraisal well, successfully extended the north-western extent of the Snatcher oil field and intersected 11 metres of good quality mid-Birkhead oil pay, with seven metres of net pay. The well is located 350 metres north-west of Snatcher-10 and was cased and suspended for future production.

The above wells are expected to result in an increase in reserves for the Snatcher oil field, the extent of which is currently being assessed.

**Santos operated**

Gas development drilling continued in one of the largest gas fields in south-west Queensland, the Baryulah field, located 165 kilometres east of Moomba. Baryulah-15 (Beach 23.2%) was cased and suspended after intersecting gas in several sands within the Toolachee, Daralingie and Patchawarra Formations.

The Moolion-5 and -6 gas development wells (Beach 17.14%), were cased and suspended for future production after intersecting gas in several sands within the Patchawarra Formation. The Moolion gas field, located 85 kilometres north of the Moomba facility, is targeting gas development from the Toolachee, Epsilon and Patchawarra Formations.

The Cooba-4 gas development well (Beach 20.21%), located 45 kilometres north-west of Moomba, was cased and suspended after intersecting Patchawarra Formation gas sands.

Waukatanna-5 (Beach 20.21%), located

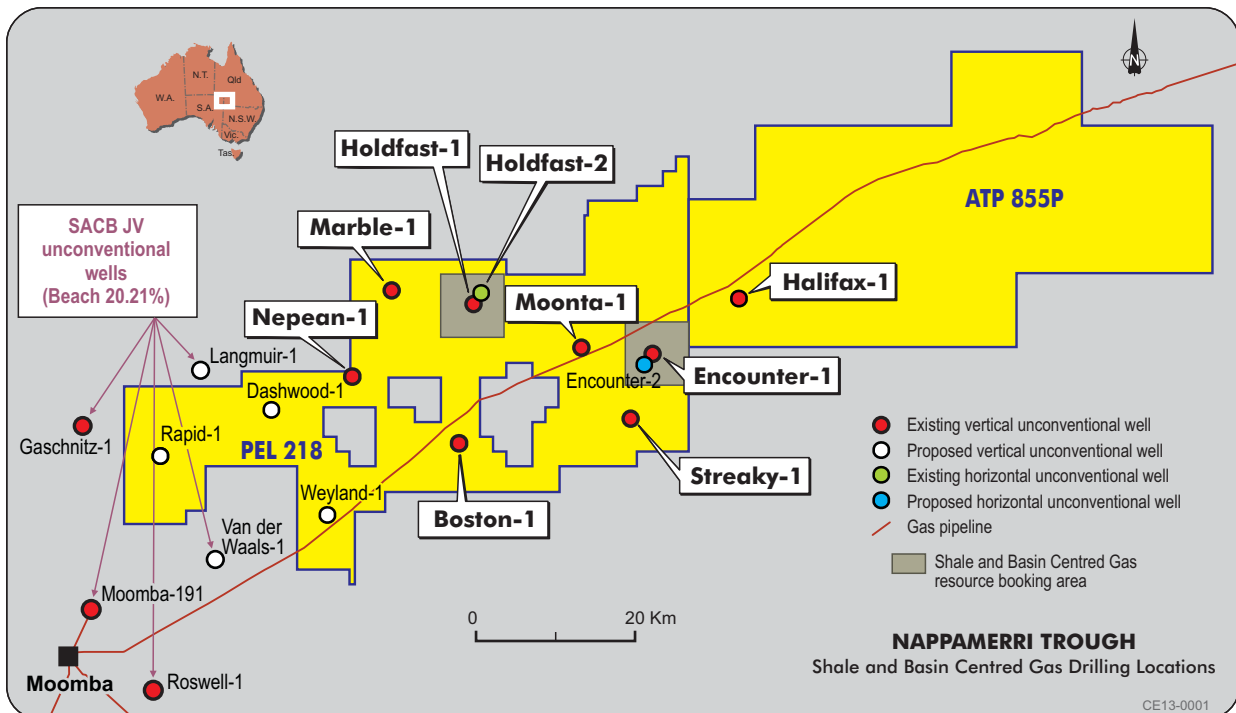
30 kilometres south-west of Moomba, was cased and suspended after intersecting gas in several sands within the Patchawarra Formation.

Oil drilling continued on the Queensland side in the T66 block at the Zeus oil field (Beach 30%), with the Zeus-4, -5, -6 and -7 wells all cased and suspended as future Birkhead/Hutton oil producers.

Irtalie East-2, an oil appraisal well in the Naccowlah Block (Beach 38.5%), is the first of a two well campaign following the successful Irtalie East-1 well. The well came in low to prognosis and was plugged and abandoned.

The Irtalie East-3 oil appraisal well encountered approximately 11 metres of net oil pay in the basal Birkhead/Hutton and was cased and suspended as a future oil producer. The well also recovered 4.1 barrels of oil from the Westbourne Formation, which will be assessed at a later date to better understand the potential of this play.

In offshore Western Australia, the Hurricane-3 gas appraisal well was plugged and abandoned after failing to intersect a good quality, gas-saturated



reservoir within the target Eliassen Formation. The well is located two kilometres south-west of the Hurricane-1 gas discovery in permit WA-208-P (Beach 10%).

## OPERATED - EXPLORATION

Acquisition was completed on the 582 km<sup>2</sup> Iru 3D seismic survey, which will address exploration prospectivity across multiple permits on the Western Flank. The survey includes parts of PEL 91, 92, 106B, as well as the Udacha unit area (Beach 15%). It is expected that final data will be available in mid-2013.

### PEL 218 (Beach 100%)

Beach continued with its active unconventional gas exploration campaign, addressing multiple play opportunities, principally the Shale gas (REM) play and the BCG Patchawarra Formation tight gas play.

Two further vertical wells and the first horizontal well in the program, Holdfast-2, were spudded during the quarter. A three well fracture stimulation program on Moonta-1, Streaky-1 and Halifax-1 also commenced. It is anticipated that guidance will be provided to the market in Q1 2013 in relation to a 2C contingent resource booking expected from the unconventional wells that are currently being fracture stimulated.

Earlier testing of the Holdfast-1 and Encounter-1 wells focused primarily on the REM (shale) formations. First phase testing of the Moonta-1 vertical well focused on evaluating the BCG concept, which was fracture stimulated over ten stages (nine in the Patchawarra Formation and one in the Murteree Shale). Flow testing of Moonta-1 commenced mid-December 2012, with the well flowing back stimulation fluid and gas since that date.

The remainder of the REM shale targets are expected to be fracture stimulated

and flow tested at a future date.

Holdfast-2, the first horizontal well of the unconventional gas campaign and located approximately one kilometre north-east of Holdfast-1, was spudded early December 2012. The well completed its vertical drilling and is currently drilling ahead toward its lateral target, the Murteree Shale, at 3,368 metres. It is anticipated that the well will be fracture stimulated over 15 stages during April 2013.

The fracture stimulation of Streaky-1 was completed with eight of the stages placed in the Patchawarra Formation, and one stage in the Murteree Shale. Following coiled tubing operations and the installation of production tubing, flow testing is expected to commence in early February 2013. The shallower Permian targets are likely to be assessed in subsequent stimulation and testing activities.

The fifth vertical exploration well in the PEL 218 unconventional exploration program, Marble-1, reached a total depth of 3,962 metres and will be fracture stimulated as part of the March/April 2013 batch stimulation program.

Boston-1, the sixth vertical exploration well, reached a total depth of 3,755 metres. Excellent gas shows were observed, especially in the Epsilon and Patchawarra Formations. Wireline logging has recently been completed and the data is currently being assessed. A total of 110 metres of core was cut in the Daralingie, Roseneath and Patchawarra Formations, with early core desorption indicating the shales have high gas content. The well has been cased and suspended for fracture stimulation as part of the March/April 2013 batch stimulation program.

### ATP 855P (Beach 60%)

The Halifax-1 well, located 12 kilometres north-east of Encounter-1 in Queensland, reached a total depth of 4,267 metres in October 2012. The stimulation equipment mobilised to the well site in December, and subsequent to period end, had completed all 14 fracture stimulation stages through the Permian target zone.

### PEL 91 (Beach 40%)

The Pennington-1 well, located nine kilometres east of the Bauer oil field, encountered multiple oil columns in the McKinlay/Namur and mid-Namur, and additional untested shows within the Birkhead Formation. A 13 metre gross oil column in the McKinlay/Namur, with eight metres of clean high quality Namur net oil pay, was overlaid by two metres of net oil pay in the McKinlay section. The deeper separate mid-Namur oil column comprised six metres of clean, high quality net oil pay. Oil shows over a seven metre section in the Birkhead Formation will be further evaluated at a later date. Beach estimates the upside pre-drill estimates will be exceeded and likely be in excess of two million barrels of recoverable oil (gross).

The Bauer North-1 well, located three kilometres north of Bauer-1, encountered a seven metre oil column in the McKinlay Member and the Namur Sandstone.

### PEL 92 (Beach 75%)

The Windmill-1 well, located four kilometres south-east of the Callawonga oil production facility, encountered a six metre oil column within excellent quality Namur Sandstone. In addition, oil shows were identified over a 15 metre section within the Birkhead Formation. Data gathered from wireline logs is consistent with upside pre-drill estimates for the Namur Sandstone target of 600,000 barrels of recoverable oil (gross).

The Tinah-1 well, drilled eight kilometres north of Callawonga, was plugged and abandoned after failing to encounter oil.

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**PEL 106B (Beach 50%)**

Coorabie-1, the first well of a four well gas exploration campaign and located eight kilometres north of Brownlow-1, was drilled during December to a total depth of 2,891 metres. A drill stem test was conducted over an 11 metre interval, which contained sand interpreted to have the best chance of producing commercial gas. However, the test failed to flow gas to surface. The joint venture subsequently elected to case and suspend the well to allow for technical studies to assess the potential for unconventional gas in the well.

**NON-OPERATED - EXPLORATION****Santos operated**

The Paspas-1 oil exploration well (Beach 30%), was plugged and abandoned after testing oil shows in the Murta Formation but recovering only water.

Unconventional exploration drilling continued with the spudding of Gaschnitz-ST1 in PPL 101 (Beach 20.21%), located 30 kilometres north of Moomba. The well has a planned total depth of approximately 4,000 metres and will test the basin centred gas accumulation and shale gas resources within the Nappamerri Trough.

A second unconventional gas well, Roswell-1, was spudded just north of the Moomba field with the objective of testing the gas potential of the Patchawarra Formation deep coals and the REM interval. The well will also be used for microseismic monitoring of the fracture stimulation program in the yet to be drilled Roswell-2 horizontal well, which will target the Roseneath Shale.

**Senex operated**

The 310 km<sup>2</sup> Lignum 3D seismic survey in PEL 111 and PEL 104 commenced. The survey will extend coverage in the area from the existing Mollichuta 3D survey to the Beach operated Aquillus survey, with a specific focus on drilling prospects in the Birkhead Formation and Namur Sandstone.

The final well of the current Senex operated campaign, Spitfire-2, was drilled in PEL 104 and cased and suspended as a future oil producer. Located 400 metres to the north-west and up-dip of Spitfire-1, which was drilled earlier in 2012, Spitfire-2 intersected 6.5 metres of oil pay in the mid-Birkhead reservoir. The Spitfire oil field is located six kilometres from the Growler facility, which will likely result in the processing of Spitfire-2 production through Growler. Subsequent to period end, the well has been put on an initial production test to assess its deliverability and reserves potential.

**OTHER EXPLORATION/ DEVELOPMENT****EP 126, EP 135, EP 138 and NTC/P 10, Bonaparte Basin (Beach earning up to 90%)**

The airborne geophysical survey is scheduled to begin in Q1 2013 following delays in obtaining CASA approval.

**Otway Basin (Beach various equity)**

The recently acquired Mactra 2D seismic data, was interpreted and incorporated into the mapping with existing 2D and 3D seismic survey data from PEP 168. Further exploration work in the permit is now being planned.

A migrated volume of the Nunga Mia 3D seismic survey, recorded earlier in 2012 in PEL 186, has been received and is being interpreted.

The Sawpit-2 well in PEL 495 has had the drilling pad completed in preparation for drilling in Q1 2013.

**Gippsland Basin - BMG JV (Beach 30%)**

CIECO Exploration and Production (Australia) Pty Ltd provided notice of its intention to withdraw from the BMG joint venture, effective 31 December 2012. The documentation relating to the withdrawal is being finalised, and it is anticipated at this stage that the 20% interest in the joint venture held by CIECO will be shared on a pro rata basis between the remaining joint venture parties, subject to regulatory approval. Should this withdrawal take effect, Beach will hold a 37.5% interest in the BMG joint venture.

**PRL 2, Gippsland Basin, (Beach earning up to 10%)**

Stage 1 of the farm-in, which involves the fracture stimulation and testing of Wombat-4 and Boundary Creek-2, has not yet commenced due to the recent Victorian Government moratorium on fracture stimulation. Beach has not yet exercised its option to earn further equity by conducting work beyond stage 1. As a result Beach now has an option to earn up to 10% in PRL 2.

Beach will continue to monitor the status of the moratorium, which appears to have followed community concerns over unrelated potential coal seam gas exploration in the region.

**INTERNATIONAL****NEW ZEALAND****PEP 52717 (Beach 100%)**

This permit was formally awarded to Beach, with the first three year exploration phase including seismic reprocessing and the acquisition of 200 kilometres of 2D seismic.

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**PEP 52181 (Beach farming-in for 25%)**

The farm-in agreement has been accepted and signed with an application for approval of the change in participating interests lodged with NZPAM.

The joint venture has committed to drill an exploration well planned for the drill-ready Kaheru prospect in the 2013/14 drilling season, subject to securing a suitable drilling rig. The Kaheru prospect lies to the east of the producing Kupe gas and oil field and lies just offshore from the onshore Rimu and Kauri oil fields.

The operator, NZOG, estimates the mean recoverable reserves (unrisked) at 45 MMbbl in the case of an oil discovery or 200 bcf of gas and 7.5 MMbbl of condensate in the case of a gas discovery.

**EGYPT****Kuwait Energy operated – Abu Sennan Concession (Beach 22%)**

The ASA-1X-ST2 exploration well, located two kilometres north of El Salmiya-1, is the first well in a three well exploration campaign. The well reached total depth of 3,576 metres in the Kharita Formation with zones of interest currently being evaluated.

Following well pad difficulties at the ASB-1X well site, the second exploration well in this campaign will be ASC-1X, which will test closures mapped in the Late Cretaceous Abu Roash Formation. The joint venture plans to return to the ASB-1X location to drill the well after completion of the ASC-1X well.

**BP/GUPCO operated – North Shadwan concession (Beach 20%)**

The NS 385-1-ST3 development well, a long-reach onshore-to-offshore well aimed at developing oil within the NS 385 oil field, is drilling ahead at 4,610

metres measured depth (1,832 metres true vertical depth) in the reservoir sands of the Lower Rudeis Formation.

**Melrose Resources operated – Mesaha concession (Beach 15%)**

The Mesaha-1 exploration well is the first well to be drilled in the Mesaha Graben and will test the stratigraphic section on the flank of a large structure identified from recent 2D seismic data. The 13 3/8" casing has been set in the well which is drilling ahead in a 12 1/4" hole. The current depth is 1,797 metres.

**El Qa'a plain (Beach 25%)**

The Joint Study Group (Beach 25%, Dana Petroleum 37.5% and operator, Petroceltic 37.5%) has been notified of its successful bid for the El Qa'a plain block in the EGPC 2011 international bid round. The block covers an area of 1,823 km<sup>2</sup> and is located onshore on the eastern side of the Gulf of Suez, which

includes the coastal boundary of North Shadwan. Two prospects and four leads are mapped on existing data, the largest of which is up to 18 km<sup>2</sup> with (unrisked) potential for 50-100 MMbbl of oil.

The exploration terms are four and two years, with 3D seismic and one well required to be completed in the first term.

**TANZANIA****Lake Tanganyika South (Beach 100%)**

Processing of the 2D seismic data is expected to be completed in February 2013.

**ROMANIA****Est Cobalcescu (Beach farming-in for 30%)**

Approval from the Romanian authorities to farm-in to the Est Cobalcescu is anticipated in Q1 2013, with initial drilling anticipated in late 2013.

**WELL RESULTS**

Beach participated in 25 oil and gas wells for the December quarter, 80% of which were successful.

Area	Category	Wells	Success	Success Rate	Successful Well Name
Cooper Basin	Exploration – gas	1	0	0%	
	Unconventional exploration – gas	3	3	100%	Boston-1, Marble-1, Halifax-1
	Exploration – oil	5	3	60%	Windmill-1, Spitfire-2, Pennington-1
	Appraisal – oil	10	8	80%	Zeus-4, -5, -6 and -7, Irtalie East-3, Bauer-9, Bauer North -1, Snatcher-9
	Development – gas	5	5	100%	Baryulah-15, Cooba-4, Moolion-5 and -6, Waukatanna-5
	Development – oil	1	1	100%	Snatcher-8
<b>Total</b>		<b>25</b>	<b>20</b>	<b>80%</b>	



## FINANCIAL INFORMATION

### Cash, debt and equity

Beach's balance sheet remains strong with cash reserves of \$343 million at quarter end and a \$150 million multi-option facility available for use.

### Hedging

No new hedging was entered into during the quarter.

CAPITAL STRUCTURE	Sep 2012 Quarter	Dec 2012 Quarter	Qtr on Qtr Change
Fully paid ordinary shares	1,262,940,447	1,263,677,572	0%
Unlisted employee options	8,677,257	7,108,977	(18%)
Unlisted employee rights	9,935,432	11,771,776	19%

Period	OIL HEDGED AT		Total Hedged Volumes (bbl)
	Brent floors		
	Floor A\$50/bbl	Floor A\$55/bbl	
Remaining 2012/2013	135,000	990,000	1,125,000
2013/2014	–	900,000	900,000
<b>Total</b>	<b>135,000</b>	<b>1,890,000</b>	<b>2,025,000</b>

## GLOSSARY

\$	Australian dollars	kboe	thousand barrels of oil equivalent
2H 2012	Second half calendar year 2012	kt	thousand tonne
1P	Proved	LNG	Liquefied natural gas
2P	Proved and probable	LPG	Liquefied petroleum gas
ATP	Authority to prospect	MMbbl	Million barrels of oil
bbl	barrels	MMboe	Million barrels of oil equivalent
bcf	billion cubic feet	MMscfd	Million standard cubic feet of gas per day
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. (For example, 1 BCF of gas equals approximately 0.18 million boe, the exact conversion being dependent on the gas composition)	MMscf	Million standard cubic feet of gas
bopd	barrels of oil per day	NZPAM	New Zealand Petroleum and Minerals
capex	Capital expenditure	PEL	Petroleum exploration license
Company	Beach Energy Limited	PJ	Petajoule
DPI	Department of Primary Industries (Vic)	Q3 2012	Third quarter calendar year 2012
DST	Drill stem test	Q4 2012	Fourth quarter calendar year 2012
EGPC	Egyptian General Petroleum Corporation	Q1 2013	First quarter calendar year 2013
EPT	Extended production test	Q2 2013	Second quarter calendar year 2013
FY	Financial year	REM	Roseneath Shale, Epsilon Formation, Murteree Shale
GJ	Gigajoule	SACB JV	South Australian Cooper Basin Joint Venture
kbbl	thousand barrels of oil	scfd	standard cubic feet of gas per day
		SWQ	South West Queensland Joint Venture
		Tcf	Trillion cubic feet of gas
		TJ	Terajoule
		YTD	Year to date