



ASX Release

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ASX Ltd/SGX Singapore Exchange Ltd
Companies Announcement Office
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Dear Sir,

BEACH ENTERS ROMANIAN JOINT VENTURE WITH MELROSE RESOURCES AND PETROMAR

Beach advises it will farm-in for a 30% stake, in Joint Venture with Melrose Resources and Petromar Resources SA, in an offshore Romanian oil and gas exploration block. The total commitment by Beach over the first three years of the Joint Venture is estimated at US\$24.8 million, which will include 1,000 km² of 3D seismic currently being acquired

Beach Energy Limited (ASX: BPT, "Beach") advises it has signed a Farm-in Agreement on 4 September 2012, through a wholly owned subsidiary Beach Petroleum (CEE) S.R.L., with Melrose Resources Romania B.V., a wholly owned subsidiary of Melrose Resources plc (both "Melrose").

Beach has forged a valued relationship with Melrose through a joint venture (operated by Melrose) in the Mesaha Block in Egypt.

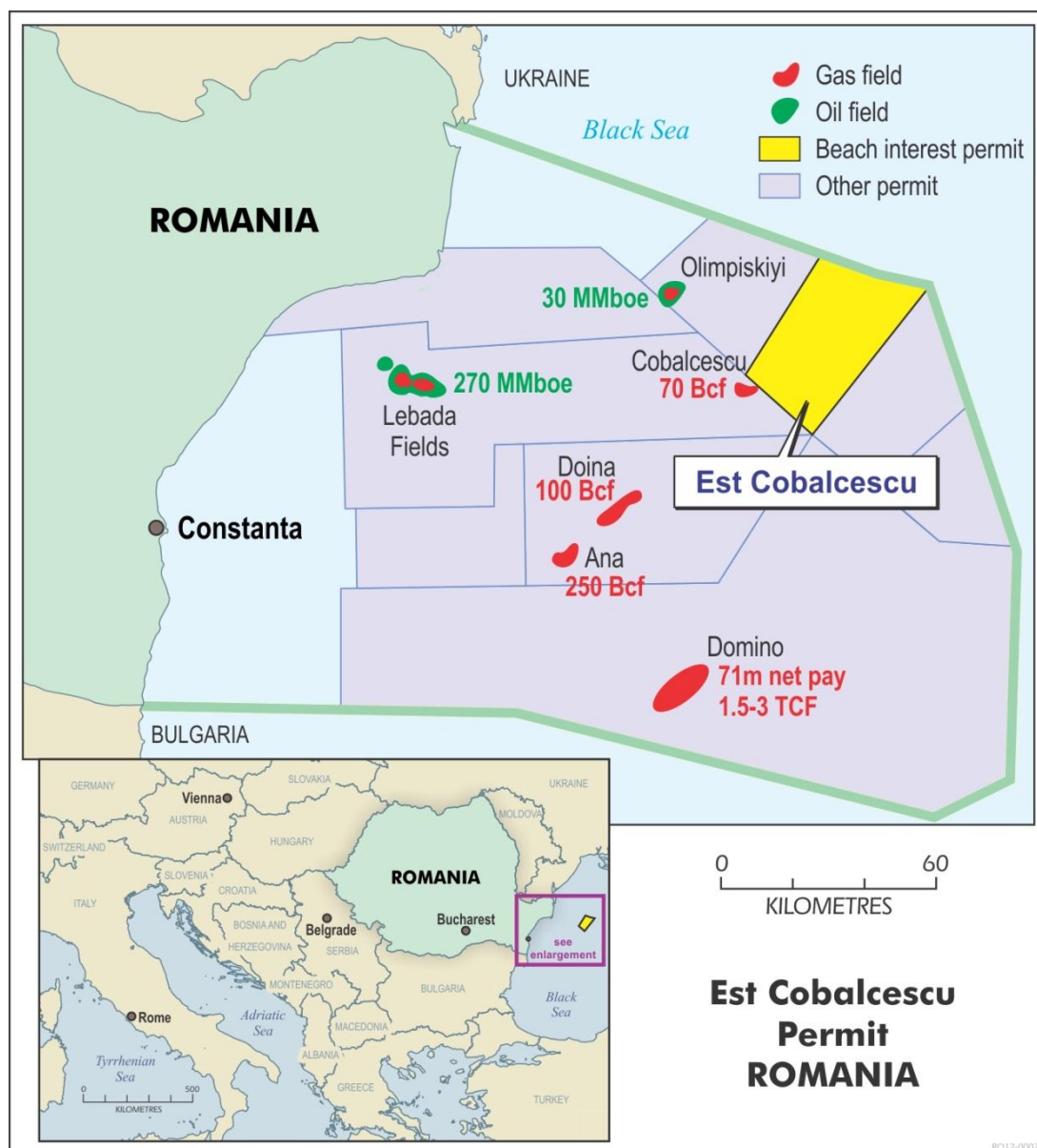
The Romanian Joint Venture, which includes Petromar Resources S.A. ("Petromar"), will explore the Est Cobalcescu (Ex-28) Block in the Black Sea, offshore Romania, with a concession agreement in place that covers a maximum 10 year exploration phase and a 30 year production phase.

The Est Cobalcescu (Ex-28) Block covers an area of 1,000 square kilometres. The block has an average water depth of less than 100 metres and is adjacent to the Exxon-Mobil deepwater block where a large discovery (of potentially up to 3 tcf of gas) was made in 2012. The Olimpiskiyi (30 mmboe) and the Lebada (270 mmboe) oil and gas fields lie to the east.

The farm-in is subject to approval of the Romanian authorities. Assuming the approval is received, Beach will farm-in for a 30% interest in the Joint Venture by carrying Melrose's capital requirements, capped at USD \$4.78 million for a forward work programme, as well as its own 30% interest, at a total net cost to Beach in 2012 of US\$8.4 million.

Beach will then contribute to the Joint Venture by:

- Funding 30% of the remaining two year program of the initial exploration phase, at a net cost to Beach of US\$16.4 million; and
- Funding 30% of the second three year exploration phase, should Beach choose to participate, at an expected net cost of US\$9.6 million.



Romania has a long history of petroleum production, dating back to the mid 1880's, and is serviced by extensive oil and gas infrastructure. Romania also has an attractive royalty based fiscal regime for oil and gas exploration and production.

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