

HIGHLIGHTS

Corporate

- Signing of a Production Sharing Agreement over Lake Tanganyika South concession in the East African Rift.
- Strategic alliance announced, post quarter end, with ITOCHU Corporation regarding potential LNG development.

Operations

- Cooper exploration drilling program has been increased to up to five wells in PEL 91 (Beach 40%) and up to 7 wells in PEL 92 (Beach 75%).
- Successful production testing of the Beach operated, Brownlow-1 (PEL 106FI Block, Beach 50%) and Canunda-1 (PEL 106FI Block, Beach 50%) gas/condensate discoveries.
- Oil production from the Beach operated, Cooper Basin fields exceeded expectations due to the performance of the Callawonga field
- North Dakota Bakken play well completed with encouraging shows; multi-stage fracturing program due to commence.

Financial

- Underlying net profit after tax for the year ended 30 June 2010 is expected to be between \$30 million and \$40 million.
- Cash reserves rose to \$170 million at the end of the quarter.
- Partially franked interim dividend of 0.75 cents per share paid.
- \$43 million receivable from Arrow Energy Limited following shareholder approval of Shell-Petrochina takeover offer.

Key Statistics

	Mar 10 Qtr	Jun 10 Qtr	% Change	Jun 09 Year	Jun 10 Year	% Change
Production (kboe)	1,725	1,626	(7%)	9,625	7,350	(24%)
Sales (kboe)	1,969	2,340	19%	10,536	9,337	(11%)
Revenue (\$ million)	102.3	125.8	23%	581.4	487.5	(16%)
Oil Price (\$ per bbl)	84.6	89.4	6%	92.8	86.8	(7%)
Net cash (\$ million)	140.7	169.9	21%	136.2	169.9	25%

Reg Nelson
Managing Director

27 July 2010
Ref: #072/10

This report contains information on Beach's Reserves and Resources which have been compiled by Mr Gordon Moseby, 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

A Production Sharing Agreement (PSA) over the Lake Tanganyika concession was signed on 23 June 2010. The PSA is structured into three exploration phases (4+4+3 years) for a total term of 11 years.

The specific terms of the PSA are confidential. However, due to requirements related to operating in the western, more remote region of Tanzania, they are more favourable than the standard terms published on the Tanzania Petroleum Development Corporation website (www.tpd-c-tz.com).

Subsequent to the end of the quarter, Beach entered into a non-binding memorandum of understanding with ITOCHU Corporation of Japan to investigate and discuss the potential for a future business arrangement in connection with supply of gas from Beach's onshore Australian portfolio to a potential integrated LNG project.

PRODUCTION & SALES

Total production during the quarter was 1.6 MMboe, 7% lower than the previous quarter

(1.7 MMboe). The decrease was due to a combination of the heavy impact of flooding in the Cooper Basin and unscheduled down time at the BMG operation. As reported in the March quarter, oil pipelines on Beach operated areas and gas storage facilities continue to help alleviate the affects of Cooper Basin flooding.

Oil production from the Beach operated, Cooper Basin fields exceeded expectations due to the performance of the Callawonga field.

An airstrip to support the PEL 92 fields is complete and the first field staff crew change using this airstrip occurred in June.

Total oil and gas sales volumes for the June quarter were 2.3 MMboe, an increase of 19% from the March quarter due to higher sales from existing inventory of both oil and gas (higher demand). Revenue of \$125.8 million for the June quarter is up by 23% due to the higher sales volumes as well as higher prices and a higher proportion of oil sales.

No new hedging arrangements were entered into during the quarter.

QUARTERLY PRODUCTION		June 2009*	March 2010*	June 2010	% Change	YTD
Oil (kbbl)	Cooper Basin	668	512	496	(3%)	2,335
	Gippsland Basin	110	138	41	(70%)	279
	Total Oil	778	651	537	(17%)	2,614
Sales Gas and Ethane (PJ)	Cooper & Surat Basin	7.2	5.5	5.5	0%	23.7
LPG (kt)	Cooper Basin	12.9	10.3	9.9	(3%)	43.4
Condensate (kbbl)	Cooper Basin	77	69	69	0%	316
TOTAL OIL and GAS (kboe)		2,195	1,741	1,626	(7%)	7,350

* Final reconciled production figures.

QUARTERLY SALES		June 2009	March 2010	June 2010*	% Change	YTD*
Oil (kbbl)	Cooper and Eromanga Basins	744	553	691	25%	2,835
	Gippsland Basin	118	75	107	42%	252
	Total Oil	862	628	798	27%	3,088
Sales Gas (PJ)	Surat Basin	0.3	0.0	0.0	0%	0.0
Sales Gas and Ethane (PJ)	Cooper Basin	8.1	6.8	8.2	20%	32.0
LPG (kt)	Cooper Basin	12.5	13.3	8.6	-35%	45.0
Condensate (kbbl)	Cooper Basin	56	66	69	5%	398
TOTAL OIL and GAS (kboe)		2,462	1,969	2,340	19%	9,337

* includes sales of oil and gas purchased from third parties for the June quarter of 154 kbbls (YTD 615 kbbls) and 1.3 PJ (YTD 6.3 PJ) respectively

QUARTERLY REVENUE		June 2009 A\$000	March 2010 A\$000	June 2010* A\$000	% Change	YTD* A\$000
Oil	Cooper and Eromanga Basins	61,116	46,937	61,929	32%	246,478
	Gippsland Basin	8,552	6,152	9,419	53%	21,439
	Total Oil	69,668	53,089	71,349	34%	267,918
Gas and Gas Liquids	Cooper & Surat Basin	48,546	49,259	54,425	10%	219,551
TOTAL OIL and GAS		118,214	102,348	125,773	23%	487,468
Average Realised Price (A\$/boe)		48.02	51.98	53.76	3%	52.21
Average Realised Oil Price (A\$/bbl)		80.86	84.56	89.40	6%	86.77

* includes sales of oil and gas purchased from third parties for the June quarter of \$13.3 million (YTD \$52.8 million) and \$5.2 million (YTD \$23.7 million) respectively

OIL HEDGED AT			
Period	Floor US\$55/bbl WTI	Floor US\$60/bbl WTI	Total Hedged Volumes (bbls)
2010/2011	300,000	600,000	900,000

Period	CURRENCY HEDGED AT		
	Collar US\$0.7500 to US\$0.8710	Collar US\$0.7150 to US\$0.8980	Total Hedged Currency (US\$'million)
2010/2011	24.0	24.0	48.0
	AUD 27.6	AUD 26.7	AUD 54.3

EXPLORATION & DEVELOPMENT

Capital expenditure rose by 154% in the June quarter (refer table below) due to the recovery from flooding in the Cooper Basin coupled with an insurance recovery and reallocation of costs which reduced exploration and appraisal capital costs in the previous quarter by \$8.3 million.

COOPER & EROMANGA BASINS

Flooding in the Cooper Basin began to recede during June, although Beach's operations in the Western Flank region will continue to be adversely affected and commencement of drilling in this area may not be possible until the end of 2010. All three Santos-operated rigs, operating further eastward, commenced drilling in late June. While access will remain problematic in some areas of the basin for months to come, most of the Santos operations will return to normal over the coming weeks.

Beach Operated

Development

A successful extended production test was conducted on the Brownlow gas/condensate discovery (PEL 106FI Block, Beach 50%). Data from the testing is being assessed to determine gas volumes. Maximum gas flow rates were over 18 MMcfd. The well is now shut in.

Canunda-1 in PEL 106FI (Beach 50%, Drillsearch 50%) was flow tested at an initial rate of 10.5 MMcfd, with a condensate to gas ratio (CGR) of 180 bbl/MMcf. With unexpectedly high CGR for the area, the flow has been restricted to 1-3 MMcfd due to liquids storage and trucking constraints. Testing is ongoing.

Exploration

The previously reported six well drilling program has been increased to up to five wells in PEL 91 (Beach 40%) and seven wells in PEL 92 (Beach 75%). The start date for the program remains dependent upon the extent of flooding in the region and rig availability. Prospects to be addressed are within existing or recently acquired 3D seismic data areas and near to recent discoveries.

The recently acquired Acavus 3D seismic survey in ATP633P (Beach 100%, Santos earning 50%) is currently being processed and an intermediate product has been received in house.

QUARTERLY CAPITAL EXPENDITURE	June 2009 A\$ million	March 2010 A\$ million	June 2010 A\$ million	% Change	YTD A\$ million
Exploration and Appraisal	13.8	(7.6)	6.6	188%	39.2
Development, Plant and Equipment	38.5	17.0	17.4	2%	102.2
TOTAL	52.3	9.5	24.0	154%	141.4

Due to the extensive flooding event across the Basin and its impact on operations Beach has been granted a six month extension/ suspension of license conditions on its operated permits in the South Australian Cooper Basin. This extension does not affect our right to carry out operations on the permits as required, but extends the permit term by six months.

Shale Gas

Drilling of a two well exploration program targeting Shale Gas potential within the South Australian portion of the Nappamerri Trough, is now expected to commence in mid to late August with Encounter-1, followed by Holdfast-1 in mid-October. The program is expected to cost approximately \$19 million. Weather conditions in Thailand have hindered completion of maintenance work on some of the Ensign 16 rig components and their subsequent shipment to Australia, causing the small delay. Holdfast-1, originally planned to spud in mid July as the first well in the program, will now follow Encounter-1 due to ease of access following Cooper Basin flooding (Beach - Operator, 90%, Adelaide Energy 10%).

Santos Operated - Oil

Drilling operations in the Cooper Basin are currently still restricted to one rig (in Queensland) as floodwaters recede

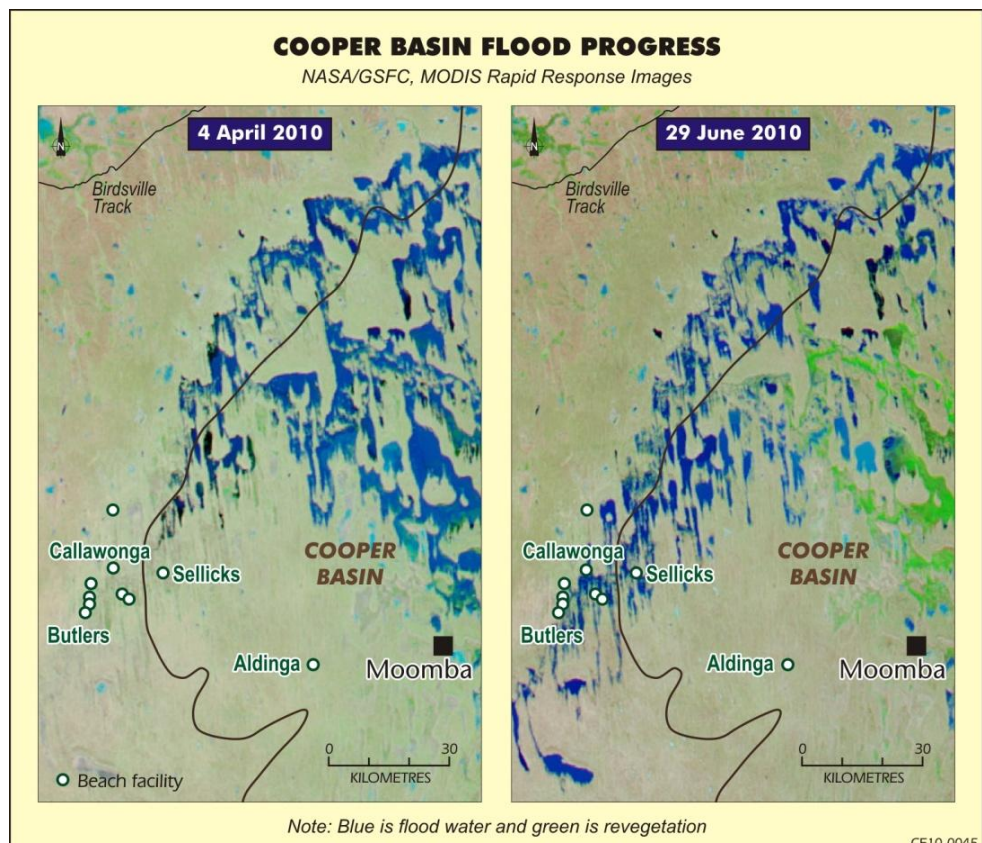
across the Cooper Creek system. Two oil wells have been completed since the previous report, both of which were successful (Total66 Block, Beach 30%).

Joint venturers are in discussions regarding development options for the Charo Oil Field (SA FFA, Beach 20.21%).

A draft relinquishment plan for ATP 259P (Queensland) provided by Santos is under review. A submission for the 33% relinquishment is due by the end of September.

Santos Operated – Gas and Permian Oil Development

Two rigs recommenced drilling a seven well gas program in the Coonatie Field in South Australia in late June.



EGYPT

North Shadwan (Beach 20%)

First production from the NS-377 Oilfield is expected during the second half of 2010. Partial relinquishment of the permit (25%) is due in early August and no drilling commitment is required to enter into the next phase of the concession.

South East July (Beach 20%)

Reprocessing of seismic data is underway. Opportunities for future drilling will be assessed after receipt of results.

BMG PROJECT (Beach 30%)

Basker sub-surface study work has progressed with future development options to be discussed by the Joint Venture in late July.

OTHER EXPLORATION

Australia - PEP 168, Onshore Otway Basin (Beach 50%)

A 50% equity in permit PEP-168 was transferred to Beach as part of the arrangement to re-structure Somerton Energy Limited (formerly Essential Petroleum Limited). Beach assumed operatorship of the permit subsequent to the end of the quarter.

Albania - Durresi Block (Beach earning 25%)

San Leon Energy Plc, based in Dublin, has completed a takeover of Island Oil and Gas, the designated Operator of the Durresi concession.

The Joint Venture continues to wait on ratification of the Petroleum Complimentary Agreement (PCA) by the Council of Ministers.

Geothermal - Paralana Project (Beach 21% - earning)

Paralana-2 is expected to be fracture stimulated in the September 2010 quarter.

Subsequent to the end of the quarter, a \$62.8 million grant Funding Deed under the Commonwealth Government's Renewable Energy Demonstration Program (REDP) was executed. The grant monies (exclusive of GST) are to be applied to the development of a 30MW geothermal demonstration project post the proof of concept stage currently underway at the Paralana Project.

North Dakota, USA June - South Antelope, Williston Basin (Beach 23% (18.5% revenue interest))

The Henderson 4-25H oil appraisal well reached a final total depth of 4865 metres measured depth (3320 metres true vertical depth). Well-site shows throughout the reservoir target are encouraging and a multistage fracture stimulation will be undertaken as planned.

Tanzania, East African Rift, Lake Tanganyika South

A Production Sharing Agreement (PSA) over the Lake Tanganyika concession was signed on 23 June 2010. The PSA is structured into three exploration phases (4+4+3 years) for a total term of 11 years. Beach will conduct geophysical surveys and geological studies in the first phase to determine the range of drilling opportunities available. Beach has a well commitment in each of the second and third exploration phases but has the option, at the end of each phase, to relinquish the remaining acreage without further obligation. Prior to the execution of the PSA, Beach undertook planning

work in respect of the upcoming geophysical surveys and depending on weather, hopes to complete aerial gravity and magnetic surveys over the concession during the 2010 calendar year.

FINANCIAL INFORMATION

Profit guidance was issued in June indicating a full year underlying net profit after tax in the range of \$30 million to \$40 million. Although production from the Santos operated Cooper Basin fields has improved since the March quarter, it continues to be heavily impacted by flooding and resultant equipment damage. BMG production has been reduced by ongoing unscheduled downtime due to a failed FPSO thruster requiring a drydock repair, and more recently, repair of the disconnectable turret mooring.

During the June quarter Beach paid a partially franked interim dividend of 0.75 cents per share based on its interim financial results for the six months ended 31 December 2009.

DETAILS OF 2010 INTERIM DIVIDEND	
Record date	31 March 2010
Payment date	23 April 2010
Amount of dividend	0.75 cents per share
Franking percentage	13.33%
DRP share issue price	\$0.73
DRP discount	5%
DRP pricing period	7-16 April 2010

Beach continues to be in a strong financial position with an increasing cash reserve of \$169.9 million, nil debt and a \$25 million working capital facility at its disposal. Cash reserves rose by \$29.2 million primarily due to deferral of maintenance and capital costs resulting from flooding in the Cooper Basin.

At 30 June 2010, 102,550,672, 2008 Bonus Options expired and were not exercised and 1,410 Bonus Options were exercised during the quarter.

Capital Structure	March 2010	June 2010	% Change
Fully paid ordinary shares	1,080,653,789	1,092,366,847	1.1%
2008 Bonus Options *	102,552,082	-	(100.0%)
Unlisted employee options	12,531,510	12,531,510	0%
Unlisted employee rights	5,343,187	5,343,187	0%

* 2008 Bonus options expired 30 June 2010

DRILLING PROGRAM

Beach participated in six conventional oil/gas wells during the June quarter. All of the wells drilled were successful.

Area	Category	Wells	Successes	Success Rate
Cooper	Exploration - Oil	1	1	100%
	Development - Oil	2	2	100%
	Development - Gas	2	2	100%
USA - Nth Dakota	Appraisal - Oil	1	1	100%
	TOTAL	6	6	100%

APPENDIX 1 - TENEMENT LIST

Basin	State/Country	Tenement	%
Cooper/Eromanga	Queensland	ATP 259P (Naccowlah Block and PLs) 1	38.50%
		ATP 259P (Alkina Block)	28.00%
		ATP 259P (Aquitaine A Block) 2	22.50%
		ATP 259P (Aquitaine B Block) 3	20.00%
		ATP 259P (Aquitaine C Block) 4	25.20%
		ATP 259P (Innamincka Block) 5	30.00%
		ATP 259P (Total 66 Block) 6	30.00%
		ATP 259P (Wareena Block) 7	28.80%
		PL 55 (50/40/10)	40.00%
		PL 31 (Bodalla South Oil Field)	100%
		PL 32 (Kenmore Oil Field)	100%
		PL 47 (Black Stump Oil Field)	100%
		PL 184 (Thylungra Gas Discovery)	75.40%
		ATP 269P (Glenvale / Bargie JV)	93.9%
		ATP 269P (Coolum / Byrock JV)	46.95%
		SWQ Gas Unit 8	23.20%
		ATP 633P 14	100%
		ATP 855P 15	25%
Cooper/Eromanga	South Australia	PPL 203 (Acrasia Oil Field)	25.00%
		PPL 204 (Sellicks Oil Field)	75.00%
		PPL 205 (Christies Oil Field)	75.00%
		PPL 209 (Harpoono Oil Field)	33.33%
		PPL 210 (Aldinga Oil Field)	50.00%
		PPL 211 (part of Reg Sprigg West Field)	25.00%
		Reg Sprigg West Unit	6.25%
		PPL 212 (Kiana Oil Field)	40.00%

APPENDIX 1 - TENEMENT LIST CONT.

Basin	State/Country	Tenement	%
Cooper/Eromanga	South Australia	PPL 220 (Callawonga Oil Field)	75.00%
		PPL 224 (Parsons Oil Field)	75.00%
		PEL 90 (Candra Block)	25.00%
		PEL 91	40.00%
		PEL 92	75.00%
		PEL 94	50.00%
		PEL 95	50.00%
		PRL 25 (Middleton Gas Field)	50.00%
		PEL 106 FI (Brownlow Block) 19	50.00%
		PEL 107	40.00%
		PEL 113 (Saintly Block)	33.3%
		PEL 113 (Harpoono/Dunoon Block)	33.3%
		PEL 218 (Permian)	90.00%
		PEL 218 (Post Permian) 16	23.33%
		Udacha Unit	15.00%
		Patchawarra East 9	17.14%
		Fixed Factor Agreement 10	20.21%
		SA Unit	20.21%
Arrowie	South Australia	GEL 156 11	21.00%
		GEL 254 11	21.00%
		GEL 336 11	21.00%
Otway	South Australia	PRL 13 (Killanoola Field) 18	30.00%
Bass	Tasmania	T/38P (Part)	80.00%
		T/39P	50.00%
Otway	Victoria	PPL 6 (McIntee Gas Field)	10.00%
		PPL 9 (Lavers Gas Field)	10.00%
		PRL 1 (Buttress North)	10.00%
		PEP 150 12	50.00%
		PEP 168	50.00%
Gippsland	Victoria	VIC L26 (Basker, Manta, Gummy)	30.00%
		VIC L27 (Basker, Manta, Gummy)	30.00%
		VIC L28 (Basker, Manta, Gummy)	30.00%
		PRL 2 (Wombat) 17	15.00%
Browse	Western Australia	WA-281-P	7.3394%
		WA-411-P	9.7637%
Carnarvon	Western Australia	WA-208-P	10.00%
		WA-264-P	16.67%
Canterbury	New Zealand	PEP 38259	20.00%
Taranaki	New Zealand	PEP 38482	20.00%
Papuan	Papua New Guinea	PRL 1	6.36%
	Spain	H22007 (Abiego)	25.00%
		H22008 (Peraltilla)	25.00%
		H22009 (Barbastro)	25.00%
		H22010 (Binefar)	25.00%
	Albania	Durresi Block 13	25.00%

APPENDIX 1 - TENEMENT LIST CONT.

Basin	State/Country	Tenement	%
	Egypt	South East July	20.00%
		North Shadwan	20.00%
	North Dakota, United States of America	Section 25-T150N-R95W (Williston Basin)	23.147% Wi
	Tanzania	Lake Tanganyika South	100%

- 1 The Naccowlah Block consists of ATP 259P (Naccowlah) and PLs 23-26, 35, 36, 62, 76-79, 82, 87, 105, 107, 109, 133, 149, 175, 181, 182 and 189. Note sub-leases of part of PLs (gas) to SWQ Unit.
- 2 The Aquitaine A Block consists of ATP 259P (Aquitaine A) and PLs 86, 131, 146, 177 and 208 Note sub-leases of part of PLs (gas) to SWQ Unit.
- 3 The Aquitaine B Block consists of ATP 259P (Aquitaine B) and PLs 59 – 61, 81, 83, 85, 97, 106, 108, 111, 112, 132, 135, 139, 147, 151, 152, 155, 205 and 207. Note sub-leases of part of PLs (gas) to SWQ Unit
- 4 The Aquitaine C Block consists of ATP 259P (Aquitaine C) and PLs 138 and 154.
- 5 The Innamincka Block consists of ATP 259P (Innamincka) and PLs 58, 80, 136, 137, 156 and 159 Note sub-leases of part PLs (gas) to SWQ Unit.
- 6 The Total 66 Block consists of ATP 259P (Total 66) and PLs 34, 37, 63, 68, 75, 84, 88, 110, 129, 130, 134, 140, 142 – 144, 150, 168, 178, 186, 193, 241 Note sub-leases of part of PLs (gas) to SWQ Unit
- 7 The Wareena Block consists of ATP 259P (Wareena) and PLs 113, 114, 141, 145, 148, 153, 157, 158, 187 and 188. Note sub-leases of part of PLs (gas) to SWQ Unit
- 8 The SWQ Gas Unit consists of subleases of PLs within the gas production area of Naccowlah Block, Aquitaine A Block, Aquitaine B Block, Innamincka Block, Wareena Block and Total 66 Block.
- 9 Patchawarra East consists of PPLs 26, 76, 77, 118, 121 -123, 125, 131, 136, 142, 147, 152, 156, 158, 167, 182, 187, 194, 200 and 201.
- 10 The Fixed Factor Agreement consists of PPLs 6 – 20, 21 – 61, 63 - 75, 78 – 117, 119, 120, 124, 126 – 130, 132 – 135, 137 – 141, 144 – 146, 148 – 151, 153 – 155, 157, 159 – 166, 174 – 180, 190, 195, 196.
- 11 GEL's 156, 254 and 336 assignment subject to completion of farmin obligations and regulatory authority approval. Consolidation of licence areas GEL's 156, 178 and 180 whereby the consolidated licence area is now designated as GEL 156 effective 21 November 2009.
- 12 PEP 150 application area the subject of Native Title RTN Negotiations.
- 13 Durrresi Block assignment subject to regulatory approval.
- 14 Subject to agreement to assign 50% on completion of farmin obligations.
- 15 Subject to finalisation of formal documentation and grant of ATP following completion of native title RTN negotiations.
- 16 Assignment of 66.67% pending following completion of farmin well obligations
- 17 Subject to finalisation of formal documentation and regulatory approval. Up to 50% can be earned in Phase 1 plus Phase 2, determined by farmin expenditure.
- 18 Sale of Beach's 30% interest to Adelaide Energy effective 30 January 2010 agreed on 3 May 2010 subject to assignment documentation and regulatory approval.
- 19 Subject to finalisation of formal documentation and regulatory approval.

APPENDIX 2 – GLOSSARY

\$	Australian dollars	kbbbl	thousand barrels of oil
1P	Proved	kboe	thousand barrels of oil equivalent
2P	Proved and Probable	ktonne	thousand tonne
3P	Proved, Probable and Possible	MMbbl	million barrels of oil
bbl	barrels	MMboe	million barrels of oil equivalent
bbl/MMcfd	barrels per million standard cubic feet of gas	MMcfd	million standard cubic feet of gas per day
BCF	billion cubic feet	PandA	Plugged and abandoned
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)	PJ	petajoule
bopd	barrels of oil per day	TJ	terajoule
boepd	barrels of oil equivalent per day	TVT	true vertical thickness
bwpd	barrels of water per day		
BMG	Basker-Manta-Gummy oil and gas fields in the Gippsland Basin, offshore Victoria		
CandS	Cased and Suspended		
CSG	Coal Seam Gas		
DST	Drill Stem Test		
EBITDAX	Earnings before Interest, Tax, Depreciation and Amortisation and Write-downs.		
EPT	Extended Production Test		
FPSO	Floating Production, Storage and Offtake vessel		
FSO	Floating Storage and Offtake vessel		
GJ	gigajoule		