

Highlights

Corporate

- Successful on-market takeover of Adelaide Energy
- Farm-in to the highly prospective and underexplored Bonaparte Basin

Operations

- Further success in the newly discovered Bauer oil field with the Bauer-2 and Bauer-3 wells
- Tantanna oil pipeline reinstatement earlier than expected
- Growler field expansion through Growler-6, Growler-9 and Growler-11 development wells
- Completion of the El Salmiya-1 and Al Jahraa-1 exploration wells in Egypt, currently undergoing production testing
- Production steady and on target to meet production guidance of 7.5 MMboe for the full year
- Revenue 6% lower than the previous quarter mainly due to timing of sales, partially offset by higher pricing

Subsequent Events

- Renegotiation of the royalty between Delhi Petroleum and Esso Australia Resources
- First gas and condensate from the Middleton project in the Cooper Basin
- Drilling commenced at Moonta-1, the first PEL 218 shale and basin centred gas exploration well for 2012

Financial

- Net cash on hand of \$58.5 million

Key Statistics

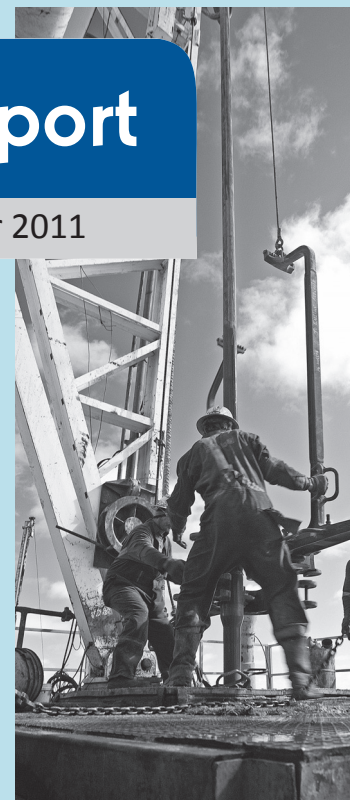
	Dec 2010 Quarter	Sept 2011 Quarter	Dec 2011 Quarter	Qtr on Qtr Change	YTD
Production (kboe)	1,675	1,735	1,716	(1%)	3,451
Sales (kboe)	2,374	2,448	2,138	(13%)	4,587
Revenue (\$ million)	142.4	151.4	142.9	(6%)	294.3
Oil Price (\$ per bbl)	88.4	111.7	114.5	2%	113.1
Net cash (\$ million)	178.6	146.8	58.5	(60%)	58.5



Reg Nelson
Managing Director

31 January 2012
Ref: #005/12

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

On 7 November 2011, Beach announced a 20 cent per share on-market takeover offer for Adelaide Energy Limited, valuing the company at \$94 million. By the close of the bid, on 22 December 2011, Beach had a relevant interest in Adelaide Energy of 96.99%, at which time Beach lodged a Notice of Compulsory Acquisition with ASIC, allowing the remaining shares in Adelaide Energy to be compulsorily acquired.

In October, Beach signed a formal agreement with private company, Territory Oil and Gas Pty Limited (TOAG), to earn up to 90% in TOAG's onshore Bonaparte Basin areas, EP 126 and EPA 138, as well as up to 55% in the offshore areas EPA 135 and NTC/P 10.

In December, Beach continued to rebalance its portfolio through the relinquishment of its interests in the Ebro Basin in Spain and the Duresi Block in Albania, with the South East July concession in Egypt allowed to expire. It is unlikely that there will be material impairment charges associated with these withdrawals. In relation to the Spanish concession, agreement to relinquish was made by both joint venture partners, with the area released back to the government.

SUBSEQUENT EVENTS

Delhi Petroleum Pty Ltd, a wholly owned subsidiary of Beach, and Esso Australia Resources Pty Ltd, a wholly owned subsidiary of Exxon Mobil Corporation, renegotiated the confidential royalty agreement relating to Delhi's Cooper and Eromanga Basin assets in South Australia and Queensland. The new royalty agreement, which is effective from 1 July 2011 and expires on 31 December 2030, is now based on a percentage of net cash flow (before corporate tax) of Delhi's Cooper and Eromanga Basin business, subject to a total minimum payment of \$40 million over the first five years. An additional one-off payment of \$8 million has already been made this financial year.

PRODUCTION, SALES & REVENUE

Production

Production during the quarter was 1.72 MMboe, 1% lower than the previous quarter (1.73 MMboe), primarily due to: access issues from localised rains and spot fires in the Santos operated areas; offset by improved oil production as a result of the reinstatement of the Tantanna pipeline in November; and the recommencement of production from the Growler oil field (PEL 104).

Prior to the reinstatement of the Tantanna pipeline, oil production from operated permits on the Western flank were being trucked at approximately 4,500 bopd (3,375 bopd net). Current production is approximately 6,500 bopd gross (4,875 bopd net) made up of 5,900 bopd gross (4,425 bopd net) through the Tantanna pipeline and a further 600 bopd gross (450 bopd net) from trucking.

All four Senex operated Growler wells were back on line during the quarter, with access restored due to abating floodwaters. Production from Growler is currently around 1,400 bopd (560 bopd net).

Full access to operating areas within the Cooper Basin is now available. As a result, the production guidance for the 2012 financial year of 7.5 MMboe remains, with increased production expected in the second half of the financial year.

Construction of the Lycium to Moomba pipeline (15,000 bopd capacity) commenced during the quarter and is now approximately 50% complete. The Growler to Lycium pipeline will commence construction in February 2012. The pipelines remain on schedule to be commissioned in the second half of 2012.

Construction of the Butlers oil production facility was completed during the quarter. The facility will process oil from the Germein-1 well and the Butlers oil field in PEL 92.

QUARTERLY PRODUCTION		Dec 2010 Quarter	Sept 2011 Quarter ¹	Dec 2011 Quarter ²	Qtr on Qtr Change	YTD
Oil (Kbbl)	Cooper and Eromanga Basins	573.0	563.0	610.5	8%	1,173.5
	Williston Basin	3.8	5.4	5.3	(2%)	10.7
	Total Oil	576.8	568.4	615.8	8%	1,184.2
Sales Gas and Ethane (PJ)	Cooper Basin	5.4	5.8	5.4	(7%)	11.2
LPG (kt)	Cooper Basin	10.6	11.1	10.1	(9%)	21.2
Condensate (kbbl)	Cooper Basin	78.0	77.2	81.2	5%	158.4
TOTAL OIL AND GAS (kboe)		1,675.0	1,734.8	1,716.1	(1%)	3,450.9

¹ Final reconciled production figures

² Preliminary data for SACB/SWQ JV's and Williston

Sales

Total oil and gas sales volumes for the December quarter was 2.1 MMboe, down 13% on the previous quarter of 2.4 MMboe, mainly due to: lower gas demand; and the timing of product shipments.

QUARTERLY SALES		Dec 2010 Quarter	Sept 2011 Quarter	Dec 2011 Quarter ¹	Qtr on Qtr Change	YTD
Oil (kbbl)	Cooper and Eromanga Basins	921.8	785.9	762.0	(3%)	1,547.9
	Williston Basin	4.2	4.7	3.4	(27%)	8.1
	Total Oil	926.0	790.5	765.4	(3%)	1,556.0
Sales gas and Ethane (PJ)	Cooper Basin	7.1	8.7	6.9	(21%)	15.6
LPG (kt)	Cooper Basin	12.7	12.2	7.6	(37%)	19.8
Condensate (kbbl)	Cooper Basin	132.2	65.2	132.3	103%	197.5
TOTAL OIL and GAS (kboe)		2,373.7	2,448.3	2,138.4	(13%)	4,586.7

¹ Includes sales of oil and gas purchased from third parties for the December quarter of 169 kbbl (354 kbbl YTD) and 1.5 PJ (3.8 PJ YTD) respectively

Revenue

Revenue was \$142.9 million for the December quarter, down 6% on the previous quarter, mainly due to: lower sales volumes; partially offset by slightly higher pricing.

QUARTERLY REVENUE		Dec 2010 Quarter A\$000	Sept 2011 Quarter A\$000	Dec 2011 Quarter ¹ A\$000	Qtr on Qtr Change	YTD A\$000
Oil	Cooper and Eromanga Basins	81,586	87,891	87,188	(1%)	175,079
	Williston Basin	259	432	459	6%	891
	Total Oil	81,845	88,322	87,647	(1%)	175,970
Gas and Gas Liquids	Cooper Basin	60,524	63,047	55,242	(12%)	118,288
TOTAL OIL and GAS		142,369	151,369	142,889	(6%)	294,258
Average Realised Price (A\$/boe)		60.0	61.8	66.8	8%	64.16
Average Realised Oil Price (A\$/bbl)		88.4	111.7	114.5	2%	113.1

¹ Includes sales of oil and gas purchased from third parties for the December quarter of \$19.6 million (\$40.4 million YTD) and \$5.9 million (\$15.9 million YTD) respectively

Capex

Capex for the December quarter was higher than the previous quarter, mainly due to: an enhanced development and exploration campaign, which resulted from access to areas within the Cooper Basin that were previously inaccessible.

QUARTERLY CAPITAL EXPENDITURE	Dec 2010 Quarter A\$ million	Sept 2011 Quarter A\$ million	Dec 2011 Quarter A\$ million	Qtr on Qtr Change	YTD A\$ million
Exploration and Appraisal	13.9	17.2	19.3	12%	36.5
Development, Plant and Equipment	24.8	36.8	44.9	22%	81.7
TOTAL	38.7	54.0	64.2	19%	118.2

EXPLORATION and DEVELOPMENT

AUSTRALIA

COOPER AND EROMANGA BASINS

OPERATED – DEVELOPMENT

PEL 106B Gas Development Project (Beach 50%)

During the quarter Beach entered into a Gas Sale Agreement (GSA) with the South Australian Cooper Basin Joint Venture (SACB JV, Santos 66.6%, Beach 20.21% and Origin Energy 13.19%) in relation to production from PEL 106B. The GSA is on an interruptible basis to 30 April 2013 and subject to a minimum quantity of 3 bcf of raw gas.

In January, first gas was produced from PEL 106B on the Western Flank of the Cooper Basin via the Middleton gas production facility to the Moonanga tie-in point, from where it is sold to the SACB JV. The initial production rate after ramp up was 25 MMscfd, comprising approximately 15 TJ/d sales gas, and 1,250 bbls per day of LPG and condensate.

PEL 91 (Beach 40%)

The Bauer-2 and Bauer-3 wells were drilled 380 metres to the west and 300 metres south-east, respectively, from Bauer-1. The wells delineated the western and southern structural extents of the field. Both wells were cased and suspended for future oil production, after Bauer-2 intersected a 6.5 metre gross oil column (with 3 metres of highly permeable Namur Sandstone oil pay) and Bauer-3 intersected a 10 metre oil column (with 3.5 metres of Namur oil pay). Beach estimates the Bauer oil field to currently be 3.5 million barrels (1.4 million barrels net) in size.

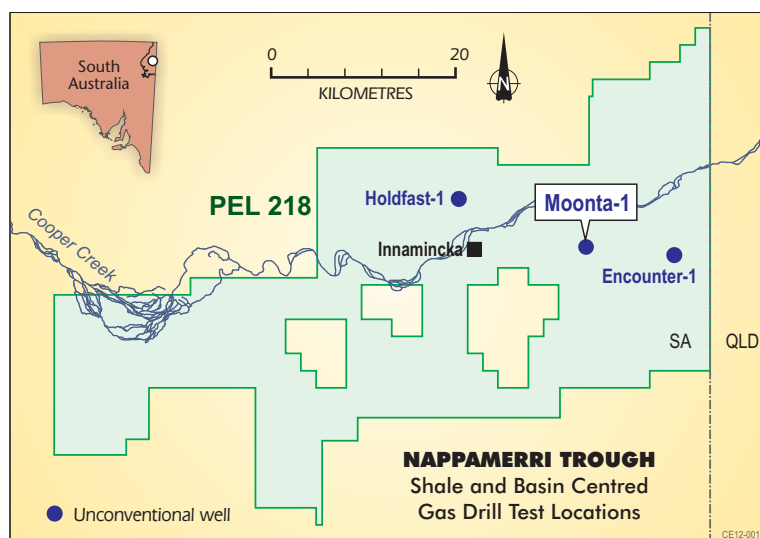
OPERATED – EXPLORATION

PEL 218 (Beach 100%¹ - Permian JV)

Moonta-1, a vertical exploration well in PEL 218 targeting the shale and basin centred gas play in the Nappamerri Trough, was spudded on 23 January 2012. The Moonta-1 well will be drilled to the base of the Patchawarra at a depth of approximately 3,800 metres. This is the first vertical well in what will be at least a five vertical well shale and basin centred gas exploration program for 2012.

Work-over operations are currently underway at Encounter-1 in preparation for the planned fracture stimulation program, which is expected to commence in mid February.

¹ Pending completion of Adelaide Energy takeover in early February 2012



PEL 91 (Beach 40%)

The Basham-1 exploration well tested a seismically-defined Birkhead channel play and intersected a minor oil column in good quality sands within the Birkhead. The well was subsequently cased and suspended for future evaluation.

The 320 square kilometre Aquillus 3D seismic survey in PEL 91 was completed, although delayed by wet weather and bush fires started by lightning strikes. The crew commenced the 151 square kilometre Limbatus 3D seismic survey in the same permit, which was 38% complete by the end of the period.

PEL 92 (Beach 75%)

The Jaffa-1 exploration well was plugged and abandoned after failing to intersect commercial hydrocarbons.

PEL 106B (Beach 50%)

The Ensign 930¹ rig was mobilised from the Western Flank to spud Baird-1, the first of four gas exploration wells in PEL 106B, and one gas exploration well in PEL 107 (Beach 40%). Baird-1 was drilled to further assess the distribution of stratigraphically trapped gas in the Patchawarra Formation and to gather additional data on the Patchawarra Formation coals. The well did not intersect conventional gas, but has been cased and suspended for evaluation of the prospective deep Patchawarra coal interval.

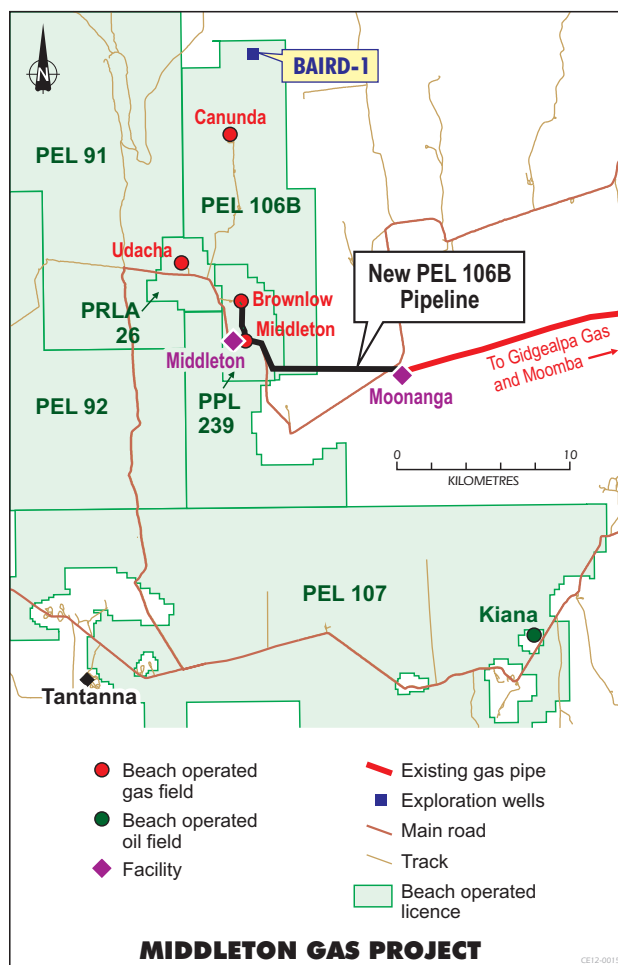
ATP 269P (Beach 65.06%)

The Peregian 3D survey, undertaken in ATP 269P in Queensland, was completed. The Yaroomba-1 exploration well, drilled in December, was the first exploration well in a minimum five well campaign in multiple permits that will test several oil and gas opportunities along the southern and eastern margins of the Cooper-Eromanga. Yaroomba-1 was plugged and abandoned after failing to intersect commercial hydrocarbons.

NON OPERATED

Santos Operated - Block Oil Development (Beach 40%)

Two oil appraisal wells, Munro-6 and -7, were drilled during the period and cased and suspended as a future Birkhead oil producers.



Santos Operated - Gas and Permian Oil Development (Beach 20.21%)

Eight wells were cased and suspended as future gas producers during the reporting period. They were, Moomba-188, -189, -190, -191, Roti-4, Galex-3, Andree-4, and Coonaberry-3.

Senex Operated – PEL 104/111, PRL 15 (Beach 40%)

The Growler development campaign commenced with the Growler-6, -9 and -11 wells. All three wells have been cased and suspended as future Birkhead oil producers after intersecting oil columns within a good quality reservoir. Subsequent to the reporting period, Growler-7 was successfully drilled and cased as a future producer, with Growler-8 to be drilled shortly. The program to date has confirmed the extent of the Growler Field and exceeded expectations from a reservoir thickness and quality perspective.

¹ Ensign drill rig references are now all prefixed with a "9", hence Ensign 930 was previously referred to as Ensign 30.

Jaguar-1, the first of six planned exploration wells in an eleven-well exploration and development drilling program in PEL 104 and PEL 111, failed to intersect a reservoir within the target mid-Birkhead interval and was plugged and abandoned. The campaign is targeting reserve additions of around one million barrels net to Beach.

OTHER

Gippsland Basin - Basker Manta Gummy Project (Beach 30%)

Activities to prepare BMG for the non-production phase continued during the quarter, with the establishment of a monitoring and inspection program. On 14 January 2012, the early hand-back of the Crystal Ocean took place, with the deconstruction of the subsea equipment and well intervention works expected to be completed by April 2012. The evaluation of options for a separate Phase-2 gas development are continuing.

PRL 2, Gippsland Basin, (Beach earning up to 50% - Lakes Oil Farm in)

Timing of reservoir stimulation of Wombat-4 and Boundary Creek-2 is dependent on access to a workover rig to prepare the Boundary Creek-2 well for fracture stimulation. This is expected to take place in the first quarter of 2012.

WA-208P, Carnarvon Basin, Offshore WA (Beach 10%)

The Joint Venture has approved Hoss-1, a commitment exploration well with a mean recoverable volume of 13 million barrels of oil (1.3 million barrels net). Hoss-1 is expected to spud by the third quarter of 2012.

WA-41R Corowa Retention Lease (formerly WA-264P) (Beach 16.67%)

The Joint Venture has accepted the offer of a Retention Lease for the Corowa oil field, which has been designated as WA-41R. The initial term is for five years.

INTERNATIONAL

EGYPT

North Shadwan (Beach 20%, Operator BP)

Trucking options continue to be evaluated for production from the NS377 and NS385 fields. The Processing and Transportation Agreement for oil to be transported by pipeline to the Ras Ghara facility is yet to be signed with IEOC/Petrobel.

A declaration of commerciality and associated field development plan for the NS394 (Burtocal) discovery (oil reserves of approximately 5 MMbbl gross) has been submitted for approval to the EGPC.

Abu Sennan (Beach 22%, Operator Kuwait Energy)

El Salmiya-1, located about 10 kilometres east of the Al Ahmadi-1 and ZZ-4 wells, obtained a five metre core in the Bahariya Formation. The well was completed and is being prepared for production capacity testing.

Al Jahraa-1, located about 20 kilometres west of the Al Ahmadi-1 and ZZ-4 wells, reached total depth in the Kharita Formation at 3,700 metres. An extensive testing program is currently being conducted.

Mesaha (Beach 15%, Operator Melrose Resources)

The Deed of Assignment for the Mesaha Concession was signed by the Minister for Petroleum. Seismic processing of the recently acquired 2D data is ongoing, with potential targets expected to lead to exploration drilling in late 2012.

NEW ZEALAND

PEP 38259 (Beach 35%)

Beach has agreed to increase its equity from 20% to 35% following the withdrawal of Roc Oil Company Limited. New Zealand Oil and Gas Limited will take over as operator from AWE Limited.

TANZANIA

Lake Tanganyika South (Beach 100%)

Commencement of the seismic program by Fugro Oceansismica is expected toward the end of the first quarter 2012.

DRILLING PROGRAM

Area	Category	Wells	Successes	Success Rate	Name
Cooper Basin	Exploration - Oil	4	1	25%	Basham-1*, Jaffa-1, Yaroomba-1, Jaguar-1
	Appraisal - Oil	4	4	100%	Bauer-2, Bauer-3, Munro-6, Munro-7
	Development - Oil	3	3	100%	Growler-6, Growler-9, Growler-11
	Exploration - Gas	1	0	0%	Baird-1*
	Exploration - Unconventional Gas	1	1	100%	Moomba-191
	Development - Gas	7	7	100%	Moomba-188, Moomba-190, Moomba-189, Coonaberry-3, Andree-4, Roti-4, Galex-3
	Total	20	16	80%	

* Cased and Suspended for future testing

FINANCIAL INFORMATION

Cash and equity

The balance sheet of Beach had cash reserves of \$58.5 million at quarter end, nil debt and a \$150 million multi-option facility available for use. The reduction in cash reserves was mainly due to the on-market takeover of Adelaide Energy.

CAPITAL STRUCTURE	Sept 2011 Quarter	Dec 2011 Quarter	Qtr on Qtr Change
Fully paid ordinary shares	1,107,635,932	1,112,199,119	0.4%
Unlisted employee options	8,677,257	8,677,257	0%
Unlisted employee rights	10,017,082	8,437,259	(15.8%)

Oil Hedging

Beach did not enter into any new hedging during the quarter.

Period	OIL HEDGED AT			Total Hedged Volumes (bbl)
	Brent floors			
	Floor A\$50/bbl	Floor A\$55/bbl	Floor A\$60/bbl	
Remaining 2011/2012	135,000	270,000	480,000	885,000
2012/2013	405,000		315,000	720,000
Total	540,000	270,000	795,000	1,605,000

APPENDIX 1 – GLOSSARY

\$	Australian dollars	PJ	petajoule
1P	Proved	SACB JV	South Australian Cooper Basin Joint Venture
2P	Proved and Probable	Tcf	trillion cubic feet of gas
3P	Proved, Probable and Possible	TJ	terajoule
ATP	Authority to prospect	YTD	Year to date
bbl	barrels		
bcf	billion cubic feet		
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)		
bopd	barrels of oil per day		
boepd	barrels of oil equivalent per day		
BMG	Basker-Manta-Gummy oil and gas fields in the Gippsland Basin, offshore Victoria		
capex	Capital expenditure		
DST	Drill stem test		
EPT	Extended Production Test		
FY	Financial year		
GJ	gigajoule		
kbbbl	thousand barrels of oil		
kboe	thousand barrels of oil equivalent		
kt	thousand tonne		
LNG	Liquefied natural gas		
LPG	Liquefied petroleum gas		
MMbbl	million barrels of oil		
MMboe	million barrels of oil equivalent		
MMscfd	million standard cubic feet of gas per day		
MMscf	million standard cubic feet of gas		
PEL	Petroleum exploration license		