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**For Immediate Release – 10 July 2012**  
Ref. #067/12

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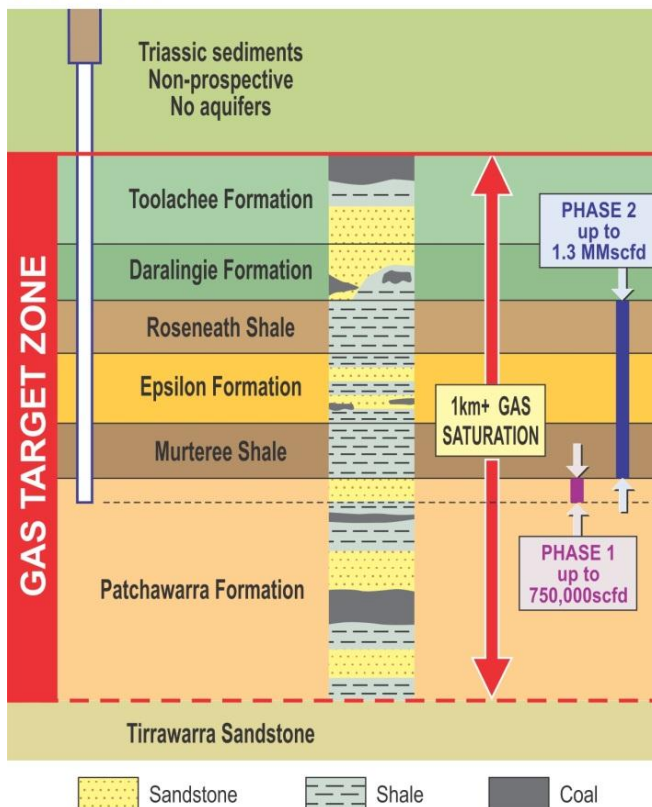
Dear Sir,

- **COOPER BASIN – ENCOUNTER-1 COMBINED FRACTURE STIMULATION DELIVERS EXCELLENT FLOW RESULTS OF OVER 2 MMSCFD**
- **TANZANIA – MULTIPLE PLAY TYPE EXPLORATION POTENTIAL FROM INITIAL 2D SEISMIC**

Beach Energy Limited (ASX: BPT, “Beach”) advises the following updates in relation to its Australian unconventional and Tanzanian activities.

### Cooper Basin, Australia – Encounter-1 fracture stimulation completed

#### Encounter-1



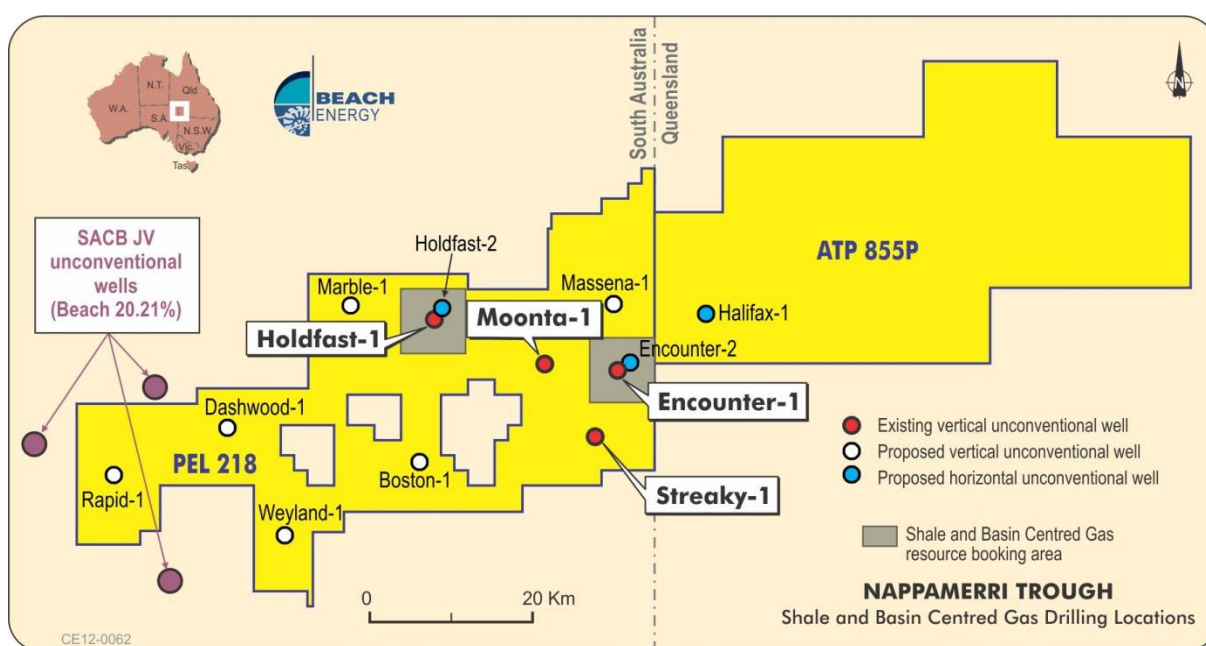
#### Unconventional vertical well highlights:

- Encounter-1 flow tested at a combined rate of over 2 MMscfd, a higher flow rate from fewer fracture stimulation stages (6 as opposed to 7) when compared with Holdfast-1;
- Fracture stimulation of Holdfast-1 and Encounter-1 have confirmed productive shale contributions, which will assist in planning the 2H 2012 horizontal well program;
- Encounter-1 has confirmed the lateral continuity of the basin centred gas play, with the Patchawarra zone flow tested at up to 750,000 scfd from the top 50 metres; and
- Substantial upside to be addressed when Moonta-1, Streaky-1 and Boston-1 are fracture stimulated through the whole of the Patchawarra Formation in 2H 2012.

Beach recently completed the second phase of fracture stimulation of the Roseneath Shale, Epsilon Formation and Murteree Shale (“REM”) sections for the Encounter-1 shale and basin centred gas well. The first phase was a single stage fracture stimulation of the top section of the Patchawarra Formation, which delivered a flow rate of up to 750,000 scfd, with decline rates in line with those from the Holdfast-1 well.

The second phase fracture stimulation resulted in five stages over a 250 metre section of REM and delivered a peak gas flow of 1.3 MMscfd, which, when combined with the first phase fracture stimulation of the Patchawarra Formation, delivered a peak total flow for the well of up to 2.1 MMscfd. The Encounter-1 well will be flow tested for approximately four weeks with the aim of better understanding zone contributions by the various REM sections.

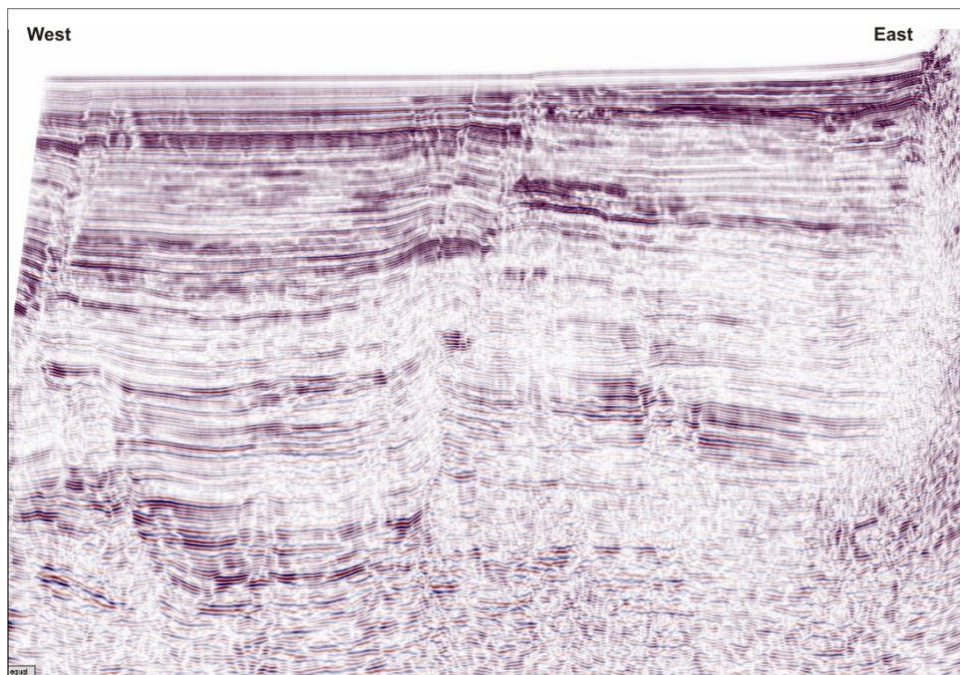
The Halliburton fracture stimulation spread was released from site during the week beginning 25 June 2012. Beach is expecting the return of the Halliburton spread to the Cooper Basin in September 2012, at which time it will undertake the batch fracture stimulation of Beach’s deeper vertical wells, Moonta-1, Streaky-1 and Boston-1. These wells have been, and will be, drilled to the base of the Patchawarra, to depths of almost four kilometres.



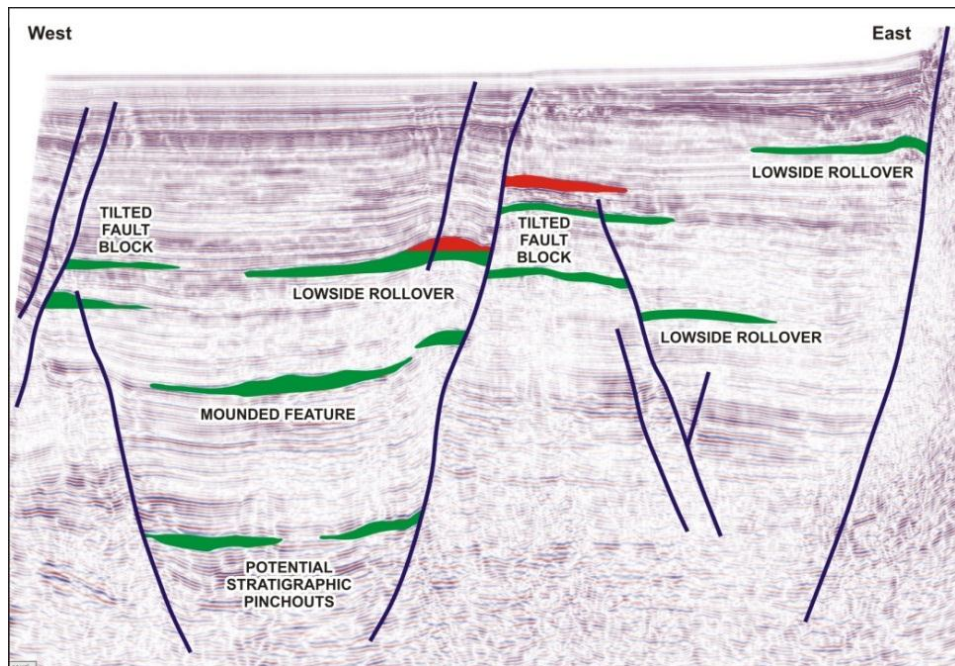
Beach’s Managing Director, Reg Nelson, said: “We are extremely pleased with the unconventional drilling and test results to date. Beach is the only company that has flowed gas at significant rates from unconventional targets in the Cooper Basin, with gas flows from the shale zones as well as the Patchawarra Formation. With every well drilled and fracture stimulated, we move closer to proving up our massive basin centred gas play in the Nappamerri Trough. Our unconventional vertical exploration program for 2012 is on time and continues to build momentum. This is evidenced by the finishing of the Moonta-1 well, the fracture stimulation of the Encounter-1 well with a significant combined flow rate of over 2 MMscfd, and the Streaky-1 well, which is only a week or so away from total depth.”

**Lake Tanganyika South Concession, Tanzania – 2D Seismic 30% complete**

Beach recently commenced the 2D seismic survey over its Lake Tanganyika South concession in Tanzania. The survey is approximately 30% complete with a further six weeks required to complete the acquisition of the 1,400 kilometre program, to be followed by 400 kilometres of infill 2D seismic.



A recently acquired 2D Seismic line from Lake Tanganyika



Potential targets from the recently acquired 2D seismic. Red = Gas targets, Green = Oil targets

Preliminary results from the survey have confirmed extensive structuring, similar to that beneath Lake Albert in Uganda, as well as a number of attractive seismic anomalies. These anomalies include potential direct hydrocarbon indicators consistent with an active petroleum system.

Beach's Managing Director, Reg Nelson, said: "The processed seismic from Lake Tanganyika to date has possible indications of hydrocarbons over tilted fault blocks, low-side rollovers and mounded features. These are all play types that have delivered success to date along the East African Rift, so it is very pleasing to see the presence of such structures in our acreage. The infill seismic will be concentrated on these features which have the potential to contain over 200 million barrels of oil."

Yours sincerely,



**Reg Nelson**  
Managing Director, FAusIMM

#### For more information contact

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