



## HIGHLIGHTS

### Corporate

- Farm-in to offshore Romanian tenements

### Operations

- Production of 2.1 MMboe, sales volumes of 2.5 MMboe and total revenue of \$170 million, all up 2% when compared with the previous quarter
- Participation in 20 wells with a success rate of 90%
- PEL 91 (Beach 40% and operator) Bauer oil field extended with four appraisal/development wells
- SACB JV (Beach 20.21%) Moomba-191 shale gas well flowed gas up to 3.0 MMscfd
- PEL 111 (Beach 40%) exploration success with Mustang-1, and Snatcher oil field expansion with three development wells

### Subsequent Events

- Fracture stimulation of Moonta-1 well (Beach 100%) commenced on 26 October 2012
- SACB JV Moomba-191 shale gas well connected to Moomba infrastructure
- Initial interpretation of Halifax-1 well (Beach 60% and operator) encouraging, with 461 metres of REM and over 490 metres of Patchawarra Formation
- Windmill-1 exploration well in PEL 92 intersected oil in the Namur Sandstone and the Birkhead Formation
- Nomination of two new independent non-executive directors to the board

### Financial

- Strong balance sheet, with cash reserves of \$352 million and a multi-option financing facility of \$150 million available
- Final dividend paid of 1.5 cents per share, resulting in full year dividend total of 2.25 cents

	Sep 2011 Quarter	Jun 2012 Quarter	Sep 2012 Quarter	Qtr on Qtr Change
Production (kboe)	1,733.6	2,060.0	2,096.9	2%
Sales (kboe)	2,448.3	2,486.1	2,543.3	2%
Revenue (\$ million)	151.4	167.2	169.9	2%
Oil Price (\$ per bbl)	111.7	111.1	109.4	(2%)
Cash reserves (\$ million)	146.8	378.5	352.1	(7%)

### contacts

Beach Energy Ltd  
ABN: 20 007 617 969  
ASX Code: BPT

25 Conyngham Street  
GLENSIDE SA 5065

GPO Box 175  
ADELAIDE SA 5001  
Tel: +61 8 8338 2833  
Fax: +61 8 8338 2336

Web: [www.beachenergy.com.au](http://www.beachenergy.com.au)  
Email: [info@beachenergy.com.au](mailto:info@beachenergy.com.au)

Investor Relations:  
Chris Jamieson  
Tel: +61 8 8338 2833

Media:  
Ian Howarth  
Collins Street Media  
Tel: +61 3 9223 2465

### directors

*Independent Non-executive Chairman*

**Robert Kennedy**

*Managing Director*

**Reg Nelson**

*Independent Non-executive Deputy Chairman*

**Glenn Davis**

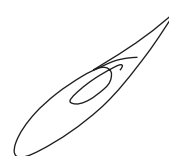
*Independent Non-executive Directors*

**John Butler**

**Franco Moretti**

**Neville Alley**

**Belinda Robinson**



**Reg Nelson**

Managing Director

30 October 2012

Ref: #108/12

*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.*

## CORPORATE

The Chairman of Beach announced he will not be seeking re-election to the Board, with Mr Glenn Davis appointed as Chairman elect.

Beach agreed to farm-in to a 30% interest in the Est Cobalcescu block, offshore Romania, operated by Melrose Resources. The block is prospective for both oil and gas, with a block-wide 1,000 km<sup>2</sup> 3D seismic survey recently completed and currently being processed. It is anticipated that the seismic data will be interpreted early in 2013, with a well planned for later that year.

## SUBSEQUENT EVENTS

Two new candidates have been nominated for election to the board of Beach at the Company's upcoming AGM, in the capacity of independent non-executive directors. The two candidates are: Ms Fiona Bennett, a Chartered Accountant with over 30 years experience in business, financial and risk management, corporate governance, and audit; and Dr Douglas Schwebel, who has over 30 years experience in the resources sector, mainly with ExxonMobil in senior executive positions.

## PRODUCTION, SALES and REVENUE

### Production

September quarter production of 2.1 MMboe, was 2% higher than the June quarter, mainly due to:

- The optimisation of trucking on the Western Flank of the Cooper Basin;
- An increase in Egyptian oil production driven by the EPT in Abu Sennan; and
- Gas and ethane (up 1%), LPG (up 1%) and condensate (up 5%).

Oil production from the Growler field in PRL 15 averaged 5,500 bopd (2,200 bopd net) for two of the three months during the quarter. The completed construction of the Lycium facility and the Growler to Lycium pipeline (Beach 40% and operator), resulted in the commencement of dry commissioning subsequent to quarter end.

In PEL 91, production was 275% higher than the previous quarter, with Bauer-3 producing steadily at 1,000 bopd (400 bopd net). Production from the Bauer oil field is expected to increase in Q4 2012 as trucking availability improves

and both Bauer-2 and -4 are perforated. The tender for installation of the Bauer to Lycium pipeline (Beach 40% and operator) was recently awarded, with commissioning of this pipeline expected in Q1 2013. Earthworks for the Hanson production facility in PEL 91 were completed with the off-site fabrication and tank farm construction nearing completion. This facility is expected to be operational in Q4 2012.

PEL 92 oil production increased each month during the quarter to an average of 3,200 bopd (net), with all production trucked from Tantanna. Christies -6 and -7 are expected to be perforated and connected to the production facilities in Q4 2012.

The Lycium to Moomba oil pipeline (Beach 60% and operator) was laid through to the Moomba facility, with commissioning on target for Q4 2012. Additionally, the existing Callawonga to Tantanna pipeline has now been tied-in to the Lycium Hub.

Pipeline trenching for the Canunda gas connection project in PEL 106B commenced, with project commissioning expected in November 2012.

QUARTERLY PRODUCTION		Sep 2011 Quarter	Jun 2012 Quarter <sup>1</sup>	Sep 2012 Quarter <sup>2</sup>	Qtr on Qtr Change	YTD
Oil (Kbbl)	Cooper and Eromanga Basins	563.0	797.1	801.8	1%	801.8
	Egypt	–	17.1	32.1	88%	32.1
	Williston Basin	5.4	3.9	3.3	(14%)	3.3
	<b>Total Oil</b>	<b>568.4</b>	<b>818.1</b>	<b>837.3</b>	<b>2%</b>	<b>837.3</b>
Sales Gas and Ethane (PJ)	Cooper Basin	5.8	6.0	6.1	1%	6.1
LPG (kt)	Cooper Basin	11.1	13.4	13.5	1%	13.5
Condensate (kbbbl)	Cooper Basin	77.2	94.0	98.3	5%	98.3
<b>TOTAL OIL AND GAS (kboe)</b>		<b>1,733.6</b>	<b>2,060.0</b>	<b>2,096.9</b>	<b>2%</b>	<b>2,096.9</b>

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

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

In PEL 106B, production under the current contract was shut-in on 1 October 2012, in accordance with the customer's rights under the interruptible gas sales agreement. Commercial discussions are underway for extended gas sales beyond April 2013.



## Sales

September quarter sales volumes were 2.5 MMboe, an increase of 2% on the June quarter, mainly due to:

- Increased production, and higher sales gas volumes resulting from increased winter demand; and
- Timing of shipments from Port Bonython.

QUARTERLY SALES		Sep 2011 Quarter	Jun 2012 Quarter	Sep 2012 Quarter <sup>1</sup>	Qtr on Qtr Change	YTD <sup>1</sup>
<b>Oil (kbbbl)</b>	Cooper and Eromanga Basins	786	988.9	898.8	(9%)	898.8
	Egypt	–	15.1	29.8	98%	29.8
	Williston Basin	5	3.8	3.2	(14%)	3.2
	<b>Total Oil</b>	<b>791</b>	<b>1,007.8</b>	<b>931.8</b>	<b>(8%)</b>	<b>931.8</b>
<b>Sales gas and Ethane (PJ)</b>	Cooper Basin	8.7	7.7	7.9	3%	7.9
<b>LPG (kt)</b>	Cooper Basin	12.2	10.1	14.7	46%	14.7
<b>Condensate (kbbbl)</b>	Cooper Basin	65	80.4	142.6	78%	142.6
<b>TOTAL OIL and GAS (kboe)</b>		<b>2,448</b>	<b>2,486.1</b>	<b>2,543.3</b>	<b>2%</b>	<b>2,543.3</b>

<sup>1</sup> Includes sales of oil & gas liquids and gas purchased from third parties for the September quarter of 141.8 kboe and 0.7 PJ respectively

## Revenue

Total revenue was up by 2%, on the June quarter, mainly due to:

- Increased sales volumes as detailed above; partially offset by,
- Lower realised prices for oil and gas liquids, and less oil in the sales volumes mix.

QUARTERLY REVENUE		Sep 2011 Quarter A\$000	Jun 2012 Quarter A\$000	Sep 2012 Quarter <sup>1</sup> A\$000	Qtr on Qtr Change	YTD <sup>1</sup> A\$000
<b>Oil</b>	Cooper and Eromanga Basins	87,891	110,504	99,077	(10%)	99,077
	Egypt	–	1,186	2,626	121%	2,626
	Williston Basin	432	321	277	(14%)	277
	<b>Total Oil</b>	<b>88,322</b>	<b>112,011</b>	<b>101,980</b>	<b>(9%)</b>	<b>101,980</b>
<b>Gas and Gas Liquids</b>	Cooper Basin	63,047	55,232	67,933	23%	67,933
<b>TOTAL OIL and GAS</b>		<b>151,369</b>	<b>167,243</b>	<b>169,913</b>	<b>2%</b>	<b>169,913</b>
<b>Average Realised Price (A\$/boe)</b>		61.8	67.3	66.8	(1%)	66.8
<b>Average Realised Oil Price (A\$/bbl)</b>		111.7	111.1	109.4	(2%)	109.4

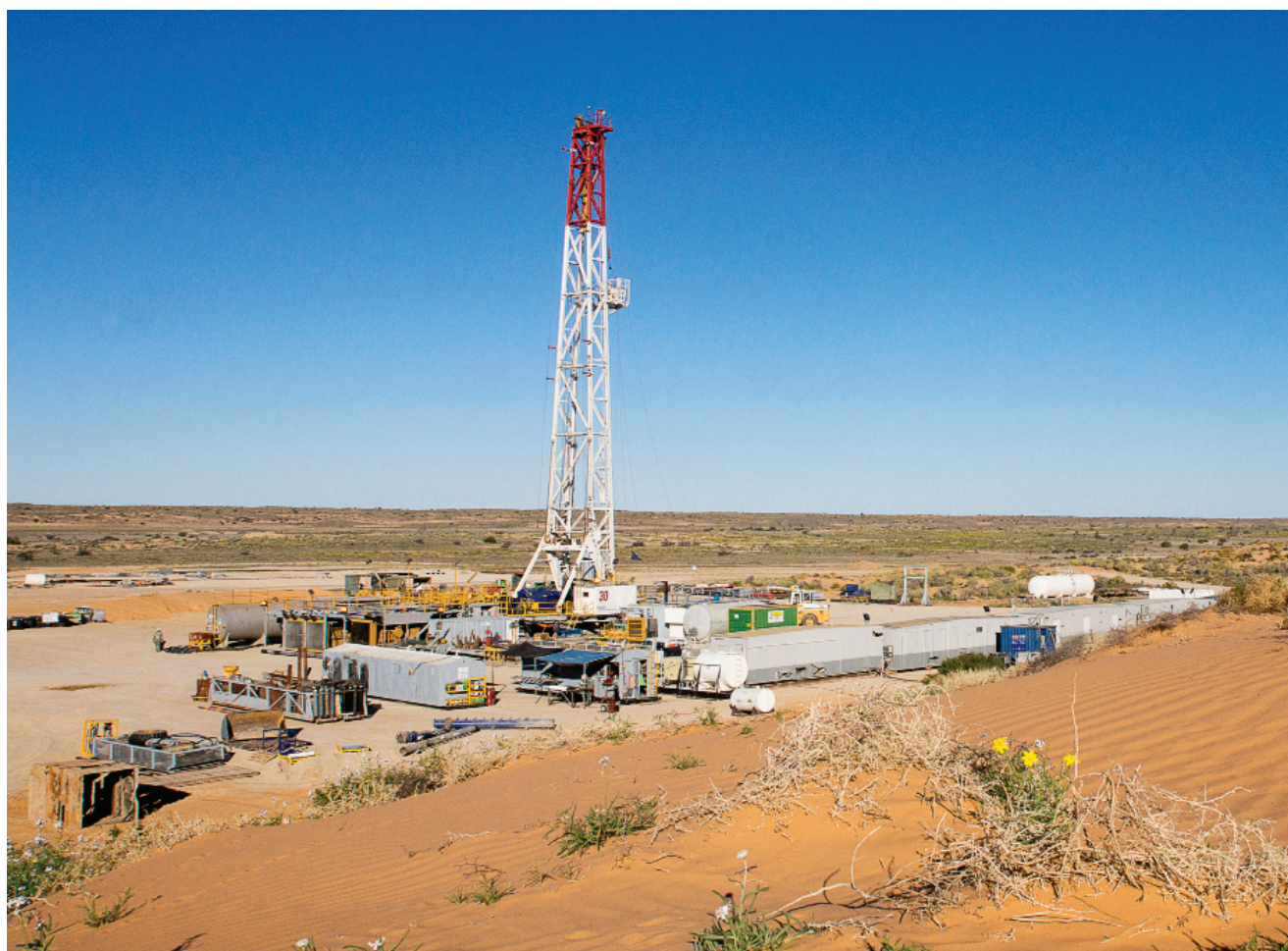
<sup>1</sup> Includes sales of oil & gas liquids and gas purchased from third parties for the September quarter of \$15.1 million and \$3.7 million respectively

## Capital expenditure

Capex was up by 22% on the June quarter, mainly due to:

- Increased activity within the unconventional program, with both the Ensign 916 and the new build Ensign 965 rigs currently operating;
- Increased SACB JV infill drilling;
- The Irus 3D and Porcatus 2D seismic surveys on the Cooper Basin Western Flank;
- The Canunda gas project pipeline;
- The commencement of the three well exploration campaign in Abu Sennan, Egypt; and
- Completion of the 2D seismic survey in Tanzania.

QUARTERLY CAPITAL EXPENDITURE	Sep 2011 Quarter A\$ million	Jun 2012 Quarter A\$ million	Sep 2012 Quarter A\$ million	Qtr on Qtr Change	YTD A\$ million
Exploration and Appraisal	17.2	31.7	35.9	13%	35.9
Development, Plant and Equipment	36.8	43.0	55.5	29%	55.5
<b>TOTAL</b>	<b>54.0</b>	<b>74.7</b>	<b>91.4</b>	<b>22%</b>	<b>91.4</b>



## EXPLORATION & DEVELOPMENT

### AUSTRALIA

#### COOPER AND EROMANGA BASINS

##### OPERATED – DEVELOPMENT

###### PEL 92 (Beach 75%)

The Butlers-5 and -6 development wells were cased and suspended as future oil producers. Both wells intersected the target Namur Sandstone reservoir in the central part of the field and were cased as future producers, with eight metre and five metre oil columns, respectively, in a high quality reservoir. These well results enhanced the structural interpretation of the central portion of the Butlers field and will result in an increase in reserves and production rates.

The Christies oil field development activity continued with the completion of the Christies-7 well, which intersected 5.5 metres of net oil pay in mid-Namur Sandstone.

###### PEL 91 (Beach 40%)

Appraisal drilling continued in the Bauer oil field with the Bauer-5, -6, -7 and -8 wells. Results to date suggest the Bauer oil field has the potential to contain 2P oil reserves in excess of 10 million barrels (4 million barrels net). A formal estimate will be conducted in due course as part of our financial year end reserve process.

The Bauer-5, -6, -7 and -8 development wells exceeded pre-drill estimates. Bauer-5 was the first Bauer well to flow oil from both the Namur Sandstone, with an intersected net oil pay of six metres, and the Birkhead Formation, which intersected five metres of oil pay and flowed 1,160 bopd on DST. Intersections in Bauer-6, -7 and -8 were only encountered in the Namur Sandstone which had 9.0, 9.5 and 10.0 metres of net oil pay, respectively. All

these wells were cased and suspended as future oil producers.

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

The extended production test (EPT) of Coolawang-1 in PEL 106B was completed over three intervals. The first zone to be tested, the lower Patchawarra, was liquids rich at approximately 200 barrels of condensate per MMscf of gas, which flowed at around 1.3 MMscfd. The middle Patchawarra zone flowed at 1.1 MMscfd with 30 barrels of condensate per MMscf and some water or filtrate. The upper Patchawarra zone flowed 0.3 MMscfd with very little condensate and some water or filtrate.

Reserves for Coolawang-1 will be estimated from the downhole pressure data and are expected in Q4 2012. Haslam-1 also underwent EPT and flowed at a steady rate of 1.7 MMscfd with approximately 15 barrels of condensate per MMscf of gas.

##### NON-OPERATED – DEVELOPMENT

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

Six gas development wells were drilled in the period by the SACB JV, with all cased and suspended as future gas producers. The wells were Big Lake-92, -93 and -94 in PPL 11, Kanowana-8 and -9 in PPL 28 and Bobs Well-3 in PPL 89.

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

An active quarter resulted in the drilling of three deviated wells in the Snatcher oil field, Snatcher-6, -7 and -10, all of which were cased and suspended as future oil producers. The Snatcher-6 well, 250 metres south-east of Snatcher-2, intersected 5.2 metres of net oil pay in the mid-Birkhead reservoir.

Snatcher-7, strategically located to drain oil between Snatcher-1 and Snatcher-6, intersected net oil pay of eight metres.

The third well, Snatcher-10, appraised the northern extent of the Snatcher field, approximately 300 metres north-west of Snatcher-3. This well also intersected good oil shows in the mid-Birkhead reservoir and wireline logs indicated 10 metres of net oil pay. Snatcher-10 extends the area of proven oil for the Snatcher field and should result in an upwards revision of field reserves, with the northern limit of the field remaining open.

Four kilometres south-west of the Snatcher oil field, initial production testing began on the Mustang-1 exploration well. Subsequent to period end, the operator advised the well performed in line with expectations and produced at a restricted rate of over 800 bopd for 10 days. The operator also advised that planning is underway to expedite longer term production testing at Mustang-1 with a target of 2,000 bopd (800 bopd net).

##### EXPLORATION – OPERATED

The Irus 582 km<sup>2</sup> multi-permit 3D seismic survey is continuing through PEL 91, 92, 106 and Udacha. The survey will delineate the exploration prospectivity for Permian gas and oil targets.

###### PEL 92 (Beach 75%)

The Windmill-1 well, located approximately 2.3 kilometres south-east of the Callawonga oil field, spudded on 1 October 2012. Subsequent to period end, Windmill-1 intersected five metres of net oil pay in the Namur Sandstone and three metres of net oil pay in the Birkhead Formation. The pre-drill upside gross estimate for the Namur target of 440,000 barrels of recoverable oil is supported by wireline log data.

The 105 kilometre Porcatus 2D seismic survey was completed, the objective of which is to delineate and evaluate prospects in the southern most portion of the permit prior to relinquishment of half the permit in Q4 2013. Processed data from the survey is expected in Q1 2013.

**PEL 218 (Beach 100%)**

Drilling of the Streaky-1 exploration well with the Ensign 916 rig was completed. The well reached a total depth of 3,821 metres in the Tirrawarra Sandstone.

The new build 1,500 horse power Ensign 965 rig spudded the Marble-1 unconventional vertical exploration well in PEL 218 on 30 September 2012. The well is at a depth of approximately 2,500 metres and is expected to be completed early December 2012.

Fracture stimulation commenced at Moonta-1 subsequent to period end. The well will be fracture stimulated over 10 zones, nine of which will take place through the Patchawarra Formation, and one in the Murteree Shale. It is anticipated that each stage will take one to two days to complete, after which the Streaky-1 well will be fracture stimulated, with the planned stimulation of Halifax-1 to follow.

**ATP 855P (Beach 60%)**

Halifax-1, the first unconventional gas exploration well in ATP 855P and located approximately 12 kilometres north-east of Encounter-1, reached total depth at 4,267 metres on 16 October 2012. High gas levels were observed in the shallower Callamurra zone, which was drill stem tested and flowed gas to surface at approximately 0.2 MMscfd, unstimulated. This represents an additional target and is most likely a conventional, stratigraphically trapped accumulation.

A 24 metre core was cut in the Epsilon Formation and a separate 25 metre core in the mid-Patchawarra Formation, with gas shows observed from mud logs. The REM thickness was in line with prognosis at 461 metres, with the Patchawarra Formation being greater than 490 metres thick. Preliminary analysis of the log data indicates the Permian target zone is gas saturated from the Toolachee Formation through the Patchawarra Formation. Further interpretation will be required following processing in order to confirm this initial analysis.

**EP 138, EP 126 (Beach earning up to 75%), EP 135, NTC/P10, Bonaparte Basin (Beach earning up to 50%)**

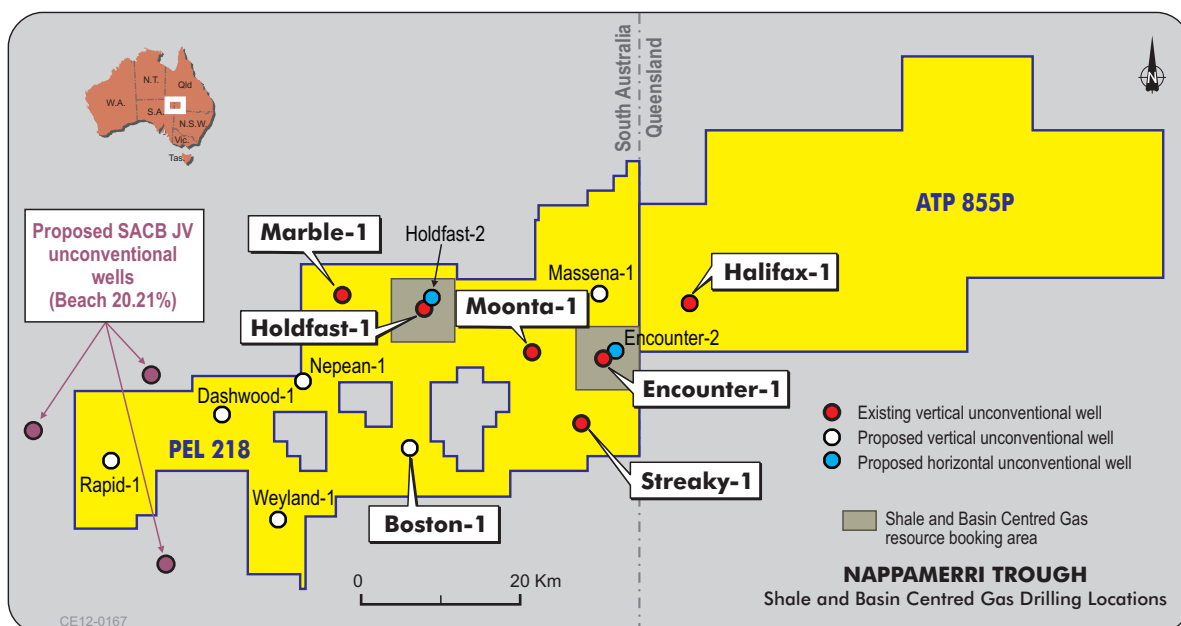
Following the grant of the permits under application (EPA 135 and EPA 138) to Territory Oil and Gas Pty Ltd, the process of assignment of EP 126, EP 135 and EP 138 to Beach is progressing and will be completed following the Northern Land Council's assistance in assigning the native title agreements

**EXPLORATION – NON-OPERATED**

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

The Mustang-1 well in PEL 111 encountered oil over four metres of net pay in the Birkhead Formation. Refer "Development – Non- Operated" above for details of subsequent production testing.

The Tomcat-1 exploration well, located about 1.5 kilometres west of the Snatcher oil field, intersected a good-quality mid-Birkhead reservoir, however, there were no oil shows and the well was plugged and abandoned.



**OTHER EXPLORATION**

**PRL 2, Gippsland Basin (Beach earning up to 50%)**

On 24 August 2012, the Victorian Government instituted a moratorium on fracture stimulation. The moratorium is unlikely to be lifted until a national framework for environmental approval of fracture stimulation has been approved by the Federal and State Governments. Until the aforementioned moratorium is lifted, fracture stimulation of the Wombat-4 and Boundary Creek-2 wells will not proceed.

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

Hoss-1, an offshore oil exploration well, was drilled using a jack-up rig in 64 metres of water, approximately 100 kilometres NNW of Dampier in Western Australia. After evaluation, the well was plugged and abandoned and the rig released.

A Retention Lease (WA-48-R) has been formerly granted over the Hurricane gas and oil field, formerly part of WA-208P. The Hurricane-3 offshore gas appraisal well is expected to be drilled in Q4 2012 to appraise the commercial gas potential of the field.

**Otway Basin (Beach various interests)**

The processing of the 100 kilometre Mactra 2D seismic survey in PEP 168 (Beach 50% and operator) and the 70 km<sup>2</sup> Nunga Mia 3D seismic survey in PEL 186 (Beach 66.7%) is nearing completion, with interpretation of the preliminary data having commenced.

Preparations are underway for drilling the Sawpit-2 exploration well in PEL 495 (Beach farming in for 35%), expected to be in late Q4 2012 or early Q1 2013. Discussions for a Right to Negotiate

(RTN) Agreement are being finalised in relation to PEP 150 in Victoria, and an RTN Agreement in PEP 171 is expected to follow shortly thereafter.

**INTERNATIONAL**

**Abu Sennan (Beach 22%)**

ASA-1X, the first well in a three well drilling campaign, was spudded during the period and is expected to be completed in Q4 2012. The EPT continued at Al Ahmadi/GPZZ-4, Al Jahraa and El Salmiya. The combined initial production rate was 2,524 bopd and 10.0 MMscfd of gas. Currently these wells have been choked-back to flow at a total of approximately 800 barrels of oil and condensate per day with gas below 3 MMscfd. The EPT is planned to continue until January 2013.

**Mesaha (Beach 15%)**

The first well in this concession, Mesaha-1X, is expected to spud in Q4 2012. The rig is currently 90% rigged-up. The well is designed as a combined structural and stratigraphic test to evaluate as much of the sedimentary package as possible on the flank of a large fault block.

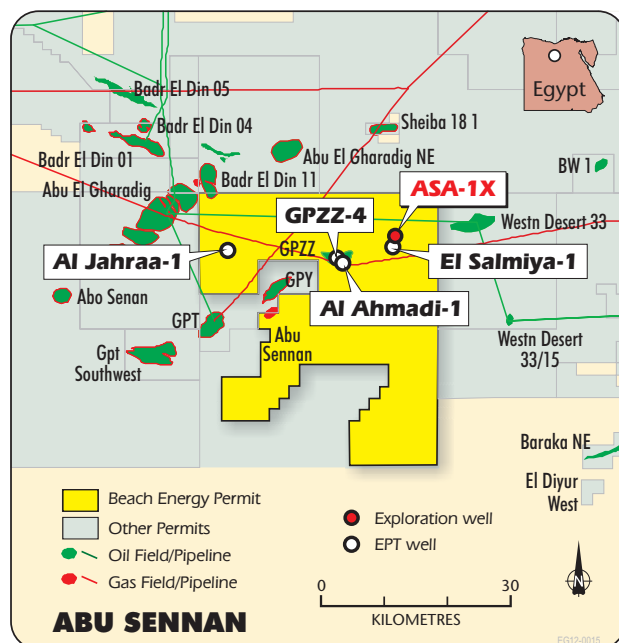
**North Shadwan (Beach 20%)**

The NS385-1 development well, which spudded on 21 September 2012, is designed as a long-reach onshore-to-offshore well that is expected to develop oil within the NS385 oil field.

Gross production from the NS377 oil field reduced to approximately 650 bopd, and will be subject to a rigless intervention to stimulate the reservoir. Construction of temporary trucking facilities is expected to be completed in Q4 2012, providing greater capacity for combined production from NS377 and NS385 fields.

**Tanzania (Beach 100%)**

Acquisition of seismic data was completed in August, with the quality of data received being excellent. Fugro Seismic Imaging has been awarded the seismic processing contract and subsequently commenced the processing.



## WELL RESULTS

Area	Category	Wells	Successes	Success Rate	Successful Well Name
Cooper Basin	Exploration - Oil	3	1	33%	Mustang-1
	Appraisal/ Development - Oil	10	10	100%	Bauer-5, -6, -7, -8, Butlers-5, -6, Christies-7, Snatcher-6, -7, -10
	Exploration - Unconventional Gas	1	1	100%	Streaky-1
	Development - Gas	6	6	100%	Bob's Well-3, Kanowana-8, -9, Big Lake-92, -93, -94,
	<b>Total</b>	<b>20</b>	<b>18</b>	<b>90%</b>	

## FINANCIAL INFORMATION

### Cash, debt and equity

At quarter end, Beach had \$352.1 million in cash on hand, down 7% from the previous quarter, mainly due to:

- Increased capital expenditure; and
- Final dividend paid.

The Company also has a \$150 million multi-option facility available for use and \$150 million in convertible notes, due in 2017.

### Hedging

During the quarter Beach entered into new oil hedges at A\$55 per barrel Brent Put (floor) as follows:

- January 2013 to December 2013- 60,000 barrels per month
- April 2013 to March 2014 - 50,000 barrels per month

CAPITAL STRUCTURE	Jun 2012 Quarter	Sep 2012 Quarter	Qtr on Qtr Change
Fully paid ordinary shares	1,255,464,157	1,262,940,447	1%
Unlisted employee options	8,677,257	8,677,257	0%
Unlisted employee rights	8,437,259	9,935,432	18%

Period	OIL HEDGED AT			Total Hedged Volumes (bbl)
	Brent floors			
	Floor A\$50/bbl	Floor A\$55/bbl	Floor A\$60/bbl	
Remaining 2012/2013	270,000	1,230,000	105,000	1,605,000
2013/2014		900,000		900,000
<b>Total</b>	<b>270,000</b>	<b>2,130,000</b>	<b>105,000</b>	<b>2,505,000</b>



## GLOSSARY

\$	Australian dollars	kbbbl	thousand barrels of oil
2H 2012	Second half calendar year 2012	kboe	thousand barrels of oil equivalent
1P	Proved	kt	thousand tonne
2P	Proved and probable	LNG	Liquefied natural gas
ATP	Authority to prospect	LPG	Liquefied petroleum gas
bbl	barrels	MMbbl	Million barrels of oil
bcf	billion cubic feet	MMboe	Million barrels of oil equivalent
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)	MMscfd	Million standard cubic feet of gas per day
bopd	barrels of oil per day	MMscf	Million standard cubic feet of gas
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
EPT	Extended production test	REM	Roseneath Shale, Epsilon Formation, Murteree Shale
FY	Financial year	SACB JV	South Australian Cooper Basin Joint Venture
GJ	Gigajoule	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

