



ASX Release

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ASX Ltd/SGX Singapore Exchange Ltd
Companies Announcement Office
Electronic Lodgement System

Dear Sir,

BEACH FARM-OUT OF EXPLORATION ACREAGE IN NAPPAMERRI TROUGH TO CHEVRON

Beach will transfer up to 60% of its interests in PEL 218 (Beach 100%) and ATP 855 (Beach 60%) to Chevron. It is envisaged that Beach will potentially receive US\$349 million over two stages for both permits over several years.

Beach Energy Limited (ASX: BPT, "Beach") and Beach group subsidiaries, have signed documents with Chevron Australia Exploration 1 Pty Ltd and Chevron Australia Holdings Pty Ltd ("Chevron") to farm-out a portion of their interests in the PEL 218 (South Australia) and ATP 855 (Queensland) joint ventures.

Completion of the transaction is conditional upon:

- all relevant government approvals, including FIRB approval;
- approval and registration of the farm-in agreement in relation to PEL 218 by government authorities in South Australia;
- indicative approval of the transfers of interests in ATP 855 to Chevron by government authorities in Queensland; and
- approval and registration of the transfers of the interests by relevant authorities for each stage.

Icon Energy Ltd (ASX: ICN, "Icon"), Beach's joint venture partner in ATP 855, has consented to and waived its pre-emptive rights in relation to each stage of the transaction.

Subject to joint venture approvals, the key work program elements envisaged across the two permits involve an initial exploration program to be followed by pilot production programs.

The financial commitment by Chevron to Beach is detailed in the table below:

	PEL 218	ATP 855
Stage 1	Acquire an initial equity interest of 30% through: • US\$36 million cash • US\$95 million carry	Acquire an initial equity interest of 18% through: • US\$59 million cash

	PEL 218	ATP 855
Stage 2	On completion of Stage 1 work program, Chevron election to proceed to Stage 2 Acquire an additional 30% interest through: • US\$41 million cash • US\$47 million carry	Chevron election to proceed to acquire Stage 2 in the period from 1 September 2014 to 31 March 2015 Acquire an additional 18% interest through: • US\$36 million cash
Post Stage 2	On completion of Stage 2 work program, Chevron election to proceed Commitment bonus payment of US\$35 million	Chevron election, from 1 October 2016 to 31 December 2016, to proceed

Note 1: Stage 1 has already commenced and includes wells after Encounter-1 and Holdfast-1 for PEL 218

Note 2: Timing of the stages for PEL 218 are expected to be in line with that of ATP 855

If after Stage 1, Chevron elects not to proceed to acquire Stage 2, the interest held by Chevron will be re-assigned to Beach for no consideration. If after Stage 2, Chevron elects not to proceed, Beach may elect to receive a re-assignment of the interests held by Chevron.

As a result of this farm-out to Chevron, Beach is well positioned for long-term appraisal and development of the Nappamerri Trough gas resources. Post Stage 2, Beach will support Chevron should it nominate for operatorship.

Beach has led the way in unconventional exploration of the Nappamerri Trough in both South Australia and Queensland. Beach's identification of this shale and basin centred gas opportunity in the Cooper Basin resulted in Beach taking an early landholding position in both PEL 218 and ATP 855, with six vertical wells in PEL 218 and one in ATP 855 drilled to date.

Beach's Managing Director, Reg Nelson, said: "This transaction vindicates in many ways the vision that the company has in relation to the potential of unconventional gas in the Cooper Basin. We look forward to working closely with Chevron and Icon Energy in the continued rejuvenation of the Cooper Basin."

Icon put option

A put option has been granted by Beach to Icon, exercisable by Icon up to 30 June 2013, for Beach to acquire 4.9% of ATP 855 from Icon on payment by Beach of US\$18 million.

Yours sincerely,



Reg Nelson
Managing Director, FAusIMM

For more information contact**Corporate**

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About Chevron

Chevron is one of the world's leading integrated energy companies and through its Australian subsidiaries, has been present in Australia for 60 years. With the ingenuity and commitment of more than 3,000 people, Chevron Australia leads the development of the Gorgon and Wheatstone natural gas projects; manages its equal one-sixth interest in the North West Shelf Venture; and operates Australia's largest onshore oil field on Barrow Island and the Thevenard Island oil fields.

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