

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
 Email:
info@beachenergy.com.au

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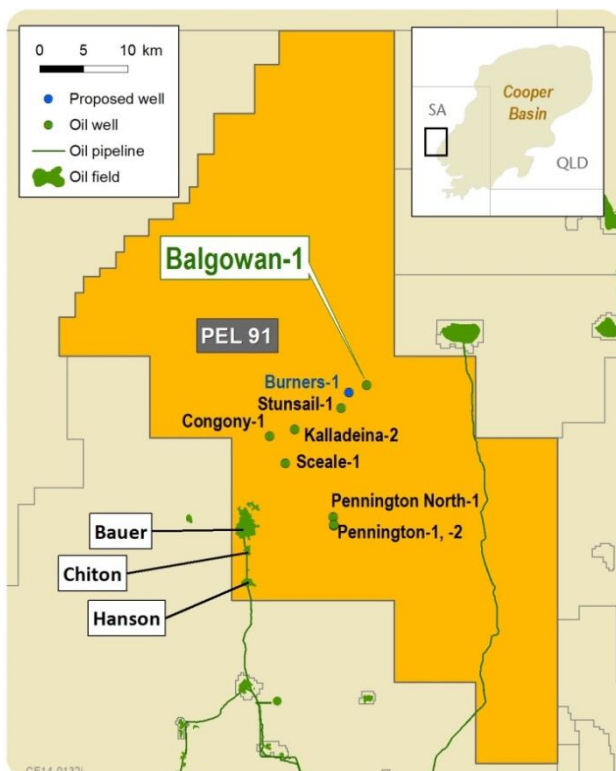
Dear Sir,

WESTERN FLANK OIL FAIRWAY EXTENTION WITH SUCCESS AT BALGOWAN-1

The Balgowan-1 exploration well successfully intersected an oil bearing reservoir, with 3.5 metres of net pay in the Namur Sandstone and two metres in the McKinlay Member. This confirms the extension of the oil fairway to the north east of recent discoveries in PEL 91

Beach Energy Ltd (ASX: BPT, "Beach") advises that oil was discovered in the Namur Sandstone and McKinlay Member at Balgowan-1, an exploration well in PEL 91 (Beach 40% and operator, Drillsearch Energy Ltd 60%).

The Balgowan-1 well met expectations by encountering hydrocarbons in the primary target, intersecting a gross oil interval of approximately nine metres. Of this, 3.5 metres (gross and net) were encountered in the Namur Sandstone, with five metres (two metres net) in the overlying McKinlay Member.



Reg Nelson, Beach Managing Director, said "The new field discovery at Balgowan has extended the oil fairway in PEL 91 that includes recent exploration success at Stunsail, Congony, Kalladeina and Sceale. This extension brings a new focus on a number of other prospects in this northern area of the permit. The Western Flank continues to remain a key focus of Beach, however, we have also started focusing our efforts on the Eastern Flank of the Cooper Basin. Through our farm-ins with Bengal Energy in ATP 732 and more recently with Drillsearch in ATP 924, we plan to utilise our expertise to interpret 3D seismic information to identify prospects for drilling in the first half of 2015."

Upon completion of casing operations, the Ensign 930 rig will be moved to the Burners-1 exploration well, located midway between the Balgowan and Stunsail discoveries.

Yours sincerely,

A handwritten signature in black ink on a light yellow background, appearing to read "Reg Nelson".

Reg Nelson
Managing Director, FAusIMM

For more information contact:

Corporate

Reg Nelson	Beach Energy Ltd	08 8338 2833
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Investor Relations

Chris Jamieson	Beach Energy Ltd	08 8338 2833
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