



BEACH PETROLEUM LIMITED

ABN 20 007 617 969

PROSPECTUS

Beach is issuing Bonus Options on a one for four basis to holders of Shares who are registered as at the close of business on 31 March 2005.

The Bonus Options are being offered free to shareholders.

THIS PROSPECTUS IS DATED 18 MARCH 2005 AND WAS LODGED WITH THE AUSTRALIAN SECURITIES AND INVESTMENT COMMISSION (ASIC) ON 18 MARCH 2005. THE ASIC TAKES NO RESPONSIBILITY AS TO THE CONTENTS OF THIS PROSPECTUS.

BEACH PETROLEUM LIMITED
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PROSPECTUS

1. IMPORTANT NOTICE

- 1.1 This Prospectus is dated 18 March 2005. A copy of this Prospectus was lodged with ASIC and ASX on 18 March 2005. ASIC and ASX take no responsibility for the contents of this Prospectus.
- 1.2 No Bonus Options will be allotted or issued on the basis of this Prospectus after the expiry date of 18 April 2006.
- 1.3 Bonus Options are only being issued to Shareholders with registered addresses in Australia and New Zealand. All other Shareholders (**Non-Resident Shareholders**) will not be issued Bonus Options under this Prospectus. Beach has determined, in accordance with the Listing Rules, that it would be unreasonable to make an offer under this Prospectus to Non-Resident Shareholders having regard to:
- 1.3.1 the number of Shareholders in the places where the offer would be made;
- 1.3.2 the number and value of the rights that would be offered; and
- 1.3.3 the cost of complying with the legal requirements in those places.
- 1.4 This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.
- 1.5 Definitions of certain terms used in this Prospectus appear in the Glossary.

2. DETAILS OF THE ISSUE

2.1 The Issue

Beach is issuing Bonus Options on a one for four basis to holders of Shares who are registered as at the close of business on 31 March 2005. The Bonus Options are being issued free to Shareholders. Fractional entitlements to Bonus Options will be rounded up to the next whole number. The total number of Bonus Options to be allotted will be up to approximately 83 million.

The Bonus Options to be issued pursuant to this Prospectus will be issued and holding statements despatched by no later than 14 April 2005, or such later date as determined by the Directors in accordance with the Listing Rules.

2.2 Purpose of the Issue

The money raised by the exercise of Bonus Options will be used to provide capital for the continuing development of Beach's business and investments in Australia and internationally.

2.3 Terms of the Bonus Options

The Bonus Options will be issued on the following terms:

- (a) The Bonus Options shall expire at 5.00 pm Central Standard Time on 30 June 2006 (**Expiry Date**).
- (b) Each Bonus Option shall entitle the holder to subscribe for 1 Ordinary Share in the capital of Beach on the terms set out below.
- (c) Bonus Options may be exercised at any time prior to the Expiry Date.
- (d) Each Bonus Option shall be exercisable at 60 cents per Bonus Option.
- (e) Bonus Options may only be exercised by the registered holder for the time being by completing the Notice of Exercise of Bonus Option accompanying the optionholder statement and forwarding it, together with payment of the exercise price, to be received by Computershare Investor Services Pty Limited at any time prior to the Expiry Date. Cheques must be made payable to Beach Petroleum Limited and marked "not negotiable".
- (f) The date of exercise of a Bonus Option will be the date on which the Notice of Exercise of the Bonus Option is received at Computershare Investor Services Pty Limited.
- (g) Bonus Options are unlisted securities however, within 7 days of the date of this Prospectus, Beach intends to make application to have Bonus Options listed for official quotation by the ASX from 1 July 2005.
- (h) Bonus Options may be transferred at any time prior to the Expiry Date, independently of the Ordinary Shares to which they are attached.
- (i) Beach must make applications to have shares issued on the exercise of Bonus Options listed for official quotation by the ASX, no later than 3 business days after the issue of the shares.
- (j) In the event of any reorganisation of the issued capital of Beach, Bonus Options will be reorganised as required by the ASX Listing Rules applying to a reorganisation of capital at the time of reorganisation.
- (k) Bonus Options will not entitle the holders to participate in any new pro-rata issues, which may be offered to shareholders during their currency. Prior to any pro-rata issue, optionholders will be notified by Beach and will be afforded at least 14 business days before the record date determining entitlements to the issue to exercise those Bonus Options.
- (l) Beach will advise optionholders at least 20 business days before the Expiry Date of the impending expiry of the Bonus Options and will provide such details as required by the ASX Listing Rules to enable

optionholders to determine whether or not to exercise those Bonus Options.

2.4 **ASX Quotation**

Application has been made for the Bonus Options issued pursuant to this Prospectus to be admitted to quotation on ASX. The fact that ASX may admit the Bonus Options to quotation is not to be taken in any way as an indication of the merits of the Company or the Bonus Options.

2.5 **Rights attaching to Shares**

If you exercise your Bonus Options you will be issued Shares in Beach. Full details of the rights attaching to Shares are set out in Beach's constitution, a copy of which may be inspected at Beach's registered office. A summary of the rights follows.

2.5.1 **Voting rights**

At a general meeting every shareholder present in person by proxy, attorney or representative has one vote on a show of hands and every shareholder present in person or by proxy, attorney or representative has one vote for each Share on a poll.

2.5.2 **Dividends**

Dividends are declared by the Directors at their discretion and subject to any special rights (at present there are none) are payable on all Shares in proportion to the amount of capital for the time being paid up or credited as paid up on those Shares.

2.5.3 **Transfer of Shares**

Generally, Shares are freely transferable. Where the Listing Rules or the law require Beach to do so, the Directors must decline to register a transfer.

2.5.4 **Future increases in capital**

The allotment or issue of any shares of Beach is under the control of the Directors who may, subject to the Act and the Listing Rules, allot or otherwise dispose of them on such conditions as they see fit.

2.5.5 **Variation of rights**

The rights and privileges attaching to Shares can be altered by special resolution of the shareholders. A special resolution is a resolution passed by a majority of not less than 75% of those present and voting.

2.5.6 **Rights on winding up**

In the event of a winding up of Beach:

- (a) any surplus will be divided among the shareholders in the proportion that the amount paid up on the shares bears to the total amount paid up on all shares of Beach on issue;
- (b) surplus assets in kind may, with the sanction of a special resolution, be divided among shareholders in such proportion as the liquidator may determine.

3. INFORMATION ABOUT BEACH

3.1 Disclosing Entity

This Prospectus is issued pursuant to section 713 of the Corporations Act as a prospectus for the offer of continuously quoted securities.

Beach is a "disclosing entity" for the purposes of the Corporations Act and as such is subject to regular reporting and disclosure obligations. Specifically, as a listed company, Beach is subject to the Listing Rules of the ASX which require continuous disclosure to the market of any information Beach has which a reasonable person would expect to have a material effect on the price or value of the Beach's shares.

The ASX maintains files containing publicly disclosed information about all listed companies. Beach's file is available for inspection at the ASX in Adelaide during normal working hours. In addition, copies of documents lodged with the ASIC in relation to Beach may be obtained from, or inspected at, any Regional Office of the ASIC.

3.2 Information Available to Shareholders and Prospective Investors

Beach will provide a copy of each of the following documents free of charge, to any Shareholder who so requests:

- 3.2.1 the 2004 Annual Report of Beach which contains the financial statements for the 2003/2004 financial year;
- 3.2.2 the 2004 Half Year Report of Beach which contains the financial statements for the six months to 31 December 2004; and
- 3.2.3 the announcements lodged with the ASX since release of the 2004 Annual Report, listed in part 6 of this Prospectus.

3.3 Market prices of Shares

The lowest and highest market sale prices of Shares on ASX during the three months immediately before 18 March 2005, and the respective dates of those sales, were 43 cents on 23, 24, 29 and 30 December 2004 and 72 cents on 17 March 2005. The last sale price for Shares on the ASX before the date of this Prospectus was 69 cents on 17 March 2005.

3.4 **Capital Structure of Beach**

As at the date of this Prospectus, Beach had on issue approximately 293 million Shares and 40.3 million options exercisable at 33.5 cents by 31 May 2005.

As stated above, the Issue will result in Beach having on issue up to an additional 83 million options on the terms set out in paragraph 2.3. The Issue will not raise immediate cash funds for Beach as the Bonus Options to be issued pursuant to this Prospectus will be issued for no consideration. If all of the Bonus Options that may be issued pursuant to this Prospectus are exercised, Beach will raise additional funds of potentially up to \$50 million and assuming all existing options are exercised, could potentially have on issue up to 414 million Shares.

Any funds raised will be used to continue exploration and production on the Company's projects, to augment the Company's general working capital and to provide funding for appropriate growth opportunities.

3.5 **Risk Factors**

As with all investments, investors should be aware that the market price of securities in Beach may fall as well as rise. The potential returns of Beach will be exposed to risks specific to Beach and to general investment risks. While it is impossible to identify all risks, the attention of investors is drawn to the following particular risks. Prior to exercising Bonus Options, option holders should carefully consider all risk factors including the following, as well as other information contained in this Prospectus.

3.5.1 **Exploration**

Exploration by its nature contains elements of significant risk. Ultimate success depends on the discovery of economically recoverable reserves, obtaining the necessary titles and governmental regulatory approvals, the obtaining of and the servicing of funding to fund mining operations if and when a decision to mine is made.

3.5.2 **Development**

There can be no assurance that Beach's existing projects or any other projects or tenements that the Beach may acquire in the future will result in the discovery of significant oil or gas reserves. Even if significant reserves are identified, there can be no guarantee that they will be able to be economically exploited.

3.5.3 **Loss of Key Personnel**

Beach's success depends on the competencies of its Directors and senior management. The loss of one or more of the Directors or senior management could have a materially adverse effect on Beach's business, financial position and results of operations. The resulting impact from such an event would depend on the quality of any replacement.

3.5.4 General Investment Risks

There is a risk that the price of Shares and returns to shareholders may be affected by changes in local and world economic conditions, interest rates, levels of tax, taxation law and accounting practice, government legislation or intervention, inflation or inflationary expectations and natural disasters, social upheaval or war in Australia or overseas. Many of these factors are beyond the Beach's control.

3.5.5 Future Capital Requirements

Beach may require additional capital to fund further exploration/development of its existing or new projects. Beach's ability to raise sufficient further capital within an acceptable time frame and on terms acceptable to it will vary according to a number of factors including (without limitation) the prospects of new projects (if any), the results of exploration and subsequent feasibility studies, stock market and industry conditions and the price of relevant commodities.

3.5.6 Access to Infrastructure

The sharing with other industry participants of operating infrastructure such as oil and gas processing facilities and gas pipelines is an integral feature of oil and gas operations. As such, Beach relies on access to and the proper operation and maintenance of shared facilities that are outside of its direct control in order to deliver its production to market. Any delay or failure to acquire access to, or the improper operation and maintenance of such facilities may have a material adverse effect on Beach.

3.5.7 Joint Venture Partners

Financial failure or default by any participant in a joint venture to which Beach is party may have a significant and adverse impact on Beach insofar as Beach may have to bear that share of the joint venture costs which would otherwise have been borne by the relevant participant in the joint venture.

4. ADDITIONAL INFORMATION

4.1 Interests of Directors

The securities of Beach in which Directors have Relevant Interests are:

Director	Shares	Options
Mr R M Kennedy	726,353 ⁽²⁾	59,029 ⁽¹⁾
	-	90,972 ⁽²⁾
Mr R G Nelson	1,570,288 ⁽¹⁾	Nil

Director	Shares	Options
	231,203 ⁽²⁾	Nil
Mr J C Butler	52,908 ⁽¹⁾	12,501 ⁽¹⁾
Mr M Frost	86,580 ⁽¹⁾	17,858 ⁽¹⁾
Mr F Moretti	33,513 ⁽²⁾	6,695 ⁽²⁾
Mr H M Gordon	631,608 ⁽¹⁾	29,115 ⁽¹⁾
Ms K A Presser	539,086 ⁽¹⁾	Nil

Notes:

- (1) Directly held by Directors
- (2) Held by entities in which Directors have a Relevant Interest

Beach has agreed to pay annual director fees to the Directors in accordance with the Beach Constitution.

The maximum aggregate remuneration of the Non-Executive Directors of Beach as approved by shareholders at the Annual General Meeting held on 11 November 2004 is \$450,000 per year. The manner in which this remuneration is apportioned between Directors for the year will be determined by the Board.

The remuneration of Mr. R. G. Nelson (Managing Director, Executive Director) is determined by the Board. The Board has agreed to pay up to \$470,000 remuneration to Mr. R.G. Nelson for the 2004/2005 financial year plus, subject to Mr. R.G.Nelson meeting key performance indicators a further long term incentive up to \$60,000 per annum as determined by the Board.

4.2 Expenses of the Issue

The total expenses connected with the Issue, including legal and other advisory fees, listing, printing and other miscellaneous expenses are estimated to be approximately \$50,000.

4.3 Taxation

The potential tax effects relating to the Issue on the holder of Shares will vary between shareholders. You should satisfy yourself of possible tax consequences by consulting your own professional tax advisers.

4.4 ASIC Class Order

Beach has taken advantage of ASIC Class Order 00/1092 which exempts it from the requirement that:

- 4.4.1 this Prospectus include or be accompanied by an application form; and

4.4.2 Beach may only issue Bonus Options pursuant to this Prospectus to a person who has submitted an application form distributed with this Prospectus.

4.5 **Consent**

Computershare Investor Services Pty Ltd has given its written consent and at the date of this Prospectus had not withdrawn its written consent to being named in this Prospectus as share registry (Australia) for Beach in the form and context in which it is named.

Computershare Investor Services Pty Ltd takes no responsibility for any part of this Prospectus other than references to its name. Computershare Investor Services Pty Ltd does not make any statement in this Prospectus nor is any statement based upon a statement by Computershare Investor Services Pty Ltd. Computershare Investor Services Pty Ltd has not caused or authorised the issue of this Prospectus or has in any way been involved in the making of the issue of Bonus Options.

5. **GLOSSARY**

In this Prospectus, unless the context otherwise requires:

\$ means Australian dollars;

Act means the Corporations Act 2001;

ASIC means the Australian Securities and Investments Commission;

ASX means the Australian Stock Exchange Limited ABN 98 008 624 691;

Beach means Beach Petroleum Limited ABN 20 007 617 969;

Bonus Options means the options to be issued pursuant to this Prospectus;

Directors means the directors of Beach;

Issue means the Issue of Bonus Options under this Prospectus;

Listing Rules means the Listing Rules of ASX;

Prospectus means this Prospectus dated 18 March 2005;

Relevant Interest has the meaning given to it in the Act;

Shareholder means a holder of Shares; and

Shares means fully paid ordinary shares in the capital of Beach.

6. **ANNOUNCEMENTS**

The announcements referred to in paragraph 3.2.3 are the following:

Date	Details
12/10/2004	Appendix 3B - Conversion of Bonus Options

Date	Details
20/10/2004	Appendix 3B-Conversion of bonus options expiring 31/5/05
25/10/2004	STU: Completion Report - Reg Sprigg West #1
25/10/2004	Appendix 3B - Conversion of Bonus Options
29/10/2004	Doubles Reserves & Significantly Increases Revenue
29/10/2004	First Quarter Activities Report
01/11/2004	EPR's ann: New Vic/P46 Farminee
01/11/2004	Appendix 3B: Conversion of Bonus Options
01/11/2004	Beach in Second Offshore Expansion in Southern Australia
01/11/2004	STU:Completion Report - Reg Sprigg West #1
02/11/2004	Amendment to Appendix 3B Released 1/11/04-App3B
03/11/2004	BPT Adds Fourth Asset To Expanding Offshore Oil Exploration
08/11/2004	Appendix 3B - Conversion of Bonus Options
09/11/2004	ETE : Farms in to Glenvale/Coolum in ATP 269P SW Queensland
10/11/2004	Appendix 3B -Issue of new shares/Conversion of bonus options
11/11/2004	Letter to Shareholders
11/11/2004	Results of Meeting
11/11/2004	Managing Director's Address to Shareholders
11/11/2004	Chairman's Address to Shareholders
12/11/2004	Appendix 3B - Conversion of bonus options
15/11/2004	DRP Discount Rate Applicable to 2004 Final Dividend
16/11/2004	STU ann Jezabeel #1 Wildcat Well Spud
17/11/2004	EPR: Market Update
17/11/2004	Drilling Report: Kenmore-31 PEL 32 Eromanga Basin Qld
17/11/2004	STU: Progress Report - Jezabeel #1
18/11/2004	Drilling Report: Kenmore-31 PL32 Eromanga Basin
18/11/2004	STU Drilling Report: Jezabeel #1
19/11/2004	Drilling Report: Kenmore-31 PL 32
19/11/2004	STU ann re Jezabeel #1 Drilling Report
22/11/2004	Appendix 3B - Conversion of Bonus Options
22/11/2004	Drilling Report - Kenmore-31 PL32
22/11/2004	STU ann: Jezabeel #1 Drilling Report
23/11/2004	Drilling Report - Kenmore 31
23/11/2004	STU: Progress Report - Jezabeel #1
24/11/2004	STU's ann: Drilling Report: Jezabeel #1
24/11/2004	Drilling Report - Kenmore-31
25/11/2004	Change of Director's Interest Notice
25/11/2004	Change of Director's Interest Notice
25/11/2004	Change of Director's Interest Notice
25/11/2004	Appendix 3B - Dividend Reinvestment Plan
25/11/2004	Drilling Report - Kenmore-31
25/11/2004	STU's ann: Drilling Report: Jezabeel #1 PEL113 SA
26/11/2004	Drilling Report: Kenmore-31 PL 32 Qld
26/11/2004	STU Progress Report: Jezabeel #1
29/11/2004	Appendix 3B - Conversion of Bonus Options
29/11/2004	Progress Report - Kenmore-31 PL32
29/11/2004	STU: Drilling Report - Jezabeel #1
01/12/2004	Drilling Report: Kenmore-32 PL 32 Qld
02/12/2004	Drilling Report: Kenmore-32 PL32 Qld
03/12/2004	Progress Report - Kenmore 32 PL32
06/12/2004	Appendix 3B
06/12/2004	Drilling Report Kenmore-32 Eromanga Basin Queensland
07/12/2004	Progress Report - Kenmore-32 PL32
08/12/2004	Drilling Report: Kenmore-32 PL32 Qld
09/12/2004	Drilling Report: Kenmore-32 PL 32Qld
10/12/2004	Drilling Report : Kenmore-32
13/12/2004	Appendix 3B - Issue of shares/Conversion of Bonus Option
13/12/2004	Drilling Report - Kenmore-33 PL32
14/12/2004	Drilling Report - Kenmore-33 PL32
15/12/2004	Becoming a substantial holder for AZA
15/12/2004	Drilling Report: Kenmore-33 PL 32 Qld
16/12/2004	Drilling Report: Kenmore-33 PL 32 Eromanga Basin Qld
16/12/2004	Beach JV contracts purpose built FPSO
16/12/2004	AZA: BMG Joint Venture - FPSO Contract
17/12/2004	Progress Report - Kenmore-33 PL32

Date	Details
20/12/2004	Readies to go offshore on Jan 6/Kenmore successes build
20/12/2004	Appendix 3B - Issue of new shares/Conversion of Bonus Opts
20/12/2004	Progress Report: Kenmore-33 PL32
22/12/2004	Change of Director's Interest Notice
23/12/2004	MOS: Hurricane Well - Offshore WA - Update
04/01/2005	Appendix 3B-Conversion of Bonus Options Expiring 31/5/05
05/01/2005	Appendix 3B-Conversion of Bonus Options
06/01/2005	STO: Weekly Drilling Report
06/01/2005	MOS: Whinstanes 1 & Hurricane 1 Update
07/01/2005	Hurricane-1 Spud
12/01/2005	Appendix 3B - Conversion of bonus options
13/01/2005	STO's Weekly Drilling Report
13/01/2005	Drilling Report - Kenmore-34
13/01/2005	MOS's Hurricane 1 - WA208P - Update
14/01/2005	Drilling Report: Kenmore-34 PL32
17/01/2005	Progress Report - Kenmore-34 PL32
18/01/2005	Drilling Report - Kenmore-34 PL32
19/01/2005	Appendix 3B - Conversion of Bonus Options
19/01/2005	Drilling Report - Kenmore-34 PL32
20/01/2005	WPL's ann: Hurricane-1 WA-203-P
20/01/2005	STO's ann: Weekly Drilling Report - 20/01/05
20/01/2005	MOS's Progress Report - Hurricane 1
20/01/2005	Drilling Report - Kenmore-34 PL32
21/01/2005	Drilling Report - Kenmore-34 PL 32
25/01/2005	BPT First Half Revenue Up 73% On Higher Prices
25/01/2005	Second Quarter Activities Report
27/01/2005	STO: Weekly Drilling Report
27/01/2005	Drilling Report: Coolum -1 ATP269P
28/01/2005	Progress Report - Coolum -1 ATP269P
31/01/2005	Appendix 3B - Conversion of Bonus Options
31/01/2005	Drilling Report: Coolum -1 ATP269P Qld
01/02/2005	Progress Report - Corowa East-1
01/02/2005	Drilling Report: Coolum -1 ATP 269P
02/02/2005	Drilling Report: Coolum -1 ATP 269P
02/02/2005	Drilling Report - Coolum -1
03/02/2005	Drilling Report: Coolum -1
04/02/2005	Appendix 3B - Conversion of Bonus Options
04/02/2005	Coolum -1 Oil Discovery
07/02/2005	Drilling Report Corowa East-1WA-264-P Carnarvon Basin WA
07/02/2005	Coolum -1 Oil Discovery
08/02/2005	MAG:Commences 2005 Drilling Program /Kakariki-1 Spuds in NZ
08/02/2005	Coolum -1 Progress Report
09/02/2005	Coolum -1 Drilling Report
10/02/2005	Drilling Report - Corowa East-1
10/02/2005	Appendix 3B - Conversion of bonus options
10/02/2005	Coolum -1 Drilling Report - Qld
11/02/2005	Coolum -1 Drilling Report
11/02/2005	GOG: Beach to Drill in Great Artesians SA Area
15/02/2005	Drilling Report:Bodalla South -15
16/02/2005	Drilling Report :Bodalla South
17/02/2005	STO: Weekly Drilling Report for week ended 17/02/04
17/02/2005	Progress Report: Bodalla South-15 PL31
18/02/2005	Appendix 4D Half Year Results
18/02/2005	Appointment of Company Secretary
18/02/2005	Half Year Audit Review
18/02/2005	News Release re Half Year Results
18/02/2005	Half Yearly Report
18/02/2005	Half Year Accounts
18/02/2005	Progress Report - Bodalla South-15 PL31
21/02/2005	Appendix 3B
21/02/2005	News Release: New Bonus Options Plan
21/02/2005	Issue of New Options
21/02/2005	Drilling Report: 6 out of 6 success Bodalla South 15
22/02/2005	Appendix 3B-Bonus Issue Options

Date	Details
22/02/2005	Becoming a substantial holder
22/02/2005	Drilling report :Bodalla South-15
23/02/2005	Progress Report - Bodalla South-15 PL31
24/02/2005	Appendix 3B: Issue of new shares/Conv of Bonus Options
01/03/2005	Former Darwin Rail Chief Appointed To Beach Petroleum Board
01/03/2005	Appointment of New Director -Mr Franco Moretti
02/03/2005	Initial Director's Interest Notice
03/03/2005	Change of Director's Interest Notice
03/03/2005	Appendix 3B - Issue of new shares/conversion of bonus option
08/03/2005	Appendix 3B -Issue of new shares/conversion of bonus options
09/03/2005	Letter to Optionholders
09/03/2005	Presentation to Euroz Securities Limited Conference 2005
10/03/2005	Change of Director's Interest Notice
10/03/2005	Change in substantial holding
10/03/2005	Appendix 3B - Conversion of bonus options
14/03/2005	Appendix 3B - Conversion of bonus options
14/03/2005	Appendix 3Y – Change of Directors Interest Notice – Reg Nelson
14/03/2005	2004-2005 Half Year Report
14/03/2005	Drilling Report, Jackson-44, PPL 23 Eromanga Basin Qld
16/03/2005	Appendix 3B – Conversion of bonus options
16/03/2005	Amended Appendix 3X – Initial Directors Interest Notice

7. DIRECTORS' AUTHORISATION

Each Director has consented to the lodgment and issue of this Prospectus.

Signed in accordance with a resolution of the Directors.



Reg Nelson

Managing Director