



22 February 2010

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The Manager, Companies
ASX Ltd
Companies Announcement Office
Electronic Lodgement System

Dear Sir

ANNOUNCEMENT TO ASX

BASKER-MANTA-GUMMY PROJECT - OPERATOR 2P RESERVES UPDATE

Beach Energy Limited (Beach) notes the release today by Roc Oil Company Limited (ROC) regarding the Basker-Manta-Gummy (BMG) Project.

On 3 February 2010, ROC advised the ASX that as a result of preliminary technical work, ROC anticipated that remaining gross 2P Reserves at the BMG project as at 31 December 2009 were likely to be reduced from approximately 18 MMbbl to between 3 MMbbl and 5 MMbbl, subject to further development activity.

ROC today has advised the ASX that Resource Investment Strategy Consultants ("RISC") have completed the annual independent review of ROC's reserves estimates. This review was commissioned by ROC for its own purposes, and not on behalf of the BMG Joint Venture. RISC estimates that gross Remaining 2P oil reserves for the BMG Project as at 31 December 2009 are 3.1 MMbbl, subject to no further development activity.

It should be emphasised that the underlying technical data and analysis associated with ROC's preliminary work referred to in its 3 February release is still being assessed by the Joint Venture. The RISC review announced by ROC today has not been provided to Beach at this point in time.

The BMG Operator, on behalf of the Joint Venture, continues to evaluate future development options, including oil optimisation and scenarios associated with the BMG Project's large contingent gas resource.


Beach will formalise its position regarding BMG reserves and any potential impairment to carrying value when this work is completed, in conjunction with its annual reserves review and full year financial results for the 12 months ending 30 June 2010 and notes that at 30 June 2009, it wrote down its BMG reserves by approximately 60% to 2.4 MMbbl.

As at 30 June 2009, the BMG Project represented only 3.6% of Beach's total 2P reserve base of 66 MMboe.

Participating interests in the BMG Project are:

Roc Oil (Vic) Pty Limited (Operator)	30%
Beach Energy Limited.	30%
CIECO Exploration and Production (Australia) Pty Ltd.	20%
Sojitz Energy Australia Pty Ltd	10%
Pertamina Hulu Energi Australia Pty Ltd.	10%

Yours faithfully,



Hector Gordon
Chief Executive Officer

For more information contact:

Hector Gordon	Beach Energy	08 8338 2833
Steve Masters/Nicola Frazer	Beach Energy	08 8338 2833
Ian Howarth	Collins Street Media	0407 822 319

Competent Persons Statement:

This release contains information on Beach's Reserves and Resources which have been compiled by Mr Hector Gordon 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.