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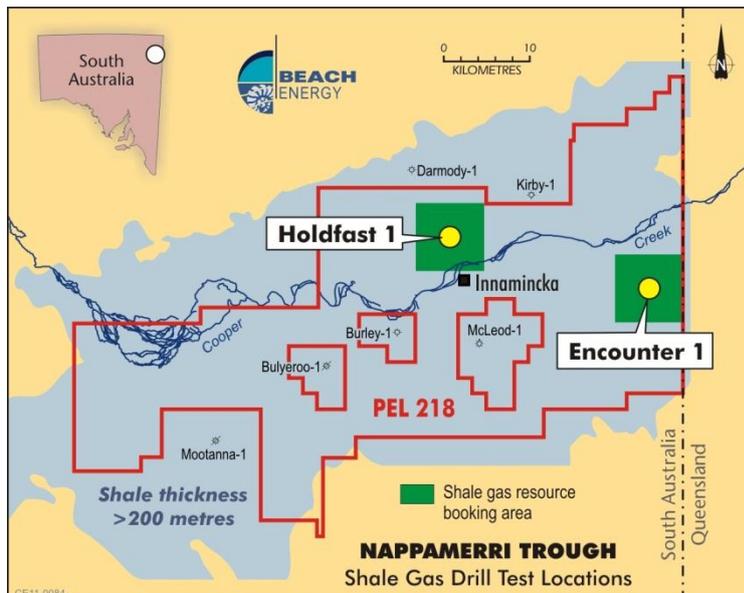
ASX Ltd
 Companies Announcement Office
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Dear Sir,

INITIAL 2 TCF RESOURCE BOOKING FOLLOWING SUCCESSFUL SHALE GAS EVALUATION

Beach advises an initial 2 trillion cubic feet of contingent resource has been booked for its PEL 218 shale gas exploration program to date

Beach Energy Ltd (ASX: BPT, “Beach”) has completed its internal assessment of the resource potential of the Holdfast-1 and Encounter-1 vertical shale gas wells with the booking of an initial gross contingent resource of 2 trillion cubic feet (“TCF”) of sales gas. While PEL 218 (Beach 90%) is approximately 1,600km² in size, this resource booking has been constrained to areas of 100km² around each of the two purpose drilled shale gas evaluation wells. Data collected to date indicate the shales are continuous across the PEL 218 acreage.



This resource booking equates to in excess of 330 million barrels of oil equivalent, or approximately 5 times Beach’s 30 June 2010 reserves figure. The calculation of the shale resource is based on observed flows, following successful fracture stimulation and continued flow testing at Holdfast-1, and takes into account the main shale and mixed lithology formation target zones (the Roseneath Shale, Epsilon Formation, Murteree Shale and the top section of the Patchawarra Formation).

The resource calculation does not include significant upside potential expected in the, as yet, untested deeper sections of the Patchawarra Formation and the shallower Toolachee and Daralingie Formations. Prior to drilling Holdfast-1 and Encounter-1, the Patchawarra, Toolachee and Daralingie Formations were identified as potential resource targets for gas outside of structural closure. Both Holdfast-1 and Encounter-1 were specifically drilled off-structure to test this

play, which confirmed gas saturation in these formations and the probability of a large basin centred gas accumulation in the permit.

While gas flow from the upper Patchawarra interval has confirmed that this formation is productive outside of closure, the remaining shallower intervals (Toolachee and Daralingie) and the deeper Patchawarra Formation sediments, are yet to be tested, and will be targeted for flow testing during follow up exploration and appraisal activity. This is scheduled to commence in the next six to twelve months to investigate the potential to more than double the identified resource in the permit.

This internal resource estimate of 2 TCF will contribute to a material increase in Beach's total contingent resource, the details of which will be released later this month. As is the normal course of events, an independent review of this resource estimate will take place in due course.

Beach Managing Director, Reg Nelson said, "The booking of a contingent resource of this size is a clear indication of the potential within our shale gas acreage in the Cooper Basin. We are confident, as a result of drilling both Holdfast-1 and Encounter-1 off-structure, that we have a contiguous, thick and gas saturated shale, as well as a basin centred gas play, within PEL 218. The resource booking announced today is likely to be just the beginning of more to come as we continue to de-risk the area through further testing of our two existing wells and our pilot program set down for 2012."

Participants in PEL 218 (Permian JV) are:

Beach (Operator)	90%
Adelaide Energy Ltd	10%

Yours sincerely,



Reg Nelson
Managing Director, FAusIMM

This ASX release contains information on Beach's Reserves 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.

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