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For Immediate Release – 3 December 2012

Ref. #117/12

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

Dear Sir,

OIL DISCOVERY AT PENNINGTON-1 IN THE COOPER BASIN

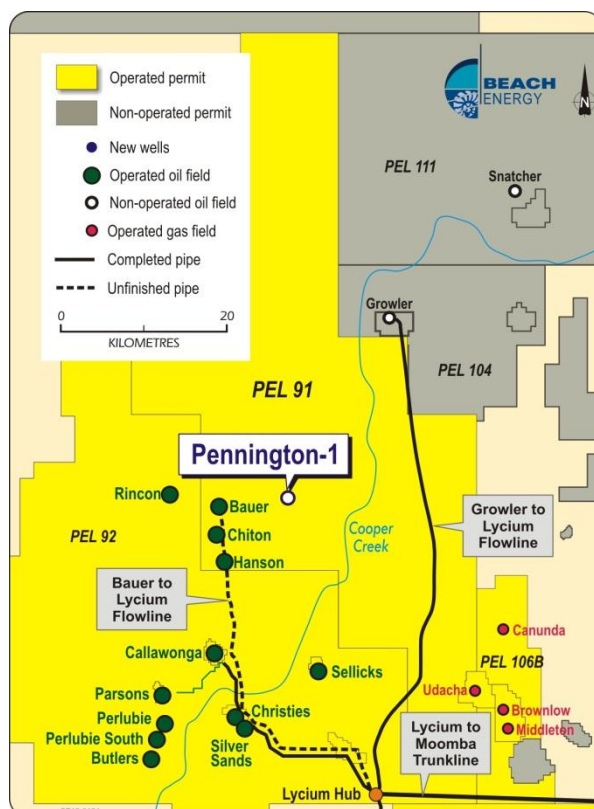
Beach advises a new field oil discovery, with multiple oil columns encountered in the McKinlay/Namur and mid-Namur Sandstones and oil shows in the Birkhead Formation in Pennington-1 in PEL 91. The pre-drill upside gross estimate have been exceeded and appear to be in excess of two million barrels of recoverable oil, which is supported by wireline log data

Beach Energy Limited (ASX: BPT, "Beach") advises of a new field oil discovery at the Pennington-1 exploration well, located 9 kilometres due east of the Bauer oilfield, in PEL 91 (Beach 40% and operator, Drillsearch Energy Limited 60%).

The Pennington-1 well was a deviated well and encountered a gross oil column of five metres in the McKinlay Sandstone, contiguous with a net oil column of eight metres in the Namur Sandstone and a separate six metre net oil column in the mid-Namur Sandstone. Oil shows in the deeper Birkhead Formation require further evaluation to determine the presence of moveable oil in this section, which appears to be seven metres thick.

Data gathered from wireline logs indicates that the upside pre-drill estimates will be exceeded and are likely to be in excess of two million barrels of recoverable oil. As mentioned above, the Birkhead shows will be further evaluated at a later date for fluid content, productivity and volumes via drill stem testing. The well will be cased and suspended as a future oil producer.

Following the completion of the evaluation program the Ensign 930 rig will be moved to the Coorabie-1 exploration well, located



approximately 30 kilometres to the SouthEast of Pennington-1 in PEL 106B (Beach 50% and operator, Drillsearch 50%).

Reg Nelson, Managing Director of Beach, said: "Beach has been talking for some time now about the prospectivity of our Western Flank acreage in the Cooper Basin. In our operated Western Flank exploration and development program this financial year to date, we have drilled 12 wells, 11 of which have been successes. With newly acquired 2D and 3D seismic data from this area, we anticipate a great deal more success to follow these recent discoveries. Pennington-1 appears to be another stacked play which offers oil over a number of horizons. Bauer-1 recently flowed at 15,000 bopd on test, with no water present, which is a clear indication of the flow rate potential of wells in this part of the Cooper Basin. The exploration results coming from our Western Flank area are a great credit to our technical team, whom continue to identify numerous new targets from recently acquired seismic data."

Yours sincerely,



Reg Nelson
Managing Director, FAusIMM

For more information contact

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