



ASX Release

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Dear Sir

COOPER BASIN SACB JV UNCONVENTIONAL AND NTNG EXPLORATION UPDATE

Beach Energy Ltd (ASX: BPT, "Beach") advises the following in relation to the unconventional exploration program in the South Australian Cooper Basin Joint Venture ("SACB JV") (Beach 20.21%, Santos Ltd 66.6% and operator, Origin Energy Ltd 13.19%) and the Nappamerri Trough Natural Gas ("NTNG") project in PEL 218 (Beach 70% and operator, Chevron Exploration Australia 1 Pty Ltd ("Chevron") 30%) and ATP 855 (Beach 45.9% and operator, Chevron 18% and Icon Energy Ltd 40%).

SACB JV Unconventional Gas

REM

The REM exploration program is focused on the Roseneath Shale, Epsilon Formation, Murteree Shale and Patchawarra Formation. This program is being undertaken in the shallower areas of the Nappamerri Trough near existing infrastructure. Three projects have been initiated, namely Aurora, Roswell and Fortuna.

The Aurora project is comprised of the Moomba-192 vertical well and the Moomba-193 Murteree Shale horizontal well. Moomba-192 was drilled to a total depth of 2,980 metres in April 2013 and will be used as a monitoring well for down-hole micro-seismic during fracture stimulation of the Moomba-193 horizontal well. Moomba-193 is currently drilling ahead at ~2,700 metres, with a lateral in the Murteree Shale planned to be ~1,000 metres.

The Aurora project is within one kilometre of the Moomba-191 vertical well, which is currently producing gas at a rate of ~2 MMscfd from the three fracture stimulation stages in the Roseneath Shale, Epsilon Formation and the Murteree Shale. Moomba-191 has been producing for 14 months into the Moomba North gathering system.

The Roswell project is comprised of the Roswell-1 vertical well and the Roswell-2 Roseneath Shale horizontal well. Roswell-1 was drilled to a total depth of 3,220 metres in December 2012 and fractured stimulated in a deep Patchawarra Formation coal, flowing gas at 0.4 MMscfd. Roswell-1 will be further stimulated at a later date in shallower horizons, which are yet to be determined. The Roswell-2 horizontal well was drilled to a total depth of 3,480 metres with a 550 metre lateral in the Roseneath Shale. Fracture stimulation of this section is planned for Q1 (first quarter) 2014, with the well to be monitored using a surface micro-seismic array.

The Fortuna project is comprised of the Moomba-194 vertical well and Moomba-195 Murteree Shale horizontal well. Moomba-194 was drilled to a total depth of 3,368 metres in October 2013, with

fracture stimulation undertaken over five stages in the Epsilon Formation, Murteree Shale and the Patchawarra Formation. The initial flow rates were 3.1 MMscfd, which declined to ~1.4 MMscfd prior to shut-in of the well. The completion equipment for this well have been installed with the well awaiting the installation of a flowline. This well has confirmed the extension of the Patchawarra Formation gas accumulation in the Moomba field, with the operator indicating the results are a step closer to commercialisation of the greater Nappamerri Trough.

The Moomba-195 horizontal well has been deferred while awaiting results from Moomba-193 and Roswell-2.

Basin Centred Gas

The Basin Centred Gas appraisal program is focused on gas accumulation through the entire Permian section, from the Toolachee Formation to the deeper Tirrawarra Sandstone.

Three vertical wells have been drilled to date, namely Langmuir-1, Gaschnitz-1ST1 and Van der Waals-1.

Langmuir-1 was cased and suspended after reaching a total depth of 3,825 metres in the Merrimelia Formation. The well has been fracture stimulated over 10 stages in sandstones and coals, from the Toolachee Formation to the Tirrawarra Formation. The well is currently cleaning up after which a flow rate will be advised.

Gaschnitz-1ST1 was fracture stimulated in the Tirrawarra, Patchawarra, Epsilon and Toolachee Formations. Gaschnitz-1ST1 was production tested for approximately two weeks post-stimulation. The well came on-line at an initial rate of ~1.5 MMscfd and declined to ~0.7 MMscfd. The well is currently shut-in awaiting appropriate equipment to run completion and continue the flow testing, which is expected in March 2014. A Gaschnitz production pilot, requiring the drilling of additional wells, is being considered for implementation during 2014.

The Van der Waals-1 well was planned for a nine stage fracture stimulation program. The initial two stages were placed and the third stage perforated (all three stages in the lower Patchawarra Formation). Further activity has been delayed by operational issues.

Nappamerri Trough Natural Gas

PEL 218

The Boston-3 horizontal well finished drilling in early December, with preparations underway to stimulate both the Boston-1 vertical well and the Boston-3 horizontal well in early February. Post-stimulation, both wells are expected to be flow tested in March. The previous 600 metre lateral section drilled in the Murteree Shale at Holdfast-2 was completed in 38 days. Incorporating the knowledge gained from Holdfast-2, drilling of the 1,000 metre lateral section in Boston-3 was completed in 12 days.

Recent success with a surface deployed monitoring array for microseismic monitoring, during the Holdfast-2 horizontal stimulation campaign, will see a repeat use of this technology during the stimulation of Boston-1 and Boston-3. This information will assist with designing the longer term development spacing and well orientation.

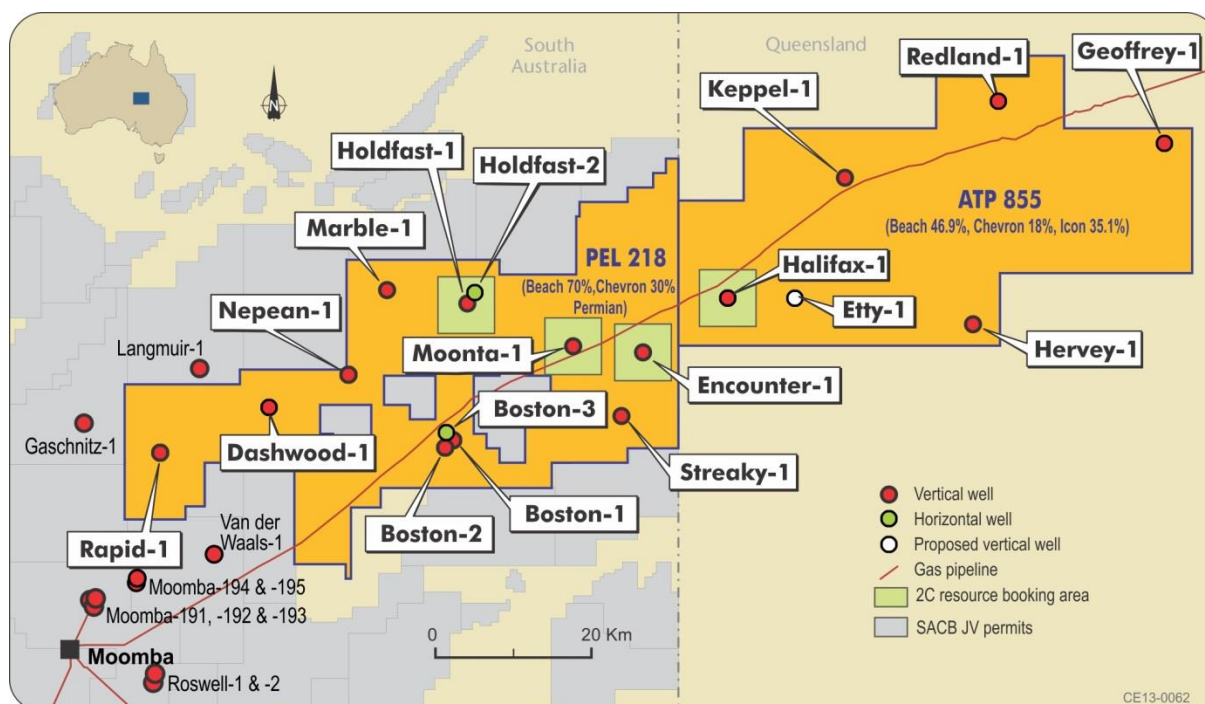
The Holdfast-2 horizontal well was fracture stimulated in late November, with nine stimulation stages along the 600 metre Murteree Shale lateral. During completion operations, a piece of the setting tool sheared off inside the well bore and needs to be recovered prior to flow testing. The operation to recover the tool will be undertaken using a snubbing unit, due on site early February, after which the well will be available for flow testing.

The Dashwood-1 vertical well, located 11 kilometres to the south east of Nepean-1, was fracture stimulated over four stages in the basal (lower) Patchawarra Formation. The flow test from this well is a strategic assessment of the flow characteristics of the basal units to assist in planning the next phase of exploration. The well is scheduled for a workover immediately after Holdfast-2 to recover a downhole setting tool from the completion packer. Once recovered and the completion run, flow testing will commence on the well.

ATP 855

The Redland-1 vertical well, located approximately 18 kilometres north east of Keppel-1, is drilling ahead at ~3,700 metres, with an expected total depth of ~3,800 metres. Redland-1 is drilling in a similar structural position to that of Keppel-1 and is specifically addressing the Toolachee and Daralingie Formations. The well is expected to be fracture stimulated after Geoffrey-1 in the second half of 2014. Following drilling of Redland-1, the Ensign 965 rig will move to the last well in the drilling campaign, Etty-1, located approximately nine kilometres east of Halifax-1.

An up to four well fracture stimulation campaign of the Geoffrey-1, Redland-1, Etty-1 and Hervey-1 vertical wells is expected to commence in Q2 2014. Key target reservoirs have been identified in those wells drilled to date for specific zone fracture stimulation and flow tests. These tests are aimed at gathering information on the contribution from individual target zones, which will be a small component of each well's capability.



Yours sincerely,



Reg Nelson
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