



ASX Release

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For Immediate Release – 2 June 2014

Ref. #036/14

ASX Ltd/SGX Singapore Exchange Ltd
Companies Announcement Office
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Dear Sir

STUNSAIL-1 RESERVES ESTIMATION

2P gross oil reserves for Stunsail-1 are estimated to be 1.6 MMbbls

Beach Energy Ltd (ASX: BPT, "Beach") advised on 28 March 2014 that the Stunsail-1 exploration well in PEL 91 (Beach 40% and operator, Drillsearch Energy Ltd 60%) discovered stacked oil pools within the McKinlay member, Namur Sandstone, Mid-Namur Sandstone and Birkhead Formation reservoirs.

Stunsail-1 intersected a four metre oil column within the McKinlay member and a six metre oil column in the Namur Sandstone primary target reservoir. An additional four metre oil column was also intersected within the Mid-Namur reservoir. Oil shows were encountered in the Birkhead Formation, with two intervals tested. The first drill stem test ("DST") tested a 15 metre interval, and recovered 46 barrels of oil and three barrels of filtrate over a four hour period, equating to a test rate of in excess of 250 barrels of oil per day.

As a result of proving oil within multiple reservoirs, Stunsail-1 was cased and suspended as a future oil producer. Pending joint venture approval, Beach anticipates the Stunsail field to be developed during the 2015 financial year.

Conceptual development plan

New requirements under Chapter 5 of the ASX Listing Rules require that oil and gas companies reporting on hydrocarbon accumulations must detail the conceptual development plan for the discovery.

McKinlay-Namur analysis

Commercial productivity of the McKinlay and Namur reservoirs is proven in offset fields within PEL 91. The Stunsail discovery is analogous to the commercial offset fields including Bauer, Chiton, and Hanson. As such, Beach has a high degree of confidence in the commercial productivity of the McKinlay-Namur reservoirs at Stunsail-1. Beach has carried out a preliminary economic evaluation of the project using costs based on analogous projects and internal company oil price assumptions to confirm its commercial viability.

Beach believes that Stunsail-1 can be developed using a standalone production facility, with oil potentially transported by truck to either the Bauer facility or the Lycium hub. Should there be further exploration and appraisal success in the proximity of Stunsail-1, this discovery has the potential to be developed with other fields in the same area through a pipeline to other facilities in PEL 91.

Pending joint venture approval, and dependant on results from further exploration, appraisal and development drilling, it is anticipated that the development of a standalone facility for the Stunsail field will:

- Cost approximately \$4 million; and
- Take place in the June quarter 2015.

Also pending joint venture approval is Stunsail-2, an appraisal well that is scheduled to be drilled in the September quarter 2014.

Using a standalone development model, Beach estimates preliminary gross undeveloped reserves from the McKinlay, Namur and Mid-Namur reservoirs as follows:

1P	1.0 million barrels of oil ("MMbbls")
2P	1.6 MMbbls
3P	2.5 MMbbls

These figures are as at 27 May 2014 and based on SPE-PRMS definitions and guidelines. Beach has a 40% share of the above estimates.

Preliminary petroleum reserves were estimated for each target reservoir formation using probabilistic methods, based on the analogous Bauer field where eleven wells are commercially producing oil. The areal configuration of the Stunsail McKinlay and Namur structure is based on interpretation and mapping of the Aquillus and Caseolus 3D seismic volumes, with the oil column heights defined from the Stunsail-1 wireline log analysis. The range of input petrophysical parameters was derived following comparison of the Stunsail-1 data to analogous reservoirs at Bauer. Based on this analysis, we have determined that the reservoir is discovered and commercially producible.

Birkhead analysis

In addition to the McKinlay-Namur and Mid-Namur oil pools, Beach considers that a Birkhead oil discovery was made, based on the recovery of oil from the first DST. Extended production testing of the Birkhead reservoir at Stunsail-1 may be undertaken to understand the extent of the oil accumulation. The nature and timing of Birkhead production from the Stunsail field is dependent on the final field development plan and joint venture approvals.

Mapping of 3D seismic data is ongoing within PEL 91 with an emphasis on evaluating the stratigraphically trapped oil potential of the Birkhead Formation. The encouraging results for this play concept across the Western Flank indicate the potential for further Birkhead prospects to be delineated in the region. Further mapping and appraisal drilling of the Stunsail field will be undertaken to better define the extent of the Birkhead oil discovery at Stunsail-1.

The results of Stunsail-1, Pennington-2, Bauer-12, Bauer-13, and Chiton-3 are all expected to be reflected in Beach's 30 June 2014 reserves update.

Yours sincerely,



Reg Nelson
Managing Director, FAusIMM

For more information contact:**Corporate**

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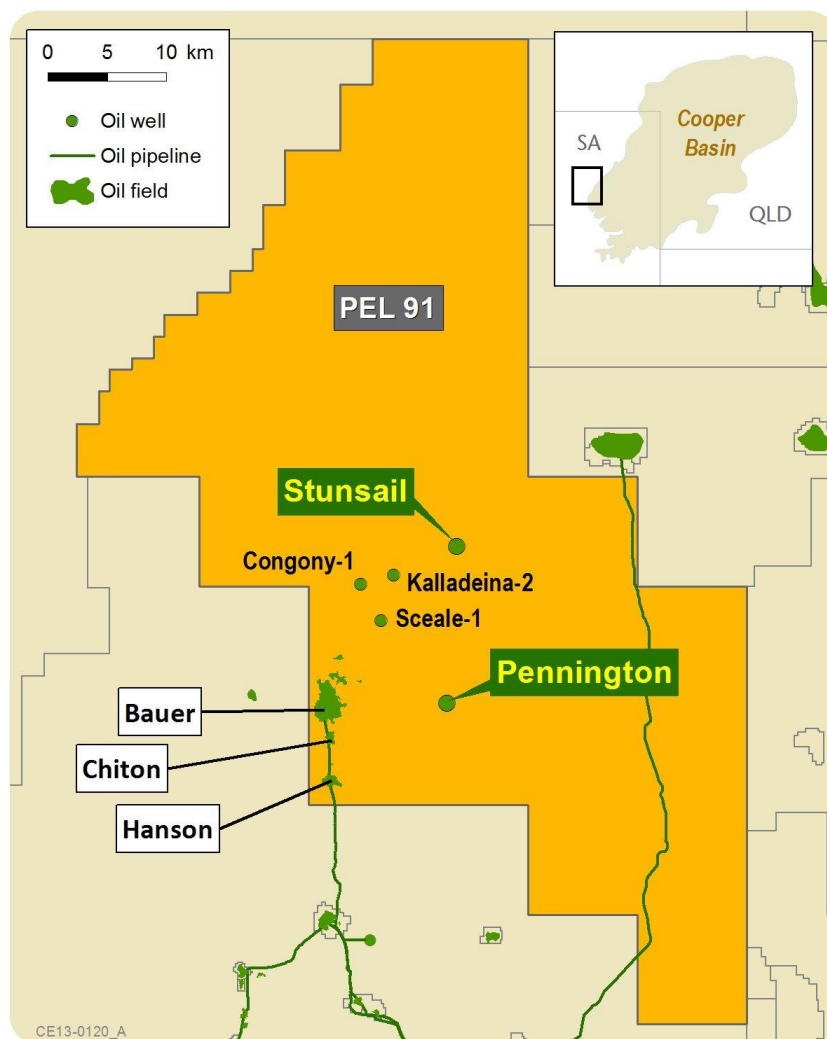
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**Qualified Petroleum Reserves and Resource Evaluator Requirements**

The reserves and resources information in this ASX release is based on, and fairly represents, information and supporting documentation prepared by, or under the supervision of, Mr Tony Lake (Reservoir Engineering Manager). Mr Lake is an employee of Beach Energy Limited and has a BE (Mech) degree from the University of Adelaide and is a member of the Society of Petroleum Engineers (SPE). The reserves and resources information in this ASX release was issued with the prior written consent of Mr Lake in the form and context in which it appears.