



ASX Release

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

Dear Sir,

UPGRADE OF NAPPAMERRI TROUGH NATURAL GAS CONTINGENT RESOURCES

Additional 943 Bcf of 2C contingent resources expected to be booked in relation to ATP 855 following independent review by DeGolyer and MacNaughton

Beach Energy Ltd (ASX: BPT, "Beach") advises of the outcomes of DeGolyer and MacNaughton's (D&M) review of contingent resources in ATP 855 (Beach 46.9% and operator, Icon Energy Ltd 35.1%, Chevron Exploration 1 Pty Ltd 18%).

D&M, an independent resource estimating firm based in Dallas, Texas, was engaged to evaluate well results from the Nappamerri Trough Natural Gas (NTNG) program following completion of the four-well fracture stimulation and flow testing campaign undertaken in ATP 855 in the latter half of 2014.

The previous assessment of contingent resources, dated 30 June 2013, was made following the stimulation and flow testing of Halifax-1. In the current assessment, D&M has assigned contingent resources to the areas around Etty-1, Hervey-1, Redland-1 and Geoffrey-1, incorporating results from fracture stimulation and flow testing undertaken, as summarised below.

ATP 855 Gross Gas Contingent Resources ¹			
(Bcf)	1C	2C	3C
30 June 2013	318	629	1,115
31 December 2014	343	1,572	5,841
Increase	25	943	4,726

1. Contingent resource estimates have been prepared on a statistical aggregation basis and in accordance with the Petroleum Resources Management System (March 2007). Contingent resource estimates are those quantities of gas (produced gas minus carbon dioxide) that are potentially recoverable from known accumulations but which are not yet considered commercially recoverable due to the need for additional delineation drilling, further validation of deliverability and original gas in place, and confirmation of prices and development costs.

Target intervals assessed by D&M are Permian-age lacustrine and fluvial sediments of the Murteree and Roseneath shales, and the Epsilon, Toolachee, Daralingie and Patchawarra formations. Primary data used for D&M's assessment included cores, logs, 2-D seismic data and flow test data from ATP-855 wells and available offset wells. Logs from these wells were calibrated to cores and used to generate ranges of thickness, porosity and gas saturation in the Epsilon, Toolachee, Daralingie and Patchawarra formations. For the Murteree and Roseneath shales, ranges for these same parameters were estimated, along with desorbed gas storage capacity and shale bulk density. Initial gas expansion factors and carbon dioxide shrinkage for all reservoir intervals were provided by Beach. The core, log and production data demonstrate the presence of a significant quantity of potentially moveable hydrocarbons at each of these wells.

Gross interval thickness ranged from approximately 300 metres to 1,350 metres at depths between 2,800 metres to 4,200 metres. The size of the area for the contingent resource estimate was based on PRMS guidance utilising the technique of well spacing units away from each discovery well. This methodology and the resultant range in the areal extent of 2C bookings in stacked formations has been previously described by Beach¹. With the additional production testing data obtained, the 2C booking area now covers between 6,500 and 13,000 acres around each of the five wells tested.

Key contingencies for commercialising the estimated resource include establishing longer-term deliverability, reducing well costs with scale of activity, gas sales agreements and connection to adjacent facilities. Subject to improved macro-economic conditions, Beach's internal capital allocation policies and joint venture approval, geological studies such as 3D seismic or other imaging techniques may be undertaken to refine areas of higher potential. Appraisal wells may then be drilled over the longer-term to assess deliverability and move the project towards commercialisation.

Yours sincerely,



Rob Cole
Managing Director

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Corporate

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Investor Relations

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Competent Person Statement

The contingent resources referred to in this release are taken from an independent report by DeGolyer and MacNaughton, an independent petroleum reserve and resource evaluation company, and have been reviewed by 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 resources information in this announcement has been issued with the prior written consent of Mr Lake in the form and context in which it appears.

¹ 1P, 2P and 3P reserves and 2C contingent resources as at 30 June 2014, Beach Energy Limited (reference #058/14) submitted to the Australian Securities Exchange on 25 August 2014