



Beach Energy Ltd

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ASX RELEASE

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Beach expands unconventional gas portfolio

Beach Energy Limited (Beach) has conditionally agreed the terms of a farm-in agreement with Lakes Oil NL (Lakes Oil) to further examine the gas potential of the onshore Gippsland Basin in Eastern Victoria.

Subject to completion of documentation and regulatory approval Beach can earn up to a 50% interest in the PRL 2 lease area and associated joint operating agreement from Lakes Oil, as follows:

- In phase 1 Beach can earn up to an initial 15% of PRL 2 by funding 100% of the cost of fracturing, post-fracturing testing and subsequent flow testing, both of the Wombat-4 and Boundary Creek-2 wells, up to a cumulative maximum cost of \$10 million.
- In phase 2 Beach can, at its option, earn up to a further 35% of PRL 2 by funding additional appraisal and development activities within PRL 2, up to a maximum cost of \$40 million.

Beach will be operator of both phases of the program.

The agreement provides Beach with an opportunity to test unconventional reservoir petroleum production and development technology developed in the US in recent years.

Beach already holds a major land position in unconventional gas (including shale gas) in the Cooper Basin.

Beach's Managing Director, Reg Nelson, said, "We expect that Beach's activities in shale and other unconventional opportunities in Australia will step up significantly, with an accelerated program now being considered for the Cooper Basin and this significant program in the onshore Gippsland, close to markets in Victoria.

Description of Petroleum Retention Licence 2

PRL 2 is located within the onshore portion of the Gippsland Basin and contains the Wombat field. Short term tests on the Wombat-1, -2 & -3 wells have realised combined flows of up to two million standard cubic feet per day from zones within the 1,000 metres thick Strzelecki Group formation. The Wombat field has been independently certified by Gaffney Cline and Associates to contain 2C (contingent) gas resources of 293 billion cubic feet. The Trifon and

Boundary Creek Strzelecki Group gas discoveries, also within PRL 2, confirm the high prospectivity of this onshore area.

The Gippsland Basin is one of Australia's most prolific hydrocarbon basins with over 4 billion barrels of oil and 7 trillion cubic feet of gas produced since 1969. Whilst the vast majority of production has occurred from offshore oil and gas fields the presence of hydrocarbons onshore, notably within PRL 2, is proven and awaiting the development and application of the correct technology to commercialise these resources.

For more information contact

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