BEACH PETROLEUM

20 October 2003

Ref: #161/03

The Manager, Companies
Australian Stock Exchange Ltd
Companies Announcement Office
Electronic Lodgement System

Dear Sir,

ANNOUNCEMENT TO ASX

ANNUAL REPORT MAILING, NOTICE OF AGM & PROXY FORM

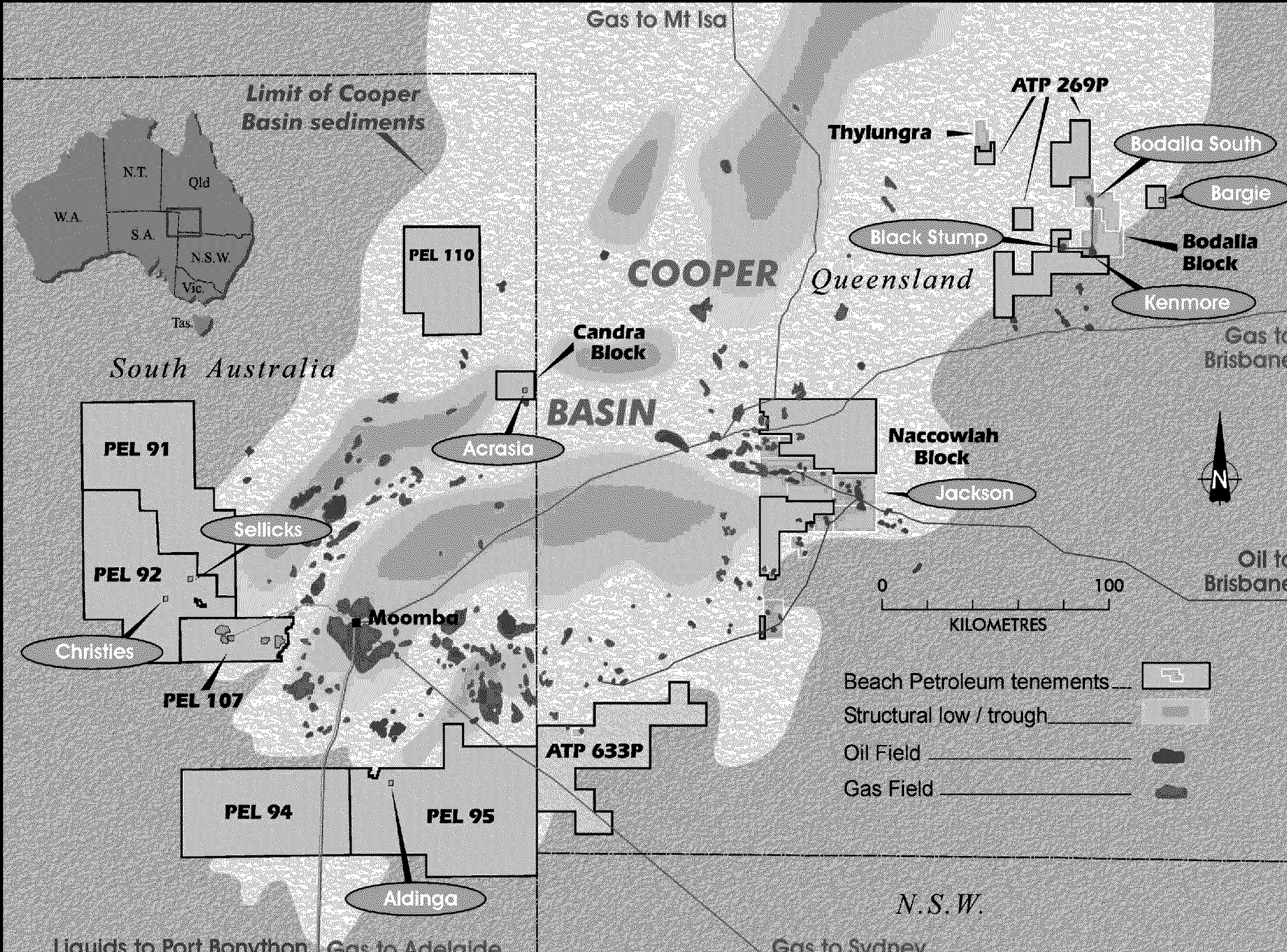
The 2003 Annual Report and accompanying Notice of Annual General Meeting and Proxy Form were dispatched to shareholders today.

Electronic copies are attached to this advice.

Yours faithfully,

Kathryn Presser
Company Secretary

Level 1, 25 Conyngham Street, Glenside South Australia 5065
GPO Box 175 Adelaide 5001
Telephone (618) 8338 2833
Facsimile (618) 8338 2336
Beach Petroleum NL
ABN 20 007 617 969
www.beachpetroleum.com.au



Gas to Mt Isa
Limit of Cooper Basin sediments
N.T.
Qld
W.A.
S.A.
N.S.W.
Vic.
Tas.
South Australia
ATP 269P
Thylungra
Bodalla South
Bargie
Black Stump
Bodalla Block
Kenmore
COOPER
Queensland
PEL 110
Candra Block
Gas to Brisbane
BASIN
Acrasia
PEL 91
Naccowlah Block
Jackson
Sellicks
PEL 92
Oil to Brisbane
0
100
KILOMETRES
Moomba
Christies
PEL 107
Beach Petroleum tenements
Structural low / trough
Oil Field
Gas Field
ATP 633P
PEL 94
PEL 95
Aldinga
N.S.W.
Liquids to Port Bonython
Gas to Adelaide
Gas to Sydney
N

Contents

Beach Petroleum Limited
ACN 007 617 969
ABN 20 007 617 969

Annual General Meeting

The 2003 Annual General Meeting will be held at the Australian Mineral Foundation Centre – 63 Conyngham Street, Glenside, South Australia on Thursday 20 November 2003 commencing at 10.30 a.m. A formal notice is mailed to shareholders with the distribution of this report.

Website

Beach maintains a website at:
www.beachpetroleum.com.au
On our website you will find full information about the Company. Every announcement made to the ASX is published on the website. You will also find detailed information about the Company's Exploration and Production Tenements.

Stock Exchange Listing

Beach Petroleum Limited
Shares and Options are listed on the Australian Stock Exchange Listing.
ASX Code – shares: BPT
ASX Code – options: BPTO
ASX Code – bonus options: BPTOA

Highlights

Record revenue and after tax profit for the financial year

180% increase in net profit after tax from \$2.9 million to \$8 million

More than a 300% increase in operating cash flow

Low gearing of 2%

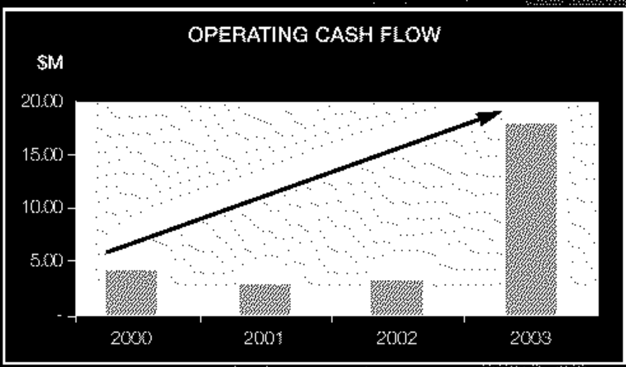
Dividends paid or payable of 1.5 cents paid on 2002/2003 results (compared to 0.5 cents paid on 2001/2002 results)

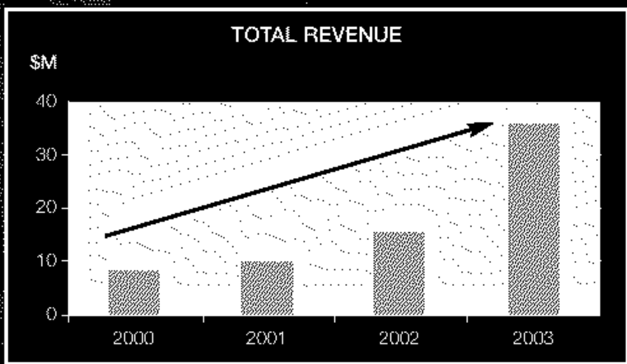
Commencement of exploration drilling in Beach's operated tenements in the South Australian Cooper Basin and subsequent commercial oil discoveries at Sellicks, Aldinga and Christies

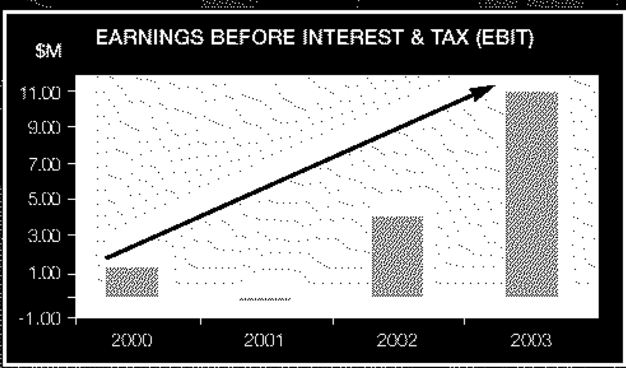
Successful appraisal and development drilling in the Acrasia, Kenmore and Bodalla South oil fields

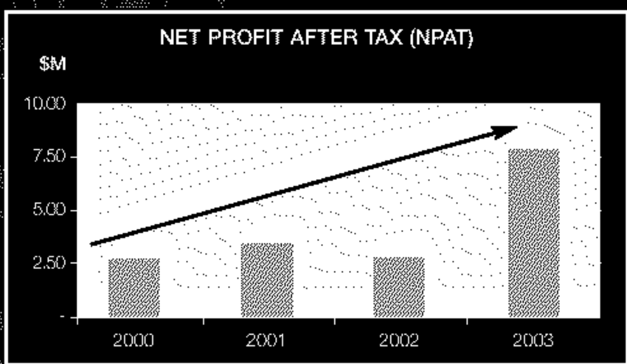
Assumption of operatorship of the Bodalla Block oil fields in July 2002

		12 Months June 2003	12 Months June 2002	Increase
Total Revenue	\$000	36,159	15,344	136%
EBIT	\$000	11,015	3,944	179%
NPAT	\$000	7,959	2,863	178%
Basic EPS	cps	4.33	1.56	178%
Dividend	cps	1.50	0.50	300%
EBIT/Sales		30.5%	25.7%	
Cash Flows				
Operating Cash Flow	\$000	17,128	4,036	324%
Investing Cash Flow	\$000	(12,458)	(27,004)	-54%
Cash on Hand	\$000	8,874	4,817	84%
Balance Sheet				
Net Assets	\$000	57,475	47,594	21%
Debt	\$000	1,209	1,229	-2%
Debt/Debt+Equity		2.1%	2.5%	-18%



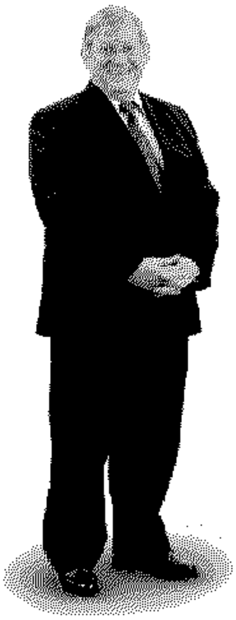






Chairman's Report

My fellow Directors and I are delighted to be able to report these dynamic activities and a year of unprecedented growth and profits.



Beach Petroleum Limited began the financial year ended 30 June 2003 (FY03) with a record flow of oil at Sellicks-1 in the South Australian Cooper Basin. It concluded by achieving a year of dramatic growth, with sales revenue more than twice the previous year's strong result.

The growth of activities within the Company has been equally impressive. During the year, Beach Petroleum:

- assumed operatorship and ownership of the Bodalla Block oil fields in southwest Queensland;
- operated an extensive program of seismic and drilling exploration in both South Australia and Queensland;
- made three new oil discoveries; and
- brought two new fields into production.

There is no question in your Board's view that these successes are due to the efforts of an experienced and motivated team of employees and consultants, who take great pride in their professional approach and in doing a job with excellence.

We see this in all facets of the Company's activities. We have seen it as Beach Petroleum has led the way in negotiating Native Title; in designing and building new oil field facilities in very remote areas; in carrying out seismic surveys with as much regard for achieving excellence in environmental performance as in obtaining good quality data, to name only a few. We see it in the Company's now various workplaces, where good housekeeping practices and a friendly atmosphere prevail.

The efficient group of people operating the Bodalla Block oil fields has now become a valued part of the team. Their contribution has been significant, both in establishing a seamless transition for the new Operator and in providing sound practical advice and understanding of local conditions when establishing new production facilities.

My fellow Directors and I are delighted to be able to report these dynamic activities and a year of unprecedented growth and profits. During the year, Directors approved a dividend of 0.5 cents per fully paid ordinary share on the profit results for the previous financial year. A further 0.5 cents per share was paid as an interim dividend on the results for the first half of this financial year and, in May 2003, shareholders approved a Dividend Reinvestment Plan (DRP). We are pleased that many of you took advantage of this opportunity to acquire more shares in the Company, at a substantial discount to market price, through the DRP.

The profitable results from operations continued to grow during the second half of the year. Net profit before tax for the full year was $11.2 million ($8.0 million after tax), compared with $4.77 million for the first half, and $4.2 million for the previous full financial year.

This increased growth was due to a more than doubling of production and higher oil prices during the year, despite disruptions caused by the effects of heavy rain and pipeline downtime. World oil prices remain high, but I stress, as always, that your Company's sales revenue and therefore margin for profit are dependent on both the price of oil in US dollars per barrel and the currency exchange rate between the Australian dollar and the US dollar whenever a barrel is sold.

Your Company's continued emergence as an Australian explorer and producer of substance is recognised by its change from a No Liability company to one limited by shares; and its new name, Beach Petroleum Limited. I am also pleased to report that it has been further recognised by the Company's inclusion in the Australian Stock Exchange's list of the top 300 listed companies (the ASX 300).

Christies-1, the first well in our 2003 Cooper/Eromanga Basin drilling program, was an appropriately successful conclusion to FY03, spudding in June 2003 and being completed as a new discovery in July 2003. The program for the new financial year is more comprehensive than any that we have yet undertaken and promises to be as exciting as the year under review. I look forward to sharing that excitement with you.

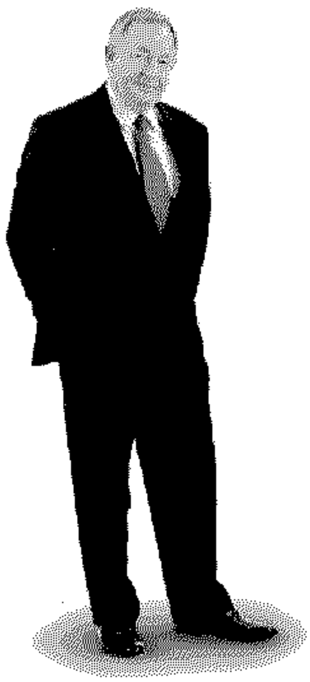
Yours sincerely,

Bob Kennedy
Chairman

September 2003

Managing Director's Report

In a region where the historical drilling success rate of one discovery for every six wells drilled is considered high by world standards, the Company's exploration success rate of 50% to date is most impressive.



Strong Production and Reserves Growth

During the year under review, Beach Petroleum produced approximately 907,000 barrels of oil equivalent and by year's end, had increased its reserves by 18% to 4.5 million barrels of oil equivalent. The Company now has a total reserves to annual production ratio of nearly 5:1.

This has been achieved through a combination of exploration drilling success, proficient engineering and production practices and efficient cost control practices.

It has established a sound basis to underpin a strong, self-funded program to capitalise on the new regions and opportunities opened up by the Company's successes during the year.

For the time being, Bodalla Block oil production remains the powerhouse supporting Beach Petroleum's rapid expansion. However, our new discoveries in the South Australian sector of the Cooper/Eromanga Basin are now making strong contributions. South Australian oil production now accounts for nearly 30% of daily production.

Successful Debut in South Australian Cooper/Eromanga Basin

The Company's debut in the South Australian sector of the Cooper/Eromanga has been very successful.

Three new oil fields (Acrasia, Sellicks and Aldinga) have now been discovered and brought swiftly into production. Beach Petroleum's holdings have increased substantially with the addition of new tenements following a breakthrough in Native Title negotiations. A further 514 kilometres of 2D seismic were acquired within tenements along the Patchawarra West Flank.

New Regions with Significant Potential for Further Discoveries

The potential of the Patchawarra West Flank has been convincingly enhanced following the discovery of oil in Christies-1, drilled in June-July 2003. This follows the discovery of oil at nearby Sellicks-1, which flowed oil on test in record quantities from the Patchawarra Formation. The Sellicks field was brought into production in December 2002, within five months of its discovery. We expect that Christies-1 will be brought into production even more quickly, using the established facilities at Sellicks for support.

The discovery of very strong oil shows and a good recovery of oil on test from Maslins-1, drilled on the large Maslins structure, on the southern margins of the Cooper Basin, has also enhanced the potential of this region. Although the Murta Formation at Maslins-1 was deemed to have insufficient reservoir qualities to permit commercial oil production, the presence of oil in itself indicates that thick Permian sediments in the flanking Milpera Embayment are likely to have generated oil in significant quantities. Seismic interpretation, conducted after Maslins-1 had been drilled, have since outlined a large structure, the Waitpinga Prospect, within the

Permian sediments of the embayment itself. Waitpinga-1 is expected to be drilled in October or November 2003.

Impressive Drilling Success Rate
Beach Petroleum drilled ten wells during the year, most of which were widely spread throughout remote regions of northeastern South Australia and southwest Queensland.

As a new Operator in the South Australian sector of the Cooper Basin, Beach Petroleum has demonstrated its ability to carry out a complex program of 2D and 3D seismic surveys and drilling and associated activities in a logistically difficult area.

In a region where the historical drilling success rate of one discovery for every six wells drilled is considered high by world standards, the Company's exploration success rate of 50% to date is most impressive. Its total success rate was 70% for the period, when appraisal and development wells at Bodalla South, Kenmore and Acrasia are included.

A further ten new well locations have been identified for drilling in financial year 2003-04. These include new targets identified from the successful application of 3D seismic surveys at the Kenmore and Bodalla South fields.

Bodalla – an Important Centre for Operations
The Bodalla Block operations and its experienced workforce have proved to be a very important acquisition for many reasons. Having an established operational presence in the region is an important factor in establishing new production facilities and bringing new discoveries onstream quickly.

It has also allowed us to identify new opportunities in the region that may add value to existing production.

The Company's skills have also increased substantially with the addition of experienced engineering professionals to its staff. This is most important in planning and successfully executing development of new, as well as existing fields. Beach Petroleum now has access to a great pool of experience and talent to help accelerate its growth.

I am so very pleased, once again to commend the Company's people – in every capacity – for their great attitude, great teamwork and great results.

Reg Nelson
Managing Director

September 2003

Operations Report

Highlights

Highlights of Beach's Petroleum Operations during the year were:

- Commencement of exploration drilling in Beach's operated tenements in the South Australian Cooper Basin and consequent oil discoveries at Sellicks, Aldinga and Christies
- Successful appraisal and development drilling in the Acrasia, Kenmore and Bodalla South oil fields
- Assumption of Operatorship of the Bodalla Block oilfields in July 2002

Production

Beach holds interests in seven oil and gas producing assets in the Cooper/ Eromanga and Otway Basins.

Beach's share of production during the 2002/03 financial year from these areas totalled 907,000 barrels of oil equivalent (boe), equivalent to an average production rate of approximately 2,485 boe per day. This is 233% above the previous year's production of 389,000 boe.

Reserves

Beach's Proved and Probable oil and gas reserves as at 30 June 2003 were 4.5 million boe (mmboe), consisting of:

Queensland Eromanga Basin	2.7 mmboe
SA Cooper/Eromanga Basin	1.7 mmboe
Otway Basin	0.1 mmboe
Total	**4.5 mmboe**

This represents an increase in reserves of 0.7 mmboe, or 18%, since 30 June 2002. This was achieved through a combination of the discovery of the Sellicks, Christies and Aldinga fields and upward revision of the estimated ultimate recoverable reserves in the Acrasia and Bodalla Block oil fields.

Date	Proved and Probable Reserves (mmboe)
30 June 2001	1.0
30 June 2002	3.8
30 June 2003	4.5

State	Tenement	Beach Equity	Net Production (boe) 2002/03	Net Production (boe) 2001/02
Queensland	Bodalla Block (Kenmore, Bodalla South and Black Stump)	100.0%	**464,000**	289,000
	ATP 269P (Bargie)	75.9%	**1,000**	1,000
	Naccowlah Block (Jackson and associated fields)	6.5%	**62,000**	62,000
	PEL 90 (Acrasia)	25.0%	**97,000**	-
South Australia	PEL 92 (Sellicks)	75.0%	**73,000**	-
	PEL 94 (Aldinga)	50.0%	**2,000**	-
Victoria	PPLs 6 & 10 (McIntee, Croft, Naylor)	10.0%	**208,000**	37,000
	Total		**907,000**	389,000

Exploration and Development

During the year, Beach participated in the drilling of 10 wells, with a total success rate of 70%. The exploration drilling program yielded 3 successes from 6 wells; a 50% exploration success rate. Activity was concentrated in the Cooper/ Eromanga Basin, where 9 of the 10 wells were drilled.

Acquisition of 2D seismic was undertaken in exploration tenements PEL 91, PEL 92 and ATP 269P. A 3D seismic survey was acquired over the Bodalla South and Kenmore fields.

Key outcomes of the program were:

- New field discoveries at Sellicks, Christies and Aldinga
- Successful appraisal and development wells drilled in the Acrasia field
- Successful development wells drilled in the Bodalla South and Kenmore fields
- Maturation of a further 10 well locations, for drilling in 2003/04

Area	Category	Well	Tenement	Result
Cooper/Eromanga	Exploration	Sellicks-1 Aldinga-1 Christies-1 Maslins-1 Henley-1	PEL 92 PEL 95 PEL 92 PEL 94 PEL 95	Oil Discovery Oil Discovery Oil Discovery Plugged and Abandoned Plugged and Abandoned
	Appraisal	Acrasia-2	PEL 90	Oil Well
	Development	Acrasia-3 Kenmore-27 Bodalla South-14	PEL 90 PL 32 PL 31	Oil Well Oil Well Oil Well
Otway	Exploration	Melba-1	PEP 154	Plugged and Abandoned

Operations Report

During the year under review, Beach Petroleum produced approximately 907,000 barrels of oil equivalent and, by year's end, had increased its reserves by 18% to 4.5 million barrels of oil equivalent. The Company now has a total reserves to annual production ratio of nearly 5:1.

Cooper/Eromanga Basin

Bodalla Block Oil Fields (Beach 100%)

The "Bodalla Block" oil fields comprise the Bodalla South, Kenmore and Blackstump fields, which are located in the southwest Queensland portion of the Cooper Basin. These fields were discovered during the period 1984-86 and since that time have produced a total of approximately 18 million barrels of oil from reservoirs in the Eromanga Basin sequence. At 30 June 2003, Beach estimated remaining recoverable reserves in the Bodalla Block fields to be 2.3 million barrels.

Beach has been a participant in the Bodalla Block since its inception in 1980 and assumed 100% ownership and Operatorship of the fields in October 2001 and July 2002, respectively.

Production from the Bodalla Block fields is currently derived from a total of 35 producing wells, with artificial lift achieved by a combination of jet and beam pumping. Produced oil is transported by pipeline and sold to a mini-refinery in the nearby township of Eromanga and by truck and pipeline to Brisbane, approximately 900 km to the east.

During the year, Beach drilled two development wells, Kenmore-27 and Bodalla South-14. Both wells were successful and were completed and commenced production in late 2002. As an aid to further development drilling, 3D seismic surveys were acquired in October/November 2002 over the Kenmore and Bodalla South fields. The preliminary results of these surveys have resulted in the identification of two attractive drilling locations in the Kenmore field, which will be drilled in September/October 2003.

Sellicks Oil Field (Beach 75%)

Sellicks-1 was drilled in July 2002 and discovered oil in the Permian Patchawarra Formation, flowing oil at rates in excess of 1,900 bopd on DST. Production facilities were installed in October/November 2002, which allowed commercial production to commence late in November 2002. Oil produced from Sellicks-1 is currently being transported approximately 115 km by truck to Moomba and then by pipeline for sale and export at Port Bonython. In June 2003, the well was free-flowing at a rate of approximately 650 bopd, with cumulative production of 97,000 barrels of oil.

Beach assesses ultimate Proved and Probable recoverable reserves in the Sellicks field to be 1.1 million barrels.

Christies Oil Discovery (Beach 75%)

Christies-1 was drilled approximately 10 km southwest of Sellicks-1 in June/July 2003 and discovered oil in the Birkhead Formation. The well encountered 8 metres of net pay over a 18 metre gross oil column and drill stem testing resulted in a recovery of 17.5 bbl of oil during a 2 hour flow period. The well is expected to commence commercial production in October 2003 at an initial rate of approximately 300 bopd. Because of its proximity to the Sellicks facility, production from Christies will be achieved by incurring relatively small incremental development and operating costs.

A 3D seismic survey will be acquired over the Christies discovery in September/October 2003, the results of which will be used to assist in the planning for later development drilling, most likely in the second quarter of 2004.

Beach's initial assessment of ultimate Proved and Probable recoverable reserves in the Christies discovery is 0.7 million barrels. This figure will be refined further on the basis of the results of the 3D seismic and subsequent drilling.

Acrasia Oil Field (Beach 25%)
Acrasia-1, which was drilled in April 2002 and discovered oil in the Hutton Sandstone and Tinchoo Formation, commenced production in July 2002. Acrasia-2 and Acrasia-3 were drilled during FY03. Both wells were successful, commencing production in October and December 2002, respectively. In June 2003, production from the field averaged 965 bopd, with cumulative production of 225,000 barrels of oil.

The Operator of the Acrasia field assesses ultimate Proved and Probable recoverable reserves to be 1.8 million barrels.

Aldinga Oil Field (Beach 50%)
Aldinga-1 was drilled in August/ September 2002 and discovered oil in the Cadna-Owie Formation, is the uppermost reservoir in the Eromanga Basin sequence. An extended production test (EPT) of the well commenced in May 2003, with initial rates averaging approximately 80 bopd.

Beach estimates oil-in-place in the Aldinga structure to be up to 2.3 million barrels (mmb), of which approximately 0.15 mmb is likely to be recoverable from Aldinga-1.

The Cadna-Owie is the uppermost reservoir in the Eromanga Basin sequence and is present in the Aldinga structure at the relatively shallow depth of approximately 1,100 metres. This may allow commercial development and production at Aldinga to proceed despite the relatively low flow-rates and recoveries per well.

Contingent upon the production performance of Aldinga-1, appraisal drilling is likely to take place early in 2004.

Maslins-1 (Beach 50%)
Maslins-1 was drilled in PEL 94 in August 2002. The well encountered very strong oil shows in the Murta Formation and recovered oil during a DST in that unit. The results of Maslins-1 have provided significant encouragement for further exploration on the Maslins structure and within the Milpera Embayment, which is an area containing thick Permian sediments, located immediately to the north of Maslins. Waitpinga-1 will be drilled in October 2003 to test a Permian prospect within the Milpera Embayment.

Otway Basin

During the year, one well, Melba-1, was drilled in Beach's Otway Basin tenements. This well was drilled in PEP 154 (Beach 10%), approximately 2km to the north of the McIntee-1 gas well. Melba-1 encountered a residual gas column in the Waarre Sandstone and was plugged and abandoned. Despite this result, further drilling in PEP 154 is under consideration for early 2004.

Beach relinquished its interests in PEL 82 and PEL 135 in the South Australian Otway Basin, as initial exploration work in these areas indicated that further activity in these tenements was not warranted. A 50% interest in PEL 72 was acquired during the year. During the forthcoming year 2D seismic acquisition is planned in PELs 72 and 83 and a gravity survey will be undertaken in PEL 136.

Browse Basin

WA-282-P and WA-283-P were surrendered during the year. Activity in Beach's remaining Browse Basin tenement, WA-281-P consisted of geological and geophysical studies.

Pandora Gas Discovery (Beach 6.36%)
This Retention Licence covers the Pandora gas discovery, which lies in the Gulf of Papua. Pandora is assessed to have a 3P recoverable resource of 1.6 TCF of natural gas.

There was no significant exploration or development activity within the tenement during the year.

Exploration & Production Tenements

as at 30 June 2003

Area	Tenement	Interest %
Cooper/Eromanga – Queensland	Naccowlah Block * Bodalla Block (PLs 31, 32, 47) PL 184 (Thylungra) ATP 269P ATP 633P ***	6.50 100.00 75.40 75.86 50.00
Cooper/Eromanga – South Australia	PEL 90 (Candra Block) PEL 91 PEL 92 PEL 94 PEL 95 PEL 107 PEL 110 PELA 116 **	25.00 40.00 75.00 50.00 50.00 40.00 50.00 50.00
Otway – Victoria	PPL 6 (McIntee) PPL 9 (Lavers) PPL 10 (Croft/Naylor) PPL 11 (Buttress) PRL 1 (Buttress North) PEP 154 PEP 150 **	10.00 10.00 10.00 10.00 10.00 10.00 25.00
Otway – South Australia	PEL 66 PEL 72 PEL 83 PEL 136	30.00 50.00 40.00 100.00
Browse – Western Australia	WA-281-P	10.00
Papua New Guinea	PRL-1	6.36

* The Naccowlah Block consists of ATP 259P (Naccowlah) and PLs 23-26, 35, 36, 62, 76-79, 82, 87, 105, 107, 109, 133, 149, 175, 181, 182 and 189.

** Award of tenement awaiting resolution of Native Title issues.

*** Strike Oil holds an option to acquire from Beach Petroleum up to a 15% interest in ATP 633P.

Tenements Acquired 2002/2003
PEL 72
PEL 107
PEL 110

Tenements Divested in 2002/2003
PEL 82
PEL 136
PELA 131, 132, 133, 134
WA-282-P
WA-283-P

Native Title

Beach is putting its commitment to working with claimants into practice, with jobs and training in the field being offered where possible to claimants.

Overview

In December 1990, the legal representative for Anangu Pitjantjatjara stated, "In general terms, petroleum exploration appears to be more readily accommodated by the cultural and other restraints applying than exploration for other minerals." Anangu Pitjantjatjara Lands lie in the northwestern portion of South Australia. Beach believes that this statement holds true for the Cooper Basin and many other regions of Australia. We also believe that the majority of Aboriginal people support exploration and development activities in remote areas, provided that appropriate consultation occurs.

Many of Beach's exploration areas are subject to issues associated with Native Title. For our South Australian Cooper Basin areas, we have chosen to work under the provisions of the Commonwealth Native Title Act to negotiate with Aboriginal claimants to resolve such issues.

Beach, along with other successful parties from the first, second and third rounds of bidding for these areas, has finalised agreements for several Cooper Basin application areas, with Licences issued, and exploration commenced with the co-operation and assistance of the Aboriginal claimants. Already, the discoveries made following exploration in the first round areas have resulted in real economic benefits to the claimants.

Beach is putting its commitment to working with claimants into practice, with jobs and training in the field being offered where possible to claimants.

In southwest Queensland also, Beach is currently undertaking a Commonwealth Native Title Act negotiation procedure with claimants for an area adjacent to our acreage within South Australia. Beach will be actively progressing this negotiation in line with its historical approach to Native Title.

We feel it is important to state Beach's policy and approach to Native Title and dealing with indigenous communities generally. We, both corporately and as individuals, come with a background of co-operating with indigenous people in other parts of the world as well as Australia. To do this successfully, there must be commonsense, goodwill, mutual awareness and understanding, and, above all, respect and commitment. This underpins Beach's policy, which can be simply stated:

Acknowledgment and Respect

- We acknowledge Aboriginal respect for country.
- We have respect for Aboriginal traditions, culture and for the integrity of country and cultural sites.

Understanding and Trust

- We are prepared to listen and to understand Aboriginal perspectives.
- We know that communities may not be fully aware of our industry and how it works. We will work to develop their understanding, trust and respect.
- We will work to promote understanding in Aboriginal communities of Beach's obligations and economic constraints.
- We will ensure that our employees and contractors approach Beach's activities at local sites with understanding and an appreciation of key issues and priorities.

Communication and Commitment

- We know that words are not enough.
- We will adopt practical measures to develop trust.
- We understand that the leaders and advisers of communities have obligations to consult and ascertain the wishes and opinions of the people and that this is not often accomplished as quickly as we would like. We will act with this in mind, but use our best endeavours to expedite the process, to ensure that Beach's commercial interests are accommodated.
- We will use our best endeavours to ensure that reasonable rights of consultation and continued access to land are provided for and that the integrity of country is maintained.
- We will take steps to identify and mitigate the effects of any unforeseen cumulative impacts arising from Beach's activities.

Opportunities

- We will actively seek to recognise and promote opportunities in and through our industry (and wherever reasonably possible, in Beach's activities) for Aboriginal people to enjoy improved living standards, maintenance of their culture and traditions and economic independence through training, employment and enterprise.

Corporate Governance Statement

Unless disclosed to the contrary, all the best practice recommendations of the ASX Corporate Governance Council have been applied for the financial year ended 30 June 2003.

Board of Directors

At the date of this report, the Board consists of four Directors of whom three, including the Chairman, are Non-Executives. The names of independent directors of the Company are Mr Robert Michael Kennedy, Mr John Charles Butler and Mr Michael Francis Frost. The skills, experience and expertise relevant to the position of each Director who is in office at the date of the Annual Report and their term of office are detailed on page 15 of the Annual Report.

The Constitution of the Company specifies the number of Directors shall be not less than three nor more than seven. The Board may at any time appoint a Director to fill a casual vacancy. The Board actively seeks qualified and suitable Board candidates who can contribute to the ongoing development of the Company to fill these casual vacancies with all potential candidates reviewed by all members of the Board. As the Board reviews all potential Board Members, the Board has seen no requirement for a separate Nomination Committee.

At each Annual General Meeting, one third of Directors together with any Director appointed since the last Annual General Meeting, retire from office and may stand for re-election.

All Directors of the Company have signed a letter of disclosure that ensures all Directors are obliged to provide the following information to the Company on a regular basis:

- Details of all securities held in the Company, registered both in the Directors/Officers' name and in any other entity that the Director has a relevant interest within the meaning of Section 9 of the Corporations Act 2001; and
- Details of all contracts to which the Director/Officer is a party to or under which the Director is entitled to a benefit made available to it by the Company.

Non-Executive Directors have the right to seek independent professional advice in the furtherance of their duties as Directors at the Company's expense. The Chairman's prior approval of such expenditure is required.

The Board of Directors is responsible for corporate governance of the Economic entity. It oversees the business and affairs of the Economic entity, establishes the strategies and financial objectives to be implemented by management and monitors standards of performance.

This Board has established a framework for the management of the Economic entity including a system of internal control, a business risk management process and the establishment of appropriate ethical standards.

The Role of the Board and Management

The Board's Charter outlines the roles and responsibilities of both the Board and Management, which is summarised as follows:

The Role of the Board

The full range of the Board's responsibilities is extensive and includes the following:

Performance

- Ensuring the Company's long term viability and enhancing the financial position;
- Formulating and overseeing implementation of the Company's corporate strategy;
- Approving the business plan, budget and corporate policies;
- Monitoring / assessing performance of the Company, the Board itself, management and major projects;
- Overseeing the risk management framework and monitoring of Company business risks; and
- Monitoring developments in the oil and gas industry and the operating environment.

Compliance/Legal Conformance

- Understanding and protecting the Company's financial position;
- Monitoring legal and regulatory compliance including compliance with accounting standards, Trade Practices Act, OH&S and environmental standards;
- Approving annual accounts, Annual Report and other public documents / sensitive reports; and
- Ensuring a system of internal controls exists and is operating effectively.

Overall Operations

- Establishing the Company's vision, mission, values and ethical standards;
- Delegating an appropriate level of authority to management;
- Demonstrating corporate leadership;
- Assuming responsibility for the relationship with the Managing Director including his/her appointment, succession, performance assessment, remuneration and dismissal;
- Overseeing aspects of the employment of the management team including remuneration, performance and succession planning;
- Selecting auditors and new directors;
- Ensuring effective communication to shareholders and stakeholders; and
- Approving risk management policies and compliance therewith.

The Role of Management

The responsibilities of Management are to:

- Manage the Company's human, physical and financial resources to achieve the Company's objectives, "RUN THE BUSINESS";
- Achieve the performance targets set by the Board;
- Recommend the strategic direction and translate the strategic plan into the operations of the business;
- Assume day to day responsibility for the Company's conformance with relevant laws and regulations and its compliance framework;
- Develop, implement and manage the Company's risk management and internal control frameworks;
- Develop, implement and update the Company's policies and procedures;
- Monitor relevant trends in the oil and gas industry and the Company's operating environment;
- Provide information to the Board; and
- Act as a conduit between the Board and the Company's activities.

Policy on Trading in Company Securities

The Company's policy regarding Directors and Employee trading in its securities has been formalised in the Company's Policies and Procedures Manual. This policy restricts Directors and Employees from acting on material information until it has been released to the market.

Audit Committee

The Board has an Audit Committee, consisting currently of two Non-Executive Directors (Mr R M Kennedy and Mr J C Butler) which oversees the establishment and maintenance of internal controls and appropriate ethical standards for the management of the Economic entity. The Chairman of the Board, Mr R M Kennedy is also the Chairman of the Audit Committee, due to his extensive experience and expertise in this area.

The Audit Committee has a Charter, which is summarised as follows:

The main responsibilities of the Audit Committee include:

- Reviewing the financial statements and reports and making recommendations to the Board;
- Liaising with external auditors and reviewing their reports; and
- Ensuring compliance with current laws, accounting standards and Australian Stock Exchange Listing Rules.

The Audit Committee meets at least twice a year and the external auditors, Managing Director, Company Secretary/Group Accountant are invited to attend the meetings, at the discretion of the Committee.

Timely and Balanced Disclosure

The Company operates under a Continuous Disclosure regime whereby all information that could be seen to affect the share price in any way is immediately made available to the public both as a release to the Australian Stock Exchange and made publicly available on the Company's Website.

Communication with Shareholders

The Company maintains a Website at www.beachpetroleum.com.au where all shareholders/investors and other interested parties can access up to date, publicly available information on the Company, 24 hours a day.

Recognise and Manage Risk

The Company has undertaken a comprehensive independent risk review in the past 12 months. This review has highlighted a number of risk areas under which the Company operates. The Company has highlighted these areas in a subsequent Emergency Management Plan that has been tried and tested and found to be adequate to meet a potential emergency.

Remuneration Policy

The Company Constitution specifies that the aggregate remuneration of Directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is divided between those Directors as they agree. The latest determination was at the Annual General Meeting held on 21 November 2002, when shareholders approved an aggregate remuneration of $300,000 per year.

The remuneration of Mr R G Nelson (Managing Director) is determined by the Board as part of the terms and conditions of his employment. Those terms and conditions are subject to review, from time to time, by the Board. The Managing Director, subject to approval by the Board, determines remuneration of Executives.

Further details of the remuneration of the Directors and Executives, including superannuation and retirement payments, are set out in the Directors' Report and the Notes to the Financial Statements.

Performance Evaluation

Whilst an independent review has been conducted of the remuneration of the Non-Executive Directors, the Board do not see a need for a performance evaluation of the Board and its Board Members to be conducted at this stage.

Ethical Standards

The Economic entity aims to ensure a high standard of corporate governance practice and ethical conduct by all Directors and Employees. The Managing Director is responsible for implementing the standards, which include the following:

- To act properly and efficiently in pursuing the objectives of the Economic entity;
- To maintain confidentiality in the affairs of the Economic entity and its joint venture partners;
- To avoid or deal with, in an independent and objective manner, situations which may give rise to a conflict of interests; and
- Not to use the Company's information other than for the benefit of the Company.

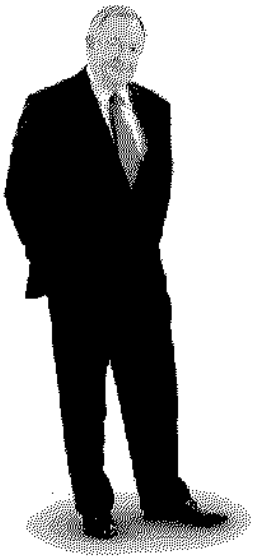
Directors and Executives have to disclose to the Board any material contract in which they may have an interest. In compliance with Section 195 of the Corporations Act 2001, any Director with a material personal interest in a matter being considered by the Board, will not be present when the matter is being considered, unless invited to remain by the non-conflicted Directors, will not receive reports or papers regarding the matter and will not vote on the matter.

Company Directors

Robert Michael Kennedy
Non-Executive Chairman

ASAIT, Grad Dip (Systems Analysis), FCA, ACIS, FAIM, FAICD

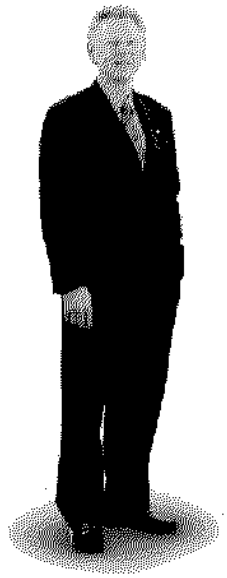
Joined in December 1991 as a Non-Executive Director. A Chartered Accountant and a partner of Kennedy & Co, Chartered Accountants. He is also the Chairman of Greyhound Australasia Limited, Flinders Diamonds Limited, GTL Energy Limited and Ramelius Resources Limited and is also a Director of the Friendly Societies Medical Association Limited and Traditional Oil Exploration NL. Special responsibilities include Chairmanship of the Audit Committee.



Reginald George Nelson
Managing Director

BSc, Hon Life Member Society of Exploration Geophysicists, FAusIMM, FAICD, Councillor of the Australian Petroleum Production and Exploration Association

Joined in May 1992 as an Executive Director, appointed Chief Executive Officer in October 1995 and then Managing Director in May 2002. He is an exploration geophysicist with 34 years experience in the minerals and petroleum industries. He is a member of the South Australian Government's Resources Industry Consultative Committee and a Councillor of the Australian Petroleum Production and Exploration Association. He is also a Director of GTL Energy Limited.



John Charles Butler
Non-Executive Director

FCPA, FAICD, FIFS

Joined in June 1999 as a Non-Executive Director, having been previously the Alternate Director to Mr R G Nelson from 1994-1998. He was employed in senior management positions in the financial services industry from 1974 to 1992 and has been a Business Consultant and Company Director since 1992. Other directorships include Friendly Societies Medical Association Limited (Chairman) and Lifeplan Australia Friendly Society Group. His special responsibilities include membership of the Audit Committee.

Michael Francis Frost
Non-Executive Director

BSc (Hons), FAICD

Mr Frost, who joined Beach Petroleum as a Director in December 2000, is a geologist with 34 years experience in the Australian and international petroleum industry. He spent 27 years with Conoco Inc in technical and managerial positions. From 1996 to mid-2000, he was General Manager, Exploration for Santos Ltd. Mr Frost is the Managing Director of Cotopaxi International Pty Ltd, a private company offering strategic consulting, technology and general management advice to the international oil and gas industry. He is Chairman of the St Vincent de Paul Foundation Inc.

Company Directors

(continued)

Kathryn Anne Presser
Alternate Director to Mr R G Nelson
Company Secretary and
Group Accountant

BA (Accounting), Grad Dip CSP, MAICD, CPA, ACIS

Appointed as the Alternate Director to Mr R G Nelson in January 2000, Ms Presser has over 21 years experience in senior accounting and Company Secretarial roles. She is a member of the Petroleum Society of Australia. A qualified CPA, she also holds the rank of Major in the Australian Army Reserves. She is also a Director of the Army Museum of South Australia Foundation and the Australian Dance Theatre.

Hector Mackenzie Gordon
Alternate Director to Mr J C Butler
Manager, Exploration and Production

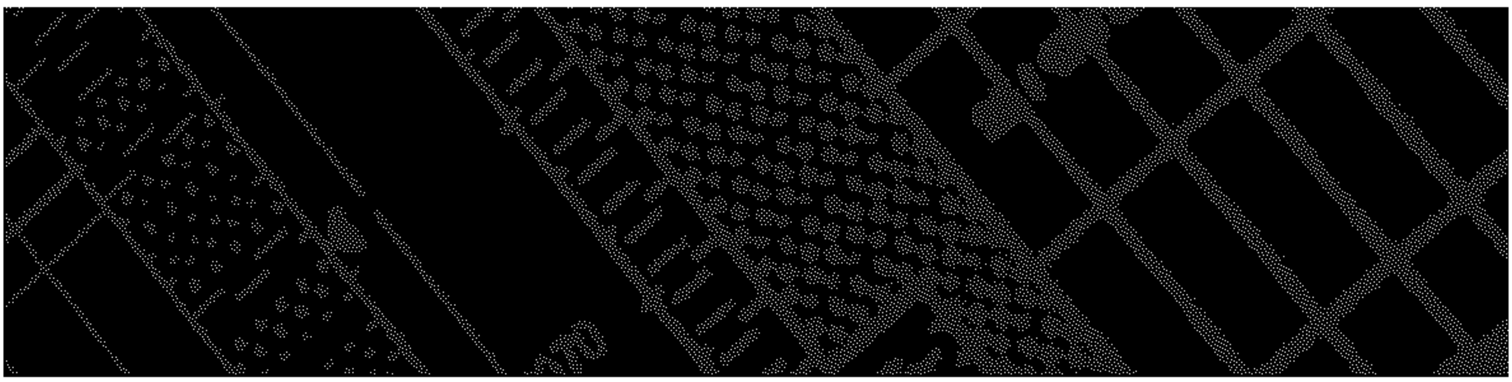
BSc (Hons), MAICD

Appointed as the Alternate Director to Mr J C Butler in February 2000, Mr Gordon is a geologist with more than 25 years experience in the petroleum industry. His previous employers include Delhi Petroleum, Esso Australia, AGL Petroleum and Santos, where he gained extensive experience in petroleum exploration, development and production activities in Australia and South East Asia. He is a member of the American Association of Petroleum Geologists, the Society of Petroleum Engineers and is currently the Vice President of the South Australian branch of the Petroleum Exploration Society of Australia.

Glossary of Terms

ATP	Authority to Prospect
Beach	Beach Petroleum Ltd (ACN 007 617 969) and its controlled entities
bbls	Barrels
bcf	Billion cubic feet (in relation to gas, approximately equal to 1 petajoule of energy)
boe	Barrels of oil equivalent
bopd	Barrels of oil per day
DST	Drill Stem Test
km	Kilometre(s)
Mawson	Mawson Petroleum Pty Limited
M	Mining Lease
m	Metre(s)
mcf	Thousand cubic feet
MLA	Mining Lease Application
mmb	Million barrels
mmboe	Million barrels of oil equivalent
mscf	Thousand standard cubic feet
Native Title	The term "native title" refers to those rights held by indigenous inhabitants of Australia at and since the time of European settlement that are recognised by the common law. It differs from conventional land titles and in its nature may vary from group to group according to laws and customs. The Commonwealth Native Title Act 1993 provides statutory recognition and protection for the concept of native title as recognised by the High Court in the case of Mabo v The State of Queensland (1992). Substantial amendments in 1998 make provision *inter alia* for reaching indigenous land use agreements, the right to negotiate and a new test to be applied in the registration of claims for native title.
PEL	Petroleum Exploration Licence
PELA	Petroleum Exploration Licence Application
P & A	Plugged and Abandoned
PEP	Petroleum Exploration Permit
Petajoule	1×10^{15} joules (unit of energy measurement)
PL	Prospecting Licence
PLA	Prospecting Licence Application
PLs	Petroleum Leases
PPL	Petroleum Production Licence
PRL	Petroleum Retention Licence
TCF	Trillion cubic feet
Trillion	1×10^{12}
3P Recoverable Resource	Proved, probable and possible recoverable resource

Beach Petroleum Financial Report **2003**



Directors' Report

The Directors of Beach Petroleum Limited ("Beach") submit the financial statements and consolidated accounts for the financial year ended 30 June 2003 and report as follows:

1

Directors

The names of the Directors of Beach who held office during the financial year and at the date of this report are:

Robert Michael Kennedy
Non-Executive Chairman
ASAIT, Grad Dip (Systems Analysis), FCA, ACIS, FAIM, FAICD

Reginald George Nelson
Managing Director
BSc, Hon Life Member Society of Exploration Geophysicists, FAusIMM, FAICD, Councillor of the Australian Petroleum Production and Exploration Association

Kathryn Anne Presser
Alternate Director to Mr R G Nelson
Company Secretary and Group Accountant
BA (Accounting), Grad Dip CSP, MAICD, CPA, ACIS

John Charles Butler
Non-Executive Director
FCPA, FAICD, FIFS

Michael Francis Frost
Non-Executive Director
BSc (Hons), FAICD

Hector Mackenzie Gordon
Alternate Director to Mr J C Butler
Manager, Exploration and Production
BSc (Hons), MAICD

2

Directors' meetings

The Board of Beach met fourteen times and the Audit Committee met twice during the financial year. The number of meetings attended by each of the Directors of the Company during the financial year were:

		Number of Directors' Meetings		Audit Committee Meetings
		Attended (1)	Held (2)	
Mr R M Kennedy (3)		14	14	2
Mr R G Nelson		14	14	-
Mr J C Butler (3)		14	14	2
Mr M F Frost		14	14	-
Ms K A Presser	- alternate to R G Nelson	-	-	-
Mr H M Gordon	- alternate to J C Butler	-	-	-

(1) *The number of meetings attended by Alternate Directors where they attended in the capacity as Director.*
(2) *The number of meetings held during the time the Director held office during the year.*
(3) *Audit Committee Member during the year.*

3

Directors' and Executives' emoluments

The remuneration of Directors is in accordance with the Company Constitution.
The remuneration of Mr R G Nelson (Managing Director, Executive Director) is determined by the Board.

3

Directors' and Executives' emoluments (continued)
Remuneration of Executives is determined by the Managing Director, subject to approval by the Board. The Board is responsible for assessing relevant employment market conditions, with the overall objective of maximising shareholder benefit by the retention of high quality personnel.

When reviewed, remuneration made to Directors and Executive Officers takes into consideration the performance of the Company.

In addition, a shareholder approved Employee Incentive Plan enables the Board to offer eligible employees shares and/or options for fully paid shares in the Company. Under the terms of the Plan, shares may be offered to employees of the Company by way of interest free loans which are to be repaid in accordance with the terms and conditions of the Plan.

Details of the nature and amount of each element of the emolument for the financial year of each Director of the Economic entity and each of the Executive Officers of the Company are as follows:

Directors and Executive Officers Beach Petroleum Limited	**Salary $**	**Directors' Fees $**	**Consulting $**	**Super Contributions $**	**Total $**
Mr R M Kennedy	-	84,143	24,500	81,000	189,643
Mr R G Nelson	327,276	-	-	29,455	356,731
Mr J C Butler	-	38,658	-	12,300	50,958
Mr M F Frost	-	34,438	-	10,800	45,238
Mr H M Gordon (alternate to J C Butler)	194,188	-	-	17,477	211,665
Ms K A Presser (alternate to R G Nelson)	154,352	-	-	13,892	168,244
Total	**675,816**	**157,239**	**24,500**	**164,924**	**1,022,479**

4

Directors' interest and benefits
The relevant interest of each Director in the ordinary share capital of Beach or in a related body corporate at the date of this report is:

Shares and options in Beach Petroleum Limited	**Shares**	**Options**	**Bonus Options**
Mr R M Kennedy	239,949 (1)	-	59,029 (1)
	369,794 (2)	-	90,972 (2)
Mr R G Nelson	1,503,509 (1)	57,143 (2)	73,036 (1)
	175,692 (2)	-	43,222 (2)
Mr J C Butler	50,000 (1)	-	12,501 (1)
Mr M F Frost	71,429 (1)	-	17,858 (1)
Mr H M Gordon	616,457 (1)	-	29,115 (1)
Ms K A Presser	502,325 (1)	-	25,514 (1)

(1) Held by Directors (2) Held by entities in which Directors have a relevant interest

4

Directors' interest and benefits (continued)

Shares and options in Ramelius Resources Limited	Shares	Options
Mr R M Kennedy	1,574,300 (2)*	2,707,150 (2)*
Mr R G Nelson	10,000 (1)	5,000 (1)
	1,510,000 (2)*	2,705,000 (2)*
Ms K A Presser	10,000 (1)	5,000 (1)

(1) Held by Directors (2) Held by entities in which Directors have a relevant interest

* *In conjunction with the preparation and promotion of the Prospectus, Ramelius Resources Limited issued 1,500,000 ordinary fully paid shares and 2,700,000 options to subscribe for ordinary fully paid shares in the Company at $0.20 at any time until expiry on 31 December 2007, each, to Mr Kennedy and Mr Nelson. These shares and options are subject to an escrow period of 24 months from 31 March 2003, being the date of official quotation.*

Mr R M Kennedy provided consultancy services to the Company during the year. Benefits received by a Director are included in the aggregate amount of emoluments received or due and receivable by Directors shown above and also in Note 6 of the Notes to the financial statements.

5

Principal activities

The principal activities of the Economic entity constituted by Beach and its entities it controlled from time to time during the financial year continue to be oil and gas exploration, development and production and investment in the resources industry.

6

Operating results

Net consolidated profit attributable to members of the parent entity after income tax was $7,950,000.

7

Dividends paid or recommended

Dividends paid or declared during the financial year are as follows:

- Ordinary unfranked dividend of 0.5 cents per share paid on 2001/2002 full financial results to all shareholders registered at 21 November 2002 - $907,000
- Ordinary unfranked dividend of 0.5 cents per share paid on 2002/2003 half-year results to all shareholders registered at 30 April 2003 - $929,000

Dividends recommended for payment subsequent to the financial year are as follows:

- Final Ordinary unfranked dividend of 0.5 cents per share and Special Ordinary unfranked dividend of 0.5 cents per share payable on 2002/2003 full financial results recommended by Directors - $1,870,000

8

Share options
During the financial year, the following movement in share options occurred:

Options	Balance at beginning of financial year	Exercised during the financial year	Expired during the year and not exercised	Balance at end of financial year
1999 Options expiring 31 March 2004	22,108,949	33	-	22,108,916
2002 Bonus Options expiring 31 May 2005	45,204,050	688,903	-	44,515,147
2000 Unlisted Options expiring 5 May 2003	2,142,858	-	2,142,858	-

9

Review of operations
A review of operations of the Economic entity during the financial year and the results of those operations is contained elsewhere in the Annual Report.

10

State of affairs
On 17 January 2003, Beach Petroleum NL converted from a No Liability Company to a Public Company – Beach Petroleum Limited. There were no other significant changes in the state of affairs of the Economic entity other than referred to in the financial statements and elsewhere in the Annual Report.

11

Subsequent events
There has not arisen in the interval since 30 June 2003 and up to the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect substantially the operations of the Economic entity, the results of those operations or the state of affairs of the Economic entity in subsequent financial years, other than as mentioned elsewhere in the financial report.

12

Future developments
The Economic entity will continue to pursue its objectives in the exploration, production and development of its oil and gas activities. Likely developments in the Economic entity's operations known at the date of this report have been covered generally within this report and elsewhere in the Annual Report.

13

Indemnity of directors and officers
The Company has arranged Directors' and Officers' Liability Insurance policies which cover all the Directors and Officers of the Company and its controlled entities. The terms of the policies prohibit disclosure of details of the amount of the insurance cover, the nature thereof and the premium paid.

14

Rounding off of amounts
The Company is an entity to which ASIC Class Order 98/100 applies. Accordingly, amounts in the financial statements have been rounded to the nearest thousand dollars, unless shown otherwise.

15

Environmental regulations and performance statement
The Economic entity participates in ventures, which are parties to exploration and development licences. These licences specify the environmental regulations applicable to the exploration, construction and operations of petroleum. For properties operated by other companies, this is achieved by monitoring of the performance of these companies.

There have been no known significant breaches of the environmental obligations of the Economic entity's contracts or licences.

16

Proceedings on behalf of the Company
No person has applied to the Court under Section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under Section 237 of the Corporations Act 2001.

Dated in Adelaide this 26th day of September 2003 and signed in accordance with a Resolution of the Directors.

R M Kennedy
Director

R G Nelson
Director

Statement of Financial Position

As at 30 June 2003

	Note	Consolidated 2003 $000	Consolidated 2002 $000	Company 2003 $000	Company 2002 $000
Current assets					
Cash assets		**8,874**	4,817	**6,742**	4,500
Receivables	8	**4,181**	6,010	**10,968**	16,901
Inventories	9	**1,951**	2,154	**1,015**	1,159
Other	10	**484**	265	**466**	265
Total current assets		**15,490**	13,246	**19,191**	22,825
Non-current assets					
Receivables	11	**1,415**	67	**1,415**	67
Investments	12	**-**	-	**3,746**	2,246
Property, plant and equipment	13	**5,493**	5,378	**4,595**	4,461
Petroleum licences	14	**29,102**	20,612	**21,673**	16,655
Exploration and evaluation expenditure	15	**14,840**	12,689	**12,078**	7,774
Deferred tax assets	16	**4,715**	6,407	**435**	1,157
Total non-current assets		**55,565**	45,153	**43,942**	32,360
Total assets		**71,055**	58,399	**63,133**	55,185
Current liabilities					
Payables	17	**3,527**	2,812	**2,412**	2,715
Provisions	18	**182**	85	**100**	85
Interest bearing liabilities	19	**20**	20	**20**	20
Total current liabilities		**3,729**	2,917	**2,532**	2,820
Non-current liabilities					
Interest bearing liabilities	19	**1,189**	1,209	**1,189**	1,209
Deferred tax liabilities	20	**6,297**	4,672	**4,937**	3,181
Provisions	21	**2,425**	2,007	**1,268**	933
Total non-current liabilities		**9,911**	7,888	**7,394**	5,323
Total liabilities		**13,640**	10,805	**9,926**	8,143
Net assets		**57,415**	47,594	**53,207**	47,042
Equity					
Contributed equity	22	**123,807**	121,999	**123,807**	121,999
Accumulated losses	23	**(68,291)**	(74,405)	**(70,600)**	(74,957)
Parent entity interest		**55,516**	47,594	**53,207**	47,042
Outside equity interest	24	**1,899**	-	-	-
Total equity		**57,415**	47,594	**53,207**	47,042

Notes to and forming part of the financial statements are attached.

Statement of Financial Performance

For the Financial Year ended 30 June 2003

	Note	Consolidated 2003 $000	Consolidated 2002 $000	Company 2003 $000	Company 2002 $000
Revenues from ordinary activities	2	**36,169**	15,344	**26,138**	12,944
Changes in inventories of finished goods and work in progress		**6**	40	**(24)**	(84)
Raw materials and consumables used		**(14,759)**	(5,754)	**(9,221)**	(3,327)
Employee benefits expense		**(2,215)**	(1,483)	**(2,159)**	(1,483)
Depreciation and amortisation expense		**(6,276)**	(2,835)	**(4,386)**	(2,203)
Borrowing costs expense		**(106)**	(509)	**(106)**	(509)
Other expenses from ordinary activities		**(1,607)**	(593)	**(1,477)**	(1,836)
Profit from ordinary activities before income tax expense		**11,212**	4,210	**8,765**	3,502
Income tax expense relating to ordinary activities	4	**(3,317)**	(1,347)	**(2,572)**	(848)
Profit from ordinary activities after related income tax expense		**7,895**	2,863	**6,193**	2,654
Net loss attributable to outside equity interests		**55**	-	**-**	-
Net profit attributable to members of the parent entity		**7,950**	2,863	**6,193**	2,654
Basic earnings per share (cents per share)	30	**4.33¢**	1.56¢		
Diluted earnings per share (cents per share)	30	**3.70¢**	1.56¢		

Notes to and forming part of the financial statements are attached.

Statement of Cash Flows

For the Financial Year ended 30 June 2003

	Note	Consolidated 2003 $000	Consolidated 2002 $000	Company 2003 $000	Company 2002 $000
Cash flows from operating activities					
Receipts from oil and gas operations		**33,511**	10,231	**23,503**	5,639
Operating and personnel costs paid		**(16,955)**	(6,503)	**(11,939)**	(4,061)
Interest received		**439**	776	**253**	894
Other receipts		**234**	41	**196**	160
Borrowing costs		**(106)**	(509)	**(106)**	(509)
Net cash provided by operating activities	28	**17,123**	4,036	**11,907**	2,123
Cash flows from investing activities					
Settlement of acquisition of Bodalla oil and gas assets		**3,410**	-	**3,410**	-
Payments for property, plant and equipment		**(958)**	(1,832)	**(831)**	(1,804)
Payments for exploration and development		**(15,017)**	(25,172)	**(13,333)**	(19,045)
Proceeds from disposal of non-current assets		**110**	-	**110**	-
Share subscription in controlled entity		**-**	-	**(1,500)**	-
Receipts from/(payments to) controlled entities		**-**	-	**4,217**	(3,234)
Net cash used in investing activities		**(12,455)**	(27,004)	**(7,927)**	(24,083)
Cash flows from financing activities					
Proceeds from share purchase plan		**-**	5,000	**-**	5,000
Proceeds from share placement		**-**	15,047	**-**	15,047
Proceeds from issue of shares		**1,863**	-	**-**	-
Proceeds from options converted to shares		**235**	-	**231**	-
Costs associated with issue of shares		**(750)**	(808)	**(10)**	(808)
Share buy-back		**(351)**	(99)	**(351)**	(99)
Repayment of borrowings		**(21)**	(20)	**(21)**	(20)
Dividends paid		**(1,587)**	-	**(1,587)**	-
Net cash provided by financing activities		**(611)**	19,120	**(1,738)**	19,120
Net increase/(decrease) in cash held		**4,057**	(3,848)	**2,242**	(2,840)
Cash at beginning of financial year		**4,817**	8,665	**4,500**	7,340
Cash at end of financial year	28	**8,874**	4,817	**6,742**	4,500

Notes to and forming part of the financial statements are attached.

1

Statement of significant accounting policies
The financial report is a general purpose financial report which has been prepared in accordance with Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views and the Corporations Act 2001. They have been prepared on the basis of historical costs and except where stated, do not take into account changing money values or current valuations of non-current assets. These accounting policies have been consistently applied by each entity in the Economic entity and, except where stated are consistent with those of the previous year.

The following is a summary of the material accounting policies adopted by the Economic entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) **Principles of consolidation:** A controlled entity is any entity controlled by Beach Petroleum Limited ("Beach"). Control exists where Beach has the capacity to dominate the decision-making in relation to the financial and operating policies of another entity so that the other entity operates with Beach to achieve its objectives. A list of controlled entities is contained in Note 12 to the financial statements.

All inter-company balances and transactions between entities in the Economic entity, including any unrealised profits or losses, have been eliminated on consolidation.

Where controlled entities have entered or left the Economic entity during the year, their operating results have been included from the date control was obtained or until the date control ceased.

(b) **Recoverable amount of non-current assets:** Non-current assets are written down to their recoverable amounts where the carrying value of any non-current asset exceeds its recoverable amount. Recoverable amount is determined, where appropriate, as the present value of the amount expected to be recovered through the cash inflows and outflows arising from the continued use and subsequent disposal of the non-current asset, except for expenditure in respect of oil and gas properties in the exploration/evaluation and development phase which is accounted for on the basis described in Note 1(d) of the notes to the financial statements.

(c) **Interests in joint ventures:** The Economic entity's share of the assets, liabilities, revenue and expenses of joint venture operations are included in the appropriate items of the consolidated statements of financial performance and financial position. Details of the Economic entity's interests are shown in Note 25.

The Economic entity's interests in joint venture entities are brought to account using the equity method of accounting in the consolidated financial statements. The parent entity's interests in joint venture entities are brought to account using the cost method.

(d) **Exploration/evaluation and development expenditure:** The Economic entity follows the area of interest method of accounting whereby all exploration costs related to individual areas are accumulated and carried forward as an asset provided that one of the following conditions is met:

(i) Such costs are expected to be recouped through successful development of the area of interest, or alternatively by its sale; or

(ii) Exploration and/or evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations are continuing.

Where the Economic entity has significantly reduced its holding in an area of interest and/or there is uncertainty regarding the recoupment of costs or there is a permanent diminution in value, the accumulated costs in respect of the area of interest are written down.

Accumulated costs in respect of areas of interest which have been abandoned are written off in the year of abandonment.

1

Statement of significant accounting policies (continued)

On commencement of production in an area of interest, accumulated exploration/evaluation and development costs are amortised on a unit of production basis over the estimated life of the field.

(e) **Petroleum licences:** Petroleum licences are carried at cost.
The carrying amount of petroleum licences, property, plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets' employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

No capital gains tax has been accounted for in the revaluation of the non-current assets.

(f) **Property, plant and equipment:** Oil and gas production plant and equipment are included in the financial statements at cost and are depreciated on a unit of production basis over the estimated life of the field or the asset, whichever is the shorter.

All other fixed assets are included in the financial statements at cost and are depreciated over their expected economic lives using either the straight line or diminishing value basis.

The depreciation rates used for each class of depreciable assets are:

Class of fixed asset	Depreciation rate
Buildings	2%
Leasehold improvements	4 – 5%
Office furniture and equipment	5 – 33%
Production facilities and field equipment	Based on the estimated recoverable reserves

(g) **Foreign currencies:**

(i) *Transactions*
Transactions in foreign currencies have been converted into Australian dollars at the rate of exchange ruling at the date of each transaction. Foreign currency assets and liabilities are converted to Australian dollars at rates of exchange ruling at balance date. Exchange differences are brought to account in the statement of financial performance for the financial period in which they arise.

(ii) *Hedges*
The Economic entity enters into hedge contracts fixing the exchange rate with monthly settlements in relation to a proportion of the Economic entity's future oil sales revenue which is receivable in foreign currency. Costs or gains arising at the time of entering hedged transactions are exchange differences that occur up to the date of receipt of oil sale proceeds, are deferred and included in the measurement of the sale.

Where a hedge transaction is terminated early and the anticipated transaction is still expected to occur, the deferred gains and losses that arose on the foreign currency hedge prior to its termination continue to be deferred and are included in the measurement of the purchase or sale when it occurs. Where a hedge transaction is terminated early because the anticipated transaction is no longer expected to occur, deferred gains and losses that arose on the foreign currency hedge prior to its termination are included in the statement of financial performance for the period.

(h) **Accounts payable:** These amounts represent liabilities for goods and services provided to the Economic entity prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(i) **Investments:**

(i) *Controlled entities*
Investments in controlled entities are included in non-current assets and are initially recorded in the financial

1

Statement of significant accounting policies (continued)

statements at cost. These investments have subsequently been written down to their recoverable amount determined by reference to the net assets of the controlled entities at balance date where this is less than cost.

(ii) *Non-current investments*
Shares held in quoted and unquoted companies as long-term investments are initially recorded in the financial statements at cost. Where there is considered to be a permanent diminution in the value of an investment, it is written down or a provision for diminution in value is raised.

(j) **Inventories:** Stocks of petroleum products have been valued at the lower of cost and net realisable value. Cost is derived on an absorption costing basis and includes direct processing costs and an appropriate portion of fixed and variable overheads.

Consumable supplies and maintenance spares are valued at cost with due allowance for obsolescence.

(k) **Employee benefits:** Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and sick leave which will be settled after one year, have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Superannuation Commitments: Each employee nominates their own superannuation fund into which the Company contributes. The Company contributes voluntarily to each employee's nominated plan based on a percentage of each member's salary. It is at the discretion of employees to seek their individual financial advice with regards to each employee's own personal superannuation fund.

(l) **Receivables:** Trade debtors to be settled within 30 days are carried at amounts due. The collectibility of debts is assessed at balance date and specific provision is made for any doubtful accounts.

(m) **Revenue:** The Economic entity's revenue is mainly derived from the sale of oil. Revenue is brought to account in the month in which these oil sales have been made as notified by the Joint Venture Operator. Interest revenue is recognised on accrual basis taking into account the interest rates applicable to the financial assets.

(n) **Income tax:** The Economic entity adopts the liability method of tax-effect accounting whereby the income tax expense is based on the profit from ordinary activities adjusted for any permanent differences.

Timing differences which arise due to the different accounting periods in which items of revenue and expense are included in the determination of accounting profit and taxable income are brought to account as either a provision for deferred income tax or as a future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

A future income tax benefit is brought to account on the belief that there is virtual certainty of realisation of the benefit. The amount of the benefit brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(o) **Rehabilitation and restoration costs:** A provision for rehabilitation and restoration is provided by the Economic entity to meet all future obligations for the restoration and rehabilitation of oil producing areas when oil reserves are exhausted and the oil fields are abandoned. Recognition of restoration expenses including well abandonment costs are determined on a gradual basis over the economic life of the associated plant and facilities in the area. In determining the Economic entity's exposure to restoration obligations, the Economic entity uses estimated current costs. These costs have not been discounted to their present values.

2

	Consolidated 2003 $000	Consolidated 2002 $000	Company 2003 $000	Company 2002 $000
Revenue				
Operating activities				
Oil and gas revenue	**35,377**	14,264	**25,246**	10,109
Interest received	**303**	775	**552**	894
Other revenue	**135**	109	**-**	-
	35,815	15,148	**25,798**	11,003
Non-operating activities				
Rental revenue	**165**	160	**165**	160
Debt forgiveness	**-**	-	**-**	1,781
Other revenue	**175**	-	**175**	-
Bad debt recovery	**14**	36	**-**	-
	354	196	**340**	1,941
Total revenue	**36,169**	15,344	**26,138**	12,944
(a) Interest revenue from:				
Wholly-owned controlled entity	**-**	-	**324**	215
Other	**303**	775	**228**	679
Total interest revenue	**303**	775	**552**	894

3

	Consolidated 2003 $000	Consolidated 2002 $000	Company 2003 $000	Company 2002 $000
Profit from ordinary activities				
Profit from ordinary activities before income tax has been determined after:				
Expenses:				
(a) Cost of sales	**14,758**	5,714	**9,221**	3,411
(b) Borrowing costs:				
Interest paid or payable				
- other corporations	**106**	509	**106**	509
(c) Depreciation of non-current assets:				
Depreciation of buildings	**48**	41	**48**	41
Depreciation of property, plant and equipment	**796**	468	**649**	337
Total depreciation	**844**	509	**697**	378
(d) Amortisation of exploration, evaluation and development costs	**5,432**	2,326	**3,689**	1,825
(e) Other costs:				
Increase in provision for restoration	**263**	-	**263**	-
Government royalties	**2,798**	715	**2,251**	525
Write-down of investments	**-**	-	**-**	1,207
Foreign exchange loss	**54**	-	**54**	-
Exploration expenditure written off	**396**	48	**321**	48
Revenue and net gains:				
(a) Forgiveness of debt	**-**	-	**-**	1,780

4

	Consolidated 2003 $000	Consolidated 2002 $000	Company 2003 $000	Company 2002 $000
Income tax expense				
Reconciliation of the prima facie income tax expense calculated on profit with income tax expense included in the statement of financial performance				
Operating profit before tax	**11,212**	4,210	**8,765**	3,502
Prima facie tax payable on profit from ordinary activities before income tax at 30%	**(3,364)**	(1,263)	**(2,629)**	(1,051)
Decrease/(increase) in income tax expense due to non-assessable and other items:				
- capital raising costs	**48**	48	**48**	48
- write-down investment in wholly owned subsidiary	**-**	-	**-**	172
- write-off of overseas exploration not deductible	**-**	(3)	**-**	(3)
- bad debt recovery	**4**	11	**-**	-
- tax losses of controlled entity not recognised	**(25)**	-	**-**	-
- other	**19**	(14)	**16**	(14)
	(3,318)	(1,221)	**(2,565)**	(848)
Recognition of deferred income tax payable now brought to account	**1**	(126)	**(7)**	-
Income tax expense	**(3,317)**	(1,347)	**(2,572)**	(848)

5

	Consolidated 2003 $000	Consolidated 2002 $000	Company 2003 $000	Company 2002 $000
Dividends				
Final Dividend of 0.5 cents paid on 2001/2002 final results declared on 12 September 2002, record date of 21 November 2002 and paid in December 2002	**907**	-	**907**	-
Interim Dividend of 0.5 cents paid on 2002/2003 half year results, declared on 6 March 2003, record date of 30 April 2003 and paid in May 2003	**929**	-	**929**	-

6

	Consolidated 2003 $000	Consolidated 2002 $000	Company 2003 $000	Company 2002 $000
Remuneration of Directors and Executives				
Amounts received or due and receivable by all Directors of each entity in the Economic entity from the Company and related parties	**1,022**	934		

6	Consolidated 2003 $000	Consolidated 2002 $000	Company 2003 $000	Company 2002 $000
Remuneration of Directors and Executives (continued)				
The number of Directors of Beach whose total income from the Company and related parties fall within the following bands:				
$30,000 — $39,999	-	2		
$40,000 — $49,999	1	-		
$50,000 — $59,999	1	-		
$90,000 — $99,999	-	1		
$160,000 — $169,999	1	1		
$180,000 — $189,999	1	-		
$210,000 — $219,999	1	1		
$350,000 — $359,999	1	-		
$380,000 — $389,999	-	1		

The names of those persons who were Directors of Beach during the financial year are as follows:

	Alternate To	Date of Appointment	
Robert Michael Kennedy	-	5 December 1991	Re-elected 22 November 2000
Reginald George Nelson	-	25 May 1992	Re-elected 30 November 2001
John Charles Butler	-	23 June 1999	Re-elected 21 November 2002
Michael Francis Frost	-	20 December 2000	Re-elected 30 November 2001
Kathryn Anne Presser	Reg Nelson	14 January 2000	
Hector Mackenzie Gordon	John Butler	3 February 2000	

	Consolidated 2003 $000	Consolidated 2002 $000	Company 2003 $000	Company 2002 $000
Amounts received or due and receivable by Executives of the Economic entity, including Executive Directors, whose remuneration equals or exceeds $100,000 from Beach or related parties.	737	763		
The number of Executives of the Economic entity whose total income from Beach and related parties was within bands commencing at $100,000:				
$160,000 — $169,999	1	1		
$210,000 — $219,999	1	1		
$350,000 — $359,999	1	-		
$380,000 — $389,999	-	1		

The names of Executives of the Company to which these amounts relate to are:
Reginald George Nelson   Kathryn Anne Presser   Hector Mackenzie Gordon

7	Consolidated 2003 $000	Consolidated 2002 $000	Company 2003 $000	Company 2002 $000
Auditors remuneration				
Amounts received or due and receivable by the auditors of the Company for:				
- auditing the financial statements	30	29	27	29
- other services	-	23	-	23

8

	Consolidated 2003 $000	Consolidated 2002 $000	Company 2003 $000	Company 2002 $000
Current receivables				
Trade debtors	**4,149**	5,925	**2,955**	4,960
Cash on deposit, held as collateral	**10**	35	**10**	20
Interest receivable from other corporations	**22**	53	**18**	43
Amounts receivable from related party	**-**	(3)	**-**	616
Amounts receivable from controlled entities	**-**	-	**7,985**	11,262
	4,181	6,010	**10,968**	16,901

9

	Consolidated 2003 $000	Consolidated 2002 $000	Company 2003 $000	Company 2002 $000
Current inventories				
Crude oil and condensate at cost	**1,742**	1,737	**931**	955
Consumable supplies at cost	**209**	417	**84**	204
	1,951	2,154	**1,015**	1,159

10

	Consolidated 2003 $000	Consolidated 2002 $000	Company 2003 $000	Company 2002 $000
Other current assets				
Prepayments	**268**	80	**250**	80
Loan advanced as per the Employee Incentive Plan(1)	**501**	470	**501**	470
Less provision for write-down	**(285)**	(285)	**(285)**	(285)
	216	185	**216**	185
	484	265	**466**	265

(1) In 1997, shareholders of the Company approved an Employee Incentive Plan. This Plan enables Directors of Beach to offer eligible employees of the Company, fully paid shares and/or options for fully paid shares in the Company.

Under the terms of the Plan, shares may be offered to permanent employees of the Company by way of an interest free loan which is to be repaid in accordance with the terms and conditions of the Plan.

The issue price of the shares is determined by the average share price for the previous five business days prior to issue.

The following employee shares are currently on issue:

Date	No. of Shares on issue	Issue price
Issued prior to the Financial Year:		
1 December 1997	503,574	87.50 cents
18 January 2000	132,144	21.00 cents
8 November 2001	28,572	39.90 cents
20 December 2001	60,001	34.30 cents
17 January 2002	42,858	37.38 cents
5 April 2002	42,858	33.60 cents
22 April 2002	14,286	34.30 cents
Issued during the Financial Year:		
18 December 2002	4,325,000	31.90 cents
Total on issue	**5,149,293**	

The ASX share price of Beach Petroleum fully paid ordinary shares at 30 June 2003 was 34.50 cents.

11

	Consolidated 2003 $000	Consolidated 2002 $000	Company 2003 $000	Company 2002 $000
Non-current receivables				
Loans advanced as per the Employee Incentive Plan	1,415	67	1,415	67

12

Non-current investments

Investment in controlled entities

Name of Company	Place of incorporation	Percentage of shares held % 2003	Percentage of shares held % 2002
Beach Petroleum Limited	South Australia	100	100
South Coast Petroleum Pty Ltd	South Australia	100	100
Beach Oil and Gas Pty Ltd	New South Wales	100	100
Ramelius Resources Ltd [1]	New South Wales	43	100
Beach Production Services Pty Ltd	South Australia	100	100
Mazeley Ltd	Liberia	100	100
Mawson Petroleum Pty Ltd	Queensland	100	100
Claremont Petroleum (USA) Pty Ltd	Victoria	100	100
Wandata Pty Ltd	New South Wales	100	100
Tagday Pty Ltd	New South Wales	100	100
Claremont Petroleum PNG Ltd [2]	Papua New Guinea	100	100
Midland Exploration Pty Ltd	South Australia	100	100
Petrogulf Resources Ltd (In Liquidation)	New South Wales	-	-
Ocita Pty Ltd	Western Australia	100	100

All shares held are ordinary shares. All shares except for Ramelius Resources Ltd are not listed on a prescribed stock exchange.

(1) Formerly Comserv (No. 779) Pty Ltd, listed on the Australian Stock Exchange as Ramelius Resources on 31 March 2003. Beach Petroleum holds 15,000,002 of the 34,784,002 shares on issue. Of the 15,000,002 shares held, 7,500,002 are held in escrow for a period of 2 years from 31 March 2003.

(2) Carried on business in Papua New Guinea.

13

	Consolidated 2003 $000	Consolidated 2002 $000	Company 2003 $000	Company 2002 $000
Property, plant and equipment				
Land and building at cost				
Freehold land at cost	**500**	500	**500**	500
Buildings at beginning of financial year	**1,291**	1,239	**1,291**	1,239
Additions	**38**	52	**38**	52
Less accumulated depreciation	**(84)**	(36)	**(84)**	(36)
Total building	**1,245**	1,255	**1,245**	1,255
Total land and building	**1,745**	1,755	**1,745**	1,755
Office furniture and equipment at cost				
At beginning of financial year	**452**	277	**454**	279
Additions	**325**	175	**313**	175
Less accumulated depreciation	**(371)**	(219)	**(371)**	(218)
	406	233	**396**	236
Production facilities and field equipment at cost				
At beginning of financial year	**4,146**	2,561	**2,460**	901
Additions	**575**	1,585	**457**	1,559
Less accumulated depreciation	**(1,758)**	(1,354)	**(842)**	(588)
	2,963	2,792	**2,075**	1,872
Gas production facilities and field equipment at cost				
At beginning of financial year	**663**	663	**663**	663
Additions	**19**	-	**19**	-
Less accumulated depreciation	**(303)**	(65)	**(303)**	(65)
	379	598	**379**	598
Total property, plant and equipment	**5,493**	5,378	**4,595**	4,461

14

	Consolidated 2003 $000	Consolidated 2002 $000	Company 2003 $000	Company 2002 $000
Petroleum and gas licences				
Petroleum licences at cost				
At beginning of financial year	**24,454**	8,181	**19,543**	6,907
Additions	**5,727**	16,273	**4,674**	12,636
Transfer from exploration and evaluation expenditure	**7,857**	-	**3,696**	-
Less accumulated amortisation	**(9,942)**	(5,208)	**(7,246)**	(4,254)
	28,096	19,246	**20,667**	15,289
Gas licences at cost				
At beginning of financial year	**1,514**	-	**1,514**	-
Transfer from exploration and evaluation expenditure	**-**	1,907	**-**	1,907
Additions	**337**	270	**337**	270
Reclassification to gas production facilities and field equipment	**-**	(663)	**-**	(663)
Less accumulated amortisation	**(845)**	(148)	**(845)**	(148)
	1,006	1,366	**1,006**	1,366
Total petroleum and gas licences	**29,102**	20,612	**21,673**	16,655

15

	Consolidated 2003 $000	Consolidated 2002 $000	Company 2003 $000	Company 2002 $000
Exploration and evaluation expenditure				
Petroleum and gas exploration permits at cost				
Exploration and evaluation areas at beginning of financial year (net of amounts written off)	**12,349**	6,014	**7,774**	3,590
Additions	**8,894**	8,290	**8,321**	6,139
Transfer to petroleum and gas licences	**(7,857)**	(1,907)	**(3,696)**	(1,907)
Write-down of exploration permits	**(365)**	(48)	**(321)**	(48)
Total petroleum and gas exploration	**13,021**	12,349	**12,078**	7,774
Gold exploration permits at cost				
At beginning of financial year	**340**	-	**-**	-
Additions	**1,510**	340	**-**	-
Write-down of gold exploration permits	**(31)**	-	**-**	-
Total gold exploration	**1,819**	340	**-**	-
Total exploration and evaluation expenditure	**14,840**	12,689	**12,078**	7,774

16

	Consolidated 2003 $000	Consolidated 2002 $000	Company 2003 $000	Company 2002 $000
Deferred tax assets				
Future income tax benefit	**4,715**	6,407	**435**	1,157
(a) The future income tax benefit is made up of the following estimated tax benefits:				
- tax losses	**4,400**	6,095	**435**	1,157
- timing differences	**315**	312	**-**	-
	4,715	6,407	**435**	1,157
(b) Future income tax benefits calculated at 30% not recognised as an asset because there is uncertainty as to their eventual recovery comprise:				
- capital	**35,679**	34,635	**15,676**	15,676
- overseas operations not available for grouping	**2,435**	2,435	**735**	735
- capital losses attributable to timing differences	**3,588**	3,657	**3,542**	3,614
	41,702	40,727	**19,953**	20,025

The taxation benefits will only be obtained if:

(i) assessable income is derived of a nature and of an amount sufficient to enable the benefit from the deductions to be realised;

(ii) conditions for deductibility imposed by the law are complied with; and

(iii) no changes in tax legislation adversely affect the realisation of the benefit from the deductions.

17

	Consolidated 2003 $000	Consolidated 2002 $000	Company 2003 $000	Company 2002 $000
Current payables				
Trade creditors	**3,213**	2,209	**2,121**	2,112
Other creditors	**314**	603	**291**	603
	3,527	2,812	**2,412**	2,715

18

	Consolidated 2003 $000	Consolidated 2002 $000	Company 2003 $000	Company 2002 $000
Current provisions				
Employee entitlements	**182**	85	**100**	85
Number of employees at year end	***30***	*11*	***15***	*11*

19

	Consolidated 2003 $000	Consolidated 2002 $000	Company 2003 $000	Company 2002 $000
Interest bearing liabilities				
Secured				
Amounts owed to financial institution [1]				
Current	**20**	20	**20**	20
Non-current	**1,189**	1,209	**1,189**	1,209
	1,209	1,229	**1,209**	1,229

[1] A mortgage loan is secured by a registered first mortgage over the land and building of the parent entity.

20

	Consolidated 2003 $000	Consolidated 2002 $000	Company 2003 $000	Company 2002 $000
Deferred tax liabilities				
Provision for deferred income tax	**6,297**	4,672	**4,937**	3,181

21

	Consolidated 2003 $000	Consolidated 2002 $000	Company 2003 $000	Company 2002 $000
Non-current provisions				
Employee entitlements	**397**	242	**257**	185
Rehabilitation and restoration costs	**2,028**	1,765	**1,011**	748
	2,425	2,007	**1,268**	933

22

Contributed equity Ordinary shares	Number of Shares	Company 2003 $000	Company 2002 $000
Issued and fully paid ordinary shares at 30 June 2001	**118,681,271**	**121,999**	103,243
8 November 2001 Employee Share Plan (1)	**28,572**	**-**	11
30 November 2001 Share Placement with Institutional Investors at 4.5 cents each	**47,767,437**	**-**	15,047
Less costs of capital raising	**-**	**-**	(706)
20 December 2001 Employee Share Plan (1)	**60,001**	**-**	19
17 January 2002 Employee Share Plan (1)	**42,858**	**-**	16
16 January 2002 Share Purchase Plan at 4.5 cents each	**15,872,968**	**-**	5,000
Less costs of capital raising	**-**	**-**	(101)
5 April 2002 Employee Share Plan (1)	**42,858**	**-**	15
22 April 2002 Employee Share Plan (1)	**14,286**	**-**	5
24 May 2002 Share Buy-Back	**(1,716,573)**	**-**	(550)
31 May 2002 Share Consolidation - 1:7	**5,320**	**-**	-
Issued and fully paid ordinary shares at 30 June 2002	**180,798,998**	**121,999**	121,999
Issued during the financial year			
18 December 2002 Employee Share Plan (1)	**4,325,000**	**1,380**	-
Bonus Options converted during the 2002/2003 financial year	**688,903**	**231**	-
Less cost of conversion	**-**	**(9)**	-
Shares issued under the terms of the Dividend Reinvestment Plan	**647,512**	**207**	-
Less cost of Plan Issue	**-**	**(1)**	-
1999 options converted during the 2002/2003 financial year	**33**	-	-
	180,460,446	**123,807**	121,999

(1) The Company has established an Employee Incentive Plan. Shares are allotted to employees under this Plan at the Board's discretion. Shares acquired by employees are funded by interest free loans for a term of 10 years which are repayable on cessation of employment with the Economic entity. At balance date, 5,149,293 fully paid ordinary shares were issued to employees, information regarding the interest free loan is disclosed in Note 10 to the financial statements.

Current Options

1999 Options Date of Issue	No of shares subject to option	Exercise price	Exercisable by
23 April 1999	**19,151,514**	$1.40	31 March 2004
29 April 1999	**1,870,000**	$1.40	31 March 2004
14 May 1999	**1,087,402**	$1.40	31 March 2004
	22,108,916		
2002 Bonus Options (1)			
24 May 2002	**45,204,050**	$0.335	31 May 2005
Exercised during the 2002/2003 financial year	**(688,903)**		
	44,515,147		

(1) As a result of the Capital Consolidation in May 2002, 45,204,050 Bonus Options were issued to shareholders at an exercise price of 33.5 cents. These Options were listed on the Australian Stock Exchange on 21 November 2002.

Expired Options

On 5 May 2003, the 2,142,858 unlisted options exercisable at 42 cents expired and were not exercised by the Holder.

23

	Consolidated 2003 $000	Consolidated 2002 $000	Company 2003 $000	Company 2002 $000
Accumulated losses				
Accumulated losses at the beginning of the financial year	**(74,405)**	(77,268)	**(74,957)**	(77,611)
Net profit attributable to the members of the parent entity	**7,950**	2,863	**6,193**	2,654
Dividends paid during the financial year:				
- Final dividend 2001/2002	**(907)**	-	**(907)**	-
- Interim dividend 2002/2003	**(929)**	-	**(929)**	-
Accumulated losses at the end of the financial year	**(68,291)**	(74,405)	**(70,600)**	(74,957)

24

Outside equity interests in controlled entities				
Outside equity interest comprises:				
- Share capital	**1,972**	-	-	-
- Retained losses	**(73)**	-	-	-
	1,899	-	-	-

25

Interest in joint ventures

(a) The Economic entity has a direct interest in a number of unincorporated joint ventures, the details of which are listed in the Operations Report.

(b) The Economic entity's share of assets employed in unincorporated joint ventures is as follows:

Non-current assets				
Production facilities and field equipment	**2,850**	2,349	**1,045**	663
Less accumulated depreciation	**(1,247)**	(831)	**(331)**	(65)
Fixed assets (included in Note 13)	**1,603**	1,518	**714**	598
Petroleum and gas licences	**12,948**	2,869	**6,417**	1,514
Less accumulated amortisation	**(2,971)**	(714)	**(1,119)**	(148)
Total petroleum and gas licences (included in Note 14)	**9,977**	2,155	**5,298**	1,366
Exploration and evaluation expenditure (included in Note 15)	**14,840**	12,689	**12,078**	7,774
Total non-current assets	**26,420**	16,362	**18,090**	9,738
Current assets (including advance contributions, prepayments, cash and consumables)	**389**	364	**96**	-
Total assets employed in joint ventures	**26,809**	16,726	**18,186**	9,738

25

	Consolidated		Company	
	2003	2002	2003	2002
	$000	$000	$000	$000
Interest in joint ventures (continued)				
(c) Material interests in joint ventures:				
Contribution to profit:				
- PEL 92 – Sellicks	**1,486**	-	**1,486**	-
- PEL 95 – Aldinga	**(12)**	-	**(12)**	-
- PEP 154	**1,332**	140	**1,332**	140
- ATP 259P Naccowlah Block	**408**	754	**-**	-
- PEL 90 – Acrasia	**1,174**	-	**-**	-
	4,388	894	**2,806**	140
Interest in joint venture:				
- PEL 92 – Sellicks	**3,038**	-	**3,038**	-
- PEL 95 – Christies	**502**	-	**502**	-
- PEL 90 – Aldinga	**329**	-	**329**	-
- PL 184 – Thylungra	**759**	-	**759**	-
- PEP 154	**1,393**	1,964	**1,393**	1,964
- ATP 259P Naccowlah Block	**2,057**	2,207	**-**	-
- PEL 90 – Acrasia	**3,771**	-	**-**	-
	11,849	4,171	**6,021**	1,964

26

Related party disclosures

The names of persons who were Directors of Beach at any time during the financial year are Robert Michael Kennedy, Reginald George Nelson, Michael Francis Frost, John Charles Butler, Kathryn Anne Presser and Hector Mackenzie Gordon.

Information on related party transactions of the Economic entity not disclosed elsewhere in this financial report are as follows:

Transactions with wholly-owned controlled entities

The Company advanced interest free loans to wholly-owned controlled entities except to Mawson Petroleum Pty Ltd ("Mawson"). During the year, the Company had the following transactions with Mawson - advances on inter-company accounts on which the Company has received interest at commercial rates amounting to $324,000 (2002: $215,000).

Ramelius Resources Limited

During the year, Ramelius Resources Limited ("Ramelius") (a 100% wholly-owned subsidiary at 30 June 2002) completed a capital raising and listed on the Australian Stock Exchange on 31 March 2003. Beach subscribed $1.5 million to the capital raising and as a result, its 100% interest was reduced to a 43.12% controlling interest. At the end of the financial year, Beach held 15,000,002 fully paid ordinary shares and 1,735,750 options in Ramelius.

26

Related party disclosures (continued)

Ramelius Resources Limited (continued)
As a result of this capital raising, the following shares and options were issued to entitites in which the following Directors have a relevant interest:

	Shares	Options
Mr R G Nelson	1,500,000*	2,700,000*
Mr R M Kennedy	1,502,150*	2,701,075*

** These shares and options are held in escrow for a period of 24 months from 31 March 2003.*

The following Directors also hold shares and options in Ramelius:

	Shares	Options
Mr R G Nelson *	10,000	5,000
Mr. R G Nelson – held in own name	10,000	5,000
Mr R M Kennedy *	72,150	6,075
Ms K A Presser – held in own name	10,000	5,000

** Held by an entity in which the Director has a relevant interest.*

During the financial year ended 30 June 2003, Ramelius paid $16,350 to Mr R M Kennedy and $5,450 to Mr R G Nelson for Directors' fees and associated superannuation.

During the financial year ended 30 June 2003, Ramelius paid $272,374 for professional fees to Kennedy and Co, an Accounting Firm of which Mr R M Kennedy is a partner. $264,993 of this amount relates to transaction costs associated with the Company's prospectus which has been capitalised against capital raised during the financial year.

Further details on Ramelius can be obtained in the Company's Annual Report or on its Website at www.rameliusresources.com.au

Transactions with other related parties
In November 2002, Enterprise Gold Mines NL ("Enterprise") was placed in Administration, where all assets of Enterprise were transferred to Beach in repayment of amounts owing. In August 2003, the Company sold its 19% interest in the issued shares of Enterprise to Mr R M Kennedy for book value.

Transactions with Director or Director-related entities
The Managing Director, Mr R G Nelson, has been advanced an interest free loan of $632,800 from Beach as per the terms of the Employee Incentive Plan which represents 285,715 shares issued in December 1997 and 1,200,000 shares issued in November 2002. Alternate Directors, Mr H M Gordon and Ms K A Presser, have been advanced interest free loans of $239,750 and $163,100 respectively from Beach as per the terms of the Employee Incentive Plan.

During the year, Beach paid $72,439 for consulting services to Kennedy and Co, an Accounting Firm of which Mr R M Kennedy is a Partner.

26

Related party disclosures (continued)

Directors' holding of shares and options

The relevant interests of Directors and their Director-related entities in shares of entities within the Economic entity as at 30 June 2003 are as follows:

	2003	2002
Number of fully paid ordinary shares in Beach	**3,529,155**	1,405,028
Number of options of $1.40 each in Beach	**57,143**	57,143
Number of bonus options in Beach	**216,247**	216,247
Number of fully paid ordinary shares in Ramelius	**3,104,300**	-
Number of options in Ramelius	**5,422,150**	-

27

Segment information

The Economic entity operates predominantly in the Oil and Gas Industry within Australia and as such has no material reportable segments.

28

	Consolidated		Company	
	2003	**2002**	**2003**	**2002**
	$000	**$000**	**$000**	**$000**
Cash flow information				
(a) Reconciliation of cash				

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and highly liquid investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	Consolidated 2003	Consolidated 2002	Company 2003	Company 2002
Cash	**3,305**	1,221	**1,486**	1,001
Cash on deposit	**5,569**	3,596	**5,256**	3,499
	8,874	4,817	**6,742**	4,500
(b) Reconciliation of net profit to net cash provided by operating activities:				
Net profit	**7,950**	2,863	**6,193**	2,654
Less items classified as investing/financing activities:				
- Proceeds from disposal of non-current assets	**(110)**	-	**(110)**	-
- Interest received	-	-	**(324)**	-
	7,840	2,863	**5,759**	2,654
Add/(less) non-cash items:				
- Depreciation	**844**	509	**697**	378
- Amortisation	**5,432**	2,326	**3,689**	1,825
- Write-down of exploration areas	**396**	48	**321**	48
- Debt forgiveness	-	-	-	(1,780)
- Write-down of investments	-	-	-	1,207

28

	Consolidated 2003 $000	Consolidated 2002 $000	Company 2003 $000	Company 2002 $000
Cash flow information (continued)				
(b) Reconciliation of net profit to net cash provided by operating activities (continued):				
- Increase in provision for employee entitlements	**252**	86	**87**	29
- Increase in provision for rehabilitation	**263**	-	**263**	-
- Increase in future income tax benefit	**1,692**	2,149	**722**	1,285
- Increase in deferred income tax provision	**1,625**	(802)	**1,756**	(437)
Net cash provided by operating activities before changes in assets and liabilities	**18,344**	7,179	**13,294**	5,209
Changes in assets and liabilities:				
- Increase in receivables	**(1,487)**	(4,060)	**(1,369)**	(4,470)
- Increase/(decrease) in inventories	**203**	(782)	**144**	(373)
- Increase/(decrease) in other current assets	**47**	(68)	**47**	(68)
- Decrease/(increase) in current creditors and borrowings	**(178)**	1,767	**(209)**	1,825
- Decrease/(increase) in other non-current assets	**194**	-	-	-
Net cash provided by operating activities	**17,123**	4,036	**11,907**	2,123

29

Financial instruments

(a) Interest rate risk exposure:

The Economic entity's exposure to interest rate risk for each class of financial assets and financial liabilities is set out below:

	Note	Floating interest rate 2003 $000	Floating interest rate 2002 $000	Fixed interest maturing in: 1 year or less $000	Over 1 to 5 years $000	More than 5 years $000	Non-interest bearing 2003 $000	Non-interest bearing 2002 $000	Total 2003 $000	Total 2002 $000
Financial assets										
Cash		**8,872**	4,817	-	-	**-**	**2**	-	**8,874**	4,817
Current receivables	8	**744**	121	-	-	**-**	**3,437**	5,889	**4,181**	6,010
Non-current receivables	11	**-**	-	-	-	**-**	**484**	67	**484**	67
		9,616	4,938	-	-	**-**	**3,923**	5,956	**13,539**	10,894
Weighted average effective interest rate		**-**	*4.65%*	-	-	**-**	**-**	-	**-**	-
Financial liabilities										
Payables	17	**-**	-	-	-	**-**	**3,527**	2,812	**3,527**	2,812
Interest bearing liabilities	19	**-**	1,229	-	-	**1,209**	**-**	-	**1,209**	1,229
		-	1,229	-	-	**1,209**	**3,527**	2,812	**4,736**	4,041

29

Financial Instruments (continued)

	Note	Floating interest rate		Fixed interest maturing in: 1 year or less	Over 1 to 5 years	More than 5 years	Non-interest bearing		Total	
		2003 $000	2002 $000	$000	$000	$000	2003 $000	2002 $000	2003 $000	2002 $000
Weighted average effective interest rate		-	*8.56%*	-	-	***8.56%***	-	-	-	-
Net financial assets/ (liabilities)		**9,616**	3,709	-	-	**(1,209)**	**396**	3,144	**8,803**	6,853

Credit risk
The carrying amount of financial assets in the consolidated statement of financial position, represents the Economic entity's maximum exposure to credit risk in relation to these assets.

Net fair value
The net fair value of financial assets and liabilities in the consolidated statement of financial position, approximates their carrying amounts.

(b) Commodity and currency hedging
In order to protect the Company against any wide variations in oil price fluctuations, the Economic entity entered into currency and commodity hedging. As these contracts are hedging anticipated future revenue, any unrealised gains and losses on the contracts are deferred and will be recognised in the measurement of the underlying transaction, provided the underlying transaction is still expected to occur as originally designated.

At 30 June 2003, the Company had open foreign currency option contracts with settlement/expiry dates up to 6 months. If closed out at balance date, these contracts would have resulted in a gain of $710,000. At 30 June 2003, the Company also had open commodity hedge transactions with settlement/expiry dates up to 3 months. If closed out at balance date, these contracts would have resulted in a net loss of $43,000 (2002: $1.1 million).

30

	Consolidated 2003 $000	Consolidated 2002 $000	Company 2003 $000	Company 2002 $000
Earnings per share				
(a) Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share.	**183,686,561**	153,679,645		
(b) Diluted earnings per share are calculated after classifying all options on issue at 30 June 2003 as potential ordinary shares.				
(c) Since the end of the financial year and before the completion of this report, the following ordinary shares were issued upon the conversion of options as follows:				
- Options expiring 31 March 2004	-	33		
- Bonus options expiring 31 May 2005	**324,250**	314,184		

31

	Consolidated 2003 $000	Consolidated 2002 $000	Company 2003 $000	Company 2002 $000
Commitments				
The Company and Economic entity are required to meet minimum expenditure requirements of various government regulatory bodies and joint ventures. These obligations may be subject to renegotiation, may be farmed out or may be relinquished and have not been provided for in the financial statements.				
Due within 1 year	**5,225**	15,228	**4,915**	13,977
Due within 1-2 years	**2,910**	9,192	**2,510**	9,192
Due within 2-5 years	**1,800**	5,183	**1,800**	5,183
	9,935	29,603	**9,225**	28,352

32

Contingent liabilities

Service agreements exist with the Managing Director and Executives under which termination benefits may, in appropriate circumstances, become payable. The maximum contingent liability at 30 June 2003 under the service agreements is $332,018 (2002: $286,945) in respect of the Managing Director and $890,702 (2002: $802,703) in respect of the Executives.

33

Subsequent events

Subsequent to year end, Beach announced it had entered into an agreement with Oil Company of Australia Limited ("OCA"), whereby Beach will purchase OCA's 50% interest in ATP 633P in southwest Queensland, immediately the permit is granted.

Directors' Declaration

In the opinion of the Directors:

(a) the attached financial statements and notes:
  (i) comply with Accounting Standards and the Corporations Act 2001; and
  (ii) give a true and fair view of the financial position as at 30 June 2003 and performance for the year ended on that date, of the Company and the consolidated entity.

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Signed in accordance with a resolution of the Directors.

On behalf of the Directors

R M Kennedy
Director

R G Nelson
Director

Adelaide, 26 September 2003

Independent Audit Report

Grant Thornton
Chartered Accountants and Business Advisers

INDEPENDENT AUDIT REPORT
TO MEMBERS OF BEACH PETROLEUM LIMITED

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for both Beach Petroleum Limited (the company) and Beach Petroleum Limited and its Controlled Entities (the consolidated entity), for the year ended 30 June 2003. The consolidated entity comprises both the company and the entities it controlled during the year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Independent Audit Report

Audit approach

We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing and Assurance Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgment, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report; and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Audit opinion

In our opinion, the financial report of Beach Petroleum Limited is in accordance with:

(a) the Corporations Act 2001, including:

i) giving a true and fair view of Beach Petroleum Limited's consolidated entity's financial position as at 30 June 2003, and of its performance for the year ended on that date; and

ii) complying with Accounting Standards in Australia and the Corporations Act 2001; and

(b) other mandatory financial reporting requirements in Australia.

GRANT THORNTON

S J GRAY
Partner

Signed at Adelaide this 26th day of September 2003

Shareholders' Information

Beach Petroleum Limited

Share and option details – Distribution as at 17 September 2003

	Number of shareholders Fully paid ordinary shares	Number of option holders Expiring 31 March 2004	Expiring 31 May 2005
1 – 1,000	854	347	4,222
1,001 – 5,000	4,616	2,805	5,204
5,001 – 10,000	2,505	234	920
10,001 and over	3,512	299	608
	11,487	3,685	10,954
Shareholders with non-marketable parcels	958		

Option holders have the right to acquire one fully paid ordinary share for each option held at an exercise price of $1.40 each for those expiring on 31 March 2004 and 33.5 cents for those expiring on 31 May 2005.

Voting rights

Fully paid ordinary shares:

On a show of hands, every person qualified to vote, whether as a member or proxy or attorney or representative, shall have one vote. Upon a poll, every member shall have one vote for each share held.

Twenty largest shareholders

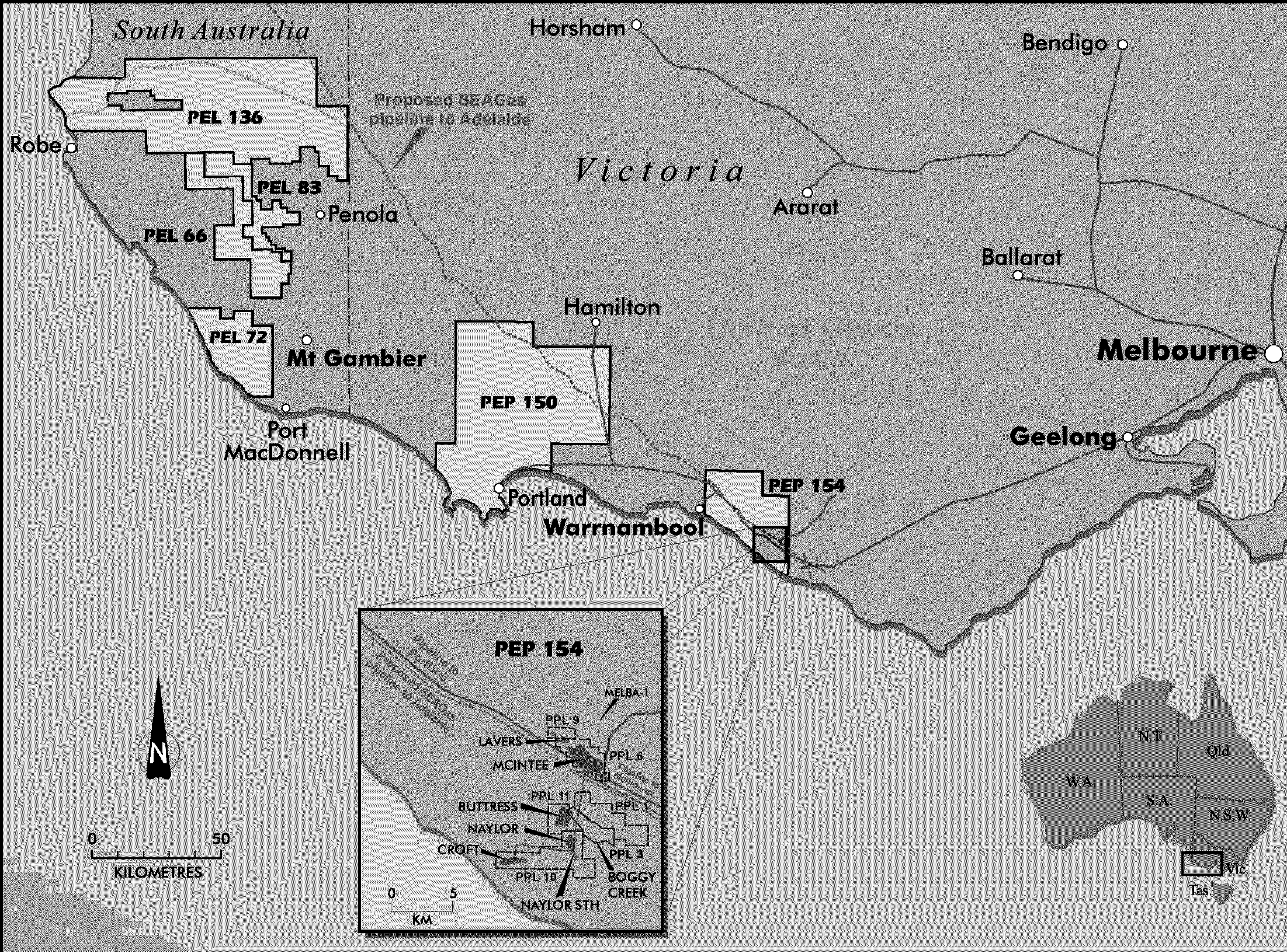
as at 17 September 2003

		Fully paid ordinary shares Units	%
1	ANZ Nominees Limited	6,827,220	3.65
2	Puspita Emas Sdn Bhd	5,612,875	3.00
3	Westpac Custodian Nominees Limited	3,976,927	2.13
4	Invia Custodian Pty Limited	3,059,378	1.64
5	National Nominees Limited	1,849,697	0.99
6	Bond Street Custodians Limited	1,561,948	0.84
7	Mr Reginald George Nelson	1,503,509	0.80
8	Charmof Nominees Pty Ltd	1,500,000	0.80
9	Guardian Trust Australia Ltd	1,392,572	0.74
10	Pacific Strategic Investments Limited	1,327,002	0.71
11	Dr Jorg Krone	1,228,572	0.66
12	LA Jarrah Pty Ltd	1,142,858	0.61
13	JP Morgan Nominees Australia Limited	1,012,015	0.54
14	ITG Pty Ltd	977,544	0.52
15	Bapal No 17 Pty Ltd	916,188	0.49
16	OEQ Pty Ltd	907,113	0.49
17	EGO Pty Ltd	857,143	0.46
18	C D Sutton Developments Pty Ltd	847,249	0.45
19	Commonwealth Custodial Services Limited	770,110	0.41
20	Mr Ian Raymond Schlipalius	700,103	0.37
		37,970,023	20.30

Five Year Financial Summary

Beach Petroleum Limited

Year ended	**30 June 03 $000**	**30 June 02 $000**	**30 June 01 $000**	**30 June 00 $000**	**30 June 99 $000**
Operating revenue					
Income from oil and gas production	**35,512**	14,373	9,599	8,036	4,348
Income from gold and silver production	-	-	-	-	235
Other revenue (excluding extraordinary items)	**657**	971	678	379	2,605
	36,169	15,344	10,277	8,415	7,188
Consolidated profit/(loss) from ordinary activities before income tax and extraordinary items	**11,212**	4,210	532	1,695	(2,190)
Less income tax (expense)/benefit					
Current	**(3,317)**	(1,347)	(827)	-	-
Deferred	-	-	3,909	936	401
Consolidated profit/(loss) from ordinary activities after tax	**7,895**	2,863	3,614	2,631	(1,789)
Extraordinary items (net of tax)	-	-	(798)	(3,298)	(1,297)
Net loss attributable to outside equity interest	**55**	-	-	-	-
Consolidated net profit/(loss)	**7,950**	2,863	2,816	(667)	(3,086)
Dividend per share	**1 cent**	-	-	-	-


South Australia
Horsham
Bendigo
Proposed SEAGas pipeline to Adelaide
PEL 136
Robe
Victoria
PEL 83
Penola
Ararat
PEL 66
Ballarat
Hamilton
PEL 72
Mt Gambier
Melbourne
PEP 150
Port MacDonnell
Geelong
PEP 154
Portland
Warrnambool
PEP 154
Pipeline to Portland
Proposed SEAGas pipeline to Adelaide
MELBA-1
PPL 9
LAVERS
PPL 6
MCINTEE
PPL 11
BUTTRESS
PPL 1
NAYLOR
CROFT
PPL 3
PPL 10
BOGGY CREEK
NAYLOR STH
0
5
KM
N
0
50
KILOMETRES
N.T.
Qld
W.A.
S.A.
N.S.W.
Vic.
Tas.

Corporate Directory

Chairman

Robert Michael Kennedy*
ASAIT, Grad Dip (Systems Analysis),
FCA, ACIS, FAIM, FAICD
Non-Executive

Directors

Reginald George Nelson
B Science (Mathematics),
FAusIMM, FAICD
Managing Director

John Charles Butler*
FCPA, FAICD, FIFS
Non-Executive

Michael Francis Frost
BSc (Hons), FAICD
Non-Executive

Kathryn Presser
BA(Acc), Grad Dip CSP, CPA,
MAICD, ACIS
Alternate Director to R G Nelson
Company Secretary/Group
Accountant

Hector Gordon
BSc (Hons), MAICD
Alternate Director to J C Butler
Manager - Exploration and Production

* Audit Committee

Registered Office
Level 1, 25 Conyngham Street
GLENSIDE SA 5065
Telephone: (08) 8338 2833
Facsimile: (08) 8338 2336
Email: info@beachpetroleum.com.au

Share Registry - South Australia
Computershare Investor
Services Pty Ltd
Level 5, 115 Grenfell St
ADELAIDE SA 5000
Telephone: (08) 8236 2300
Facsimile: (08) 8236 2305

Auditors
Grant Thornton
67 Greenhill Rd
WAYVILLE SA 5034

Stock Exchange Listing
Beach Petroleum Limited shares and
options are listed on the
Australian Stock Exchange Limited
(ASX Code: Shares: BPT)
(ASX Code: Options: BPTO)
(ASX Code: Bonus Options: BPTOA)
91 King William Street
ADELAIDE SA 5000

Beach Petroleum Limited
ACN 007 617 969
ABN 20 007 617 969

Website
www.beachpetroleum.com.au

BEACH PETROLEUM

< Otway Basin

BEACH PETROLEUM LIMITED
ABN 20 007 617 969
("Company")

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at the Australian Mineral Foundation Centre, 63 Conyngham Street, Glenside, South Australia, 5065 on Thursday, 20 November 2003 commencing at 10.30 am.

ORDINARY BUSINESS

Annual Accounts

To receive and consider the Statement of Financial Position of the Company as at 30 June 2003 and the Statement of Financial Performance for the year ended on that date, together with the consolidated accounts of the Company and its controlled entities and the reports of the Directors and auditors thereon.

Re-election of Director

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

1. "Mr R.M. Kennedy, retires by rotation pursuant to the Constitution of the Company and who, being eligible, offers himself for re-election is re-elected as a director of the Company."

SPECIAL BUSINESS

Issues of Capital

To consider and, if thought fit, pass the following resolutions as ordinary resolutions of the holders of ordinary shares:

2. "That the issue over the previous 12 months of 4.5 million shares under the terms of the Employee Incentive Plan approved by shareholders at its 1997 Annual General Meeting is approved".

3. "That the issue of 23 million fully paid ordinary shares at 33 cents per fully paid ordinary share, on 23 October 2003 is approved".

4. "That the issue of up to 52 million fully paid ordinary shares at a minimum price of 33 cents per fully paid ordinary share, by 20 February 2004 is approved."

5. "That the issue of up to 29 million fully paid ordinary shares at a minimum price of 33 cents per fully paid ordinary share, by 20 February 2004 is approved."

6. "That for the purpose of Listing Rule 7.2 Exception 9, the Company approves as an exception to the 15 percent in 12 months limit in Listing Rule 7.1, the issue from time to time of shares in the Company to participants under the Company's Employee Incentive Plan during the 3 year period commencing on 20 November 2003".

By Order of the Board

Signed for and on behalf of Beach Petroleum Limited by:

Kathryn Presser
Company Secretary
20 October 2003

BEACH PETROLEUM LIMITED
ABN 20 007 617 969
("the Company")

Explanatory Statement to Notice of Annual General Meeting

This explanatory statement is provided to shareholders of the Company in relation to resolutions to be proposed at the Annual General Meeting ("AGM") of Shareholders to be held at 10.30am on Thursday 20 November 2003.

ORDINARY BUSINESS

Re-election of Director – Resolution 1

Mr Kennedy has had a long association with the Beach group of companies. Having been appointed to the Board of Directors in December 1991 as a Non-Executive Director, Mr. Kennedy was appointed Chairman in November 1995. Mr. Kennedy is a partner of Kennedy & Co, Chartered Accountants. He is also the Chairman of Ramelius Resources Limited, Flinders Diamonds Limited, GTL Energy Limited, Greyhound Racing SA Limited, and is also a Director of the Friendly Society Medical Association Limited, Greyhound Australasia Limited and Traditional Oil Exploration NL. Special responsibilities include Chairmanship of the Audit Committee.

The other members of the Board of Directors support his re-election.

SPECIAL BUSINESS

Issues of Capital – Resolution 2 - Employee Incentive Plan

In the past 12 months, the Company has issued 4.5 million shares to employees and eligible directors of the Company under the Employee Incentive Plan of the Company approved by shareholders at the Company's AGM in 1997 ("**Plan**"). Included in these shares, is the issue of 2,100,000 shares to eligible directors, which shareholders approved at last years AGM.

Under the Plan, employees and eligible directors were offered a loan to acquire the shares.

The terms of the loan offered to each of the employees and eligible directors in relation to the acquisition of shares by each of them are as follows:

- Loan Amount: The amount of the market value of the shares.
- Loan Term: Ten (10) years.
- Interest Rate: interest free.
- Share Qualifying Period: Two (2) or Five (5) years as specified.

The issue of shares is subject to the terms of the Plan. A summary of the rules of the Plan is set out below in the explanatory notes for Resolution 6.

Listing Rule 7.1 provides that the Company must not issue or agree to issue more than 15 per cent of its issued capital in any 12-month period, without shareholder approval.

Listing Rule 7.4 provides that shareholders may subsequently approve issues of shares to comply with Listing Rule 7.1, provided that the issue did not breach Listing Rule 7.1.

The issue of the shares to employees and eligible directors did not require approval under Listing Rule 7.1. However, the Board of the Company nevertheless seeks subsequent approval for the issue under Listing Rule 7.4. The effect of such approval is that the 4.5 million shares issued will not be counted in determining whether any further issues of shares will breach the 15 percent limit under Listing Rule 7.1. That is, the limit will be refreshed to the extent of the approval.

Listing Rule 7.4 requires the approval to be given by an ordinary resolution of ordinary shareholders of the Company.

Issues of Capital – Resolution 3 – Placement on 23 October 2003

The Company has issued 23 million fully paid ordinary shares at 33 cents per fully paid ordinary share in a placement to institutional investors. Euroz Securities Limited and Paterson Ord Minnett Limited ("**Euroz/Paterson**") managed the placement.

The new shares have been issued on the same terms as other ordinary shares in the Company quoted on the Australian Stock Exchange, except that they are not eligible for the 2003 final and the 2003 special dividend payable to all shareholders registered as at 20 November 2003.

The funds raised by the placement will be used to strengthen the Company's balance sheet to take advantage of farm-in opportunities, acquisition of new acreage areas, corporate opportunities and for working capital.

Listing Rule 7.1 provides that the Company must not issue or agree to issue more than 15 per cent of its issued capital in any 12-month period, without shareholder approval. Listing Rule 7.4 provides that shareholders may subsequently approve issues of shares to comply with Listing Rule 7.1, provided that the issue did not breach Listing Rule 7.1.

The issue of the new shares did not require approval under Listing Rule 7.1. However, the board of the Company nonetheless seeks subsequent approval for the issue under Listing Rule 7.4. The effect of such approval is that the 23 million shares issued will not be counted in determining whether any further issues of shares will breach the 15 per cent limit under Listing Rule 7.1. That is, the limit will be refreshed to the extent of the approval.

Listing Rule 7.4 requires the approval to be given by an ordinary resolution of ordinary shareholders of the Company.

Issues of Capital – Resolution 4 – Share Purchase Plan

The board of the Company is seeking the approval of shareholders to issue up to 52 million fully paid ordinary shares at a minimum price of 33 cents per fully paid ordinary share by 20 February 2004 to shareholders under a proposed Share Purchase Plan.

The Share Purchase Plan to be offered to all existing shareholders will allow shareholders to purchase shares of up to $5,000 in value per annum up to a maximum of 52 million shares. Euroz/Paterson is managing the Share Purchase Plan. The Company also intends to enter into an underwriting agreement with Euroz/Paterson in respect of the Share Purchase Plan. The Company will allow over subscriptions on the plan. These will not be underwritten.

The new shares will be issued on the same terms as other ordinary shares in the Company quoted on the Australian Stock Exchange, except that they will not be eligible for the 2003 final and the 2003 special dividend payable to all shareholders registered as at 20 November 2003. The funds raised by the issue will be used to strengthen the Company's balance sheet, to take advantage of farm-in opportunities, acquisition of new acreage areas, corporate opportunities and for working capital.

The issue of the new shares will exceed the 15 percent limit under Listing Rule 7.1. Therefore, the board seeks approval for the issue. Listing rule 7.1 requires the approval to be given by an ordinary resolution of ordinary shareholders of the Company.

Issues of Capital – Resolution 5 – Share Placement

The board of the Company is seeking the approval of shareholders to issue up to a further 29 million fully paid ordinary shares at a minimum price of 33 cents per fully paid ordinary share by 20 February 2004 to institutional investors. Euroz/Paterson will manage the placement.

The new shares will be issued on the same terms as other ordinary shares in the Company quoted on the Australian Stock Exchange, except that they are not eligible for the 2003 final and the 2003 special dividend payable to all shareholders registered as at 20 November 2003.

The funds raised by the placement will be used to strengthen the Company's balance sheet to take advantage of farm-in opportunities, acquisition of new acreage areas, corporate opportunities and for working capital.

The issue of the new shares will exceed the 15 percent limit under Listing Rule 7.1. Therefore, the board seeks approval for the issue. Listing rule 7.1 requires the approval to be given by an ordinary resolution of ordinary shareholders of the Company.

Issues of Capital – Resolution 6 – Approval of issue of shares under Listing Rule 7.2 exception 9

Other than in certain cases, Listing Rule 7.1 prohibits the Company from issuing or agreeing to issue new securities representing more than 15 per cent of the total issued ordinary shares of the Company during a 12 month period, without shareholder approval. Exception 9 of Listing Rule 7.2 provides that shares issued under the Employee Incentive Plan ("**Plan**") are excluded from this restriction provided that, within 3 years before the date of the issue, holders of ordinary shares approve the issue of the shares under the Plan.

This exception enables the Company to give the board flexibility to issue further shares (outside of the Plan) up to the 15 percent limit, subject to other exceptions to the limit. This is on the basis that the shareholders have approved the potential issue of shares under the plan for 3 years after the 2003 Annual General Meeting, without those securities being subject to the 15 per cent restriction contained in Listing Rule 7.1.

If this resolution is not passed, the Board may still use the Plan, however, shares issued under the Plan will count towards the 15 percent restriction.

The board has no current plans to issue shares under the Plan. The approval by shareholders simply gives the board the full flexibility afforded by the 15 per cent rule imposed by the ASX.

The Company has issued 5,324,293 ordinary shares under the Plan.

Since its inception a summary of the rules of the Plan is set out below. Copies of the Plan Rules are available on request to the Company Secretary.

The Rules for the Plan in respect of share issues are summarised in the following paragraphs:

1. The Plan is open to permanent employees of the Company or a controlled entity of the Company which will include a director holding salaried employment in the Company or a controlled entity of the Company ("**Eligible Persons**").

2. Under the Plan, the directors at their discretion may offer ordinary fully paid shares in the Company to Eligible Persons. Any offer to a director must be first approved by shareholders.

3. The shares issued under the Plan have the same rights as other ordinary fully paid shares in the Company subject to restrictions on transfer, which apply where a loan made by the Company remains unpaid.

4. The subscription price for shares will be the market value of the shares on the day of offer ie. the weighted average of the prices at which the shares were traded in the five business days prior to the offer.

5. The Company at the time of making an offer to purchase shares may also provide an interest free loan to assist with purchase of those shares. Unless otherwise specified in the offer document the terms of the loan will be as follows:

   - the loan will be interest free and for a term of 10 years;
   - if a disqualifying event (as defined in the Plan Rules) occurs, the Company may sell the shares and after costs apply the sale proceeds to repay the outstanding amounts of the loan. If there is a shortfall between the loan amount still owing and the sale price, the employee will not be required to make good the shortfall. If there is a surplus after the sale of the shares the employee is only entitled to the surplus if the Qualifying Period described in paragraph 7 below has expired.
   - if at the expiry of a loan term a plan participant does not repay the loan, the Company may sell the shares and after costs, repay the loan. Any surplus will be repaid to the participant. No shortfall between the sale price and the loan amount will be recoverable from the participant.

6. While an offer to take up shares under the Plan will be at market value the incentive for employees to accept the offer is the granting of an interest free loan to fund all or part of the purchase price.

7. In certain circumstances the directors may specify in an offer to an Eligible Person that shares may not be transferred by the Eligible Person for a certain period of time ("**Qualifying Period**"). Where the Company issues shares under the Plan and there is a loan granted to purchase those shares, the Company retains a lien over the shares until such time as the loan is repaid in full.

8. By accepting an offer of shares in accordance with the Plan, a participant agrees to be bound by the Rules or other conditions contained in the offer document.

9. The Plan Rules must comply with the Listing Rules and Corporations Act requirements from time to time.

10. Any amendment to the Plan Rules will also be subject to Listing Rules and Corporations Act requirements from time to time.

NOTES:

1. In respect of Resolutions 2 and 3, the Company will disregard any votes cast on this resolution by:

   - any person who participated in the issue of shares under the Employee Incentive Plan over the past 12 months and the associate of any such person or persons.
   - any person who participated in the placement of 23 million fully paid ordinary shares at 33 cents per fully paid ordinary share and the associate of any such person or persons.

In respect of Resolution 4, the Company would ordinarily disregard any votes cast by any person who may participate in the proposed issue of up to 38 million fully paid ordinary shares at a minimum price of 33 cents per fully paid ordinary share, or person who might obtain a benefit, except a benefit solely in the capacity of an ordinary shareholder, if the resolution is passed and the associate of any such person or persons. Australian Stock Exchange Ltd has, however, granted a waiver from Listing Rule 7.3.8, which imposes this voting restriction, and the holders of ordinary fully paid shares are entitled to vote on this resolution.

In respect of Resolution 5, the Company will disregard any votes cast by any person who may participate in the placement of 9 million fully paid ordinary shares at 33 cents per fully paid ordinary share and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed and the associate of any such person or persons.

In respect of Resolution 6, the Company will disregard any votes cast by any director who is eligible to participate in the Employee Incentive Plan and the associate of such person or persons.

However, the Company need not disregard a vote if:

a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or

b) it is cast by the chairman as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

The chairman has no conflict of interest in relation to the resolutions set out in this notice. The chairman intends to vote open proxies in the affirmative on both resolutions at the meeting.

2. A member entitled to attend and vote at this meeting is entitled to appoint not more than two proxies to attend and vote instead of the member.

3. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the member's voting rights.

4. A proxy need not be a member of the Company.

5. To be effective, Proxy Forms (duly completed) must be received by the Company at Computershare Investors Services Pty Ltd, GPO Box 1903 Adelaide SA 5001, no later than 48 hours before the time, in Adelaide, of the commencement of the meeting.

6. Proxies (duly completed) may be sent by facsimile to (08) 8236 2305 and must be received no later than 48 hours before the time, in Adelaide, of the commencement of the meeting.

7. For the purpose of the meeting, shares in the Company will be taken to be held by the persons who are registered holders at close of business on Tuesday, 18 November 2003. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

8. The Constitution of the Company provides that three shareholders present in person, by proxy, attorney or representative shall be a quorum for a general meeting of the Company.

9. Attorneys are requested to bring a copy of the power of attorney pursuant to which they are appointed.

Proxy Form

BEACH PETROLEUM

Beach Petroleum Limited

ABN 20 007 617 969

Mark this box with an 'X' if you have made any changes to your address details (see reverse)

All correspondence to:
Computershare Investor Services Pty Limited
GPO Box 1903 Adelaide
South Australia 5001 Australia
Enquiries (within Australia) 1300 556 161
(outside Australia) 61 3 9615 5970
Facsimile 61 8 8236 2305
www.computershare.com

000001

MR JOHN SMITH
FLAT 123
123 SAMPLE STREET
SAMPLEVILLE VIC 3030

BPT

Reference Number

I 1234567890 IND

Appointment of Proxy

I/We being a member/s of Beach Petroleum Limited and entitled to attend and vote hereby appoint

the Chairman of the Meeting (mark with an 'X') **OR** Write here the name of the person you are appointing if this person **is someone other than** the Chairman of the Meeting.

or failing the person named, or if no person is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of Beach Petroleum Limited to be held at Australian Mineral Foundation, 63 Conyngham Street, Glenside SA 5065 on 20 November 2003 at 10.30 am and at any adjournment of that meeting.

IMPORTANT: FOR ITEMS 2, 3, 4, 5 & 6 BELOW

If the Chairman of the Meeting is your nominated proxy, or may be appointed by default, and you have not directed your proxy how to vote on Items 2, 3, 4, 5 & 6 below, please place a mark in this box. By marking this box you acknowledge that the Chairman of the Meeting may exercise your proxy even if he has an interest in the outcome of those items and that votes cast by him, other than as proxy holder, would be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on Items 2, 3, 4, 5 & 6 and your votes will not be counted in computing the required majority if a poll is called on these items. The Chairman of the Meeting intends to vote undirected proxies in favour of each of

Voting directions to your proxy - please mark X to indicate your directions

		For	Against	Abstain*
	ORDINARY BUSINESS			
1.	Re-election of R Kennedy as a Director			
	SPECIAL BUSINESS			
2.	Approve issue of 4.5 million shares under Employee Incentive Plan			
3.	Approve issue of 23 million shares under 23/10/03 placement			
4.	Approve issue of 38 million shares under SPP by 20/02/04			
5.	Approve issue of 9 million share placement by 20/02/04			
6.	Approve issue of shares under Listing Rule 7.2 exception 9			

In addition to the intention advised above, the Chairman of the Meeting intends to vote undirected proxies in favour of each of the other items of business.

* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

PLEASE SIGN HERE

This section *must* be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Securityholder 1	Securityholder 2	Securityholder 3
Sole Director and Sole Company Secretary	Director	Director/Company Secretary

Contact Name ______ Contact Daytime Telephone ______ Date / /

BPT 19PR

BPT_WIP_104223/000001/000001/i

How to complete the Proxy Form

1 Your Address

This is your address as it appears on the company's share register. If this information is incorrect, please mark the box and make the correction on the form. Securityholders sponsored by a broker (in which case your reference number overleaf will commence with an 'x') should advise your broker of any changes. **Please note, you cannot change ownership of your securities using this form.**

2 Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a securityholder of the company.

3 Votes on Items of Business

You may direct your proxy how to vote by placing a mark in one of the three boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

4 Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company's share registry or you may copy this form.

To appoint a second proxy you must:

(a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.

(b) return both forms together in the same envelope.

5 Signing Instructions

You must sign this form as follows in the spaces provided:

Individual:	where the holding is in one name, the holder must sign.
Joint Holding:	where the holding is in more than one name, all of the securityholders should sign.
Power of Attorney:	to sign under Power of Attorney, you must have already lodged this document with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.
Companies:	where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the company's share registry.

Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below no later than 48 hours before the commencement of the meeting at 10.30 am on 20 November 2003. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Documents may be lodged using the reply paid envelope or:

- by posting, delivery or facsimile to Beach Petroleum Limited share registry at the address opposite, or
- by facsimile to the Registered Office of Beach Petroleum Limited on (08) 8338 2336

Beach Petroleum Limited share registry
Computershare Investor Services Pty Limited
GPO Box 242
Melbourne Victoria 8060
Australia
Facsimile 61 8 8236 2305