NEWS

• RELEASE •

FOR IMMEDIATE RELEASE
1 September, 2005

$77M CAPITAL RAISING APPROVED BY

BEACH PETROLEUM SHAREHOLDERS

A capital raising of $77 million to fund further oil and gas asset acquisitions has been approved by shareholders in Beach Petroleum Limited (ASX code "BPT").

Meeting in Sydney today, shareholders approved the issue by the Company of 120 million fully paid ordinary shares in Beach Petroleum at a price of $0.64 each.

The shares have been placed in two tranches with institutional and sophisticated clients of Perth-based Euroz Securities Limited.

The capital raising takes Beach Petroleum's total shares on issue to 452 million, and propels the Company's market capitalisation based on last night's closing price, to $375 million.

Proceeds from the placement will primarily be assigned to funding Beach Petroleum's acquisition of a further 12.5% stake in the new offshore Basker Manta oil project in the Gippsland Basin area of Bass Strait, 90 kilometres southeast of Lakes Entrance.

This lifts Beach Petroleum's current interest in the project to 37.5%, with an option to acquire a second 12.5% stake to increase its holding to 50%. The current remaining 62.5% interest is held by project Operator, Anzon Australia Limited.

The first development well on the Basker Manta field is currently being drilled and is expected to come onto extended production test by mid-October – delivering Beach Petroleum its first offshore petroleum production in addition to its producing oil and gas interests in the onshore Cooper-Eromanga and Otway Basin provinces.

"Today's overwhelming shareholder support is a strong vote of confidence in the Company's strategy to build new cornerstone businesses with the potential for strong cashflow," Beach Petroleum's Managing Director, Mr Reg Nelson, said today.

"Significantly from a market perception, it puts Beach in contention to move from our current ASX300 rating to an ASX200 rating," Mr Nelson said.

"Operationally, ongoing success at Basker Manta will in the next two years, triple our existing annual production of around one million barrels of oil equivalent per year.

"We remain acquisitive however, and continue to examine a number of other opportunities for expansion, as well as the option to lift our Basker Manta interest to 50%."

MEDIA CONTACTS:

Reg Nelson **Beach Petroleum Limited** **08 8338 2833**

Kevin Skinner **Field Public Relations** **08 8234 9555 / 0414 822 631**

Mark Lindh **Investor Relations** **0414 551 361**

issued through

FIELD PUBLIC RELATIONS PTY LTD ABN 74 008 222 311

231 South Road, MILE END SA 5031

Ph: 08 8234 9555 Fax: 08 8234 9566

admin@fieldpr.com.au