BEACH PETROLEUM

28 July 2006

Ref: #193/06

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Dear Sir

ANNOUNCEMENT TO THE ASX

QUARTERLY REPORT TO 30 JUNE 2006

Beach Petroleum Limited (ASX Code: BPT) is pleased to report on its June Quarter 2006 activities as follows:

Yours faithfully,

Reg Nelson
Managing Director, FAusIMM

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BEACH PETROLEUM LIMITED
(ABN 20 007 617 969)
ASX Code: BPT

Quarterly Report
for the Quarter ending 30 June 2006

Comment

This quarterly report also heralds some outstanding year-end results.

For the financial year just ended, Beach achieved record production and record sales, coupled with a substantial increase of 20.4 million barrels of oil equivalent (mmboe) in Proved and Possible reserves (or 189% compared with the previous year end position). These results are flagged in this report, but will be dealt with in detail in the release of the Company's year end results, due out by the 13 September 2006.

To focus on the quarter just ended, new field and pool discoveries notwithstanding, the most significant event was the successful completion of the Basker-2 Extended Production Test (EPT) and a further four production wells in the Basker and Manta oilfields. This has firmly established the path to full field production later in 2006, on schedule.

As anticipated, the temporary, but planned shut-in of production from Basker-2 caused a dip in oil production during the quarter. Minor mechanical and other production issues, now rectified, in some Cooper/Eromanga wells slightly reduced output from this region, but now successful appraisal and development wells, together with new field discoveries at Silver Sands and Rimfire are expected to result in increased production in the current quarter.

During the quarter under review, Beach's exploration and development activities also reached unprecedented levels on many fronts. Twelve conventional oil and gas wells were drilled, with ten of these successfully completed as producers. Two new oilfields were discovered at Silver Sands and Rimfire and two new oil pools at the Sellicks and Harpoono oilfields were also encountered. A further 17 coal seam gas wells were drilled and cased at Tipton West during the quarter.

The prospects of substantial increases in Beach's production output throughout 2006-07 are therefore particularly promising, underpinned by the recent successes in the Cooper/Eromanga, forecast full field production from the Basker and Manta wells in late 2006, gas sales from Tipton West in early 2007 and an even more extensive program of exploration and appraisal drilling in these and other basins.

Highlights

- New Field Oil Discoveries at Silver Sands-1, Rimfire-1
- Six successful oil appraisal/development wells in the Cooper/Eromanga Basin.
- Successful Basker-3 & 4 oil development wells.
- Acquisition of 19.9% interest in Great Artesian Oil & Gas Limited

Production & Revenue

1. Production

Quarterly Production	March 2006	June 2006	% Change	FY 2006	June 2005
Oil Production (kbbl)					
Queensland Eromanga	104	106	2%	496	188
S.A. Cooper	126	97	-23%	444	113
Gippsland Basin	253	68	-73%	406	0
TOTAL OIL	**483**	**271**	**-44%**	**1,347**	**301**
Gas Production (kboe)					
Otway Basin	0	0	-	<1	<1
TOTAL OIL & GAS (kboe)	**483**	**271**	**-44%**	**1,347**	**301**

Beach's oil production is currently derived from interests it holds in more than 30 oil fields, in the Cooper/Eromanga Basin (onshore Queensland and South Australia) and from the Basker Field in the Gippsland Basin, offshore Victoria.

Production for the quarter was 271 kbbl, down 44% from the previous quarter. The decrease in quarterly production resulted from:

- Completion of the Extended Production Test of Basker-2 (Gippsland Basin) in May.
- Reduced output from the Christies and Kiana Fields in the South Australian Cooper Basin region, due to:
    - Reduced production from Kiana-1 for most of May and June, due to natural decline and the associated commencement of water production. (Artificial lift was installed during June and the well recommenced production in late July).
    - Mechanical difficulties with Christies-1 which resulted in the well being shut-in for approximately 2 weeks during April and May.

Basker-2

During the quarter, Basker-2 produced 137 kbbl of oil, 13 kbbl of water and 0.8 BCF of gas, bringing cumulative oil production during the EPT to 868 kbbl (all numbers 100%, gross production).

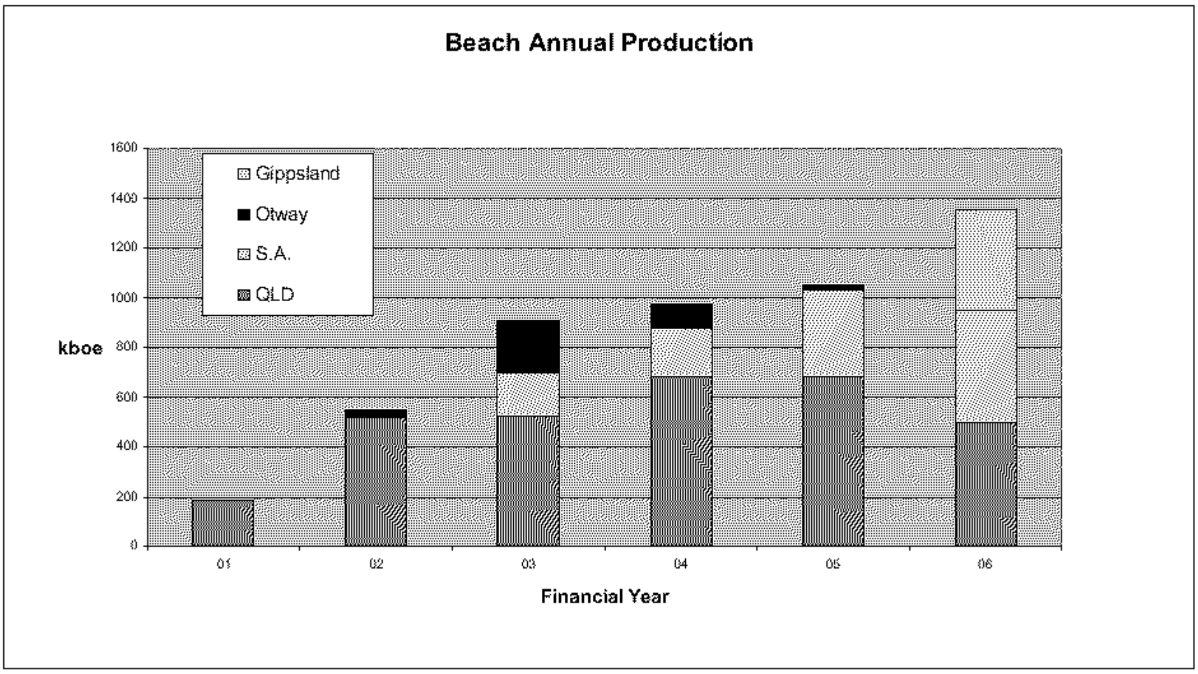
Annual Production

The Company's production for the financial year ending 30 June 2006 comprised:

Queensland Eromanga	496 kboe
S.A. Cooper / Eromanga	444 kboe
Gippsland Basin	406 kboe
Otway Basin	<1 kboe
TOTAL	**1,347 kboe**

(Beach's production from Queensland, South Australia and the Gippsland Basin is entirely oil and Otway production entirely gas and gas liquids.)

This represents the fifth year in succession of increased production, rising from 182 kboe in 2000/01 to 1,347 kboe in 2005/06.



2. Reserves

Beach's Proved and Probable Reserves as at 30 June 2006 are assessed to be:

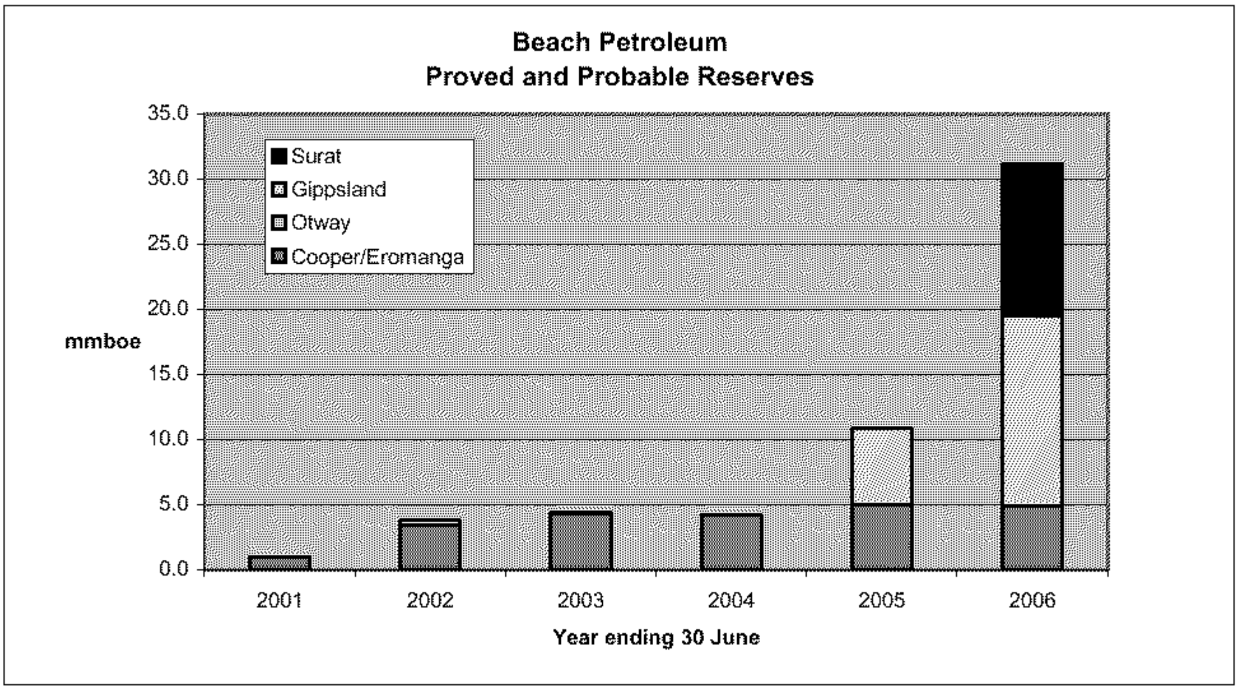
Area	Proved + Probable Reserves		
	Oil (mmb)	Gas (PJ)	Oil Equivalent (mmboe)
Cooper / Eromanga Basin	4.6	2	4.9
Gippsland Basin	14.6	-	14.6
Surat Basin	-	70	11.7
Total Oil & Gas	**19.2**	**72**	**31.2**

This represents an increase in reserves of 20.4 mmboe, or 189%, since 30 June 2005.

Cooper/Eromanga reserves have decreased by 0.1 mmboe as a result of production (0.9 mmboe) and the downward reassessment of ultimate recovery from existing fields (0.2mmboe) offset by reserve additions arising from exploration and appraisal drilling (1.0 mmboe)

Net oil reserves of 14.6 mmboe are identified in the Basker and Manta oil fields (Gippsland Basin) in which the Company acquired a further 25% interest (taking it to 50% equity) during the past year.

The Company's petroleum reserves have now increased by more than thirty-fold in the five year period since June 30, 2001.



Note:

The Company's oil reserves in the Cooper/Eromanga Basin are based upon assessments by full time employees of Beach Petroleum. Gippsland Basin oil reserves are based upon an independent assessment conducted by Gaffney, Cline and Associates in October 2005.

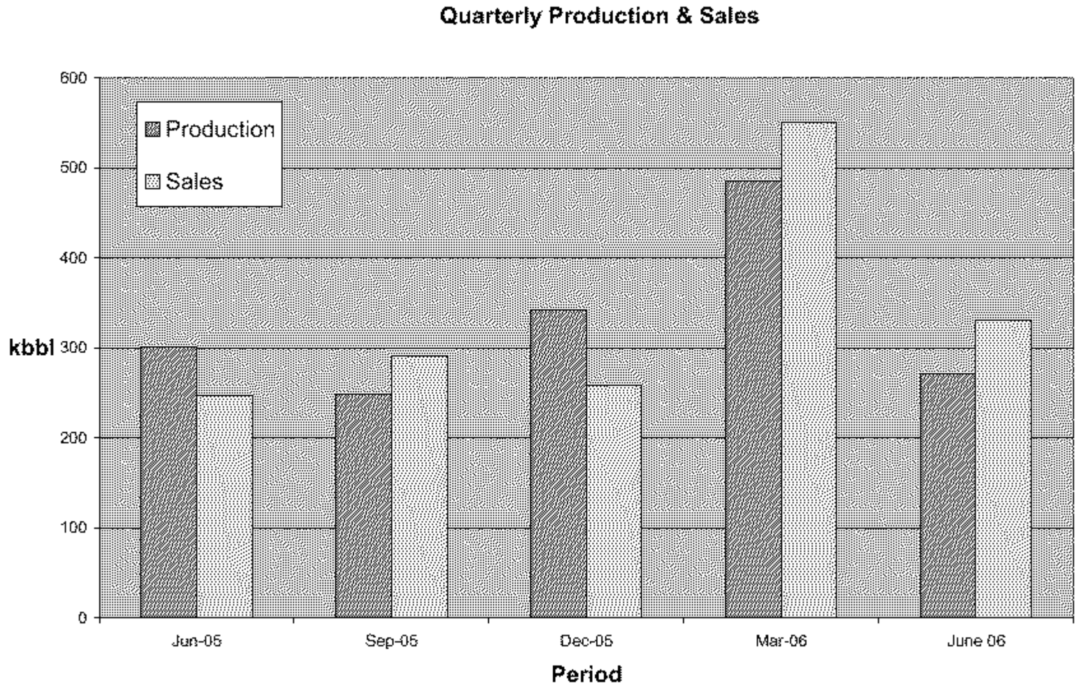
Reserves in the Tipton West Field (Surat Basin) are based upon an independent assessment by Netherland, Sewell and Associate Inc in April 2006.

3. Sales

Quarterly Sales & Revenue	March 2006	June 2006	% Change	FY 2006	June 2005
Sales (kboe)	551	331	-40%	1,433	248
Revenue (A$million)	48.3	27.5	-43%	121.4	14.2
Average Realised Price (A$/boe)	87.62	82.86	-5%	84.74	57.19

Note: Revenue and Average Realised Price include losses/gains from Hedging.

Oil Sales during the June quarter, were 331 kbbl, down 40% on the previous quarter, but up 34% on the previous corresponding period.



4. Revenue

Beach's actual share of proceeds from the sale of oil for the June 2006 quarter was $27.5 million (2005 Actual June quarter oil sales revenue was $14.2 million). Overall, the June quarter saw a realised oil price of A$82.86 as compared to the same period last year of A$57.19/bbl.

This brings Beach's total oil and gas sales for the full year to a record $125.89million and after adjusting for hedging premiums of $4.45million brings total revenue from oil and gas sales to a record $121.44million (almost doubling of the previous financial year oil and gas sales of $61.234million).

Development and Exploration

Quarterly Capital Expenditure	March 2006	June 2006	% Change	FY 2006	June 2005
Exploration & Appraisal ($ million)	5.7	9.3	63%	22.2	0.6
Development, Plant & Equipment ($ million)	34.9	45.6	31%	198	16.6
TOTAL ($ million)	**40.6**	**54.9**	**35%**	**220**	**17.2**

1. Development

Cooper/Eromanga Basin (onshore South Australia & Queensland)

- Seven oil appraisal/development wells were drilled within Beach's existing Cooper/Eromanga oil fields.

  The wells drilled were:
  - Christies-5 (Beach 75%)
  - Sellicks 2 & 3 (Beach 75%)
  - Harpoono 2 & 3 (Beach 33.3%)
  - Kenmore 35 & 36 (Beach 100%)

  All of these wells, except Harpoono-3, were successful and have been, or will be, completed as oil production wells. Additionally, Sellicks-2 and Harpoono-2 discovered new oil pools in the Poolowanna and Namur Sandstones, respectively. (Production to date from the Sellicks and Harpoono Fields has been from the Patchawarra and Murta Formations, respectively).

  Christies-4 & 5 and Harpoono-2 commenced oil production in May/June. It is expected that the remaining wells will be brought online in July/August.

- During the quarter increased water production in Kiana-1 (PPL 212, Beach 40%) caused free-flow production to cease, necessitating the installation of artificial lift. The well recommenced production on jet pump in late July.

Basker-Manta Oil Development – (Beach 50%, Gippsland Basin – offshore Victoria)

- The Basker-2 Extended Production Test was completed in May.

- During the quarter two further wells, Basker-3 and Basker-4, were drilled.

  - Basker-3 penetrated 17 metres of net oil pay and 50 metres (TVT) of net gas pay. The well was completed for oil production and flowed oil on cleanup at a rate of 7,105 bopd.

  - Basker-4 penetrated 13 metres of net oil pay and 28 metres (TVT) of net gas pay. The well flowed oil on cleanup at a rate of 6,120 bopd and gas at a rate of 22.6 mmcfd and was completed in a manner that will allow it to be used initially as a gas injection well before being converted to an oil producer.

- Basker-5 was completed for oil production in June and flowed oil on cleanup at a rate of 5,924 bopd.

- Basker-3, 4 & 5 will be connected to the subsea manifold which, together with Manta-2, will be connected to the Crystal Ocean during September.

- The Crystal Ocean FPSO and Basker Spirit FSO left the field location in July to allow modifications to be carried out in Singapore. Both vessels will return in late September.

- Full field production is expected to commence in early October.

- During the quarter a reassessment of oil and gas reserves in the Basker and Manta Fields commenced. This review will incorporate the results of development drilling and the Basker-2 EPT and is expected to be completed in late July.

- Feasibility studies of the development of the gas resource in the Basker, Manta & Gummy fields are progressing rapidly, with the aim of achieving project approval during the second half of 2006, leading to the commencement of gas sales in 2008.

<u>Tipton West Gas Development – (Beach 40%, Surat Basin – onshore Qld)</u>

Development drilling, which commenced in February, continued during the quarter and at 30 June, 20 wells had been drilled and cased. At the end of the quarter 5 wells had been completed and were dewatering. These wells represent the first in a program of at least 75 wells which is expected to be completed in the 4^{th} quarter of 2006. First gas sales are targeted for the first quarter of 2007 increasing to a rate of at least 10 PJ/year by 1 January 2008.

2. Exploration

Key exploration activities during the quarter included:

<u>Cooper/Eromanga Basin – onshore S.A./Qld</u>

- Silver Sands-1 (PEL 92, Beach 75%) discovered oil in the Namur and Hutton Sandstones. DST-1, in the Namur Sandstone, resulted in an oil flow at a rate of 859 barrels per day accompanied by water at a rate of 340 barrels/day. DST-2, in the Hutton Sandstone, recovered 18.5 barrels of oil and 21.5 barrels of water during a 2 hour flow period. The well has been completed for oil production from the Namur and/or Hutton and tied into the Christies production facility. It is expected to commence production in July/August. Recoverable Reserves in the Silver Sands discovery are estimated to be in the range 50-250 kbbls.

- Rimfire-1 (PEL 113, Beach 33.3%) discovered oil in the Murta Formation. DST-2, in the Murta, recovered 7.5 barrels of oil and during a 2 hour flow period. The well has been cased and suspended and will be completed for oil production in August, following which an extended production test will be undertaken.

- Boomer-1 (PEL 92, Beach 75%) was plugged and abandoned after failing to encounter commercial hydrocarbons. DST-1, in the Murta Formation, recovered 0.9 bbls of oil/water emulsion.

- Acquisition of 2D and 3D seismic was undertaken in ATP 269P and ATP 633P.

<u>Otway Basin – onshore Victoria</u>

- Drilling of Glenaire-1 (PEP 106, onshore Otway Basin, Victoria) has been delayed by rig availability. Drilling of the well is now expected to commence in late August.

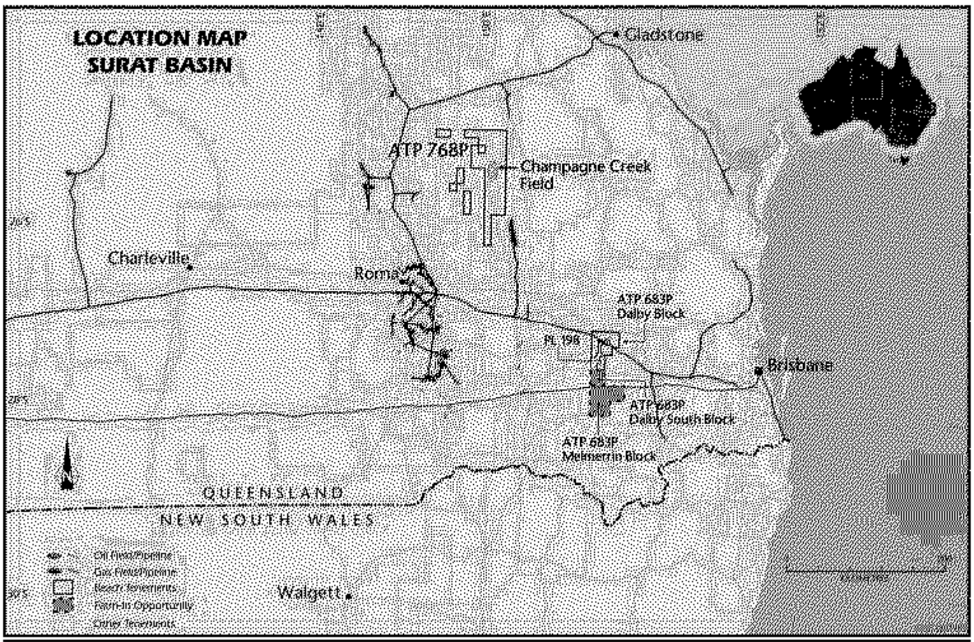
<u>Surat-Bowen Basin – onshore Queensland</u>

- In June Beach entered into an agreement with Sunshine Gas Ltd in relation to ATP 768P, in the Surat-Bowen Basin of eastern Queensland. Under the agreement Beach has the option to earn a 50% interest in the tenement by contributing to the cost of the drilling of a gas exploration well within the Champagne Creek Field and by reimbursing Sunshine for a portion of previous exploration costs incurred in ATP 768P..

  The well, with an estimated total depth of 2700 metres, will be designed to assess the gas potential of conventional sandstone reservoirs below the gas reservoirs discovered by previous wells in the field. Beach considers the 'deep' target has the potential to contain 30 to 60 BCF of recoverable gas.

  ATP 768P covers an area of 4,189 square kilometres and is located approximately 20 kilometres north of the township of Taroom.

  Sunshine Gas Ltd remains the operator of ATP 768P and expects to commence drilling operations in the 3rd quarter, 2006.



3. Drilling Program

Twelve conventional wells were drilled during the quarter.

- New field oil discoveries were made by Silver Sands-1 and Rimfire-1.
- Eight successful oil appraisal/development wells were drilled in the Sellicks, Christies, Kenmore, Harpoono and Basker oil fields.
- Boomer-1 and Harpoono-3 were unsuccessful.

A further 17 development wells were drilled in the Tipton West Coal Seam gas field.

DRILLED WELLS MARCH-JUNE 2006				
Area	Tenement	Well	Beach Equity	Status
SA Cooper	PPL 205	Christies-5	75%	Oil Well
	PEL 92	Silver Sands-1	75%	Oil Discovery
	PPL 204	Sellicks-2	75%	Oil Well (New Pool Discovery)
		Sellicks-3	75%	Oil Well
	PEL 92	Boomer-1	75%	Plugged and Abandoned
	PEL 113	Rimfire-1	33.3%	Oil Discovery
	PPL 209	Harpoono-2	33.3%	Cased & Suspended Oil Well (New Pool Discovery)
		Harpoono-3	33.3%	Dry Hole (cased as potential water injector)
Qld Eromanga	PL 32	Kenmore-35	100%	Cased & Suspended Oil Well
		Kenmore-36	100%	Cased & Suspended Oil Well
Surat Basin	PL 198	Tipton West Development Program (75 wells)	40%	In progress (20 wells drilled to 30 June)
Gippsland	VIC/L26	Basker-3	50%	Oil Well – awaiting connection
		Basker-4	50%	Gas Injection Well – awaiting connection

The drilling program for the full 2005-06 year comprised a total of 25 wells. The Cooper/Eromanga exploration and appraisal drilling program achieved a 75% commercial success rate and yielded net reserve additions to Beach of approximately 1.0 mmboe. (Note that this exceeds Beach's production from the Cooper/Eromanga Basin during 2005-06 of 0.94 mmboe)

2005-06 Drilling Program				
Area	**Category**	**Number of Wells**	**Successes**	**Success Rate**
Cooper/Eromanga	Exploration	8	5	63%
	Appraisal	8	7	88%
	subtotal	16	12	75%
Cooper/Eromanga	Development	1	1	100%
Otway	Exploration	3	0	0%
Gippsland	Development	5	5	100%
Total		25	18	72%

4. 2006-07 Program

During the forthcoming financial year Beach expects to participate in the drilling of up to 68 exploration and appraisal wells.

Planned 2006-07 Drilling Program				
Area	**Category**	**Well(s)**	**Beach %**	**Timing**
Cooper/Eromanga	Exploration	Up to 39 wells	Average 44%	Ongoing
	Appraisal	Up to 25 wells	Average 48%	Ongoing
Bowen-Surat	Exploration	Champagne Creek-1	50%	Q3 2006
Otway	Exploration	Glenaire-1	50%	Q3/Q4 2006
Carnarvon	Exploration	Hurricane-2	10%	Q1 2007(?)
Canterbury	Exploration	Cutter-1	20%	Q3 2006

Development drilling in the Basker Field (Gippsland Basin) is also planned for calendar year 2007, with timing dependant upon rig availability.

Financial & Corporate

Cash/Debt	March 2006	June 2006	% Change
Cash Reserves ($million)	36.4	25.4	-30%
Debt ($million)	1.04	1.01	-3%

1. Corporate

Expiry of 2005 Bonus Options

During the quarter, Beach's 2005 Bonus Options exercisable at 60cents expired on 30 June 2006. Of the 80million options issue, 78million options were exercised and only 2million options expired without being exercised. During this quarter the 2006 $1 options expiring on 30 September 2006 were also listed. The capital structure of Beach as at 30 June 2006 was as follows:

Capital Structure	March 2006	June 2006	% Change
Fully paid Ordinary Shares on Issue	508,546,049	535,550,523	5.3%
2005 Listed Options on Issue expiring 30 June 2006	23,361,569	-	100%
2006 Unlisted Options (to be listed on 1 May 2006) on Issue expiring 30 September 2006	50,595,409	45,521,327	-10%

Great Artesian Oil and Gas Limited

On June 5 the Company announced that it has acquired a 19.9% interest in Great Artesian Oil and Gas Limited ("Great Artesian") in a $14.5million offmarket transaction.

Great Artesian is a participant in four petroleum exploration Joint Ventures in the western Cooper Basin of South Australia which are operated by Beach:

- PEL 91, (Great Artesian 60%, Beach 40%)
- PEL 107 (Great Artesian 60%, Beach 40%)
- PPL 212 – Kiana Oil Field (Great Artesian 30%, Beach 40%)
- PEL 106 – Middleton Gas Discovery (Great Artesian 50%, Beach 50%)

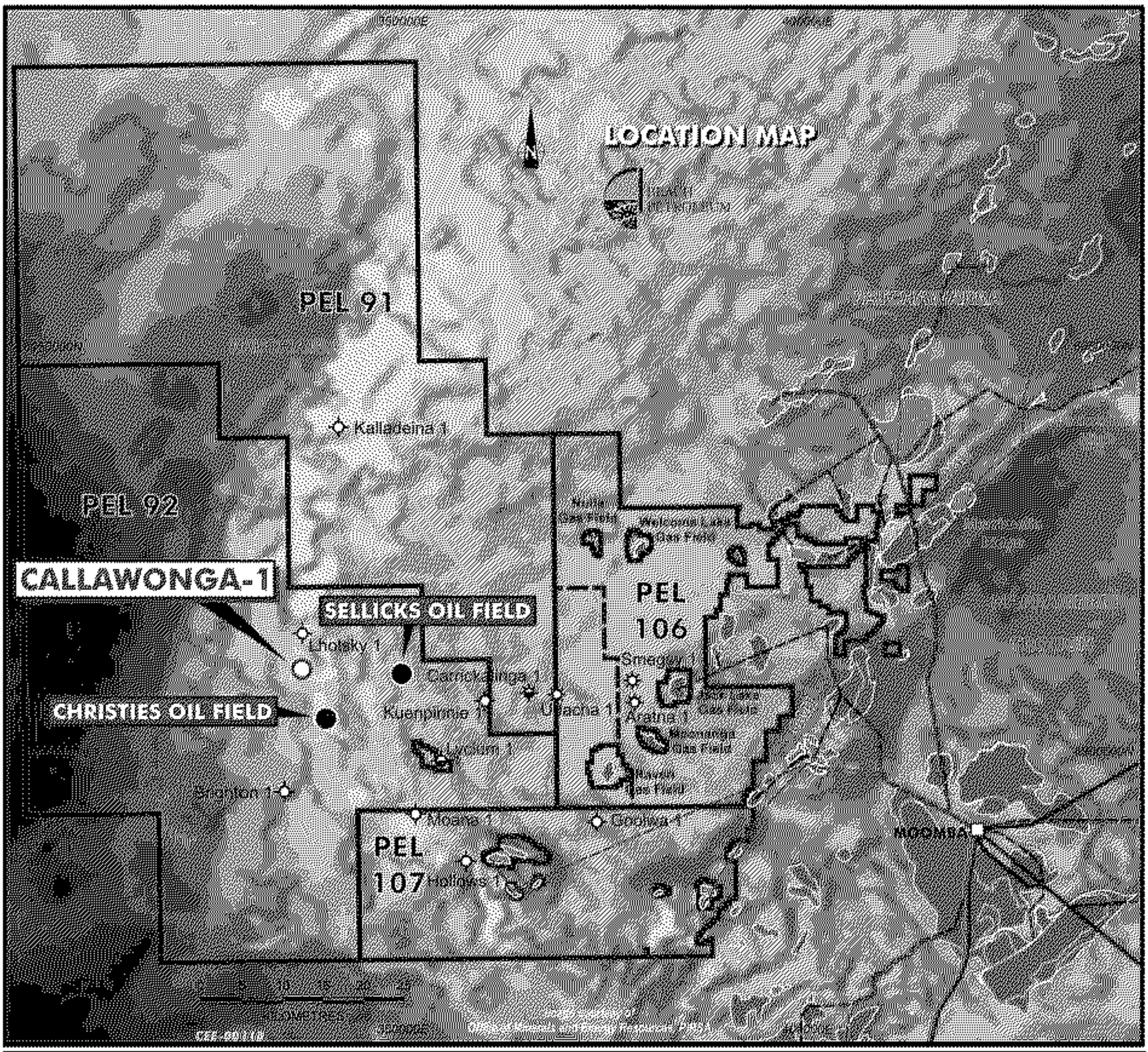
Great Artesian also holds other petroleum interests in the Cooper/Eromanga, Surat and Otway Basins.

Other

1. Subsequent Events

- Callawonga-1 (PEL 92, Beach 75%) made a new field oil discovery located approximately 7km from the Christies production facility.

  DST 1 conducted on July 25 over the uppermost Namur Sandstone flowed oil at a rate of 2,400 barrels of oil/day at a stabilised wellhead pressure of 115psi through a ½inch surface choke. No water was observed during the test and a full string of oil was recovered.



- <u>Financing Facility</u>

  On the 27th July 2006 Beach Petroleum Limited ("Beach") signed documentation with the Commonwealth Bank of Australia ("CBA") for a $100 million unsecured corporate financing facility.

  The Beach Group currently has only a small debt position of $1 million.

The facility will provide Beach with:

- Borrowing capacity to finance new developments or other opportunities;
- Provide working capital and interim funding of Beach's interest in the final start-up phase in the Basker and Manta Oil Development, scheduled to move to full production later in 2006; and
- To assist in possible accelerated development of the gas/condensate resource in the Basker, Manta and Gummy Fields.

2. Tenement Schedule

Basin	State/Country	Tenement	%
Cooper/Eromanga	Queensland	ATP 259P (Naccowlah Block and PLs)	6.50%
		PL 31 (Bodalla South Oil Field)	100%
		PL 32 (Kenmore Oil Field)	100%
		PL 47 (BlackStump Oil Field)	100%
		PL 184 (Thylungra Gas Discovery)	75.40%
		ATP 269P	93.9%
		ATP 269P (Coolum Block)	46.95%
		ATP 633P	100%
	South Australia	PPL 203 (Acrasia Oil Field)	25.00%
		PPL 204 (Sellicks Oil Field)	75.00%
		PPL 205 (Christies Oil Field)	75.00%
		PPL 209 (Harpoono Oil Field)	33.33%
		PPL 210 (Aldinga Oil Field)	50.00%
		PPL 212 (Kiana Oil Field)	40.00%
		PEL 90 (Candra Block)	25.00%
		PEL 91	40.00%
		PEL 92	75.00%
		PEL 94	50.00%
		PEL 95	50.00%
		PEL 107	40.00%
		PEL 110	37.50%
		PEL 113 (Saintly)	33.3%
		PEL 113 (Harpoono/Dunoon)	33.3%
		Reg Sprigg West Unit	6.25%
Surat	Queensland	PL 198	40%
		ATP 683P (Dalby Block)	40%
Otway	Victoria	PPL 6 (McIntee Gas Field)	10.00%
		PPL 9 (Lavers Gas Field)	10.00%
		PRL 1 (Buttress North)	10.00%
		PEP 150	50.00%
		PEP 160	50.00%
		VIC/P46	50.00%
	South Australia	PEL 27	30.00%
		PEL 72	50.00%
		PEL 136	100%
Gippsland	Victoria	VIC L26 (Basker, Manta, Gummy)	50.00%
		VIC/RLs 9, 10 (Basker, Manta, Gummy)	50.00%
Browse	Western Australia	WA-281-P	7.34%
Carnarvon	Western Australia	WA-208-P	10.00%
		WA-264-P	16.67%
Papuan	Papua New Guinea	PRL 1	6.36%
Canterbury	New Zealand	PEP 38259	20% (earning)

3. Glossary

$	Australian dollars
2P	Proved and Probable
3P	Proved, Probable and Possible
bbl	barrels
BCF	billion cubic feet
boe	barrels of oil equivalent -- the volume of hydrocarbons expressed in terms of the volume of oil which would contain an equivalent volume of energy. (For example, 1 BCF of gas equals approximately 0.18 million boe, the exact conversion being dependent on the gas composition)
bopd	barrels of oil per day
boepd	barrels of oil equivalent per day
BMG	Basker-Manta-Gummy oil and gas fields in the Gippsland Basin, offshore Victoria
DST	Drill Stem Test
EPT	Extended Production Test
FPSO	Floating Production, Storage and Offtake vessel
FSO	Floating Storage and Offtake vessel
GJ	gigajoule
kbbl	thousand barrels of oil
kboe	thousand barrels of oil equivalent
mmb	million barrels of oil
mmboe	million barrels of oil equivalent
mmcfd	million standard cubic feet of gas per day
PJ	petajoule
TJ	terajoule
TVT	true vertical thickness