



Beach Petroleum Limited

ABN 20 007 617 969



23rd August 2006

Dear Option Holder,

As at the date of this notice you are the registered holder of Options in Beach Petroleum Limited, which are due to expire on 30 September 2006. The options will expire unless exercised on or before that date. Please read the following information carefully.

EXPIRY DATE

The options expire at 5.00pm (Adelaide time) on Friday 29 September 2006 (the latest business day prior to 30 September 2006). Quotation of these options (BPTOB) will cease on the Australian Stock Exchange at the close of trading on Friday 22 September 2006.

EXERCISE PRICE AND PAYMENT

The exercise price of the Option is one dollar (\$1.00) per Option. Each Option exercised will result in one fully paid ordinary share in the Company being issued. Should you wish to exercise your Options, cheques in Australian currency equivalent to the amount due on exercise, should be made payable to Beach Petroleum Limited and crossed "Not Negotiable".

Cheques and a completed and signed Application Form on Exercise of Options Expiring 30 September 2006 should be lodged with Beach Petroleum Limited share registry, Computershare Investor Services Pty Limited, Level 5, 115 Grenfell Street Adelaide SA 5000 (GPO Box 1903, Adelaide SA 5001), by no later than close of business on 29 September 2006. If you have any enquiries please contact the Share Registry on 1300 309 427 (within Australia) or 61 3 9415 4344 (outside Australia).

CONSEQUENCE OF NON-PAYMENT

Options not exercised by 29 September 2006 will lapse with no value. No further entitlement will exist.

UNDERWRITING

No underwriting agreement currently exists in respect of these options.

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www.beachpetroleum.com.au

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SHARE PRICES

1. The latest available market sale price on the Australian Stock Exchange Limited (ASX) before the date of this notice for those securities to which the Options may be converted was \$1.60 cents on 16 August 2006.
2. The highest and lowest sale price on the ASX for the three months preceding the date of this notice and the respective dates of those sales for those securities to which the Options may be converted were:

Highest	\$1.78 cents on 17 July 2006
Lowest	\$1.03 cents on 14 June 2006

Yours faithfully



Kathryn Presser
Company Secretary