BEACH PETROLEUM

14 September 2006

Dear FIELDS holder

Important Information

As a result of recent transactions, redemption and conversion events have been triggered under the terms on which you hold Floating Interest Energy Linked Securities (**FIELDS**) issued by the Australian Onshore Energy Fund (**Fund**). This has certain implications for you as a FIELDS holder.

<u>We urge you to read this letter carefully and to consult your financial or other professional advisor (as appropriate) before making any decision in respect of the matters referred to below</u>.

Background

On Wednesday 6 September 2006, Beach Petroleum Limited (**Beach Petroleum**) acquired the Delhi Petroleum group of companies. The transaction was effected by Beach Petroleum's acquisition of the total issued capital of Australian Petroleum Investments Pty Ltd (**API**) for $44 million. API owns Delhi Petroleum Pty Ltd (**Delhi**), which is the owner of an average 21% interest in the Cooper Basin Joint Venture Assets.

In addition, Beach Petroleum has undertaken to fund the redemption of FIELDS notes for cash, with the Australian and New Zealand FIELDS note holders who redeem to also have a conditional entitlement to apply up to $42 per FIELDS note of the redemption proceeds to subscribing for Beach Petroleum ordinary shares when a prospectus becomes available. FIELDS holders will be given two opportunities to redeem in full with or without electing to apply some of the redemption proceeds to subscribing for Beach Petroleum ordinary shares. Eligible FIELDS holders wishing to exercise the conditional entitlement to apply for Beach Petroleum ordinary shares will need to complete the application form accompanying the prospectus to be mailed to eligible FIELDS holders in due course. The entitlement to subscribe for Beach Petroleum ordinary shares is conditional on Beach Petroleum shareholder approval and will be subject to a minimum application of 1,500 shares. Shareholder approval is being sought at Beach Petroleum's Annual General Meeting which is currently scheduled to be held on 23 November 2006. There can be no guarantee that shareholder approval will be forthcoming.

At the second opportunity for FIELDS holders to elect to redeem, FIELDS holders will also have the alternative of redeeming their notes and applying $42 per FIELDS note of the redemption proceeds to subscribing for ordinary shares in Delhi Holdings Limited (**Delhi Holdings**), again when a prospectus becomes available. Eligible FIELDS holders wishing to exercise this alternative will need to complete the application form accompanying the prospectus to be mailed to FIELDS holders in due course. Delhi Holdings Limited is, and will remain, an unlisted public company which, as a result of the acquisition, will be owned by Beach Petroleum. It is important to note that:

- whilst Delhi Holdings will remain a subsidiary of Beach Petroleum, its assets will not include Delhi Petroleum Pty Ltd, the owner of the average 21% interest in the Cooper Basin Joint Venture Assets;

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- Delhi Holdings assets are a receivable from API. If and insofar as Delhi Holdings earns interest or other income (and there can be no guarantees in this regard), it is the current intention of the board of Delhi Holdings to invest the proceeds in bank deposits and not to acquire any other assets;

- Delhi Holdings currently has 60 million fully paid ordinary shares on issue. Any shares issued to FIELDS holders will be in addition to the already issued shares. Whether the newly issued shares will be more, equal or less than the existing issued shares, is unknown. Therefore, it is unknown whether a FIELDS holder electing to take shares will be part of a majority or minority of non Beach Petroleum shareholders. There is a risk that the holder could become a minority holder; and

- whilst Delhi Holdings is a public company, it is the current intention of the board of Delhi Holdings that the shares issued on conversion will not be listed on any stock exchange. The number of shareholders following conversion may be of such a small number that there can be no guarantee the company will be subject to the continuous disclosure regime applicable to listed companies or that there will be liquidity in the shares.

You may already have received, and will continue to receive, information from Westpac Funds Management Limited as Responsible Entity for the Fund (**Westpac**) in respect of these matters.

FIELDS Note Holders

In short, and assuming redemption of FIELDS notes occurs before any amortisation of the FIELDS notes, as a FIELDS holder you will have the following alternatives:

- Alternative 1 - redeem some or all of your FIELDS notes in full for $100 per note and be paid any outstanding interest;

- Alternative 2 - redeem some or all of your FIELDS notes in full and apply up to $42 per FIELDS note of the redemption monies to subscribing for ordinary shares in Beach Petroleum in due course, and be paid any outstanding interest; or

- Alternative 3 - redeem some or all of your FIELDS notes in full and elect to apply $42 per FIELDS note of the redemption monies to subscribing for shares in Delhi Holdings, and be paid any outstanding interest; or

- Alternative 4 - retain some or all of your FIELDS notes.

While it is obviously a matter on which you need to seek, and to rely on, your own investment, financial and legal advice, ***Beach Petroleum urges you to give urgent and favourable consideration to Alternative 1 or Alternative 2 when you receive correspondence in respect of these matters from Westpac.***

Again, if you are in any doubt about how to deal with the alternatives available to you, we urge you to seek financial or other professional advice. Each of the alternatives may have social security, financial and taxation consequences which need to be assessed in light of each FIELDS holders individual circumstances. For FIELDS holders outside of Australia, it is your responsibility to ensure that in choosing among the alternatives you comply with, and do not cause Beach Petroleum or Delhi Holdings to be in breach of, the securities laws of the country of which you are a resident.

Yours faithfully,

Bob Kennedy
Chairman