BEACH PETROLEUM

31 October 2006

Ref: #276/06

The Manager, Companies
Australian Stock Exchange Ltd
Electronic Announcement System

Dear Sir

ANNOUNCEMENT TO THE ASX

QUARTERLY REPORT TO 30 SEPTEMBER 2006

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

Yours faithfully,

Reg Nelson
Managing Director, FAusIMM

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

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

BEACH PETROLEUM

Quarterly Report
for the Quarter ending 30 September 2006

Comment

During the quarter, Beach Petroleum was admitted to the ASX200 index, marking a year of growth and transformation into a top Australian mid-cap petroleum explorer and producer.

Highlights

- Acquisition of Delhi Petroleum expected to increase FY06 production by approximately 8 million barrels of oil equivalent (mmboe).
- Proved and Probable reserves now approximately 100 mmboe.
- Sales for quarter total approximately 2.4 mmboe with production in excess of 2 million boe.
- Final full year dividend of 1.5 cps.

1. Delhi Acquisition

On 5 September 2006, Beach Petroleum Limited acquired the Delhi Petroleum Group of companies with effect 1 July 2006. The acquisition has delivered Beach Petroleum an average 21 per cent interest in 12 oil and gas exploration and production Joint Ventures operated by Santos Limited in the Cooper and Eromanga Basins of South Australia and Queensland.

The key Joint Venture interests acquired are:

South Australian Cooper Basin Unit	20.21% Interest
Southwest Queensland Unit	23.20% Interest
Naccowlah Block Joint Venture	32.00% Interest

Delhi's Proved and Probable oil and gas reserves as at 30 June 2006 were approximately 63 mmboe and comprised approximately 90% gas/gas liquids and 10% oil. During the 2005 calendar year, Delhi's production was approximately 9.2 mmboe and is expected to be 8 mmboe during 2006.

As a result of the Delhi acquisition Beach's Proved and Probable reserves as at 1 July 2006 totalled approximately 100 mmboe, consisting of:

Cooper & Eromanga Basins	68 mmboe
Gippsland Basin	20 mmboe
Surat Basin	12 mmboe

Reserves now comprise approximately 70% gas/gas liquids and 30% oil.

The total acquisition cost was A$590 million, consisting of $530 million for the assets owned by Delhi and $60 million for the Delhi Group structure (including cash of approximately $45 million, inventory and tax losses). The acquisition was initially funded by a bridging loan which will be partially repaid by the capital raisings described later in this report.

2. Production, Sales & Revenue

Beach's share of Production, Sales and Revenue for the quarter ending 30 September 2006 and a comparison with previous quarters, are summarised below:

Quarterly Production		September 2005	June 2006	September 2006	% Change
Oil (kbbl)	Cooper & Eromanga Basins	291	203	**393**	93%
	Gippsland Basin		68	**0**	-100%
	Total Oil	291	272	**393**	45%
Sales Gas & Ethane (PJ)	Cooper Basin	0	0	**10.1**	n/a
LPG (kt)	Cooper Basin	0	0	**18**	n/a
Condensate (kbbl)	Cooper Basin	0	0	**146**	n/a
TOTAL OIL & GAS (kboe)		291	272	**2,418**	791%

Quarterly Sales		September 2005	June 2006	September 2006	% Change
Oil (kbbl)	Cooper & Eromanga Basins	291	249	**465**	87%
	Gippsland Basin	0	82	**0**	-100%
	Total Oil	291	331	**465**	40%
Sales Gas & Ethane (PJ)	Cooper Basin	0	0	**10.2**	n/a
LPG (bbl)	Cooper Basin	0	0	**150**	n/a
Condensate (kbbl)	Cooper Basin	0	0	**110**	n/a
TOTAL OIL & GAS (kboe)		291	331	**2,420**	631%

Quarterly Revenue		September 2005 A$000	June 2006 A$000	September 2006 A$000	% Change
Oil	Cooper & Eromanga Basins	24,910	19,229	**31,235**	60%
	Gippsland Basin	0	8,226	**0**	-100%
	Total Oil	24,910	27,455	**31,235**	14%
Gas & Gas Liquids	Cooper Basin	0	0	**58,288**	n/a
TOTAL OIL & GAS		24,910	27,455	**89,524**	226%
Average Realised Price (A$/boe)		85.49	82.86	**36.99**	-55%
Average Realised Oil Price (A$/bbl) before hedging		87.33	89.10	**95.14**	7%
Average Realised Oil Price (A$/bbl) after hedging		85.49	82.86	**67.17**	-19%

Production

Production for the quarter was 2,418 kboe, an increase of 791% on the previous quarter. The increase in quarterly production resulted from incorporation of production from assets owned by Delhi Petroleum, which contributed approximately 90% of the quarter's production.

Sales

Oil Sales during the September quarter, were 2,420 kboe, up 631% on the previous quarter, and up 732%% on the previous corresponding period. Assets acquired through the Delhi transaction contributed approximately 90% of total sales for the quarter.

Revenue

Beach's actual share of proceeds from petroleum sales for the September 2006 quarter was $89.5 million (2006 June quarter oil sales revenue was $27.5 million). Assets acquired through the Delhi transaction contributed approximately 79% of total revenue for the September quarter.

3. Development and Exploration

Quarterly Capital Expenditure	September 2005 A$ million	June 2006 A$ million	**September 2006 A$ million**	% Change
Exploration & Appraisal	4.4	9.3	**5.5**	-41%
Development, Plant & Equipment	56.5	45.6	**35.1**	-23%
TOTAL	60.9	54.9	**40.6**	-26%

Development

Cooper/Eromanga Basin (onshore South Australia & Queensland)

- Kenmore 35, 37 & 39 (Beach 100%) were completed and connected and at the end of the quarter were producing on jet pump at a combined rate of 400 bopd.
- Silver Sands-1 (Beach 75%) commenced production in August via beam pump artificial lift. The well was producing at 80 bopd at the end of the quarter.
- Sellicks 2 & 3 (Beach 75%) were connected and commenced production in July. At the end of the quarter they were producing at a combined rate of 200 bopd. Optimisation work scheduled for these wells in the coming months is expected to increase production.
- Callawonga-1 (Beach 75%) is anticipated to commence production during November at rates over 1,000 bopd.
- Revenue-1 (Beach 33%) commenced freeflow production during, with initial rates of approximately 800 bopd at the end of September achieved.
- Rimfire-1 (Beach 33%) underwent a hydraulic fracture stimulation during the month and was completed as a future Murta oil well.

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

Modifications to the Crystal Ocean FPSO and Basker Spirit FSO commenced in July were in progress at the end of the quarter. This work was completed in late October.

Subsea connections commenced in late September and were in progress at the end of the quarter. This work is expected to be completed in early November.

Full field production is now expected to commence in early December.

Tipton West Gas Development – (Beach 40%, Surat Basin – onshore Qld)

Development drilling continued with a total of 55 wells drilled and cased as at the end of the quarter. Completion of the remainder of the 75 well program is expected during the second week of November 2006. A total of 40 wells are now dewatering the Tipton field at a combined rate of 18,500 bwpd. Gas production has commenced in small volumes and is being flared and used to supply fuel for well pumping equipment. Construction of the Tipton gathering system and water disposal infrastructure was 97% complete at quarter end and the Central Gas Processing Facility is progressing with the project on track for commissioning in 1st quarter 2007.

Exploration & Appraisal

Cooper/Eromanga Basin – onshore S.A./Qld

- Six exploration wells were drilled during the quarter, resulting in new field oil discoveries at Callawonga-1 (PEL 92, Beach 75%) and Revenue-1 (PEL 113, Beach 33%).

- Three successful appraisal wells were drilled in the Kenmore Field. (Beach 100%)

- One unsuccessful well, Biala-13, was drilled as part of the 'Cooper Oil Program'. Yanda-17, also part of the Cooper Oil Program spudded on 24 September and was in progress at the end of the quarter. (Subsequent to 30 September Yanda-17 was cased and suspended as a successful oil appraisal well).

- A successful appraisal well was drilled in the Raven Gas Field (Beach 20%).

Otway Basin – onshore Victoria

- Glenaire-1 (PEL 160, Beach 50%), spudded on 8 September and was in progress at the end of the quarter.

Surat-Bowen Basin – onshore Queensland

- The re-entry and deepening of Champagne Creek-2A (ATP 768P) commenced on 29 September and was in progress at the end of the quarter. Subsequent to 30 September, the well reached a total depth of 2,633 m and was cased and suspended to allow later testing of potentially commercial gas zones which were encountered while drilling. (Beach has the option to earn a 50% interest in ATP 768P).

4. Drilling Program

Sixteen conventional wells were drilled during the quarter. A further three wells were in progress at 30 September.

A further 35 development wells were drilled in the Tipton West Coal Seam gas field, taking the total to 55.

Drilling Activity July - September 2006				
Category	**Area**	**Well**	**Beach Equity**	**Status**
Exploration	Cooper/Eromanga - QLD	Python-1	23%	P&A
	Cooper/Eromanga - SA	Callawonga-1	75%	Oil Discovery
	Cooper/Eromanga - SA	Revenue-1	33%	Oil Discovery
	Cooper/Eromanga - SA	Snowden-1	75%	P&A
	Cooper/Eromanga - SA	Somerton-1	75%	P&A
	Cooper/Eromanga - SA	Tennyson-1	50%	P&A
	Otway – VIC	Glenaire-1/1A	50%	In Progress
	Surat – QLD	Champagne Creek-2A	option to earn 50%	In Progress
Appraisal	Cooper/Eromanga - QLD	Kenmore-37	100%	Oil Well
	Cooper/Eromanga - QLD	Kenmore-38	100%	P&A
	Cooper/Eromanga - QLD	Kenmore-39	100%	Oil Well
	Cooper/Eromanga - QLD	Kenmore-40	100%	P&A
	Cooper/Eromanga - QLD	Kenmore-41	100%	Oil well
	Cooper/Eromanga - QLD	Yanda-17	20%	In Progress
	Cooper/Eromanga - SA	Biala-13	20%	P&A
	Cooper/Eromanga - SA	Raven-4	20%	Gas Well
Development	Cooper/Eromanga - QLD	Baryulah-12	23%	C&S, successful gas
	Cooper/Eromanga - SA	Moomba-175	20%	C&S, successful gas
	Cooper/Eromanga - SA	Moomba-176	20%	Suspended
	Surat – QLD	Tipton West Dev't	40%	55 wells drilled

5. Financial & Corporate

Cash/Debt	June 2006	September 2006	% Change
Cash Reserves ($million)	25.4	36.0	42%
Debt ($million)	1.01	516.84	510%

Release of 2006 End of Financial Year Accounts

During the quarter, Beach released its end of year financial results with profit before income tax and outside equity interests for the year to June 30 2006 almost doubling to $59.46 million, up from $24.04 million for the previous corresponding period.

Net profit after tax and outside equity interests rose to $43.99 million, from $16.83 million for the previous corresponding period.

Total oil and gas revenue almost doubled from 2005 of $63.36 million to 2006 of $123.99 million.

Beach also approved a final dividend of 1.0 cents to shareholders. Added to the interim dividend of 0.5 cents per share announced after the record half year results, Beach shareholders will receive a full year dividend of 1.5 cents representing the tenth successive dividend payment since the company resumed paying dividends in 2002.

Highlights of petroleum operations during the year were:

- Production of 1.4 million barrels of oil, a record for the company, including initial test production from Basker-2 (offshore Gippsland Basin, Victoria).
- Start of development of the Basker and Manta oil fields (Gippsland Basin) and the acquisition of a further 25% equity in the project.
- Acquisition of a 40% equity in the Tipton West coal seam gas field (Surat Basin) and commencement of development activities.
- 45% success rate from exploration drilling, resulting in the discovery of three new oil fields and two new gas fields in the Cooper/Eromanga Basin.
- Acquisition of new exploration tenements in the Cooper/Eromanga, Surat, Otway and Canterbury (N.Z.) basins.
- Proved and Probable Reserves increased to 36.2 mmb of oil equivalent (mmboe).

Debt Funding and Capital Raising

The acquisition of the Delhi Group of Companies was funded through a combination of an equity placement and renounceable rights issue and a debt facility.

Initial funding of the transaction was via a bridging debt facility that could be drawn by up to $650 million to effect the immediate acquisition of the Delhi assets and fund the redemption of FIELDS notes.

At 30 September 2006, the bridging debt facility was paid down by $100million from the proceeds of the placement, with the facility to be further paid down at the conclusion of the rights issue. Both equity raisings are fully underwritten and will raise a total of approximately $360 million.

Bridging finance was provided by the Commonwealth Bank of Australia (CBA) and replaced an unsecured Corporate Financing Facility for $100 million that was provided by CBA on 27 July 2006.

Corporate

Share Placement

On 13 September 2006, Beach placed 81,074,064 fully paid ordinary shares with institutional and sophisticated clients of Euroz Securities Limited at $1.39 per share to raise $112.7million.

Funds raised were used to reduce the debt facility used to acquire the Delhi Petroleum assets and to fund the redemption of FIELDS notes.

Expiry of 2006 Options on 30 September 2006

As at 30 September 2006, of the 50.595 million options issued in March 2006, only 1.646 million 2006 Bonus Options expired and were not exercised prior to the 30 September 2006. The take up by shareholders was over 96%.

Capital Structure	June 2006	September 2006	% Change
Fully paid Ordinary Shares on Issue	535,550,523	663,649,067	23.9%
2006 Unlisted Options on Issue expiring 30 September 2006	45,521,327	0	n/a

6. Other

Subsequent Events

- Rights Issue

On 3 October 2006, Beach lodged a prospectus for a renounceable rights issue of two new shares for every seven shares held by Beach shareholders at an issue price of A$1.39 per new share to raise approximately A$247 million.

The Offer

Beach made a renounceable rights issue of new shares on a two for seven basis to eligible holders of shares who were registered as at close of business on 11 October 2006. The issue was offered to eligible shareholders at a price of A$1.39 per new share. Fractional entitlements to new shares were rounded up to the nearest whole number. The total number of new shares to be allotted will be approximately 178 million. The gross proceeds (before costs) of the issue will be approximately A$247 million.

The issue is jointly underwritten by Euroz Securities Ltd and Commonwealth Securities Ltd.

There is no minimum subscription.

The closing date and latest time for acceptance and payment is 5.00pm (Adelaide time) on 31 October 2006.

- Fields Holders Prospectus

On Friday 27 October 2006, Beach lodged with Australian Securities and Investments Commission (ASIC) a prospectus for the issue of up to 90,647,482 shares to FIELDS holders at an issue price of A$1.39 per new share to raise a maximum of A$126 million.

The Offer

Beach is making a offer of new shares to FIELDS holders who are registered as at close of business on 28 November 2006. Redeeming eligible FIELDS holders have the right to apply up to A$42.00 of the redemption money for each FIELDS redeemed, and an additional A$58.00 of the redemption money for each FIELDS redeemed to subscribe for shares in Beach.

The issue is being offered to eligible FIELDS holders at a price of A$1.39 per new share. Fractional entitlements to new shares will be rounded up to the nearest whole number. The total number of new shares to be allotted will be up to 90,647,483 million. The gross proceeds (before costs) of the issue will be a maximum of A$126 million. The minimum subscription is A$ 2,085.00 (1500 new shares) and a maximum amount of a$100.00 per FIELDS redeemed.

The closing date and latest time for acceptance and payment is 5.00pm (Sydney time) on 11 December 2006. The offer of shares is conditional on Beach's shareholders approving the offer at their annual general meeting scheduled to be held on 23 November 2006.

7. Tenement Schedule

Basin	State/Country	Tenement	%
Cooper/Eromanga	Queensland	ATP 259P (Naccowlah Block and PLs) [1]	38.50%
		ATP 259P (Alkina Block)	28.00%
		ATP 259P (Aquitane A Block) [2]	22.50%
		ATP 259P (Aquitane B Block) [3]	20.00%
		ATP 259P (Aquitane C Block) [4]	25.20%
		ATP 259P (Innamincka Block) [5]	30.00%
		ATP 259P (Total 66 Block) [6]	30.00%
		ATP 259P (Wareena Block) [7]	28.80%
		PL 31 (Bodalla South Oil Field)	100%
		PL 32 (Kenmore Oil Field)	100%
		PL 47 (Black Stump Oil Field)	100%
		PL 184 (Thylungra Gas Discovery)	75.40%
		ATP 269P	93.9%
		ATP 269P (Coolum Block)	46.95%
		SWQ Gas	23.20%
		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 106 (Middleton Gas Field)	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%
		Udacha Unit	15.00%
		Patchawarra East [8]	17.14%
		Fixed Factor Agreement [9]	20.21%
		SA Unit	20.21%
Surat	Queensland	PL 198 [12]	40%
		PL 238	40%
		ATP 683P (Dalby Block)	40%
		ATP 768P [10]	50%
Otway	Victoria	PPL 6 (McIntee Gas Field)	10.00%
		PRL 1 (Buttress North)	10.00%
		PEP 150 [11]	50.00%
		PEP 160	50.00%
		VIC/P46	50.00%

Basin	State/Country	Tenement	%
Otway	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	7.3394%
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)

1 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. Note sub-leases of PLs (gas) to SWQ Unit.

2 The Aquitane A Block consists of ATP 259P (Aquitane A) and PLs 86, 131, 146, 177 and 208.

3 The Aquitane B Block consists of ATP 259P (Aquitane B) and PLs 59 – 61, 81, 83, 85, 97, 106, 108, 111, 112, 132, 135, 139, 147, 151, 152, 155, 205 and 207.

4 The Aquitane C Block consists of ATP 259P (Aquitane C) and PLs 138 and 154.

5 The Innamincka Block consists of ATP 259P (Innamincka) and PLs 58, 80, 136, 137, 156 and 159.

6 The Total 66 Block consists of ATP 259P (Total 66) and PLs 34, 37, 63, 68, 75, 84, 88, 110, 129, 130, 134, 140, 142 – 144, 150, 168, 178, 186 and 193.

7 The Wareena Block consists of ATP 259P (Wareena) and PLs 113, 114, 141, 145, 148, 153, 157, 158, 187 and 188.

8 The Patchawarra East consists of PPLs 26, 76, 77, 118, 121 -123, 125, 131, 136, 142, 147, 152, 156, 158, 167, 182, 187, 191, 194, 197, 200 and 201.

9 The Fixed Factor Agreement consists of PPLs 6 – 20, 22 – 25, 27 – 61, 63 - 75, 78 – 111, 113 – 117, 119, 120, 124, 126 – 130, 132 – 135, 137 – 141, 143 – 146, 148 – 151, 153 – 155, 157, 159 – 166, 169 – 181, 183 – 186, 188 – 190, 192, 193, 195, 196, 198 and 199.

10 Assignment of tenement on resolution of documentation and payment of $50,000, expected to occur within the next week.

11 Application area the subject of Native Title RTN Negotiations.

12 Subject to transfer registration.

\+ Strike Oil holds an option to acquire from Beach up to a 15% interest in ATP 633P

8. 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
ktonne	thousand tonne
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