BEACH PETROLEUM

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PRESS RELEASE

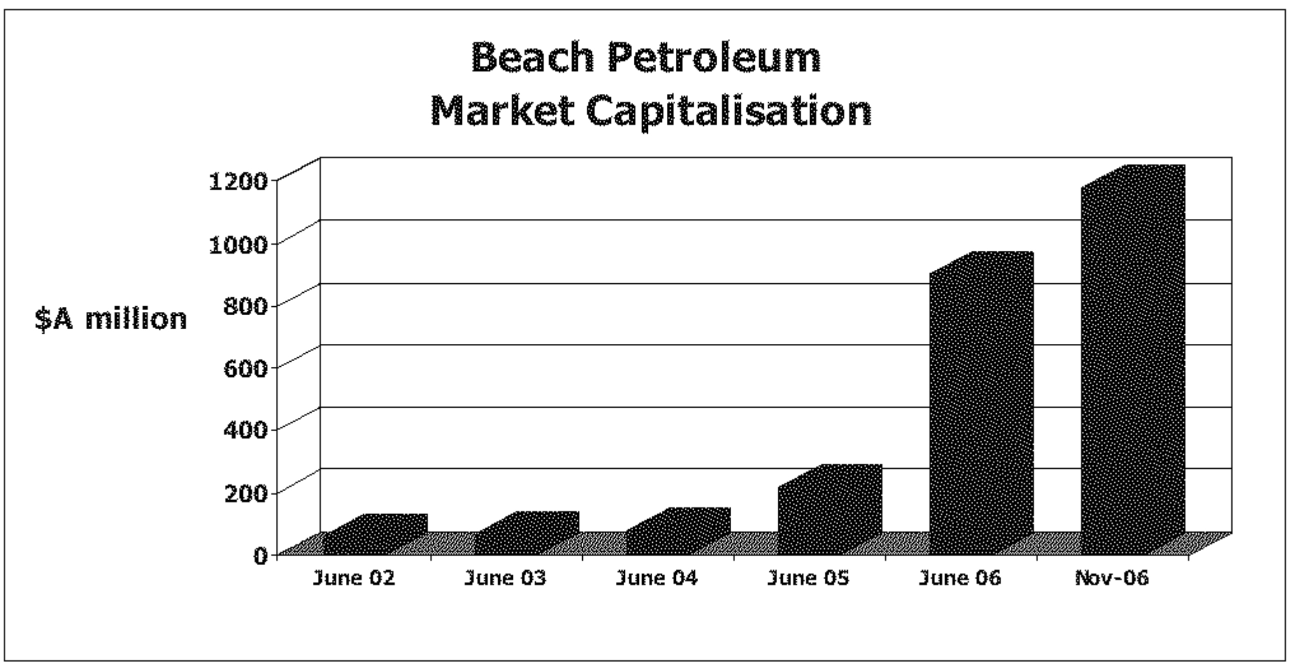
BEACH PETROLEUM LTD – MARKET CAPITALISATION OF MORE THAN $A1 BILLION

Beach Petroleum Ltd has joined an exclusive club of Australian petroleum companies with a market capitalisation of more than $A1 billion following its recent $A247 million rights issue. Funds from the capital raising will be used to repay part of the bridging facility established by the company to acquire the Delhi Petroleum group.

Beach Petroleum's recent $247 million rights issue, to repay part of the bridging facility established by the company to acquire the Delhi Petroleum group, has resulted in the company's total issued capital growing to approximately 790 million shares.

Strong growth in the company's oil and gas production rates and a dramatic expansion of its petroleum reserves has resulted in a massive expansion of the company's worth in the past two years.

In September this year the rapid growth of Beach Petroleum was recognised by the inclusion of the company into the S&P/ASX 200 index, confirming its status as one of Australia's fastest growing oil and gas exploration and production companies.



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With a growing portfolio of petroleum exploration and production assets, Beach Petroleum is now one of Australia's leading oil and gas companies.

Beach Petroleum reported net profit after tax and outside equity interests of $A43.99 million for the year to June 30, up from $A16.83 million a year earlier.

The company's oil and gas revenue almost doubled from 2005 of $A63.36 million to $A123.99 million in the June, 2006 year.

Five years ago, Beach Petroleum's annual sales revenue was only $A9.2 million.

Capitalised at more than $A1 billion, Beach Petroleum has joined established oil and gas producers like BHP Billiton, Woodside Petroleum, Santos Ltd, Oil Search Ltd, Origin Energy, AWE Ltd and Hardman Resources Ltd at the top of Australia's petroleum company list.

Beach Petroleum's rapid market growth is the result of a successful exploration campaign in the past few years, corporate success and recently, the $A590 million purchase of a 21 per cent share in the Cooper basin oil and gas operations, through the acquisition of Delhi Petroleum.

Beach Petroleum Managing Director, Reg Nelson, said, "The company's growth is the result of a highly successful strategy of creating shareholder wealth through exploration and by a careful program of asset acquisition."

"Creating wealth by adding value to the company for Beach shareholders is the primary objective of our management team."

Mr Nelson added, "Strong energy prices have provided the incentive for Beach Petroleum to significantly expand its exploration efforts in the current year."

"We aim to continue building the value of the company through exploration and by acquisition," he said.

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