BEACH PETROLEUM

19 December 2006

PRESS RELEASE

FIELDS redemption boosts Beach Petroleum

On September 2006, Beach announced that it had acquired the Delhi Group. Under the terms of the acquisition, Beach issued a prospectus approved by Beach shareholders at its annual general meeting on 23 November, offering FIELDS holders who redeem their shares an opportunity to acquire shares in Beach.

A significant number of FIELDS holders chose to apply their redemption proceeds to the purchase of shares in Beach.

On 21 December 2006, Beach will issue approximately 40 million new shares worth approximately $55.6 million as a result of this offer to FIELDS holders.

This issue will result in Beach Petroleum having approximately 883 million shares on issue, giving a market capitalisation of $1.28 billion based on Friday's closing price of $1.445 a share.

The new shares will be issued to converting FIELDS holders on Thursday, 21 December, 2006.

Under the terms of the offer FIELDS holders were entitled to apply up to $42.00 per FIELDS redeemed to subscribe for new shares in Beach at an issue price of $1.39 each subject to a minimum subscription of 1,500 new shares. There was no scale back of final entitlements to Beach shares.

Of the original number of FIELDS on issue at the date Beach acquired the Delhi Group, only 136,097 or 4.5%, remain.

Beach is embarking on an exciting stage in its development as a significant Australian oil and gas company.

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In September 2006, Beach joined the ASX 200 index, confirming its status as one of Australia's major companies.

The acquisition of the Delhi Petroleum Group and its joint venture interests with equity interests in excess of 200 oil and gas fields, encompassing large areas of the Cooper Basin and overlying Eromanga Basin in South Australia and Queensland, has increased Beach's production profile and its reserves from approximately 36 mmboe at 30 June 2006 to approximately 100 mmboe.

Beach has been steadily building gas and gas/liquids assets in strategically located positions around the Australian eastern seaboard pipeline network. The directors believe that the gas and gas/liquids held by Delhi Petroleum will be a strong complement to Beach's existing assets and provide a solid source of future revenue to Beach.

Beach's performance since 2002 in delivering new reserves and sustained production in its fields in the Eromanga Basin has established a rationale that will underpin substantial oil recovery in other areas from what are still poorly understood and subtly complex reservoirs in the Cooper/Eromanga Basins.

Delhi Petroleum's involvement in the Cooper Oil Program offers some outstanding oil recovery potential and provides Beach with a unique opportunity to reinvest some of its expected strong revenues from the now operational Basker Manta Gummy project in Bass Strait and realise even greater potential for shareholders.

FIELDS holders who have queries in relation to the Beach offer should contact the company's share registry, Computershare Investor Services on 1300 556 161.

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