BEACH PETROLEUM

19 March 2007

Ref: #028/07

The Manager, Companies
Australian Stock Exchange Ltd
Companies Announcement Office
Electronic Lodgement System

Dear Sir,

ANNOUNCEMENT TO ASX

BASKER MANTA GUMMY (BMG) GAS SALES AGREEMENT WITH ALINTA LIMITED

Beach Petroleum Limited (ASX Code: BPT) is pleased to announce that it and its joint venturer in the BMG project, Anzon Australia Limited, the signing of a 15 year Gas Sales Agreement (GSA) with Alinta Limited to supply gas from the offshore Gippsland fields to Tasmania for power generation.

The gas will be used by Alinta Limited to supply the first private sector power station, Tamar Valley Power Station, in Tasmania. The Tamar Valley Power Station will be a high efficiency, gas fired combined cycle power station using best practice technologies.

The initial contract, which is conditional and subject to a final investment decision (FID) by the joint venturers, is to supply 225 PJ of gas over a primary term of 15 years, commencing in 2009. It includes an option for additional gas supply, providing growth opportunities for all parties.

The signing of the GSA provides for a further expansion in the development of the Basker Manta and Gummy fields which commenced less than two years ago. Beach Petroleum is the 50 per cent owner of the Basker Manta and Gummy (BMG) fields with the remaining 50 per cent owned by the operator of the project Anzon Australia Ltd. The joint venturers will now proceed with the process leading to FID. Major equipment selection and process design completion is imminent.

Development of the BMG project began with a focus on producing oil from the Basker and Manta fields, based on initial 2P reserves estimates of around 23 million barrels.

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New wells drilled in 2006 have led to much greater expectations of the project's potential, with 2P oil reserves now at nearly 40 million barrels and a nearly quadrupled estimate of the gas-condensate resource. The expected life of the fields has nearly trebled, up to 17 years from an initial expected life of six years.

The gas development is expected to be carried out in tandem with further development of the oil reservoirs. Three new oil wells are scheduled to be drilled, starting later in 2007, while up to three gas wells are planned to be drilled in the Manta and Gummy fields in 2008. The gas development will include a gas processing facility and a pipeline to shore.

Yours faithfully,

Reg Nelson
Managing Director, FAusIMM