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MEDIA RELEASE

FOR IMMEDIATE RELEASE

Beach Petroleum receives cash for sale of 10% stake in Basker-Manta-Gummy project

Beach Petroleum has today received a cash payment of $A123 million from ITOCHU Corporation of Japan in full payment for a 10 per cent equity share in the Basker-Manta-Gummy (BMG) joint venture in Bass Strait.

Beach Petroleum, which previously owned a 50% stake in the project, will retain a 40% participating interest in the project. The effective date of the transaction is 1 June 2007.

Anzon Australia also sold a 10% share in BMG to Itochu under the same terms as the Beach sale.

The new participant in the joint venture will be CIECO Exploration and Production (Australia) Pty Ltd, a wholly owned subsidiary of ITOCHU.

The BMG project was developed to initially produce oil from the Basker and Manta fields, based on initial proved and probable (2P) reserves estimates of about 23 million barrels (MMbbl).

But new wells drilled in 2006 expanded the reserves base with 2P oil reserves now standing at nearly 40MMbbl while an associated increase in the natural gas resource has nearly quadrupled estimates of the gas/condensate resource.

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Up to 6 new wells are scheduled to be drilled in the fields, commencing with Basker-6 early in 2008.

The participants in the Basker Manta Gummy Joint Venture are:

Anzon Australia Limited	40% (Operator)
Beach Petroleum Limited	40%
CIECO Exploration and Production (Australia) Pty Ltd	20%

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BEACH PETROLEUM BACKGROUND

Beach Petroleum was established in the early 1960's by the late Australian geologist, explorer and conservationist, Dr Reg Sprigg.

The company pioneered exploration in the south-east Australian Otway basin and made significant gas discoveries around Port Campbell in 1979. The company now has oil and gas producing assets in south-western Queensland and owns an average of 20 per cent in permits associated with the Cooper Basin production area in South Australia through the 2006 acquisition of Delhi Petroleum for a total of $590 million.

Following completion of the transaction with Itochu, Beach Petroleum will hold proven and probable reserves of approximately 90 million barrels of oil equivalent. Oil and gas production for the 2007/08 financial year is expected to rise to 10Mmboe.

Beach holds 40 per cent of the Basker/Manta/Gummy project in Bass Strait in Victoria and has an active exploration program both onshore and offshore around Australia and in offshore areas in New Zealand.

The company rapidly expanding its coal seam gas production at its Tipton West project in Queensland and is continuing to invest in the geothermal energy industry through a joint venture in the Paralana hot rock energy project in South Australia.

ITOCHU CORPORATION BACKGROUND

ITOCHU Corporation was founded in 1858 by Chubei Itoh who started a linen trading operation.

Since then, ITOCHU has evolved and grown into a sogo shosha (general trading company), involved in domestic trading, import/export and overseas trading of textiles, machinery, information and communications-related products, metals, oil, gas and other energy sources, general merchandise, chemicals, provisions and food.

In addition, ITOCHU has made multi-faceted investments in insurance agencies, finance, construction, real estate trading, and warehousing as well as operations and businesses
incidental or related to those fields.

The company is based in Tokyo.