



ASX Release

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ASX Ltd/SGX Singapore Exchange Ltd
Companies Announcement Office
Electronic Lodgement System

Dear Sir,

COMPLETION OF INITIAL FARM-IN BY CHEVRON

All conditions precedent for the transfer to Chevron of initial Beach interests in PEL 218 and ATP 855 have been satisfied. Cash payments by Chevron to Beach relating to the initial farm-in have been made

On 25 February 2013, Beach Energy Limited (ASX: BPT, "Beach") and Beach group subsidiaries, signed documents with Chevron Australia Exploration 1 Pty Ltd and Chevron Australia Holdings Pty Ltd ("Chevron") for Chevron to farm-in to PEL 218 (South Australia) and ATP 855 (Queensland) joint ventures ("Nappamerri Trough Gas Ventures").

Settlement for the first stage of the transaction, being the transfer to Chevron of the initial equity interest of 30% in PEL 218 and 18% in ATP 855, has now occurred following the receipt of FIRB and other government approvals and third party consents. The first stage transfers to Chevron remain subject to formal South Australian and Queensland government approval, with indicative approval having been granted in Queensland and the farm-in agreement having been approved and registered in South Australia to date.

Beach's Managing Director, Reg Nelson, said: "The indicative approval by the relevant authorities, to transfer the initial Beach equity interest in the Nappamerri Trough Gas Ventures to Chevron, is the start of what we anticipate will be a value adding relationship in more ways than one. As we have mentioned on a number of occasions and for some time now, there is a gas shortage looming in Eastern Australia. The Nappamerri Trough Gas Ventures, and the substantial gas resource within the acreage, has the potential to be a material source of gas for both the Eastern Australian domestic and international markets in the coming years."

As a result of the payments made by Chevron at settlement, Beach now has approximately \$400 million of cash on hand.

Details of the stages of the Chevron farm-in are as follows:

	PEL 218	ATP 855
Stage 1	Initial equity interest of 30% acquired through: • US\$36 million cash • US\$95 million carry	Initial equity interest of 18% acquired through: • US\$59 million cash
Stage 2	On completion of Stage 1 work program, Chevron election to proceed to Stage 2 Acquire an additional 30% interest through: • US\$41 million cash • US\$47 million carry	Chevron election to proceed to acquire Stage 2 in the period from 1 September 2014 to 31 March 2015 Acquire an additional 18% interest through: • US\$36 million cash
Post Stage 2	On completion of Stage 2 work program, Chevron election to proceed Commitment bonus payment of US\$35 million	Chevron election, from 1 October 2016 to 31 December 2016, to proceed

Note 1: Stage 1 has already commenced and includes wells after Encounter-1 and Holdfast-1 for PEL 218

Note 2: Timing of the stages for PEL 218 are expected to be in line with that of ATP 855

If after Stage 1, Chevron elects not to proceed to acquire Stage 2, the interest held by Chevron will be re-assigned to Beach for no consideration. If after Stage 2, Chevron elects not to proceed, Beach may elect to receive a re-assignment of the interests held by Chevron.

Yours sincerely,



Reg Nelson
Managing Director, FAusIMM

For more information contact

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