



3 February 2010

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The Manager, Companies
ASX Ltd
Companies Announcement Office
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Dear Sir

ANNOUNCEMENT TO ASX

**BASKER-MANTA-GUMMY PROJECT - OPERATOR PRELIMINARY
ESTIMATED 2P RESERVES REVISION**

Beach Energy Limited (Beach) notes the release this morning by Roc Oil Company Limited (ROC) regarding a likely reserves revision by Roc Oil (Vic) Pty Ltd, operator of the Basker-Manta-Gummy (BMG) Project based on a preliminary full field reservoir simulation study undertaken by ROC.

As a result of this preliminary work, ROC now anticipates that remaining gross 2P reserves at the BMG project as at 31 December 2009 is likely to be reduced by approximately 70-80%, subject to further development activity.

At 30 June 2009 Beach wrote down its net BMG 2P reserves by approximately 60% to 2.4 MMbbl. ROC's new preliminary estimate indicates a net 2P reserve to Beach approximately 1 MMbbl below that currently booked by Beach. This is approximately 2% of Beach's current total reserve base and slightly less than the volume of oil discovered by Beach in its western Cooper licenses during 2009.

It should be emphasised that ROC's estimate is preliminary and has not been subject to review or audit by the other BMG Joint Venture participants, nor has the independent review by Resource Investment Strategy Consultants ("RISC") been completed. Beach will formalise its position regarding BMG reserves and any potential impairment to carrying value when this work is completed, in conjunction with its annual reserves review and full year financial results for the 12 months ending 30 June 2010.

As at 30 June 2009, the BMG Project represented only 3.6% of Beach's total 2P reserve base of 66 MMboe.

In its release today, ROC also provided updated production guidance for the project of an average rate of 5,000 BOPD in 2010 (calendar year). Beach's full year production guidance for FY10, incorporating the reduced BMG volumes, is 8.0 MMboe.

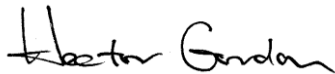
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Participating interests in the BMG Project are:

Roc Oil (Vic) Pty Limited (Operator)	30%
Beach Energy Limited.	30%
CIECO Exploration and Production (Australia) Pty Ltd.	20%
Sojitz Energy Australia Pty Ltd	10%
Pertamina Hulu Energi Australia Pty Ltd.	10%

Yours faithfully,



Hector Gordon
Chief Executive Officer

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Competent Persons Statement:

This release contains information on Beach's Reserves and Resources which have been compiled by Mr Hector Gordon who is a full time employee of Beach, is qualified in accordance with ASX listing rule 5.11 and has consented to the inclusion of this information in the form and context in which it appears.

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