

## ASX Release

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

Dear Sir,

## BEACH ENTERS ROMANIAN JOINT VENTURE WITH MELROSE RESOURCES AND PETROMAR

Beach advises it will farm-in for a 30% stake, in Joint Venture with Melrose Resources and Petromar Resources SA, in an offshore Romanian oil and gas exploration block. The total commitment by Beach over the first three years of the Joint Venture is estimated at US\$24.8 million, which will include 1,000 km<sup>2</sup> of 3D seismic currently being acquired

Beach Energy Limited (ASX: BPT, "Beach") advises it has signed a Farmin Agreement on 4 September 2012, through a wholly owned subsidiary Beach Petroleum (CEE) S.R.L., with Melrose Resources Romania B.V., a wholly owned subsidiary of Melrose Resources plc (both "Melrose").

Beach has forged a valued relationship with Melrose through a joint venture (operated by Melrose) in the Mesaha Block in Egypt.

The Romanian Joint Venture, which includes Petromar Resources S.A. ("Petromar"), will explore the Est Cobalcescu (Ex-28) Block in the Black Sea, offshore Romania, with a concession agreement in place that covers a maximum 10 year exploration phase and a 30 year production phase.

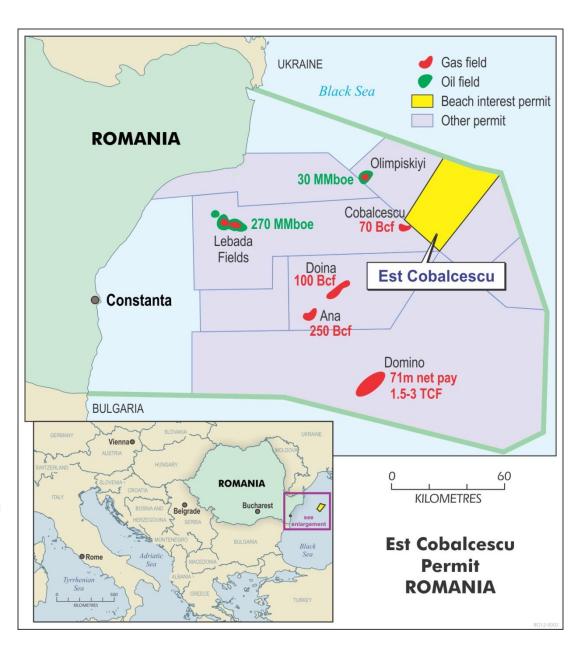
The Est Cobalcescu (Ex-28) Block covers an area of 1,000 square kilometres. The block has an average water depth of less than 100 metres and is adjacent to the Exxon-Mobil deepwater block where a large discovery (of potentially up to 3 tcf of gas) was made in 2012. The Olimpiskiyi (30 mmboe) and the Lebada (270 mmboe) oil and gas fields lie to the east.

The farm-in is subject to approval of the Romanian authorities. Assuming the approval is received, Beach will farm-in for a 30% interest in the Joint Venture by carrying Melrose's capital requirements, capped at USD \$4.78 million for a forward work programme, as well as its own 30% interest, at a total net cost to Beach in 2012 of US\$8.4 million.



Beach will then contribute to the Joint Venture by:

- Funding 30% of the remaining two year program of the initial exploration phase, at a net cost to Beach of US\$16.4 million; and
- Funding 30% of the second three year exploration phase, should Beach choose to participate, at an expected net cost of US\$9.6 million.



Romania has a long history of petroleum production, dating back to the mid 1880's, and is serviced by extensive oil and gas infrastructure. Romania also has an attractive royalty based fiscal regime for oil and gas exploration and production.

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Beach Managing Director, Reg Nelson, said: "Beach continues its focused strategy of growing the business through partnerships that offer the potential for significant oil and gas discoveries, whether in Australia or overseas. The Romanian Joint Venture with Melrose and Petromar has this potential and is supported by an attractive fiscal regime and strong European gas prices.

"Romania has a long and well established oil and gas industry, having produced 4.4 billion barrels of oil and 27 TCF of gas. The Romanian industry is currently undergoing a renaissance. The farm in agreement provides Beach with a low cost entry to develop further business opportunities in Romania.

We are looking forward to the results of the 3D seismic in the Black Sea, with six oil leads and 12 gas leads already identified from existing 2D seismic."

Melrose recently announced that it intends to merge with Petroceltic International plc, resulting in an enlarged company with a balanced and diverse portfolio. The merger will not affect this transaction.

Yours sincerely,

Reg Nelson Managing Director, FAusIMM

## For more information contact

## Corporate

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