



ASX Release

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UPDATE ON PROPOSED MERGER WITH DRILLSEARCH

Beach Energy Limited (ASX: BPT, “Beach”) advises of the following progress in relation to the proposed merger with Drillsearch Energy Limited (ASX: DLS, “Drillsearch”) announced on 23 October 2015.

- As announced by Drillsearch on 15 December 2015, the Federal Court of Australia has ordered a meeting of Drillsearch shareholders (“Scheme Meeting”) be convened to consider and vote on the proposed merger by way of a scheme of arrangement (the “Scheme”). If the Scheme is approved at the Scheme Meeting, and all other conditions precedent to the Scheme are satisfied or waived (if applicable), Drillsearch shareholders will receive 1.25 new Beach shares for each Drillsearch share. The Scheme Meeting will be held in Sydney at 11:00 AEDT on Wednesday, 27 January 2016.
- As separately announced by Drillsearch on 16 December 2015, the Scheme booklet in relation to the proposed merger (the “Scheme Booklet”) has been registered with the Australian Securities and Investments Commission. A copy of the Scheme Booklet, which includes an Independent Expert’s Report, was included with Drillsearch’s announcement and is expected to be dispatched to Drillsearch shareholders on 18 December 2015. The Scheme Booklet can also be viewed on the Drillsearch website (www.drillsearch.com.au).
- The Independent Expert has concluded that the Scheme is fair and reasonable, and therefore is in the best interests of Drillsearch shareholders. The Independent Expert’s conclusion should be read in context with the full Independent Expert’s Report and the Scheme booklet.
- The Drillsearch Board unanimously recommends that Drillsearch shareholders vote in favour of the Scheme at the upcoming Scheme Meeting, in the absence of a superior proposal, and each Drillsearch director intends to vote all Drillsearch shares held or controlled by him or her in favour of the Scheme.

- As set out in the Scheme Booklet, if the Scheme is approved at the Scheme Meeting, and all other conditions precedent to the Scheme are satisfied or waived (if applicable), the second Court hearing to approve the Scheme will be held on 18 February 2016, and the issue of new shares to Drillsearch shareholders is expected at the beginning of March 2016.

Yours sincerely,

A handwritten signature in black ink, appearing to be "Neil Gibbins", followed by a long horizontal line.

Neil Gibbins

Acting Chief Executive Officer

For more information please contact the following on +61 8 8338 2833:

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