

Each holder of the Notes (as defined below) (**Noteholder**)

cc DB Trustee (Hong Kong) Limited (**Trustee**)

Deutsche Bank Luxembourg S.A. (**Registrar and Principal Transfer Agent**)

Deutsche Bank AG, Hong Kong Branch (**Paying Agent and Conversion Agent**)

27 January 2016

Dear Noteholder

**US\$125,000,000 6.0% Guaranteed Senior Unsecured Convertible Notes Due 2018
(the Notes) issued by Drillsearch (Finance) Pty Limited (the Issuer)
(ISIN code: XS0919151380)**

Relevant Event Notice – Change of Control of Drillsearch Energy Limited (Drillsearch)

A) Introduction – Change of Control

1. We refer to our letter dated 21 December 2015 (**Scheme Notice**), in relation to the proposed merger of Drillsearch and Beach by scheme of arrangement (**Scheme**).
2. Capitalised terms used but not defined in this Relevant Event Notice have the same meaning given to them in the Scheme Notice, unless the context requires otherwise.
3. We confirm that at the meeting of Drillsearch shareholders (other than Excluded Shareholders) held on 27 January 2015 (**Scheme Meeting**), the Scheme was approved by more than:
 - a. 50% in number of Drillsearch shareholders (other than Excluded Shareholders) present and voting at the Scheme Meeting; and
 - b. 75% of the total votes cast at the Scheme Meeting,(**Shareholder Approval**).
4. The Shareholder Approval constitutes a "Change of Control" and a "Relevant Event" under the Terms and Conditions of the Notes.
5. As a result of the occurrence of the "Change of Control" and the "Relevant Event", we are required to provide you with this Relevant Event Notice.
6. This Relevant Event Notice sets out the details of how you may exercise any of the following rights:
 - a. your right to require the Issuer to redeem the Notes for a "Relevant Event"; or
 - b. your right to convert your Notes into Drillsearch fully paid ordinary shares (**Ordinary Shares**).

B) Your rights to require the Issuer to redeem the Notes (Redemption for a Relevant Event)

7. You have the right to require the Issuer to redeem all or some of your Notes by providing a Relevant Event Redemption Notice in accordance with Condition 7(f) of the Terms and Conditions of the Notes.

Drillsearch

8. If you exercise your right to require the Issuer to redeem your Notes, your Notes will be redeemed at the principal amount together with accrued interest up to (but excluding) 10 April 2016.
9. If you choose to redeem your notes under this paragraph B, you will not be entitled to exercise your Conversion Rights under paragraph C below.

C) Your Conversion Rights

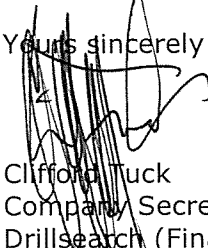
10. You are entitled to convert your Notes into new Ordinary Shares (**Conversion Rights**) but must do so by no later than:
 - a. 10 days before the final maturity date of the Notes; or
 - b. if we give you notice that we intend to redeem the Notes because of the Change of Control, 10 days before the date of redemption as set out in that notice.
11. You may redeem your Notes by providing a Conversion Notice to any Conversion Agent in accordance with Condition 6(h) of the Terms and Conditions of the Notes.
12. If you choose to convert your Notes to Ordinary Shares, the number of Ordinary Shares you will receive will be determined by dividing the principal amount of the Notes to be converted by the conversion price (the **Conversion Price**) in effect on the relevant Conversion Date.
13. If you exercise your Conversion Rights by 17 February 2016 (the period ending on that day being the **Change of Control Period**), the Conversion Price will be US\$1.42.
14. We confirm that the board of Drillsearch has recommended the Scheme, in the absence of a superior proposal. Therefore, pursuant to Condition 11(f) of the Terms and Conditions of the Notes, Drillsearch has set the record date for the Scheme as 25 February 2016 so that any Ordinary Shares issued on the exercise of Conversion Rights will be able to participate in the Scheme.

D) Other information

15. Details regarding the Scheme are contained in the Scheme Booklet, which may be obtained from the offices of the Principal Paying and Conversion Agent at:

Level 52, International Commerce Centre,
1 Austin Road West,
Kowloon, Hong Kong
16. The Conversion Price immediately prior to the occurrence of the "Change of Control" was US\$1.66 and the Change of Control Conversion Price is US\$1.42.
17. As at 25 January 2016, being the last practicable date prior to the publication of this Relevant Event Notice, the last recorded trading price of Ordinary Shares on ASX was \$0.495.

Yours sincerely


Clifford Tuck
Company Secretary
Drillsearch (Finance) Pty Limited


IAN BUCKNELL
DIRECTOR
DRILLSEARCH (FINANCE) PTY LIMITED