



Australian Government

Takeovers Panel

MEDIA RELEASE

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Drillsearch Energy Limited - Panel Receives Application

The Takeovers Panel has received an application from Beach Petroleum Limited in relation to the affairs of Drillsearch Energy Limited.

On 5 May 2009, Beach announced an off-market conditional takeover bid for Drillsearch.

Beach submits that the following documents were sent to Drillsearch shareholders:

- Letter dated 27 May 2009 (on Drillsearch letterhead) from Mr Jim McKerlie, a director of Drillsearch.
- Undated message from Mr Philip Kelso, which states that he is the former managing director of Drillsearch.

These documents, among other things, make statements in relation to Beach's bid for Drillsearch. Beach submits that dispatching these documents constitutes unacceptable circumstances. Beach also submits that Drillsearch should have prevented the letter from Mr McKerlie being sent to Drillsearch shareholders and should have corrected or clarified the documents from Mr McKerlie and Mr Kelso.

These circumstances, in its submission:

- Lead to a deficiency of information, inhibiting an efficient, competitive and informed market in Drillsearch shares.
- Result in Drillsearch shareholders being misled about the Beach offer and not having the information necessary to make an informed decision.

Beach seeks final orders, including that:

- Mr McKerlie and Mr Kelso send correcting letters to Drillsearch shareholders within 48 hours of the Panel making the order.

- Drillsearch send a letter to all Drillsearch shareholders concerning the documents from Mr McKerlie and Mr Kelso within 48 hours of the Panel making the order.

A sitting Panel has not been appointed at this stage and no decision has been made as to whether to conduct proceedings. The Panel makes no comment on the merits of the application.

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