

New \$100 million Loan Facility Secured

Drillsearch Energy Limited (ASX: DLS) is pleased to announce that it has entered into a binding terms sheet for a new three-year \$100 million¹ secured bank loan facility.

The new facility will be a multi-currency, Reserve-Based Lending facility and will replace Drillsearch's existing undrawn working capital facility which was due to mature in March 2016.

Drillsearch has appointed its existing financiers, Commonwealth Bank of Australia Limited and Australia and New Zealand Banking Group Limited, to act as Joint Mandated Lead Arrangers.

The new facility is subject to the finalisation and execution of facility documentation and customary conditions through to financial close. Agreement with the two banks follows a competitive financing process that enabled Drillsearch to secure attractive terms and pricing.

The new facility, combined with strong margins from the company's oil production and a cash balance of approximately \$160 million² at 30 September 2015, enhances Drillsearch's ability to support continuing growth and meet commitments relating to its US\$125³ million Convertible Note, which has a redemption window in September 2016.

Drillsearch Chief Financial Officer Ian Bucknell said:

"We are delighted by the strong support and increase in commitment we have received from our existing financiers during this process, particularly given the uncertain oil price environment. Our ability to generate additional liquidity reflects the quality of our asset base and the strength of our cash flow, even during a time of low oil prices."

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¹ All figures are in Australian dollars, unless otherwise marked

² Unaudited

³ A\$172 million at AUD:USD of 0.73