

DELIVERING IN A CHALLENGING MARKET



INVESTOR PRESENTATION

SEPTEMBER 2015

Drillsearch

IMPORTANT NOTICE

Forward Looking Statements

These materials contain forward looking statements. Often, but not always, forward looking statements may be identified by the use of words such as “may”, “will”, “expect”, “intend”, “target”, “anticipate”, “continue”, “guidance” and “outlook”, or similar expressions and may include (without limitation) statements regarding plans, strategies, objectives, anticipated operating or financial performance, including production volumes and costs.

Forward looking statements involve subjective judgments regarding future matters which are subject to known and unknown risks, uncertainties and other factors. Relevant factors may include, but are not limited to, changes in commodity prices, foreign exchange fluctuations, general economic conditions, increased costs and demand for production inputs, the speculative nature of exploration and development activities, political and social risks, both general and those specific to the oil and gas industry, changes to the regulatory framework in which the company conducts its business, environmental conditions, including extreme weather conditions, recruitment and retention of personnel, industrial relation issues and litigation.

While Drillsearch considers that there is a reasonable basis for all forward looking statements made, readers are cautioned not to place undue reliance on forward looking statements as actual results may vary materially from projected future results expressed or implied by forward looking statements. The company gives no assurance that assumptions upon which forward looking statements may be based will prove to be correct, or that the company's business, performance or results will not be affected in any material manner by these or other factors not foreseen or foreseeable by the company or beyond the company's control.

Forward looking statements in these materials speak only as to the date of issue. Subject to any continuing obligations under applicable law, including the rules of relevant securities exchanges, the company does not undertake any obligation to publicly update or revise any of the forward looking statements or to advise of any change in events, conditions or circumstances on which any such statement is based.

Reserves and Resources Statement

Unless otherwise stated, references in this presentation to estimates of petroleum reserves and contingent resources are as at 30 June 2015, as contained in Drillsearch's 2015 Reserves and Contingent Resources Statement (Annual R&CR Statement) released to the ASX on 26 August 2015. Drillsearch confirms that it is not aware of any new information or data that materially affects the information included in the Annual R&CR Statement and that all the material assumptions and technical parameters underpinning the estimates in the Annual R&CR Statement continue to apply and have not materially changed.

The 2P reserve and 2C contingent resource estimates on slides 7 and 14 are based on, and fairly represent, information and supporting documentation prepared by, or under the supervision of, Neil Thompson who is a member of the American Association of Petroleum Geologists and Sue Hyde who is a member of the Society of Petroleum Engineers, both of whom are full time employees of Drillsearch Energy Limited.

The estimates of petroleum reserves and contingent resources contained in this presentation are as at 30 June 2015. Drillsearch prepares its petroleum reserves and contingent resources estimates in accordance with the Petroleum Resources Management System (PRMS) sponsored by the Society of Petroleum Engineers (SPE). Unless otherwise stated, all references to petroleum reserves and contingent resources quantities in this presentation are Drillsearch's net share. Reserves and contingent resources for the Western Flank Oil Fairway have been estimated probabilistically and aggregated probabilistically to the field level; for all other project areas, reserves and contingent resources have been estimated deterministically and aggregated arithmetically to the field level. For all regions aggregation beyond the field level is arithmetic. As a result the aggregate 1P and 1C figures may be a conservative and the aggregate 3P and 3C figures may be optimistic due to the portfolio effects of arithmetic summation. Reserves replacement ratio (RRR) is calculated as the change in petroleum reserves divided by production in the same period. Conversion factors: Sales gas is converted to equivalent barrels of oil (boe) using a factor of 6,000 cubic feet per barrel of oil equivalent (boe). LPG is converted to equivalent barrels of oil using a factor of 11.5 thousand boe (Mboe) per MMT of LPG. Condensate is converted at 1 MMbbl = 1 MMboe.

IMPORTANT NOTICE

References to “Drillsearch” may be references to Drillsearch Energy Limited or its applicable subsidiaries.

The FY2015 reporting period is the twelve months to 30 June 2015. Unless otherwise shown, comparative period is twelve months to 30 June 2014. References to \$ are references to Australian dollars unless otherwise stated.

Non-IFRS accounting financial information

This presentation refers to Underlying NPAT (underlying net profit after tax) and EBITDAX (earnings before interest, tax, depreciation, amortisation, impairment and exploration write-off), Adjusted Revenue and Net Cash flow which are Non-IFRS accounting financial information used by Drillsearch to measure underlying business performance. The non-IFRS accounting financial information in this presentation has not been the subject of external audit, however, the information has been taken from information prepared in accordance with IFRS accounting and the subject of external audit. Non-IFRS accounting financial information should be used in addition to, and not as a replacement of IFRS accounting financial information.

Underlying NPAT excludes the impact of asset acquisitions, disposals and impairments, as well as items that are subject to significant variability from one period to the next, such as fair value adjustments and fluctuations in exchange rates. A reconciliation of Underlying NPAT to NPAT is set out in Slide 38.

EBITDAX is earnings before interest, tax, depreciation and amortisation, exploration and evaluation expenditure, and impairments. A reconciliation of EBITDAX to Operating (Loss)/Profit is set out on Slide 38.

Net Cash Flow is the net increase/decrease in cash and cash equivalents per the consolidated statement of cash flows.

Drilling Success – slide 7

¹ Cypress-1 excluded from success rate as operation suspended.

² Anakin-1 and Padme-1 excluded from success rate as ongoing.

³ Padme-1 and Amidala-1 excluded from success rate as ongoing.

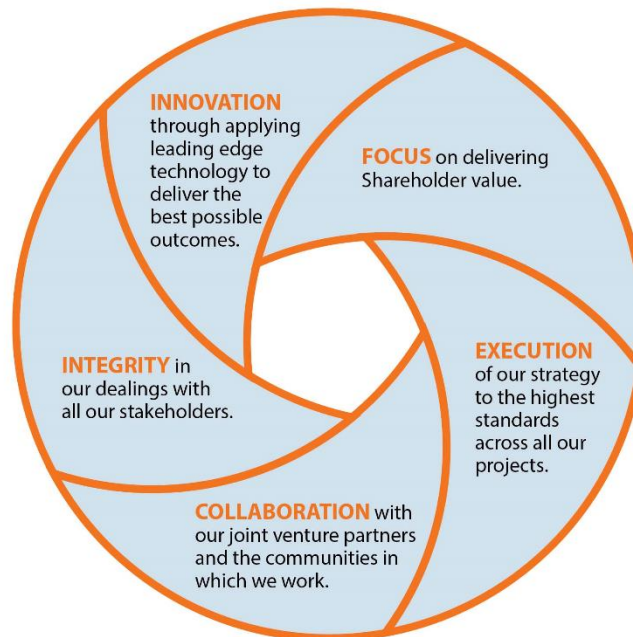
AN INTRODUCTION TO DRILLSEARCH

VISION AND DISCIPLINES

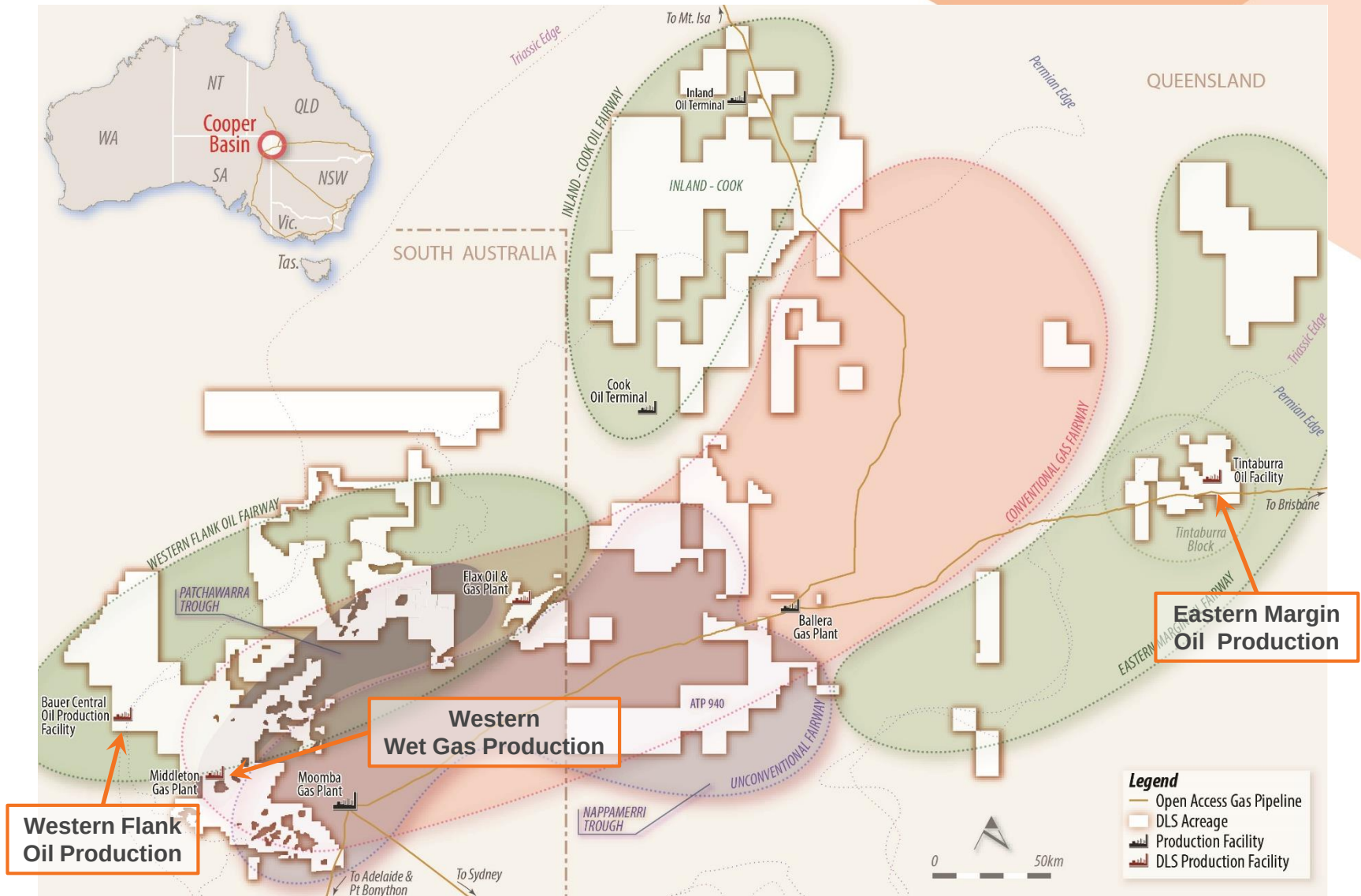
Our goal is to build **Australia's leading independent oil and gas company** through:

- Providing a safe environment where our people are focused on sustainability and continuous improvement;
- Delivering sustained growth in shareholder value; and
- Being a partner and employer of choice, well regarded by our communities and peers.

The **five disciplines** that **define our approach** are:

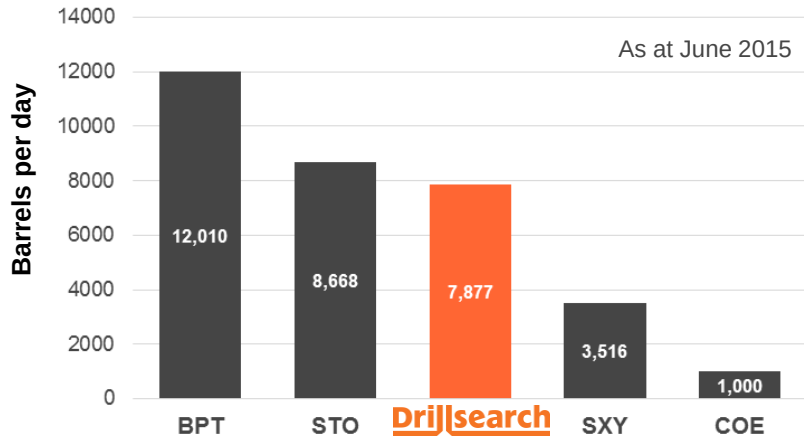


ROBUST PLATFORM IN THE COOPER BASIN



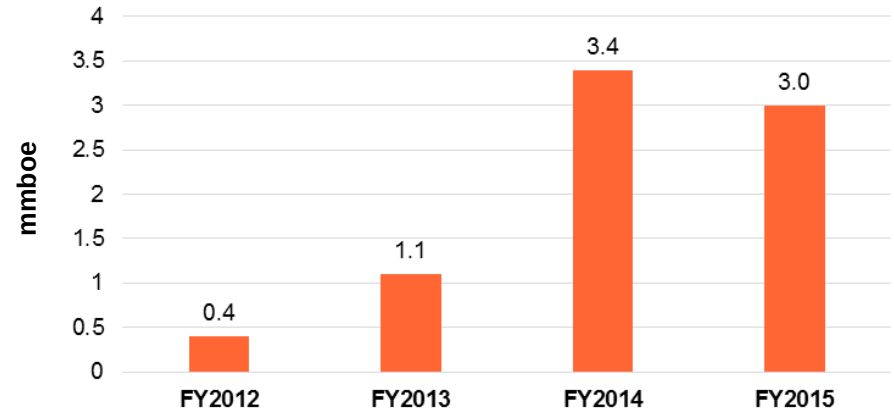
BUSINESS SNAPSHOT

Australia's No. 3 onshore oil producer¹

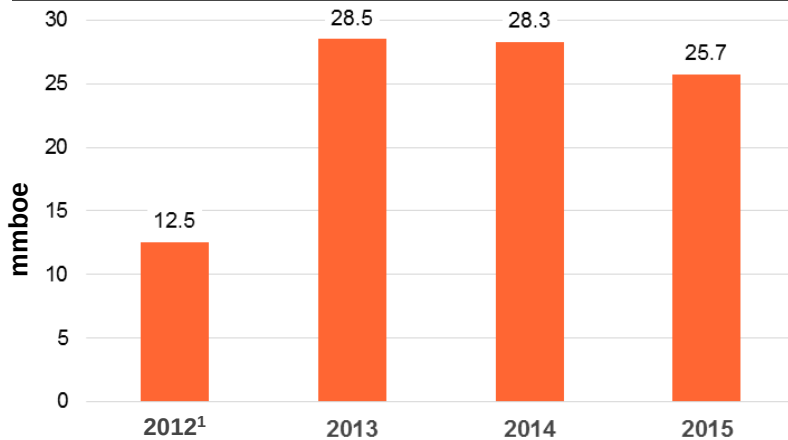


¹ Source: June 2015 Quarterly Production Reports/ASX Announcements

Solid production

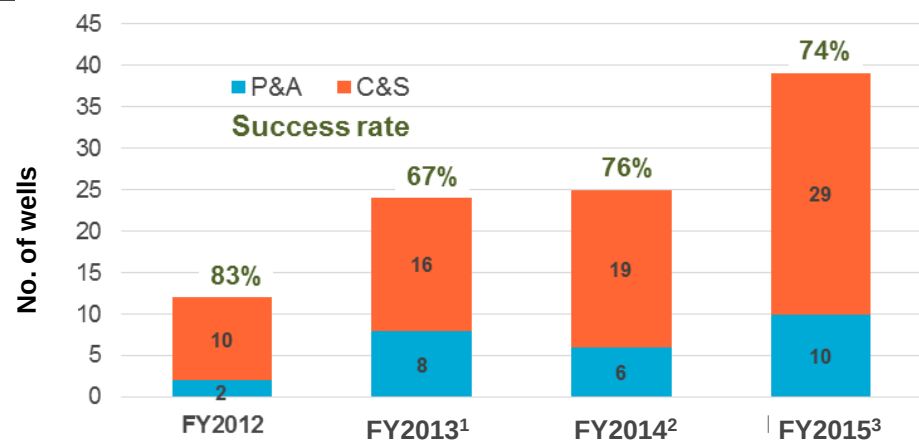


25.7 mmboe of 2P Reserves



¹ FY2012 2P reserves numbers as at 31 July 2012. Reserves for other years are as at 30 June.

Successful Explorer



^{1,2,3} See Drilling Success Rate note on slide 3.

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THREE BUSINESS UNITS

OIL – NEAR-TERM CASH FLOW GENERATOR



OBJECTIVES:

- Maintain and grow production while replacing reserves

WET GAS – MEDIUM-TERM GROWTH ENGINE



OBJECTIVES:

- Grow reserves and production
- Commercialise new and existing discoveries

UNCONVENTIONAL – LONGER-TERM GROWTH PLATFORM



OBJECTIVES:

- Optimise spend to deliver value drivers in the pursuit of commercialisation

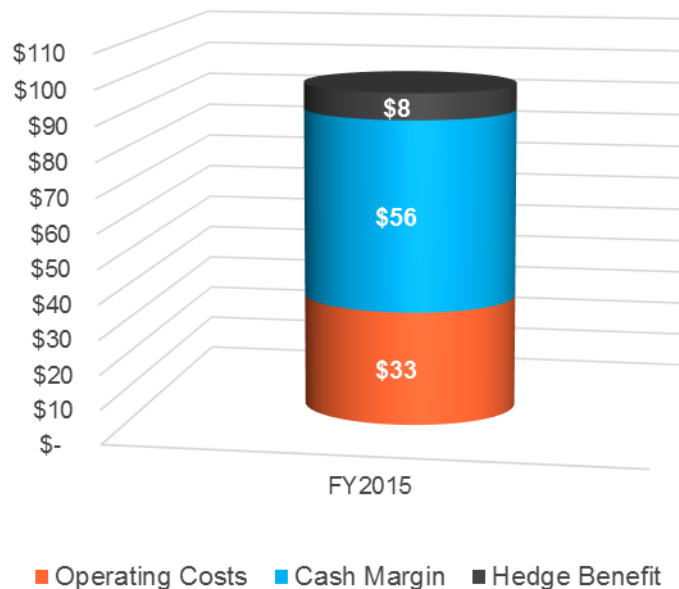
Oil provides funds to invest
in Wet Gas growth

SOLID FINANCIAL PLATFORM

Profitable Production in FY2015

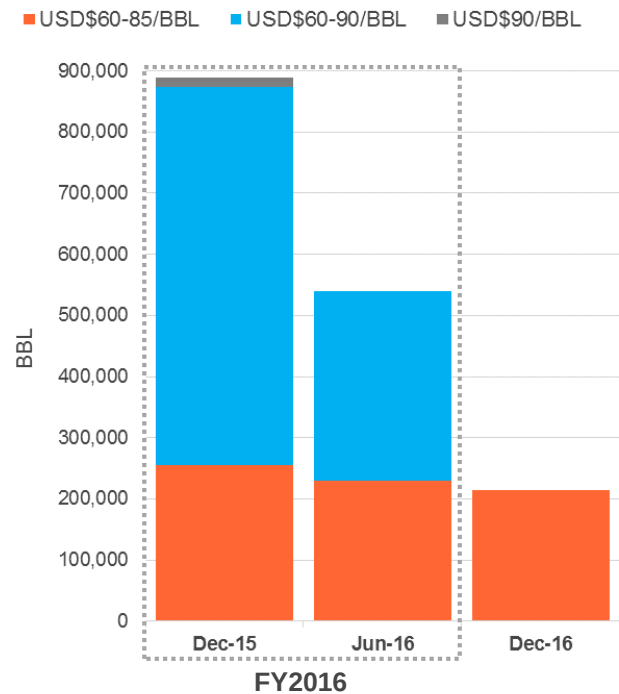
- Cash margin of \$56 a barrel on oil production

Oil Margins (A\$/bbl)



Effective Hedging Program

- 1.43 mmbbls of FY2016 oil production currently hedged at prices of at least US\$60 a barrel
- \$20.6 million benefit in FY2015



Underpinned by robust liquidity position

- \$171.5 million of cash and undrawn bank debt at 30 June 2015
 - Progressing talks to refinance working capital facility

*Cash margin calculated as direct operating expense for oil segment divided by oil production from Western Flank & Eastern Margin

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FY2015 HIGHLIGHTS

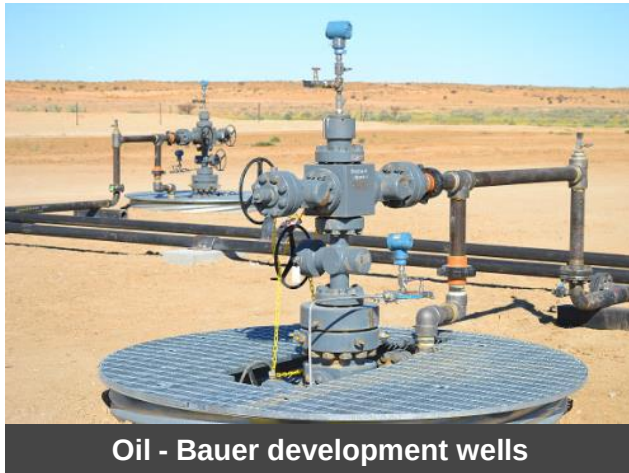
DECISIVE RESPONSE TO WEAKER OIL PRICE

Revenue Protection	Capital Discipline	Cost Base Reduction
Hedge position increased	Focus on production, cash flow and reserves replacement	Business reorganisation – headcount reduced by one third
\$20.6 million hedging benefit delivered in FY2015	Conventional activity prioritised over Unconventional	Cost savings of \$10 to \$15 million a year to be realised from FY2016
1.43 mmbbls of FY2016 oil production hedged at prices of at least US\$60 a barrel	Capex to be matched to net operating cash flow	

RECORD WORK PROGRAM DELIVERED

Technical expertise
driving JV success

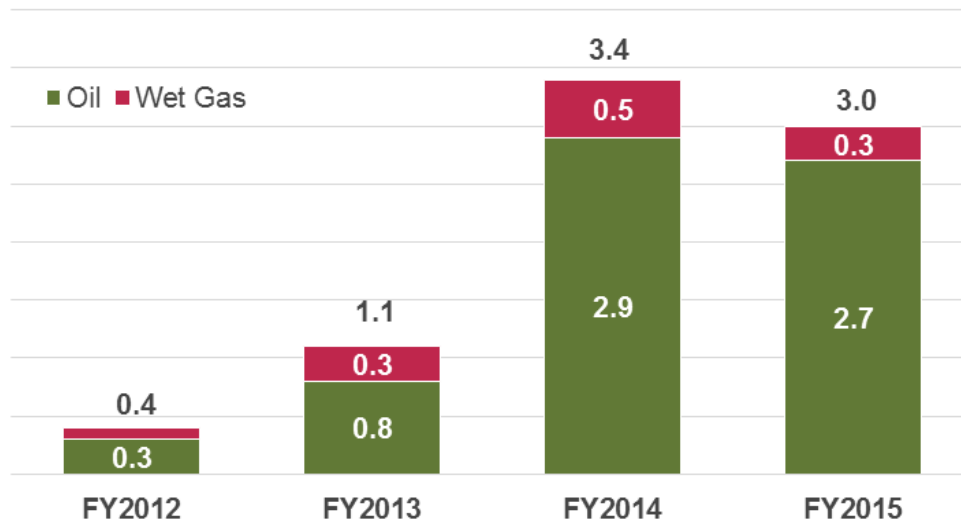
- 41** Wells
- 74%** Success¹
- 12** New discoveries (seven from eight Wet Gas wells in JV with Santos)
- 10** New Bauer development wells
- 50%** Increase in fluids capacity at Bauer after facilities expansion



¹ See Drilling Success Rate note on slide 3.

SOLID PRODUCTION PERFORMANCE MAINTAINED

FY2015 Production

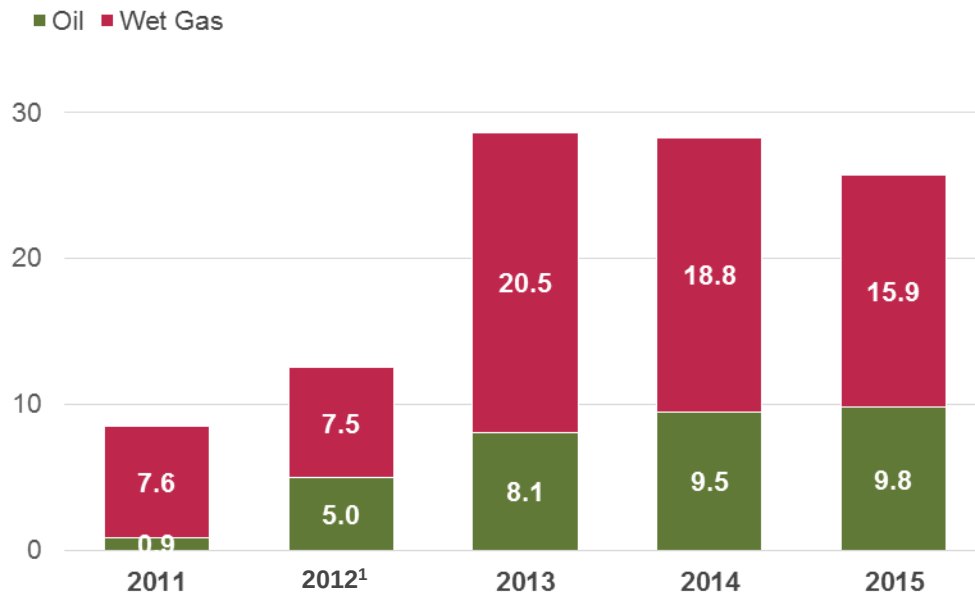


- Production of 3.0 mmboe in line with guidance
- Oil Business the key driver
- Average Western Flank production 12,356 barrels/day¹ in Q4 FY2015 (FY2015 11,265 bpd) as new wells came online
- Strong oil production continues

¹ 100% basis

OIL RESERVES INCREASED

2P Reserves Breakdown (mmboe)



- Oil reserves increase at 30 June 2015
 - Western Flank Oil reserves up to 8.6 mmboe
- 2P Wet Gas reserves added in Western Wet Gas JV with Santos
 - Testing and connections ongoing
- Western Wet Gas JV with Beach - 2P reserves revised
 - Revision follows drilling in offset areas
- Five-year 2P reserves replacement ratio (RRR) of 305%

¹ FY2012 2P reserves numbers as at 31 July 2012. Reserves for other years are as at 30 June.
Important information regarding Reserve and Contingent Resources within this presentation are set out on slide 2.

FY2015 FINANCIAL PERFORMANCE

	Unit	FY2015	FY2014	% Change
Production	mmboe	3.0	3.4	(11%)
Revenue	\$m	250.6	387.0	(35%)
EBITDAX²	\$m	152.8	232.0	(34%)
DD&A	\$m	(56.2)	(40.4)	39%
Exploration & evaluation expensed/write off	\$m	(57.6)	(44.4) ¹	30%
Impairments	\$m	(51.9)	(0.2)	n/m
Net financing costs	\$m	(6.9)	(9.9)	(30%)
Income tax benefit/(expense)	\$m	11.7	(95.2) ¹	n/m
NPAT				
-Reported	\$m	(8.1)	41.9¹	n/m
-Underlying²	\$m	57.8	58.5¹	(1%)
Operating Cash Flow	\$m	84.4	226.6 ¹	(63%)
Closing Cash	\$m	131.5	152.4	(14%)
Net Debt	\$m	30.6	1.0	n/m
Capital Expenditure ³	\$m	142.0	95.7	48%

¹Restated following the adoption of Successful Efforts methodology. Refer to the ASX Announcement dated 6 August 2015 and Note 3 in the financial statements for the year ended 30 June 2015.

²EBITDAX and Underlying (Loss)/Profit are Non-IFRS accounting financial information. Refer to notes on slide 3 for important information regarding Non-IFRS accounting financial information.

³Capital expenditure is cited inclusive of G&A, G&G and seismic expenditure.

FY2016 PROGRAM

FY2016 GUIDANCE¹

Guidance	FY2015 (a)	FY2016 (f)
Production (mmboe)	3.0	2.8 – 3.2 ²
Capex (\$m)	\$142m	\$80m – \$110m ³

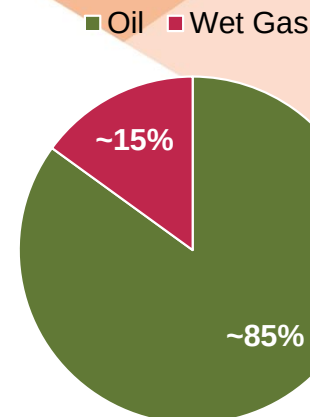
Production

- Increasing contribution from Wet Gas
- FY2015 investment to support oil production in FY2016

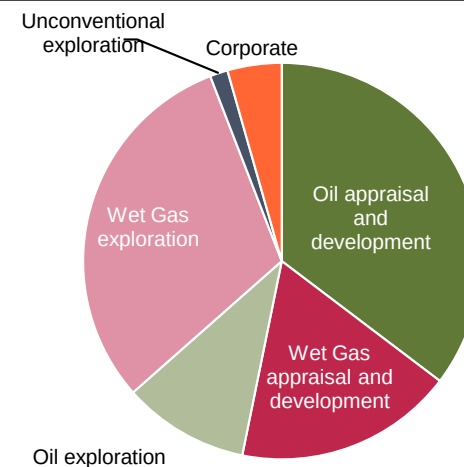
Capex

- Up to 22 wells with as many as 15 exploration wells
- Guidance excludes benefit from free carries:
 - Western Wet Gas JV (Santos)
 - Inland-Cook Oil Fairway (Beach)
 - PEL 570 (Santos)

FY2016 Production Split



FY2016 Capex Split

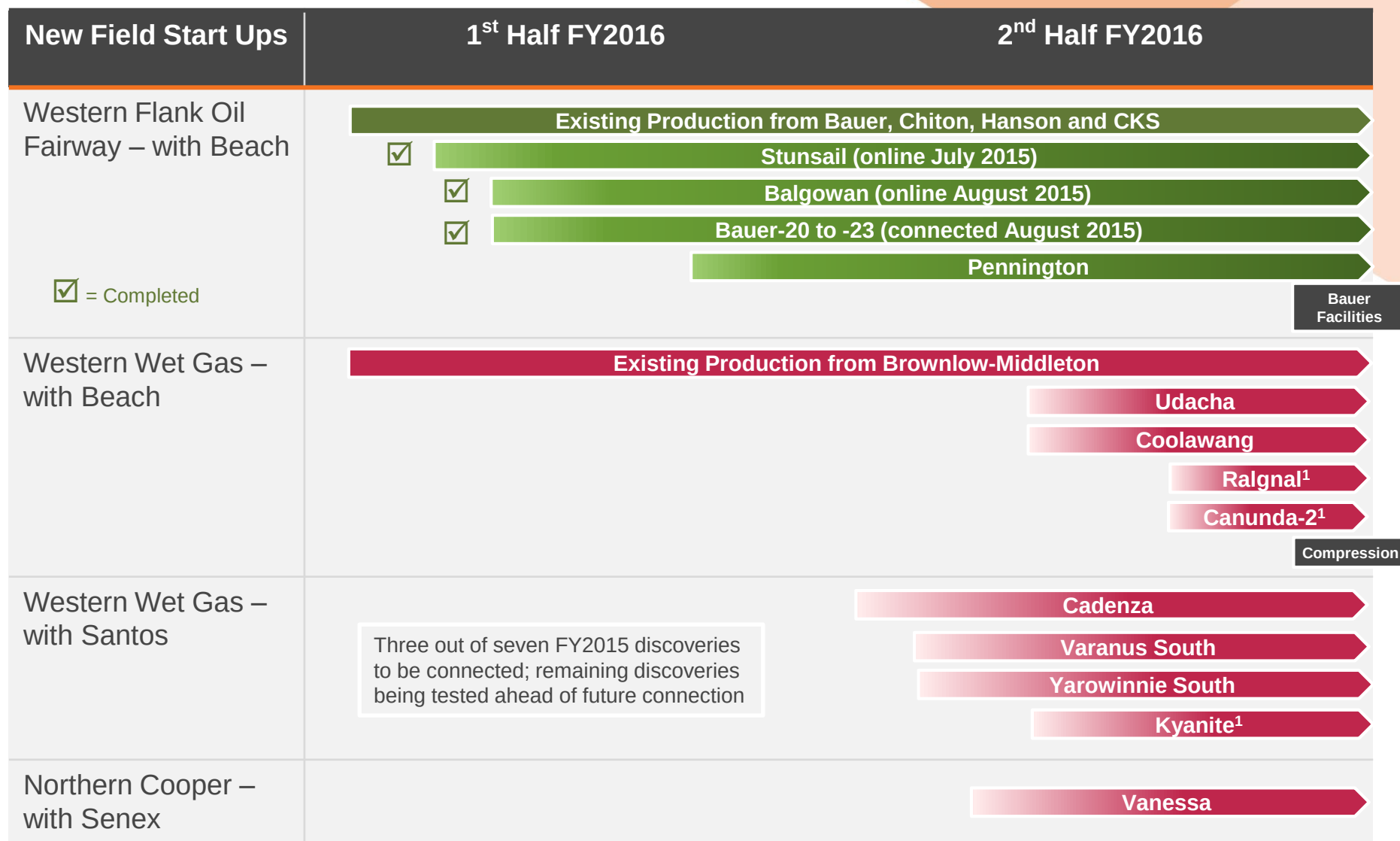


¹Refer to Slide 2 for Important Information relating to Forward Looking Statements.

²Production guidance assumes sale of Tintaburra/Eastern Margin assets.

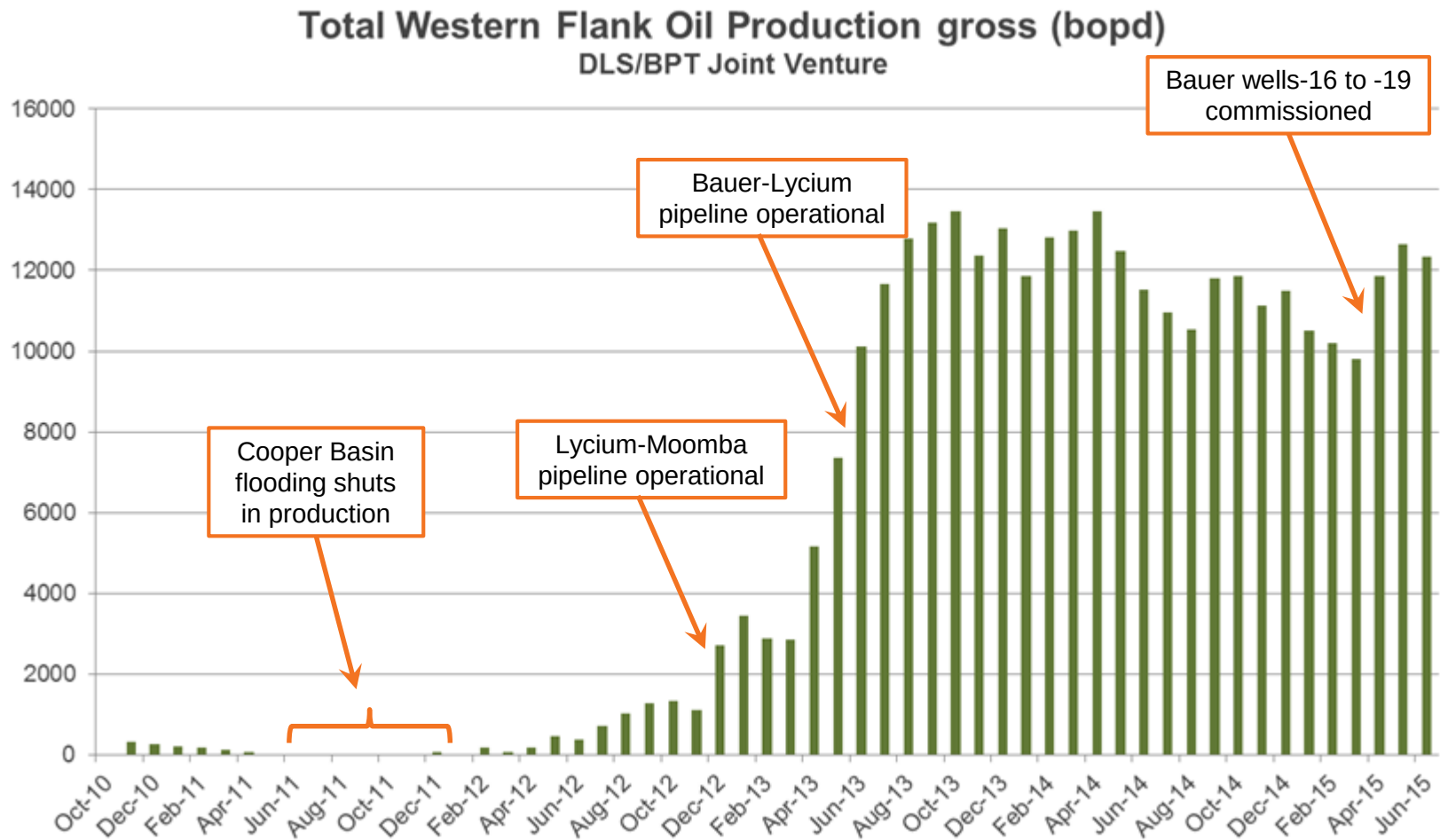
³Capital expenditure is cited inclusive of G&A, G&G and seismic expenditure. Capex guidance does not include the benefit of free carries.

DIVERSIFYING OUR REVENUE BASE

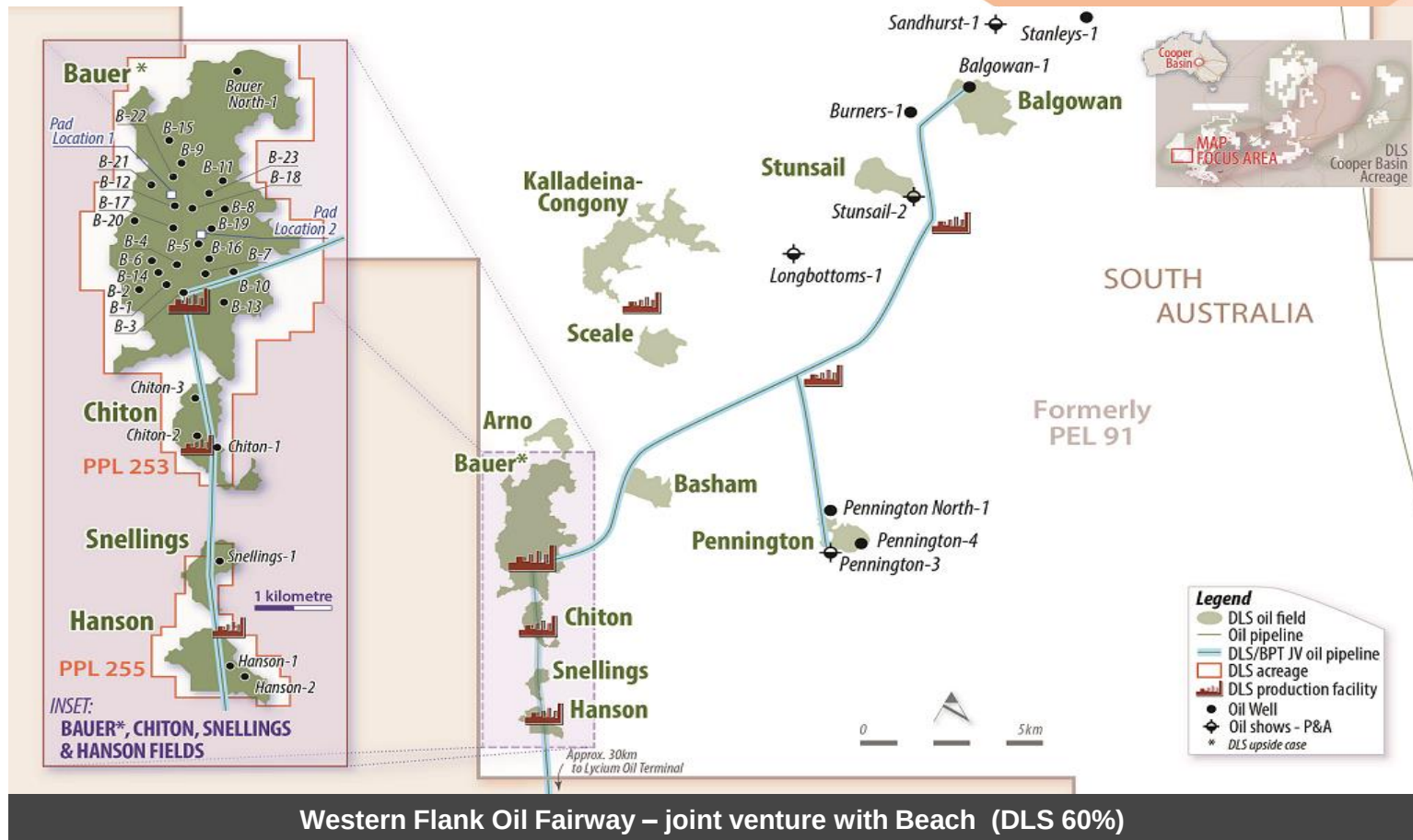


¹ Subject to testing

DEVELOPMENT ACTIVITY SUPPORTING PRODUCTION



DEVELOPMENT ACTIVITY SUPPORTING PRODUCTION



- Six appraisal/development wells planned in FY2016
 - Bauer-24 and -25 in December quarter
- Stunsail pipeline commissioned
- First production from Pennington expected early in December quarter

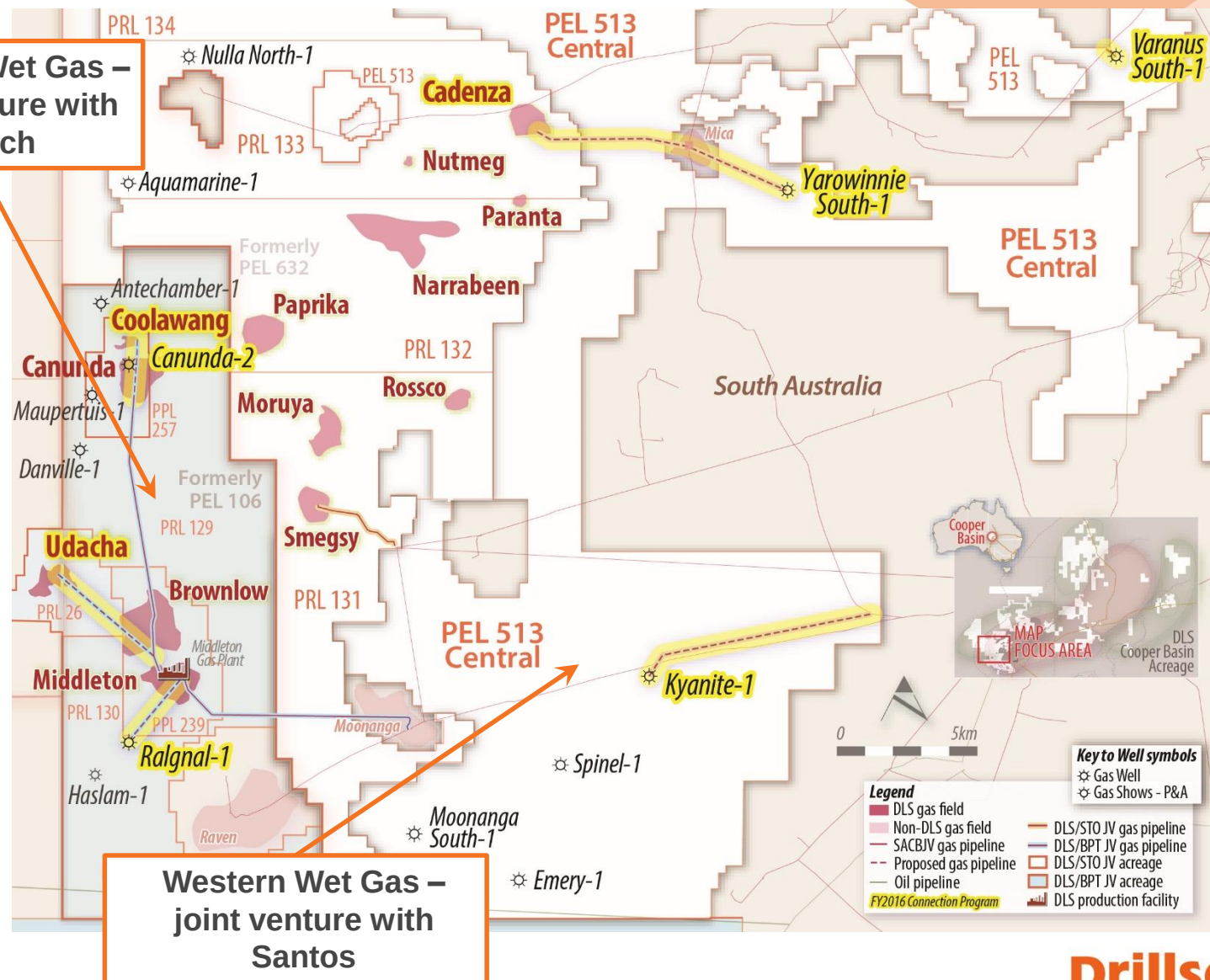
DEVELOPMENT ACTIVITY SUPPORTING PRODUCTION



Bauer central processing facility – Western Flank Oil Fairway

- Current capacity ~75 kbbls/d of fluid handling
- Second tank farm to be constructed, starting December
 - Initial expansion to ~133 kbbls/d
 - Potential for two subsequent expansions to ~230 kbbls/d dependent on success of future appraisal/development wells

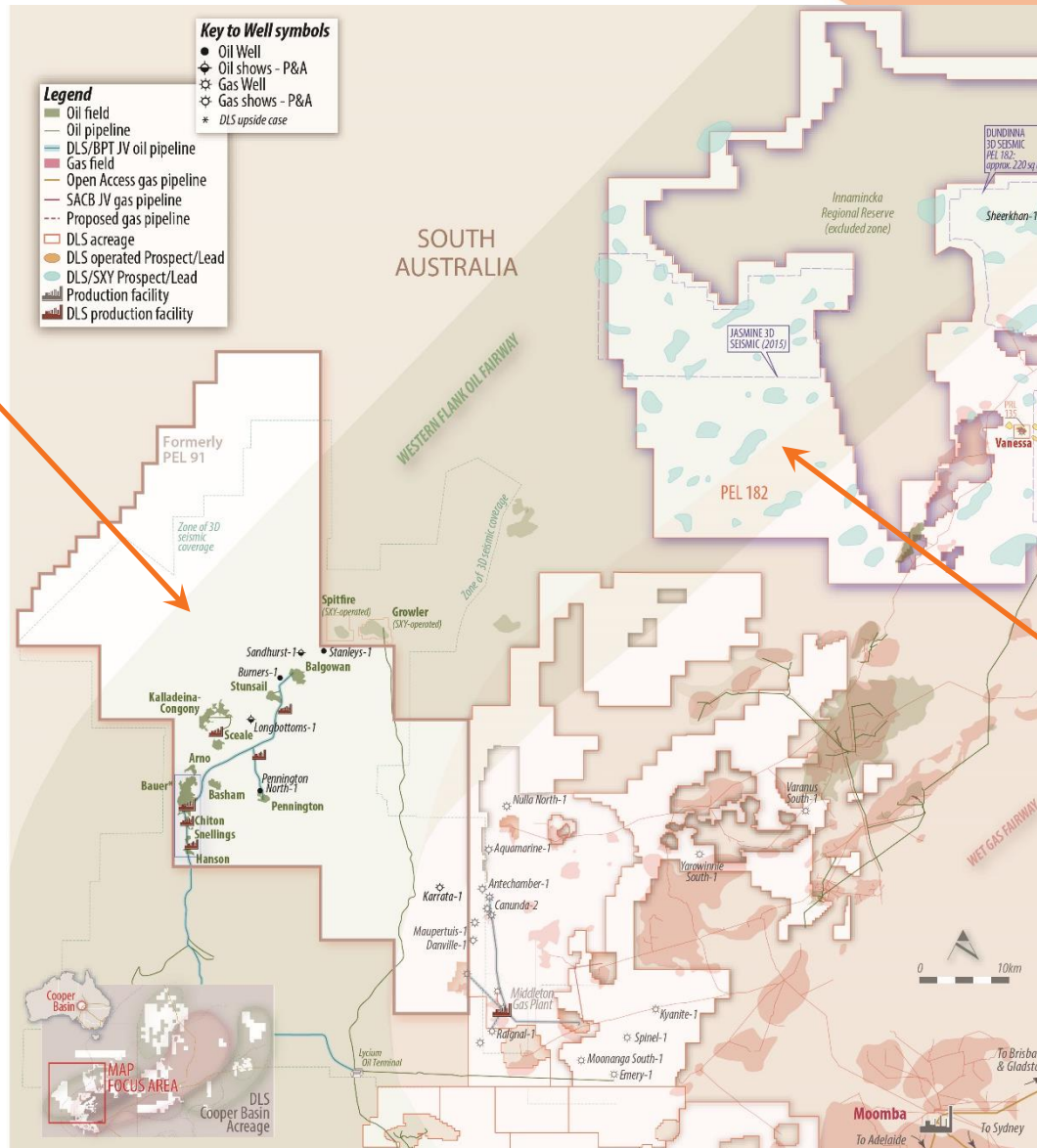
COMMERCIALISING WET GAS DISCOVERIES IN FY2016



EXPLORING NEW WESTERN FLANK OIL TARGETS

Joint Venture with Beach (PRLs 151 to 172)

- One exploration well planned in FY2016
- Seismic processing to identify future drill targets
- 78% of the area now covered by 3D seismic



Joint Venture with Senex (PEL 182)

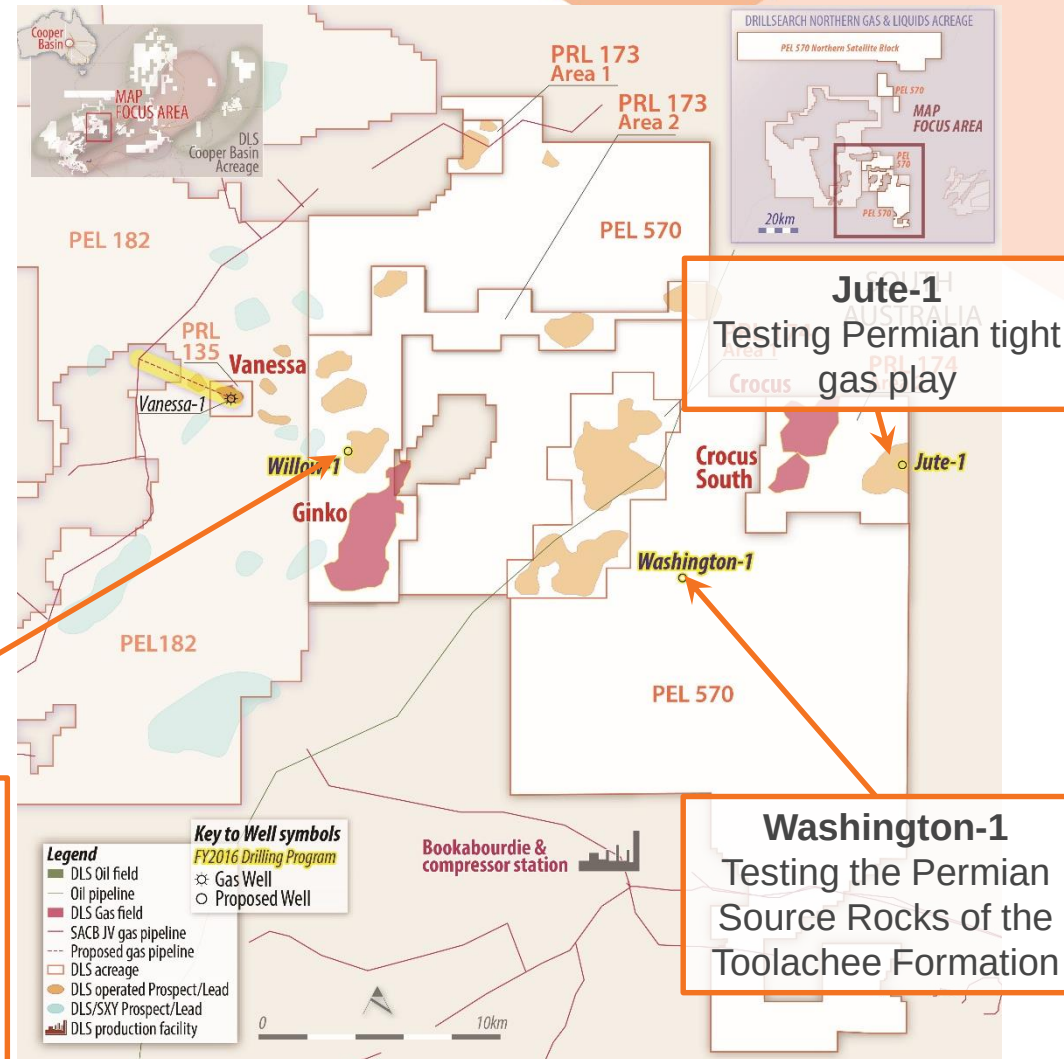
- Proving up a play extension to the northeast
- Three exploration wells planned
- Jasmine 3D seismic processing to be completed in December quarter

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NORTHERN COOPER EXPLORATION

Complementary campaigns testing multiple play types

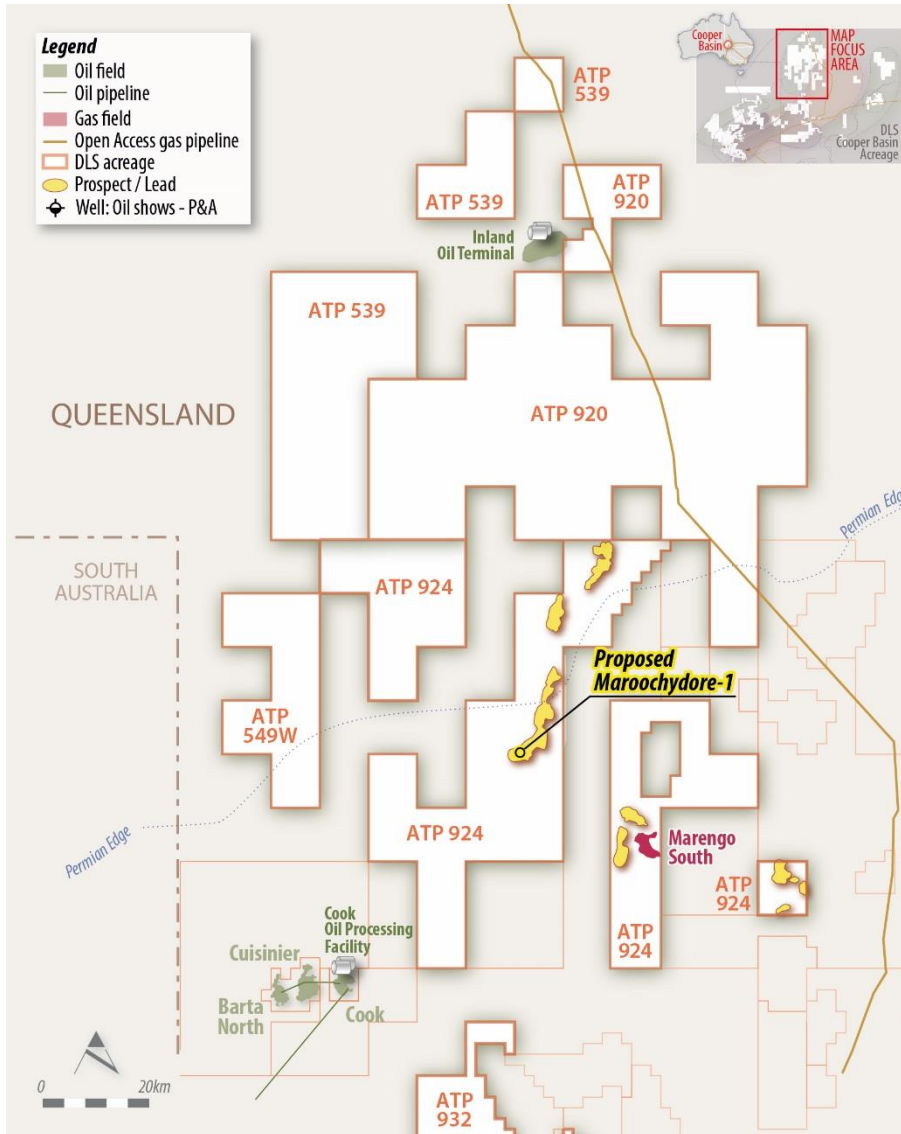
- Washington-1 unconventional well underway in PEL 570
 - Drillsearch free carried
- Two-well wet gas exploration campaign in PRLs 173 and 174
 - Three existing discoveries: Ginko, Crocus and Crocus South



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OIL EXPLORATION IN THE INLAND-COOK

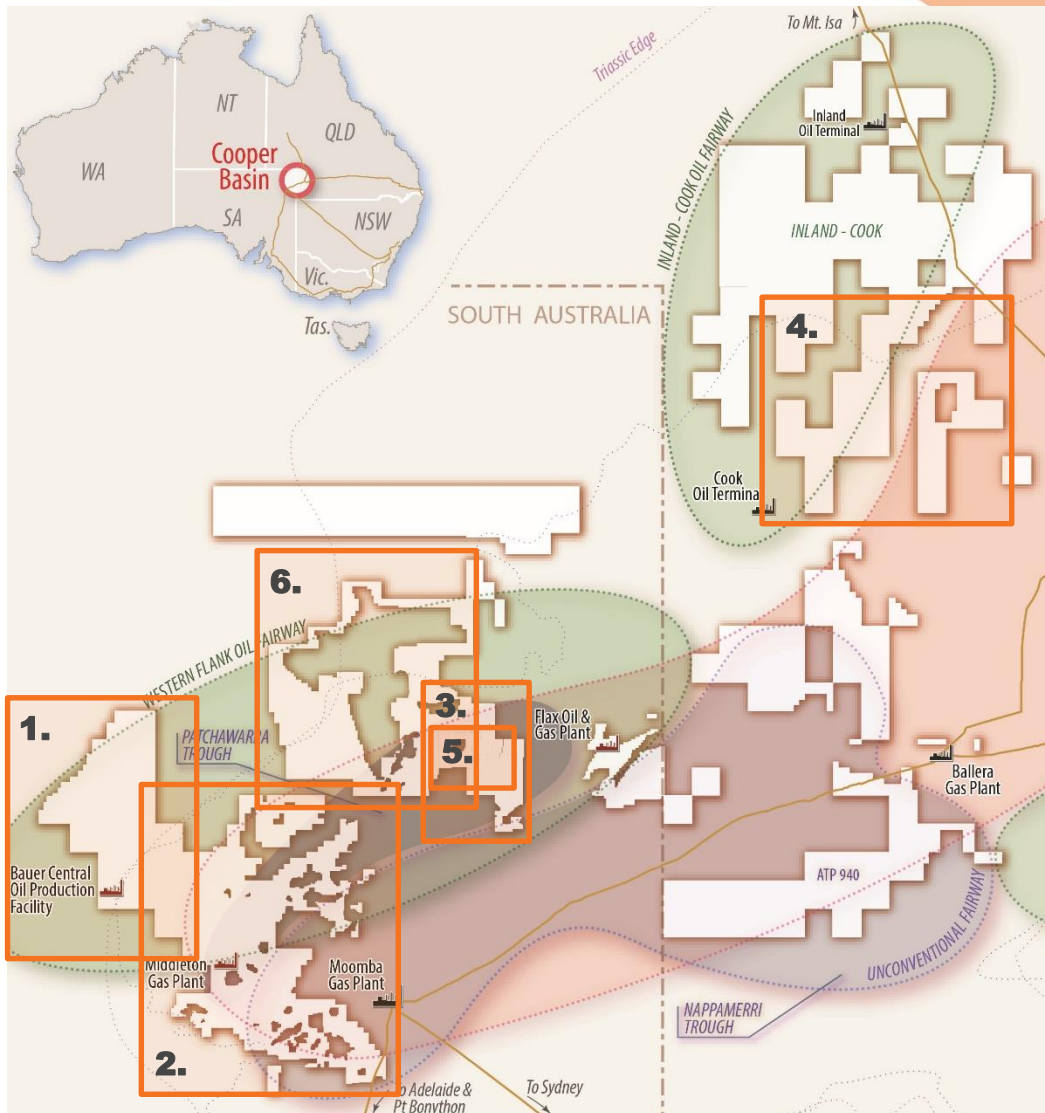
Under-explored area with several robust prospects



- Maroochydhore-1 to be drilled in the December quarter with a primary target in the Hutton Sandstone
- Located on the Hurron prospect – one of the biggest undrilled prospects in the portfolio
- Well free-carried by Beach under the terms of the farm-in option
- Multiple independent targets

FY2016 CATALYSTS

Continued investment
in exploration and
development in
FY2016



1. Western Flank -
New fields and wells
coming online

2. Wet Gas
Connection of
multiple discoveries

3. Washington-1
exploration well in
PEL 570 (Q1)

4. Maroochydhore-1
exploration well in
Inland-Cook (Q2)

5. Northern Cooper
– Two-well wet gas
exploration
campaign (Q2)

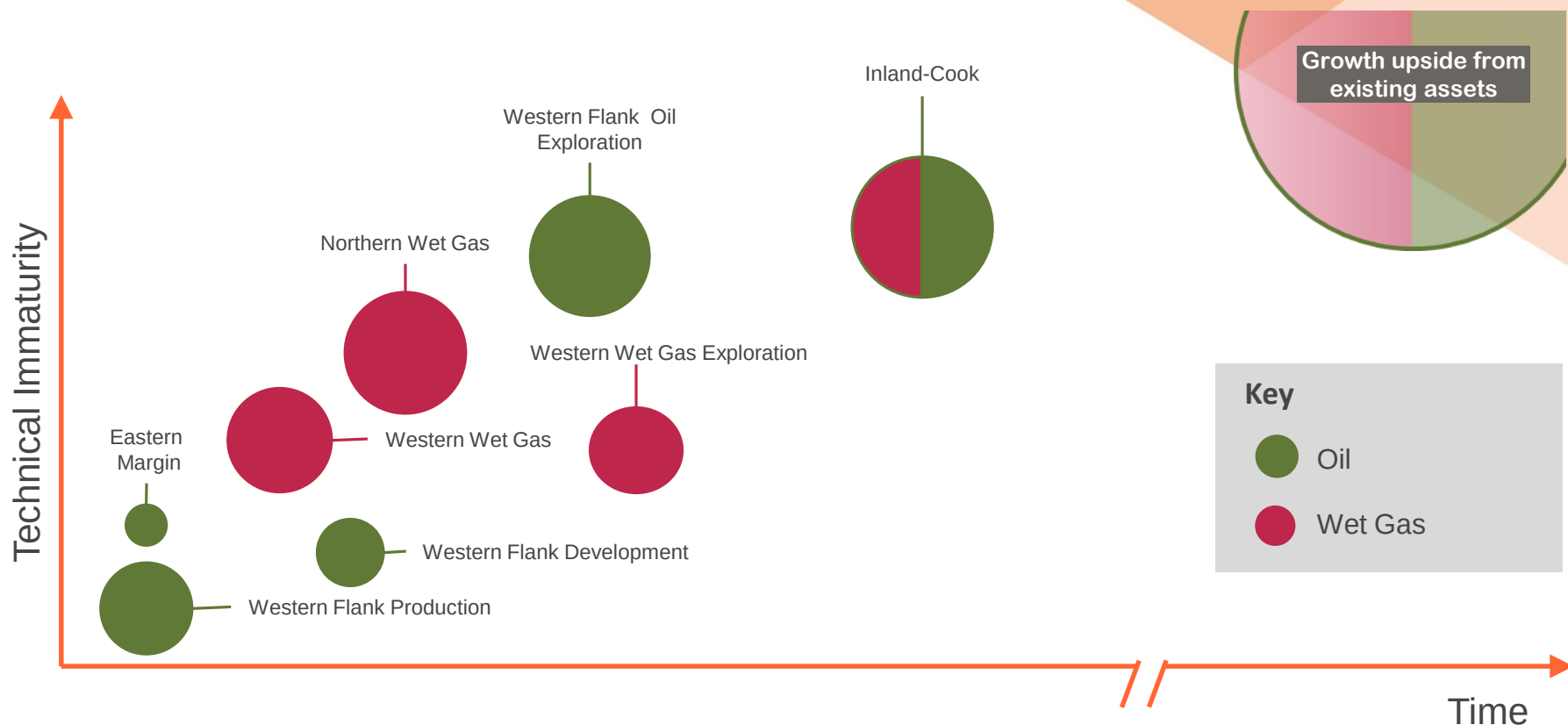
6. Western Flank –
PEL 182 exploration
campaign

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OUTLOOK

COOPER BASIN GROWTH

Substantial growth
from existing business



- 50% production growth over five years
 - existing portfolio
 - capital discipline
 - strategic priorities
- Scope for additional growth
 - upside exploration outcomes
 - improvement in market conditions (e.g. Flax)

PROVEN APPROACH TO ADDING VALUE



	Cooper	Our Strengths
Technically Driven	✓	• Proven technical skills – a history of success • Maintaining an independent technical view • Applying innovative technical solutions
Focused Portfolio	✓	• High quality acreage position • Exposure to all play types • Balanced across the Value Chain
Capital Discipline	✓	• Return on investment • Prioritising production, cash flow and reserves • Critically assess surplus cash flows, growth or return capital
Commercial Acumen	✓	• Fast monetisation • Leverage farm-In through free carries • Supportive fiscal regime
Leveraging Partnerships	✓	• Complementing our skills • Joint ventures with proven, low cost operatorship • Access to infrastructure

Cooper Remains the Core with Opportunity to Deploy our Approach Elsewhere

As at 30 June 2015	Net Debt	Liquidity
Cash	\$131.5m	\$131.5m
Convertible Note (US\$125m)	(\$162.2m)	
Working Capital Facility (Undrawn)		\$40.0m
Net Debt	(\$30.7m)	
Liquidity		\$171.5m

- Balance sheet strength gives us capacity to address funding needs
- Plan to ensure replacement funding requirements in place well before facilities mature
- Discussions underway with commercial banks

WHY DRILLSEARCH?

Prioritising near-term production, cash flow and reserves replacement

- High quality portfolio expected to generate 50% growth in production over five years
- Commercialising past exploration success to underpin our production
- Solid financial platform – strong margins and revenue protection
- Wet Gas tie-ins diversify the revenue base



APPENDIX

FY2016 WORK PROGRAM

Area	Activity	Operator	FY2016 ¹				Total Wells ²	
			Q1	Q2	Q3	Q4		
Oil Business								
	Western Flank Oil						11	
	PRLs 151-172	Wells	Beach			4 A/D		2 A/D, 1 Exp
		Facilities		Bauer				
				Pennington				
	PEL 182 ³	Wells	Senex					3 Exp
	Inland-Cook							
ATP 924 ⁴	Wells	Drillsearch		1 Exp				
Wet Gas Business								
	Western Cooper						9	
	JV with Beach	Wells	Beach			2 Exp/App		
	JV with Santos ³	Wells	Santos			2 Exp/App		3 Exp/App
	Northern Cooper							
	PRL 173-174	Wells	Drillsearch		2 Exp			
		Seismic Reprocessing				Coolibah		
Unconventional Business								
	Northern Patchawarra						1	
	PEL 570	Wells	Santos	1 Exp				
		3D Seismic Acquisition		Delaware				

¹ Refer to slide 2 for Important Information regarding Forward Looking Statements.

² Drillsearch currently has 22 wells approved in its FY2016 budget, however the number of total wells drilled may change as it is subject to JV budgeting.

³ Subject to joint venture approval.

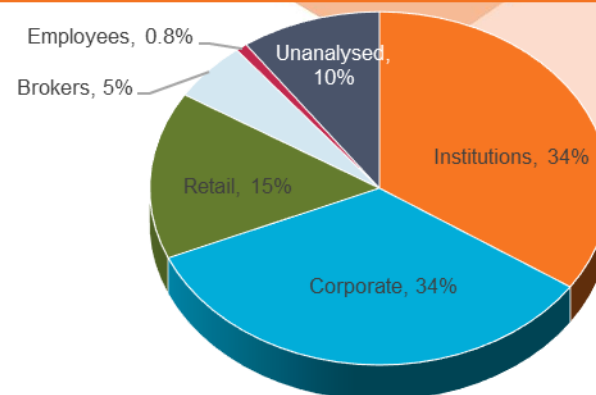
⁴ Well to be drilled by Beach.

CORPORATE INFORMATION

Financial

ASX Ticker	DLS
S&P/ASX Index	ASX 200
Market Cap (A\$m)	244
Shares on Issue (m)	461
Share Price (17 Sept 2015) (A\$/sh)	0.53
Cash (30 Jun 2015) (A\$m)	131.5

Drillsearch Shareholder Type as at 31/08/2015



Top 10 DLS Shareholders

31 August 2015

	# of shares	%
Network Investment Holdings Pty Ltd	91,759,189	19.90
HSBC Custody Nominees (Australia) Limited	64,728,504	14.04
Citicorp Nominees Pty Limited	41,063,185	8.91
JP Morgan Nominees Australia Limited	39,034,422	8.47
QGC Pty Limited	36,216,094	7.86
Beach Energy Ltd	21,053,615	4.57
National Nominees Limited	19,971,644	4.33
UOB Kay Hian Private Limited	8,489,763	1.84
HSBC Custody Nominees (Australia) Limited – A/C 2	6,410,602	1.39
BNP Paribas Noms Pty Ltd	5,348,206	1.16

RESERVES AND CONTINGENT RESOURCES AS AT 30 JUNE 2015

Net Reserves and Contingent Resources as at 30 June 2015¹

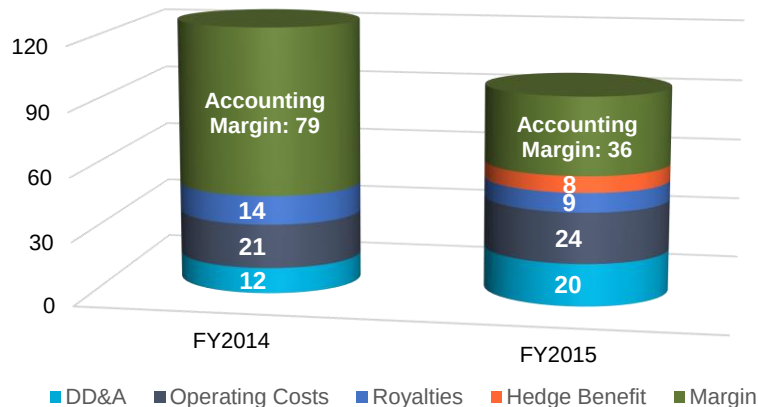
Reserves	1P mmboe			2P mmboe			3P mmboe		
	2015	2014	Change	2015	2014	Change	2015	2014	Change
Oil Business	6.6	4.8	38%	9.8	9.5	3%	14.0	16.9	-17%
Wet Gas Business	6.5	7.1	-7%	15.9	18.8	-15%	31.4	37.8	-17%
Total Reserves	13.1	11.9	11%	25.7	28.3	-9%	45.4	54.6	-17%
Contingent Resources	1C mmboe			2C mmboe			3C mmboe		
	2015	2014	Change	2015	2014	Change	2015	2014	Change
Oil Business	5.3	5.7	-7%	15.9	14.0	14%	27.2	26.8	2%
Wet Gas Business	8.4	7.8	7%	19.6	19.7	-1%	41.7	44.3	-6%
Unconventional Business	14.8	0.0	100%	51.4	0.0	100%	123.1	0.0	100%
Total Contingent Resources	28.5	13.5	111%	86.9	33.7	158%	192.0	71.1	170%

As a result of the arithmetic aggregation of the field totals, the aggregate 1P estimate may be conservative and the aggregate 3P estimate optimistic, as the arithmetic method does not account for 'portfolio effects'

¹Important information regarding Reserve and Resources within this presentation is set out on slide 2.

STRONG MARGINS STILL ATTRACTIVE DESPITE PRICE PRESSURES

Oil Margins (A\$/bbl)



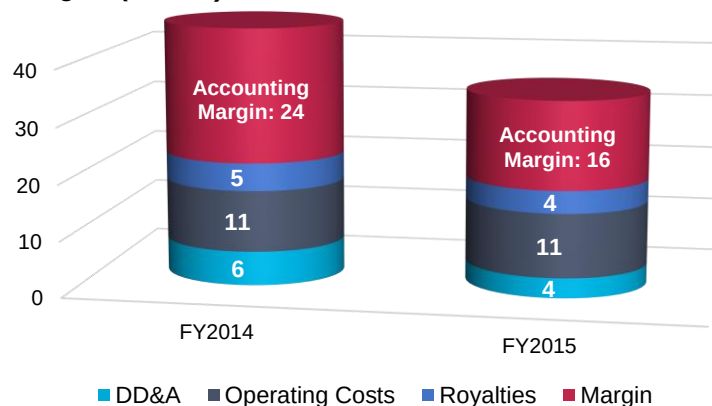
Oil Margin

- Cash margin of \$56 a barrel¹, 61% lower than in FY2014

Costs per barrel

- Fall in \$A and reduction in royalties partly offsets impact of oil price
- DD&A reflects updated life of field development costs

Gas Margins (A\$/boe)



Gas Margin²

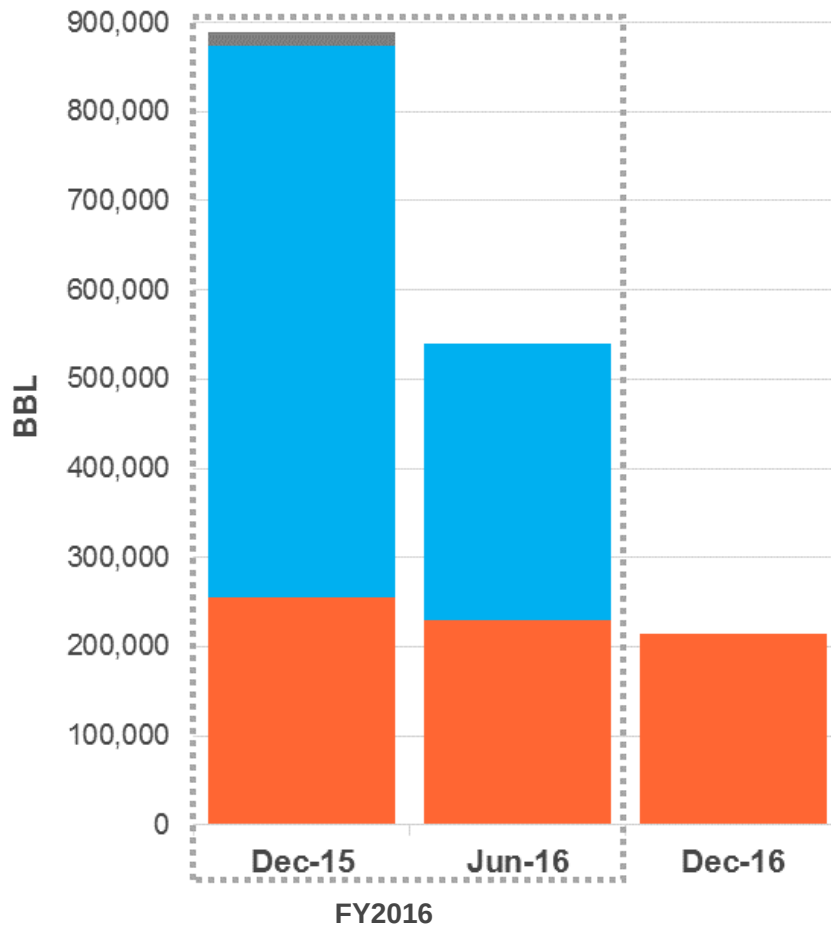
- Average realised gas basket price 17% lower
 - Decrease in realised liquids prices
 - Reduced liquids production

¹ Cash margin calculated as direct operating expense for the oil segment divided by oil production across Western Flank and Eastern Margin.

² Gas margin excludes revenues and operating costs of Flax.

ACTIVE HEDGING PROGRAM CONTINUES TO PROVIDE PROTECTION

■ USD\$60-85/BBL ■ USD\$60-90/BBL ■ USD\$90/BBL



FY2016 Hedge Position

- Gross hedge benefit of \$20.6 million realised in FY2015
- 1.43 million barrels of FY2016 production currently hedged at prices of at least US\$60 a barrel
- Additional 215,000 barrels currently hedged for FY2017
- Drillsearch will continue to actively assess opportunities for additional hedging in the current conditions
- Hedging Strategy: Provide downside protection whilst maintaining exposure to oil price improvements

RECONCILIATION OF NON-IFRS ACCOUNTING FINANCIAL INFORMATION

Reconciliation of Underlying NPAT to Net (Loss)/Profit After Tax	FY2015 \$'000	FY2014 Restated \$'000
Net (Loss)/ profit after tax	(8.1)	41.9
Adjusted for:		
Change in fair value of derivatives	3.1	1.8
Change in fair value of convertible note	8.7	23.0
Impairments of oil and gas assets	51.9	0.2
De-recognition of prior year tax losses	12.0	0.0
Tax impact of above changes	(9.8)	(8.4)
Underlying Profit After Tax	57.8	58.5

Reconciliation of EBITDAX to Operating (Loss)/Profit Before Income Tax	FY2015 \$'000	FY2014 Restated \$'000
EBITDAX	152.8	232.0
Adjusted for:		
Interest Income	3.1	1.7
Finance costs	(10.0)	(11.6)
Amortisation and depletion	(54.4)	(38.4)
Depreciation	(1.8)	(2.0)
Impairment of oil and gas assets	(51.9)	(0.2)
Exploration and evaluation costs expensed/written off	(57.6)	(44.4)
Loss/profit before income tax	(19.8)	137.1

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