

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

Drillsearch Energy Limited (Drillsearch)

ABN

73 006 474 844

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|---|--|
| 1 | +Class of +securities issued or to be issued | Fully paid ordinary shares |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | <p><u>Performance Rights Plan – 2014 Grant</u>
729,288 Short Term Incentive (STI) Performance Rights under the Performance Rights Plan approved by shareholders at the Drillsearch 2012 AGM held on 21 November 2012 ("Performance Rights Plan") with a performance period ending on 30 June 2015.</p> <p>1,014,070 Long Term Incentive (LTI) Performance Rights under the Performance Rights Plan approved by shareholders at the Drillsearch 2012 AGM held on 21 November 2012 with a performance period ending on 30 June 2017.</p> <p><u>Performance Rights Plan – 2013 Grant</u>
165,516 Long Term Incentive (LTI) Performance Rights under the Performance Rights Plan approved by shareholders at the Drillsearch 2012 AGM held on 21 November 2012 with a performance period ending on 30 June 2016.</p> <p><u>Performance Rights Plan – 2012 Grant</u>
181,560 Long Term Incentive (LTI) Performance Rights under the Performance Rights Plan approved by shareholders at the Drillsearch 2012 AGM held on 21 November 2012 with a performance period ending on 30 June 2015.</p> |

3 Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion)	The Performance Rights are issued to certain eligible employees of Drillsearch ("Participants"). Participants are not required to pay or give consideration for the issue of the Performance Rights or the vesting of those Performance Rights into fully paid ordinary shares. <u>2014 Grant</u> The Performance Rights are subject to certain performance criteria being met during the performance period which end on 30 June 2015 for 729,288 of the STI Performance Rights and 30 June 2017 for 1,014,070 of the LTI Performance Rights. <u>2013 Grant</u> The Performance Rights are subject to certain performance criteria being met during the performance period which end on 30 June 2016 for 165,516 of the LTI Performance Rights. <u>2012 Grant</u> The Performance Rights are subject to certain performance criteria being met during the performance period which end on 30 June 2015 for 181,560 of the LTI Performance Rights.
4 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities? If the additional +securities do not rank equally, please state: • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment	No. The Performance Rights do not rank equally with fully paid ordinary shares. The Performance Rights do not have any voting rights or rights to receive dividends attached. After the Performance Rights have vested and are converted into ordinary shares, those ordinary shares will rank equally with existing fully paid ordinary shares (including the right to vote and receive dividends).
5 Issue price or consideration	Nil consideration

+ See chapter 19 for defined terms.

6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	<u>2014 Grant</u> 2014 grant of Performance Rights under the Performance Rights Plan to certain employees of Drillsearch. <u>2013 Grant</u> Pro rata award of 2013 LTI Performance Rights under the Performance Rights Plan for certain employees who commenced with Drillsearch after 1 July 2013. <u>2012 Grant</u> Pro rata award of LTI Performance Rights under the Performance Rights Plan for certain employees who commenced with Drillsearch after 1 July 2012.
6a	Is the entity an *eligible entity that has obtained security holder approval under rule 7.1A? If Yes, complete sections 6b – 6h in relation to the *securities the subject of this Appendix 3B, and comply with section 6i	No
6b	The date the security holder resolution under rule 7.1A was passed	N/A
6c	Number of *securities issued without security holder approval under rule 7.1	N/A
6d	Number of *securities issued with security holder approval under rule 7.1A	N/A
6e	Number of *securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	N/A
6f	Number of *securities issued under an exception in rule 7.2	N/A
6g	If *securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the *issue date and both values. Include the source of the VWAP calculation.	N/A

6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/A
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6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	N/A
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7	+Issue dates Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A. Cross reference: item 33 of Appendix 3B.	14 October 2014
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	Number	+Class
8	Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)	460,889,691 Fully paid ordinary shares

	Number	+Class
9	Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable)	1,000,000 1,144,318 1,282,867 3,185,586 15/03/15 85.3 cent options 20/06/18 59.6 cent options 25/07/18 59.6 cent options 23/11/18 59.6 cent options
	6,612,771	TOTAL OPTIONS
	1,132,335	Performance rights under the 2012 grant with a performance period ending on 30 June 2015.
	1,779,720	Performance rights under the 2013 grant with a performance period ending on 30 June 2016.
	729,288	Performance rights under the 2014 grant with a performance period ending on 30 June 2015.
	1,014,070	Performance rights under the 2014 grant with a performance period ending on 30 June 2017.
	4,655,413	TOTAL PERFORMANCE RIGHTS
	1,250	Convertible Bonds

+ See chapter 19 for defined terms.

10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	There has been no change to Drillsearch's dividend policy.
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Part 2 - Pro rata issue

11	Is security holder approval required?	N/A
12	Is the issue renounceable or non-renounceable?	N/A
13	Ratio in which the ⁺ securities will be offered	N/A
14	⁺ Class of ⁺ securities to which the offer relates	N/A
15	⁺ Record date to determine entitlements	N/A
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	N/A
17	Policy for deciding entitlements in relation to fractions	N/A
18	Names of countries in which the entity has security holders who will not be sent new offer documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	N/A
19	Closing date for receipt of acceptances or renunciations	N/A
20	Names of any underwriters	N/A
21	Amount of any underwriting fee or commission	N/A
22	Names of any brokers to the issue	N/A

23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	N/A
25	If the issue is contingent on security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	N/A
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	N/A
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do security holders sell their entitlements <i>in full</i> through a broker?	N/A
31	How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/A
32	How do security holders dispose of their entitlements (except by sale through a broker)?	N/A
33	⁺ Issue date	N/A

⁺ See chapter 19 for defined terms.

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of ⁺securities
(tick one)

(a) ☒ ⁺Securities described in Part 1

(b) ☐ All other ⁺securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 ☐ If the ⁺securities are ⁺equity securities, the names of the 20 largest holders of the additional ⁺securities, and the number and percentage of additional ⁺securities held by those holders

36 ☐ If the ⁺securities are ⁺equity securities, a distribution schedule of the additional ⁺securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over

37 ☐ A copy of any trust deed for the additional ⁺securities

Entities that have ticked box 34(b)

38	Number of +securities for which +quotation is sought	N/A					
39	+Class of +securities for which quotation is sought	N/A					
40	Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities? If the additional +securities do not rank equally, please state: - the date from which they do - the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment - the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment	N/A					
41	Reason for request for quotation now Example: In the case of restricted securities, end of restriction period (if issued upon conversion of another +security, clearly identify that other +security)	N/A					
42	Number and +class of all +securities quoted on ASX (including the +securities in clause 38)	<table border="1"> <thead> <tr> <th>Number</th> <th>+Class</th> </tr> </thead> <tbody> <tr> <td>N/A</td> <td>N/A</td> </tr> </tbody> </table>	Number	+Class	N/A	N/A	
Number	+Class						
N/A	N/A						

+ See chapter 19 for defined terms.

Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here:Date: 16 October 2014
Company secretary

Print name: Jean Moore

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+ See chapter 19 for defined terms.