



## Investor Roadshow Presentation

SEPTEMBER 2014

# Building Australia's leading independent oil and gas company

**Drillsearch**

## Disclaimer and important notice

- This presentation contains forward looking statements that are subject to risk factors associated with the oil and gas business. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results or trends to differ materially, including but not limited to: price fluctuations, actual demand, currency fluctuations, drilling and production results, reserve estimates, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, economic and financial market conditions, political risks, project delay and advancement, approvals and cost estimates.
- All references to dollars, cents or \$ in this presentation are to AUD, unless otherwise stated.
- References to “Drillsearch” may be references to Drillsearch Energy Limited or its applicable subsidiaries.
- The information in this report that relates to Reserves and Resources is based on information compiled by Mr Neil Thompson, General Manager Exploration and Development at Drillsearch. Mr Thompson is a Qualified Petroleum Reserves and Resources Evaluator and a Member of the American Association of Petroleum Geologists. Mr Thompson is a full-time employee of the company. This information has been reviewed by independent and certified reserves auditors DeGolyer and MacNaughton and RISC for ASX compliance. Mr Thompson has sufficient experience that is relevant to the Company's Reserves and Resources to qualify as a Reserves and Resources Evaluator as defined in the ASX Listing Rules. Mr Thompson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.
- This presentation contains non-IFRS financial information that is not subject to external audit. For definitions, reconciliations and the rationale of use of the non-IFRS information refer to the notes on Slide 42.
- Drillsearch's financial statements for the year ended 30 June 2014 were prepared in accordance with IFRS and audited. A copy of Drillsearch's Annual Financial Report, including Appendix 4E and Financial Statements, is available on the ASX platform and the Drillsearch Web site.
- A copy of this presentation is available on the ASX platform and on the Drillsearch Web site.

# Reserves and Resources Information

- Drillsearch's revised Oil and Gas Reserves and Resources as at 30 June 2014 are available on the ASX platform and on the Drillsearch Web site.
- The following notes apply to information included in this presentation regarding Drillsearch's Oil and Gas Resources and Reserves. See also Slide 44 for a glossary of terms used.
- As a result of the arithmetic aggregation of the field totals, aggregate 1P and 1C estimates may be conservative and aggregate 3P and 3C estimates optimistic, as the arithmetic method does not account for 'portfolio effects'.
- Reserves and contingent resources have been classified and categorised according to PRMS.
- Reserves and contingent resources have been assessed using either probabilistic or deterministic methods, as appropriate. Aggregation beyond the field level has been arithmetic.
- Reserves have been stated at the first point of custody transfer and are stated net of fuel and third party royalties.

**Qualified Petroleum Reserves and Resource Evaluator Requirements** - The information in this presentation that relates to Reserves and Contingent and Resources is based on information compiled by Mr Neil Thompson, General Manager Exploration and Development at Drillsearch. Reserves and Contingent Resources are taken from the independent reserve auditor reports by RISC Operations and DeGolyer and MacNaughton. Mr Thompson is a Qualified Petroleum Reserves and Resources Evaluator and a Member of the American Association of Petroleum Geologists. Mr Thompson is a full-time employee of the company. Mr Thompson has sufficient experience that is relevant to the company's Reserves and Resources to qualify as a Reserves and Resources Evaluator as defined in the ASX Listing Rules. Mr Thompson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

## RISC Consents

Information on the Reserves and Resources in this release relating to the PEL91, PRL14, 17, 18 and PEL101 assets is based on an independent review and audit conducted by RISC Operations Pty Ltd (RISC) and fairly represents the information and supporting documentation reviewed. The information is contained in our report entitled "June 2014 Reserve Audit (Western Flank Oil, Eastern Cooper Oil, Northern Cooper Wet Gas and Bass Basin for Drillsearch Energy Limited, August 2014". The review and audit was carried out in accordance with the SPE Reserves Auditing Standards and the SPE-PRMS guidelines under the supervision of Mr Geoffrey J Barker, a Partner of RISC, a leading independent petroleum advisory firm. Mr Barker is a member of the SPE and his qualifications include a Master of Engineering Science (Petroleum Engineering) from Sydney University and more than 30 years of relevant experience. Mr Barker meets the requirements of qualified petroleum reserve and resource evaluator as defined in Chapter 19 of the ASX Listing Rules and consents to the inclusion of this information in this report.

## About RISC

RISC is an independent advisory firm who works in partnership with companies to support their interests in the oil and gas industry. RISC offers the highest level of technical, commercial and strategic advice to clients around the world. RISC services include the preparation of independent reports for listed companies in accordance with regulatory requirements. RISC is independent with respect to Drillsearch in accordance with the Valmin Code, ASX listing rules and ASIC requirements.

## DeGolyer and MacNaughton

The information contained in our report entitled "Report as of June 30, 2014 on Reserves and Contingent Resources of Certain Fields in Licenses 106A, 106B, 107, and ATP 924P of the Cooper Basin with interests licensed to Drillsearch Energy Limited" has been prepared under the supervision of R. Michael Shuck, Senior Vice President of DeGolyer and MacNaughton. Mr Shuck holds a Bachelor of Science degree in Chemical Engineering from the University of Houston, has in excess of 36 years of relevant experience in the estimation of reserves and contingent resources, is a member of the Society of Petroleum Engineers, and is a Registered Professional Engineer in the State of Texas. Mr Shuck is a qualified person as defined in the ASX Listing Rule 5.41.

## Vision and Approach

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

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

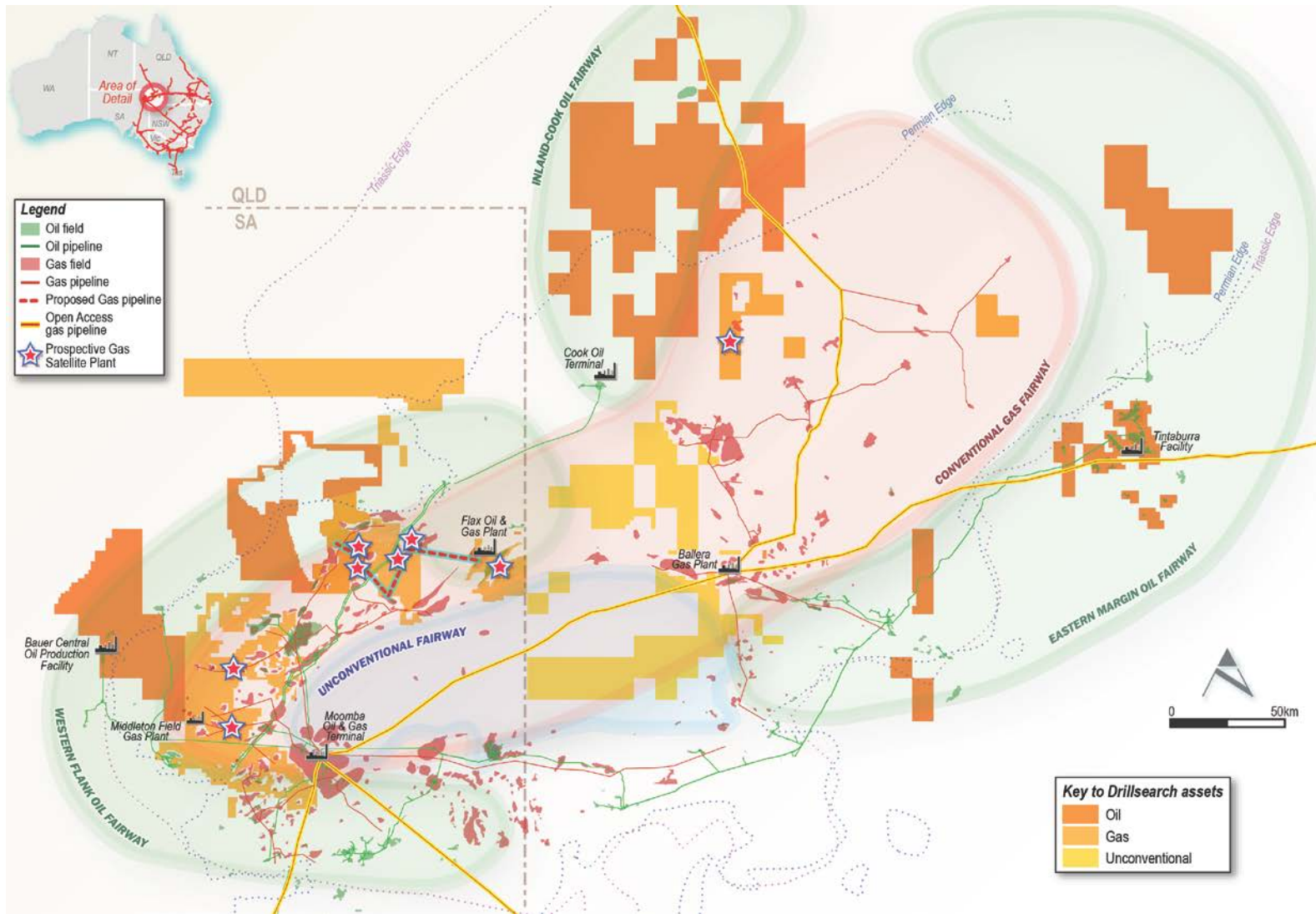
The **five disciplines** that **define our approach** are:



## Investment Highlights

- Focused on growing reserves, production and cash flow
- Solid production base with a strong balance sheet
- Experienced management team
- Focused strategy across three businesses:
  - **Oil** - Near-Term Growth Engine and Cash Flow Generator
  - **Wet Gas** – Medium-Term Growth Driver
  - **Unconventional** – Upside Opportunity
- Fully funded through FY2016 based on current portfolio

# Projects



Only ASX 200 Company Offering Pure Cooper Basin Exposure

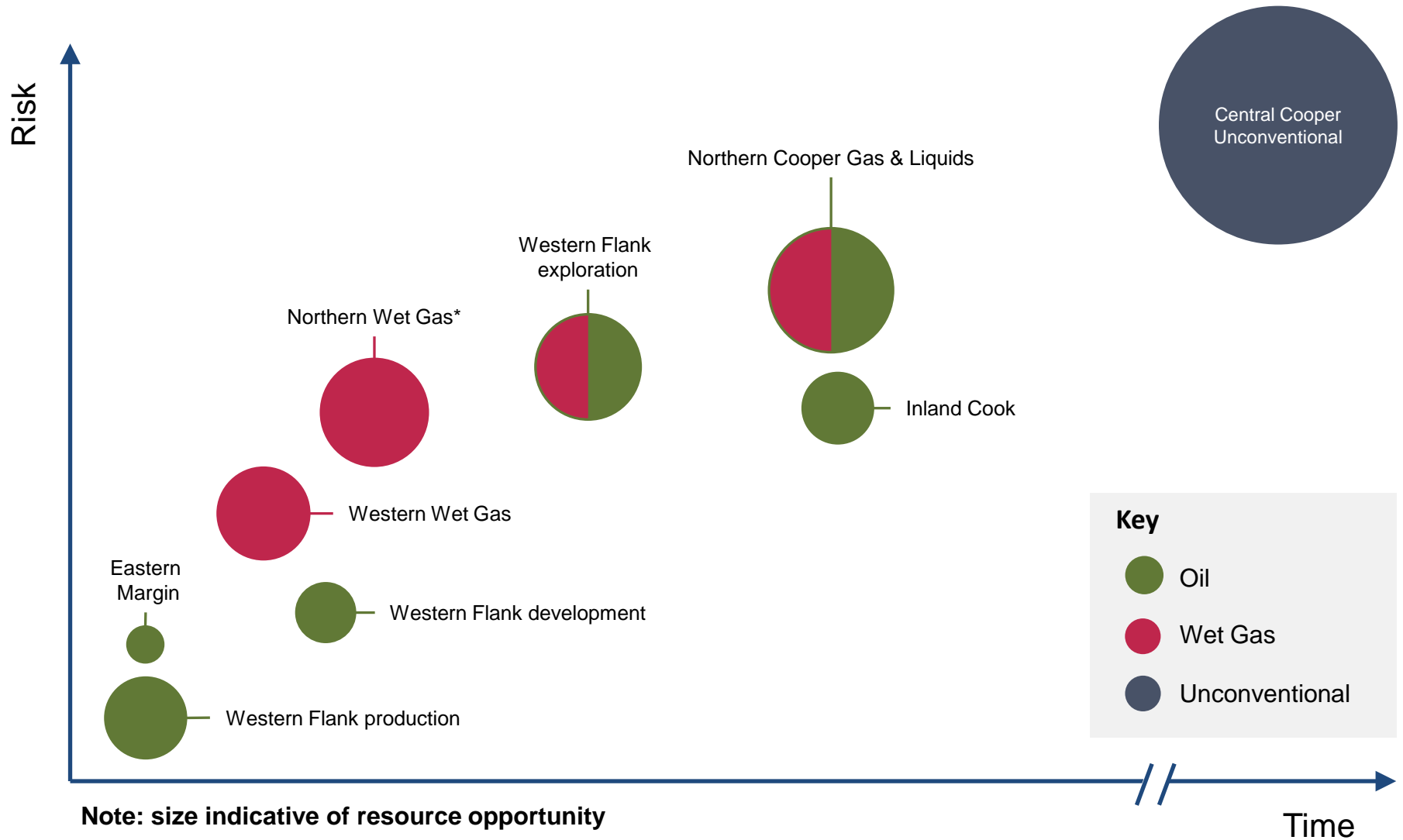
## Plan: Five-Year Roadmap

	FY2009	FY2014	FY2019
<b>Production</b>	0.2 mmboe	3.4 mmboe	Targeted to double
<b>Revenue source</b>	85% oil and 15% gas	95% oil and 5% Gas and NGLs	Highly leveraged to oil, gas and NGLs
<b>Capital Spend</b>	\$5 million	\$95.7 million	Capex scaled to rate of success
<b>2P Reserves</b>	1.19 mmboe	28.3 mmboe	Reserve growth and replacement across all three business units
<b>Exploration</b>	Deep exploration pipeline of more than 250 oil and gas leads		
<b>Development</b>	Significant pipeline of discoveries in appraisal and development		

Targeting sustainable growth over five years based on conventional assets



# Projects

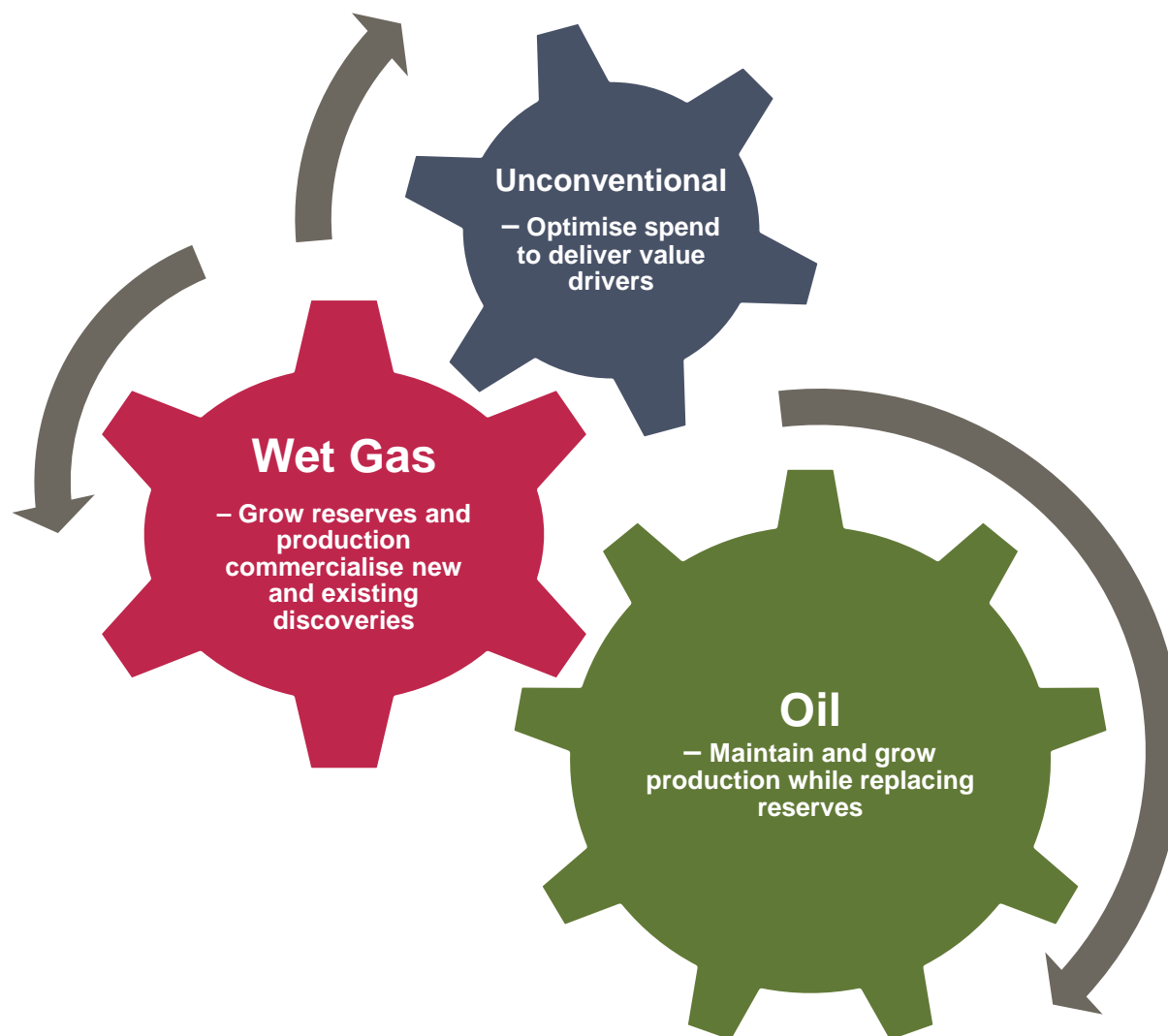


**Projects spread across business streams, relative risks and time frames**

\* Assets being acquired under Ambassador Oil & Gas takeover not shown.



## Self-sustaining business model



**Oil provides the horsepower for Wet Gas and Unconventional in the near term**



Bauer facility

# OIL BUSINESS

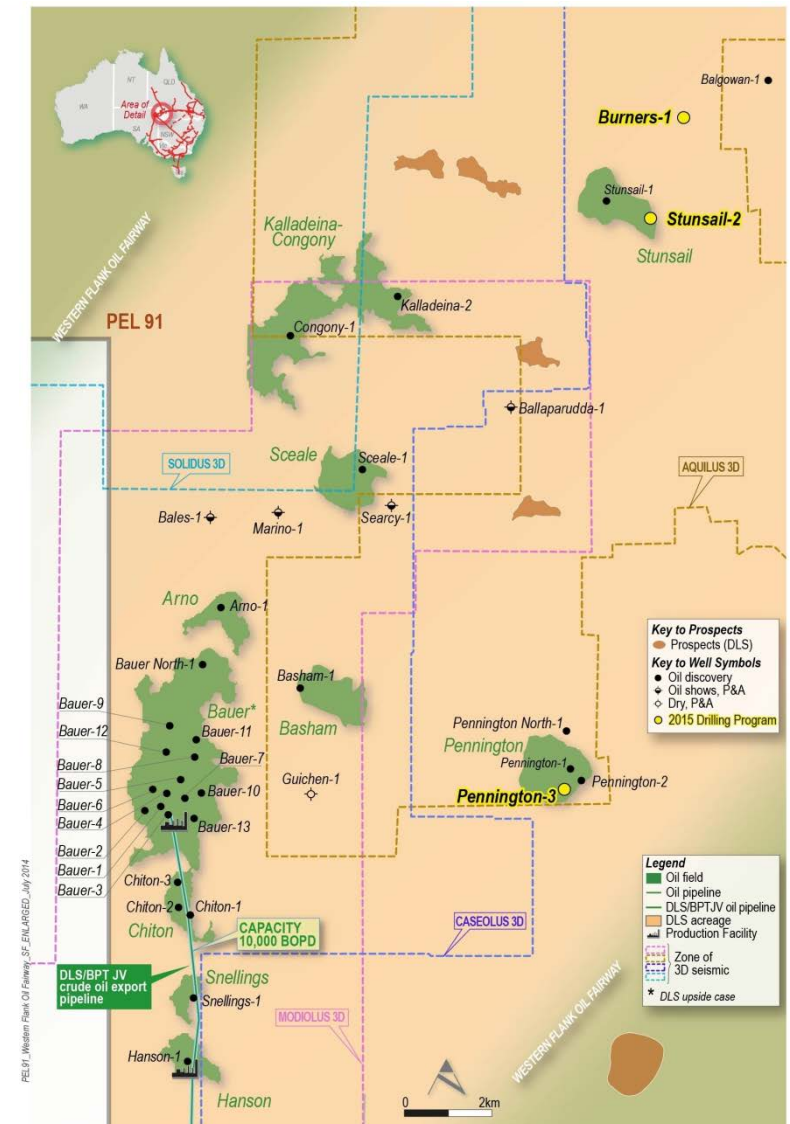
# Oil: Western Flank Production

## Production

- 12,485 bopd gross production in Q4 FY2014
- 14 wells in production, including 11 in Bauer
- 10,000 bopd pipeline with remainder trucked
- Fluid handling facilities upgrade to 50,000 bpd awaiting connection

## Appraisal and Development Program

- 12 appraisal (4) and development (8) wells
  - Includes 6 new Bauer wells
- New facilities planned to come online including:
  - Kalladeina, Congony and Sceale (KCS)
  - Stunsail/Balgowan
  - Bauer central facility expansion to 75,000 barrels of fluid a day
  - Pennington



**Drillsearch - Australia's third-largest onshore oil producer**

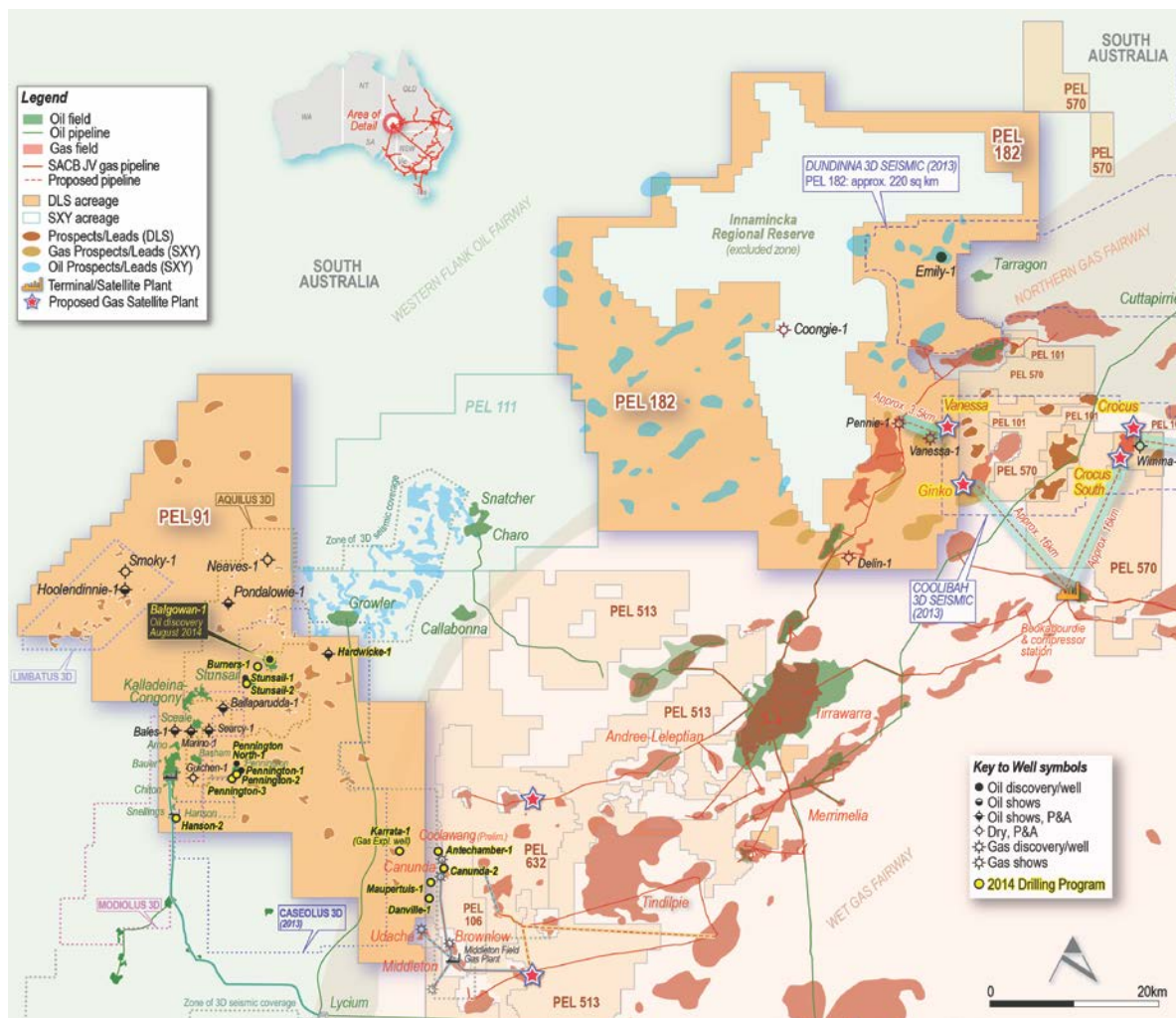
# Oil: Western Flank Exploration

## PEL 91

- Six exploration wells in total in FY2015 (5 oil and 1 gas)
  - Balgowan-1 discovery announced in August\*
  - Burners-1
- Multiple pay targets in the McKinlay/Namur, Mid-Namur and the Birkhead
- ~500km<sup>2</sup> 3D Solidus seismic survey in north west

## PEL 182

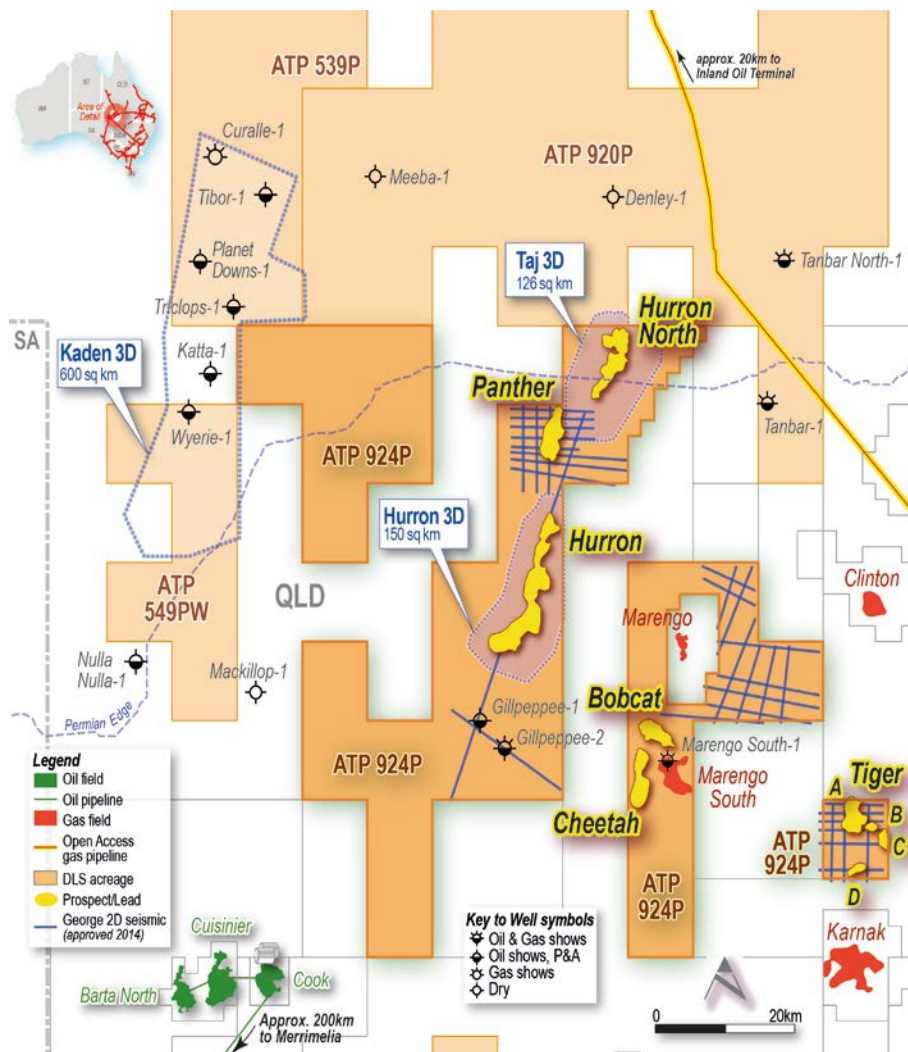
- Additional 3D seismic acquisition planned
- Up to three exploration wells to be drilled in FY2015



Further opportunities exist – it's not just about Bauer



## Oil: Inland-Cook and Eastern Margin



## Inland-Cook

- Hurrion is the biggest oil prospect in the portfolio based on vintage 2D seismic
- Beach farm-in - two wells and funding seismic to earn 45%
- 3D seismic acquisition completed

## Eastern Margin

- 84 producing wells
- Gross production of 1,200-1,400 bopd
- Technology cuts downtime to record low 7%
- Water flood assists with recovery factors
- Enhanced oil recovery opportunities under review

## Frontier exploration and mature production to complement Western Flank

# Oil: Northern Cooper

## Short-Term Objectives

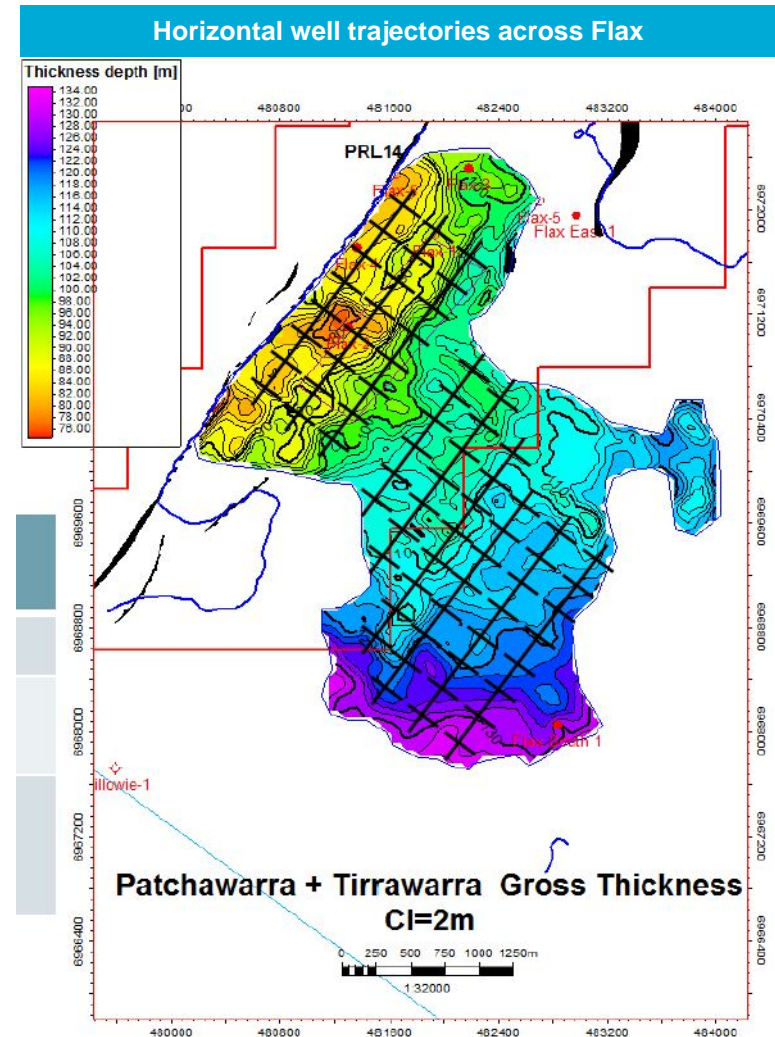
- Drilling at Banyan-1 and Juniper-3 in Q1 FY2015
- Stimulation and recompletion of Flax-1
  - Restart expected at initial rate of 200-400 bopd of volatile oil (Q1 FY2015)

## Conceptual Development Plan for Flax

- Nine wells with 2km laterals; 8-stage fracs
- Production of 10,000 bopd and 20 MMscf/d of gas
- Connect in to Santos pipeline network

## Next steps:

- Stage 1 – ‘Proof of Concept’ – 1-2 multi-stage frac horizontal wells – late FY2015/early FY2016\*
- Stage 2 – ‘Full field development’ – 8-9 multi-stage frac horizontal wells FY2016/FY2017
- JV partner to be sought



Source: RISC

## Applying new thinking to Flax



Middleton facility

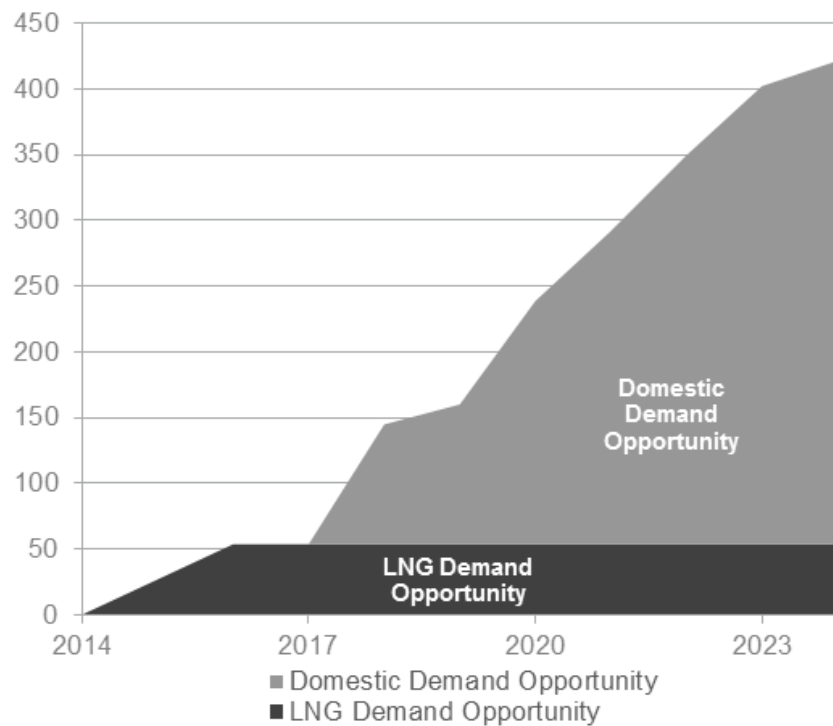
# WET GAS BUSINESS



# Gas Market Opportunity

East Australian gas demand seen almost tripling by 2025, driven by new LNG export projects

East Coast Demand Opportunity expected to be available to new Cooper Basin Supply (PJ)\*



Gas Price Projection Scenarios to 2024 A\$/GJ (Real 2014)

Targeting Wet Gas production of 50-70 MMscf/d from 4-5 satellites

# Wet Gas: Western Cooper Beach JV

- **Production:**

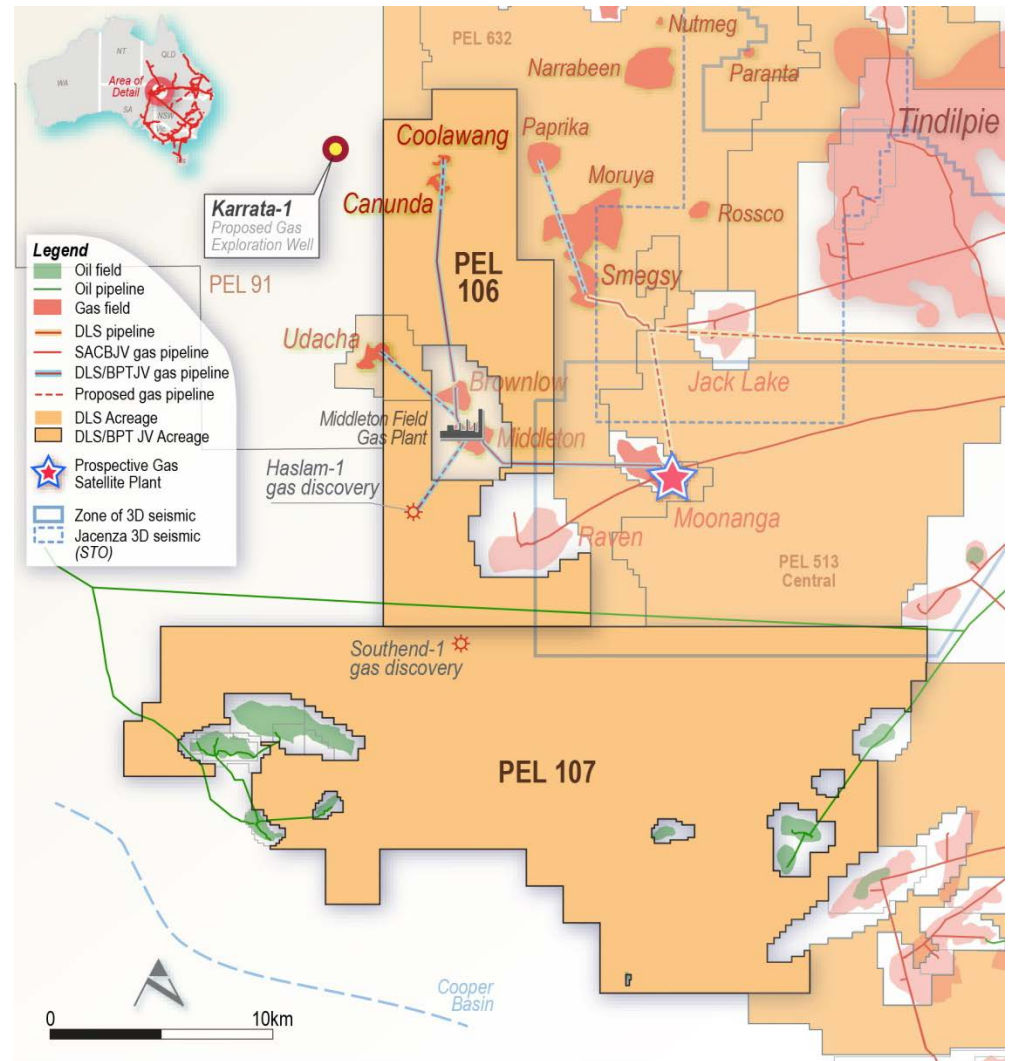
- 0.47 mmboe of production in FY2014
- Economics improved by liquids-rich Canunda field

- **Drilling:**

- Four wells planned in PEL 106:
  - 3 exploration
  - 1 appraisal well
- Broader program includes Karrata-1 gas well in PEL 91

- **Development:**

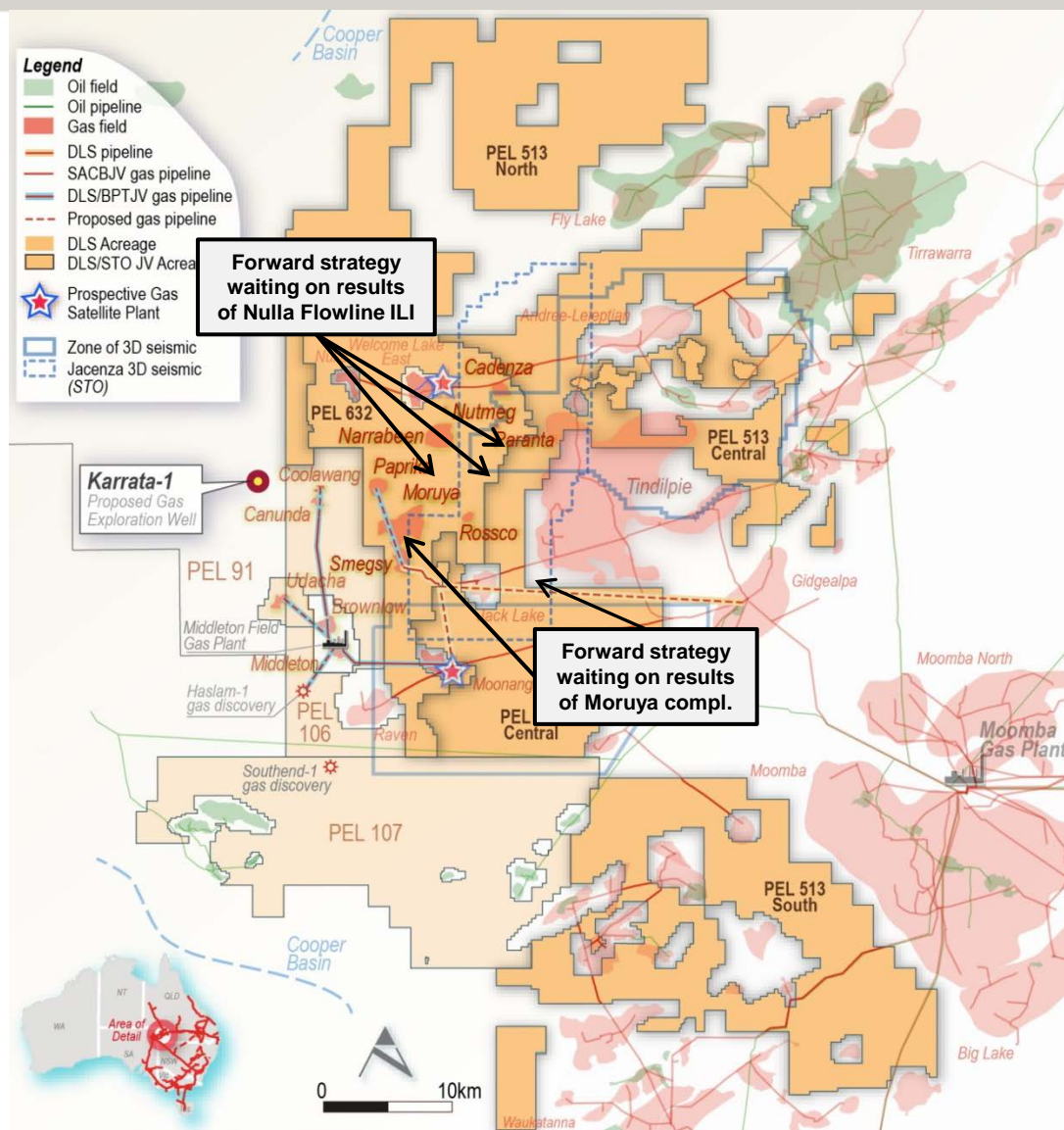
- Central compression facility planned



Template for development of satellites across the Wet Gas portfolio

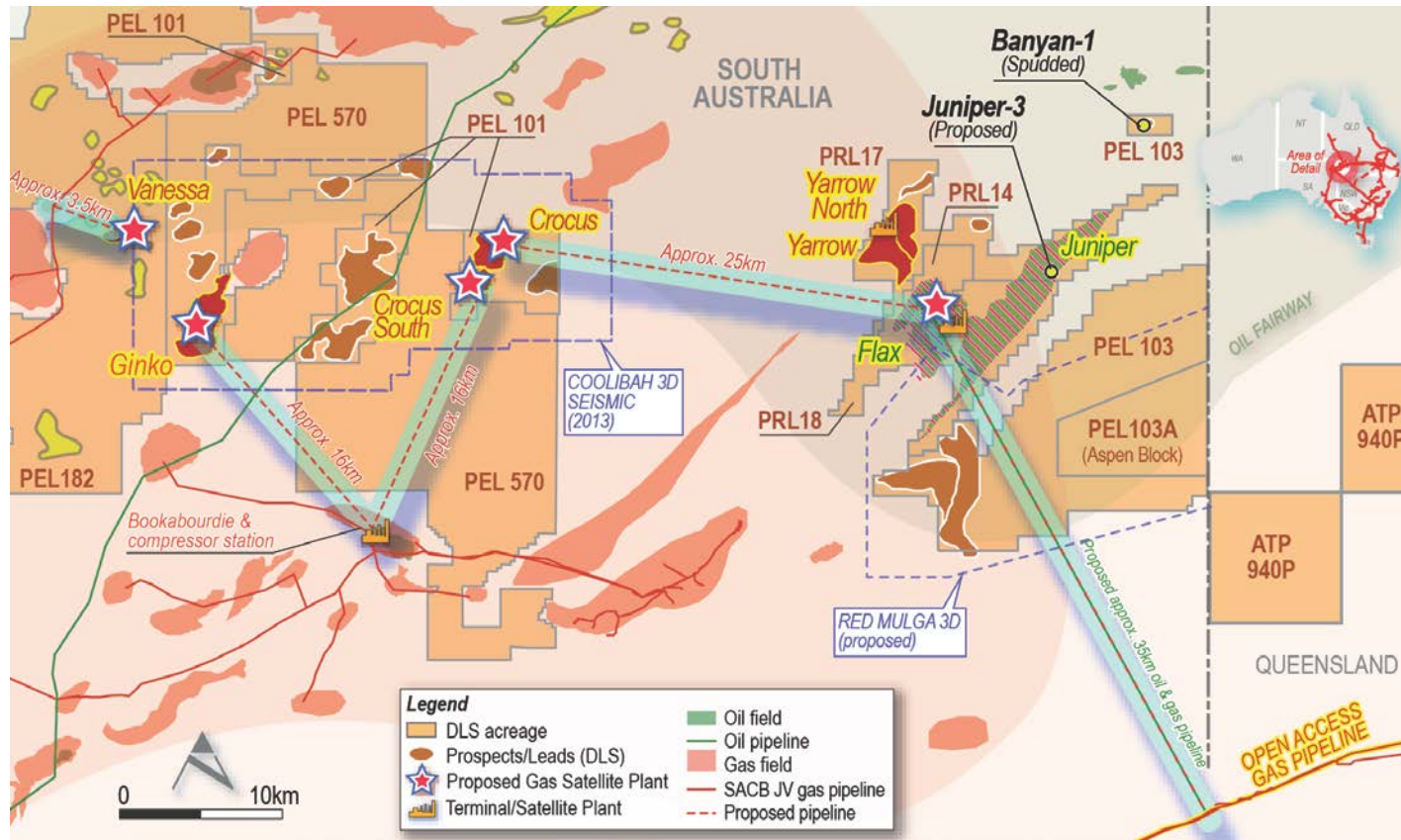
# Wet Gas: Western Cooper Santos JV

- **Seismic:**
  - 329km<sup>2</sup> Jacenza 3D survey acquisition completed
- **Drilling:**
  - Eight wells planned:
    - 6 in PEL 513
    - 2 in PEL 632
- **Development:**
  - Extended production test planned at Moruya
- **Production:**
  - Cadenza start-up dependent on spurline testing



Drillsearch free carried during farm-in period

# Ambassador Oil & Gas Transaction



- Drillsearch has acquired controlling interest of 84% as at 28 August 2014
- Active work program in PEL 101 to demonstrate prospectivity of broader region, including Ambassador's 47.5%-owned PEL 570
- Ambassador free carried under farm-in with New Standard Energy

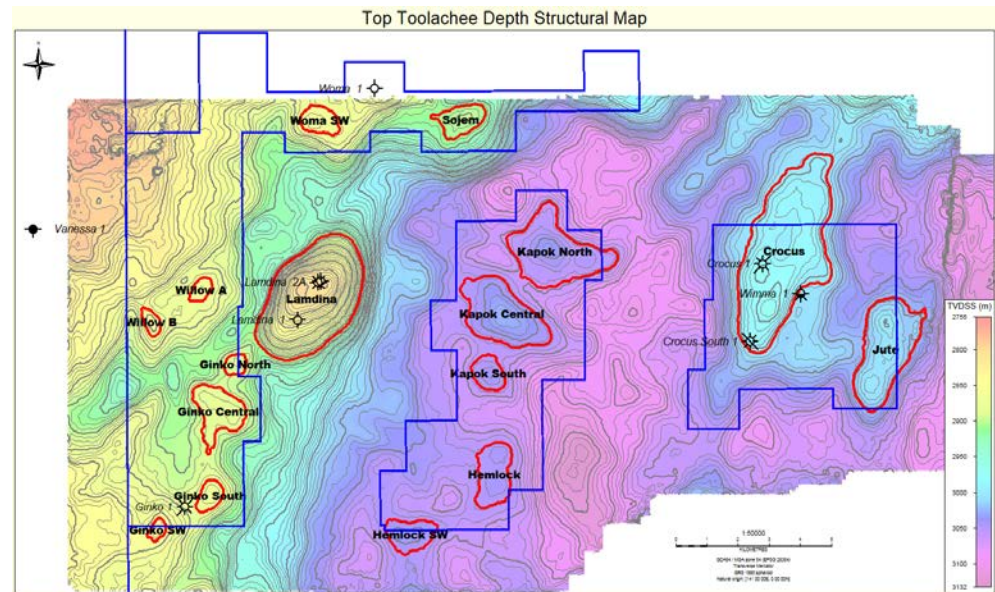
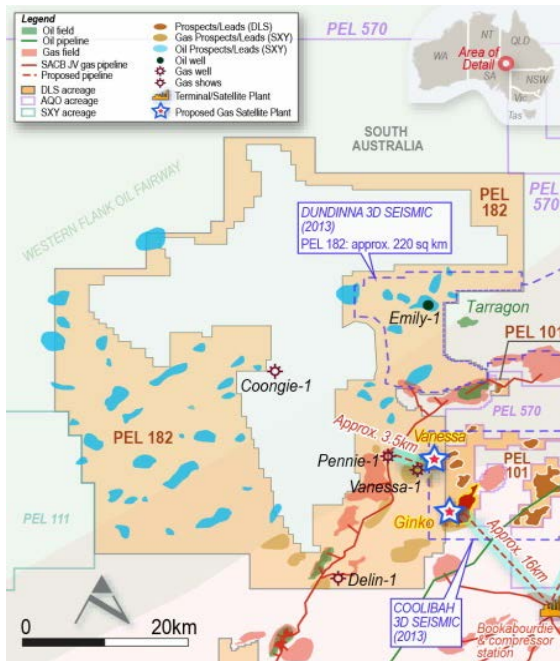
**Consolidation of our dominant position in Northern Cooper Wet Gas**



# Wet Gas: Northern Cooper

## PEL 101

- Three untested discoveries
- Five wells planned in FY2015
- Low risk wet gas potential
- Close to pipelines



## Vanessa Gas Discovery

- Around 4km from existing pipeline
- Extended production testing anticipated in late calendar 2014
- Associated liquids potential based on nearby fields

Northern Cooper program gaining momentum



Weatherford 826 rig

# UNCONVENTIONAL

# Unconventional: Value Milestones

Four key steps to establishing a commercially viable Unconventional project:

## **Presence**

*Are the hydrocarbons there?*

## **Prevalence**

*How much is there?*

## **Producability**

*At what volume and rate can the hydrocarbons be produced?*

## **Profitability**

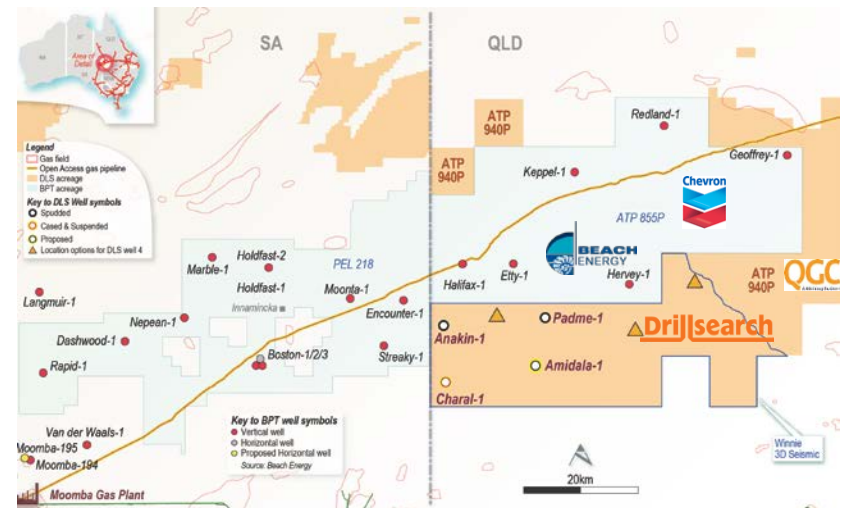
*Do selling price, project costs and production combine to provide a commercial return?*

**Cooper Basin peers have established the first two – the key is to demonstrate Producability and Profitability**

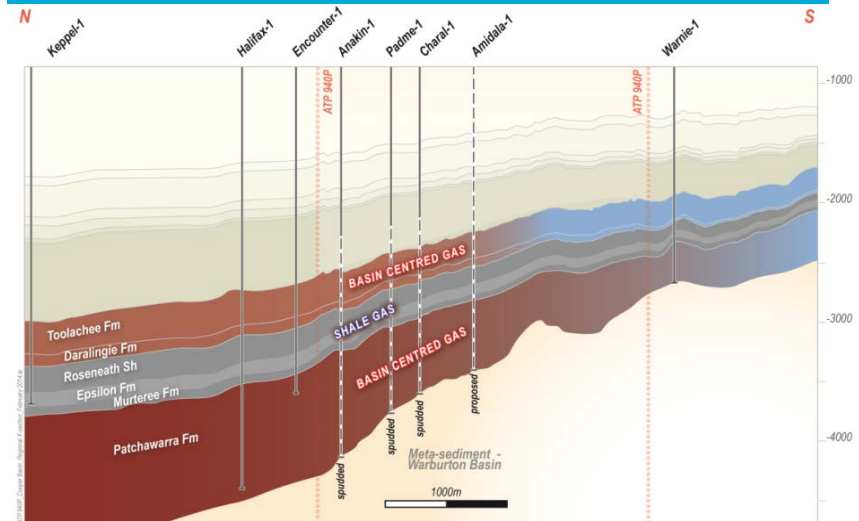


## Unconventional: Joint Venture with QGC

- Most extensive 3D seismic survey carried out onshore Australia
- Two wells drilled to target depth – Charal-1 and Anakin-1
- Hydraulic stimulation planned to commence in September
- Queensland legislation changes provide opportunity to optimise work program



Central Unconventional Fairway – ATP 940P



Disciplined approach with prudent use of shareholder funds

## Unconventional: Learnings from Charal and Anakin



Weatherford 826 Rig

### Operational – Weatherford 826 rig

- Delivers certainty and efficiencies
- High Pressure, High Temperature (HPHT) upgrade
  - safe operations demonstrated;
  - pathway to increased efficiency

### Technical

- Program tests lateral extent of seismic area
- Two distinct plays reached by each well
- Elevated gas levels experienced in both wells
- Anakin-1 and Charal-1 results corroborating and refining seismic

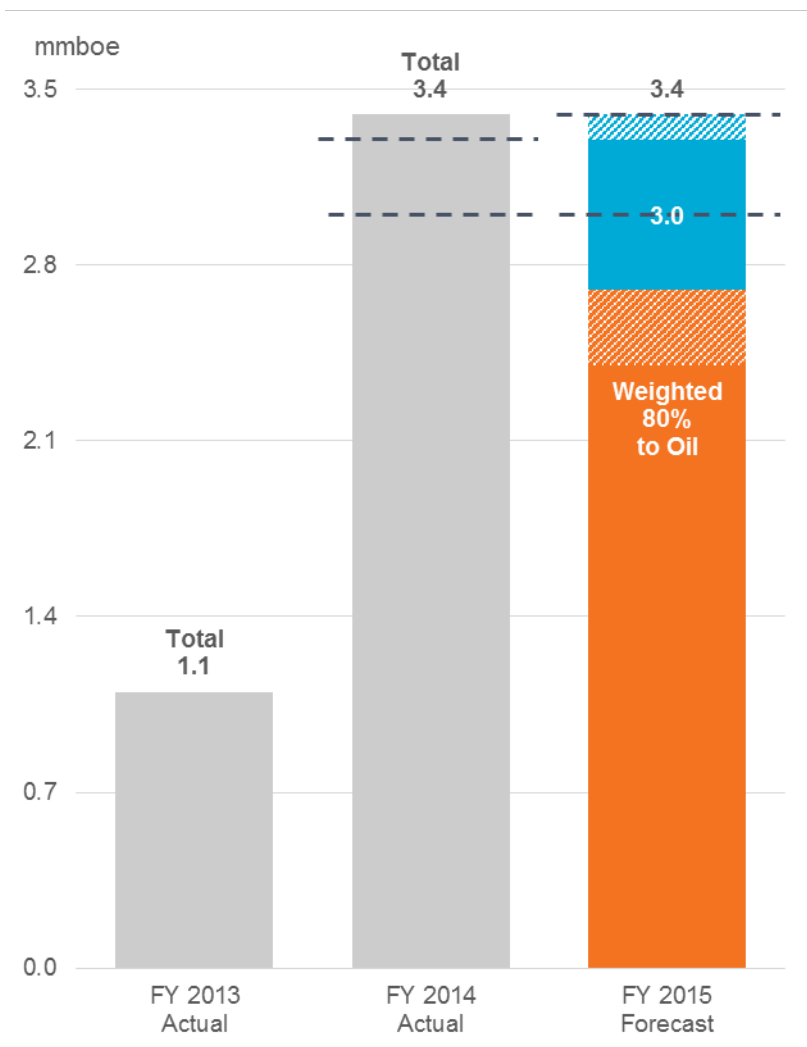
Fit-for-purpose team and equipment



Wellhead

# OUTLOOK

## FY2014 Production: Actual and Guidance



### FY2014 Actual Production

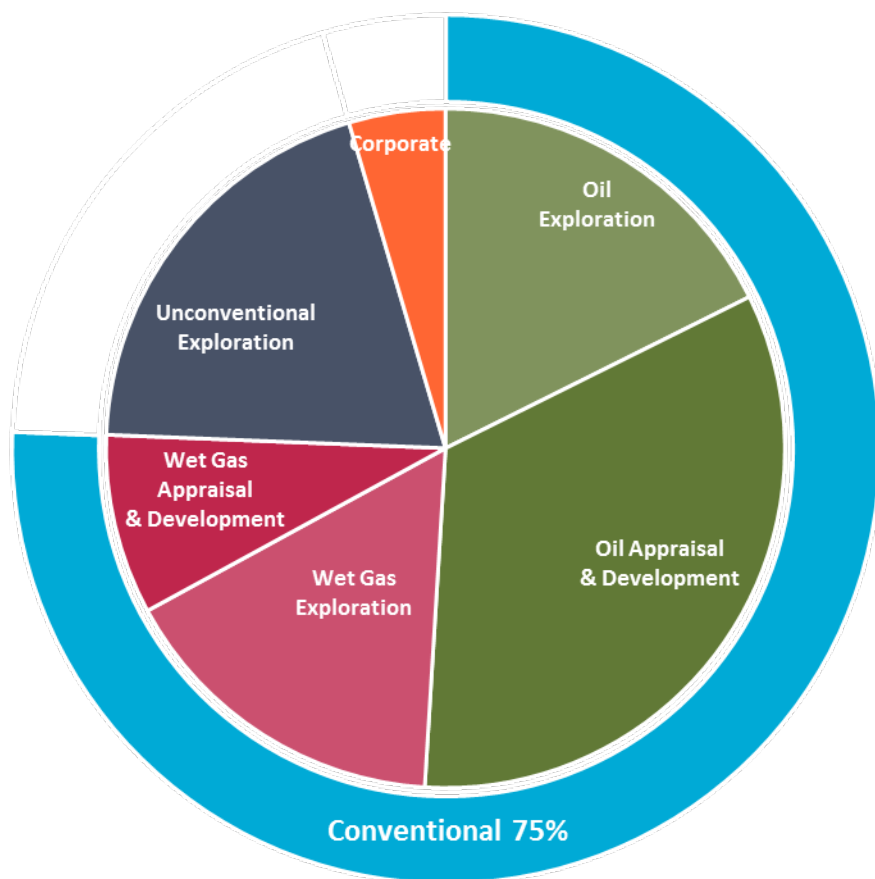
- Record production of 3.4 mmboe
  - Oil 2.9 mmboe
  - Wet Gas 0.5 mmboe
- Exceeded guidance of 3.0 to 3.3 mmboe

### FY2015 Forecast Production

- Guidance 3.0 to 3.4 mmboe
- Western Flank output to remain strong as new wells and facilities come online
- Eastern Margin and Western Wet Gas production seen relatively flat
- Potential additions from Western Wet Gas (PELs 513 and 632), Vanessa and Flax

**FY2014 production beats guidance – FY2015 production expected to be strong**

## FY2015 Guidance: Capital Spend Activities



### FY2015 Capital Expenditure Guidance

- Record year of activity planned in FY2015
- Capital expenditure of \$130m to \$170m








### Capital Spend Activities

- Approximately 75% directed to conventional business
- Greater share of investment in the Oil Business
- Carried by Santos in two Western Cooper Wet Gas areas; also by Beach in Inland-Cook
- Continue to be disciplined in Unconventional investment

**Weighted towards Oil as we seek to maintain and increase production**



# Record Activity Planned in FY2015

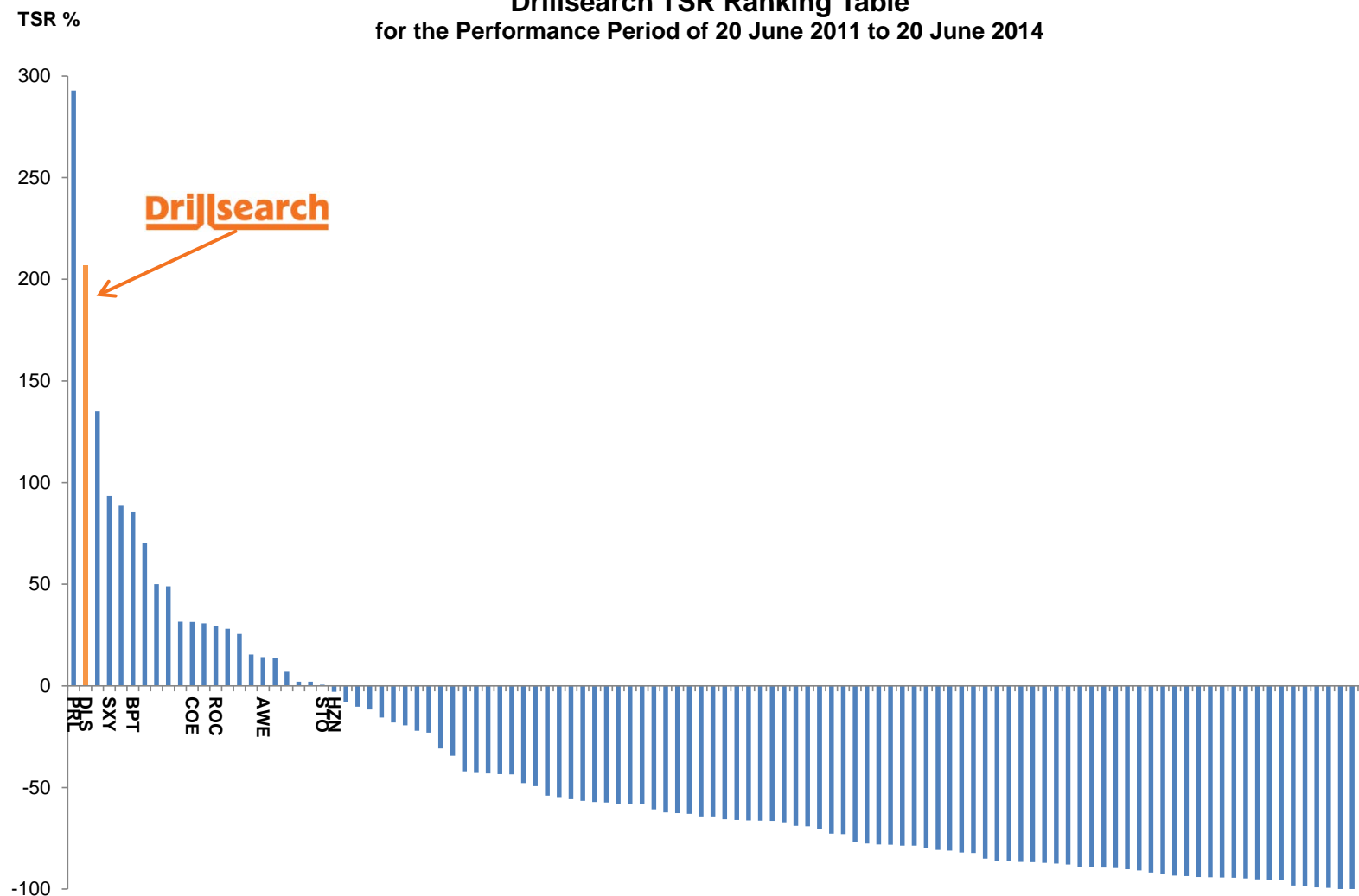
Permit	Operator	FY2015					Total		
		Sept Q	Dec Q	Mar Q	Jun Q	Sept Q			
OIL									
Western Flank - PELs 91 & 182	BPT/SXY						21	24	
Seismic acquisition and processing		500km <sup>2</sup> Solidus 3D acquisition and processing					500km <sup>2</sup>		
Facilities upgrades and pipeline installation		Additional connections ongoing including Stunsail, CKS, Pennington and Bauer upgrade							
Northern Oil - PEL 103	DLS						2		
Hydraulic stimulation and production testing		Flax-1							
Inland-Cook - ATP 924P	DLS	Huron and Taj 3D along with George 2D acquisition and processing						1	
WET GAS									
Western - PELs 106 & 107	BPT						4	17	
Hydraulic stimulation and production testing		Udacha-1							
Western - PEL 513 & 632	STO						8		
Hydraulic stimulation and production testing		Moruya-1							
Seismic acquisition and processing		329km <sup>2</sup> Jacenza 3D acquisition and processing					329km <sup>2</sup>		
Northern - PEL 101	DLS						5		
UNCONVENTIONAL									
Central Cooper - ATP 940P	DLS	 Legislative changes provide opportunity to optimise program					3	3	
Stimulation and testing		All wells to be hydraulically stimulated and production tested							



Karrata-1 gas well being drilled in PEL 91 as part of Western Wet Gas program

# Track Record of Outperformance

**Drillsearch TSR Ranking Table**  
for the Performance Period of 20 June 2011 to 20 June 2014



**Ranked No. 2 against our ASX Energy Peer Group over Past Three Years**



## Key Takeaways

- **Maintain robust production performance**
  - Guidance of 3.0 to 3.4 mmboe for FY2015
- **Record activity planned**
  - More than 40 wells in FY2015
  - Capex guidance of \$130m - \$170m
  - Weighted towards Oil and Wet Gas
- **Five-year target to double production from existing conventional business**
- **Maintain discipline in using shareholder capital**
- **Longer-term growth opportunities**
  - Western Flank, Northern Cooper Gas, Flax, Inland-Cook and Unconventional



## Appendices

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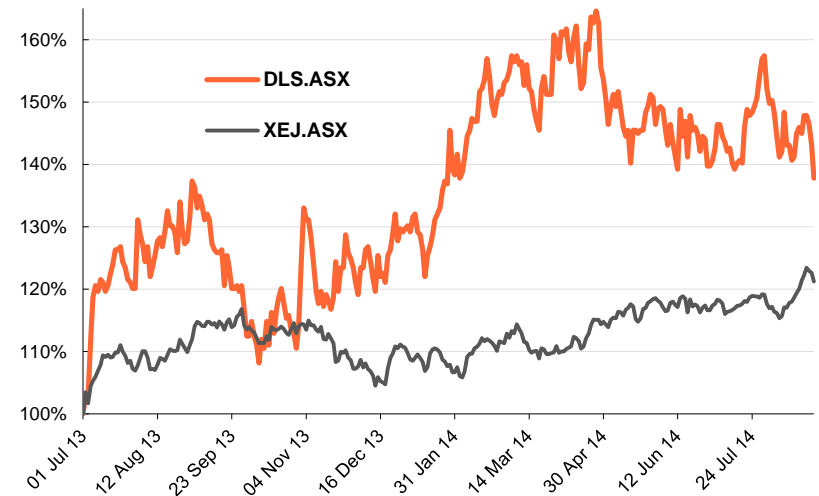
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# Corporate Profile

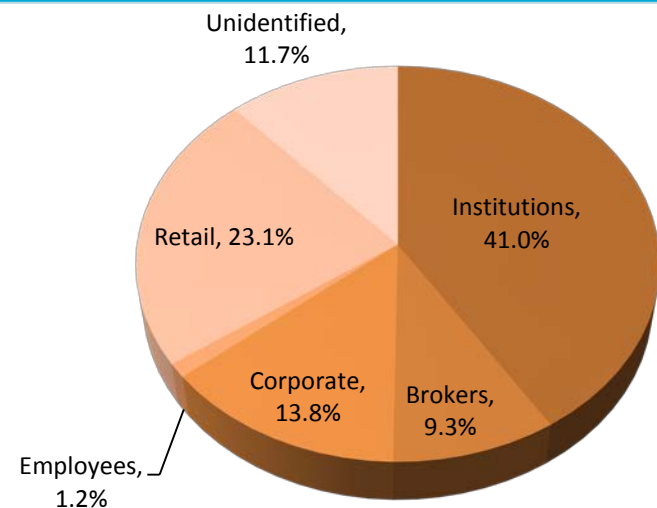
## Financial

ASX Ticker	DLS
S&P/ASX Index	ASX 200
Market Cap (A\$m)	663
Shares on Issue (m)	456
Share Price (22 August 2014) (A\$/sh)	1.455
Cash (30 June 2014) (A\$m)	152.4

## Share Price Performance (Since 1 July 2013)



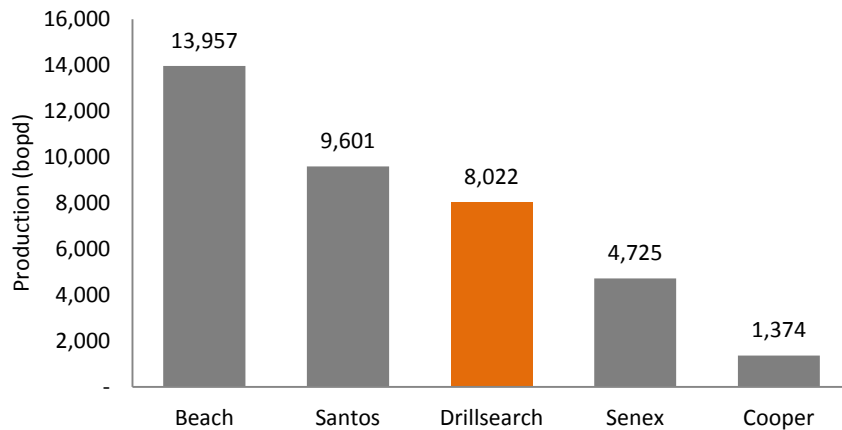
## Shareholder Structure\*



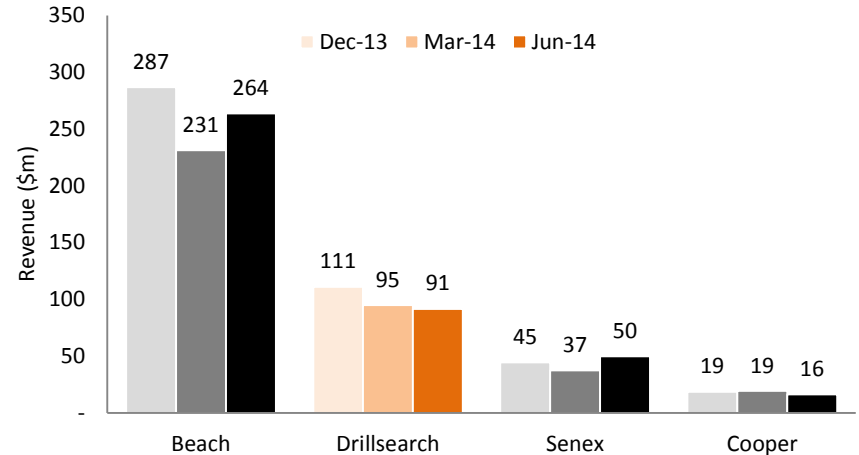
\*Source – Orient Capital ShareTrak Report as at 31 July 2014

# Peer Comparison

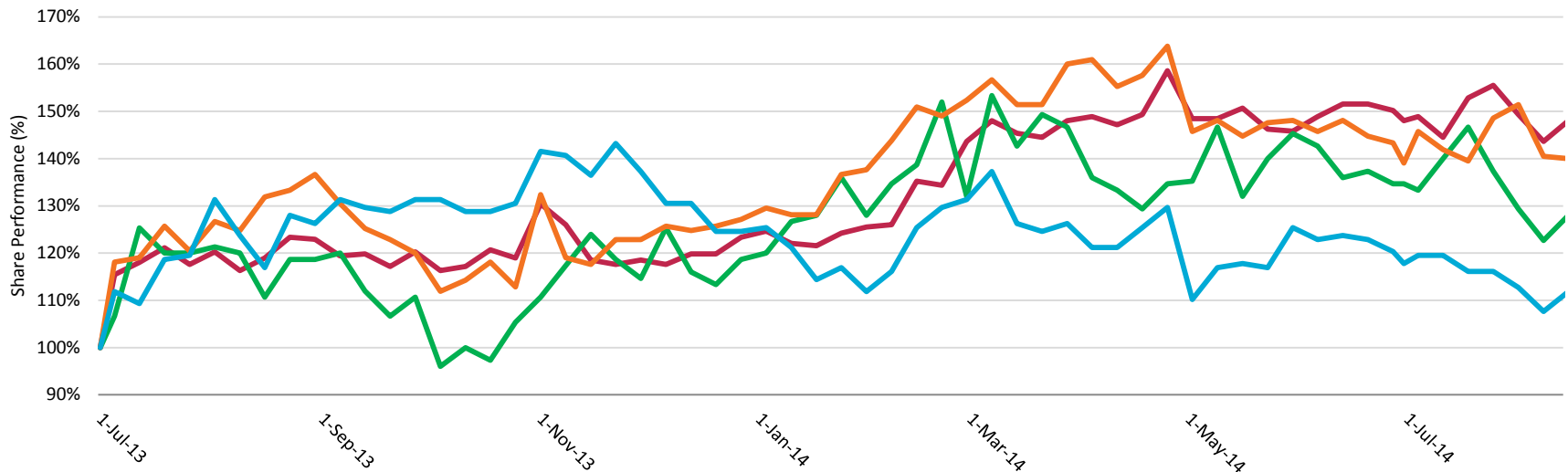
**Australia's Top Five Onshore Oil Producers (Jun14 Quarter)\***



**Sales Revenue (Jun 14 Quarter)\***















**Peer Share Performance (Based 1 July 2013)**



\*Source= Company published data

Beach Energy Cooper Energy Drillsearch Energy Senex Energy

# FY2014 Financial\* and Operating Headlines

	Unit	FY14	FY13	% Change	
Production	mmboe	3.4	1.1	209%	
Revenue	\$m	387.0	102.2	279%	
EBITDAX					
- Reported	\$m	231.9	35.1	561%	
- Underlying	\$m	254.9	50.6	404%	
NPAT					
- Reported	\$m	71.5	45.1	59%	
- Underlying	\$m	94.5	60.6	56%	
Earnings per Share	cents	16.6	11.1	50%	
Cashflow from operations	\$m	246.4	19.2	1,183%	
Net Debt	\$m	1.1	104.3	(99%)	
Capital Spend	\$m	95.7	143.4	(33%)	
Reserves**	mmboe	28.3	28.5	(1)%	
EV/2P***	\$m	24.2	11.7	107%	

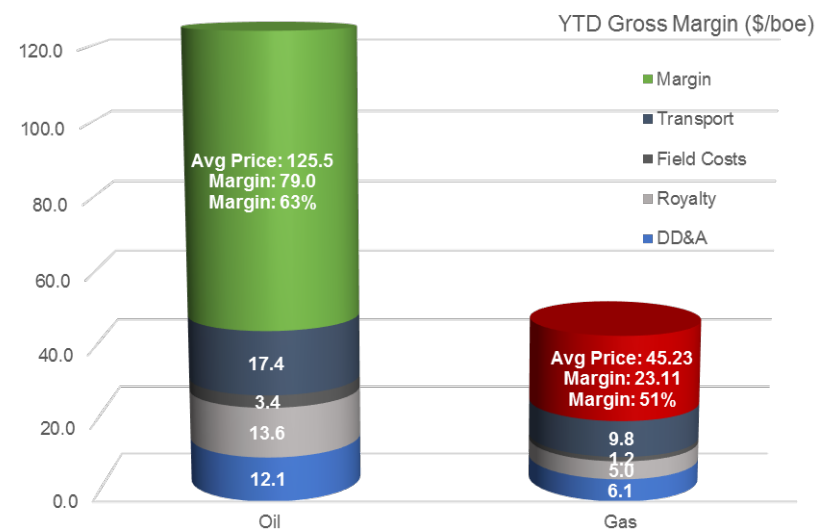
**Performance delivers strong results in key financial metrics**

\*Refer to slide 42 regarding Non-IFRS financial information

\*\*Reserves and Resources as at 30-June-2014 as released to the ASX on 27 August 2014. \*\*\*Share price as at 25 August 2014

# FY2014 Financial Ratios and Metrics

		FY 2014	FY 2013
Average realised oil price	\$A/bbl	125.5	116.0
Average realised wet gas basket	\$A/boe	45.2	37.7
<b>Average realised price</b>	<b>\$A/boe</b>	<b>114.4</b>	<b>94.9</b>
Oil Field Net Back	\$A/bbl	79.0	71.6
Gas Field Net Back	\$A/boe	23.1	18.8
<b>Total Field Net Back</b>	<b>\$A/boe</b>	<b>73.8</b>	<b>61.3</b>
Oil Operating Margins	%	63%	62%
Gas Operating Margins	%	51%	50%
<b>Total Operating Margins</b>	<b>%</b>	<b>64%</b>	<b>65%</b>
Oil FD&A Costs / 2P	\$A/bbl	16.0	17.4
Gas FD&A Costs / 2P	\$A/boe	1.9	1.9
<b>Total FD&amp;A / 2P</b>	<b>\$A/boe</b>	<b>6.6</b>	<b>6.3</b>
Oil Recycle Ratio	x	4.9	4.1
Gas Recycle Ratio	x	12.5	10.0
<b>Total Recycle Ratio</b>	<b>x</b>	<b>11.2</b>	<b>9.7</b>



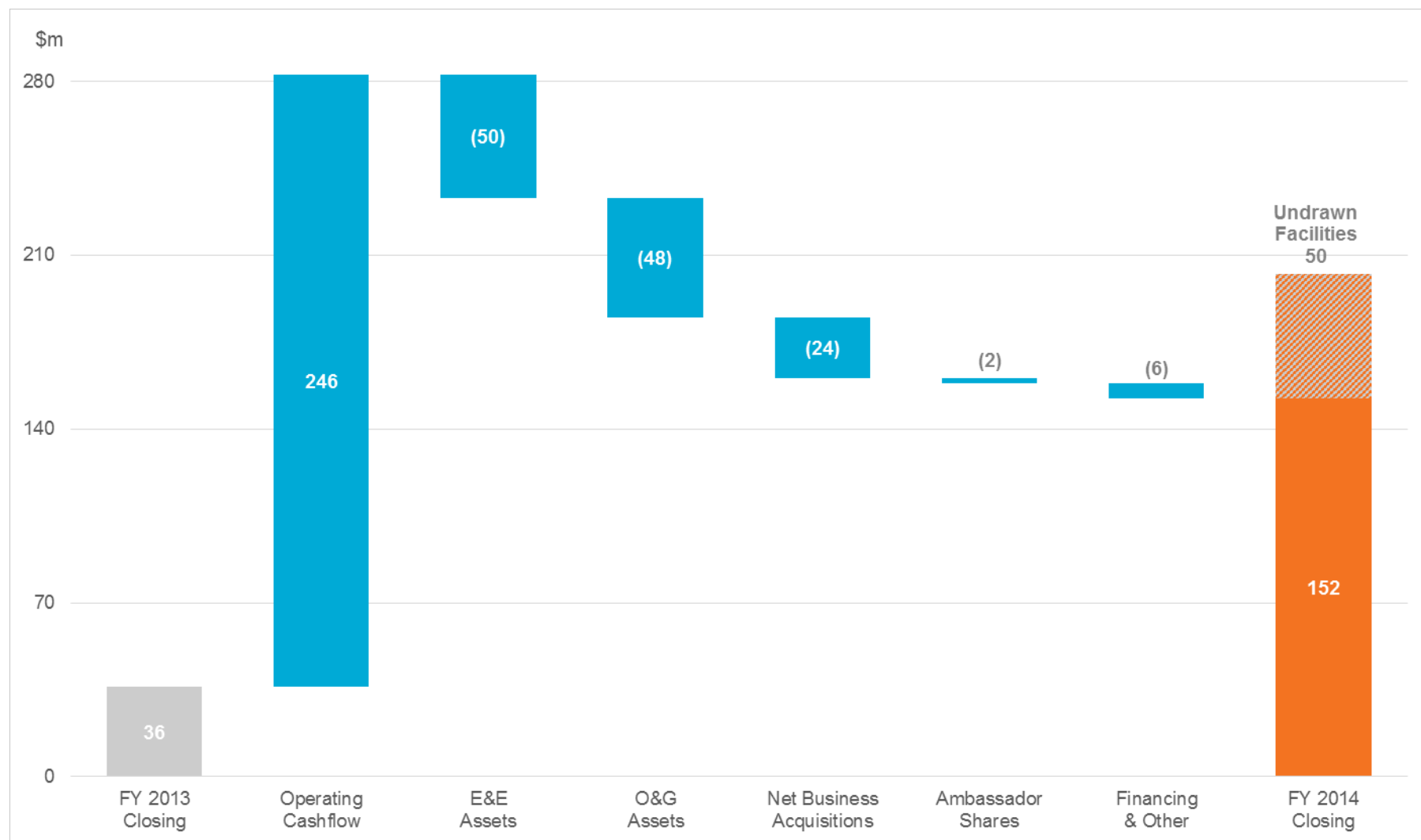
## Ratio and Metrics

- Realised Price = Sales / BOE
- Field Net Back = Gross Profit / BOE
- Operating Margins = Gross Profit / Realised Price
- Find, Development and Appraisal ('FD&A') Costs = Historic and future capital spend to develop 2P reserves\*
- Recycle Ratio = Field Net Back / FD&A Costs

\*Based on audited and revised oil and gas reserves and resources as at 30 June 2014

**Strengthened results across key financial ratios and metrics**

## FY2014 Cash Flow, Cash Balance & Liquidity

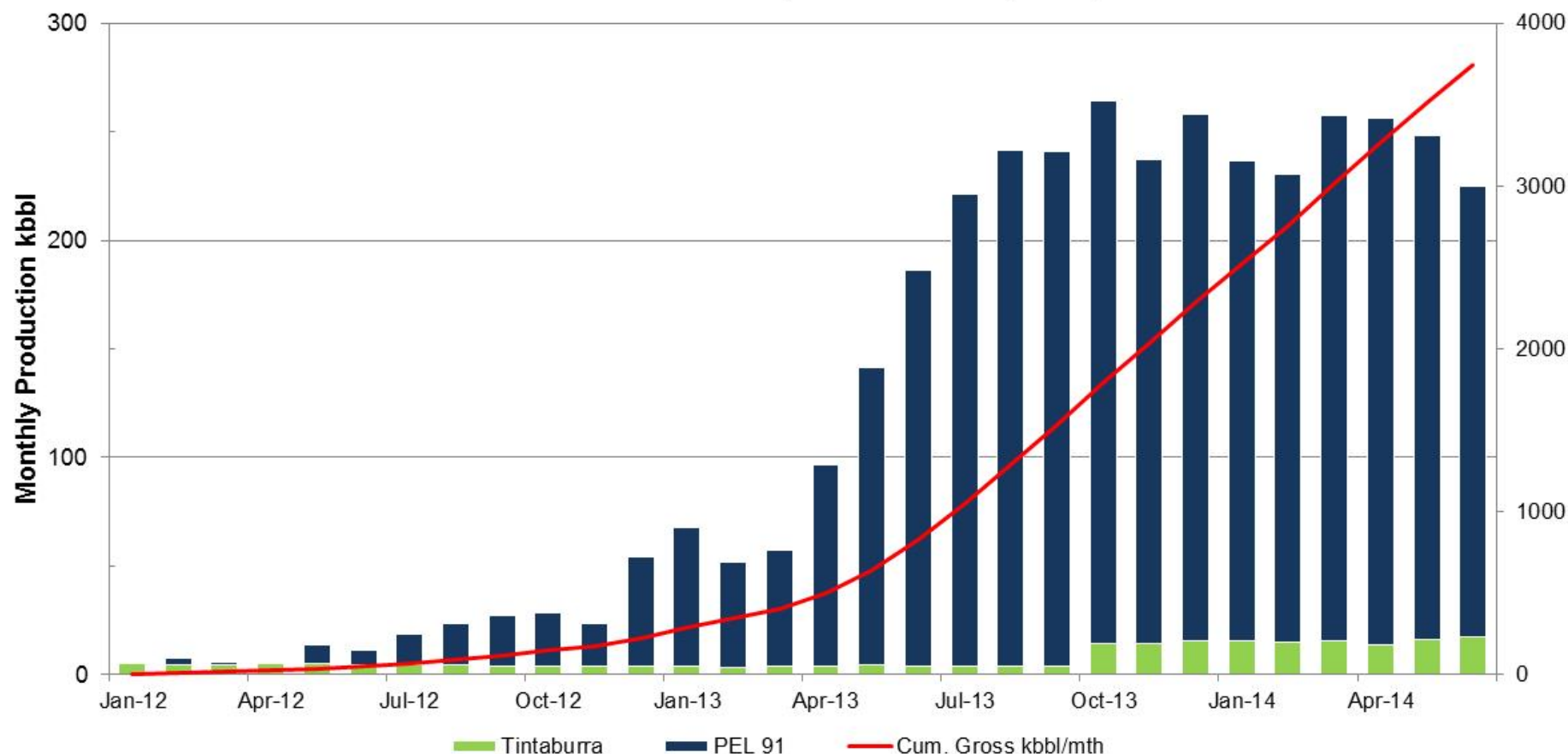


**Strengthened balance sheet with strong cash position**



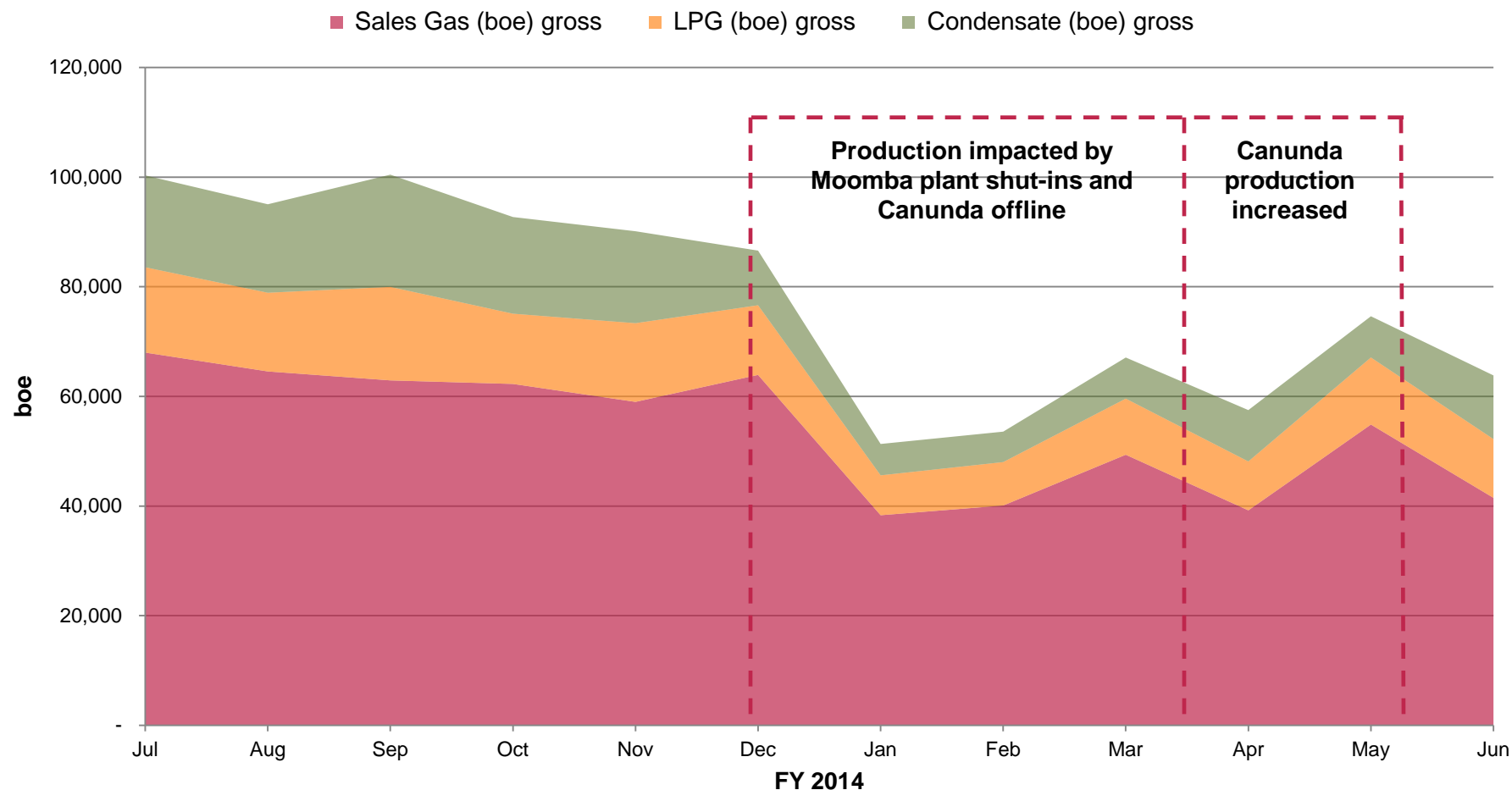
## Oil: FY2014 Production Performance

Oil DLS Net Monthly Production (kbbl)



**PEL 91 and Eastern Margin provide robust near-term production base**

## Wet Gas: FY2014 Production Performance



0.47 mmboe of wet gas production in FY2014

# Reserves and Resources as at 30 June 2014

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'

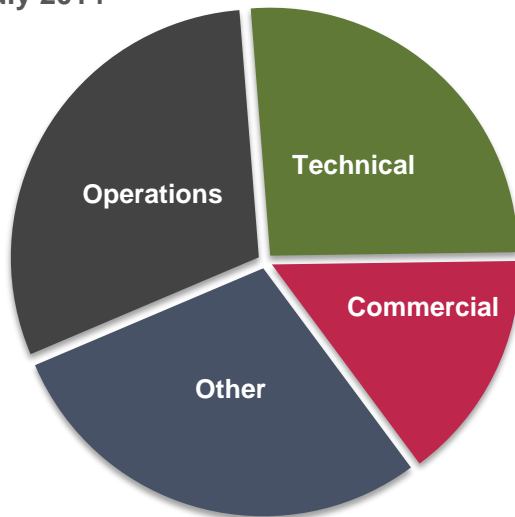
Net Reserves and Contingent Resources as at 30 June 2014*			
Reserves by Business Segment	1P mmboe	2P mmboe	3P mmboe
Western Flank Oil	4.7	7.8	12.4
Western Cooper Wet Gas – Middleton Project	5.6	14.1	24.8
Western Cooper Wet Gas – PEL 632	1.5	4.7	13
Northern Cooper	0	0	0.1
Eastern Cooper Oil	0.1	1.7	4.4
South West Queensland Wet Gas	0	0	0
<b>Total Reserves</b>	<b>11.9</b>	<b>28.3</b>	<b>54.7</b>
Contingent Resources by Business Segment	1C mmboe	2C mmboe	3C mmboe
Western Flank Oil	0.9	1.3	1.9
Western Cooper Wet Gas – Middleton Gas Project	0.4	3.3	10
Western Cooper Wet Gas – PEL 632	0	0	0
Northern Cooper	11.2	23.5	44.8
Eastern Cooper Oil	0	2.5	6.8
South West Queensland Wet Gas	0.9	3.1	7.5
<b>Total Contingent Resources</b>	<b>13.4</b>	<b>33.7</b>	<b>71</b>

\* All reserves are independently audited twice a year – year-end and mid-year the results of which are released with the Annual and Half-Year Financial Reports. Refer to slide 3 for information regarding reserves and resources and slide 42 for a glossary of terms.

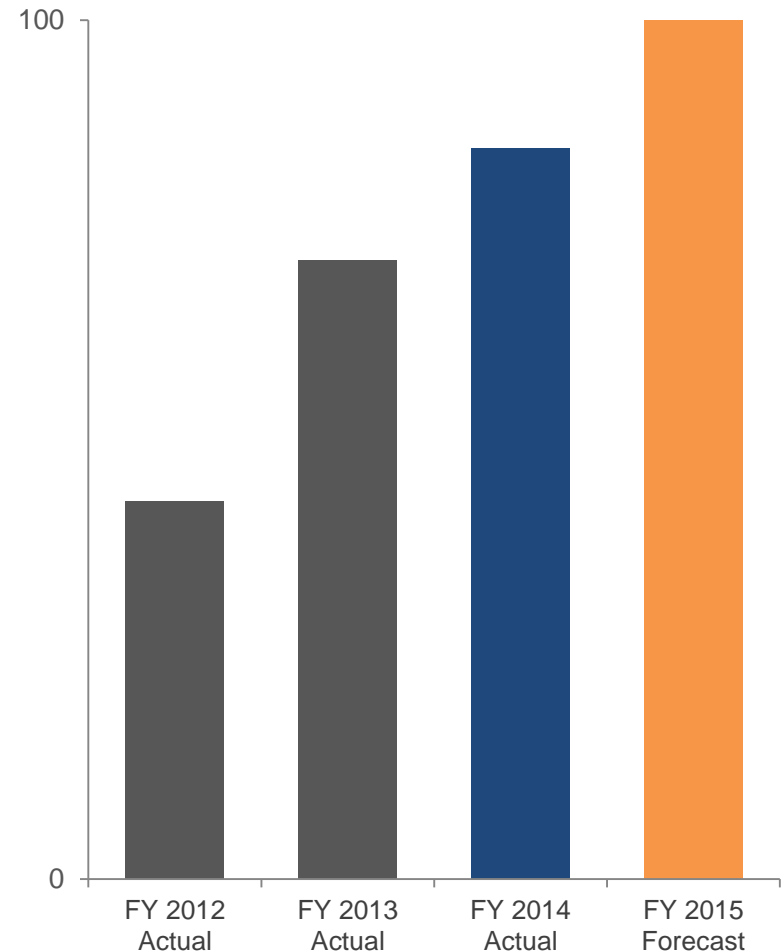
# People

- Committed to prudent growth
- Technically-led organisation
- Building our operational and organisational capability
- Committed to diversity
- Cohesive management team

Team composition  
as of July 2014



Growth in Team



**Motivated by success and defined by our approach – measure twice, cut once**

## People: Strong Management Team and Board



**Jim McKerlie**  
**Chairman**

Jim has extensive experience as a Director and Chairman of private and public companies.



**Brad Lingo**  
**Managing Director**

Brad has more than 25 years of oil and gas experience.



**Philip Bainbridge**  
**Non-Executive Director**

Philip has more than 25 years experience in the oil and gas industry.



**Teik Seng (TS) Cheah**  
**Non-Executive Director**

TS is a finance and banking executive based in Singapore with over 25 years experience working for leading financial institutions.



**Fiona Robertson**  
**Non-Executive Director**

Fiona has more than 30 years experience in the corporate finance and resources sectors.



**Ross Wecker**  
**Non-Executive Director**

Ross has more than 35 years experience in the oil and gas industry.



**Ian Bucknell**  
**Chief Financial Officer**

Ian has over 15 years upstream oil and gas finance experience.



**David Evans**  
**Acting Chief Operating Officer**

David has over 25 years of upstream oil and gas exploration experience including over 15 years in Australia.



**Peter Fox**  
**Chief Commercial Officer**

Peter has over 20 years of experience in the oil and gas industry with a focus on the upstream and infrastructure sectors.



**Duncan Lockhart**  
**Acting Chief Technical Officer**

Duncan is a Geologist by training with 24 years experience in the Upstream oil and gas industry.



**Dudley White**  
**GM – Corporate Communications**

Dudley has more than 17 years experience in communications and the media in Australia and the UK with a focus on natural resources.



**Jean Moore**  
**Company Secretary**

Jean has extensive experience in corporate law and corporate governance.



# Non-IFRS Financial Information

## Reconciliation of Net Profit to Underlying Profit

Underlying net profit after tax and EBITDAX\* are both non-IFRS financial measures reported by Drillsearch to provide greater understanding of the underlying business performance of the company's operations.

Underlying profit excludes significant items of income or expense which are, either individually or in aggregate, material to Drillsearch or to the relevant business segment and are either outside the ordinary course of business or are part of the ordinary activities of the business but unusual due to their size or nature.

Underlying profit and Statutory Profit are attributable to Drillsearch shareholders.

	FY 2014	FY2013
<b>Net profit after tax</b>	71.5	45.1
<b>Add back:</b>		
<b>Change in fair value of convertible note</b>	23.0	9.3
<b>Transaction expenses</b>	-	6.2
<b>Underlying net profit after tax</b>	94.5	60.6

## Non-IFRS terms

Statutory Net Profit/(loss) is profit/(loss) after tax attributable to owners of the parent.

EBITDAX is earnings before interest, tax, depletion, exploration and evaluation costs and impairments

# Table of Tenements

Name of joint venture	Operator	Ownership interest	
		2014 %	2013 %
Oil			
ATP 299P & PL's - Tintaburra (Eromanga) <sup>1</sup>	Santos Limited	40%	11%
ATP 539P (Eromanga)	Great Artesian Oil & Gas Ltd <sup>2</sup>	100%	100%
ATP 549P - Cypress Block (Eromanga)	Australian Gasfields Limited	40%	40%
ATP 549P - West Block (Eromanga) <sup>3</sup>	Great Artesian Oil & Gas Ltd <sup>2</sup>	33%	67%
ATP 783P - Chandos Block (Eromanga)	Drillsearch Energy Limited	100%	100%
ATP 920P (Eromanga)	Drillsearch Energy Limited	100%	100%
ATP 924P (Eromanga)	Drillsearch Energy Limited	100%	100%
ATP 956P (Eromanga)	Canadian Coyote Energy Ltd	100%	100%
ATP 959P (Eromanga)	Canadian Coyote Energy Ltd	100%	100%
PEL 91 (Cooper)	Beach Energy Limited	60%	60%
PEL 182 (Cooper)	Senex Energy Limited	43%	40%
Wet Gas			
PEL 91 (Cooper)	Beach Energy Limited	60%	60%
PEL 101 (Cooper	Acer Energy Pty Limited <sup>2</sup>	80%	80%
PEL 103 (Cooper	Acer Energy Pty Limited <sup>2</sup>	100%	100%
PEL 103A (Cooper)	Acer Energy Pty Limited <sup>2</sup>	75%	75%
PRL 14 (Cooper)	Acer Energy Pty Limited <sup>2</sup>	100%	100%
PRL 17 (Cooper)	Acer Energy Pty Limited <sup>2</sup>	100%	100%
PRL 18 (Cooper)	Acer Energy Pty Limited <sup>2</sup>	100%	100%
PEL 632 (Cooper) <sup>6</sup>	Santos QNT Pty Ltd	40%	100%
PEL 106 (Cooper)	Beach Energy Limited	50%	50%
PEL 107 (Cooper)	Beach Energy Limited	60%	60%
PPL 212 (Cooper)	Beach Energy Limited	60%	60%
PEL 513 (Cooper) <sup>6</sup>	Santos Limited	40%	100%
PPL 239 Middleton & Brownlow (Cooper)	Beach Energy Limited	50%	50%
PRLA 26 Udacha (Cooper)	Beach Energy Limited	75%	75%
Unconventional			
ATP 932P (Eromanga)	Drillsearch Energy Limited	100%	100%
ATP 940P (Eromanga)	Circumpacific Energy (Australia) Pty Limited <sup>2</sup>	40%	40%
PEL 632 (Cooper) <sup>6</sup>	Santos Limited	40%	100%
PEL 106 (Cooper)	Beach Energy Limited	50%	50%
PEL 107 (Cooper)	Beach Energy Limited	60%	60%
PEL 513 (Cooper) <sup>6</sup>	Santos Limited	40%	100%

# Glossary

**“2P”** means the Sum of Proved Reserves plus Probable Reserves

**“Aggregation method”** Reserves and Contingent Resources in this ASX Announcement have been estimated probabilistically at field level but combined arithmetically to provide the portfolio number. The aggregate 1P and 1C figures may be a very conservative estimate and the aggregate 3P and 3C figures may be a very optimistic estimate due to the portfolio effects of arithmetic summation.

**“Commercial”** is defined as a project is commercial if the degree of commitment is such that the accumulation is expected to be developed and placed on production within a reasonable time frame. A reasonable time frame for the initiation of development depends on the specific circumstances but, in general, should be limited to around 5 years.

**“Contingent Resources”** means those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects but which are not currently considered to be commercially recoverable due to one or more contingencies. Contingent Resources are a class of discovered recoverable resources.

**“Conversion factors”** 5.816 PJ/mmboe, 6 mscf/boe and 11.5 boe/metric tonne of LPG

**“EUR”** Estimated ultimate recovery. Those quantities of petroleum that are estimated, on a given date, to be potentially recoverable from an accumulation, plus those quantities already produced therefrom.

**“Proved Reserves”** means those quantities of petroleum which, by analysis of geological and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under current economic conditions, operating methods, and government regulations. Proved Reserves can be categorized as development or undeveloped. If deterministic methods are used, the term reasonable certainty is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90% probability that the quantities actually recovered will equal or exceed the estimate.

**“Probable Reserves”** means unproved Reserves which analysis of geological and engineering data suggests are more likely than not to be recoverable. In this context, when probabilistic methods are used, there should be at least a 50% probability that the quantities actually recovered will equal or exceed the sum of estimated proved plus probable Reserves.

**“Possible Reserves”** means unproved Reserves which analysis of geological and engineering data suggests are less likely to be recoverable than probable Reserves. In this context, when probabilistic methods are used, there should be at least a 10% probability that the quantities actually recovered will equal or exceed the sum of estimated proved, plus probable, plus possible Reserves. In general, possible Reserves may include (1) Reserves which, based on geological interpretations, could possibly exist beyond areas classified as probable, (2) Reserves in formations that appear to be petroleum bearing, based on log and core analysis but may not be productive at commercial rates, (3) incremental Reserves attributed to infill drilling that are subject to technical uncertainty, (4) Reserves attributed to improved recovery methods when (a) a project or pilot is planned, but not in operation and (b) rock, fluid, and reservoir characteristics are such that a reasonable doubt exists that the project will be commercial, and (5) Reserves in an area of the formation that appears to be separated from the proved area by faulting and geological interpretation indicates the subject area is structurally lower than the proved area.

**“Reserves”** means those quantities of hydrocarbons which are anticipated to be commercially recovered from known accumulations from a given date forward.



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**Please contact for further information**

**DUDLEY WHITE**

GM – CORPORATE COMMUNICATIONS

# **Drillsearch**