

**Drillsearch Energy Limited**

ABN 73 006 474 844

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# 2014 NOTICE OF ANNUAL GENERAL MEETING

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**Your guide to Drillsearch Energy Limited's 2014 Annual General Meeting**

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR ATTENTION

This document does not take into account your individual circumstances.

If you are in doubt about how to deal with it, please consult your financial  
or other professional adviser.

Dear shareholder

I am pleased to invite you to the 2014 Annual General Meeting (**AGM**) of Drillsearch Energy Limited (**Drillsearch**).

The meeting will be held in the AGL Theatre at the Museum of Sydney, on the corner of Phillip and Bridge Streets, on Wednesday, 19 November 2014, starting at 10.00am. Details on how to get to the meeting can be found on the next page of this booklet.

The AGM is an opportunity for shareholders to meet with the directors and the senior management team of Drillsearch, and I encourage you to attend. In addition, the Managing Director and I will provide a review of the operations and performance of the group in FY2014, as well as discussing the exciting year of activity we are anticipating in the current financial year.

If you are unable to attend the meeting in person, both my address and the Managing Director's presentation will be made available on the day of the meeting via the ASX and on the Drillsearch Website.

This year we are once again providing the opportunity for shareholders to submit questions in advance of the AGM. We hope to address as many as possible of the more frequently asked questions in either my address or the Managing Director's presentation that will be delivered on the day of the meeting.

The following pages contain details of the items of business for the meeting and the voting procedures.

At this year's meeting, you will have the opportunity to vote on:

- the adoption of the remuneration report as set out on pages 50–64 of the Drillsearch Annual Report,
- the re-election of myself, Jim McKerlie, as a director of Drillsearch,
- the re-election of Ross Wecker as a director of Drillsearch,
- the appointment of PwC as auditor, and
- the approval of performance rights for the Managing Director.

If you are not able to attend the meeting to vote in person, I encourage you to appoint a proxy before the meeting to attend and vote on your behalf, either online using the share registry's website or using the enclosed proxy form (which may be returned in the envelope provided).

We look forward to seeing you on 19 November 2014.

Yours sincerely

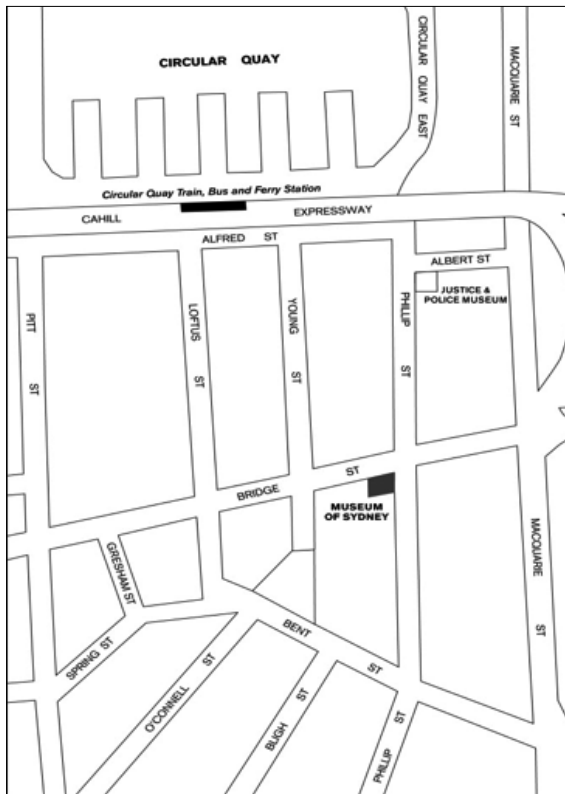


**Jim McKerlie**  
Chairman

## DETAILS OF THE MEETING

NOTICE is given that Drillsearch's Annual General Meeting will take place as follows:

Date: Wednesday, 19 November 2014  
Time: 10.00 am  
Location: Museum of Sydney, AGL Theatre, Level 2  
Corner of Phillip and Bridge Streets  
Sydney, New South Wales



### How to Get to the Meeting

#### By Public Transport

The Museum of Sydney is located one block back from Circular Quay, which is serviced by trains, buses and ferries.

#### Free CBD shuttle

There is a free shuttle bus (route 555) that stops on Bridge Street near Loftus Street, a 2-minute walk to the museum. The service operates Monday to Friday 9am to 3.30pm, weekends 9am to 6pm.

For up-to-date timetables or to find the quickest public transport routes visit <http://www.transportnsw.info/> or call 131500.

#### By road

#### Parking

There is no parking at the museum, and street parking is very limited. The nearest carpark is Governor Phillip & Macquarie Tower. Enter from Young Street / Farrer Place. You are advised to check parking rates.

Buses and cars can stop on Bridge Street and Young Street to drop-off and pick-up. There are bus parking zones on Macquarie Street which require drivers to remain with their vehicles.

#### Cycling

The Museum has onsite bike racks for bike parking off Phillip Street on the mezzanine above the restaurant.

## ITEMS OF BUSINESS

### 1. Receipt of the Company's Financial Report for the year ended 30 June 2014

To receive and consider the Company's Financial Report, the Directors' Report and the Auditor's Report for the year ended 30 June 2014.

### 2. Remuneration Report

To consider and, if thought appropriate, pass the following ordinary resolution:

"That the Remuneration Report in the Company's Annual Report for the year ended 30 June 2014 be adopted."

Votes on this resolution are advisory only.

### 3. Re-elect Jim McKerlie as a Director of the Company

To consider and, if thought appropriate, pass the following ordinary resolution:

"That, Jim McKerlie, a Non-Executive Director retiring in accordance with the Constitution, being eligible, be re-elected as a Director."

### 4. Re-elect Ross Wecker as a Director of the Company

To consider and, if thought appropriate, pass the following ordinary resolution:

"That, Ross Wecker, a Non-Executive Director retiring in accordance with the Constitution, being eligible, be re-elected as a Director."

### 5. Appointment of Auditor

To consider and, if thought appropriate, pass the following ordinary resolution:

"That PricewaterhouseCoopers, having consented to their appointment as auditor of the Company, be appointed as auditor of the Company."

### 6. Approval of grant of rights to the Managing Director (Bradley Lingo) under the Performance Rights Plan

a. To consider and, if thought appropriate, pass the following ordinary resolution:

"That for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval be given for the grant of 127,995 performance rights by the Company to Bradley Lingo (or his permitted nominee) in accordance with the Performance Rights Plan and in accordance with the terms and conditions set out in the Explanatory Statement attached to this Notice of General Meeting."

b. To consider and, if thought appropriate, pass the following ordinary resolution:

"That for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval be given for the grant of 440,280 performance rights by the Company to Bradley Lingo (or his permitted nominee) in accordance with the Performance Rights Plan and in accordance with the terms and conditions set out in the Explanatory Statement attached to this Notice of General Meeting."

Attached to and forming part of this Notice of Meeting is an Explanatory Statement which provides shareholders with background information and further details of the resolutions to be considered at the meeting. The information provided is intended to assist shareholders in understanding the reasons for and effect of the resolutions, if passed.

## WHO IS EXCLUDED FROM VOTING

RESOLUTION	PERSONS EXCLUDED FROM VOTING
Resolution 2 – Adoption of the Remuneration Report	<ul style="list-style-type: none"> <li>A member of the Key Management Personnel (<b>KMP</b>) whose remuneration details are included in the Remuneration Report or that KMP's closely related party; and</li> <li>A member of the KMP at the date of the AGM (and their closely related parties) acting as proxy, unless the vote is cast: <ul style="list-style-type: none"> <li>As proxy for a person entitled to vote in accordance with a direction on the voting form; or</li> <li>By the Chairman of the AGM as proxy for a person entitled to vote and the Chairman has received express authority to vote undirected proxies as the Chairman sees fit.</li> </ul> </li> </ul>
Resolution 6(a) and (b) – Approval of grant of rights to the Managing Director (Bradley Lingo) under the Performance Rights Plan	<ul style="list-style-type: none"> <li>Any Director (except a Director who is ineligible to participate in the Performance Rights Plan), Mr Lingo's permitted nominee and any associates of any such person; and</li> <li>A member of the KMP at the date of the AGM (and their closely related parties) acting as proxy, unless the vote is cast: <ul style="list-style-type: none"> <li>As proxy for a person entitled to vote in accordance with a direction on the voting form; or</li> <li>By the Chairman of the AGM as proxy for a person entitled to vote and the Chairman has received express authority to vote undirected proxies as the Chairman sees fit.</li> </ul> </li> </ul>

## HOW TO VOTE

As a shareholder, you can vote on the items of business by:

- attending the meeting, or
- appointing a proxy, representative or attorney to attend the meeting and vote on your behalf.

### Voting at the meeting

The Board has determined that you will be entitled to vote at the meeting if you are a registered shareholder of Drillsearch at 7.00pm (Sydney time) on Monday, 17 November 2014. Transactions registered after that time will be disregarded in determining entitlement to vote at the meeting.

### Appointing a Proxy

A shareholder who is entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote at the meeting on their behalf. A proxy does not need to be a shareholder of Drillsearch.

If a shareholder is entitled to cast two or more votes at the meeting, the shareholder can appoint two proxies. Where two proxies are appointed:

- a separate proxy form, should be used to appoint each proxy; and
- the proxy form should specify the proportion or number of votes that the proxy may exercise, and if it does not do so, the proxy may exercise half of the votes.

A proxy form accompanies this Notice of Meeting and contains additional information.

### Completing the Proxy Form

For shareholders who are individuals, the proxy form must be signed:

- if the shares are held by one individual, by that shareholder; or
- if the shares are held in joint names, by any one of them.

For shareholders who are companies, the proxy form must be signed:

- if it has a sole director who is also sole secretary, by that director (and stating the fact next to, or under the signature on the proxy form); or
- in the case of any other company by either two directors or a director and secretary.

The use of the common seal of the company, in addition to those required signatures, is optional.

If the person signing the proxy form is doing so under a power of attorney, or is an officer of a company outside those referred to above but authorised to sign the proxy form, the power of attorney or other authorisation (or a certified copy of it), as well as the proxy form, must be received by the Company by the time and at the place specified below.

### Corporate representative

If a corporate representative is to attend the AGM on behalf of a Corporation, a formal notice of appointment must be brought to the meeting signed as required by section 127 of the Corporations Act or that Corporation's Constitution.

### Chairman as proxy

You may appoint the Chairman of the AGM as your proxy. If you direct the Chairman of the AGM how to vote on an item of business, your vote will be cast in accordance with your direction. If you do not direct the Chairman of the AGM how to vote on an item of business, then by completing and returning the proxy form you will be expressly authorising the Chairman of the AGM to exercise your undirected proxy on a resolution even though it may be directly or indirectly connected with the remuneration of a member of the KMP.

The Chairman intends to vote undirected proxies IN FAVOUR of all proposed resolutions set out in this Notice of Meeting. If there is a change to how the Chairman intends to vote undirected proxies an announcement will be made to the ASX.

### KMP as proxy

Under the Corporations Act, voting restrictions apply to the Company's KMP and their closely related parties for items 2, 6(a) and 6(b). The term 'closely related party' in relation to a member of the KMP includes a spouse, dependent and certain other close family members, as well as any companies controlled by the KMP. In addition, voting exclusions apply in respect of item 6(a) and 6(b) under the ASX Listing Rules.

### Submitting your proxy form

To appoint a proxy, your completed proxy form (and any necessary supporting documents) must be received by Drillsearch no later than 10am (Sydney time) on Monday, 17 November 2014. Proxy forms received after this time will be invalid.

You can submit your proxy form in the following ways:

#### Online:

1. Login to the Link website using the holding details as shown on the proxy form.
2. Select 'Voting' and follow the prompts to lodge your vote.

To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the top right hand corner of the proxy form.)

#### In person at the:

Registered Office: Level 18, 321 Kent Street, Sydney, NSW 2000 Australia  
Share Registry: 1A Homebush Bay Drive, Rhodes, NSW 2138 Australia

#### By mail to the:

Registered Office: Level 18, 321 Kent Street, Sydney, NSW 2000 Australia  
Share Registry: Locked Bag A14, Sydney South, NSW 1235 Australia

A reply-paid envelope accompanies this Notice.

#### By facsimile to:

Registered Office: + 61 2 9249 9630  
Share Registry: + 61 2 9287 0309

## 2014 ANNUAL REPORT

The 2014 Annual Report is available on the Company's Website:

[www.drillsearch.com.au](http://www.drillsearch.com.au)

or

<http://www.drillsearch.com.au/presentations-reports>

### By order of the Board



**Jean Moore**  
Company Secretary

17 October 2014

# EXPLANATORY STATEMENT

## IMPORTANT NOTICE

This Explanatory Statement contains an explanation of, and information about, each of the resolutions to be considered at the Annual General Meeting. It is given to Drillsearch Energy Limited's shareholders to help them determine how to vote on the matters set out in the accompanying Notice of Meeting.

Shareholders should read this Explanatory Statement in full, because individual Sections may not give a comprehensive review of the proposals contemplated. This Explanatory Statement forms part of the accompanying Notice of Meeting and should be read with the Notice of Meeting.

If in doubt about how you should vote, consult your financial or other professional adviser.

## ITEMS OF BUSINESS

### 1. Receipt of the Company's Financial Report for the year ended 30 June 2014

The Corporations Act 2001 (Cth) (**Corporations Act**) requires the Financial Report (which includes the Financial Statements and the Directors' Declaration), the Directors' Report and the Auditor's Report to be laid before the Annual General Meeting. There is no requirement either in the Corporations Act or in the Constitution of the Company for shareholders to approve the Financial Report, the Directors' Report or the Auditor's Report. Shareholders attending the Annual General Meeting will be given a reasonable opportunity to ask questions about, or make comments on, the Financial Report.

The Auditor will be attending the Annual General Meeting.

Shareholders are entitled to submit a written question to the Auditor prior to the Annual General Meeting provided that the question relates to:

- the content of the Auditor's Report; or
- the conduct of the audit in relation to the Annual Financial Report.

The Auditor will answer written questions submitted prior to the Annual General Meeting. All written questions must be received by the Company no later than 7.00pm (Sydney time) on Wednesday, 12 November 2014. All questions must be sent to the Company and may not be sent directly to the Auditor. The Company will then forward all questions to the Auditor.

The Auditor will also answer questions at the meeting from shareholders relevant to:

- the conduct of the audit;
- the preparation and content of the Auditor's Report;
- the accounting policies adopted by the Company in relation to the preparation of the Financial Statements; and
- the independence of the Auditor in relation to the conduct of the audit.

### 2. Remuneration Report

The Directors' Report for the year ended 30 June 2014 contains a Remuneration Report which sets out the policy on remuneration of the Directors of the Company and specified executives of the Company. The Remuneration Report can be found at pages 50 to 64 of the 2014 Annual Report.

The Corporations Act requires that a resolution to adopt the Remuneration Report be put to a vote. The Corporations Act expressly provides that the vote is advisory and does not bind the Directors or the Company. However, if 25% or more of the votes are cast against

the Remuneration Report resolution at two consecutive AGMs, the Corporations Act requires Drillsearch to put to shareholders a resolution proposing that an extraordinary general meeting (Spill Meeting) be called within 90 days to consider the election of directors (Spill Resolution). If a Spill Resolution is passed (i.e., more than 50% of the votes cast are in favour of it), all of the directors (other than the Managing Director) will cease to hold office at the Spill Meeting, unless re-elected at that meeting.

The Drillsearch Board will take the outcome of the vote into consideration when reviewing the Company's remuneration practices and policies.

Shareholders attending the Annual General Meeting will be given a reasonable opportunity to ask questions about, or make comments on, the Remuneration Report.

*The Board urges shareholders to study the Remuneration Report which is the result of extensive research and deliberation by the Board and the Company. The Board unanimously recommends that shareholders vote in favour of this resolution. The Chairman of the meeting intends to vote available proxies in favour of this resolution.*

### 3. Re-elect Jim McKerlie as a Director of the Company

Jim McKerlie joined the Board of Great Artesian Oil and Gas Limited (GAOG) in 2007 and then the Board of Drillsearch following its merger with GAOG in 2008. He was appointed Chairman of Drillsearch on 11 June 2009 and was re-elected by shareholders at the 2012 Annual General Meeting. In accordance with the Company's Constitution, Mr McKerlie is required to stand for re-election and offers himself for re-election.

Mr McKerlie has worked in the energy sector extensively over his career in executive management, strategic consulting and corporate advisory. He held roles as a managing partner at KPMG and Partner in Charge at Deloitte. Mr McKerlie has extensive Australian and international experience as a chairman and director of public and private companies.

Mr McKerlie chairs the Nomination Committee and is a member of the Audit and Risk Committee, the People and Remuneration Committee and the Technical Committee. He is also Chairman of Ambassador Oil and Gas Limited, a controlled entity.

The Board believes that Mr McKerlie's previous commercial and board experience enables him to make a valuable contribution as a non-executive director and as Chairman of Drillsearch.

Chairman of the Audit and Risk Committee, Fiona Robertson says: "Jim brings a commercial acumen and a strategic way of thinking that makes him invaluable to Board and Committee deliberations."

*The Board (with Mr McKerlie abstaining) unanimously recommends that shareholders vote in favour of this resolution. The Chairman of the Meeting intends to vote available proxies in favour of this resolution.*

### 4. Re-elect Ross Wecker as a Director of the Company

Ross Wecker joined the Drillsearch Board in 2009 and was re-elected by shareholders at the 2012 Annual General Meeting. In accordance with the Company's Constitution, Mr Wecker is required to stand for re-election and offers himself for re-election.

Mr Wecker has more than 35 years' experience in the oil and gas industry. He is a highly experienced geologist with extensive exploration knowledge of the Cooper and Eromanga Basins. Prior roles include Managing Director of Innamincka Petroleum Limited, the direction of an exploration team in the Cooper Basin for Delhi Petroleum Pty Ltd and Esso Australia Limited, and providing specialist technical advice to several Australian and American companies regarding the acquisition and management of exploration acreage in the Cooper and Eromanga Basins.

Mr Wecker is Chairman of the Technical Committee and a member of the Audit and Risk Committee.

The Board believes that as a result of his extensive oil and gas experience, Mr Wecker brings a strong skill set to the Board which bolsters its technical capability.

Chairman of the Board, Mr McKerlie says: "Ross' extensive technical experience, along with his insight, are necessary for the Board but also for his role as Chair of the Technical Committee."

*The Board (with Mr Wecker abstaining) unanimously recommends that shareholders vote in favour of this resolution. The Chairman of the Meeting intends to vote available proxies in favour of this resolution.*

## 5. Appointment of Auditor

Deloitte Touche Tohmatsu has been acting as Drillsearch's auditor since 2008 and during this time, they have conducted the audit in an effective and competent manner. However, the Board decided it was an appropriate time to hold an audit tender process as the current audit partner is scheduled for rotation. The Directors of Drillsearch have conducted a rigorous tender process and are pleased to recommend to shareholders the appointment of PricewaterhouseCoopers as the new auditor of the Company. Under the Corporations Act, members must approve the appointment of a new auditor.

ASIC has consented to Deloitte Touche Tohmatsu's resignation as auditor of the Company effective as at the AGM.

PricewaterhouseCoopers has provided its written consent, subject to shareholder approval, to its appointment as auditor of the Company, and Ian Bucknell, as a member of the Company, has nominated PricewaterhouseCoopers to act as the auditor of the Company. In accordance with section 328B(3) of the Corporations Act, a copy of the notice of nomination is included at the end of these explanatory notes.

## 6. Approval of grant of rights to the Managing Director (Bradley Lingo) under the Performance Rights Plan

Under the Drillsearch Remuneration Policy, the Managing Director's remuneration is composed of fixed pay, short term incentives (STI) and long term incentives (LTI). The STI is made up of a cash component and a performance rights component while the LTI is made up of a performance rights component only.

The use of Performance Rights reinforces the Company's strategic objectives of attracting and rewarding employees who believe in the vision of the Company and are prepared to be remunerated in a manner that is aligned with shareholders. The Board may in its absolute discretion offer a PRP Participant the opportunity to participate in the PRP.

Resolutions 6(a) relating to STI and (b) relating to LTI seek the approval of shareholders for the grant of two tranches of Performance Rights by the Company to the Managing Director, Bradley Lingo (or his permitted nominee), pursuant to the Performance Rights Plan for the purpose of ASX Listing Rule 10.14 and all other purposes. An overview of the grant to Mr Lingo is set out below.

If approval is given for the purposes of ASX Listing Rule 10.14, shareholder approval is not required for the purposes of ASX Listing Rule 7.1.

### Performance Rights to be awarded and Performance Hurdles

Each Performance Right entitles Mr Lingo to one Share. The maximum number of Performance Rights that may be granted by the Company to Mr Lingo is 568,275 Performance Rights and they are broken down as follows:

### Resolution 6(a)

The Board has determined that 127,995 Performance Rights (**Tranche 1 Performance Rights**) should be awarded to the Managing Director, Mr Lingo, as part of his STI in recognition of his performance in the year ending 30 June 2014. The Tranche 1 Performance Rights vest on 30 June 2015 with the performance hurdle being Mr Lingo's employment by the Company on that date.

### Resolution 6(b)

The Board has also determined that 440,280 Performance Rights (**Tranche 2 Performance Rights**) should be awarded to Mr Lingo as part of his LTI and are subject to the following Performance Conditions:

- Mr Lingo being employed by the Company on 30 June 2017; and
- The proportion of the Tranche 2 Performance Rights will vest if the relevant LTI performance hurdles as set out in the tables below, have been met:

#### Performance Criteria:

Year-on-Year compound annual growth rate (CAGR) in 2P reserves (Calculation based off June 14 Reserves audit).

Proportion of LTI Performance Rights Grant eligible for vesting under this performance criteria:	25% of Tranche 2
Result Achieved (CAGR%)	Proportion of PRs vesting
<5%	0%
5%	50%
>5% and up to 20%	Pro rata between 50% and 100%
>20%	100%

- This increase will be calculated net of production and adjusted for divestment and/or farm-outs.

#### Performance Criteria:

Total Shareholder Return (TSR) compared to ASX 300 energy peer group

Proportion of LTI Performance Rights Grant eligible for vesting under this performance criteria:	75% of Tranche 2
Results Achieved (Percentile)	Proportion of PRs vesting
< 40th	0%
40th	50%
>40th and < 90th	Pro rata between 50% and 100%
90th	100%

The TSR of the Company is compared to the TSR of each member of the ASX 300 energy peer group for the purposes of determining the rank of the Company. The rank is converted to a percentile ranking which is used to determine the proportion of the award that vests.

The TSR of the Company is calculated as the total of:

- a. the value of dividends and capital returns paid to shareholders in the period between 1 July 2014 and the date the Performance Condition is measured;
- b. the value of the difference between the 60-day VWAP before the date on which the Performance Condition is measured and the 60-day VWAP on 1 July 2014 expressed as a percentage; and
- c. with the combined values expressed as a percentage of the 60-day VWAP on 1 July 2014.



The VWAP of the Shares will be adjusted if necessary to take account of any reorganisation of capital occurring before the date on which the Performance Condition is measured.

#### Price on Granting or Vesting

No amount will be payable in respect of the grant or upon vesting of the Performance Rights under items 6(a) and 6(b).

#### Terms of any Loan

There are no loans advanced to Mr Lingo in respect to the acquisition of the Performance Rights under items 6(a) and 6(b).

#### Date of issue

The Board approved the grant of Performance Rights under the PRP on 20 August 2014, subject to items 6(a) and 6(b) being passed by the shareholders at the AGM. Should these resolutions be passed, the Performance Rights will be issued to Mr Lingo as soon as possible after the date of the Annual General Meeting anticipated to be 19 November 2014 (or in any case within 12 months of the date of the AGM).

#### Previous Grants to Directors of Performance Rights since last approved by Shareholders

Mr Lingo was granted 229,047 short term performance rights and 595,348 long term performance rights under the 2013 Performance Rights Plan, following shareholder approval at the 2013 AGM. The short term performance rights vested on 1 July 2014 and 229,047 shares were issued to Mr Lingo as at that date. The long term performance rights are subject to performance hurdles which will be tested as at 30 June 2016. These performance rights were provided at no cost to Mr Lingo.

#### Change of Control

If a change of control of the Company occurs, all Performance Rights will automatically vest as if all Performance Conditions have been satisfied.

*The Directors (excluding Mr Lingo) unanimously recommend that shareholders vote in favour of resolutions 6a and 6b. The Chairman of the meeting intends to vote available proxies in favour of these resolutions.*

## DEFINITIONS

**Annual General Meeting** means the general meeting of shareholders convened by this Notice, to be held at Museum of Sydney, AGL Theatre, Level 2, Corner of Phillip and Bridge Streets, Sydney NSW on Wednesday, 19 November 2014, commencing at 10am (Sydney time) and **AGM** means the same.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited (ABN 98 008 624 691).

**Company** means Drillsearch Energy Limited (ABN 73 006 474 844).

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Director** means a director of the Company.

**PRP Participant** means an employee of the Company or a Director invited by the Board to participate in the PRP.

**Notice** means the Notice of Annual General Meeting of which this Explanatory Memorandum forms part.

**Performance Condition** means the condition (if any) prescribed by the Board and set out in the PRP Participant's invitation in respect to a Performance Right granted under the PRP that must be satisfied before that Performance Right can vest.

**Performance Right** means a performance right granted by the Company under the PRP pursuant to Item 6 of the Notice.

**PRP** means the Performance Rights Plan.

**Shareholders** means the members of the Company who are registered as the holders of one or more of the Shares as at the relevant time and shareholder means any one of them.

**Shares** means fully paid ordinary shares in the capital of the Company and **Share** means any one of them.

**VWAP** means volume weighted average price.

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The Secretary  
Drillsearch Energy Limited  
Level 16  
55 Clarence Street  
Sydney NSW 2000  
25 September 2014

Dear Sir

#### Subject: Nomination of Auditor

In accordance with the provisions of section 328B of the Corporations Act 2001, I, Ian Bucknell, being a member of Drillsearch Energy Limited, hereby nominate PricewaterhouseCoopers for appointment as auditor of that company.

Yours faithfully



Ian Bucknell





**By mail:**  
Drillsearch Energy Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235 Australia



**By fax:** +61 2 9287 0309



**All enquiries to: Telephone:** +61 1300 554 474

## PROXY FORM

I/We being a member(s) of Drillsearch Energy Limited and entitled to attend and vote hereby appoint:

### STEP 1

#### APPOINT A PROXY

☐

**the Chairman  
of the Meeting  
(mark box)**

**OR** if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy.

Failing the person or body corporate named on this form, or if no person or body corporate is named on this form, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote on my/our behalf (including in accordance with the directions set out below or, if no directions have been given, to vote as the proxy sees fit, to the extent permitted by the law) at the Annual General Meeting of the Company to be held at 10:00am (Sydney time) on Wednesday, 19 November 2014 at the Museum of Sydney, AGL Theatre, Level 2, Corner of Phillip and Bridge Streets, Sydney, New South Wales (the Meeting) and at any postponement or adjournment of the Meeting.

I/we expressly authorise the Chairman of the Meeting to exercise my/our proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

The Chairman of the Meeting intends to vote undirected proxies in favour of all items of business.

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting being 10:00am (Sydney time) on Monday 17 November 2014.

Please read the voting instructions overleaf before marking any boxes with an ☒.

### STEP 2

#### VOTING DIRECTIONS

##### Resolution 2

Adopt the Remuneration Report

**For Against Abstain\***

☐ ☐ ☐

##### Resolution 3

Re-elect Jim McKelvie as a Director

☐ ☐ ☐

##### Resolution 4

Re-elect Ross Wecker as a Director

☐ ☐ ☐

##### Resolution 5

Appoint PricewaterhouseCoopers as Auditor

☐ ☐ ☐

##### Resolution 6(a)

Approve grant of 127,995 performance rights to Bradley Lingo, Managing Director under the Performance Rights Plan (STI)

☐ ☐ ☐

##### Resolution 6(b)

Approve grant of 440,280 performance rights to Bradley Lingo, Managing Director, under the Performance Rights Plan (LTI)

☐ ☐ ☐

**i** \* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority if a poll is called.

### STEP 3

#### SIGNATURE OF SHAREHOLDERS - THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)




Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

**DLS PRX401R**



## HOW TO COMPLETE THIS PROXY FORM

### Your Name and Address

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

### Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person in Step 1. This person does not need to be a member of the Company. If you appoint someone other than the Chairman of the Meeting as your proxy, you will also be appointing the Chairman of the Meeting as your alternate proxy to act as your proxy in the event the named proxy does not attend the Meeting.

### Votes on Items of Business - Proxy Appointment

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

### Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- return both forms together.

### Signing Instructions

You must sign this form as follows in the spaces provided.

**Individual:** where the holding is in one name, the holder must sign.

**Joint Holding:** where the holding is in more than one name, either shareholder may sign.

**Power of Attorney:** to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

### Corporate Representatives

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au).

### Lodgement of a Proxy Form

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **10:00am (Sydney time) on Monday, 17 November 2014**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



**ONLINE** [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

Login to the Link website using the holding details as shown on the proxy form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, securityholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the proxy form).



**by mail:**

Drillsearch Energy Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235  
Australia



**by fax:**

+61 2 9287 0309



**by hand:**

delivering it to Link Market Services Limited, 1A Homebush Bay Drive, Rhodes NSW 2138.



**by mobile device:**

Our voting website is designed specifically for voting online. You can now lodge your proxy by scanning the QR code adjacent or enter the voting link [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au) into your mobile device. Log in using the Holder Identifier and postcode for your shareholding.

To scan the code you will need a QR code reader application which can be down-loaded for free on your mobile device.

**QR Code**



If you would like to attend and vote at the Annual General Meeting, please bring this form with you.  
This will assist in registering your attendance.