

ASX ANNOUNCEMENT

17 April 2015

UGAS 2015 Conference Presentation

Please find attached a copy of a presentation to be delivered by Drillsearch Managing Director Brad Lingo at the UGAS 2015 Conference, to be held today in Brisbane.

For further information please contact:

General Enquiries:

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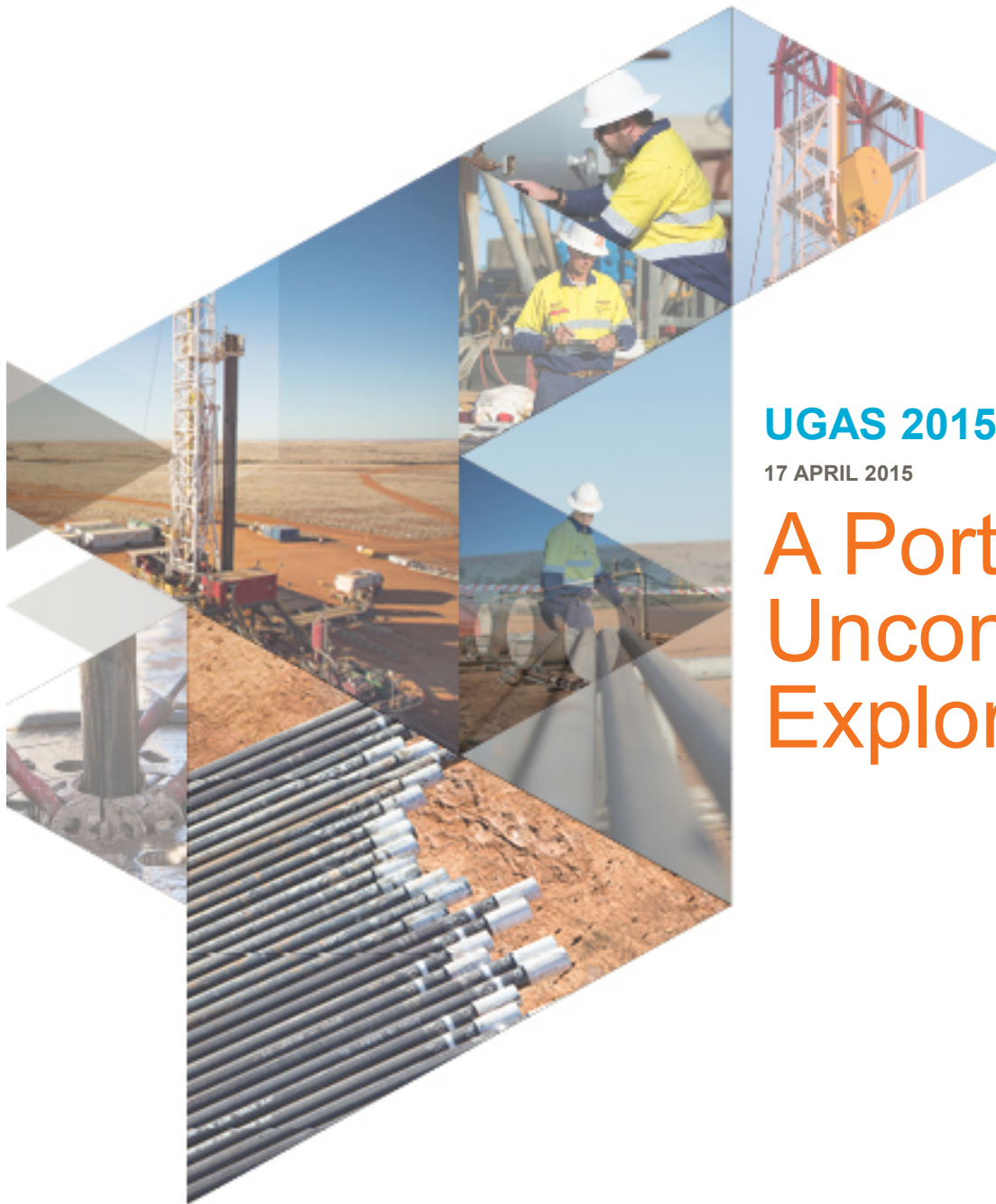
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UGAS 2015

17 APRIL 2015

A Portfolio Approach to Unconventional Exploration

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References to \$ are references to Australian dollars unless otherwise stated.

Forward Looking Statements

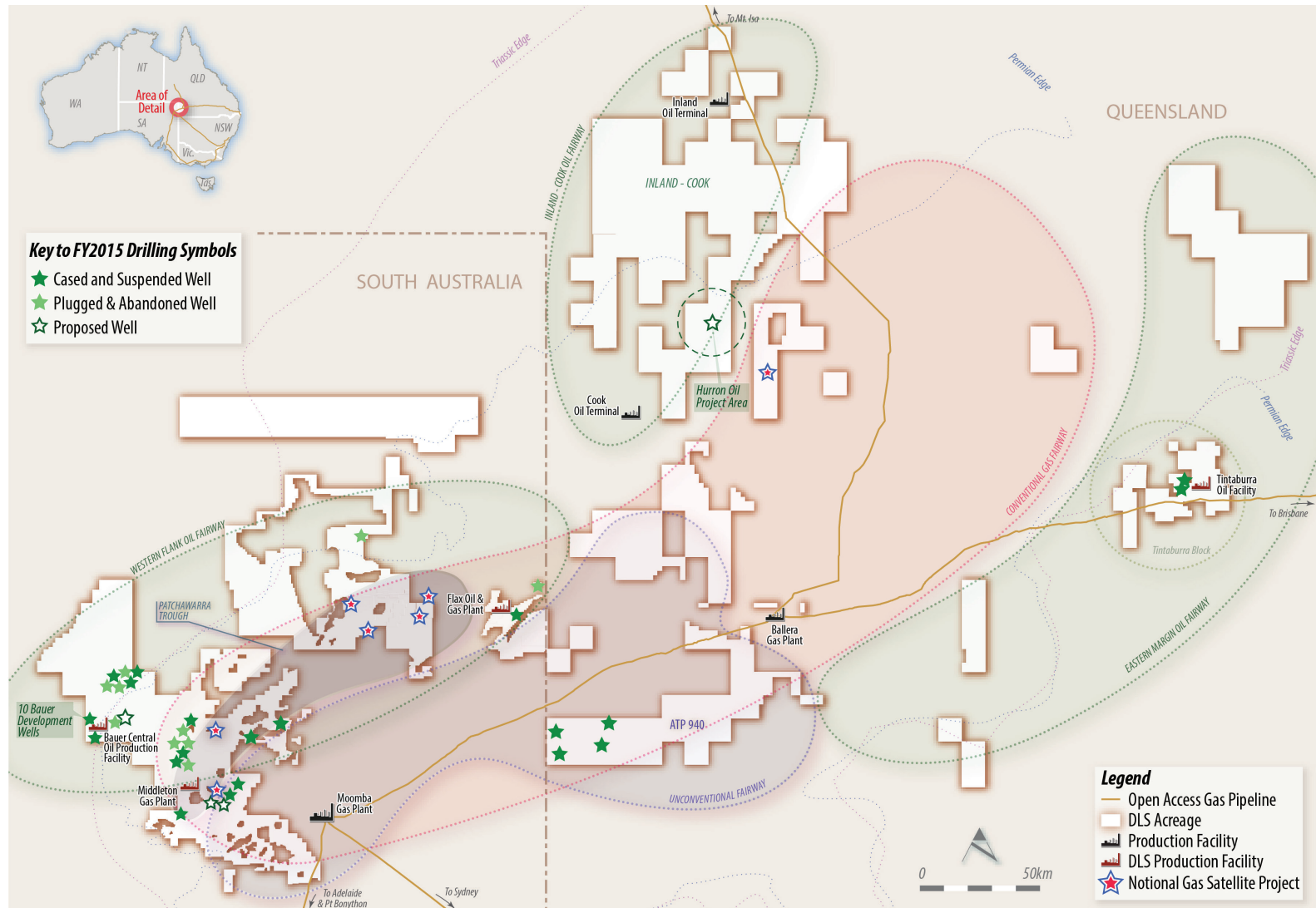
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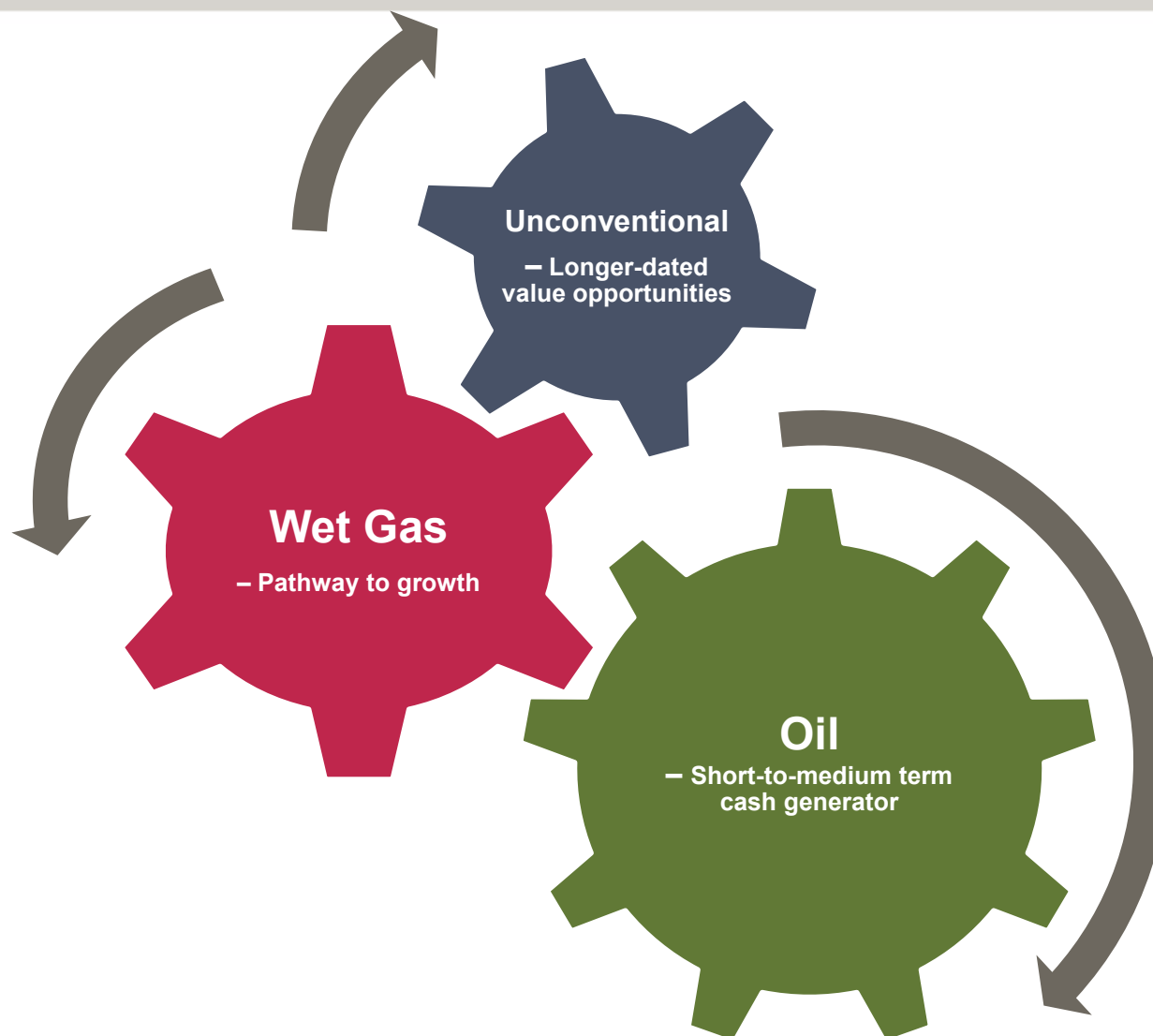
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Introduction to Drillsearch



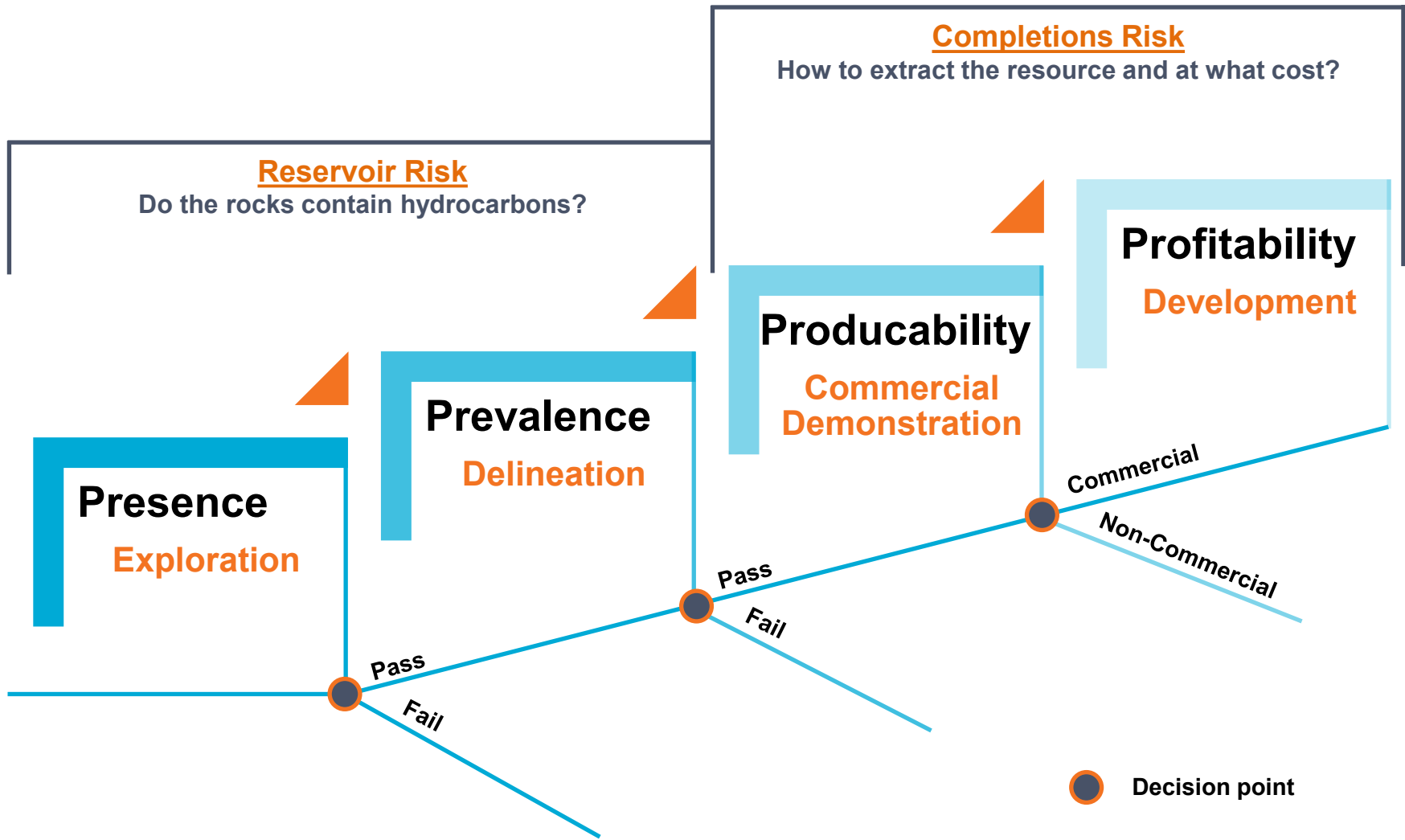
The only ASX200 company focused solely on the Cooper Basin

Drillsearch Strategy Three Growth Platforms



Unconventional complements 'Conventional' Oil and Wet Gas

Unconventional Value Milestones



The four 'P's – Steps to establishing a commercially viable Unconventional project

Unconventional How to Build a Commercial Project

Key variables determining profitability of an unconventional project

Gas Price

- Observable
- Changes over time

Production Rate

- Early indications
- More wells, refined approach, better rates

Well cost

- Well scope efficiencies
- Economies of scale grow
- Service providers more prevalent

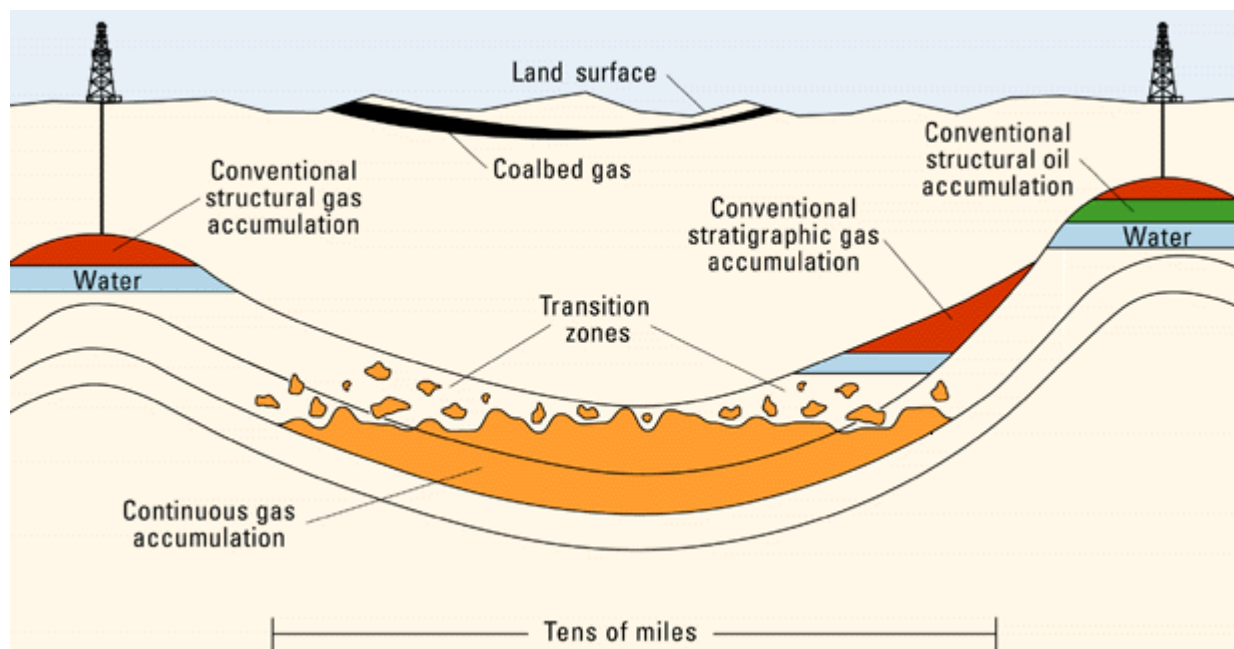
EUR

- Long term production required

TIME

Unconventional “Stimulated Pay” Model

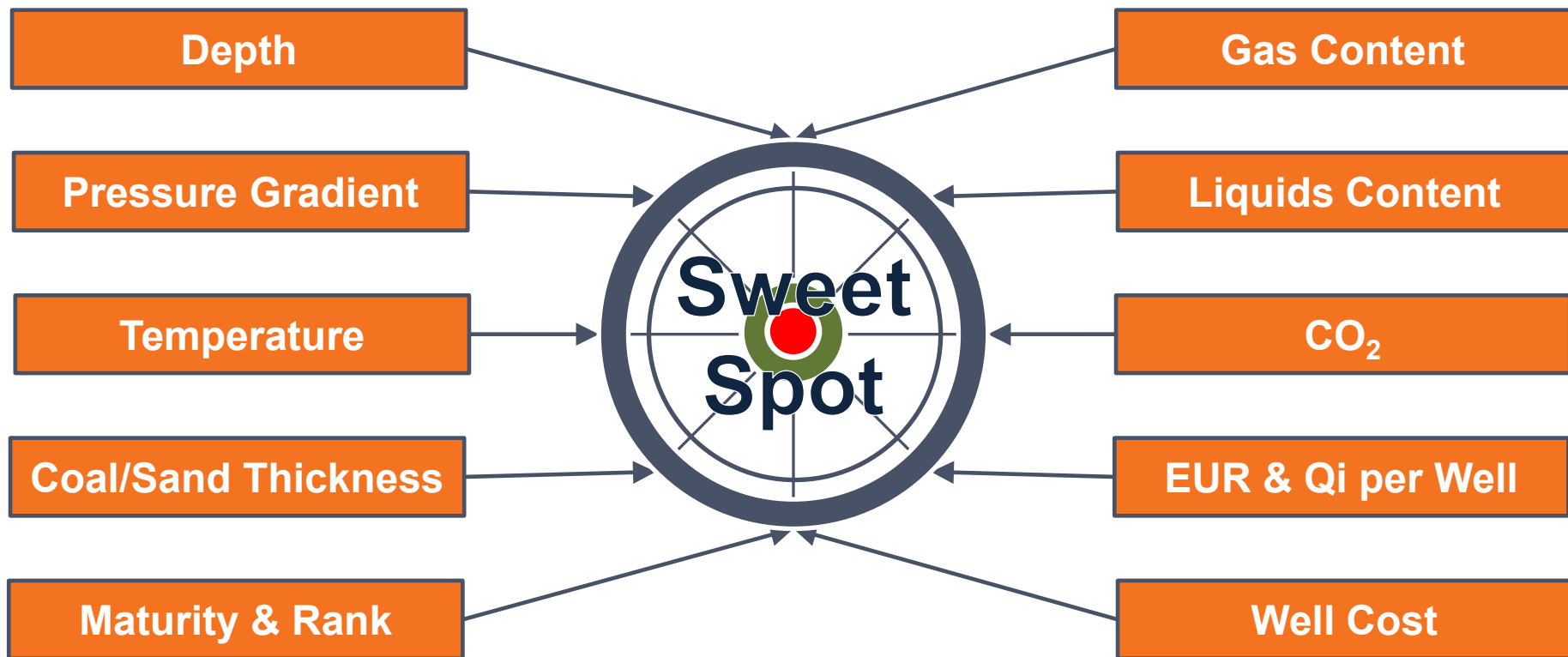
- Plenty of gas but with rocks too tight to allow migration
- Mature coals and shales of Patchawarra Formation are self-sourcing
- Permian tight sandstones, siltstones, coals and shales provide major unconventional target
- Targets require successful stimulation to provide permeability to allow hydrocarbons to flow



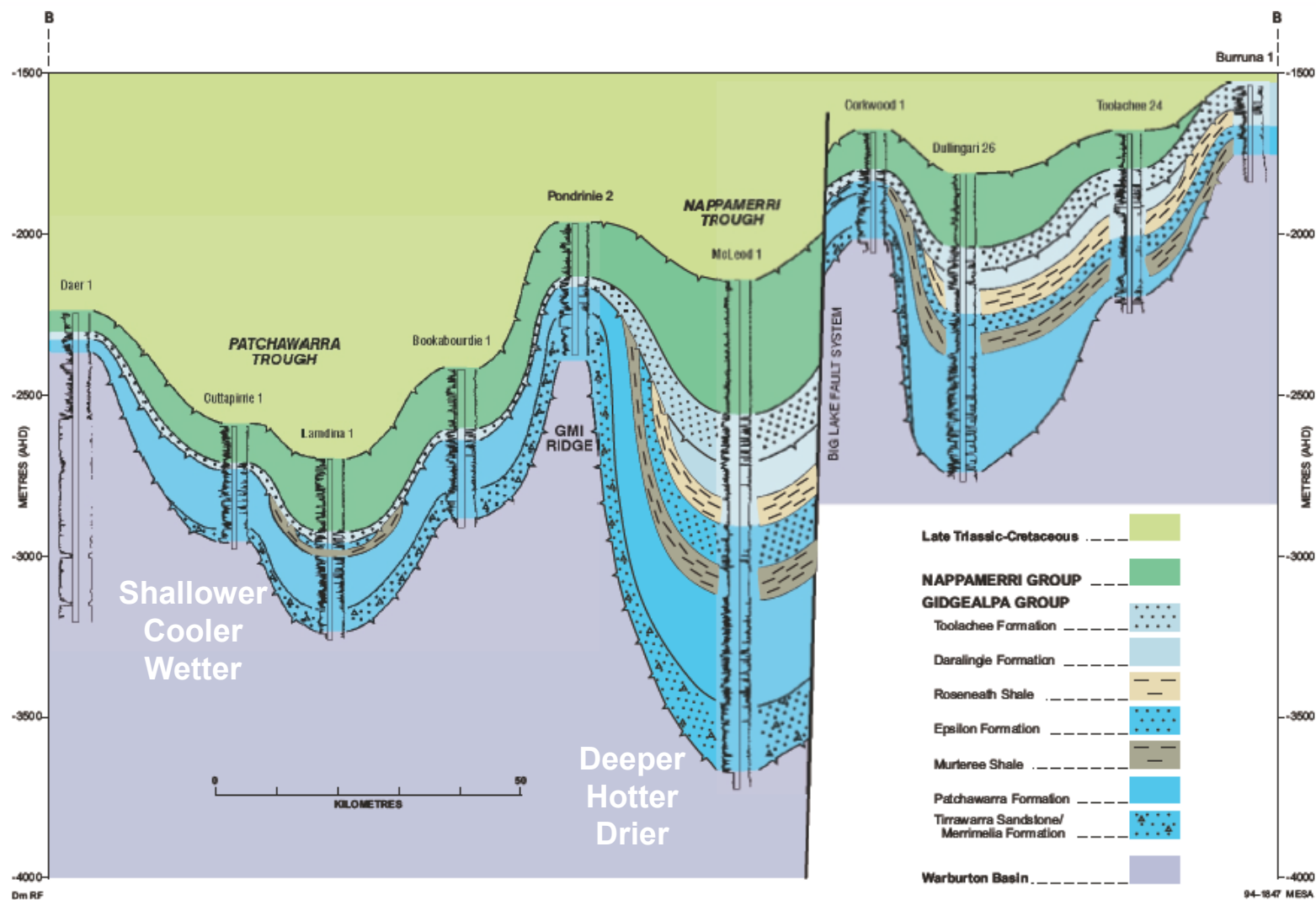
Source: United States Geological Survey

“Stimulated Pay” model applies a broader approach to define unconventional resources

Unconventional Identifying Sweet Spots

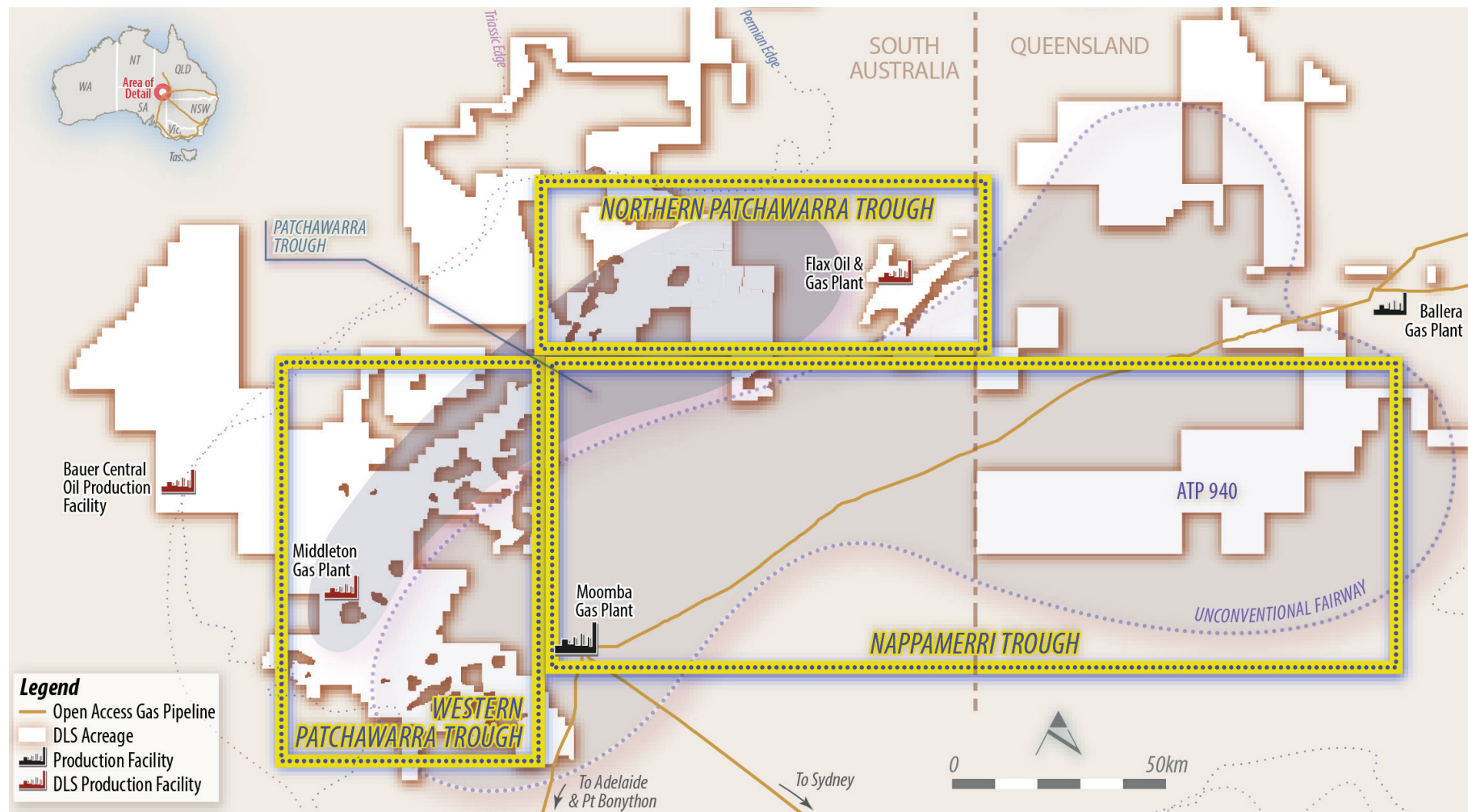


Gas Fairways Patchawarra Trough Vs Nappamerri Trough



Patchawarra Trough generally more liquids-rich with less CO₂, and at lower pressure and temperature

Unconventional A Portfolio Approach



Northern Patchawarra Unconventional Plays and Work Program

PEL 101

- Conventional and unconventional pay at Ginko-1, Wimma-1 and Crocus South-1
- Jute-1 to test tight sands early FY2016
- Secondary target Deep Coal play

PEL 570

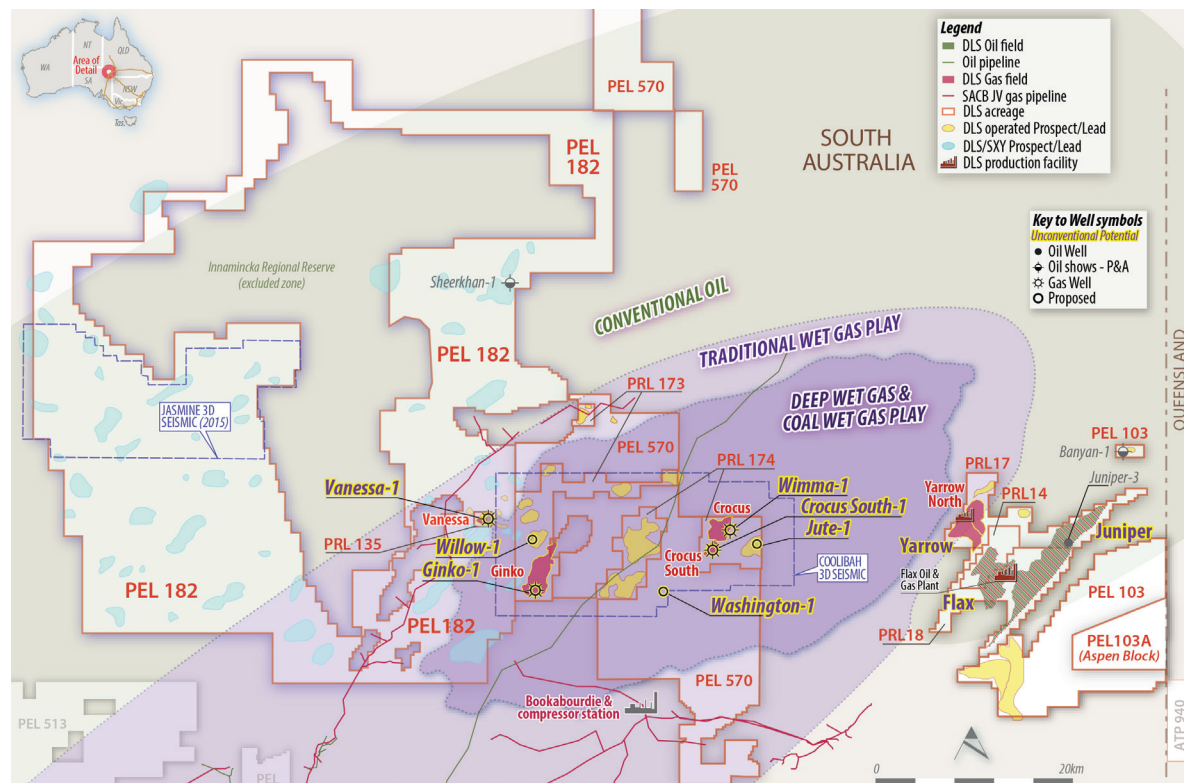
- Washington-1 to test Deep Coal potential early FY2016
- Drillsearch free carried by Santos

PEL 182

- Vanessa-1 - unconventional potential in deeper Patchawarra

PEL 103

- Tight Permian Sands in Flax, Juniper and Yarrow with hydrocarbons outside structural closure



Recent acquisitions provide significant regional footprint

Northern Patchawarra Unconventional Tight Sands Score Card

Element	+VE	-VE	Details
Depth	●		Deep play (~2,700 – 3,700 m)
Pressure Gradient	●		Potential for moderate overpressure
Temperature	●		Normal temperature gradient expected
Sand Thickness	●		Regional work and well penetrations indicate favourable sand thicknesses
Maturity & Rank	●		Within the condensate to wet gas generation window
Gas Content	●		Continuous gas saturations observed below 2,700m
Liquids content	●		Liquids content greater than Nappamerri Trough
CO ₂		●	Relatively high but lower than Nappamerri Trough
EUR & Qi per well	●		Moderate EUR/well with moderate Qi expected post stimulation

Source: Near offset well data

PEL 101 program to test unconventional potential alongside conventional pay zones

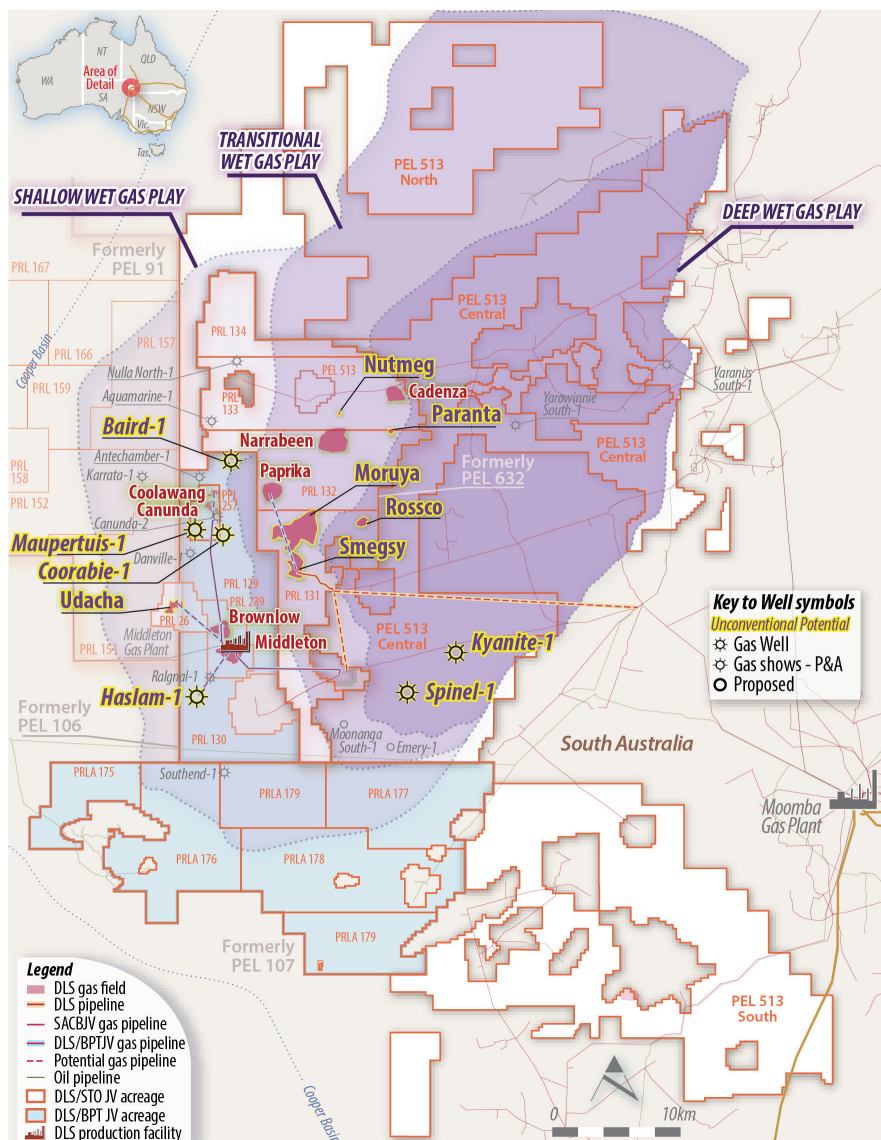
Northern Patchawarra Unconventional Deep Coal Score Card

Element	+VE	-VE	Details
Depth	●		Deep play (~2,700 – 3,700 m)
Pressure Gradient	●		Potential for moderate overpressure
Temperature	●		Normal temperature gradient expected
Coal Thickness	●		Multiple thick coal seams penetrated in wells
Maturity & Rank	●		Within the condensate to wet gas generation window
Gas Content	●		High based on well penetrations
Liquids content	●		Moderate
CO ₂		●	High
EUR & Qi per well	●		To be ascertained in this part of the basin

Source: Near offset well data

Washington-1 to test potential in FY2016

Western Patchawarra Unconventional Plays and Work Program



Beach JV – Shallow Tight Sands and Coals

- Proposed test of gassy coal zone in Baird-1 in shallow Patchawarra Trough (2,660 m)
- Shallow tight gas sands play potential at Udacha-1, Maupertuis-1, Coorabie-1 and Haslam-1

Santos JV – Transition and Deep Tight Sands

- Tight sands in Kyanite-1 and Spinel-1 with potential for unconventional pay in deep basin areas of Patchawarra Trough
- Deep-to-transitional gas pay potential in several other wells
- Current program free carried by Santos



Drilling at Spinel-1 in PEL 513

Purple area highlights unconventional footprint

Western Patchawarra Unconventional Tight Sands Score Card

Element	+VE	-VE	Details
Depth	●		2,200 to 3,000 m
Pressure Gradient	●		Normally pressured
Temperature	●		Normal temperature gradient
Sand Thickness	●		Well penetrations show good sand development
Maturity & Rank	●		Within the oil to early wet gas generation window
Gas Content	●		High gas readings observed
Liquids content	●		Moderate to high
CO ₂		●	Low to Very high
EUR & Qi per well	●		Varying from poor to excellent

Source: Near offset well data

Excellent unconventional potential observed during conventional campaign in FY2015

Western Patchawarra Unconventional Deep Coal Score Card

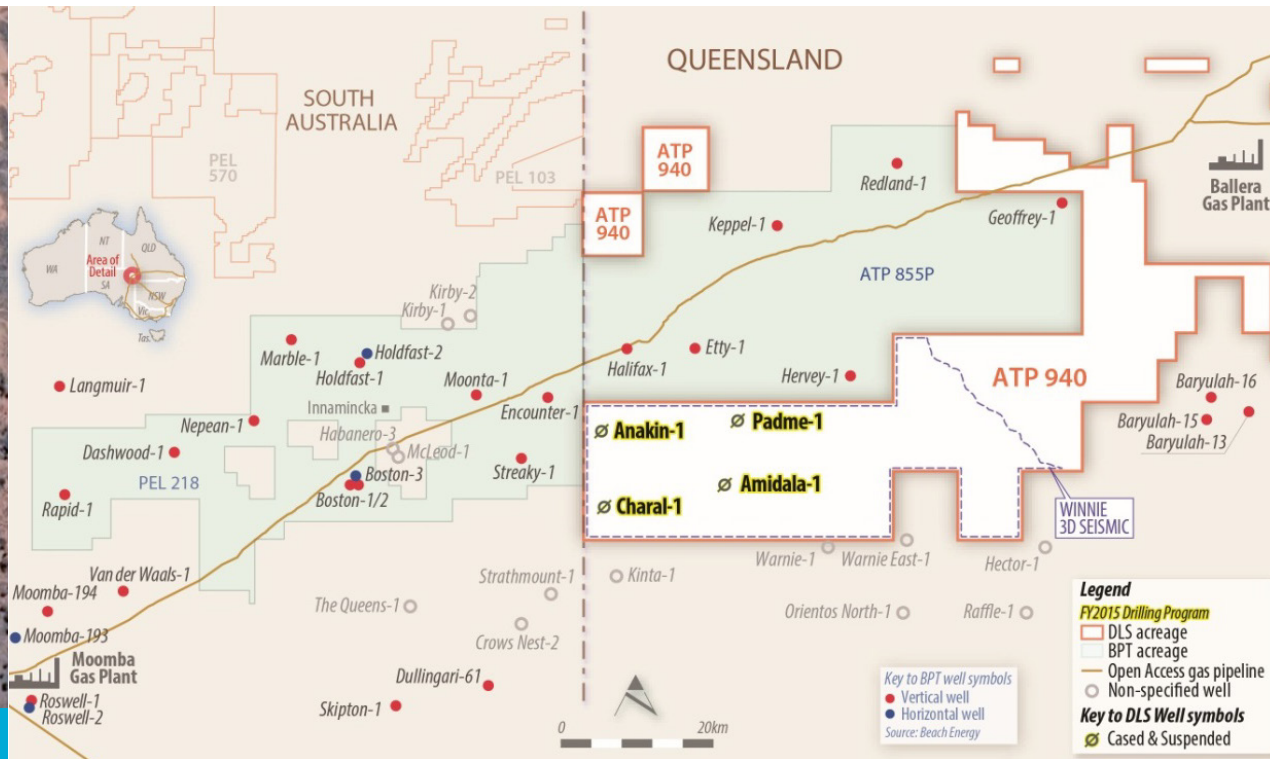
Element	+VE	-VE	Details
Depth	●		2,200 to 3,000 m
Pressure Gradient	●	●	Normally pressured
Temperature	●		Normal temperature gradient
Coal Thickness	●		Multiple thick coals have been observed
Maturity & Rank	●		Within the oil to early wet gas generation window
Gas Content	●		Observed to be high
Liquids content	●	●	Dry gas observed to date in association with the coals
CO ₂		●	Low to very high
EUR & Qi per well			Unknown

Source: Near offset well data

Western Cooper Deep Coal play has potential but needs more data

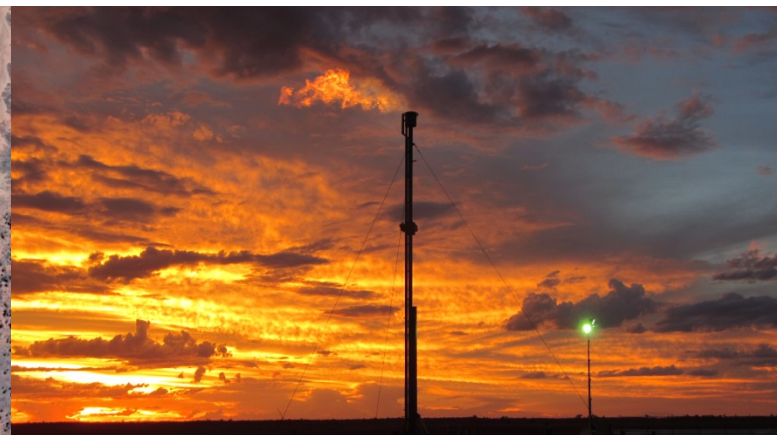
Nappamerri Trough ATP 940

- Current drilling program completed - four wells drilled to target depth
- Production testing of Charal-1 and Anakin-1 completed and both wells now shut-in for pressure build up:
 - Charal-1 peak flow rate of 0.95 mmscf/d; Anakin-1 – 1.05 mmscf/d



Conclusion

- Multiple plays – shale, tight gas, deep coal
- Well understood fairways in mature region, complementing conventional exploration
- Favourable long-term outlook – good rocks, access to market, stable regulatory framework
- Conventional remains priority; Unconventional provides long-term upside with disciplined approach to funding the work program
 - Leverage free carries in Western Cooper and PEL 570





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