ASX ANNOUNCEMENT
18 May 2015

Drillsearch Investor Presentation

Drillsearch Energy Limited is pleased to provide the attached Investor Presentation that will be delivered at the Australian Petroleum Production and Exploration Association (APPEA) conference to be held in Melbourne, 18-20 May 2015.

Also at APPEA, Drillsearch has launched a video to provide investors with an overview of the company's history, operations and strategy.

Below is a link to the video, Drillsearch In Depth:
drillsearch.com.au/video

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Or visit the website **www.drillsearch.com.au**

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Investor Presentation

MAY 2015

Continuing to Deliver in a Challenging Market

Drillsearch

Disclaimer and Important Notice

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

The HY2015 reporting period is the six months to 31 December 2014. Unless otherwise shown, comparative period is six months to 31 December 2013.

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

Forward Looking Statements

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

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

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

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

Competent Person Statement

Information in this presentation that relates to Reserves and Contingent 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 and 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 this presentation of the matters based on his information in the form and context in which it appears. Reserves and contingent resources have been classified and categorised according to the Society of Petroleum Engineers - Petroleum Resources Management System (SPE-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 are categorised as 2P.

Disclaimer and Important Notice

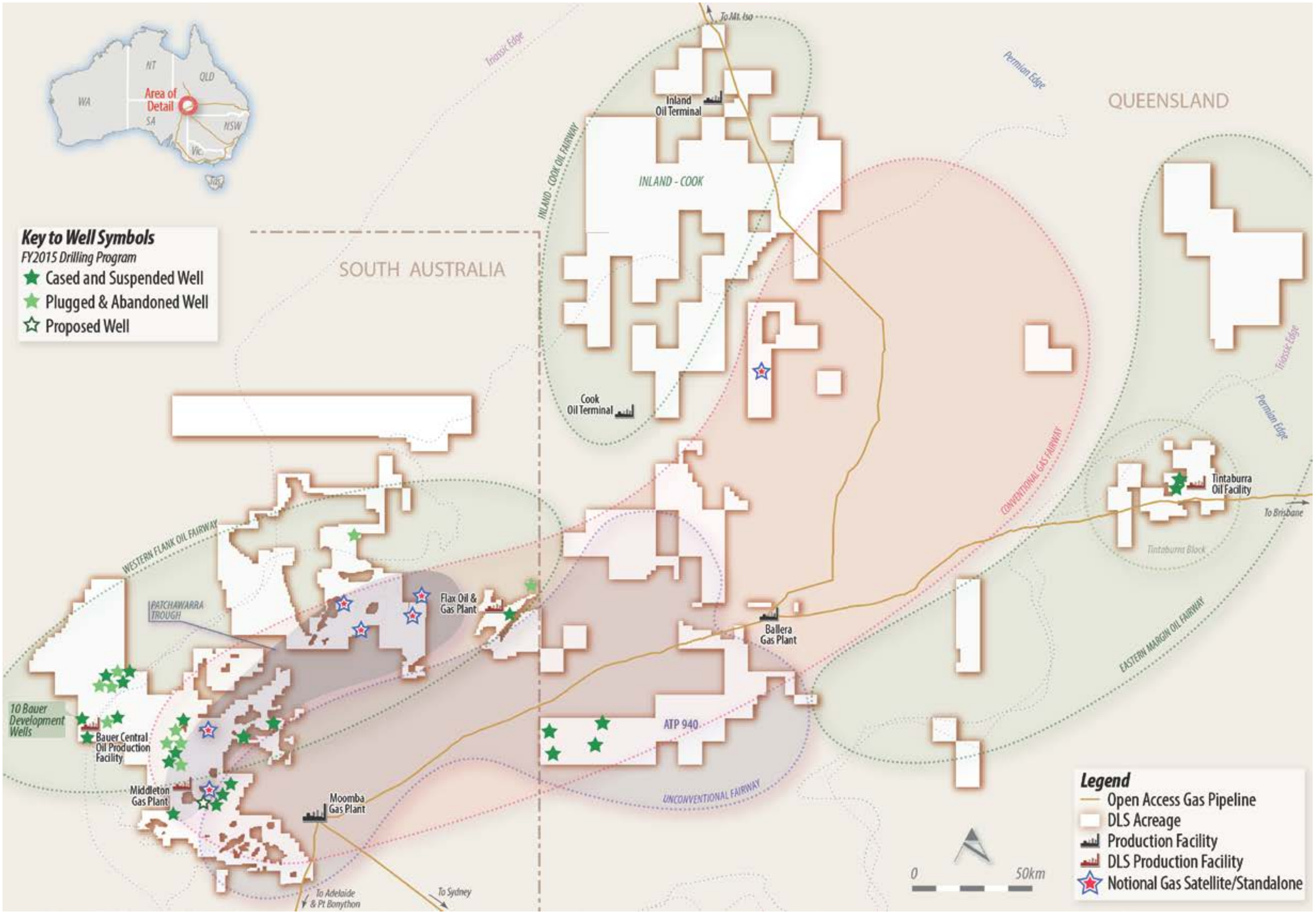
Non-IFRS accounting financial information

This presentation refers to Underlying NPAT (underlying net profit after tax), which is a non-IFRS accounting financial measure used by Drillsearch to provide greater understanding of the underlying business performance of the company's operations. When reviewing business performance, Non-IFRS accounting information should be used in addition to, and not as a replacement of measures prepared in accordance with IFRS. Non-IFRS accounting information has not been the subject of audit review by Drillsearch's external auditors.

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

	HY2015 $'000	HY2014 $'000
Net profit after tax	14,349	35,534
Adjusted for:		
Change in fair value of derivatives	(16,020)	-
Change in fair value of convertible note	(2,832)	22,824
Exploration write-offs and asset impairments	61,839	351
Tax impact of above changes	(24,961)	(3,060)
Underlying net profit after tax	**32,375**	**55,649**

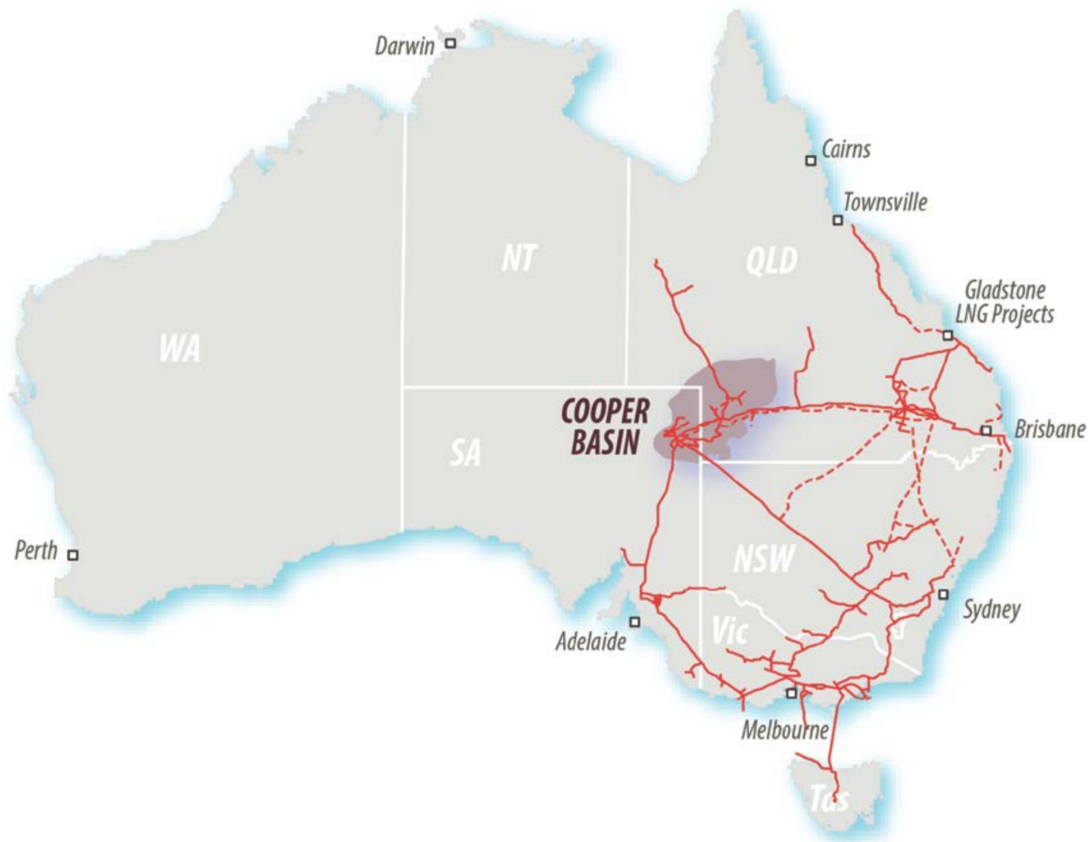
Introduction to Drillsearch



Generating shareholder value from one of the largest positions in the Cooper Basin

Why the Cooper Basin?

- Australia’s largest onshore oil and gas basin
- Extensive oil and gas infrastructure
- Connected to major domestic markets and LNG export terminals
- Historically under-explored and under-exploited
- Significant remaining conventional resources
- Emerging new unconventional opportunity

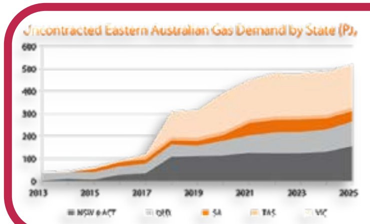


Established oil and gas province - first discovery in 1963

Why the Cooper Basin?

Four main Cooper Basin investment themes:

Resurgence in oil production



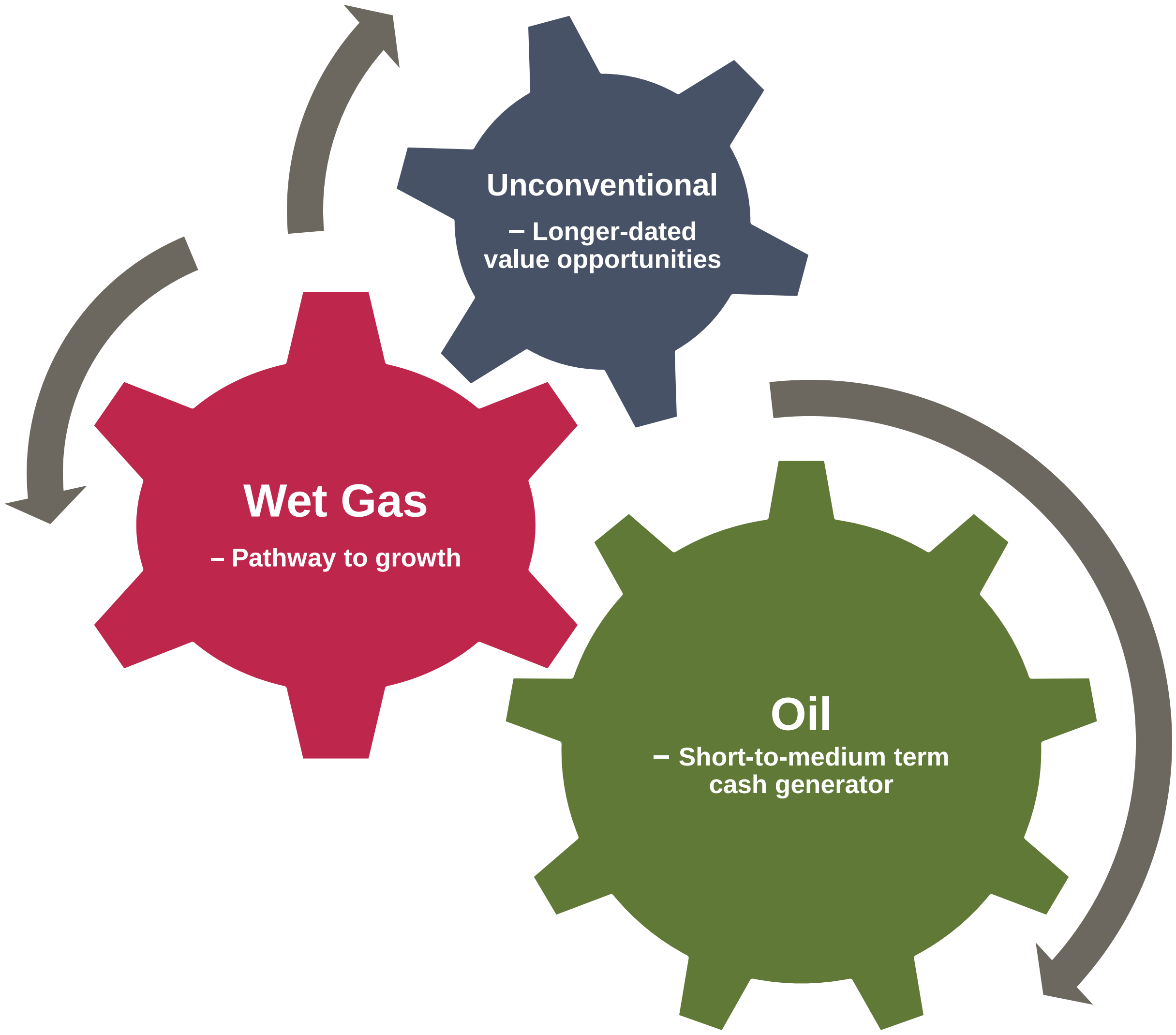
Rising East Coast gas demand

Emerging Unconventional potential

Consolidation

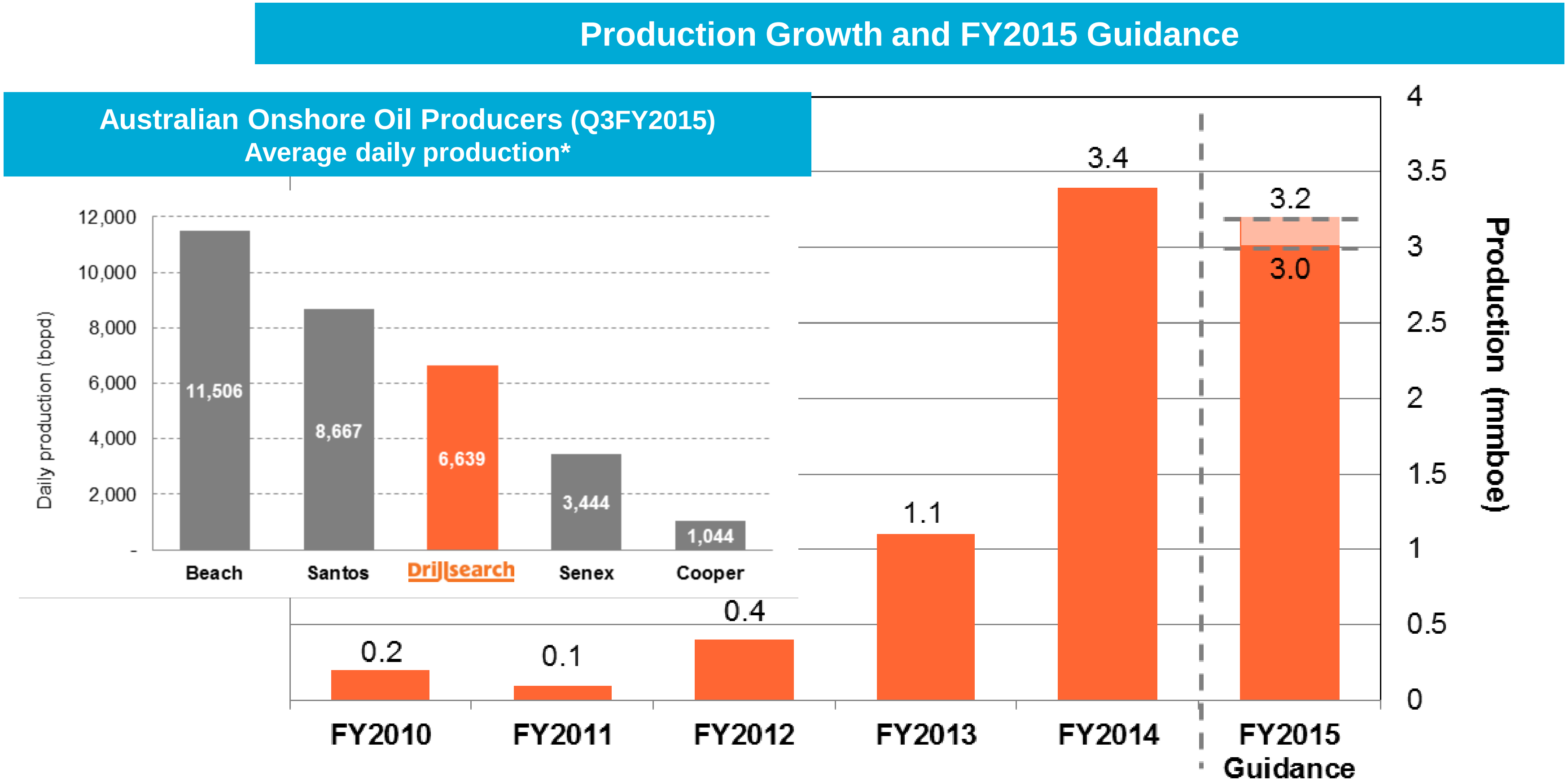
Leveraged to the key Cooper Basin thematics

Clear Strategy



Three growth platforms

History of Production Growth



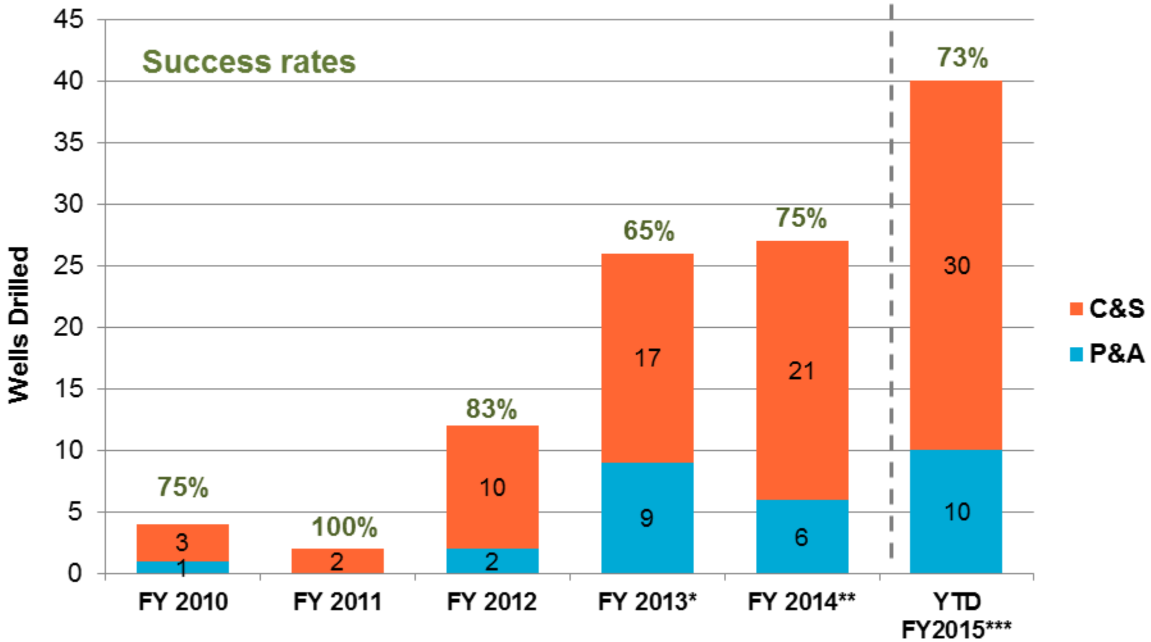
- Year-to-date production of 2.21 mmboe of oil and wet gas as of 31 March 2015
- Expectations towards the lower end of the 3.0 to 3.2 mmboe guidance range**

Australia's third-largest onshore oil producer

* Source: March 2015 Quarterly Production Reports/ASX Announcements
** Refer to information on slide 2 regarding Forward Looking Statements

Delivering Success with the Drill Bit

Drillsearch Drilling Activity



	FY2010	FY2011	FY2012	FY2013	FY2014	YTD FY2015****	FY2015 Guidance
Capital Expenditure A$m	8.9	17.7	37.7	143.4	95.7	118.7	150 to 165

* Cypress-1 operation suspended thus not included in chart or success rate
** Charal-1, Anakin-1 and Padme-1 excluded from success rate as ongoing
*** Through 15 May 2015. Anakin-1, Padme-1 and Amidala-1 included in C&S total though excluded from success rate as ongoing
**** FY2015 Through 31 March 2015

Track record of exploration success

Robust Financial Position

- EPS positive in HY2015
  - Profitable at Statutory and Underlying NPAT levels*
- $135.7 million of cash, and $45 million of undrawn working capital facilities[1]
- Low cost operations with strong margins on oil production
  - $57.50/bbl margins on oil production in Q3, including hedging gains
- Realised benefit of $19.50/bbl[2] from hedging in Q3

Solid performance despite the challenging oil price environment

[1] As of 31 March 2015
[2] Gross realised hedge gain per barrel before accounting for the cost of putting the hedges in place.
* Refer to the information on Slide 3 regarding Non-IFRS Financial Information

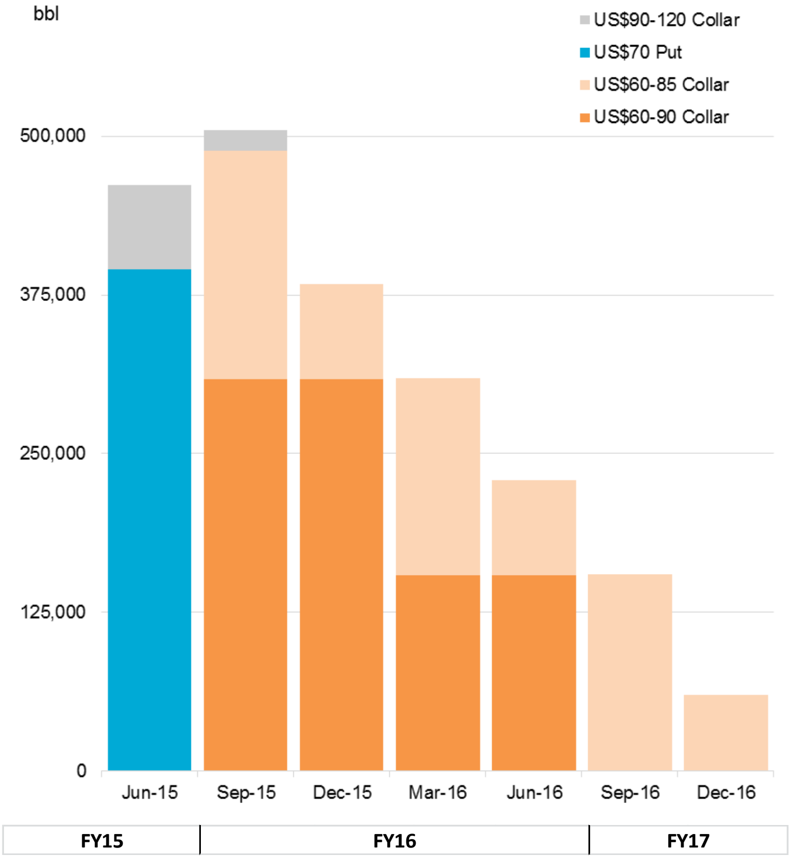
Decisive Measures to Respond to Market Conditions

- Rolling 18-month program; tiered profile through FY2016 and into FY2017 at US$60 floor
- US$70/bbl and US$90/bbl Puts in place for remainder FY2015
- Gross hedge benefit of $15.1m realised in FY2015 to end March

Ongoing Program

- Additional 280,000 bbls of hedging across FY2016/17 put in place in April in form of US$60-US$85 collars
- Continue to assess additional hedging to provide downside price protection

Drillsearch Hedge Profile as of 30 April 2015



Active management of our commodity price exposure

Operational Review Progress

Prioritisation of capital and activity

Objectives	Delivery
• Near-term production, cash flow and reserves replacement • Conventional over Unconventional	✓ Second Bauer pad and Ralgnal-1 accelerated ✓ Lower Unconventional spend from HY2015 ✓ Northern Cooper (PEL101) program deferred until FY2016

Reduce corporate and operating cost base

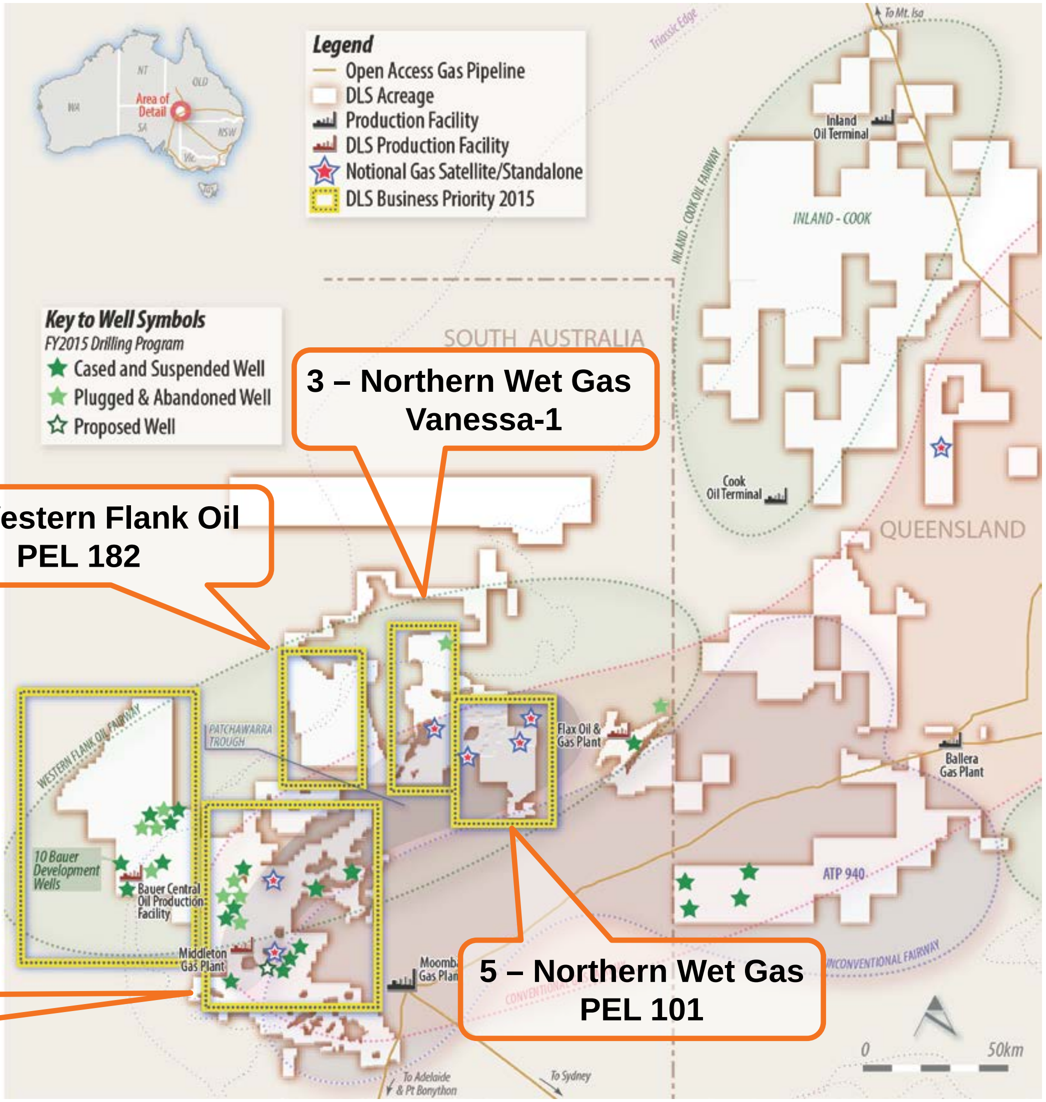
Objectives	Delivery
• Target annualised savings of $10 million to $15 million a year	✓ Flax operations shut in ✓ Reduction in headcount across all locations ✓ Streamlined management structure

Future activity and capex matched to operating cash flow

Objectives	Delivery
• FY2016 and FY2017 capex expected to be significantly lower than FY2015	✓ Q3 FY2015 capex significantly reduced ✓ Framework for all FY2016 budget discussions

Maintaining a strong platform to capture benefits as market conditions improve

Operational Review Prioritisation



3 – Northern Wet Gas
Vanessa-1

4 – Western Flank Oil
PEL 182

1 - Western Flank Oil
(formerly PEL 91)

2 - Western Wet Gas

5 – Northern Wet Gas
PEL 101

Focusing our spend in a capital constrained environment

Western Flank Oil Key Cash Flow Engine

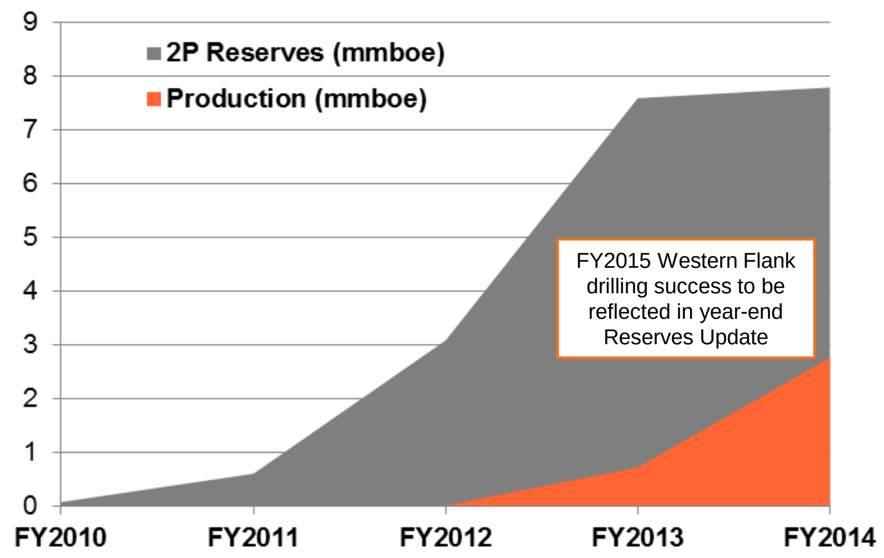
Current production:

- 11,850 bbls/day (gross) achieved in early April as Bauer pad wells connected
- Operator indicates production to be maintained through calendar 2015

Active exploration, appraisal and development program :

- 19 oil wells[1] in FY2015; 79% success rate in the former PEL 91
  - Three discoveries and two successful appraisal wells
  - 10 successful development wells
- Stunsail, Pennington, Balgowan still to be connected
- 3D seismic to replenish prospect seriatim

2P Reserves* and Production (net) on the Western Flank Oil Fairway (former PEL 91) (DLS 60%)



Continuing to deliver in terms of production and drilling success

[1] Does not include Karrata-1 wet gas exploration well drilled in PEL 91 as part of Western Cooper Wet Gas campaign

* As at 30 June for each year shown as reported in the company's full-year reserves updates

Western Flank Oil Inventory of Wellhead Production Capacity

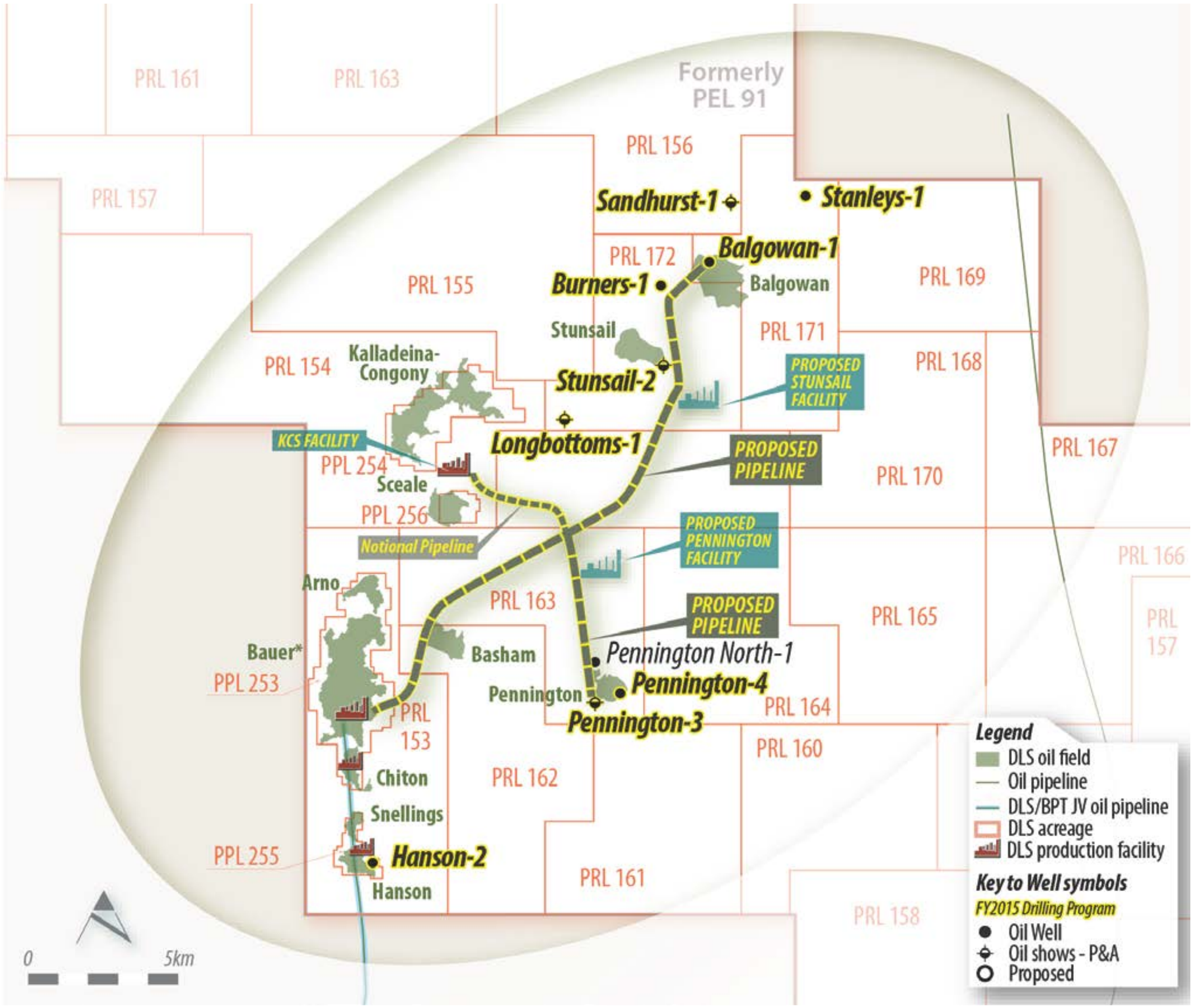
Western Flank Oil – Productive Capacity as at 31 March 2015					
Developed	Under Development				
Producing	Completed, awaiting connection	Completed, awaiting facilities & connection	C&S awaiting completion and/or connection/facilities	C&S	Total 42 wells
Bauer-1 to -15	Chiton-3	Balgowan-1	Bauer-16 to -18[1]	Arno-1	
Bauer-19	Hanson-2	Pennington-1 & -2	Bauer-20 to -23	Basham-1	
Chiton-1 & -2		Stunsail-1		Bauer North-1	
Hanson-1				Burners-1	
Kalladeina-2				Pennington North-1	
Congony-1				Snellings-1	
Sceale-1				Stanleys-1	
22 wells	**2 wells**	**4 wells**	**7 wells**	**7 wells**	

- Investment in productive capacity in FY2015
- Production capacity significantly in excess of export capability

New connections expected to sustain production

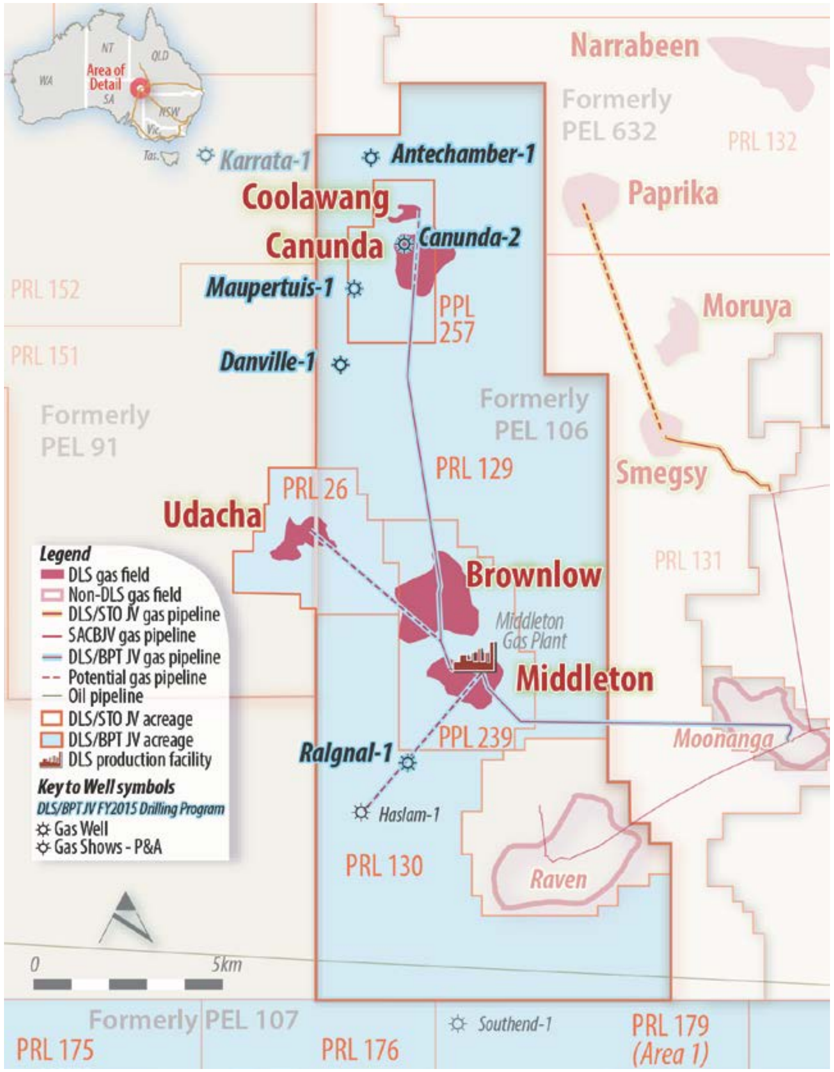
[1] Bauer-16 to -18 were connected in March and subsequently flow tested in April 2015.

Western Flank Oil Ongoing Connections Program



Investment in infrastructure improves economics of future discoveries

Western Cooper Wet Gas Joint Venture with Beach



Current production:

- Production of 0.26 mmboe in the 9 months to March 2015 (net to DLS, 50% stake) from Brownlow, Middleton and Canunda

Development to support production:

- Compression anticipated in FY2016*
- Possible connections*:
  - Canunda-2
  - Ralgnal-1
  - Coolawang-1
  - Udacha-1

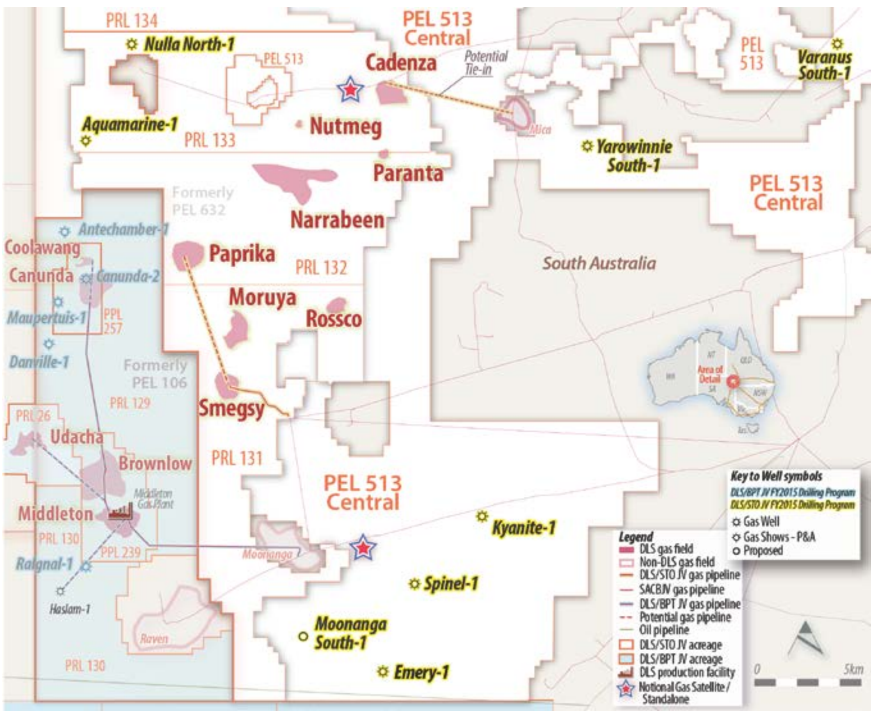
Ensign Rig 965 used for Ralgnal-1

Cornerstone asset for Wet Gas strategy

* Subject to finalisation and approval of joint venture work program and budget for FY2016

Western Cooper Wet Gas Joint Venture with Santos

- Highly successful exploration program in FY2015
  - Six discoveries from first seven wells
- Active development program being finalised*
  - First connections expected in 1H FY2016
- DLS free carried for FY2015 program under farm-in agreement



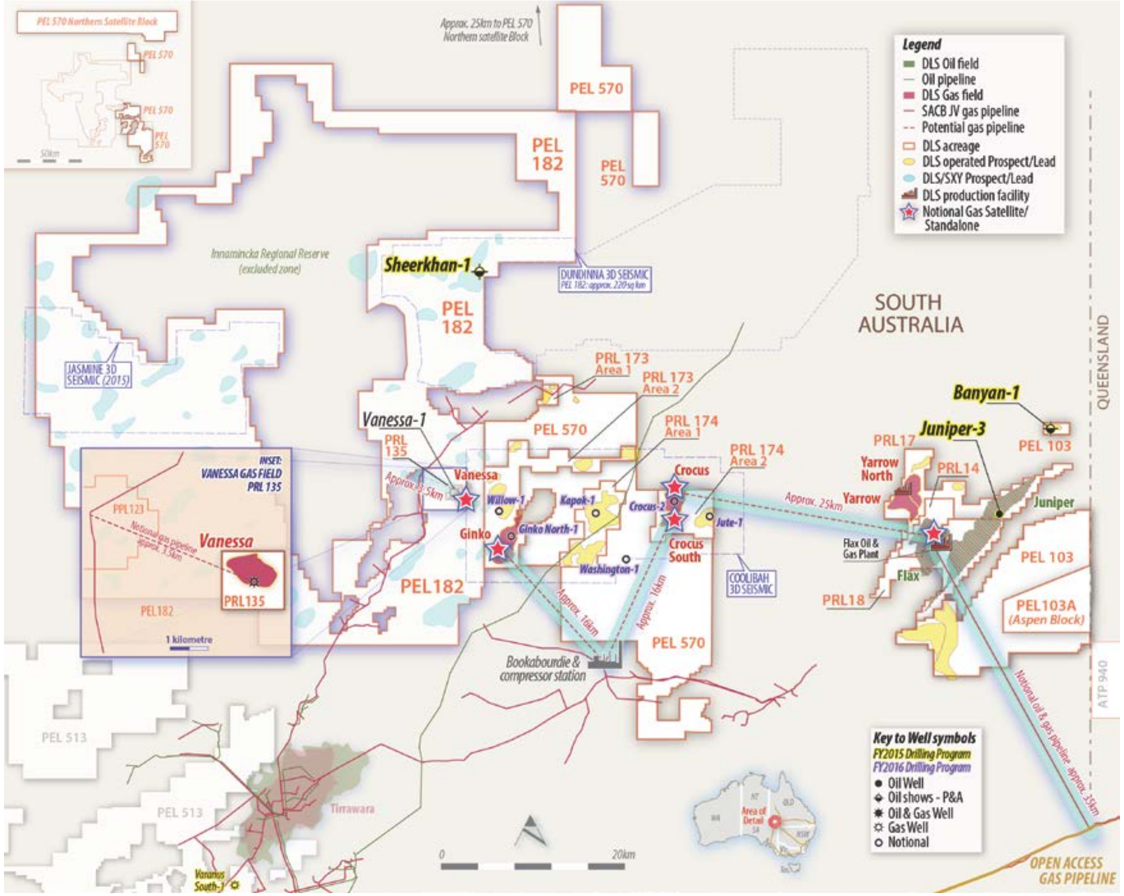
Spinel-1 Drilling April 2015

First revenue expected in FY2016*

* Subject to finalisation and approval of joint venture work program and budget for FY2016

Northern Cooper Wet Gas Vanessa and PEL 101

- Vanessa-1 discovery successfully tested
  - Average flow rate of 5.0 mmscf/d with 15 barrels per mmscf/d of condensate
  - Tie-in expected FY2016*
- Northern Cooper (former PEL 101) drilling in FY2016
  - FY2015 program reworked
  - Three existing discoveries
  - Potential to farm down current 80% interest



Acquisitions provide springboard for future activity

* Subject to finalisation and approval of joint venture work program and budget for FY2016

Wet Gas Commercialisation Pathways

Becoming a Material Gas Supplier to East Coast Markets

Satellites

- Material discoveries or aggregation of smaller discoveries
- Processing capacity
- Capital efficient, with greater pricing power
- Bigger volumes (potentially 1,500-1,800 boe/d[1])

Examples

- Brownlow-Middleton (producing)
- Santos Western Wet Gas discoveries
- Northern Cooper (former PEL 101)

Standalones

- Single wells plugged directly into nearby infrastructure
- Quick and easy to deliver
- Smaller volumes – (potentially circa 500 boe/d[1])
- Multiple standalones may deliver material increase in production

Examples

- Vanessa-1
- Discoveries in former PEL 101 close to Vanessa-1
- Santos Western Wet Gas discoveries

Multiple existing discoveries with two models for development

[1]: Net to Drillsearch

Wet Gas Commercialisation Case Studies

Satellites

Brownlow-Middleton Case Study

- Total capex – $40m (gross, full cycle)[1]
- Initial production (gross) - 25 mmscf/d of raw gas, LPGs and condensates
- $12.8 million of revenue in first six months (net to DLS)
- Short payback time
- Cash flow positive to DLS in first year

Middleton Plant

Standalone

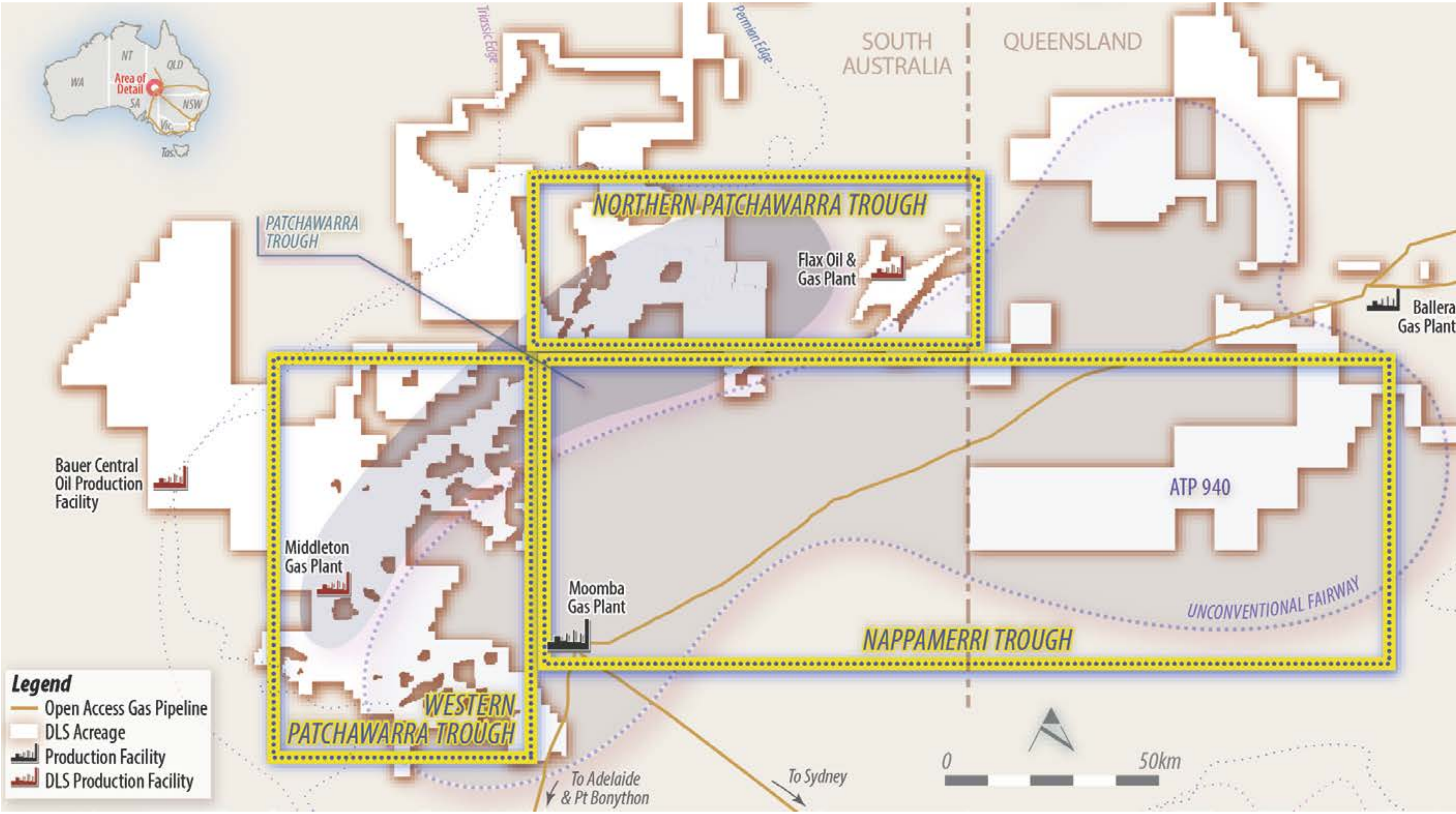
Vanessa-1 Case Study*

- Estimated capex - $5.3 million (gross)
- Initial anticipated production rate – 4-7 mmscf/d
- 5 kilometre tie-in to STO infrastructure
- Short payback time expected
- Connection anticipated FY2016

Vanessa-1

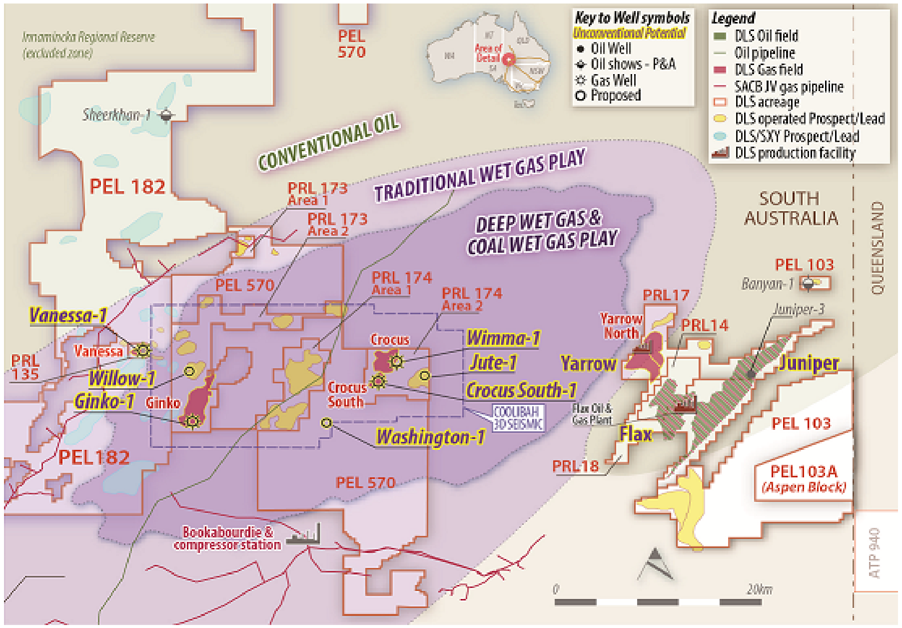
[1:] DLS estimate. Includes seismic, G&G, testing, connection, facilities, and drilling of other wells in the permit. DLS/Great Artesian carried on various activities through the cycle.
* Subject to finalisation and approval of joint venture work program and budget for FY2016

Unconventional A Portfolio Approach



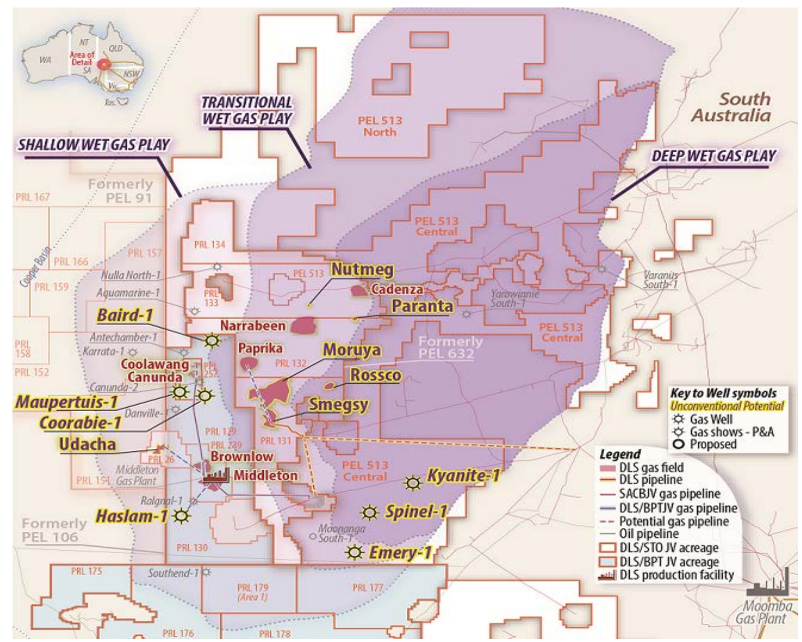
Conventional remains the priority, with Unconventional offering long-term upside

Unconventional Northern and Western Patchawarra



Northern Patchawarra

- PEL 570 – Santos to test deep coals at Washington-1 in early FY2016
  - Drillsearch free carried
- Former PEL 101 – log unconventional potential within conventional work program at minimal additional cost



Western Patchawarra

- BPT Joint Venture –
  - Test of gassy coals in Baird-1 under consideration
- Santos Joint Venture –
  - JV considering the fracture stimulation and testing of a number of deep coals in the recent discoveries*

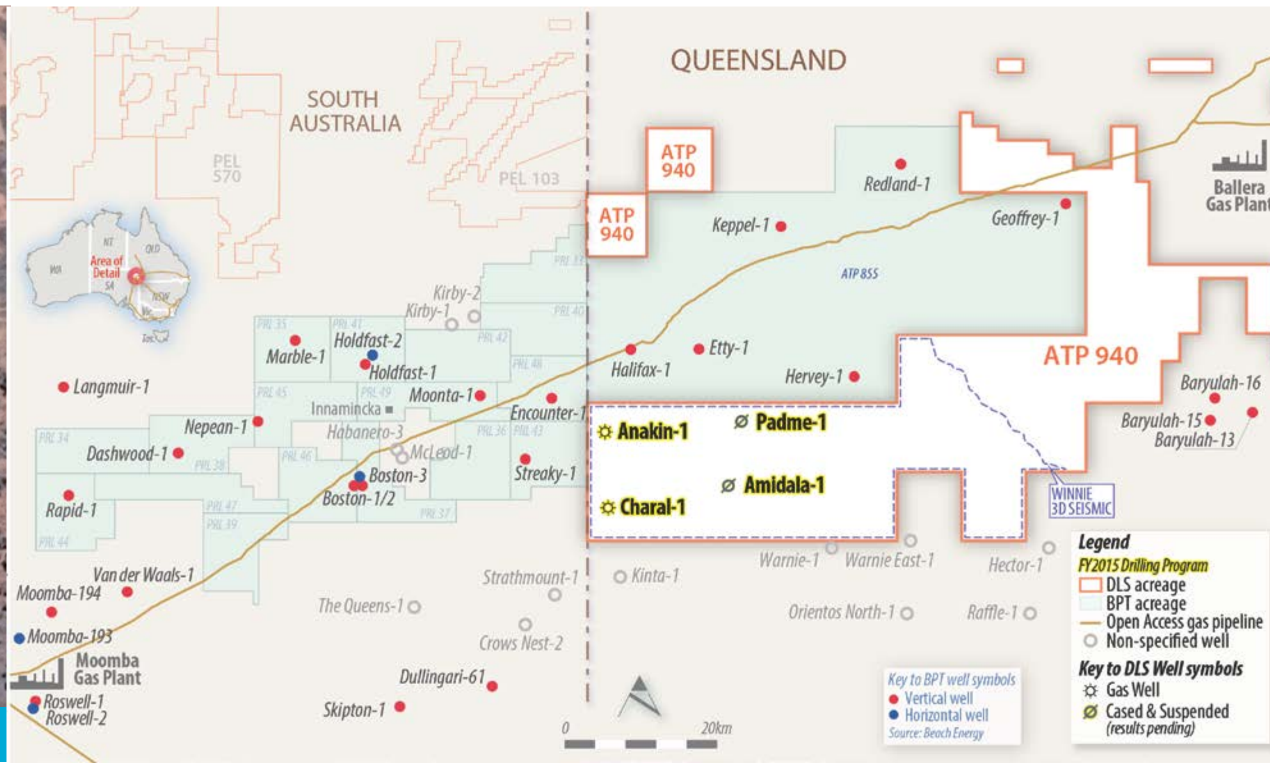
Patchawarra Unconventional generally more liquids rich, with lower CO_2

* Subject to finalisation and approval of joint venture work program and budget for FY2016

Unconventional Nappamerri Trough ATP 940

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

ATP 940 Anakin-1



Results confirm extension of gas system from neighbouring permits

FY2015 Record Work Program

Permit	Operator	FY2015 Sept Q	FY2015 Dec Q	FY2015 Mar Q	FY2015 Jun Q	Total	
OIL							
Western Flank - PELs 91 & 182	BPT/SXY					20	24
Seismic acquisition and processing		500km² Solidus 3D acquisition		300km² Jasmine 3D acquisition		800km²	
Facilities upgrades and pipeline installation			Additional connections ongoing				
Northern Oil - PEL 103	DLS					2	
Hydraulic stimulation and production testing			Flax				
Inland-Cook - ATP 924	DLS	Hurron and Taj 3D along with George 2D acquisition					
Eastern Margin – ATP 299	STO					2	
WET GAS							
Western - PELs 106 & 107	BPT					6	14
Western - PEL 513 & 632	STO					8	
Seismic acquisition and processing		329km² Jacenza 3D acquisition and processing				329km²	
UNCONVENTIONAL							
Central Cooper - ATP 940	DLS					3	3
Stimulation and testing			Hydraulic stimulation and production testing program				

OIL WET GAS UNCONVENTIONAL Free Carry Yet to be Drilled / Free Carry

Updated as at 30 April 2015

Key Takeaways

- Strong operating performance with solid production and drilling success
  - 11 discoveries in FY2015 YTD; 73% success rate*
- Robust cash position, despite weaker oil price and record work program
- Activity reprioritised; capex and opex cut in response to lower oil prices
- Future activity and capex to be matched to cash flow
- FY2016 planning underway. Significant catalysts already identified**:
  - Ongoing Western Flank connections program
  - Maroochydore-1 exploration well in Inland-Cook (ATP 924)
  - Western Wet Gas tie-ins
  - Washington-1 well (PEL 570)
  - Vanessa-1 connection

Priority on near-term production, cash flow and reserves replacement

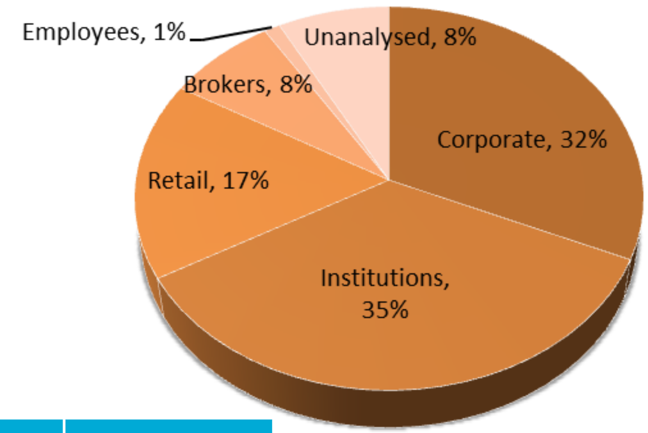
*Anakin-1, Padme-1 and Amidala-1 Unconventional wells excluded from success rate as ongoing
** Subject to finalisation and approval of joint venture work program and budget for FY2016

Appendix

Corporate Information

Financial	
ASX Ticker	DLS
S&P/ASX Index	ASX 200
Market Cap (A$m)	539
Shares on Issue (m)	461
Share Price (14 May 2015) (A$/sh)	1.17
Cash (31 Mar 2015) (A$m)	135.7

Drillsearch Shareholder Type as at 1 May 2015



Top 10 DLS Shareholders	1 May 2015 %
Network Investments Holdings	18.86
HSBC Custody Nominees	13.08
Citicorp Nominees Pty Limited	8.09
QGC Pty Limited	7.86
JP Morgan Nominees Australia Limited	6.92
National Nominees Limited	6.57
Beach Energy Ltd	4.57
UOB Kay Hian Private Limited	1.83
BNP Paribas Nominees Pty Ltd	1.30
AMP Life Limited	1.16

Strength in performance and execution

Reserves and Resources as at 30 June 2014

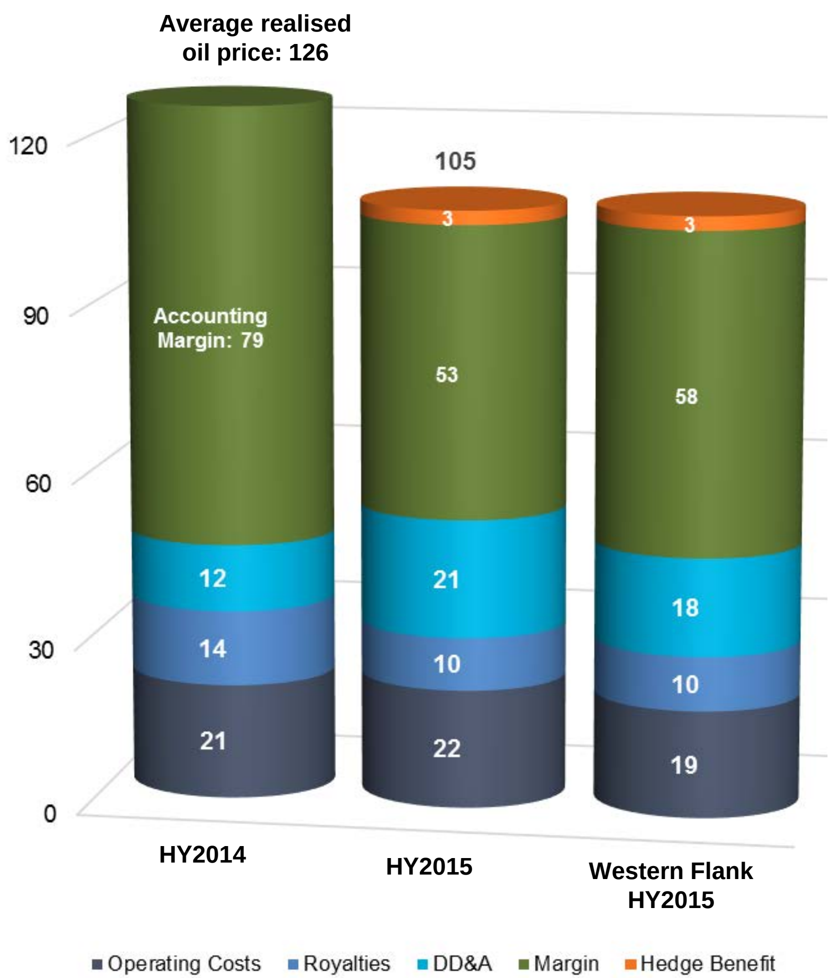
As a result of the arithmetic aggregation of the field totals, the aggregate 1P estimate may be conservative and the aggregate 3P estimate optimistic, as the arithmetic method does not account for 'portfolio effects'

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 106A	1.5	4.7	13.0
Northern Cooper Wet Gas	0.0	0.0	0.1
Eastern Cooper Oil	0.1	1.7	4.4
South West Queensland Wet Gas	0.0	0.0	0.0
Total Reserves	**11.9**	**28.3**	**54.7**
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	10.0
Western Cooper Wet Gas – PEL 106A Gas Project	0.0	0.0	0.0
Northern Cooper Wet Gas	11.2	23.5	44.8
Eastern Cooper Oil	0.0	2.5	6.8
South West Queensland Wet Gas	0.9	3.1	7.5
Total Contingent Resources	**13.4**	**33.7**	**71.0**

Reserves and resources shown are as at 30 June 2014 as reported by the company on 27 August 2014.
DLS will release its 2015 Reserves and Resources Update, which will be independently reviewed, in August alongside its Full-Year Results.
Refer to slide 2 for Competent Person Statement.

HY2015 Oil Operating Margins

Oil Margins (A$/bbls)



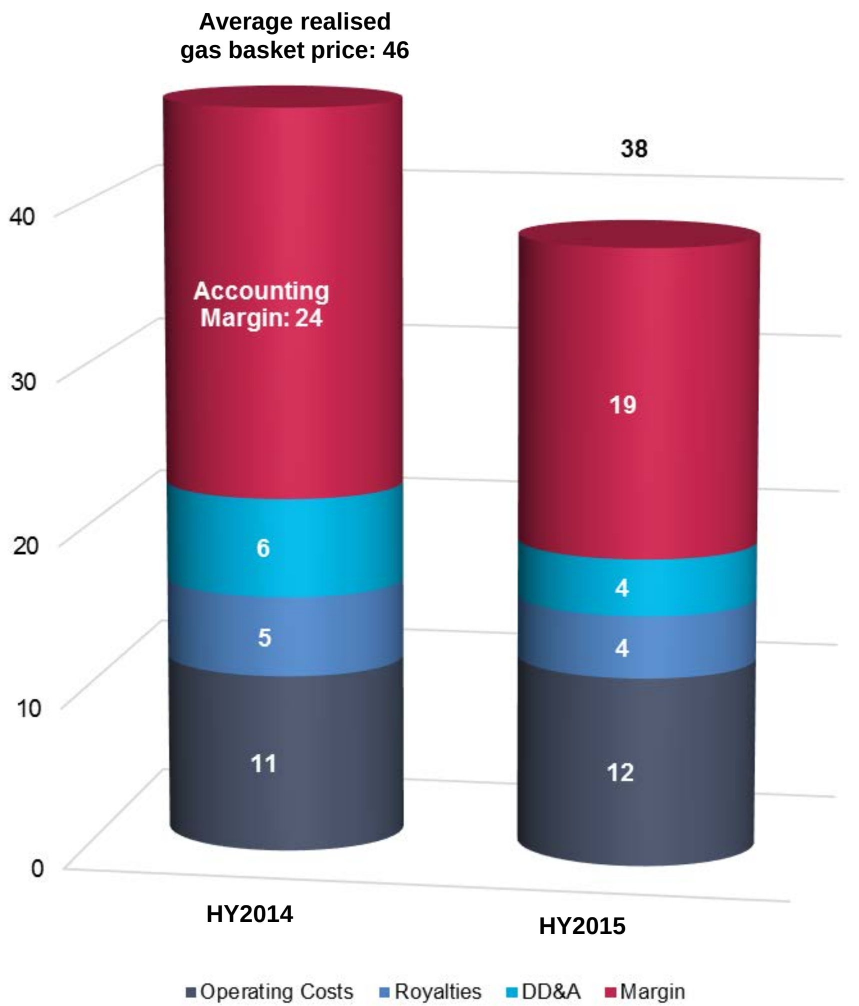
Margins including approach to DD&A:

- Western Flank DD&A comprises $5/bbl of costs incurred as at end FY2014, with the remaining $13/bbl representative of future development capex
- Approx. 60% of future capex is expected to be incurred in the near-term as we bring undeveloped reserves on-line
- Remainder relates mainly to longer term 'stay-in-business' capital
- DLS approach is conservative with facility and pipeline infrastructure being amortised over existing 2P reserves
- Future reserves replacement and growth will likely see this rate reduce, as the above excess capacity is utilised.

Strong cash operating margins continue

HY2015 Gas Operating Margins

Gas Margins (A$/boe)



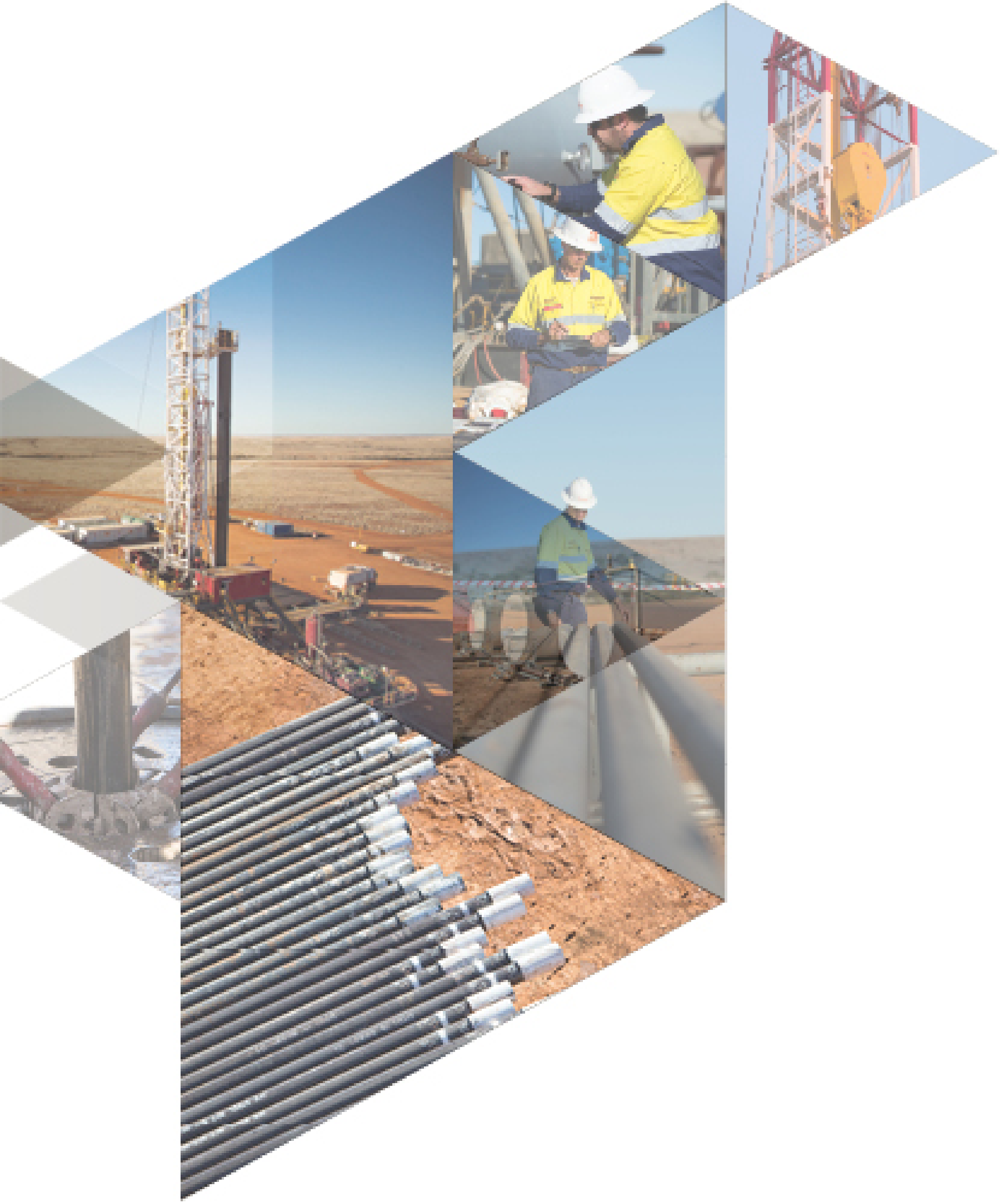
Gas Margin

- Average realised Gas basket price down 17% to $38.3/boe from $46.1/boe in the comparable period;
  - Decrease in realised liquids prices
  - Reduced liquids production

Costs per barrel

- Controllable operating costs remain level

Strong cash operating margins continue



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