ASX Announcement
26 August 2015

2015 Reserves and Contingent Resources Statement

Drillsearch today released its estimate of Reserves and Contingent Resources as at 30 June 2015. The company's reserves and resources estimates have been independently reviewed by RISC and DeGolyer and MacNaughton.

Highlights:

- **Record work program in FY2015 leads to increased 2P oil reserves**
- **Five-year 2P reserves replacement ratio (RRR) as at 30 June 2015 stands at 305%[1]**
- **2P oil reserves of 9.8[2] million barrels of oil equivalent (mmboe), up 3%**
  - **Western Flank 2P reserves of 8.6 mmboe, up 10% after drilling success**
- **2P Wet Gas reserves of 15.9 mmboe, down 15%**
  - **Western Wet Gas Santos joint venture 2P reserves 7.9 mmboe, up 68%**
  - **Western Wet Gas Beach joint venture 2P reserves 8.1 mmboe, down 43%**
- **Total 2P oil and gas reserves of 25.7 mmboe, down 9%**

Drillsearch Acting Chief Executive Officer Walter Simpson said:
"This outcome represents a solid result given another strong year of production from the Western Flank.

"Another year of drilling success on the Western Flank has seen us increase oil reserves, even after total oil production of 2.7 mmboe. In Wet Gas, our growth plans continue to be underpinned by a substantial reserve base, with a number of discoveries expected to come online in FY2016. The year-on-year decline in Wet Gas was largely in undeveloped areas in the joint venture with Beach, and was partially offset by the exceptional results from our drilling with Santos.

"Despite the decline in the oil price, we continue to invest in exploration, with reserves replacement a continuing focus for Drillsearch in FY2016."

Summary[3]

Reserves	1P mmboe			2P mmboe			3P mmboe		
	2015	2014	% change	**2015**	2014	% change	**2015**	2014	% change
Oil Business	**6.6**	4.8	38%	**9.8**	9.5	3%	**14.0**	16.9	-17%
Wet Gas Business	**6.5**	7.1	-7%	**15.9**	18.8	-15%	**31.4**	37.8	-17%
Total	**13.1**	11.9	11%	**25.7**	28.3	-9%	**45.4**	54.6	-17%

Contingent Resources	1C mmboe			2C mmboe			3C mmboe		
	2015	2014	% change	**2015**	2014	% change	**2015**	2014	% change
Oil Business	**5.3**	5.7	-7%	**15.9**	14.0	14%	**27.2**	26.8	2%
Wet Gas Business	**8.4**	7.8	7%	**19.6**	19.7	-1%	**41.7**	44.3	-6%
Unconventional Business	**14.8**	0.0	100%	**51.4**	0.0	100%	**123.1**	0.0	100%
Total	**28.5**	13.5	111%	**86.9**	33.7	158%	**192.0**	71.1	170%

1 Reserve replacement ratio (RRR) is calculated using the following: (FY15 2P – FY10 2P) / (Total Production FY11 to FY15).
2 All reserve and resource estimates cited are Drillsearch's net share unless otherwise stated.
3 2015 Reserves and Contingent Resources Statement set out in Appendix. Please refer to page 4 for Qualified Petroleum Reserves and Resources Evaluator Requirements.

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Drillsearch's estimate of total 2P oil and gas reserves in its Cooper Basin assets (net) was 25.7 mmboe as of 30 June 2015, 9% less than a year earlier with the decline driven by production and a downward revision to our Wet Gas reserves in the Western Wet Gas joint venture with Beach.

Total 2C contingent resources in Drillsearch's Oil, Wet Gas and Unconventional assets are estimated at 86.9 mmboe, up 158% from 30 June 2014.

Drillsearch's 2015 Reserves and Contingent Resources Statement, along with a reconciliation of changes in 2P reserves as against the prior period is set out in the Appendix to this release.

Oil Business

Reserves	1P mmbbls			2P mmbbls			3P mmbbls		
	2015	2014	Change	**2015**	2014	Change	**2015**	2014	Change
Western Flank	**6.0**	4.7	28%	**8.6**	7.8	10%	**12.2**	12.4	-2%
Northern Cooper	**-**	0.0	-100%	**-**	0.0	-100%	**-**	0.1	-100%
Eastern Margin	**0.6**	0.1	500%	**1.2**	1.7	-29%	**1.8**	4.4	-59%
Total	**6.6**	4.8	38%	**9.8**	9.5	3%	**14.0**	16.9	-17%

Contingent Resources	1C mmbbls			2C mmbbls			3C mmbbls		
	2015	2014	Change	**2015**	2014	Change	**2015**	2014	Change
Western Flank	**0.3**	0.9	-67%	**0.5**	1.3	-62%	**0.9**	1.9	-53%
Northern Cooper	**4.8**	4.8	1%	**10.8**	10.2	6%	**18.8**	18.1	4%
Eastern Margin	**0.2**	0.0	100%	**4.6**	2.5	84%	**7.5**	6.8	10%
Total	**5.3**	5.7	-7%	**15.9**	14.0	14%	**27.2**	26.8	2%

Drillsearch's estimate of total 2P oil reserves rose 3% to 9.8 mmboe, as an increase in reserves in the Western Flank Oil Fairway more than offset a decline in 2P reserves in the Eastern Margin.

2P oil reserves in Drillsearch's Western Flank Oil Fairway assets were 8.6 mmboe, up 10% from a year earlier, with the main additions coming from development drilling at Bauer, the successful Hanson-2 appraisal well and the Balgowan discovery.

Western Flank reserves increased even after another year of strong production of 2.5 mmboe in FY2015 (net to Drillsearch). Drillsearch has a 60% interest in the Western Flank Oil Fairway joint venture, while Beach owns 40% and is the Operator.

Reserves at the Eastern Margin assets (Drillsearch 40%, Santos 60% and Operator) were 1.2 mmboe at 30 June 2015, down 29%, following more than 200,000 barrels of production during FY2015 (net to Drillsearch) and also to reflect the decline in crude oil prices which shortened the expected economic life of certain fields within the joint venture.

In addition, reserves that had been held against the Flax Oil Project as of 30 June 2014 were reclassified as contingent resources following the decline in the oil price and the shut-in of the project.

Wet Gas

Reserves	1P mmboe			2P mmboe			3P mmboe		
	2015	2014	Change	**2015**	2014	Change	**2015**	2014	Change
Western Wet Gas									
JV with Beach	**4.0**	5.6	-28%	**8.1**	14.1	-43%	**11.3**	24.8	-54%
JV with Santos	**2.5**	1.5	67%	**7.9**	4.7	68%	**20.1**	13.0	55%
Northern Cooper	**-**	-	-	**-**	-	-	**-**	-	-
South West Qld	**-**	-	-	**-**	-	-	**-**	-	-
Total	**6.5**	7.1	-8%	**15.9**	18.8	-15%	**31.4**	37.8	-17%

Contingent Resources	1C mmboe			2C mmboe			3C mmboe		
	2015	2014	Change	**2015**	2014	Change	**2015**	2014	Change
Western Wet Gas									
JV with Beach	**0.3**	0.4	-25%	**0.8**	3.3	-76%	**1.7**	10.0	-83%
JV with Santos	**0.7**	0.0	100%	**2.4**	0.0	100%	**5.7**	0.0	100%
Northern Cooper	**6.5**	6.5	0%	**13.3**	13.3	0%	**26.8**	26.8	0%
South West Qld	**0.9**	0.9	0%	**3.1**	3.1	0%	**7.5**	7.5	0%
Total	**8.4**	7.8	7%	**19.6**	19.7	-1%	**41.7**	44.3	-6%

Drillsearch's estimate of total 2P Wet Gas (gas and gas liquids) reserves as at 30 June 2015 is 15.9 mmboe, down 15%, following a downward revision to reserves at the Western Wet Gas joint venture with Beach, which was partly offset by exploration success by the joint venture with Santos.

In our Western Wet Gas joint venture with Beach (Drillsearch 50%; Beach 50% and Operator), Drillsearch's estimate of 2P reserves is 8.1 mmboe as at 30 June 2015, down 43% from a year earlier.

Reserves were revised following analysis of the results of the Danville-1, Antechamber-1 and Canunda-2 wells, all drilled during FY2015, which led to a reduction in developed reserves in the Canunda and Udacha fields, and a reduction in undeveloped reserves in Canunda, Coolawang and Middleton.

Drillsearch's estimate of 2P reserves in its Western Wet Gas joint venture with Santos (Drillsearch 40%, Santos 60% and Operator) increased to 7.9 mmboe at 30 June 2015, from 4.7 mmboe a year earlier, following a successful drilling campaign in FY2015 that resulted in seven discoveries from eight wells in FY2015. The joint venture plans to test a number of the new discoveries in FY2016, which may lead to additional revisions to reserves.

Unconventional

Contingent Resources	1C			2C			3C		
	2015	2014	Change	**2015**	2014	Change	**2015**	2014	Change
Central Cooper									
mmboe	14.8	0.0	100%	51.4	0.0	100%	123.1	0.0	100%
bcf[4]	*88.8*	*0.0*	*100%*	*308.4*	*0.0*	*100%*	*738.6*	*0.0*	*100%*

Following the drilling and testing of the Charal-1 and Anakin-1 wells in the Central Unconventional project area (ATP 940; Drillsearch 40% and Operator), Drillsearch has declared a 2C contingent resource over the two wells of 51.4 mmboe.

--Ends--

4 Sales gas is converted to equivalent barrels of oil (boe) using a factor of 6,000 cubic feet per barrel of oil equivalent (boe)

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Drillsearch's reserves and contingent resources estimates as at 30 June 2015 have been independently reviewed by RISC Operations and DeGolyer and MacNaughton. The assets covered by each reviewer are specified below.

RISC Consents
Information on the Reserves and Contingent Resources in this release relating to the PRLs 151-171 and PPLs 253-256 formerly known as PEL 91, the Eastern Margin/Tintaburra assets, PRLs 14, 17, 18 and PRLs 173 and 174 (formerly known as PEL 101 assets) is based on an independent review conducted by RISC Operations Pty Ltd (RISC) and fairly represents the information and supporting documentation reviewed.

The review 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 release.

DeGolyer and MacNaughton Consents
Information in this release relating to PRLs 26, 129 and 130 and PPLs 239 and 257 (formerly known as PEL 106, Western Wet Gas – Beach JV), PRLs 131-134 formerly known as PEL 632 (Western Wet Gas – Santos JV), PRLs 175-179 and PPL 212 formerly known as PEL 107, and ATP 924 of the Cooper Basin with interests licensed to Drillsearch Energy Limited has been prepared under the supervision of Paul J. Szatkowski, Senior Vice President of DeGolyer and MacNaughton.

Mr. Szatkowski holds a Bachelor of Science degree in Petroleum Engineering from Texas A&M University, has in excess of 40 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. Szatkowski is a qualified person as defined in the ASX Listing Rule 5.41.

Notes:

1. This reserves statement:

   a) is based on, and fairly represents, information and supporting documentation prepared by, or under the supervision of, the qualified petroleum reserves and resources evaluators listed in note 12 of this reserves statement.

   b) as a whole has been approved by Neil Thompson, who is a qualified petroleum reserves and resources evaluator and whose employment and professional organisation membership details are set out in note 12 of this reserves statement; and

   c) is issued with the prior written consent of Neil Thompson as to the form and context in which the estimated petroleum reserves and contingent resources and the supporting information are presented.

2. The estimates of petroleum reserves and contingent resources contained in this reserves statement are as at 30 June 2015.

3. Drillsearch prepares its petroleum reserves and contingent resources estimates in accordance with the Petroleum Resources Management System (PRMS) sponsored by the Society of Petroleum Engineers (SPE).

4. Drillsearch engages independent experts DeGolyer and MacNaughton and RISC Operations Pty Ltd (RISC) to review reserves and contingent resources. Each reviewer found, based on the outcomes of its respective review and evaluation, and its understanding of the estimation processes employed by Drillsearch, that Drillsearch's 30 June 2015 petroleum reserves and contingent resources estimates in aggregate compare reasonably to the estimates prepared by each reviewer. Thus, in the aggregate, the total volumes summarised in the tables included in this reserves and resources statement represent a reasonable estimate of Drillsearch's petroleum reserves and contingent resources position as at 30 June 2015.

5. Unless otherwise stated, all references to petroleum reserves and contingent resources quantities in this reserves statement are Drillsearch's net share.

6. Reserves and contingent resources for the Western Flank Oil Fairway have been estimated probabilistically and aggregated probabilistically to the field level. For all other project areas, reserves and contingent resources have been estimated deterministically and aggregated arithmetically to the field level. For all regions aggregation beyond the field level is arithmetic. As a result, the aggregate 1P and 1C figures may be conservative and the aggregate 3P and 3C figures may be optimistic due to the portfolio effects of arithmetic summation.

7. Reserves replacement ratio (RRR) is calculated as the change in petroleum reserves divided by production in the same period.

8. Reserves estimates take the economic impact of third party royalties in account.

9. The reference point for reserves calculations is the point of custody transfer; for contingent resources the point of transfer has been assumed.

10. Petroleum reserves and contingent resources quoted in this reserves statement are rounded to one decimal place. Some totals in the tables may not add due to rounding. Items that round to zero are represented by the number 0, while items that are actually zero are represented with a dash "-".

11. Conversion factors: Sales gas is converted to equivalent barrels of oil (boe) using a factor of 6,000 cubic feet per barrel of oil equivalent (boe). LPG is converted to equivalent barrels of oil using a factor of 11.5 thousand boe (Mboe) per MMT of LPG. Condensate is converted at 1 MMbbl = 1 MMboe.

12. Qualified Petroleum Reserves and Resources Evaluators

Name	Title	Employer	Professional Organisation
Neil Thompson	General Manager Exploration and Development	Drillsearch Energy Limited	AAPG
Susan Hyde	General Manager Reservoir Engineering	Drillsearch Energy Limited	SPE

AAPG: American Association of Petroleum Geologists SPE: Society of Petroleum Engineers

APPENDIX: 2015 Reserves and Contingent Resources Statement

Net Reserves and Contingent Resources as at 30 June 2015			
Reserves	**1P mmboe**	**2P mmboe**	**3P mmboe**
Oil			
Western Flank Oil	**6.0**	**8.6**	**12.2**
Developed	5.0	6.2	7.9
Undeveloped	1.0	2.4	4.3
Eastern Margin	**0.6**	**1.2**	**1.8**
Developed	0.6	0.7	1.0
Undeveloped	0.0	0.5	0.9
Total Oil	**6.6**	**9.8**	**14.0**
Developed	5.6	6.9	8.9
Undeveloped	1.0	2.9	5.2
Wet Gas			
Western Wet Gas (JV with Beach)	**4.0**	**8.1**	**11.3**
Developed	3.3	6.9	9.2
Undeveloped	0.8	1.2	2.1
Western Wet Gas (JV with Santos)	**2.5**	**7.9**	**20.1**
Developed	1.1	3.3	5.6
Undeveloped	1.4	4.6	14.5
Northern Cooper Gas and Liquids	**-**	**-**	**-**[5]
South West Queensland Wet Gas	**-**	**-**	**-**
Total Wet Gas	**6.5**	**15.9**	**31.4**
Developed	4.4	10.2	14.8
Undeveloped	2.2	5.8	16.6
Total Reserves	**13.1**	**25.7**	**45.4**
Developed	10.0	17.1	23.7
Undeveloped	3.1	8.6	21.7
Contingent Resources	**1C mmboe**	**2C mmboe**	**3C mmboe**
Oil			
Western Flank Oil	0.3	0.5	0.9
Northern Cooper	4.8	10.8	18.8
Eastern Margin	0.2	4.6	7.5
Total Oil	**5.3**	**15.9**	**27.2**
Wet Gas			
Western Wet Gas (JV with Beach)	0.3	0.8	1.7
Western Wet Gas (JV with Santos)	0.7	2.4	5.7
Northern Cooper Gas and Liquids	6.5	13.3	26.8
South West Queensland Wet Gas	0.9	3.1	7.5
Total Wet Gas	**8.4**	**19.6**	**41.7**
Unconventional			
Central Cooper Unconventional (ATP 940)	14.8	51.4	123.1
Total Unconventional	**14.8**	**51.4**	**123.1**
Total Contingent Resources	**28.5**	**86.9**	**192.0**

[5] Reserves declared at Flax in the Northern Cooper area at 30 June 2014 have been reclassified as Contingent Resource as of 30 June 2015.

Reconciliation of changes to Reserves and Contingent Resources from 30 June 2014 to 30 June 2015

Reserves	1P mmboe	2P mmboe	3P mmboe
Reserves as at 30 June 2014	**11.9**	**28.3**	**54.7**
Production (Oil and Wet Gas)	-3.0	-3.0	-3.0
Reserve additions			
Oil	5.0	4.2	4.2
Wet Gas	2.2	5.2	11.1
Reserve adjustments			
Oil	-0.5	-1.3	-4.4
Wet Gas	-2.6	-7.8	-16.8
Reserves as at 30 June 2015	**13.1**	**25.7**	**45.4**

Contingent Resources	1C mmboe	2C mmboe	3C mmboe
Contingent Resources as at 30 June 2014	**13.4**	**33.7**	**71.0**
Contingent Resource additions			
Oil	0.6	3.1	2.0
Wet Gas	0.8	2.8	6.6
Unconventional	14.8	51.4	123.1
Contingent Resource adjustments			
Oil	-0.8	-1.2	-1.7
Wet Gas	-0.3	-2.9	-9.0
Unconventional	0.0	0.0	0.0
Total Contingent Resources as at 30 June 2015	**28.5**	**86.9**	**192**

Glossary

1C contingent resource low estimate
2C contingent resource best estimate
3C contingent resource high estimate
1P proved reserves
2P sum of proved reserves plus probable reserves
3P sum of proved plus probable plus possible reserves

bbls barrel
bcf billion cubic feet
boe barrel of oil equivalent
mmbbls million barrels
mmboe million barrels of oil equivalent

"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.

"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 developed 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.