

ASX Announcement
9 November 2015

2015 Annual Report – correction of errors

Drillsearch Energy Limited (ASX: DLS) has become aware of errors in the Company's 2015 Annual Report released on 16 October 2015.

The errors relate to cash payments under the Company's short term incentive scheme for FY2015. The cash payments for Mr Lingo, Mr Evans and Dr Lockhart cited in Table 8 on page 69 of the Annual Report were understated by an amount of \$77,378, \$3,183 and \$11,466 (respectively). These errors resulted in a consequential understatement of total remuneration for the reporting period for the three individuals and an understatement of the award percentage cited for Mr Evans in Table 6 on page 67 of the Annual Report.

Accompanying this release is an updated version of Table 8 showing the corrected figures for Mr Lingo, Mr Evans and Dr Lockhart and an updated version of Table 6 showing the corrected award percentage for Mr Evans.

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Table 8 – Statutory Remuneration Disclosure – Key Management Personnel

	Year ¹	Short-term benefits			Post-employment			Other long term	Share-based benefits ⁴			TOTAL
		Cash salary and fees	STI cash component	Non-monetary benefits ²	Super-annuation	Retirement benefits	Termination benefits ³	Long service leave	STI performance rights ⁵	LTI Options	LTI performance rights	
Non-executive Directors												
Mr J D McKlerie	2015	367,913	N/a	11,700	32,087	-	-	N/a	N/a	37,188 ⁶	N/a	448,888
	2014	379,660	N/a	11,137	15,000	-	-	N/a	N/a	117,926 ⁶	N/a	523,723
Mr P J Bainbridge	2015	142,295	N/a	-	32,705	-	-	N/a	N/a	-	N/a	175,000
	2014	145,620	N/a	-	13,470	-	-	N/a	N/a	-	N/a	159,090
Mr T S Cheah	2015	132,420	N/a	-	12,580	-	-	N/a	N/a	-	N/a	145,000
	2014	95,371	N/a	-	8,822	-	-	N/a	N/a	-	N/a	104,193
Mrs F A Robertson	2015	159,817	N/a	-	15,183	-	-	N/a	N/a	18,594 ⁶	N/a	193,594
	2014	160,183	N/a	-	15,415	-	-	N/a	N/a	58,963 ⁶	N/a	234,561
Mr H R B Wecker	2015	159,817	N/a	-	15,183	-	-	N/a	N/a	18,594 ⁶	N/a	193,594
	2014	163,616	N/a	-	15,768	-	-	N/a	N/a	58,963 ⁶	N/a	238,347
Senior Executives as at 30 June 2015												
Mr B W Lingo ⁷	2015	807,083	302,400 ⁸	11,700	32,917	-	-	16,146	163,834	58,599	324,559	1,717,238
	2014	775,000	195,360	-	25,000	-	-	65,151	210,722	171,453	195,528	1,638,214
Mr W A F Simpson ^{9, 10}	2015	207,866 ¹¹	216,000 ¹²	22,187 ¹³	8,750	-	-	-	-	-	-	454,803
	2014	N/a	N/a	N/a	N/a	N/a	N/a	N/a	N/a	N/a	N/a	N/a
Mr I W Bucknell	2015	429,532	86,212	11,700	28,069	-	-	9,093	90,994	1,983	134,518	792,101
	2014	418,109	108,504	12,137	21,891	-	-	46,625	60,078	28,947	81,800	778,091
Mr C R Tuck ¹⁴	2015	461,018 ¹⁵	65,471	76,551 ¹⁶	23,553	-	-	-	-	-	-	626,593
	2014	N/a	N/a	N/a	N/a	N/a	N/a	N/a	N/a	N/a	N/a	N/a
Other Senior Executive during the reporting period												
Mr D Evans	2015	497,533	87,206	1,000*	32,917	-	-	43,829	103,395	2,735	158,168	926,783*
	2014	490,000	123,291	1,000	25,000	-	-	-	68,910	39,927	97,057	845,185
Dr D Lockhart	2015	401,906	73,948	1,000*	17,302	-	-	-	47,255	-	39,322	580,733*
	2014	304,725	70,175	1,000	17,775	-	-	-	-	-	9,138	402,813
Mr P Fox ¹⁷	2015	412,481	160,877 ¹⁸	1,000*	28,519	266,559	54,280	-	74,245	-	52,053	1,050,014*
	2014	341,623	88,776	1,000	17,775	-	-	-	-	-	46,172	495,346

Notes:
¹ Twelve months ended 30 June in the year specified.

² Non-monetary benefits for Mr McKlerie, Mr Lingo, Mr Simpson, Mr Bucknell and Mr Tuck during the reporting period relates to permanent parking at the Company's head office in Sydney, unless otherwise stated.

³ Termination benefits shown are exclusive of retirement benefits (separately shown).

⁴ Amounts shown for STI performance rights, LTI performance rights and LTI Options are the fair value of performance rights and options (as applicable) granted or awarded during the reporting period, or granted in prior periods and vesting during the reporting period. Fair value is calculated using the *market approach*. This determination involves a number of statistical and probability based calculations, including the estimated probability of performance hurdles for vesting purposes being satisfied.

⁵ STI performance rights awarded to eligible KMPs during the reporting period, as shown in the table, were awarded on 16th October 2014 other than the Managing Director. STI performance rights shown for the Managing Director were awarded on 19 November 2014 following shareholder approval.

⁶ Amounts shown for LTI Options for Non-executive Directors relate to options granted under the Company's LTIP Option Plan in 2011, as approved by shareholders, which vested during the reporting period.

⁷ Subsequent to the reporting period, Mr Lingo ceased as Managing Director and left the Company with effect on and from 3 July 2015. Termination and retirement benefits for Mr Lingo, post 30 June 2015 comprised: annual leave accrued but unused as at the termination date (\$64,225); accrued long service leave as at the termination date (\$84,725); and payment in lieu of six month notice period pursuant to employment contract (\$420,000, inclusive of superannuation contributions).

⁸ The Board elected to award Mr Lingo's STI outcome for FY2015 wholly in cash.

⁹ Mr Simpson was appointed Chief Operating Officer and commenced on 13 March 2015.

¹⁰ Subsequent to the reporting period, as announced to the ASX on 3 July 2015, Mr Simpson was appointed acting Chief Executive Officer with effect from 3 July 2015. Material terms of Mr Simpson's appointment, including remuneration, were set out in the 3 July 2015 ASX release.

¹¹ Total salary and fees for Mr Simpson for FY2015 includes a non-recurring lump sum \$5,000 relocation payment pursuant to the Company's relocation policy.

¹² Under the terms of Mr Simpson's employment contract, in consideration of incentives foregone upon joining Drillsearch, Mr Simpson will receive a fixed STI outcome for FY2015 and FY2016 equal to 60% of his TFR.

¹³ Non-monetary benefits for Mr Simpson for the reporting period comprise: permanent parking at the Company's head office in Sydney for the period March through June 2015 (\$3,150); and relocation costs (\$19,037).

¹⁴ Mr Tuck was appointed General Counsel commencing 25 August 2014, and was subsequently appointed Company Secretary on 19 February 2015.

¹⁵ Total salary and fees for Mr Tuck for FY2015 includes: a non-recurring lump sum payment of \$107,000 in consideration of incentives foregone upon joining Drillsearch under the terms of Mr Tuck's employment with the Company; and a non-recurring lump sum \$5,000 relocation payment pursuant to the Company's relocation policy.

¹⁶ Non-monetary benefits for Mr Tuck for the period comprise: permanent parking at the Company's head office in Sydney from January through June 2015 (\$5,400); and relocation costs (\$71,151).

¹⁷ Mr Fox ceased to be a Senior Executive from March 2015. Subsequently, Mr Fox's role as Chief Commercial Officer was made redundant with effect from 30 June 2015. Remuneration details disclosed in the table for Mr Fox include: Termination benefits in the form of payments for accrued but unused annual leave (\$54,279); and Retirement benefits in the form of payments for the statutory notice for redundancy (\$50,886) and payment in lieu of Mr Fox's contractual six month notice period (\$220,500, inclusive of superannuation contributions).

¹⁸ On the basis that Mr Fox's position was made redundant with effect from 30 June 2015, the Board elected to award Mr Fox's STI outcome for FY2015 wholly in cash.

*Updated to reflect the non-monetary benefit of \$1,000 in respect of shares granted to Mr Bucknell, Mr Evans, Dr Lockhart and Mr Fox under the Company's Employee Share Plan as part of their respective FY2014 performance and remuneration review outcomes.

Table 6 – FY2015 STI outcomes for Senior Executives

	Maximum opportunity (as a % of TFR)	Percentage award - cash	Percentage award Performance Rights	Total award as a percentage of maximum opportunity
Senior Executives as at 30 June 2015				
Mr B W Lingo ¹	60%	36%	Nil	36% (60% of max)
Mr W A F Simpson	60%	30%	30%	60% (100% of max)
Mr I W Bucknell	60%	18.9%	18.9%	37.8% (63% of max)
Mr C R Tuck	60%	17.7%	17.7%	35.4% (59% of max)
Other Senior Executive KMPs during the reporting period				
Mr D Evans	60%	16.4%	16.4%	32.9% (55% of max)
Dr D Lockhart	60%	17.7%	17.7%	35.4% (59% of max)
Mr P Fox ²	60%	36.6%	Nil	36.6% (61% of max)

Notes:

¹ Mr Lingo's STI outcome for FY2015 will be remitted wholly in cash.

² Mr Fox's STI outcome for FY2015 will be remitted wholly in cash.