ASX ANNOUNCEMENT
18 November 2015

Drillsearch 2015 Annual General Meeting – CEO's Address

Drillsearch Energy Limited is pleased to attach a copy of Chief Executive Officer Walter Simpson's AGM presentation including speaking notes.

A video recording of the presentation will be available on the Drillsearch website later today.

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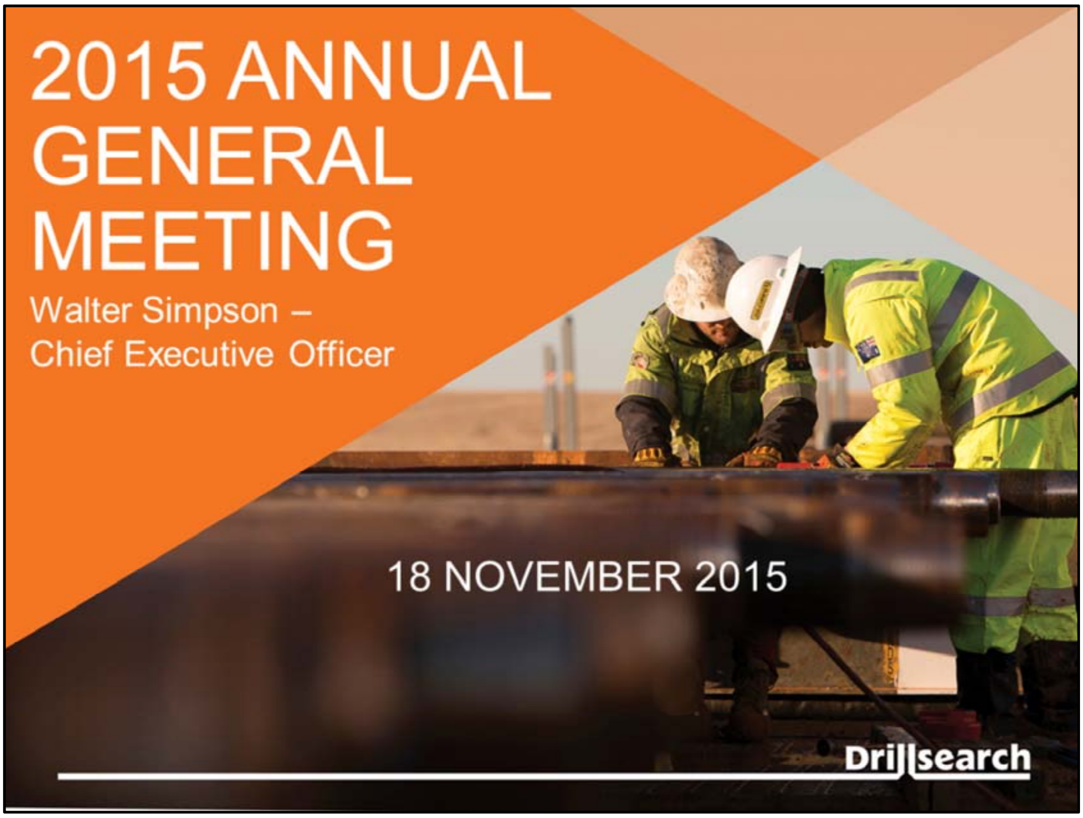
2015 ANNUAL GENERAL MEETING
Walter Simpson –
Chief Executive Officer
18 NOVEMBER 2015
Drillsearch

IMPORTANT NOTICE

Forward Looking Statements
These materials contain 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, 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 these materials 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.

Reserves and Resources Statement
Unless otherwise stated, references in this presentation to estimates of petroleum reserves and contingent resources are as at 30 June 2015, as contained in Drillsearch's 2015 Reserves and Contingent Resources Statement (Annual R&CR Statement) released to the ASX on 26 August 2015. Drillsearch confirms that it is not aware of any new information or data that materially affects the information included in the Annual R&CR Statement and that all the material assumptions and technical parameters underpinning the estimates in the Annual R&CR Statement continue to apply and have not materially changed.

The 2P reserve and 2C contingent resource estimates on slides 7 and 14 are based on, and fairly represent, information and supporting documentation prepared by, or under the supervision of, Neil Thompson who is a member of the American Association of Petroleum Geologists and Sue Hyde who is a member of the Society of Petroleum Engineers, both of whom are full time employees of Drillsearch Energy Limited.

The estimates of petroleum reserves and contingent resources contained in this presentation are as at 30 June 2015. 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). Unless otherwise stated, all references to petroleum reserves and contingent resources quantities in this presentation are Drillsearch's net share. 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 a conservative and the aggregate 3P and 3C figures may be optimistic due to the portfolio effects of arithmetic summation. Reserves replacement ratio (RRR) is calculated as the change in petroleum reserves divided by production in the same period. 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.

IMPORTANT NOTICE

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

The FY2015 reporting period is the twelve months to 30 June 2015. Unless otherwise shown, comparative period is twelve months to 30 June 2014. References to $ are references to Australian dollars unless otherwise stated.

Non-IFRS accounting financial information
This presentation refers to Underlying NPAT (underlying net profit after tax) and EBITDAX (earnings before interest, tax, depreciation, amortisation, impairment and exploration write-off), and Net Cash flow which are Non-IFRS accounting financial information used by Drillsearch to measure underlying business performance. The non-IFRS accounting financial information in this presentation has not been the subject of external audit, however, the information has been taken from information prepared in accordance with IFRS accounting and the subject of external audit. Non-IFRS accounting financial information should be used in addition to, and not as a replacement of IFRS accounting financial information.

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 in Slide 22.

EBITDAX is earnings before interest, tax, depreciation and amortisation, exploration and evaluation expenditure, and impairments. A reconciliation of EBITDAX to Operating (Loss)/Profit is set out on Slide 22.

Net Cash Flow is the net increase/decrease in cash and cash equivalents per the consolidated statement of cash flows.

Drilling Success – slide 6
[1] Cypress-1 excluded from success rate as operation suspended.
[2] Anakin-1 and Padme-1 excluded from success rate as ongoing.
[3] Padme-1 and Amidala-1 excluded from success rate as ongoing.

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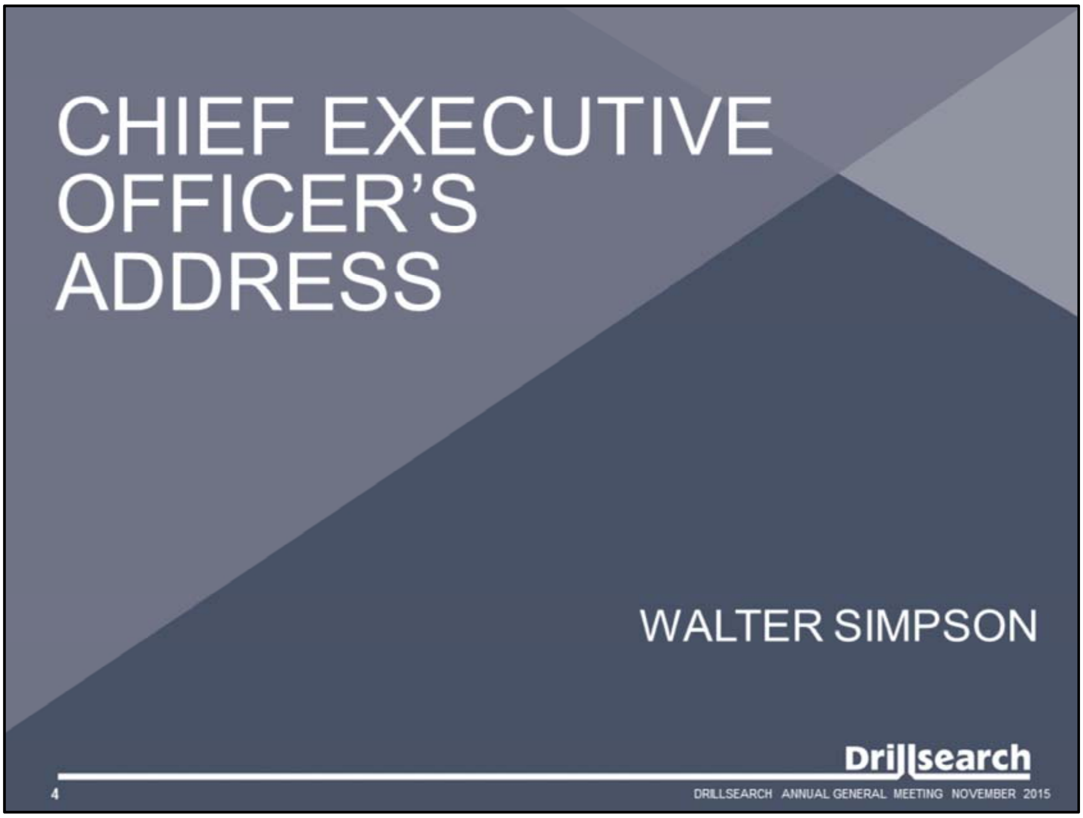


Thank you Mr Chairman and I'd also like to thank all of our shareholders who are attending the AGM in Sydney today.

I am Walter Simpson, and I am delighted to be speaking to you at my first Annual General Meeting as Chief Executive Officer of Drillsearch.

The Chairman has discussed the exciting transaction with Beach Energy that we announced last month.

In my presentation, I will discuss some of the highlights of FY2015 and also our work program for FY2016, which I think will demonstrate how we are continuing to deliver in a challenging market.

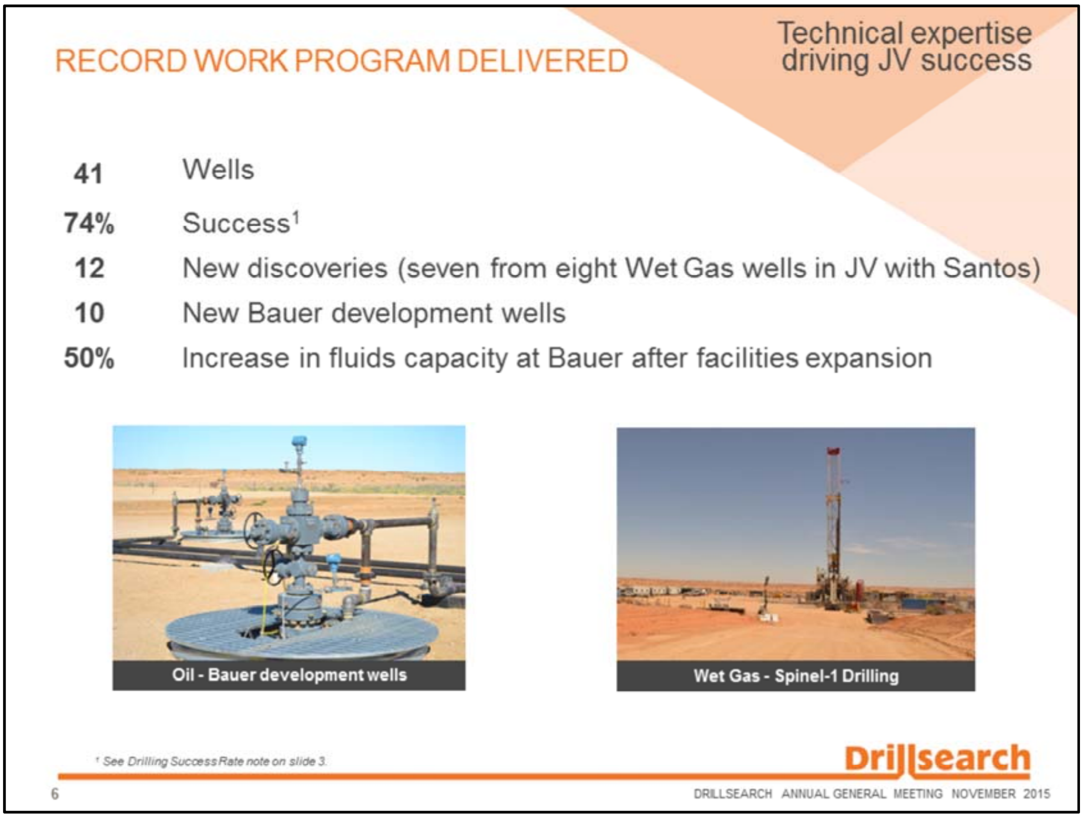
As the Chairman has noted, FY2015 was a difficult year for all companies involved in the oil industry.

However despite the difficult climate we are pleased to be able to show you today that Drillsearch delivered strong performance in FY2015 and that we expect to continue that through FY2016.

During the year, we took decisive measures to reduce costs, streamline the business and set clear priorities to allocate capital to production, cash flow and reserves replacement. That meant we were able to deliver:

- A record work programme;
- Production in line with guidance;
- Increased oil reserves; and
- Strong liquidity.

Firstly let's recap on the 2015 highlights.

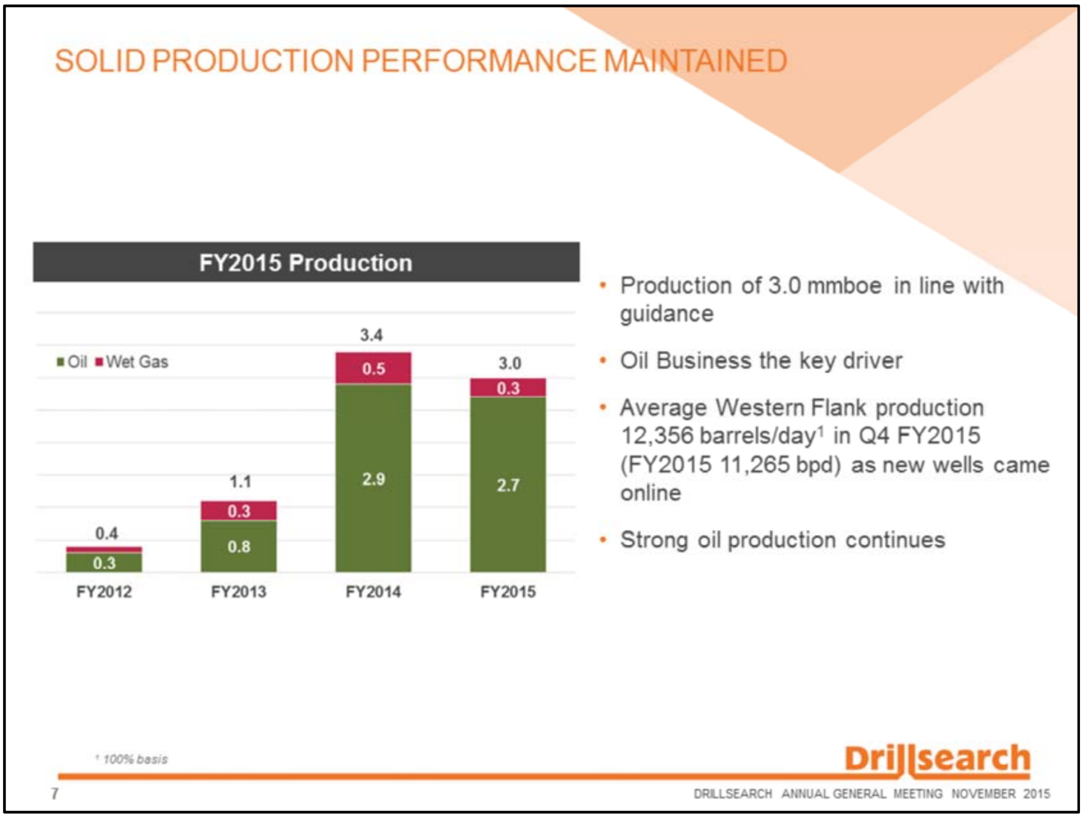


Sound technical expertise was the foundation on which the work programme was built and combining this with the actions taken to respond to the challenging market meant we were able to continue to invest wisely in development, appraisal and exploration.

This wise investment resulted in us maintaining our impressive drilling success rate, delivering additional production capacity and adding 12 new discoveries to the portfolio. This included:

- Three oil discoveries on the Western Flank, including Balgowan which is already producing; and
- Nine wet gas discoveries, including seven discoveries from eight wells in our joint venture with Santos.

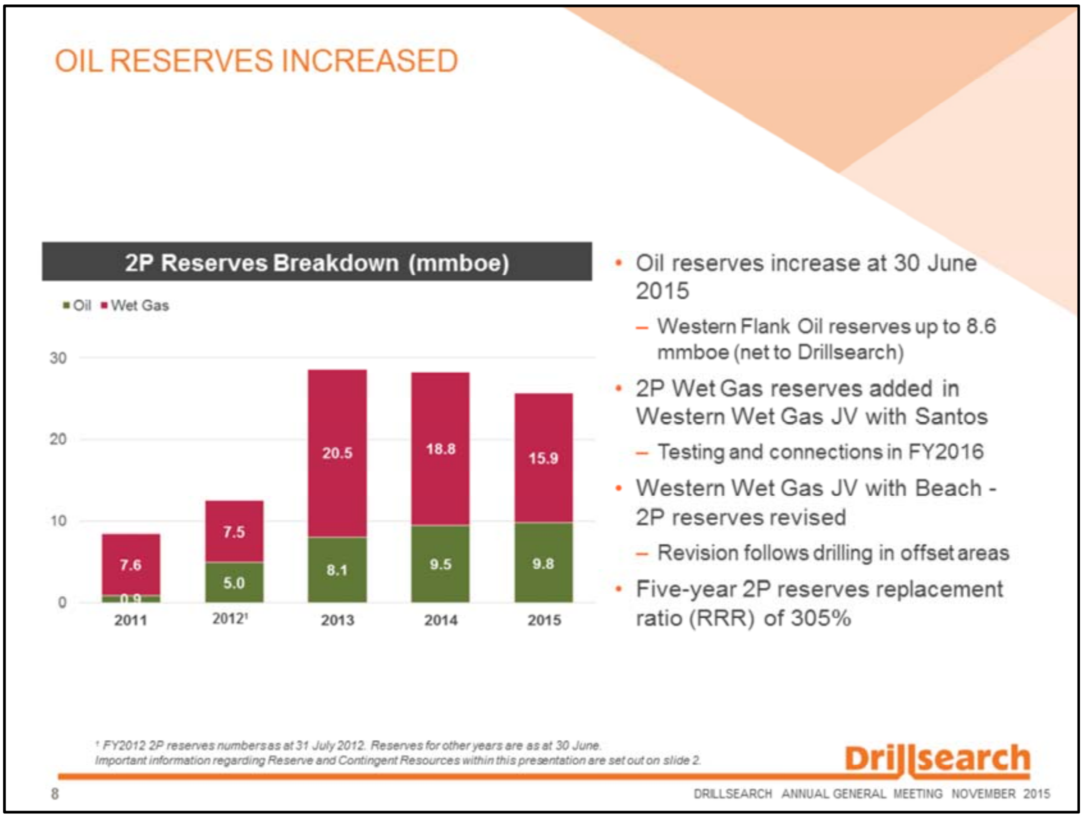
In addition, the successful expansion of fluid handling facilities at Bauer was completed which helps maintain oil production from the Western Flank.



Our production was solid at 3 million barrels of oil equivalent, slightly down on FY2014.

Oil remained the major contributor meaning we maintained our position as Australia's third-largest onshore oil producer and, with Beach, we celebrated the 10-millionth barrel of production from the Western Flank fields in June.

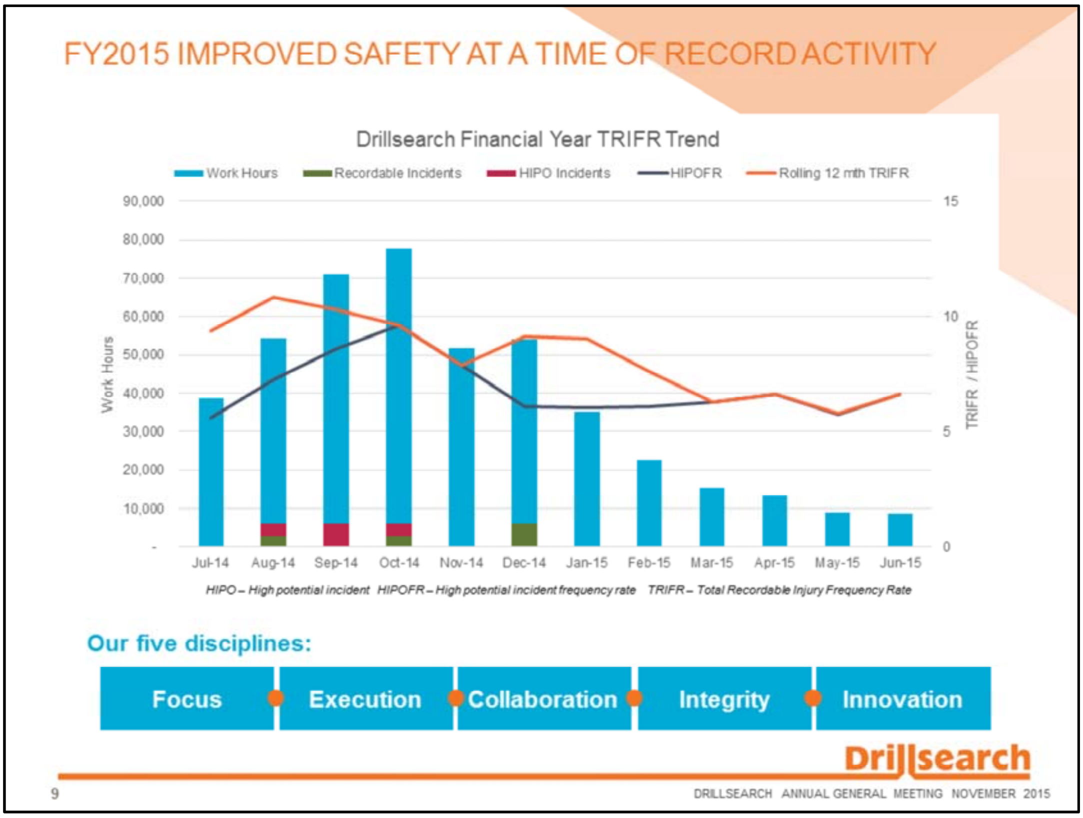
As the additional oil production capacity started to come online in the fourth quarter, production increased by more than 1,000 bbls/day gross and we have seen that strong production continue through the first quarter of FY2016.



Once again we have increased our oil reserves which now sit at 9.8mmboe.

This was driven by the Western Flank, where reserve additions from the new drilling and updated reservoir models as a result of the continued strong reservoir performance increased reserves by more than production. However, the lower oil price did result in a slight downward revision to oil reserves on the Eastern Margin.

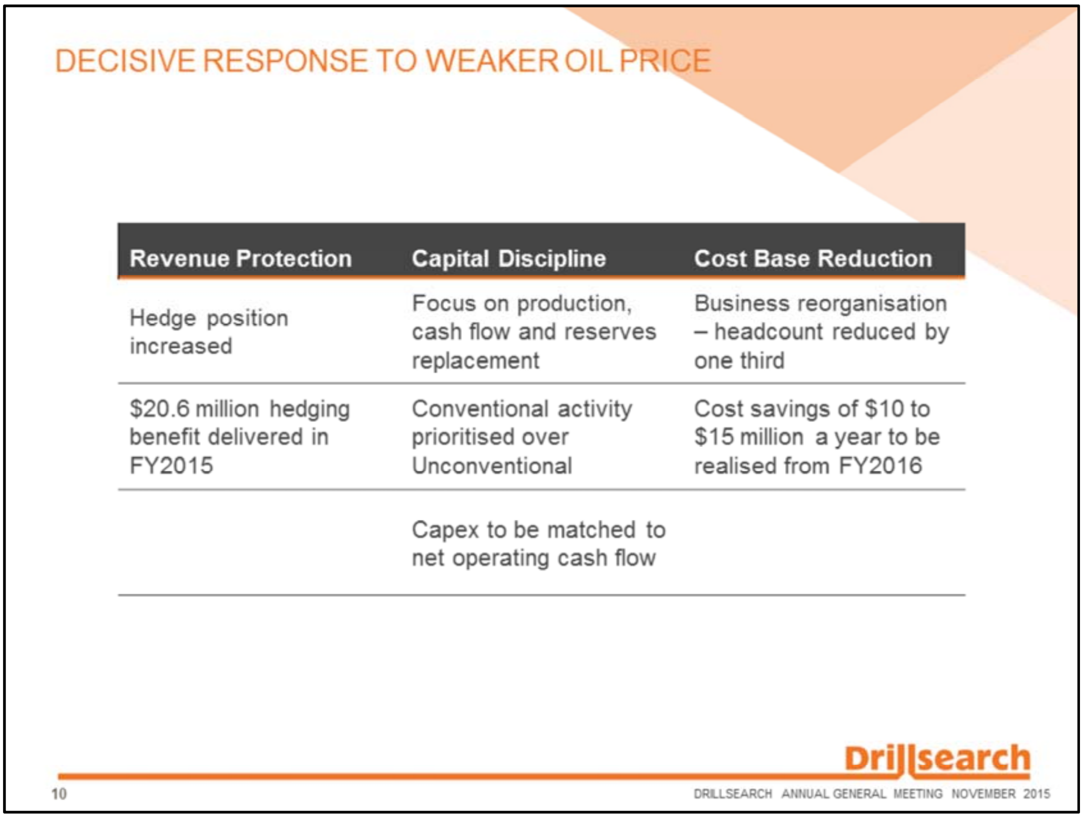
In Western Wet Gas, the successful drilling campaign in the JV with Santos added reserves of more than 3 mmboe and in the Beach JV, analysis of production performance from Brownlow-Middleton added developed reserves, though this was offset by a revision to mainly undeveloped reserves following analysis of well results.



But perhaps what makes us most proud is we were able to achieve all that with a greatly improved safety performance.

Despite all of the activity, we had no lost time injuries and just three recordable incidents for the year, resulting in a 30% improvement in our key safety performance indicator of total recordable incident frequency rate.

A focus on safety continues to be fundamental to everything we do, and we are continually seeking ways to improve our work practices in order to improve that record.



We were not immune to the challenges facing the sector following the material decline in the oil price. Around the middle of the year, we took a number of decisive steps to reduce costs, streamline the business and set clear priorities to allocate capital.

The reduction in our cost base, including a reorganisation which reduced our workforce by a third, was a difficult, but necessary, process which we expect to result in $10-$15 million a year of cost savings.

We have shut in the Flax field and placed the facilities on care and maintenance and we have progressed the disposal process for Tintaburra – all difficult decisions but consistent with our priorities.

These cost reduction measures, combined with revenue protection through a successful hedging program, have enabled us to maintain strong liquidity.

The priorities we put in place to weather the volatile market are designed to drive capital discipline and that discipline continues to inform our budget and planning decision making. We will continue to focus our spend on activities that deliver production, cash flow and reserves replacement, we will match that investment to our net operating cash flow and prioritise conventional opportunities over unconventional.

The decisive action we have taken and the discipline we have shown in managing our business enable us to continue to make investments in development, appraisal and exploration.

FY2015 FINANCIAL PERFORMANCE

	Unit	FY2015	FY2014	% Change
Production	*mmboe*	3.0	3.4	(11%)
Revenue	*$m*	250.6	387.0	(35%)
EBITDAX[1]	***$m***	**152.8**	**232.0**	**(34%)**
DD&A	*$m*	(56.2)	(40.4)	39%
Exploration & evaluation expensed/write off	*$m*	(57.6)	(44.4)[2]	30%
Impairments	*$m*	(51.9)	(0.2)	n/m
Net financing costs	*$m*	(6.9)	(9.9)	(30%)
Income tax benefit/(expense)	*$m*	11.7	(95.2)[1]	n/m
NPAT				
-Reported	***$m***	**(8.1)**	**41.9[2]**	**n/m**
-Underlying[1]	***$m***	**57.8**	**58.5[2]**	**(1%)**
Operating Cash Flow	*$m*	84.4	226.6[2]	(63%)
Closing Cash	*$m*	131.5	152.4	(14%)
Net Debt	*$m*	30.6	1.0	n/m
Capital Expenditure[3]	*$m*	142.0	95.7	48%

[1]EBITDAX and Underlying (Loss)/Profit are Non-IFRS accounting financial information. Refer to notes on slide 3 for important information regarding Non-IFRS accounting financial information.
[2] Restated following the adoption of Successful Efforts methodology. Refer to the ASX Announcement dated 6 August 2015 and Note 3 in the financial statements for the year ended 30 June 2015.
[3]Capital expenditure is cited inclusive of G&A, G&G and seismic expenditure.

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11 DRILLSEARCH ANNUAL GENERAL MEETING NOVEMBER 2015

This slide sets out our financial performance for FY2015. Overall this was another successful year for Drillsearch, despite the headwinds created by the challenging external environment.

Our production performance was solid, with a strong end to the year that has continued into FY2016.

The weaker oil price, of course, impacted on revenue and operating profit, but the success of our hedge book has provided us with significant protection.

Our capital expenditure reflected the record level of activity, and we expect to see the benefits of that program flowing through to our production in FY2016 and beyond.

PROGRESS IN FY2016

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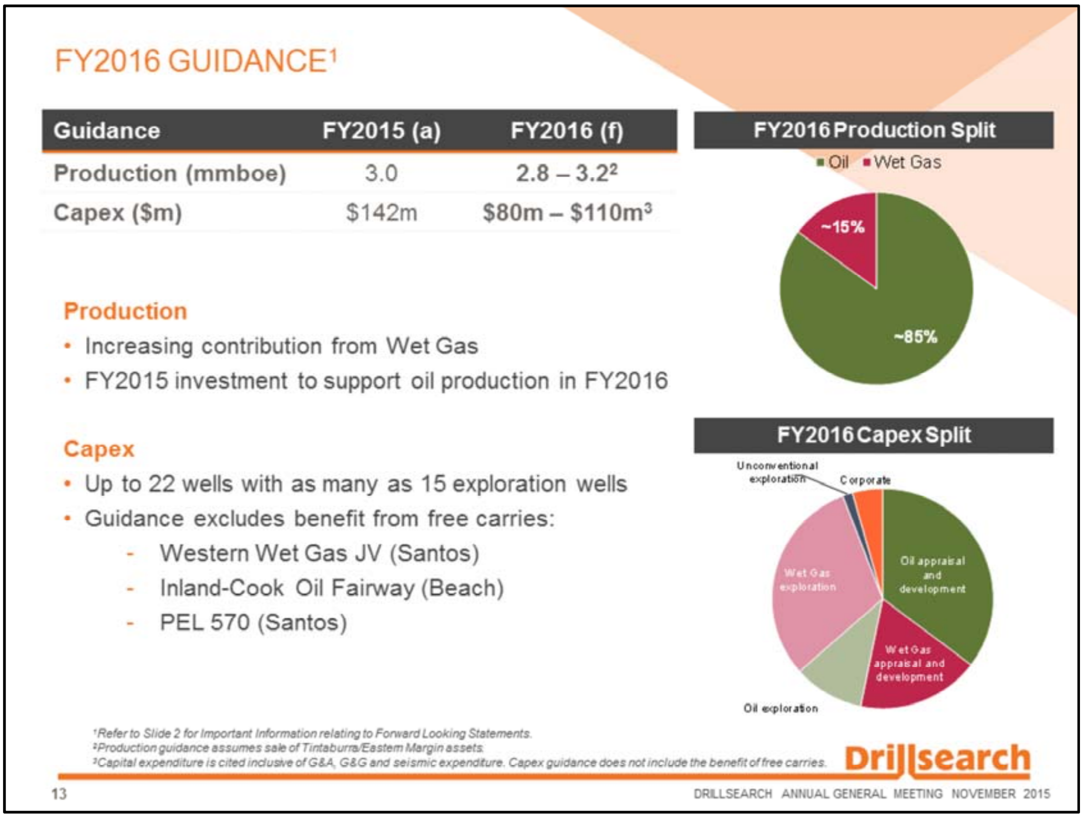
12

DRILLSEARCH ANNUAL GENERAL MEETING NOVEMBER 2015

Which brings me to FY2016 and our performance over the year to date.

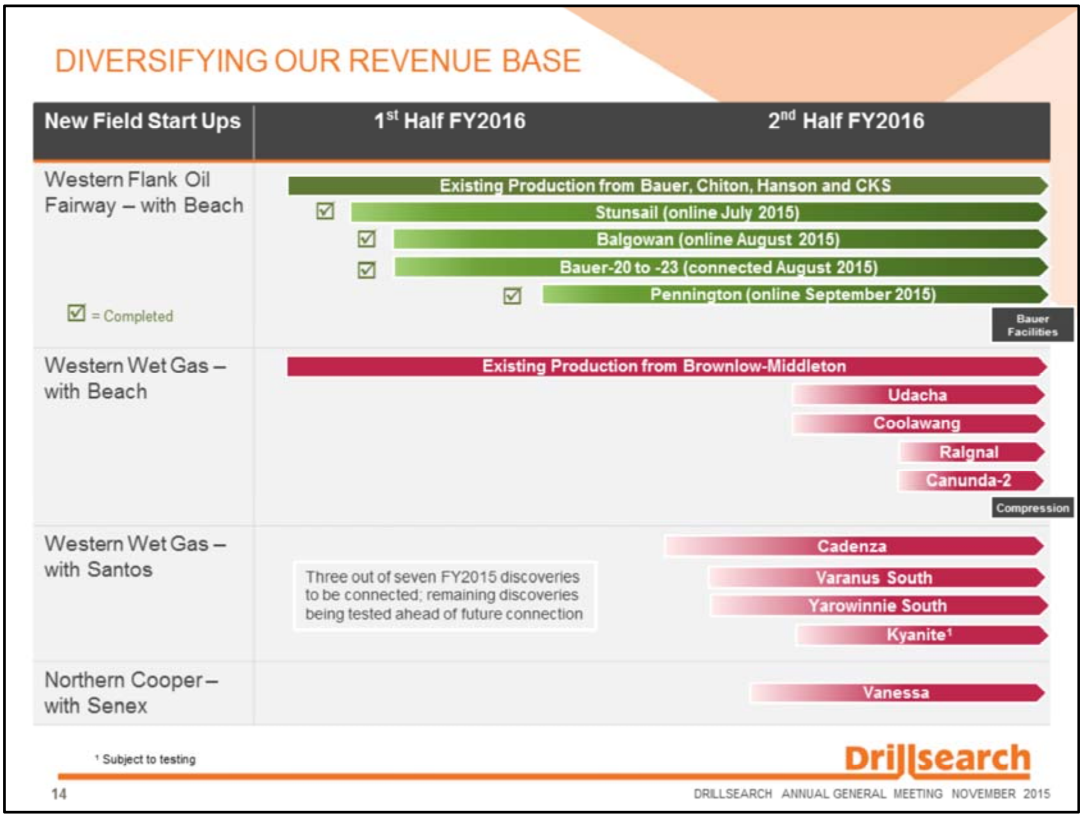


Our production guidance for FY2016 remains at 2.8 to 3.2 mmboe. The key drivers for production volumes in FY2016 are the investments made last year in the additional production capacity in the Western Flank, allowing oil production to stay strong, and also growth in wet gas production as we progressively bring our exploration successes into production. We expect this to be the beginning of an increasing contribution from wet gas to our production portfolio.

Our capex guidance for FY2016 is $80 - $110 million, which encompasses activity across all our business units with circa 55% being spent on development and appraisal and 45% spent on exploration.

In addition we continue to derive benefit from free carries. In the Western Wet Gas Joint Venture with Santos we continue to be carried for development, appraisal and exploration activity this year. We have also drilled two carried exploration wells so far in FY2016 – the Maroochydore-1 oil well in the Inland-Cook, and the Washington-1 unconventional well in PEL 570, where testing is currently underway.

This work program across Oil, Wet Gas and Unconventional translates our commitment to investing in growth into tangible development, appraisal and exploration activities.

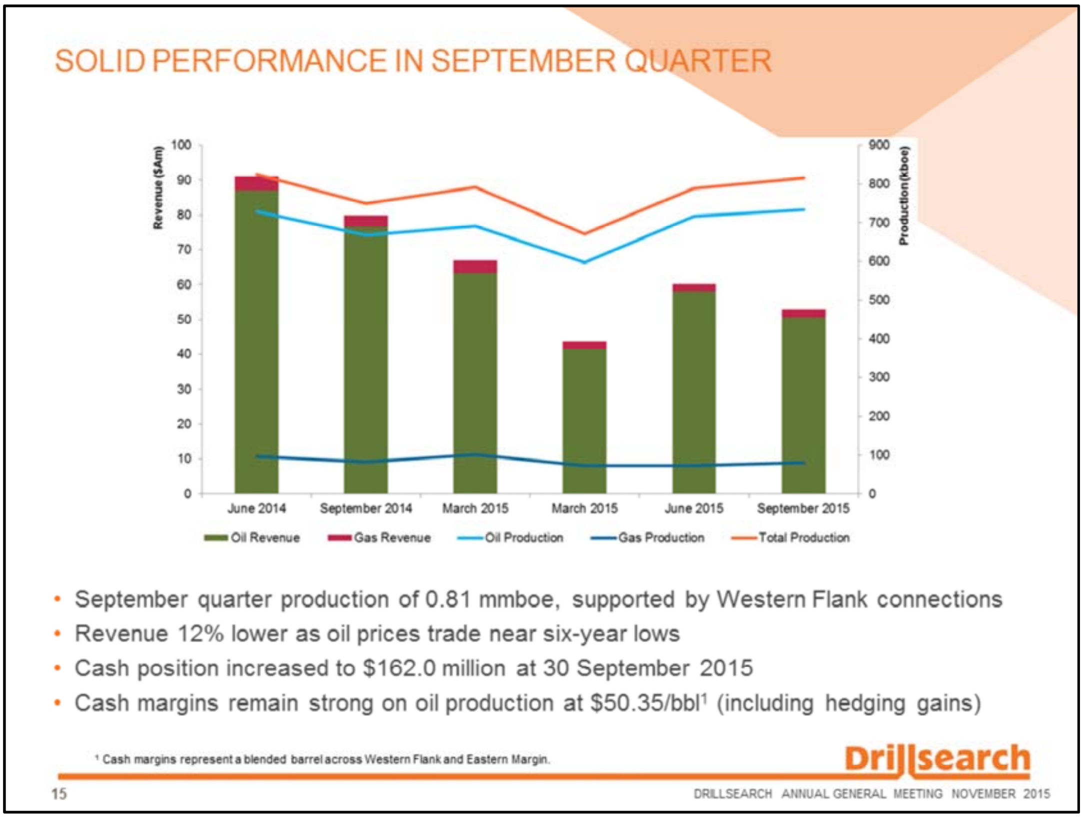


If I move to the next slide you can see the breadth of our FY2016 program in the development of oil production and the commercialisation of our wet gas exploration success.

Additional oil facilities are being brought online, with Balgowan, Stunsail and Pennington already producing. While the Bauer wells -20 to -23 have been tied in, production from these wells is yet to begin, given the strong production from other wells and limits on export capacity.

In Wet Gas, we expect to have multiple new fields tied in across three joint ventures this financial year. By the end of this year, we will be producing from three wet gas joint ventures, compared with one at the end of FY2015.

The investment in this comprehensive work program across multiple joint ventures progressively strengthens and diversifies our production base.

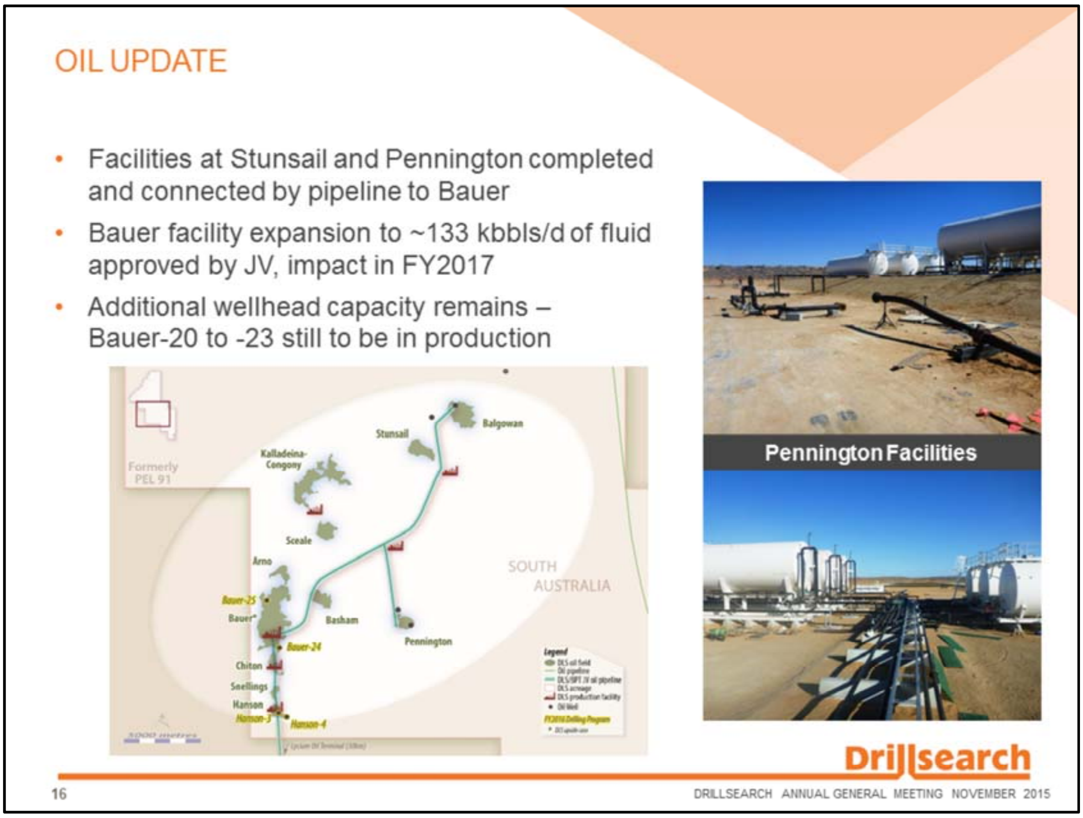


Slide 15 outlines our performance against our plan for the FY2016 year to date.

First quarter production of 815,000 barrels of oil equivalent continued the strong performance from the end of FY2015. Once again, this was driven by the Western Flank where the development activity undertaken in FY2015 allowed new fields to be tied in.

Our revenue for the quarter was 12% weaker, however we continued to benefit from the protection provided by our hedging program, with an additional $6.9 million of income generated from hedging during the first quarter.

Our capital expenditure was significantly lower, which reflects both the benefit we gained from free carries, and also the weighting of our work program to the second half of the year. That meant that we were able to increase our cash position, with $162 million of cash on hand at the end of the period.

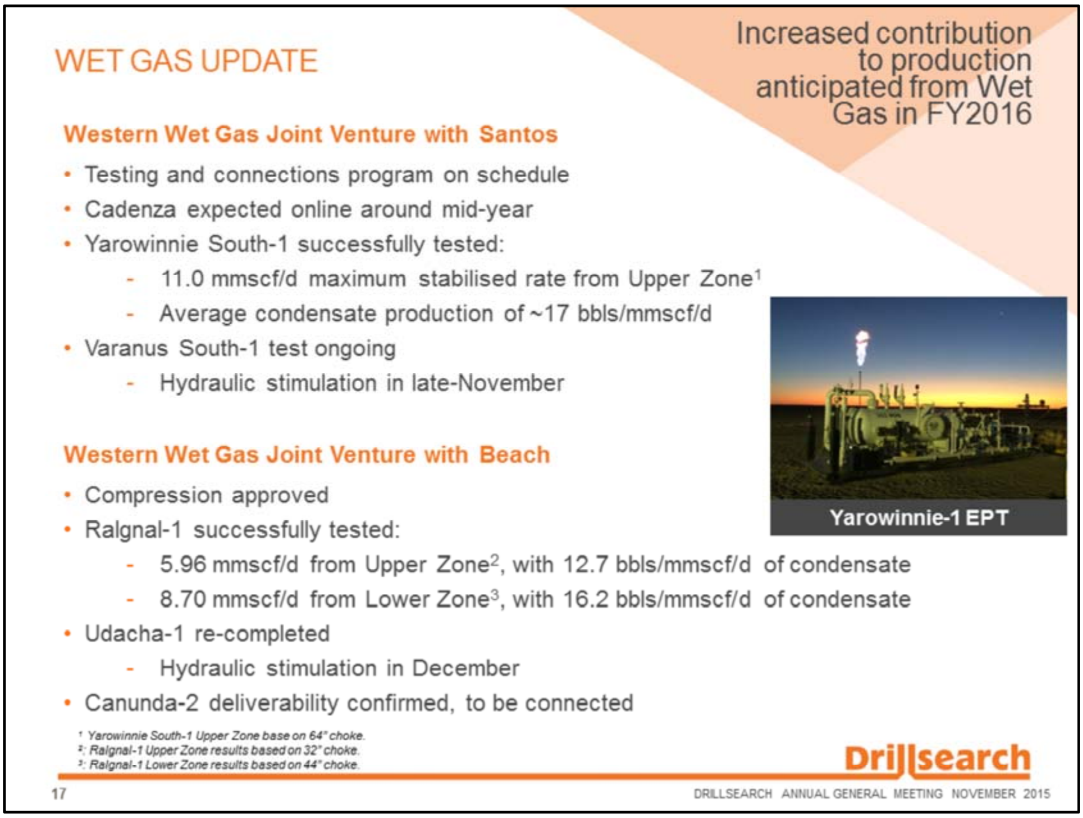


Turning to our Oil Business, the Balgowan, Stunsail and Pennington fields were all tied in on time and on budget, and as I have just explained, this is already benefiting our production.

In order to maintain that oil production though, we need to keep investing in development activity across the Western Flank.

During the quarter, we approved a further expansion of the fluid handling facilities at Bauer to around 133,000 barrels of fluid a day from the current 75,000 barrels a day. Construction will start around the middle of the financial year.

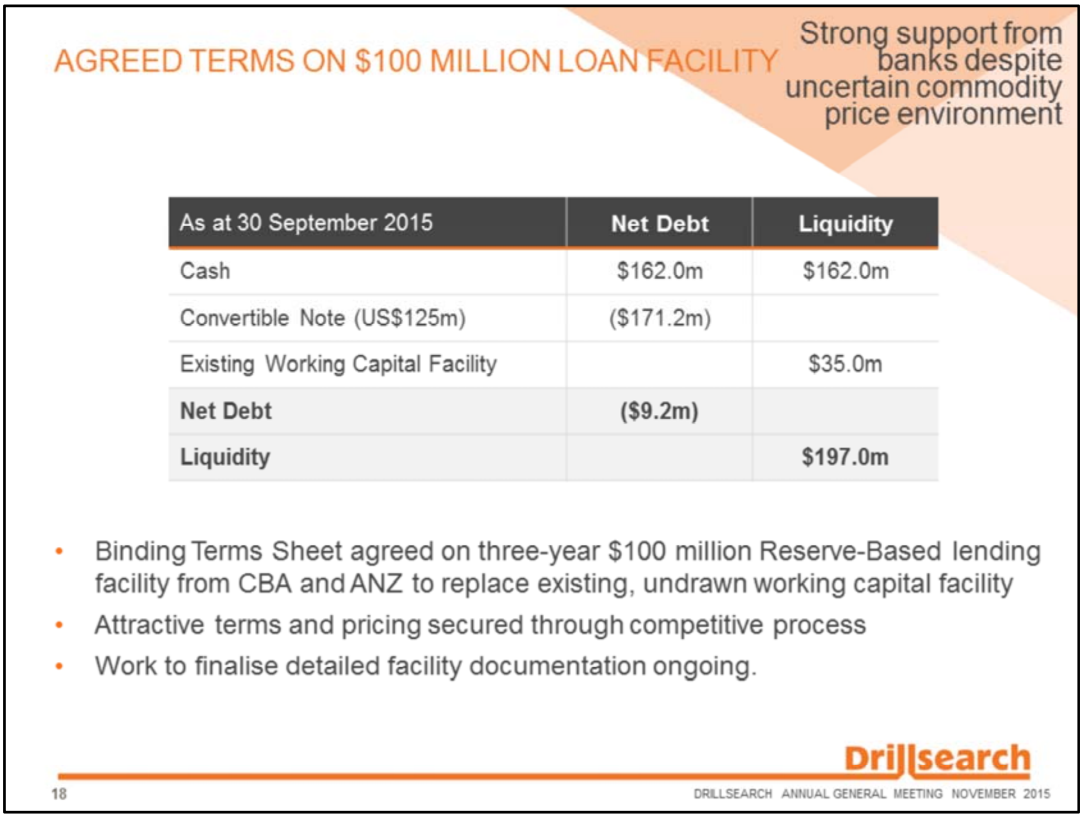
Construction is expected to be completed and the facility online at the end of FY2016, with the potential for further expansions in the future, depending on the success of future appraisal and development drilling in the permit.



Wet Gas is an area of the business that we are particularly excited about this year. Our Western Wet Gas joint venture with Santos is on track to report its first production around the middle of FY2016, with work on connecting the first of those wells, Cadenza, nearing completion.

In addition, the joint venture is testing a number of the new discoveries we made in FY2015 ahead of their tie-in to the gas gathering network. The first of those wells to be tested, Yarowinnie South-1, flowed at 11.0 million standard cubic feet of gas a day.

In the joint venture with Beach, we have successfully tested Ralgnal-1 and Canunda-2, with the results of Canunda-2 confirming its suitability to be connected this year. In addition, we have approved the installation of compression, which is expected to benefit production from Brownlow-Middleton from FY2017. We will also begin our operated, two-well campaign in the Northern Cooper ex PEL101 permits during the current quarter.



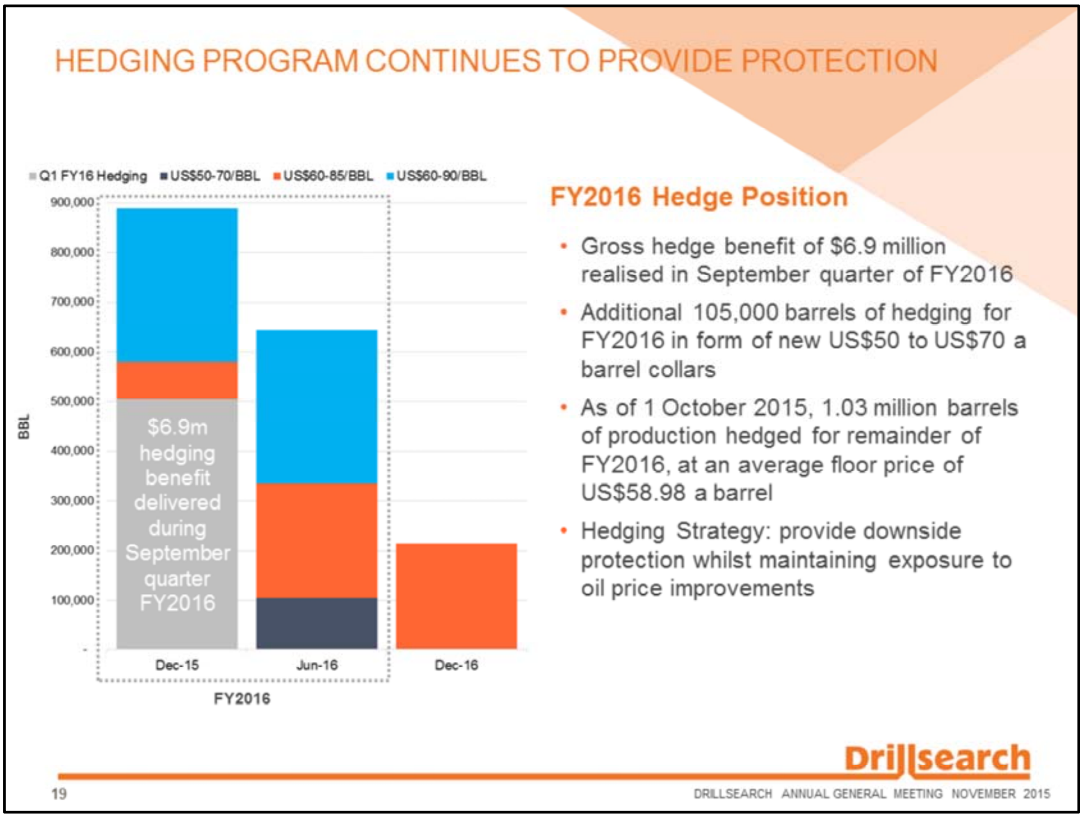
We continue to take steps to ensure that we are in a strong financial position.

Last month, we announced that we had entered into a binding terms sheet for a three-year, $100 million secured bank loan facility. This facility will replace our existing working capital facility that is due to mature in March.

Agreement on the facility followed a competitive process and we were delighted by the strong support we received during that process from our existing lending banks, CBA and ANZ.

We believe that this ability to generate additional liquidity, even during a time of low oil prices, reflects the quality of our asset base and the strength of our cash flow.

Once in place, the facility, combined with the $162 million of cash at 30 September, means we are well positioned to fund our growth.



Since the start of the financial year, we have placed an additional 105,000 barrels of hedging in the form of new US$50 to US$70 a barrel collars.

As of the end of September we had 1.03 million barrels of FY2016 oil production hedged for the remainder of the financial year at an average price of US$58.98 a barrel.

Given the external environment, this program has been an important lever for us over the past 12 months and we continue to get significant benefit from it.

In summary, we have had a solid start to FY2016, building on the success that we managed to achieve in challenging circumstances during FY2015.

Our production performance has continued to be strong, and is consistent with our full-year guidance of 2.8 to 3.2 million barrels of oil equivalent.

Our development program is progressing well with new fields tied in on the Western Flank and the testing and connections program in the wet gas fields on schedule to deliver the first new production around the middle of this financial year.

Our financial position remains strong and we remain committed to taking the necessary steps in order to maintain that strong position, including prioritising our capital expenditure and keeping a watchful eye on our costs.

In closing, despite the sustained challenging environment, we have continued to deliver considerable success from our platform in the Cooper Basin and I would like to take this opportunity to thank our staff and our joint venture partners for making this success possible.

Our focus on delivery remains undiminished, and we are committed to delivering on the work program that we have outlined, whether that is as a standalone Drillsearch or as part of a merged group with Beach.

And with that, I will hand back to the Chairman.

APPENDIX

RECONCILIATION OF NON-IFRS ACCOUNTING FINANCIAL INFORMATION

Reconciliation of Underlying NPAT to Net (Loss)/Profit After Tax	FY2015 $'000	FY2014 Restated $'000
Net (Loss)/ profit after tax	(8.1)	41.9
Adjusted for:		
Change in fair value of derivatives	3.1	1.8
Change in fair value of convertible note	8.7	23.0
Impairments of oil and gas assets	51.9	0.2
De-recognition of prior year tax losses	12.0	0.0
Tax impact of above changes	(9.8)	(8.4)
Underlying Profit After Tax	**57.8**	**58.5**

Reconciliation of EBITDAX to Operating (Loss)/Profit Before Income Tax	FY2015 $'000	FY2014 Restated $'000
EBITDAX	152.8	232.0
Adjusted for:		
Interest Income	3.1	1.7
Finance costs	(10.0)	(11.6)
Amortisation and depletion	(54.4)	(38.4)
Depreciation	(1.8)	(2.0)
Impairment of oil and gas assets	(51.9)	(0.2)
Exploration and evaluation costs expensed/written off	(57.6)	(44.4)
Loss/profit before income tax	**(19.8)**	**137.1**

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