

18 October 2012

## Drillsearch's Offer for Acer Energy Open for Acceptance

Drillsearch Energy Limited (ASX:DLS) (**Drillsearch**) today announces that its 25.5 cents per share cash offer for Acer Energy Limited (ASX:ACN) (**Acer**) (**Offer**) is open for acceptance, following completion of dispatch of the Bidders Statement to Acer securityholders. The Offer is made by Drillsearch's wholly owned subsidiary, Drillsearch (Central) Pty Limited (**Drillsearch Central**).

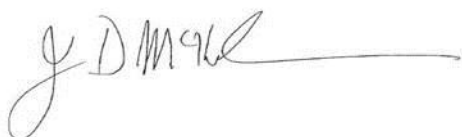
Drillsearch Chairman Mr Jim McKerlie said: "Our Offer is the only offer that is open for acceptance by Acer shareholders. The Offer price is full and fair, and is at a significant premium to Acer's share price prior to the Offer announcement on 4 October. Drillsearch is Acer's largest shareholder with 19.9%. Acer's second largest shareholder, Republic Investment Management Pte Ltd (**Republic**) which holds a 18.8% interest, intends to accept our Offer, in the absence of a superior announced bid."

The reasons why Acer shareholders should accept Drillsearch's offer include:

1. Acer shares had not traded at or above the Offer price for more than 3 years prior to announcement of the Offer;
2. The Offer Price represents a full and fair price for their Acer Shares. Acer shareholders will receive 100% cash and certainty of value;
3. Republic has already sold a 19.9% interest in Acer to Drillsearch Central. Republic still has a relevant interest in 18.8% of Acer and intends to accept the Offer in the absence of a superior announced offer;
4. The Offer is unconditional other than for Prescribed Occurrences; and
5. Drillsearch Central is offering attractive and flexible payment terms.

Acer securityholders will receive a copy of the Bidder's Statement shortly. In addition, the Bidder's Statement and other documents regarding the Offer are available on the ASX website or on Drillsearch's website ([www.drillsearch.com.au](http://www.drillsearch.com.au)). Acer securityholders are encouraged to read the Bidder's Statement carefully. Acer shareholders can contact the Drillsearch Offer Information Line on 1800 356 563 (toll-free within Australia) or +61 2 8256 3388 (from outside Australia) with any questions in relation to the Offer.

Attached is a notice confirming that Drillsearch Central has completed sending its Bidder's Statement to Acer securityholders as required by item 6 of section 633(1) of the *Corporations Act 2001 (Cth)*.



Yours faithfully

Jim McKerlie  
Chairman  
+612 9249 9600  
[admin@drillsearch.com.au](mailto:admin@drillsearch.com.au)

**About Drillsearch Energy Limited** (ASX: DLS), which listed on ASX in 1987, explores and develops conventional and unconventional oil and gas projects. Drillsearch has a strategic spread of petroleum exploration and production acreage in Australia's most prolific onshore oil and gas province, the Cooper-Eromanga Basins in South Australia and Queensland. The company's focus is on 'brownfields' exploration where geological risk is reduced and there is access to existing infrastructure, ensuring that any discoveries can be brought into production.

**Corporations Act 2001 (Cth)**  
**Section 633(1), item 8**

**NOTICE THAT BIDDER'S STATEMENT AND TAKEOVER OFFERS HAVE BEEN SENT**

**TO:** Company Announcements  
ASX Limited  
Exchange Centre  
20 Bridge Street  
Sydney NSW 2000

Drillsearch (Central) Pty Limited ACN 160 522 056 (a wholly-owned subsidiary of Drillsearch Energy Limited ABN 73 006 474 844) ("**Drillsearch Central**") gives **notice** that copies of the Bidder's Statement given to Acer Energy Limited ABN 11 101 313 777 by Drillsearch Central on 4 October 2012 and takeover offers under the takeover bid to which it relates have been sent as required by item 6 of section 633(1) of the *Corporations Act 2001* (Cth). The takeover offers are dated 18 October 2012.

A copy of the Bidder's Statement is attached.

**Dated:** 18 October 2012



Jean Moore  
Company Secretary

For: **Drillsearch (Central) Pty Limited**

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in doubt as to how to deal with this document you should consult your financial or other professional adviser

# BIDDER'S STATEMENT

Off-Market Offer

## ACCEPT THE CASH OFFER

by

**Drillsearch (Central) Pty Limited**

ACN 160 522 056

a wholly-owned subsidiary of

**Drillsearch Energy Limited**

ABN 73 006 474 844

to purchase all of your shares in

## Acer Energy Limited

ABN 11 101 313 777

**For each Acer Share you will receive \$0.255 cash**

FINANCIAL ADVISER

LEGAL ADVISER



**Wilson HTM**  
CORPORATE FINANCE LTD

**ashurst**

# Important Information

## OFFER INFORMATION LINE

For information regarding your Acer Shares, the Offer or how to accept the Offer please read this Bidder's Statement. If you still need assistance please contact the Drillsearch Offer Information Line on:

For calls made within Australia (toll free): 1800 356 563  
For international callers: +61 2 8256 3388

KEY DATES	EVENT
4 October 2012	Bidder's Statement lodged with ASIC
18 October 2012	Offer opens (date of Offer)
7.00pm (Sydney time) on 19 November 2012	Offer closes (unless extended)

This Bidder's Statement is dated 4 October 2012 and is given by Drillsearch (Central) Pty Limited ACN 160 522 056 ("Drillsearch BidCo") to Acer Energy Limited ABN 11 101 313 777 ("Acer") under Part 6.5 of the Corporations Act. This Bidder's Statement includes an Offer dated 18 October 2012 to acquire your Acer Shares and also sets out certain disclosures required by the Corporations Act.

A copy of this Bidder's Statement was lodged with the Australian Securities and Investments Commission ("ASIC") on 4 October 2012. ASIC takes no responsibility for the contents of this Bidder's Statement.

A number of defined terms are used in this Bidder's Statement. These terms are defined in section 9 of this Bidder's Statement.

## INVESTMENT DECISIONS

This Bidder's Statement does not take into account the investment objectives, financial situation and particular needs of any person. Before making any investment decision you should consider whether it is appropriate in light of those factors. Accordingly, you may wish to seek independent financial and taxation advice before deciding whether to accept the Offer.

## FORWARD LOOKING STATEMENTS

This Bidder's Statement contains forward looking statements including statements of current intention (which include those in section 4 of this Bidder's Statement). Forward looking statements are not based on historical facts, but are based on current expectations of future results or events. These forward looking statements are subject to risks, uncertainties and assumptions which could cause actual results or events to differ materially from the expectations described in such forward looking statements. While Drillsearch BidCo believes that the expectations reflected in the forward looking statements in this document are reasonable, no assurance can be given that such expectations will prove to be correct. Matters as yet not known to Drillsearch BidCo or not currently considered material by Drillsearch BidCo, may cause actual results or events to be materially different from those expressed, implied or projected in any forward looking statements. Any forward looking statement contained in this document is qualified by this cautionary statement.

None of Drillsearch BidCo, Drillsearch, their officers, persons named in this Bidder's Statement with their consent or any other person involved in the preparation of this Bidder's Statement makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any outcomes expressed or implied in any forward looking statement and any statements in the nature of a forward looking statement having regard to the fact that the outcome may not be achieved.

The forward looking statements and statements in the nature of forward looking statements in this Bidder's Statement reflect views held only as at the date of this Bidder's Statement.

## COMPETENT PERSON STATEMENT

Information on the reserves and resources of Drillsearch in this Bidder's Statement has been compiled by Mr David Evans, Chief Technical Officer of Drillsearch who has given his consent as of the date of this Bidder's Statement to the inclusion of this statement and the information in the form and the context in which they appear in this Bidder's Statement.

## PRIVACY COLLECTION STATEMENT

Personal information relating to your shareholding in Acer will be obtained by Drillsearch BidCo or its agents from Acer in accordance with its rights under the Corporations Act. Drillsearch BidCo will share this information with its related bodies corporate, advisers, agents and regulators such as ASIC where necessary for the purposes of the Offer or as otherwise required or permitted by law. The registered office of Drillsearch BidCo is Level 16, 55 Clarence Street, Sydney NSW 2000.

## INTERNET

Both Drillsearch BidCo's holding company, Drillsearch, and Acer maintain internet sites. The Drillsearch site is at [www.drillsearch.com.au](http://www.drillsearch.com.au). The Acer site is at [www.acerenergy.com.au](http://www.acerenergy.com.au). Information contained in or otherwise accessible through these internet sites is not a part of this Bidder's Statement. All references in this Bidder's Statement to these internet sites are inactive textual references to these sites and are provided for your information only.

## NOTICE TO FOREIGN SHAREHOLDERS

The distribution of this Bidder's Statement may, in some countries, be restricted by law or regulation. Accordingly, persons who come into possession of this Bidder's Statement should inform themselves of, and observe, those restrictions.

## HOW TO ACCEPT

Acceptances for the Offer must be received in sufficient time to be acted upon before the close of the Offer Period. To accept the Offer you should follow the instructions set out in section 8.3 of this Bidder's Statement.

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# Overview of reasons why you should accept Drillsearch's Offer now

**1**

**You will receive a significant premium for your Acer Shares now. Acer Shares have not traded at or above the Offer Price for more than 3 years**

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**2**

**The Offer Price represents a full and fair price for your Acer Shares. You will receive 100% cash and certainty of value**

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**3**

**Acer's largest shareholder, Republic, has sold a 19.90% interest in Acer to Drillsearch BidCo. Republic still has a relevant interest of 18.82% and intends to accept the Offer in the absence of a superior announced offer**

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**4**

**The Offer is unconditional other than for Prescribed Occurrences**

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**5**

**Drillsearch BidCo is offering attractive and flexible payment terms**

# Chairman's Letter

Dear Acer Energy Shareholder

I am pleased to provide you with this Offer to acquire all your shares in Acer Energy Limited ("Acer") for \$0.255 per share ("Offer").

We believe this cash Offer is full and fair, providing you with certainty of value for your shares and an opportunity to realise value ahead of the significant funding requirements we expect Acer to face. Acer Shares have not traded above the Offer Price for more than three years.

The Offer represents a significant premium to the recent and historical volume weighted average price ("VWAP") of Acer Shares. Specifically the Offer price of \$0.255 represents:

1. A premium of 53% to the three-month VWAP of \$0.166 per Acer Share up to and including 3 October 2012; and
2. A premium of 31% to the closing price of \$0.195 per Acer Share on 3 October 2012 (being the last Trading Day before the Announcement Date).

You may recall that in September 2010, Drillsearch agreed to merge with Acer via a scheme of arrangement that was recommended by the Acer board. At the scheme meeting to approve the merger, 96.85% of Acer voting shareholders voted in favour of the scheme. However, Acer's largest shareholder, Republic Investment Management Pte Ltd ("Republic"), voted against the scheme and the merger was not approved by the requisite majority.

Importantly, Republic has now sold 19.90% of its interest in Acer to Drillsearch. As a result, Drillsearch is now Acer's largest shareholder.

Furthermore Republic has authorised Drillsearch to confirm that Republic intends to accept the Offer for its remaining 18.82% holding on the earlier of:

- 21 days from announcement of the Offer; and
- Drillsearch obtaining a Relevant Interest in 35% of all Acer Energy shares,

subject to there being no superior announced offer at that time.

Our Offer is unconditional other than there being no "Prescribed Occurrences" in respect of Acer between the Announcement Date and the end of the Offer Period. Drillsearch BidCo is providing you with attractive and flexible payment terms including accelerated payment, where on accepting the Offer, you will receive your cash within five business days of the later of the date we receive your acceptance and the date the Offer is freed from Prescribed Occurrences.

Drillsearch BidCo also intends to commence purchasing Acer Shares on-market immediately.

I encourage you to thoroughly read this Bidder's Statement and the terms of the Offer, and then accept it as soon as possible. The Offer is open until 7.00pm (Sydney Time) on 19 November 2012, unless extended. To accept the Offer, please follow the instructions set out in section 8.3 of this Bidder's Statement.

If you have any questions in relation to the Offer, please contact the Drillsearch Offer Information Line on 1800 356 563 (toll-free within Australia) or +61 2 8256 3388 (from outside of Australia) between 8.30am and 5.30pm Monday to Friday (Sydney Time), or consult your financial or other professional adviser.

On behalf of the Board of Drillsearch, I commend this Offer to you.

Yours sincerely



Mr Jim McKerlie

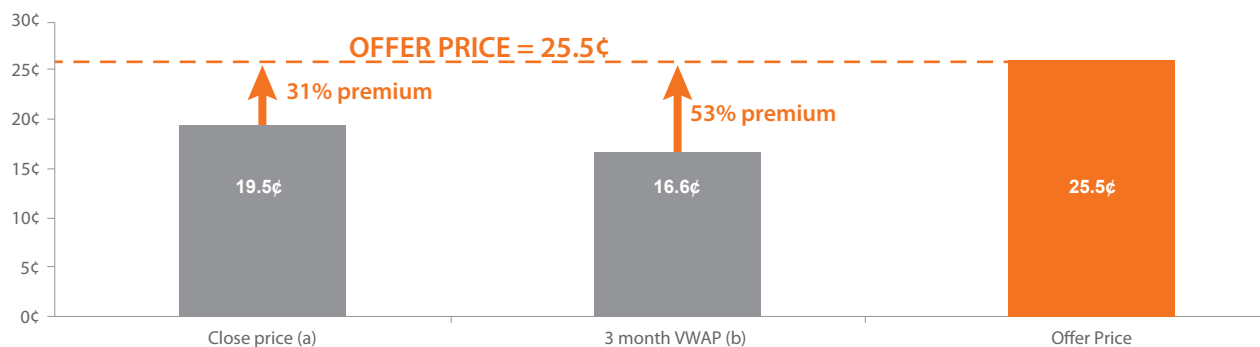
Chairman  
Drillsearch Energy Limited

# Reasons why you should accept Drillsearch's Offer now

## 1. You will receive a significant premium for your Acer Shares now. Acer Shares have not traded at or above the Offer Price for more than 3 years

The \$0.255 per Acer Share in cash offered by Drillsearch BidCo for your Acer Shares is a compelling offer and represents a significant premium to the levels at which Acer Shares were trading prior to the Announcement Date.

The Offer reflects premiums of:



Source: IRESS

a. Being the last trading day before the Announcement Date.

b. Volume weighted average trading price of Acer Shares over the relevant period up to and including 3 October 2012.

Acer Shares have not traded above the Offer Price for more than three years.

## 2. The Offer represents a full and fair price for your Acer Shares. You will receive 100% cash and certainty of value

The certainty of receiving \$0.255 cash per Acer Share upon acceptance of the Offer should be compared to the external and company-specific risks and uncertainties which Acer may be subject to and that could adversely affect the trading price of Acer Shares. These risks and uncertainties include, but are not limited to:

- Oil and gas price fluctuations;
- Exploration, appraisal, development, production and operations risks;
- Commercialisation risks;
- Regulatory risks;
- Financing/funding risks; and
- Equity market risks, including uncertainty as to the prices at which Acer Shares will trade in the absence of the Offer.

The majority of Acer's assets are development, appraisal and exploration stage assets which are inherently risky. The Offer allows Acer Shareholders to sell all of their Acer Shares and eliminate such risk at a significant premium to the levels at which Acer Shares were trading prior to the Announcement Date.

Acer is likely to need significant additional funding in the future to bring its development, appraisal and exploration assets into production. For example, Acer may need to fund:

- further acquisition and interpretation of seismic data;

# Reasons why you should accept Drillsearch's Offer now

- b. drilling, fracture stimulation (if required) and completion of a significant number of exploration, appraisal and development wells; and
- c. construction of infrastructure to enable the commercialisation of gas resources, such as pipelines and/or a small-scale LNG plant.

Further, if such funding was sought by means of an equity raising, it would likely be undertaken at a discount to the prevailing market price, and Acer Shareholders who could not or chose not to participate in any such equity raising may have their shareholding in Acer diluted.

## 3. Acer's largest shareholder, Republic, has sold a 19.90% interest in Acer to Drillsearch BidCo. Republic still has a relevant interest of 18.82%, and intends to accept the Offer in the absence of a superior announced offer

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Prior to the Announcement Date, Republic owned approximately 38.72% of Acer Shares on issue. Republic has now sold 92,379,874 shares, representing 19.90% of Acer, to Drillsearch BidCo at \$0.255 per Share, evidencing its support for the Offer and the Offer price. Drillsearch BidCo is now the largest shareholder of Acer.

Further, Republic intends to accept the Offer for its remaining entire holding in Acer, on the earlier of:

- a. 21 days from the Announcement Date; and
- b. Drillsearch BidCo obtaining a Relevant Interest in Acer Shares, representing 35% of all Acer Shares, subject to there being no superior announced offer at that time. Republic has authorised Drillsearch BidCo to make this statement of its intentions in relation to the Offer.

Drillsearch BidCo's 19.90% interest in Acer precludes any other bidder from acquiring the 90% minimum acceptance threshold required under the Corporations Act for a takeover offer in order to proceed to compulsory acquisition.

## 4. The Offer is unconditional other than for Prescribed Occurrences

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The Offer is unconditional other than for Prescribed Occurrences and there is no minimum acceptance condition.

## 5. Drillsearch BidCo is offering attractive and flexible payment terms

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Drillsearch BidCo is offering accelerated payment terms, with accepting Acer Shareholders receiving their cash within five business days of the later of the date the Offer is freed from Prescribed Occurrences and Drillsearch BidCo receiving the acceptance.

In addition and in accordance with ASIC Market Integrity Rules (ASX Market) 6.2.1, Drillsearch BidCo has instructed its broker, Wilson HTM Ltd, to immediately commence purchasing Acer Shares on-market at or below the Offer Price, providing Acer Shareholders the opportunity to sell their Acer Shares on-market immediately.

By accepting the Offer, you will not pay any brokerage. You may incur brokerage costs if you choose to sell your Acer Shares on-market or instruct your broker to accept the Offer on your behalf.



# Key Questions

This section answers some key questions that you may have about the Offer and should only be read in conjunction with the entire Bidder's Statement.

## 1. What is the Bidder's Statement?

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The Bidder's Statement sets out the terms of the Offer and information relating to the Offer and the consideration you will receive.

If you are in doubt as to how to deal with this document you should consult your financial or other professional adviser.

## 2. What is the Offer?

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Drillsearch BidCo is offering to buy your Acer Shares by way of an off-market takeover offer.

The Offer price is \$0.255 cash for each Acer Share.

## 3. What are the tax consequences if I accept the Offer?

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Please consult your financial, tax or other professional adviser on the tax implications of accepting the Offer. However, a general summary of the likely Australian tax consequences is set out in section 6.

## 4. How do I accept the Offer?

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To accept the Offer you must follow the instructions set out in section 8.3.

## 5. Can I accept the Offer for part of my holding?

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No, you can only accept for all of your holding. Your acceptance will be treated as being for all your Acer Shares plus any additional Acer Shares registered as held by you at the date your acceptance is processed.

## 6. What happens if I do not accept the Offer?

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Subject to what is stated below, you will remain the holder of your Acer Shares if you do not accept the Offer.

If Drillsearch BidCo becomes entitled to do so, Drillsearch BidCo intends to proceed to compulsorily acquire your Acer Shares (see section 4.2). You will receive consideration for your Acer Shares sooner if you accept the Offer.

## 7. When does the Offer close?

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The Offer is currently scheduled to close at 7.00pm (Sydney Time) on 19 November 2012, unless extended or withdrawn.

# Key Questions

## 8. Can Drillsearch BidCo extend the Offer Period?

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Yes, the Offer can be extended by Drillsearch BidCo or otherwise in accordance with the Corporations Act. You will be sent written notice of any extension, as required by the Corporations Act.

## 9. If I accept the Offer, when will I be paid?

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If you accept the Offer within the Offer Period, Drillsearch BidCo will pay you the consideration to which you are entitled within five business days of the later of the date the Offer is freed from Prescribed Occurrences and Drillsearch BidCo receiving your acceptance.

Full details of when you will be paid are set out in section 8.15 of this Bidder's Statement.

## 10. Will I need to pay brokerage or stamp duty if I accept the Offer?

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You will not pay any stamp duty on accepting the Offer.

If your Acer Shares are registered in an Issuer Sponsored Holding in your name and you deliver them directly to Drillsearch BidCo, you will not incur any brokerage in connection with your acceptance of the Offer.

If your Acer Shares are in a CHESS Holding or you hold your Acer Shares through a bank, custodian or other nominee, you should ask your Controlling Participant (usually, your Broker) or the bank, custodian or other nominee whether it will charge any transaction fees or service charges in connection with your acceptance of the Offer.

## 11. Are there any conditions to the Offer?

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The Offer is subject only to there being no Prescribed Occurrences in respect of Acer between the Announcement Date and the end of the Offer Period (see section 8.9 of this Bidder's Statement for further details).

## 12. Where do I go for further information?

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If you require additional assistance in relation to the Offer, please contact the Drillsearch Offer Information Line on 1800 356 563 (for calls made within Australia) or +61 2 8256 3388 (for international callers) between 8.30am and 5.30pm (Sydney Time), Monday to Friday.

Further information relating to the Offer can be obtained from Drillsearch's website at [www.drillsearch.com.au](http://www.drillsearch.com.au).

## 13. Which security does the Offer relate to?

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The Offer is made in respect of Acer Shares that exist or will exist as at 7.00pm (Sydney Time) on 5 October 2012 ("**Register Date**") and also relates to Acer Shares that are issued in the period from the Register Date to the end of the Offer Period due to the exercise of Unlisted Acer Options.

## 14. Can I sell my Acer Shares on ASX?

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Yes. However, once you accept the Offer you will not be permitted to sell your Acer Shares on ASX, accept any other offer or otherwise deal with your Acer Shares.

## 15. When will I receive Acer's Target Statement?

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Acer will be required to send you its Target Statement by 2 November 2012.

## 16. What if I accept the Offer and Drillsearch BidCo increases the Offer Price?

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In accordance with the Corporations Act, if Drillsearch BidCo increases the Offer Price, you will be paid the higher price irrespective of when you accepted the Offer. If you have already received payment in respect of the Offer, you will be paid the difference between the amount you have already received and the higher price.

## 17. Can I withdraw my acceptance?

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Once you have accepted the Offer, you cannot withdraw your acceptance, unless a withdrawal right arises under the Corporations Act. Such a right will arise if, after you have accepted the Offer and the Offer remains conditional upon no Prescribed Occurrences, Drillsearch BidCo varies the Offer in such a way that postpones, for more than one month, the time when Drillsearch BidCo has to meet its obligations under the Offer.

# How to accept the Offer

You should read section 8.3 for full details on how to accept the Offer.

## CHES Holding

If your Acer Shares are in a CHES Holding (holder identification number beginning with 'X'), to accept you must either:

- instruct your Controlling Participant to accept the Offer on your behalf;
- complete and sign the enclosed Acceptance Form in accordance with the instructions on it, and send the completed form directly to your broker or other Controlling Participant in sufficient time for the Offer to be accepted before the end of the Offer Period; or
- complete and sign the enclosed Acceptance Form in accordance with the instructions on it, and send the completed form to the address indicated on the form so your acceptance is received by Drillsearch BidCo in time for Drillsearch BidCo to give instructions to your Controlling Participant, and your Controlling Participant to carry out those instructions before the end of the Offer Period.

## Issuer Sponsored Holding

If your Acer Shares are in an Issuer Sponsored Holding (securityholder reference number beginning with 'I') or if at the time of your acceptance you are entitled to be (but are not yet) registered as the holder of your Acer Shares, to accept you must complete, sign and return the enclosed Acceptance Form in accordance with the instructions on it.

## Participants

If you are a Participant as defined in the ASX Settlement Operating Rules (typically, a stockbroker who is a participating organisation of ASX Settlement), you must initiate acceptance in accordance with the ASX Settlement Operating Rules.

**TO BE EFFECTIVE YOUR ACCEPTANCE MUST BE RECEIVED BY DRILLSEARCH BIDCO  
BEFORE THE OFFER CLOSES.**

# 1. Summary of the Offer

<b>The Bidder</b>	Drillsearch is making the Offer through its wholly-owned subsidiary, Drillsearch BidCo. For further information about Drillsearch and Drillsearch BidCo, please refer to section 2 of this Bidder's Statement.
<b>The Offer</b>	Drillsearch BidCo offers to acquire all of your Acer Shares.
<b>Offer price</b>	You are offered \$0.255 for each of your Acer Shares.
<b>Closing date</b>	Unless withdrawn or extended the Offer is open until 7.00pm (Sydney Time) on 19 November 2012.
<b>Payment date</b>	<p>If you accept this Offer within the Offer Period, Drillsearch BidCo will pay you the consideration to which you are entitled within five business days of the later of the date the Offer is freed from Prescribed Occurrences and the date Drillsearch BidCo receives your acceptance.</p> <p>Full details of when you will be paid are set out in section 8.15 of this Bidder's Statement.</p>
<b>Conditions</b>	The Offer is subject only to there being no "Prescribed Occurrences" in respect of Acer between the Announcement Date and the end of the Offer Period (see section 8.9 of this Bidder's Statement for further details).
<b>How to accept</b>	<p><b>CHESS Holdings</b></p> <p>You should read section 8.3 for full details on how to accept the Offer.</p> <p>If your Acer Shares are in a CHESS Holding (holder identification number beginning with "X"), to accept you must either:</p> <ul style="list-style-type: none"><li>• instruct your Controlling Participant (usually your Broker) to accept the Offer for you; or</li><li>• complete, sign and return the enclosed Acceptance Form.</li></ul> <p><b>Issuer Sponsored Holdings</b></p> <p>If your Acer Shares are in an Issuer Sponsored Holding (securityholder reference number beginning with "I") or if at the time of your acceptance you are entitled to be (but are not yet) registered as the holder of your Acer Shares, to accept you must complete, sign and return the enclosed Acceptance Form.</p> <p>Signed Acceptance Forms must be sent to:</p> <p>Computershare Investor Services Pty Limited GPO Box 2115 Melbourne, Victoria, 3001</p> <p>A self-addressed envelope is enclosed.</p> <p><b>To be effective your acceptance must be received by Drillsearch BidCo before the Offer closes.</b></p>
<b>No stamp duty</b>	You will not pay any stamp duty on accepting the Offer.
<b>No brokerage</b>	You will not pay any brokerage on accepting the Offer if your Acer Shares are registered in an Issuer Sponsored Holding in your name and you deliver them directly to Drillsearch BidCo.
<b>Further information</b>	<p>For questions about your Acer Shares, the Offer or how to accept the Offer please refer to the remainder of the Bidder's Statement. If you still need assistance, please call the Drillsearch Offer Information Line on:</p> <p><b>For calls made within Australia (toll free):</b> 1800 356 563</p> <p><b>For international callers:</b> +61 2 8256 3388</p>

# 2. Information on Drillsearch and Drillsearch BidCo

## 2.1 Overview

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Drillsearch is an ASX-listed oil and gas exploration and production company with over 20 years of petroleum exploration and production experience and a market capitalisation of approximately \$610 million<sup>1</sup>.

Drillsearch listed on the ASX in 1987 (ASX code: DLS) and was recently admitted to the S&P/ASX 200 Index. In 2008, Drillsearch completed a merger with Great Artesian Oil and Gas Limited which added to its exploration and development activities as well as adding an additional interest in a production licence. Drillsearch's head office is located in Sydney.

Drillsearch is purely focused on the Cooper-Eromanga Basin, Australia's premier onshore oil and gas basin, which spans South-West Queensland and the North-East of South Australia. Drillsearch has established a holding of oil and gas exploration permits covering a large area in the Cooper-Eromanga Basin. Drillsearch holds 17 exploration permit interests including permits awaiting grant with a net permit interest of 23,683km<sup>2</sup>. Of these permits, Drillsearch holds at least a 50% interest in 14 and operates 13 permits. Drillsearch has a strategic joint venture with QGC Pty Limited, a BG Group company, to explore and develop unconventional shale and tight gas resources (in ATP 940P).

As at 31 July 2012, Drillsearch had 2P gas and liquids reserves of 12.5 mmbœ and 2C contingent resources of 10.5 mmbœ.

During the 2012 Financial Year, Drillsearch produced 389,383 boe across the Oil and Wet Gas businesses. Production commenced at the Wet Gas Pilot Project in PEL 106B. Following new oil discoveries in PEL 91 in the Western Flank Oil Fairway, the Bauer Oil Field commenced production in May 2012 through the Bauer Central Oil Production Facilities. Drillsearch's other producing assets include:

- PPL 239, Middleton & Brownlow (interest of 50%); and
- PPL 212, the Chiton Oil Field (interest of 60%).

Drillsearch BidCo is a wholly-owned subsidiary of Drillsearch.

## 2.2 Directors of Drillsearch BidCo

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### **Brad Lingo (Drillsearch Managing Director)**

Brad Lingo has more than 25 years of oil & gas experience ranging from frontier deepwater exploration offshore West Africa to commercialisation of major gas projects in Australia. He has been involved in all phases of the oil & gas business and project development, mergers & acquisitions, financing and equity capital raising for both listed and private companies both in Australia and internationally. Mr Lingo was appointed to the Drillsearch Board in May 2009 and became Managing Director on 15 June 2009.

### **Ian Bucknell (Drillsearch Chief Financial Officer and Co-Company Secretary)**

Ian joined Great Artesian Oil and Gas Limited in October 2007 as Financial Controller and was appointed as Company Secretary in March 2008. Upon the merger of Drillsearch and Great Artesian in August 2008, Ian was appointed Chief Financial Officer and Company Secretary. Ian is an experienced Certified Practising Accountant with over 15 years International upstream oil and gas accounting experience. He has held a number of financial management positions with Oil Search Limited prior to joining Great Artesian. Date of appointment as Company Secretary, Great Artesian: 26 March 2008, appointed Drillsearch 12 August 2008. Ian resigned as Company Secretary on 17 November 2010 before being re-appointed as a second Company Secretary on 26 July 2011.

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<sup>1</sup> For the purpose of calculating market capitalisation, Drillsearch Shares are valued at \$1.58 which was the closing price on the ASX on 3 October 2012 (being the close price immediately before the release of this Bidder's Statement).

#### **David Evans (Drillsearch Chief Technical Officer)**

David is a geoscientist with 25 years oil & gas exploration, development and production experience including over 15 years of experience in Australia. David joined Drillsearch from his position at Vegas Oil & Gas, a privately owned oil & gas E&P company. Prior to this, David held managerial and senior oil & gas exploration and development positions with several leading international independent oil and gas and technical service companies including Burren Energy, Petro-Canada International, Cairn Energy/Command Petroleum, Roxar Limited and Baker Hughes Inteq. David also spent several years in the petroleum exploration group of Geoscience Australia.

#### **John Whaley (Chief Operations Officer)**

A UK qualified accountant, John has worked in the Australian energy sector over 15 years initially in investment banking and thereafter as an independent commercial consultant before joining Drillsearch in mid 2009. He has extensive experience across upstream and downstream sectors of the oil, gas and electricity industries. John's experience in commercial energy transactions underpinned his role in leading Drillsearch's commercial activities first as Chief Commercial Officer and later as Chief Strategy and Development Officer. In February 2012 John was appointed as Chief Operations Officer taking on the additional responsibilities field, exploration operations and HSE. He retains responsibility for Drillsearch's commercial developments of oil and gas discoveries.

## **2.3 Directors of Drillsearch**

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#### **Jim McKerlie (Chairman)**

Jim McKerlie has worked in the energy sector extensively over his global career in executive management, strategic consulting and corporate advisory. He held roles as a managing partner at KPMG and Partner in Charge at Deloitte. Jim has extensive Australian and International experience as a chairman and director of public and private companies. Date of appointment, Great Artesian: 14 September 2007, appointed Drillsearch 12 August 2008.

#### **Brad Lingo (Managing Director)**

Mr Lingo's details are set out in section 2.2 of this Bidder's Statement.

#### **Dato' Choo Beng Kai (Non-Executive Director)**

Dato' Choo Beng Kai (BK) joined his family owned property development company in 1996. He later started his own company, Masmeyer Holdings Sdn Bhd in 2002 of which he is Managing Director. BK has many successful years entrepreneurial experience majoring in developing and implementing innovative business concepts. These developments have led to the successful establishment of a number of businesses. Date of appointment, 2 March 2009.

#### **Fiona Robertson (Non-Executive Director)**

Fiona Robertson has a background of more than 30 years in corporate finance and the resources sector. As a former CFO and banker, she has extensive experience in financial reporting, corporate governance, risk management, international corporate finance and working with emerging resource companies. Her career includes roles with Delta Gold and Chase Manhattan Bank. Fiona is also a non-executive director of One Asia Resources Limited. Date of appointment, 6 October 2009.

#### **Ross Wecker (Non-Executive Director)**

Ross Wecker was, from July 2002 until March 2009, the Managing Director of Innamincka Petroleum Limited (now Acer Energy Limited) and has more than 35 years' experience in the oil and gas industry. He is a highly experienced geologist with extensive exploration knowledge of the Cooper and Eromanga Basins. Prior roles include the direction of an exploration team in the Cooper Basin for Delhi Petroleum Pty Ltd and Esso Australia Limited and providing specialist technical advice to several Australian and American companies regarding the acquisition and management of exploration acreage in the Cooper and Eromanga Basins.

## 2. Information on Drillsearch and Drillsearch BidCo

### 2.4 Publicly available information about Drillsearch

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Drillsearch is an ASX-listed company and is subject to the periodic and continuous disclosure requirements of ASX. The ASX website lists all of the announcements issued by Drillsearch. These announcements are available in electronic form at [www.asx.com.au](http://www.asx.com.au).

Drillsearch's audited results for the year ended 30 June 2012 were given to ASX on 27 August 2012 together with an investor presentation. The 2012 Annual Report was given to ASX on 28 September 2012. The 2012 full year results, Annual Report and further information on Drillsearch is available from Drillsearch's website at [www.drillsearch.com.au](http://www.drillsearch.com.au).



# 3. Information on Acer and Acer Shares

## 3.1 Disclaimer

The information in this section concerning Acer has been prepared by Drillsearch BidCo using primarily publicly available information and has not been independently verified. Accordingly, Drillsearch BidCo does not make any representation or warranty, express or implied, as to the accuracy or completeness of this information, other than as required by the Corporations Act.

The information on Acer should not be considered comprehensive. Further information relating to Acer may be included in Acer's Target Statement which will be sent to you by Acer.

## 3.2 Overview of Acer

Acer is an ASX-listed energy company (ASX code: ACN) with exploration and production assets primarily located in the Cooper-Eromanga Basin.

Drillsearch BidCo understands that Acer's business involves identifying, exploring and developing oil and gas opportunities to provide a foundation for company growth and investor return.

Drillsearch BidCo understands that Acer's exploration and production tenements are located onshore in the Cooper-Eromanga Basin in central Australia and the Darling Basin in north-western New South Wales, and off-shore in the Bass Basin between mainland Australia and Tasmania.

## 3.3 Projects

Drillsearch BidCo understands that Acer has an acreage position of approximately 21,400km<sup>2</sup> made up of both production and exploration licences. The most advanced of these licences are located in the Cooper Basin where the company is targeting multiple "play" types. Below is a breakdown of Acer's permits as at 30 June 2012 according to an investor presentation lodged with ASX on 19 July 2012.

Lease #	Location	Operator	Area Km <sup>2</sup>	Title	Asset Description
<b>Retention Licences</b>					
PRL14	Cooper Basin	Acer	22	100%	Flax Field – Oil Production and Oil/Wet Gas Appraisal
PRL17	Cooper Basin	Acer	63	100%	Yarrow Wet Gas/Condensate Field – Wet Gas/Condensate Appraisal & Juniper Field – Oil/Wet Gas Appraisal
PRL18	Cooper Basin	Acer	65	100%	Juniper Field – Oil/Wet Gas Appraisal
<b>Exploration Licences</b>					
PEL103	Cooper Basin	Acer	176	100%	Conventional Oil/Wet Gas Exploration
PEL103A	Cooper Basin	Acer	56	75%	Conventional Oil/Wet Gas Exploration
PEL101	Cooper Basin	Acer	154	60%	Conventional/Unconventional Wet Gas Appraisal/Exploration
PEL182	Cooper Basin	Senex	1,750	37.6%	Conventional/Unconventional Oil/Wet Gas Exploration
PEL100	Cooper Basin	Senex	297	25.83%	Conventional/Unconventional Oil/Wet Gas Exploration
PEL422	Darling Basin	Acer	4,338	100%	Conventional/Unconventional Oil/Wet Gas Exploration
PEL424	Darling Basin	Acer	6,019	100%	Conventional/Unconventional Oil/Wet Gas Exploration
PEL471	Darling Basin	Acer	8,166	100%	Conventional/Unconventional Oil/Wet Gas Exploration
T/18P	Bass Basin	Origin	330	5%	Conventional Oil/Gas Exploration and Gas Appraisal

## 3. Information on Acer and Acer Shares

### 3.4 Directors

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As at the date of this Bidder's Statement, the directors of Acer are:

- a. Nicholas Davies, Non-Executive Chairman;
- b. Adam Johnson, Non-Executive Director;
- c. Shaun Scott, Non-Executive Director;
- d. David McEvoy, Non-Executive Director; and
- e. Clint Adams, Chief Executive Officer, Managing Director.

Details of Acer Board members and key management personnel are included in the Acer 2012 Annual Financial Report and on Acer's website at [www.acerenergy.com.au](http://www.acerenergy.com.au).

### 3.5 Substantial shareholders

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Based on materials lodged with ASX and information available to Drillsearch BidCo as at the date of this Bidder's Statement, each of the following persons had the following substantial holdings in the issued ordinary share capital of Acer:

<b>Acer Shareholder</b>	<b>Acer Shares</b>	<b>% of issued ordinary share capital of Acer</b>
Drillsearch BidCo	92,379,874	19.90%
Republic / Anwar Awan	87,366,495	18.82%

Source: Substantial shareholding notice filed with ASX on 20 April 2011, Appendix 3B dated 10 July 2012 and a special crossing between Drillsearch BidCo and Republic on 3 October 2012.

### 3.6 Publicly available information

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Acer is a company listed on ASX and is subject to the periodic and continuous disclosure requirements of the Corporations Act and ASX Listing Rules. The ASX website lists all of the announcements issued by Acer. For information concerning the financial position and affairs of Acer, you should refer to the information that has been disclosed by Acer in accordance with these obligations.

A list of announcements made by Acer to ASX since 30 June 2012 (being the end of the last financial period for which audited financial statements of Acer were prepared) are listed in Annexure A of this Bidder's Statement. A copy of each of these announcements, and all other announcements issued by Acer, can be obtained in electronic form from ASX at its website [www.asx.com.au](http://www.asx.com.au). In addition, further information on Acer is available from Acer's website at [www.acerenergy.com.au](http://www.acerenergy.com.au).

## 3.7 Capital structure of Acer

According to documents lodged by Acer with ASX as at the date this Bidder's Statement was lodged with ASIC, the total number of securities in Acer is as follows:

Security	Number on Issue
Acer Shares	464,220,473
Unlisted Acer Options	37,383,334

Source: Appendix 3B dated 10 July 2012 and ASX announcement dated 10 August 2012.

## 3.8 Unlisted Acer Options in existence at the date of this Bidder's Statement

Drillsearch BidCo understands that Acer currently operates employee and executive share plan arrangements. Based on materials lodged with ASX, Drillsearch BidCo understands that, as at the date of this Bidder's Statement, 37,383,334 Unlisted Acer Options which are convertible into Acer Shares have been granted and remain outstanding. The particulars of the outstanding Unlisted Acer Options granted as at the date of this Bidder's Statement are set out below:

Number	Exercise price	Expiry date
16,667	\$0.24	29/01/2013
16,667	\$0.24	29/01/2014
9,500,001	\$0.40	30/06/2014
9,500,001	\$0.60	30/06/2014
9,499,998	\$0.80	30/06/2014
2,250,000	\$0.40	30/06/2015
2,250,000	\$0.60	30/06/2015
2,250,000	\$0.80	30/06/2015
700,000	\$0.40	30/06/2016
700,000	\$0.60	30/06/2016
700,000	\$0.80	30/06/2016
<b>37,383,334</b>		

Source: ASX Announcement dated 10 August 2012.

Drillsearch BidCo is not aware of the detailed terms of all Acer employee and executive share plan arrangements and, in particular, does not have definite details of when Unlisted Acer Options may vest or of any right which may entitle early vesting of Unlisted Acer Options in connection with the Offer by Drillsearch BidCo or otherwise.

Drillsearch BidCo's Offer extends to all Acer Shares that are issued during the period from the Register Date to the end of the Offer Period as a result of the exercise of Unlisted Acer Options in existence as at the Register Date. However, Drillsearch BidCo is not offering to acquire any Unlisted Acer Options. Drillsearch BidCo encourages holders of Unlisted Acer Options to exercise their Unlisted Acer Options, to the extent that they are entitled to do so, and accept the Offer in respect of the Acer Shares issued on exercise.

Although Drillsearch BidCo is not offering to acquire any Unlisted Acer Options, Drillsearch BidCo reserves the right, at its discretion, to make private treaty offers to holders of Unlisted Acer Options to acquire or cancel any vested Unlisted Acer Options.

## 3. Information on Acer and Acer Shares

As noted in section 4.2(b) of this Bidder's Statement, if there are any Unlisted Acer Options outstanding after the close of the Offer and Drillsearch BidCo is entitled to exercise compulsorily acquisition powers under the Corporations Act, Drillsearch BidCo currently intends to compulsorily acquire any outstanding Acer Shares and Unlisted Acer Options, although it reserves the right not to do so, subject to Drillsearch BidCo reviewing the terms of those outstanding Unlisted Acer Options.

### 3.9 Drillsearch BidCo's Relevant Interest in Acer securities

The number of securities of each class that Drillsearch BidCo had a Relevant Interest in (as at the dates specified) is shown below:

	At date of this Bidder's Statement	At date first Offer is sent
Acer Shares	92,379,874	92,379,874

### 3.10 Drillsearch BidCo's voting power in Acer

Drillsearch BidCo's voting power in Acer (as at the dates specified) is shown below:

	At date of this Bidder's Statement	At date first Offer is sent
Voting power in Acer	19.90%	19.90%

### 3.11 Acquisition by Drillsearch BidCo of Acer Shares during previous four months

During the period beginning four months before the date on which this Bidder's Statement is lodged with ASIC and ending the day before the date of the Offer, neither Drillsearch BidCo nor any associate of Drillsearch BidCo has provided, or agreed to provide, consideration for an Acer Share except as shown below.

Drillsearch BidCo has provided consideration for the purchase of 92,379,874 Acer Shares from Republic pursuant to a special crossing on 3 October 2012. Particulars are:

Date	No. of shares	Consideration per share
3 October 2012	92,379,874	\$0.255

### 3.12 Inducing benefits given by Drillsearch BidCo during previous four months

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Except as set out in this Bidder's Statement, during the period beginning four months before the date on which this Bidder's Statement is lodged with ASIC and ending the day before the date of the Offer, neither Drillsearch BidCo nor any associate of Drillsearch BidCo, gave, or offered to give or agreed to give a benefit to another person that is not available under the Offer and was likely to induce the other person, or an associate of the other person, to:

- a. accept an Offer; or
- b. dispose of Acer Shares.

### 3.13 Acer's share price history

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The last sale price of Acer Shares on ASX on 3 October 2012, being the last Trading Day before the Announcement Date, was \$0.195.

The highest and lowest traded prices during the 12 months immediately before 3 October 2012 were:

- a. *Highest* – \$0.245 on 28 March 2012; and
- b. *Lowest* – \$0.105 on 23 November 2011.

The highest and lowest trade prices since Acer listed on ASX on 6 November 2003 were:

- a. *Highest* – \$1.97 on 1 October 2007; and
- b. *Lowest* – \$0.056 on 30 June 2010.

# 4. Drillsearch BidCo's Intentions

## 4.1 Overview

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In formulating the Offer, Drillsearch BidCo has considered and evaluated Acer's assets, based on the information which was in the public domain and available to it.

Set out in this section 4 of this Bidder's Statement are Drillsearch BidCo's intentions regarding Acer. These intentions are based on the information concerning Acer known to Drillsearch BidCo and the existing circumstances affecting the business of Acer, at the date of this Bidder's Statement. References to the intentions of Drillsearch BidCo in this section 4 of this Bidder's Statement include the intentions of Drillsearch.

However, Drillsearch BidCo has not conducted formal due diligence on Acer in connection with this Offer and does not have knowledge of all of the material information, facts and circumstances that are necessary to assess the operational, commercial, taxation and financial implications of its current intentions.

During the Offer Period and following the close of the Offer, Drillsearch BidCo will, to the extent that information is available to it, conduct a review of the operations, assets, strategy, structure and employees of Acer in light of that information. Final decisions will only be reached after that review and in light of all material facts and circumstances.

The statements set out in this section 4 are therefore statements of current intention only and may vary as new information becomes available or circumstances change. The statements set out in this section 4 should be read in this context.

## 4.2 Intentions upon acquiring 90% or more of Acer Shares

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### a. Compulsory Acquisition of Acer Shares

If, as a result of the Offers, Drillsearch BidCo becomes entitled to compulsorily acquire outstanding Acer Shares under Part 6A.1 of the Corporations Act, Drillsearch BidCo presently intends to proceed with compulsory acquisition of those Acer Shares and any fully paid ordinary shares in Acer which come into existence within the period of six weeks after Drillsearch BidCo gives the compulsory acquisition notice (referred to in section 661B(1) of the Corporations Act) due to the conversion of, or exercise of, Unlisted Acer Options. Drillsearch BidCo then intends to procure that Acer is removed from the official list of ASX.

If, as a result of the Offers, Drillsearch BidCo becomes entitled to compulsorily acquire any fully paid ordinary shares in Acer which come into existence after the period of six weeks after Drillsearch BidCo gives the compulsory acquisition notice due to the conversion of, or exercise of, Unlisted Acer Options under Part 6A.2 of the Corporations Act, Drillsearch BidCo presently intends to proceed with compulsory acquisition of those Acer Shares.

### b. Compulsory Acquisition of Unlisted Acer Options

If, as a result of the Offers, Drillsearch BidCo becomes entitled to compulsorily acquire outstanding Unlisted Acer Options under Part 6A.2 of the Corporations Act, Drillsearch BidCo presently intends to proceed with compulsory acquisition of those Unlisted Acer Options.

## 4.3 Intentions for Acer as a wholly-owned subsidiary

---

The intentions of Drillsearch BidCo if Acer becomes a wholly-owned subsidiary of Drillsearch BidCo are set out in this section 4.3.

### a. Directors

Subject to the Corporations Act and the constitution of Acer, Drillsearch BidCo intends to replace all members of the Acer board, its subsidiaries and any company in respect of which Acer has nominee directors with its own nominees. Replacement directors have not been identified and their identity will depend on the circumstances at the relevant time. However, it is expected that the replacement directors would be drawn from the Drillsearch BidCo directors listed in section 2.2 of this Bidder's Statement and the Drillsearch directors listed in section 2.3 of this Bidder's Statement.

### b. ASX listing

Drillsearch BidCo will procure the removal of Acer from the official list of ASX.

### c. Head office

Drillsearch BidCo will consider the extent to which head office functions of Acer duplicate functions performed by Drillsearch's head office in Sydney, Australia. It is likely that any such functions would cease to be performed by Acer's head office and would instead be performed by Drillsearch's head office. In addition, some functions of Acer's head office may no longer be necessary.

### d. Operations and assets

Drillsearch BidCo has not had access to all the information relevant to making a final decision regarding what changes, if any, will be made to Acer's operations.

At the end of the Offer Period, Drillsearch BidCo plans to undertake a review of Acer's operations on both a strategic and financial level to determine mechanisms for improving performance and to realise any potential operational and financial synergies available. The extent of this review is not able to be determined at this stage, although it is likely to involve some, or all, of the following:

- i. Assessing Acer's assets on an asset-by-asset basis to determine performance prospects, commitments and profitability; and
- ii. Where economic, consolidating and eliminating duplicated functions.

Subject to undertaking the review discussed above, Drillsearch BidCo may determine that Acer's interests and assets outside of the Cooper-Eromanga Basins are not core to Drillsearch's business.

### c. Employees

Drillsearch BidCo expects there to be limited impact on employees at Acer's existing operations. At head office level, it is possible that certain roles may become redundant if Acer is removed from the official list of ASX or due to the cessation of duplicated functions. If Drillsearch BidCo does not consider it feasible to redeploy employees whose roles have become redundant, it is envisaged that they would be made redundant in compliance with all relevant laws and contractual rights.

## 4. Drillsearch BidCo's Intentions

### 4.4 Intentions for Acer upon acquiring more than 50% but less than 90% of Acer Shares

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If following the close of the Offer:

- Drillsearch BidCo has reached 50.1%;
- Drillsearch BidCo has not reached 90% and has therefore not become entitled to compulsorily acquire the remaining Acer Shares; and
- Acer becomes a controlled entity, but not a wholly-owned subsidiary of Drillsearch BidCo,

Drillsearch BidCo presently intends to apply its management experience in accelerating the development of Acer's existing assets to maximise the value of these assets and Drillsearch BidCo's existing asset portfolio.

#### a. Directors

Subject to the Corporations Act and the constitution of Acer, Drillsearch BidCo intends to seek to reconstitute the board of Acer. No decision has been made as to who Drillsearch BidCo's nominees would be, and their identity will depend on the circumstances at the relevant time. However, it is expected that the directors would be drawn from the Drillsearch BidCo directors listed in section 2.2 of this Bidder's Statement and the Drillsearch directors listed in section 2.3 of this Bidder's Statement.

#### b. ASX listing

If Drillsearch BidCo obtains effective control of Acer and there is a limited spread or volume of Acer Shareholders remaining at the end of the Offer Period, Drillsearch BidCo may seek to procure the removal of Acer from the official list of ASX.

#### c. Further acquisitions of Acer Shares

It is possible that, even if Drillsearch BidCo is not entitled to proceed to compulsory acquisition of minority holdings after the end of the Offer Period under Part 6A.1 of the Corporations Act, it may subsequently become entitled to exercise rights of general compulsory acquisition under Part 6A.2 of the Corporations Act (for example, as a result of acquisitions of Acer Shares in reliance on the "3% creep" exception in item 9 of Section 611 of the Corporations Act). Drillsearch BidCo has not yet decided whether it will acquire Acer Shares under the "3% creep" provisions in the future; such a decision will be dependent upon, among other things, the extent of Drillsearch BidCo's voting power in Acer and the market conditions at the time.

If Drillsearch BidCo does become entitled to exercise rights of general compulsory acquisition, it presently intends to exercise those rights.

#### d. Capital raisings and funding

Acer's existing business plan and the current intentions of Drillsearch BidCo in relation to the development of Acer's assets are likely to require significant exploration and capital expenditure requirements. While no decision has been made in this regard, it may be necessary to undertake an equity offering either alone or in conjunction with raising debt capital to fund Acer's anticipated exploration and development activities together with any committed capital expenditure requirements.

Drillsearch BidCo has not finalised its intentions in this regard and accordingly the form and timing of any future capital raisings or debt raisings have not been determined at this time.

#### e. Operational matters, assets and employees

Drillsearch BidCo intends to undertake the detailed review of Acer's operations, assets, strategy, structure and employees as outlined above in section 4.1 of this Bidder's Statement. It is the current intention of Drillsearch BidCo to attempt to procure that the Acer board implements the objectives outlined in section 4.3 of this Bidder's Statement.



#### **f. Dividend policy**

Drillsearch BidCo, through its nominees on the board of Acer, intends to continue Acer's current policy of not paying dividends to shareholders.

#### **g. Limitations on intentions**

The extent to which Drillsearch BidCo will be able to implement the intentions in this section 4.4 of the Bidder's Statement will be subject to:

- i. the Corporations Act and the ASX Listing Rules, in particular in relation to related party transactions and conflicts of interests;
- ii. the legal obligation of the directors of Acer to act for proper purposes and in the best interests of Acer Shareholders as a whole; and
- iii. the level of control that Drillsearch BidCo will eventually be able to exert over the operations and strategy of Acer.

### **4.5 Intentions for Drillsearch BidCo upon acquiring less than 50.1% of Acer Shares**

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If Drillsearch BidCo acquires less than 50.1% of the Acer Shares, Drillsearch BidCo intends to seek the appointment of a number of its representatives to the Acer board (and to requisition a meeting of Acer for that purpose if necessary). No decision has been made as to who Drillsearch BidCo's nominees would be, and their identity will depend on the circumstances at the relevant time. However, it is expected that the directors would be drawn from the Drillsearch BidCo directors listed in section 2.2 of this Bidder's Statement and the Drillsearch directors listed in section 2.3 of this Bidder's Statement.

Drillsearch BidCo will endeavour to implement its intentions outlined in section 4.3 of this Bidder's Statement to the extent it is able to do so and may acquire further Acer Shares in accordance with the requirements of the Corporations Act.

### **4.6 Other intentions**

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Subject to the above, it is the present intention of Drillsearch BidCo, on the basis of the information concerning Acer which is known to it and the existing circumstances affecting the business of Acer, that:

- a. the business of Acer will otherwise be continued in substantially the same manner as it is presently being conducted;
  - i. no other major changes will be made to the business of Acer; and
  - ii. there will not be any other redeployment of the fixed assets of Acer.

# 5. Sources of cash consideration

## 5.1 Amount payable

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The consideration for the acquisition of Acer Shares to which the Offer relates (including those Acer Shares which may be issued on the exercise of the Unlisted Acer Options) will be satisfied wholly in cash.

The maximum amount of cash payable under the Offer assuming Drillsearch BidCo acquires all of the Acer Shares which it does not already have a Relevant Interest will be \$94.8 million. In addition, if the Unlisted Acer Options on issue as at the date of this Bidder's Statement are exercised and the resulting Acer Shares are acquired through the Offer, an additional \$9.5 million will be payable under the Offer.

Accordingly, the maximum amount of cash that Drillsearch BidCo will be required to pay under the Offer is \$104.35 million.

## 5.2 Funding arrangements

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The cash required to fund the Offer will be sourced from Drillsearch's existing cash reserves and a new 15 month debt facility with Commonwealth Bank of Australia (CBA).

### a. Cash reserves

As at the Announcement Date, Drillsearch had cash reserves of approximately \$70.4 million (this amount includes the funds that will be used to settle the acquisition of 19.90% of Acer from Republic).

### b. Debt Facility

Drillsearch and Drillsearch BidCo have entered into a facility agreement with CBA for the purposes of the Offer (the **Facility**), pursuant to which CBA has agreed to make available a \$100 million debt facility.

The proceeds of the Facility will be used to fund the acquisition of Acer Shares pursuant to the Offer, pay transaction costs related to the Offer and to pay interest and fees under the Facility.

The Facility is immediately available for drawdown.

The Facility contains events of default, review events, undertakings, representations and warranties and other provisions usual for facilities and arrangements of this nature. Drillsearch and Drillsearch BidCo have no reason to believe that any of the events of default or review events will occur such that drawdowns will not be able to be made.

## 5.3 Sufficiency of funding

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On the basis of the arrangements described in this section 5, Drillsearch BidCo is of the opinion that it has a reasonable basis for forming the view, and it holds the view, that it will be able to pay the consideration required for the acquisition of the Acer Shares pursuant to the Offer (assuming that all of the Unlisted Acer options in existence as at the date of this Bidder's Statement are exercised), in satisfaction of its obligations under the Offer.

The Offer is not subject to any financing conditions.

# 6. Taxation considerations

## 6.1 Australian tax implications for Acer Shareholders

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The information below is based upon Australian taxation law and practice in effect at the date of this Bidder's Statement. It does not take account of any specific facts or circumstances that may apply to particular shareholders and does not constitute tax advice by Drillsearch or Drillsearch BidCo to any Acer Shareholder. You are advised to seek independent professional advice regarding the Australian tax consequences of disposing of your Acer Shares.

This summary deals only with the disposal of shares held on capital account and does not deal with the taxation consequences of disposing of Acer Shares issued under an employee share scheme or acquired as a result of exercising an option granted under an employee share scheme or share option scheme, or held by:

- a share trader, professional investor, financial institution, securities dealer or life insurance company;
- an exempt organisation;
- a partnership; or
- a person acting as trustee of a trust, except in relation to the comments at 6.4 and 6.5 below.

The disposal of your Acer Shares by accepting the Offer or by compulsory acquisition of your Acer Shares will constitute a "CGT event" for the purposes of the Australian capital gains tax ("CGT") provisions. The disposal will occur on the date on which you accept the Offer or (if applicable) the date on which Drillsearch BidCo becomes the owner of the shares under the compulsory acquisition process.

The CGT, GST and stamp duty implications of disposing of your Acer Shares are summarised below.

## 6.2 Shareholders who are Australian resident companies or individuals

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If you are a company, the whole of a capital gain on the disposal of your Acer Shares will be included in the calculation of your net capital gain for the income year.

If you are an individual (not a company) and you have owned your Acer Shares for at least one year, one-half of the capital gain on the disposal of your Acer Shares will be included in the calculation of your net capital gain for the income year. If you owned your Acer Shares for less than one year before disposing of them, the whole of a capital gain on the disposal will be included in the calculation of your net capital gain for the income year. If you have a capital loss from another CGT event in the income year or carried forward from a previous income year, and that loss is set off against a capital gain on your Acer Shares, then the set-off of the loss occurs before applying the 50% discount (if available) to the remaining gain.

For both a company and an individual, the whole of a capital loss on the disposal of your Acer Shares will be included in the calculation of your net capital gain for the income year.

If you have a net capital gain for the income year after taking account of all CGT events, the net capital gain will be included in your assessable income for the year. If you have a net capital loss, it will be carried forward for offset against capital gains arising in future income years. For companies, utilisation of carried forward capital losses is subject to the satisfaction of a continuity of ownership test or a same business test.

# 6. Taxation consideration

## 6.3 Shareholders who are non-resident companies or individuals

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If you are not a resident of Australia for tax purposes and hold your Acer Shares on capital account you will not be subject to CGT on the disposal of your Acer Shares unless:

- a. you used your Acer Shares at any time in carrying on a business through a permanent establishment in Australia; or
- b. both of these conditions apply to you:
  - i. you (and your associates) held a beneficial interest of at least 10% in Acer either at the time you sold your Acer Shares or for at least 12 months during the 24 months before you sold your Acer Shares; and
  - ii. at the time of disposing of your Acer Shares, 50% or more of the value of Acer is or was represented by real property in Australia. For this purpose, indirect interests in real property are traced through entities in which Acer has at least a 10% direct or indirect beneficial interest, and real property includes leasehold interests and mining or prospecting rights in respect of minerals in Australia.

If the disposal of your Acer shares is subject to Australian CGT, the CGT consequences of disposal will be as described in 6.2 above for an Australian resident company or individual, with the following modification. The Government has announced that the CGT discount that applies to capital gains accruing to individuals who dispose of an asset after owning it for at least one year will be restricted as follows for non-resident individuals:

- a. the discount will not be available in respect of capital gains arising after 8 May 2012 unless the taxpayer values the asset at the end of 8 May 2012.
- b. if a valuation is done, the discount will be available only for gains that accrued up to 8 May 2012.

The tax rules applying where non-residents dispose of indirect interests in Australian real property are complex and any Acer Shareholder in this position should obtain specific advice on the application of the rules.

## 6.4 Shareholders in the capacity of trustees of complying superannuation funds

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The CGT consequences of disposal of Acer Shares by a trustee of a “complying superannuation fund”, as defined for Australian tax purposes, will be as stated in 6.2 above for an Australian resident individual, except that one third, and not one half, of a capital gain on disposal of the fund’s Acer Shares will be excluded in calculating the fund’s net capital gain for the income year if the fund owned the Acer Shares for at least one year prior to the date of disposal.

## 6.5 Shareholders in the capacity of trustees of trusts other than complying superannuation funds

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The Australian income tax rules have recently been amended to exclude net capital gains in calculating the “income” and “net income” of a trust estate for certain purposes. Capital gains arising in trusts, to which beneficiaries of trusts are “specifically entitled”, are treated as having accrued directly to those beneficiaries. A gain to which no beneficiary is “specifically entitled” is treated as accruing to the trustee (by election if the trust deed so permits, otherwise automatically), or is allocated on a proportionate basis to those beneficiaries of the trust who are presently entitled to income of the trust estate. If a gain is treated as accruing to a non-resident beneficiary, the trustee will be assessed on the gain that would be assessed in the hands of the beneficiary.

The tax rules regarding capital gains accruing to trusts are complex and trustees should obtain tax advice based on the specific circumstances of the trust.

## 6.6 GST

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No Australian GST should generally be payable on the transfer of Acer Shares, with the exception of any GST payable on any brokerage charged by your Controlling Participant for carrying out your instructions.

## 6.7 Stamp duty

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Any stamp duty on the transfer of Acer Shares to Drillsearch BidCo on acceptance of the Offer or as a result of a compulsory acquisition of Acer Shares will be paid for by Drillsearch BidCo.

# 7. Other material information

## 7.1 Offers for Unlisted Acer Options

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Drillsearch's Offer extends to all Acer Shares that are issued during the period from the Register Date to the end of the Offer Period as a result of the exercise of Unlisted Acer Options in existence as at the Register Date. However, Drillsearch BidCo is not offering to acquire any Unlisted Acer Options. Drillsearch BidCo encourages holders of Unlisted Acer Options to exercise their Unlisted Acer Options, to the extent that they are entitled to do so, and accept the Offer in respect of the Acer Shares issued on exercise.

Although Drillsearch BidCo is not offering to acquire any Unlisted Acer Options, Drillsearch BidCo reserves the right, at its discretion, to make private treaty offers to holders of Unlisted Acer Options to acquire or cancel any vested Unlisted Acer Options.

As noted in section 4.2(b) of this Bidder's Statement, if there are any Unlisted Acer Options outstanding after the close of the Offer and Drillsearch BidCo is entitled to exercise compulsorily acquisition powers under the Corporations Act, Drillsearch BidCo currently intends to compulsorily acquire any outstanding Acer Shares and Unlisted Acer Options, although it reserves the right not to do so, subject to Drillsearch BidCo reviewing the terms of those outstanding Unlisted Acer Options.

## 7.2 Modifications to and exemptions from the Corporations Act

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Drillsearch BidCo has not obtained from ASIC any modifications of, or exemptions from, the Corporations Act in relation to the Offer. However, ASIC has published various instruments providing for modifications and exemptions that apply generally to all persons, including Drillsearch BidCo.

## 7.3 Consents

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This Bidder's Statement includes or is accompanied by statements which are made in or based on statements made in documents lodged with ASIC or on the company announcement platform of ASX. Under the terms of ASIC class order 01/1543, the parties making those statements are not required to consent to, and have not consented to, those statements being included in this Bidder's Statement. If you would like to receive a copy of any of these documents please contact the Drillsearch Offer Information Line or Drillsearch's registered office and you will be sent copies free of charge.

Wilson HTM Corporate Finance Limited has acted as financial adviser to, Ashurst Australia has acted as legal adviser to, Computershare Investor Services Pty Limited has acted as Share Registrar for, and Commonwealth Bank of Australia has acted as financier to, Drillsearch BidCo in relation to the Offer.

Each of Wilson HTM Corporate Finance Limited, Wilson HTM Ltd, Ashurst Australia, Computershare Investor Services Pty Limited, Republic and Commonwealth Bank of Australia has consented to be named in this Bidder's Statement in the form and context in which it is named and has not withdrawn its consent as at the date of this Bidder's Statement, but should not be regarded as having caused or authorised the issue of this Bidder's Statement or any statements made in it or to have been in any way involved in the making of the Offer. To the maximum extent permitted by law, each of Wilson HTM Corporate Finance Limited, Wilson HTM Ltd, Ashurst Australia, Computershare Investor Services Pty Limited, Republic and Commonwealth Bank of Australia disclaims and takes no responsibility for this Bidder's Statement (other than references to its respective name) or any part of any statements in or omissions from this Bidder's Statement.

## 7.4 On-market acquisitions

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Subject to the requirements of the Corporations Act, Drillsearch BidCo may acquire Acer Shares on-market at prices up to the Offer price during normal trading on ASX. Any such purchases will be disclosed to ASX in substantial shareholder notices which Drillsearch BidCo is required to lodge pursuant to Part 6C.1 of the Corporations Act.

Acer Shareholders who sell their Acer Shares on ASX will be paid by their Broker. Settlement of trades on ASX is on a T+3 basis (being three Trading Days after the date of the transaction). Acer Shareholders who sell their Acer Shares on ASX cannot subsequently accept the Offer in respect of Acer Shares sold on ASX. Additionally, Acer Shareholders who sell their Acer Shares on ASX may incur brokerage charges which they may not incur if they accept the Offer.

## 7.5 No other material information

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Except as set out in this Bidder's Statement, there is no information material to the making of a decision by an offeree whether or not to accept the Offer, being information that is known to Drillsearch BidCo and has not previously been disclosed to the holders of Acer Shares.

# 8. The Offer Terms

## 8.1 The Offer

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### a. Offer for your Acer Shares

Drillsearch BidCo offers to acquire all of your Acer Shares on the terms set out in this Offer.

This Offer extends to all Acer Shares that are issued during the period from the Register Date to the end of the Offer Period due to the conversion of, or exercise of the rights attached to, Unlisted Acer Options in existence as at the Register Date.

### b. Offer includes Rights

If Drillsearch BidCo acquires your Acer Shares under this Offer, Drillsearch BidCo is also entitled to any Rights attached to those Acer Shares.

### c. Consideration

Drillsearch BidCo offers \$0.255 cash for each of your Acer Shares.

## 8.2 Offer Period

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Unless withdrawn, this Offer is open during the period that begins on the date of this Offer and ends at 7.00pm Sydney Time on the later of:

- a. 19 November 2012; or
- b. any date to which the period of this Offer is extended under section 8 or as required by the Corporations Act.

## 8.3 How to accept this Offer

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Sections 8.3(b) and 8.3(c) refer, among other things, to the different Acceptance Forms for use to accept this Offer depending on the nature of the Acer shareholding. You will only be sent one type of Acceptance Form with this Bidder's Statement, which will be the Acceptance Form to be used in relation to your Acer Shares.

### a. Accept for all your Acer Shares

You can only accept this Offer during the Offer Period and for all your Acer Shares. You will be taken to have accepted the Offer for all your Acer Shares plus any additional Acer Shares held by you at the date your acceptance is processed (despite any difference between that number and the number of Acer Shares specified on your Acceptance Form when you accept this Offer).

### b. CHESS Holdings

If your Acer Shares are in a CHESS Holding (in which case your holder identification number will commence with 'X'), to accept this Offer you must either:

- i. **complete and sign** the Acceptance Form in accordance with the instructions on it. Once completed and signed, you need to **return** the Acceptance Form together with all other documents required by the instructions on it to one of the addresses specified on the form. This will authorise Drillsearch BidCo to instruct your Controlling Participant (usually your Broker) to initiate acceptance of this Offer on your behalf. For return of the Acceptance Form to be an effective acceptance of the Offer, you must ensure it is received by Drillsearch BidCo in time to give instructions to your Controlling Participant, and for your Controlling Participant to carry out those instructions, before the end of the Offer Period; or



- ii. **instruct** your Controlling Participant (usually your Broker) to initiate acceptance of this Offer under rule 14.14 of the ASX Settlement Operating Rules, so as to be effective before the end of the Offer Period.

If you are a Participant, you must yourself initiate acceptance under rule 14.14 of the ASX Settlement Operating Rules so as to be effective before the end of the Offer Period.

**c. Issuer Sponsored Holdings and other holdings**

If your Acer Shares are held on Acer's issuer sponsored subregister (in which case your securityholder reference number will commence with 'I'), or if at the time of your acceptance you are entitled to be (but are not yet) registered as the holder of, or are otherwise able to give good title to, your Acer Shares, to accept this Offer you must:

- i. **complete and sign** the Acceptance Form in accordance with the instructions on it; and
- ii. **return** the Acceptance Form together with all other documents required by the instructions on it to one of the addresses specified on the form in the addressed envelope provided so that they are received before the end of the Offer Period.

## 8.4 Foreign Laws

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This Offer is not registered in any jurisdiction outside Australia (unless an applicable Foreign Law treats it as registered as a result of the Bidder's Statement being lodged with ASIC). It is your sole responsibility to satisfy yourself that you are permitted by any Foreign Law applicable to you to accept this Offer.

## 8.5 Effect of Acceptance Form

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By completing, signing and returning the Acceptance Form in accordance with section 8.3(b) or section 8.3(c) as applicable, you:

- a. authorise Drillsearch BidCo and each of its officers and agents to correct any errors in, or omissions from, the Acceptance Form necessary to:
  - i. make it an effective acceptance of this Offer for your Acer Shares which are not in a CHESS Holding; and
  - ii. enable the transfer of your Acer Shares to Drillsearch BidCo; and
- b. if any of your Acer Shares are in a CHESS Holding, authorise Drillsearch BidCo and each of its officers and agents to:
  - i. instruct your Controlling Participant to effect your acceptance of this Offer for those Acer Shares under rule 14.14 of the ASX Settlement Operating Rules; and
  - ii. give to your Controlling Participant on your behalf any other instructions in relation to those Acer Shares which are contemplated by the sponsorship agreement between you and your Controlling Participant and are necessary or appropriate to facilitate your acceptance of this Offer.

# 8. The Offer Terms

## 8.6 Your agreement

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By carrying out the instructions in section 8.3 on how to accept this Offer:

- a. you accept this Offer in respect of all your Acer Shares registered as held by you at the date your acceptance is processed despite any difference between that number and the number of Acer Shares specified in the Acceptance Form;
- b. you represent and warrant to Drillsearch BidCo that all your Acer Shares will at the time of your acceptance of this Offer and of transfer to Drillsearch BidCo be fully paid up and that Drillsearch BidCo will acquire good title to and beneficial ownership of them free from Encumbrances;
- c. you transfer, or consent to the transfer in accordance with the ASX Settlement Operating Rules of, your Acer Shares to Drillsearch BidCo subject to the conditions of the constitution of Acer on which they were held immediately before your acceptance of this Offer (and Drillsearch BidCo agrees to take those Acer Shares subject to those conditions);
- d. even though Drillsearch BidCo has not yet paid or provided the consideration due to you, you irrevocably appoint Drillsearch BidCo and each director of, and any nominee of, Drillsearch BidCo as your attorney to:
  - i. attend and vote in respect of your Acer Shares at all general meetings of Acer; and
  - ii. execute all forms, notices, documents (including a document appointing a director of Drillsearch BidCo as a proxy for any of your Acer Shares) and resolutions relating to your Acer Shares and generally to exercise all powers and rights which you have as the registered holder of your Acer Shares;
- e. you agree that in exercising the powers conferred by the power of attorney in section 8.6(d), Drillsearch BidCo and each of its directors and its nominee is entitled to act in the interest of Drillsearch BidCo;
- f. even though Drillsearch BidCo has not yet paid or provided the consideration due to you, you agree not to attend or vote in person at any general meeting of Acer or to exercise, or to purport to exercise, (in person, by proxy or otherwise) any of the powers conferred on the directors of Drillsearch BidCo by section 8.6(d);
- g. even though Drillsearch BidCo has not yet paid or provided the consideration due to you, you authorise Drillsearch BidCo to transmit a message to ASX Settlement in accordance with rule 14.17.1 of the ASX Settlement Operating Rules so as to enter those of your Acer Shares which are in a CHESS Holding into Drillsearch BidCo's Takeover Transferee Holding; and
- h. agree to indemnify Drillsearch BidCo and each of its agents in respect of any claim or action against it or any loss, damage or liability incurred by it as a result of you not producing your holder identification number or securityholder reference number or in consequence of the transfer of your Acer Shares being registered by Acer without production of your holder identification number or securityholder reference number; and
- i. irrevocably authorise and direct Acer (on receipt of a written request from Drillsearch BidCo) to pay to Drillsearch BidCo or to account to Drillsearch BidCo for all Rights. This is subject to any such Rights received by Drillsearch BidCo being accounted for by Drillsearch BidCo to you, in the event that this Offer is withdrawn or avoided.

## 8.7 Powers of attorney

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If the Acceptance Form is signed under power of attorney, the attorney declares that the attorney has no notice of revocation of the power and is empowered to delegate powers under the power of attorney under section 8.5 and paragraphs (d) and (g) of section 8.6.

## 8.8 Validation of otherwise ineffective acceptances

---

Except for Acer Shares in a CHESS Holding, Drillsearch BidCo may treat the receipt by it of a signed Acceptance Form as a valid acceptance of this Offer even though it does not receive the other documents required by the instructions on the Acceptance Form or there is not compliance with any one or more of the other requirements for acceptance. If Drillsearch BidCo does treat such an Acceptance Form as valid, subject to section 8.15, Drillsearch BidCo will not be obliged to give the consideration to you until Drillsearch BidCo receives all those documents and all of the requirements for acceptance referred to in section 8.3 and in the Acceptance Form have been met.

## 8.9 Conditions

---

This Offer and the contract resulting from acceptance of this Offer are subject to the fulfilment of the following Conditions:

### a. No Prescribed Occurrences

None of the following events happens during the period beginning on the Announcement Date and ending at the end of the Offer Period:

- i. Acer converts all or any of its shares into a larger or smaller number of shares;
- ii. Acer or a subsidiary of Acer resolves to reduce its share capital in any way;
- iii. Acer or a subsidiary of Acer:
  - A. enters into a buy-back agreement; or
  - B. resolves to approve the terms of a buy-back agreement under section 257C(1) or 257D(1) of the Corporations Act;
- iv. Acer or a subsidiary of Acer issues shares other than Acer Shares issued as a result of exercise of Unlisted Acer Options or grants an option over its shares, or agrees to make such an issue or grant such an option;
- v. Acer or a subsidiary of Acer issues, or agrees to issue, convertible notes;
- vi. Acer or a subsidiary of Acer disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;
- vii. Acer or a subsidiary of Acer charges, or agrees to charge, the whole, or a substantial part, of its business or property;
- viii. Acer or a subsidiary of Acer resolves to be wound up;
- ix. a liquidator or provisional liquidator of Acer or of a subsidiary of Acer is appointed;
- x. a court makes an order for the winding up of Acer or of a subsidiary of Acer;
- xi. an administrator of Acer, or of a subsidiary of Acer, is appointed under section 436A, 436B or 436C of the Corporations Act;
- xii. Acer or a subsidiary of Acer executes a deed of company arrangement; or
- xiii. a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of Acer or of a subsidiary of Acer.

# 8. The Offer Terms

## 8.10 Separate Conditions for benefit of Drillsearch BidCo

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Each of the Conditions set out in paragraphs (i) to (xiii) of section 8.9(a):

- a. is and must be construed as a separate condition; and
- b. subject to the Corporations Act, operates only for the benefit of Drillsearch BidCo and any breach or non-fulfilment of such condition may be relied upon only by Drillsearch BidCo which may, subject to section 8.12, waive (generally or in respect of a particular event) the breach or non-fulfilment of that condition.

## 8.11 Nature of Conditions

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None of the Conditions prevents a contract to sell your Acer Shares resulting from your acceptance of this Offer but:

- a. breach of any of the Conditions entitles Drillsearch BidCo to rescind that contract by notice to you; and
- b. non-fulfilment of any of the Conditions at the end of the Offer Period will have the consequences set out in section 8.14.

## 8.12 Notice declaring Offer free of Conditions

---

Subject to the Corporations Act, Drillsearch BidCo may declare this Offer and any contract resulting from acceptance of this Offer free from any of the Conditions by giving written notice to Acer not later than three business days after the end of the Offer Period.

## 8.13 Notice of status of Conditions

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The date for giving the notice on the status of the Conditions as required by section 630(1) of the Corporations Act is 9 November 2012 (subject to extension in accordance with the Corporations Act if the Offer Period is extended).

## 8.14 Contract void if Conditions not fulfilled

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Your acceptance or the contract resulting from your acceptance of this Offer is void if:

- a. at the end of the Offer Period any of the Conditions in section 8.9 is not fulfilled; and
- b. Drillsearch BidCo has not declared this Offer and any contract resulting from the acceptance of it free of that Condition in accordance with section 8.12.

## 8.15 Payment of consideration

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### a. When will Drillsearch BidCo pay you?

Subject to this section 8.15 and the Corporations Act, if you accept this Offer Drillsearch BidCo will pay you the consideration for your Acer Shares to which Drillsearch BidCo acquires good title within five business days of the later of the date the Offer is freed from Prescribed Occurrences and the date Drillsearch BidCo receives your acceptance.

### b. Acceptance Form requires additional documents

Where documents are required to be given to Drillsearch BidCo with your acceptance to enable Drillsearch BidCo to become the holder of your Acer Shares (such as a power of attorney):

- i. if the documents are given with your acceptance, Drillsearch BidCo will pay you in accordance with section 8.15(a);
- ii. if the documents are given after your acceptance, Drillsearch BidCo will pay you the consideration by five business days after Drillsearch BidCo is given the documents; and
- iii. if the documents are given after the end of the Offer Period, Drillsearch BidCo will pay you the consideration within 21 days after the documents are given.

### c. Delivery of consideration

Subject to the Corporations Act, Drillsearch BidCo will send cheques for the cash payment due to you at your risk by pre-paid ordinary mail, or in the case of an address outside Australia by airmail, to the address shown in the Acceptance Form.

## 8.16 Return of documents

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If any contract arising from this Offer is rescinded by Drillsearch BidCo on the grounds of a breach of a condition of that contract, Drillsearch BidCo will, at its election, either return by post to you at the address shown on the Acceptance Form any Acceptance Form and any other documents sent with it by you, or destroy those documents and notify the ASX of this.

## 8.17 Rights

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If Drillsearch BidCo becomes entitled to any Rights as a result of your acceptance of this Offer, it may require you to give to Drillsearch BidCo all documents necessary to vest title to those Rights in Drillsearch BidCo. If you do not give those documents to Drillsearch BidCo, or if you have received or are entitled to receive (or any previous holder of your Acer Shares has received or is entitled to receive) the benefit of those Rights, Drillsearch BidCo may deduct the amount (or value as reasonably assessed by Drillsearch BidCo) of such Rights (including the value of any franking credit) from any consideration otherwise payable to you. If Drillsearch BidCo does not, or cannot, make such a deduction, you must pay that amount to Drillsearch BidCo.

# 8. The Offer Terms

## 8.18 Clearances for non-Australian residents and others

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If at the time you accept this Offer or at the time the consideration is provided under it:

- a. any authority or clearance of the Reserve Bank of Australia or the Australian Tax Office is required for you to receive any consideration under this Offer; or
- b. you are resident in or a resident of a place to which, or you are a person to whom any of the following applies:
  - i. the *Banking (Foreign Exchange) Regulations 1959* (Cth);
  - ii. the *Charter of the United Nations (Dealing with Assets) Regulations 2008* (Cth); and
  - iii. any other law of Australia or elsewhere that would make it unlawful for Drillsearch BidCo to provide consideration for your Acer Shares,

then your acceptance of this Offer does not create or transfer to you any right (contractual or contingent) to receive the consideration specified in this Offer unless and until you obtain all requisite authorities or clearances.

## 8.19 Costs and stamp duty

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- a. Drillsearch BidCo will pay all costs and expenses of the preparation and circulation of the Offers and any stamp duty payable on the transfer of any Acer Shares to Drillsearch BidCo.
- b. If your Acer Shares are registered in an Issuer Sponsored Holding in your name and you deliver them directly to Drillsearch BidCo you will not incur any brokerage in connection with your acceptance of this Offer.

## 8.20 Offerees

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### a. Registered holders

Drillsearch BidCo is making an offer in the form of this Offer to:

- i. each holder of Acer Shares registered in the register of members of Acer at the Register Date; and
- ii. each holder of Acer Shares who becomes an Acer Shareholder during the period from the Register Date to the end of the Offer Period as a result of the exercise of Unlisted Acer Options registered in the register of option holders of Acer at the Register Date.

### b. Transferees

This Offer extends to any person who is able during the Offer Period to give good title to a parcel of your Acer Shares. That person may accept as if an Offer on terms identical to this Offer had been made to them for those Acer Shares.

### c. Trustees and nominees

If during the Offer Period and before you accept this Offer your Acer Shares consist of 2 or more separate parcels within the meaning of section 653B of the Corporations Act (for example, because you are a trustee or nominee for several distinct beneficial owners), section 653B of the Corporations Act will apply so that:

- i. Drillsearch BidCo is taken to have made a separate Offer to you for each separate parcel of Acer Shares; and
- ii. acceptance by you of the Offer for any distinct parcel of Acer Shares is ineffective unless:
  - A. you give Drillsearch BidCo notice in accordance with section 8.20(d) stating that your Acer Shares consist of separate parcels; and
  - B. your acceptance specifies the number of Acer Shares in each separate parcel to which the acceptance relates.

#### **d. Notices by Trustees and Nominees**

The notice required under section 8.20(c)(ii)(A):

- i. if it relates to Acer Shares not in a CHESS Holding, must be in writing; or
- ii. if it relates to Acer Shares in a CHESS Holding, must be in an electronic form approved under the ASX Settlement Operating Rules for the purposes of Part 6.8 of the Corporations Act.

## **8.21 Variation and withdrawal of Offer**

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#### **a. Variation**

Drillsearch BidCo may vary this Offer in accordance with the Corporations Act.

#### **b. Withdrawal**

In accordance with section 652B of the Corporations Act, Drillsearch BidCo may withdraw this Offer with the written consent of ASIC and subject to the conditions (if any) which apply to that consent.

## **8.22 Governing law**

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This Offer and any contract resulting from acceptance of it are governed by the law in force in New South Wales, Australia.

# 9. Definitions and interpretation

## 9.1 Definitions

The following definitions apply in interpreting this Bidder's Statement and the Acceptance Form, except where the context makes it clear that a definition is not intended to apply:

<b>Term</b>	<b>Meaning</b>
<b>Acer</b>	means Acer Energy Limited ABN 11 101 313 777 whose registered office is at c/- Stanley Yeates & Associates, Level 1, 101 Edward Street, Brisbane QLD 4000.
<b>Acer Shareholder</b>	means a holder of Acer Shares.
<b>Acer Shares</b>	means fully paid ordinary shares in Acer.
<b>Acceptance Form</b>	means the form with that title that accompanies this Bidder's Statement.
<b>Announcement Date</b>	means 4 October 2012, being the date that the Offer was announced to ASX.
<b>ASIC</b>	means the Australian Securities and Investments Commission.
<b>ASX Settlement</b>	means ASX Settlement Pty Limited ABN 49 008 504 532.
<b>ASX Settlement Operating Rules</b>	means the operating rules of ASX Settlement.
<b>ASX</b>	means ASX Limited ABN 98 008 624 691 or, as the context requires, the financial market operated by it.
<b>ASX Listing Rules</b>	means the listing rules of ASX.
<b>Bidder's Statement</b>	means this document, being the statement made by Drillsearch BidCo under Part 6.5 Division 2 of the Corporations Act relating to the Takeover Bid.
<b>Broker</b>	means a person who is a share broker and participant in CHESS.
<b>CGT</b>	means capital gains tax.
<b>CHESS</b>	means the Clearing House Electronic Subregister System operated by ASX Settlement, which provides for the electronic transfer, settlement and registration of securities.
<b>CHESS Holding</b>	means a holding of shares on the CHESS Subregister of Acer.
<b>CHESS Subregister</b>	has the meaning set out in the ASX Settlement Operating Rules.
<b>Condition</b>	means each condition set out in section 8.9.
<b>Controlling Participant</b>	has the meaning set out in the ASX Settlement Operating Rules.
<b>Corporations Act</b>	means the <i>Corporations Act 2001</i> (Cth) as modified by any relevant exemption or declaration by ASIC.
<b>Drillsearch</b>	means Drillsearch Energy Limited ABN 73 006 474 844 whose registered office is at Level 16, 55 Clarence Street, Sydney NSW 2000.
<b>Drillsearch BidCo</b>	means Drillsearch (Central) Pty Limited ACN 160 522 056, a wholly-owned subsidiary of Drillsearch.
<b>Drillsearch Offer Information Line</b>	means 1800 356 563 (toll-free within Australia) or +61 2 8256 3388 (outside of Australia) between 8.30am and 5.30pm Monday to Friday (Sydney Time).



<b>Term</b>	<b>Meaning</b>
<b>Encumbrance</b>	means: <ul style="list-style-type: none"> <li>a. a PPS Security Interest;</li> <li>b. any other mortgage, charge, pledge or lien;</li> <li>c. an easement, restrictive covenant, caveat or similar restriction over property;</li> <li>d. any other interest or arrangement of any kind that in substance secures the payment of money or the performance of an obligation, or that gives a creditor priority over unsecured creditors in relation to any property (including a right to set off or withhold payment of a deposit or other money);</li> <li>e. a right of any person to purchase, occupy or use an asset (including under an option, agreement to purchase, licence, lease or hire purchase);</li> <li>f. any other thing that prevents, restricts or delays the exercise of a right over property, the use of property or the registration of an interest in or dealing with property; or</li> <li>g. an agreement to create anything referred to above or to allow any of them to exist.</li> </ul>
<b>Foreign Law</b>	means a law of a jurisdiction other than an Australian jurisdiction.
<b>GST</b>	has the same meaning as in <i>A New Tax System (Goods and Services Tax) Act 1999</i> (Cth).
<b>Issuer Sponsored Holding</b>	means a holding of Acer Shares on Acer's issuer sponsored subregister.
<b>Offer or Drillsearch's Offer</b>	means the offer as set out in section 8 of this Bidder's Statement and includes a reference to that offer as varied in accordance with the Corporations Act.
<b>Offer Period</b>	means the period referred to in section 8.2 of this Bidder's Statement.
<b>Offers</b>	means the Offer and each of the other offers made on the same terms for Acer Shares and includes a reference to those offers as varied in accordance with the Corporations Act.
<b>PEL</b>	means petroleum exploration licence.
<b>PPL</b>	means petroleum production licence.
<b>PPS Security Interest</b>	means a security interest that is subject to the PPSA.
<b>PPSA</b>	means the <i>Personal Property Securities Act 2009</i> (Cth).
<b>Prescribed Occurrence</b>	means each of the prescribed occurrences set out in paragraphs (i) to (xiii) of section 8.9(a).
<b>PRL</b>	means petroleum retention licence.
<b>Register Date</b>	means 7.00pm (Sydney Time) on 5 October 2012, being the date set by Drillsearch under Section 633(2) of the Corporations Act.
<b>Relevant Interest</b>	has the meaning given in sections 608 and 609 of the Corporations Act.
<b>Republic</b>	means Republic Investment Management Pte Ltd whose registered office is at 30 Cecil Street #18-02/03 Prudential Tower, Singapore 049712.
<b>Rights</b>	means all accretions and rights attaching to Acer Shares after the Announcement Date (including all rights to receive dividends and other distributions declared or paid and to receive or subscribe for shares, notes or options issued by Acer).
<b>Share Registrar</b>	means Computershare Investor Services Pty Limited ABN 48 078 279 277.
<b>Sydney Time</b>	means the time in Sydney, New South Wales, Australia.
<b>Takeover Bid</b>	means the takeover bid constituted by the Offers.
<b>Takeover Transferee Holding</b>	means the CHESS Holding to which Acer Shares are to be transferred after acceptance of the Offer.

# 9. Definitions and interpretation

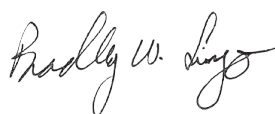
Term	Meaning
<b>Trading Day</b>	has the meaning given in the ASX Listing Rules.
<b>Unlisted Acer Options</b>	means the unlisted options to acquire Acer Shares.
<b>VWAP</b>	means the volume weighted average price of a security. For the purposes of this Bidder's Statement, the VWAP has been rounded to three decimal places.
<b>your Acer Shares</b>	means, subject to section 8.20, the Acer Shares: <ul style="list-style-type: none"><li>a. of which you are registered or entitled to be registered as the holder in the register of members of Acer at the Register Date and any new Acer Shares of which you are registered or entitled to be registered as the holder on the register of members of Acer from the Register Date to the end of the Offer Period as a result of the conversion of, or exercise of rights attached to, Unlisted Acer Options; and</li><li>b. any other Acer Shares, to which you are able to give good title at the time you accept this Offer during the Offer Period.</li></ul>

## 9.2 Interpretation

- a. Words and phrases which are defined by the Corporations Act have the same meaning in this Bidder's Statement and the Acceptance Form and, if a special meaning is given for the purposes of Chapter 6 or 6A or a provision of Chapter 6 or 6A of the Corporations Act, have that special meaning.
- b. Headings are for convenience only and do not affect interpretation.
- c. The following rules also apply in interpreting this Bidder's Statement and the Acceptance Form, except where the context makes it clear that a rule is not intended to apply:
  - i. a singular word includes the plural, and vice versa;
  - ii. a word which suggests one gender includes the other genders;
  - iii. if a word is defined, another part of speech has a corresponding meaning;
  - iv. unless otherwise stated references in this Bidder's Statement to sections, paragraphs and sub-paragraphs are to sections, paragraphs and sub-paragraphs of this Bidder's Statement;
  - v. a reference to a person includes a body corporate;
  - vi. a reference to \$ is to the lawful currency in Australia unless otherwise stated; and
  - vii. any appendices to this Bidder's Statement form part of it.

**Dated:** 4 October 2012

**Signed** on behalf of Drillsearch (Central) Pty Limited ACN 160 522 056 by Brad Lingo and Ian Bucknell being two directors of Drillsearch (Central) Pty Limited who are authorised to sign by a resolution passed at a meeting of the directors of Drillsearch (Central) Pty Limited.



**Brad Lingo**  
Director



**Ian Bucknell**  
Director

# Annexure A

## ASX ANNOUNCEMENTS BY ACER SINCE 30 JUNE 2012

Date	Title
27/09/2012	2012 Annual Financial Report
19/09/2012	Flax Field Work-Over Campaign Commences
10/08/2012	Unlisted Options Expire
09/08/2012	Research Reports
31/07/2012	Quarterly Reports – 30 June 2012
19/07/2012	Investment Overview Presentation
12/07/2012	Cooper Basin Drilling and Exploration Update
10/07/2012	Change of Director's Interest Notice – Mr C Adams
10/07/2012	Appendix 3B Issue of Shares and Options

# Corporate Information

**DRILLSEARCH ENERGY LIMITED** ABN 73 006 474 844

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## Directors

Jim McKerlie  
Brad Lingo  
Dato' Choo Beng Kai  
Fiona Robertson  
Ross Wecker

## Company Secretaries

Ian Bucknell  
Jean Moore

## Registered Office

Level 16  
55 Clarence Street  
Sydney NSW 2000

## Corporate Adviser

**Wilson HTM Corporate Finance**  
Level 38, Riparian Plaza  
71 Eagle Street  
Brisbane QLD 4000

## Lawyers

**Ashurst Australia**  
Level 36, Grosvenor Place  
225 George Street  
Sydney NSW 2000

## Share Registry

**Computershare Investor Services Pty Limited**  
GPO Box 2115  
Melbourne VIC 3001

## Auditors

**Deloitte**  
Level 9, Grosvenor Place  
225 George Street  
Sydney NSW 2000

## Receiving Agent

**Computershare Investor Services Pty Limited**  
GPO Box 2115  
Melbourne VIC 3001

## ASX Code

ASX: DLS

## Website Address

[www.drillsearch.com.au](http://www.drillsearch.com.au)



