

2015 NOTICE OF ANNUAL GENERAL MEETING

YOUR GUIDE TO DRILLSEARCH ENERGY LIMITED'S
2015 ANNUAL GENERAL MEETING

**THIS IS AN IMPORTANT DOCUMENT
AND REQUIRES YOUR ATTENTION**

THIS DOCUMENT DOES NOT TAKE INTO ACCOUNT
YOUR INDIVIDUAL CIRCUMSTANCES. IF YOU ARE IN
DOUBT ABOUT HOW TO DEAL WITH IT, PLEASE CONSULT
YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER.

DRILLSEARCH ENERGY LIMITED
ABN 73 006 474 844

Drillsearch

HOW TO GET TO THE MEETING

NOTICE is given that Drillsearch's Annual General Meeting will take place as follows:

Date 18 November 2015
Time 10.00am
Location Museum of Sydney, AGL Theatre, Level 2
Corner of Phillip and Bridge Streets
Sydney, New South Wales

BY PUBLIC TRANSPORT

The Museum of Sydney is located one block back from Circular Quay, which is serviced by trains, buses and ferries.

Free CBD shuttle

There is a free shuttle bus (route 555) that stops on Bridge Street near Loftus Street, a two-minute walk to the Museum. The service operates Monday to Friday 9.00am to 3.30pm, weekends 9.00am to 6.00pm.

For up-to-date timetables or to find the quickest public transport routes, visit www.transportnsw.info/ or call 131500.

BY ROAD

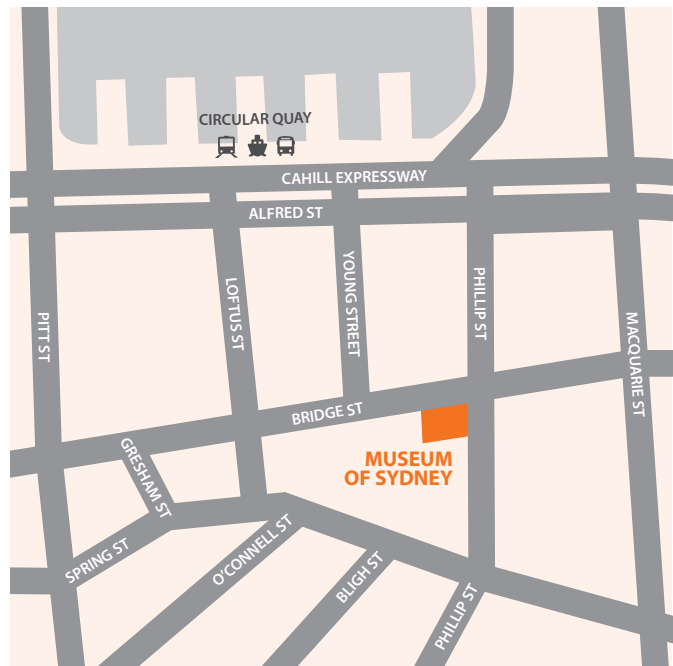
Parking

There is no parking at the Museum, and street parking is very limited. The nearest carpark is Governor Phillip & Macquarie Tower. Enter from Young Street/Farrer Place. You are advised to check parking rates.

Buses and cars can stop on Bridge Street and Young Street to drop-off and pick-up. There are bus parking zones on Macquarie Street which require drivers to remain with their vehicles.

Cycling

The Museum has onsite bike racks for bike parking off Phillip Street on the mezzanine above the restaurant.



MESSAGE FROM CHAIRMAN

Dear Shareholder

I am pleased to invite you to the 2015 Annual General Meeting (**AGM**) of Drillsearch Energy Limited (**Drillsearch** or the **Company**).

The meeting will be held on **18 November 2015**, starting at **10.00am**, in the AGL Theatre on Level 2 of the Museum of Sydney, located on the corner of Phillip and Bridge Streets, Sydney. Details on how to get to the meeting can be found on the previous page of this booklet.

The AGM is an opportunity for Shareholders to meet with the directors and the senior management team of Drillsearch, and I encourage you to attend. I will provide an address to Shareholders and the CEO will provide a review of the operations and performance of the Group in FY2015, as well as discuss the exciting year of activity we are anticipating in the current financial year.

If you are unable to attend the meeting in person, both my address and the CEO's presentation will be made available on the day of the meeting via the ASX and on the Drillsearch website.

I encourage Shareholders to submit any questions they have relating to the business of the Company or any item of business at the AGM, in advance of the AGM. We hope to address as many as possible of the more frequently asked questions in either my address or during the CEO's presentation.

The following pages contain details of the items of business for the meeting and the voting procedures.

At this year's meeting, you will have the opportunity to vote on:

- the adoption of the Remuneration Report set out on pages 61-72 of the Drillsearch 2015 Annual Report;
- the re-election of Mr Phillip Bainbridge and Mr Teik Seng Cheah as Directors of Drillsearch; and
- the approval of the issue of securities under the Company's Performance Rights Plan and the Company's \$1,000 Employee Share Plan.

If you are not able to attend the AGM to vote in person, I encourage you to appoint a proxy to attend and vote on your behalf, either online using the share registry's website or using the enclosed proxy form (which may be returned in the envelope provided).

We look forward to seeing you on 18 November 2015.

Yours sincerely



Jim McKerlie
Chairman

ITEMS OF BUSINESS

1. Receipt of the Company's Financial Report, Directors' Report and Auditor's Report for the year ended 30 June 2015

To receive and consider the Company's Financial Report, the Directors' Report and the Auditor's Report for the year ended 30 June 2015.

2. Remuneration Report

To consider and, if thought appropriate, pass the following ordinary resolution:

"That the Company's Remuneration Report for the financial year ended 30 June 2015 be adopted."

Votes on this resolution are non-binding and advisory only.

3. Re-elect Mr Philip Bainbridge as a Director of the Company

To consider and, if thought appropriate, pass the following ordinary resolution:

"That Mr Philip Bainbridge, a Non-Executive Director retiring in accordance with the Constitution, being eligible, be re-elected as a Director."

4. Re-elect Mr Teik Seng Cheah as a Director of the Company

To consider and, if thought appropriate, pass the following ordinary resolution:

"That Mr Teik Seng Cheah, a Non-Executive Director retiring in accordance with the Constitution, being eligible, be re-elected as a Director."

5. Approval of Performance Rights Plan

To consider and, if thought appropriate, pass the following ordinary resolution:

"That for the purposes of ASX Listing Rule 7.2 (Exception 9), and for all other purposes, approval be given for the issue of securities under the Performance Rights Plan, described in the Explanatory Notes attached to this Notice of Annual General Meeting."

6. Approval of \$1,000 Employee Share Plan

To consider and, if thought appropriate, pass the following ordinary resolution:

"That for the purposes of ASX Listing Rule 7.2 (Exception 9), and for all other purposes, approval be given for the issue of securities under the \$1,000 Employee Share Plan described in the Explanatory Notes attached to this Notice of Annual General Meeting."

Attached to and forming part of this Notice of Annual General Meeting are Explanatory Notes which provide shareholders with background information and further details regarding the resolutions to be considered at the meeting. The information provided is intended to assist Shareholders in understanding the reasons for and effect of the resolutions, if passed.

NOTES RELATING TO VOTING

1. ENTITLEMENT TO VOTE

In accordance with regulation 7.11.37 of the Corporations Regulations, the Board has determined that the persons entitled to vote at the AGM will be those persons who are registered as holders of Shares at 7.00pm (Sydney time) on Monday, 16 November 2015.

If a Share is held jointly, only one joint holder may vote. If more than one joint holder votes, only the vote of the first person named on the Company's Share Register counts.

2. VOTING EXCLUSIONS

Voting exclusions relating to Item 2 Remuneration Report

The Company will disregard any votes cast on the resolution proposed in Item 2 by or on behalf of the following persons:

- any member of the KMP whose remuneration details are included in the Remuneration Report for the year ended 30 June 2015 and any closely related party of that KMP and any other person to the extent that they are voting on behalf of such a KMP or their closely related parties; and
- any person who is a KMP at the time the resolution is voted on at the AGM and any closely related party of such a KMP to the extent in either case that they are acting as a proxy,

unless the vote is cast as proxy for a person entitled to vote on the resolution and:

- the person is appointed as a proxy by writing that specifies the way the proxy is to vote on the resolution; or
- the person is the Chair of the AGM and the appointment of the Chair as proxy expressly authorises the Chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the KMP.

The Company's KMPs during the year ended 30 June 2015 are listed in the Remuneration Report.

A 'closely related party' of a KMP means:

- a spouse or child of the KMP;
- a child of the KMP's spouse;
- a dependent of the KMP or of the KMP's spouse;
- anyone else who is one of the KMP's family and may be expected to influence the KMP;
- or be influenced by the KMP, in the KMP's dealings with the Company; or
- a company the KMP controls.

Voting exclusions relating to Item 5 Approval of Performance Rights Plan

The Company will disregard any votes cast on the resolution proposed in Item 5 by any Director who is eligible to participate in any of the Company's employee incentive schemes and any associates of any such person.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

As none of the current Directors are eligible to participate in any of the company's employee incentive schemes, as described in the Explanatory Notes, votes cast by the Directors or their associates will be counted.

Voting exclusion relating to Item 6 Approval of \$1000 Employee Share Plan

The Company will disregard any votes cast on the resolution proposed in Item 6 by any Director who is eligible to participate in any of the Company's employees incentive schemes and any associate of any such person.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

As none of the current Directors are eligible to participate in any of the Company's employee incentive schemes, as described in the Explanatory Notes, votes cast by the Directors or their associates will be counted.

3. HOW TO VOTE

If you are entitled to vote at the AGM, you can vote on the items of business by:

- attending the meeting; or
- appointing a proxy, representative or attorney to attend the meeting and vote on your behalf.

APPOINTING A PROXY

A Shareholder who is entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote at the meeting on their behalf. A proxy does not need to be a Shareholder of Drillsearch.

If a Shareholder is entitled to cast two or more votes at the meeting, the Shareholder can appoint two proxies. Where two proxies are appointed:

- a separate proxy form should be used to appoint each proxy; and
- the proxy form should specify the proportion or number of votes that each proxy may exercise, and if it does not do so, each proxy may only exercise half of the votes.

A proxy form accompanies this Notice of Meeting and contains additional information.

COMPLETING THE PROXY FORM

For Shareholders who are individuals, the proxy form must be signed:

- if the Shares are held by one individual, by that Shareholder; or
- if the Shares are held in joint names, by any one of them.

For Shareholders who are companies, the proxy form must be signed:

- if it has a sole director who is also sole secretary, by that director (and stating the fact next to, or under the signature on the proxy form); or
- in the case of any other company by either two directors or a director and secretary.

The use of the common seal of the company, in addition to those required signatures, is optional.

If the person signing the proxy form is doing so under a power of attorney, or is an officer of a company outside those referred to above but authorised to sign the proxy form, the power of attorney or other authorisation (or a certified copy of it), as well as the proxy form, must be received by the Company by the time and at the place specified below.

CHAIRMAN AS PROXY

You may appoint the Chairman of the AGM as your proxy. If you direct the Chairman of the AGM how to vote on an item of business, your vote will be cast in accordance with your direction. If you do not direct the Chairman of the AGM how to vote on an item of business, then by completing and returning the proxy form you will be expressly authorising the Chairman of the AGM to exercise your undirected proxy on a resolution even though it may be directly or indirectly connected with the remuneration of a member of the KMP.

The Chairman intends to vote undirected proxies **IN FAVOUR** of all proposed resolutions set out in this Notice of Meeting. If there is a change to how the Chairman intends to vote undirected proxies, an announcement will be made to the ASX.

KMP AS PROXY

Under the Corporations Act, voting restrictions apply to members of the KMP and their closely related parties for Item 2 as detailed on page 4 of this Notice under 'Voting Exclusions'.

A KMP may cast a vote as proxy for a person entitled to vote on the resolution proposed in Item 2 provided the person has specified the way the proxy is to vote on the resolution or the KMP is the Chairman and the appointment of the Chairman as a proxy expressly authorises the Chairman to exercise the proxy even if the resolution is connected with the remuneration of a member of the KMP.

CORPORATE REPRESENTATIVE

If a corporate representative is to attend the AGM on behalf of a company, a formal notice of appointment must be brought to the meeting signed as required by section 127 of the Corporations Act or that company's constitution.

SUBMITTING YOUR PROXY FORM

To appoint a proxy, your completed proxy form (and any necessary supporting documents such as a power of attorney) must be received by Drillsearch no later than 10.00am (Sydney time) on Monday, 16 November 2015. Proxy forms received after this time will be invalid.

You can submit your proxy form in the following ways:

Online:

1. Login to the Link website using the holding details as shown on the proxy form.
2. Select 'Voting' and follow the prompts to lodge your vote.

To use the online lodgement facility, Shareholders will need their 'Holder Identifier' (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the top right hand corner of the proxy form).

In person at the:

Registered Office
Level 18, 321 Kent Street
Sydney, NSW 2000 Australia

Share Registry
1A Homebush Bay Drive
Rhodes, NSW 2138 Australia

By mail to the:
Registered Office
Level 18, 321 Kent Street
Sydney, NSW 2000 Australia

Share Registry
Locked Bag A14
Sydney South, NSW
1235 Australia

A reply-paid envelope accompanies this Notice.

By facsimile to:
Registered Office + 61 2 9249 9630
Share Registry + 61 2 9287 0309

Questions from Shareholders

Shareholders are invited to submit written questions relating to the business of the Company or any item of business at the AGM by using the form attached to this Notice of AGM. Shareholders may also use this form to submit questions to the Company's Auditor. Questions must be received no later than 7.00pm on Wednesday, 11 November 2015.

We may not be able to respond to each question individually. We will, however, endeavour to respond to as many as possible of the most frequently asked questions.

2015 ANNUAL REPORT

The 2015 Annual Report is available on the Company's website:
www.drillsearch.com.au
or
www.drillsearch.com.au/presentations-reports

By order of the Board



Clifford Tuck
Company Secretary
16 October 2015

EXPLANATORY NOTES

IMPORTANT NOTICE

These Explanatory Notes contain an explanation of, and information about, each of the resolutions to be considered at the Annual General Meeting. They are given to Drillsearch Energy Limited's Shareholders to help them consider and determine how to cast their vote on the matters set out in the accompanying Notice of Meeting.

Shareholders should read these Explanatory Notes in full. Individual sections of the Explanatory Notes may not give a comprehensive review of the proposals contemplated. These Explanatory Notes form part of the accompanying Notice of Meeting and should be read with the Notice of Meeting.

If in doubt about how you should vote, consult your financial or other professional adviser.

ITEMS OF BUSINESS

1. Receipt of the Company's Financial Report, Directors' Report and Auditor's Report for the year ended 30 June 2015

The Company's Financial Report, Directors' Report and Auditor's Report for the year ended 30 June 2015 are set out on pages 45 to 120 of the 2015 Annual Report.

The Corporations Act requires the Financial Report (which includes the Financial Statements and the Directors' Declaration), the Directors' Report and the Auditor's Report to be laid before the Annual General Meeting. There is no requirement either in the Corporations Act or in the Constitution of the Company for Shareholders to approve the Financial Report, the Directors' Report or the Auditor's Report. Shareholders attending the Annual General Meeting will be given a reasonable opportunity to ask questions about, or make comments on, the Financial Report.

The Auditor will be attending the Annual General Meeting.

Shareholders may submit a written question to the Auditor prior to the Annual General Meeting provided that the question relates to:

- the content of the Auditor's Report; or
- the conduct of the audit in relation to the Annual Financial Report.

The Auditor will answer written questions submitted prior to the Annual General Meeting. Please submit your questions on the form attached to this Notice of Meeting. All written questions must be received by the Company no later than 7.00pm (Sydney time) on Wednesday, 11 November 2015. All questions must be sent to the Company

and may not be sent directly to the Auditor. The Company will then forward all questions to the Auditor.

The Company will make available at the AGM the question list (if any) prepared by the Auditor pursuant to the requirements of the Corporations Act.

The Auditor will also answer questions at the meeting from Shareholders relevant to:

- the conduct of the audit;
- the preparation and content of the Auditor's Report;
- the accounting policies adopted by the Company in relation to the preparation of the Financial Statements; and
- the independence of the Auditor in relation to the conduct of the audit.

2. Remuneration Report

The Company's Remuneration Report for the year ended 30 June 2015 is set out on pages 61 to 73 of the 2015 Annual Report. In accordance with the Corporations Act, the Remuneration Report:

- describes the policies behind, and structure of, the remuneration arrangements of the Company, and the link between remuneration and the Company's performance; and
- sets out the remuneration arrangements in place for Directors and those members of the senior management team with authority and responsibility for planning, directing and controlling the activities of the Company.

The Corporations Act requires that a resolution to adopt the Remuneration Report be put to a vote. In accordance with the Corporations Act, the vote on this resolution is advisory only and the outcome will not be binding on the Board or the Company. However, if 25% or more of the votes are cast against the Remuneration Report resolution at two consecutive AGMs, the Corporations Act requires Drillsearch to put to Shareholders a resolution proposing that an extraordinary general meeting (Spill Meeting) be called within 90 days of the second of those AGMs to consider the election of directors (Spill Resolution). If a Spill Resolution is passed (i.e. more than 50% of the votes cast are in favour of it), all of the directors at the second of those AGMs (other than the Managing Director, if applicable) will cease to hold office at the Spill Meeting, unless re-elected at that meeting.

The Drillsearch Board will take the outcome of the vote into consideration when reviewing the Company's remuneration practices and policies.

At the Company's 2014 Annual General Meeting, Shareholders resolved to adopt the Company's Remuneration Report for the year ended 30 June 2014 and less than 6% of the votes cast were cast against the Remuneration Report.

Shareholders attending the Annual General Meeting will be given a reasonable opportunity to ask questions about, or make comments on, the Remuneration Report.

The Board has sought to ensure that the Company's disclosures regarding its remuneration practices are clear and facilitate an open dialogue with Shareholders on remuneration. The Board encourages Shareholders to read the Remuneration Report in its entirety.

The Board unanimously recommends that Shareholders vote in favour of this resolution. The Chairman of the meeting intends to vote undirected proxies in favour of this resolution.

3. Re-elect Mr Philip Bainbridge as a Director of the Company

Mr Bainbridge was appointed to the Drillsearch Board in July 2013 and was first elected by Shareholders at the Company's 2013 Annual General Meeting.

Mr Bainbridge is an engineer with over 30 years of experience in the oil and gas sector, having worked for the BP Group for 23 years in a range of petroleum engineering, development, commercial and senior management roles in the UK, Australia and USA, before joining Oil Search in 2006. At Oil Search, Mr Bainbridge held a series of senior executive roles, including Chief Operating Officer responsible for the safety, operational and financial performance of all company assets in Papua New Guinea and overseas, Executive General Manager LNG with responsibility for all aspects of Oil Search's interests in the US\$19 billion PNG LNG project, and Executive General Manager Growth.

Mr Bainbridge is a member of the Board of the PNG Sustainable Development Program and Chairman and non-executive director of ASX-listed Sino Gas & Energy Holdings Ltd.

Mr Bainbridge is Chair of the Board's People, Remuneration and HSEC Committee and is a member of the Board's Technical and Nomination Committees.

The Board (with Mr Bainbridge abstaining) unanimously recommends that Shareholders vote in favour of this resolution. The Chairman of the meeting intends to vote undirected proxies in favour of this resolution.

4. Re-elect Mr Teik Seng Cheah as a Director of the Company

Mr Cheah was appointed to the Drillsearch Board in September 2013 and was first elected by Shareholders at the Company's 2013 Annual General Meeting.

Mr Cheah is an experienced finance and banking professional with more than 25 years' experience in the financial services industry in Asia and the UK. He is currently the Chief Executive Officer and a Director of Aktis Capital Singapore Pte Ltd, a private equity fund manager. Mr Cheah also previously held senior management positions at a number of leading investment banks including Chase Manhattan Bank, Merrill Lynch, Goldman Sachs, UBS and BNP Paribas in Malaysia, Singapore, Hong Kong and London.

Mr Cheah is also a non-executive director of MJC Investments Corp, Malayan Banking Berhad and Maybank Kim Eng Securities (Thailand) Plc, listed in the Philippines, Bursa Malaysia and Thailand, respectively.

Mr Cheah is a member of the Board's Nomination Committee.

The Board (with Mr Teik Seng Cheah abstaining) unanimously recommends that Shareholders vote in favour of this resolution. The Chairman of the meeting intends to vote undirected proxies in favour of this resolution.

5. Approval of Performance Rights Plan

5.1 INTRODUCTION

The Company's Performance Rights Plan (PRP) has operated since 2012. It is designed to assist with attracting, motivating, rewarding and retaining high quality individuals and aligning the interests of those employees with the performance of the Company.

Shareholders approved the PRP at the 2012 AGM held on 21 November 2012.

The Board continues to believe the PRP is in the best interests of the Company and provides an incentive which promotes retention of management personnel with outcomes reflecting Company performance over the three-year pre-vesting period. However, the Board wishes to make certain amendments to the Rules of the PRP to provide the Company with additional flexibility in respect of vesting outcomes.

Since the date of Shareholder approval of the PRP at the 2012 AGM, the Company has issued 2,013,775 Shares upon the vesting of Performance Rights granted under the PRP.

The approval of the PRP obtained at the 2012 AGM expires at this AGM. Shareholder approval is sought for the adoption of the PRP (amended as described below) under the ASX Listing Rules and the Corporations Act, including but not limited to ASX Listing Rule 7.2 (Exception 9), so that any Shares issued under the PRP will be excluded from the calculation of the maximum number of new Shares that can be issued by the Company in any 12-month period (currently 15% of the Shares previously on issue) for a period of three years from the date of approval.

5.2 PARTICIPATION AND TERMS OF GRANTS

The Board may in its absolute discretion offer any employee including an Executive Director the opportunity to participate in the PRP (subject to Shareholder approval in the case of an Executive Director).

5.3 PURCHASE PRICE AND PERFORMANCE CONDITIONS

PRP Participants are not required to pay or give consideration for the issue of Performance Rights or the vesting of Performance Rights. A Performance Right will vest on the satisfaction of certain Performance Conditions as determined by the Board and advised to the PRP Participant in the relevant invitation. On vesting, one Performance Right will result in the issue of one new Share.

Under amendments to the PRP adopted by the Board, the Board will have the option to settle the vesting of Performance Rights through the payment of a cash amount calculated by reference to a VWAP of Shares traded on ASX. In addition, the Board will have the power to impose a Holding Lock on any new Shares issued to PRP Participants on the vesting of Performance Rights.

Unless otherwise determined by the Board, any Performance Rights which do not vest at the relevant testing date will automatically lapse.

5.4 LIMITATION ON ISSUES

The Board must not issue an invitation, grant any Performance Rights or issue any Shares on vesting of Performance Rights, if the maximum number of Shares which would be issued if all outstanding Performance Rights vested, when aggregated with the number of Shares issued during the previous five years under the PRP and any other employee incentive scheme extended to eligible employees under the PRP, would exceed 5% of the total number of Shares on issue at that time.

5.5 FORFEITURE

Unless otherwise determined by the Board, Performance Rights issued under the PRP will automatically lapse and be forfeited on:

- voluntary resignation of the PRP Participant;
- dismissal of the PRP Participant for cause; or
- the commission by the PRP Participant of any act which amounts or would amount to dishonesty, fraud, wilful misconduct, wilful breach of duty, serious and wilful negligence or incompetence in the performance of that PRP Participant's duties or being convicted of a criminal offence.

5.6 EARLY VESTING

If a PRP Participant ceases to be employed by the Company by reason of death, incapacitation or any other circumstances other than those set out above as resulting in automatic forfeiture, the Board may determine that some or all of the Performance Rights:

- will be retained by the PRP Participant as if the Employment Condition (if any) applicable to those Performance Rights had been satisfied; and/or
- will vest earlier on or immediately prior to the PRP Participant's cessation of employment, as if all performance criteria (if any) and the employment condition (if any) applicable to those Performance Rights had been satisfied.

5.7 HOLDING LOCK

The Board may, in its discretion, apply a Holding Lock to some or all Shares issued or transferred to a PRP Participant pursuant to the vesting of a Performance Right and may end any such Holding Lock on the date it determines.

5.8 TAKEOVERS

If there is a change of control event in relation to the Company (e.g. a takeover bid to acquire more than 50% of the Shares or a scheme of arrangement by which all of the Shares change ownership), the Board may, in its discretion, determine that all or some of the Performance Rights held by PRP Participants will automatically vest as if all Performance Conditions have been satisfied.

In exercising its discretion, the Board may take into account any matter which it considers relevant. However, the Board must take into account:

- (i) the proportion of the Performance Period which has or will have elapsed as at the date of the change of control;
- (ii) an assessment of the outcome of testing of the Performance Conditions as at the date of the change of control; and
- (iii) the circumstances of the change of control.

Any Holding Lock on Shares issued under the PRP will automatically end if there is a change of control event.

EXPLANATORY NOTES

5.9 DIVIDENDS, VOTING RIGHTS

Unvested Performance Rights under the PRP have no dividend or voting rights. A PRP Participant is not entitled to participate in or receive any dividends or other shareholder benefits until the Performance Right has vested. Shares issued or transferred on vesting of a Performance Right will rank equally in all respects with all other Shares.

The Board unanimously recommends that Shareholders vote in favour of Resolution 5. The Chairman of the Meeting intends to vote undirected proxies in favour of this resolution.

6. Approval of \$1,000 Employee Share Plan

6.1 INTRODUCTION

The \$1,000 Employee Share Plan was approved by Shareholders at the 2012 AGM held on 21 November 2012.

6.2 REASONS FOR APPROVAL

The approval obtained at the 2012 AGM expires at this AGM. Resolution 6 seeks to refresh the Shareholder approval for the purposes of the ASX Listing Rules and the Corporations Act, including but not limited to ASX Listing Rule 7.2 (Exception 9) so that any Shares issued under the \$1,000 Employee Share Plan will be excluded from the calculation of the maximum number of new Shares that can be issued by the Company in any 12-month period (currently 15% of the Shares previously on issue) for a period of three years from the date of approval.

Since the date of Shareholder approval of the \$1,000 Employee Share Plan at the 2012 AGM, the Company has issued 170,259 Shares under the \$1,000 Employee Share Plan.

6.3 PURPOSE OF THE \$1,000 EMPLOYEE SHARE PLAN

The purpose of the \$1,000 Employee Share Plan is to give permanent full-time and part-time employees, other than the managing director of the Company, the opportunity to gain an ownership interest in the Company.

6.4 PARTICIPATION AND TERMS OF GRANTS

The Board may invite eligible employees to participate in the \$1,000 Employee Share Plan. Directors and members of the Company's KMP are not eligible for participation in the \$1,000 Employee Share Plan.

For tax reasons, any offer under the \$1,000 Employee Share Plan must be made to at least 75% of eligible employees with at least three years' service with the Company. The Board intends to provide employees with less than three years' service with the Company the opportunity to participate in the \$1,000 Employee Share Plan.

The Share price used to determine the number of Shares to be issued under the \$1,000 Employee Share Plan for 2015 was the 30 June 2015 60-day VWAP of a Share, \$1.1396.

6.5 PURCHASE PRICE

Participants in the \$1,000 Employee Share Plan are not required to pay or give consideration for the issue of Shares under the Plan.

6.6 LIMITATION ON ISSUES

No invitation can be made to an ESP Participant if the total number of Shares issued under the \$1,000 Employee Share Plan, when aggregated with the number of Shares issued during the past five (5) years under any other employee share scheme the Company may have, exceeds five per cent (5%) of the total number of issued Shares of the Company, at the time the invitation is made.

6.7 HOLDING LOCK PERIOD

All Shares allocated to ESP Participants under the \$1,000 Employee Share Plan will be subject to a three-year Holding Lock except where the ESP Participant's employment with the Company ceases earlier, in which case the Holding Lock will end on the date the ESP Participant ceases employment.

6.8 TAKEOVERS

If the completion of a takeover of the Company or another event declared by the Board to be a liquidity event occurs, the Board may in its discretion terminate the \$1,000 Employee Share Plan.

6.9 DIVIDENDS, VOTING RIGHTS

Shares issued under the \$1,000 Employee Share Plan will, from the date of allotment, rank equally with all other issued Shares in all respects including with respect to voting rights and entitlements to participate in dividends, future rights and bonus issues. These rights apply even if the Shares are subject to a Holding Lock.

The Directors unanimously recommend that Shareholders vote in favour of Resolution 6. The Chairman of the Meeting intends to vote undirected proxies in favour of this resolution.

DEFINITIONS

Annual General Meeting or **AGM** means the annual general meeting of Shareholders convened by this Notice.

ASX means ASX Limited ABN 98 008 624 691.

Company means Drillsearch Energy Limited (ABN 73 006 474 844).

Corporations Act means the *Corporations Act 2001* (Cth).

Corporations Regulations means the *Corporations Regulations 2001* (Cth).

Director means a director of the Company.

ESP Participant means an employee at the Company invited by the Board to participate in the \$1,000 Employee Share Plan.

Holding Lock means a mechanism to prevent a participant from dealing in Shares.

KMP means a member of the Company's key management personnel.

Performance Condition means the condition (if any) prescribed by the Board and set out in the PRP Participant's invitation in respect to a Performance Right granted under the PRP that must be satisfied before that Performance Right can vest.

Performance Period means the period over which Performance Conditions are to be applied.

Performance Right means a performance right granted by the Company under the PRP pursuant to Item 6 of the Notice.

PRP means the Performance Rights Plan as described in the Notice.

PRP Participant means an employee of the Company including an executive Director invited by the Board to participate in the PRP.

Shareholders means the members of the Company who are registered as the holders of one or more of the Shares as at the relevant time and Shareholder means any one of them.

Shares means fully paid ordinary shares in the capital of the Company and Share means any one of them.

VWAP means volume weighted average price.

LODGE YOUR VOTE



ONLINE

www.linkmarketservices.com.au



BY MAIL

Drillsearch Energy Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia



BY FAX

+61 2 9287 0309



BY HAND

Link Market Services Limited
1A Homebush Bay Drive, Rhodes NSW 2138; or
Level 12, 680 George Street, Sydney NSW 2000



ALL ENQUIRIES TO

Telephone: 1300 554 474

PROXY FORM

I/We being a member(s) of Drillsearch Energy Limited and entitled to attend and vote hereby appoint:

APPOINT A PROXY

☐

the Chairman of the Meeting (mark box)

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **10:00am on Wednesday, 18 November 2015 at the Museum of Sydney, AGL Theatre, Level 2, Corner of Phillip and Bridge Streets, Sydney NSW 2000 (the Meeting)** and at any postponement or adjournment of the Meeting.

Important for Item 2: If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Item 2, even though the Item is connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (KMP).

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting.

Please read the voting instructions overleaf before marking any boxes with an ☒

Items of Business

For Against Abstain*

For Against Abstain*

2 Adoption of Remuneration Report

☐ ☐ ☐

6 Approval of \$1,000 Employee Share Plan

☐ ☐ ☐

3 Re-election of Director – Mr Philip Bainbridge

☐ ☐ ☐

4 Re-election of Director – Mr Teik Seng Cheah

☐ ☐ ☐

5 Approval of Performance Rights Plan

☐ ☐ ☐


* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Item is connected directly or indirectly with the remuneration of KMP.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- (b) return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **10:00am on Monday, 16 November 2015**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).



BY MOBILE DEVICE

Our voting website is designed specifically for voting online. You can now lodge your proxy by scanning the QR code adjacent or enter the voting link www.linkmarketservices.com.au into your mobile device. Log in using the Holder Identifier and postcode for your shareholding.

QR Code



To scan the code you will need a QR code reader application which can be downloaded for free on your mobile device.



BY MAIL

Drillsearch Energy Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



BY FAX

+61 2 9287 0309



BY HAND

delivering it to Link Market Services Limited*
1A Homebush Bay Drive
Rhodes NSW 2138

or

Level 12
680 George Street
Sydney NSW 2000

* During business hours (Monday to Friday, 9:00am–5:00pm)

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**

LODGE YOUR QUESTIONS



ONLINE

www.linkmarketservices.com.au



BY MAIL

Drillsearch Energy Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia



BY FAX

+61 2 9287 0309



BY HAND

Link Market Services Limited
1A Homebush Bay Drive, Rhodes NSW 2138; or
Level 12, 680 George Street, Sydney NSW 2000



ALL ENQUIRIES TO

Telephone: 1300 554 474

You are invited to use this form to submit questions to the Company relating to the Company's business or any item of business at the Annual General Meeting. You may also use this form to submit questions for the Company's Auditor.

This form must be received by the Company's share registrar, Link Market Services Limited, by **Wednesday, 11 November 2015**.

The Company will seek to address questions submitted by Shareholders during the course of the Annual General Meeting. There will also be an opportunity for the Auditor to respond to questions where appropriate.

Please note, it may not be possible for the Company to address all questions submitted by Shareholders at the Annual General Meeting. The Company will endeavour to address as many of the frequently raised questions submitted as practicable.

The Company will not send individual responses to Shareholders.

My question relates to *(please mark the most appropriate box)*

☐

Performance or financial reports

☐

A resolution being put to the AGM

☐

General suggestion

☐

Remuneration Report

☐

Sustainability/Environment

☐

Other

☐

My question is for the auditor

☐

Future direction

☐

Performance or financial reports

☐

A resolution being put to the AGM

☐

General suggestion

☐

Remuneration Report

☐

Sustainability/Environment

☐

Other

☐

My question is for the auditor

☐

Future direction

QUESTIONS