

ASX ANNOUNCEMENT

18 November 2015

Drillsearch 2015 Annual General Meeting – Chairman’s Address

Drillsearch is pleased to attach a copy of Chairman Jim McKerlie’s AGM presentation.

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

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Or visit the website www.drillsearch.com.au

If you would like to register for email alerts, please do so at the bottom of our Home page.

2015 ANNUAL GENERAL MEETING

Jim McKerlie - Chairman

18 NOVEMBER 2015

Drillsearch



IMPORTANT NOTICE

Forward Looking Statements

These materials contain forward looking statements. Often, but not always, forward looking statements may be identified by the use of words such as “may”, “will”, “expect”, “intend”, “target”, “anticipate”, “continue”, “guidance” and “outlook”, or similar expressions and may include (without limitation) statements regarding plans, strategies, objectives, anticipated operating or financial performance, including production volumes and costs.

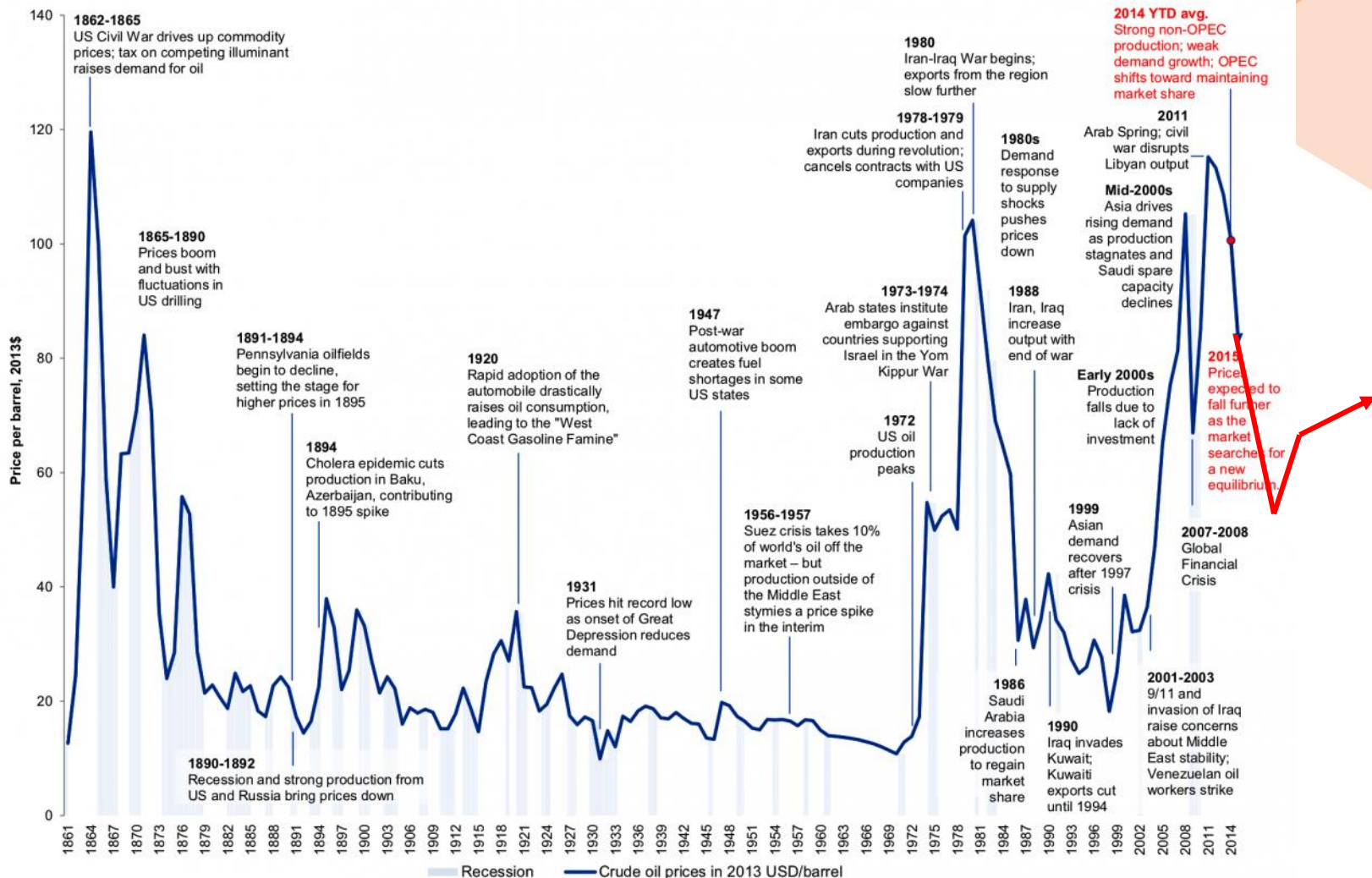
Forward looking statements involve subjective judgments regarding future matters which are subject to known and unknown risks, uncertainties and other factors. Relevant factors may include, but are not limited to, changes in commodity prices, foreign exchange fluctuations, general economic conditions, increased costs and demand for production inputs, the speculative nature of exploration and development activities, political and social risks, both general and those specific to the oil and gas industry, changes to the regulatory framework in which the company conducts its business, environmental conditions, including extreme weather conditions, recruitment and retention of personnel, industrial relation issues and litigation.

While Drillsearch considers that there is a reasonable basis for all forward looking statements made, readers are cautioned not to place undue reliance on forward looking statements as actual results may vary materially from projected future results expressed or implied by forward looking statements. The company gives no assurance that assumptions upon which forward looking statements may be based will prove to be correct, or that the company’s business, performance or results will not be affected in any material manner by these or other factors not foreseen or foreseeable by the company or beyond the company’s control.

Forward looking statements in these materials speak only as to the date of issue. Subject to any continuing obligations under applicable law, including the rules of relevant securities exchanges, the company does not undertake any obligation to publicly update or revise any of the forward looking statements or to advise of any change in events, conditions or circumstances on which any such statement is based.

OIL PRICE 1861 - 2015 (IN 2013 US\$)

History of crude oil prices



Note: 2014 YTD average price is as of December 8, 2014.
Source for data: BP, NBER/Federal Reserve Bank of St. Louis.
Source for annotations: Hamilton, James, "Historical Oil Shocks," University of California, San Diego, various news sources; Goldman Sachs Global Investment Research.

PARTIAL RECOVERY IN OIL PRICES NOT SEEN UNTIL 2018

	2013 AVERAGE	2014 AVERAGE	2015 AVERAGE	2016 FORECAST	2017 FORECAST	2018 FORECAST	2019 FORECAST
Mean	108.71	99.49	55.43	57.97	64.23	70.12	69.68

- Based on 48 analysts surveyed by Bloomberg LP, as of 12 November 2015
- Prices are in US\$ per barrel, based on ICE prices for Brent crude oil

CATALYST FOR INDUSTRY STRUCTURAL CHANGE

Global

- US\$230 billion of oil and gas M&A in 2015¹
- Includes Shell's US\$79 billion takeover of BG



Australia

- US\$26 billion of oil and gas M&A in 2015²
- Woodside offer for Oil Search
- Santos strategic review and rejection of bid from Scepter
- Origin targets \$800 million of non-core asset sales*

* Sourced from company announcement

1. Source: Bloomberg

2. Source: Bloomberg



Drillsearch

MERGER OF BEACH AND DRILLSEARCH

POSITIONING FOR FUTURE GROWTH
THROUGH A LOGICAL COMBINATION



TRANSACTION HIGHLIGHTS

Structure	<ul style="list-style-type: none">• All-scrip merger with Beach Energy via a scheme of arrangement• Drillsearch shareholders will receive 1.25 Beach shares for each Drillsearch share held
Valuation	<ul style="list-style-type: none">• Values Drillsearch at \$0.83 per share or a market capitalisation of \$384 million<ul style="list-style-type: none">— Premium of 30% to 3-month VWAP¹
Combined group	<ul style="list-style-type: none">• Drillsearch shareholders to own 30%³ of the combined group• Combined group market capitalisation of ~\$1,169 million²
Board and management composition	<ul style="list-style-type: none">• Drillsearch Chairman Jim McKerlie and Director Phil Bainbridge to join Board of combined group; Glenn Davis to continue as Chairman of Beach• Beach Board conducting a search for a CEO, who will be CEO of combined group
Key terms and approvals⁴	<ul style="list-style-type: none">• Approval from Drillsearch shareholders at scheme meeting in late January 2016

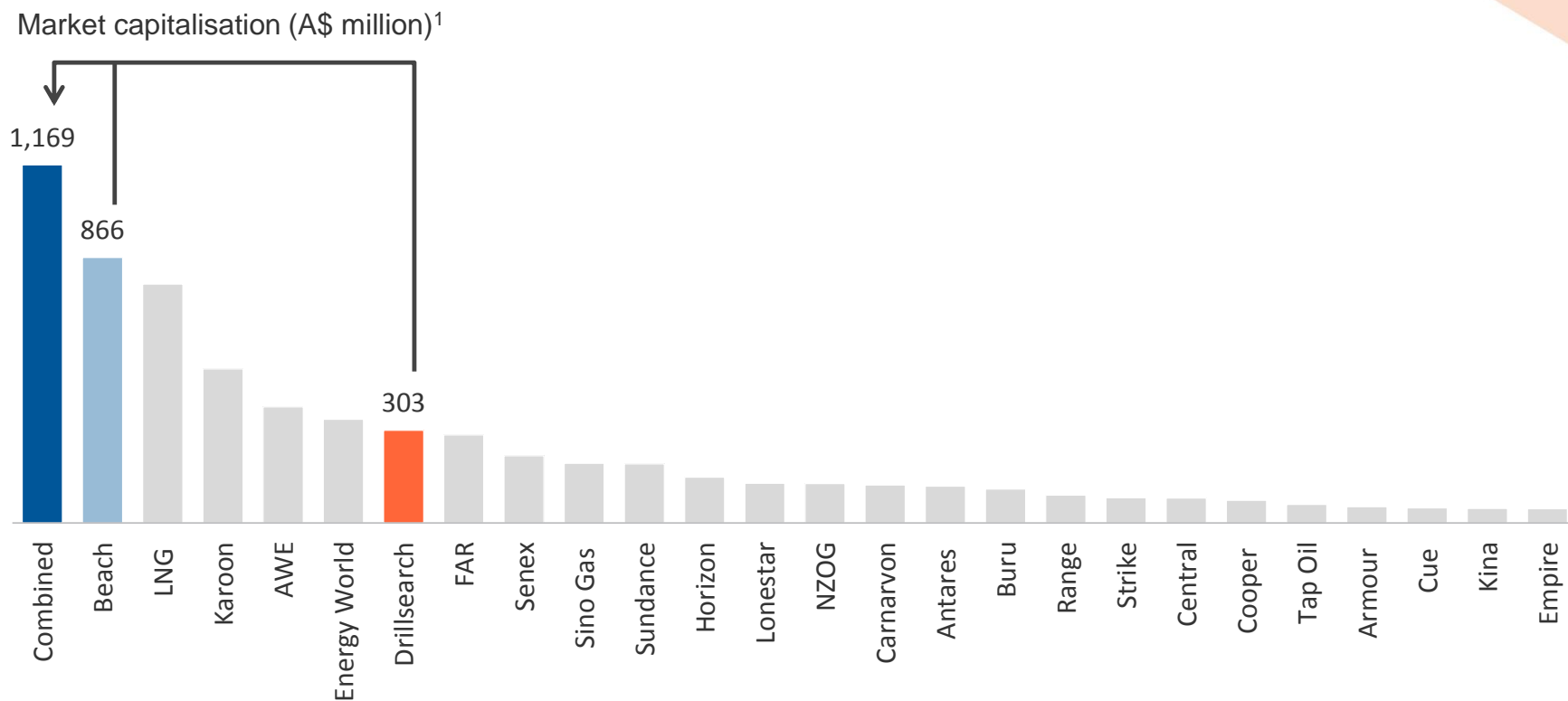
VWAP: volume weighted average price

1. Based on the 3-month VWAP of Beach (A\$0.65) and Drillsearch (A\$0.63) up to and including 22 October 2015, the day prior to announcement of the scheme
2. Based on the closing share price of Beach (A\$0.665) and Drillsearch (A\$0.655) shares as at 22 October 2015, the day prior to announcement of the scheme
3. Assumes all options are acquired for cash, all performance rights vest and no conversion of Convertible Notes; Beach currently holds 21,053,615 Drillsearch shares (~4.56%)
4. Full conditions contained in the Merger Implementation Agreement, a copy of which has been released to the ASX on 23 October 2015

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TAKING DRILLSEARCH TO THE NEXT LEVEL

Enhanced scale with capacity to pursue organic and inorganic growth options



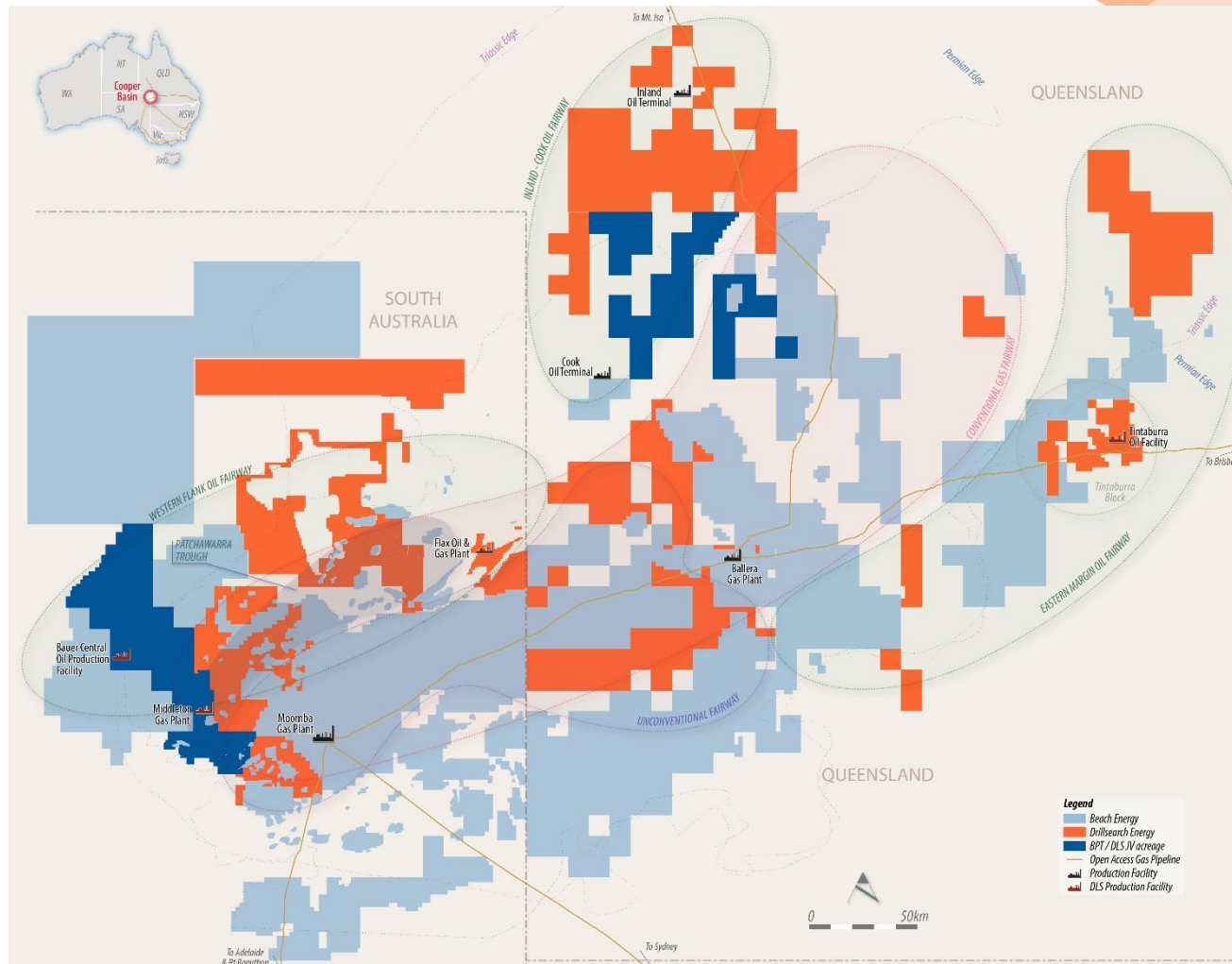
Source: IRESS 22 October 2015

1. Market capitalisation based on last closing share prices as at 22 October 2015, the last trading day prior to announcement of the scheme

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COOPER BASIN AT THE CORE FOR BOTH COMPANIES

Combined interests in permits covering ~69,000 km²

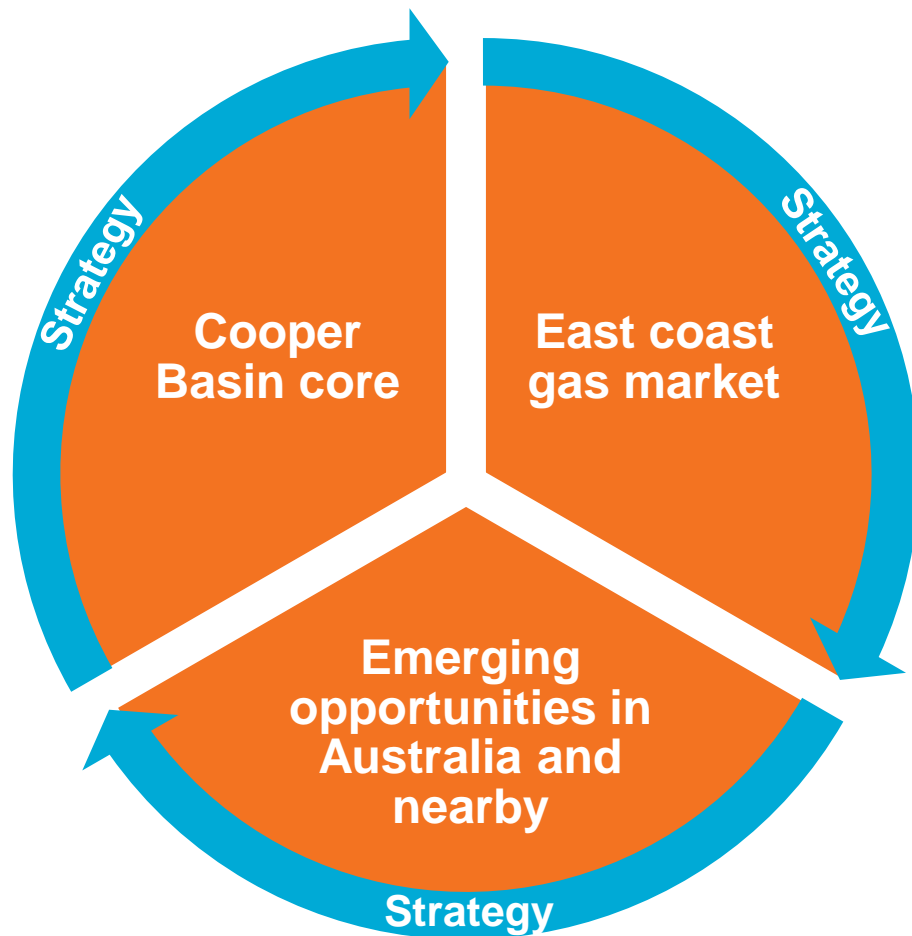


THE ADVANTAGE OF SIZE

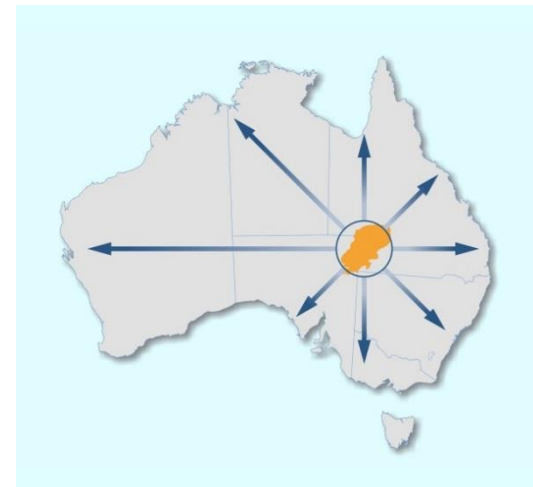
- We will become a much larger organisation and be able to pursue growth from a position of strength
- Our aggregated earnings and cash flows will increase our borrowing capacity
- We will be better positioned to fund our operations and exploration program
- Size counts especially in these challenging market conditions
- Our value proposition to investors will be more enticing
- Better liquidity, potential re-rating, dividend potential, being included in various indices

TWO COMPANIES ALIGNED ON STRATEGY

Underpinned by similar values and approach, and a history of successful partnership



Cooper Basin core provides platform to consider the emerging opportunity set created by the weakness in oil prices



MERGER BENEFITS

Creating the leading ASX-listed oil and gas mid-cap



Primed to pursue growth opportunities

Creating a business based on expertise and a track record of growth
Balance sheet strength allowing new opportunities to be pursued
A clear strategy and the ability to execute



Significant benefits for both sets of shareholders

Both shareholders retain exposure to existing portfolios and gain new opportunities
Potential value accretion for both sets of shareholders as synergies are realised
Greater relevance for investors and potential for improved liquidity, re-rating and dividends



Synergies from two complementary businesses

Strategies aligned around a Cooper focus, East Coast Gas and nearby Australia
Existing shared values and a track record of joint venture success



Australia's largest onshore oil producer

Premier Western Flank position, strong exposure over rest of Cooper Basin
Potential to generate greater efficiencies in the Cooper Basin



Set for East Coast gas market opportunity

4.8 MMboe gas and gas liquids production in FY2015¹
Infrastructure, existing production, new Cooper discoveries plus Otway

1. Combined Beach and Drillsearch production in FY2015

INTEGRATION PLANS

Ensuring a seamless transition

- Recruitment process for a Beach CEO well underway
- Merger Integration Group to manage:
 - Internal and external communications
 - Delivering a plan for integration that takes into account:
 - Capital management strategy
 - Human resourcing requirements
 - Systems, processes and information technology
 - Familiarisation, assimilation and culture
 - Assessment of strategic opportunities arising prior to integration
 - Work on integration planning has commenced

INDICATIVE TIMETABLE

Event	Date
First Court Date	Mid-December 2015
Despatch Explanatory Booklet to Drillsearch shareholders and lodge with ASX	Mid-December 2015
Drillsearch shareholder meeting to vote on the scheme	Late January 2016
Second Court Date	Mid-February 2016
Scheme Effective Date	Mid-February 2016
Record Date	Late February 2016
Implementation Date	Late February 2016

ON BEHALF OF THE BOARD OF DIRECTORS

Thank You

Shareholders
Fellow Directors
Chief Executive
Executives
Team
Joint venture partners
Advisers
Suppliers

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