



## **The Cooper Basin's leading mid-tier Oil & Gas explorer**

*Delivering Transformational Growth*

Investor Presentation

September 2010

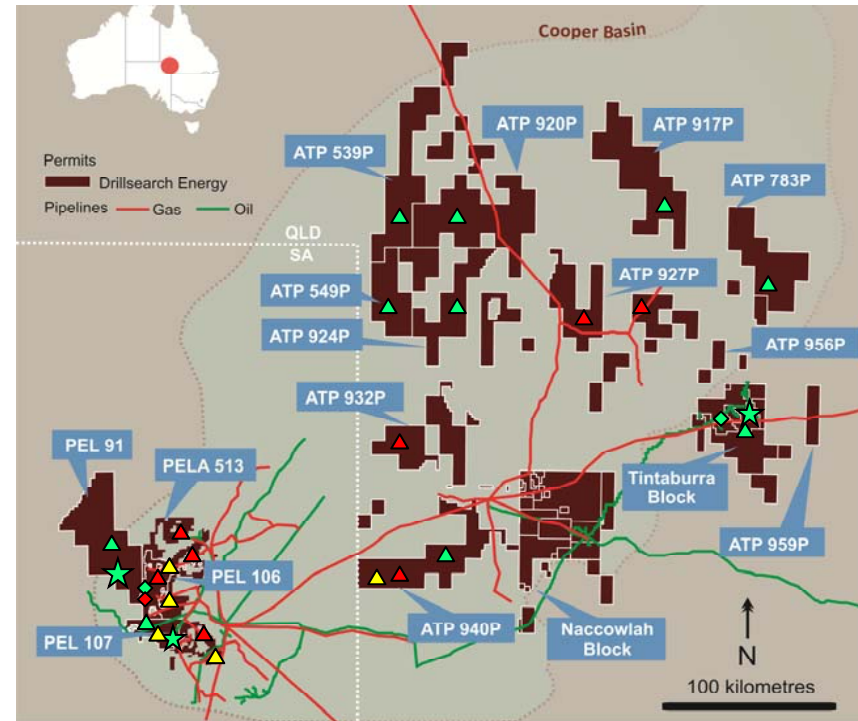
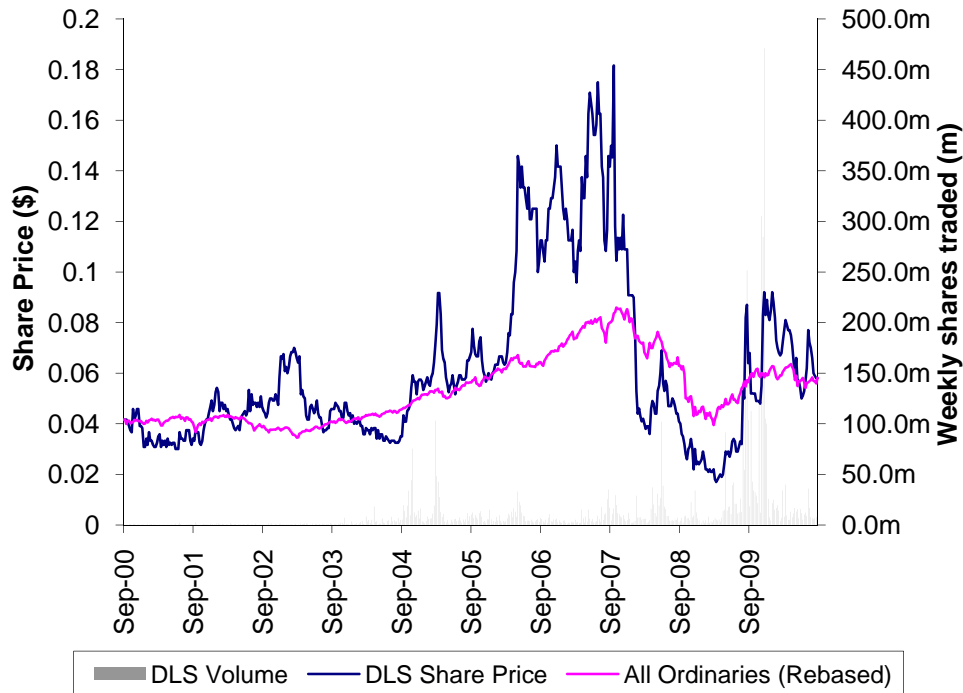
# Drillsearch – the story

For investors Drillsearch represents ...

- Material Cooper Basin footprint
- Control of our own destiny
- Existing production
- Highly prospective portfolio
- Ready access to markets/infrastructure
- Huge Unconventional Resource opportunity



# Company Snapshot – Strong Growth Pipeline



Share Price  
7 Sept 2010

**6.4 cents**

FY 2010  
Production Revenues

**A\$9.57m**

30 June 2010  
2P Oil Reserves

**4.1 MMBOE +185%**

FY 2010  
EBITDAX

**(A\$5.86m)**

Market Cap  
3 Sept 2010

**A\$130m**

Cash & Receivables  
30 June 2010

**A\$8.1m No debt**

FY 2010  
Exploration Success

**80%**

FY 2010  
Production BOPD

**430**

Activity

Exploration

Development

Production

Hydrocarbon Type

Oil

Gas

Unconventional

**Drillsearch**

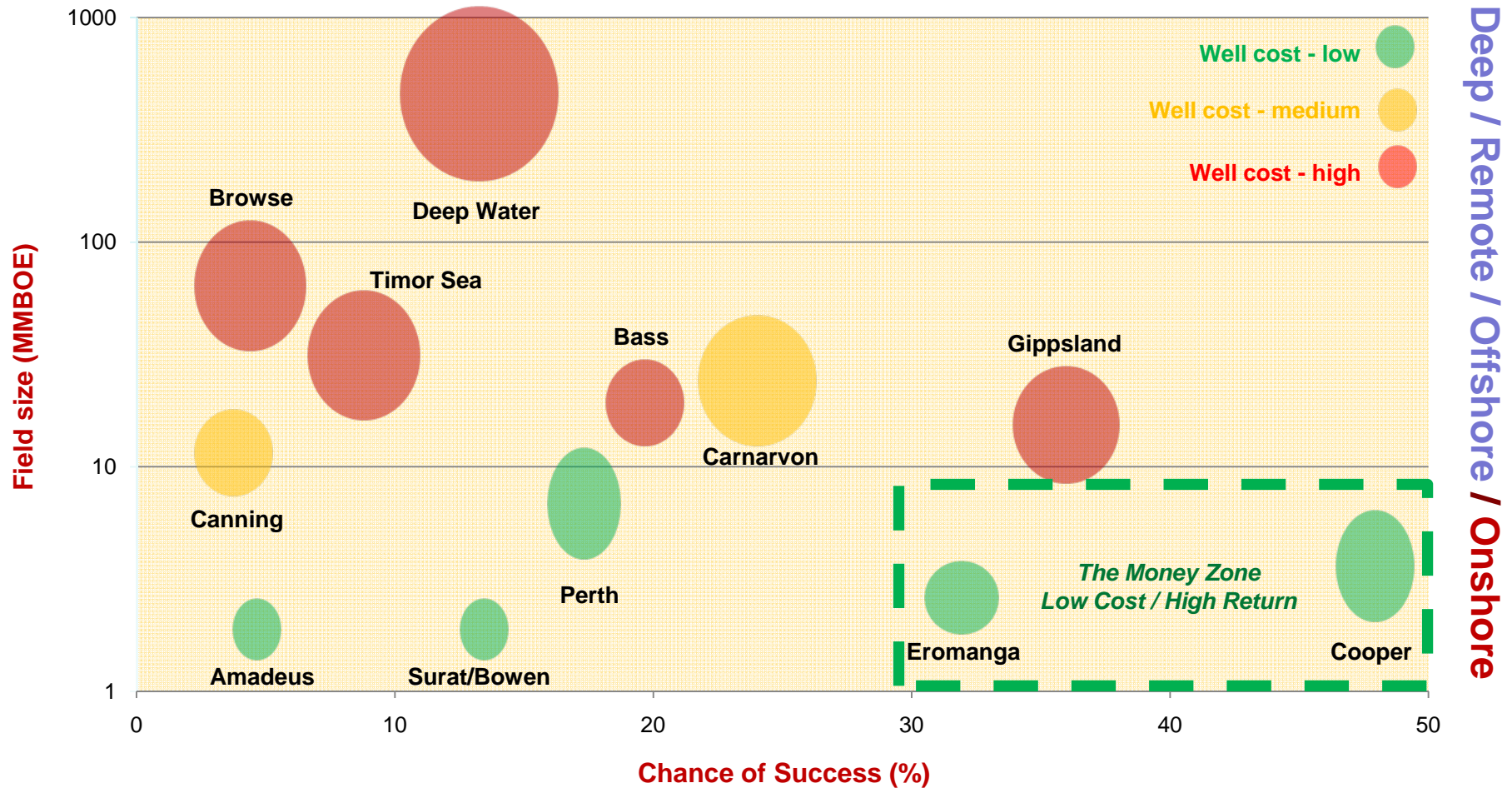
# Our past year – Delivering on promises

- **Implemented strategic plan**
- **Enhanced asset portfolio**
- **Built on internal capabilities**
- **Exploration success**
- **Booked significant uplift in reserves/resources**

# Why the Cooper Basin? Reasons to invest!

- **Underexplored**
- **High exploration success rates**
- **Low cost / High profit**
- **Short cycle time to first cash flow**
- **Ready access to key services, contractors, infrastructure & end markets**

# How the Cooper Basin stacks up



Source: 3D Oil Limited Investor Presentation April 2010

**Drillsearch**

# Our four businesses – How we do it

The Business Pipeline	Core Assets	The Business Make-up
<p><b>New Oil</b></p>	<ul style="list-style-type: none"> <li>• Western Flank Oil Fairway</li> </ul>	<ul style="list-style-type: none"> <li>• Greenfield exploration</li> <li>• High profit oil targeting shallow oil pools</li> <li>• Development of discovered but undeveloped oil</li> </ul>
<p><b>Wet Gas</b></p>	<ul style="list-style-type: none"> <li>• Western Cooper Gas &amp; Liquids Project</li> </ul>	<ul style="list-style-type: none"> <li>• Developing existing &amp; new gas discoveries</li> <li>• Focus on high profit light oil/condensate</li> </ul>
<p><b>Mature Oil</b></p>	<ul style="list-style-type: none"> <li>• Tintaburra Block</li> </ul>	<ul style="list-style-type: none"> <li>• Non-operated long-term oil production</li> <li>• Significant production expected for 5-10 yrs</li> </ul>
<p><b>Unconventional</b></p>	<ul style="list-style-type: none"> <li>• Western Cooper Deep CSG Project</li> <li>• Central Cooper Shale Gas Project</li> </ul>	<ul style="list-style-type: none"> <li>• Evaluate discovered deep coal seam, shale &amp; tight gas</li> <li>• Targeting commercializing already discovered gas from tight reservoirs</li> </ul>

# Our management



**Brad Lingo – Managing Director**  
>25 years of Oil & Gas experience



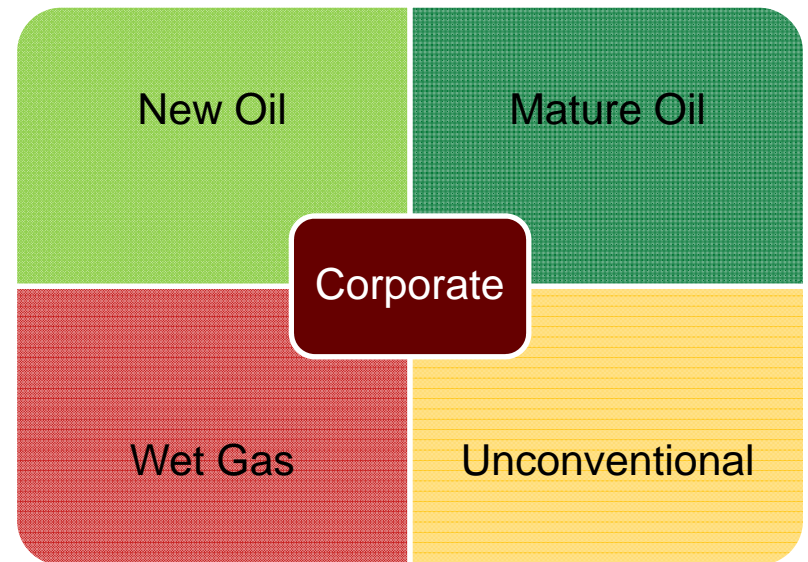
**John Whaley – Chief Commercial Officer**  
15 years Energy Sector experience  
Wet Gas & Unconventional Business leads



**David Evans – Chief Technical Officer**  
25 years of Oil & Gas experience  
New Oil & Mature Oil Business leads



**Ian Bucknell – Chief Financial Officer**  
15 years of Oil & Gas experience  
Provides corporate support to each business



# Our new oil business

## Major position in Western Flank Oil Fairway

- PEL 91 – DLS (60%) / Beach (40%-operator)
- 22mmbbls (DLS Net) Total Mean Unrisked Prospective Resource

## Chiton-1 oil discovery in production

- Facilities to handle up to 1000 BOPD
- First oil achieved February 2010
- Production now resuming

## Extensive exploration pipeline

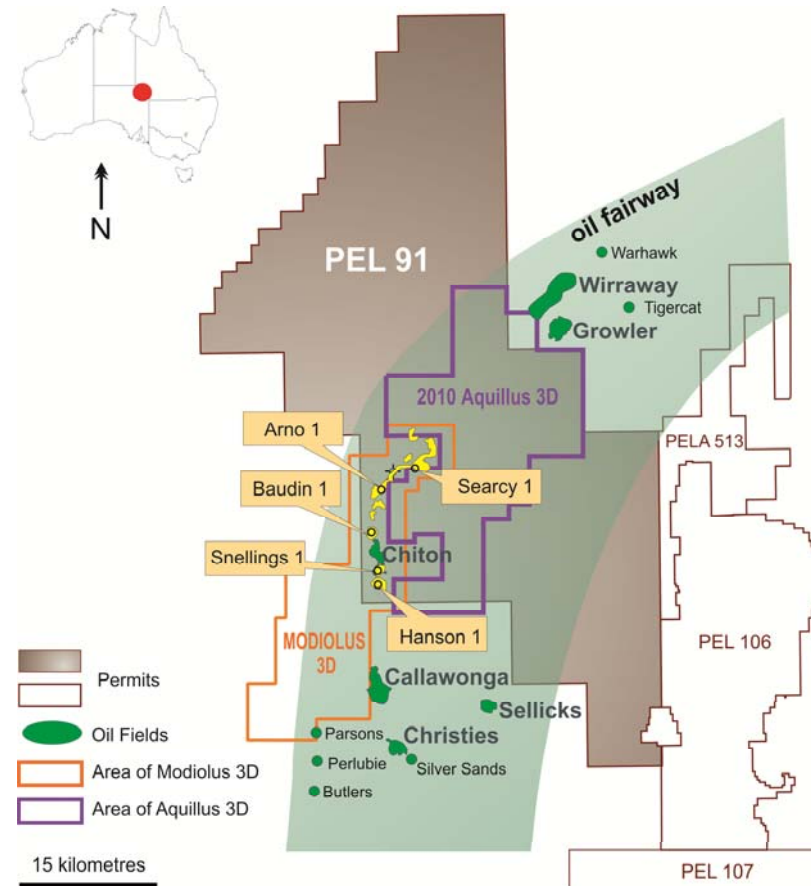
- Over 50 new oil prospects / 12 prospects 3D defined
- 27 prospects >500,000 bbls (Unrisked Mean)
- New Birkhead Channel Oil play discovered with Marino-1

## Extensive 3D & 2D seismic coverage

- 100% drilling success rate on 3D
- Expanding 3D coverage (430km<sup>2</sup>) to cover 23 new prospects

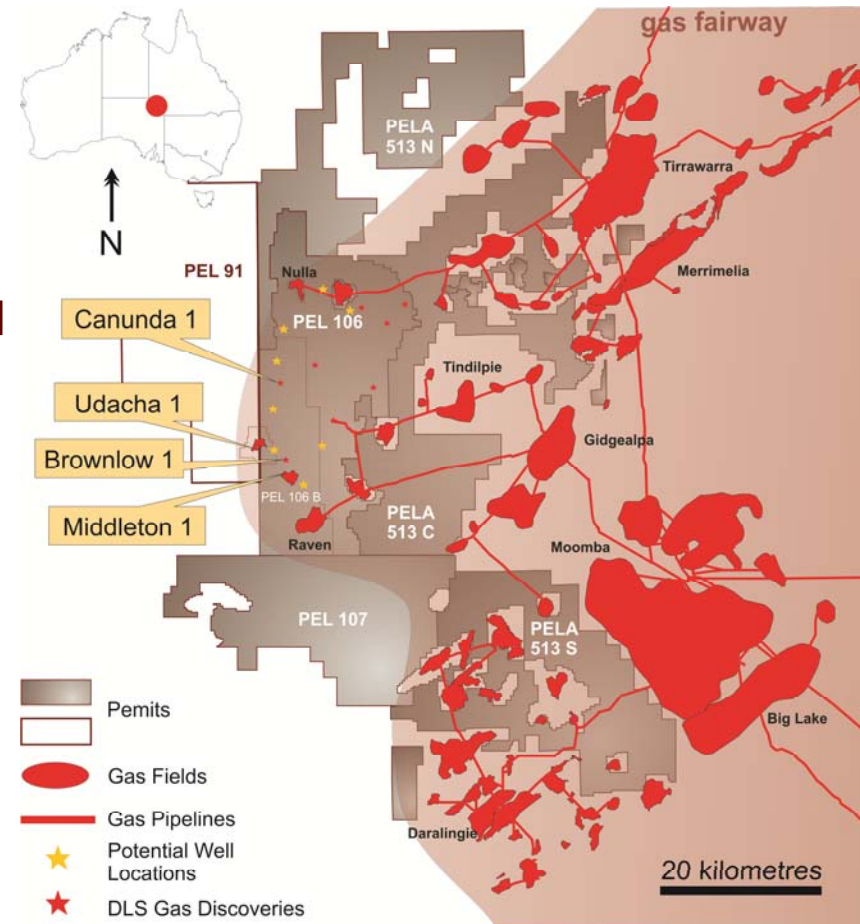
## 5 well exploration programme announced

- Targeting up to 7.5 (High) mmbbls unrisked prospective resources



# Our wet gas business

- **DLS (100%)** — except Beach Farm-in Area (50%)
- **10 gas/condensate discoveries**
- **4 discoveries declared commercial**
- **Gross 2P reserves of 5.6 MMBOE booked**
- **DLS net 2.6 MMBOE / 1.0 MMBOE liquids**
- **High liquids content = profitability**
- **Multiple commercialisation options**
- **Major liquids discovery at Canunda**
- **Close to existing gas infrastructure**
- **Significant exploration upside**
- **Planning significant drilling programme**



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# Canunda – Exciting New Liquids Discovery

## Delivering 2P Reserves of 2.5 MMBOE

- Major liquids discovery (62 API)
- 2P Liquids reserves alone = 1.2 MMbbls
- DLS share = 3.0 MMBOE / 600,000 bbls liquids

## Currently under extended production test

- Over 2500 BOPD already produced over 10 days

## JV currently working to estimate reserves

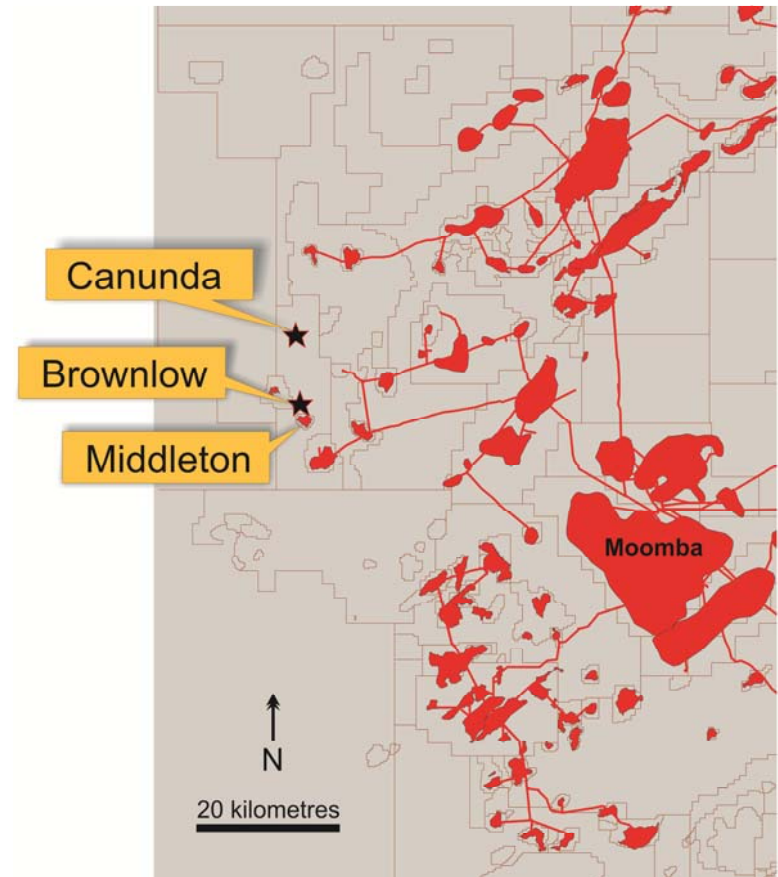
- Upper pay zone could cover over 5.5 km<sup>2</sup>

## Extended Production Test

- Planned to continue for several weeks producing 18,000 bbls condensate with expected \$1.1m in revenue to JV

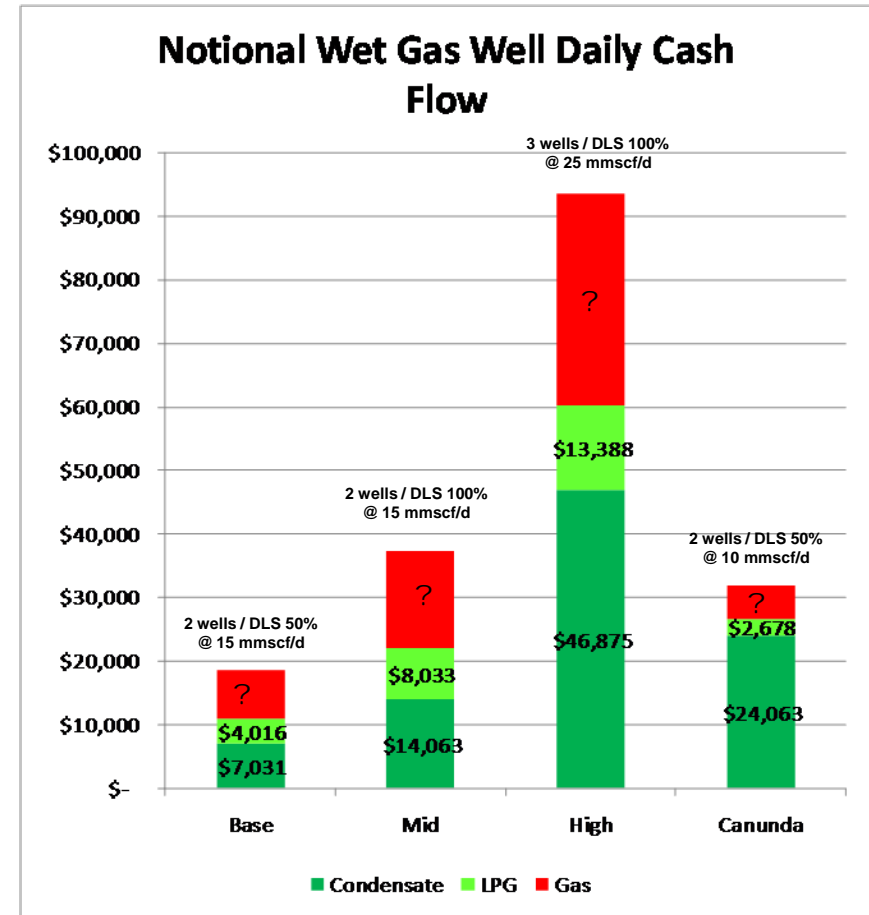
## Next steps

- JV assessing potential appraisal well drilling locations



# Wet Gas value stream – liquids cash flows

- Discovery contains 30-40 bbls (BOE) of condensate & LPG per mmscf raw gas
- Wet Gas wells produce 5-12 mmscf/day on a sustained basis
- Typical 2-3 well development can produce up to \$60k in liquids net revenue per day
- Annual net revenue potential of a 2-3 well development \$3 million net to DLS @ 50%
- 2P/2C reserve & resource estimates can sustain over 10-years production
- Already delineated 50 follow-up 3D defined development, appraisal & NFE drilling locations



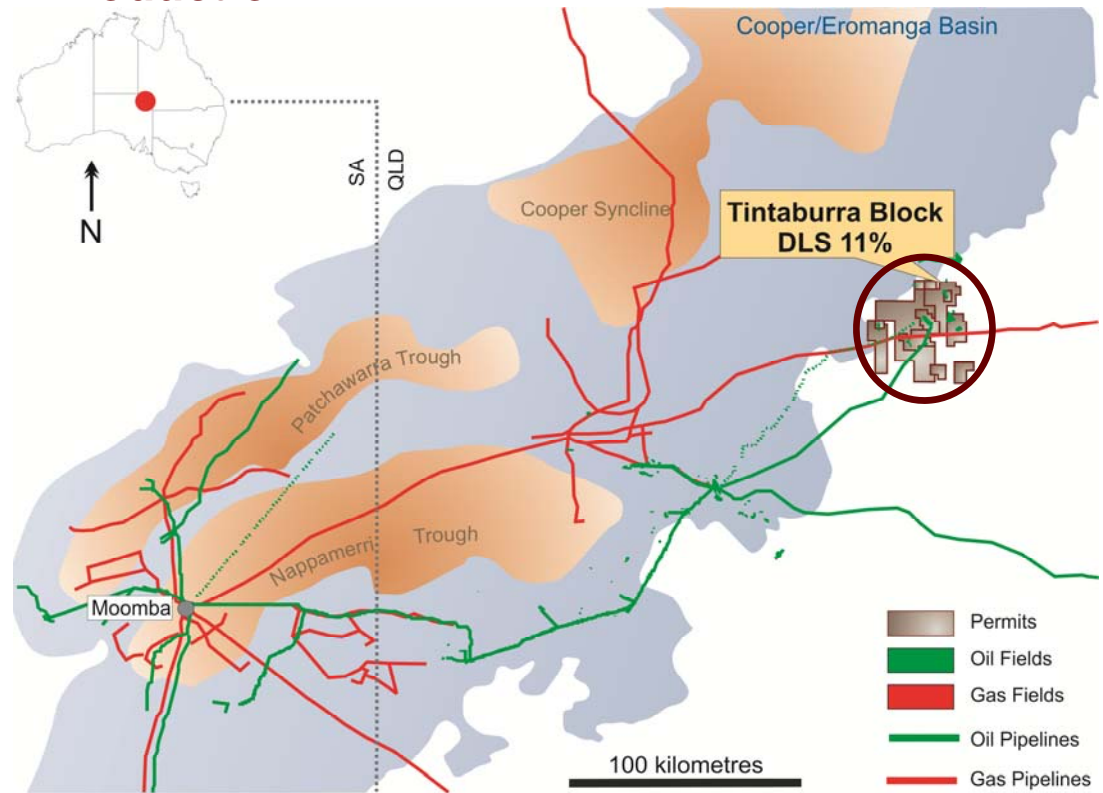
# Our mature oil business

## Tintaburra Block – DLS Core Oil Production

- 7.1 mmbbls 2P reserves (100% - 30 June 2010)
- Primary production asset
- 11 producing fields
- No drilling planned through 2011
- Profitability improving

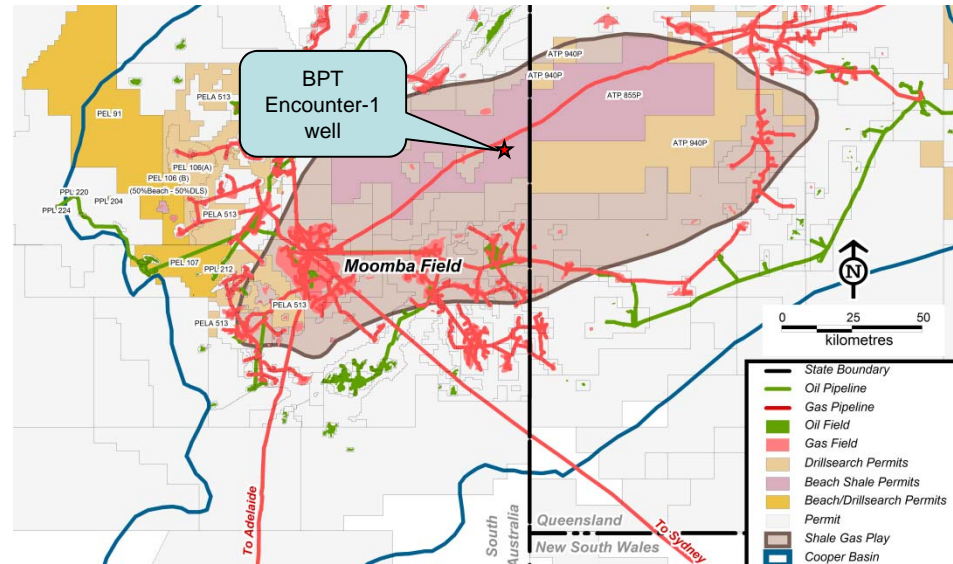
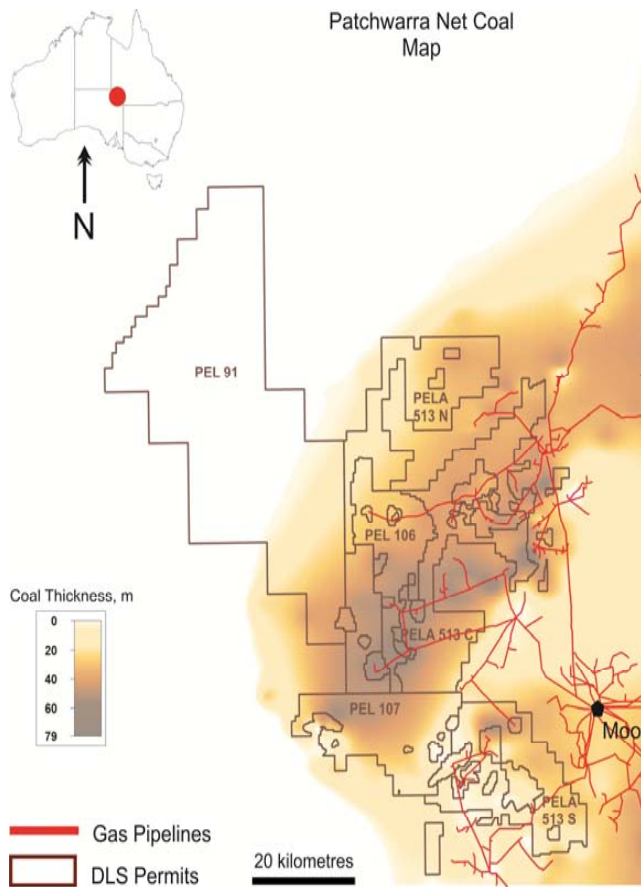
### Mature Oil Production (FY 2010)

- 431 BOPD (including Canada)
- 260 BOPD (Australia only)
- Total Revenues = A\$9.6m
- Avg Production Cost = A\$30/bbl



# Our unconventional business

## Western Cooper Unconventional Deep Coal Seam Gas



## Large positions in 2 resource plays

- Tight gas, deep CSG, shale gas & significant tight oil potential

## Western Cooper Deep CSG/Tight Gas Play

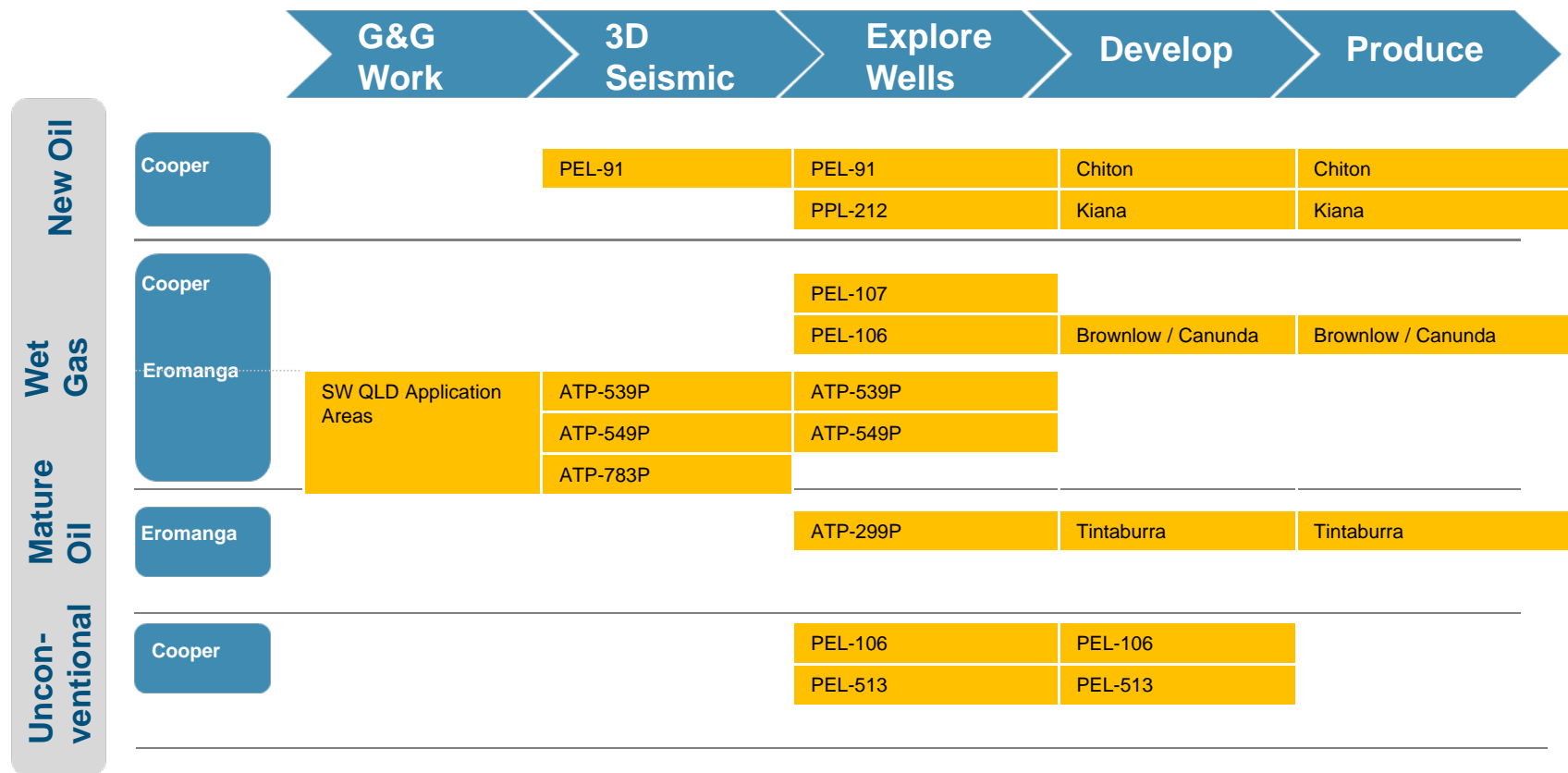
- DLS position covers 2500 km<sup>2</sup> / 50-100% working interest
- 10-20 TCF recoverable Prospective Resource defined

## Central Cooper Shale Gas Play

- 100% DLS 2800 km<sup>2</sup> position in heart of Nappamerri Trough

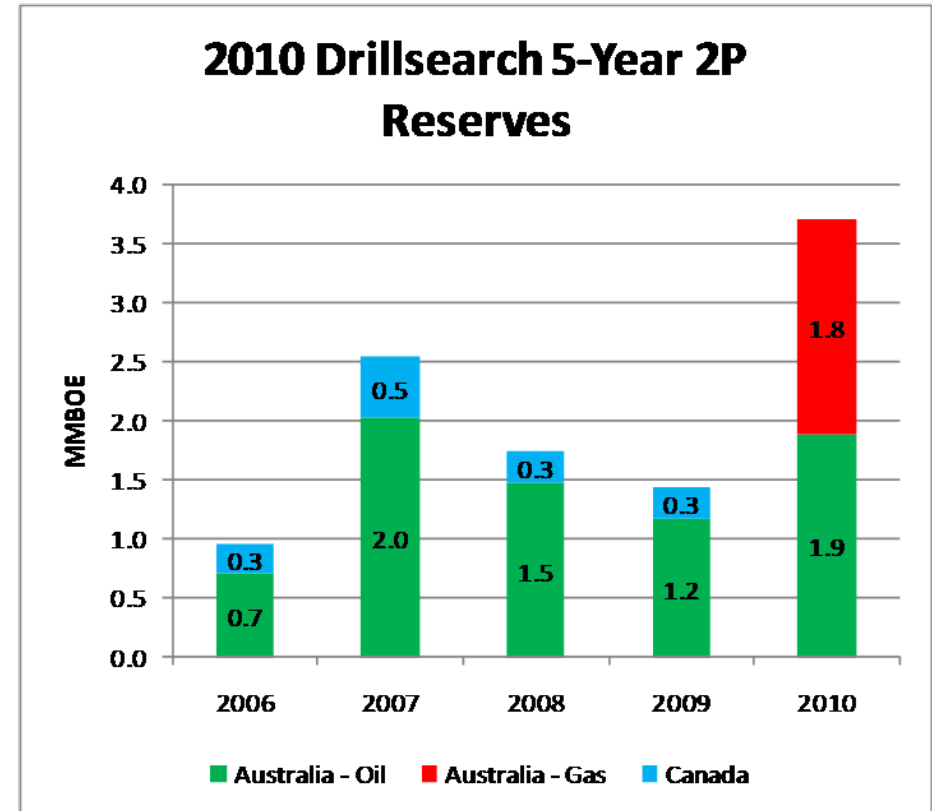
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# Our forward program



# Delivering results – new discoveries & reserves growth

- Re-invigorated Company growth
- 185% Yr-on-Yr 2P reserve growth
- 60% Yr-on-Yr 2P liquids reserve growth
- Strong focus on high profit oil
- Focus on core Cooper Basin reserves
- Growth driven by technical rigor
- Our eye is always on commerciality
- Reserve growth to fuel revenue growth
- Significant Contingent Resource pipeline



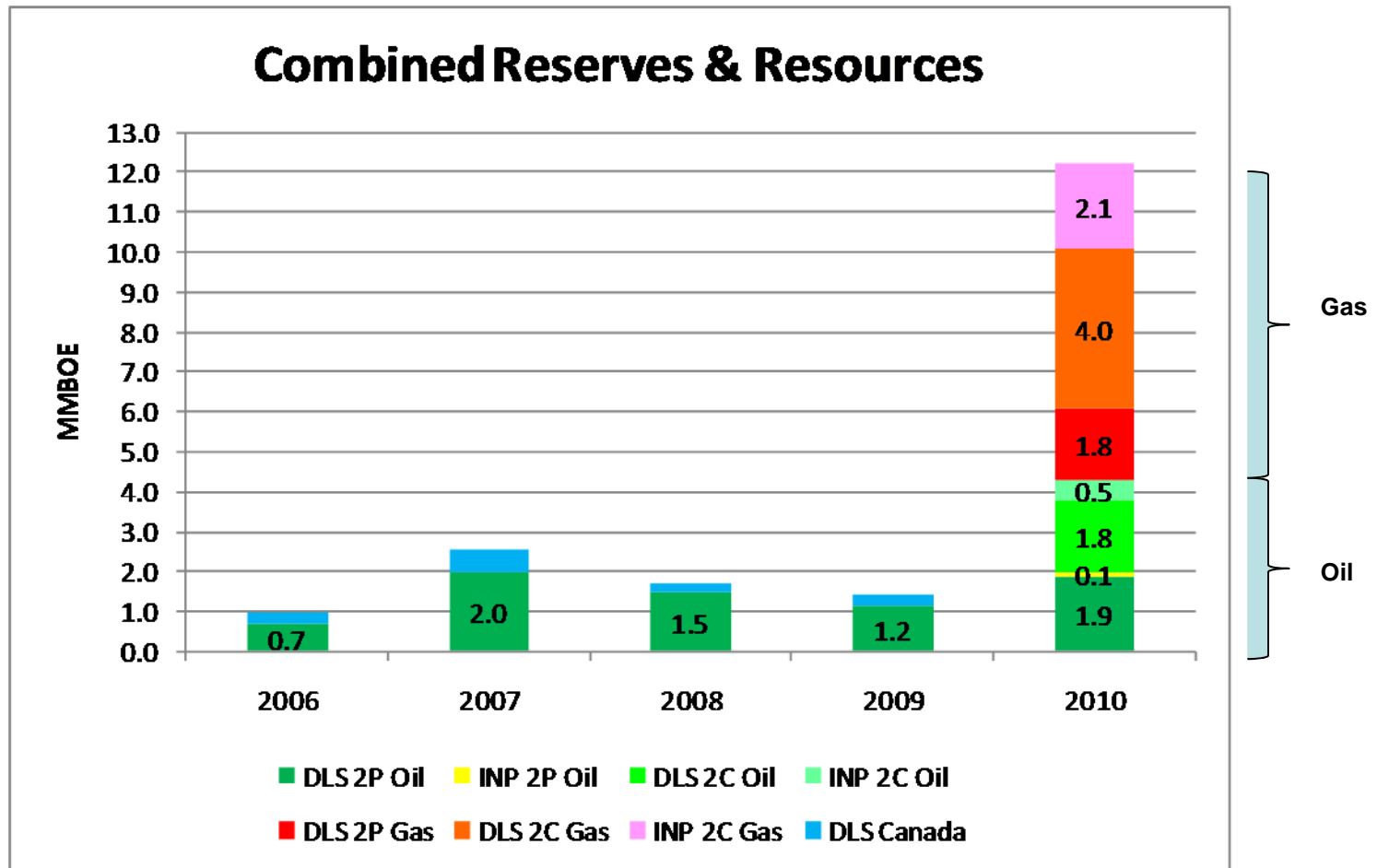
# Transactional growth – Innamincka (INP) merger

<b>Proposal</b>	<ul style="list-style-type: none"><li>• INP to merge with DLS via a scheme of arrangement</li></ul>
<b>Offer Terms</b>	<ul style="list-style-type: none"><li>• 2.5 Drillsearch shares for each Innamincka share</li></ul>
<b>Other</b>	<ul style="list-style-type: none"><li>• Unanimously recommended by INP board in the absence of a superior proposal</li></ul>
<b>Key Conditions</b>	<ul style="list-style-type: none"><li>• INP Shareholder &amp; court approval</li><li>• No material adverse change</li><li>• Mutual break fees</li></ul>

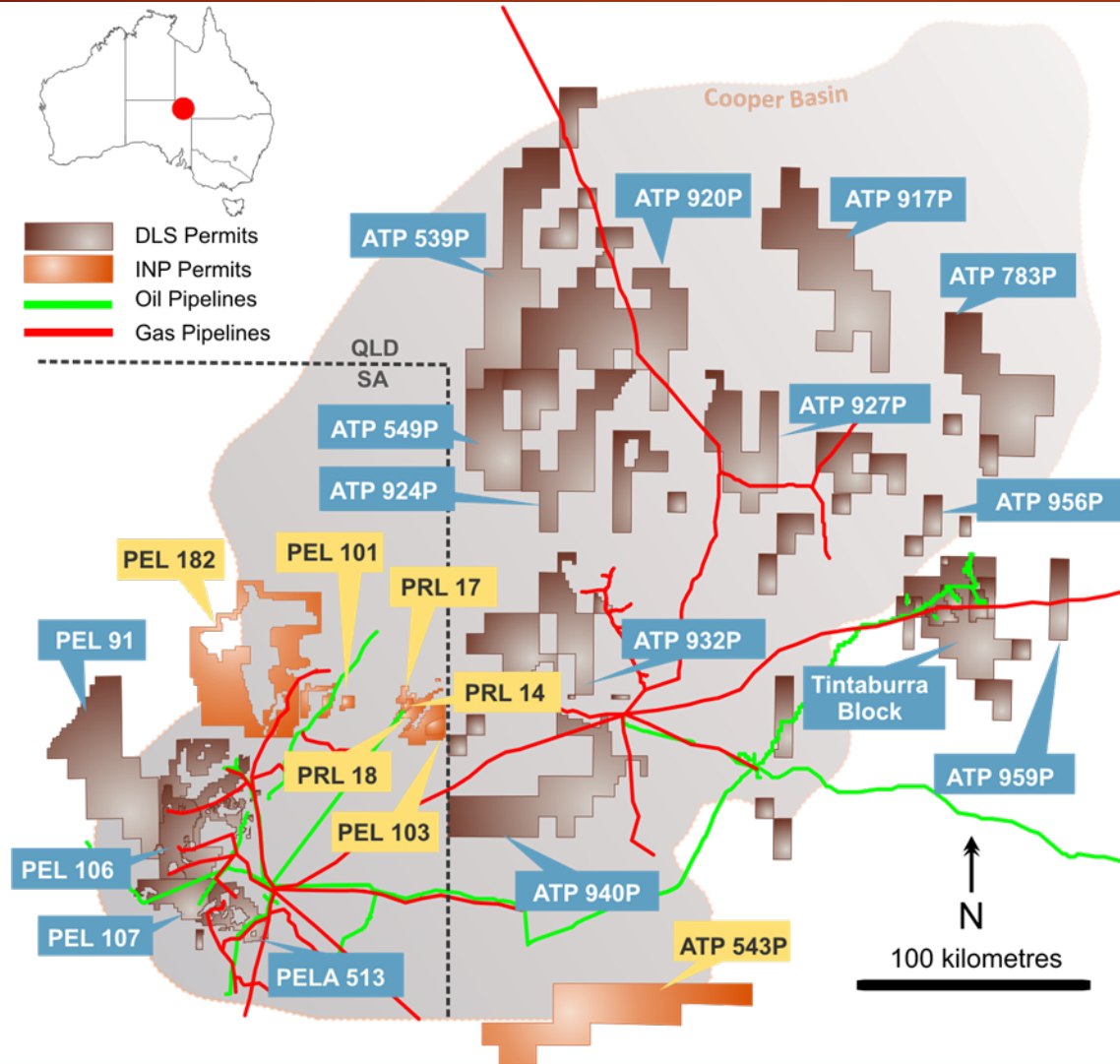
# Innamincka Merger– The Strategic Rationale

<b>Enhanced scale &amp; diversification</b>	<ul style="list-style-type: none"><li>• Material uplift in Reserves &amp; Resources</li><li>• Increases Cooper footprint</li><li>• Expanded position in Western Flank Oil</li></ul>
<b>Resource opportunity</b>	<ul style="list-style-type: none"><li>• Opportunity to unlock large tight oil play</li></ul>
<b>Production operating capability</b>	<ul style="list-style-type: none"><li>• Adds experienced field operating capability to DLS</li><li>• Provides the platform to increase production</li></ul>
<b>Improved funding capacity</b>	<ul style="list-style-type: none"><li>• Adds net cash balance and production</li><li>• Strengthens balance sheet</li></ul>

# Delivering results – Combined Reserve & Resources



# Innamincka Merger– The Post Merger Footprint



# Innamincka Merger– A fair price



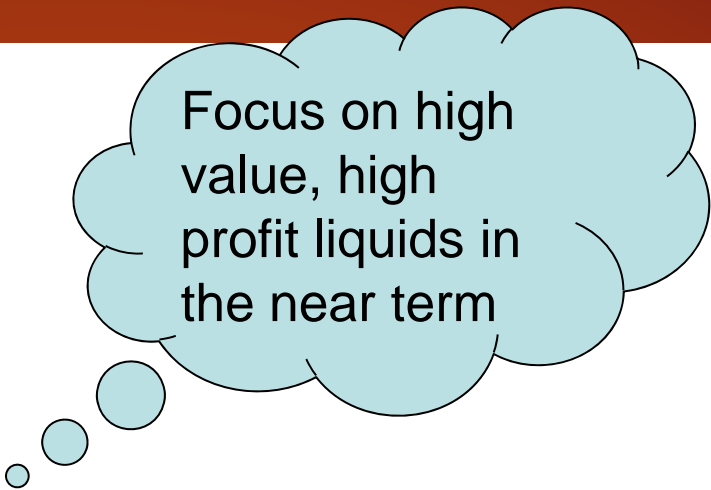
*“We are uniquely positioned to unlock the hidden value in INP”*

# Innamincka Merger– Timetable

<b>8 September 2010</b>	<ul style="list-style-type: none"><li>• Announcement</li></ul>
<b>19 October 2010</b>	<ul style="list-style-type: none"><li>• Scheme booklet lodged with ASIC</li></ul>
<b>5 November 2010</b>	<ul style="list-style-type: none"><li>• First Court Hearing Date to approve scheme documentation and convene Scheme Meeting</li></ul>
<b>10 November 2010</b>	<ul style="list-style-type: none"><li>• Scheme documentation (including Independent Expert's Report) sent to Innamincka shareholders</li></ul>
<b>13 December 2010</b>	<ul style="list-style-type: none"><li>• Scheme Meeting</li></ul>
<b>16 December 2010</b>	<ul style="list-style-type: none"><li>• Second Court Hearing Date</li></ul>
<b>31 December 2010</b>	<ul style="list-style-type: none"><li>• Implementation Date</li></ul>

# Our key messages

- **People, Projects & Plan**
- **Unique acreage position**
- **Organic Growth**
  - **High profit New Oil**
  - **Wet Gas & Liquids Development**
  - **Emerging Unconventional Gas Resources**
- **Transactional Growth**
  - **Innamincka merger**



Focus on high value, high profit liquids in the near term

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