



---

---

## Annual General Meeting

28 November 2008

Peter Simpson (Chairman)

---

---



# Agenda

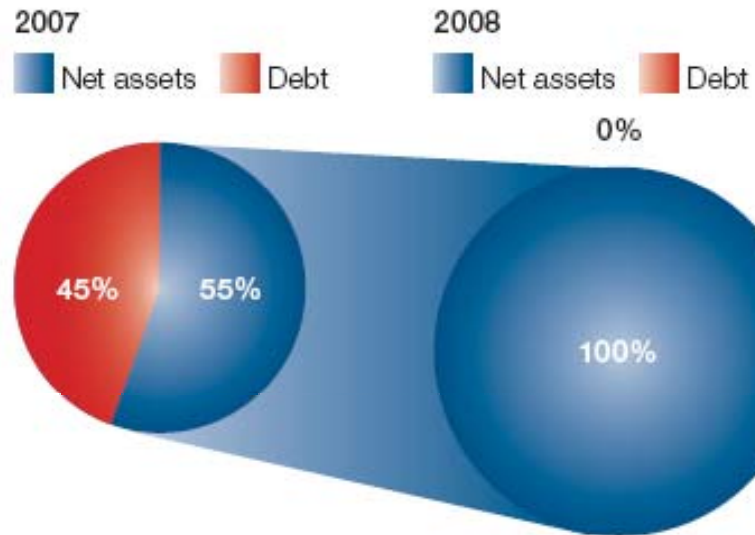
- Welcome and Chairman's address
- Notice of Meeting
  - Annual Financial Report
  - Remuneration Report
  - Resignation and election of Auditors
  - Election of Directors (P Simpson, R Langusch, J McKerlie and P Wicks)
  - New Constitution
  - Grant of options to Directors and Executives (D Williams, P Simpson, R Langusch, J McKerlie, P Wicks and C Carty)
- Closure of meeting
- Managing Director's presentation
- Chief Operating Officer's presentation
- Morning tea

# Chairman's address

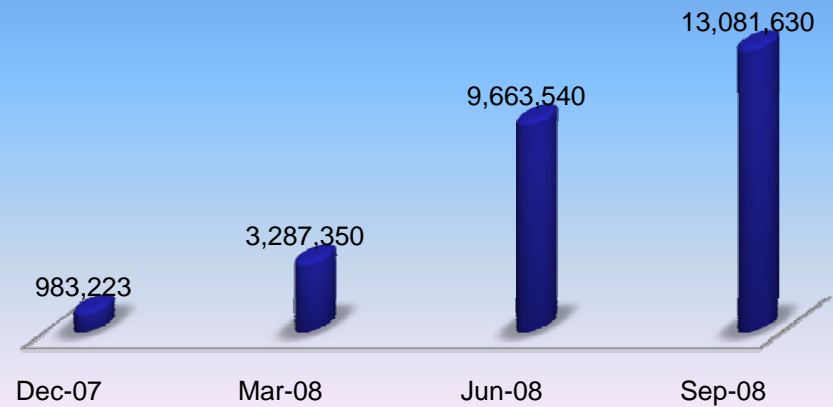
- Market has had a rocky 12 months
- Everyone has been affected, particularly small cap companies
- Trading volumes are low and small volumes have been able to influence the price
- DLS essentially no worse off than others in our space
- However we are better placed than many to go forward and survive the Global Financial Crisis



# Chairman's address (cont)



## Quarterly DLS Cash Balance (DLS only)



## Chairman's address (cont)

- Company has worked on its cash and debt position
- Consolidated\* at 30 June 2007:
  - Cash balance: A\$2.7M
  - Outstanding debt: A\$28M
    - Creditors - A\$7.7M
    - Loans - A\$20.2M
  - **Net cash:** **(A\$25.3M)**
- Consolidated\* at 30 June 2008:
  - Cash balance: A\$11.9M
  - Outstanding debt: A\$3.3M
    - Creditors - A\$3.3M
    - Loans – Nil
  - **Net cash:** **A\$8.6M**

\* Consolidated figures in Annual Report and Pre Great Artesian merger

## Chairman's address (cont)

- Acquisitions and growing the Company:
  - Additional 1% interest in Tintaburra (ATP 299)
    - Provides additional production of 12,483 bbls pa (based on 2007/2008 production) and additional 2P reserves of 121,000 bbls (based on reserves as at 31.12.2007)
  - Increased interest in Circumpacific Energy Corporation (TSX.V:CER) from 62.6% to 79.5%
    - Provides additional production of approx 14,600 boe pa (based on 2007/2008 production) and additional 2P reserves of approx 79,700 boe (based on reserves as at 30.6.2007)
  - Merger with Great Artesian Oil and Gas Limited (formerly ASX:GOG) signed 17 April 2008 and implemented 12 August 2008

# Chairman's address (cont)

- Merger initiatives:

Deliverable	Achieved
Maintain core production and development assets	✓
Farm out work but maintain significant equity	✓
Expand role as operator	○
Continue gas commercialisation plan	✓
Undertake further M & A opportunities	○
Rationalise non-core assets	✓
Broaden development pipeline of assets	○
Restructure board of directors	✓
Consolidate businesses	✓

# Chairman's address (cont)

- New Board and Management Team
  - Board now comprises:
    - Peter Simpson (previously Chairman of Drillsearch)
    - David Williams (previously Managing Director of Great Artesian)
    - Russell Langusch (new, with oil & gas industry background)
    - Jim McKerlie (previously Director of Great Artesian)
    - Peter Wicks (previously Director of Drillsearch)
  - Balanced Board with mix of expertise and independence
  - Thanks to old Boards of Drillsearch and Great Artesian for smooth transition with merger
  - Management team with depth of experience and skills:
    - David Williams (Managing Director)
    - Chris Carty (Chief Operating Officer)
    - Ian Bucknell (Chief Financial Officer & Company Secretary)
    - Elizabeth Petrie (Senior Geologist)
    - Support staff and consultants

# Chairman's address (cont)

- Strategic direction:
  - Board is continuing to drive towards achieving the strategic vision of increasing shareholder value by becoming a successful and sustainable Australasian mid tier oil and gas producer and explorer.
  - However, also looking to preserve cash while we wait for these difficult global economic times to settle down.
  - Will continue to look for opportunities to grow the Company where they add shareholder value

# 23<sup>rd</sup> Annual General Meeting

