



Thank you Mr. Chairman

I would also like to thank all of our shareholder in attendance for braving the weather today.

I think you will find this report on our performance for the past year and the road ahead for the company very exciting.

Delivering Performance 2
Investor presentation

FY 2011 has been a year of delivering performance

Oil	Expanded and accelerated oil exploration program with multiple new discoveries
Wet Gas	Commercialised first wet gas discoveries
Unconventional	QCG farmin provides funding got three year work program
Financial	Secured investment necessary to grow each core business moving to a sustainable cash flow generator

FY 2012 plan to increase reserves, production and cash flow

Drillsearch

The past financial year has been a year of delivering performance broadly across each of our growth platforms

- Our Western Flank Conventional Oil has delivered exceptional exploration success with multiple discoveries
- We are well on the way to commencing production from the first two of our wet gas discoveries with production imminent
- We are well down the track to accelerating our very exciting shale gas exploration program have formed a joint venture with QGC and secured a commercialization pathway for this potentially world scale resource
- We have also been able to attract and secure the necessary investor support to grow each of our core businesses to become a sustainable cash flow generator

Our very clear objective for the 2012 financial year is to increase our reserves, increase our production and increase our cash flow

Oil	<ul style="list-style-type: none"> ▪ Focus on maintaining positive cash flow ▪ Divest non-performing assets ▪ Focus on delivering Chiton development and first oil ▪ Accelerate Western Flank Oil Fairway exploration ▪ Drill two new oil exploration wells in Modiolus 3D ▪ Acquire 400km² 3D over main prospect fairway
Wet Gas	<ul style="list-style-type: none"> ▪ Extended production test Brownlow & Canunda discoveries ▪ Complete and test Paprika & Cadenza discoveries ▪ Prove up additional wet gas resources in PEL 106 ▪ Drill new wet gas exploration and appraisal wells ▪ Progress pilot project
Unconventional	<ul style="list-style-type: none"> ▪ Continue resource assessment ▪ Design coring program in conjunction with Wet Gas Project
Portfolio Rationalisation	<ul style="list-style-type: none"> ▪ Initiate divestiture or farmout of non-core assets

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I thought it would be valuable to review where we started from and the plans we set out to deliver to shareholders at the 2009 AGM 2-years ago.

This slide is taken from the 2009 AGM Managing Directors Report and in summary set our next steps for each of our businesses

In setting out this forward plan we believed that delivering this plan would deliver strong shareholder value

We also set out this plan so that you as the ultimate owners of the company in endorsing this plan could use it as a bit of a checklist to follow our progress.

Project Activity & Timing		Short Term	Medium Term	Long Term
Oil	Wells	2 - 3	3 - 5	12+
	Other	3D	3D	
Wet Gas	Wells	1 - 2	4 - 6	4+
	Other	Pilot Development		
Unconventional	Wells		Coreholes	Pilot
	Other	Resource Estimation	Resource Maturation	

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In terms of specifics we outlined some very clear plans in terms of drilling and other key activities we were targeting to undertake to deliver value to shareholders

The plan we set out was outlined in this slide from the Managing Directors Report delivered at the 2009 AGM which simply set out our forward plan and activity for our three main businesses

- Conventional Oil
- Wet Gas, and
- Unconventional

Oil	<ul style="list-style-type: none"> ✓ Delivered Chiton Oil Field development ✓ Drilled six new oil exploration wells delivering five new oil discoveries – including Bauer Oil Discovery - one of largest in Western Flank ✓ Delivered 2P oil Reserves increase of 2.6 mmbbls – up 360% ✓ Developing new oil discoveries with production imminent ✓ Turning Western Flank Oil into major positive cash flow generator
Wet Gas	<ul style="list-style-type: none"> ✓ Delivered 2P Reserves increase of 7.5 mmbbls – 877% increase ✓ Completed Wet Gas Pilot Project with production imminent ✓ Commencing 5-well drilling program Dec Q 2011 to prove up Reserves ✓ Turned Wet Gas into positive cash flow generator going forward
Unconventional	<ul style="list-style-type: none"> ✓ Secured BG/QGC \$130 million Shale & Tight Gas JV farmin ✓ Commencing coring program Dec Q 2011 as part of Wet Gas Project
Portfolio Rationalisation	<ul style="list-style-type: none"> ✓ Divested Canada, PNG, Gippsland, Surat Basin, Otway, NW Shelf & Non-core Cooper Basin

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Given the support and endorsement we received from our shareholders as the ultimate owners of the company for the growth plan we set out in 2009 I think it is quite important to review how well we have tracked to the plan we set out for the company.

Ultimately everyone of our shareholders as the owners of the company have choices as to whether Drillsearch delivers shareholder value and each shareholder is putting trust in the team to say what we are going to do, doing what we say and delivering shareholder value.

Because of this trust, it is very important to the Drillsearch team that we have both the reputation of clearing setting out our growth plans for delivering value to shareholders and the track record to support it.

In reviewing the company’s achievements to date across each of our growth platforms we believe that the team is not only delivering to the plan set out in 2009 but delivering outcomes well beyond what we envisaged at the time.

Of course it has not always been a straight line and the challenges we have had to face are many – including Mother Nature – but our goals remain unchanged to deliver shareholder value by growing reserves, growing production and growing cash flow

FY	Exploration			Development Wells		
	Drilled	Discoveries	Success %	Drilled	Producers	Success %
2009	6*	4	67%	9	9	100%
2010	No wells drilled due to Cooper flooding			2	2	100%
2011**	6	5	83%	3	3	100%
Total	12	9	75%	14	14	100%

*Only one well – Planet Downs - drilled on 2D seismic / ** Includes wells drilled through completion of Western Flank Drilling Program

**Overall drilling success rate of 88% delivering gross 2P
~9+ mmbbls oil/condensate/LPGs & 11 mmboe sales gas**

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In delivering success Drillsearch has had a very good run with the drill bit.

Over the last 3 years we have drilled 12 exploration wells and delivered 7 new oil discoveries and 2 wet gas discoveries – an overall exploration drilling success rate of 75%. All but one of these wells was drilled on 3D seismic

Over the last 3 years we have also drilled 14 development production wells all drilled on 3D seismic and achieved a 100% success rate with each of these well either in production or awaiting commencement of production early next year.

This drilling success rate has delivered gross 2P reserves of approximately 9 mmbbls of oil and hydrocarbon liquids and 11 million barrels of oil equivalent of sale gas

We must of course acknowledge lady luck in contributing to this success but I think it also speaks volumes about the quality of the acreage Drillsearch holds, the quality of our operating partners, the rigour with which the Drillsearch technical team applies this acreage before committing very valuable drilling dollars and how critical it is to invest in the use of 3D seismic

Financial Year 2011 delivered

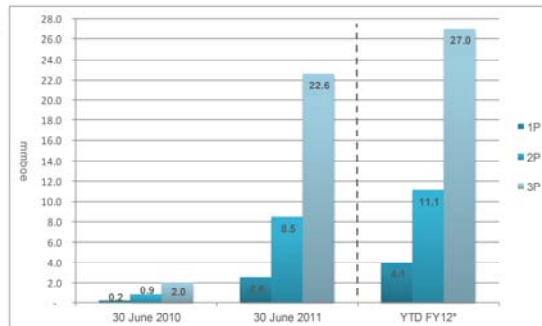
- 887% uplift total 2P Reserves to 8.5 mmbbls
- 363% uplift 2P liquids Reserves to 4 mmbbls
- 2P Reserves 46% weighted to liquids

YTD Financial Year 2012 delivered

- New oil discoveries Reserve increases
- 30% uplift in total 2P Reserves
- 65% uplift in 2P liquids Reserves
- 2P Reserves 60% weighted to liquids

Financial Year 2012 going forward

- Complete GCA Reserves review
- Further Reserve additions expected

Drillsearch Reserve Growth

* YTD FY12 Subject to final audit review by Gaffney, Cline & Associates
 Source for 30 June 2010 and 30 April 2011: Independent Reserves auditor, Gaffney Cline & Associates Reserves and Resources Reports

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Our focus is clearly on increasing reserves, increasing production and increasing cash flow.

The results of this drilling success and the results of our wet gas commercialization efforts volumes for themselves in delivering this reserve growth.

As the Chairman set out earlier in the 2011 Financial Year we have delivered a 887% increase in 2P reserves which are independently audited by Gaffney Cline and Associates.

Already in the 2012 Financial year we have increased our 2P reserves by another 2.6 mmbbls – further 30% increase - from our most recent Western Flank oil discoveries.

We are in the process of having these reserves independently audited by Gaffney Cline which we will finalize once the remapping of the discoveries is completed and the production wells are completed and initial production tests are conducted

As we have previously indicated in our announcements on the Bauer development drilling, the results of these wells lead us to believe that when all is said and done that further reserve increase are likely.



Chiton Load Out Facilities

**Drillsearch**

Now in terms of delivering increasing production we have delivered our first oil production in the Western Flank with the Chiton Oil Field and the future looks very bright going ahead.

The development program is well advanced to bring our new Western Flank oil discoveries into production.

We already have drilled 3 additional development wells in the Bauer Oil Discovery and we are awaiting the arrival of the Desert Rose completion rig to complete for production all of the Bauer wells, the Hanson-1 and the Snellings-1 discoveries wells.

In parallel with this the joint venture has approved the installation of initial surface production facilities and in the June Quarter 2012 we anticipate drilling additional appraisal and development wells on the Bauer and Hanson Oil Discoveries

Plans are to commence oil production from the new oil discoveries in the March Quarter 2012 first by a trucking operation.

The joint venture is already planning to construct a crude oil export pipeline from the Bauer Oil Discovery to the east side of the Cooper Creek and is planning for this pipeline to start-up in the September Quarter 2012.

Fiberspar Spoolable Pipeline System



We are also delivering production growth in our Wet Gas business.

Our Wet Gas Pilot Project developing the Middleton and Brownlow Wet Gas Fields is nearing completion.

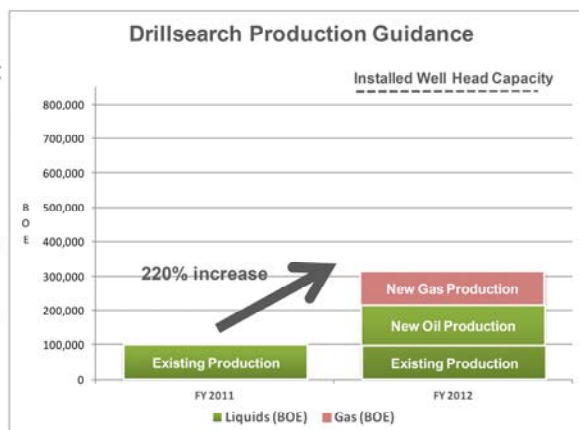
We are in the very last stages of finalizing gas sale agreement with the SACB Joint Venture and expect to have this done shortly.

We have also completed the construction of the gas pipelines to tie into the SACB Joint Venture gas pipeline network and expect to commission the tie into the network very shortly so as soon as the gas sale agreement is executed and the commissioning is completed gas sales can commence.

This is a ground breaking step for us and the PEL 106B joint venture has installed a first-of-its kind for Australia Fiberspar spoolable pipeline system as part of the project.

This is proven technology and significantly reduces capital and operating costs and construction times.

- FY 2011 production of 98,950 bbls
- FY 2012 production forecast driven by:
 - Existing Tintaburra and Chiton production
 - Wet Gas first production December 2011
 - Wet Gas production limited to minimum gas sale volumes
 - New Oil production March Q 2012 start-up at 2000 BOPD (gross)
 - Initial oil production trucking constrained & assumed 25% weather down time
- Oil production expected to rapidly increase in Sept Q 2012 to 5000 BOPD (gross) with crude oil export pipeline commissioning



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Now what does this all mean going forward.

With the increase in reserves and the development of our new oil discoveries and the Wet Gas Pilot Project Drillsearch is going to see a very significant increase in overall production for the balance of the 2012 financial year.

We are projecting on current forecasts a 220% increase in production up to mover 300,000 barrels of oil equivalent.

First production from the Wet Gas Project is expected in December followed by production from our new oil discoveries to commence in the March Quarter 2012 at a rate of 2000 barrels of oil per day – 1200 net to Drillsearch.

This production will be exported via trucking and is of course subject to potential the weather impacts which we have taken some account of.

With the commissioning of the crude oil export pipeline we expect oil production to increase to 5000 barrels of oil per day gross with 3000 barrels per day net to Drillsearch- starting in the September Quarter 2012.

These projection for the increase in oil production are based on the operators estimates both in terms of volumes and timing and is of course subject to their ability to meet these schedules.

Key Data			
	30 June 2009	30 June 2010	2011
Share Price (22 November 2011)	\$0.30	\$0.51	\$0.775
Shares on Issue	173M**	203M**	305M
Market Cap	\$52M	\$103M	\$237M
Cash (30 September 2011)	\$8.1M	\$6.5M	\$45M
FY 2011 Production Revenue	\$15.3M	\$9.3M	\$14.4M
2P Total Reserves*	1.44 mmboe	1.28 mmboe	11.1 mmboe
2P + 2C Reserves and Resources*	9.3 mmboe	13.1 mmboe	15.5 mmboe

* Subject to final audit review by Gaffney, Cline & Associates. Further upgrades pending completion of production testing. 2009 and 2010 reserves include Canada which was sold Dec 2010.

** Drillsearch shares and options were consolidated on a 1 for 10 basis in January 2011. The 2009 and 2010 shares on issues have been adjusted to reflect the consolidation

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In all delivering increasing reserves, increasing production and ultimately increasing cash flow is delivering increases in shareholder value.

In this table we can see how Drillsearch has delivered some quite dramatic positive outcomes for shareholders in what have been pretty difficult market environments

Oil	<ul style="list-style-type: none"> ▪ Deliver new oil discoveries into production ▪ Construct crude oil pipeline for new production ▪ Significant uplift in production and cash flow generation ▪ Accelerate next phase exploration drilling campaign in PEL 91 ▪ Complete acquisition of Aquillus & Limbatus 3D over 30-35 new prospects
Wet Gas	<ul style="list-style-type: none"> ▪ Expand Wet Gas pilot project ▪ Complete & test other additional wet gas discoveries ▪ Convert existing Wet Gas contingent resources to reserves (2C to 2P) ▪ Drill & test 5 new wet gas wells to prove up additional wet gas resources
Unconventional	<ul style="list-style-type: none"> ▪ Begin unconventional coring program with Wet Gas drilling ▪ Acquire 3D seismic over Nappamerri Trough Shale Gas Fairway ▪ Drill, core, test & complete first shale and tight gas exploration wells ▪ Commence production testing & book unconventional resources & reserves

Drillsearch

As in 2009 I want to leave you with a summary our next steps for each of our businesses are set out in this slide

This is our forward plan and we see that by delivering on it we should deliver strong shareholder value

We look forward to your continued support as owners of the company in endorsing this plan and using it as a bit of a checklist in following our progress.

Project Activity & Timing		2009 - 2011	Short Term	Medium Term	Long Term
Oil	Wells	24	8	13	20
	Other	3D	3D / Pipeline	3D	3D
Wet Gas	Wells	2	5	17	23
	Other	2 x Complete & EPT		3D	3D
Unconventional	Wells			2	4
	Other	Resource estimation	3D / coring	Coring / Stimulation	Pilot / Stimulation

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Now where does this leave us in terms of the way forward.

This table quite simply outlines our forward plan and activity for our three main businesses

- Oil
- Wet Gas, and
- Unconventional



In terms of near terms catalysts for shareholders to watch for going forward:

- The start of the Wet Gas Project
- Completion of the Gaffney Cline reserves review and what we expect to be further material reserves upgrades
- Putting our new oil discoveries into production, and
- Ultimately delivering a significant increase in cash flows.

Thank you once again and I look forward to delivering updates as we deliver going forward.

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