

# Drillsearch Energy

## Investor Briefing

*Strategic Joint Venture with QGC  
for Cooper Basin Shale Gas*

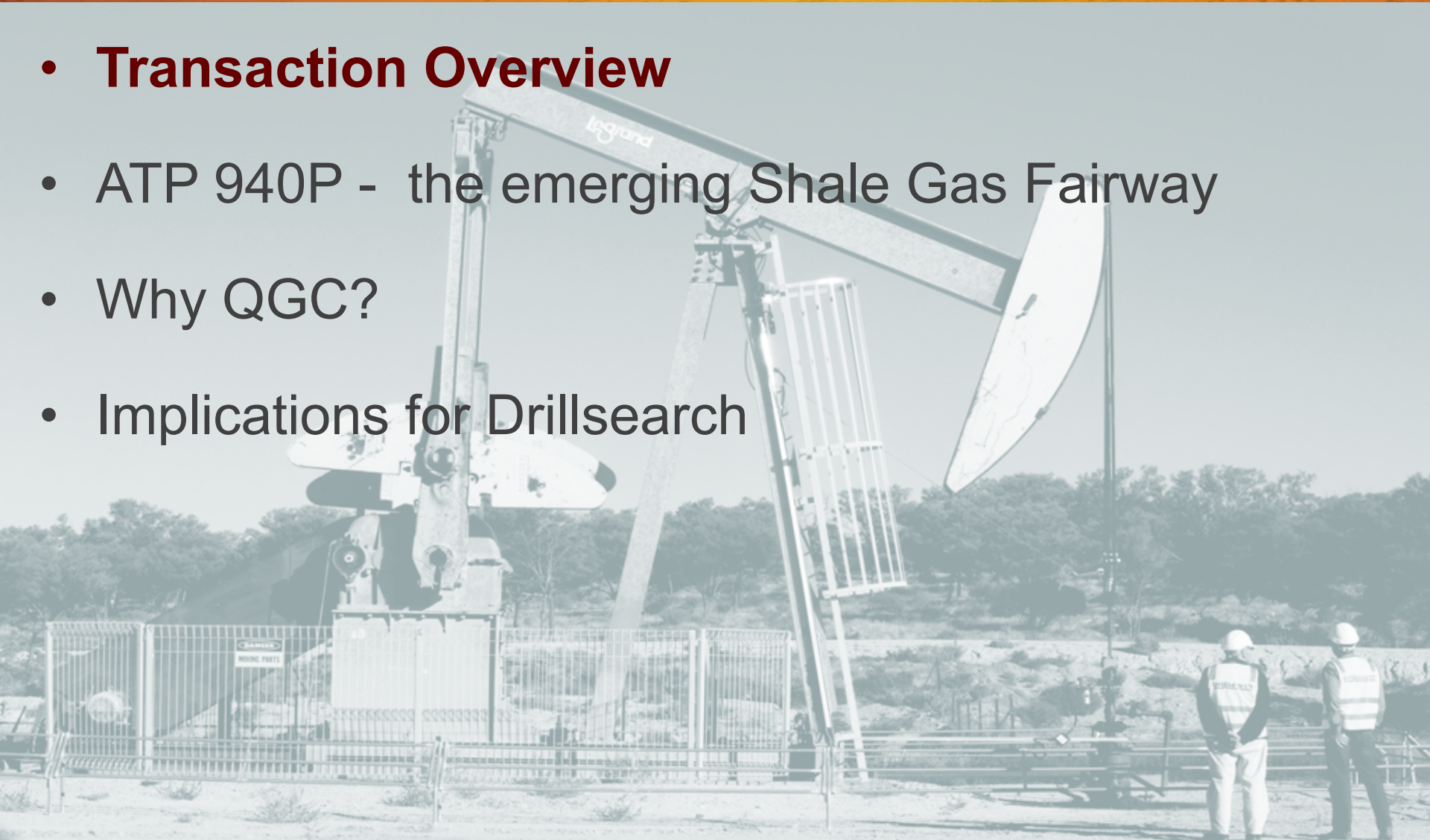
*July 2011*

**Drillsearch**

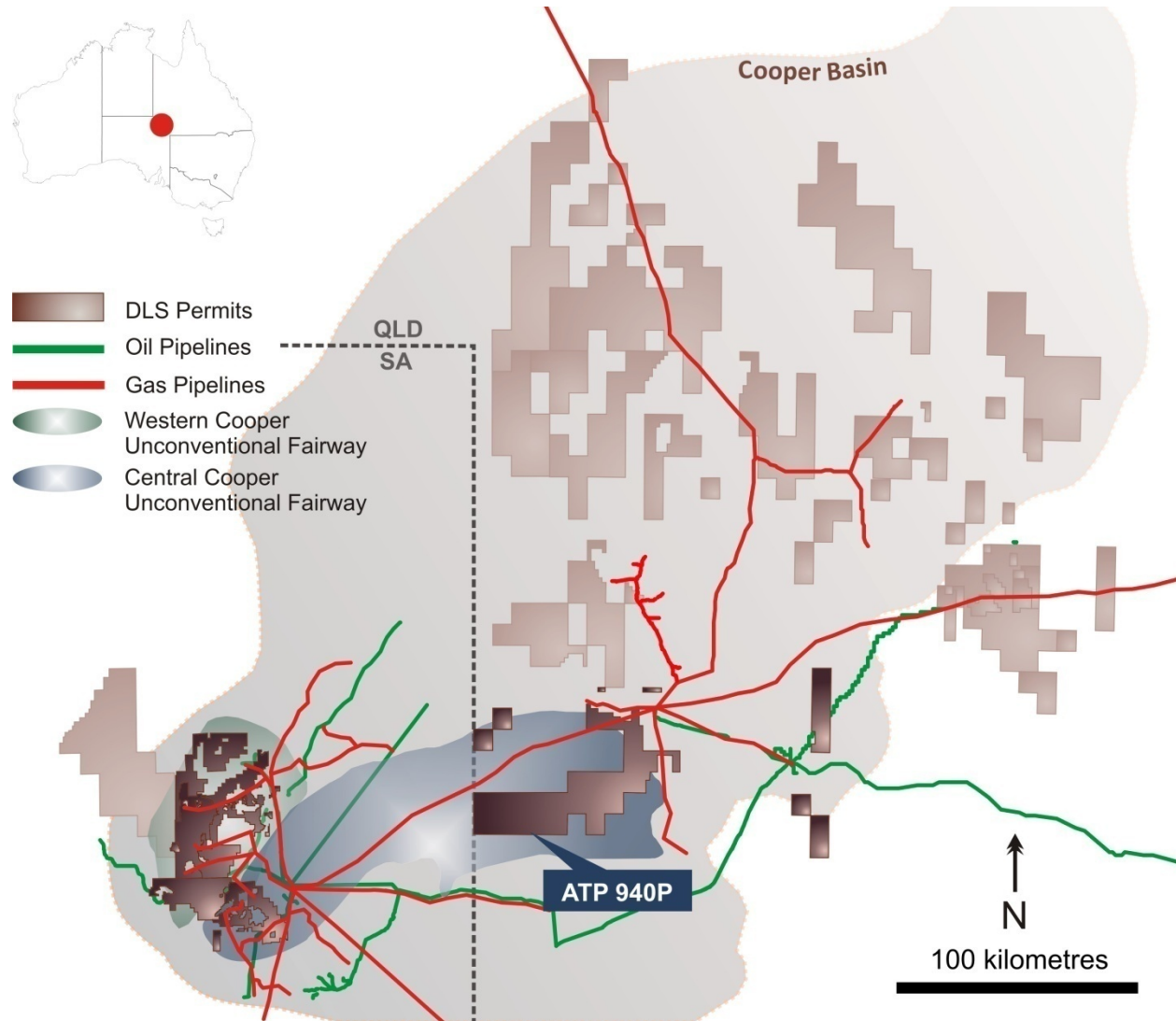


# Agenda

- **Transaction Overview**
- ATP 940P - the emerging Shale Gas Fairway
- Why QGC?
- Implications for Drillsearch



# Drillsearch Unconventional Acreage

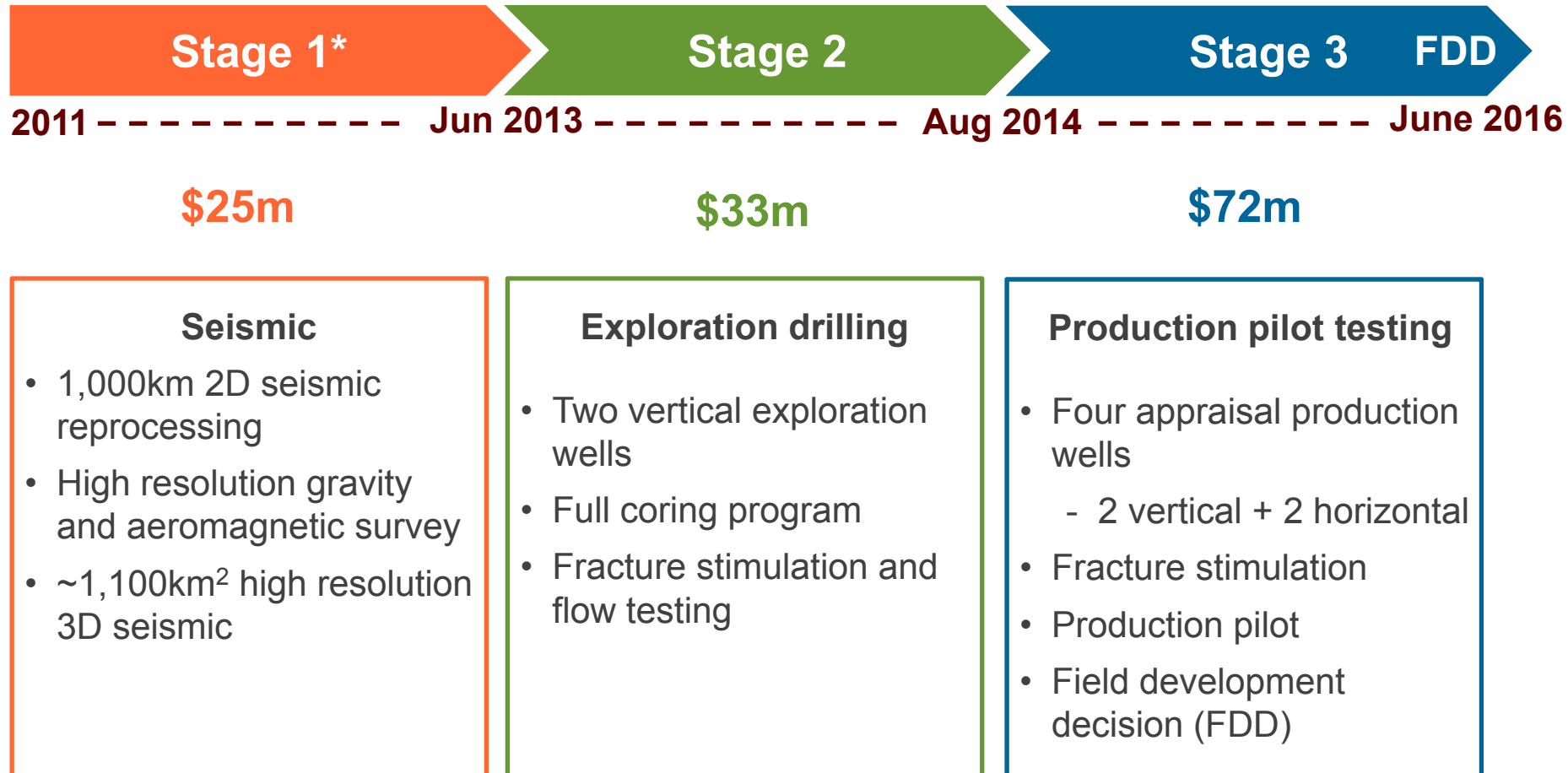


# Transaction Overview

Terms of the Joint Venture	
<b>Focus</b>	<ul style="list-style-type: none"> <li>ATP 940P in the Central Cooper Basin Nappamerri Trough Shale Gas Fairway in Queensland</li> </ul>
<b>Farm-in Terms</b>	<ul style="list-style-type: none"> <li>QGC commits to a five year \$130 million three stage exploration and pilot production appraisal program *</li> <li>QGC to fund \$90 million of first \$100 million of five year program (subject to spending caps within each stage)</li> <li>QGC acquires 60% interest, DLS retaining 40% and operatorship through exploration and pilot production appraisal phase</li> <li>QGC to reimburse DLS for 60% of historical costs up to \$2.5 million</li> </ul>
<b>Gas Commercialisation</b>	<ul style="list-style-type: none"> <li>Gas Marketing Heads of Agreement for supply to QGC's export and domestic gas markets</li> <li>QGC offers to buy DLS's share of ATP 940P production</li> <li>DLS right to sell to QGC additional gas from other Cooper permits up to 10% of gross ATP 940P production</li> </ul>
<b>Options issue</b>	<ul style="list-style-type: none"> <li>QGC to be issued 31.6 million options over DLS shares (9.9% of company) at 62cps strike price (15 Feb 2012 expiry)</li> </ul>

\*QGC may withdraw from farm-in upon completion of each stage with full permit reverting to DLS if withdrawal is before the completion of stage 3.

# Shale Gas Exploration Program

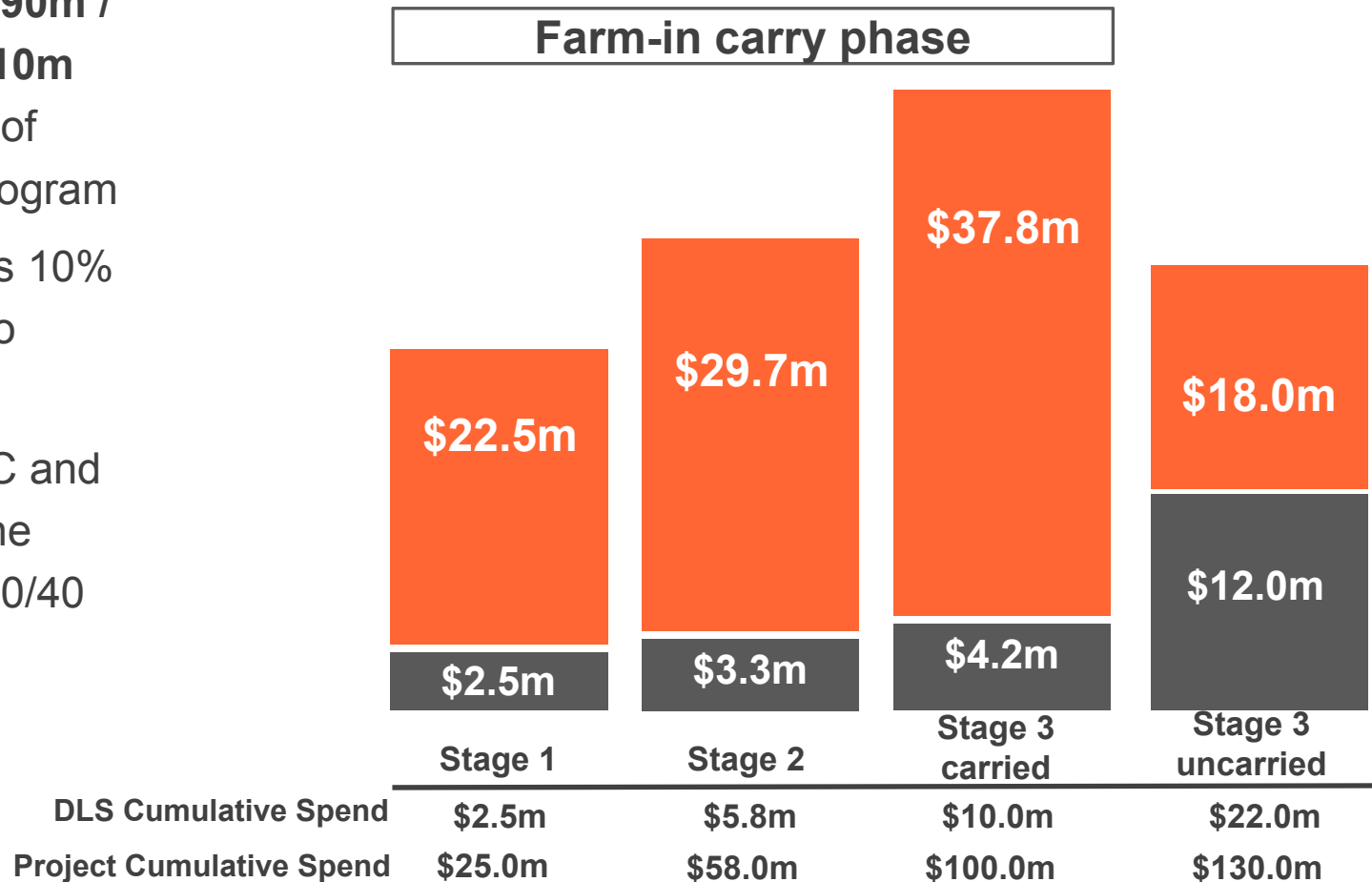


\* Stage 1 commences with the formal award of permit and registration of transfer to QGC



# Joint Venture Funding Mechanics

- QGC to fund \$90m / DLS to fund \$10m of first \$100m of agreed work program
- DLS contributes 10% of each stage to spending cap
- Thereafter QGC and DLS will fund the program on a 60/40 basis



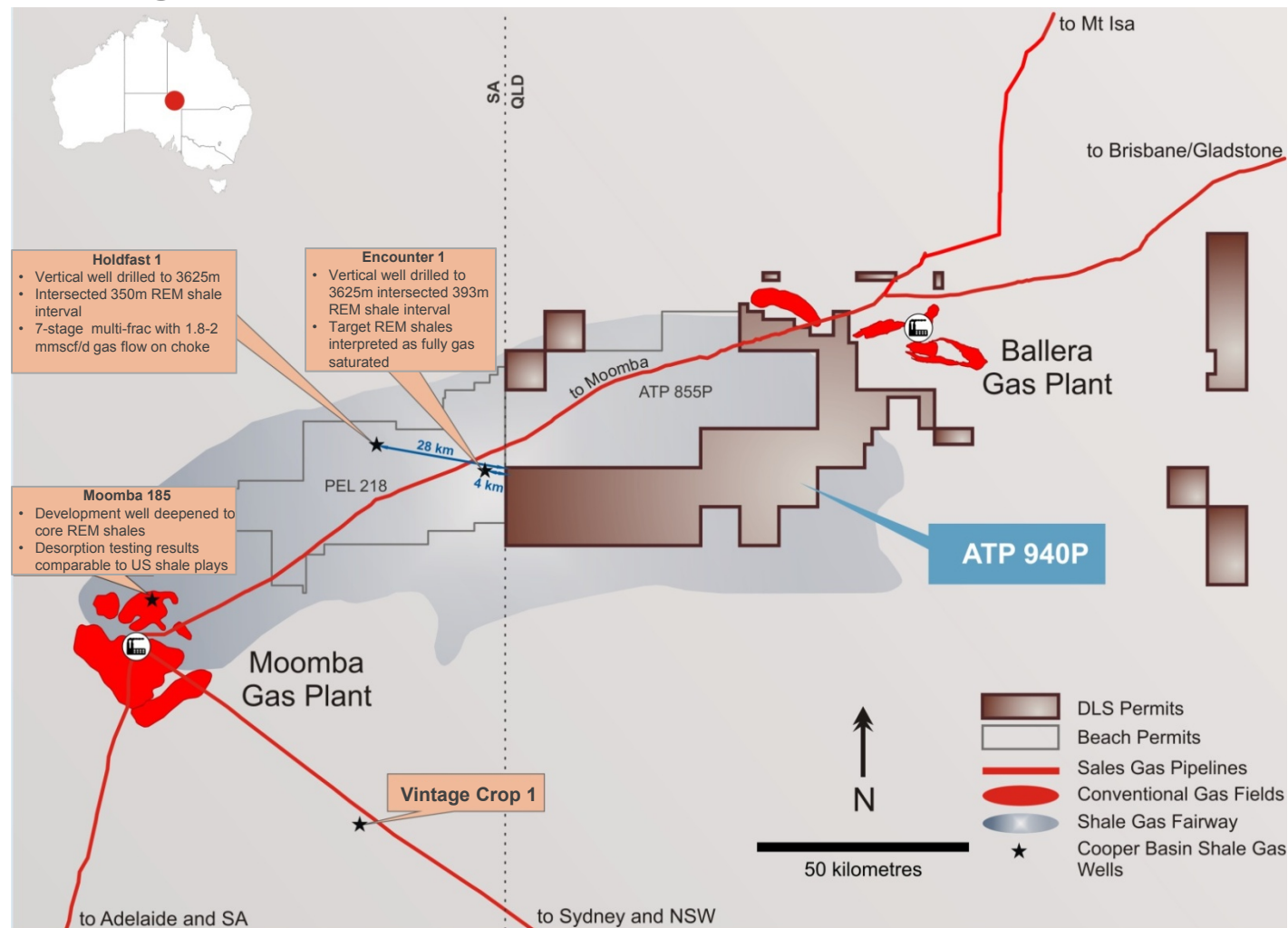
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# Cooper Basin Shale Gas Fairway – Focus on ATP 940P

## Significant prime acreage position with potential world class resource size

- Cooper Basin holds huge unconventional opportunity with access to **existing infrastructure**
- EIA estimates the Nappamerri Trough REM shale gas sequence contains risked recoverable resources of **85 TCF\***
- Significant land position - ATP 940P covers 2,545km<sup>2</sup> (630,000 acres)
- 2,000 km<sup>2</sup>** (500,000 acres) in the Nappamerri Trough



\* Source: EIA World Shale Gas Resources: An Initial Assessment (Feb 2011)



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# Why QGC?



## **A global gas major**

- QGC as part of the BG Group, brings relationships that facilitate commercialisation of world class gas resources

## **Multiple gas commercialisation channels**

- Currently developing the QCLNG development in Gladstone, QLD
- Major wholesale gas supplier to east coast gas markets, industrial and electricity generation customers

## **Committed to Australia**

- BG strategy is focused on Australia with a \$15 billion commitment to QCLNG

## **Shale expertise**

- Major positions in Marcellus and Haynesville shale and tight gas plays in North America
- Access to unconventional technology and service supply chain

# Agenda

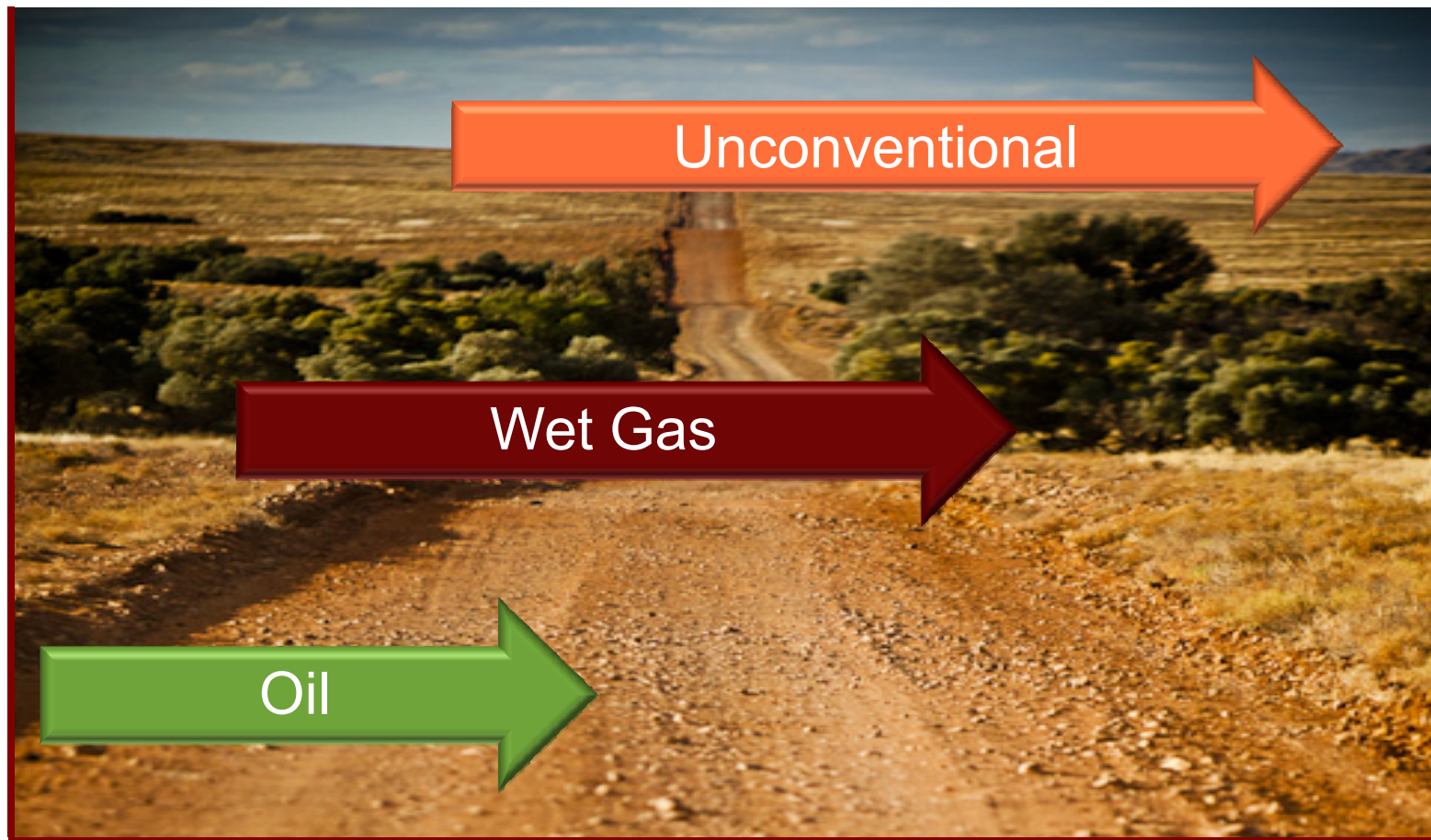
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# Key implications

- **Validates the potential** of Cooper Basin shale gas by a global leader in gas commercialisation
- Provides DLS with access to **multiple gas commercialisation channels** - domestic and export
- **Access to expertise and technology** - world leading technical service providers
- **Earlier recognition of the value** of DLS unconventional assets
- **Funding in place to accelerate and complete “EAD”** - exploration, appraisal and delineation
- **Well positioned** to capitalise on robust outlook for domestic and export natural gas markets

# Delivering on strategy



*Short, medium and long-term growth opportunities*

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