

16 May 2011

Drillsearch Energy Announces \$48 Million Capital Raising

Drillsearch Energy Limited (ABN 73 006 474 844) (**Drillsearch**) is pleased to announce an equity capital raising (**Capital Raising**) to raise gross proceeds of approximately \$48 million. The Capital Raising consists of:

- a placement to institutional investors of 29.4 million fully paid ordinary shares (**Shares**) at an offer price of \$0.51 per Share (**Placement Price**) to raise \$15.0 million (**Unconditional Placement**);
- a placement to institutional investors of 31.4 million Shares at the Placement Price of \$0.51 per Share to raise \$16.0 million (subject to shareholder approval at a general meeting expected to be held on or around 17 June 2011) (**Conditional Placement**); (together, the **Placement**); and
- a 3 for 20 fully underwritten, non-renounceable, pro rata entitlement offer to existing eligible shareholders (**Entitlement Offer**) at an issue price of \$0.48 per Share (**Entitlement Price**) to raise an additional \$17.0 million.

The Placement Price of \$0.51 per Share represents a 12.8% discount to the last closing price of Drillsearch Shares (\$0.585) prior to entering a trading halt while it conducted the Placement, and a 15.0% discount to the five-day volume weighted average price prior to entering a trading halt.

Wilson HTM Corporate Finance Ltd is the Lead Manager of the Capital Raising and underwriter of the Entitlement Offer.

Drillsearch will use the proceeds from the Capital Raising primarily to progress the PEL 91 oil exploration and development program, develop the PEL 106B wet gas pilot project and undertake a broad exploration program across Drillsearch's oil, wet gas and unconventional businesses. Further details of the use of proceeds from the Capital Raising are contained in Drillsearch's presentation lodged with the ASX on 16 May 2011.

Drillsearch shareholders eligible to participate in the Entitlement Offer will shortly receive an entitlement offer booklet and a personalised entitlement and acceptance form which will provide further details of how to participate.

Further details relating to the Entitlement Offer, including the eligibility criteria for participation, the ability of eligible shareholders to apply for additional shares in excess of their entitlement, and the timetable for the Entitlement Offer, are set out in Annexure A.

The Conditional Placement is subject to obtaining shareholder approval at a general meeting of shareholders to be held on or around 17 June 2011.

For further information please contact



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If you would like to register for email alerts please go to the Register Page on our website.

About Drillsearch Energy Limited (ASX: DLS), which listed on ASX in 1987, explores and develops conventional and unconventional oil and gas projects. Drillsearch has a strategic spread of petroleum exploration and production acreage in Australia's most prolific onshore oil and gas province, the Cooper-Eromanga Basins in South Australia and Queensland. The company's focus is on 'brownfields' exploration where geological risk is reduced and there is access to existing infrastructure, ensuring that any discoveries can be brought into production.

Annexure A – Further details and key dates

Eligible Shareholders

Shareholders who are eligible to participate in the Entitlement Offer are shareholders who:

- (a) are registered as a holder of Shares as at 7.00pm (Sydney time) on 24 May 2011 (**Record Date**);
- (b) as at the Record Date, have a registered address in Australia, New Zealand, Hong Kong, Malaysia or Singapore;
- (c) are not in the United States or a U.S. Person or acting for the account or benefit of a U.S. Person; and
- (d) are eligible under all applicable securities laws to receive an offer under the Entitlement Offer without any requirement for a prospectus or offer document to be lodged or registered,

(Eligible Shareholders).

Eligible Shareholders who take up all of their entitlement may also apply for Shares in excess of their Entitlement (**Additional New Shares**). Drillsearch reserves the right to allot any Additional New Shares if and to the extent that Drillsearch determines, having regard to circumstances as at the time of the close of the Entitlement Offer. Drillsearch reserves its right to scale-back applications in its absolute discretion. Therefore, your application for Additional New Shares may not be successful (wholly or partially). The decision of Drillsearch on the number of Additional New Shares to be allocated to you will be final.

If you are an Eligible Shareholder, you may do any one of the following:

- (a) take up all or part of your Entitlement;
- (b) take up all of your Entitlement and also apply for Additional New Shares in excess of your Entitlement; or
- (c) do nothing, in which case all of your Entitlement will lapse.

If you take no action you will not be allocated Shares and your Entitlement will lapse. Your Entitlement to participate in the Entitlement Offer is non-renounceable and cannot be traded on ASX or any other exchange, nor can they be privately transferred. Shareholders who do not take up their Entitlements in full will not receive any payment or value for those Entitlements they do not take up.

Eligible Shareholders will shortly receive an entitlement offer booklet and a personalised entitlement and acceptance form which will provide further details of how to participate.

Key Dates for Eligible Shareholders

Key dates*	
Announcement of Unconditional Placement, Conditional Placement and Entitlement Offer	16 May 2011
Lodgement of Appendix 3B and Entitlement Offer Cleansing Notice with ASX	16 May 2011
Notice of EGM sent to Shareholders	17 May 2011
Shares quoted on an 'ex-entitlement' basis	18 May 2011
Settlement of Unconditional Placement	19 May 2011
Allotment Unconditional Placement Shares	20 May 2011
Unconditional Placement Shares expected to commence normal trading on ASX and lodgement of Unconditional Placement Cleansing Statement	20 May 2011
Record Date for determining Entitlements to Shares	7:00pm (Sydney time), 24 May 2011
Offer Booklet, Entitlement and Acceptance Forms despatched and lodged with ASX and Opening Date	26 May 2011
Closing Date and latest time for receipt of Entitlement and Acceptance Forms and payment in full for Shares	5:00pm (Sydney time), 16 June 2011
EGM	17 June 2011
Settlement of Conditional Placement Shares (if approved)	20 June 2011
Shortfall notification	21 June 2011
Allotment Conditional Placement Shares (if approved)	21 June 2011
Conditional Placement Shares expected to commence normal trading on ASX and lodgement of Conditional Placement Cleansing Statement	21 June 2011
Allotment of Shares and Holding statements for Shares under Entitlement Offer despatched	23 June 2011
Shares under Entitlement Offer expected to commence normal trading on ASX	24 June 2011

* These dates are subject to change and are indicative only. Drillsearch reserves the right to amend this indicative timetable. In particular, Drillsearch reserves the right, subject to the Corporations Act and the ASX Listing Rules, to extend the offer period or to withdraw the Entitlement Offer without prior notice. Any extension of the offer period will have a consequential effect on the date for the issue of Shares. All references in this Offer Booklet are to Sydney time unless otherwise stated. The commencement of quotation of Shares is subject to confirmation from ASX. Drillsearch does not require deferred settlement trading for the Shares issued under the Capital Raising.