

Drillsearch Energy Limited, (ASX:DLS) which listed on the ASX on 2 July 1987, explores and develops conventional oil and gas projects. Drillsearch Energy has recently merged with Great Artesian Oil and Gas (ASX:GOG), by way of Scheme of Arrangement, details of which were announced on 18 April 2008. The merger between the companies has resulted in a strategic spread of petroleum exploration and production acreage in Australia's most prolific onshore oil and gas province, the Cooper and Eromanga Basins in Queensland and South Australia as well as offshore exploration in the Bonaparte, Carnarvon, Otway, and Gippsland Basins. Additionally Drillsearch Energy has interests in PNG and Canada. The company focus is on 'brownfields' exploration where geological risk is reduced and there is access to existing infrastructure, which ensures that any discoveries can be brought into production rapidly.

2008 Annual General Meeting Drillsearch Energy Limited

Chairman's Address

Attached is the Chairman's Address to be given at the Annual General Meeting held at 10am, Friday 28 November 2008 at The Sir Stamford Hotel, 93 Macquarie Street, Sydney NSW 2000.

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**ANNUAL GENERAL MEETING
28 November 2008****CHAIRMAN'S ADDRESS**

I would like to welcome you all here to the 23rd Annual General Meeting of Drillsearch Energy Limited, the first meeting of shareholders of the Company since the merger with Great Artesian Oil and Gas Limited. In particular I would like to extend a warm welcome to those former shareholders of Great Artesian who are now shareholders of Drillsearch.

The period since 1 July 2007 has been one of major change, both for the Company and the world economy at large. This time last year, when I was standing before you at the 22nd Annual General Meeting, little did we know what 2008 was going to bring. However the Board was concerned to ensure that the Company was in a strong financial position to move forward, if the economy turned. We were particularly anxious to remove the Company from a debt position to one of pure equity so as to put it in a position where it was answerable solely to you, the shareholders, rather than having to first meet the demands of debt providers. While this had an initial impact on the share price, it has removed that overarching call on the Company's assets.

At the time the market in general, bounced back after the first fall in January 2008, while we remained down. However since then, we have done no worse than the small end of the market. In that time we have been able to increase our market cap through the capital raising and the merger, while at the same time we have weathered the storm on our price front. The trading in the stock has been very thin and it is disappointing to see the impact on the price of a small number of trades. However, this trading experience is common amongst companies of a similar size to us.

But let us turn to where we are today. What has the Board been doing to ensure the Company is in a strong position?

As you will see, we are in a vastly different position at the end of this financial year compared to the previous. Not only has the debt been removed, but the cash has grown and the Net Assets have also grown. The Board is focused on ensuring we preserve our cash, which continues to be added to from our production interests, so that we remain in a positive cash position through 2009.

We have also sought to grow our asset base both in production (as has been done with the acquisition of an additional 1% of Tintaburra and the additional interest in Circumpacific) as well as with our exploration opportunities (which we have done through our merger with Great Artesian). Through these measures, on the production side, we have increased our production by over 27,000 boe pa (if applied to the 2007/2008 figures) and our reserves by over 200,000 boe (based on the 2007 reserves figures), which does not include the reserves which came through the Great Artesian merger.

One of the major events for the Company has been its merger with Great Artesian. The merged company is very proud of this achievement - not only did the companies have the vision to start it, but we completed it and have largely delivered the initiatives we set out to achieve and are starting to see the benefits. I often ponder on where both companies might be today, had the merger not happened.

If we look at the merger initiatives we set out to achieve:

- Maintain core production and development assets
 - Ongoing
- Farm out work but maintain significant equity
 - PEL 106 Beach farmin; ATP 539P Bandanna farmin

- Expand role as operator
 - Waiting for opportunities
- Continue gas commercialisation plan
 - Ongoing, FEED completed, economic modelling and partner discussions continuing
- Undertake further M & A opportunities
 - Continuing to assess opportunities
- Rationalise non-core assets
 - Turtle-Barnett and EPP 27 expired, Surat blocks to be exited, ongoing review of 8 blocks in SW Queensland
- Broaden development pipeline of assets
 - Numerous opportunities being assessed
- Restructure board of directors
 - Completed
- Consolidate businesses
 - One office now in Sydney, merged accounting systems, operating as one business

Important in all that change and in driving the Company forward, has been the restructuring of the Board and, through the Merger, the development of a well skilled, rounded and driven Management team. The Company now has a very different look about it compared to this time last year.

As you will be aware, the Board is now comprised of:

- Myself, Peter Simpson, as Chairman of the Company
- David Williams, our Managing Director
 - David was the Managing Director of Great Artesian and came into the same role with Drillsearch as a result of the Merger. He has many years experience in the energy industry, particularly with respect to gas, and to the commercial and strategic operations of businesses. He brings a drive and leadership that will be important to take the Company through to the next stage and through these globally difficult times.
- Russell Langusch, Non Executive Director
 - Russell only recently joined the Company and brings to the Board an important industry technical skill set and experience. His training as a petroleum engineer and all round experience around the world in petroleum projects will be invaluable for the Board.
- Jim McKerlie, Non Executive Director
 - Jim was a Director with Great Artesian prior to the Merger and joined the Board as a result. He brings a perspective from outside of the industry and with a wealth of experience in management of businesses and as a Chartered Accountant.
- Peter Wicks, Non Executive Director
 - Peter had joined the Board back in April, at the time of the Company agreed to merge with Great Artesian. He brings invaluable experience in the financing of companies like ours and generally in the industry.

The Management team as I mentioned has also changed dramatically and been bolstered:

- David Williams, I have already mentioned, heads the team as our Managing Director
- Chris Carty, is our Chief Operating Officer
 - Chris had managed the exploration and technical areas of Great Artesian and had been the Technical Director of Great Artesian and, until recently, of Drillsearch. He is now able to focus more on our much larger portfolio of permits at a full and exciting time. We are seeing the benefits of this already as the team is more focused on what adds value to shareholders and in managing our work commitments. We are lucky to have his extensive experience and skills.
- Ian Bucknell, is our Chief Financial Officer and Company Secretary
 - Ian also came to us through the merger with Great Artesian. Not only does he bring his knowledge and experience there but also from a number of years before with Oilsearch. He knows the industry well and its issues and system requirements and is leading the

way with ensuring we have the controls and systems in place that enable the business to be tightly and properly managed.

- Elizabeth Petrie, is our Senior Geologist
 - Liz has been with Drillsearch for a number of years now and has shouldered an enormous responsibility. We are now able to properly use her skill set and experience across the portfolio of permits and her support to Chris is enabling us to deliver a better focused and value adding business.

They are of course very well supported by a number of other staff and externally consultants, many of whom are here today. This total team provides an entirely new culture, capability and drive for the Company.

But of course we could not have got here if it had not been for all of those members of the Boards who have since retired. It is a testament to them that we are here today and in a much stronger position than 12 months ago. I particularly want to thank:

- Darryl Dixon
- William Johnston
- Max Carling
- Peter Hopkins
- And last, but not least, Chris Carty, who remains with us as our Chief Operating Officer

Having established a stable and strong beach head, the job has only just been started. The Board knows there is still much to do.

It is driven to achieve its strategic vision:

to increase shareholder value by becoming a successful and sustainable Australasian mid tier oil and gas producer and explorer

We are continuing to look at ways we can do this. However, paramount today is that we survive this Global Financial Crisis and in doing that we believe it is important we continue to focus on ensuring we have the cash to get us through. With the structure of the Company, we believe we can achieve this while at the same time still developing and expanding our interests.

Both David and Chris will expand on all of this more in their briefings after the formal part of the meeting.

Thank you all for your attendance and interest.