

Tuesday, 5 September 2006

## MARKET ANNOUNCEMENT

### Requisition for Drillsearch Energy Limited Meeting to Remove and Appoint Directors

HTH Trading Pty Limited (a subsidiary of Scarborough Equities Limited) and other major shareholders of Drillsearch Energy Limited (DLS), Mr Daryl Dixon (of Dixon Advisory & Superannuation Services Pty Limited) and Mr David Scanlen, have lodged a notice under section 249D of the Corporations Act, requesting the directors of DLS to call and convene a general meeting of DLS to consider the following resolutions:

- Resolution 1 - Removal of Graham Charles Reveleigh as a director and appointment of Christopher Bruce Ryan in his place
- Resolution 2 - Removal of John McClelland Armstrong as a director and appointment of Daryl Albert Dixon in his place
- Resolution 3 - Removal of directors appointed on or after the date of the Section 249D Request (if any)

Section 249D of the Corporations Act allows members (with at least 5% of votes that may be cast at a general meeting) to request directors of a company to call and arrange to hold a general meeting of the company to consider resolutions proposed at the meeting by such members.

The parties to the requisition and a number of other Drillsearch shareholders are concerned at the ramifications of a recent decision of the Drillsearch board to call a general meeting of Drillsearch shareholders and to seek approval to the placement of 60 million Drillsearch shares at up to a 20 per cent discount to the "average market price calculated in accordance with the ASX Listing Rules" and the placement of 6 million shares to the Drillsearch directors with no price specified. The Drillsearch share price has fallen over 14% since the general meeting was announced, and it appears that the proposed discount to apply to the proposed share placement will apply to the lower share price. The requisitioners intend to vote against all resolutions at the Drillsearch general meeting to be held on 22 September 2006.

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**Company Secretarial Office:**

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Details of the experience and qualifications of the proposed new DLS directors are as follows:

**Mr Christopher Ryan**

*Qualifications* – BEcon (*UWA*), MBA (*UNSW*)

*Experience* – Mr Ryan is the Principal of Westchester Corporate Finance, a Sydney based corporate advisory firm specialising in advising listed companies on fund raising, mergers and acquisitions and associated transactions. Prior to forming Westchester in July 1996, Christopher was with Schroders Australia for 27 years. At Schroders, he served 3 years in the investment division, 2 years as an economist monitoring influences on interest and exchange rates and 22 years in the corporate finance division of which he was a director for 19 years specialising in advising on project financing and mergers and acquisitions mainly in the Australian minerals and oil and gas sectors.

*Other current directorships in listed entities* – Current Executive Chairman of:  
(1) Blue Ensign Technologies Limited (since 22 August 2002).  
Current Non-executive Chairman of:  
(2) Golden Cross Resources Limited (since 25 March 2003).  
Current Director of:  
(3) Scarborough Equities Limited (since 29 November 2004);  
(4) Bentley International Limited (since 5 February 2004).

**Mr Daryl Dixon**

*Qualifications* – MA (Hons) (*Camb*), BA (Hons) (*UQ*)

*Experience* – Mr Dixon is now a writer and consultant with extensive experience in the areas of taxation, retirement incomes and social welfare policy. He is known in Australia as a leading financial expert, particularly in the area of superannuation. Daryl is Executive Chairman of Dixon Advisory & Superannuation Services Pty Ltd, a fee for service financial adviser with over \$1000m of funds under advice. He has special expertise in personal and self managed super fund strategies, as well as extensive experience as a direct share investor in his own right. He is also a director of HCF Life and has worked previously for the International Monetary Fund, the Federal Treasury, Department of Finance and the Social Welfare Policy Secretariat. He was a member of the Fraser Government's Occupational Superannuation Task Force.

*Other current directorships in listed entities* – nil

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**FOR FURTHER INFORMATION:**

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