

8 October 2009

Chiton-1: Extended Production Test Facility Installation Update

Drillsearch Energy Limited (ASX:DLS) is pleased to announce approval for the installation of an extended production test (EPT) facility at the Chiton-1 well in the Cooper Basin (PEL-91). Drillsearch holds a 60% interest in Chiton-1, with Beach Petroleum holding the remaining 40%. The facility is designed to handle production of 1,000 BOPD and is expected to be commissioned and operational by the 31st of January 2010. The cost of the facility is budgeted at \$1.68m of which Drillsearch's share is approximately \$1m. The project is awaiting government approval which is expected by the end of next week.

This follows the initial discovery of oil at Chiton-1 as announced to the ASX on the 17th of August 2009. Initial estimates indicate recoverable oil reserves in the field up to 0.39 million barrels (P10) with a P50 reserve of 0.12 million barrels.

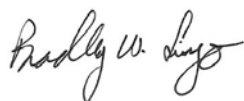
Development of the Chiton Discovery is consistent with Drillsearch's key strategic priorities which include the development of oil and gas discoveries in the Western Cooper Basin. The Cooper Basin is Drillsearch's core focus area, where it is the 3rd largest tenement holder behind Santos and Beach Petroleum.

The company remains optimistic about the potential for further exploration success. Managing Director, Brad Lingo said "our recent success on exploration drilling has been very encouraging. Over the last 14 months we have had 14 commercial successes out of 17 drilled wells and a success rate on exploration drilling of over 80%. This gives us a high degree of confidence as to the likelihood of further commercial discoveries as we continue exploration drilling into our acreage in the Western Cooper Basin region. Successful completion of this initial development at the Chiton Oil Discovery has the potential to substantially increase the Company's oil production over the coming year and we look forward to achieving a quick payback on the investment we have made in the Chiton and Marino PEL 91 exploration programme based on this early success."

Competent Person Statement

Information on the Reserves and Resources in this release is based on information compiled by Mr. Chris Carty, previously Chief Operating Officer and now consultant to Drillsearch, who has given his consent as of the date of this release to the inclusion of this statement and the information in the form and the context in which they appear in this release. Mr. Carty's company is CCT Enterprises Pty Limited

For further information please contact:



Brad Lingo
Managing Director

About Drillsearch Energy Limited (ASX: DLS), which listed on ASX in 1987, explores and develops conventional oil and gas projects. Drillsearch Energy merged with Great Artesian Oil and Gas (ASX: GOG) in 2008. The merged group 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, as well as offshore exploration in the Carnarvon and Gippsland Basins. Drillsearch also has interests in PNG and Canada. 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.