

2 August 2011

Western Flank New 2 Million Barrel Oil Field Discovery at Bauer-1

- **Bauer-1 is a new McKinlay-Namur Sandstone oil field discovery on the Western Flank Oil Fairway with an oil column over 15 metres**
- **Operator's preliminary volumetric assessment suggest Reserves of up to 2 million barrels gross recoverable oil**
- **Bauer-1 Oil Discovery is the largest McKinlay-Namur oil discovery to date in PEL 91**
- **Additional oil shows in the Birkhead Formation over a 12 metre interval under evaluation**
- **Fourth oil discovery in a row in five well program**
- **Field expected to be in production in the December Quarter 2011**

Drillsearch Energy Limited (ASX: DLS) is pleased to announce its fourth consecutive new field oil discovery in the Western Flank Oil Fairway has been made at Bauer-1, the fourth well in a five well exploration drilling campaign in PEL 91. The PEL 91 Joint Venture is Drillsearch 60% and Beach Energy Ltd 40% as operator.

Bauer-1 encountered a gross oil column of 15 metres, with 13 metres of net pay, in the McKinlay-Namur Sandstone section of the well. Beach has advised that the preliminary volumetric assessment suggests Reserves of up to 2 million barrels of gross recoverable oil. Oil shows were also encountered in the Birkhead Formation over a 12 metre interval. These shows are currently being evaluated.

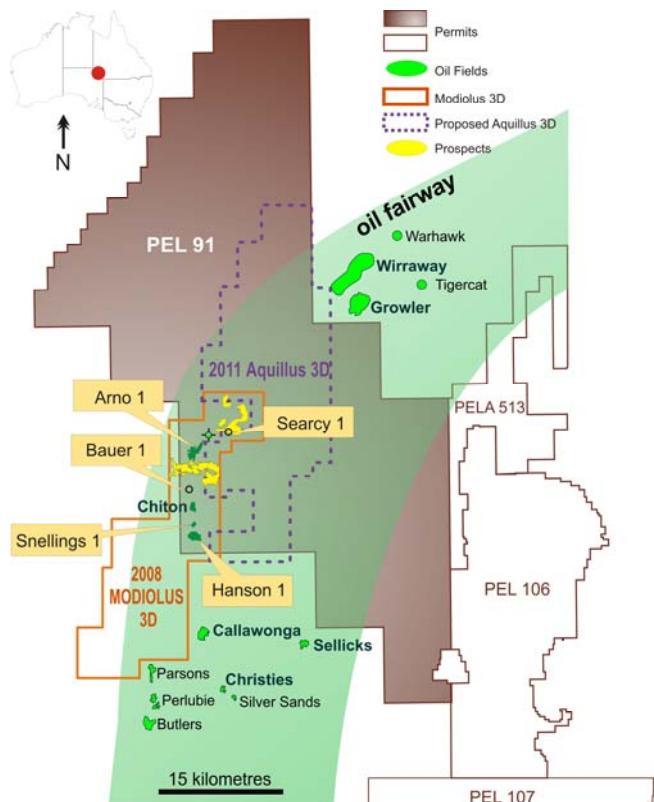
Beach, as operator has advised that the pay zone encountered at Bauer-1 is the best quality McKinlay-Namur oil reservoir encountered so far in either PEL 91 or in the oil discoveries to the south in PEL 92.

Bauer-1 is expected to be on-line in the December quarter 2011.

Following the completion of the evaluation program the Ensign rig #18 will be moved to drill the Searcy-1 exploration well, which is located about 8.5km to the north of Bauer-1, 10.5km north of the Chiton Oil Field and 2.5km east of the Marino oil discovery.

Brad Lingo, Managing Director said "This is a great result for the fourth well in the 5-well drilling campaign. It is the biggest McKinlay-Namur oil discovery in PEL 91 so far. This has been a great exploration campaign with three discoveries leading into Bauer-1 and to now make a big discovery like this at Bauer is a tremendous result."

"This result certainly proves that PEL 91 holds a prime position in the Western Flank Oil Fairway. We have already mapped out a large number of additional prospects to be covered by the upcoming Aquillus 3D so we look forward to delivering a continuing pipeline of oil exploration activity and judging by the results so far, more oil discoveries. The results in PEL 91 prove the power of 3D seismic in unlocking the oil plays in the Western Flank Oil Fairway, with every well drilled to date on 3D making an oil discovery."



Yours faithfully

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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.

Competent Person Statement

Information on the Reserves and Resources in this release is based on information provided to the company by Beach Energy Ltd as operator of the PEL 91 Joint Venture and compiled by Mr. David Evans, Chief Technical Officer of 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.