

19 August 2011

## Western Flank Oil Drilling Program - Searcy-1 drilling results and expansion of PEL 91 drilling program

- **Searcy-1 encountered oil shows over a 3 metre interval in the Birkhead Formation**
- **Searcy-1 to be plugged and abandoned as non-commercial**
- **Drilling program to be expanded with additional appraisal & development wells in Hanson & Bauer New Oil Fields**
- **Additional exploration drilling at Knights-1 targeting major Birkhead Channel south of Arno Oil Discovery**

Drillsearch Energy Limited (ASX: DLS) is pleased to provide this drilling update for the Searcy-1 oil exploration well and the expansion of the PEL 91 Joint Venture drilling program. Drillsearch holds a 60% interest in the PEL 91 Joint Venture while Beach Energy (ASX: BPT) as Operator of the joint venture holds 40%.

### Searcy-1 Drilling Results

The primary target of the Searcy-1 well was a potential oil accumulation in a Birkhead Channel in upper Birkhead Formation sands. Searcy-1 encountered oil shows on mud logs over a 3 metre interval in low quality Birkhead Formation sands. Following evaluation of the results from wire line logs the PEL 91 Joint Venture has determined that the Birkhead oil shows encountered at Searcy-1 are not commercial and therefore the well will be plugged and abandoned.

### Expansion of the PEL 91 Drilling Program

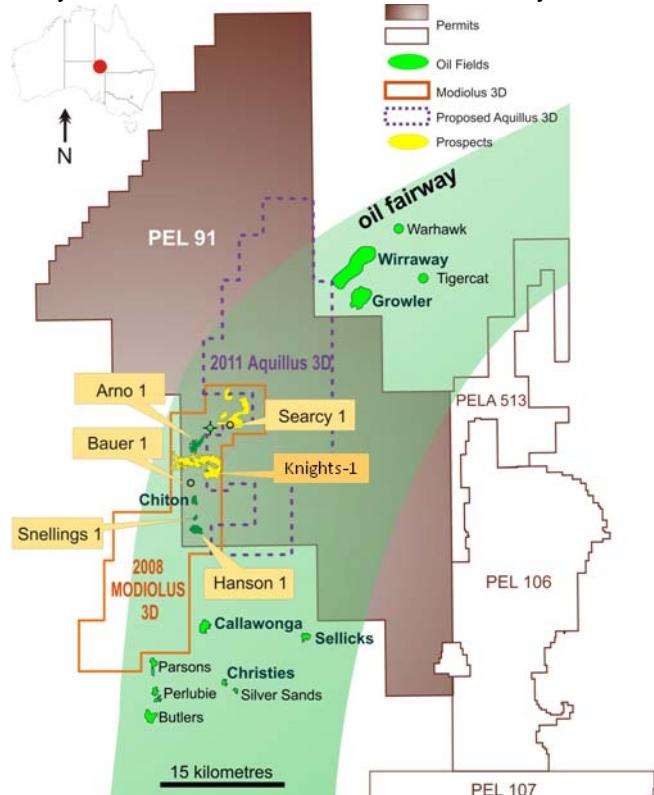
Following the highly successful PEL 91 Western Flank Oil 5-well drilling program, the PEL 91 Joint Venture is in the process of agreeing the expansion and continuation of the program with additional exploration, appraisal and development drilling. The joint venture is in the process of determining additional appraisal and development drilling locations for both the Hanson New Oil Discovery (up to 1 mmbbls recoverable oil – gross) and the Bauer New Oil Discovery (up to 2 mmbbls recoverable oil - gross).

In addition the joint venture is also considering other additional appraisal, development and exploration drilling locations within the existing Modiolus 3D seismic. The first of these new exploration wells will be at Knights-1 which will target the major Birkhead Formation Channel located due south of the Arno-1 New Oil Discovery targeting recoverable oil of 900,000 bbls (Mean) up to 2 mmbbls (High) gross recoverable oil.

It is anticipated that the second stage of the expanded drilling program will commence in the December quarter 2011. Following completion of the Searcy-1 drilling operations, the Ensign-18 rig will be released to another operator for a 4-well drilling program. The PEL 91 Joint Venture has options with Ensign Drilling, the current drilling contractor, to fulfil an expansion of the PEL 91 drilling program

Managing Director Brad Lingo stated, "This drilling program has produced great results for Drillsearch with 4 new oil field discoveries out of 5 wells drilled with 2 major discoveries at Hanson and Bauer. What is even more exciting is that every well in this program encountered oil in the Birkhead Formation sands. This has given the PEL 91 Joint Venture increased confidence and focus on the Birkhead Formation play and this is being followed up directly with the Knights-1 well."

Mr Lingo continued, "The results of the Western Flank Oil drilling program go straight to the heart of meeting our business objectives for FY 2012 – increasing reserves, increasing production and increasing cash flow. With Hanson scheduled to commence production by early October and Bauer and the other discoveries to quickly follow after that we see this as directly delivering those results."



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.