

2 August 2012

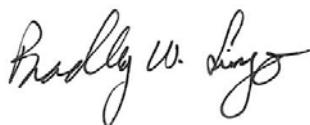
Bauer-7 drilling update

Bauer-7 update

Drillsearch Energy Ltd (ASX:DLS) advises that the Bauer-7 appraisal/development well (Drillsearch 60% and Beach Energy (ASX: BPT) operator at 40%) has reached the secondary target Birkhead Formation interval. Based on mud log interpretation the well did not encounter any reservoir quality sands or hydrocarbon shows in the Birkhead Formation interval at the Bauer-7 location.

The operator will now run wireline logs to confirm the identified oil pay intervals in the primary McKinlay and Namur target zones and subject to the results of these logs it is expected that Bauer-7 is likely to be cased and suspended for later completion as a McKinlay and Namur oil production well.

Yours faithfully



Brad Lingo
Managing Director
P+612 9249 9600
admin@drillsearch.com.au

Or visit the website www.drillsearch.com.au and register for email alerts

Media enquiries to:

Amanda Caucino, Senior Account Manager, Mercury Consulting, P: +61 2 8256 3323

E: amanda.caucino@mercuryconsulting.com.au

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 has been 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.