

9 August 2012

Production testing commences at Coolawang Wet Gas Discovery

- Individual production testing of two Wet Gas pay zones at PEL 106B
- Testing planned to continue for up to 20 days
- Initial flow test results encouraging
- Potential to utilise proximity to existing infrastructure to fast-track production

Drillsearch Energy Limited (ASX: DLS) is pleased to announce that extended production testing (EPT) has commenced at the Coolawang Wet Gas Discovery in PEL 106B. Drillsearch holds a 50% interest in PEL 106B and Beach Energy (ASX: BPT) as Operator holds 50%. Coolawang-1 was the third well in the successful Western Wet Gas Fairway exploration program undertaken in FY 2012.

Separate EPTs will be conducted over the two Wet Gas pay intervals identified from the Coolawang-1 Wet Gas discovery well, with the current test program planned to continue for up to 20 days.

Drillsearch Managing Director, Brad Lingo said, "The start of production testing at Coolawang marks the beginning of our three well EPT program at the Western Wet Gas Fairway. With Haslam and Southend to follow, the Joint Venture will use the data collected from the EPTs to determine future development plans in the Wet Gas Fairway."



PEL 106B – Coolawang Wet Gas Discovery EPT flare

Coolawang-1 was drilled earlier in the year as part of the Western Wet Gas Fairway exploration program which comprised four exploration wells in PEL 106B, targeting the Patchawarra and Tirrawarra Formations located on the Western Flank of the South Australian Cooper Basin.

The well encountered good hydrocarbon fluorescence and gas shows in sands throughout the Patchawarra Formation and Tirrawarra Sandstones. Wire line logging coupled with drill stem testing and formation pressure acquisition program highlighted two likely Wet Gas pay zones in the Lower Patchawarra Formation similar to those discovered in the Canunda and Brownlow Wet Gas Fields.

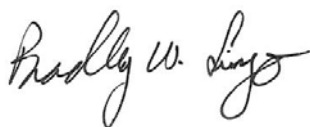
Initial production testing has now commenced on the lower Wet Gas pay zone. Initial results have been encouraging with the lower pay zone currently producing significant quantities of gas and condensate during initial production testing clean-up.

Drillsearch will provide a further detailed update on the results of the EPT upon completion of the testing program for both Patchawarra and Tirrawarra zones.

"The extended production testing at Coolawang will provide the PEL 106B Joint Venture with a much better estimate of both Reserves and expected production rates. Coupled with Coolawang's close proximity to pipeline and infrastructure, the EPT will assist in the formulation of the forward development plan for the Wet Gas Discovery," Mr Lingo said.

The Coolawang-1 exploration well is located approximately 2.3km north of the Canunda Wet Gas Field (Drillsearch 50% and Beach 50%) and 4.6km west of the Paprika Wet Gas Discovery (Drillsearch 100%). The Joint Venture sees an opportunity to combine this light oil and wet gas discovery with the Canunda Wet Gas field and potentially utilise nearby existing infrastructure to fast track production.

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 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.

Western Wet Gas Fairway – PEL 106B

