

23 August 2012

Bauer-8 development well spuds

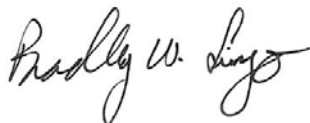
- Oil development well spuds at Bauer-8
- Well to test the northern and eastern extension of Bauer Oil Field
- Well will also appraise Birkhead Formation encountered at Bauer-5

Drillsearch Energy Limited (ASX: DLS) is pleased to announce the spudding of Bauer-8 at 23:00hrs on Wednesday, 22 August 2012. Bauer-8 is the fourth and final well to be drilled in the in the current Bauer Oil Field development program. The Bauer Oil Field is located in PEL 91 in the Western Flank Oil Fairway development program in the South Australian Cooper Basin. PEL 91 permit is held by a joint venture of Drillsearch (60%) and Beach Energy (40% and Operator).

Bauer-8 is being drilled as an oil appraisal/development well in the north eastern portion of the Bauer Oil Field and is located 530 metres to the north-northeast of the Bauer-5 well. The primary objective of Bauer-8 is the development of the McKinlay and Namur pay zones of the Bauer Oil Field.

Following the success of the new Birkhead Formation oil discovery at Bauer-5, the Bauer-8 well will also be drilled to further evaluate the extent of the Birkhead Formation pay interval across the Bauer Oil Field.

Yours faithfully



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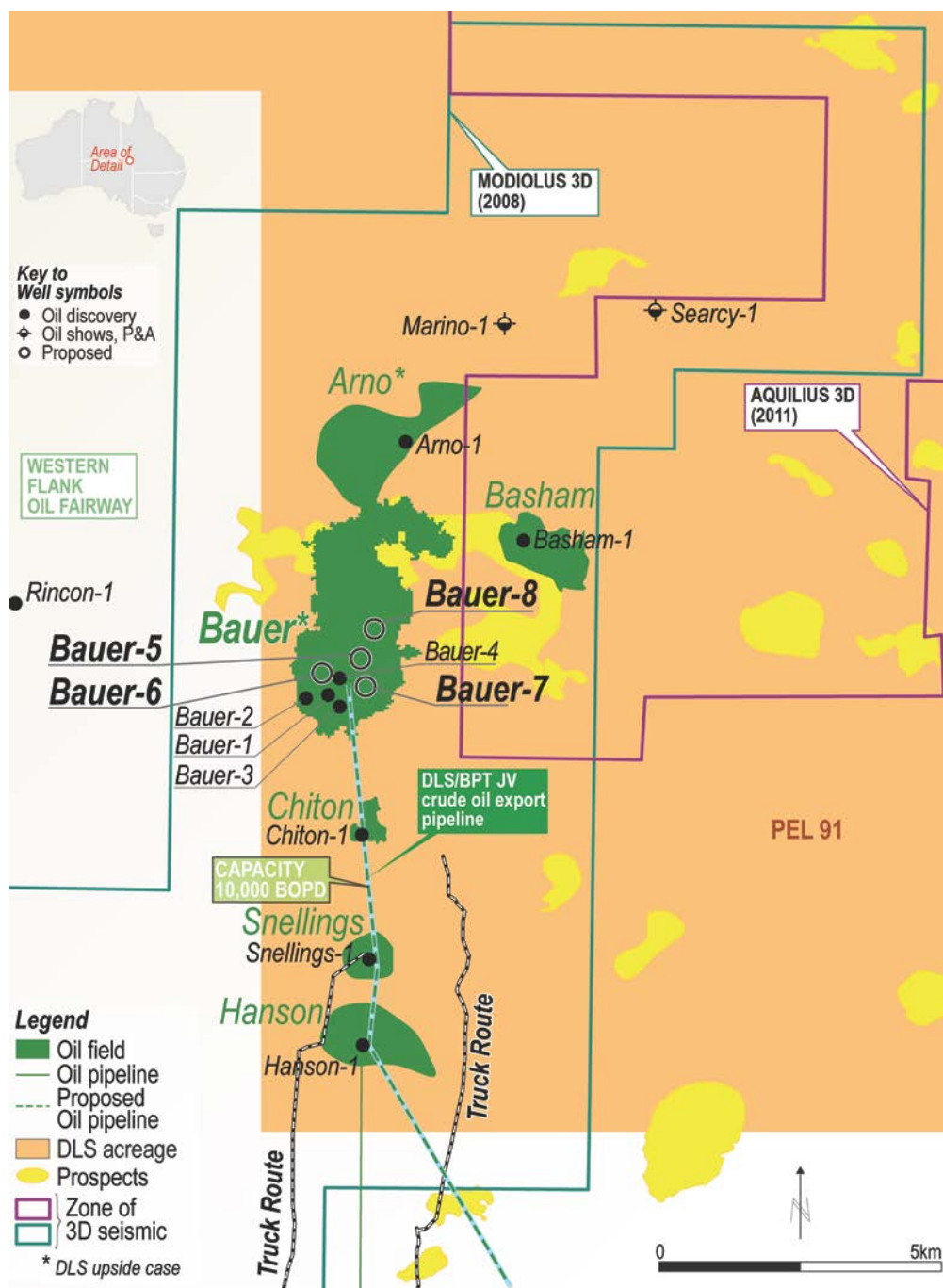
Or visit the website www.drillsearch.com.au and register for email alerts

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PEL 91 Western Flank Oil Fairway – Bauer Oil Field Development



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.