

5 September 2012

Bauer Oil Field Reserves Update

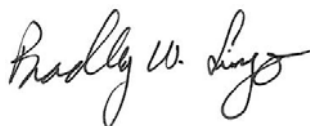
- **Operator estimates Bauer Oil Field to contain more than 10 mmbbls**
- **Drillsearch to complete further independent Reserve audit on Bauer Oil Field by October 2012**

Drillsearch Energy Limited (ASX: DLS) has been advised by Beach Energy Ltd (ASX: BPT) as Operator of the PEL 91 Joint Venture of its updated Reserve estimate for the Bauer Oil Field. Beach had announced this updated estimate in their Monthly Drilling Report released Wednesday, 5 September 2012 providing an update on the recent appraisal and development drilling in the Bauer Oil Field in PEL 91. Beach has prepared updated but preliminary Reserve estimates suggesting that the Bauer Oil Field has more than 10 million barrels of recoverable oil.

The Operator's estimate includes data from the recently drilled Bauer wells 6, 7 and 8 which were not included in Drillsearch's 31 July 2012, independent audited Reserves review conducted by Gaffney, Cline and Associates (GCA) which was released on Monday, 27 August 2012. GCA has estimated that the Bauer Oil Field contains gross 2P Reserves of 6.7 mmbbls of recoverable oil. The PEL 91 Joint Venture consists of Drillsearch 60% and Beach Energy as Operator 40%.

As stated in the Drillsearch's ASX releases of 27 August 2012 and 30 August 2012, Drillsearch has already engaged GCA to prepare a further updated audited Reserves to include the results of the Bauer 6, 7 and 8 appraisal/development wells. It is expected that this updated Reserves report will be complete by October 2012.

Yours faithfully



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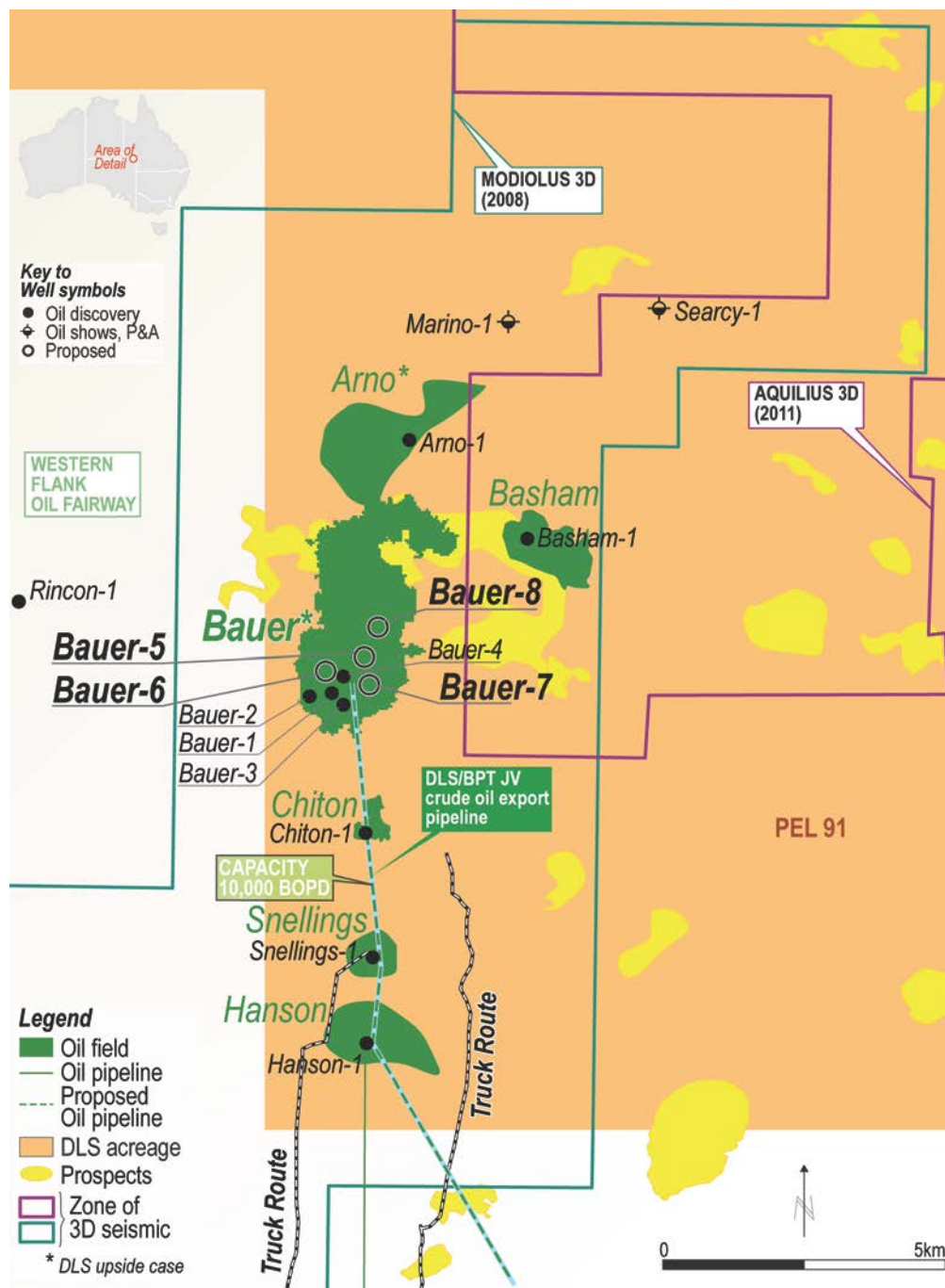
Or visit the website www.drillsearch.com.au and register for email alerts

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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.