

3 December 2012

New Oil Discovery at Pennington-1 Exploration Well

- **Pennington-1 is a new Namur Sandstone oil discovery**
- **Gross recoverable oil reserves likely in excess of 2 mmbbls**
- **Additional potential oil pay in Birkhead Formation**
- **Results support the potential for additional material increase in Reserves**

Drillsearch Energy Limited (ASX: DLS) is pleased to announce a new oil discovery at the Pennington-1 well. Wireline logs have confirmed a McKinlay-Namur oil pay zone similar in character to the nearby and producing Bauer Oil Field reservoir interval. Pennington-1 was drilled by the PEL 91 Joint Venture which consists of Drillsearch 60% and Beach Energy as Operator 40% and has been cased and suspended as a new oil discovery and future oil producer.

The Pennington-1 well was a deviated well and encountered a gross oil column of five metres in the McKinlay Sandstone, contiguous with a net oil column of eight metres in the Namur Sandstone and a separate six metre net oil column in the mid-Namur Sandstone.

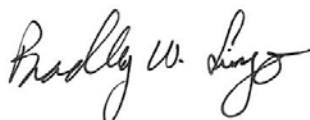
The Operator has advised that in total, the Namur net oil pay exceeds high side pre-drill estimates and wire line logs indicate that the recoverable oil reserves are likely to be in excess of two million barrels (gross) based solely on the McKinlay and two Namur oil pay intervals. This supports the potential for an additional material increase on Drillsearch's current reported 2P Reserves of 11.30 mmbbls.

A further seven metres of potential oil pay over a 15 metre gross interval have been identified in the secondary target Birkhead Formation. Due to deteriorating hole conditions the Operator chose not to run an open hole Drill Stem Test (DST) over the Birkhead Formation. Cased-hole tests will be performed in the coming months to confirm flows rates, and potential oil volumes in the Birkhead Formation.

Managing Director, Brad Lingo said, "This is another great result for the PEL 91 Joint Venture and further demonstrates PEL 91's prime position in the heart of the Western Flank Oil Fairway. It also reinforces the overall prospectivity of the permit across multiple pay intervals in the McKinlay, Namur and the Birkhead Formations."

Following the completion of operations at Pennington-1, the Ensign 930 rig will move to drill the next exploration well at PEL 106B, Coorabie-1.

Yours faithfully



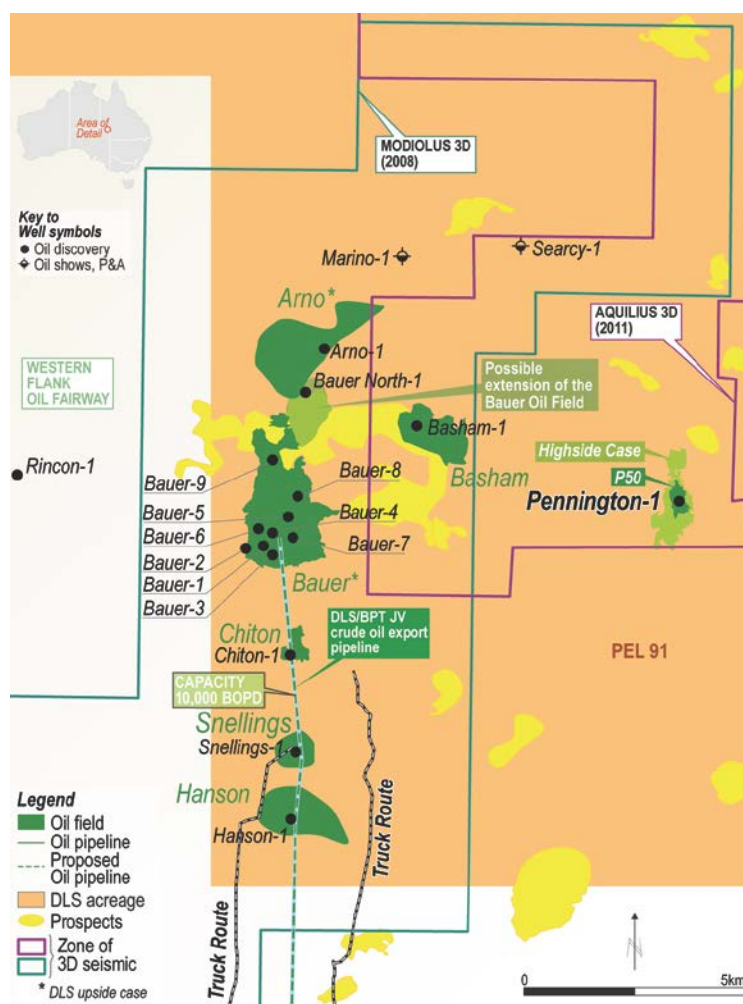
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PEL 91 Western Flank Oil Fairway



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 Ventures 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 these statements and the information in the form and the context in which they appear in this release.