

3 January 2013

Coorabie-1 Wet Gas Exploration Well Cased and Suspended

- **Coorabie-1 cased and suspended for further evaluation**
- **Hydrocarbon shows seen over multiple intervals**
- **Drill stem test recovers small quantity of liquid rich gas from tight sands**

Drillsearch Energy Ltd (ASX: DLS) The Coorabie-1 wet gas exploration well has been cased and suspended. A future evaluation program is being formulated for Patchawarra and Tirrawarra Formation wet gas bearing sands.

Coorabie-1 was the first well in a four-well wet gas exploration campaign in PEL 106B targeting the Patchawarra and Tirrawarra Formations located on the Western Flank of the South Australian Cooper Basin. Drillsearch Energy Limited holds a 50% interest in PEL 106B and Beach Energy (ASX: BPT) as Operator holds 50%.

The well encountered good hydrocarbon fluorescence and gas shows in sands and coals throughout the Patchawarra Formation and Tirrawarra Sandstones. Wireline logging highlighted potential hydrocarbon bearing zones in sands in the Lower Patchawarra and Tirrawarra.

Subsequently a Drill Stem Test (DST) was run over a 10 metre Patchawarra sand interval with hydrocarbon fluorescence and elevated gas readings of 1,545 units between 2,757 to 2,767 metres. Gas cut mud was reverse circulated out the well. A 4 litre sample chamber was also opened at surface and contained gas at 55 psi and 1 litre of gas cut mud. Although the DST data suggests this interval is tight.

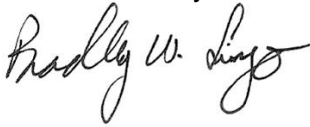
A further 20 metre interval was intersected in the deeper Tirrawarra Formation (2,782-2,802 metres) which on mud logs indicated 100% moderately bright orange hydrocarbon fluorescence and elevated gas values. Based on hydrocarbon shows and wireline log data indicating multiple intervals, although tight are hydrocarbon bearing, the well is being cased and suspended for further evaluation of these zones.

The Ensign 930 rig will move 2.4km south west from Coorabie-1 to drill the second well in this campaign, Rosetta-1.

Going forward starting in February 2013, due to the overall high level of drilling and development activities, Drillsearch will move to reporting on the activities that have occurred over the past month in a monthly drilling and operations report which will be released during the first week of every month. This reporting will also be timed to more closely coordinate reporting on these activities with other Joint Venture partners. The first monthly report will be released in February 2013. In keeping with ASX continuous reporting requirements, the company will also make additional

announcements of any other material developments that may occur in between the release of monthly drilling and operational reports.

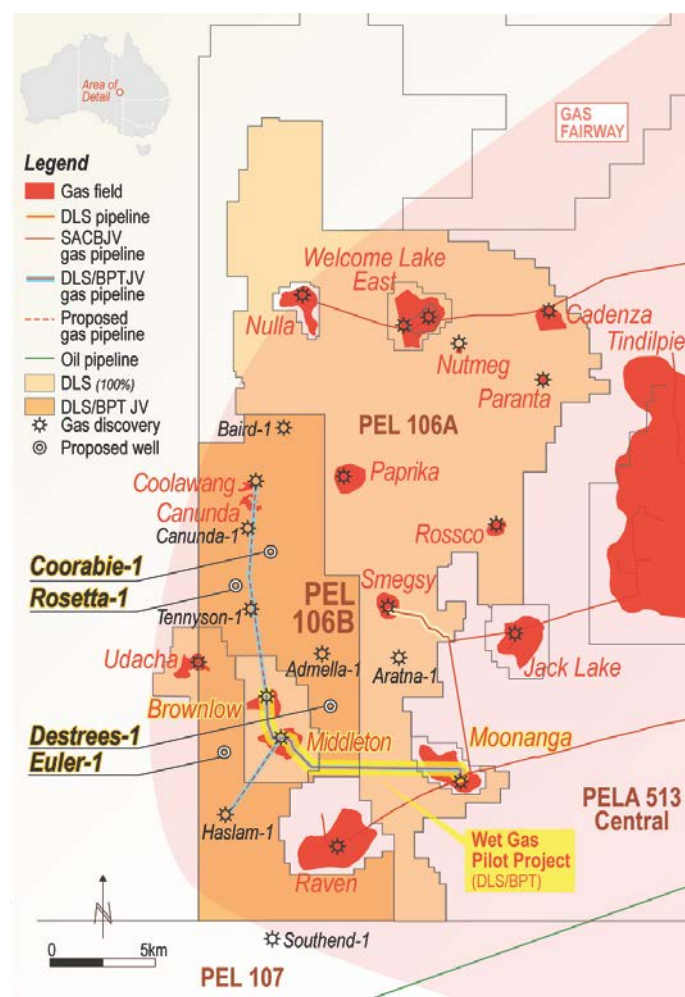
Yours faithfully



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PEL 106B Western Wet Gas 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 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.