

Monthly Drilling and Operations Report

5 April 2013

Highlights:

- PEL 91 Joint Venture begins a four-well exploration program
- Extensive seismic acquisition taking place across multiple areas
- Wamberal-1 spud in PEL 106A marks the beginning of a three-well exploration program
- Connection of Canunda-1 to the Middleton Facility near completion

Drillsearch Energy Limited ABN 73 006 474 844
Telephone +61 2 9249 9600
Facsimile +61 2 9249 9630
admin@drillsearch.com.au
www.drillsearch.com.au
Level 16, 55 Clarence Street
Sydney NSW 2000

Oil Business

Western Flank Oil Fairway (DLS 60% - Non-operated)

Drilling activity

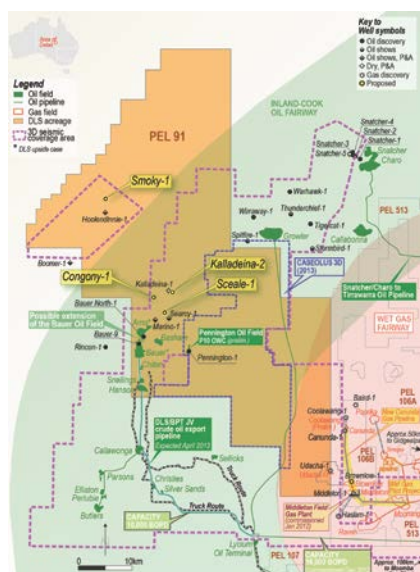
Drilling has re-commenced in the Western Flank region with the spudding of the Kalladeina-2 exploration well in PEL 91. At the time of reporting, the well had reached total depth with logging operations about to begin. Initial interpretation of mud logs suggesting good oil shows in the primary target. Oil exploration, appraisal and development drilling in PEL 91 is expected to continue for several months.

Appraisal and development activity

Bauer-1, 2, 3, 4 and 7 are now online. Bauer-5, 6 and 8 have been completed and connected with Bauer-9 and Bauer North-1 scheduled to be completed in April. The Bauer to Lycium pipeline has been installed and tested with end of line construction facilities currently underway. Pipeline commissioning is planned for early May followed by commencement of oil export operation.

Seismic activity

The Iruis 3D processing is ongoing and estimated to be finalised by the end of June. As of 2 April 2013, as part of the Caseolus 3D seismic survey, which covers 485km² of the PEL 91 permit, 51% of line clearing, 44% of surveying and 22% of recording have been completed. It is expected that seismic acquisition will be completed by late May followed by approximately five months of processing.



Western Flank Oil Fairway – PEL 91

Inland-Cook Oil Fairway (DLS 100% - Operated)

Drilling activity

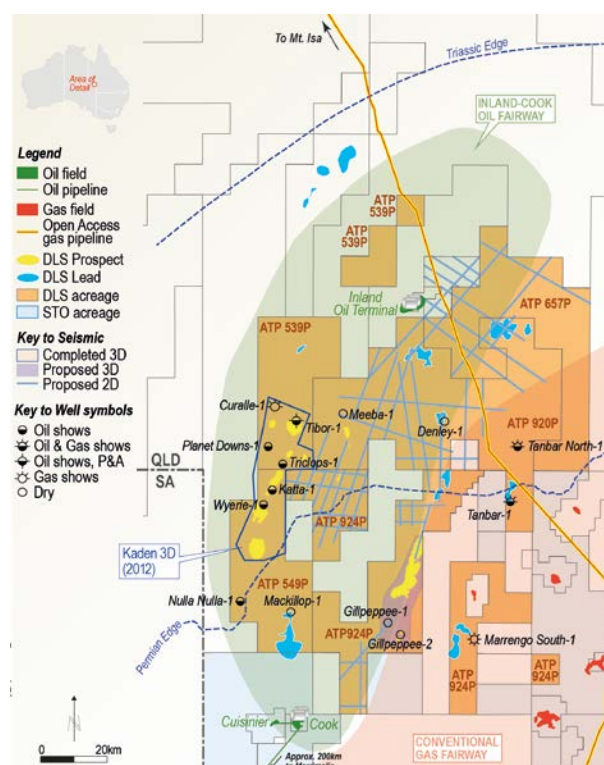
No drilling took place during March 2013.

Appraisal and development activity

Regional geological and geophysical studies are ongoing. Permits ATP 920P and ATP 924P have been granted by the Queensland Government, effective 1 March 2013.

Seismic activity

No seismic acquisition activity took place during March 2013; however, processing and interpretation of the 2012 Kaden 3D seismic continues.



Inland-Cook Oil Fairway

Wet Gas Business

Western Wet Gas Project Area (DLS 50-60% - Non-operated)

Drilling activity

No drilling took place during March 2013.

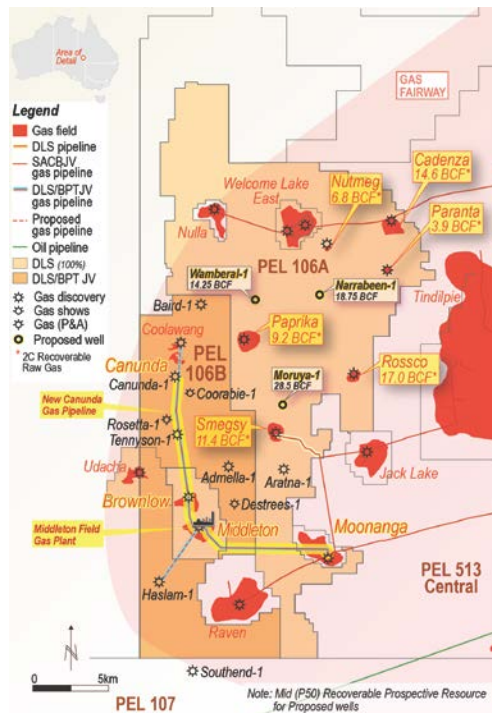
Appraisal and development activity

Production from the Wet Gas Project resumed on 17 March 2013 after a new Gas Sales Agreement was signed with the Cooper Basin Joint Venture.

Connection of Canunda-1 to the Middleton Facility via a Fibrespar flowline is near completion. Commissioning of the tie-in of the Canunda Wet Gas Field to the Middleton Gas Plant is expected to be completed during the June 2013 quarter.

Seismic activity

Processing of the Irus 3D seismic survey and reprocessing of the Spinel 3D seismic survey are ongoing.



Western Wet Gas Project Area (DLS 100% - Operated)

Drilling activity

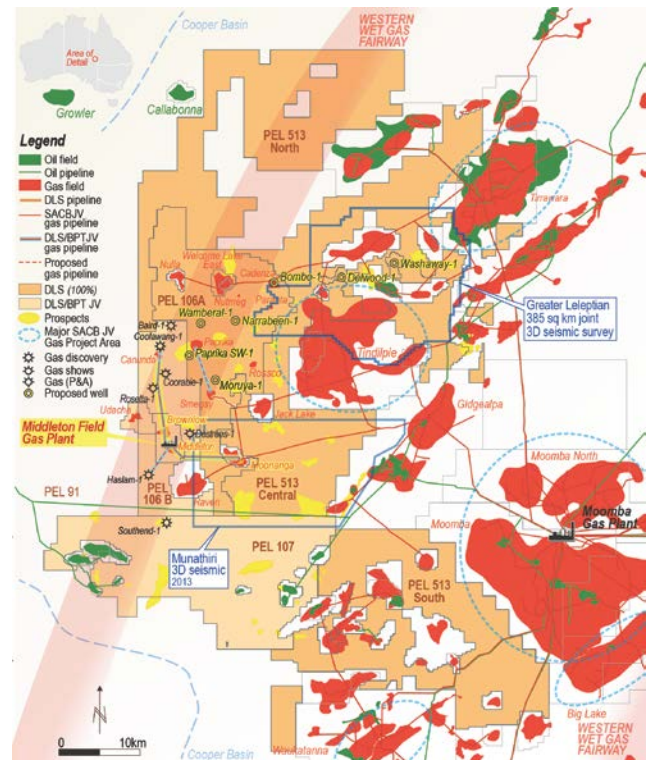
Localised rain delayed the spudding of Wamberal-1 which was due to spud in late March. Wamberal-1 spudded on Wednesday, 3 April and will be drilled to 2,937m.

Appraisal and development activity

No appraisal and development activity took place during March 2013.

Seismic activity

The PEL 513 Munathiri 3D seismic survey acquisition commenced after completion of cultural heritage clearances.



Northern Wet Gas Project Area (DLS 60-100% - Operated)

Drilling activity

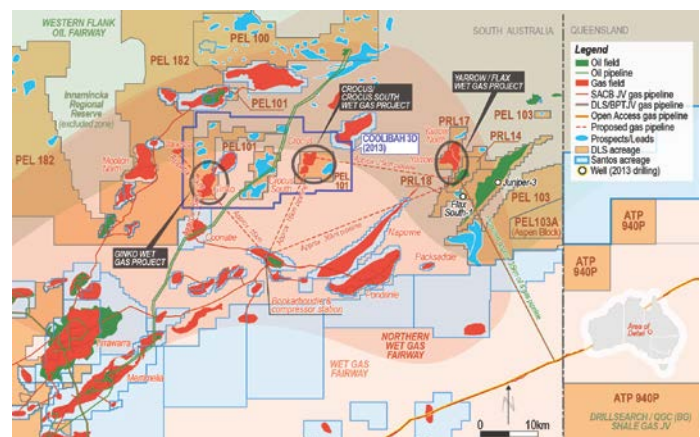
No drilling took place during March 2013.

Appraisal and development activity

No appraisal and development activity took place during March 2013.

Seismic activity

Seismic acquisition on the Coolabah 3D seismic survey which covers PEL 101 (Drillsearch 60%) was completed in March 2013. Processing of the survey by WesternGeco has commenced and is expected to be completed at the end of August 2013.



Unconventional Business

Central Unconventional Fairway (DLS 40% - Operated)

Drilling activity

No drilling took place during March 2013.

Drilling is expected to begin around mid July 2013 with the Weatherford 826 Rig, after it completes the three-well campaign in PEL 106A.

Appraisal and development activity

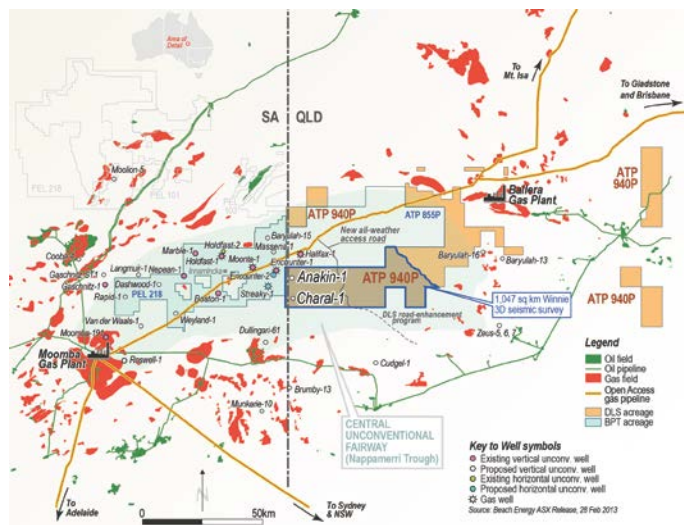
Drillsearch and Joint Venture partner QGC have agreed on well locations for the first two wells in ATP 940P. The wells,

Anakin-1 and Charal-1, have been based on 3D seismic to target multi-layered tight gas Patchawarra Sandstone and REM shale gas. Charal-1 is due to spud in mid July 2013 and Anakin-1 in October 2013.

Field activities, such as building of access roads to facilitate the construction of well pad leases, are in progress.

Seismic activity

Ongoing interpretation of the Winnie 3D seismic survey continues with the aim of optimising future well locations.



Central Unconventional Fairway - ATP 940P

Monthly drilling summary

Well	Participants	Progress & Summary	Primary Targets
Kalladeina - 2	DLS 60%	Spud Date Friday, 29 March 2013	Namur Sandstone
PEL 91	BPT* 40%	Rig Release: Thursday, 11 April 2013 (Predicted)	
Oil Business		Depth: 2,007 m (Prelim)	
Western Flank Oil		Operation: Drilling	
C/E Basin, SA		Progress: 1,865 m	

For further information please contact:

Brad Lingo
Managing Director
P+612 9249 9600
admin@drillsearch.com.au

Or visit the website www.drillsearch.com.au
Media enquiries to: Justin Kelly (02 8256 3350) at Mercury Consulting

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

Any reference to Reserves and Resources in this release follows guidelines set forth by the Society of Petroleum Engineers – Petroleum Resource Management System (SPE - PRMS). The Reserves estimates used during this release were compiled by Mr David Evans, Chief Technical Officer of Drillsearch Energy Limited, who is a qualified person as defined under ASX Listing Rule 5.11 and has consented to the use of the Reserves figures in the form and context in which they appear in this presentation.