

1 May 2013

Bauer-to-Lycium oil pipeline operational

- **Bauer-to-Lycium Oil Export Pipeline completed and commercial operation started**
- **PEL 91 gross production expected to increase to 10,000 BOPD**
- **Drillsearch daily oil production projected to double to 6,000 BOPD**

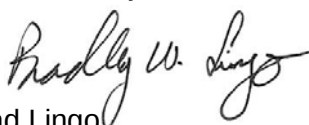
Drillsearch Energy Limited (ASX: DLS) is pleased to announce that Beach Energy Limited as Operator of the PEL 91 Joint Venture has advised that the Bauer-to-Lycium oil pipeline is now operational. Commissioning of the pipeline and associated facilities was completed on Monday, 29 April and commercial operation commenced thereafter.

The gross capacity of the pipeline is 10,000 BOPD. With the commissioning completed, production from the Bauer Oil Field and the other PEL 91 new oil discoveries is expected to increase to 10,000 BOPD (gross) with Drillsearch share of production increasing to 6,000 BOPD.

Managing Director Brad Lingo stated "The PEL 91 production ramp-up resulting from the start-up of the Bauer-to-Lycium Pipeline is an important event in Drillsearch becoming a mid-tier oil producer. This will facilitate a significant ramp-up in the company's daily net production rate to 6,000 bopd - a doubling of our current oil production. This positions the Company to deliver strong production growth for the remainder of FY 2013 and into FY 2014 and beyond."

The PEL 91 Joint Venture is comprised of Drillsearch (60%) and Beach Energy as Operator (40%).

Yours faithfully,



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

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.