

21 January 2014

Early Success from Two New Drilling Campaigns in the Cooper Basin

- **10 wells being drilled in total in PEL 91 and the Tintaburra block**
- **Chiton-3 well to be cased and suspended as a future producer in PEL 91**
- **Initial results from Tintaburra campaign also positive**

Drillsearch Energy Limited (ASX: DLS) is pleased to announce a success from the first of five wells being drilled in a new campaign in PEL 91, one of two programs currently being conducted within the Company's acreage in the Cooper Basin.

The Chiton-3 well (see attached map) is located 600 metres north of Chiton-2 in PEL 91 and was drilled to appraise the northern extent of the Chiton field. The well is one of five being drilled by the PEL 91 Joint Venture during the current campaign, which includes two appraisal wells, one development well and two exploration wells. Drillsearch owns 60% of PEL 91, with operator Beach Energy Limited owning the remaining 40%.

Chiton-3 encountered 3.5 metres of oil within the Namur Sandstone and a further 3 metres within the McKinlay Member. It will now be cased and suspended as a future producer.

PEL 91 is located in the heart of the prolific Western Flank Oil Fairway in the South Australian section of the Cooper Basin and includes the producing Bauer and Chiton fields. This latest campaign builds on the recent success of the Bauer-11 and Chiton-2 wells and is in line with Drillsearch's strategy of pursuing strong growth in reserves, production and cashflow. Bauer-11 and Chiton-2 are two of 22 wells across PEL 91 that have been cased and suspended as future producers.

The five locations being drilled by the PEL 91 Joint Venture have all been mapped using the Modiolus and Aquillus 3D Seismic Surveys. The wells have primary targets within the McKinlay Member and Namur Sandstone, both proven oil plays within the Western Flank Oil Fairway, as well as secondary targets in the Birkhead Formation.

The Bauer-12 well will be drilled as a vertical appraisal well, 560 metres west of Bauer-8, to appraise the north western flank of the Bauer structure. Bauer-13 will be drilled as a vertical development well, 530 metres east of Bauer-3, testing the south eastern flank.

Initial Positive Results from Tintaburra Program

The campaign in PEL 91 is running in parallel with a separate five-well drilling campaign being undertaken in the Tintaburra block with Joint Venture partner, Santos Limited.

Following the acquisition of an additional 29% interest in the Tintaburra block by Drillsearch in mid-2013, the ATP 299 Joint Venture (Drillsearch 40% and Santos 60% and Operator) embarked on an expanded work program aimed at increasing oil production and improving overall oil recovery rates with a view to converting a significant portion of the contingent oil resources to reserves.

The five-well Ipundu Oil Appraisal Campaign, which began in late December 2013, is gathering data to optimise the Field Development Plan for the Ipundu and Ipundu North fields. Initial results from the campaign have been positive, with the Ipundu-17 and 18 wells cased and suspended as future producers.

Positive Momentum Carried into 2014

Drillsearch Managing Director Brad Lingo said: *"We are pleased to have carried the momentum from last year into 2014 with two drilling campaigns already underway and positive results feeding through from the targets we have identified. With the majority of the prospects in PEL 91 located near to existing infrastructure, a discovery could be commercialised quickly, provide immediate cash flow to Drillsearch and help us to maintain and extend production levels from PEL 91 over the longer term."*

"PEL 91 continues to exceed expectations and to present our oil business with attractive opportunities, complemented by a bank of large undrilled prospects and leads elsewhere within our portfolio."

"In addition, we are pleased with the initial results from the campaign in the Tintaburra block, to which we now have a bigger exposure following our agreement with Santos in mid-2013."

For additional information please contact:

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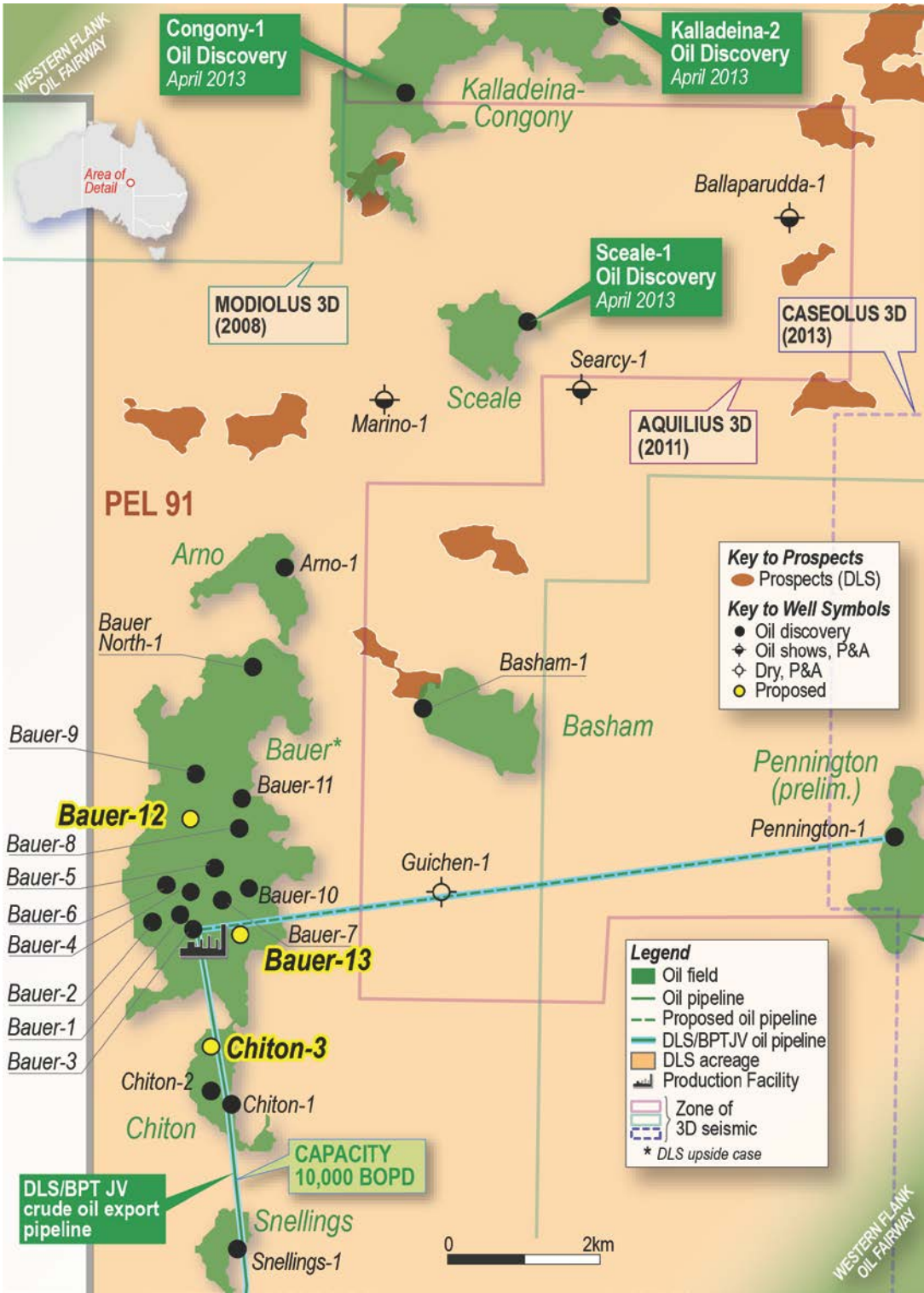
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PEL 91 – Western Flank Oil Fairway



Eastern Margin Oil Fairway – ATP 299 and 783

