

28 March 2014

New Oil Discovery on the Western Flank

Drillsearch Energy Limited (ASX: DLS) is pleased to provide the attached announcement from the Operator, Beach Energy Limited, in relation to the results of the Stunsail-1 exploration well in PEL 91 on the Western Flank Oil Fairway.

Drillsearch holds 60% of PEL 91, with Beach holding 40% as Operator.

Drillsearch Managing Director Brad Lingo said:

"As the twelfth discovery in PEL 91, Stunsail-1 represents another great result for the PEL 91 joint venture following the recent successes of Bauer-12, Bauer-13 and Chiton-3.

"The results of the well reinforce our view of the overall prospectivity of PEL 91 across multiple pay intervals in the McKinlay, Namur and Birkhead Formations, while the location in the hitherto under-explored northeastern section of the permit may help to open up a new area of PEL 91 for exploration and production.

"The PEL 91 joint venture continues to pursue an active drilling campaign within the permit which, combined with the tie-in of existing discoveries, is expected to drive strong production performance from the permit well into the future, consistent with Drillsearch's strategy of pursuing growth in reserves, production and cash flow."

Drillsearch plans to release a further announcement to the ASX following interpretation of the second drill stem test results on Stunsail-1, including estimated volumetrics.

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www.drillsearch.com.au

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.

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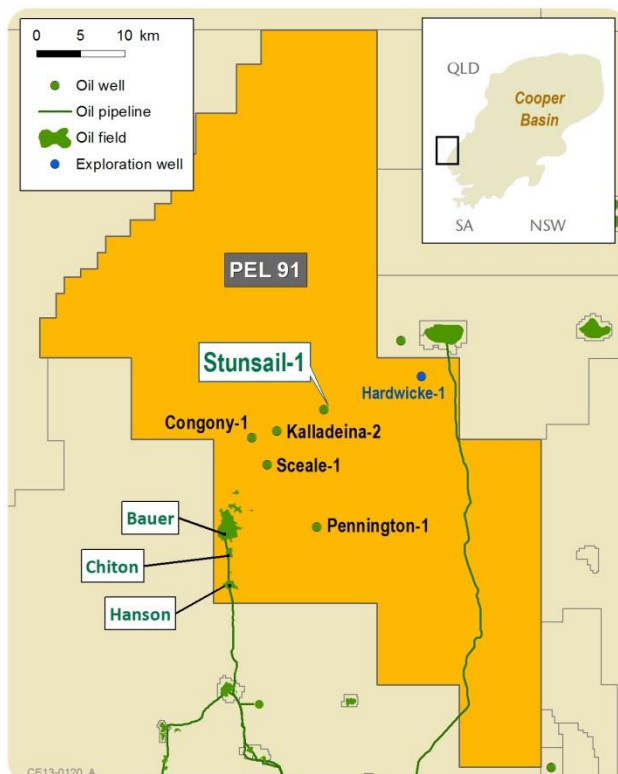
Dear Sir

WESTERN FLANK OIL EXPLORATION SUCCESS WITH STUNSAIL-1

Stunsail-1 delivered an upside result with a ten metre oil column in the McKinlay/Top Namur Sandstone, four metres in the Mid Namur and oil flow to surface from the Birkhead Formation. This result has opened up multiple opportunities in the northern area of PEL 91

Beach Energy Ltd (ASX: BPT, "Beach") advises that the Stunsail-1 exploration well in PEL 91 (Beach 40% and operator, Drillsearch Energy Ltd 60%) successfully discovered oil in stacked pay over the McKinlay/Top Namur, Mid-Namur and Birkhead reservoirs.

The Stunsail-1 well exceeded expectations by encountering a thicker column and multiple hydrocarbon bearing zones. The well intersected the McKinlay/Namur at a depth of 1,367 metres with a ten metre column, six metres of which was within the highly productive Namur Sandstone. A four metre oil column was also penetrated in the mid-Namur at a depth of 1,403 metres.



Additional oil shows were encountered in the deeper Birkhead Formation, with two intervals tested. The first drill stem test ("DST") tested a gross 15 metre section, at a top depth of 1,667 metres, and recovered 46 barrels of oil and three barrels of filtrate over a four hour period, equating to a test rate of in excess of 250 barrels of oil per day. The second DST is testing a gross 11.5 metre section, with a top depth of 1,610 metres. Results from this test are still pending.

Preliminary volumetric estimates of the field are currently being assessed.

Reg Nelson, Beach Managing Director, said "The new field discovery at Stunsail continues the extraordinary success Beach has had drilling on 3D in this part of the basin. This is

our most northerly discovery in PEL 91 to date, which bodes well for future exploration in this part of the permit. Our goal is to continue to grow production from the Western Flank, with a number of further exploration wells to be drilled in our operated and non-operated areas this financial year”

Following the completion of the evaluation program, the Ensign 930 rig will be moved to the Hardwicke-1 exploration well, which is located approximately eight kilometres to the northeast of Stunsail-1.

Yours sincerely,



Reg Nelson
Managing Director, FAusIMM

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