

30 May 2014

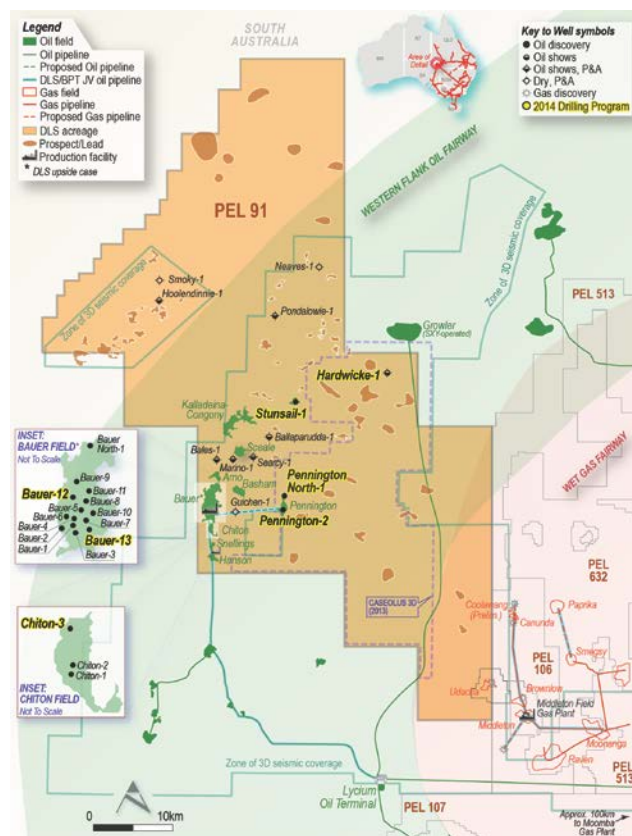
May Drilling Report

Oil Business

Western Flank Oil Fairway PEL 91

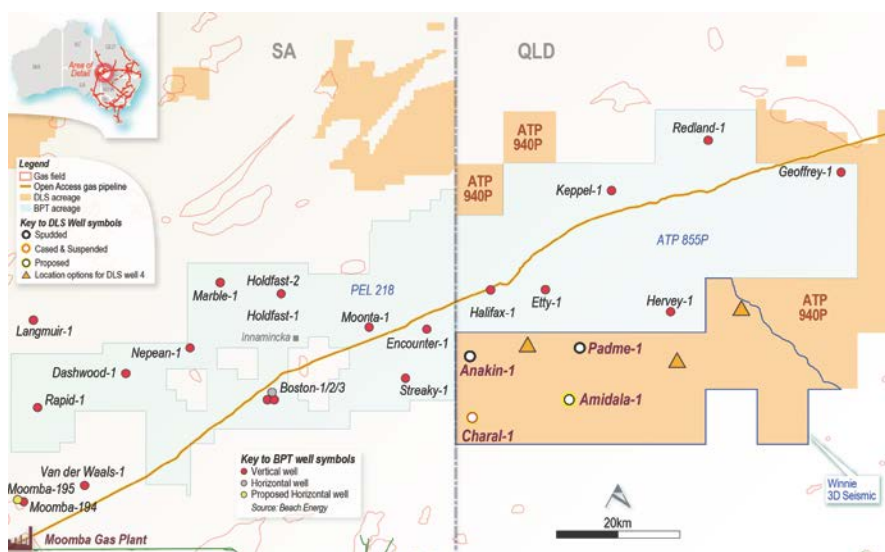
In PEL 91 (Drillsearch 60%, Beach 40% and Operator) Pennington North-1, a vertical near-field exploration well located approximately 900 metres to the north of Pennington-1, spudded on Monday, 12 May 2014. The well encountered trace shows in the McKinlay/Namur reservoir but no pay was interpreted over the interval. Good shows were however observed in the lower Birkhead Formation over a fairly well developed net-to-gross section. A Drill Stem Test (DST) was conducted from 1,718 metres to 1,722.5 metres (Measured Depth) and recovered 22 barrels of oil during a 4 hour flowing period, equating to an approximate flow rate of 120 barrels of oil per day. Based on the DST result and the potential for lateral continuity of oil filled lower Birkhead reservoir sands towards Pennington-1, the well was cased and suspended as a new Birkhead oil discovery.

Pennington North-1 was the final well in the current drilling campaign with the rig not due to return to the permit until July.



Unconventional Business

Central Unconventional Fairway ATP 940P



The Charal-1 vertical exploration well reached a total depth of 3,866 metres on 21 April, 2014, with indications of elevated gas in the primary target intervals. As per the pre-drill plan, the well has been cased and suspended for hydraulic stimulation and production testing, which is planned to commence in the September quarter.

The Weatherford 826 rig was released from the Charal-1 well and moved to the Anakin-1 well, which is drilling ahead after being re-entered on Monday, 26 May 2014. Like the Charal-1 well, the Anakin-1 well top-hole section was drilled in late 2013 and is to be deepened to intersect the Permian section.

Monthly Drilling Summary

Oil Wells	Participants	Progress & Summary		Primary Target
Pennington - 2	DLS 60%	Spud Date:	Tuesday, 29 April 2014	Namur Sandstone
PEL 91	BPT* 40%	Rig Release:	Thursday, 8 May 2014	
Oil Business		Depth:	1,820 m (TD)	
Western Flank Oil		Operation:	Cased & Suspended	
C/E Basin, SA		Progress:	1, 820 m (TD)	
Pennington North - 1	DLS 60%	Spud Date:	Monday, 12 May 2014	Namur Sandstone
PEL 91	BPT* 40%	Rig Release:	Thursday, 22 May 2014	
Oil Business		Depth:	1, 808 m (TD)	
Western Flank Oil		Operation:	Cased & Suspended	
C/E Basin, SA		Progress:	1, 808 m (TD)	
Unconventional Wells	Participants	Progress & Summary		Primary Target
Charal - 1	DLS* 40%	Re-entered:	Monday, 24 February 2014	Roseneath / Murteree Shale Patchawarra Formation
ATP 940P	QGC 60%	Rig Release:	Sunday, 11 May 2014	
Unconventional Business		Depth:	3, 866 m (TD)	
Central Unconventional		Operation:	Cased & Suspended	
C/E Basin, QLD		Progress:	3, 866 m (TD)	
Anakin - 1	DLS* 40%	Re-entered:	Monday, 26 May 2014	Roseneath / Murteree Shale Patchawarra Formation
ATP 940P	QGC 60%	Rig Release:	Wednesday, 30 July 2014 (Proposed)	
Unconventional Business		Depth:	4, 334 m (Proposed)	
Central Unconventional		Operation:	Suspended Operations	
C/E Basin, QLD		Progress:	2, 530 m	

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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.