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Drillsearch, Beach to Expand Cooper Basin Oil Partnership with ATP 924P Joint Venture

- **Farmin agreement gives Beach the potential to earn a 45% interest in ATP 924P (Drillsearch to retain 55%) in the Inland-Cook region of the Cooper Basin**
- **To earn the full 45%, Beach must fund the recently completed 3D seismic program along the Hurron structural trend, drill two wells and pay 45% of other past costs**
- **Agreement extends successful working relationship between Drillsearch and Beach in the Cooper Basin**

Drillsearch Energy Limited (ASX: DLS or "Drillsearch") announces that it has executed an agreement with Beach Energy Limited (ASX: BPT or "Beach") for Beach to farm in to its ATP 924P oil and gas exploration permit in the south west Queensland section of the Cooper Basin.

The agreement extends Drillsearch and Beach's successful partnership from the Western Flank Oil Fairway of the Cooper Basin where the two companies produce oil from the prolific PEL 91 joint venture, as well as wet gas from PEL 106. This agreement follows an extensive farmout process conducted by Drillsearch to identify an aligned joint venture partner for the permit.

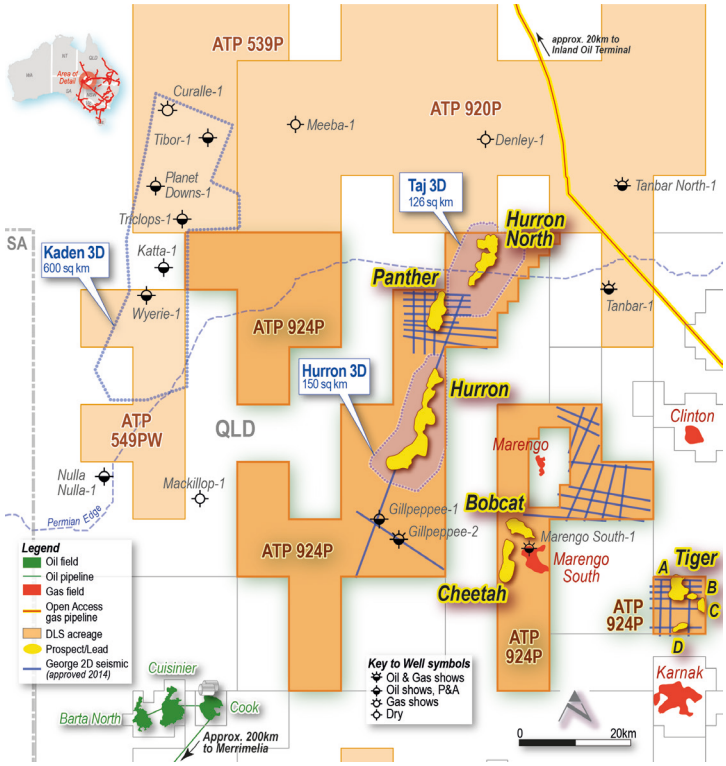
Under the terms of the agreement, Beach will fund 150km^2 of recently acquired 3D seismic, and drill an initial exploration well on the Hurron Prospect to earn a 45% farmin option. Under the second phase, and should Beach elect to exercise the option, it will drill an additional exploration well and reimburse Drillsearch for past costs in order to earn the 45% interest.

Beach will operate the drilling of up to two wells on behalf of Drillsearch who will retain operatorship of the permit. The first well is expected to target potential oil reservoirs in the Eromanga Basin sediments in the Hurron Prospect. Drillsearch currently estimates that the Hurron Prospect offers an unrisked prospective resource potential of between 6.4 mmbbls (Low estimate P90) and 48.1 mmbbls (High estimate P10) with a best estimate (P50) of 18.7 mmbbls. In addition, the company has also identified a deeper Hurron wet gas prospect, with a total unrisked prospective resource potential of between 12.3bcf (Low estimate P90) and 52.4bcf (High estimate P10) with a best estimate (P50) of 27.9bcf.

The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

ATP 924P covers an area of approximately 2,300km² in the south west Queensland Cooper Basin, located between the Inland Oil Field to the north, and the Cook/Cuisinier Oil Fields to the south. To date, only three wells have been drilled in the permit. Six prospects and leads are currently mapped in ATP 924P that are potential targets for future exploration. ATP 924P also includes the Marengo South discovery, which has been independently audited by DeGolyer and MacNaughton, with a contingent gas resource of between 5.0bcf (Low estimate 1C) and 42.1bcf (High estimate 3C) with a best estimate (2C) of 17.5bcf.

Drillsearch recently completed acquisition of the first two 3D seismic surveys in the permit: the 150km² Hurron survey over the Hurron Prospect, and the 126km² Taj survey over the Hurron North Prospect, identified in the map below. An additional infilling 2D seismic program has commenced and is expected to be completed later this year.



Inland-Cook Oil Fairway – ATP 924P

Drillsearch Managing Director Brad Lingo said:
"We are delighted with the outcome of the ATP 924P farmout process which has delivered a high quality partner in Beach and we look forward to working together to expedite the work program we already have underway. We have identified several drill targets in the permit and we are excited to pursue the prospectivity that we believe exists in this under-explored part of the Cooper Basin. The Inland-Cook/ATP 924P area is an important part of the long-term strategy for our Oil Business and we look forward to reporting back on the results of the work program."

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Qualified Petroleum Reserves and Resource Evaluator Requirements - The information in this report that relates to prospective and contingent resources is based on information compiled by Mr Neil Thompson, General Manager Exploration and Development at Drillsearch and includes the contingent resources for the Marengo South discovery which was taken from the independent reserve auditors DeGolyer and MacNaughton. Mr Thompson is a Qualified Petroleum Reserves and Resources Evaluator and a Member of the American Association of Petroleum Geologists. Mr Thompson is a full-time employee of the company. Mr Thompson has sufficient experience that is relevant to the company's Reserves and Resources to qualify as a Reserves and Resources Evaluator as defined in the ASX Listing Rules. Mr Thompson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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.