

1 October 2014

September Drilling Report

- Western Flank and Northern Cooper campaigns continue
- Hydraulic stimulation in ATP 940P begins on schedule with Charal-1 stimulated in September; Padme-1 drilling continues
- Juniper-3 well underway in Northern Cooper Gas and Liquids Project Area

Oil Business

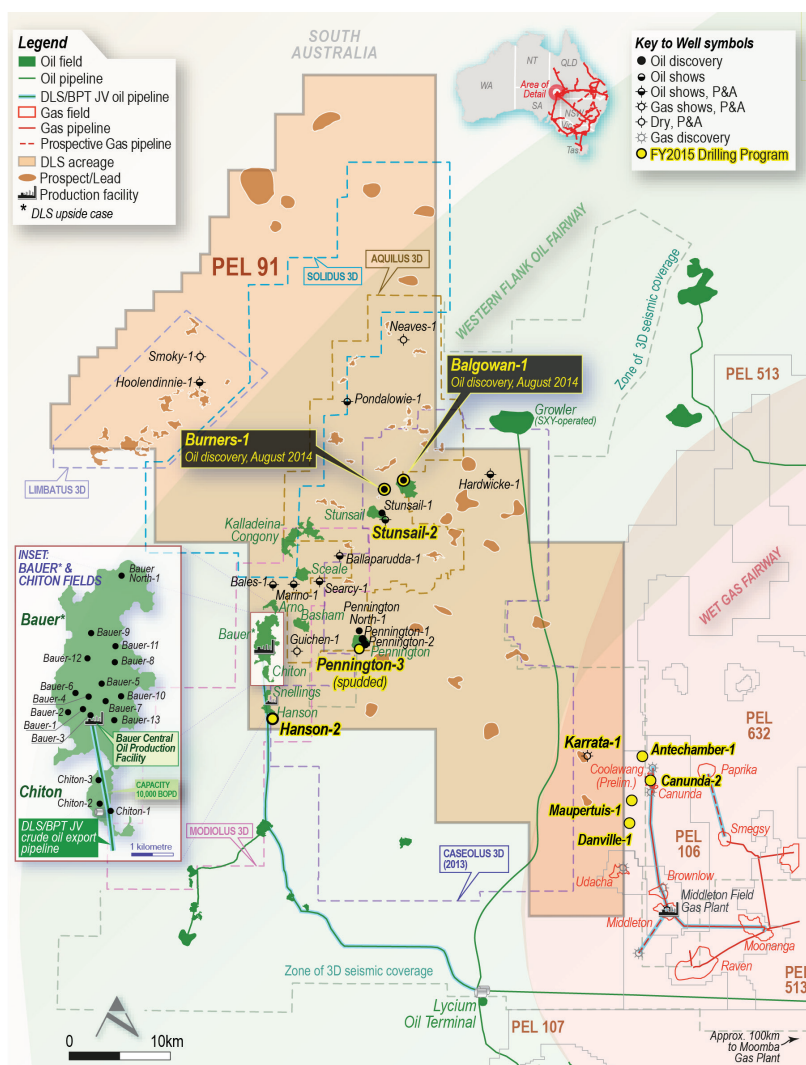
Western Flank Oil Fairway - PEL 91

Two oil appraisal wells were drilled in PEL 91 (Drillsearch 60%, Beach 40% and Operator) on the Western Flank Oil Fairway during the month.

The Stunsail-2 well was drilled 760 metres to the southeast of Stunsail-1 with primary targets in the McKinlay, Namur, Mid-Namur and Birkhead. The well encountered oil shows in the McKinlay Member and the Namur, Westbourne and Birkhead Formations, however testing of these indicated volumes and flow rates were uneconomic and as a result, the well was plugged and abandoned on 15 September.

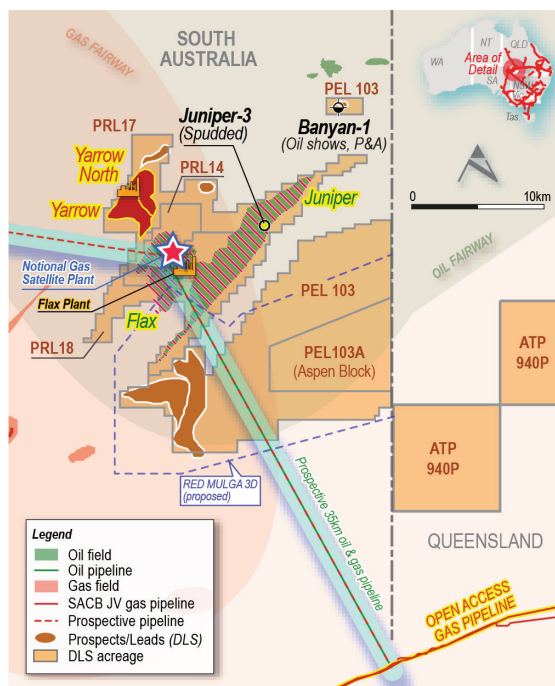
Pennington-3 was spudded on 20 September, 400 metres from the bottom hole location of the Pennington-2 directional well. A core has been taken in the Namur Sandstone with a second core planned, to be followed by drilling to total depth, logging and potentially testing. The results of Pennington-3 are expected to be published in the October drilling report.

After Pennington-3, the rig will move to drill the Bauer-14 and -15 development wells in PEL 91.



Northern Cooper Gas and Liquids Project Area – PRLs 14, 17, 18, PEL 103

In PRL 14, the workover of the Flax-1 well is continuing with the objective of hydraulically stimulating a zone in the Mid-Patchawarra Formation and recompleting the well as a dual-zone producer using a sliding sleeve completion. The productive Tirrawarra Formation will also be recompleted.



The hydraulic stimulation demonstrated the existence of a new pay interval in the Mid-Patchawarra Formation. A coiled tubing unit with nitrogen lift is planned to be introduced in mid-October as part of preparing for the restart of production, after which time it will be released.

In PEL 103, the Banyan-1 vertical exploration well was spudded on 27 August 2014 and drilled to a total depth of 2,230 metres on 9 September. The well is located five kilometres southwest of Senex Energy's Acrasia Field.

Banyan-1 encountered multiple oil shows from the Birkhead and Tinchoo Formations. Petrophysical evaluation identified no pay in the Birkhead and small potential pay intervals in the Tinchoo Formation which were considered non-commercial, and therefore Banyan-1 was plugged and abandoned.

Following completion of Banyan-1, the rig moved to drill the Juniper-3 appraisal well, which was spudded on 21 September. Juniper-3 is located 5.7 kilometres northeast and up-dip of Juniper-1, and will test a three-way closure against

a fault with primary targets in the Patchawarra and Tirrawarra Formations. As of 29 September 2014, the well had reached depth of 1,738 metres in the Namur sandstone. Planned total depth is 2,658 metres, which is expected to be reached in mid-October.

Wet Gas Business

Western Wet Gas Fairway - PELs 91, 106

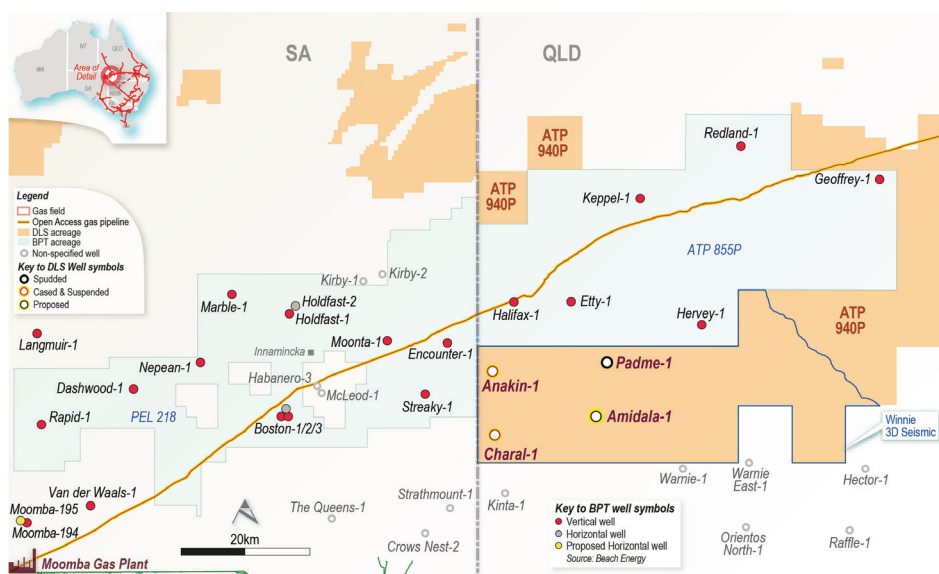
The Karrata-1 exploration well was drilled within the PEL 91 permit (Drillsearch 60%, Beach 40% and Operator) on the Western Wet Gas Fairway as a vertical well testing the presence of gas/condensate in a Patchawarra structural stratigraphic trap on the flank of the Patchawarra Trough. The well is up-dip from the Canunda-1 wet gas discovery in neighbouring PEL 106 (Drillsearch 50%, Beach 50% and Operator). Karrata-1 encountered elevated gas shows in coals and sands throughout the Patchawarra Formation, however potential gas pay intervals identified through wireline logging were considered insufficient to warrant testing and so Karrata-1 was plugged and abandoned with the rig released on 25 September. The next well in the campaign is the Canunda-2 appraisal well in PEL 106.

Unconventional Business

Central Unconventional Fairway ATP 940P

In ATP 940P (Drillsearch 40% and Operator, QGC 60%), the Padme-1 well was re-entered on 7 September. The well is currently drilling ahead, with planned total depth of around 3,960 metres.

Hydraulic stimulation of the Charal-1 well began on 17 September with stimulation occurring across the Patchawarra and Roseneath Epsilon Murteree (REM) intervals. Stimulation is expected to be completed in early October, with the Halliburton crew then moving on to Anakin-1 within the same permit. Production testing of Charal-1 is planned to begin in early November.



Monthly Drilling Summary

Well	Participants	Progress & Summary		Primary Target	Secondary Targets
Oil Wells					
Banyan - 1	DLS* 100%	Spud Date:	Wednesday, 27 August 2014	Basal Birkhead Sandstone Hutton Sandstone	Poolowanna Sandstone
PEL 103		Rig Release:	Saturday, 13 September 2014		
Oil Business		Depth:	2,230 m (TD)		
Northern Cooper Gas & Liquids		Operation:	Plugged & Abandoned		
C/E Basin, SA		Progress:	2,230 m (TD)		
Stunsail - 2	DLS 60%	Spud Date:	Thursday, 4 September 2014	Namur Sandstone	McKinlay Member Mid Namur Birkhead Formation
PEL 91	BPT* 40%	Rig Release:	Monday, 15 September 2014		
Oil Business		Depth:	1,814 m (TD)		
Western Flank Oil		Operation:	Plugged & Abandoned		
C/E Basin, SA		Progress:	1,814 m (TD)		
Pennington - 3	DLS 60%	Spud Date:	Saturday, 20 September 2014	Namur Sandstone	McKinlay Member Mid Namur Birkhead Formation
PEL 91	BPT* 40%	Rig Release:	Thursday, 2 October 2014 (Targeted)		
Oil Business		Depth:	1,821 m (Proposed)		
Western Flank Oil		Operation:	Cutting Core #2		
C/E Basin, SA		Progress:	1,461 m		
Juniper - 3	DLS* 100%	Spud Date:	Sunday, 21 September 2014	Patchawarra Formation Tirrawarra Sandstone	Top Patchawarra
PRL 17		Rig Release:	Saturday, 11 October 2014 (Targeted)		
Oil Business		Depth:	2,658 m (Proposed)		
Northern Cooper Gas & Liquids		Operation:	Drilling to TD		
C/E Basin, SA		Progress:	1,738 m		
Wet Gas Wells					
Karrata - 1	DLS 60%	Spud Date:	Sunday, 7 September 2014	Patchawarra Formation (gas/condensate)	Tirrawarra Sandstone (gas/condensate)
PEL 91	BPT* 40%	Rig Release:	Thursday, 25 September 2014		
Gas Business		Depth:	2,700 m (TD)		
Western Flank Oil		Operation:	Plugged & Abandoned		
C/E Basin, SA		Progress:	2,700 m (TD)		
Unconventional Wells					
Padme - 1	DLS* 40%	Re-entered:	Sunday, 7 September 2014	Roseneath / Murteree Shale Patchawarra Formation	Daralingie Sandstone Toolachee Sandstone Epsilon Formation Tirrawarra Sandstone
ATP 940P	QGC 60%	Rig Release:	Sunday, 2 November 2014 (Targeted)		
Unconventional Business		Depth:	3,960 m (Proposed)		
Central Unconventional		Operation:	Cutting Core 2		
C/E Basin, QLD		Progress:	3,467 m		

* Indicates operator

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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.