

20 January 2010

Acquisition of additional working interests in South Western Cooper Basin

Drillsearch Energy Limited (ASX:DLS) is pleased to announce that it has executed an agreement to purchase Magellan Petroleum (Southern) Pty Limited which holds interests in 1 Production Licence, PPL212 Kiana (30%), 1 Petroleum Retention Licence over the Udacha discovery (30%) and 1 Petroleum Exploration Licence PEL107 (20%) from US Company Magellan Petroleum Corporation (MGN). The consideration for the assets is \$550,000 which will be financed out of exiting cash reserves. The transaction is expected to be closed this quarter following third party approvals.

Each of the assets is well known to Drillsearch with the Company already holding working interests in each of the permits. The table below discloses the pre and post transaction working interests of each of the permits:

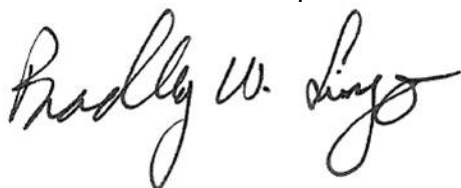
Permit	DLS pre working interest	Magellan Interest Acquired	DLS post working interest
PPL212 Kiana	30%	30%	60%
PRLA 26 Udacha	32.5%	30%	62.5%
PEL107	40%	20%	60%

Commenting on this acquisition, Drillsearch Managing Director, Mr Brad Lingo said:

"This acquisition is about Drillsearch gaining control over key acreage in the South-western Cooper and highlights our belief that the Cooper basin remains a premier onshore basin which by world standards is under explored. It provides additional Oil production at Kiana, increased proven reserves at Udacha and exposure to identified Oil, Wet Gas and Unconventional prospects. With this acquisition Drillsearch has taken greater control over the development of the Western Cooper Wet Gas Project which is moving towards initial commercialisation. We believe simplifying the joint venture arrangements around this project is a key step in moving the project forward."

Drillsearch is now the largest net acreage holder in the Cooper and is keen to see the Company grow into a significant producer in the Basin through successful drilling. This acquisition neatly fits with our strategy and provides increased exposure to our pipeline of opportunities".

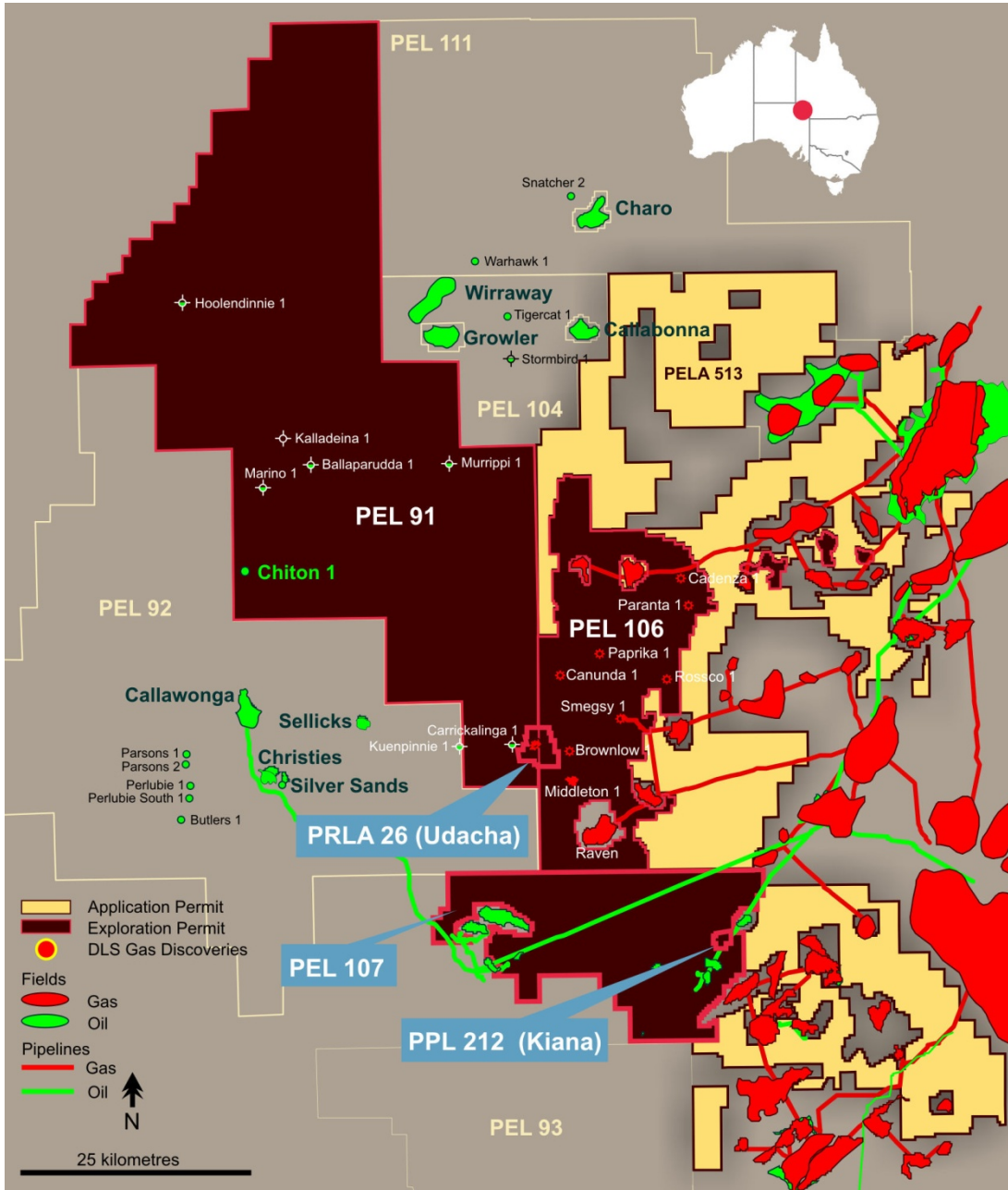
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If you would like to register for email alerts please go to the Register Page on our website.



About Drillsearch Energy Limited (ASX: DLS), which listed on ASX in 1987, explores and develops conventional 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. The company also has offshore exploration interests in the Carnarvon and Gippsland Basins as well as interests in PNG and Canada.