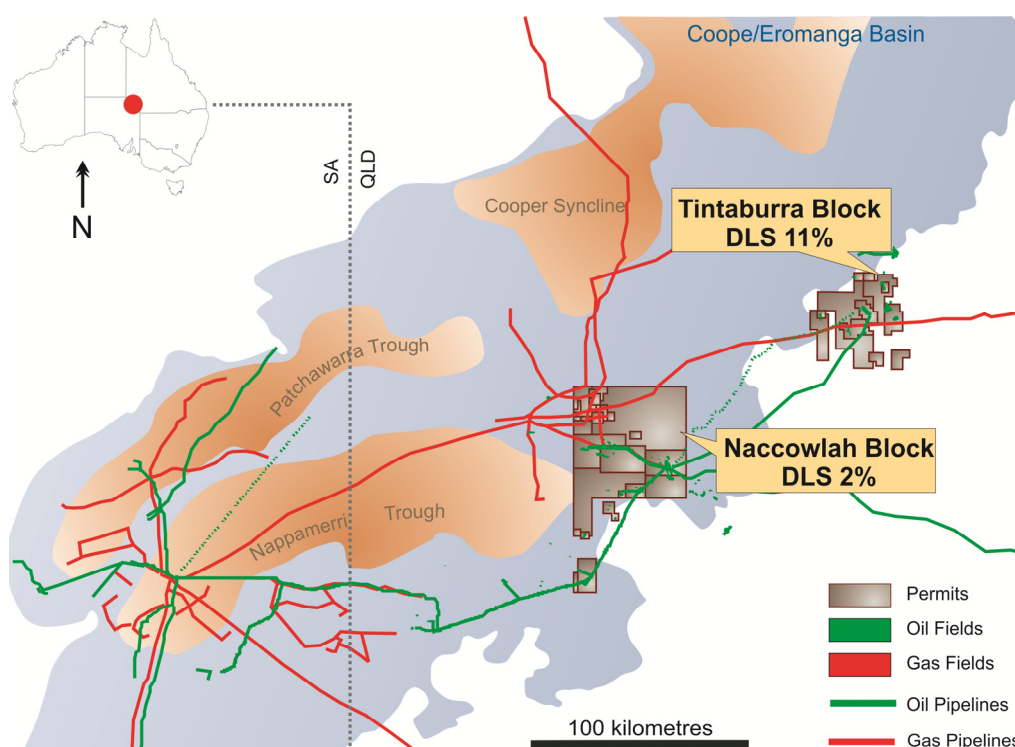


16 August 2010

Mature Oil Update – Sale of Naccowlah Block Interest

Drillsearch Energy Ltd (ASX: DLS) is pleased to announce that it has agreed to sell its 2% Naccowlah Block Joint Venture interest and associated exploration permit ATP 259P and production licenses (see map below) to Bounty Oil & Gas NL (ASX:BUY) for \$1.15 million comprised of \$950,000 in cash and \$200,000 in BUY common stock.. The Naccowlah Block Joint Venture is owned by Santos Ltd (55.5%) as operator, Beach Energy Ltd (38.5%), IOR Energy Pty Ltd (2%), Energy World Corporation Ltd (2%) and DLS (2%).



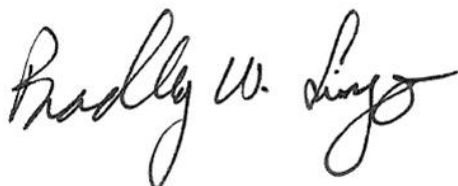
The sale is subject to completion of certain limited documentation conditions. BUY has paid DLS a non-refundable deposit of \$105,000. The effective date of the purchase is 1 April 2010.

Managing Director Brad Lingo stated “The sale of our small interest in the Naccowlah Block Joint Venture to Bounty Oil & Gas is win-win for both companies. For Drillsearch this enables us to focus our resources on our interest in the Tintaburra Block Joint Venture which is our core oil production asset. We believe the Tintaburra Block has significant opportunity for growth and expansion with renewed focus on the Eastern Margin Oil Fairway which underpins the Cooper Oil Programme.”

Mr. Lingo further stated “The Naccowlah Block interest is a good asset but no longer fits Drillsearch’s growth focus on expanding the Tintaburra Block Joint Venture. Drillsearch and Santos have just completed the Tintaburra 207 km² 3D seismic survey targeting the recent Birkhead Formation success recognized with the Ipundu North-13 exploration and development well in the SW area of the Tintaburra Block. We see significant growth potential in the area and Drillsearch holds significant exploration acreage flanking the Tintaburra Block. We also see significant upside in the Tintaburra Block through the on-going facility rejuvenation programme to return long-term

inactive production wells to production. These type of opportunities simply weren't as available or as significant to Drillsearch with only a 2% interest so we felt it best to focus our resources on the significant oil production and expansion potential in the Tintaburra Block."

For further information please contact:



Brad Lingo
Managing Director
P+612 9241 4440
admin@drillsearch.com.au

Or visit the website www.drillsearch.com.au

Media enquiries to: David Greer at Radar 02 8256 3333/3307.

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 Gippsland Basin and oil & gas production interests in Canada.