

17 February 2011

## Western Flank Oil Fairway and Wet Gas Project Exploration Update

- **Western Flank Oil Fairway five well oil drilling program to start March 2011**
- **Drilling Program targeting 3.5 MMBbls (mean) up to 7.3 MMBbls (high) gross recoverable oil resources**
- **Improved access & forward supply base established to support Western Flank Drilling Program**
- **Wet Gas Joint Venture considering a four well appraisal drilling program mid 2011**

### Western Flank Oil Fairway Drilling Program nears commencement

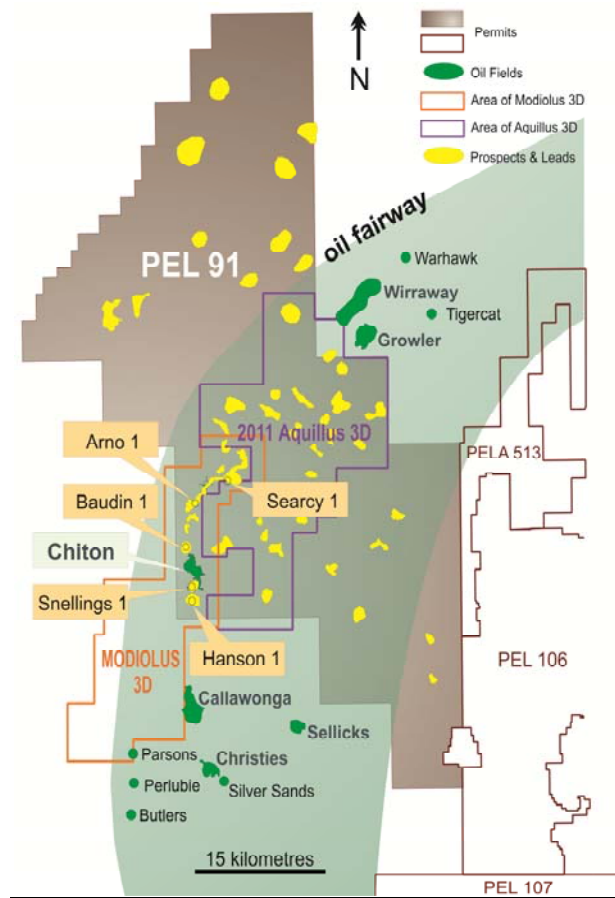
Drillsearch Energy Limited (ASX: DLS) is pleased to announce that Beach Energy Limited (BPT) has confirmed that the planned drilling of five exploration wells in PEL 91 is to commence in early March 2011. PEL 91 is located in the Cooper-Eromanga Basins' Western Flank Oil Fairway in South Australia (see attached map) and is jointly owned by Drillsearch (60%) and Beach Energy Ltd (40% - Operator).

BPT as the Operator of PEL 91 has advised that it has successfully contracted the Ensign #18 drilling rig for the five well drilling program and expects that the rig will be moved to PEL 91 in early March. This underpins our confidence that drilling will commence in March 2011 as previously announced.

Over the five prospects, the drilling program will target gross mean prospective recoverable resources of 3.5 MMBbls with a high side potential of up to 7.3 MMBbls gross prospective recoverable oil resource. The details of the mean and high side unrisks prospective resource potential for each of the oil prospects are shown in the following table and map.

Unrisks Prospective Recoverable Oil Resources					
Prospect	Primary Target	Oil-in-Place		Recoverable	
		Mean (bbls)	High (bbls)	Mean (bbls)	High (bbls)
Baudin	Namur	980,000	1,970,000	520,000	1,100,000
Hanson	Namur	1,640,000	3,710,000	820,000	2,000,000
Snellings	Namur	850,000	1,900,000	430,000	1,000,000
Arno	Namur/Birkhead Channel	1,660,000	3,000,000	580,000	1,170,000
Searcy	Birkhead Channel	4,300,000	8,500,000	1,100,000	2,200,000

## Western Flank Oil Fairway 5 Well Drilling Program



### Western Flank Access

Beach as the Operator of PEL 92 and PEL 91 permit areas has taken significant steps to mitigate the impact of potential further flooding or local rains on the Western Flank Oil Fairway drilling program. Beach has constructed the Kudnarri Bridge across the Cooper Creek to provide vehicle access to drilling locations on the Western Flank while the Cooper Creek is flowing. In addition, Beach and Drillsearch have constructed a new road from the Chiton Oil Field to the Callawonga Oil Field outside the flood corridor that suspended Chiton Oil production from February to November 2010.

Beach is also undertaking work on measures to establish a forward supply base on the Western Flank to maintain supply to the drilling rigs in the case where further flooding or local rain events temporarily limit road access. This includes setting up hubs on the Western side of the Cooper Creek for services such as wireline logging and cementing.

### Western Cooper Wet Gas Project

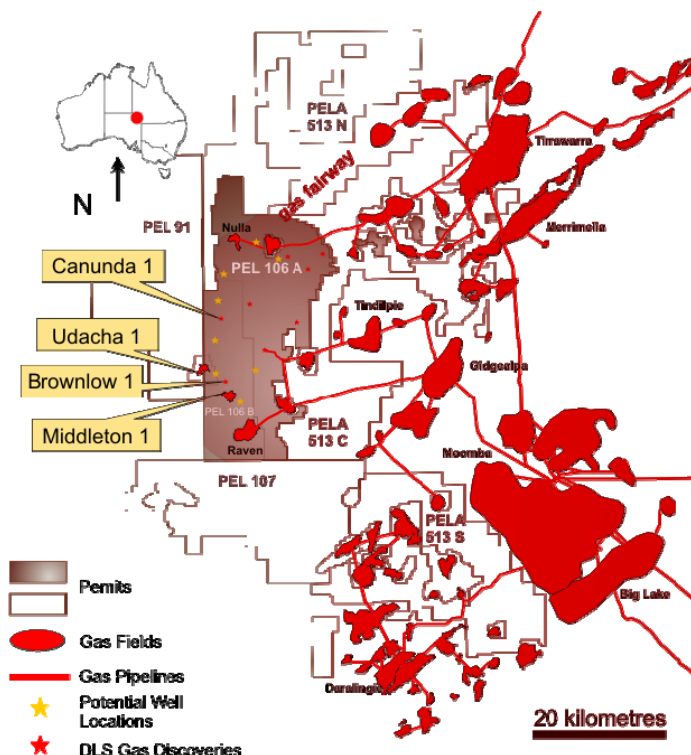
The PEL 106B Joint Venture - Drillsearch (50%) and Beach Energy Ltd (50% - Operator) - is also undertaking significant engineering and procurement work focussed on delivering PEL 106 gas to market. In connection with this Gas Project pre-development work, the PEL 106B Joint Venture is considering a four well drilling program in its successful wet gas play. The purpose of this 4 well program will be to follow up the previous discoveries and recent successful testing at Brownlow and Canunda. Engineering work is currently underway to design and construct infrastructure to transport PEL 106B gas and liquids to a sale delivery point.

In addition, a workover crew and rig are currently on location at the Canunda Liquids Discovery to install a new production completion which is designed to accommodate the very high liquids content gas. Once this new production completion is installed in approximately 10 days, the Canunda extended production test will re-commence. This extended production test is designed to better determine the

overall extent and potential reserves in the Canunda Liquids Discovery in order to determine an overall development plan for the field.

Drillsearch and Beach have previously announced the installation of expanded liquids handling and storage capacity at Canunda to support the high-liquids production expected from the extended production test. On 1 December 2010, Drillsearch announced that the Canunda Liquids Discovery was estimated to contain Contingent Resources of 2.8 MMboe (2C), including 0.93 MMBbls of condensate/light oil and 46,000 tonnes of LPG. Beach has previously declared the Canunda Discovery commercial and justified for development and carries the Canunda Liquids Discovery as 2P Reserves. Drillsearch will review the status of the Canunda Reserves in connection with the Joint Venture considering an overall development plan for PEL 106B.

### Western Cooper Gas & Liquids Project



### Competent Persons Statement:

This release contains information on Drillsearch's Reserves and Resources which have been compiled by Mr David Evans who is a full time employee of Drillsearch Energy Limited and is qualified in accordance with ASX listing rule 5.11 and has consented to the inclusion of this information in the form and context in which it appears.

Yours faithfully

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