

5 April 2011

Canunda-1 Extended Production Testing (EPT) Underway

- **Canunda EPT recommenced with good initial flow rates**
- **Testing to confirm overall extent of discovery and field production characteristics**

Drillsearch Energy Ltd (ASX: DLS) as part of the PEL 106B Joint Venture (Drillsearch (50%) and Beach Energy Ltd 50% and Operator) is pleased to announce that the Extended Production Testing (EPT) of the Canunda-1 worked over and reconfigured Condensate Discovery recommenced over the weekend and has already delivered promising production results. The well is producing 3 MMscfd gas with a gas oil ratio of 180 Bbls/MMscfd on a 22/64" choke.

Initial extended production testing began in mid-2010 and due to high condensate production rates the 10-day test was choked back due to storage and transportation constraints. Over the 10-day testing period of the upper zone, the Canunda well produced over 2500 bbls of 62° API condensate.

The new production completion is designed to accommodate the very high liquid content gas. This extended production test is designed to better determine the overall extent and potential reserves in the Canunda Liquids Discovery and to determine an overall development plan for the field.

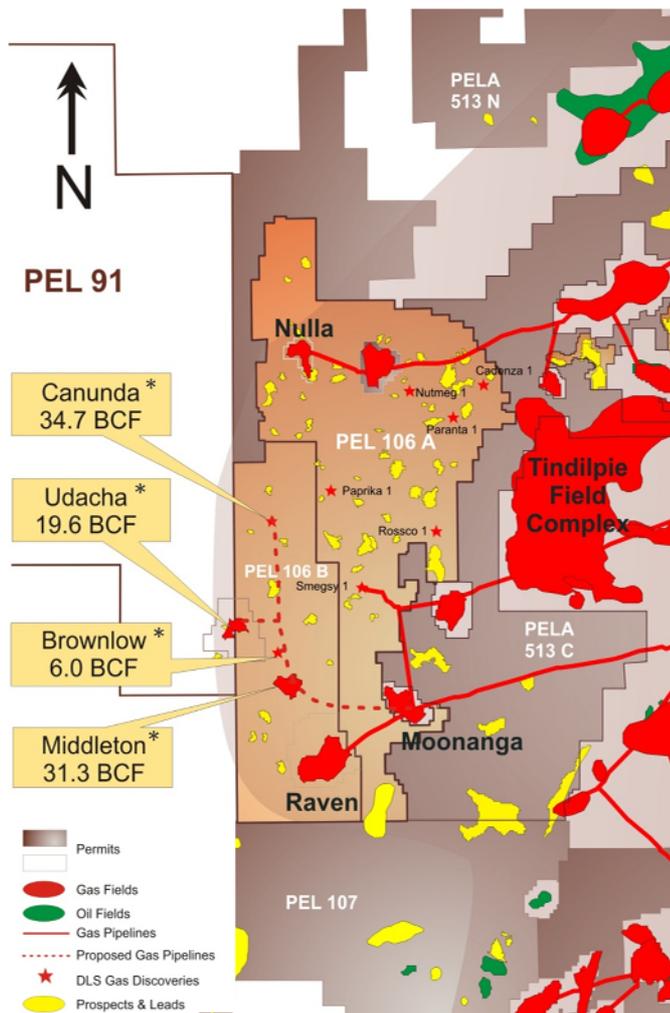
Drillsearch had previously announced on 1 December 2010 that the Canunda Liquids Discovery was estimated to contain Contingent Resources of 2.8 MMboe (2C), including 0.93 MMBbls of condensate/light oil and 46,000 tonnes of LPG. Beach has previously declared the Canunda Discovery commercial and justified for development and carries the Canunda Liquids Discovery as 2P Reserves. Drillsearch is reviewing the status of the Canunda Discovery for reclassification as Reserves as part of Joint Venture consideration of an overall development plan for PEL 106B.

As part of the PEL 106B pending development Gaffney Cline and Associates (GCA) is currently undertaking a review of the Canunda, Udacha, Brownlow and Middleton Discoveries for reclassification to Reserves status as justified for development.

CANUNDA GAS & LIQUIDS DISCOVERY			
Estimated 2C Contingent Resources*			
Sales Gas (BCF)	Condensate (bbls)	LPG (tonnes)	Total MMBOE
8.0	928,000	46,000	2.8
<small>* Beach as operator has declared the Canunda Liquids Discovery commercial and booked Canunda as 2P Reserves. Gaffney, Cline & Associates (GCA) as Drillsearch's independent reserves auditor is currently treating the Canunda discovery as 2C Contingent Resources until the field is put into production where upon GCA have indicated they would reclassify these hydrocarbons as 2P Reserves</small>			

Western Flank Wet Gas Project

Canunda Workover 2011



*2C Recoverable raw gas



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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.

Competent Person Statement

Information on the Reserves and Resources in this release is based on information provided to the company by Beach Energy Ltd as operator of the PEL 106 Joint Venture and compiled by Mr. David Evans, Chief Technical Officer of Drillsearch who has given his consent as of the date of this release to the inclusion of this statement and the information in the form and the context in which they appear in this release.