

20 August 2012

Bauer Oil Field Drilling Success Continues

- **Bauer-6 cased and suspended as future oil producer**
- **Wireline logs confirm 9 metres net pay in the Namur**
- **Success at well confirms Bauer field extends further west than previously mapped**
- **Rig to move to Bauer-8**

Drillsearch Energy Limited (ASX: DLS) is pleased to announce further success as the Western Flank Oil Field Development Program continues, with the completion of the Bauer-6 development well which is being cased and suspended as a future oil producer. The PEL 91 Joint Venture consists of Drillsearch 60% and Beach Energy as Operator 40%.

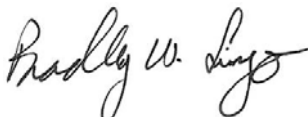
The Operator has run wireline logs and has confirmed 9 metres of net pay in the Namur and a potential 4 metres of pay in the McKinlay subject to future testing. Minor oil shows were observed in the Birkhead Formation, a secondary drilling target.

The success at Bauer-6 has confirmed that the Bauer Oil Field extends to the north west, with the McKinlay and Namur primary pay zones encountered in Bauer-6 higher than pre-drill estimates.

Drillsearch Managing Director, Brad Lingo said, "The positive result at Bauer-6 continues the success we have achieved at the Bauer Oil Field and increases our confidence that the Bauer Field maybe the largest McKinlay-Namur Oil Discovery on the Western Oil Flank."

The rig will now be moved to Bauer-8 with spud expected early next week. Bauer-8 will be the most northerly well drilled in the Bauer Field and will be seeking to establish the potential for the field to extend significantly further north.

Yours faithfully



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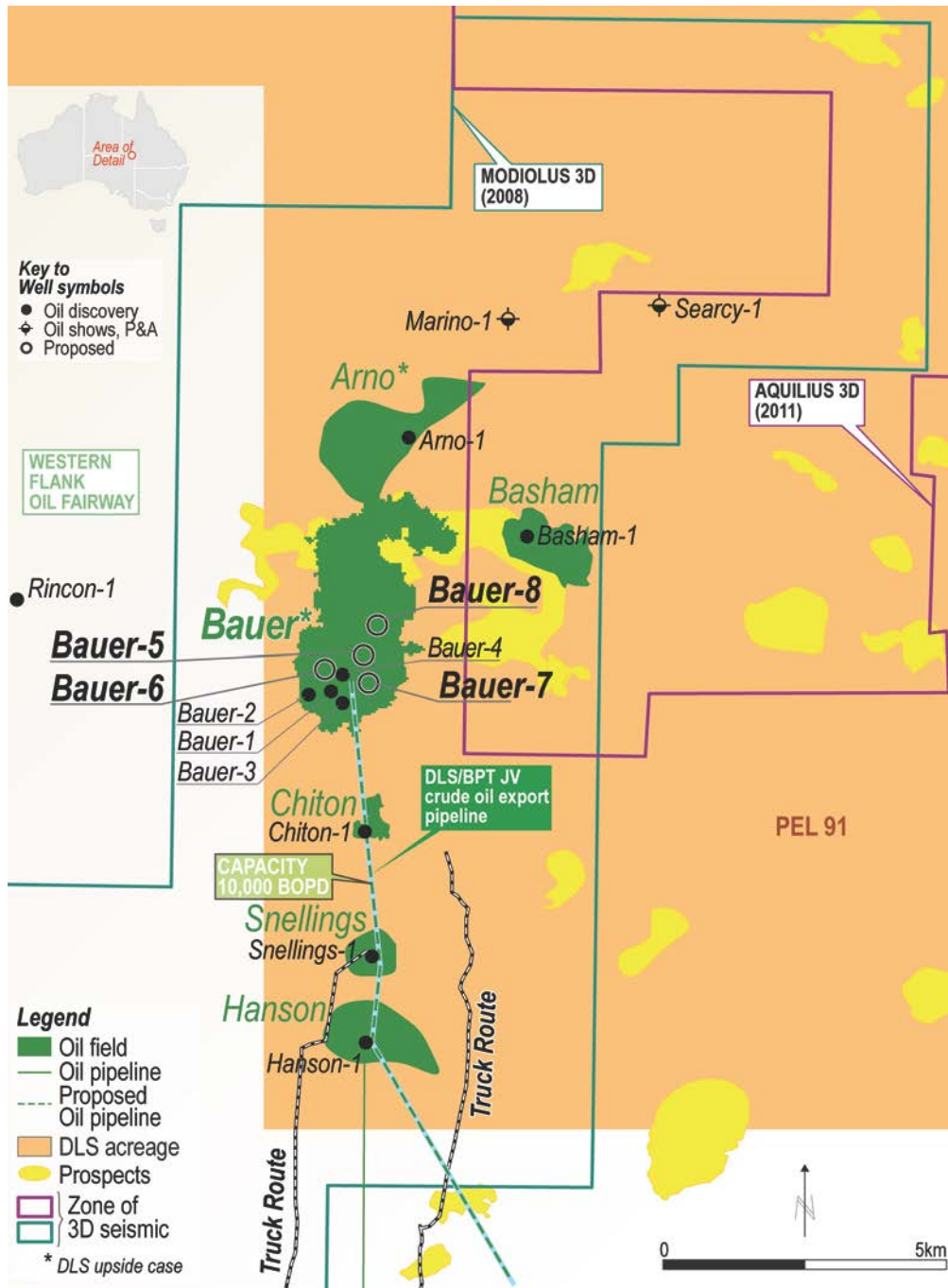
Or visit the website www.drillsearch.com.au and register for email alerts

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PEL 91 Western Flank Oil Fairway – Bauer Oil Field Development



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.

Competent Person Statement

Information on the Reserves and Resources in this release has been 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.