

8 August 2014

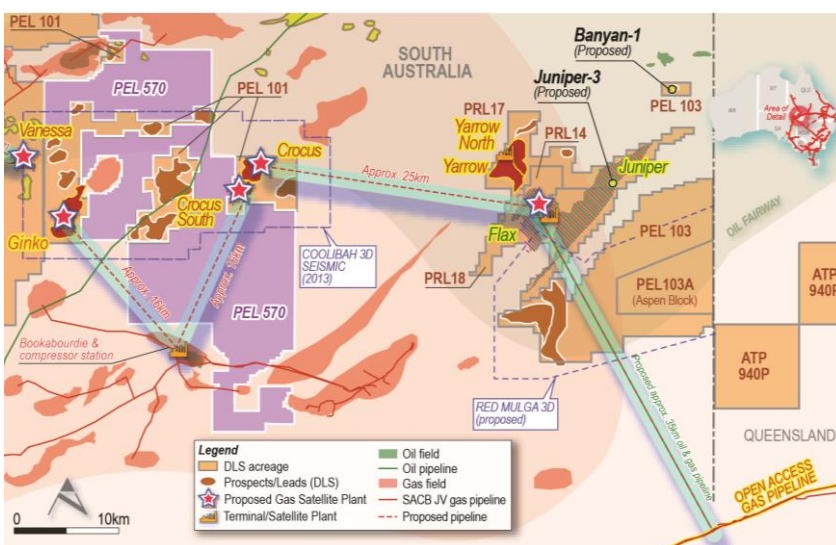
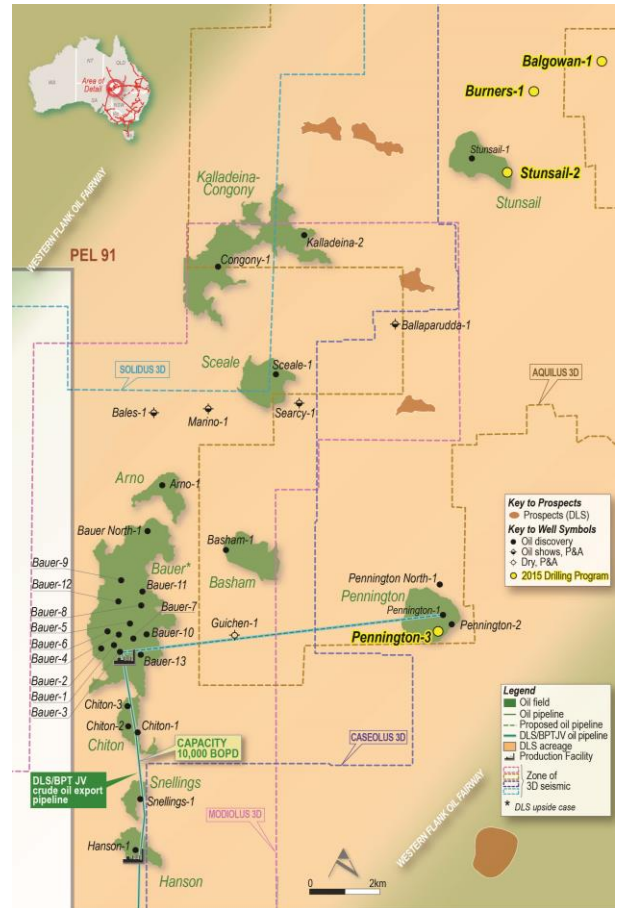
July Drilling Report

- **FY2015 drilling campaign commences on the Western Flank Oil Fairway**
- **Northern Gas and Liquids Project activity starts with hydraulic stimulation of Flax-1**
- **Banyan-1 to spud in mid-August in PEL 103**
- **Anakin-1 cased and suspended with rig moving to Padme-1**

Oil Business

Western Flank Oil Fairway - PEL 91

The FY2015 work program has commenced in PEL 91 on the Western Flank Oil Fairway (Drillsearch 60%, Beach 40% and Operator) with the spudding of the first well, Balgowan-1, on Monday, 4 August 2014. Balgowan-1 is a vertical exploration well located 3.6km northeast of the Stunsail-1 oil discovery (see map). The primary targets are the McKinlay Member and the Namur Sandstone which has proved successful in discoveries further to the south in Stunsail and at Kalladeina, Congony and Sceale (KCS). Drilling is expected to take around ten days and details of the well will be released in the August drilling report due for release in early September.



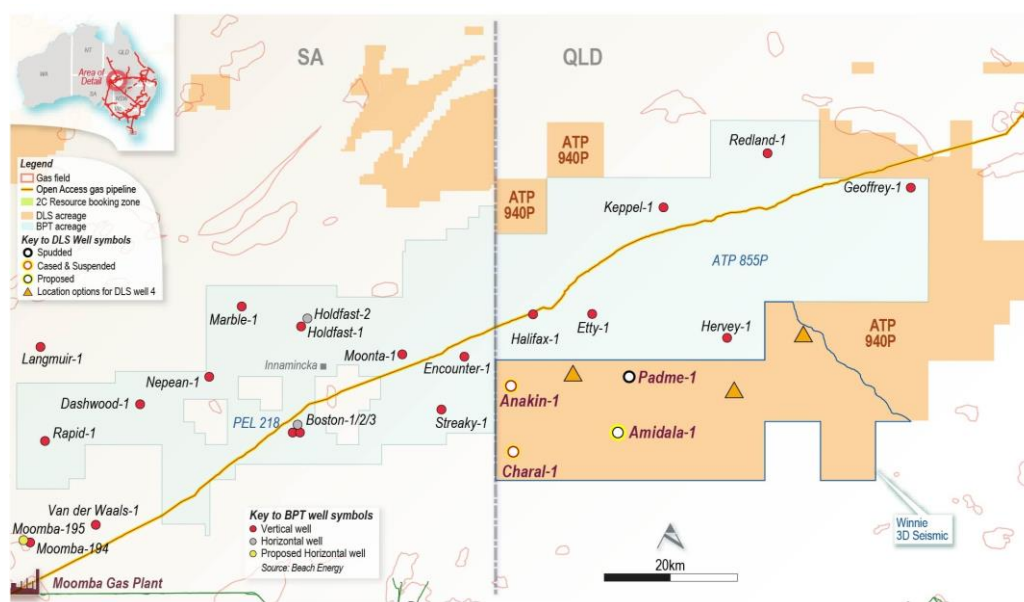
Northern Gas and Liquids Project Area

During July, work on the currently shut-in Flax-1 oil well progressed with the planned recompletion of the Tirrawarra production zone and new perforations in the mid-Patchawarra zone to access a previously identified hydrocarbon-bearing zone. The well is now ready for hydraulic stimulation which is expected to begin in mid-August. In PEL 103, the camp, pad, lease and access road to the Banyan-1 oil exploration well are complete with the Ensign 932 rig currently being mobilised to arrive at the well location, with the well expected to spud in mid-August.

Unconventional Business

Central Unconventional Fairway ATP 940P

Following completion of Charal-1, the Weatherford 826 rig was released from Charal-1 and moved to Anakin-1, where it re-entered the well on 26 May 2014. Anakin-1 reached a total depth of 4,050 metres on 18 July 2014. Like Charal-1, Anakin-1 showed indications of elevated gas in the primary intervals. Anakin-1 was cased and suspended for hydraulic stimulation and production testing. The rig was released on 2 August 2014 and is currently being moved to the third location, Padme-1, where it will be drilled to total depth.



Monthly Drilling Summary

Well	Participants	Progress & Summary	Primary Target
Unconventional Wells			
Anakin - 1	DLS* 40%	Re-entered: Monday, 26 May 2014	Roseneath / Murteree Shale Patchawarra Formation
ATP 940P	QGC 60%	Rig Release: Saturday, 2 August 2014	
Unconventional Business		Depth: 4,050 m	
Central Unconventional		Operation: Cased & Suspended	
C/E Basin, QLD		Progress: 4,050 m	
Oil Wells			
Balgowan - 1	DLS 60%	Spud Date: Monday, 4 August 2014	Namur Sandstone
PEL 91	BPT* 40%	Rig Release: Thursday, 14 August 2014 (Proposed)	
Oil Business		Depth: 2,020 m (Proposed)	
Western Flank Oil		Operation: Drilling	
C/E Basin, SA		Progress: 344 m	

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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.