

1 February 2012

Western Wet Gas Fairway - Admella-1 exploration well

- **Admella-1 exploration well to be plugged and abandoned**
- **Well encountered and tested small non-commercial conventional wet gas accumulation**
- **Deep coal with significant gas shows cored for desorption testing**

The well encountered good gas shows in sands throughout the Patchawarra and Tirrawarra section with associated minor oil shows also seen in the Tirrawarra. In addition thick gassy Patchawarra coals were also intersected.

Wire line logging coupled with a formation pressure and sampling program was undertaken. Subsequently a Drill Stem Test (DST) was run over an 8.5 metre interval of the most promising interval of the Patchawarra Sandstone primary objective. These sands are similar to those discovered in the Middleton and Brownlow Fields 3.5 km to the east. The DST flowed at a maximum rate of 5.5 million cubic feet per day of gas and condensate. However during the test flow was seen to decline and associated water was observed to increase. As such the well has been deemed to be sub economic and plug and abandonment is underway.

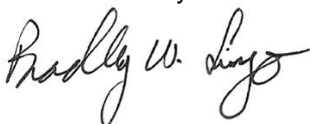
A 12 metre core was cut in the Patchawarra to acquire coal for analysis, with preliminary gas desorption results from the coal giving encouraging results. The average preliminary result of 8 m³ gas per tonne of coal is in line with numbers released by the company in the ASX release dated 27 November 2009. The final gas numbers are however expected to be higher. In addition coal cores will also be acquired in the next two wells.

Admella-1 was the second well in the Western Wet Gas Fairway exploration program which comprises four exploration wells in PEL 106B targeting the Patchawarra and Tirrawarra Formations located on the Western Flank of the South Australian Cooper Basin.

The Ensign 30 rig will move to the third well in the program Coolawang-1 in the first week of February.

Drillsearch Managing Director, Brad Lingo said "Although the primary objective Patchawarra sand DST was disappointing Admella-1 adds additional understanding of the wet gas stratigraphic trapping mechanism in this area and gives further encouragement in our pursuit of the Patchawarra Coal Seam Gas play."

Yours faithfully

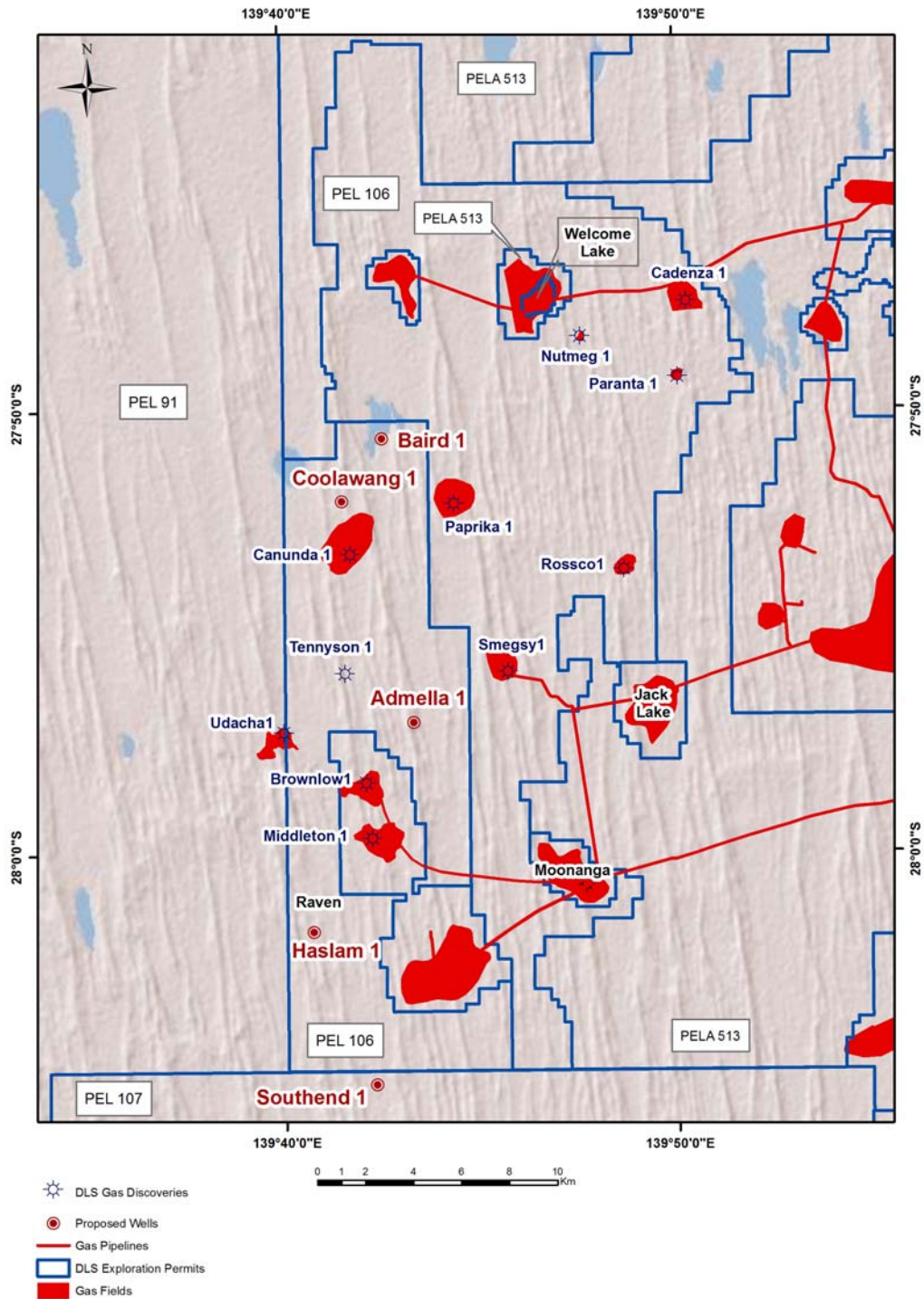


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About Drillsearch Energy Limited (ASX: DLS), which listed on ASX in 1987, explores and develops conventional and unconventional oil and gas projects. Drillsearch has a strategic spread of petroleum exploration and production acreage in Australia's 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.

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.