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Bauer Oil Field Reserves increase 22%

- **Independent Reserves audit confirms Bauer Reserves increase 22%**
- **Bauer-9 hits good oil shows in 14m gross interval in McKinlay/Namur**
- **Total 2P Reserves increase 11% to 13.9 mmboe**
- **Further Reserves increases expected from Bauer North and Bauer-9 drilling results**

Drillsearch Energy Limited (ASX: DLS) is pleased to announce that an independent Reserves audit by RISC has confirmed a 22 per cent increase in the Bauer Oil Field's 2P Reserves. The Bauer Oil Field is held by the PEL 91 Joint Venture which consists of Drillsearch 60% and Beach Energy as Operator 40%.

Bauer Oil Field gross 2P Reserves increase 22% to 8.2 mmbbls

The latest independent audit review by RISC includes data from the recently drilled Bauer wells 6, 7 and 8 which were not included in the previous 31 July 2012 independent Reserves audit. With these additional appraisal/development wells, the gross 2P Reserves for the Bauer Oil Field have increased to 8.2 mmbbls and are set out in the table below:

Bauer Oil Field Gross Oil Reserves*								
30 June 2012			31 July 2012			30 September 2012		
Wells Bauer 1-4			Wells Bauer 1-5			Wells Bauer 1-8		
1P	2P	3P	1P	2P	3P	1P	2P	3P
1.5	4.5	11.5	3.3	6.7	12.6	4.7	8.2	11.3

* Bauer Reserves as of 30 June and 31 July independently audited by GCA and Bauer Reserves as of 30 September independently audited by RISC. The RISC Reserves audit has taken into account production volumes from the Bauer Oil Field since the date of the last report.

Drillsearch's Managing Director Brad Lingo said, "This is another positive outcome for Drillsearch. We continue to see strong Reserve growth for the Bauer Oil Field stemming from our appraisal and development drilling."

"The significant and ongoing growth in the Company's 2P reserves provides a strong platform for robust production growth in future years."

The Bauer drilling success continues

Since the Bauer 6-8 wells, two appraisal wells have been drilled to examine the northern extent of the field. As previously reported, the Bauer North 1 well encountered a McKinlay-Namur oil pool. Currently, the Bauer 9 appraisal well is underway and good oil shows on mud logs over a 14 metre gross interval in the McKinlay Formation and Namur Sandstones have been noted. Upon reaching total depth, wire line logs will allow confirmation and determination of oil pay at this location.

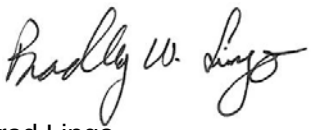
If confirmed, a successful Bauer-9 result provides a clear indication of a further north western extension of the Bauer Oil Field. Bauer-9 was drilled 800 metres north west from the successful Bauer-8 appraisal/development well and 1.6 km south-west of the Bauer North Oil discovery. Importantly, this result supports the potential for Bauer and Bauer North to be part of a common larger oil pool.

Drillsearch Total 2P Reserves Increase to 11% to 13.9 mmboe

With the completion of the RISC independent audit which confirmed the material increase in the Bauer Oil Field Reserves, the Company is pleased to announce that the overall 2P Reserves net to Drillsearch have increased 11% to 13.9 mmboe. Following the drilling of the Bauer North Oil discovery and the encouraging results with the Bauer-9 well, the Company believes further material Reserve increases for the Bauer Oil Field will be forthcoming.

A detailed table of the Company's independently audited Reserves is set out in Attachment A to this ASX release.

Yours faithfully



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ATTACHMENT A

DRILLSEARCH NET RESERVES AS OF 31 OCTOBER 2012

The table below sets out the Company's Reserves and Resources position as at 30 September 2012.

Drillsearch Net Reserves & Contingent Resources as at 30 September 2012			
Business Segment Reserves	**1P mmboe**	**2P mmboe**	**3P mmboe**
Western Flank Oil	3.1	5.8	9.0
Western Cooper Wet Gas	2.4	7.5	21.0
Eastern Cooper Oil*	0.2	0.6	1.3
Total Reserves	**5.7**	**13.9**	**31.3**
Business Segment Contingent Resources	**1C mmboe**	**2C mmboe**	**3C mmboe**
Western Flank Oil	0.1	0.5	1.1
Western Cooper Wet Gas	2.2	9.3	35.4
Eastern Cooper Oil*	0.0	0.7	1.9
Total Contingent Resources	**2.4**	**10.5**	**38.4**

* This table is compiled from the independent reserve audits performed by Gaffney, Cline and Associates Pty Ltd as 31 July 2012 and by RISC as of 30 September 2012 for the Bauer Oil Field. Neither GCA nor RISC reviewed the Eastern Cooper Oil as at 30 September 2012. Reserves reviewed by GCA as at 30 June 2011 adjusted for production to 31 October 2012 by Drillsearch.

About Drillsearch Energy Limited

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 Statements

Information on the Reserves and Resources in this release is based on an independent evaluation conducted by Gaffney, Cline & Associates and has been compiled under the supervision of Mr Brian Rhodes. Mr. Rhodes holds a B.Sc. in Geology, is a member of the Energy Institute, the Petroleum Exploration Society of Great Britain, the Society of Petroleum Engineers and the European Association of Geoscientists and Engineers, and has more than 38 years' industry experience. The technical analysis was performed primarily by Mr Zis Katelis, Dr Azlan Majid, Mr Miguel Muruais and Mr Murray Freeman. Mr Katelis holds a B.Sc. (Hons) in Geophysics, is a member of the Society of Petroleum Engineers and the South East Asia Petroleum Exploration Society and has over 20 years industry experience. Dr. Majid holds a PhD and a M. Eng. in Chemical Engineering, has over 9 year industry experience and is a member of the Society of Petroleum Engineers and the Society of Professional Well Log Analysts. Mr. Muruais has over 13 years of E&P industry experience and holds Masters Degrees in both Petroleum Engineering & Energy Engineering and is a member of the Society of Petroleum Engineers. Mr. Freeman holds a BE in Chemical Engineering, an M.Sc (Chemical Engineering), is a member of the Society of Petroleum Engineers and the Petroleum Exploration Society of Australia, and has over 40 years industry experience. These individuals have given their 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.

Information on the Reserves and Resources in this release relating to the Bauer Oil Field is based on an independent audit conducted by RISC Operations Pty Ltd (RISC), a leading independent petroleum advisory firm. The audit was carried out under the supervision of Mr. Geoffrey J Barker, Partner in accordance with the SPE-PRMS guidelines. Mr. Barker's qualifications include a Master of Engineering Science (Petroleum Engineering) from Sydney University and more than 25 years of relevant experience. Mr. Barker consents to the inclusion of this information in this report.

About Gaffney, Cline & Associates

Gaffney, Cline & Associates (GCA) is an independent international energy advisory group of over 50 years' standing. A substantial part of GCA's work involves the technical evaluation of petroleum properties and the provision of independent valuation of assets for inclusion in company or stock exchange statutory documentation. The GCA Report was prepared in accordance with the SPE-PRMS guidelines and, in preparing the report, GCA maintained strict independence in accordance with the Valmin Code issued by the Australasian Institute of Mining and Metallurgy.

About RISC

RISC is an independent advisory firm who works in partnership with companies to support their interests in the oil and gas industry. RISC offers the highest level of technical, commercial and strategic advice to clients around the world. RISC services include the preparation of independent reports for listed companies in accordance with regulatory requirements. RISC is independent with respect to Drillsearch in accordance with the Valmin Code, ASX listing rules and ASIC requirements.

Applicable Reserves & Resources Reporting Guidelines & Defined terms

In the determination and classification of Reserves and Resources, Drillsearch Energy Ltd applies the Society of Petroleum Engineers Petroleum Resource Management System ("PRMS Guidelines"). The terms "Reserves" and "Contingent Resources" used in this release are as defined by the PRMS Guidelines as provided below:

"2P" means the Sum of Proved Reserves plus Probable Reserves

"Commercial" is defined as a project is commercial if the degree of commitment is such that the accumulation is expected to be developed and placed on production within a reasonable time frame. A reasonable time frame for the initiation of development depends on the specific circumstances but, in general, should be limited to around 5 years.

"Contingent Resources" means those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects but which are not currently considered to be commercially recoverable due to one or more contingencies. Contingent Resources are a class of discovered recoverable resources.

"Proved Reserves" means those quantities of petroleum which, by analysis of geological and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under current economic conditions, operating methods, and government regulations. Proved Reserves can be categorized as development or undeveloped. If deterministic methods are used, the term reasonable certainty is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90% probability that the quantities actually recovered will equal or exceed the estimate. Often referred to as P1,sometimes referred to as "proven".

"Probable Reserves" means unproved Reserves which analysis of geological and engineering data suggests are more likely than not to be recoverable. In this context, when probabilistic methods are used, there should be at least a 50% probability that the quantities actually recovered will equal or exceed the sum of estimated proved plus probable Reserves.

"Possible Reserves" means unproved Reserves which analysis of geological and engineering data suggests are less likely to be recoverable than probable Reserves. In this context, when probabilistic methods are used, there should be at least a 10% probability that the quantities actually recovered will equal or exceed the sum of estimated proved, plus probable, plus possible Reserves. In general, possible Reserves may include (1) Reserves which, based on geological interpretations, could possibly exist beyond areas classified as probable, (2) Reserves in formations that appear to be petroleum bearing, based on log and core analysis but may not be productive at commercial rates, (3) incremental Reserves attributed to infill drilling that are subject to technical uncertainty, (4) Reserves attributed to improved recovery methods when (a) a project or pilot is planned, but not in operation and (b) rock, fluid, and reservoir characteristics are such that a reasonable doubt exists that the project will be commercial, and (5) Reserves in an area of the formation that appears to be separated from the proved area by faulting and geological interpretation indicates the subject area is structurally lower than the proved area. Often referred to as P3.

"Reserves" means those quantities of hydrocarbons which are anticipated to be commercially recovered from known accumulations from a given date forward.