

14 September 2009

DRILLSEARCH ANNOUNCES PLACEMENT AND SHARE PURCHASE PLAN TO RAISE UP TO \$25.6 MILLION

Drillsearch Energy Limited (“**Drillsearch**” or the “**Company**”) announced today an equity raising by way of:

- a placement to institutional and sophisticated investors of approximately 191.7 million shares raising approximately \$9.6 million (“**Placement**”); and
- a share purchase plan (“**SPP**”) providing existing Drillsearch shareholders the opportunity to subscribe for up to \$15,000 worth of the Company’s shares to raise up to \$16 million,

at an offer price of \$0.05 per share (together, the “**Offer**”)

The proceeds from the Offer will be used by the Company to fund:

- development of the recent Chiton Oil Discovery in the Western Flank Oil Fairway in PEL 91 and the expansion of exploration efforts including additional seismic studies and exploratory well drilling;
- commercialisation of the Western Cooper Gas & Liquids Project targeting conventional gas, condensate and LPG resources in PEL 106;
- appraisal of the non-conventional gas potential – deep coal seam and shale gas, tight and Basin-centered gas and shallow coal seam gas identified in the several key project areas in Cooper Basin; and
- general working capital.

Drillsearch Managing Director Brad Lingo said, “This capital raising will provide adequate funding to pursue further development of the opportunities in PEL 91, which sits in the Western Flank Oil Fairway in the Cooper Basin. Furthermore, we are excited to progress the commercialisation of the Western Cooper Gas & Liquids Project based on our conventional gas-condensate discoveries in PEL 106 and to position it towards generating positive cash flow. The Company is also intent on putting significant effort into appraising the non-conventional gas potential already identified in our Cooper Basin acreage. This will initially focus on the non-conventional potential already identified in our Western Cooper Gas & Liquids Project area but will also extend into our large holdings in the South West Queensland Cooper Basin.”

Taylor Collison Limited and Patersons Securities Limited are acting as Joint Lead Managers to the Placement.

Placement

Drillsearch has successfully completed the Placement to institutional and sophisticated investors, raising \$9.6 million. The Placement of 191.7 million ordinary shares was completed at an issue price of \$0.05 per share, compared with the closing price of \$0.068 per share on 8 September 2009, the last day of trading prior to the trading halt. It is expected that the Placement shares will be issued on Friday, 18 September 2009.

Share Purchase Plan

Drillsearch also intends to offer a share purchase plan (“**SPP**”) to provide an opportunity for existing shareholders to increase their shareholding in the Company. Under the SPP, eligible shareholders will have an opportunity to subscribe for a parcel of Drillsearch shares (“**New Shares**”) in \$1,000 increments from a minimum of \$1,000 up to a maximum of \$15,000. The offer price per New Share will be \$0.05 per share, the same price as the Placement¹.

The subscription will be free of brokerage or other transaction costs.

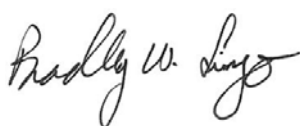
The SPP will open on Monday, 21 September 2009 and will close on Tuesday, 13 October 2009. Australian and New Zealand based shareholders² registered at 7pm (Sydney time) on Monday, 14 September 2009 will be eligible to participate in the SPP. The SPP will be capped at \$16 million. If total applications for the SPP exceed \$16 million, Drillsearch intends to scale back partly or entirely on a pro rata basis the amount raised through the SPP, subject to the minimum allotment of \$1,000 per eligible shareholder.

An SPP Booklet containing full details of the SPP offer will be mailed to eligible shareholders shortly.

Key Offer Dates

Event	2009
SPP record date	14 September
Placement settlement date	17 September
New Placement Shares allotted	18 September
SPP booklet sent to shareholders	21 September
SPP offer opens	21 September
SPP offer closes	13 October
Allotment of SPP shares	16 October

For further information, please contact:



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Or visit the Company's website www.drillsearch.com.au

About Drillsearch Energy Limited (ASX: DLS), which listed on ASX in 1987, explores and develops conventional oil and gas projects. Drillsearch Energy merged with Great Artesian Oil and Gas (ASX: GOG) in 2008. The merged group 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, as well as offshore exploration in the Carnarvon and Gippsland Basins. Drillsearch also has interests in PNG and Canada. 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.

¹The SPP is subject to obtaining necessary relief from the Australian Stock Exchange.

² Drillsearch reserves the right to offer the SPP to shareholders residing in Malaysia.