

December Drilling Report

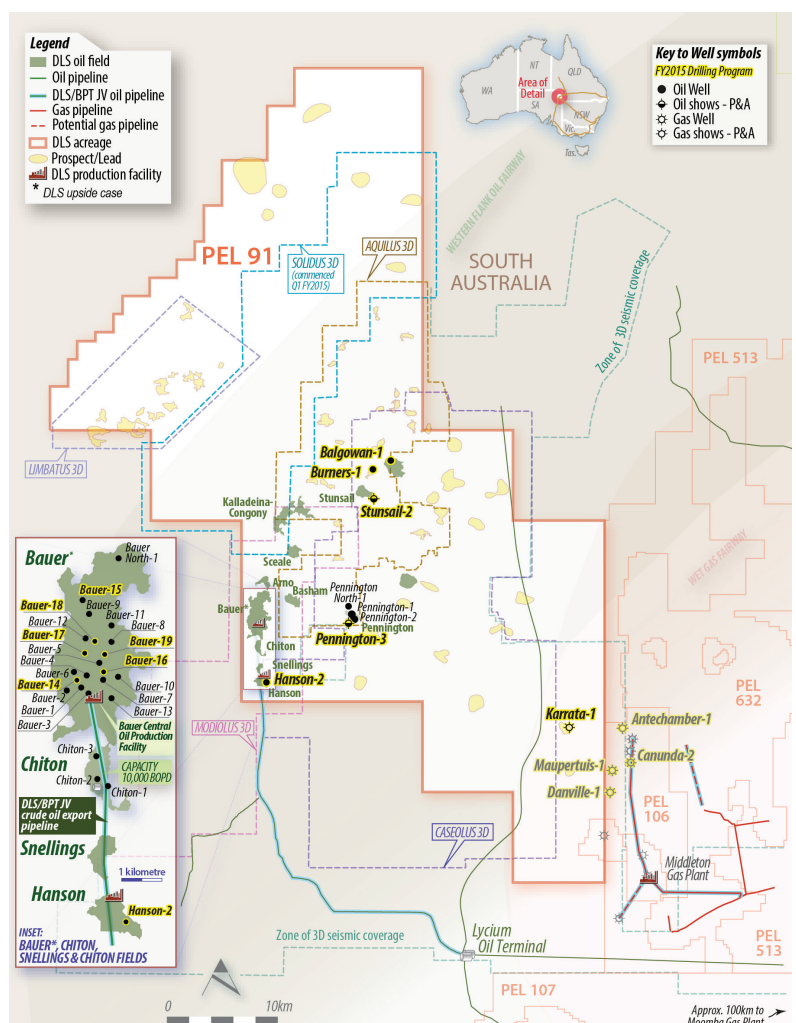
- **Oil Business**
 - **Bauer-18 and Hanson-2 wells both cased and suspended as future producers on the Western Flank Oil Fairway**
- **Wet Gas Business**
 - **Yarowinnie South-1 discovery made on the Western Cooper Wet Gas Fairway**
 - **Vanessa-1 production test completed recovering gas and condensate**
- **Unconventional Business**
 - **Fourth well in the ATP 940 drilling campaign, Amidala-1, nearing total depth**
 - **Production testing commenced at Charal-1**

Oil Business

Western Flank Oil Fairway – PELs* 91 and 182

Drilling continued in PEL 91 (Drillsearch 60%, Beach 40% and Operator) with the last Bauer development well in the four-well pad drilling campaign, Bauer-18, being cased and suspended as a future oil producer in December. The next well drilled was the Hanson-2 appraisal well which spudded in late December 2014. The well was cased and suspended as a future oil producer in January 2015. Drillsearch's initial interpretation indicated 1.5 metres of net oil pay in the McKinlay Member and 3.0 metres of net oil pay in the Namur Sandstone.

The PEL 182 joint venture (Drillsearch 47%, Senex 53% and Operator) spudded the Sheerkhan-1 exploration well in the northeast of the permit on 19 November 2014. Logs indicated hydrocarbon shows in the Birkhead Formation, however potential oil pay intervals identified were considered insufficient to warrant further testing and the well was plugged and abandoned.



*A number of the company's permits in South Australia are progressively being converted to Petroleum Retention Licences (PRLs). Relevant PRLs are identified in the drilling table at the end of this report but may not be fully reflected in the description above.

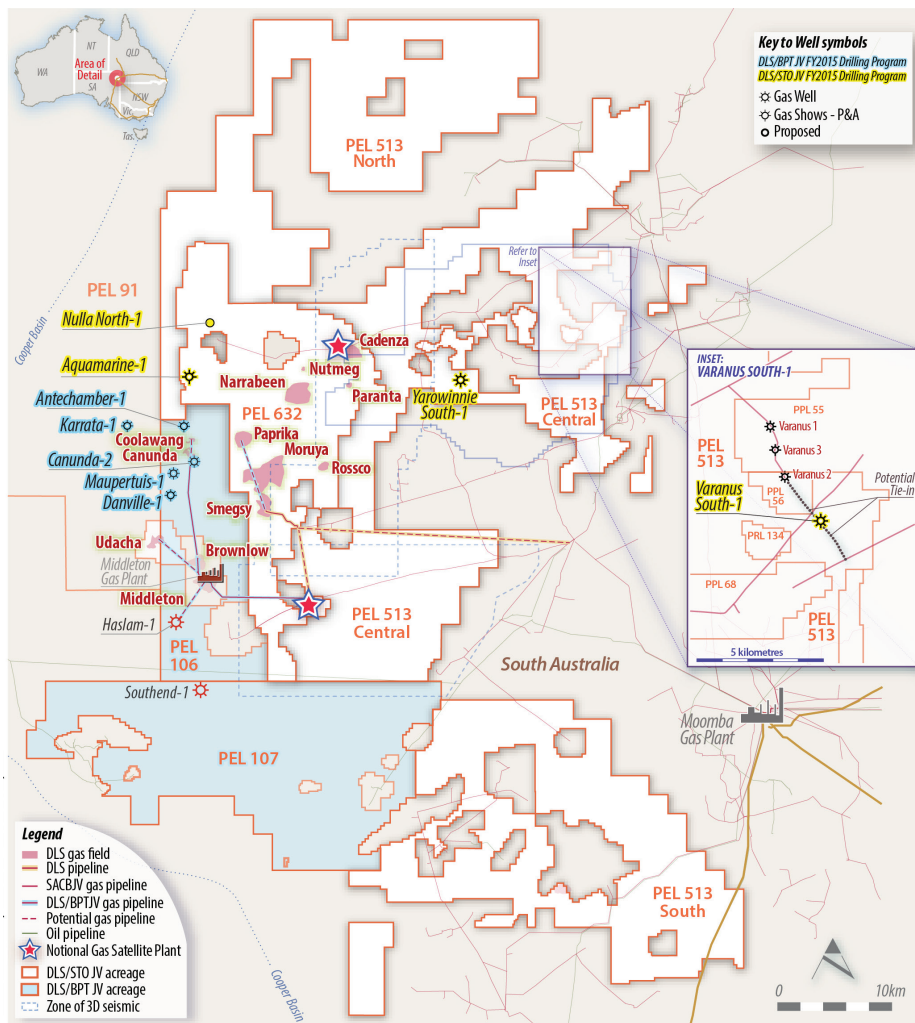
Northern Cooper Gas and Liquids Project Area – PRLs 14, 17, 18, PEL 103

In PRL 14, the recertification of the Flax production facility was completed in mid-December and the Flax-3 well was brought back into production. The initial production rate from the well was approximately 190 bopd. Work is currently underway to allow additional wells to be brought back online.

Wet Gas Business

Western Wet Gas Fairway – PELs* 106, 107, 513 and 632

The third and fourth wells to be drilled in PEL 106 this financial year by the joint venture (Drillsearch 50%, Beach 50% and Operator) both spudded during December 2014. Antechamber-1 and Danville-1 both encountered elevated gas shows in coals and sands throughout the Patchawarra Formation, however potential gas pay intervals identified through wireline logging were considered insufficient to warrant testing and both wells were plugged and abandoned.



In PEL 513 within the Drillsearch and Santos joint venture area (Drillsearch 40%, Santos 60% and Operator), a second wet gas discovery was made in mid-December. The Yarowinnie South-1 well was drilled to a total depth of 3,142 metres.

Drillsearch's preliminary interpretation of wireline logs has confirmed an aggregate best estimate of almost 15 metres of net gas pay over several intervals in a gross Patchawarra Formation of 410 metres. As a result, the well has been cased and suspended as a future wet gas producer.

The third well in the Santos-operated drilling campaign, Aquamarine-1, was drilled in the neighbouring PEL 632 block. Aquamarine-1 was plugged and abandoned after elevated gas shows in a number of coals and sands proved to be sub-commercial. The fourth well, Nulta North-1, is located in the northwest of PEL 632 and is due to spud in late January.

Northern Cooper Wet Gas Project Area – PEL 182*

In PEL 182, the joint venture (Drillsearch 47%, Senex 53% and Operator), completed the production testing of the Vanessa-1 exploration well. During the test, gas flowed to surface at an average rate of 5.0 million standard cubic feet per day (mmscf/d) from the Epsilon and Toolachee formations on a 65% choke (42/64ths inch). Condensate was also produced at a rate of 15 barrels per mmscf/d. Additional analysis is underway to confirm gas composition and associated liquids (condensate and LPG).

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Unconventional Business

Central Unconventional Fairway - ATP 940

In ATP 940 (Drillsearch 40% and Operator, QGC 60%) Amidala-1, the fourth well in the current program, had reached 3,389 metres as of 7 January 2015 and was drilling ahead. The well is expected to reach total depth by mid-January. Production testing of the first well in the campaign, Charal-1, began on 24 December 2014, with first measurable gas flow to surface recorded on Thursday, 1 January 2015. The testing process is ongoing.

Monthly Drilling Summary

Well	Participants		Progress & Summary		Primary Target	Secondary Targets
Oil Wells						
Sheerkhan - 1	DLS	43%	Spud Date:	Wednesday, 19 November 2014	Poolowanna Formation	Birkhead Formation Hutton Formation Tinchoo Formation
PEL 182	SXY*	57%	Rig Release:	Wednesday, 10 December 2014		
Oil Business			Depth:	2,350 m (TD)		
Northern Cooper Gas & Liquids			Operation:	Plugged & Abandoned		
C/E Basin, SA			Progress:	2,350 m (TD)		
Hanson - 2	DLS	60%	Spud Date:	Monday, 29 December 2014	McKinlay Member Namur Sandstone	
PEL 91 (PPL 255)	BPT*	40%	Rig Release:	Tuesday, 6 January 2015		
Oil Business			Depth:	1,742 m (TD)		
Western Flank Oil			Operation:	Cased & Suspended		
C/E Basin, SA			Progress:	1,742 m (TD)		
Wet Gas Wells						
Yarrowinnie South - 1	DLS	40%	Spud Date:	Friday, 28 November 2014	Patchawarra Formation (gas/condensate)	Tirrawarra Sandstone (gas/condensate)
PEL 513	STO*	60%	Rig Release:	Saturday, 13 December 2014		
Wet Gas Business			Depth:	3,142 m (TD)		
Western Wet Gas			Operation:	Cased & Suspended		
C/E Basin, SA			Progress:	3,142 m (TD)		
Antechamber - 1	DLS	50%	Spud Date:	Sunday, 7 December 2014	Patchawarra Formation (gas/condensate)	Tirrawarra Sandstone (gas/condensate)
PEL 106 (PRL 129)	BPT*	50%	Rig Release:	Wednesday, 24 December 2014		
Wet Gas Business			Depth:	2,812 m (TD)		
Western Wet Gas			Operation:	Plugged & Abandoned		
C/E Basin, SA			Progress:	2,812 m (TD)		
Danville - 1	DLS	50%	Spud Date:	Monday, 15 December 2014	Patchawarra Formation (gas/condensate)	Tirrawarra Sandstone (gas/condensate)
PEL 106 (PRL 129)	BPT*	50%	Rig Release:	Saturday, 3 January 2015		
Wet Gas Business			Depth:	2,825 m (TD)		
Western Wet Gas			Operation:	Plugged & Abandoned		
C/E Basin, SA			Progress:	2,825 m (TD)		
Aquamarine - 1	DLS	40%	Spud Date:	Sunday, 21 December 2014	Patchawarra Formation (gas/condensate)	Tirrawarra Sandstone (gas/condensate)
PEL 632 (PRL 133)	STO*	60%	Rig Release:	Saturday, 10 January 2015 (Targeted)		
Wet Gas Business			Depth:	2,816 m (TD)		
Western Wet Gas			Operation:	Plugged & Abandoned		
C/E Basin, SA			Progress:	2,816 m (TD)		
Unconventional Wells						
Amidala - 1	DLS*	40%	Spud Date:	Thursday, 20 November 2014	Roseneath/Murteree Shale	Daralingie Sandstone
ATP 940	QGC	60%	Rig Release:	Wednesday, 21 January 2015 (Targeted)	Patchawarra Formation	Toolachee Sandstone
Unconventional Business			Depth:	3,488 m (Proposed)		Epsilon Formation
Central Unconventional			Operation:	Drilling ahead		Tirrawarra Sandstone
C/E Basin, QLD			Progress:	3,389 m		

* Indicates operator

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