

2 June 2014

PEL 91 Update

Drillsearch Energy Limited (ASX: DLS) is pleased to provide the attached announcements from the Operator, Beach Energy Limited, in relation to the Stunsail and Pennington oil discoveries in PEL 91 on the Western Flank Oil Fairway of the Cooper Basin.

Drillsearch holds 60% of PEL 91, with Beach holding 40% as Operator.

Drillsearch's assessment of the results of Stunsail-1 and Pennington-2, as well as the successful drilling at Chiton-3, Bauer-12 and Bauer-13, will be reflected in the company's independently audited 30 June 2014 reserves update.

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For further information please contact:

Brad Lingo
Managing Director

+61 2 9249 9600
admin@drillsearch.com.au

Dudley White
GM – Corporate Communications

+61 2 9249 9669
dudley.white@drillsearch.com.au

If you would like to register for email alerts please go to the Register Page on our website:
www.drillsearch.com.au

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.



ASX Release

Beach Energy Ltd
ABN: 20 007 617 969
ASX Code: BPT

25 Conyngham Street
GLENSIDE SA 5065

GPO Box 175
ADELAIDE SA 5001

Tel: +61 8 8338 2833
Fax: +61 8 8338 2336

Web:
www.beachenergy.com.au
Email:
info@beachenergy.com.au

For Immediate Release – 2 June 2014

Ref. #036/14

ASX Ltd/SGX Singapore Exchange Ltd
Companies Announcement Office
Electronic Lodgement System

Dear Sir

STUNSAIL-1 RESERVES ESTIMATION

2P gross oil reserves for Stunsail-1 are estimated to be 1.6 MMbbls

Beach Energy Ltd (ASX: BPT, "Beach") advised on 28 March 2014 that the Stunsail-1 exploration well in PEL 91 (Beach 40% and operator, Drillsearch Energy Ltd 60%) discovered stacked oil pools within the McKinlay member, Namur Sandstone, Mid-Namur Sandstone and Birkhead Formation reservoirs.

Stunsail-1 intersected a four metre oil column within the McKinlay member and a six metre oil column in the Namur Sandstone primary target reservoir. An additional four metre oil column was also intersected within the Mid-Namur reservoir. Oil shows were encountered in the Birkhead Formation, with two intervals tested. The first drill stem test ("DST") tested a 15 metre interval, and recovered 46 barrels of oil and three barrels of filtrate over a four hour period, equating to a test rate of in excess of 250 barrels of oil per day.

As a result of proving oil within multiple reservoirs, Stunsail-1 was cased and suspended as a future oil producer. Pending joint venture approval, Beach anticipates the Stunsail field to be developed during the 2015 financial year.

Conceptual development plan

New requirements under Chapter 5 of the ASX Listing Rules require that oil and gas companies reporting on hydrocarbon accumulations must detail the conceptual development plan for the discovery.

McKinlay-Namur analysis

Commercial productivity of the McKinlay and Namur reservoirs is proven in offset fields within PEL 91. The Stunsail discovery is analogous to the commercial offset fields including Bauer, Chiton, and Hanson. As such, Beach has a high degree of confidence in the commercial productivity of the McKinlay-Namur reservoirs at Stunsail-1. Beach has carried out a preliminary economic evaluation of the project using costs based on analogous projects and internal company oil price assumptions to confirm its commercial viability.

Beach believes that Stunsail-1 can be developed using a standalone production facility, with oil potentially transported by truck to either the Bauer facility or the Lycium hub. Should there be further exploration and appraisal success in the proximity of Stunsail-1, this discovery has the potential to be developed with other fields in the same area through a pipeline to other facilities in PEL 91.

Pending joint venture approval, and dependant on results from further exploration, appraisal and development drilling, it is anticipated that the development of a standalone facility for the Stunsail field will:

- Cost approximately \$4 million; and
- Take place in the June quarter 2015.

Also pending joint venture approval is Stunsail-2, an appraisal well that is scheduled to be drilled in the September quarter 2014.

Using a standalone development model, Beach estimates preliminary gross undeveloped reserves from the McKinlay, Namur and Mid-Namur reservoirs as follows:

1P	1.0 million barrels of oil ("MMbbls")
2P	1.6 MMbbls
3P	2.5 MMbbls

These figures are as at 27 May 2014 and based on SPE-PRMS definitions and guidelines. Beach has a 40% share of the above estimates.

Preliminary petroleum reserves were estimated for each target reservoir formation using probabilistic methods, based on the analogous Bauer field where eleven wells are commercially producing oil. The areal configuration of the Stunsail McKinlay and Namur structure is based on interpretation and mapping of the Aquillus and Caseolus 3D seismic volumes, with the oil column heights defined from the Stunsail-1 wireline log analysis. The range of input petrophysical parameters was derived following comparison of the Stunsail-1 data to analogous reservoirs at Bauer. Based on this analysis, we have determined that the reservoir is discovered and commercially producible.

Birkhead analysis

In addition to the McKinlay-Namur and Mid-Namur oil pools, Beach considers that a Birkhead oil discovery was made, based on the recovery of oil from the first DST. Extended production testing of the Birkhead reservoir at Stunsail-1 may be undertaken to understand the extent of the oil accumulation. The nature and timing of Birkhead production from the Stunsail field is dependent on the final field development plan and joint venture approvals.

Mapping of 3D seismic data is ongoing within PEL 91 with an emphasis on evaluating the stratigraphically trapped oil potential of the Birkhead Formation. The encouraging results for this play concept across the Western Flank indicate the potential for further Birkhead prospects to be delineated in the region. Further mapping and appraisal drilling of the Stunsail field will be undertaken to better define the extent of the Birkhead oil discovery at Stunsail-1.

The results of Stunsail-1, Pennington-2, Bauer-12, Bauer-13, and Chiton-3 are all expected to be reflected in Beach's 30 June 2014 reserves update.

Yours sincerely,



Reg Nelson
Managing Director, FAusIMM

For more information contact:**Corporate**

Reg Nelson

Beach Energy Ltd

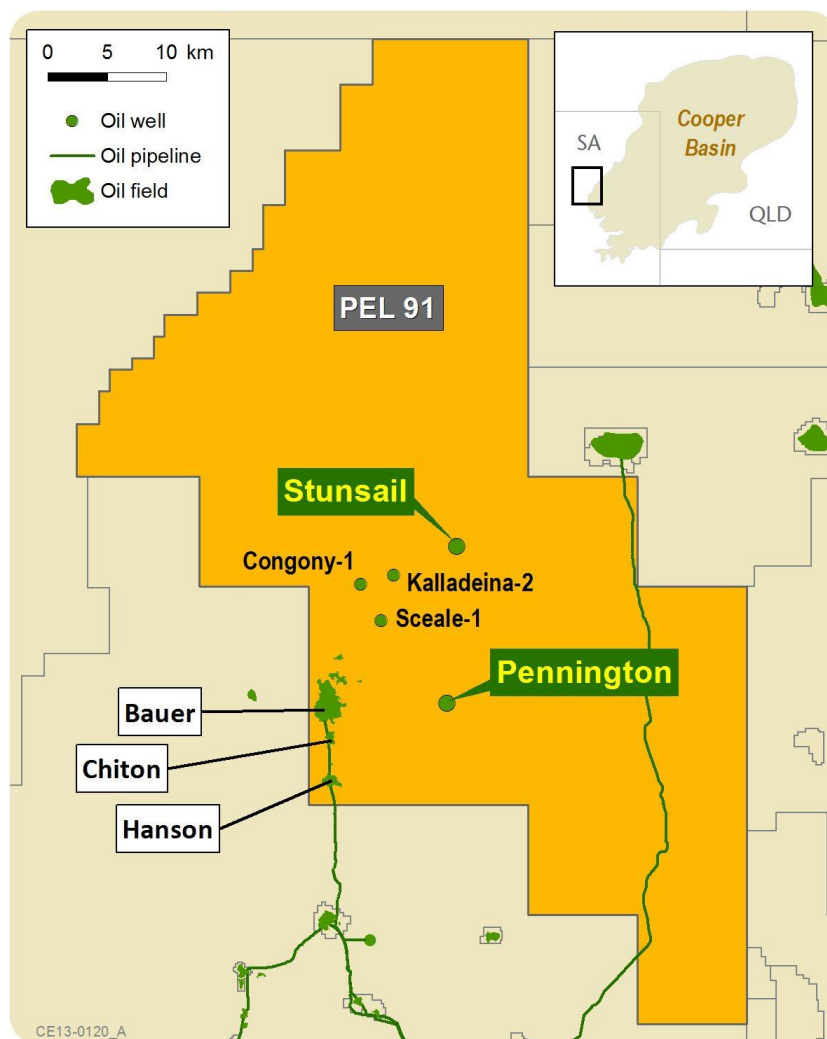
08 8338 2833

Investor Relations

Chris Jamieson

Beach Energy Ltd

08 8338 2833

**Qualified Petroleum Reserves and Resource Evaluator Requirements**

The reserves and resources information in this ASX release is based on, and fairly represents, information and supporting documentation prepared by, or under the supervision of, Mr Tony Lake (Reservoir Engineering Manager). Mr Lake is an employee of Beach Energy Limited and has a BE (Mech) degree from the University of Adelaide and is a member of the Society of Petroleum Engineers (SPE). The reserves and resources information in this ASX release was issued with the prior written consent of Mr Lake in the form and context in which it appears.



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Beach Energy Ltd
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25 Conyngham Street
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GPO Box 175
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Tel: +61 8 8338 2833
Fax: +61 8 8338 2336

Web:
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Email:
info@beachenergy.com.au

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ASX Ltd/SGX Singapore Exchange Ltd
Companies Announcement Office
Electronic Lodgement System

Dear Sir

PENNINGTON FIELD RESERVES ESTIMATION

2P gross oil reserves for the Pennington field have increased from 1.7 MMbbls to 2.7 MMbbls following the successful drilling of Pennington-2 and Pennington North-1.

Beach Energy Ltd (ASX: BPT, "Beach") advised on 7 May 2014 that the Pennington-2 appraisal well in PEL 91 (Beach 40% and operator, Drillsearch Energy Ltd 60%) was cased and suspended as a future McKinlay/Namur oil producer. Pennington-2 was drilled approximately 250 metres south west of the Pennington-1 oil discovery, and intersected 10 metres of net oil pay within the target McKinlay and Namur reservoirs. The Mid-Namur reservoir, which hosts a separate oil pool, was also intersected 2.7 metres above the field oil water contact.

The next well drilled in the campaign was the Pennington North-1 exploration well, located approximately 600 metres north of Pennington-1. This well was designed to test a sub culmination of the greater Pennington structure. The primary target Namur reservoir was intersected five metres low to prognosis, with both the McKinlay and Namur target reservoirs water bearing, based on wireline logs. Strong oil shows were encountered over the Birkhead Formation and tested by an open hole drill stem test ("DST"). The test recovered 22 barrels of oil and approximately 10 barrels of water, mud and filtrate over a four hour flow period. The estimated rate from the DST was 125 barrels of oil per day. Based on the results of this test, Pennington North-1 was cased and suspended as a future Birkhead oil producer.

Reserves for the Pennington field were updated with preliminary mapping that included results from Pennington-2 and Pennington North-1. This update resulted in a 2P gross reserves addition of one million barrels of oil ("MMbbls").

Conceptual development plan

New requirements under Chapter 5 of the ASX Listing Rules require that oil and gas companies reporting on hydrocarbon accumulations must detail the conceptual development plan for the discovery.

McKinlay-Namur analysis

Commercial productivity of the McKinlay and Namur reservoirs is proven in offset fields within PEL 91. The Pennington field is analogous to the commercial offset fields including Bauer, Chiton, and Hanson. As such, Beach has a high degree of confidence in the commercial productivity of the McKinlay-Namur reservoirs at Pennington. Beach has carried out a preliminary economic evaluation

of the project using costs based on analogous projects and internal company oil price assumptions to confirm its commercial viability.

Beach believes that the Pennington field can be developed with a tie-back of producing wells via a common flow line to the Bauer production facility. Pending joint venture approval, and dependant on results from further appraisal drilling, it is anticipated that the development of Pennington will:

- Cost approximately \$6 million; and
- Take place in the June quarter 2015.

Using a proposed tie-back development model, Beach estimates preliminary gross undeveloped reserves from the McKinlay, Namur and Mid-Namur reservoirs as follows:

1P	1.5 MMbbls
2P	2.7 MMbbls
3P	5.3 MMbbls

These figures are as at 27 May 2014 and based on SPE-PRMS definitions and guidelines. Beach has a 40% share of the above estimates.

Preliminary petroleum reserves were estimated for each target reservoir formation using probabilistic methods, based on the analogous Bauer field where eleven wells are commercially producing oil. The areal configuration of the Pennington McKinlay and Namur structure is based on interpretation and mapping of the Aquillus and Caseolus 3D seismic volumes, with the oil column heights defined from the wireline log analysis. The range of input petrophysical parameters was derived following comparison of the Pennington well data to analogous reservoir data at Bauer. Based on this analysis, we have determined that the reservoir is discovered and commercially producible.

Birkhead analysis

In addition to the McKinlay-Namur and Mid-Namur oil pools, Beach considers that, based on the recovery of oil from the DST at Pennington North-1, a Birkhead oil discovery was made. Extended production testing of the Birkhead reservoir at Pennington North-1 may be undertaken to understand the extent of the oil accumulation. The nature and timing of Birkhead production from the Pennington field is dependent on final field development planning and joint venture approvals.

Mapping of 3D seismic data is ongoing within PEL 91 with an emphasis on evaluating the stratigraphically trapped oil potential of the Birkhead Formation. The encouraging results for this play concept across the Western Flank indicate the potential for further Birkhead prospects to be delineated in the region. Further mapping and appraisal drilling of the Pennington field will be undertaken to better define the extent of the Birkhead oil discovery at Pennington North-1.

The results of Stunsail-1, Pennington-2, Bauer-12, Bauer-13, and Chiton-3 are all expected to be reflected in Beach's 30 June 2014 reserves update.

Yours sincerely,



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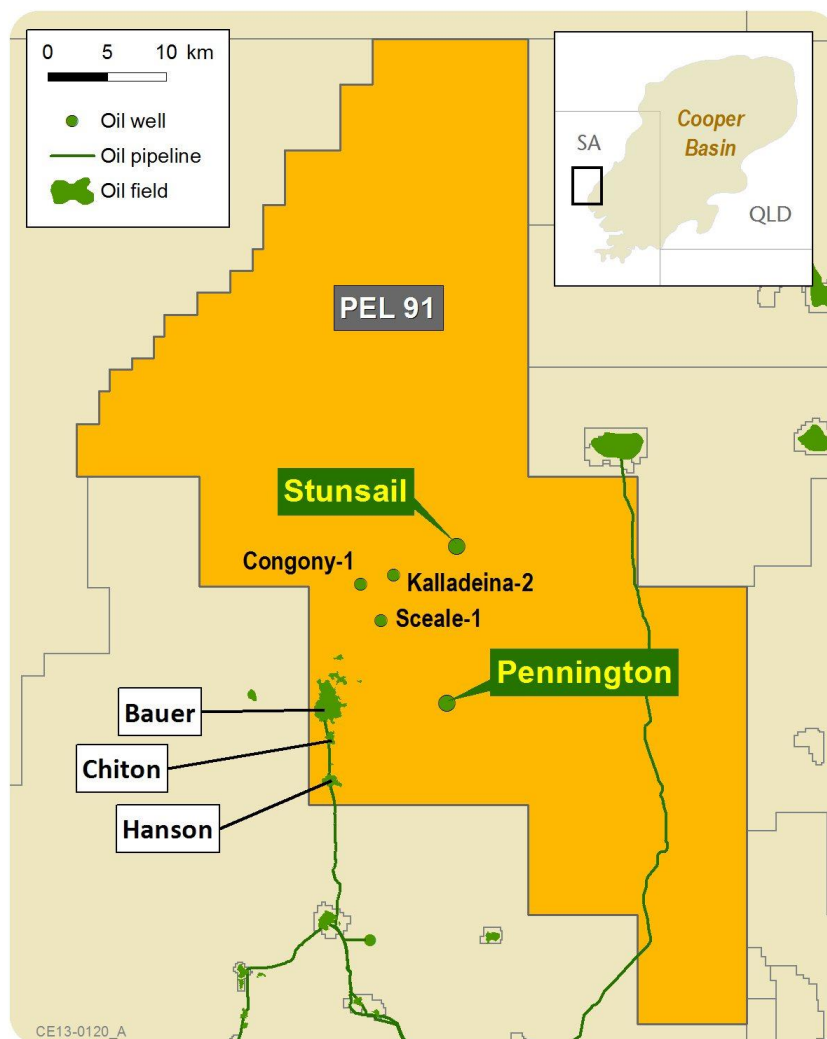
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