

December Drilling Report

- **Oil Business**
 - **Bauer-24 and 25** cased and suspended as future oil production wells
- **Wet Gas Business**
 - **Willow-1** exploration well cased and suspended for further testing

Oil Business

The Ex-PEL 91 joint venture (Drillsearch 60%, Beach 40% and Operator) commenced the two-well Bauer appraisal program during December, with both Bauer-24 and Bauer-25 cased and suspended as future production wells.

Bauer-24 is the southern-most well drilled on the Bauer Field, located approximately 950 metres south of Bauer-13 and 850 metres northeast of Chiton-3 (see map). The well was drilled to appraise a structural high between the Bauer and Chiton fields as a possible extension of Bauer.

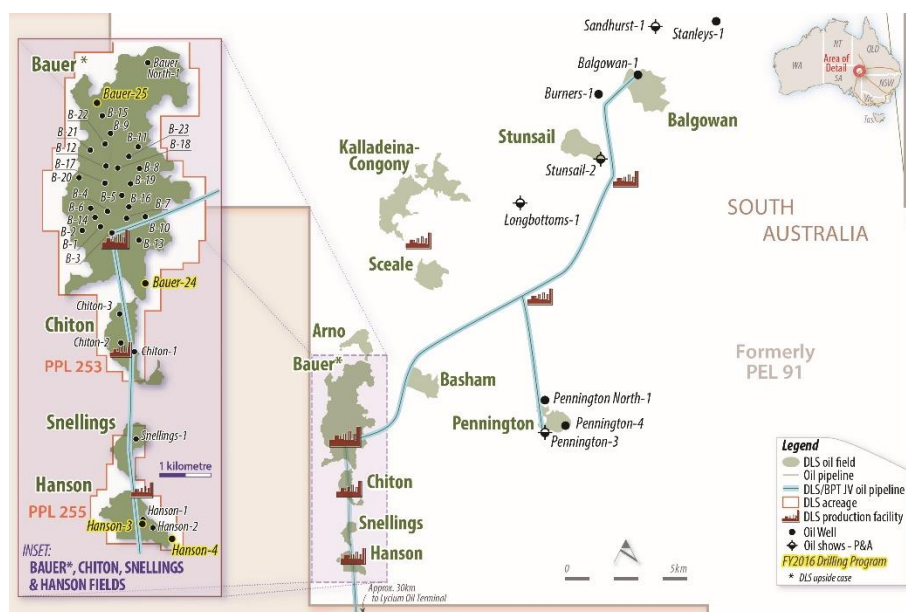
Primary targets were the McKinlay Member and Namur Sandstone reservoirs, with the Birkhead Formation providing a secondary target. Bauer-24 was cased and suspended as a future producer following intersection of a 3-metre net oil column in the Namur Sandstone and a 3.5-metre gross oil-bearing interval in the overlaying McKinlay Member.

Bauer-25 spudded on 28 December 2015. Drilling operations at the well were briefly suspended in early January due to heavy rain, before restarting on 8 January 2016. Bauer-25 is the northern-most well drilled on the Bauer field, located approximately 400 metres north of Bauer-15 and 1,350 metres southwest of Bauer North-1 (see map). The well successfully tested the northern extension of Bauer and was cased and suspended as a future producer following intersection of a 2-metre net oil column in the Namur Sandstone and a 3.5-metre gross oil bearing interval in the overlaying McKinlay Member.

Wet Gas Business

The two-well exploration drilling and testing campaign in PRLs 173 and 174 began on 17 December 2015 with the spudding of the first well, Willow-1 (see map). Willow-1 was drilled to a total depth of 3,402 metres with good gas shows observed across the sandstones and coals of the Toolachee, Epsilon and Patchawarra Formations from 3,007 to 3,333 metres.

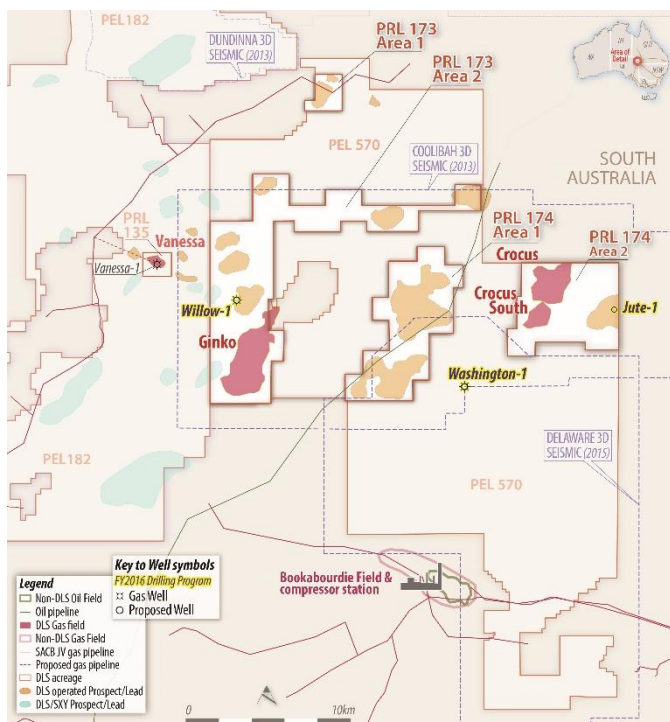
Drillsearch's preliminary interpretation of wireline logs calculated a total of approximately 8 metres of net conventional pay consisting of 1.5 metres and 4.0 metres in the Toolachee and Epsilon Formations



respectively and 2.5 metres in the Patchawarra Formation within a gross interval of 326 metres. Stacked reservoirs were identified, and in addition to the conventional pay, several zones with potential for unconventional pay were also observed.

Willow-1 has been cased and suspended and an Extended Production Test is currently planned for the June 2016 quarter in order to establish a stabilised flow rate.

The Ensign 932 Rig is now in the process of moving to the second well site, Jute-1, with an anticipated spud date in late January 2016.



Monthly Drilling Summary

As at 11 January 2016

Well	Participants		Progress & Summary		Primary Target	Secondary Targets
Oil Wells						
Bauer - 24	DLS	60%	Spud Date:	Saturday, 12 December 2015	McKinlay Member Namur Sandstone	Birkhead Formation
PPL 253	BPT*	40%	Rig Release:	Thursday, 24 December 2015		
Oil Business			Depth:	1,750 m (TD)		
Western Flank Oil			Operation:	Cased and Suspended		
C/E Basin, SA			Progress:	1,750 m (TD)		
Bauer - 25	DLS	60%	Spud Date:	Monday, 28 December 2015	McKinlay Member Namur Sandstone	Birkhead Formation
PPL 253	BPT*	40%	Rig Release:	Thursday, 14 January 2016 (Projected)		
Oil Business			Depth:	1,743 m (TD)		
Western Flank Oil			Operation:	Case and Suspend Operations		
C/E Basin, SA			Progress:	1,743 m (TD)		
Wet Gas Wells						
Willow - 1	DLS*	80%	Spud Date:	Thursday, 17 December 2015	Toolachee Formation Epsilon Formation	Patchawarra Sandstone
PRL 173	Midcontinent	20%	Rig Release:	Wednesday, 13 January 2016 (Projected)		
Wet Gas Business			Depth:	3,402 m (TD)		
Northern Gas & Liquids			Operation:	Running production casing		
C/E Basin, SA			Progress:	3,402 m (TD)		

* Indicates operator.

For further information please contact:

Dudley White
General Manager – Corporate Communications
Phone: +61 2 9249 9669 Email: dudley.white@drillsearch.com.au