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ASX Release

5 May 2009

Beach announces takeover offer for Drillsearch

3D Oil Limited (**3D Oil**) notes the ASX announcement today by Beach Petroleum Limited (**Beach**) disclosing its intention to make a conditional offer for Drillsearch Energy Limited (**Drillsearch**) (the **Beach Offer**). A copy of the Beach announcement is attached as an annexure to this release.

3D Oil notes that a condition of the Beach Offer is:

"Drillsearch not issuing shares to any party other than 60 million shares to CPC Energy Limited in relation to the acquisition by Drillsearch of an equity interest in this company's 'Tintaburra Block' (ATP 299P)."

This offer condition means that the issue of shares by Drillsearch pursuant to its takeover offer for 3D Oil will breach a condition of the Beach Offer. Unless this breach is waived by Beach, the Beach Offer will lapse.

3D Oil also notes Beach's stated rationale for its takeover offer for Drillsearch, including:

- Greater financial strength at a time when raising exploration funds for small capitalised companies is extremely difficult. Beach has a strong balance sheet, Drillsearch does not.
- Access to a very reputable management team with a sound track record of developing and growing oil and gas assets. Drillsearch currently has no Managing Director and a Board that appears to be in disarray.
- Significantly greater share trading liquidity

3D Oil notes that these messages are consistent with the 3D Oil Board's recommendation that 3D Oil shareholders reject the Drillsearch offer for 3D Oil.

Drillsearch has received less than 1% in acceptances since announcing its takeover offer for 3D Oil, is now subject to an offer from Beach (a condition of which precludes Drillsearch from proceeding with its bid for 3D Oil) and the Drillsearch board is split with two camps each seeking to oust the other.

In light of these circumstances 3D Oil calls on Drillsearch to clarify whether it intends to allow its offer for 3D Oil to lapse on its scheduled closing date being 26 May 2009.

For further information, please contact:

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MEDIA RELEASE
FOR IMMEDIATE RELEASE

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**BEACH PETROLEUM ANNOUNCES \$50 MILLION
TAKEOVER OFFER FOR DRILLSEARCH ENERGY LIMITED**

- The scrip offer by Beach values Drillsearch at 3.00 cents (\$0.03) per share, a premium of 50.0% to the Drillsearch 3 month volume weighted average price
- Beach has pre-bid agreements from Drillsearch shareholders representing 4.74% of Drillsearch which, in addition to Beach's current holding, gives Beach a 10.04% relevant interest in Drillsearch
- Beach offer presents an opportunity for balance sheet strength, management cohesiveness and liquidity to Drillsearch shareholders at a time when all these are lacking

Beach Petroleum Limited ("Beach," ASX:BPT) today announced a \$50.0 million conditional offer (the "Offer") for Drillsearch Energy Limited. ("Drillsearch," ASX:DLS).

The Offer to Drillsearch shareholders is an all share offer in which Beach will offer Drillsearch shareholders 1 Beach share for every 27 Drillsearch shares held (1-for-27). This ratio was calculated on a 3 month volume weighted average price ("VWAP") basis for both DLS and BPT and represents a 20% premium to Drillsearch's closing price of 2.50 cents (\$0.025).

Beach Petroleum has also entered into pre-bid agreements with a number of Drillsearch's large shareholders, totaling 79,206,622 shares or 4.74% of Drillsearch's issued shares. This, in addition to Beach's existing shareholding in Drillsearch, gives Beach a relevant interest of 10.04%.

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Acquisition Rationale

The Offer

- Provides an opportunity to develop Drillsearch's assets through the financial strength of Beach at a time when raising exploration funds for small capitalised companies is extremely difficult. **Beach has a strong balance sheet, Drillsearch does not.**
- Would entrust the Drillsearch assets to a very reputable management team with a sound track record of developing and growing oil and gas assets. **Beach has a strong management team. Drillsearch currently has no Managing Director and a Board that appears to be in disarray.**
- Would consolidate permit ownership interests in the Cooper Basin and deliver greater efficiencies, in Beach's view. **Beach is an experienced, low cost operator of Cooper Basin Assets.**

Why Drillsearch Shareholders should accept the Beach offer:

They will gain access to the benefits of:

- Exposure to an Australian S&P/ASX 200 listed energy company of substance;
- Beach's substantial portfolio of diversified exploration, development and production assets across a range of geographical regions, including:
 - Substantial Reserves of Oil and Gas;
 - Oil and Gas production for the period 1 July 2008 to 31 March 2009 was 7.4 million barrels of oil equivalent; and
 - An active, well balanced drilling program within a diverse portfolio of tenements.
- Significantly greater share trading liquidity – for the 12 months to 4 May 2009, Beach had a turnover of approximately 167% of the total Beach registry, whereas Drillsearch had a turnover of only 33% of the total Drillsearch registry;
- Significantly greater exposure to development opportunities through Beach's existing balance sheet and cashflow generating assets, at a time of considerable financial and economic volatility and uncertainty on global markets.
- An investment in a company with a consistent record of consecutive dividend payments.

Conditions of the Offer

Beach's offer has, among others, the following conditions:

- (a) Beach achieving acceptances from Drillsearch shareholders totalling at least 90% of the company's shares, and
- (b) Drillsearch not issuing shares to any party other than 60 million shares to CPC Energy Limited in relation to the acquisition by Drillsearch of an equity interest in this company's 'Tintaburra Block' (ATP 299P).

Advisors

Beach has engaged Adelaide Equity Partners Limited as corporate and financial advisor and Piper Alderman as legal advisor to the transaction.

Company Profile

Beach is a long established oil and gas exploration and production company, based in Adelaide, South Australia and listed on the ASX.

Beach was established in the early 1960s by the late Dr. Reg Sprigg, a highly regarded Australian oilman, geologist, explorer and conservationist. After working with Santos Limited in the Cooper Basin in central Australia, still Australia's largest onshore petroleum producing region, Dr. Sprigg identified an opportunity to establish an independent oil and gas exploration company to build a portfolio of assets in the region, where it is now a significant operating company with a skilled workforce.

Beach has successfully discovered and managed oil production assets in the Cooper Basin for many years. In 2006 Beach significantly bolstered its position in the region - and in the Australian oil and gas market generally - with its acquisition of Delhi Petroleum Pty Ltd. The Delhi Petroleum acquisition provided Beach with an approximate 21% interest in the Cooper Basin project operated by Santos Limited. Collectively, Beach now holds interests in 20 petroleum exploration and 263 production licences in the Cooper Basin.

In addition to its substantial Cooper Basin interests, Beach also participates in oil production in the Gippsland Basin, offshore Victoria, has recently agreed to sell its Queensland coal seam gas assets for up to \$400 million and is poised to participate in the development of oil fields in Egypt.

Beach now holds interests in more than 300 oil and gas exploration and production tenements in Australia, New Zealand, Papua New Guinea, Egypt and Spain and continues to seek additional domestic and international opportunities.

For further information please contact:

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