

Drillsearch Energy Limited

ASX:DSL

0000 00 000 000 000

0000 000

Level 4, 34 Hunter Street,
SYDNEY, NSW 2000, Australia

Telephone: 61 2 9221 2811
Facsimile: 61 2 9221 3299
e-mail: energy@attglobal.net



18th December, 2003

The Manager
Company Announcements Office
Australian Stock Exchange Limited
Level 6
20 Bridge Street
SYDNEY NSW 2000

FOR PUBLIC RELEASE

Dear Sir,

Re: Mulberry 1 - Oil Discovery - ATP 299, Tintaburra, SW Queensland

Drillsearch announces an oil discovery has been made in the Mulberry 1 near field exploration well (NFE).

The sandstone within the Birkhead Formation in the interval 1242.5 to 1252 metres (m) (total interval 9.5 m) recorded strong oil shows on mud logs during drilling. A drill stem test (DST1) was conducted over the interval 1241 m to 1254 m but the test was only conducted for 5 minutes on the pre-flow before encountering mechanical problems.

However, during that period DST1 recovered clean high quality 45.8 degree API oil at an estimated rate of 280 BOPD.

As indicated from logging, pressure data and the oil flowing from the interval it appears that the well has penetrated a highly productive Birkhead Formation channel.

The joint venture elected to case and suspend the well as a future Birkhead oil producer. Forward operations in 2004 will involve perforating and completing the well.

Interests in Mulberry 1 are:
Santos Group - 89% (and operator)
Drillsearch Energy - 10%
CPC Energy Pty Limited - 1%

Drillsearch Energy has now participated in 2 successful wells out of 3 in its current programme and this well has validated considerable further potential in the Birkhead Formation in the north/east section of the Tintaburra block.

The next NFE in the programme will be Merula 1 anticipated to spud within the next few days.

Yours faithfully,
DRILLSEARCH ENERGY LIMITED

PHILIP F. KELSO
MANAGING DIRECTOR