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ASX Release

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Finance for West Seahorse Oil Development

3D Oil Limited (ASX:TDO) announces that it is formally commencing the financing process for the development of the West Seahorse oilfield and exploration drilling in VIC/P57. 3D Oil is working closely together with Hibiscus Carnarvon Pty Ltd, a wholly owned subsidiary of Hibiscus Petroleum Berhad (KLSE:HIBISCUS), on the financing plan. Hibiscus is the 50.1% owner and joint venture operator of VIC/P57, as well as being 13% shareholder in 3D Oil.

The West Seahorse development has an estimated total capital expenditure of US\$125-150 million. This estimate includes the US\$15 million Britannia jack-up rig that has already been purchased by the Joint Venture. Plans for additional exploration are based on a single high-potential well in the VIC/P57 permit with an estimated total capital expenditure of US\$20 million.

Sources of Finance

The Joint Venture has received contributions and commitments of US\$27 million towards the development of West Seahorse. This has been provided Hibiscus under the farm-in agreement announced with 3D Oil on 15 August 2012.

The Britannia jack-up rig is currently being converted to a Mobile Offshore Production Unit (MOPU). It is expected to be on-sold (with funds returned to the Joint Venture) and leased back from a suitably credentialed MOPU Operator. Hibiscus is in advanced discussions with MOPU parties about a possible sale and leaseback.

The Joint Venture will be seeking project finance debt for the majority of the capital expenditure. Initial discussions with a number of local and international banks have been encouraging and indicative levels of finance are in the order of 50-70% of the total capital expenditure for the West Seahorse development.

Additional sources of non-project debt finance will also be considered by the Joint Venture, including mezzanine and structured finance. This will be considered on appropriate risk-return metrics in order to minimise the level of additional equity contributions required by the Joint Venture.

Joint Venture Equity Contributions

The amount of any required equity contribution from the joint venturers will not be known until discussions with project and non-project debt financiers have been further advanced.

Hibiscus has indicated to 3D Oil that it has capacity to source any additional contributions of its equity to the Joint Venture from its internal capital sources.

As the West Seahorse development plan has progressed, 3D Oil has received approaches from third parties interested in acquiring an interest in VIC/P57. As a result, for any additional equity contributions to the Joint Venture, 3D Oil will consider:

1. Farm-down of its current 49.9% interest in VIC/P57 (including in the West Seahorse Production Licence, which is expected to be granted shortly); and
2. New issue of ordinary and/or structured equity within 3D Oil.

3D Oil and the Joint Venture have appointed Lion Capital Advisory to assist with arranging a financing plan that will optimise project debt and also ensure that additional equity is raised in the most efficient manner possible.

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