



3D Oil Limited
Level 5, 164 Flinders Lane
Melbourne VIC 3000
Tel: +61 3 9650 9866
Fax: +61 3 9639 1960
www.3doil.com.au

3D Oil Limited

QUARTERLY ACTIVITIES REPORT FOR THE THREE MONTHS ENDED 31 MARCH 2009.

HIGHLIGHTS

- **3D Oil ends the March quarter in a strong, debt-free position**
- **Significant increase in reserves at West Seahorse**
- **Undertook an in-depth assessment of various infrastructure options for the development of West Seahorse**
- **Hostile, conditional, all scrip takeover offer from Drillsearch received, which has been extended. Less than 1% in acceptances since the offer was announced over three months ago**

Overview

3D Oil Limited (*3D Oil*) remains in a strong financial position following the March 2009 quarter and has no corporate debt.

The Company has a valuable proven oil discovery in the West Seahorse oil field and a portfolio of highly prospective exploration leads and prospects. The 3D Oil team has made significant progress in bringing West Seahorse to development and the Company is actively seeking alliances to maximise the value inherent in its assets.

Operational Review

3D Oil Limited is the operator and 100% equity holder of two permits in Bass Strait, VIC/P57 in the Gippsland basin, Victoria and T41-P in the Bass basin, Tasmania.

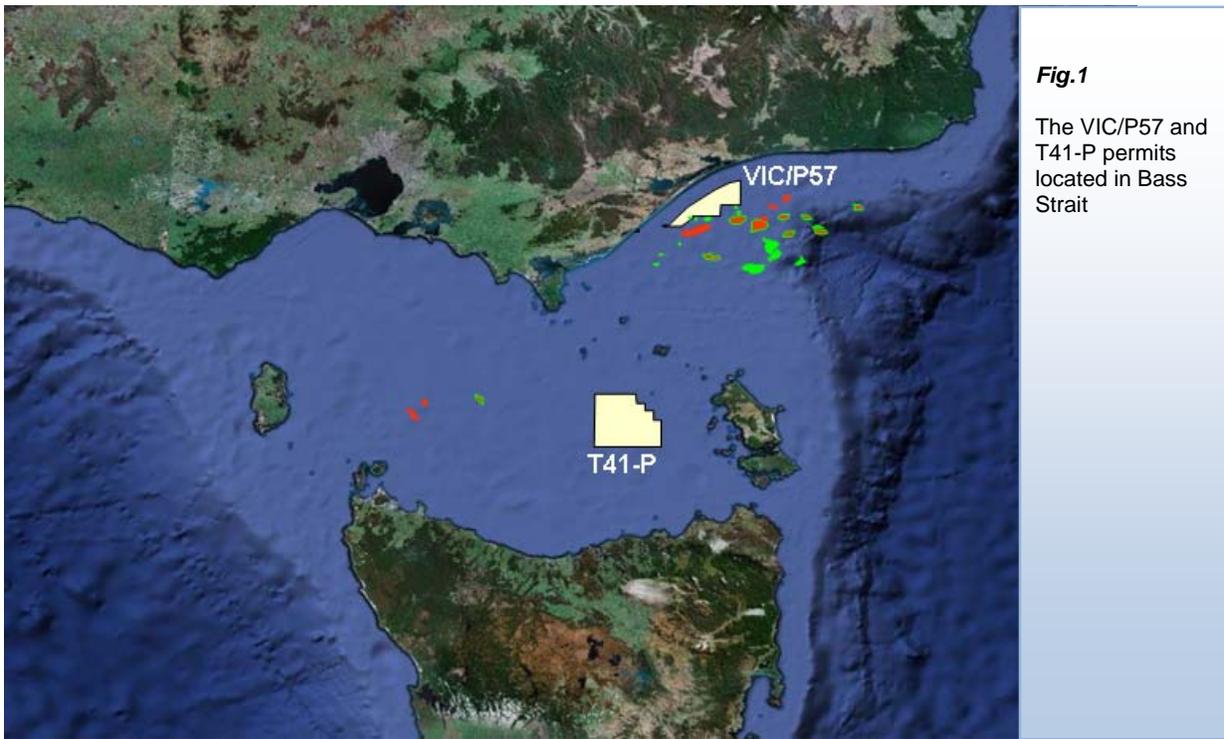


Fig.1
The VIC/P57 and T41-P permits located in Bass Strait

VIC/P57, Gippsland Basin Offshore Victoria

West Seahorse—Reserves Upgrade

During the March quarter, an extensive reassessment of the West Seahorse Field was completed including detailed reservoir analysis; detailed mapping of all hydrocarbon bearing horizons; high density depth conversion; reservoir fluid analysis; reservoir simulation and production forecasting; and reserve assessment.

This data was used to develop a field production model to simulate oil production over the life of the field. The model was calibrated against the neighbouring Seahorse Field, which has been producing from similar reservoir units and has approximately 20 years of production history and therefore an excellent analogue. A feature of the model is the very high production rates predicted, with the development well modelled to produce at over 8,000 barrels of oil per day. This is typical of the Gippsland Basin where the combination of strong natural water drive and excellent reservoir properties result in very high flow rates. Clearly, high production rates during the start-up phase will provide a strong revenue stream with early project pay-back, enhancing the commerciality of the field.

Following this extensive review, there has been a revision to the reserves and contingent resources position. A comparison to previously disclosed reserves and contingent resources is set out below.

Reserves and Contingent Resources (MMstb)

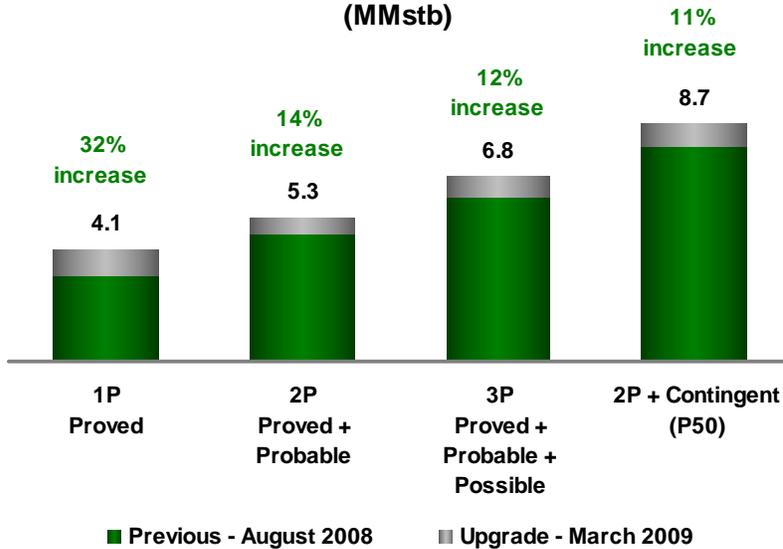


Fig.2

3D Oil's Reserves and Contingent Resources, West Seahorse Field in Vic/P57

3D Oil's updated reserves and contingent resources review has been completed in conjunction with independent consultants and follows guidelines set forth by the Society of Petroleum Engineers (**SPE**), the World Petroleum Council and the American Association of Petroleum Geologists. These guidelines require that Proved Reserves are those quantities of petroleum which, by analysis of geological and engineering data, can be estimated with reasonable certainty to be commercially recoverable from a given date.

Reserves and Contingent Resources, West Seahorse Field in Vic/P57

Reserves	1P Proved MMstb	2P Proved + Probable MMstb	3P Proved + Probable + Possible MMstb
N1 and N2.6	4.1	5.3	6.8

Contingent Resources	Low Estimate (P90) MMstb	Best Estimate (P50) MMstb	High Estimate (P10) MMstb
P1 and NE Fault Block	2.8	3.4	4.0

Total Reserves plus Contingent Resource	MMstb	MMstb	MMstb
	6.9	8.7	10.8

Disclosure regarding Certifications

The reserves estimates were compiled by Dr Rodney Halyburton BSc(Hons), MSc and PhD who is a member of the SPE and Society of Professional Well Log Analysts and Dr Andrew Wadsley BSc(Hons), MSc and PhD who is a member of the SPE and the Society for Industrial and Applied Mathematics. The reserves estimates are consistent with the definitions of Proved, Probable and Possible hydrocarbon reserves defined in the Australian Stock Exchange (**ASX**) Listing Rules. Dr Halyburton and Dr Wadsley are qualified persons as defined under ASX Listing Rule 5.11.

West Seahorse—Infrastructure Assessment

Over the past six months, the 3D Oil team has made significant progress in bringing the attractive West Seahorse project to development.

3D Oil undertook an in-depth assessment of various infrastructure options for the development of West Seahorse. The review included an assessment of capital requirements; environmental impacts; necessary regulatory and other approvals; development lead times; onshore infrastructure; alignment options; and project economics.

The analysis has resulted in the utilization of a mobile offshore production unit (**MOPU**) being the favoured development option. Consequently, at the commencement of the year, 3D Oil completed a pre-FEED¹ with WorleyParsons for the development of West Seahorse utilising a MOPU, with oil exported to an onshore tank.

Subsequently, a commercial and technical proposal for the supply of a MOPU and top side fit-out was commissioned. Global Process Systems, a company which has significant experience in the supply and operation of MOPUs throughout Asia and the Middle East, provided an indicative costing as part of this analysis.

¹ Front end engineering design

Exploration

The company has a robust portfolio of prospects and leads in Vic/P57. Sealion is ready to drill and is an attractive tie-in to West Seahorse or it could be developed on a stand-alone basis. The Felix Prospect is flanked by discoveries with multiple levels of oil pay and provides exciting volume upside and requires only minor further studies to select the most suitable drilling location.

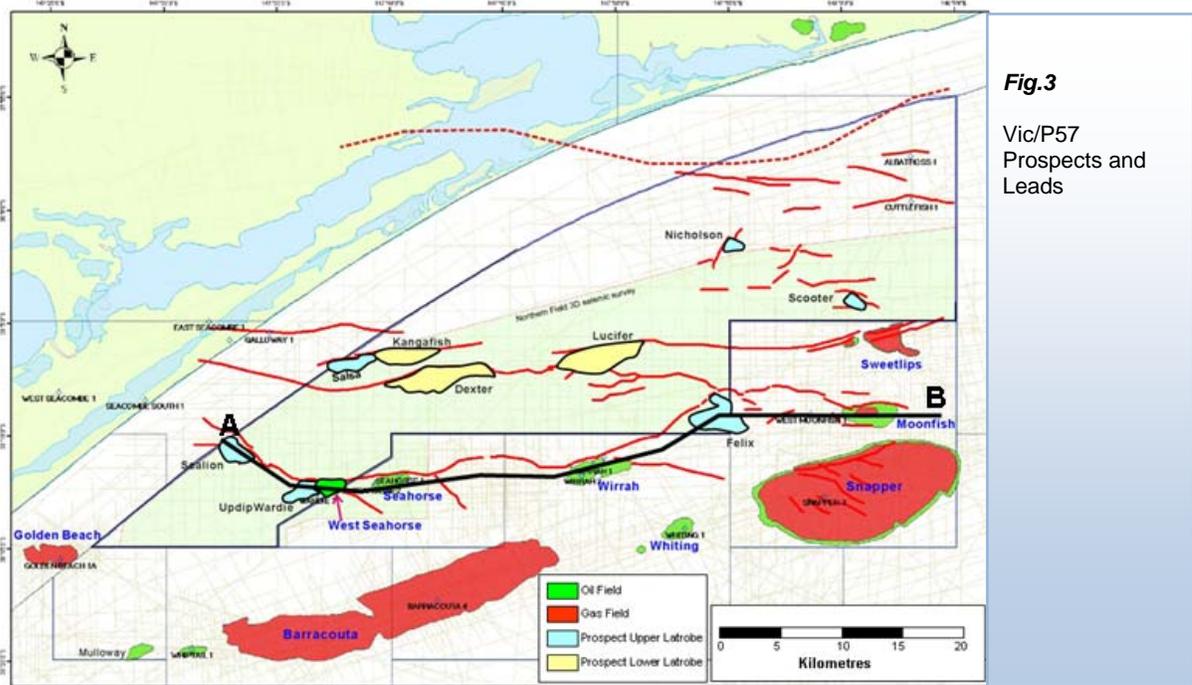
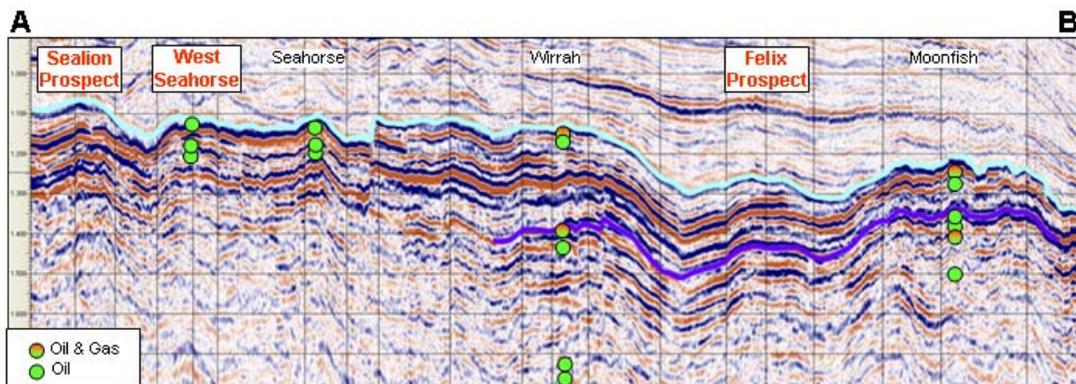


Fig.3

Vic/P57
Prospects and
Leads

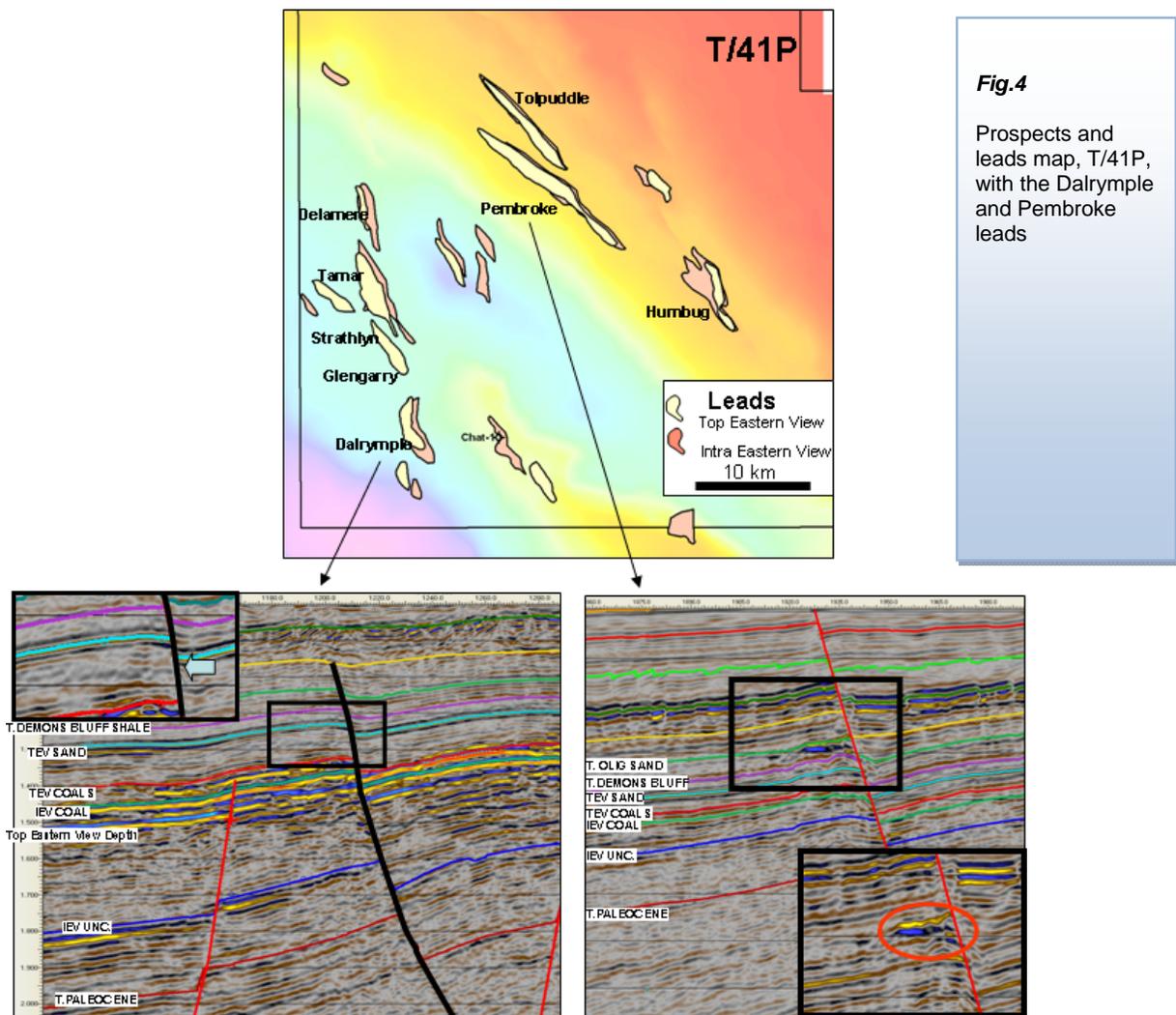


The seismic line highlights the potential of the two prospects, which are undrilled features along a highly prospective trend. Bringing Felix to drill-ready status will form a key part of 3D Oil's exploration plans in the short-term. More work will also be carried out across the leads in the emerging Emperor play, with a view to advancing them to prospect status.

T41/P, Bass Basin offshore Tasmania

During the March quarter, 3D Oil continued its mapping of the new seismic data in T41/P. A portfolio of leads has been compiled and a preliminary ranking has been completed. In total, fifteen leads have been identified, with the potential to contain over 800 MMstb recoverable oil on an unrisks basis. The largest individual leads have the potential to contain over 100 MMstb of recoverable oil.

Numerous seismic amplitude anomalies have been identified, some of which the company considers could be indicators of the presence of hydrocarbons. Examples from Dalrymple, where a flat spot is present consistent with a hydrocarbon contact, and Pembroke, which has a crestal amplitude anomaly are shown below.



The results of the new seismic mapping are very encouraging. The company is carrying out further work designed to mature the leads to prospect status for future drilling. A particularly encouraging outcome is the large number of robust new leads providing multiple future targets if drilling is successful.

Takeover Offer

On 16 January 2009, Drillsearch Energy Limited (**Drillsearch**) announced that it intended to make a conditional, all scrip takeover offer for 3D Oil.

Drillsearch is offering four Drillsearch shares for each 3D Oil share held (**the Offer**). 3D Oil considers that the Offer does not reflect the value of 3D Oil and is not in the best interests of 3D Oil shareholders.

The 3D Oil Board continues to unanimously recommend that all 3D Oil shareholders REJECT the Drillsearch Offer. 3D Oil's Target's Statement dated 27 March 2009 sets out the reasons why 3D Oil shareholders should reject the Offer.

On 29 April 2009, Drillsearch informed the market that there is significant dissension at Board level with two Drillsearch directors (Messrs Beng Kai Choo and Jim McKerlie) proposing resolutions to remove the other three Drillsearch directors (Messrs Peter Simpson, Peter Wicks and Russell Langusch). In response, Messrs Simpson, Wicks and Langusch are seeking to remove Messrs Choo and McKerlie from the Drillsearch Board. This in-fighting highlights a lack of stability and confirms that Drillsearch is not the right partner for 3D Oil. 3D Oil has written to Drillsearch requesting it issue a Supplementary Bidder's Statement so that 3D Oil shareholders can fully understand why this battle is occurring and what it means for 3D Oil shareholders.

To REJECT the offer, 3D Oil shareholders should simply ignore any acceptance forms sent to them by Drillsearch.

Noel Newell
Managing Director
3D Oil Limited

Media inquiries
Ian Howarth
Farrington National
03 9223 2465

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

3D OIL LIMITED

ABN

40 105 597 279

Quarter ended ("current quarter")

31 MARCH 2009

Consolidated statement of cash flows

	Current quarter	Year to date (9 months)
	\$A	\$A
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	5,940	17,820
1.2 Payments for		
(a) exploration and evaluation (net of refunds) (1)	(6,502,876)	(13,391,036)
(b) development	-	-
(c) production	-	-
(d) administration (2)	(437,385)	(868,674)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	289,722	577,805
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 GST Refund	623,741	3,521,737
1.8 Refund of exploration deposits	-	3,710,024
Net Operating Cash Flows	(6,020,858)	(6,432,324)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects/farmins	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	-	-
1.13 Total operating and investing cash flows (carried forward)	(6,020,858)	(6,432,324)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Notes

- (1) Includes payment of \$4.16m for the company's share of the Heavy Lift Vessel and Demobilisation Costs of the West Triton Jack Up Rig and payment of \$2.19m for costs relating to handover of the rig
(2) Administration costs are higher in this period due to additional costs relating to the hostile scrip takeover offer by Drillsearch Energy Limited.

1.13	Total operating and investing cash flows (brought forward)	(6,020,858)	(6,432,324)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other – Capital raising costs	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(6,020,858)	(6,432,324)
1.20	Cash at beginning of quarter/year to date	14,525,776	14,332,919
1.21	Exchange rate adjustments to item 1.20	29,265	633,588
1.22	Cash at end of quarter	8,534,183	8,534,183

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A
1.23	Aggregate amount of payments to the parties included in item 1.2	105,374
1.24	Aggregate amount of loans to the parties included in item 1.10	-

- 1.25 Explanation necessary for an understanding of the transactions

Director's fees, salaries and fees paid to related entities during the March 2009 quarter.

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	150
4.2 Development	-
Total	150

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	149	2,509
5.2 Deposits at call	8,385	12,018
5.3 Bank overdraft	-	-
5.4 Other – Bank Guarantee	-	-
Total: cash at end of quarter (item 1.22)	8,534	14,527

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	-	-	-	-
6.2 Interests in mining tenements acquired or increased	-	-	-	-

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

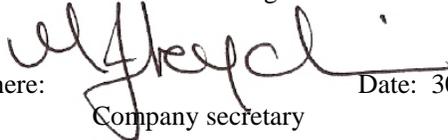
	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities <i>(description)</i>	-	-	-	-
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3 +Ordinary securities	206,560,000	169,898,550		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	-	-	-	-
7.5 +Convertible debt securities <i>(description)</i>	-	-	-	-
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	10,100,000 7,125,000 400,000	- - -	<i>Exercise price</i> \$0.50 \$0.60 \$0.75	<i>Expiry date</i> 31 January 2011 31 January 2011 31 March 2013
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired/lapsed during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:



Date: 30 April 2009

Company secretary

Print name: MELANIE LEYDIN

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

====