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ASX Release

23 April 2009

3D Oil Development Update

3D Oil Limited (*3D Oil*) wishes to provide an update to shareholders outlining its recent development progress and the company's plans to maximise the value of its assets for shareholders.

Recent development progress

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

- 3D Oil has undertaken in-depth assessments of various infrastructure options for the development of West Seahorse. These options have included:
 - Utilising a mobile offshore production unit (*MOPU*), with oil exported to an onshore tank farm for trucking to market.
 - A floating storage and offloading vessel.
 - Subsea tie-back to third party facilities.
 - Well head platform with various combinations of the above.
- 3D Oil's detailed option 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 MOPU option 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. The scope of WorleyParsons review included:
 - Preparation of a functional specification for the MOPU.
 - Technical evaluation and specification of oil export facilities.
 - Detailed capital expenditure estimates for the oil export facilities.
- The base case considered by the WorleyParsons' study included:
 - A MOPU with design capacity of up to 10,000bopd utilising a gas lift compressor.
 - Produced gas to be used for gas lift, power generation and the amount remaining flared.
 - 14km long 4" coil tubing to shore with Horizontal Directional Drilling (*HDD*) shore crossing.

¹ Front end engineering design

- 27km long 6in pipeline to storage and truck loading facility.

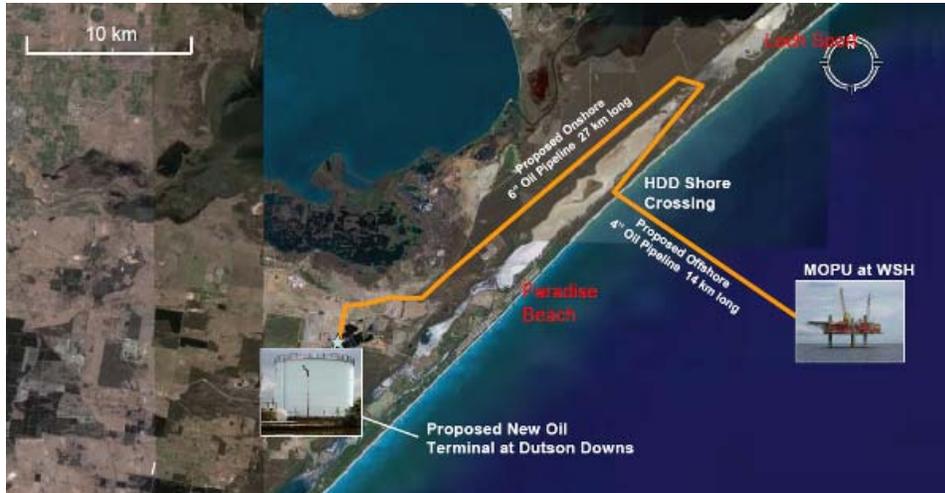


Fig.1

West Seahorse development possible alignment route

- 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.



Fig.2

Example of a typical Mobile Offshore Production Unit (**MOPU**)

- In parallel to these initiatives, 3D Oil has undertaken an extensive subsurface study of West Seahorse incorporating newly acquired well data (including oil and reservoir samples), 3D seismic mapping, HDVA² depth conversion, detailed petrophysics, detailed production simulation and production calibration to the neighbouring Seahorse field. 3D Oil was assisted by several industry experts in this analysis, including Dr Rodney Halyburton and Dr Andrew Wadsley.
- On 12 March 2009, 3D Oil announced an increase to its reserves and contingent resources at West Seahorse, increasing 1P reserves by 32% to 4.1 mmstb and increasing combined 2P reserves and contingent resources (P50) by 11% to 8.7 mmstb. This significant increase in reserves is expected to assist 3D Oil's ability to arrange funding for the development of West Seahorse with capital providers.

² High density velocity analysis



Fig.3

Example of reeling equipment mounted on Oceanengineering vessel

Plans for the future

3D Oil continues to progress its plans for the development of West Seahorse, in addition to maximising the value from its other exploration assets within VIC/P57 and T-41P. In particular:

- 3D Oil continues to seek alliances with suitable joint venture partners in order to bring the West Seahorse project to production. 3D Oil believes that such an alliance would assist in crystallising the value inherent in West Seahorse. Discussions in this regard are ongoing.
- 3D Oil continues to progress its discussions with financiers to assist with the development of West Seahorse. Feedback to date have been encouraging, notwithstanding the prevailing challenging economic environment.
- In terms of 3D Oil's exploration activities, progress has recently been made within the Vic/P57 permit with identification of new leads, Lucifer and Kangafish; and at least nine significant leads have been delineated by the new seismic data held for the T41-P permit.
- 3D Oil continues to thoroughly assess and develop its lead and prospect portfolio. 3D Oil currently has at least two drillable quality prospects in Vic/P57 while T41-P has an array of leads some with associated seismic anomalies not dissimilar to those displayed at the nearby Yolla gas/condensate field. 3D Oil is actively seeking suitable partners in both permits for a leveraged position to share the risk of ongoing exploration efforts.

In summary, the 3D Oil team has undertaken extensive work to progress the development of its significant underlying assets, including West Seahorse, and it is best placed to develop these assets and to maximise value for shareholders.

If you have any queries, please consult your own independent professional adviser or contact 3D Oil on +61 3 9650 9866.

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