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ASX Release

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3D Oil REJECTS Drillsearch's unattractive share-based offer

3D Oil Ltd has today received Drillsearch Energy Ltd's Bidder's Statement in relation to its unsolicited offer for 3D Oil. The 3D Oil board recommends that 3D Oil shareholders REJECT Drillsearch's all-share offer.

3D Oil shareholders own a company with the focussed strategy of developing the valuable West Seahorse oil field and selectively exploring for additional oil and gas reserves in other areas. The company has substantial oil reserves, holds a significant cash balance relative to its cash requirements and is well positioned to add real shareholder value in the years ahead.

In contrast, Drillsearch has lower oil reserves, significant cash commitments going forward, questionable current production economics and an unfocussed corporate strategy involving taking various interests in numerous fields across Australia and PNG, as well as a listed subsidiary in Canada.

3D Oil Ltd managing director, Noel Newell said, *"Drillsearch's offer is an opportunistic attempt to acquire 3D Oil and its valuable crude oil and cash assets cheaply. It is not in shareholders' interests to swap their 3D Oil investment for shares in a company with an uncertain future and unfocussed corporate strategy."*

"As Drillsearch's offer does not comprise any cash, 3D Oil shareholders should be concerned with the potential for continued Drillsearch share price weakness" Mr Newell said. *"Since Drillsearch announced its interest in 3D Oil almost 2 months ago, its share price has declined by over 30% to the close of business yesterday, while 3D Oil's share price has firmed."*

"3D Oil shareholders should rest assured that the company is in a strong financial position. We are very well placed to ride out today's challenging market conditions and execute our well defined strategy to enhance the company's asset base and to unlock the significant upside value within 3D Oil."

The 3D Oil board will provide a formal response to Drillsearch's offer in its Target's Statement, which is expected to be released in late March. 3D Oil shareholders are advised to take no action in response to communications from Drillsearch and to wait for 3D Oil's Target's Statement.

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