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WEST SEAHORSE-3 DRILLING REPORT

West Seahorse-3 Drilling Update, Vic/P57 Offshore Victoria

3D Oil Limited ("TDO") advises that the West Seahorse-3 as at 06.00 am (EST) this morning was at measured final depth of 1810 metres in 12 ¼ inch hole. The top of the Latrobe Group reservoirs, the primary target, were intersected close to prognosis at a measured depth of approximately 1558 metres (1397 metres true vertical depth). Indications of hydrocarbons were intersected throughout the Latrobe Group.

Over the course of the following days the anticipated operations will be to run wireline logs and conduct a sampling programme to ascertain the presence and extent of moveable hydrocarbons. The interpretation of this data will help define the forward programme for the well. It is also anticipated 9 5/8 inch casing will be run and the well suspended as a potential future oil producer.

3D Oil Limited is the operator and 100% owner of the Vic/P57 permit.

West Seahorse Background

The West Seahorse-1 discovery well was drilled in 1981, by Highbay Oil Australia Limited. It followed the discovery of oil in the neighbouring Seahorse field by Esso in 1978. The well intersected three separate oil accumulations with a potential fourth sand untested. The uppermost zone, within the top of Latrobe Group, flowed 1800 barrels of oil per day (bopd). The current interpretation of the West Seahorse field shows it to be substantially larger than interpreted by previous operators.

Furthermore the West Seahorse-2 well appears to be located on the edge of the field, suggesting that larger hydrocarbon intersections might be encountered higher on the structure. The neighbouring Seahorse Field has produced oil since 1990/1991 through a subsea completion connected to the Barracouta platform. A recent work-over of the Seahorse-1 well (2005) resulted in the well's return to production at 4000 bopd following a period of declining oil production. VIC/P57 is flanked to the south by several oil and gas fields including the giant Barracouta and Snapper gas fields as well as the smaller Golden Beach, Mulloway/Whiptail, Seahorse, Wirrah, Whiting, Emperor and Sweetlips Fields.

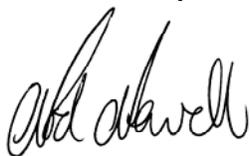
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Yours sincerely

A handwritten signature in black ink, appearing to read 'Noel Newell', written in a cursive style.

NOEL NEWELL
Managing Director