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3D Oil Limited

ASX Release

23 January 2018

Otway Basin Update

Key Points

- **Substantial exploration across the Otway Basin expected to commence in 2018 with a number of new wells and multi-client seismic reprocessing scheduled**
- **3D Oil continues to progress its T/49P project, the largest exploration permit in the Otway Basin, with 2018 seismic planning now underway**
- **Spectrum Multi-Client recently announced it will commence a new Broadband 3D and 2D reprocessing project in the Otway Basin including 7,950km² of 3D data**

3D Oil Limited (ASX: TDO, "3D Oil" or the "Company") is pleased to provide an update to the recent exploration and production activities being undertaken in the highly prospective Otway Basin, offshore Victoria and Tasmania. 3D Oil's flagship asset is its 100%-owned permit T/49P, the largest exploration permit in the Otway Basin (4,960km²).

3D Oil has now commenced preparation of the planned 3D seismic acquisition. Current planning anticipates that the 3D seismic acquisition may be conducted in late 2018 across the central and southern part of T/49P (100%-owned). As part of the 3D seismic preparation work, 3D Oil has commenced the drafting of the environmental plan (EP) and established the design parameters for the 3D seismic acquisition.

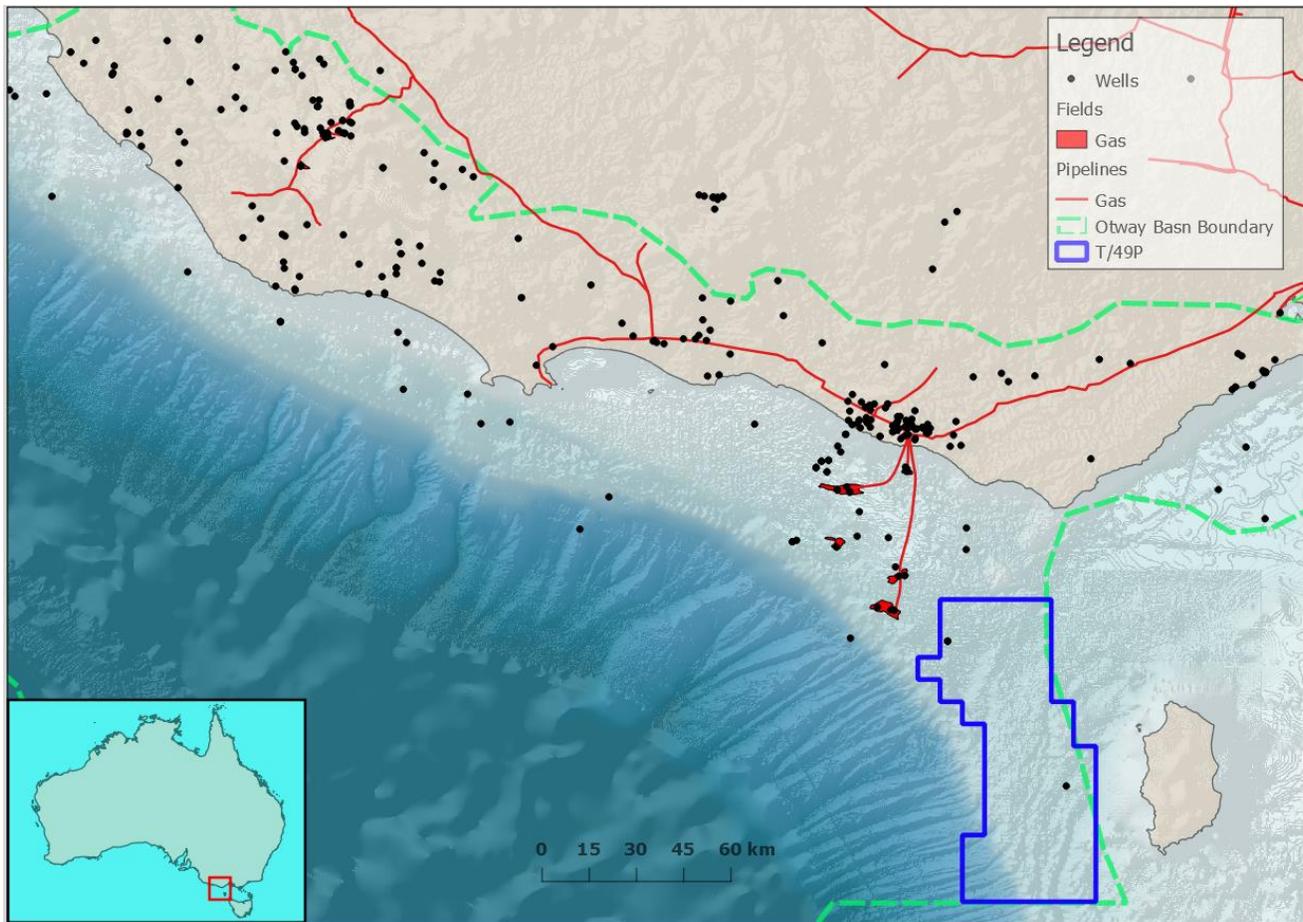
Otway Basin Overview

The Otway Basin has been one of Australia's most important gas producing regions historically, having delivered gas to the east coast market since the 1980s. Significant discoveries have

been made both onshore and in shallow offshore areas, approximately 170–220 km west-southwest of Melbourne.

The Otway Basin is a northwest trending rift basin. It is approximately 500km long and extends along the southern margin of South Australia and Victoria to north-west Tasmania, covering an area of 150,000km². Although exploration is mature onshore, exploration offshore is in its infancy. Interest in the area is growing as a result of the basin's strong hydrocarbon potential and the region's ability to supply the Australian east coast gas market.

Figure 1: Otway Basin location



History of the Otway Basin

Exploration in the Otway Basin dates back as far as 1800s with the drilling of an exploration well near Salt Creek in South Australia. In Victoria, the first wells were drilled between the 1920s-1940s, in the Anglesea and Torquay areas.

In 1959 Frome-Broken Hill Pty Ltd drilled Port Campbell 1, discovering hydrocarbons within Waarre sandstone sediments of the Port Campbell Embayment in Victoria. This was the first hydrocarbon discovery of the Otway Basin and proved the existence of what would become recognised as a prolific gas system that is now known to extend into offshore Victoria and likely throughout 3D Oil's T/49P acreage which is situated immediately to the southeast of the Otway Basin's largest gas fields.

The first onshore gas production began in 1986 from the North Paaratte Gas Field, again within the Port Campbell Embayment. Shortly after, in 1988, Bridge Oil Ltd discovered the nearby Iona Gas Field. Iona commenced production in 1992 and in 2000 was the first Otway Basin gas field to be converted to a gas storage facility.

The South Australian Otway Basin has also shown historically to contain significant hydrocarbons. In January 2018, Beach Energy announced that it has confirmed the presence of gas in its Haselgrove-3 exploration well (refer to ASX announcement “*New gas field discovery in the Otway Basin*” released 11 January 2018).

Recently there has been a surge of focus on the offshore Otway Basin as a result of a rapidly developing domestic gas market. The latest fields that have been developed include Thylacine, Casino, Minerva and Henry. Presently, the largest producers within the Otway Basin include Beach Energy, BHP Billiton and Cooper Energy. The Otway Basin remains relatively under-explored, particularly southeast of the Thylacine field.

Discovered gas reserves in the Otway Basin are reaching maturity, with total production of 63PJ in FY17. The FY17 production came from 4 major project areas including:

- Halladale, Black Watch and Speculant – 22PJ
- Casino Henry and Netherby – 7PJ
- Minerva – 8PJ
- Thylacine and Geographe – 26PJ

3D Oil Otway Basin assets

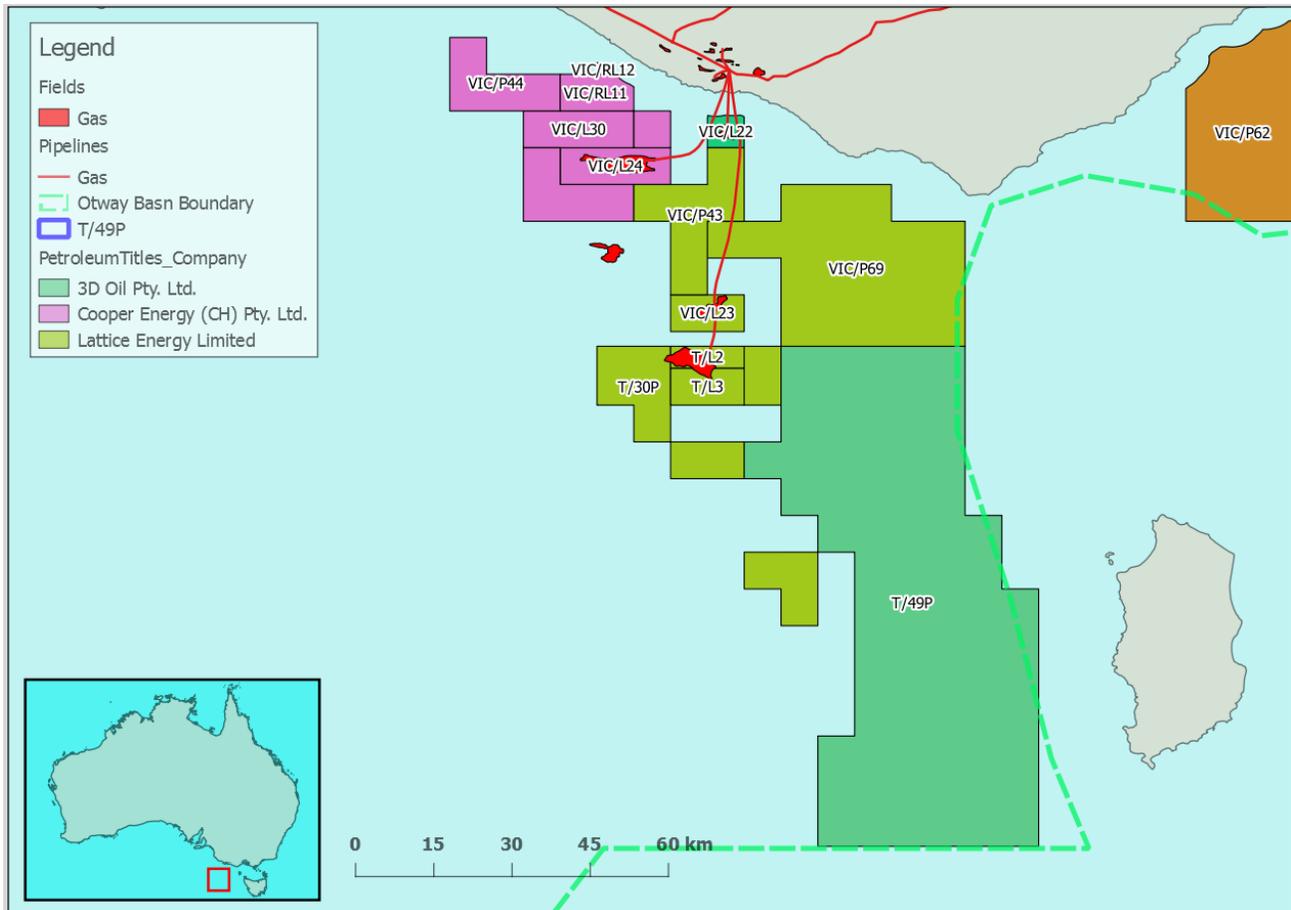
3D Oil has a 100% interest in the T/49P exploration permit, which covers 4,960 km² of the strategic offshore Otway Basin. The permit is located adjacent to the producing Thylacine and Geographe gas fields (part of the Otway Gas Project, now 100% owned by Beach Energy).

3D Oil acquired the T/49P permit in 2013, as one of the largest and under-explored blocks in the Otway Basin.

Presently, T/49P has an estimated prospective resource of 10TCF (Best Estimate), supported in part by 3D seismic data acquired by the Company in 2014. The identified leads and prospects are proximal to existing infrastructure at Thylacine. Proximity to existing infrastructure provides the potential to accelerate commercialisation of any resources discovered within the block.

As part of 3D Oil’s approved exploration programme, the Company intends to shoot additional seismic data within the T/49P block in 2018. The window for shooting seismic lies in 2H 2018, to ensure no impact to marine mammals. The acquisition and interpretation of additional 3D seismic would allow the Company to add to its inventory of drillable prospects, providing a variety of choices for drilling in 2019.

Figure 2: Otway Basin tenement ownership²



Upcoming works

A number of explorers and developers are recognizing the hydrocarbon potential of the Otway Basin, as indicated by a number of impending offshore development/exploration activities expected in 2018:

- **Henry Development** – Cooper Energy planning for development via Henry development well mid CY18, 43 PJ undeveloped. Development well contracted for the second half of 2018
- **Thylacine and Geographe** – Beach Energy undergoing development programs to extend field lives, with potential for up to 5 wells
- **Exploration well (Cooper Energy)** – additional exploration well to be drilled or planned in 2018 (subject to joint venture agreement).
- **Blackwatch** – Development well flagged by Beach Energy of the field is subject to commercial and regulatory approvals
- **Otway Gas Project** – Beach Energy recently announced (December 2017) it would increase ownership of the Otway Gas Project to 100% and pursue value accretive bolt-on acquisitions in the region

² Source: <http://www.petroleum-acreage.gov.au>

Similarly, Multi-Client³ seismic survey company, Spectrum announced in December that it has commenced a new multi-client broadband 3D and 2D reprocessing project in the offshore Otway Basin. The dataset comprises 7,950km² of 3D data from 16 existing 3D surveys and up to 7,000km of 2D data.

Spectrum expressed its confidence in the Otway Basin in a recent press release⁴:
'The Otway Basin is one of the few areas proven to be economically prospective, yet still under-explored. Spectrum believe there is significant future potential to be unlocked here.'

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Qualified Petroleum Reserves and Resources Evaluator Statement

The Prospective Resources estimates in this release are based on, and fairly represent, information and supporting documents prepared by, or under the supervision of Dr David Briguglio, who is employed full-time by 3D Oil Limited as Chief Geoscientist. He holds a BSc.Hons and PhD in Petroleum Geoscience and has been practicing as a Petroleum Geoscientist for 8 years. Dr Briguglio is qualified in accordance with ASX listing rule 5.41 and has consented in writing to the inclusion of the information in the form and context in which it appears.

Prospective Resources

The estimates have been prepared by the company in accordance with the definitions and guidelines set forth in the Petroleum Resources Management System, 2011 approved by the Society of Petroleum Engineer. Prospective Resource estimates are for recoverable volumes and unless otherwise stated this report quotes Best Estimates and gross volumes. The estimates are unrisks and have not been adjusted for both an associated chance of discovery and a chance of development.

³ Multi-client seismic refers to seismic data pertaining to more than one client

⁴ Released 18 December 2017