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ASX Release

14 January 2014

Independent Reserves Assessment for West Seahorse Oil Field

3D Oil Limited (ASX: TDO) is pleased to announce that independent expert Gaffney, Cline & Associates (GCA) has completed its Reserves and Contingent Resources Statement for the West Seahorse (WSH) oil field in the offshore Gippsland Basin. The main highlights of GCA's report are:

- Proved plus Probable (2P) Oil Reserves of 6.5 million barrels for the West Seahorse Field as at 31 December, 2013.
- Independent assessment of WSH Reserves provides certainty for project financing and major contracts.
- WSH project Development Plan and economics reviewed as part of GCA assessment.
- Mid Case Stock Tank Oil Initially In-Place (STOIP) of 10.3 million barrels with estimated un-risked 2C Contingent Resources of 1.5 million barrels in secondary 'Gurnard' reservoirs

WSH is being developed for production in early 2015 by a joint venture (JV) comprised of TDO 49.9% and Carnarvon Hibiscus Pty Ltd (Hibiscus), a wholly owned subsidiary of Hibiscus Petroleum Berhad (KLSE: HIBISCUS), as Operator with 50.1%.

GCA's assessment is an update of its 2011 report on WSH which established Contingent Resources for the field. The 2013 update was based on a combination of probabilistic and deterministic methods and incorporated revised field mapping by TDO based on reprocessed 3D seismic. GCA also reviewed the JV's progress on the WSH development project, including economics, and recognised the recent environmental and regulatory approvals, plus the VIC/L31 Production Licence for the field which was granted on 5 December 2013. Consequently, GCA has upgraded its assessment of the main WSH reservoirs from Contingent Resources to Reserves.

TDO has also performed extensive reservoir simulations studies, which were reviewed by GCA and used to define a set of oil production profiles that formed the basis for the economic analysis tests to determine Reserves.

The assessment of Reserves provides the foundation for finalising the WSH financing plan and the JV will now move as quickly as possible towards Final Investment Decision which is anticipated in early 2014.

The full range of undeveloped Oil Reserves for WSH as at 31st December, 2013 are:

Reservoir	Gross 100% Field			TDO share within VIC/L31		
	1P	2P	3P	1P	2P	3P
Main Reservoirs N1u/N1/N2-6	4.0	6.5	11.5	1.9	2.9	4.9

Four wells have been drilled in WSH and its near vicinity. The discovery well, WSH-1, was drilled in 1981 and encountered hydrocarbon indications in three layers in the Eocene fluvio-deltaic Latrobe Group. The N1 layer was tested and produced 1,800 barrels of oil per day (bopd) from a 3 m interval. Oil was recovered by RFT sampling in the N2.6 layer. Well WSH-2 was drilled in 1982 down dip from WSH-1 to appraise the flank of the accumulation; however, the N1 and N2.6 zones were found to be water bearing in this well. WSH-3 was drilled in 2008. The well encountered oil in the N1 layer. Well Wardie-1 was also drilled in 2008 to test a structural culmination one kilometre south-west of the West Seahorse structure. Oil was encountered in the shallower Gurnard and N1u reservoirs, but the deeper reservoirs were water bearing.

TDO intends to develop the field using a mobile offshore production unit (MOPU). A modular drilling rig will be mounted on the MOPU and two new development wells will be drilled. Produced oil will be measured and transferred to a floating storage and offloading facility and a shuttle tanker will be used to export the oil.

The design of the production wells, processing facilities, export system and other aspects of the project development plan is based on the 2P Reserves estimate. On this basis WSH is forecast to produce at an initial rate of approximately 12,000 bopd and to have an economic field life of between 5 and 6 years.

The cash flow analyses were modelled under the Australian Petroleum Resource Rent Tax (PRRT) regime and Australian income tax using nominal dollars to assess project commerciality and to determine field economic limits. West Seahorse oil price was based on the Brent crude oil price scenario shown below. Prices were escalated at 2.0% pa after 2018.

Year	US\$/Bbl
2015	97.76
2016	94.82
2017	97.26
2018	101.61

Capital costs are estimated at around US\$140 million and annual operating costs estimated at US\$46 million per annum decreasing to US\$37 million per annum after 5 years, based on TDO estimates and results of tenders for facilities, drilling and operational services. In undertaking the cash flow analyses an exchange rate of A\$1 = US\$0.90 was used and all costs were escalated at 2% pa from 2014 onwards for the duration of the project.

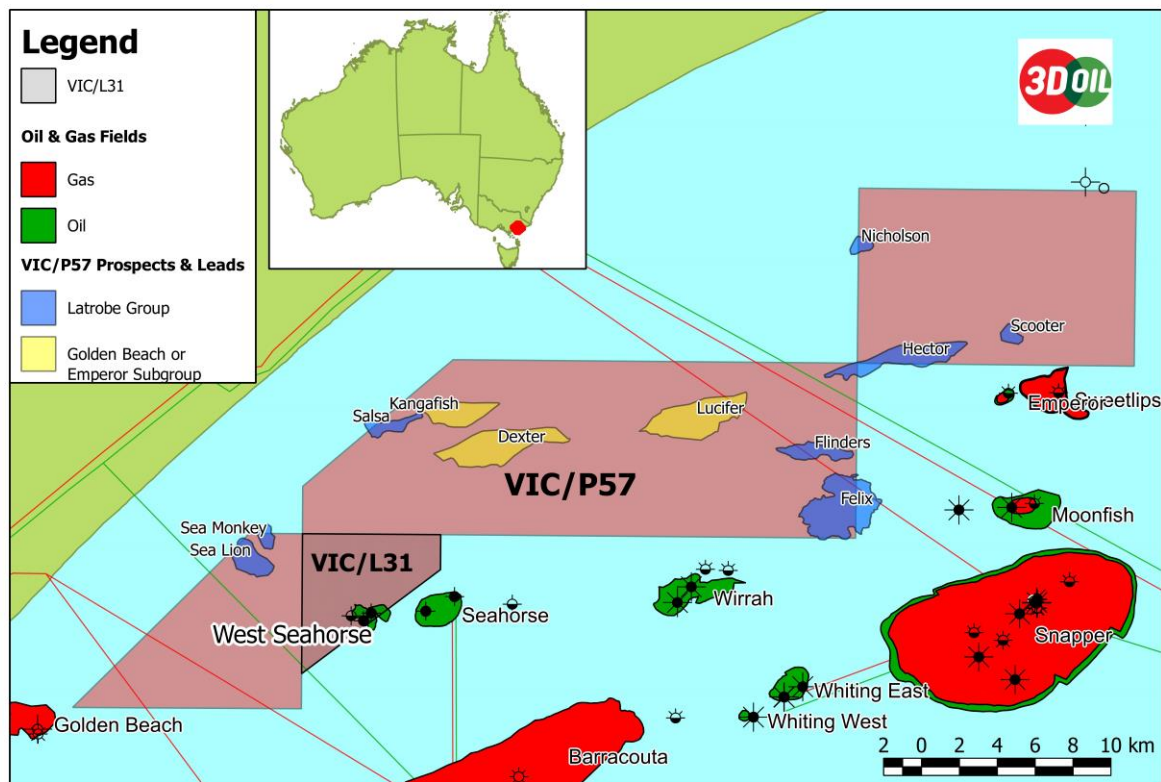
Actual field life will vary with economic conditions (e.g. oil price) and reservoir performance. The Joint Venture partners intend to drill the nearby Sea Lion prospect which, if successful and tied back to WSH, would likely further extend production from the WSH reservoirs while potentially increasing the Net Present Value of the total project.

Likewise, additional STOIP of 10.3 million barrels (GCA Mid Case estimate – Refer Table below) is mapped in the shallower secondary Gurnard and Lower Gurnard reservoirs at WSH. Oil has been recovered from these sands, but they have not undergone a flow test. GCA has updated its STOIP estimates for these reservoirs using a deterministic method based on the revised depth structure mapping and maintaining the 2011 reservoir description parameters. While no development plan has been finalised for this oil, both development wells are planned to penetrate these two reservoir intervals at locations that will allow their later development should appraisal tests prove successful. If it is proved to be economic and was developed, it would also contribute to extending production from the main WSH reservoirs. This volume is classified as Contingent Resources and is not included in the Reserves estimates.

The full range of un-risked Contingent Resources for the Gurnard and Lower Gurnard reservoirs within WSH as at 31st December, 2013 are:

Reservoir		Gross 100% Field			TDO share within VIC/L31		
		Low Case	Mid Case	High Case	Low Case	Mid Case	High Case
Gurnard	STOIP (MMBbl)	4.2	6.7	18.6	1.8	2.9	7.8
	Deterministic	1C	2C	3C	1C	2C	3C
	EUR Oil (MMBbl)	0.0	1.0	3.7	0.0	0.4	1.6
		Low Case	Mid Case	High Case	Low Case	Mid Case	High Case
Lower Gurnard	STOIP (MMBbl)	2.4	3.6	14.8	1.1	1.6	6.7
	Deterministic	1C	2C	3C	1C	2C	3C
	EUR Oil (MMBbl)	0.0	0.5	3.0	0.0	0.2	1.3
		Low Case	Mid Case	High Case	Low Case	Mid Case	High Case
Total	STOIP (MMBbl)	6.6	10.3	33.4	2.9	4.5	14.5
	Deterministic	1C	2C	3C	1C	2C	3C
	EUR Oil (MMBbl)	0.0	1.5	6.7	0.0	0.7	2.9
		Low Case	Mid Case	High Case	Low Case	Mid Case	High Case

Note: EUR Oil = Estimated Ultimate Recovery of Oil.



Location map showing the West Seahorse Production Licence VIC/L31

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Qualified petroleum reserves and resources evaluator statement

In accordance with ASX Listing Rules 5.41 and 5.42, the Company confirms that the hydrocarbon reserves and resources information contained in this document in relation to the West Seahorse oil field is based on, and fairly represents, information and supporting documentation prepared under the supervision of Mr Stephen M. Lane, B. Sc. (Hons.) Geology, Technical Director, Gaffney Cline & Associates, who is a member of the Society of Petroleum Engineers and has at least five years' experience in the sector. Mr Lane is not an employee of the Company and has consented in writing to the inclusion of the hydrocarbon reserves and resources information in the form and context in which it appears in this release.