

3D OIL LIMITED
ABN 40 105 597 279

Financial Report
for the Half Year Ended 31 December 2008

CORPORATE DIRECTORY

Board of Directors

Campbell Horsfall (Chairman and Non-Executive Director)
Noel Newell (Executive Managing Director)
Melanie J Leydin (Non-Executive Director)

Company Secretary

Melanie J Leydin

Place of Business

Level 5
164 Flinders Lane
MELBOURNE VIC 3000
Ph: 03 9650 9866
Web: www.3doil.com.au

Auditor

Grant Thornton
Chartered Accountants
215 Spring Street
MELBOURNE VIC 3000

Share Registry

Computershare Investor Services Pty Ltd
452 Johnson Street
ABBOTSFORD VIC 3067
Telephone: (03) 9415 5000

Stock Exchange Listing

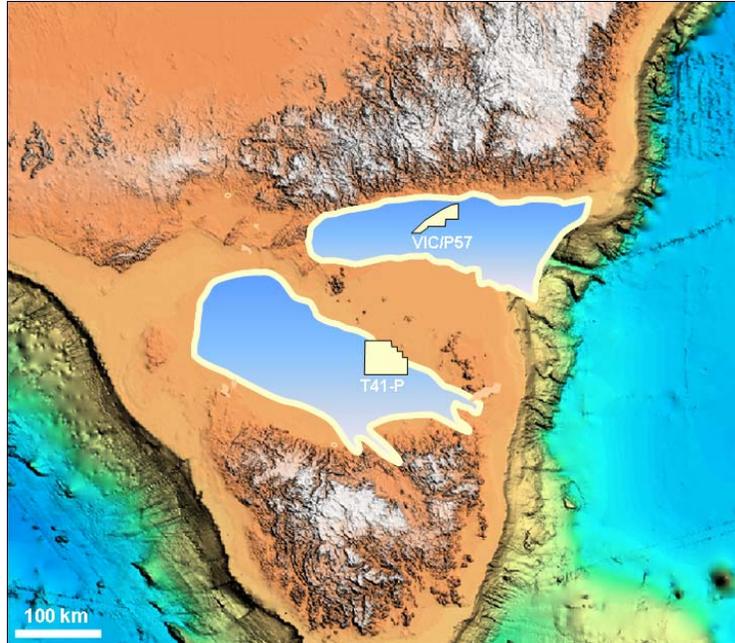
Home Exchange is Melbourne
ASX Code Fully Paid Shares: TDO

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REVIEW OF OPERATIONS

3D Oil Limited is the operator and 100% equity holder of two permits in Bass Strait; VIC/P57 in the Gippsland Basin, Victoria and T41-P in the Bass Basin, Tasmania.



The VIC/P57 and T41-P permits located in the Gippsland and Bass basins

VIC/P57, Gippsland Basin Offshore Victoria

VIC/P57 is a large permit located in the NW of the offshore Gippsland basin. It contains the West Seahorse oil field and is surrounded by discoveries including Seahorse, Wirrah, Barracouta, Snapper, Golden Beach, Mulloway/Whiptail, Whiting, Emperor and Sweetlips. Four recent wells have intersected hydrocarbons in areas adjacent to VIC/P57: Longtom-2 and 3, Grayling-1 and West Moonfish-1. All were located from mapping on 3D seismic data. The non-commercial but historically important Lakes Entrance oil field is located immediately onshore from the northeast corner of the permit.

West Seahorse Field

Following on from the drilling of West Seahorse-3 and Wardie-1, 3D Oil has undertaken a comprehensive evaluation of the sub-surface of the West Seahorse Field to ultimately provide a rigorous reserves update. In conjunction with this, a pre-FEED (Front End Engineering and Development) study was undertaken and completed by WorleyParsons who reviewed a development option using a Mobile Offshore Production Unit (MOPU) and an export facility to shore. Furthermore, as part of this review, a technical proposal from Global Process Systems Inc (GPS) to supply a MOPU for the development was also commissioned.

The sub-surface evaluation was undertaken using independent expert consultants and utilised the newly acquired data from the drilling. This information has been incorporated with the existing 3D seismic data to generate a new volumetric evaluation of the hydrocarbons in the West Seahorse field.

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The work carried out to date includes:

- Detailed reservoir analysis
- Detailed mapping of all hydrocarbon bearing horizons
- High density depth conversion
- Reservoir fluid analysis
- Reservoir simulation
- Production forecasting and reserve assessment

Following on from an in-house reserve assessment in August 2008 of the West Seahorse field, the company expects to shortly provide an update of these volumes on the basis of the more recent and rigorous evaluation. This evaluation has been completed in conjunction with independent consultants and follows SPE/WPC/AAPG guidelines.

3D Oil has also continued to review development concepts to identify the most economic option for the West Seahorse field. The option considered most suitable is production through a leased Mobile Offshore Production Unit (MOPU) and export of oil to an onshore tank farm from which oil would then be transported by road tanker to the Geelong Refinery.

3D Oil has:

- Received a commercial proposal for MOPU on a 5 year lease
- Had WorleyParsons carry out associated engineering studies to cost the pipeline, onshore tank farm and load out facilities.

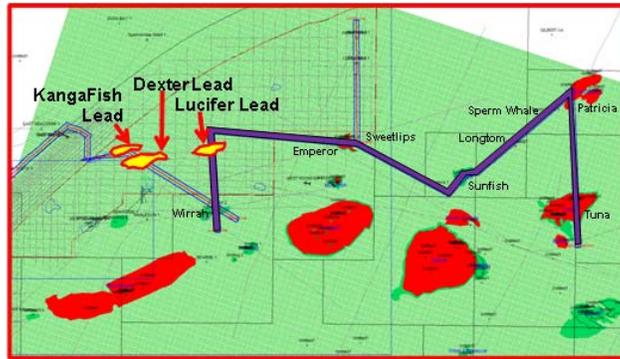
Exploration

The company has carried out extensive new mapping and depth conversion throughout Vic/P57 incorporating the new well data. The evaluation not only confirmed the existing portfolio of prospects and leads but also revealed two further leads not previously recognised.

The leads, named Lucifer and Kangafish, are of similar trapping style and on trend with the Longtom and Kipper gas fields. This Emperor Subgroup play, which also includes the Dexter lead, consists of low-side fault-dependent structures associated with the Emperor Fault along the basin's northern margin. During the December half year, consultants were engaged to review these leads and to assess the likelihood of the Longtom gas fairway extending across the Vic/P57 permit.



Structural cross-section through the Emperor fairway, highlighting the Longtom gas field and the Lucifer lead.



Location Map

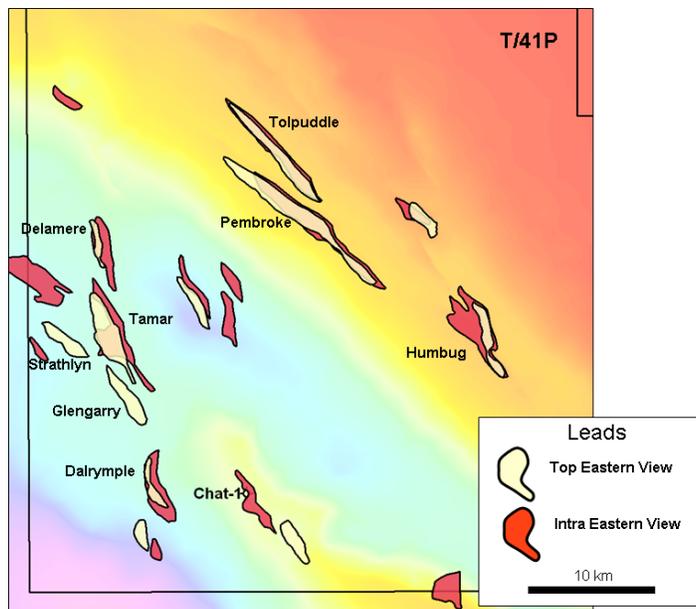
The study confirmed that the requisite play components are present across the permit, in particular, the trapping style appears to be identical to the Longtom gas field, however there is still considerable detailed mapping required to progress the leads to prospect status (ie potentially drillable).

The company has also received a number of unsolicited expressions of interest in farming into Vic/P57 and these parties are currently reviewing the relevant data.

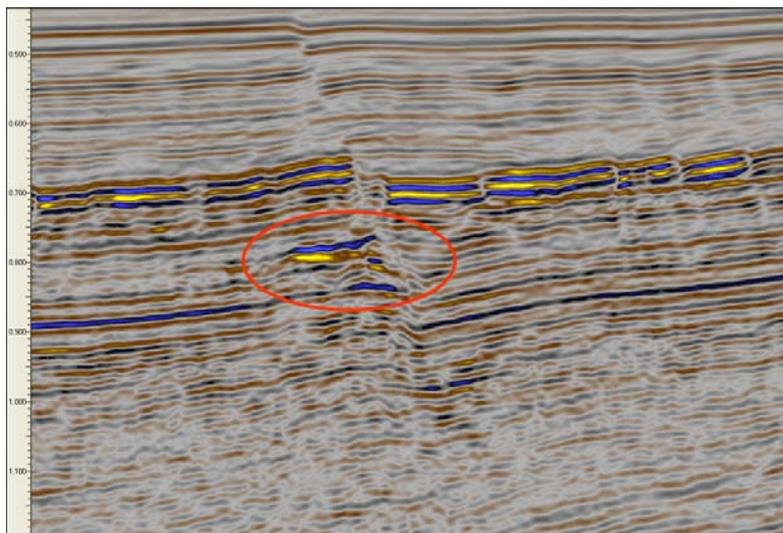
T41/P, Bass Basin offshore Tasmania

3D Oil Limited has processed the newly acquired 2200 kilometres of 2D seismic in T41/P and mapping of the data is well advanced. Results to date indicate significantly more structuring than previously recognised and consequently an increase in perceived prospectivity. There are numerous seismic anomalies identified on the new seismic data, which are often indicative of the presence of hydrocarbons.

Historically, discoveries in the Bass Basin have been either at the Top Eastern View level or in the lower Eastern View. The preliminary mapping suggests that many of the new and existing leads have the potential for stacked objectives, with significant volume upside. Significantly, there is extensive follow-up potential in the event of a discovery.



Prospect & Lead map, T/41P



Amplitude anomaly on the newly acquired seismic data

DIRECTORS' REPORT

The Directors of 3D Oil Limited submit herewith the financial report for the half-year ended 31 December 2008. In order to comply with the provisions of the *Corporations Act 2001*, the Directors report as follows:

DIRECTORS

The names of the Company's Directors in office during or since the end of the half-year are:

Name

Mr Peter Willcox	Resigned as a Director and Chairman on 23 January 2009
Mr Noel Newell	
Mr Campbell Horsfall	Appointed Chairman on 23 January, 2009
Ms Melanie J Leydin	Appointed as a Director on 23 January 2009

REVIEW OF OPERATIONS

The consolidated net loss after income tax for the half year was \$870,471, (2007: loss of \$288,334).

OPERATIONAL HIGHLIGHTS

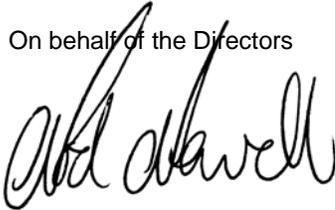
See Page 2

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration under s.307C of the *Corporations Act 2001* in relation to the review of the half-year is included on page 7.

Signed in accordance with a resolution of the Directors made pursuant to s.306(3) of the *Corporations Act 2001*.

On behalf of the Directors

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

Noel Newell
Managing Director

MELBOURNE
6 March 2009

Grant Thornton
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AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF 3D OIL LIMITED

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of 3D Oil Limited for the half-year ended 31 December 2008, I declare that, to the best of my knowledge and belief, there have been:

- a No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b No contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON
Chartered Accountants



Brad Taylor
Partner
Melbourne, 6 March 2009

Grant Thornton
ABN 13 871 256 387

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Independent Auditor's Review Report To the Members of 3D Oil Limited

Report on the half-year financial report

We have reviewed the accompanying half-year financial report of 3D Oil Limited, which comprises the condensed consolidated interim balance sheet as at 31 December 2008, and the condensed income statement, condensed statement of changes in equity and condensed cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during that half-year.

Directors' responsibility for the half-year financial report

The directors of the Company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards including the Australian Accounting Interpretations and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagement ASRE 2410: Review of an Interim and Other Financial Reports Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of 3D Oil Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we complied with the independence requirements of the Corporations Act 2001.

Electronic presentation of reviewed financial report

This auditor's review report relates to the financial report of 3D Oil Limited for the half-year ended 31 December 2008 included on 3D Oil Limited's web site. The Company's directors are responsible for the integrity of 3D Oil Limited's web site. We have not been engaged to report on the integrity of 3D Oil Limited's web site. The auditor's review report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on this web site.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of 3D Oil Limited is not in accordance with the Corporations Act 2001, including:

- 1 giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
- 2 complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.



GRANT THORNTON
Chartered Accountants



Brad Taylor
Partner

Melbourne, 6 March 2009

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DIRECTORS' DECLARATION

The Directors declare that:

- a) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the Directors made pursuant to s.303(5) of the *Corporations Act 2001*.

On behalf of the Directors



Noel Newell
Managing Director

MELBOURNE
6 March 2009

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CONDENSED INCOME STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2008

	Half-year ended 31 December 2008 \$	Half-year ended 31 December 2007 \$
Revenue	360,103	876,400
Corporate expenses	(170,978)	(121,814)
Administrative expenses	(45,524)	(37,547)
Employment expenses	(258,203)	(248,557)
Occupancy expenses	(41,516)	(32,660)
Share based payments	-	(709,600)
Depreciation and amortisation	(17,766)	(14,556)
Foreign currency translation	1,560,977	-
Exploration costs written off	(2,257,564)	-
Profit/(Loss) before income tax expense	(870,471)	(288,334)
Income tax expense	-	-
Profit/(loss) attributable to members of the parent entity	(870,471)	(288,334)
Earnings/(Loss) per share	Cents per Share	Cents per Share
Basic earnings/(loss) per share	(0.42)	(0.13)
Diluted earnings/(loss) per share	(0.42)	(0.12)

This statement is to be read in conjunction with the notes to the financial statements.

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**CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2008**

	Issued Capital	Retained Earnings	Reserves	Total
Equity as at 1 July 2007	28,294,129	(1,936,993)	2,058,750	28,415,886
Loss for the period (A)	-	(288,334)	-	(288,334)
Issue of Options	-	-	709,600	709,600
Issues Lapsed for the period	-	173,100	(173,100)	-
Reserves for the period	-	-	19,513	19,513
Issue of Shares	16,512,055	-	-	16,512,055
Costs of Capital Raising	(868,905)	-	-	(868,905)
Equity as at 31 December 2007	43,937,279	(2,052,227)	2,614,763	44,499,815

Equity as at 1 July 2008	50,620,867	(21,505,341)	2,610,135	31,725,661
Loss for the period (A)		(870,471)		(870,471)
Equity as at 31 December 2008	50,620,867	(22,375,812)	2,610,135	30,855,190

(A) Loss for the period equals total recognised income and expense for the period.

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CONDENSED CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2008

	Half-year ended 31 December 2008 \$	Half-year ended 31 December 2007 \$
Cash Flows From Operating Activities		
Receipts from customers	9,000	8,100
Interest received	319,362	482,830
Payments to suppliers and employees	(541,532)	39,711
Refund of GST	2,638,459	163,466
	<hr/>	<hr/>
Net cash provided by operating activities	2,425,289	694,107
Cash Flows From Investing Activities		
Payments for exploration and development expenditure	(3,122,868)	(2,051,317)
Proceeds from foreign exchange investment	-	19,512
Payment for plant and equipment	-	(6,649)
Payment for intangibles (software)	(5,318)	(18,191)
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Net cash (used in)/provided by investing activities	(3,128,186)	(2,056,645)
Cash Flows From Financing Activities		
Proceeds from issue of equity securities	-	15,623,964
Payment for share issue costs	-	-
	<hr/>	<hr/>
Net cash flows from financing activities	-	15,623,964
Net Increase (Decrease) in cash and cash equivalents		
	(702,897)	14,261,426
Cash and cash equivalents at beginning of the half-year	<hr/>	<hr/>
	15,228,679	26,458,238
Cash and cash equivalents at the end of the half-year	<hr/>	<hr/>
	14,525,872	40,719,664

This statement is to be read in conjunction with the notes to the financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year financial report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

Basis of preparation

The condensed financial statements have been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's 2008 annual financial report for the financial year ended 30 June 2008, other than as stated below.

2. SEGMENT INFORMATION

3D Oil Limited operates in the oil and gas industry within Australia.

3. ISSUE OF EQUITY SECURITIES

There have been no issues of equity securities during the half-year period.

4. ACQUISITION AND DISPOSAL OF ENTITIES

There have been no acquisitions or disposals of subsidiaries during the half-year period.

5. COMMITMENTS FOR EXPENDITURE

There have been no material changes to commitments for expenditure since the Company's 2008 annual financial report for the financial year ended 30 June 2008.

6. SUBSEQUENT EVENTS

On 12 January, 2009 Drillsearch Energy Limited announced that it had acquired 19.9% of the share capital of the company.

On 16 January 2009, Drillsearch Energy Limited announced an off-market takeover offer for all the issued shares of the company. Under the offer Drillsearch Energy Limited is offering 3D Oil Limited shareholders 4 (four) Drillsearch Energy Limited shares for every 1 (one) 3D Oil Limited Share.

On 23 January, 2009, Mr Peter Willcox resigned as a Director and Chairman of the company and Mr Campbell Horsfall was appointed Chairman. Also on that date Ms Melanie J Leydin was appointed as a Director.