



3D Oil Limited

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Letter from the Chairman and Managing Director

20 March 2009

Dear 3D Oil Shareholder,

REJECT DRILLSEARCH'S INADEQUATE SHARE-BASED OFFER

You may be aware that Drillsearch Energy Limited (*Drillsearch*) recently made an unsolicited and conditional offer to acquire all of your shares in 3D Oil Limited (*3D Oil*). In the coming days you will receive Drillsearch's Bidder's Statement, which will include details surrounding the offer.

Your Directors consider Drillsearch's offer is not in the best interests of 3D Oil shareholders and unanimously recommend that all 3D Oil shareholders REJECT the Drillsearch offer. To REJECT the offer you should simply ignore all acceptance forms sent to you by Drillsearch.

Some of the key reasons why your Directors are recommending you reject the offer are set out below:

1	3D Oil has excellent future prospects. If you accept Drillsearch's offer you will be diluting your exposure to 3D Oil's upside potential.
2	The Drillsearch offer significantly undervalues your 3D Oil shares.
3	Drillsearch is offering all shares and no cash as consideration for your 3D Oil shares. You should be concerned about Drillsearch's future share price, which has deteriorated by over 37% since 9 January 2009 ¹ .
4	3D Oil will contribute 67% of the combined 2P Reserves, but 3D Oil shareholders will only receive 33% ownership of the merged group.
5	Drillsearch is not the right partner. There are limited benefits from a combination of the two companies and there is no guarantee that Drillsearch will develop the West Seahorse project.
6	The offer is conditional and highly uncertain. You may have to pay capital gains tax.

For your information, we have enclosed a copy of the following recent ASX releases made by 3D Oil:

- (i) *6 March 2009*: commenting on a number of reasons that your Directors have considered in forming their unanimous REJECT recommendation; and
- (ii) *12 March 2009*: advising of a major increase to 3D Oil's reserves and contingent resources. This announcement was made subsequent to Drillsearch making its offer for 3D Oil.

The 3D Oil board will provide a detailed response to the offer in its Target's Statement, which is expected to be released in late March. In the meantime, if you have any queries, please consult your own independent professional adviser or contact 3D Oil on +61 3 9650 9866.

Yours sincerely

Campbell Horsfall
Chairman

Noel Newell
Managing Director

¹ Calculation period is from the closing price on 9 January 2009 (the trading day prior to Drillsearch disclosing its interest in 3D Oil) to the closing price on 19 March 2009.



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ASX Release

6 March 2009

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.

For further information, please contact:

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ASX Release

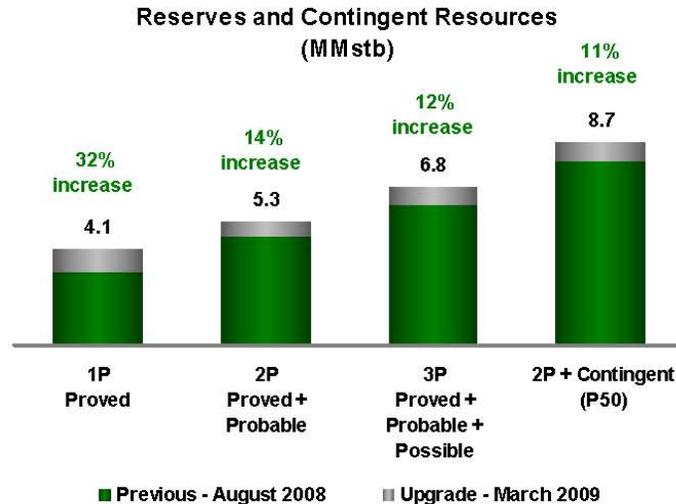
12 March 2009

Major Reserves Upgrade 3D Oil Increases 1P Reserves by 32%

The Directors of 3D Oil Ltd (**ASX:TDO**) are pleased to announce a major upgrade to its reserves and contingent resources.

Since completing drilling at its 100% owned West Seahorse field in the Gippsland Basin last year, 3D Oil has undertaken a comprehensive evaluation of the field's sub surface to provide a further rigorous reserves assessment. The revised evaluation provides an update and an increase to the reserves provided in August 2008 and flows from a continuous process which has occurred since that time.

A comparison to previously disclosed reserves is set out below.



Commenting on the upgrade, 3D Oil's managing director, Noel Newell said, "It is very pleasing to announce a material upgrade to our reserves and contingent resources. A combined 2P reserves and best estimate contingent resource (P50) of 8.7 million barrels of recoverable oil is now interpreted to exist at West Seahorse. A particularly positive aspect of today's reserves upgrade is the 32% increase in 1P reserves and a 14% increase in 2P reserves. The substantial upgrade highlights the inherent value in West Seahorse and bodes well for 3D Oil. 3D Oil is actively reviewing options to develop West Seahorse, including seeking an appropriate joint venture partner".

The sub surface evaluation was undertaken using independent expert consultants and utilising the new drilling data. This information has been incorporated with the existing 3D seismic data to generate a new volumetric evaluation of the hydrocarbons in West Seahorse. The work carried out included detailed reservoir analysis; detailed mapping of all hydrocarbon bearing horizons; high density depth conversion; reservoir fluid analysis; reservoir simulation and production forecasting and reserve assessment.

West Seahorse contains three separate oil zones: the N1 (Top Latrobe), the N2.6 and the P1 (both intra Latrobe) formations. Reservoir analysis has confirmed the excellent quality of the reservoir units. All consist of thick, stacked fluvial channel sandstones and are expected to provide the high flow rates, supplemented by strong water drive, typical of the Gippsland Basin Latrobe Group reservoirs.

Both the N1 and N2.6 zones currently produce commercial volumes of oil in the neighbouring Seahorse field, operated by the joint venture of Esso Australia Resources and BHP Billiton Gippsland Basin.

3D Oil's updated reserves and contingent resources statement is set out below.

Reserves and Contingent Resources, West Seahorse Field in Vic/P57

Reserves	1P Proved	2P Probable	3P Possible
N1 and N2.6	4.1	5.3	6.8

Contingent Resources	Low Estimate (P90) MMstb	Best Estimate (P50) MMstb	High Estimate (P10) MMstb
P1 and NE Fault Block	2.8	3.4	4.0

Total Reserves plus Contingent Resource	6.9	8.7	10.8
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Disclosure regarding Certifications

The reserve assessment of the West Seahorse field has been completed in conjunction with independent consultants and follows guidelines set forth by the Society of Petroleum Engineers (*SPE*), the World Petroleum Council (*WPC*) and the American Association of Petroleum Geologists (*AAPG*). These guidelines require that Proved Reserves are those quantities of petroleum which, by analysis of geological and engineering data, can be estimated with reasonable certainty to be commercially recoverable from a given date.

The reserves estimates used in this announcement were compiled by Dr Rodney Halyburton BSc(Hons), MSc and PhD who is a member of the SPE and Society of Professional Well Log Analysts and Dr Andrew Wadsley BSc(Hons), MSc and PhD who is a member of the SPE and the Society for Industrial and Applied Mathematics. The reserves estimates are consistent with the definitions of Proved, Probable and Possible hydrocarbon reserves defined in the Australian Stock Exchange (*ASX*) Listing Rules. Dr Halyburton and Dr Wadsley are qualified persons as defined under ASX Listing Rule 5.11 and have consented to the use of the reserves figures in the form and context in which they appear in this announcement.

For further information, please contact:

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