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ASX Release

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3D Oil to commence hunt for gas in offshore Otway Basin

HIGHLIGHTS

- 3D Oil prepares to commence acquisition of the Flanagan 3D seismic survey
- State of the art 3D seismic data will target large leads adjacent and on trend with Origin's Thylacine gas field
- Tasmanian permit ideally positioned to secure supply for strengthening East coast gas market
- Funds recently received from Beach farmin will fund approximately 40% of seismic cost
- A large retained equity interest (80%) positions 3D Oil to secure funding for drilling post seismic



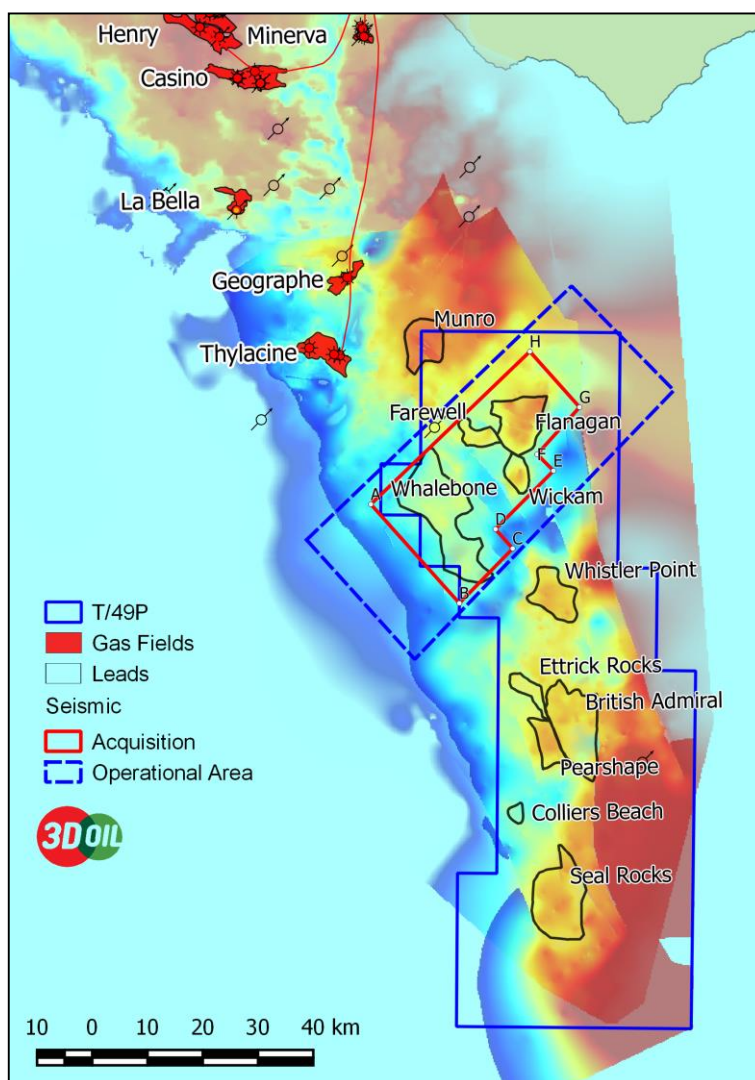
Polarcus 3D Multistreamer Vessel

3D Oil Limited (ASX: TDO) is pleased to announce, that it has contracted the Polarcus Asima to acquire the Flanagan 3D seismic survey in the T/49P Permit offshore in the Otway Basin. The Asima is a modern high-specification vessel and acquisition is expected to commence during November 2014. The mobilisation cost of the Asima will be shared with Origin Energy who will record a separate survey with the vessel prior to TDO. TDO is operator of T/49P with Beach Energy (ASX: BPT) holding the remaining 20% interest.

755 sq km of 3D seismic acquisition is the main permit commitment and is scheduled for the current Year 2. The Environment Plan was approved by NOPSEMA on 30 July 2014 giving TDO an approved window of 1 November to 31 December 2014.

T/49P covers an area of 4,960 km² in water depths generally no greater than 100m. The permit is lightly explored covered by a broad grid of 2D seismic data of varying vintages and has two exploration wells drilled in 1967 and 1970..

The Flanagan survey is designed to mature a number of leads in northern part of the block which are located adjacent to the neighbouring Thylacine and Geographe gas fields which have a combined gas in place (“GIP”) of over 2 TCF. Of particular note are the Whalebone and Flanagan leads which have a combined best estimate Prospective Resource of 7.8 TCF GIP¹.

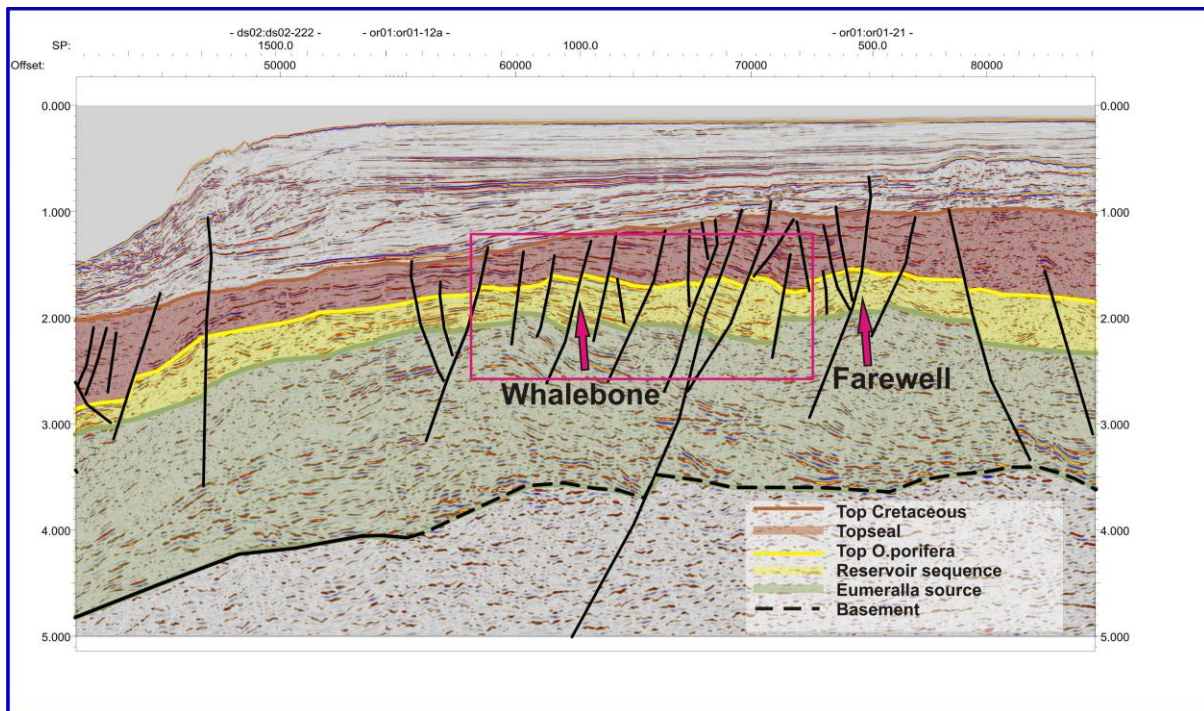


Location of identified leads and Flanagan Survey

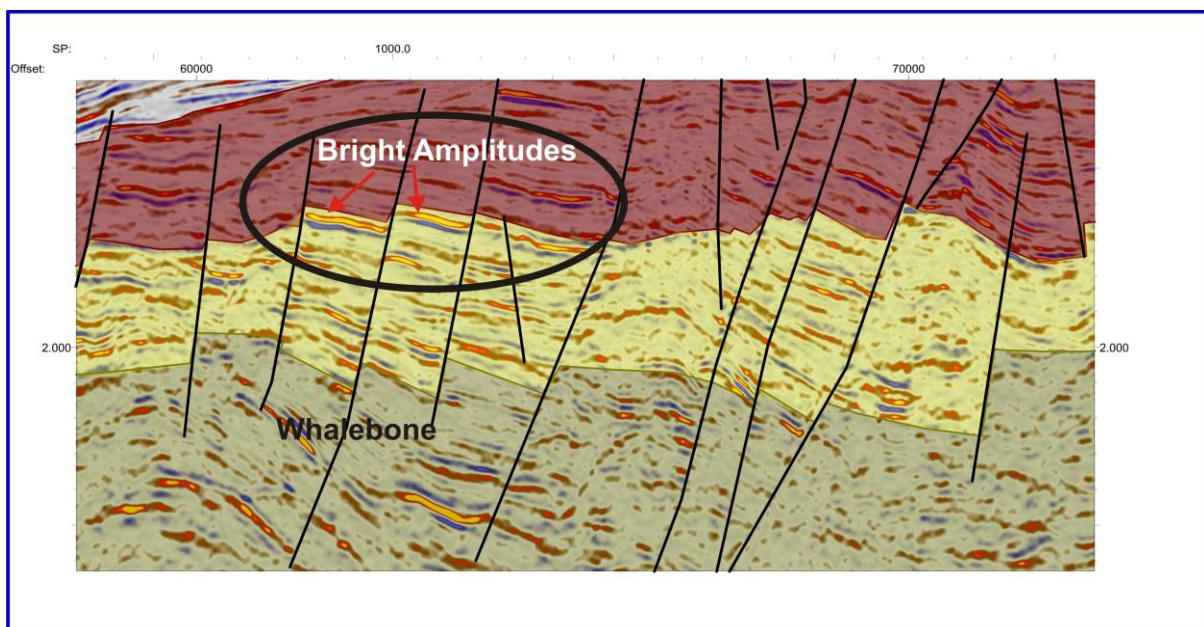
Since acquiring the permit in May 2012 TDO has continued to expand its assessment of the prospectivity. This work has only enhanced the Company’s view that the permit potentially contains significant gas volumes.

The company has undertaken data reprocessing and a detailed remapping of the pre-existing 2D seismic data set to constrain and improve the definition of the existing leads.. The company has also undertaken and a source generation and migration study which indicates a significant charge kitchen to the west which TDO interprets also sourced the gas in both Thylacine and Geographe

To date at least 10 leads have been identified from mapping of the existing 2D seismic data. These range from medium to large structures by world standards. The combined prospective gas in place for these leads is in the order of 20 TCF.



2D seismic line of the Whalebone and Farewell leads



Close up of the Whalebone Lead showing amplitudes within the interpreted reservoir section

Gas Markets

The commercial attractiveness of exploring for gas in eastern Australia has been boosted by a strongly improving gas price environment.

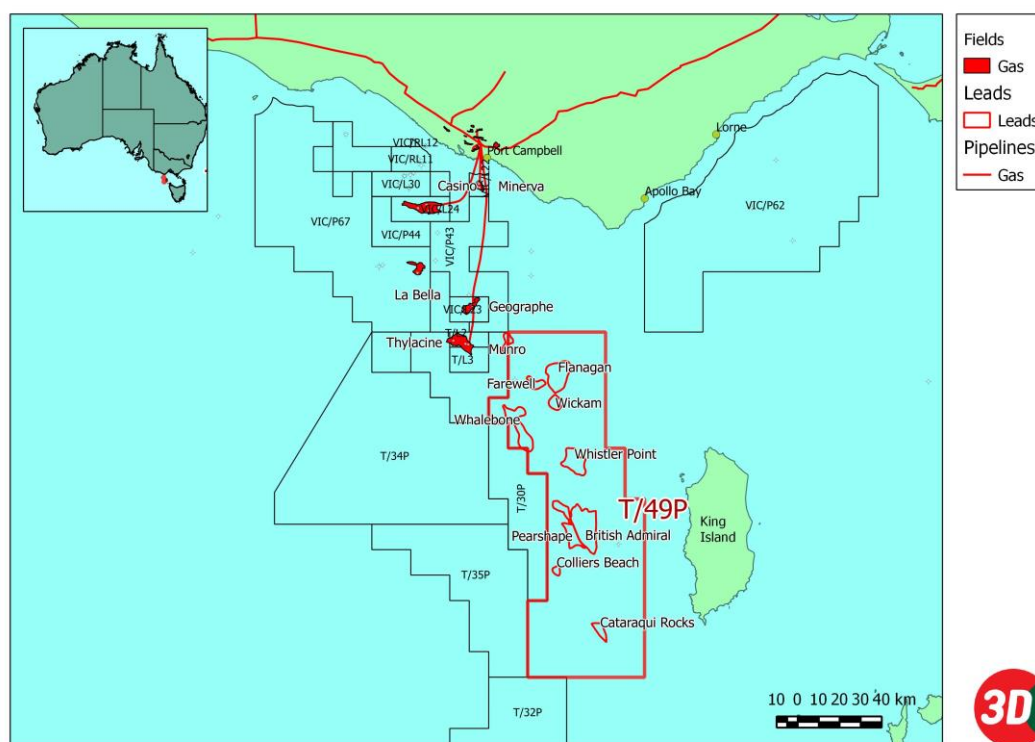
Eastern Australia gas markets are currently in a transition. In recent years, Australian retail gas prices have begun to increase and demand pressures exist that are expected to consolidate these increases from such factors as:

- Exposure to international pricing through LNG exports
- The expiry of major low cost, long term gas contracts

Exports of gas from the eastern Australia via the Coal Seam Gas (CSG) to LNG projects currently under construction at Gladstone in Queensland are scheduled to start in 2014. LNG exports will result in netback prices being received by gas producers which will be linked to international oil pricing. This is expected to positively influence domestic gas prices in the eastern market by connecting it to the Asia-Pacific market.

Furthermore once operational, these CSG LNG projects are expected to increase the demand for domestically produced gas and put upward pressure on domestic gas prices. Market consensus indicates a pricing range of A\$7.00 to A\$9.00 per GJ by 2015/16 with a likelihood of a short-term peak beyond this range. This compares to pricing in A\$3.50 to \$4.00 per GJ range achieved by producers in recent years.

Several recent gas supply deals provide evidence that this increasing gas price environment is now being established in eastern Australia.



Otway Basin field and facilities location map

Economic Update

TDO has undertaken scoping economics to provide a guide to the Net Present Value, post tax, for a range of field sizes. The economic modelling has assumed a standalone development with a 90 km offshore pipeline and onshore processing plant however in the event of a discovery in all probability at that time there would be spare capacity in facilities such as Thylacine, Minerva and Casino.

Economic analysis indicates that a gas price of \$6 per GJ provides a robust project for field sizes greater than 400 BCF. At \$8 per GJ the analysis indicates NPVs of approximately A\$450 million and A\$1,300 million for field sizes of 800 BCF and 1400 BCF respectively.

The economic analysis did include associated condensate. On the basis of the condensate to gas ratio in Thylacine and Geographe a field of 1 TCF could contain approximately 15 mmbbl.

Competent Person's Statement

Any Petroleum Reserves, Contingent Resources and Prospective Resources information on the oil and gas in this release are based on, and fairly represent, information and supporting documents prepared by, or under the supervision of, 3D Oil's Senior Geophysicist Dr. Chris Pike. He is a Geophysicist [Ph.D. Geophysics] with more than 25 years practising in Petroleum Geophysics. Dr. Pike is a member of the Petroleum Exploration Society of Australia, The American Association of Petroleum Geologists (AAPG - US), the Society of Exploration Geophysicists (SEG – US), the Association of Professional Engineers and Geoscientists of Alberta (APEGA - Canada) and the Professional Engineers and Geoscientists of Newfoundland and Labrador (PEGNL - Canada). Dr Pike 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, 2007 approved by the Society of Petroleum Engineer and have been prepared using probabilistic methods. Unless otherwise stated the estimates provided in this report are Best Estimates and represent that there is a 50% probability that the actual resource volume will be in excess of the amounts reported. The estimates are unrisks and have not been adjusted for both an associated chance of discovery and a chance of development.

For further information please contact:

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