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QUARTERLY ACTIVITIES REPORT FOR THE THREE MONTHS ENDED 30 JUNE 2008

Highlights

- **Successful appraisal well on West Seahorse field and drilled the Wardie prospect.**
- **West Seahorse development options now being explored**
- **2200 kilometres of 2D seismic successfully acquired in T41/P**

Overview

Two wells were successfully drilled in the June quarter. The first well, West Seahorse 3, was drilled in the Gippsland Basin permit, VIC/P57. The well located excellent reservoir sands in the main reservoir zone and has been suspended as a future producer.

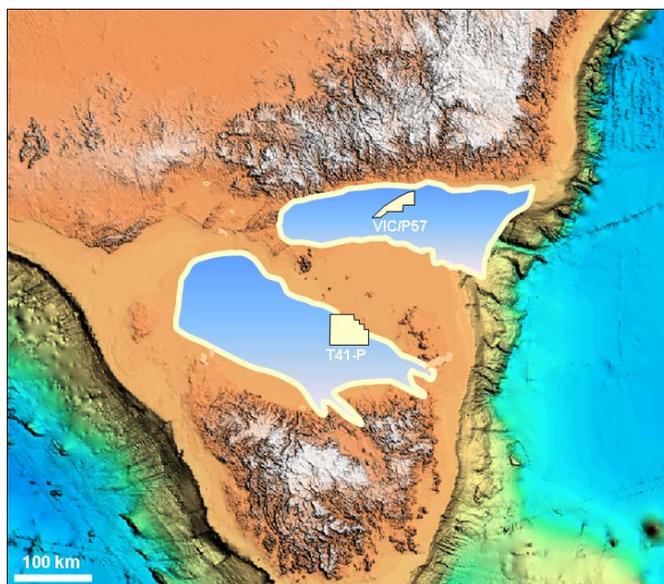
The second well, Wardie 1, was drilled from the same surface location at West Seahorse 3. Wardie 1 intersected the target sand formations lower than expected and encountered oil over an 11 metre interval however within poor quality reservoir.

Exploration Review

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.

Future Objectives

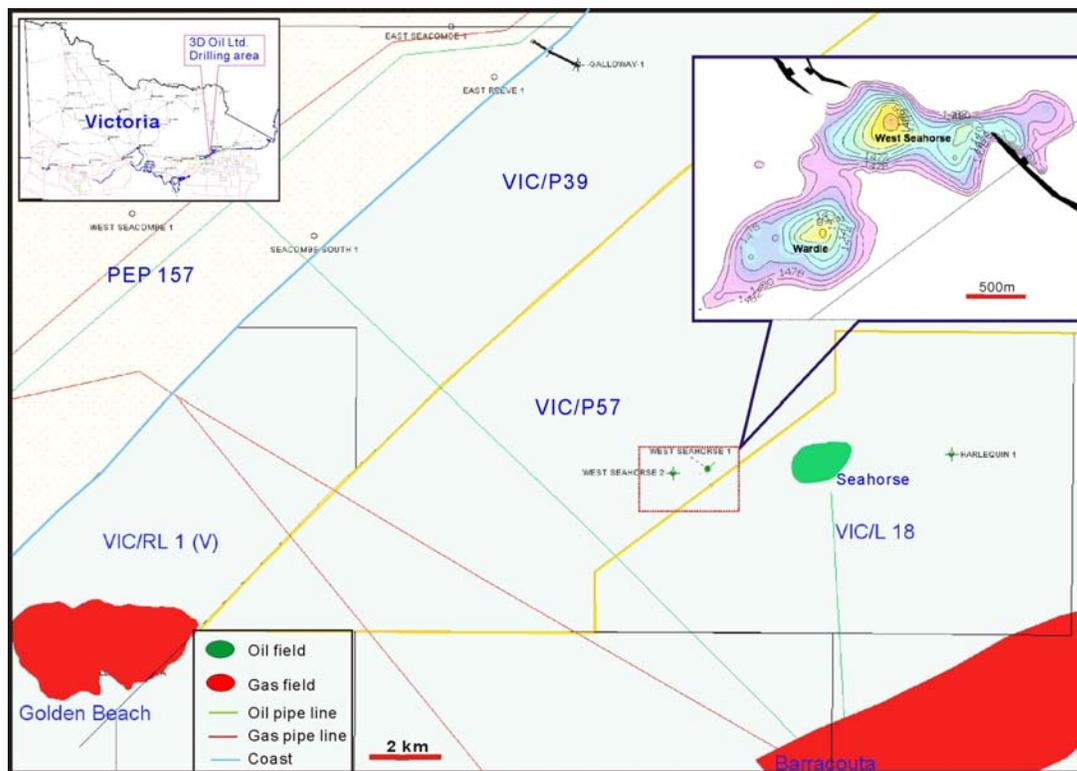
3D Oil Limited immediate objective is to actively explore engineering options to determine the optimum development and ensure the commercialisation of the West Seahorse field in the Gippsland Basin.



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

VIC/P57, Gippsland Basin Offshore Victoria

In the June quarter the company, drilled an appraisal on the West Seahorse field (West Seahorse-3) and an exploration well on an adjacent prospect (Wardie-1) and therefore fulfilling its current work programme commitments. Both West Seahorse-3 and the Wardie-1 well were drilled from the same location using the West Triton jack-up rig.



Location Map and Pre-Drill Structure Map

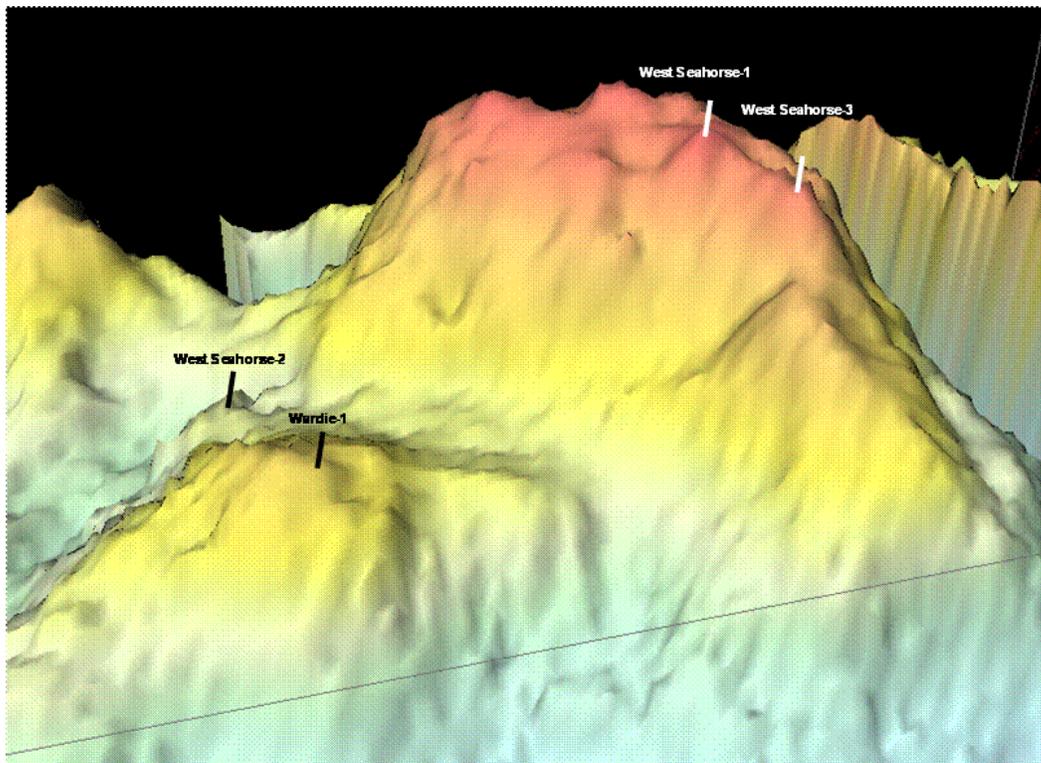
West Seahorse-3

The West Seahorse-3 well encountered the main N1 oil reservoir on prognosis and established that the oil column extended below the lowest known oil in West Seahorse-1. Excellent reservoir quality was encountered over this zone. The well has been suspended to enable re-entry and completion of the N1 zone for future production.

The secondary N2.6 and P1 reservoir units, which contained oil in West Seahorse-1, were intersected lower than expected in West Seahorse-3 and were water bearing. It is interpreted that a small localised fault caused these zones to be below the oil/water contact.

Latest mapping by 3D Oil Limited indicates that the results of West Seahorse-3 have not had a significant impact on the reserves of the field.

It should be noted that both the N1 and N2.6 reservoirs are producing oil in the neighbouring Seahorse field operated by ExxonMobil. The Seahorse field is tied back to the Barracouta platform via a sub-sea completion.



Post drill 3D image of the West Seahorse complex at the N1 level

Wardie-1

The Wardie-1 well intersected the Latrobe formation, slightly deep to prognosis. The presence of oil was confirmed.

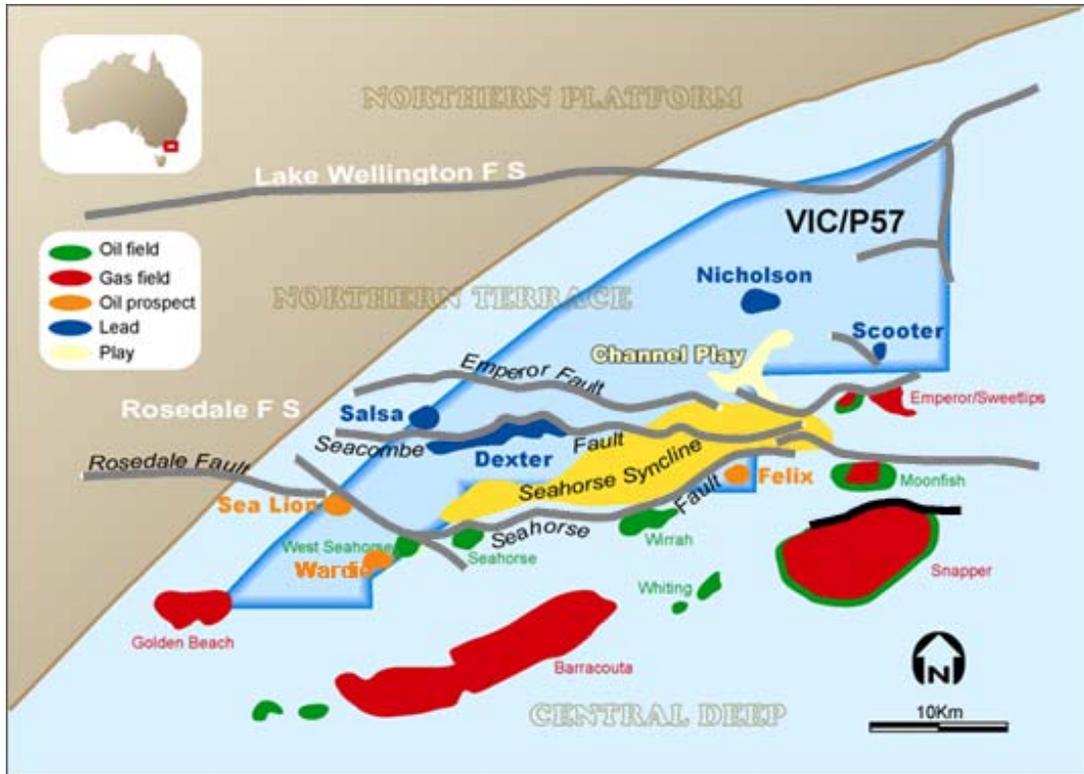
A sample was taken from within an 11 metre interval within a series of thin sands interbedded with coal and shale at the top of the Latrobe Group and stratigraphically higher than the N1 oil reservoir in the West Seahorse-1 and 3 wells. The quality of the reservoir of this zone at Wardie-1 was interpreted as too poor to justify suspension of the well as a future producer.

West Seahorse Field

After drilling the two wells, 3D Oil Limited is now interpreting the new sub-surface data and developing reservoir models. The well results have confirmed the N1 reservoir quality and have provided excellent data on the oil-water contact. New velocity data has also been used to improve the field mapping at all reservoir levels (N1, N2.6 and P1 reservoir units) to enable a comprehensive evaluation of reserves and contingent resources.

The company is currently actively exploring engineering options to determine the optimum development of the West Seahorse Field. These include a tie back to third party offshore facilities and innovative stand alone options.

3D Oil Limited is currently undertaking a full review of the prospectivity in Vic/P57 to firm up a portfolio of prospects for future drilling. The well results have reaffirmed that the permit has access to oil charge and also confirmed the presence of high quality Latrobe Group reservoirs.

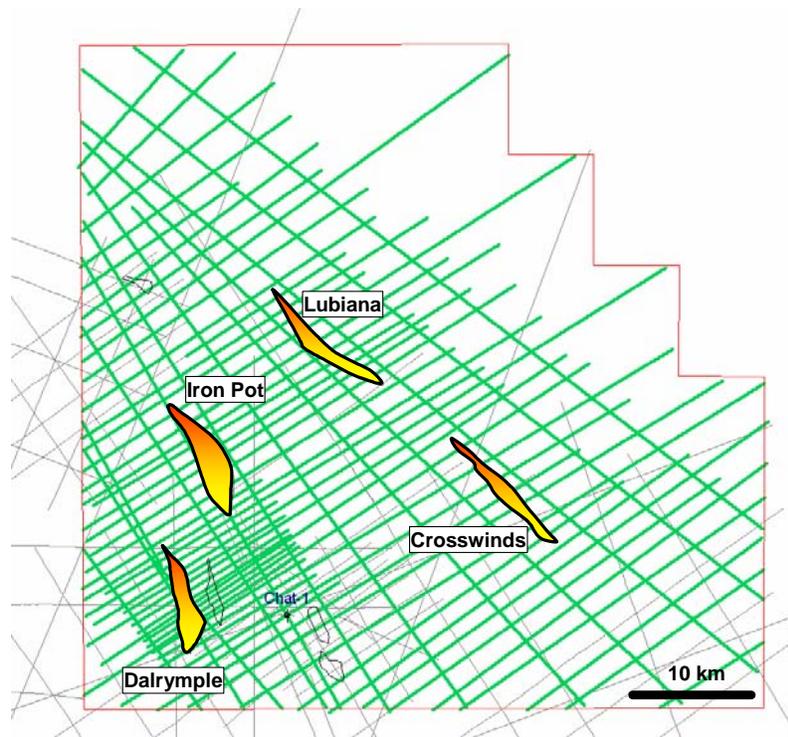


Current prospects and leads, Vic/P57

T41/P, Bass basin Offshore Tasmania

3D Oil Limited acquired 2200 kilometres of 2D seismic in T41/P through late April/early May. Weather conditions were favourable and the survey was completed with minimal weather down-time.

Processing of the 2D seismic data obtained in the survey is expected to be complete in August. The seismic survey focused on the SW area of the permit, where previous mapping has identified four leads, all in a good location to receive hydrocarbon charge. The new data will be used to mature the known leads and identify new features with the aim of compiling a portfolio of drillable prospects.



New seismic programme over T41-P and location of current leads.

Exploration activity has increased recently in the basin which is now fully permitted. Four seismic surveys have been recorded in the basin this year and 13 exploration wells will be drilled over the next three years, including two wells to be drilled in adjacent permits over the next few months. This represents the first concerted exploration efforts in the basin with the benefit of modern, high quality data and has the potential to transform it into an emerging petroleum province.

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