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16 January 2009

ASX Limited
Company Announcements Office

Dear Sirs,

3D Oil Intends to Reject Intended Takeover Offer by Drillsearch

3D Oil Limited refers to the Drillsearch Energy Limited announcement earlier today of its intention to make a conditional takeover offer for 3D Oil for an offer consideration of 4 Drillsearch shares for each 3D Oil share.

The preliminary view of the 3D Oil Board is that the intended Drillsearch offer does not reflect the value of 3D Oil and is insufficient to obtain the recommendation of the Board.

Accordingly the 3D Oil Board's present intention is to REJECT the intended Drillsearch offer.

3D Oil Managing Director Mr Noel Newell said "As the major shareholder in 3D Oil with an 18% shareholding, my present intention is to not accept the offer. At this time Drillsearch owns no shares in 3D Oil. Shareholders should not assume the offer will succeed, or that shareholders will be able to achieve capital gains tax roll-over-relief if relevant if they accept into the offer in due course."

"As announced on 13 January 2009, the West Seahorse Field has substantial reserves and contingent resources. 3D Oil has suspended West-Seahorse 3 as a future producer and is pursuing a suitable development option for the field" Mr Newell said.

"3D Oil also has a large portfolio of quality leads and prospects providing further significant growth potential."

In addition to any potential value inherent in 3D Oil's tax credits, the company is also in a strong financial position with cash resources in the order of \$12 million, representing approximately 6 cents per share.

Once the Drillsearch Bidder's Statement is made available in due course, the 3D Oil Board will then be in a position to make a detailed analysis of the proposal and more formally provide its recommendation to shareholders.

In view of the fact that the intended Drillsearch offer does not involve any cash, 3D Oil will also need to obtain a good understanding of the risks that 3D Oil shareholders would face if they became Drillsearch shareholders.

There is no need for shareholders to take any action at this time.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Melanie Leydin', with a stylized flourish at the end.

MELANIE LEYDIN
Company Secretary

For more information contact:

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