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ASX Release

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West Seahorse Oil Field:
Concept selected and FEED commenced

3D Oil Limited (ASX: TDO) is pleased to advise that, together with its joint venture partner in VIC/P57, Carnarvon Hibiscus Pty Ltd (Hibiscus), it has finalised the development concept for the West Seahorse oilfield and that Front End Engineering Design (FEED) has commenced.

Following a comprehensive review of a variety of alternatives, the joint venture has selected an offshore solution for the exploitation of West Seahorse based on a cost effective approach and minimum time to first oil. The development will consist of production via a leased Mobile Offshore Production Unit (MOPU) in to a leased tanker serving as a Floating Storage and Offloading (FSO) Vessel which will enable crude oil sales both locally and internationally. The field life is anticipated to be 4 to 5 years, dependent on a number of factors including operating costs and oil price. Initial production rates are expected to be as high as 12,000 barrels of oil per day.

The Final Investment Decision (FID) is expected to occur immediately following Regulatory Approval which is expected in the fourth quarter of 2013 with oil production commencing in the first quarter of 2015. The Production Licence application is expected to be submitted to the National Offshore Petroleum Titles Authority (NOPTA) this month.

3D Oil's Managing Director Noel Newell commented that

> *"Choosing the optimum development concept is a significant step towards bringing the West Seahorse Field into production. It is a very exciting time for the company and ultimately transformative with first oil now on the horizon"*

The Offshore Concept, selected by the West Seahorse Project team located in Melbourne, was chosen over the previously announced Onshore Solution based on the following drivers:

- Reduced time to first oil. In addition, the risk profile for regulatory approval of the offshore concept is minimised due to the significant reduction in number of stakeholders. First oil with the offshore solution can be kept on track for first quarter of 2015.

- The FSO concept is a proven development concept in the Bass Strait and in other areas with similar harsh offshore environments (i.e. New Zealand).

- The offshore solution opens the crude sales to both domestic and international markets, a factor now highlighted by uncertainty over the Shell Geelong refinery.

The FEED contract has been awarded to Melbourne-based engineering firm WorleyParsons and will be conducted in conjunction with the Regulatory Approval process leading to FID.

Facility Description

The selected Development Concept is described herein:

- Two production wells will be drilled via a jack-up drilling rig prior to the arrival of the MOPU. The West Seahorse wells will be drilled, cased and suspended using the jack-up drilling rig and will be completed for production from the MOPU using a hydraulic snubbing unit. Two production wells will be connected directly to the MOPU through the use of surface completions.

- The Mobile Offshore Production Unit (MOPU) is a modified jack-up fixed to the seabed at West Seahorse field location for the life of the project. The MOPU will include processing facilities to remove associated gas and water, to stabilise the crude oil, and export the stabilised crude. Produced gas will be processed and utilized for fuel gas and enhanced recovery (gas lift) with the remaining gas being flared. Produced water will be treated to regulatory requirement quality and disposed overboard.

- The stabilised oil will be produced via a 1.5km 4-inch flexible flowline to a catenary anchor leg moored (CALM) buoy and flexible hose to a Floating Storage Offloading (FSO) vessel. The FSO can then either load to another vessel in tandem mooring or shuttle the crude to a refinery.

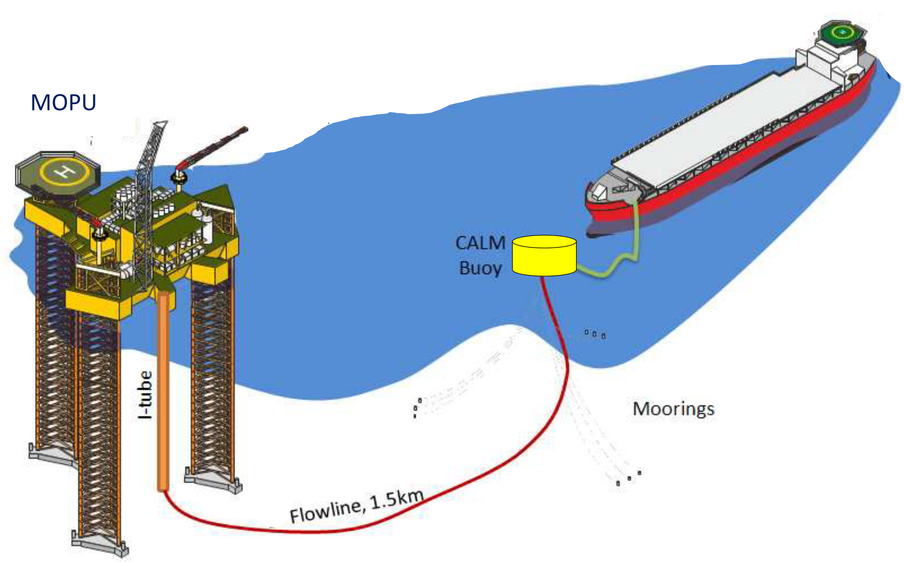


Illustration of the MOPU and tanker facilities proposed for West Seahorse

A typical MOPU

Drilling

The Joint Venture is currently in advanced discussions with other operators in the region with the view of forming rig club to mobilise a jack-up drilling unit into Bass Strait in the coming summer season. The use of a rig club allows for shared mobilisation costs and improved rig service costs due to the increased efficiency of a multi-well/multi-operator drilling campaign. It is envisaged that the Joint Venture will drill the West Seahorse Field in either the first or second quarter of 2014.

Exploration

The Joint Venture is also considering drilling an additional exploration well during this drilling campaign. The current preferred prospect is Sea Lion due to its strong prospectivity and its proximity to West Seahorse, which could potentially allow a Sea Lion discovery to be produced via the West Seahorse infrastructure.

The Sea Lion prospect was the subject of an independent resource assessment (RISC 2012) as part of the Hibiscus farm-in process. This assessment reviewed 3D Oil's seismic interpretation and mapping and then calculated probabilistic volumetrics using West Seahorse analogues for reservoir parameters. The combined probabilistic estimate of the most likely (P50) Prospective Resources for the three main target levels was 11.0 mmbbl of oil.

Financing

Under the terms of the VIC/P57 farm-in agreement, Hibiscus has deposited $20.25 million into joint venture accounts with the Commonwealth Bank of Australia comprising $13.5 million into the Joint Account and $6.75 million into an escrow account. A further tranche of $6.75 million will be deposited into the escrow account upon the exhaustion of the other monies. Expenditure in excess of the $27 million farm-in funding will be contributed in accordance with joint venture interests.

The Joint Venture has received favourable responses from early discussions with project financiers. Now that the concept selection is finalised, the Joint Venture will proceed to formalise project funding arrangements which are expected to be predominantly project debt and some additional equity. 3D Oil and Hibiscus are working closely together on West Seahorse funding and intend to approach debt markets as a joint venture.

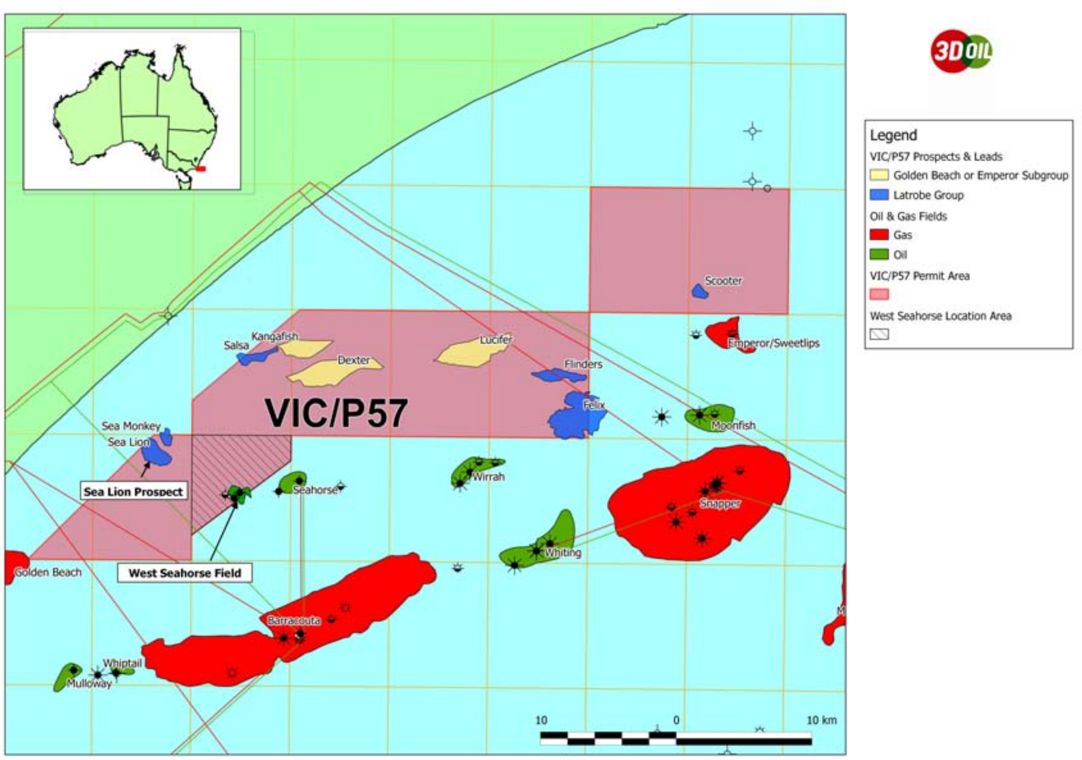
<u>West Seahorse Oil Field Background</u>

Independent experts engaged by 3D Oil have determined a best estimate of 9.2 million barrels of recoverable oil from West Seahorse (2C Contingent Resources).

The West Seahorse oil reservoir is approximately 1400 metres below sea level in some of the same high-productivity sandstones that have historically contributed to the prolific oil fields of the Gippsland Basin. Initial oil production rates are expected to be as high as 12,000 barrels of oil per day.

The joint venture has adopted an aggressive project schedule and has assembled a project team who have been working on engineering, planning and approvals for the West Seahorse development project, with the objective of producing oil within approximately two years.

The West Seahorse field lies 14km offshore from Ninety Mile Beach in 39 metres of water, 18km SSE of the Gippsland town of Loch Sport. The area hosts existing oil and gas infrastructure, with West Seahorse located 38km east of the onshore Esso Longford Gas Plant and 11km from Esso's offshore Barracouta platform.



Location Map

The VIC/P57 Joint Venture is comprised of:

Carnarvon Hibiscus Pty Ltd (a wholly owned subsidiary of Hibiscus Petroleum Berhad)	50.1% and Operator
3D Oil Limited	49.9%

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