



3D Oil Limited

General Meeting

Hibiscus and Hi Rex Transaction

**At Baker & McKenzie
William Street
Melbourne**

11 August 2014



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The Transaction and 3D Oil's Strategy



- 3D Oil acknowledges the Transaction represents a change of direction from the focus on West Seahorse
- The Company's prime objective is to deliver value to shareholders while minimising the issue of new equity at an undervalued price
- The Company strongly believe the transaction will place 3D Oil in very strong position in a market which is opportunity rich however cash poor
- The Transaction will also result in the company having strong cash reserves without a significant equity raising and dilution for existing shareholders
- The Company would also be fully funded for drilling the exciting exploration Sea Lion early in 2015



The Transaction – Context and Background



- While we have made significant progress on the development of West Seahorse in the last 18 months the challenging market conditions have made it impossible to achieve an appropriate financing solution for the project
- At this stage it became apparent we could not participate in the development resulting in the negotiated transaction with Hibiscus
- In addition the Company would have had to raise approximately \$50 mill in new equity from the market; hugely dilutive to shareholders and probably unachievable in current market conditions
- If the Transaction is not approved Hibiscus is likely to initiate default proceedings which would urgently require 3D Oil to undertake a capital raising in difficult market conditions



- 3D Oil will be bought out of West Seahorse (production licence VIC/L31) for US\$16 million. US\$1.95 million of this will be used to pay off 3D Oil's obligations to the joint venture, and it will have no further interest in the project. The Company will receive the balance, US\$14.05 million, in cash.
- 3D Oil will retain a 25% interest in the VIC/P57 exploration permit – which includes the Sea Lion and Felix prospects – and will be funded for USD\$7.5 million of expenditure towards the Sea Lion well. These funds represent proceeds from the sale of the Company's share of the Britannia rig to Hibiscus.
- Of the US\$7.5 million referred to above, US\$2 million has been advanced to 3D Oil as a working capital loan to meet cash calls and other expenses.



West Seahorse Valuation



- In 2013 the West Seahorse was valued at roughly A\$100 mill for the entire field with 3D Oil's equity at 49.9%
- The A\$50 mill implied value to 3D Oil assumed a financing scenario with the issue of significant equity resulting in effectively reducing the value of the 3D Oil share to a third
- Under the 2012 VIC/P57 farmin agreement, Hibiscus has a right to receive accelerated oil production in part repayment for its funding of the initial \$27 million of WSH project expenditure
- In contrast, the Transaction involves no issue of new 3D Oil shares, which means the per-share value of West Seahorse under the Transaction is equivalent to the 2013 valuation of the project.
- The delay in the West Seahorse development exposes the project to new risks including rising costs, approvals, feasibility, etc



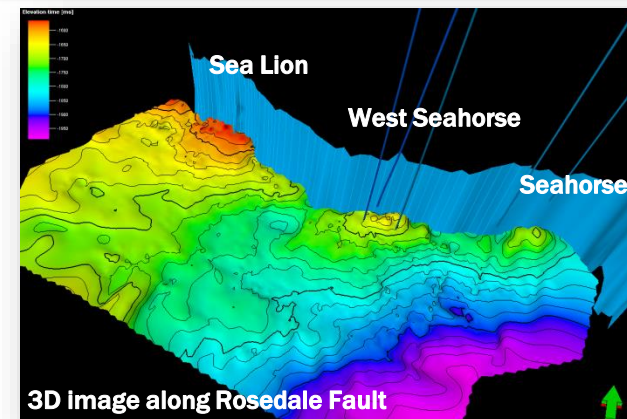
Immediate Strategy



The Sea Lion Prospect will be drilled in the first half of 2015 and 3D Oil will be fully funded

- Sea Lion has a best estimate prospective resources of **11 mmbbl**.
- Sea Lion targets the Upper Latrobe group reservoirs, similar to the West Seahorse field
 - An independent expert has reviewed the seismic interpretation and calculated volumetrics for the prospect based on 3D Oil mapping, and using West Seahorse as a analogue for the reservoir parameters.
- Could be produced via a tie back to the West Seahorse development
- Sea Lion has significant upside potential, which may materially increase the economic value of the development.
 - A deep gas prospect is also identified

On trend with the oil discoveries in region



P50 of 11 million barrels

Probability	Recoverable oil (mmbbls)
P90	7.8
P50	11.0
P10	15.3

IMPORTANT NOTE:

An independent expert has reviewed the seismic interpretation and calculated volumetrics for the prospect based on 3D Oil mapping, and using West Seahorse as a analogue for the reservoir parameters.

3D Oil is the operator of T/49P with Beach as it's JV partner

- **Interpreted to contain all the geological elements required for sizeable accumulations of hydrocarbons**
 - Adjacent Thylacine (1.5 TCF GIP) and Geographe (0.5 TCF GIP)
 - T49/P contains numerous leads potentially containing multi TCF
- **Guaranteed Work Program**
 - Year 1 Reprocess 500km 2D seismic
 - Year 2 Acquire and process 755 km² of 3D seismic data
 - Year 3 Seismic interpretation
- **Indicative economics are strong**

Robust project for field sizes greater than 400 BCF @ \$6/GJ

 - At \$8/GJ the analysis indicates NPVs of approximately A\$450 million and A\$1.3 billion for field sizes of 800 BCF and 1400 BCF respectively
 - Economic analysis is for stand alone and not inclusive of condensate sales
- **3D Oil intention is to farm down further equity to an eastern states gas player**

A potentially significant Australian gas province



Large (4,960 km²) frontier permit
Relatively shallow water (~100m)

- If the Transaction proceeds 3D Oil will be fully funded through the it's committed work program
- The Company will also have a strong cash position
- The Company will continue to focus of Eastern Australia and take advantage of its strengths to identify and exploit niche positions
- The Company will be extremely well placed in a market which is opportunity rich but cash poor
- As always the company will be focussed on shareholder value



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