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ASX Release

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T/49P Permit Update

Key Points

- **International farmout process progressing well with the Company in advanced discussions with a number of companies**
- **Recent in-house studies confirm the world class gas potential of the permit focusing on the petroleum system and seismic attribute analysis**
- **The Flanagan Prospect is a ready to drill large gas target defined by recently acquired 3D seismic.**
- **The east coast gas market continues to tighten**

3D Oil (“TDO”) has a 70% equity interest and is Operator of the offshore Tasmanian permit, T/49P, with our partner Beach Energy.

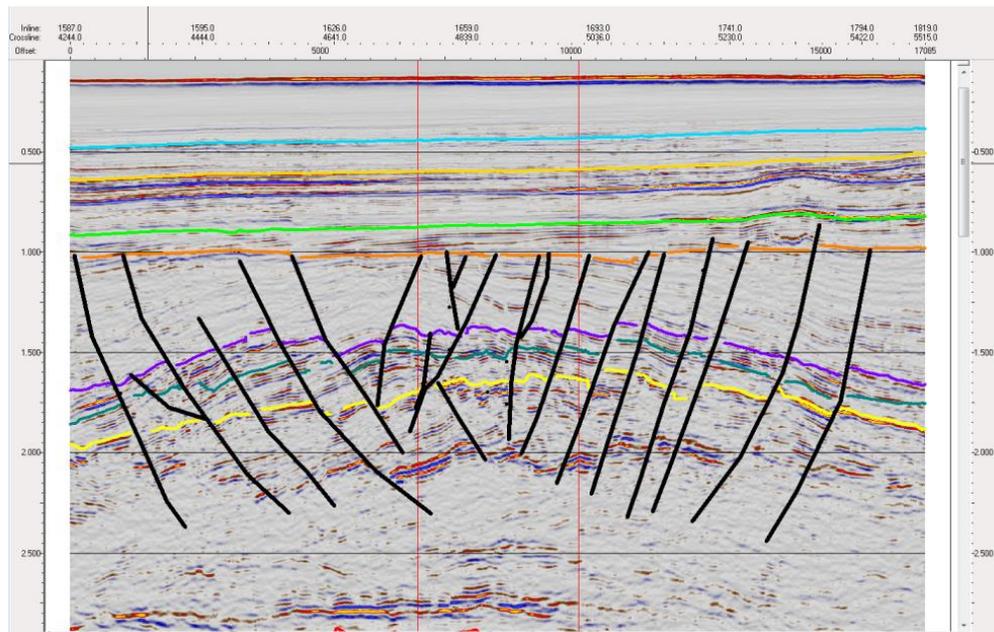
T/49P is located immediately southeast of the largest producing gas field in the Otway Basin and contains a number of prospective features for gas exploration. It covers an area of 4,960 km² in water depths generally no greater than 100m. The north of the permit is now covered by 974 km² of modern 3D seismic, while the area to the south remains lightly explored covered by a broad grid of 2D seismic data of varying vintages. Only two early exploration wells have been drilled in the permit (in 1967 and 1970) and the region has largely been overlooked by the industry despite the proximity of the Thylacine and Geographe producing gas fields.

TDO’s view of the potential for gas discoveries in this permit is underlined by our recent studies, petroleum system and AVO analysis, as well as the late 2014 Flanagan 3D seismic data which has significantly improved prospect imaging and provides greater detail of the geology. Good indications of reservoir and seal units analogous to the neighbouring Thylacine and Geographe fields are evident from the data.

Over the last few months TDO has undertaken a global farmout process, engaging with a number of large international petroleum companies. TDO has targeted companies looking to invest in significant new gas opportunities which have access to the Australian east coast gas market. The company is currently in advanced discussions with a number of parties. Nonetheless it should be stressed this does not guarantee a farmout will be executed.

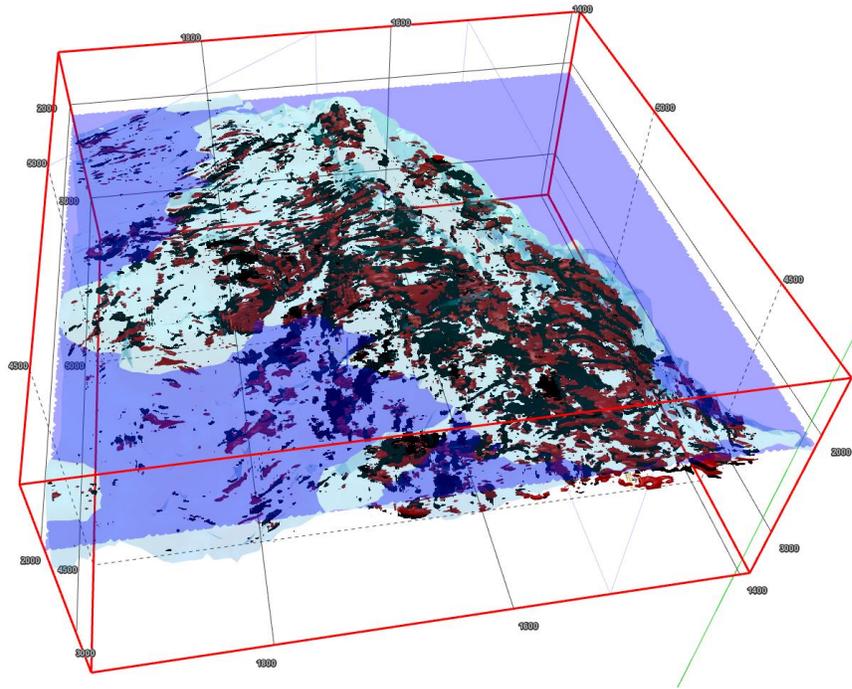
The Flanagan Prospect, delineated by the Flanagan 3D seismic survey, is a large robust structure on trend with the Thylacine gas field. Recent geophysical analysis confirmed that both amplitude and Class III AVO responses are observed in the Flanagan Prospect target reservoir section. This is consistent with the presence of gas as predicted by the petrophysical study. Further, the distribution of this anomalous seismic response corresponds well to the mapped structure at Flanagan which provides further confidence in the analysis.

TDO quoted on 22nd October 2015 that the Flanagan Prospect has a Best Estimate Prospective Resource of 1.38 TCF recoverable gas with a High Estimate of 2.68 TCF.



Seismic line through the Flanagan Prospect

Other recent work by TDO has highlighted the potential of a world class petroleum system operating in the T/49P region. This study concluded that the T/49P region has generated more than enough gas to fill the mapped Prospects and Leads. Also, a significant part of this gas generation has been during a late pulse within the last 25 million years providing greater likelihood of filling of the currently identified traps.

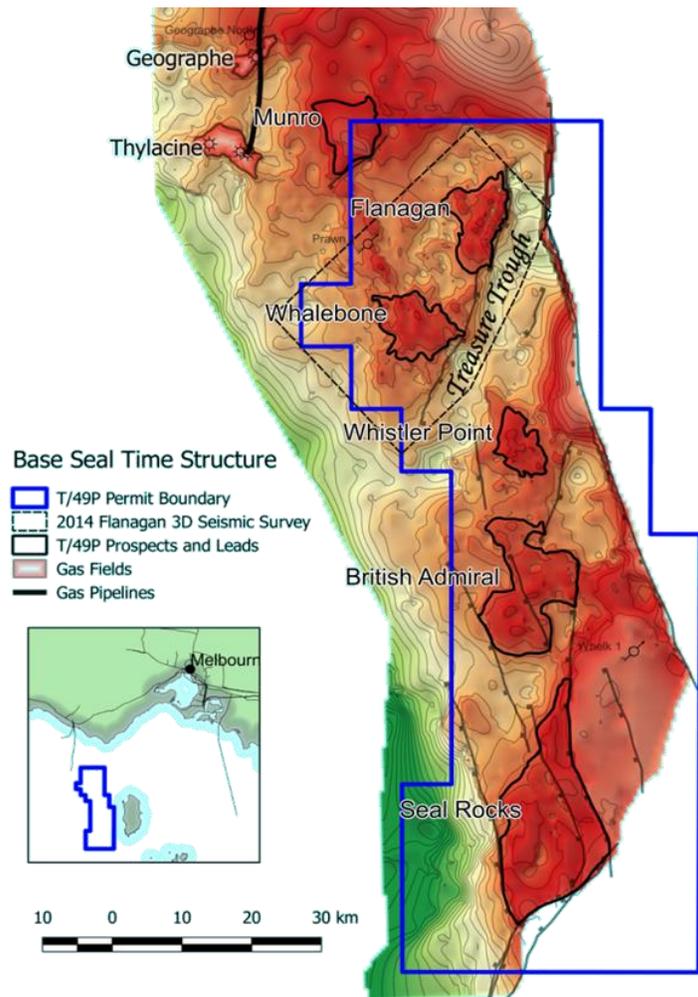


A 3D perspective image of the Flanagan structure (looking southeast) highlighting the AV0 anomalies interpreted to be indicative of gas

Recent remapping of the highly prospective Seal Rocks lead in the south of T/49P has indicated the structure could be significantly larger than previously interpreted with the potential to contain multi TCF in a series of adjacent fault blocks. TDO interprets Seal Rocks as exhibiting similar characteristics to some of the large gas fields on the North West Shelf. The lead is also well positioned to receive significant gas charge while associated amplitude anomalies are also observed on seismic.

Meanwhile the East Coast gas markets continue to tighten providing strong commercial incentive to explore this region of large conventional gas prospects close to existing production infrastructure.

Santos, in their August 2016 press release following their Asset Review, stated that “During the course of 2016 there has been a slower ramp up of GLNG equity gas production and an increase in the price of third party gas”. This has caused Santos to adjust its upstream gas supply and third party gas pricing assumptions for GLNG while a recent Bank of America Merrill Lynch report believed that Santos will downgrade its Roma reserves supplying their GLNG project. This would increase third-party gas purchases to 60% of their needs between 2016 and 2020. This would put additional pressure on the wholesale gas market in eastern Australia which continues to show positive signs for potential producers such as TDO. Spot prices for gas are showing marked increases, indicating a likelihood of higher prices for future gas sales contracts as a result of a shortage gas in the eastern states gas markets.



Leads and Prospects with T/49P

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