



10 July 2014

Dear Shareholder,

Hibiscus Transaction and HiRex Transaction

As you are aware, the Company entered into definitive agreements with Carnarvon Hibiscus Pty Ltd ("**CHPL**"), Althea Corporation Limited and HiRex Petroleum Sdn Bhd ("**HiRex**") on 4 July 2014, under which:

1. the Company agreed to sell to CHPL its 49.9% interest in the Britannia Rig and a 5% participating interest in VIC/P57 for US\$7,500,000;
2. the Company agreed that its funding obligations to CHPL for VIC/L31 as at 31 May 2014 of US\$1.945 million will be met by transferring a 6.07% interest in VIC/L31 to CHPL;
3. the Company agreed to grant to CHPL an option to purchase the remaining percentage of 43.83% in VIC/L31 for US\$14.05 million;
4. the Company agreed to grant HiRex an option to earn a 20% participating interest in VIC/P57 by providing its virtual drilling technology analysis to VIC/P57.

(items 1 - 3 together the "**Hibiscus Transaction**" and item 4 the "**HiRex Transaction**").

As CHPL is a substantial holder in the Company for the purposes of Listing Rule 10, and HiRex is an associate of CHPL, the Company must call a General Meeting to seek the approval of Shareholders to proceed with each of the Hibiscus Transaction and the HiRex Transaction.

Completion of the Hibiscus Transaction and the HiRex Transaction are interconditional under the terms of the relevant definitive agreements. That means, if the Company does not complete both transactions (including if Shareholders should approve the resolution relating to the Hibiscus Transaction but not approve the resolution relating to the HiRex Transaction) then CHPL may terminate all of the transaction documents, and all amounts that the Company owes in relation to VIC/P57 and VIC/L31, as well as the US\$2,000,000 advanced by CHPL to the Company, would become payable. In this scenario, in the absence of an alternate funding proposal, the Company may not have sufficient funds to continue its operations.

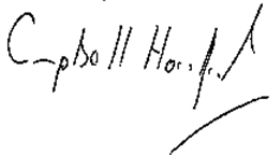
The Board engaged DMR Corporate Pty Ltd as an independent expert to prepare a report in relation to the Hibiscus Transaction and the HiRex Transaction. They have concluded that in the circumstances where the transactions are interconditional the Hibiscus Transaction is **Not Fair but is Reasonable** for non-associated Shareholders and that the HiRex Transaction is **Not Fair but is Reasonable** for non-associated Shareholders. The report is attached to the Explanatory Statement and Shareholders are encouraged to read it in full.

As the transactions are interconditional, the Board believes that the Hibiscus Transaction and the HiRex Transaction when viewed as a package are superior to any other proposals that it currently has before it. The Board believes that the Hibiscus Transaction and the HiRex Transaction when viewed as a package are in the best interests of the Company and all Shareholders and recommends that Shareholders APPROVE the Hibiscus Transaction and the HiRex Transaction in the absence of a superior proposal.

I encourage Shareholders to read the Explanatory Memorandum in full and vote at the General Meeting IN FAVOUR of the Resolutions. As Chairman of the Company I intend to vote all proxies over which I have discretion IN FAVOUR of each of the Resolutions.

If you are unable to attend the General Meeting please complete and lodge your Proxy Form with the Share Registry in accordance with the enclosed instructions.

Yours sincerely,

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

Campbell Horsfall
Chairman



Notice of General Meeting and Explanatory Statement

The General Meeting of

3D OIL LIMITED

ACN 105 597 279

*Will be held at
10.00am (AEST) on 11 August 2014*

At

*Baker & McKenzie
Level 19
181 William Street, Melbourne, Victoria 3000*

This Notice of General Meeting and Explanatory Statement should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional advisor without delay.

Shareholders should carefully consider the Independent Expert Report prepared by DMR Corporate Pty Ltd for the purposes of the Resolutions, which comments on the fairness and reasonableness of the Hibiscus Transaction and the HiRex Transaction. The Independent Expert concludes that the Hibiscus Transaction is **Not Fair but is Reasonable** and the HiRex Transaction is **Not Fair but is Reasonable**.

3D OIL LIMITED

ACN 105 597 279

Registered office: Level 5, 164 Flinders Lane, Melbourne, Victoria 3000

NOTICE OF GENERAL MEETING

Notice is given that the General Meeting of Members of 3D Oil Limited (the "Company") will be held at the offices of Baker & McKenzie, Level 19, 181 William Street, Melbourne, Victoria at 10.00am (AEST) on 11 August 2014.

AGENDA

The Explanatory Statement and proxy form which accompany and form part of this Notice of Meeting describe in more detail the matters to be considered. Please consider this Notice of Meeting, the Explanatory Statement, the Independent Expert Report and the proxy form in their entirety.

Resolution 1: Hibiscus Transaction

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That for the purposes of Listing Rule 10.1 and for all other purposes, approval is hereby given for the Company to:

- sell to Carnarvon Hibiscus Pty Ltd ("CHPL") its 49.9% interest in the Britannia Rig and a 5% participating interest in VIC/P57 for US\$7,500,000;*
- set off the outstanding funding obligations of US\$1.945 million to CHPL in relation to VIC/L31 as at 31 May 2014, against a transfer of a 6.07% interest in VIC/L31 to CHPL; and*
- grant to CHPL an option to purchase the remaining 43.83% interest in VIC/L31 that CHPL does not own for the US\$14.05 million,*

all on the terms and conditions as set out in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes on the Resolution by Carnarvon Hibiscus Pty Ltd and any associate of Carnarvon Hibiscus Pty Ltd.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a Shareholder who is entitled to vote, in accordance with directions on the Proxy Form; or*
- (b) it is cast by the Chairman of the General Meeting as proxy for a Shareholder who is entitled to vote, in accordance with directions on the Proxy Form to vote as the proxy decides.*

Resolution 2: HiRex Transaction

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"Subject to, and conditional on, the passing of Resolution 1, that for the purposes of Listing Rule 10.1 and for all other purposes, approval is hereby given for the Company to grant to HiRex Petroleum Sdn Bhd an option to earn a 20% interest in VIC/P57 by the provision of virtual drilling technology analysis on the terms and conditions as set out in the Explanatory Memorandum."

Voting Exclusion

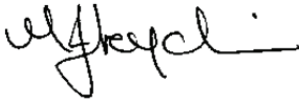
The Company will disregard any votes on the Resolution by HiRex Petroleum Sdn Bhd and any associate of HiRex Petroleum Sdn Bhd.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a Shareholder who is entitled to vote, in accordance with directions on the Proxy Form; or*
- (b) it is cast by the Chairman of the General Meeting as proxy for a Shareholder who is entitled to vote, in accordance with directions on the Proxy Form to vote as the proxy decides.*

If you cannot attend the General Meeting, you are strongly urged to complete the Proxy Form and return it to the Share Registry (see Proxy Form for details).

By the order of the Board

A handwritten signature in black ink, appearing to read 'Melanie Leydin', with a horizontal line extending to the right.

Melanie Leydin
Company Secretary

Dated: 10 July 2014

EXPLANATORY MEMORANDUM

This Explanatory Statement accompanies the Notice of a General Meeting of the Company to be held at the offices of Baker & McKenzie, Level 19, 181 William Street, Melbourne, Victoria at 10.00am on 11 August 2014.

The Explanatory Statement has been prepared to assist Shareholders in determining how to vote on the Resolutions set out in the Notice of Meeting and is intended to be read in conjunction with the Notice of Meeting.

The Board engaged the Independent Expert to prepare a report in relation to the Hibiscus Transaction and the HiRex Transaction. They have concluded that the Hibiscus Transaction is **Not Fair but is Reasonable** for Shareholders and that the HiRex Transaction is **Not Fair but is Reasonable** for Shareholders. The Independent Expert Report is attached to this Explanatory Statement and Shareholders are encouraged to read it in full.

A copy of the Independent Expert Report can be found at www.3doil.com.au or if requested, be provided to the Shareholder at no cost.

Introduction

As Shareholders are aware, the Company holds a 49.9% interest in the offshore Gippsland Basin tenements VIC/P57 and the derived production licence VIC/L31. Carnarvon Hibiscus Pty Ltd ("**CHPL**") is the JV Operator for both VIC/P57 and VIC/L31, and holds the remaining 50.1% interest in each. The Company and CHPL entered into a joint operating agreement to regularise their relationship with respect to the permit and licence ("**P57 JOA**"). CHPL is a wholly owned subsidiary of Hibiscus Petroleum Berhad ("**Hibiscus**").

As announced to ASX on 13 May 2014, the Company entered into a heads of agreement ("**HOA**") with CHPL, Althea Corporation Limited ("**Althea**") and HiRex Petroleum Sdn Bhd ("**HiRex**"). As contemplated by the HOA, on 4 July 2014 the Parties entered into an umbrella agreement and certain ancillary agreements in respect of the arrangements contemplated in the HOA. The suite of agreements ("**Transaction Documents**") are:

- the umbrella agreement which co-ordinates the various transactions ("**Umbrella Agreement**");
- the asset sale and purchase agreement for the sale to CHPL of a 5% participating interest in VIC/P57 ("**VIC/P57 Sale Interest**") and the Company's 49.9% interest in the Britannia Rig ("**Britannia Rig Interest**") ("**Asset Sale Agreement**");
- VIC/L31 asset sale and purchase agreement for the set off of US\$1.945 million of funds outstanding and owing to CHPL on VIC/L31 as at 31 May 2014 against the transfer of a 6.07% interest in VIC/L31 to CHPL ("**L31 Transfer Agreement**");
- VIC/L31 option deed governing the grant of an option to CHPL to purchase the remaining 43.83% interest in VIC/31 for US\$14.05 million ("**L31 Option Deed**"); and
- VIC/P57 option and farm-out agreement where HiRex has an option to earn a 20% interest in VIC/P57 in return for providing the virtual drilling technology analysis to that acreage ("**HiRex Farm-in Agreement**").

The completion of each of the Asset Sale Agreement, L31 Transfer Agreement, L31 Option Deed and HiRex Farm-in Agreement are interconditional. That means, if Shareholders pass Resolution 1 but do not pass Resolution 2 CHPL has the right not to proceed to complete the Hibiscus Transaction and all amounts that the Company owes in relation to VIC/P57 and VIC/L31, as well as the US\$2,000,000 advanced by CHPL to the Company, will become payable.

Resolution 1: Hibiscus Transaction

Background

Listing Rule 10.1 requires shareholder approval, by ordinary resolution, for the disposal of a substantial asset by a company to a substantial holder. A substantial holder is a shareholder with greater than 10% of the issued share capital of the subject company. An asset is substantial for the purposes of Listing Rule 10.1 if its value, or the value of the consideration for it, is 5% or more of the equity interests of the company as set out in the latest accounts given to ASX under the Listing Rules.

The assets and permit interests the subject of the Hibiscus Transaction are a substantial asset of the Company, and Hibiscus, which held a relevant interest in approximately 13% of the Company at 27 May 2014, is a substantial holder in the Company. Therefore the Hibiscus Transaction requires Shareholder approval pursuant to Listing Rule 10.1.

Independent Expert Report

In accordance with Listing Rule 10.10, the Company must include with the Notice of General Meeting an Independent Expert Report in relation to the disposal of a substantial asset to a substantial holder. The Independent Expert Report for the transactions has been prepared by DMR Corporate Pty Ltd and is attached in full as **Annexure A**.

The Independent Expert Report has concluded that the Hibiscus Transaction is **Not Fair but is Reasonable** for Shareholders.

The Independent Expert has based its conclusion on consideration of the implications for Shareholders if the Hibiscus Transaction does not proceed and the resultant dire funding issues that the Company would face. In summary, the Independent Expert concludes that while based on the valuations set out in the report the Hibiscus Transaction may not be fair, due to the lack of alternate funding options and adverse consequences to the Company if it does not raise funds to meet its obligations under the joint venture documents with CHPL the Hibiscus Transaction is reasonable.

The reasoning behind the Independent Expert's opinion is set out more fully in section 9 of the attached Independent Expert Report. Shareholders should read the Independent Expert Report in its entirety.

Transaction Documents

The material terms of the Transaction Documents are described below.

1. Umbrella Agreement

The Umbrella Agreement seeks to co-ordinate and integrate the Transaction Documents. It provides generally for the timing of completion and interconditionality of each of the other Transaction Documents. It provides that the completion of each of the Asset Sale Agreement, L31 Transfer Agreement, L31 Option Deed and the HiRex Farm-in Agreement are interconditional.

The Transaction Documents also provide that CHPL and the Company will enter into a new joint operating agreement for VIC/L31 on terms similar to the terms of the P57 JOA, and that the JOA's for both VIC/P57 and the new VIC/L31 will include a term that should the Company default in respect of the payment of future cash calls on either permit then CHPL will have the choice to either call default or choose to dilute the Company's interest in the relevant permit/licence based on the agreed formula.

2. Asset Sale Agreement

The Asset Sale Agreement sets out the obligations of the parties and the terms and conditions of the sale of the VIC/P57 Sale Interest and the Britannia Rig Interest.

The purchase consideration payable to the Company by CHPL under the Asset Sale Agreement is US\$7,500,000. Payment of the consideration is divided between:

- US\$600,000 which was paid to the Company on 13 May 2014;
- US\$1,400,000 which was paid to the Company within 5 business days of execution of the Transaction Documents; and
- US\$5,500,000 which is to be paid on behalf of the Company into the VIC/P57 joint bank account established pursuant to the P57 JOA.

It is a term of the Asset Sale Agreement that the US\$2,000,000 that the Company has already received will be paid by the Company into the VIC/P57 joint bank within 8 months, and that that amount of US\$2,000,000 and the balance of US\$5,500,000 will be used in priority for the exploration costs of the

P57 joint venture as from 1 January 2014 before CHPL need contribute further funds. Then cash calls will be funded solely by CHPL (and potentially HiRex if the HiRex Transaction completes) in an amount equal to its share of funding as from 1 January 2014. Thereafter the Company will need to contribute further funds in proportion to its participating interest at that time.

The conditions precedent for the completion of the sale of the VIC/P57 Sale Interest include:

- (a) approval of the Foreign Investment Review Board;
- (b) Australian government regulatory approval for the transfer of the interest in VIC/P57;
- (c) Company Shareholder approval, on the terms as set out in Resolution 1 of the Notice of Meeting; and
- (d) completion of each of the other Transaction Documents.

The condition precedent to the sale of the Britannia Rig Interest is (c) above.

The conditions precedent relating to the approval of Shareholders must be satisfied by 10 August 2014 otherwise CHPL may terminate each of the Transaction Documents and all current outstanding cash calls owed by the Company under the P57 JOA will become immediately due and payable, and the abovementioned US\$2,000,000 downpayment will need to be repaid to CHPL. If final Australian government approval is not obtained within 180 days of the approvals under (c) and (d), then Hibiscus has the choice to unwind the whole Hibiscus Transaction, or continue with just the acquisition of the Britannia Rig Interest.

3. L31 Transfer Agreement

This agreement provides for the sale to CHPL of a 6.07% interest in VIC/L31 against the set off the amount of US\$1.945 million being the amount that the Company owed to the Operator in relation to the VIC/L31 cash calls as at 31 May 2014.

The percentage interest in VIC/L31 of 6.07% was determined based on the fair market value of VIC/L31 as set out in the report of an independent financial valuer jointly appointed by the Company and CHPL.

4. L31 Option Deed

As part of the Hibiscus Transaction, the Company has agreed to grant CHPL an option to acquire from the Company all of the interest that CHPL does not hold in VIC/L31. The option may be exercised by CHPL during the period of 5 business days following receipt of Shareholder approval.

The consideration payable is based on the fair market value of VIC/L31 as set out in the report of an independent financial valuer jointly appointed by the Company and CHPL. If the option is exercised, the remaining 43.83% in VIC/L31 the Company holds will be sold and then the Company will receive US\$14.05 million.

Status of Conditions Precedent

CHPL will make its applications to the Foreign Investment Review Board. A response is expected by early August 2014.

Rationale for the Hibiscus Transaction

The Directors have reviewed alternatives for the financing and continued development of the Company's business and have engaged with a significant number of parties in order to evaluate the same. The Directors have formed the view that the Hibiscus Transaction represents the best option currently available to Shareholders in the absence of a superior proposal.

Advantages of the Hibiscus Transaction

The Directors believe that the following benefits to the Company are likely to arise in relation to the Hibiscus Transaction:

- (a) the Company currently lacks sufficient funding to meet future funding obligations for VIC/P57 and VIC/31. The Hibiscus Transaction creates some liquidity for the project and for the Company, while alternate funding sources and opportunities can continue to be explored by the Board;
- (b) conducting an exploration business has inherent risks. In the absence of a superior proposal, there is a risk that the funding may not be available for commercial development of VIC/P57 and/or VIC/L31 at the relevant times, and that they may therefore not be able to be commercially developed successfully;
- (c) the Company will realise value immediately by way of cash through the sale of the VIC/P57 Sale Interest and the Britannia Rig Interest which will be dedicated to future exploration at VIC/P57;
- (d) the Hibiscus Transaction has addressed short-term liquidity issues facing the Company, by providing access to US\$2,000,000 for use as working capital for the period of 8 months;
- (e) the Hibiscus Transaction allows the Company's funding obligations to CHPL for VIC/L31 as at 31 May 2014 of US\$1.945 million to be met by transferring a 6.07% interest in VIC/L31 to CHPL at the fair market value, rather than at the cost of raising capital on the ASX;
- (f) if Shareholders do not approve the Hibiscus Transaction, all sums will become due and owing and the Company will need to immediately repay US\$2,000,000 to CHPL;
- (g) in the absence of an alternate funding proposal, if the Hibiscus Transaction and HiRex Transaction are not completed, the Company may not have sufficient funds to continue its operations which will have dire consequences for all Shareholders;
- (h) exploration for VIC/P57 for Year 3 expenditure is fully funded due to the payments received by the Company;
- (i) as part of the arrangements, new exploration budgets and programs have been agreed pushing out certain expenditure, and reducing overall funding commitments;
- (j) if the L31 Option is exercised, the Company will have funds available to explore further activities;
- (k) the Directors believe that by realising value now through the Hibiscus Transaction, having regard to global uncertain economic conditions, the Company will have mitigated risks to Shareholders in the short term and allowed the Company to retain a meaningful interest in VIC/P57 and to realise the fair market value for VIC/L31.

Disadvantages of the Hibiscus Transaction

The Directors believe that the following risk factors may arise in relation to proceeding with the Hibiscus Transaction:

- (a) the Company's participation interest in VIC/L31 and VIC/P57 will be diluted by virtue of the implementation of the Hibiscus Transaction;
- (b) the Company's interest in VIC/L31 could potentially be completely bought out if the L31 Option is exercised, and Shareholders will have no exposure to any future discoveries on VIC/L31;
- (c) if the Company defaults on its cash calls in the future, its interests in VIC/P57 and/or VIC/L31 may be diluted based on the formulas inserted in the amended JOAs; and
- (d) it is possible that a superior proposal to the Hibiscus Transaction could have been received over time.

However, on balance the Board believes the advantages outweigh the disadvantages.

Board Recommendation

In the absence of a superior proposal, your Board is **UNANIMOUSLY IN FAVOUR** of the Hibiscus Transaction.

The Chairman of the General Meeting intends to vote undirected proxies **IN FAVOUR** of Resolution 1.

Resolution 2: HiRex Transaction

Background

Listing Rule 10.1 requires shareholder approval, by ordinary resolution, for the disposal of a substantial asset by a company to a substantial holder. A substantial holder is a shareholder with greater than 10% of the issued share capital of the subject company. An asset is substantial for the purposes of Listing Rule 10.1 if its value, or the value of the consideration for it, is 5% or more of the equity interests of the company as set out in the latest accounts given to ASX under the Listing Rules.

The 20% interest in VIC/P57 the subject of the HiRex Transaction is a substantial asset of the Company, and HiRex is a substantial holder in the Company as it is an associate of CHPL (given that HiRex is an incorporated joint venture of which CHPL owns 41%), therefore the HiRex Transaction, requires Shareholder approval pursuant to Listing Rule 10.1.

Independent Expert Report

In accordance with Listing Rule 10.10, the Company must include with the Notice of Meeting an Independent Expert Report in relation to the disposal of a substantial asset to a substantial holder. The Independent Expert Report has been prepared by DMR Corporate Pty Ltd and is attached in full as **Annexure A**.

The Independent Expert Report has concluded that the HiRex Transaction is **Not Fair but is Reasonable** for Shareholders.

The Independent Expert has based its conclusion on consideration of the implications for Shareholders if the HiRex Transaction does not proceed and the resultant dire funding issues that the Company would face. In summary, the Independent Expert concludes that based on the lack of certainty as to the value of the HiRex farmin contribution the HiRex Transaction may not be fair, but due to (i) the interconditionality of the Hibiscus Transaction and HiRex Transaction (ii) the lack of alternate funding options and (iii) the adverse consequences to the Company if it does not raise funds to meet its obligations under the joint venture documents with CHPL, the HiRex Transaction is reasonable.

The reasoning behind the Independent Expert's opinion is set out more fully in section 12 of the attached Independent Expert Report. Shareholders should read the Independent Expert Report in its entirety.

HiRex Farm-in Agreement

The Company has entered into a farm-in agreement whereby HiRex has the option to earn a 20% interest in VIC/P57 directly from the Company (and not pro-rata across both joint venture parties) in return for the provision of data analysis results using the HiRex virtual drilling technology. The option to farm-in is exercisable within 1 month following receipt of Shareholder approval.

Completion of the HiRex Transaction is conditional on:

- (a) approval of the Foreign Investment Review Board;
- (b) Australian government regulatory approval for the transfer of the interest in VIC/P57;
- (c) Company Shareholder approval on the terms as set out in Resolution 2 of the Notice of Meeting; and
- (d) completion of the Hibiscus Transaction.

Status of Conditions Precedent

CHPL will make its applications to the Foreign Investment Review Board. A response is expected by early August 2014.

Rationale for the HiRex Transaction

The Directors have reviewed alternatives for the financing and continued development of the Company's business and have engaged with a significant number of parties in order to evaluate the same. According to the terms of the Transaction Documents, the Hibiscus Transaction and the HiRex Transaction are interconditional. The Directors have formed the view that the Hibiscus Transaction and HiRex Transaction when viewed as a package represent the best option currently available to Shareholders in the absence of a superior proposal.

Advantages of the HiRex Transaction

The Directors believe that the following benefits to the Company are likely to arise in relation to the HiRex Transaction:

- (a) each of the advantages as set out in section above in relation to the Hibiscus Transaction; and
- (b) if viewed as a package the Hibiscus Transaction and HiRex Transaction create some liquidity for the project and for the Company, while alternate funding sources and opportunities can continue to be explored by the Board.

Disadvantages of the HiRex Transaction

The Directors believe that the following risk factors may arise in relation to proceeding with the HiRex Transaction:

- (a) the Company's participation interest in VIC/P57 will be diluted if the farm-in option is exercised by HiRex;
- (b) if the Company defaults on its cash calls in the future, its interests in VIC/P57 may be diluted based on the formulas' inserted in the amended JOA;
- (c) the value of the virtual drilling technology which HiRex will deploy to earn its interest is uncertain; and
- (d) it is possible that a superior proposal to the HiRex Transaction could have been received over time.

However, given the interconditionality of the Hibiscus Transaction and HiRex Transaction the Board believes on balance the advantages outweigh the disadvantages.

Board Recommendation

In the absence of a superior proposal, your Board is **UNANIMOUSLY IN FAVOUR** of the HiRex Transaction.

The Chairman of the General Meeting intends to vote undirected proxies **IN FAVOUR** of Resolution 2.

PROXY AND VOTING INSTRUCTIONS

1. For the purposes of the Corporations Act, the Company has determined that all securities of the Company recorded on the Company's register as at 7.00pm (AEST) on the date 2 days before the date of the General Meeting will be taken, for the purposes of the General Meeting, to be held by the persons who held them at that time.
2. The details of the Resolutions contained in the Explanatory Statement accompanying this Notice of Meeting should be read together with, and form part of this Notice of Meeting.
3. A shareholder entitled to attend and vote is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the shareholder's voting rights. If the shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half of the votes. A proxy need not be a shareholder of the Company.
4. If a proxy is not directed how to vote on an item of business, the proxy may vote or abstain from voting on that resolution as they think fit.
5. If a proxy is instructed to abstain from voting on an item of business, they are directed not to vote on the shareholder's behalf on the poll and the shares that are the subject of the proxy appointment will not be counted in calculating the required majority.
6. Shareholders who return their proxy forms with a direction on how to vote but do not nominate the identity of their proxy will be taken to have appointed the Chairman of the meeting as their proxy to vote on their behalf.
7. If a proxy form is returned but the nominated proxy does not attend the meeting, or does not vote on the resolution, the Chairman of the meeting will act in place of the nominated proxy and vote in accordance with any instructions.
8. Proxy appointments in favour of the Chairman of the meeting, the secretary or any Director that do not contain a direction on how to vote will be used where possible to support each of the resolutions proposed in this Notice of Meeting.
9. Where a voting exclusion applies, the Company need not disregard a vote if it is cast by a person excluded from voting as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form, or where it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form to vote as the proxy decides.
10. A proxy form is attached. If required it should be completed, signed and returned to the Company's registered office or Computershare Investor Services Pty Ltd in accordance with the instructions set out in the proxy form by no later than 10.00am (AEST) on 9 August 2014.

By Mail:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to:

(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

Relevant custodians may lodge their proxy forms online by visiting www.intermediaryonline.com

GLOSSARY

The following terms have the following meanings in this Explanatory Statement:

"Act" means the Offshore Petroleum and Greenhouse Gas Act 2006 (Cth), and all directions and regulations made under it,

"ASIC" means the Australian Securities and Investments Commission.

"ASX" means ASX Limited or the Australian Securities Exchange, as the context requires.

"AEST" means Australian Eastern Standard Time.

"Board" means the Directors acting as the board of Directors of the Company or a committee appointed by such board of Directors.

"Britannia Rig" means the cantilever jack-up drilling rig named "*GSP Britannia*" as defined in the Funding Agreement.

"Company" means 3D Oil Limited ABN 40 105 597 279.

"Corporations Act" means the Corporations Act 2001 (Cth).

"Director" means a Director of the Company.

"Listing Rules" means the Listing Rules of the ASX.

"Notice of Meeting" means the Notice of Meeting accompanying this Explanatory Statement.

"Parties" means each of the Company, CHPL, Althea Corporation Limited and HiRex Petroleum Sdn Bhd.

"VIC/L31" means production licence VIV/L31 granted pursuant to the Act.

"VIC/P57" means exploration permit VIC/P57 granted pursuant to the Act.

ANNEXURE A

Independent Expert Report

Prepared by DMR Corporate Pty Ltd

The Independent Expert's Report has been prepared for 3D Oil Limited in relation to the Hibiscus Transaction and the HiRex Transaction

The Independent Expert, following the reasoning and subject to the assumptions set out in the attached report, concludes that Resolution 1 is:

Not Fair but is Reasonable for Shareholders

The Independent Expert, following the reasoning and subject to the assumptions set out in the attached report, concludes that Resolution 2 is:

Not Fair but is Reasonable for Shareholders

7 July 2014

The Directors
3D Oil Limited
Level 5
164 Flinders Lane
Melbourne, Vic 3000

Dear Sirs,

Re: Independent Expert's Report

1. Introduction

- 1.1 3D Oil Limited ("TDO" or "the Company") presently holds a 49.9% interest in a Joint Venture with Carnarvon Hibiscus Pty Ltd ("Hibiscus") holding a 50.1% interest. The Joint Venture holds exploration permit VIC/P57 and production licence VIC/L31. Both the exploration permit and production licence are in the Gippsland Basin, off the Victorian coast. Production licence VIC/L31 contains the West Seahorse oil field.
- 1.2 Hibiscus is the operator of the Joint Venture. Hibiscus is a wholly owned subsidiary of Hibiscus Petroleum Berhad, a company incorporated in Malaysia and whose shares are listed on the Kuala Lumpur Stock Exchange.
- 1.3 Hibiscus is also TDO's second largest shareholder, holding approximately 13% of TDO's issued shares.
- 1.4 The Joint Venture has been moving to bring the West Seahorse oil field into production, however it has experienced difficulty in securing project financing. TDO has also had difficulty funding its share of the Joint Venture cash calls and as at 31 May 2014 TDO was approximately US\$1.95 million in arrears in meeting its share of the Joint Venture funding. As a result of these difficulties TDO and Hibiscus are proposing to enter into a series of agreements that will fundamentally restructure the ownership and future operations of the Joint Venture. The proposed restructure requires prior approval of the Non-Associated Shareholders of TDO (all shareholders other than Hibiscus and its associates).
- 1.5 You have requested DMR Corporate Pty Ltd ("DMR Corporate") to prepare an independent expert's report pursuant to Rule 10.1 of the Listing Rules ("Listing Rule 10.1") of the Australian Securities Exchange ("ASX") in respect of the proposed restructure, which is detailed in Section 2 below.

2. The Proposed Restructure

2.1 Outline of the Restructure

The proposed restructure is complex and is fully described in the explanatory memorandum, to which this report is an attachment. We have set out below what we regard as the key commercial issues for the Non-Associated Shareholders of TDO, however for a full explanation of the proposal, shareholders should refer to the explanatory memorandum.

There is currently one Joint Venture between Hibiscus and TDO covering VIC/P57 and VIC/L31 (VIC/L31 was excised from VIC/P57 when the Joint Venture was granted a production licence in December 2013.) The restructure will result in the formation of a separate Joint Venture covering VIC/L31. Set out below is a description of the impact of the restructure on TDO's ownership and commitments to each of VIC/P57 and VIC/L31.

VIC/L31

TDO currently holds a 49.9% interest in VIC/L31, however it owes Hibiscus as operator of the Joint Venture approximately US\$1.945 million. TDO and Hibiscus have jointly appointed an expert to prepare an independent valuation of TDO's interest in VIC/L31 and TDO's current 49.9% interest is to be reduced by the percentage that the outstanding debt is to the independent valuation of TDO's interest in VIC/L31.

TDO has also provided an option to Hibiscus for Hibiscus to acquire the balance of TDO's interest in VIC/L31 at the independent valuation. This option must be exercised within 5 days of shareholders approving the proposed restructure.

Provided that Hibiscus does not exercise the option referred to above, Hibiscus will have a continuing right to reduce TDO's interest in VIC/L31 proportionately for any future cash calls by the Joint Venture that remain outstanding for 5 or more business days. (It should be noted that any reduction in TDO's interest during the next 12 months will be based on the independent valuation prepared by the expert, which will not be adjusted for any cash contributions made in the interim).

VIC/P57

The existing Joint Venture acquired the oilrig GSP Britannia for US\$12 million, plus a further US\$3 million towards the cost of conversion of the rig into a Mobile Offshore Production Unit ("MOPU"), a total cost of US\$15 million. Hibiscus has agreed to purchase TDO's 49.9% interest in the rig, plus a 5% participating interest in VIC/P57 for US\$7.5 million payable as follows:

- (i) US\$600,000 was paid to TDO on signing of the Heads of Agreement;
- (ii) US\$1.4 million is to be paid within 5 business days of the Asset Sale and Purchase Agreement being executed; and
- (iii) US\$5.5 million is to be paid by Hibiscus to the Joint Venture within 5 business days of shareholders approving the proposed restructure.

If shareholders do not approve the proposed restructure, TDO will be required to return the first two installments (i and ii above) totaling US\$2 million to Hibiscus within 5 business days of the shareholders' meeting.

TDO is to grant to HiRex Petroleum Sdn Bhd (“HiRex”) an option to earn a 20% interest in VIC/P57 in return for HiRex applying its virtual drilling technology to VIC/P57 and providing the resultant data to the Joint Venture. This option must be exercised and the virtual drilling technology applied to VIC/P57 within three months of TDO’s shareholders approving the proposed restructure.

HiRex is a related party of Hibiscus as Hibiscus Petroleum Berhad, the holding company of Hibiscus, holds 41% of the equity of HiRex.

2.2 Shareholder Approval

Shareholders are being asked to approve the following two resolutions:

Resolution 1 – Hibiscus Transaction

That for the purposes of Listing Rule 10.1 and for all other purposes, approval is hereby given for the Company to:

- sell to Hibiscus its 49.9% interest in the Britannia Rig and a 5% participating interest in VIC/P57 for US\$7,500,000;*
- set off the outstanding funding obligations of US\$1.945 million to Hibiscus in relation to VIC/L31 as at 31 May 2014, against a transfer of a 6.07% interest in VIC/L31 to Hibiscus; and*
- grant to Hibiscus an option to purchase the remaining 43.83% interest in VIC/L31 that Hibiscus does not own for US\$14.05 million,*

all on the terms and conditions as set out in the Explanatory Memorandum.

Resolution 2 – HiRex Transaction

Subject to, and conditional on, the passing of Resolution 1, that for the purposes of Listing Rule 10.1 and for all other purposes, approval is hereby given for the Company to grant to HiRex an option to earn a 20% interest in VIC/P57 by the provision of virtual drilling technology analysis on the terms and conditions as set out in the Explanatory Memorandum.

As can be seen from the above, shareholders are being asked to approve two resolutions. Resolution 2 (the HiRex Transaction) can only become effective if shareholders approve Resolution 1 (the Hibiscus Transaction) but not vice versa. This means that if shareholders were to approve the Hibiscus Transaction but reject the HiRex Transaction, the Hibiscus Transaction could proceed. However the legal agreements that document the proposed restructure (including the HiRex option) are interconditional and this means that should shareholders not approve the HiRex Transaction, Hibiscus is not obliged to proceed with the Hibiscus Transaction.

As Resolution 1 is not conditional on passing of Resolution 2, we have analysed the two transactions separately and provided separate opinions in respect of each of the two resolutions.

3. Summary Opinions

Hibiscus Transaction

In our opinion, **the Proposed Hibiscus Transaction set out in Resolution 1 above is not fair but reasonable to the Non-Associated Shareholders.** Our principal reasons for this opinion are:

Fairness

TDO will dispose of its interest in the Britannia rig and a 5% interest in VIC/P57. We have assessed the combined value of these two assets at \$12,350,000. Hibiscus is offering consideration of \$8 million for these assets. As the consideration offered by Hibiscus of \$8 million is less than the value of the assets given up by TDO of \$12,350,000, we have concluded that the Hibiscus Transaction is not fair.

Reasonableness

In Section 9 we assessed a range of significant factors that shareholders need to be aware of in considering the Hibiscus Transaction. Whilst a number of these factors are not to TDO's advantage, we understand that if shareholders do not approve the Hibiscus Transaction, TDO will be in default of its obligations and to rectify the default TDO will need to raise funds at short notice. We have been advised that TDO's management has been exploring various options to secure alternate funding and its efforts have not been successful to date. This means that if shareholders do not approve the Hibiscus Transaction, TDO may not be able to secure alternate funding, and if this were to occur then it would likely be at a significant cost to the current shareholders. As such we have concluded that the Hibiscus Transaction **is not fair but reasonable to the Non-Associated Shareholders.**

HiRex Transaction

In our opinion, **the Proposed HiRex Transaction set out in Resolution 2 above is not fair but reasonable to the Non-Associated Shareholders.** Our principal reasons for this opinion are:

Fairness

As there is no market evidence that would enable us to objectively assess the value that HiRex will offer TDO in exchange for a 20% interest in VIC/P57 valued at \$17.4 million, we have concluded that the HiRex Transaction is not fair.

Reasonableness

In Section 12 we comment on other significant aspects of the HiRex Transaction. In particular we note that the Joint Venture is committed to drill an exploration well at the Sea Lion prospect regardless of the information that may be received from an application of the virtual drilling technology that is to be applied by HiRex. In these circumstances we believe that, when viewed on a stand alone basis, the HiRex Transaction is not fair and not reasonable.

However, whilst the HiRex Transaction on a stand-alone basis is not fair and not reasonable, if shareholders reject the HiRex Transaction, Hibiscus may not proceed with the Hibiscus Transaction and this will result in TDO being in default of its obligations pursuant to the Joint Venture Agreement, which it may not be able to rectify. As such, rejection of the HiRex Transaction may have dire consequences on the Non-Associated Shareholders and we have therefore concluded that in the present circumstances of TDO **the HiRex Transaction is not fair but reasonable to the Non-Associated Shareholders.**

4. Structure of this Report

This report is divided into the following Sections:

<u>Section</u>	<u>Page</u>
5 Purpose of the Report	5
6 TDO - Key Information	6
7 Assessment of the Hibiscus Transaction	11
8 Conclusion as to Fairness of the Hibiscus Transaction	14
9 Other Significant Considerations – Hibiscus Transaction	14
10 Assessment of the HiRex Transaction	17
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12 Other Significant Considerations – HiRex Transaction	18
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A Sources of Information	21
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Attachment

I Independent Geologist's Report	
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5. Purpose of the Report

This report has been prepared to meet the following regulatory requirements:

- **ASX - Listing Rules 10.1 and 10.2**

Listing Rules 10.1 and 10.2 require a company obtain shareholder approval at a general meeting when the sale or acquisition of an asset, which has a value in excess of 5% of the shareholders funds as set out in the latest financial statements given to the ASX under the listing rules, is to be made to or from:

- (i) a related party;
- (ii) a subsidiary;
- (iii) a substantial shareholder who is entitled to at least 10% of the voting securities, or a person who was a substantial shareholder entitled to at least 10% of the voting securities at any time in the 6 months before the transaction;
- (iv) an associate of a person referred to in paragraphs (i), (ii) or (iii) above; or
- (v) a person whose relationship to the entity or a person referred to above is such that, in the ASX's opinion, the transaction should be approved by security holders.

As

- Hibiscus is presently entitled to 13% of TDO's voting power and Hibiscus and HiRex are related parties; and
- the shareholders funds of TDO at 31 December 2013 were \$21,651,384 and 5% thereof was \$1,082,569; and
- the value of the interests in VIC/P57 and VIC/L31 that are to be disposed of exceeds \$1,082,569,

Listing Rule 10.1 will apply to both the Hibiscus Transaction and the HiRex Transaction.

- **General**

The terms “fair” and “reasonable” are not defined in the Corporations Act 2001 (“the Act”), however guidance as to the meaning of these terms is provided by ASIC in Regulatory Guide 111. For the purpose of this report, we have defined them as follows:

- | | | |
|----------------|---|--|
| Fairness | - | the Hibiscus and HiRex Transactions are “fair” if the value of the consideration offered by each of Hibiscus and HiRex is equal to or greater than the value of the assets given up by TDO to Hibiscus and HiRex respectively. |
| Reasonableness | - | the Hibiscus and HiRex Transactions are “reasonable” if they are fair. They may also be “reasonable” if, despite not being “fair” but after considering other significant factors, we consider that the advantages of proceeding with each of the Hibiscus and HiRex Transactions outweigh the disadvantages of proceeding with each of the Hibiscus and HiRex Transactions. |

In determining whether the Hibiscus Transaction is fair, we have:

- (i) assessed the combined value of the assets offered by TDO to Hibiscus;
- (ii) assessed the value of the consideration offered by Hibiscus; and
- (iii) compared the values determined in (i) and (ii) above.

In determining whether the HiRex Transaction is fair, we have:

- (i) assessed the value of a 20% interest in VIC/P57 offered by TDO to HiRex;
- (ii) assessed the value of the consideration offered by HiRex; and
- (iii) compared the values determined in (i) and (ii) above.

In determining whether the Hibiscus and HiRex Transactions are reasonable we have analysed other significant factors, which shareholders should consider prior to accepting or rejecting the Hibiscus and HiRex Transactions.

6. TDO - Key Information

6.1 General

TDO was established in 2003 with the objective of becoming an oil and gas exploration and production company and in 2004 TDO acquired a 100% interest in exploration permit VIC/P57. This permit had not been intensively drilled but contained the West Seahorse oil field, which was discovered in 1981 but at the time was considered to be too small for development.

In April 2007 TDO issued a prospectus to raise funds for further exploration and on 22

May 2007 its shares were listed on the ASX. The major planned use of the funds raised was to drill a development/appraisal well at West Seahorse. This was completed in May 2008.

In March 2009 Drillsearch Limited (“Drillsearch”) made an all scrip takeover bid for TDO. Whilst the Drillsearch offer was open, Beach Petroleum Limited made a conditional bid for Drillsearch. This bid was conditional on Drillsearch not issuing any shares. The Drillsearch bid lapsed in June 2009.

In September 2009 TDO announced an accelerated growth strategy. The strategy identified the need to find a joint venture partner to develop the West Seahorse oil field. It was not until November 2011 that TDO entered into a non-binding joint venture agreement with Oracle Energy Corporation. This transaction ultimately did not proceed.

It was not until 15 August 2012 that TDO was able to announce that Hibiscus entered into a farm-in agreement pursuant to which Hibiscus acquired a 50.1% interest in VIC/P57 in return for a staged investment of \$27 million to fund joint operations in the permit. At the same time Hibiscus agreed to invest approximately \$2 million directly into TDO in return for approximately a 13% interest in TDO.

During 2013 the Joint Venture progressed the development of the West Seahorse oil field by settling on a development concept, applying and eventually receiving a production licence and acquiring an oilrig. The oilrig GSP Britannia was acquired by the Joint Venture for US\$12 million, plus a further US\$3 million towards the cost of conversion of the rig into a Mobile Offshore Production Unit (“MOPU”).

In October 2013 TDO announced that it had commenced the process of securing its share of the estimated capital expenditure required to bring the West Seahorse oil field into production (total estimated capital expenditure of US\$125 million to US\$150 million, including the MOPU, which was expected to be re-sold to the selected operator. TDO expected that part of the Joint Venture funding would be in the form of project finance, with TDO’s additional equity contribution being provided by a further farm-down and/or additional capital raising.

On 30 April 2014, as part of its regular quarterly report to the ASX, TDO advised the market that “debt markets for project financing are proving challenging and as a result more time will be required for Joint Venture project financing.”

6.2 TDO’s Directors

The table below details TDO’s Board of Directors.

Director	Position
Mr Campbell Horsfall	Non executive Chairman
Mr Noel Newell	Managing Director
Dr Kenneth Pereira	Managing Director of Hibiscus
Ms Melanie Leydin	Non executive Director

6.3 Share Capital

As at the date of this report TDO had 237,523,000 fully paid ordinary shares on issue. The 10 largest shareholders of TDO's ordinary shares as at 27 May 2014 were as follows:

	No of Shares	%
NOEL NEWELL <NEWELL FAMILY A/C>	36,661,450	15.4%
OCEANIA HIBISCUS SDN BHD	30,963,000	13.0%
NEFCO NOMINEES PTY LTD	16,007,851	6.7%
H LOUEY PANG & CO PTY LTD <DEMARIA FAMILY A/C>	11,550,000	4.9%
NATIONAL NOMINEES LIMITED	11,334,549	4.8%
FUGRO MULTI CLIENT SERVICES PTY LTD	6,475,000	2.7%
BILL HOPPER	6,475,000	2.7%
PAND JR PTY LTD <JOHN DEMARIA FAMILY A/C>	4,865,201	2.0%
DMG & PARTNERS SECURITIES PTE LTD <CLIENTS A/C>	4,558,639	1.9%
CITICORP NOMINEES PTY LIMITED	4,141,783	1.7%
	<u>133,032,473</u>	<u>56.0%</u>

Source: TDO share register as at 27 May 2014

6.4 Financial Position

TDO's net assets as at 30 June 2012, 30 June 2013 and 31 December 2013 were as follows:

Statement of Financial Position	30/06/12	30/06/13	31/12/13
	Audited	Audited	Reviewed
	\$	\$	\$
Current assets			
Cash and cash equivalents	1,684,892	2,125,708	1,187,787
Trade and other receivables	725,958	515,825	732,947
Other	63,718	60,424	43,827
Total current assets	2,474,568	2,701,957	1,964,561
Non current assets			
Property, plant and equipment	13,640	26,565	34,771
Intangibles	52,736	14,561	1,621
Exploration and evaluation	20,569,130	20,632,631	20,791,167
Total non-current assets	20,635,506	20,673,757	20,827,559
Total assets	23,110,074	23,375,714	22,792,120
Current liabilities			
Trade and other payables	361,100	533,785	513,865
Provisions	44,166	68,662	51,215
Total current liabilities	405,266	602,447	565,080
Non-current liabilities			
Provisions	538,308	575,049	575,656
Total non-current liabilities	538,308	575,049	575,656
Total liabilities	943,574	1,177,496	1,140,736
Net assets	22,166,500	22,198,218	21,651,384
Equity			
Issued capital	50,620,867	52,657,366	52,657,366
Reserves	78,645	66,395	101,378
Accumulated losses	(28,533,012)	(30,525,543)	(31,107,360)
Total equity	22,166,500	22,198,218	21,651,384

Source: TDO's 2013 Annual Report and 31 December 2013 Half-year accounts.

6.5 Financial Performance

TDO's Statements of Comprehensive Income for the years ended 30 June 2012 and 2013 and for the six months ended 31 December 2013 were as follows:

Statement of Comprehensive Income		6 months	
	Year Ended	Year Ended	Ended
	30/06/12	30/06/13	31/12/13
	Audited	Audited	Reviewed
	\$	\$	\$
Revenue			
Interest income	120,284	81,729	22,794
Rent	19,788	19,771	11,161
Total revenue	140,072	101,500	33,955
Expenses			
Corporate expenses	(464,739)	(707,727)	(144,335)
Administrative expenses	(84,318)	(77,343)	(49,902)
Employment expenses	(1,118,592)	(1,131,330)	(287,938)
Occupancy expenses	(94,466)	(94,979)	(46,402)
Depreciation and amortisation expense	(40,318)	(50,055)	(22,473)
Exploration costs written off	(5,954,106)	(43,444)	(27,554)
Unrealised exchange gains/(losses)	-	-	-
Realised exchange gains/(losses)	(7,643)	(1,403)	(374)
Share based payments	(48,587)	(28,324)	39,450
Finance costs	-	-	(1,811)
Total expenses	(7,812,769)	(2,134,605)	(541,339)
Loss before income tax	(7,672,697)	(2,033,105)	(507,384)
Income tax expense	695,894	-	-
Loss after income tax expense	(6,976,803)	(2,033,105)	(507,384)

Source: TDO's 2013 Annual Report and 31 December 2013 Half-year accounts.

6.6 Cash Flow

TDO's Statements of Cash Flows for the years ended 30 June 2012 and 2013 and for the six months ended 31 December 2013 were as follows:

Statement of Cash Flows	Year Ended		6 months
	30/06/2012	30/06/2013	Ended
	Audited	Audited	Reviewed
	\$	\$	\$
Cash flows from operating activities			
Receipts from customers	19,788	19,771	11,161
Payments to suppliers and employees	(1,670,764)	(1,847,747)	(592,377)
Interest received	121,113	81,446	24,315
Tax receipt	-	695,894	-
Research and development tax concession	-	-	-
Net cash used in operating activities	(1,529,863)	(1,050,636)	(556,901)
Cash flows from investing activities			
Payments for property, plant and equipment	(3,274)	(22,735)	(17,739)
Payments for intangibles	(30,488)	(2,070)	-
Payments for exploration and evaluation	(601,835)	(1,609,374)	(1,076,971)
Reimbursement from Joint Venture	-	1,090,535	713,690
Proceeds from foreign exchange investment	(7,643)	(1,403)	-
Net cash used in investing activities	(643,240)	(545,047)	(381,020)
Cash flows from financing activities			
Proceeds from issue of shares	-	2,043,558	-
Share issue transaction costs	-	(7,059)	-
Net cash from financing activities	-	2,036,499	-
Net increase/(decrease in cash and cash equivalents	(2,173,103)	440,816	(937,921)
Cash and cash equivalents at the beginning of the financial period	3,857,995	1,684,892	2,125,708
Cash and cash equivalents at the end of the financial period	1,684,892	2,125,708	1,187,787

Source: TDO's 2013 Annual Report and 31 December 2013 Half-year accounts.

7. Assessment of the Hibiscus Transaction

7.1 Approach

The proposed restructure is complex and will result in TDO retaining a reduced interest in VIC/P57. TDO will also retain a reduced interest in VIC/L31 and potentially will cease to have any further interest in this licence, if Hibiscus exercises its option referred to in Resolution 1. As a first step in evaluating the proposed restructure we will comment on the value of TDO's existing interests in these two assets.

We will subsequently evaluate the formula for reducing TDO's interest in each of VIC/P57 and VIC/L31 and comment on the consideration to be received by TDO.

7.2 Value of TDO's Interests in VIC/P57 and VIC/L31

Our assessment of the value of TDO's oil and gas assets has been made on the basis of fair market value, defined as the price that could be realized in an open market over a reasonable period of time given the current market conditions and currently available information, assuming that potential buyers have full information, in a transaction between a willing but not anxious seller and a willing but not anxious buyer acting at arm's length.

7.2.1 VIC/L31

As explained in Section 2 above, TDO and Hibiscus have jointly appointed an expert to prepare an independent valuation of TDO's interest in VIC/L31. The contracts between TDO and Hibiscus disclose that the expert valued this interest at US\$16 million.

It should be noted that pursuant to the Farm-in Agreement between TDO and Hibiscus, Hibiscus is entitled to receive 74.9% of the petroleum produced from VIC/L31 until the sales revenue realised by Hibiscus is equal to the original farm-in investment by Hibiscus of \$27 million. Thereafter TDO and Hibiscus share the output equally. This provision of the Farm-in Agreement has been taken into account in valuing TDO's 49.9% interest at US\$16 million.

Pursuant to the agreement between TDO and Hibiscus, the valuer of TDO's interest in VIC/L31 acted as an expert and the expert's valuation is binding upon the parties.

Given that the expert was appointed by the parties and the value of US\$16 million for TDO's 49.9% interest in VIC/L31 is binding, we have accepted this valuation.

7.2.2 VIC/P57

VIC/P57 is an exploration permit that does not contain any known oil accumulations. In order to provide shareholders with a view as to the value of this permit we engaged Global Resources & Infrastructure Pty Ltd ("GRI") (a firm specialising in the provision of management consulting and advisory services to the resources sector), to act as a technical specialist, to review the available information in respect of VIC/P57 and to provide us with their assessment of the current market value of VIC/P57. Mr. Ian Buckingham was the lead consultant in the preparation of GRI's report. Mr. Buckingham is a qualified and experienced geologist.

We reviewed GRI's report and discussed its contents in detail with the author. Our review included an assessment of the methodologies and assumptions adopted by GRI. A copy of GRI's report is set out in Attachment I to this report and the Executive Summary contains the following summary valuation of VIC/P57:

"We have reviewed the technical and financial data available on Vic/P57 and based on this information we have provided valuations for the Sea Lion and Felix prospects and for those Leads where sufficient volumetric data and trapping mechanisms have been identified. We have evaluated the technical risks associated with these Leads and have provided values based on these risks. Based on our calculations, which is the aggregate of the estimated fair market value of a 100% interest, as at the 12 May, 2014, we have estimated the value of the permit Vic/P57 to lie in the range \$35.7 million to \$147.3 million, with a preferred value of \$87.0 million."

GRI assigned a low, preferred and a high value to the two Prospects and all seven Leads identified within VIC/P57. The large valuation range determined by GRI (\$35.7 million to \$147.3 million, with a preferred value of \$87.0 million) results from a summation of all the low and high values respectively. In the balance of this report we have adopted the preferred value of \$87.0 million in assessing the Hibiscus and HiRex Transactions.

7.3 Impact of the Hibiscus Transaction on TDO's Interest in VIC/L31

As at 31 May 2014 TDO owed US\$1.945 million to the Joint Venture. Based on the current exchange rate of approximately A\$1.00 to US\$0.94, TDO's debt is approximately A\$2.07 million.

As the valuation expert valued TDO's 49.9% interest in VIC/L31 at US\$16 million, and TDO's interest is to be reduced by the proportion that the debt owing is to the value of its interest in VIC/L31, the restructure will result in TDO's interest being reduced to 43.83% [49.9% - ((US\$1.9 million / US\$16 million) x 49.9%)].

Furthermore Hibiscus will have an option to acquire TDO's remaining 43.83% interest for approximately US\$ 14.05 million, (approximately A\$15.0 million).

As the value of TDO's interest in VIC/L31 has been determined on an arms length basis and the consideration received by TDO is in cash, we consider this aspect of the proposed restructure to be on normal commercial terms.

7.4 Impact of the Hibiscus Transaction on TDO's Interest in VIC/P57

7.4.1 Funding

TDO has now received an interest free loan of US\$0.6 million from Hibiscus and the receipt of a further US\$1.4 million is imminent. The full amount of US\$2.0 million will need to be repaid by TDO within 8 months. The repayment is to be made to the Joint Venture. If shareholders do not approve the proposed restructure TDO is required to repay this loan to Hibiscus within 5 days of the shareholders' meeting.

Subject to shareholders approving the Hibiscus Transaction, Hibiscus is to pay a further US\$5.5 million to the Joint Venture.

The full amount of the funds paid into the Joint Venture by Hibiscus of US\$7.5 million (the US\$2.0 million initially loaned to TDO and the US\$5.5 million paid into the Joint Venture by Hibiscus on behalf of TDO) will be used to pay for the approved work program of the VIC/P57 Joint Venture. Hibiscus is to fund the next US\$9.2 million of exploration expenditure, thereafter TDO and Hibiscus are to contribute further funds in proportion to their Joint Venture interests.

7.4.2 Consideration

As explained in Section 2, the existing Joint Venture acquired the oilrig GSP Britannia for US\$12 million, plus a further US\$3 million towards the cost of conversion of the rig into a MOPU, a total cost of US\$15 million. As part of the consideration for the payment of US\$7.5 million, Hibiscus will purchase TDO's 49.9% interest in the rig.

In addition to transferring a 49.9% interest in the rig to Hibiscus, TDO is to also transfer a 5% interest in VIC/P57 to Hibiscus, reducing its interest in VIC/P57 to 44.9%.

In Section 7.2.2 above we concluded that the Hibiscus Transaction should be assessed based on the preferred value for VIC/P57 of \$87.0 million determined by GRI. Based on this value a 5% interest in VIC/P57 has a proportional value of \$4,350,000.

Whilst we have not obtained a market valuation of the Britannia, the rig was purchased relatively recently from a third party for US\$12 million and the conversion costs of US\$3 million are also an arms length cost. Consequently we consider the value of US\$15 million to represent an arms length value of a 100% interest in the Britannia. As prima facie TDO is to transfer a 49.9% interest for US\$7.5 million, this aspect of the transaction can be considered to be at arms length.

This part of the Hibiscus Transaction can therefore be reduced to assessing the consideration that TDO is to receive in return for the 5% interest in VIC/P57 valued at \$4,350,000.

The consideration comprises broadly of:

- an interest free loan of US\$2 million for approximately 8 months; offset by
- not having received the US\$5.5 million that would otherwise have been received from the sale of the Britannia rig. We have therefore lost the interest on these funds (until approximately April 2015 when the Sea Lion well is anticipated to be drilled). As the US\$5.5 million will be held in the Joint Venture account TDO will theoretically benefit from the proportional interest earned by the Joint Venture.

We have not quantified the interest impact however we consider it to be insignificant to an overall assessment of the fairness of the Hibiscus Transaction.

8. Conclusion as to Fairness of the Hibiscus Transaction

In Section 5 we defined fairness in respect of the Hibiscus Transaction as follows:

the Hibiscus Transaction is “fair” if the value of the consideration offered by Hibiscus is equal to or greater than the value of the assets given up by TDO to Hibiscus.

In simple terms Hibiscus is offering consideration of US\$7.5 million (approximately A\$8 million) in return for a 49.9% interest in the Britannia rig and a 5% participating interest in VIC/P57.

As the arms length cost of the rig and recent modifications cost approximately US\$15 million (A\$16 million), we assessed the value of a 49.9% interest at approximately A\$8.0 million. We also assessed the value of TDO’s 5% interest in VIC/P57 at \$4,350,000. This means that TDO is to give up assets valued at \$12,350,000 (\$8,000,000 + \$4,350,000).

As the consideration offered by Hibiscus of \$8 million is less than the value of the assets given up by TDO of \$12,350,000, we have concluded that the Hibiscus Transaction is not fair.

The above assessment does not include the option for Hibiscus to purchase TDO’s residual interest in VIC/L31. As the option must be exercised within 5 days, we have not assigned any value to the time value of money option component. As the option exercise price has been set by an independent valuation, we consider the option component of the Hibiscus Transaction to be fair, however as it is up to Hibiscus as to whether it exercises the option, this does not change our overall conclusion that **the Hibiscus Transaction is not fair**.

9. Other Significant Considerations - Hibiscus Transaction

Prior to deciding whether to approve or reject the Hibiscus Transaction the Non-Associated Shareholders should also consider the following factors:

- In Section 7.3 we explained that Hibiscus will have an option to acquire TDO's remaining 43.83% interest for approximately US\$14.05 million, or A\$15.0 million. Should Hibiscus not exercise this option TDO will retain an interest in VIC/L31 and Hibiscus will have a continuing right to reduce TDO's interest in VIC/L31 proportionately for any future cash calls by the Joint Venture that remain outstanding for 5 or more business days. This in effect provides a funding backstop for TDO. However, the current agreement provides that TDO's interest will be reduced based on the expert valuation of TDO's VIC/L31 Interest (US\$16 million) and there is no provision for the this value to be increased in line with additional investment that may be made in the interim. **We believe that this provision has the potential to be significantly prejudicial to TDO.**

We have been advised by TDO that this matter has been discussed with Hibiscus and they have agreed that the new Joint Venture Agreement (yet to be finalised and executed) will provide that after 12 months any reduction in TDO's interest due to the non payment of a call will be in proportion to a newly established fair market value at that time.

- Similarly, the agreement provides that should TDO not meet its obligations in respect of the VIC/P57 Joint Venture within 5 business days, its participating interest can be reduced. This reduction is calculated as the percentage of the unpaid amount to the total approved work program and budget. Whilst this provision also acts as a funding backstop to TDO, the formula does not reflect any value for past exploration and is also potentially significantly prejudicial to TDO as it takes no account of the current value of the permit VIC/P57.
- Should Hibiscus exercise its option to acquire TDO's remaining 43.83% interest, TDO will receive approximately \$15.0 million for its remaining interest in VIC/L31 and will not be required to fund its share of the capital costs of bringing the West Seahorse field into production.
- If Hibiscus does not exercise its option to acquire TDO's remaining 43.83% interest, TDO will retain this interest however it will almost certainly be required to raise additional equity to fund its share of the capital costs of bringing the West Seahorse field into production.
- The potential proceeds from the exercise of the option by Hibiscus would enable TDO to fund its share of the exploration budget for VIC/P57 in the short term.
- If shareholders do not approve the Hibiscus Transaction:
 - a) TDO may be required to repay within five business days the US\$2 million advance, which it will have received from Hibiscus. Whilst we note that TDO announced on 16 June 2014 the sale of an interest in another permit for \$3 million, the need to repay the advance of US\$2 million is likely to cause TDO significant liquidity issues in the short term; and

- b) TDO will be in default of its funding obligations pursuant to the present Joint Venture Agreement and the unpaid amount plus interest thereon will become a debt of TDO. It is our understanding that should TDO not be able to rectify this default, one of the remedies available to Hibiscus would be to trigger a buy-out clause. Pursuant to this clause an expert is to be appointed to determine the fair value of TDO's interest in the Joint Venture and Hibiscus could buy out TDO's current 49.9% share in both VIC/L31 and VIC/P57 for 90% of the fair value determined by the expert. We are unable to estimate the fair value that could be determined by the expert as in part this will depend on the expert's assessment of future oil and currency prices at the time of the determination. However, it is our understanding that a valuation pursuant to the Joint Venture Agreement would not take into account Hibiscus' preferential entitlement to receive 74.9% of the petroleum produced up to a value of \$27 million as this entitlement does not form part of the Joint Venture Agreement. Based on the expert valuation of TDO's interest in VIC/L31, the GRI valuation of VIC/P57 and our assessment of the net present value of Hibiscus' preferential entitlement to \$27 million of revenue, we have estimated the amount that TDO could receive in respect of its current interests in VIC/L31 and VIC/P57 as follows:

	US\$	A\$
Value of TDO's interest in VIC/L31 determined by Deloitte	16,000,000	17,021,277
Theoretical value of Hibiscus' interest in VIC/L31 excluding value of preferential entitlement to income of US\$27 million	16,000,000	17,021,277
Approximate net present value of Hibiscus' preferential entitlement of \$27 million		14,000,000
Sub-total		48,042,553
Value of VIC/P57 assessed by GRI		87,000,000
Total value of exploration assets held by the Joint Venture		135,042,553
90% of TDO's 49.9% share		60,769,149

The above calculation should be regarded as being illustrative only and does not take into account TDO's unpaid obligations to the Joint Venture and interest thereon. Nevertheless we believe that it illustrates that exercise of the buy-out option is unlikely to be attractive to Hibiscus.

- If shareholders do not approve the Hibiscus Transaction, we understand that TDO will be in default of its obligations and to rectify the default TDO will need to raise funds at short notice. We have been advised that TDO's management has been exploring various options to secure alternate funding and its efforts have not been successful to date. This means that if shareholders do not approve the Hibiscus Transaction, TDO may not be able to secure alternate funding, and if so this is likely to be at significant cost to the current shareholders.

- The potential proceeds from the exercise of the option by Hibiscus would enable TDO to fund its share of the future exploration of VIC/P57.

After reviewing the results of our assessment of the fairness of the Hibiscus Transaction set out in Section 8 and after evaluating the other considerations set out above, we consider that the **Hibiscus Transaction is not fair but reasonable** to Non-Associated Shareholders.

Our principal reason for the above conclusion is the lack of alternate funding options and the adverse consequences on TDO of not meeting its obligations pursuant to the Joint Venture Agreement.

10. Assessment of the HiRex Transaction

10.1 The HiRex Option

As explained in Section 2, TDO is to grant to HiRex an option to earn a 20% interest in VIC/P57 in return for HiRex applying its virtual drilling technology to VIC/P57 and providing the resultant data to the Joint Venture. This option must be exercised within one month of TDO's shareholders approving the proposed restructure, and the virtual drilling technology applied to VIC/P57 with a further two months. As the HiRex Transaction is subject to the Hibiscus Transaction which will result in reducing TDO's interest in VIC/P57 to 44.9%, if shareholders approve the HiRex Transaction and HiRex exercises its option, TDO's interest in VIC/P57 will be reduced to 24.9%.

We understand that the technology available to HiRex consists of 3 components:

- Rex Gravity – to detect possible hydrocarbon accumulations through use of satellite data;
- Rex Seepage – to verify hydrocarbon presence through the use of satellite data; and
- Rex Virtual Drilling – to predict the geological presence or absence of hydrocarbons through the evaluation of seismic data.

In particular we understand that Rex Virtual Drilling is a software tool that relies on the phenomenon of resonance in acquired seismic data to detect hydrocarbon deposits and predict oil in-place volumes. The technology claims to increase the probability of success in exploration and appraisal drilling.

10.2 Value of the Consideration

In Section 7.2.2 above we assessed the value of VIC/P57 at \$87.0 million. Based on this value a 20% interest in VIC/P57 has a proportional value of \$17.4 million. We consider this to represent the consideration that TDO is paying for application of the virtual drilling technology.

10.3 Value of the Virtual Drilling Technology Service

HiRex does not offer access to its technology commercially and hence we cannot assess what it would cost to pay a third party for the provision of the virtual drilling technology service. We understand that to date HiRex has entered into only one technology services agreement with a company listed on the Oslo Stock Exchange. We are unable to place a commercial value on the virtual drilling technology based on this transaction, as the terms of the transaction are not publicly available.

11. Conclusion as to Fairness of the HiRex Transaction

In Section 5 we defined fairness in respect of the HiRex Transaction as follows:

the HiRex Transaction is “fair” if the value of the consideration offered by HiRex is equal to or greater than the value of the assets given up by TDO to HiRex.

In Section 10.3 above we concluded that we are unable to place a value on the application of the virtual drilling technology to VIC/P57, as offered by HiRex.

In Section 10.2 above we concluded that TDO is giving up an asset valued at \$17.4 million for the services to be supplied by HiRex.

As there is no market evidence that would enable us to objectively assess the value that HiRex will offer TDO in exchange for a 20% interest in VIC/P57 valued at \$17.4 million, we have concluded that that **the HiRex Transaction is not fair**.

12. Other Significant Considerations - HiRex Transaction

Prior to deciding whether to approve or reject the HiRex Transaction the Non-Associated Shareholders should also consider the following factors:

- we understand that the approved minimum work programme for VIC/P57 requires one exploration well to be drilled by 9 August 2014. The Joint Venture has applied for a one-year extension to the drilling programme. On the assumption that this extension is approved, the Joint Venture will be required to drill an exploration well prior to 9 August 2015. We also understand that a drilling rig is expected to be available in April 2015 to drill the required well and the Joint Venture holds or is applying for the necessary permits to drill the Sea Lion Prospect. It is our understanding that irrespective of the outcome of the application of the virtual drilling technology, the Joint Venture is committed to drilling the Sea Lion Prospect. The outcome of the exploration well at the Sea Lion Prospect has the potential to significantly alter the value of VIC/P57 and in our opinion it would be commercially logical that any proposal to apply the virtual drilling technology to VIC/P57 be negotiated after the results of the exploration well are known.
- whilst in Section 11 we concluded that the HiRex Transaction is not fair and due to the issue referred to in the preceding point it is also not reasonable at this point in time, the Non-Associated Shareholders must bear in mind that the legal agreements that document the Hibiscus and HiRex Transactions are interconditional. This means that should shareholders approve the Hibiscus Transaction but not approve the HiRex Transaction, TDO will be authorized to proceed with the Hibiscus Transaction however Hibiscus will not be obliged to proceed with the Hibiscus Transaction. If Hibiscus were not to proceed with the Hibiscus Transaction, TDO will be in default of its obligations pursuant to the Joint Venture Agreement and to rectify the default TDO will need to raise funds at short notice. We have been advised that TDO's management has been exploring various options to secure alternate funding and its efforts to date have not been successful. This means that if shareholders do not approve the HiRex Transaction, TDO may not be able to secure alternate funding, and if so this is likely to be at a significant cost to the current shareholders.

After reviewing the results of our assessment of the fairness of the HiRex Transaction set out in Section 11 and after evaluating the other considerations set out above, we consider that the **HiRex Transaction when viewed on a stand-alone basis is not fair and is also not reasonable** to the Non-Associated Shareholders.

However, whilst the HiRex Transaction on a stand-alone basis is not fair and not reasonable, if shareholders reject the HiRex Transaction, Hibiscus may not proceed with the Hibiscus Transaction and this will result in TDO being in default of its obligations pursuant to the Joint Venture Agreement, which it may not be able to rectify. As such, rejection of the HiRex Transaction may have dire consequences on the Non-Associated Shareholders and we have therefore concluded that in the present circumstances of TDO the **HiRex Transaction is not fair but reasonable**.

13. Financial Services Guide

13.1 Financial Services Guide

This Financial Services Guide provides information to assist retail and wholesale investors in making a decision as to their use of the general financial product advice included in the above report.

13.2 DMR Corporate

DMR Corporate holds Australian Financial Services Licence No. 222050, authorizing it to provide general financial product advice in respect of securities to retail and wholesale investors.

13.3 Financial Services Offered by DMR Corporate

DMR Corporate prepares reports commissioned by a company or other entity (“Entity”). The reports prepared by DMR Corporate are provided by the Entity to its members.

All reports prepared by DMR Corporate include a description of the circumstances of the engagement and of DMR Corporate’s independence of the Entity commissioning the report and other parties to the transactions.

DMR Corporate does not accept instructions from retail investors. DMR Corporate provides no financial services directly to retail investors and receives no remuneration from retail investors for financial services. DMR Corporate does not provide any personal retail financial product advice directly to retail investors nor does it provide market-related advice to retail investors.

13.4 General Financial Product Advice

In the reports, DMR Corporate provides general financial product advice. This advice does not take into account the personal objectives, financial situation or needs of individual retail investors.

Investors should consider the appropriateness of a report having regard to their own objectives, financial situation and needs before acting on the advice in a report. Where the advice relates to the acquisition or possible acquisition of a financial product, an investor should also obtain a product disclosure statement relating to the financial product and consider that statement before making any decision about whether to acquire the financial product.

13.5 Independence

At the date of this report, none of DMR Corporate, Derek M Ryan nor Mr Paul Lom has any interest in the outcome of the Proposed Transaction, nor any relationship with TDO, Hibiscus, HiRex or their associates.

Drafts of this report were provided to and discussed with the TDO's executives. There were no alterations to the methodology, valuations or conclusions that have been formed by DMR Corporate.

DMR Corporate had no part in the formulation of the Proposed Transaction. Its only role has been the preparation of this report.

DMR Corporate considers itself to be independent in terms of Regulatory Guide 112 issued by ASIC on 30 March 2011.

13.6 Remuneration

DMR Corporate is entitled to receive a fee of approximately \$32,000 plus GST for the preparation of this report. With the exception of the above, DMR Corporate will not receive any other benefits, whether directly or indirectly, for or in connection with the making of this report.


13.7 Complaints Process

As the holder of an Australian Financial Services Licence, DMR Corporate is required to have suitable compensation arrangements in place. In order to satisfy this requirement DMR Corporate holds a professional indemnity insurance policy that is compliant with the requirements of Section 912B of the Act. DMR Corporate is also required to have a system for handling complaints from persons to whom DMR Corporate provides financial services. All complaints must be in writing and sent to DMR Corporate at the above address.

DMR Corporate will make every effort to resolve a complaint within 30 days of receiving the complaint. If the complaint has not been satisfactorily dealt with, the complaint can be referred to the Financial Ombudsman Service Limited – GPO Box 3, Melbourne Vic 3000.

Yours faithfully

DMR Corporate Pty Ltd



Derek Ryan
Director



Paul Lom
Director

Sources of Information

- TDO's annual financial statements for the year ended 30 June 2013;
- TDO's half-year accounts for the period ended 31 December 2013;
- TDO's ASX releases since 1 July 2012;
- Heads of Agreement between TDO, Hibiscus, HiRex and Althea Corporation Limited dated 12 May 2014;
- Draft Umbrella Agreement, Asset Sale and Purchase Agreement VIC/L31, VIC/P57 Option and Farm-out Agreement, VIC/L31 Option Deed, Asset Sale and Purchase Agreement VIC/P57 and Britannia Rig, all dated 29 June 2014;
- Joint Operating Agreement Exploration Permit VIC/P57 dated 8 January 2013;
- VIC/P57 Farm-in Agreement dated 14 August 2012;
- Valuation of VIC/P57 prepared by GRI;
- Presentation by Hibiscus on HiRex dated 21 March 2013;
- Draft notice of meeting; and
- Discussions with TDO's Managing Director and Manager-Commercial & Exploration.

Declarations, Qualifications and Consents**1. Declarations**

This report has been prepared at the request of the Directors of TDO pursuant to Chapter 10 of ASX listing rules. It is not intended that this report should serve any purpose other than as an expression of our opinion as to whether or not the Proposed Transaction is fair and reasonable.

This report has also been prepared in accordance with the Accounting Professional and Ethical Standards Board professional standard APES 225 – Valuation Services.

The procedures that we performed and the enquiries that we made in the course of the preparation of this report do not include verification work nor constitute an audit in accordance with Australian Auditing Standards.

2. Qualifications

Mr Derek M Ryan and Mr Paul Lom, directors of DMR Corporate prepared this report. They have been responsible for the preparation of many expert reports and are involved in the provision of advice in respect of valuations, takeovers and capital reconstructions and reporting on all aspects thereof.

Mr Ryan has had over 40 years experience in the accounting profession and he is a Fellow of the Institute of Chartered Accountants in Australia. He has been responsible for the preparation of many expert reports and is involved in the provision of advice in respect of valuations, takeovers and capital reconstructions and reporting on all aspects thereof.

Mr Lom is a Chartered Accountant and a Registered Company Auditor with more than 35 years experience in the accounting profession. He was a partner of KPMG and Touche Ross between 1989 and 1996, specialising in audit. He has extensive experience in business acquisitions, business valuations and privatisations in Australia and Europe.

3. Consent

DMR Corporate consents to the inclusion of this report in the form and context in which it is included in TDO's Explanatory Statement.

**Valuation
of
Vic/P57 (offshore) Gippsland Basin, Australia**

Prepared for

DMR Corporate Pty Ltd

By

Global Resources & Infrastructure Pty Ltd

This report has been prepared at the request of DMR Corporate Pty Ltd. The purpose of this report is to provide an independent review and valuation of exploration permit Vic/P57, offshore Gippsland Basin, Australia.

The report, prepared by Global Resources & Infrastructure Pty Ltd has (i) reviewed a variety of technical reports prepared by 3D Oil Limited and various consultants some of which were commissioned by 3D Oil Limited; (ii) evaluated valuation methods and developed monetary outcomes based on these valuation methods; and (iii) reviewed several transactions in the oil and gas industry within Australia to determine the nexus between oil equivalent prices paid for assets that formed these transactions, which we have then used to calculate value for 3D Oil Limited resource assets.

Our work is based on information supplied by management, directors and staff of and consultants to, 3D Oil Limited; company reports based on previous exploration activities in the region of this petroleum permit; publicly available information and reviews of data collected, collated and assessed by financial institutions.

The report has been completed in accordance with the terms and conditions described herein and set forth in our agreement with DMR Corporate Pty Ltd.

20 June 2014

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1 INTRODUCTION

1.1. BACKGROUND

3D Oil Limited ("TDO" or "the Company") is an Australian publicly listed [ASX: TDO] oil and gas exploration and production company based in Melbourne, Victoria.

The Company's holds a 49.9% interest in exploration permit Vic/P57, located in the offshore Gippsland Basin. Production Licence, Vic/L31 containing the West Seahorse oil field, was recently granted over an area that previously formed part of Vic/P57. After the excise of Production Licence Vic/L31 from Vic/P57, the area of Vic/P57 permit has been reduced to 448.8 km².

Two exploration prospects, Sea Lion and Felix have been identified within Vic/P57. Sea Lion is regarded as being "drill ready" with Felix requiring some further evaluation. Additionally, several Leads have also been identified but considerably more work is required on these before they can be up-graded to Prospect status.

During August 2012, TDO completed a farm-out of Vic/P57 to Carnarvon Hibiscus Pty Ltd ("Hibiscus"). Under the Farm-in Agreement, Hibiscus acquired a 50.1% interest in VIC/P57 up front, and is required to invest up to \$27m in tranches to fund joint operations on the permit. Under the Subscription Agreement, Hibiscus also subscribed for new shares in TDO equal to 14.99% of TDO's share capital (before the new shares were issued) as part of a cornerstone investment. This was equivalent to 13.0% following Completion and issue of the new shares to Hibiscus.

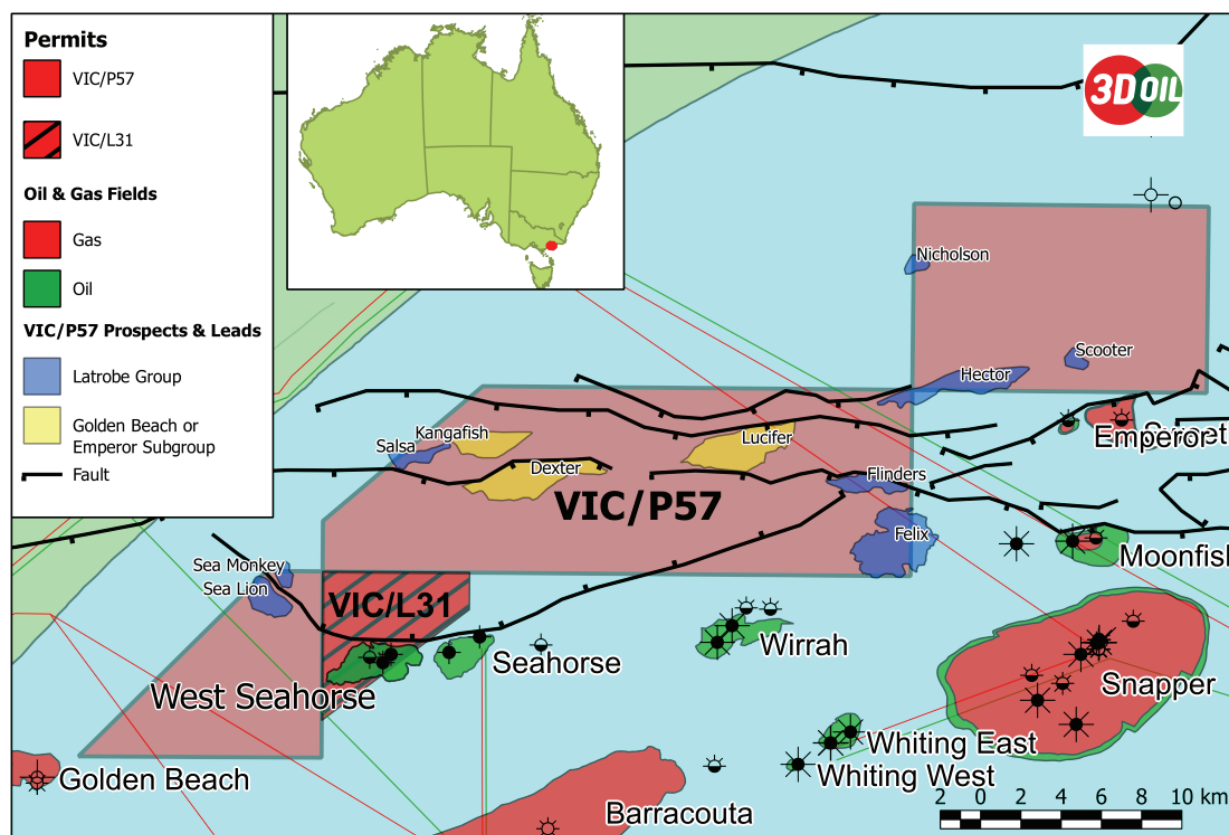


Figure 1: Vic/P57 showing locations of producing fields, West Seahorse field and prospects and leads.
(Source: 3D Oil Limited)

The \$27m invested by Hibiscus is to provide funding to progress the West Seahorse field under a Joint Operating Agreement with the intention of proceeding to development if successful. To facilitate this development, a petroleum Production Licence application was made and Licence (Vic/L31) was subsequently granted on 15 December 2013 with the area covered by Vic/L31 excised from Vic/P57. Under the terms of the Farm-in Agreement, Hibiscus will be preferentially entitled to receive 74.9% of petroleum produced from the permit until such time as the sales revenue equals the amount funded by Hibiscus. Dr Kenneth Pereira, Managing Director of Hibiscus, has also joined the Board of TDO. Hibiscus has assumed operatorship of the permit.

The joint venture is planning to drill the Sea Lion prospect, which is one of two prospects currently defined within Vic/P57, the other being the Felix prospect. The Sea Lion prospect has been estimated to contain Prospective Resources of 11.5 MMstb (P50) within the N zero reservoir zone with Prospective Resources for the Felix prospect estimated to be 46.0 MMstb (P50). Detailed seismic acquisition previously recorded and reprocessed by TDO over a significant portion of the permit has revealed several significant structural anomalies, which have now been upgraded to Lead status.

1.2. PURPOSE OF THE REPORT

DMR Corporate Pty Ltd ("DMR Corporate") has been retained by TDO to provide to it an Independent Expert's Report in respect of a proposed restructure of the VIC/P57 Joint Venture. DMR Corporate has requested Global Resources & Infrastructure Pty Ltd ("GRI") in its capacity as a "Specialist" under VALMIN (2005) to provide to it an independent technical review and valuation of petroleum exploration permit Vic/P57, located offshore Gippsland Basin, Victoria.

1.3 PERMIT REVIEWED

Petroleum exploration permit Vic/P57 reviewed by GRI is as follows:

Table 1 - Summary Table Exploration Permit Vic/P57

Permit	Operator	% Interest Held	Basin	Expiry Date	Permit Area (Km ²)	Comments
Vic/P57	3D Oil	49.9	Gippsland	August 2016	448.8	Exploration

In February 2011, TDO engaged Gaffney Cline & Associates ("GCA") to prepare an independent technical review and to prepare a statement of Reserves and Contingent Resources for the West Seahorse Field. In November 2011, the 3D data were reprocessed resulting in an updated interpretation of the main reservoirs and subsequent Gross Rock Volume (GRV) estimates. TDO requested that GCA update its previous Reserves and Contingent Resources assessment to take into account the upgraded GRV and the updated status of the project. The latest GCA report used by GRI in its evaluation of the Vic/P57 permit was completed in February 2014.

GRI has reviewed several reports prepared by TDO, the report prepared by GCA and reports prepared by other consultants. Of particular importance in our evaluations and valuations was the work carried out on the West Seahorse oil field, which we have considered to be an analogue for the Sea Lion prospect.

The Felix prospect is regarded as being a deeper target to Sea Lion, targeting the Sub-volcanics deeper in the Latrobe section. In this instance the work by TDO has proved of value in our estimations.

We have briefly reviewed the structural Leads that have been identified by TDO. We have reviewed the assumptions adopted by TDO in estimating potential hydrocarbons contained within these Leads but have made no attempt to estimate potential values given the preliminary nature of their development.

2 SUMMARY AND VALUATION

2.1 EXECUTIVE SUMMARY

- TDO is an Australian public company listed on the Australia Securities Exchange (“ASX”) with petroleum exploration permits located in the Gippsland and Otway Basins, Australia.
- The Company has focussed its activities on the Gippsland Basin in general, which has been one of the most prolific oil and gas producing regions in Australia and the Vic/P57 exploration permit in particular.
- Exploration Permit Vic/P57 was initially granted for a period of six years from 19 April 2004. In Year 3, the work permit commitments were temporarily suspended to allow for delays in construction of new-build West Triton jack-up MODU, which had been contracted to drill the commitment wells. The exploration permit was renewed in August 2011 with the relinquishment of 50% of the original blocks. Application was made to the Commonwealth government on 3 September 2012 for the declaration of a Location (West Seahorse Field) within Vic/P57. On 2 November 2012, block number 1916 (Part) was declared to be a Location for the purposes of Section 131 of the *Offshore Petroleum and Greenhouse Gas Storage Act (2006) (OPGGSA 2006)*.
- On 8 January 2013, TDO completed a Farm-in Agreement with Hibiscus who will inject \$27 million into the Joint Venture and as a result has acquired an up-front 50.1% direct interest in Vic/P57. Also by way of a placement of new shares, Hibiscus holds approximately 13% of the issued ordinary shares in TDO.
- Application for a Production Licence covering the West Seahorse Field over the declared West Seahorse Location was submitted on 23 April 2013. Production Licence VIC/L31 was granted on 5 December 2013.
- The renewed Vic/P57 permit covers an area of 448.8 km² and contains two prospects, Sea Lion and Felix and several potential Leads. All of these are structural features and appear to be closely associated with a major structural wrench faulting system that operates along the northern margin of the basin.
- Sea Lion prospect has been estimated to contain Prospective Resources of 11.5 MMstb (P50) at the N zero reservoir zone with a further 20.7 MMstb estimated in the N2.6 reservoir zone should internal seals prove effective trapping mechanisms. The Felix prospect has been estimated to contain recoverable Prospective Resources of 46.0 MMstb (P50).
- Based on the valuation methods employed we have determined that at the current level of exploration development that at the 12 May 2014, the value of a 100% interest in VIC/P57 permit lies in the range \$35.7 million to \$147.3 million with a preferred value of \$87.0 million.

2.2 VALUATION

We have reviewed the technical and financial data available on Vic/P57 and based on this information we have provided valuations for the Sea Lion and Felix prospects and for those Leads where sufficient volumetric data and trapping mechanisms have been identified. We have evaluated the technical risks associated with these Leads and have provided values based on these risks. Based on our calculations, which is the aggregate of the estimated fair market value of a 100% interest, as at the 12 May, 2014, we have estimated the value of the permit Vic/P57 to lie in the range **\$35.7 million to \$147.3 million, with a preferred value of \$87.0 million.**

It is our opinion that the methods used are appropriate given the various levels of exploration development of Vic/P57 and in considering the level of knowledge and understanding of the permit. The method used to value the Sea Lion and Felix prospects is commonly used within the petroleum industry for assessing the value of known and potential petroleum accumulations and therefore appropriate in these circumstances.

Table 2 provides the valuation estimates and the valuation method for the exploration permit Vic/P57, which is the subject of this report.

Table 2: Summary – Valuation Estimations for Vic/P57

	Interest Valued	Valuation Method	Value		
			Low	Preferred	High
Prospect					
Sea Lion (N zero + N2.6)	100%	YM	\$18.12	\$39.57	\$60.76
Felix	100%	YM	\$7.19m	\$15.68	\$24.09
Sub-total			\$25.31m	\$55.25m	\$84.85
Lead					
Scooter	100%	YM	\$0.48	\$1.71	\$3.62
Salsa	100%	YM	\$2.53	\$7.95	\$15.95
Hector	100%	YM	\$2.69	\$8.22	\$16.24
Dexter	100%	YM	\$1.31	\$3.57	\$6.57
Lucifer	100%	YM	\$2.05	\$6.14	\$12.00
Flinders	100%	YM	\$1.07	\$3.26	\$6.43
Kangafish	100%	YM	\$0.28	\$0.85	\$1.67
Sub-total			\$10.41	\$31.70	\$62.48
Total			\$35.7m	\$87.0m	\$147.3m

NOTE: YM – Yardstick Method

3 METHODOLOGY AND APPROACH

3.1 INTRODUCTION

The purpose of this report is to provide a valuation, as at 12 May 2014, of TDO's exploration permit Vic/P57. We have reviewed the technical reports provided by TDO, relied on our knowledge of the geology and economics of the Gippsland Basin and reviewed references in published literature available through various sources. We determined that the most appropriate valuation method in this instance is that based on the sum of the parts methodology.

Resources quoted in this report have been determined by TDO using the Petroleum Resources Management System ("PRMS") approved by the Society of Petroleum Engineers, the World Petroleum Council, the American Association of Petroleum Geologists and the Society of Petroleum Evaluation Engineers in March 2007. Valuation estimations for the permit have been undertaken in accordance with the requirements of VALMIN (2005) of the Australasian Institute of Mining and Metallurgy ("The AusIMM"), Australian Institute of Geoscientists and Petroleum Exploration Society of Australia.

In general, a valuation is derived by considering a technical value, reflecting the assessed future net economic benefit of the project, which can be adjusted by way of a premium or discount, for given market and other conditions presently applicable to determine a fair market value. With this in mind, the application of standard valuation methodologies, while possible, may not indicate a realisable value, as the ability of a potential purchaser to use the asset for commercial advantage or otherwise gain from its ownership, may not be achievable.

All references to dollars within this report are to Australian Dollars except where otherwise identified.

3.2 VALUATION METHODS CONSIDERED

The primary valuation method used for the prospects and leads adopts a market-based approach for the Prospective Resources evaluated. In accordance with the PRMS, Prospective Resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective Resources have both an associated chance of discovery and a chance of development. Prospective Resources are further subdivided in accordance with the level of certainty associated with recoverable estimates assuming their discovery and development and may be sub-classified based on project maturity from prospects with the highest level through Leads and then to Plays with the lowest level of maturity.

In this report, all resources are regarded as being Prospective Resources with "Best Estimate" values provided.

3.2.1 RULE OF THUMB OR YARDSTICK METHOD

We have used an industry "Rule of Thumb" or "Yardstick" method for estimating the value of both of the prospects and the leads that have currently been identified and for which contingent resources have been estimated. This method implies that a price per unit of product can be calculated based on a series of similar commodity transactions and that by estimating this "yardstick" value per unit of product, in this instance a \$/BOE, that the implied value of the asset can be estimated based on the potential volume of commodity that may be present within the asset.

This "Yardstick" is, in our opinion, limited in its ability to provide a potentially accurate value for an asset but as these assets are at best described as early-mature exploration stage projects we consider this method to be the most appropriate for use in providing value at this stage in their development cycle.

As a further consideration of the risks involved with these assets we have applied a COS (Chance of Success) for the prospective resources estimated for the Sea Lion and Felix prospects and for each

of the leads. This COS value has been multiplied by the estimated recoverable resource for each asset and then by the Yardstick value (\$/BOE) to provide a market value for each asset.

In compliance with the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports ("VALMIN"), GRI reviewed historic transactions containing assets of approximately similar or greater levels of exploration development as those within VIC/P57. A total of fourteen comparable transactions were identified, which were then analyzed to determine the distribution of transaction values on a \$ per BOE ("\$/BOE") basis. The transactions analysed are contained in Appendix B to this report. Based on these Comparable Transactions we determined the following Multiples (\$/BOE) should be applied to the risked resources determined for the Prospects and Leads.

Table 3: Resource valuations based on Comparable Transactions

Low value(\$/BOE)	Average value (\$/BOE)	Median value (\$/BOE)	High value (\$/BOE)
1.42	4.76	4.77	6.98

For our valuations using the Comparable Transactions method we have used the following prices per barrel of oil equivalent (\$/BOE).

- Low value: \$1.42
- Preferred value: \$3.10
- High value: \$4.76

While the data set is limited, it is our opinion that there are sufficient transactions to establish a range of \$/BOE values that when applied to the Sea Lion and Felix prospects and other Leads, giving due consideration to the amount of technical and related exploration work done to date on each, to be reasonably confident that the values are representative of the values that industry would apply to these Prospective Resources. Leads have been assigned significantly lower values in our risk weighting. A summary of the estimated recoverable resources, COS values and the \$/BOE multiples applied to each lead are shown in Table 11.

4 EVALUATION OF VIC/P57

4.1 INTRODUCTION AND DESCRIPTION

TDO owns a 49.9% interest in VIC/P57 - offshore Gippsland Basin. The permit covers an area of 448.8 km² and is located in the northwestern region of the offshore portion of the Gippsland Basin. This region represents one of Australia's most prolific hydrocarbon producing basins and is well placed to provide energy into the two largest energy markets in eastern Australia.

TDO was granted the VIC/P57 Exploration Permit on 19 April 2004. On the expiration of the original permit term a compulsory relinquishment of 50% of the original blocks occurred and the permit was renewed for a further five-year term in August 2011. On 3 September 2012 an Application was made to the Commonwealth government for the declaration of a Location (West Seahorse Field) within VIC/P57 and on 2 November 2012, block number 1916 (Part) was declared to be a Location for the purposes of Section 131 of the *Offshore Petroleum and Greenhouse Gas Storage Act (2006)* (OPGGSA 2006).

On 8 January 2013, TDO completed a Farm-in Agreement with Hibiscus. The terms of the Farm-in required Hibiscus to inject \$27 million into the Joint Venture for which it was entitled to acquire an up-front 50.1% direct interest in the VIC/P57 permit. Hibiscus also paid \$2 million to take a placement of new shares, resulting in ownership of approximately 13% of the issued ordinary shares in TDO.

Application for a Production Licence covering the West Seahorse Field over the declared West Seahorse Location was submitted on 23 April 2013 and Production Licence VIC/L31 was granted on 5 December 2013. The renewed permit area is shown in bold line and VIC/L31 is indicated in crosshatch in Figure 2 below.

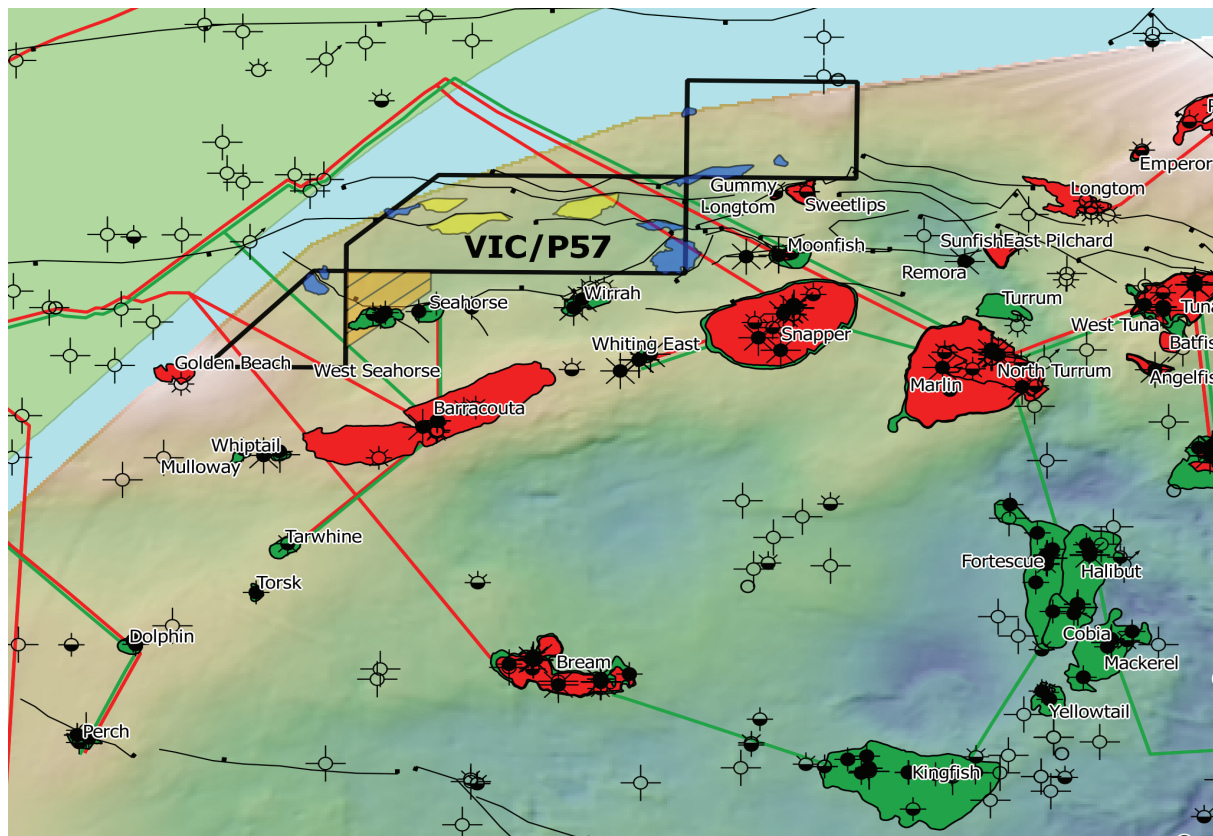


Figure 2: Gippsland Basin 'Top of Latrobe Group' map, showing exploration wells, oil and gas fields and pipelines, and the VIC/P57 Exploration Permit. (Source: TDO Limited)

4.2 GIPPSLAND BASIN OVERVIEW

The Gippsland Basin has been the most prolific petroleum liquids province in Australia having produced approximately 57 percent of Australia's produced petroleum liquids. To date, almost 29000 PJ (4.8 billion barrels) of petroleum liquids and 17000 PJ of gas have been discovered from the more than 150 exploration wells drilled in the offshore Gippsland Basin, making it significant by world standards and achieving a technical success rate better than 40 percent.

4.3 VIC/P57 OVERVIEW

The renewed VIC/P57 covers an area of 448.8 km² and encompasses a geologically diverse area along the Northern Terrace and the Central Deep portions of the offshore Gippsland Basin. The primary target at the Sea Lion prospect is the Top Latrobe 'coarse clastics', which is the same as that at the West Seahorse oil field located 2 km to the east and which are producing at the Seahorse Field. A drill stem test in the main oil zone of the 1981 discovery well, West Seahorse-1, flowed 1800 bopd through a half-inch choke.

VIC/P57 is flanked to the south by several oil and gas fields including the giant Barracouta and Snapper gas fields, which are both located on a large regional anticline that is interpreted to shield the VIC/P57 region from significant gas charge. Consequently it is thought unlikely that any oil accumulations in VIC/P57 will have been displaced by gas. Other oil and gas fields on the southern flank of the permit include Golden Beach, Mulloway/Whiptail, Seahorse, Wirrah, Whiting, Emperor and Sweetlips.

In recent years exploration wells along trend of prospects and leads in VIC/P57 have intersected hydrocarbons, including West Whiptail-1, Longtom-2, Grayling-1A, West Moonfish-1, North Wirrah-1 and South East Remora-1. Within what is now VIC/L31, the 2008 Wardie-1 exploration well also encountered oil shows. All of these targets were located from mapping of Esso's Northern Margin 3D seismic survey.

Despite its proximity to numerous hydrocarbon discoveries, the VIC/P57 permit is lightly drilled. Only four wells have been drilled within what was the original area of the permit and these are all now located within VIC/L31 Licence, either forming part of or immediately adjacent to the West Seahorse Field.

VIC/P57 contains several prospects and leads. Extensive interpretation and reprocessing of the Northern Fields 3D seismic survey and new data post-drilling has been incorporated into TDO's permit-wide mapping of the prospects and leads, resulting in improved confidence in the depth maps, particularly of the upper Latrobe Group section. Ongoing evaluation of the Golden Beach and Emperor Subgroups has resulted in improved understanding of the distribution of these fairways across the permit and better definition of the new leads within these strata.

4.4 WEST SEAHORSE ANALOGUE

The West Seahorse oil field lies within VIC/L31 and is considered an analogue for Sea Lion. The oil field contains 2P reserves of 6.5 MMbbl of light crude oil. The discovery well, West Seahorse-1 was drilled in 1981 by Hubday Oil Australia Limited following the oil discovery in the neighbouring Seahorse Field by Esso in 1978. The field lies approximately 14 km from the coast and in 40m of water. Hubday reported the well intersected two separate oil-bearing zones in the upper section of the Latrobe Group. These correlate to two of the oil reservoirs in the nearby Seahorse Field, which were labelled the N1 and N2.6 reservoir sands by Esso. The N1 sand flowed oil at a rate of 1800 bopd through a half-inch choke. The oil is mildly biodegraded, paraffinic with a low gas oil ratio. In 1982, Hubday drilled a follow-up well, West Seahorse-2, which recovered a small quantity of oil from a RFT in a thin sand in the upper Latrobe Group, but provided an indication of controls of reservoir continuity.

TDO drilled the West Seahorse-3 appraisal well in April 2008. Both the N1 and N2.6 oil zones were encountered in excellent reservoir sands and the well was suspended for future production.

The Wardie-1 exploration well was drilled in May 2008 to test a separate structural culmination on the southwest flank of the field. Target reservoirs in the well came in deep to prognosis, but oil was encountered in the upper Latrobe Group, stratigraphically higher than the N1 unit that is oil-bearing in the West Seahorse field. Wardie-1 was plugged and abandoned, but the oil encountered may be considered for a future tie-in to the West Seahorse field.

4.5 VIC/P57 WORK PROGRAMME

The approved minimum work programme for the five-year renewal period is as shown below.

Table 3: Work commitments for renewal period

Year	Permit Year Starts	Permit Year Ends	Minimum Work Requirements
1	10 Aug 2011	9 Aug 2012	Interpretation and depth conversion of approximately 500 km ² of re-processed Northern fields seismic data
2	10 Aug 2012	9 Aug 2013	Geological/Geophysical Studies, including sources and migration studies. Pre-drill preparatory works, including site investigation studies
3	10 Aug 2013	9 Aug 2014	One exploration well ¹
4	10 Aug 2014	9 Aug 2015	Geological/Geophysical studies
5	10 Aug 2015	9 Aug 2016	One exploration well

NOTE: 1. An application has been made to National Offshore Petroleum Titles Administrator (NOPTA) to obtain a 12 months time extension to the drilling program. This is currently under consideration.

4.6 VIC/P57 PROSPECTS AND LEADS

4.6.1 INTRODUCTION

At this stage in the exploration development of Vic/P57 TDO has identified two Prospects, namely Sea Lion and Felix. Both prospects are located on the southern boundary of the Rosedale Fault and on trend with the oil discoveries of West Seahorse, Seahorse, Wirrah, West Moonfish and Moonfish. (Figure 3).

Sea Lion targets the Upper Latrobe group reservoirs, similar to the West Seahorse. These reservoirs are not in closure at Felix, which targets deeper reservoirs within the Latrobe Group.

In addition to the two prospects, TDO has also identified several Leads that warrant further evaluation beyond that already undertaken. The Leads currently identified within VIC/P57 fall into two main categories as follows:

- Top Latrobe potential Leads – such as Scooter, Salsa and Hector;
- Golden Beach or Emperor Group Leads – such as Dexter, Lucifer, Flinders and Kangafish.

All of the recoverable volumes presented below in Table 4 are unrisks, best estimate cases per SPE-PRMS definitions (as provided by TDO). GRI has estimated a chance of success for each prospect and lead based on information provided by TDO and our own professional opinion. Deterministic modeling of known field geology and general basin reservoir performance supports resource estimates for Sea Lion, Felix and the Leads. In those leads identified as potentially containing gas resources, GRI has standardised all gas volumes to Barrel of Oil Equivalent (BOE).

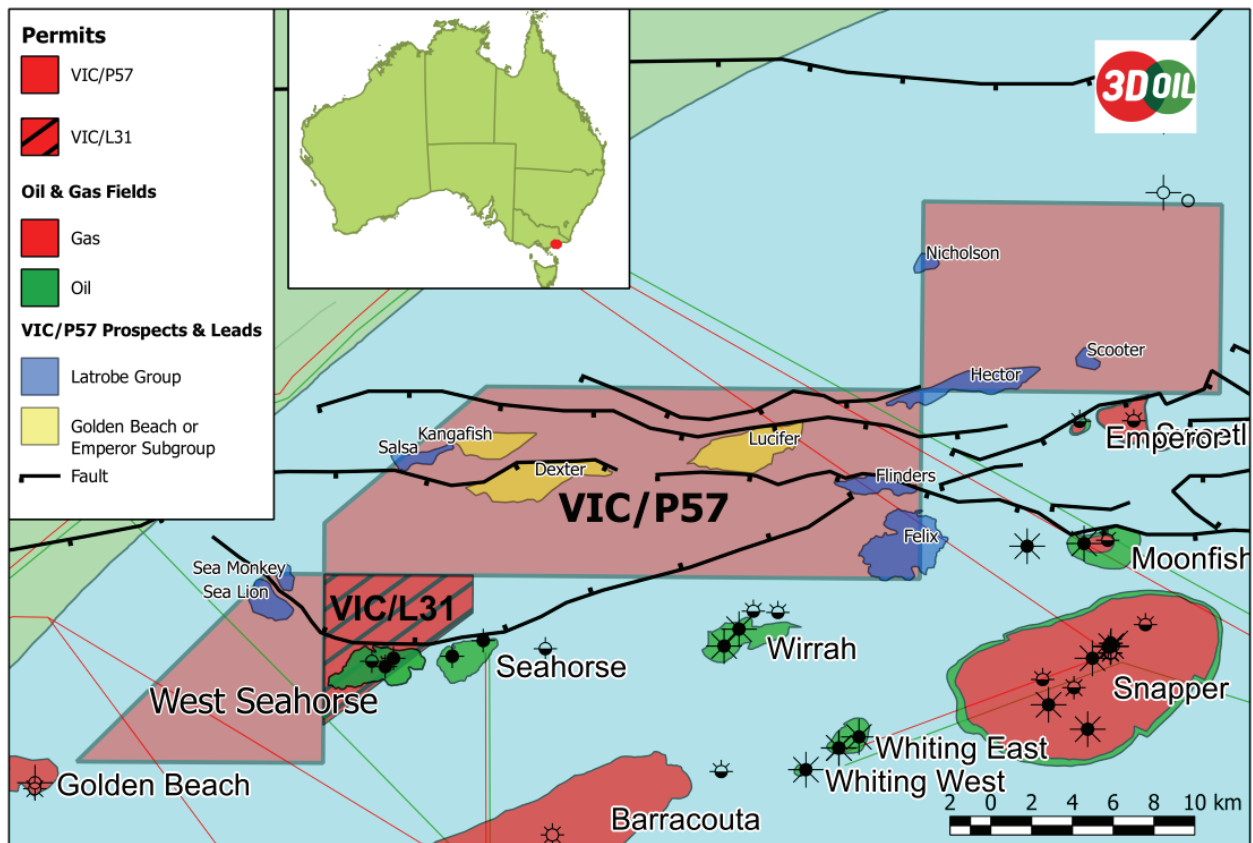


Figure 3: Prospects and Leads in VIC/P57

Table 4: VIC/P57 Leads illustrating Potential Recoverable Barrels of Oil Equivalent (un-risked)

Lead	Stratigraphic Level	Structural Style	Potential Recoverable (MBOE) (un-risked)
Scooter	Top Latrobe	Inversion anticline	4.2
Salsa	Top and Intra Latrobe	Inversion anticline	22.3
Dexter	Golden Beach & Emperor	Downside inversion rollover	11.5
Lucifer	Golden Beach & Emperor	Downside inversion rollover	36
Flinders	Intra Latrobe	Downside inversion rollover	15
Kangafish	Golden Beach & Emperor	Downside inversion rollover	3.9
Hector	Top Latrobe	Channel truncation	37.9

TDO views the Sea Lion prospect to have stacked potential, with reservoirs of N. asperus age; Gurnard, N1, N2.2, N2.3, N2.6 and P1. Sea Lion located along strike for the West Seahorse discovery, which encountered oil in the Gurnard, N1 and N2.6 reservoirs (Figure 4).

The Felix Prospect is located between the Moonfish/West Moonfish and Wirrah fields, with closure mapped at multiple levels from the intra-Latrobe into the Golden Beach Subgroup. Both Moonfish and Wirrah have multiple levels of trapped hydrocarbons, and Felix is also predicted to contain stacked hydrocarbon columns.

A structural correlation between Sea Lion, West Seahorse, Felix and Moonfish is shown in Figure 5.

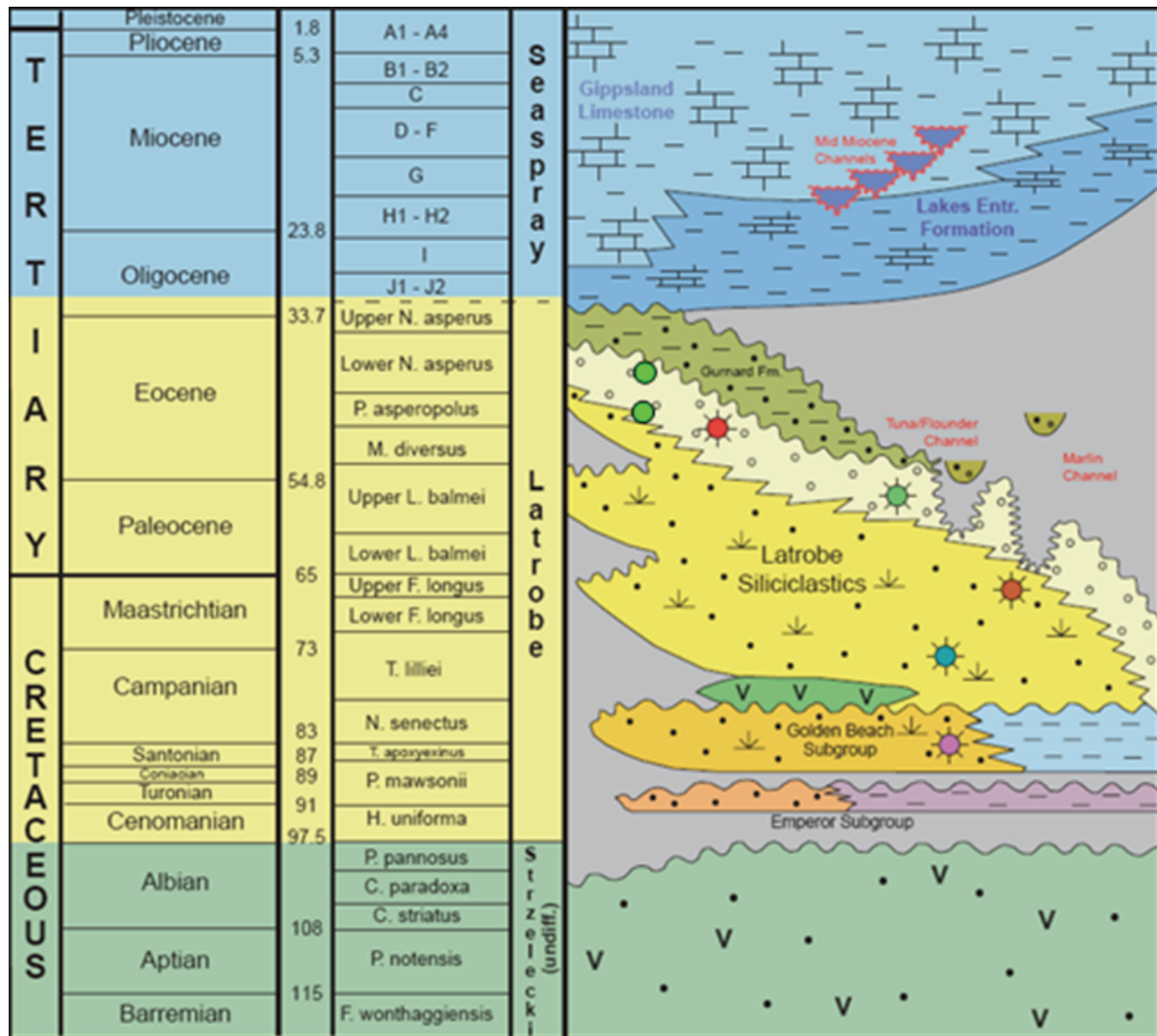


Figure 4: Stratigraphic column Gippsland basin illustrating reservoir targets for Sea Lion and Felix Prospects. (Source: 3D Oil Limited)

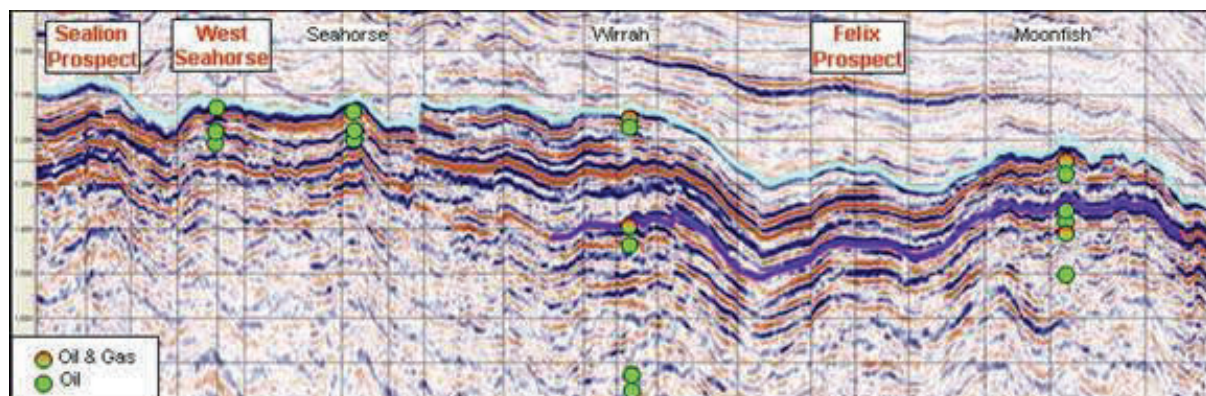


Figure 5: Composite seismic section (W-E) illustrating the Sea Lion and Felix Prospects. (Source: 3D Oil Limited)

4.6.2 SEA LION PROSPECT

Sea Lion prospect is a four-way dip closed anticline at top Latrobe Group approximately 7.5 km to the west of West Seahorse development (Figure 6). TDO regards this prospect to be the best opportunity in Vic/P57 to add reserves to the West Sea Horse project.

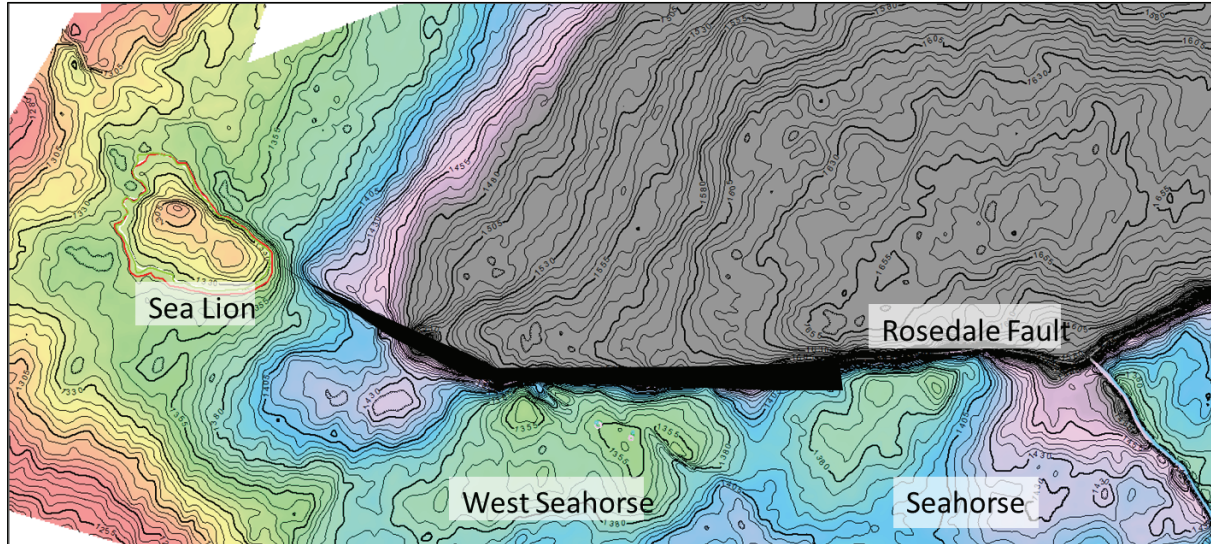


Figure 6: Overview of the Sea Lion structure at Top Latrobe. (Source: 3D Oil Limited, 2014)

Sea Lion is a simple structural closure against the Rosedale Fault but unlike at West Seahorse the Rosedale Fault does not penetrate the Top Latrobe horizon in the Sea Lion structure. The structure is robust in time with a mapped area of approximately 2.65km² and no faulting evident at top reservoir. The steep aspect to the structure appears to be the result of differential compaction in flanking coaly sediments around thick sand-filled channel(s) (Figure 7).

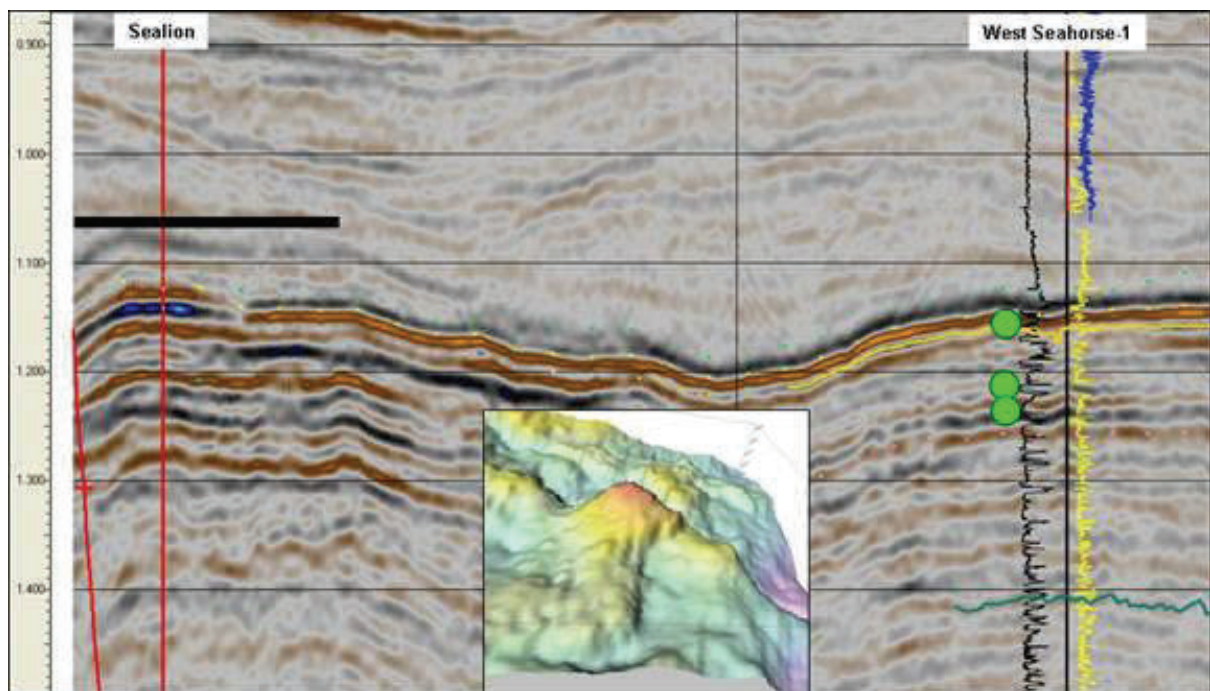


Figure 7: Seismic line illustrating juxtaposition of Sea Lion and West Seahorse oil fields. (Source: 3D Oil Limited)

Seismic data quality in the region of the 3D data is high, allowing good confidence in the interpretation of the relevant subunits. Reprocessing of the data marginally improved interpretability in some areas but is not considered to be critical to the mapping of the Sea Lion structure. Faults apparent in the original Northern Fields seismic data now appear in the reprocessed data to be steep gradients in some cases. This has aided the interpretation of the N1 reservoir channel system, which historically has had a very high success rate in the Gippsland Basin.

The top "coarse clastics" in the Gippsland Basin are a proven, prolific hydrocarbon play. Top seal and reservoir risk are minimal leading to high exploration success rates in the vicinity of Vic/P57. Hydrocarbon charge remains a modest risk, as the structure requires hydrocarbon migration from deeper in the section. Intra-formational seals required for stacked pay are higher risk than the top seal rendering the number and degree of fill of stacked reservoir difficult to quantify.

TDO has not factored in the possibility of gas fill, as the structure is not part of a gas spill-fill chain from the large gas fields to the south. GRI has estimated the Probability of Success (POS) as a percentage as seen in Table 5.

GRI estimated the POS of the N zero at 48% and for the N2.6 at 35%, as shown in Table 4. Based on our evaluation we have concluded that:

- Trap presence is most likely at both zones;
- Reservoir and seal are very likely at the N zero zone given the production from this reservoir in the adjacent field but reservoir quality and particularly seal at the N2.6 zone is more concerning;
- Charge is seen as probable. We are confident that a hydrocarbon charge has occurred and we recognise that while there may be risks associated with phase and flushing that these are minimal.

Table 5 – Probability of Success (POS) % for Sea Lion prospect

Zone	Trap	Reservoir	Seal	Charge	Total
N zero	90%	80%	95%	70%	48%
N2.6	90%	70%	80%	70%	35%

Prospective resources are presented in Table 6. The resource position has improved over previous estimates due to an improved depth conversion (hence higher GRV), and the recognition that high quality shore-face sands can be correlated into the prospect from the northwest, bringing significant new volume at the top coarse clastics (Nzero reservoir).

TDO reviewed the seismic interpretation and calculated volumetrics for the prospect at the Nzero, N1 and N2.6 and P1 zones. Based on this mapping and using West Seahorse as an analogue for the reservoir parameters, they recognised that there was also the possibility of some upside potential at the N2.2, N2.3 and P1 levels on the assumption that intra-formational seals are present. GRI has not included these resource volumes in our valuation.

Furthermore, based on the work by TDO, GRI acknowledges that additional prospective volumes could be available for the *L balmei*, *F longus* and *N senectus* zones but, as in the case for the N2.2, N2.3 and P1 zones, we believe that the integrity of the intra-formational seals represents too high a risk to include these in our resources valuations. The probabilistic resource of the N zero reservoir at the Top Latrobe level provides a resource range (mmbbls) in the order of 9.3 (P90), 11.5 (P50) and 14.1 (P10). On combining the Top Latrobe with the N2.6 reservoir zone the prospective resource range (mmbbls) is in the order of 23.9 (P90), 32.2 (P50) and 42.8 (P10).

Table 6: Sea Lion prospective resource ultimate recovery

Zone	Lower Risk (mmbbls) Top Coarse Clastics			Moderate Risk (mmbbls) One Stacked Pay Zone			Higher Risk (mmbbls) Multiple Stacked Plays		
	P90	P50	P10	P90	P50	P10	P90	P50	P10
<i>Nzero</i>	9.3	11.5	14.1						
<i>N1</i>							7.3	12.5	19.9
<i>N2.6</i>				14.6	20.7	28.7			
<i>P1</i>							4.7	6.5	8.7
<i>M div</i>							6.7	11.6	18.5
Upper Latrobe Totals	9.3	11.5	14.1	14.6	20.7	28.7	31.7	51.0	77.3
Deeper Units									
<i>L balmei</i>							2.7	5.4	9
<i>F longus</i>							6.8	13.3	22.2
<i>N senectus (Golden Beach)</i>							0.5	1.3	2.6
Deeper zones total							10	19.9	33.8

Reservoir characteristics of porosity, saturation and GOR are predictable within relatively close limits. Reasonable ranges derived from existing drilling have been imposed. A GRV range of +/- 5% is based on detailed analysis of the possible volumetric impact of depth conversion errors at the West Seahorse field.

All volumetrics are done as full-to-spill for each reservoir. Adjacent fields all exhibit stacked pays, so TDO believes the base case scenario is one main and one stacked pay zone, although the degree of fill of stacked pay zones is harder to predict. By reference to the N2.6 pay at West Seahorse the most likely stacked pay reservoir at Sea Lion is regarded as being the N2.6. As can be seen in Table 4, Resource estimates have been presented in risk classes in order to illustrate the higher chance of overall success from the higher risk for the stacked pay reservoirs. All West Seahorse-equivalent reservoirs can be drilled at near-crestal positions by a vertical well from the proposed location.

Closures at Sea Lion extend to near the interpreted economic basement in the Strzelecki Group at approximately 2500m. Horizons conforming to deep prospective intervals in the Gippsland Basin section down to the Golden Beach Formation all show closure, although the closure becomes increasingly fault-dependent. While the mapping of these potential reservoirs is less secure due to poor imaging and fewer drill intersections the section is considered prospective and deterministic volumetrics are encouraging.

The recoverable volume range is approximately 10-80 mmbbls, depending on the number of successful reservoir zones that can produce.

4.6.2.1 Valuation of Sea Lion

The values for the Sea Lion prospect for P50 Resources Estimates (after risking) are contained in Table 7 below. Total value for Sea Lion on a risked basis as at 12 May 2014 is estimated to be in the range \$18.12 million to \$60.76 million with a preferred value of \$39.57 million.

Table 7: Risked net value of Sea Lion (100%).

Sea Lion Prospect	Prospective Oil Resources (mmbbls)	POS	Best Estimate Risked Net Value		
			Low	Preferred	High
N zero zone	11.5	48%	\$7.83m	\$17.11m	\$26.27m
N2.6 zone	20.7	35%	\$10.29m	\$22.46m	\$34.49m
Total	32.2		\$18.12m	\$39.57m	\$60.76m

NOTE: Prospective Resource Estimate used to provide best fit with estimated field development costs as per TDO (2014).

4.6.3 FELIX PROSPECT

Felix is an inversion anticline developed along the Rosedale Fault system with closure that potentially increases with depth. It is located between the Wirrah discovery (5 main oil and gas zones, multiple thin zones) and the Moonfish Field (5 main oil and gas zones, multiple thin zones). The prospect is less robust than Sea Lion with closure relatively minor at Top Latrobe but it tends to get larger with depth. All the reservoir targets encountered in Moonfish are regarded as potential reservoir targets at Felix and correlation of high quality Upper Latrobe reservoir/seal sections into Felix is very strong from both Wirrah and Moonfish.

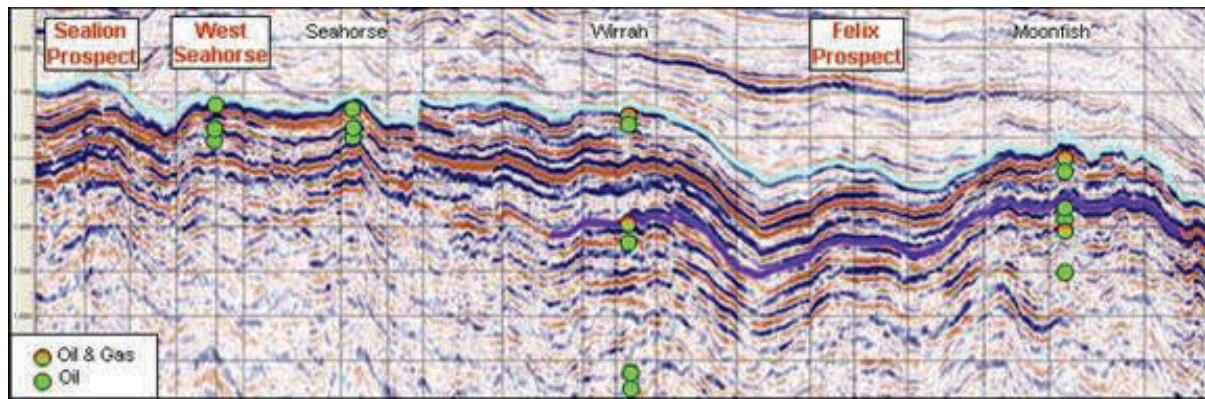


Figure 8: Composite seismic section (W-E) illustrating the Sea Lion and Felix Prospects. (Source: 3D Oil Limited)

TDO mapping indicates that the Gurnard, N1 and N2.6 reservoirs are not in closure and as a result the prospect is reliant on closure at the deeper targets of the M2, F. *Longus* and sub-volcanics levels. Seismic data quality in the deeper sections of the Latrobe Group and the Golden Beach / Emperor Groups tend to be poorly imaged, especially in the NW of the Gippsland Basin and consequently have received less attention from explorers. Maximum closure is in the L. *balmei* marker with the reservoir sections at some 2500mss.

Both Kipper and Longtom have shown that the low-side trapping style can be successful and trap large hydrocarbon columns at these levels. The deeper objectives at Felix do not rely on fault seal (unlike Longtom and Kipper), so should have a higher chance of success. Additional potential has been identified over two levels in the Golden Beach/Emperor Groups but with considerable upside volume potential if larger columns or higher net reservoir occur.

TDO has shown that the majority of the resource is at the 'sub-volcanics' level with mapping at this level showing it as a low relief structure with an areal closure of some 4.5km². With such a subtle structure there will be a high degree of uncertainty, but it would be unlikely to extend past the high side contour shown. There has been production from the sub-volcanics reservoir in the nearby Moonfish Field and the recently drilled wells of North Wirrah-1 and West Moonfish encountered

substantial relic oil columns (30m and 17m respectively) in addition to live oil. The presence of these relic oil columns indicates that flushing of the reservoir may have occurred and the presence of gas in nearby fields suggests that there is also the potential for a hydrocarbon phase risk to occur.

The prospect is also located too far from West Seahorse to be considered for a tie back. It is close to producing fields held by Esso Australia and BHP, but tying back to these isn't seen as a practical development option.

GRI has not factored in the possibility of gas fill on the basis that oil has been found at the Moonfish and Wirrah structures and we do not see this structure to have received gas from the gas spill-fill chain from the Snapper and Barracouta gas fields to the south. GRI has estimated the Probability of Success (POS) as a percentage as seen in Table 8.

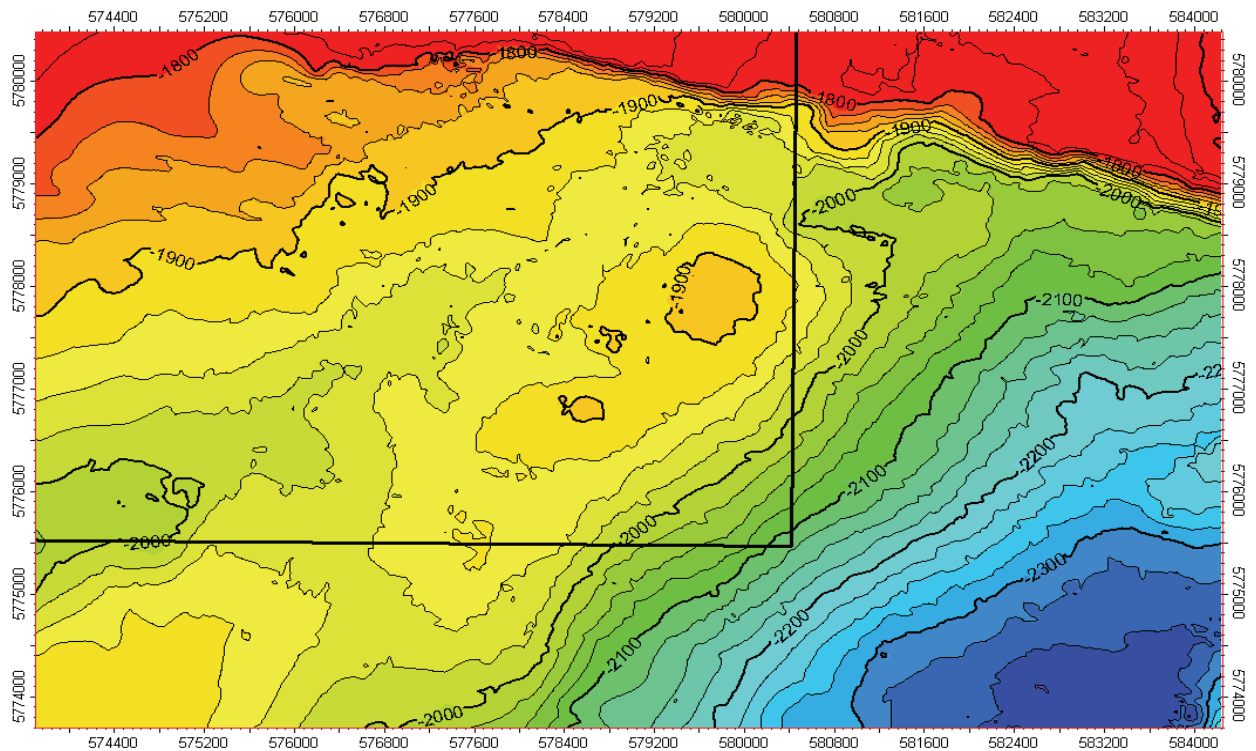


Figure 9: Emperor Subgroup TWT Mapping

GRI estimated the POS of the prospect at 24%, as shown in Table 8. Based on our evaluation we have concluded that:

- Trap presence is probable;
- Reservoir and seal are very likely given the production from this reservoir in the adjacent field;
- Charge is seen as probable;
- We are confident that a hydrocarbon charge has occurred, but recognise that there are risks associated with phase and flushing.

Table 8 - Probability of Success (POS) % for Felix prospect

Zone	Trap	Reservoir	Seal	Charge	Total
Sub-volcanics	40%	80%	55%	60%	11%

TDO carried out deterministic volumetric estimates for the potential reservoirs at the Prospect. In our calculations of value we have only considered the reservoir potential of the Sub-volcanics Late Cretaceous reservoirs, which are summarised in Table 9.

Table 9: Felix volumetric assessments – Recoverable

Zone	OIIP (mmbbls)			Recoverable Oil (mmbbls)		
	P90	P50	P10	P90	P50	P10
Sub-Volcanics Reservoir	37.5	87.0	174.4	19.7	46.0	93.5

4.6.3.1 Valuation of Felix

The values for the Felix prospect for P50 Resources Estimates (after risking) within the Sub-volcanics reservoirs are contained in Table 10 below. Value range for Felix on a risked basis as at 12 May 2014 is estimated to lie in the range between \$7.19 million and \$24.09 million with a preferred value of \$15.68 million.

Table 10: Risked net value of Felix (100%).

Felix Prospect	Prospective Resources (mmbbls)	POS	Risked Net Value		
			Low	Preferred	High
Sub-volcanics zone	46.0	11%	\$7.19m	\$15.68m	\$24.09
Total	46.0		\$7.19m	\$15.68m	\$24.09m

4.6.4 TOP LATROBE GROUP LEADS

4.6.4.1 Salsa Lead

The Salsa lead is a Top Latrobe, inversion anticline on the northern edge of the fault terrace to the north of the Rosedale Fault. Closure is mapped at multiple levels and it is anticipated that there will be stacked pay. West Seahorse has three separate levels of oil pay and this is typical of the discoveries along this fairway.

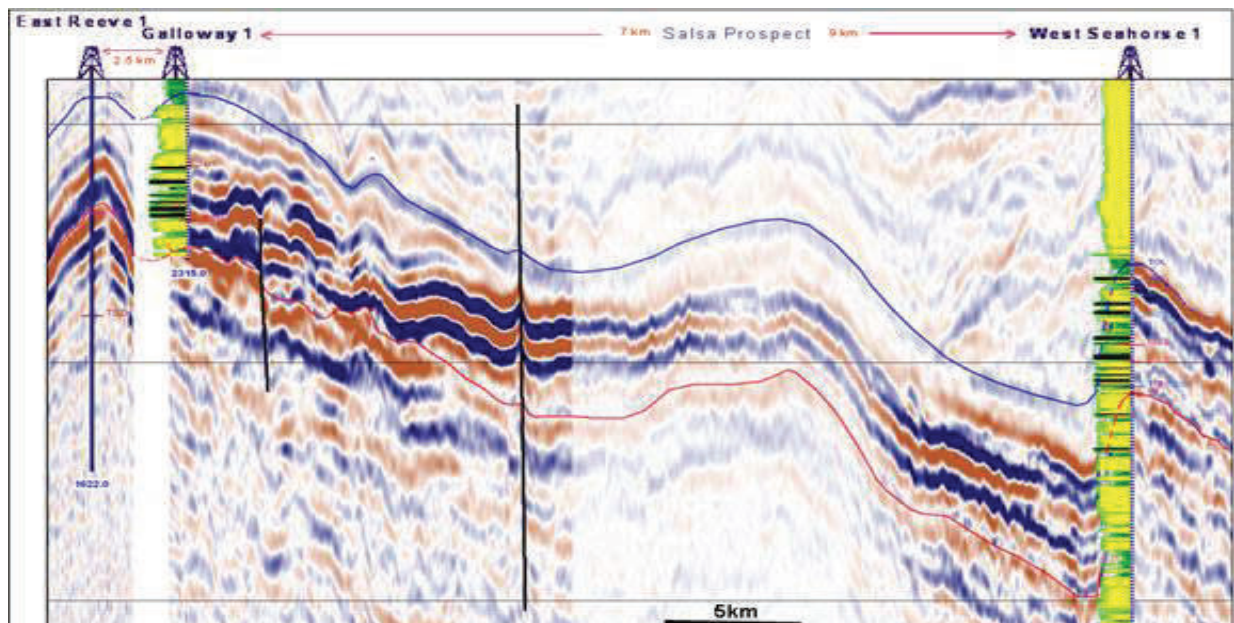


Figure 10: Salsa prospect TWT on Top Latrobe Group (Source: 3D Oil Limited)

leads, such as Felix and Sea Lion, which may result in the possibility of evaluating them in the same exploration well as a shallower target.

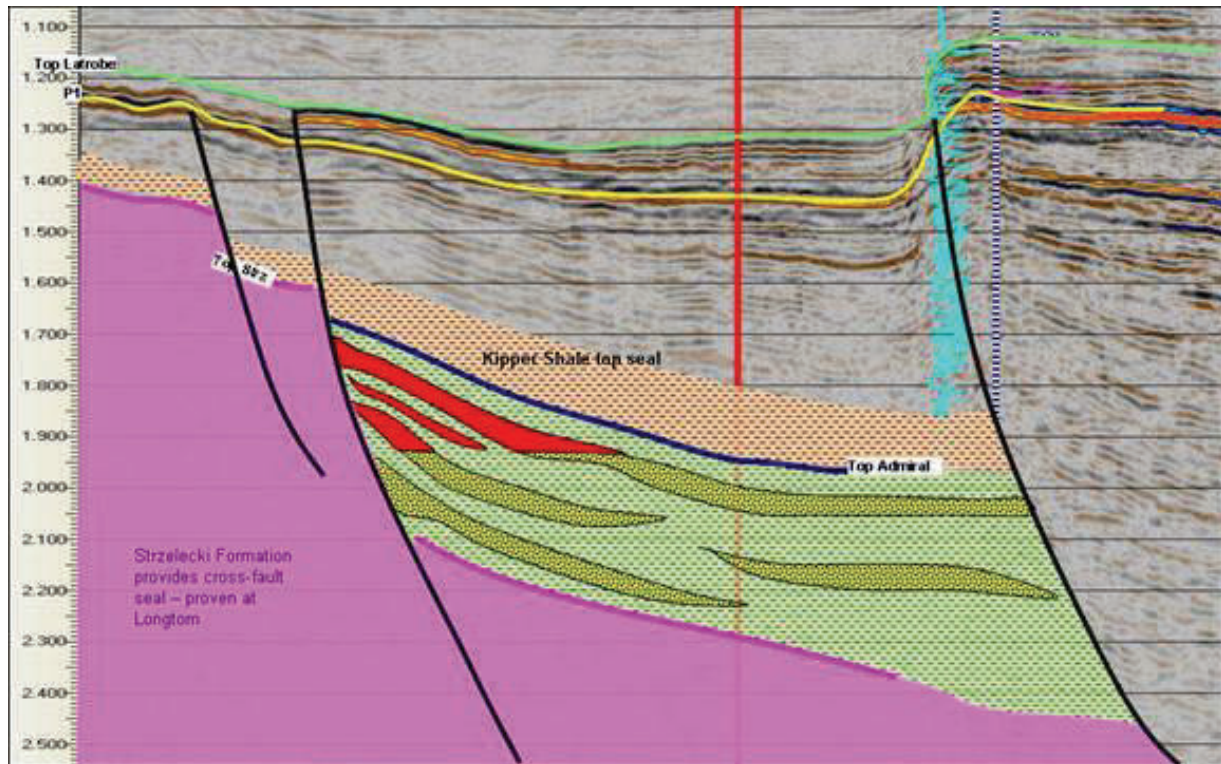


Figure 12: Schematic illustration of Golden Beach and Emperor Sub-group plays. (Source: 3D Oil Limited 2013)

4.6.5.1 Dexter Lead

Dexter is a low-side fault-dependent closure mapped at the level of the Top Golden Beach Group. This play type has been established at the Kipper oil and gas field. There is also the possibility of the presence of Emperor Subgroup in the same location. This play type has recently been established at the Longtom gas field.

Deterministic volumetric gas reserves are estimated at 11.5 mmboe.

4.6.5.2 Kangafish Lead

Kangafish is a low-side fault-dependent closure mapped at the level of the Top Emperor Group. As for Dexter Lead this play type has been established at the Kipper oil and gas field and at the Longtom gas field.

Deterministic volumetric gas reserves are estimated at 3.9 mmboe.

4.6.5.2 Lucifer Lead

Lucifer is a low-side fault-dependent closure mapped at the level of the Top Emperor Group. As for Dexter and Kangafish Leads this play type has been established at the Kipper oil and gas field and at the Longtom gas field. Low-side basin margin play with hydrocarbons migrating towards the basin edge are trapped against the northern-bounding fault. Reservoir is the Admiral Formation. Strzelecki Group sediments provide seal to cross fault migration.

Deterministic volumetric gas reserves are estimated at 36 mmboe.

4.6.5.2 Flinders Lead

Flinders is a low-side fault-dependent closure mapped at the level of the Top Emperor Group. As for Dexter, Kangafish and Lucifer Leads this play type has been established at the Kipper oil and gas field and at the Longtom gas field.

Deterministic volumetric gas reserves are estimated at 15 mmboe.

4.6.5 VALUATION OF LEADS

We have presented the value of TDO Leads on a \$/BOE basis as follows:

Table 11: Value of Leads on a Risked basis.

Lead	Potential Recoverable (MBOE) (un-risked)	GRI Est, Risk (%)	Risked Recoverable (MBOE)		Value		
			Low	High	Low	Preferred	High
Scooter	4.2	8 - 18	0.34	0.76	\$0.48	\$1.71	\$3.62
Salsa	22.3	8% - 15%	1.78	3.35	\$2.53	\$7.95	\$15.95
Hector	37.9	5% - 9%	1.90	3.41	\$2.69	\$8.22	\$16.24
Dexter	11.5	8% - 12%	0.92	1.38	\$1.31	\$3.57	\$6.57
Lucifer	36	4% - 7%	1.44	2.52	\$2.05	\$6.14	\$12.00
Flinders	15	5% - 9%	0.75	1.35	\$1.07	\$3.26	\$6.43
Kangafish	3.9	5% - 9%	0.20	0.35	\$0.28	\$0.85	\$1.67
Totals					\$10.41	\$31.70	\$62.48

5 GRI OBSERVATIONS AND COMMENTARY

- The prospects evaluated by TDO have been evaluated using Society of Petroleum Engineers/American Association of Petroleum Geologists (SPE/AAPG) guidelines and are considered to be “Undiscovered Prospective Resources” as defined by the SPE (2001, 2005, and 2008). We agree that the deterministic resource analysis is the most applicable for all of the prospects and leads within VIC/P57, where evaluations of the prospective resources of the area are required. This approach allows consideration of most likely resources for planning purposes, while gaining an understanding of what volumes of resources may have higher certainty, and what potential upside may be for the project.
- Of the two (2) prospects identified, the Sea Lion prospect is currently regarded as better developed and understood and consequently is regarded as being “drill ready”.
- At Sea Lion, principal risks are assumed to be intraformational seals and hydrocarbon charge. There is generally low source, reservoir quality and trap risk due to numerous oil accumulations drilled and developed along the trend of the Rosedale Fault and in the deeper sections of the basin. GRI has applied Risk to each prospect and lead using a risk matrix: risks relating to Trap, Seal, Reservoir, Source and Migration/Charge have been evaluated. The risk varies by prospect, and ranges from the lower risk (Sea Lion, 35% - 48% POS) to the slightly more risky (Felix, 24% POS). POS for leads are generally significantly lower than the values applied to the prospects, in the range 5% to 17% reflecting our perception that higher risks are associated with these features at their current level of understanding than for the prospects.
- The Sea Lion Prospect is a fault bound 4-way dip-closed anticline structure estimated to comprise 11.5 mmbbls (Best Estimate) ultimate recoverable oil resources at the N zero reservoir zone. The N2.6 reservoir zone, if intraformational sealing is present may contain 20.7mmbbls (Best estimate).
- The Felix Prospect is located along trend on the Rosedale Fault from Wirrah and Moonfish fields. The main target reservoirs are deeper in the stratigraphic section than at West Seahorse and Sea Lion and are dependent on hydrocarbons being trapped sub-volcanics.
- TDO has used deterministic calculations to estimate the Prospective Resources, which are defined as those quantities of hydrocarbons estimated on a given date to be potentially recoverable from undiscovered accumulations

6. GENERAL

6.1 QUALIFICATIONS

Global Resources & Infrastructure Pty Ltd ("GRI") is a management consulting company that specialises in providing its services to the resources and infrastructure industries. Ian Buckingham, Managing Director of GRI is GRI's lead consultant in preparation of this opinion for 3D Oil Limited. Mr. Buckingham has worked on approximately two hundred assignments involving the valuation of petroleum, coal seam gas, oil and gas shales, coal, geothermal, gold, silver, molybdenum, diamonds, iron ore, base metals, graphite, lithium, fertilisers and other resources commodities.

Ian Buckingham holds a B.App.Sc. (Applied Geology) from the Victorian Institute of Colleges and Fellowship and Associateship Diplomas in Geology (RMIT) with extra studies in mining engineering and primary metallurgy and an MBA from RMIT University. Mr. Buckingham is a Fellow AusIMM, Active Member AAPG and Member AAPG Energy Minerals Division and Member PESA. (FRMIT, B.App.Sc, MBA, FAusIMM, MAAPG, MPESA).

Commencing his career as a base metals, gold and diamonds exploration geologist he moved into gas engineering and petroleum exploration and development before establishing himself as a resources analyst in stock broking and investment banking. As an analyst he evaluated and developed financial models for major mining and energy companies. In the position of foundation Managing Director he joined Anderson & Schwab Australia, working on a significant number of resources projects where his knowledge and expertise in areas such as due diligence, valuation, commercial and technical analyses, conceptual and strategic development, financial modeling and general mining management were required. On establishing Global Resources & Infrastructure he has continued his work in the resources and infrastructure industries focusing on project development, strategic analysis and project evaluation and valuation. Ian was a member of the committee that re-wrote the VALMIN Code (2005).

6.2 FEES

GRI will be paid a professional fee of \$X,000 plus GST plus reasonable expenses for the preparation of this report. The fee is not contingent on the conclusions set out in the report.

6.3 COMPLIANCE

This report has been prepared in accordance with the requirements of the "Code and Guidelines for Technical Assessment and/or Valuation of Mineral and Petroleum Assets and Mineral and Petroleum Securities for independent Expert Reports" (The VALMIN Code, 2005).

6.4 INDEMNITY

GRI and Ian Buckingham have been indemnified by 3D Oil Limited as to damages, losses and liabilities relating to or arising out of their engagement that do not arise from the fault of GRI, or Ian Buckingham or their associates.

6.5 DECLARATION

GRI has not previously worked on any assignment associated with 3D Oil Limited. GRI does not have any business relationship with 3D Oil Limited or with any companies associated with that company that could reasonably be regarded as being prejudicial to its ability to give an unbiased and independent assessment.

Other than as set out herein, neither GRI nor Ian Buckingham has any interest in the company that is the subject of this report.

6.6 CONSENT

This report has been prepared for public use by DMR Corporate Pty Ltd in its report preparation for 3D Oil Limited. GRI has not been involved in the preparation of or authorised or caused the issue of any other part of any documentation that may be provided to 3D Oil Limited's shareholders, other than this report.

Neither the whole, nor any part of this report, nor any reference thereto, may be included in or with, or attached to any document or used for any other purpose without the prior written consent of GRI to the form and context in which it appears and the purpose of its use.

All of the persons involved in the preparation of this report have consented to the use of this assessment report, for the purpose stated above and in the form and context in which it appears.

6.7 LIMITATION

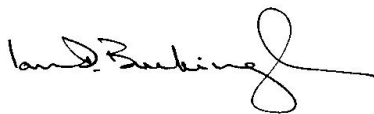
The statements and opinions contained in this report are given in good faith and, to a considerable extent; reliance has been placed on the information provided by 3D Oil Limited and consultants to 3D Oil Limited. All such information has been presented in a professional manner and GRI believes, on reasonable grounds, that it is true, complete as to material details, and not misleading. The work undertaken for the purpose of this report in no way constitutes a technical audit of any of the assets or records reviewed, and GRI does not warrant that its inquiries have realised all of the matters that an audit might disclose. GRI in no way guarantees or otherwise warrants the achievability of any forecasts of future production and costs used in valuations in this report.

6.8 FACTUAL AND CONFIDENTIALITY REVIEW

A draft copy of this report was provided to officers of 3D Oil Limited for comments as to confidentiality issues, errors of fact or misinterpretation, or substantive disagreements on the assumptions that GRI has adopted. While GRI has included minor corrections and amendments in this final report as a result of comments received, neither the methodology nor conclusions were amended.

GRI gratefully acknowledge the assistance provided by the Directors and officers of 3D Oil Limited in facilitating the preparation of this report.

GLOBAL RESOURCES & INFRASTRUCTURE PTY LTD



IAN BUCKINGHAM
Managing Director

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APPENDIX A: GLOSSARY OF TERMS AND ABBREVIATIONS

API	American Petroleum Institute
Anoxic	A zone of water or sediments without Oxygen
Argillaceous	Rocks in which clay minerals are minor but form a significant component
B	billion
bbl(s)	barrels
bbls/d	barrels per day
B _g	gas formation volume factor
B _o	oil formation volume factor
BOE	Barrels of oil equivalent
bopd	barrels of oil per day
Bscf	billions of standard cubic feet
condensate	liquid hydrocarbons which are sometimes produced with natural gas and liquids derived from natural gas
DST	Drill Stem Testing
FSO	Floating Storage and Offloading
GIIP	Gas Initially in Place
GOR	gas/oil ratio
GRV	gross rock volume
GWC	gas water contact
HI	Hydrogen Index
km	kilometres
km ²	square kilometres
M	Metres subsea
M	thousand
mm	million
MD	measured depth
mD	permeability in millidarcies
m ³	cubic metres
mmscf/d	millions of standard cubic feet per day
msec	milliseconds
NTG	net to gross ratio
NPV	Net Present Value
OIIP	Oil Initially In Place
OWC	oil water contact
petroleum	deposits of oil and/or gas

PI	Productivity Index
PVT	pressure volume temperature
RFT	repeat formation tester
scf	standard cubic feet measured at 14.7 pounds per square inch and 60° F
scf/d	standard cubic feet per day
scf/stb	standard cubic feet per stock tank barrel
stb	stock tank barrels measured at 14.7 pounds per square inch and 60° F
stb/d	stock tank barrels per day
STOIIP	stock tank oil initially in place
S _w	water saturation
Tscf	trillion standard cubic feet
TVDSS	true vertical depth (sub-sea)
TWT	two-way time

APPENDIX B: COMPARABLE TRANSACTIONS

Date Announced	Acquirer	Target	Type	Percent (%)	EV (\$m)	Ave. EV/GJ	MBOE	EV/BOE
29-Apr-14	Roc Oil Ltd	Horizon Oil Ltd	Equity	100.0	613.9	n/a	87.9	6.98
29-Apr-14	Horizon Oil Ltd	Roc Oil Ltd	Equity	100.0	219.1	n/a	51.1	4.29
18-Feb-14	Central Petroleum Ltd	Magellan Petroleum (NT) P/L	Equity	100.0	38.0	n/a	9.9	3.84
18-Sep-13	Tap Oil Ltd	VIC/P67 (La Bella Project)	Asset	10.0	29.5	n/a	20.8	1.42
22-Jul-13	Origin Energy Resources Ltd	WA-454-P	Asset	50.0	62.0	n/a	13.0	4.77
15-Oct-12	Carnarvon Hibiscus P/L	Vic/P57 3D Oil Ltd	Asset	50.1	56.0	n/a	9.2	6.09
13-Jan-12	Santos Ltd	Tap Oil Ltd	Asset	8.2	22.3	2.46	3.33	6.69
26-Sep-11	Arrow Energy	Bow Energy Ltd	Equity	100.0	431.5	1.31	124.85	3.46
8-Dec-11	Toyota Tsusho Corporation	AWE Ltd	Asset	Various	80.0	1.64	16.31	4.91
22-Mar-10	PetroChina, Royal Dutch Shell	Arrow Energy Ltd	Equity	100.0	3681.4	0.85	1479.72	2.49
8-Mar-10	GB Energy Ltd	Cooper Energy Ltd	Asset	n/a	55.0	2.80	10.13	5.43
2-Nov-09	Benaris International NV & Origin Energy Resources Ltd	Woodside Petroleum Limited	Asset	51.6	1399.6	1.38	338.37	4.14
7-Mar-08	Sinopec International Petroleum E & P Company	AED Oil Ltd	Asset	60.0	1000	1.7	193.04	5.18
2-Aug-07	Osaka Gas Co. Ltd.	Nexus Energy Ltd	Asset	100.0	60.28		8.71	6.92
Average for Transactions								4.76
Low value								1.42
Median value								4.77
High value								6.98

Source: ASX announcements



3D Oil Limited

ABN 40 105 597 279

Lodge your vote:



By Mail:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
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For all enquiries call:

(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

000001 000 TDO

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Proxy Form

For your vote to be effective it must be received by 10.00am (AEST) Saturday, 9 August 2014

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

Turn over to complete the form ➔



View your securityholder information, 24 hours a day, 7 days a week:

www.investorcentre.com

- ☒ Review your securityholding
- ☒ Update your securityholding

Your secure access information is:

SRN/HIN: I9999999999



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030



Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

Proxy Form

Please mark ☒ to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of 3D Oil Limited hereby appoint



the Chairman
of the Meeting OR



PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the General Meeting of 3D Oil Limited to be held at the offices of Baker & McKenzie, Level 19, 181 William Street, Melbourne on Monday, 11 August 2014 at 10.00am (AEST) and at any adjournment or postponement of that meeting.

STEP 2 Items of Business



PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

	For	Against	Abstain
Item 1 Hibiscus Transaction	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 2 HiRex Transaction	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact
Name

Contact
Daytime
Telephone

Date / /

TDO

1 8 6 6 1 7 A

Computershare +