

27 March 2009

Takeover bid for shares in 3D Oil Limited

First Supplementary Bidder's Statement

We enclose, in accordance with section 647(3)(b) of the *Corporations Act 2001* (Cth), a copy of Drillsearch Energy Limited's (**Drillsearch**) First Supplementary Bidder's Statement dated 27 March 2009, which supplements Drillsearch's Bidder's Statement dated 6 March 2009 in relation to Drillsearch's off-market takeover bid for all the fully paid shares in 3D Oil Limited.

The First Supplementary Bidder's Statement has today been lodged with the Australian Securities & Investments Commission and served on 3D Oil Limited.

For and on behalf of Drillsearch Energy Limited



Peter Simpson
Chairman

Drillsearch Energy Limited

ABN: 73 006 474 844

Level 8, 16 Spring Street,
Sydney, NSW 2000

P +61 2 9241 4440

F +61 2 9241 4404

E admin@drillsearch.com.au

www.drillsearch.com.au

First Supplementary Bidder's Statement

1. INTRODUCTION

This statement is a supplementary bidder's statement under section 643 of the *Corporations Act 2001* (Cth) dated 27 March 2009 (**First Supplementary Bidder's Statement**). It supplements the bidder's statement issued by Drillsearch Energy Limited (ACN 006 474 844) (**Drillsearch**) dated 6 March 2009 (**Bidder's Statement**) in connection with the offer by Drillsearch to acquire all the ordinary shares in 3D Oil Limited (ACN 105 597 279) (**3D Oil**). No previous supplementary bidder's statement in relation to the Offer has been lodged with ASIC. This First Supplementary Bidder's Statement must be read together with the Bidder's Statement.

This is an important document and requires your immediate attention. If you are in any doubt as to how to deal with this document you should consult your financial or legal adviser as soon as possible.

Words defined in the Bidder's Statement have the same meaning in this First Supplementary Bidder's Statement, unless the contrary intention appears.

2. 2P RESERVES

A definition for "2P Reserves" is contained in section 10.1 of the Bidder's Statement. Drillsearch has adopted the industry accepted Society of Petroleum Engineers – Petroleum Resources Management System (SPE-PRMS) definition and standard for reporting 2P Reserves. The Bidder's Statement in sections 1 and 2 discloses 2P Reserves at the Tintaburra and Naccowlah blocks. The Proved Reserves component, compared to the Probable Reserves component, is set out below:

	RESERVES (at 2007 calendar year end)	PRODUCTION (2008 calendar year)	OIL REMAINING (at 2008 calendar year end)
	bbls	bbls	bbls
PROVED	389,342	127,371	261,972
PROBABLE	1,106,491		1,106,491
TOTAL	1,495,833		1,368,463

3. EXPECTATIONS OF PRODUCTION

The Bidder's Statement in sections 1 (Overview), 1.2 and 1.5 contains the following statements regarding Drillsearch's production potential:

- "You will gain exposure to production assets with 2P reserves on current performance potentially providing production out to 2026". (Section 1 – Overview)
- "By accepting the offer, 3D Oil shareholders will gain exposure to 2P reserves which with further development and on current performance potentially provide production out to 2026...". (Section 1.2)

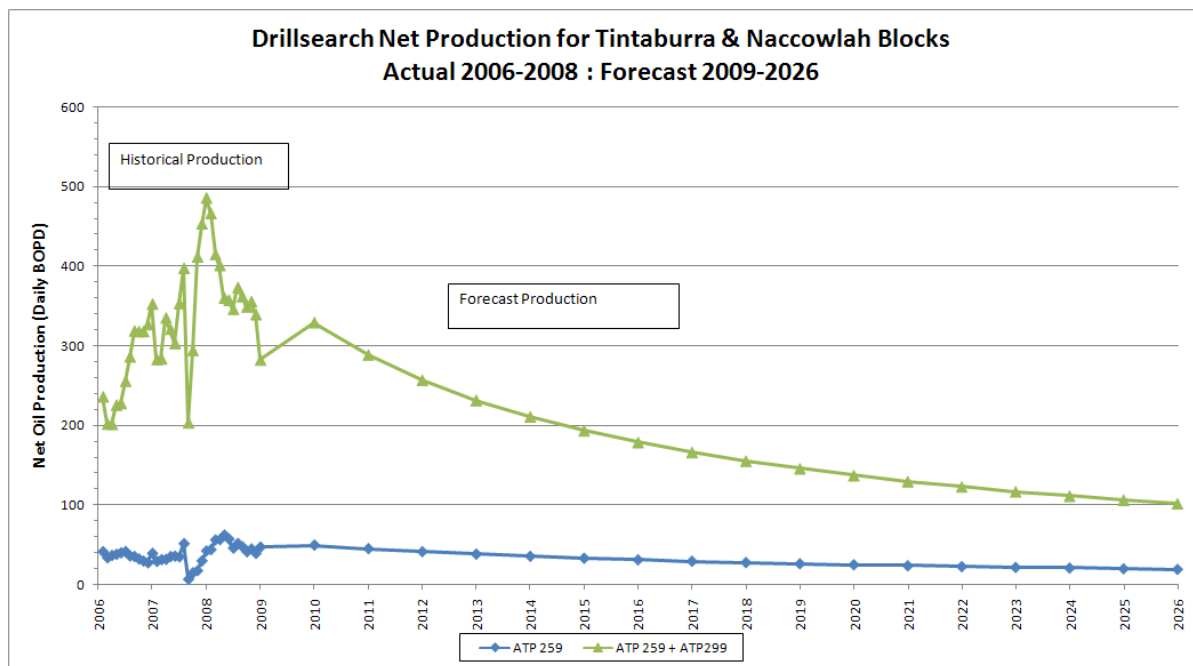
- “The Merged Group would include 2P reserves which with further development and on current performance potentially provide production out to 2026...” (Section 1.5)

Drillsearch’s expectations of production are based on its own analysis of the Naccowlah and Tintaburra blocks, using:

- estimated remaining Proven plus Probable Oil at end of year 2008, calculated by subtracting 2008 production from previously disclosed reserves at end of year 2007;
- the known flow rate of all wells in those blocks at or around the date of the Bidder’s Statement; and
- assumed rates of decline of production based on the previous history of decline in both blocks.

The following graph displays historical Drillsearch net production data from January 2006 to December 2008 for the Naccowlah and Tintaburra blocks plus forecast production from 2009 until 2026.

The forecast is based on the oil production potential of the Tintaburra and Naccowlah block production as at 31 December 2008. To achieve this forecast additional capital expenditure consistent with normal expectations is required to access 2P reserves that are not currently developed.



Basis for Production Forecast:

	ATP 299P (Tintaburra Block)	ATP 259P (Naccowlah block)
Date	31 December 2008	31 December 2008
Current number of producing wells	90	94
Economic limit	5 BOPD/well	5 BOPD/well
Downtime	15% per year	15% per year
Decline	Harmonic	Harmonic
Oil rate @ 31Dec08 (Net to Drillsearch)	300	52
Oil Remaining @ 31 Dec 2008 (‘000 bbls Net to Drillsearch)	1,102	266
Approx average Drillsearch Equity	10.0 %	2.0%

Using the above information and any industry standard method of calculating production decline a person can make their own assessment of the production potential of the Tintaburra and Naccowlah blocks.

The above forecast has assumed harmonic decline based on Drillsearch’s experience in working with similar types of reservoirs. After acquisition of further production history from the current water flood trial, it is expected that the production will follow hyperbolic decline trends. This would result in production exceeding this harmonic decline based forecast.

It should be noted that previously reported Tintaburra block reserve estimates (refer to page 2 of Drillsearch’s ASX Announcement dated 6 March 2009) are based on achieving an average 15% recovery of the estimated 150 million barrels OOIP (Original Oil in Place – the total hydrocarbon content of an oil reservoir). Enhanced oil recovery projects, such as the current water-flood projects, hold the key to further increases in Drillsearch’s Proved & Probable reserves (2P reserves) from current levels. These programs are ongoing and require continuous optimisation and review. It should be noted that the above forecasts do not include the additional benefit from the 1% interest in ATP 299P that Drillsearch is in the process of acquiring from CPC Energy.

Whilst it is possible to make a theoretical estimate of how long and at what rate the fields will continue to produce, expectations of production:

- are predictive in character;
- may be affected by inaccurate assumptions or by known or unknown risks and uncertainties; and
- may differ from results actually achieved.

The attention of 3D Oil shareholders is drawn to the notice regarding forward looking statements appearing in the Important Notices section of the Bidder’s Statement.

4. RESTRICTED SECURITIES

The Bidder’s Statement discloses in section 3.3 that 3D Oil had 75,110,000 fully paid ordinary shares in escrow (**Escrowed Shares**). 3D Oil’s 2008 Annual Report discloses that the escrow period for the Escrowed Shares will end on 21 May 2009.

In accordance with the ASX Listing Rules, ASX must consent to the removal of the holding lock applying to the Escrowed Shares in order for the holders of the Escrowed Shares to

accept the Offer before the end of the escrow period on 21 May 2009. ASX will not give such consent until certain conditions are satisfied, including that holders of at least half of the securities in the bid class that are not Escrowed Shares to which the Offer relates have accepted.

In the event that these conditions cannot be satisfied (and absent a specific ASX waiver of this requirement), Drillsearch may be unable to acquire the Escrowed Shares under the Offer, before the end of the escrow period on 21 May 2009.

Holders of Escrowed Shares should seek their own advice regarding their contractual obligations to 3D Oil and ASX.

5. **BOARD CHANGE**

The Bidder's Statement discloses in section 2.3 that Mr. David Williams is a director of Drillsearch but had resigned with effect from 18 June 2009. Mr. Williams' interests in securities in Drillsearch are disclosed in section 5.5 of the Bidder's Statement. Drillsearch announced to ASX on 16 March 2009 that Mr. Williams had that day resigned as a director of Drillsearch and its subsidiaries with immediate effect.

6. **OTHER**

6.1 **Lodgment with ASIC**

A copy of this First Supplementary Bidder's Statement was lodged with ASIC and sent to 3D Oil Limited on 27 March 2009. Neither ASIC nor any of its officers takes any responsibility for the contents of this First Supplementary Bidder's Statement.

6.2 **Approval**

This First Supplementary Bidder's Statement has been approved by a unanimous resolution passed by the directors of Drillsearch.

Dated 27 March 2009

Signed for and on behalf of Drillsearch Energy Limited



Peter Simpson
Chairman