



3D Oil Limited
Level 5, 164 Flinders Lane
Melbourne VIC 3000
Tel: +61 3 9650 9866
Fax: +61 3 9639 1960
www.3doil.com.au

3D Oil Limited

QUARTERLY ACTIVITIES REPORT FOR THE THREE MONTHS ENDED 31 DECEMBER 2009

HIGHLIGHTS

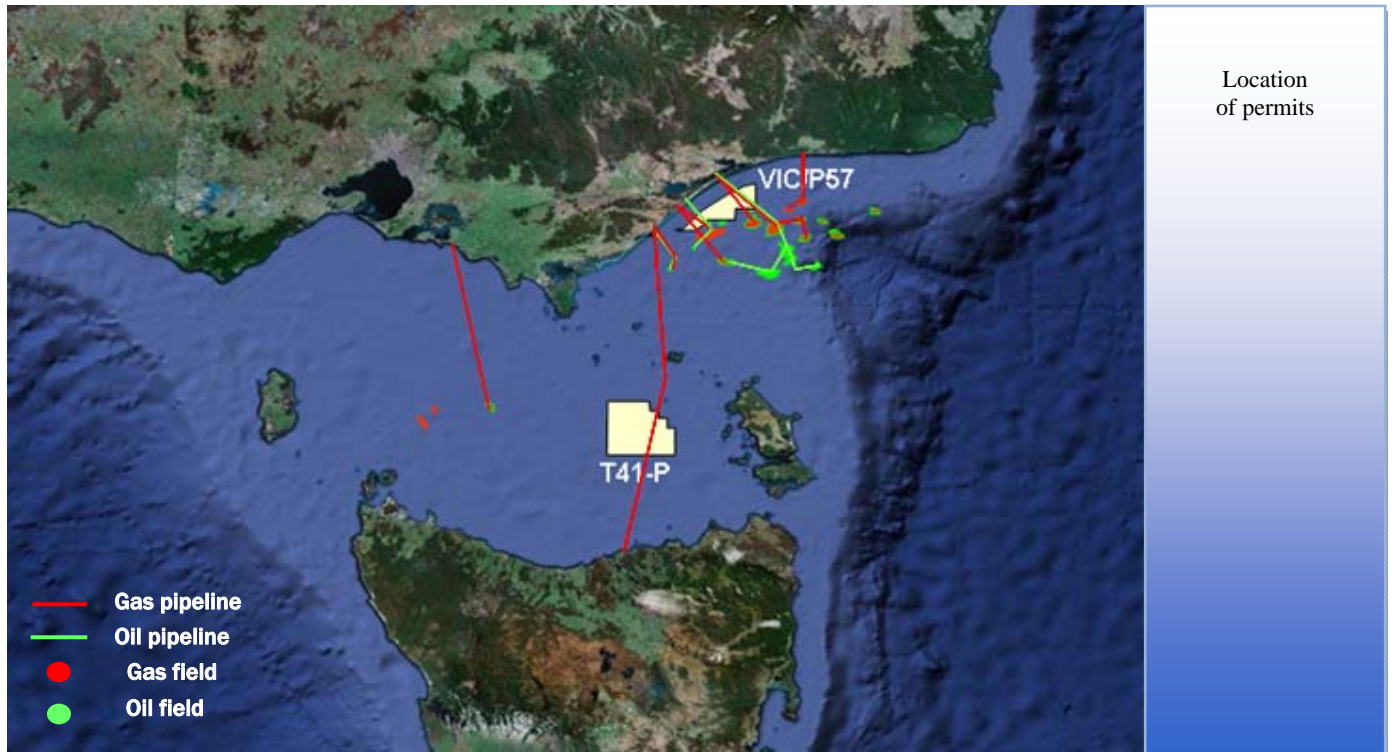
- **Further review of Felix Prospect underpins the significant upside of over 100 MMbbl of recoverable oil**

Overview

During the December quarter 3D Oil Limited continued the implementation of an accelerated growth strategy focused on its core Gippsland and Bass Basin interests. The company will bring the sale/farmout review process to an end shortly and will review and potentially negotiate the terms with interested parties over the coming weeks. The company is being assisted by Core Energy Group with this process.

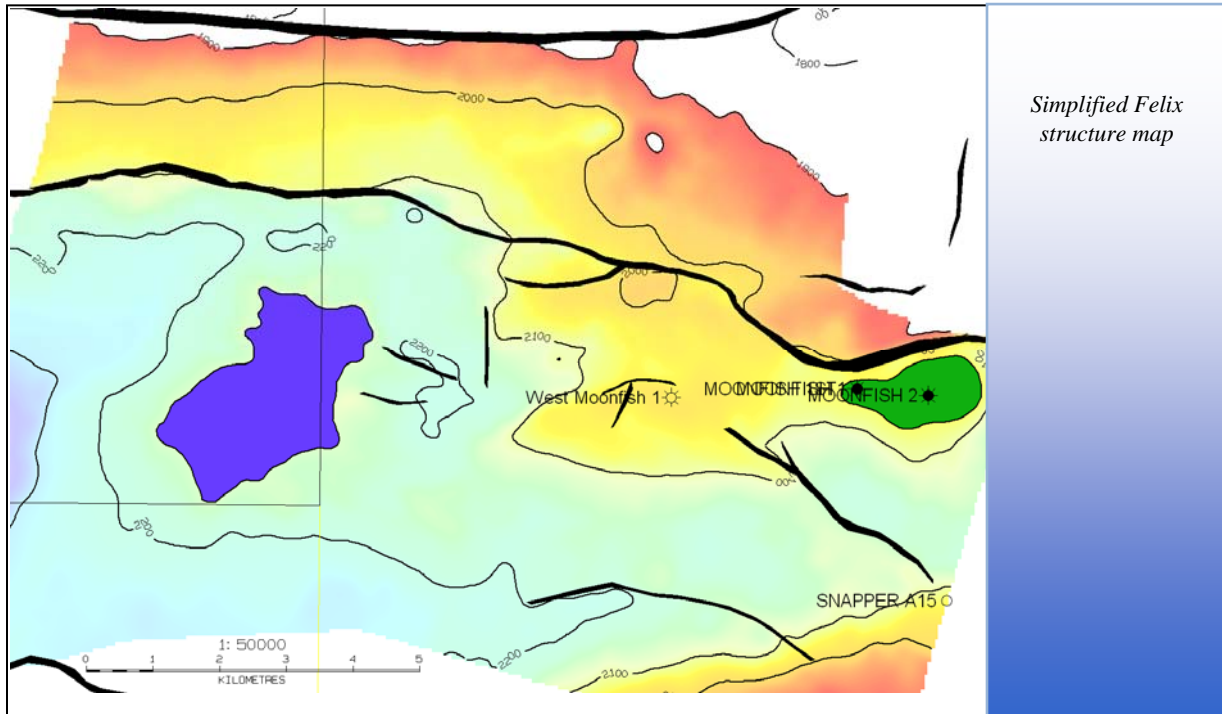
Operational Review

3D Oil Limited is the operator and 100% equity holder of two permits in Bass Strait, VIC/P57 in the Gippsland Basin, Victoria and T/41P in the Bass Basin, Tasmania



VIC/P57, Gippsland Basin offshore Victoria

During the December quarter the company continued to focus on the prospectivity of the Felix prospect with refinement of the mapping and review of the analogous neighbouring fields. The prospect is located within an established oil production fairway on trend with the producing Moonfish oil field, which is approximately 7 km to the west. Felix is anticipated to contain at least the same productive horizons currently being exploited in Moonfish, and current evaluation indicates the prospect has the potential to contain over 100 MMbbl of recoverable oil.



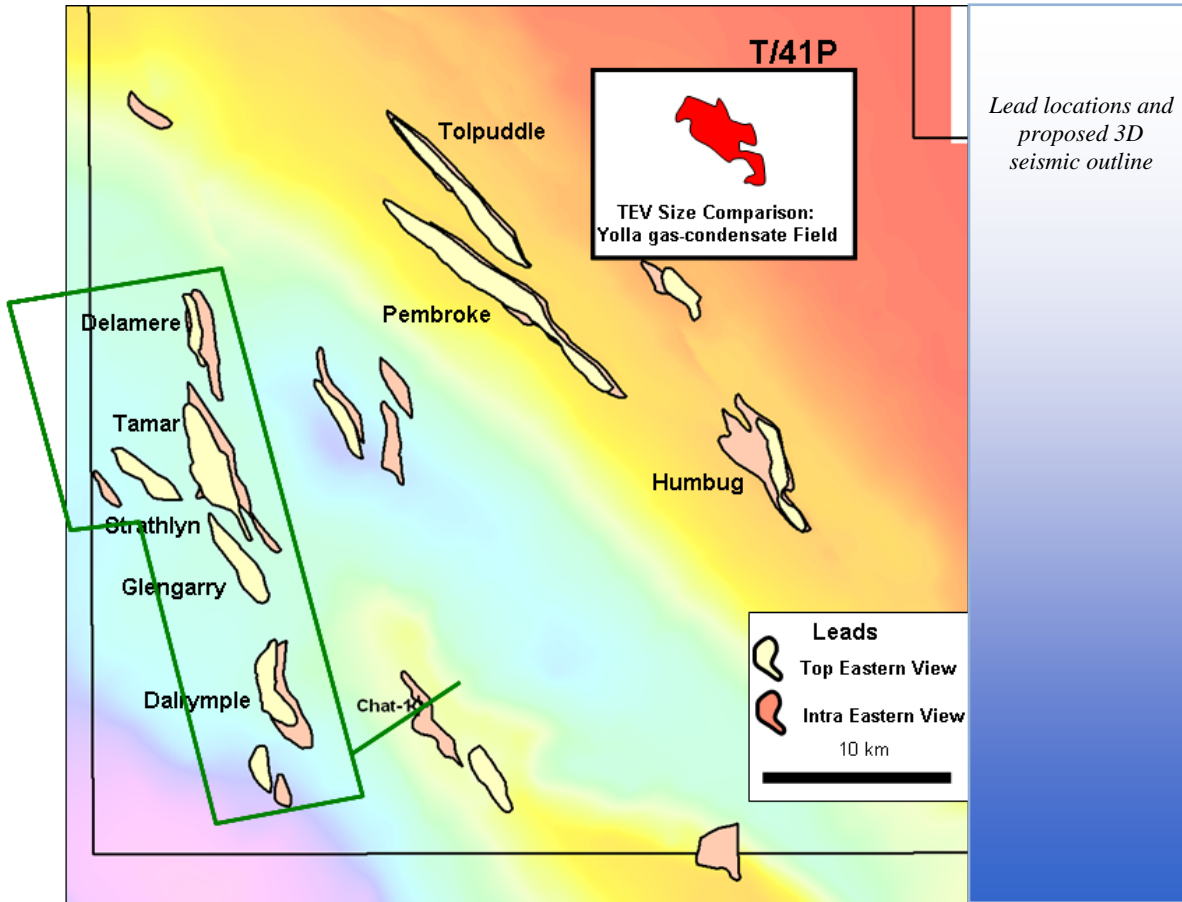
3D Oil Limited continued to review the development options planned for the West Seahorse Field. These included finessing the details, costings and economics of the stand-alone option. The company is expecting to announce the preferred option for the development in the first quarter of 2010.

T/41P, Bass Basin offshore Tasmania

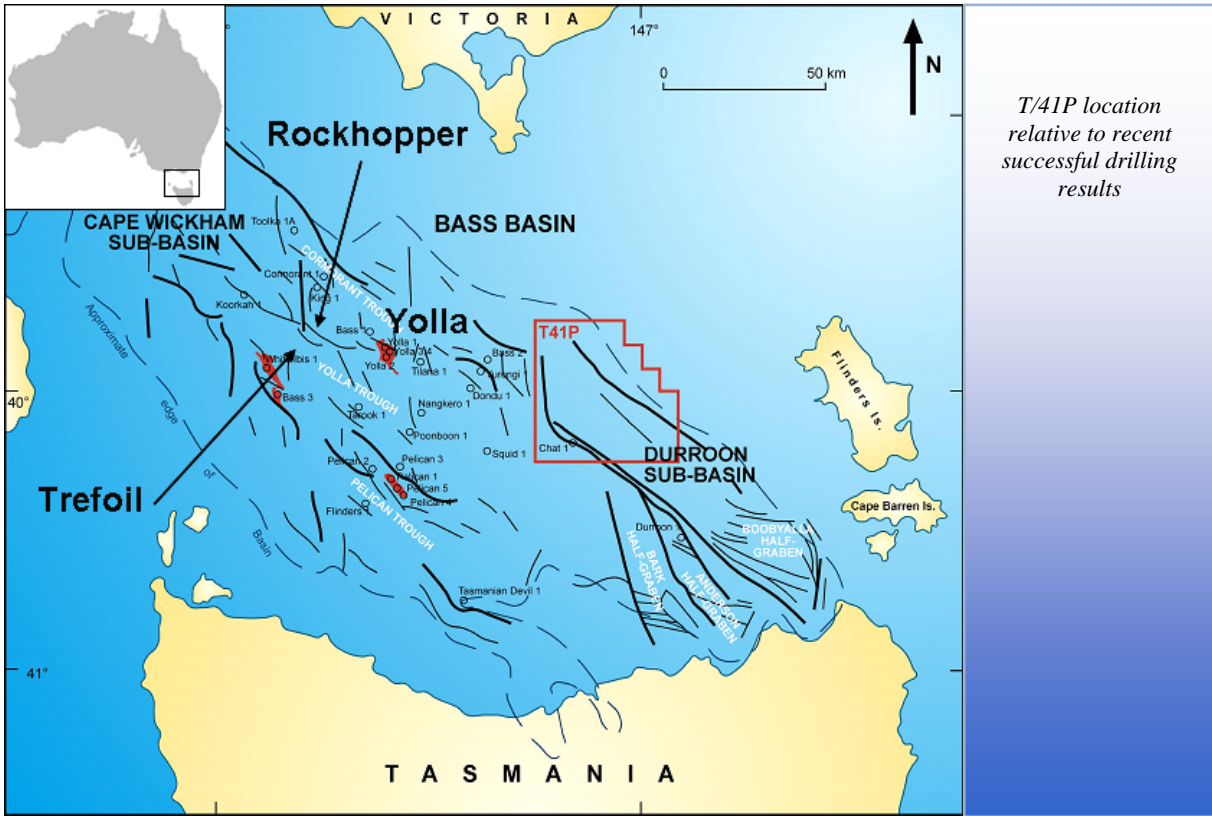
A 3D seismic survey is planned for 2010, focusing on the SW of the permit area which is interpreted to have the best prospectivity. 3D Oil intends to drill a well in 2011, based on the outcome of the seismic interpretation.

During the quarter tenders for an acquisition vessel and associated contracts were evaluated. The company also prepared and began submitting documents in relation to government and environmental approvals.

The current inventory of opportunities consists of fifteen leads with the potential to contain a total of over 800 MMbbl of recoverable oil, on an unrisks basis. The largest individual leads each have the potential to contain over 100 MMbbl of recoverable oil.



The current drilling campaign by Origin in the Bass Basin has been very encouraging to date, with the Trefoil-2 well proving the southern extension of that field and the Rockhopper-1 well encountering multiple stacked zones of oil and liquid rich gas. No water contacts were reportedly intersected and a side-track well is currently being drilled to ascertain the resource size. 3D Oil is well positioned with 100% of a highly prospective permit and is actively investigating farmout opportunities.



T/41P location relative to recent successful drilling results

Noel Newell
 Managing Director
 3D Oil Limited
 T 03 650 9866

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

3D OIL LIMITED

ABN

40 105 597 279

Quarter ended ("current quarter")

31 DECEMBER 2009

Consolidated statement of cash flows

	Current quarter \$A	Year to date (6 months) \$A
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	6,177	9,266
1.2 Payments for		
(a) exploration and evaluation (net of refunds)	(237,235)	(859,201)
(b) development	-	-
(c) production	-	-
(d) administration	(207,981)	(928,804)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	12,980	132,370
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 GST Refund	69,819	236,763
1.8 Refund of exploration deposits	-	-
Net Operating Cash Flows	(320,183)	(1,373,548)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects/farmins	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	-	-
1.13 Total operating and investing cash flows (carried forward)	(320,183)	(1,373,548)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(320,183)	(1,373,548)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other – Capital raising costs	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(320,183)	(1,373,548)
1.20	Cash at beginning of quarter/year to date	7,400,801	8,469,223
1.21	Exchange rate adjustments to item 1.20	3,982	(11,075)
1.22	Cash at end of quarter	7,084,600	7,084,600

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A
1.23	Aggregate amount of payments to the parties included in item 1.2	85,692
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Director's fees, salaries and fees paid to related entities during the December 2009 quarter.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	150
4.2 Development	-
Total	150

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	173	286
5.2 Deposits at call	6,912	7,114
5.3 Bank overdraft	-	-
5.4 Other – Bank Guarantee	-	-
Total: cash at end of quarter (item 1.22)	7,085	7,400

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	-	-	-	-
6.2 Interests in mining tenements acquired or increased	-	-	-	-

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

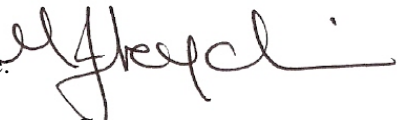
Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>	-	-	-	-
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3 +Ordinary securities	206,560,000	206,560,000		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs (c) Released from ASX restriction	- - -	- - 36,661,450	- - -	- - -
7.5 +Convertible debt securities <i>(description)</i>	-	-	-	-
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	10,100,000 6,330,000 400,000 189,000	- - - -	<i>Exercise price</i> \$0.50 \$0.60 \$0.75 \$0.25	<i>Expiry date</i> 31 January 2011 31 January 2011 31 March 2013 30 June 2014
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired/lapsed during quarter				
317.1 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:  Date: 29 January 2010
Company secretary

Print name: MELANIE LEYDIN

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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