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3D Oil Limited

QUARTERLY ACTIVITIES REPORT FOR THE THREE MONTHS ENDED 30 JUNE 2014

Key Points

- **Agreements signed with Hibiscus Petroleum regarding VIC/P57 and West Seahorse (WSH)**
 - **Secures working capital and funds outstanding TDO debts to JV**
 - **Funds TDO share of a highly prospective, near field Sea Lion exploration well**
 - **Option for Hibiscus to purchase TDO's WSH interest at Fair Market Value**
- **Beach Energy Ltd acquires interest in T/49P for cash valuing permit at \$15 million**

Exploration

VIC/P57 and VIC/L31, Gippsland Basin, offshore Victoria

On 13 May 2014 3D Oil Limited (ASX:TDO) announced that it had executed a largely non-binding Heads of Agreement (HOA) with Carnarvon Hibiscus Pty Ltd (CHPL), Althea Corporation Limited, and HiRex Petroleum Sdn Bhd (HIREX). TDO holds 49.9% interests in

offshore Gippsland Basin tenements VIC/P57 and VIC/L31 in a joint venture (JV) with CHPL. CHPL is a wholly owned subsidiary of Hibiscus Petroleum Berhad (Hibiscus) (KLSE: HIBISCS) and is JV Operator holding 50.1%.

On 4 July 2014 TDO executed binding agreements formalizing the provisions of the HOA.

The key points under the binding agreements are:

- CHPL to pay TDO US\$7.5 million for the Company's interest in the Britannia Rig and a 5% interest in VIC/P57.
- The proceeds will be used to meet Year 3 funding commitments for VIC/P57.
- US\$2 million will be paid in advance to TDO to assist with short term funding.
- US\$1.94 million of funding owing to the Operator of the VIC/L31 JV will be offset against a transfer to CHPL of a 6.07% interest in VIC/L31.
- An option has been granted to CHPL to purchase the remaining interest in VIC/L31 at fair market value.
- An option has been granted to HIREX to earn a 20% interest in VIC/P57.

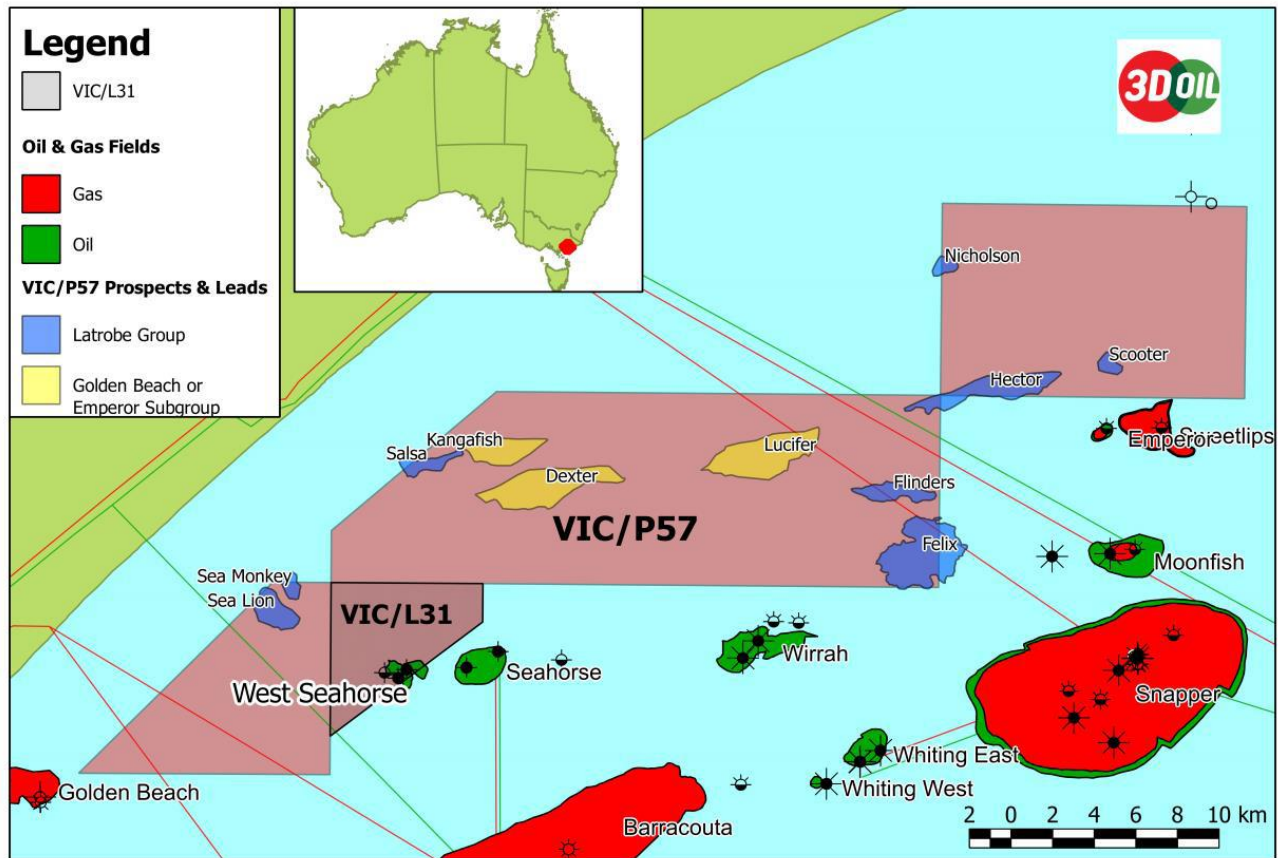
On 10 July 2014 TDO issued a Notice of General Meeting and Explanatory Statement to shareholders. The General Meeting will be convened on 11 August 2014 and will consider two resolutions which, if passed, will give effect to the terms of the binding agreements.

The directors of TDO have unanimously recommended that the resolutions be approved at the shareholder meeting on 11 August 2014.

These transactions will help position your Company as one of the strongest Australian junior oil and gas explorers, with significant cash reserves, achieved without diluting existing shareholders by issuing new shares.

In addition to a strong cash position, The Company would also have a funded 25% interest in the prospective Sea Lion well (VIC/P57) which is scheduled for drilling in April 2015. Sea Lion is an exciting prospect on a proven trend, and represents one of the last undrilled 4-way dip closures at the prolific 'Top Latrobe' level in the Gippsland Basin.

TDO, together with CHPL as VIC/P57 operator, is negotiating to secure a slot on a jack-up drilling rig which will enable the Sea Lion prospect to be drilled in approximately April 2015. The VIC/P57 joint venture has been granted a 12 month suspension and extension of Year 3 of the permit such that this commitment well must now be drilled before 10 August 2015.



Location map showing the VIC/P57 Exploration Permit and the West Seahorse Production Licence VIC/L31

T/49P, Otway Basin, offshore Tasmania

On 16 June 2014 3D Oil Limited (ASX: TDO) announced that Beach Energy Limited had executed agreements to acquire a 20% working interest in the T/49P exploration permit for a price of \$3 million. This transaction values the full permit at \$15 million. TDO is pleased to have attracted a significant partner such as Beach Energy and believes that this validates the Company's technical and commercial rationale for the permit.

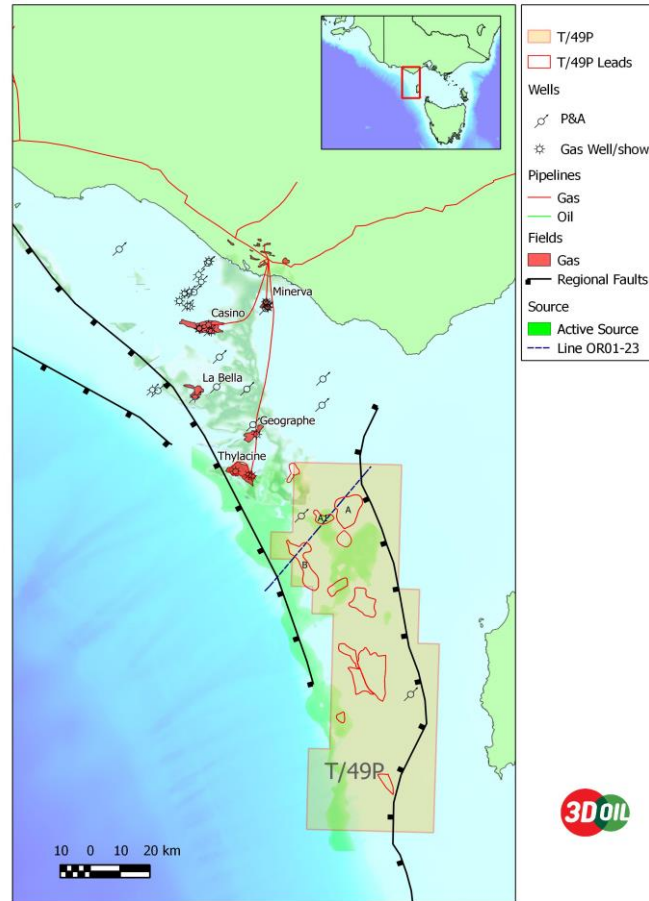
The T/49P permit had been held at 100% equity interest by TDO since it was granted via government gazettal in April 2013. Following the completion of the transaction with Beach TDO will retain an 80% interest and operatorship of the new T/49P joint venture.

T/49P is considered highly prospective for gas and is located offshore in the Otway Basin in Tasmanian waters west of King Island proximal to existing offshore gas infrastructure. The T/49P permit covers an area of 4,960 km² in water depths generally no greater than 100m. The permit is lightly explored covered by a broad grid of 2D seismic data of varying vintages and has two early exploration wells. The permit is adjacent to the Thylacine and Geographe gas fields which have a combined gas in place ("GIP") of over 2 TCF. Thylacine is the largest gas discovery in the Otway Basin.

The T/49P joint venture is planning to initiate its exploration programme with the acquisition of at least 755 km² of 3D seismic. This Flanagan marine seismic survey is scheduled to be acquired late in 2014 subject to joint venture and regulatory approvals.

The Environment Plan for the Flanagan survey was submitted to NOPSEMA on 5 June 2014 and approved on 30 July 2014. Planning and preparation for this survey are progressing. The Flanagan survey is the major commitment in the primary term of the permit.

The Company is continuing discussions with further potential farminees to jointly explore T/49P.



T49/P Location map

Corporate Matters

Dr Kenneth Pereira resigned as a non-executive director of the Company on 3 July 2014.

TDO Petroleum Tenement Holdings

Note that TDO's interests in each of VIC/P57, VIC/L31 and T/49P are subject to transactions pending completion as detailed above. As at 30 June 2014, TDO petroleum tenement holdings were:

Tenement and Location	TDO beneficial interest at 31Mar14	Beneficial interest acquired / (disposed)	TDO beneficial interest at 30Jun14
VIC/P57 offshore Gippsland Basin, Victoria	49.9%	n/a	49.9%
VIC/L31 offshore Gippsland Basin, Victoria	49.9%	n/a	49.9%
T/49P offshore Otway Basin, Tasmania	100%	n/a	100%

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

3D OIL LIMITED

ABN

40 105 597 279

Quarter ended ("current quarter")

30 June 2014

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A	Year to date (12 months) \$A
1.1 Receipts from product sales and related debtors	2,339	15,785
1.2 Payments for		
(a) exploration and evaluation (net of refunds)	-	-
(b) development	(435,679)	(2,681,442)
(c) production	-	-
(d) administration	(436,874)	(1,279,965)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	1,881	31,456
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 R&D Tax Rebate	-	-
1.8 Refund of expenditure from Joint Venture	639,591	2,176,260
Net Operating Cash Flows	(228,742)	(1,737,906)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects/farmins	-	-
(b) equity investments	-	-
(c) other fixed assets	-	(17,741)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	3,296	25,912
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	3,296	8,171
1.13 Total operating and investing cash flows (carried forward)	(225,446)	(1,729,735)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(225,446)	(1,729,735)
	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	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(225,446)	(1,729,735)
1.20	Cash at beginning of quarter/year to date	621,468	2,125,755
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	396,021	396,021

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	92
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 and salaries paid to directors during the June 2014 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	1,500
4.2 Development	-
4.3 Production	-
4.4 Administration	300
Total	*1,800

*: These outflows will be partially reimbursed by the VIC/P57 joint venture.

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	237	462
5.2 Deposits at call	112	112
5.3 Bank overdraft	-	-
5.4 Other – Bank Guarantee	47	47
Total: Cash at end of quarter (item 1.22)	396	621

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	237,523,000	237,523,000	-	-
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs (c) Released from ASX restriction	- - -	- - -	- - -	- - -
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>	64,000 150,000 200,000 78,000 495,000 300,000 250,000	- - - - - - -	<i>Exercise price</i> \$0.25 \$0.40 \$0.40 \$0.18 \$0.16 \$0.1055 \$0.12	<i>Expiry date</i> 30 June 2014 30 November 2014 31 January 2015 7 October 2015 30 November 2015 30 November 2016 29 November 2016
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: 31 July 2014

Director and 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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