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# 3D Oil Limited

## QUARTERLY ACTIVITIES REPORT FOR THE THREE MONTHS ENDED 31 DECEMBER 2012

### Overview

- Hibiscus Petroleum farm-in to VIC/P57 was completed on 8 January 2013
- New VIC/P57 Joint Venture has been formed with Hibiscus as operator holding 50.1% and 3D Oil with 49.9%.
- Hibiscus has deposited \$20.25 million into new Joint Venture accounts and committed an additional \$6.75 million when required.
- Funds to underpin the commencement of the West Seahorse oil field development.
- 3D Oil issued 30,963,000 new shares to Hibiscus in return for \$2 million in subscription funds received in September 2012.
- National Offshore Petroleum Titles Administrator (NOPTA) declared a Location over the West Seahorse oil field on 2 November 2012. This is a necessary precursor to an application for a Production Licence.
- The Preliminary Field Development Plan for the West Seahorse oilfield was completed and has been submitted to NOPTA for initial review.

## Exploration

### *VIC/P57, Gippsland Basin, offshore Victoria*

Activity during the quarter was focused on completing the farm-in agreement with Hibiscus Petroleum and simultaneously progressing the West Seahorse development project.

The farm-in, announced in August 2012, was formally completed as scheduled on 8 January 2013. A number of key steps were taken during the quarter, including FIRB approval and Hibiscus shareholder approval, as 3D Oil and Hibiscus worked together to close the farm-in transaction. The VIC/P57 Joint Venture has now been established with Hibiscus Petroleum as operator and 50.1% interest holder and 3D Oil holding 49.9%. Farm-in funding of \$20.25 million was deposited by Hibiscus into joint venture accounts. An additional \$6.75 million has also been committed by Hibiscus. These funds will be applied to the development of the West Seahorse oil field.

A project team has been established in Melbourne with Hibiscus Petroleum, 3D Oil, engineering firm WorleyParsons and other specialists. During the quarter the team carried out development concept and Front-end Engineering and Design (FEED) studies as well as regulatory and approvals work.

The joint venture has adopted an aggressive project schedule with the objective of producing oil within approximately two years.

In November 2012, the National Offshore Petroleum Titles Administrator declared a location over the West Seahorse oil field following our submission. This is a necessary precursor to an application for a Production Licence which the joint venture expects to submit in early 2013.

A key task for the project team during the quarter was completing the Preliminary Field Development Plan for the West Seahorse oilfield. This document has now been submitted to NOPTA for initial review which is another step towards the application for a Production Licence.

While the development concept for West Seahorse is yet to be finalised, the current base case comprises the following infrastructure:

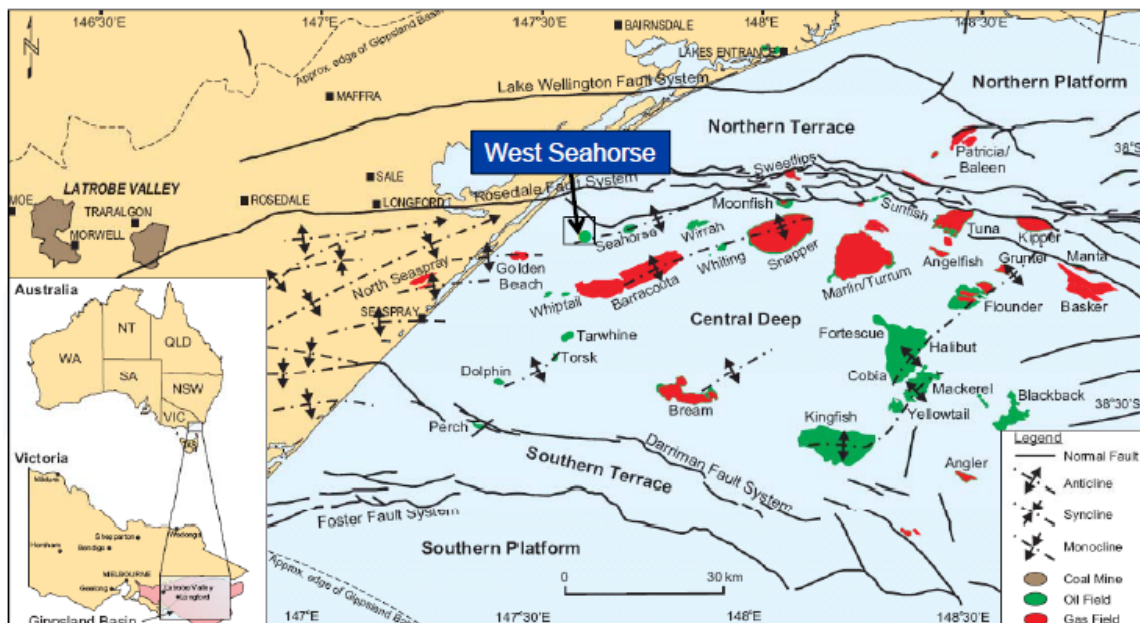
- a Mobile Offshore Production Unit (MOPU) fixed to the seabed at West Seahorse will have processing facilities to produce stabilised the crude oil. Two production wells will connect the West Seahorse reservoir to the MOPU.
- a Crude Oil Storage and Road Tanker Load-out Terminal located onshore. Road tankers will transport the stabilised crude oil to local Victorian refineries.
- A pipeline connecting the MOPU to the onshore terminal, comprised of a 24km offshore section, a 3.5km subsurface shoreline crossing installed by horizontal directional drilling and approximately 6km of onshore pipeline. Onshore sections of the pipeline are to be routed within existing easements wherever possible to minimise environmental impacts.

## The West Seahorse Oil Field

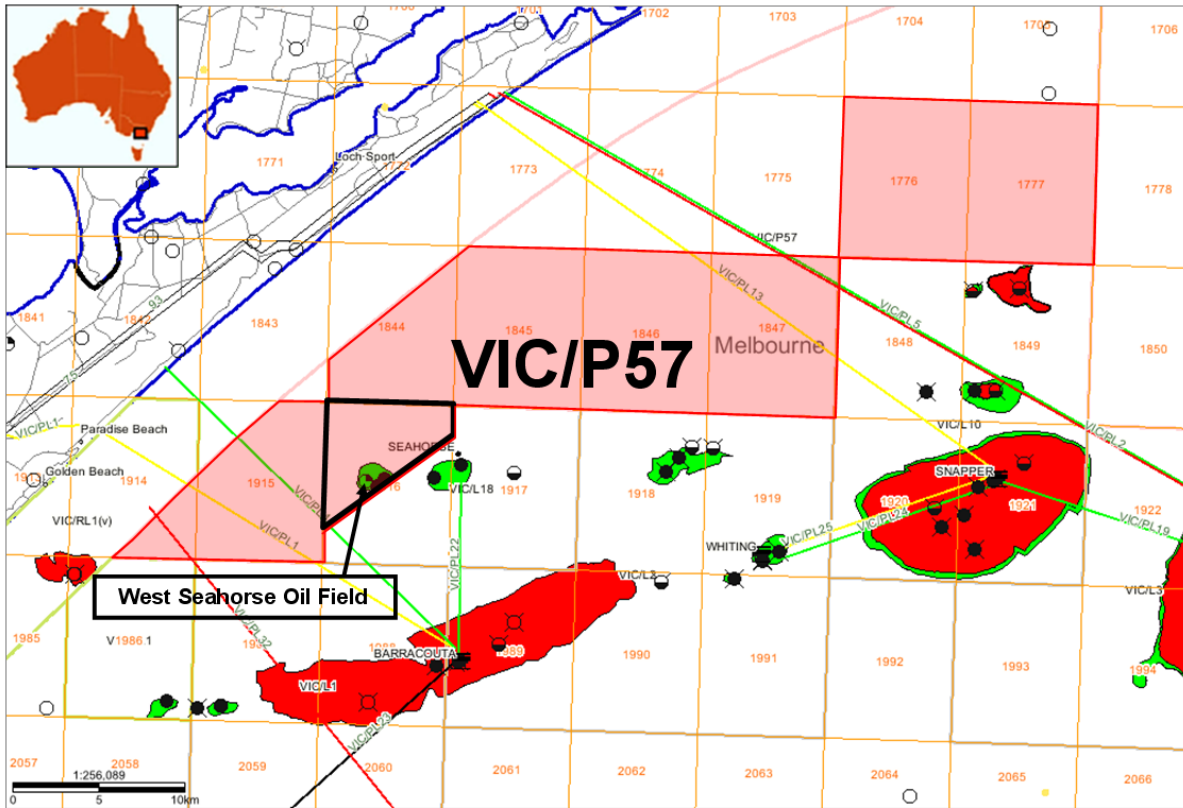
Gaffney Cline Associates, independent experts engaged by 3D Oil, have determined a best estimate of 9.2 million barrels of recoverable oil from West Seahorse (2C Contingent Resources).

The West Seahorse field lies 14km offshore from Ninety Mile Beach in 39 metres of water, 18km SSE of the Gippsland town of Loch Sport. The area hosts existing oil and gas infrastructure, with West Seahorse located 38km east of the onshore Esso Longford Gas Plant and 11km from Esso's offshore Barracouta platform.

The West Seahorse oil reservoir is approximately 1400 metres below sea level in some of the same high-productivity sandstones that have historically contributed to the prolific oil fields of the Gippsland Basin. Initial oil production rates are expected to be over 10,000 barrels of oil per day.



*West Seahorse location, Gippsland Basin, Offshore Victoria*



*VIC/P57 and West Seahorse. Location declared over block 1916 (part)*

## Corporate Matters

3D Oil issued 30,963,000 new shares for which \$2 million had been received in September 2012. This finalized the transaction under the Subscription Agreement executed in conjunction with the Hibiscus Petroleum farm-in during August 2012.

# 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")

31 December 2012

### Consolidated statement of cash flows

	Current quarter \$A	Year to date (6 months) \$A
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	5,262	10,523
1.2 Payments for		
(a) exploration and evaluation (net of refunds)	-	-
(b) development	(361,425)	(480,754)
(c) production	-	-
(d) administration	(718,128)	(1,135,345)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	17,662	47,042
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 R&D Tax Rebate	-	695,894
1.8 Refund of exploration deposit	-	-
<b>Net Operating Cash Flows</b>	<b>(1,056,629)</b>	<b>(862,640)</b>
<b>Cash flows related to investing activities</b>		
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)	-	-
<b>Net investing cash flows</b>	<b>-</b>	<b>-</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(1,056,629)</b>	<b>(862,640)</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(1,056,629)	(862,640)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares *	-	2,043,558
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	-	-
	<b>Net financing cash flows</b>	-	<b>2,043,558</b>
	<b>Net increase (decrease) in cash held</b>	<b>(1,056,629)</b>	<b>1,180,918</b>
1.20	Cash at beginning of quarter/year to date	3,912,422	1,674,875
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	<b>2,855,793</b>	<b>2,855,793</b>

\*: Shares to be issued following shareholder approval at AGM

**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	93,517
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 December 2012 quarter.
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**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
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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
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+ 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	
4.2 Development	460
4.3 Production	-
4.4 Administration	650
<b>Total</b>	<b>*1,110</b>

\*: These outflows are largely to be reimbursed by the joint venture together with reimbursements due from the Dec 12 quarter.

### 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	649	2,361
5.2 Deposits at call	2,159	1,504
5.3 Bank overdraft	-	-
5.4 Other – Bank Guarantee	47	47
<b>Total: Cash at end of quarter (item 1.22)</b>	<b>2,855</b>	<b>3,912</b>

### 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 <b>Preference +securities</b> <i>(description)</i>	-	-	-	-
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3 <b>+Ordinary securities</b>	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	- - -	- - -	- - -	- - -
7.5 <b>+Convertible debt securities</b> <i>(description)</i>	-	-	-	-
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	- -	- -	- -	- -
7.7 <b>Options</b> <i>(description and conversion factor)</i>	64,000 150,000 200,000 78,000 595,000	- - - - -	<i>Exercise price</i> \$0.25 \$0.40 \$0.40 \$0.18 \$0.16	<i>Expiry date</i> 30 June 2014 30 November 2014 31 January 2015 7 October 2015 30 November 2015
7.8 Issued during quarter	595,000	-	<i>Exercise price</i> \$0.16	<i>Expiry date</i> 30 November 2015
7.9 Exercised during quarter	-	-	-	-
7.10 Expired/lapsed during quarter			<i>Exercise price</i>	<i>Expiry date</i>
317.1 <b>Debentures</b> 1 <i>(totals only)</i>	-	-	-	-
7.12 <b>Unsecured notes</b> <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 January 2013  
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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