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3D Oil Limited

QUARTERLY ACTIVITIES REPORT FOR THE THREE MONTHS ENDED 31 MARCH 2011

Overview

During the March quarter 3D Oil successfully acquired the 264 km² Dalrymple 3D seismic survey in T/41P offshore Tasmania, under budget and incident free. The purpose of the seismic is to mature previously identified leads to prospect status for potential future drilling. Preliminary indications are highly encouraging.

In Vic/P57 the company was primarily focused on the farmout process. Following the significant increase in the assessed size of the West Seahorse oil accumulation, by Gaffney Cline and Associates late in 2010, international interest in the permit increased significantly. During the quarter the company received both formal and informal offers from interested parties. The company is in discussions with these companies and a number of other potential strategic partners. The board and management of 3D Oil are seeking a transaction reflecting both the intrinsic value of the proven oil accumulation and high prospectivity of Vic/P57 with a party which will be strategically aligned and ultimately transformational to the company.

While 3D Oil is confident a deal can be completed it also stresses that there is no guarantee that a final agreement will be reached. 3D Oil has invested considerable capital in Vic/P57 and is very focused on delivering an outcome that reflects its value expectations. The company will keep the market informed of any material developments concerning this matter.

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.



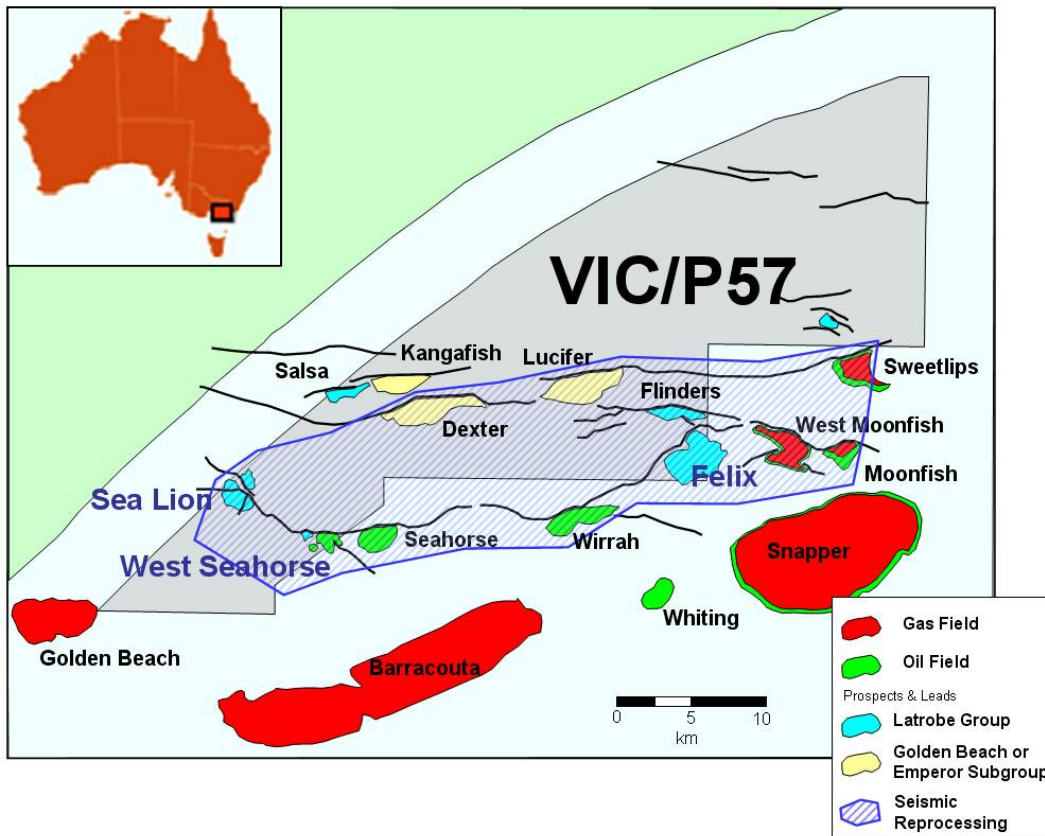
Location of permits

VIC/P57, Gippsland Basin offshore Victoria

During the March quarter the company primarily focused on support of farmin activities. Following the significant increase in the assessed size of the West Seahorse oil accumulation, by Gaffney Cline and Associates (GCA) during the December quarter, the company was approached by a number of new interested parties in addition to those 3D Oil was already engaged with. The GCA Most Likely or Best Case estimate for the entire West Seahorse Field represents an increase of 74% from 5.3 million barrels to 9.2 million barrels of recoverable oil.

The state-of-the-art seismic reprocessing of 3D seismic data over VIC/P57 and selected adjacent areas continued during the quarter and is expected to be completed in the coming weeks. The reprocessing will result in significantly improved seismic data over an area in excess of 500 square kilometres. This will enable better mapping of prospects and leads in the permit at all levels, especially in the previously poorly-imaged deeper section. In particular, the company is quite excited by the deep potential in the Felix and Sea Lion prospects.

3D Oil has commenced informal discussions with rig owners and other operators in the region who will be likely undertaking offshore drilling in the next 18 months. There appears to be sufficient demand for a jack up drilling rig to be jointly mobilised within this time frame.



Vic/P57 prospects, surrounding fields' location and extent of reprocessing

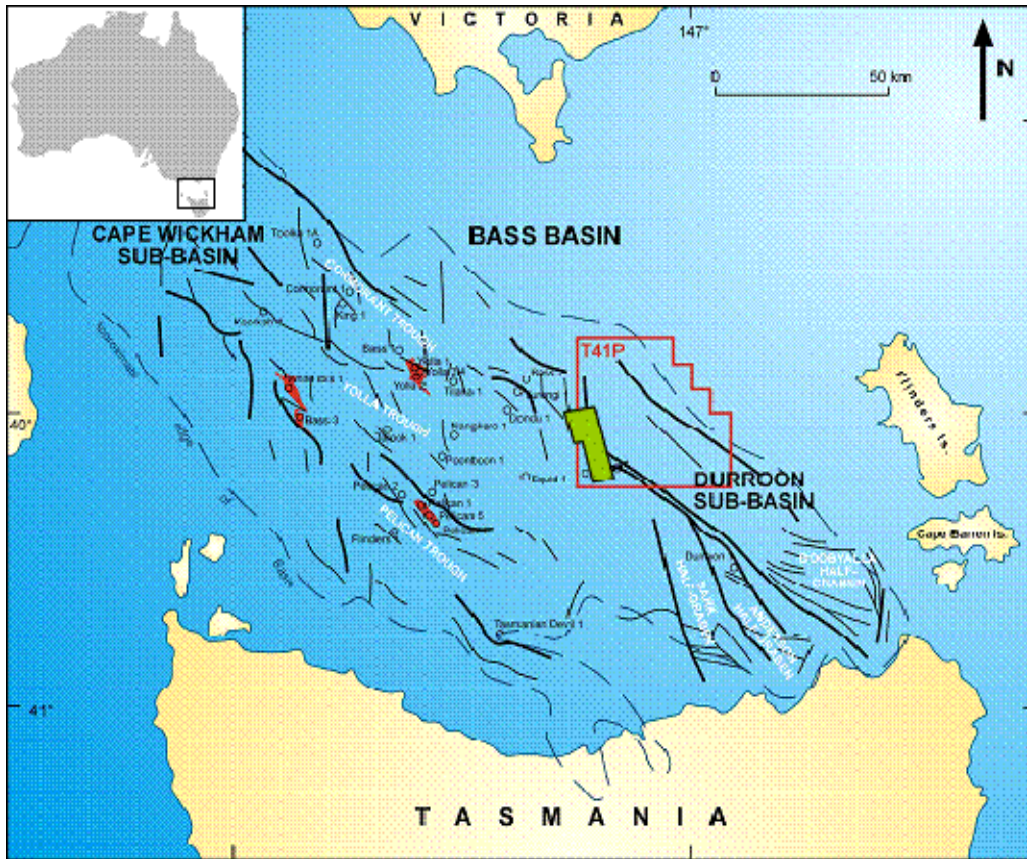
T/41P, Bass Basin offshore Tasmania

During the March quarter 3D Oil acquired the 264 sq km Dalrymple 3D seismic survey using PGS 12-streamer vessel MV Ramform Sterling. The survey was completed incident free, ahead of schedule and under budget.

The survey focused on a group of leads in the southwest portion of T/41P which were previously high-graded due to interpreted access to hydrocarbon charge, structural configuration and identification of seismic flat spot anomalies often indicative of the presence of hydrocarbons.

The 3D seismic is currently being processed by CGG Veritas in Singapore and is expected to be completed in the third quarter of 2011 which will be followed by a detailed in-house interpretation of the data set.

The purpose of the seismic is to derisk this group of leads and ultimately mature at least one to prospect status for potential future drilling.



Darymple 3D seismic survey location showing nearby gas discoveries



PGS Ramform Sterling seismic vessel

In late March the official requirement to drill an exploration well before July 2012, as part of the scheduled Year 6 work program, was waived by the Joint Authority. It is expected this well will be incorporated into the renewed 5 year secondary term.

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 March 2011

Consolidated statement of cash flows

	Current quarter	Year to date (9 months)
	\$A	\$A
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	2,768	8,173
1.2 Payments for		
(a) exploration and evaluation (net of refunds)	(2,315,642)	(2,861,603)
(b) development	-	-
(c) production	-	-
(d) administration	(283,245)	(798,248)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	77,232	367,912
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 GST Refund	-	-
1.8 Refund of exploration deposit	-	16,685
Net Operating Cash Flows	(2,518,887)	(3,267,081)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects/farmins	-	-
(b) equity investments	-	-
(c) other fixed assets	(42,195)	(42,195)
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)	(2,561,082)	(3,309,276)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(2,561,082)	(3,309,276)
	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	(2,561,082)	(3,309,276)
1.20	Cash at beginning of quarter/year to date	7,606,467	8,378,658
1.21	Exchange rate adjustments to item 1.20	2,981	(21,016)
1.22	Cash at end of quarter	5,048,366	5,048,366

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	67,911
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 March 2011 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	800
4.2 Development	-
4.3 Production	-
4.4 Administration	300
Total	1,100,000

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	1,211,529	281,071
5.2 Deposits at call	3,790,009	7,278,569
5.3 Bank overdraft		-
5.4 Other – Bank Guarantee	46,827	46,827
Total: Cash at end of quarter (item 1.22)	5,048,365	7,606,467

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	- - -	- - -	- - -	- - -
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>	400,000 189,000 615,000 200,000	- - - -	<i>Exercise price</i> \$0.75 \$0.25 \$0.40 \$0.40	<i>Expiry date</i> 31 March 2013 30 June 2014 30 November 2014 31 January 2015
7.8 Issued during quarter	200,000	-	<i>Exercise price</i> \$0.40	<i>Expiry date</i> 31 January 2015
7.9 Exercised during quarter	-	-	-	-
7.10 Expired/lapsed during quarter	6,100,000 6,330,000	- -	<i>Exercise price</i> \$0.50 \$0.60	<i>Expiry date</i> 31 January 2011 31 January 2011
317.1 Debentures 1 <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:

Company Secretary

Date: 29 April, 2011

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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