



**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 30 JUNE 2013

### Overview

- 3D Oil (TDO) awarded large prospective permit, T49/P offshore Tasmania, adjacent Thylacine gas field

Strong progress continued on the development of the West Seahorse oil field continued during the quarter, including:

- An application for a Production Licence over West Seahorse was submitted to the National Offshore Petroleum Titles Authority (NOPTA)
- The VIC/P57 Joint Venture (JV) purchased a jack up drilling rig to be converted to Mobile Offshore Production Unit (MOPU) for the West Seahorse (WSH) oil field. The purchase will accelerate the WSH project which could potentially deliver first oil in late 2014
- The final Field Development Plan (FDP) has been submitted to NOPTA
- Final selection of an offshore development concept for West Seahorse. This decision followed a comprehensive review of alternatives and was announced on 16 April 2013

Managing Director Noel Newell commented:

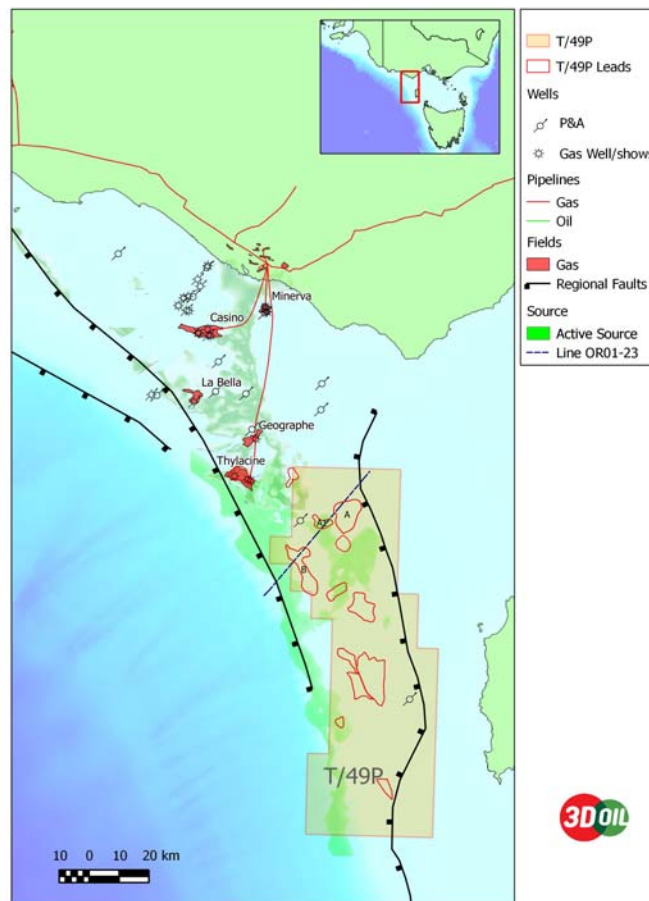
*“This period has been significant in the ongoing transformation of TDO into an oil producer. Our West Seahorse development project has progressed with several significant milestones achieved during the quarter and I believe we are demonstrating our ability to deliver on the plans we have announced. Together with our VIC/P57 partners Hibiscus Petroleum, we continue to work hard towards the goal of Final Investment Decision for the project by the end of the year.*”

TDO has also made an exciting step to broaden our portfolio with the award of a 100% interest in T/49P. This exploration permit is highly prospective for gas and is strategically located adjacent existing gas production facilities. Success here would expose TDO to the upside of rapidly improving east coast market for wholesale gas. In conjunction with West Seahorse and other VIC/P57 exploration, this could see the Company become a producer of both oil and gas from our southeast Australia focus area. This would be a strong outcome creating a robust commercial platform for 3D Oil's growth into a mid cap E and P company."

## Exploration

### T/49P, Otway Basin, offshore Tasmania

On 24 May TDO announced that it had been awarded new exploration permit T/49P based its successful bid in the 2012 Australian Offshore Gazettal round. T/49P is located in the offshore Otway Basin of Tasmania and covers an area of 4,960 km<sup>2</sup> 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.



T49/P Location map

The Minimum Guaranteed Work Program is set out below. It is the intention of TDO to seek a farmin partner to the permit

| YEAR                                     | ACTIVITY   | INDICATIVE EXPENDITURE<br>(A\$ MILLION) |                 |
|--|--|---|-----------------|
|  |  | GROSS                                   | CUMULATIVE      |
| <b>MINIMUM GUARANTEED WORK PROGRAMME</b> |  |   |                 |
| Year 1                                   | 1. Commence approval and planning process for seismic acquisition.<br>2. G&G Studies, Seismic mapping, sequence stratigraphic study, basin modelling.<br>3. Reprocess 500km of 2D seismic. | \$ 0.150<br>\$ 0.200<br>\$ 0.050        | \$ 0.400        |
| Year 2                                   | 1. Acquire and process 755 km <sup>2</sup> of new 3D seismic.  | \$12.000                                | \$12.400        |
| Year 3                                   | 1. Seismic Interpretation<br>2. Geological and Geophysical studies.  | \$ 0.250<br>\$ 0.500                    | \$13.150        |
| <b>Total</b>                             |  |   | <b>\$13.150</b> |

T/49P lies adjacent to the Thylacine and Geographe gas fields which have a combined gas in place ("GIP") of over 2 TCF while the former is the largest gas discovery in the Otway Basin.

The evaluation of T/49P undertaken by TDO included a review of the existing seismic data and a full petroleum systems analysis. A number of strong leads were identified with combined GIP estimate of over 5 TCF. An active petroleum system is proven adjacent the permit and is also interpreted as active within T/49P.

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

On the 19 July TDO announced the acquisition by the VIC/P57 JV of a drilling rig which will serve as a production platform for the West Seahorse Oil Field (WSH) in the offshore Gippsland Basin.

The US\$12 million acquisition is a milestone event for the JV and for the WSH development project. A Sale and Purchase Agreement and related agreements were signed on 18 July 2013. The Hibiscus farmin proceeds will fund the purchase.

The GSP Britannia is a large 4 leg jack-up rig that will be converted to a MOPU and installed at the West Seahorse location. It is well suited to the harsh operating conditions of the Bass Strait and, once converted to a MOPU with production facilities, its size will allow deck space for drilling of the WSH production and possibly exploration wells with the use of a de-mountable modular platform rig.

This approach will be cost effective and will allow the JV to accelerate first oil from WSH.



*GSP Britannia operating in the North Sea*

#### Project phases:

- Purchase of the Britannia now secures the JV's rights to the rig.
- The JV plans to re-sell the Britannia to a MOPU contractor at or before the WSH project Final Investment Decision (FID) for conversion to a MOPU.
- The JV then intends to lease back the Britannia MOPU for the life of the WSH field.
- Existing drilling equipment will be removed from the Britannia.
- The MOPU Contractor will then install production equipment and facilities in order to complete conversion of Britannia to a Mobile Offshore Production Unit (MOPU).
- JV will contract a modularised platform drilling rig and place on the Britannia.
- JV will drill all VIC/P57 wells from the Britannia (including WSH production wells and potentially a nearby exploration well), then remove platform drilling rig.
- JV will commence WSH oil production utilising the Britannia as a MOPU.

#### Advantages of the Britannia purchase to the WSH project include:

- Accelerates First Oil from the West Seahorse Project to potentially late 2014.
- Secures suitable rig for project at relatively low purchase price.
- Accelerates the Safety Case approval process as it focuses the team on the final development solution immediately.
- Reduces Capital Cost of the project.
- Reduces Drilling Cost of the project.

On 29 April TDO advised that an application for a Production Licence over the West Seahorse oilfield had been submitted to the National Offshore Petroleum Titles Authority (NOPTA). On 29 May TDO announced that NOPTA had issued a Notice of Sufficient Information confirming that no further data was required in relation to the WSH Production

Licence Application. This Notice is the trigger for significant credits for West Seahorse under the Petroleum Resource Rent Tax regime. These credits relate to the costs of exploration and previous drilling on the field and securing them within the current fiscal year has been an important factor in the overall economics of the project. TDO anticipates that the West Seahorse Production Licence will be awarded in the third quarter of 2013.

As a precursor to the submission of the Production Licence application, the JV submitted a preliminary Field Development Plan (FDP) to the National Offshore Petroleum Titles Authority (NOPTA). The final FDP was submitted to NOPTA on 13 May and is a comprehensive document which includes updates and amendments consistent with NOPTA's response to the preliminary FDP which had been submitted in January 2013.

The process of finalizing and submitting the Production Licence application and the FDP follows on from the NOPTA declaring a location over the West Seahorse oil field in November 2012.

On 16 April 3D Oil announced that it had finalised the development concept for the West Seahorse oilfield and that Front End Engineering Design (FEED) had commenced.

The announcement followed a comprehensive review of a variety of alternatives, with the joint venture selecting an offshore solution for the exploitation of West Seahorse based on a cost effective approach and minimum time to first oil.

The development concept consists of production via a leased Mobile Offshore Production Unit (MOPU) in to a leased tanker serving as a Floating Storage and Offloading (FSO) Vessel. This will enable crude oil sales both locally and internationally. The field life is anticipated to be 4 to 5 years, dependent on a number of factors including operating costs and oil price. Initial production rates are expected to be as high as 12,000 barrels of oil per day.

The West Seahorse Development Concept is described as follows:

- Two production wells will be drilled and completed via a self-contained de-mountable modular drilling rig temporarily installed on the MOPU. The size of the Britannia allows the use of a modular rig thereby eliminating the need to contract a separate offshore drilling unit as had been previously considered. Two production wells will be connected directly to the MOPU through the use of surface completions.
- The Britannia jack-up rig will be refurbished and modified for duty as a Mobile Offshore Production Unit (MOPU). It will be fixed to the seabed at West Seahorse field location for the life of the project. The MOPU will include processing facilities to remove associated gas and water, to stabilise the crude oil, and export the stabilised crude. Produced gas will be processed and utilized for fuel gas and enhanced recovery (gas lift) with the remaining gas being flared. Produced water will be treated to regulatory requirement quality and disposed overboard.
- The stabilised oil will be produced via a 1.6km 4-inch flexible flowline to a catenary anchor leg moored (CALM) buoy and flexible hose to a Floating Storage Offloading (FSO) vessel. The FSO can then either load to another vessel in tandem mooring or shuttle the crude to a refinery.

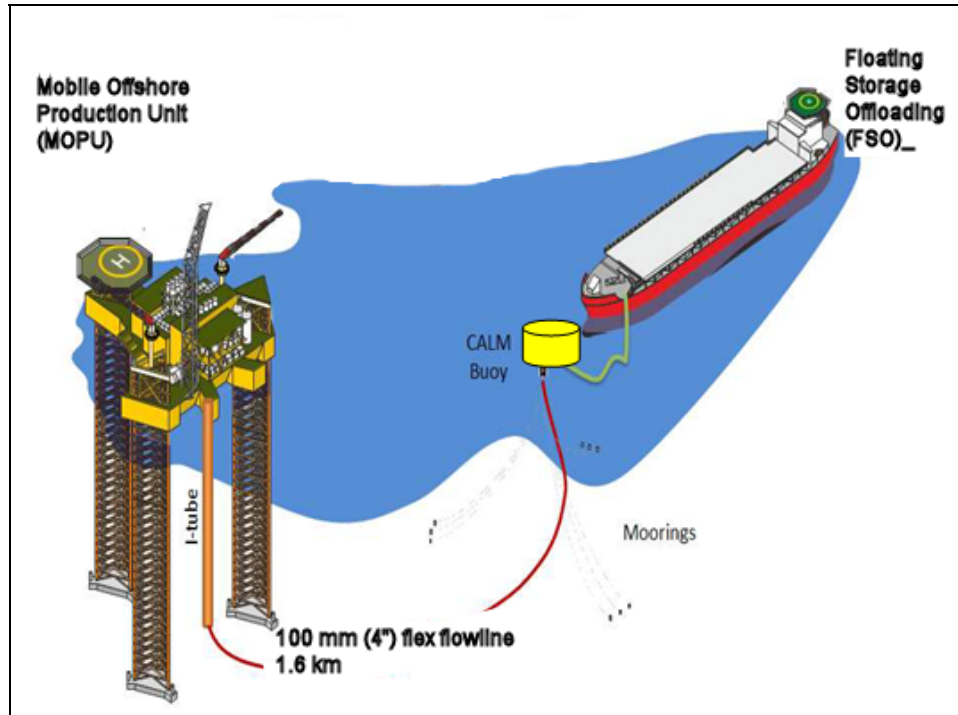
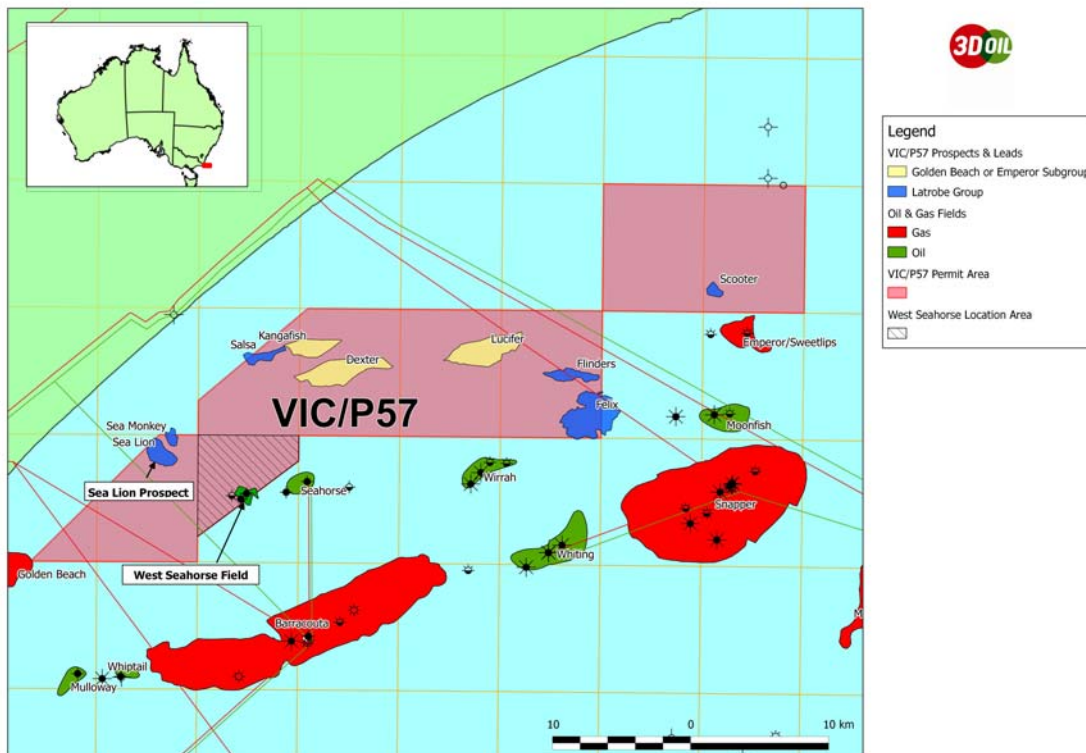


Illustration of the MOPU and tanker facilities proposed for West Seahorse

The VIC/P57 JV has awarded the Front End Engineering and Design (FEED) contract to Melbourne-based engineering firm WorleyParsons. This work will be conducted in conjunction with the regulatory approval process and will lead to the Final Investment Decision (FID), which is expected in the fourth quarter of 2013. A project team has been established in Melbourne with Hibiscus Petroleum, 3D Oil, engineering firm WorleyParsons and other specialists.



VIC/P57 and West Seahorse location

# 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 2013

### Consolidated statement of cash flows

|   | Current quarter<br>\$A | Year to date<br>(12 months)<br>\$A |
|---|------------------------|------------------------------------|
| <b>Cash flows related to operating activities</b>               |                        |                                    |
| 1.1 Receipts from product sales and related debtors             | 5,262                  | 19,293                             |
| 1.2 Payments for  |                        |                                    |
| (a) exploration and evaluation (net of refunds)                 | -                      | -                                  |
| (b) development   | (468,675)              | (1,528,292)                        |
| (c) production  | -                      | -                                  |
| (d) administration  | (670,589)              | (2,069,572)                        |
| 1.3 Dividends received  | -                      | -                                  |
| 1.4 Interest and other items of a similar nature received       | 15,258                 | 90,409                             |
| 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 expenditure from Joint Venture                    | 472,338                | 1,199,590                          |
| <b>Net Operating Cash Flows</b>                                 | <b>(646,406)</b>       | <b>(1,592,678)</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>(646,406)</b>       | <b>(1,592,678)</b>                 |

+ See chapter 19 for defined terms.

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

|      |  |                  |                    |
|------|--|------------------|--------------------|
| 1.13 | Total operating and investing cash flows (brought forward) | <b>(646,406)</b> | <b>(1,592,678)</b> |
|      | <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>-</b>         | <b>2,043,558</b>   |
|      | <b>Net increase (decrease) in cash held</b>                | <b>(646,406)</b> | <b>450,880</b>     |
| 1.20 | Cash at beginning of quarter/year to date                  | 2,772,161        | 1,674,875          |
| 1.21 | Exchange rate adjustments to item 1.20                     | -                | -                  |
| 1.22 | <b>Cash at end of quarter</b>                              | <b>2,125,755</b> | <b>2,125,755</b>   |

**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<br>\$A |
|------|--|------------------------|
| 1.23 | Aggregate amount of payments to the parties included in item 1.2 | 107,316                |
| 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 2013 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<br>\$A'000 | Amount used<br>\$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                | 600         |
| 4.3 Production                 | -           |
| 4.4 Administration             | 300         |
| <b>Total</b>                   | <b>*900</b> |

*\*: 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<br>\$A'000 | Previous quarter<br>\$A'000 |
|---|----------------------------|-----------------------------|
| 5.1 Cash on hand and at bank  | 489                        | 790                         |
| 5.2 Deposits at call  | 1,589                      | 1,935                       |
| 5.3 Bank overdraft  | -                          | -                           |
| 5.4 Other – Bank Guarantee  | 47                         | 47                          |
| <b>Total: Cash at end of quarter (item 1.22)</b>  | <b>2,126</b>               | <b>2,772</b>                |

**Changes in interests in mining tenements**

|   | Tenement<br>reference | Nature of interest<br>(note (2)) | Interest at<br>beginning<br>of quarter | Interest at<br>end of<br>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><br><i>(description)</i>   | -   | -                     | -   | -   |
| 7.2 Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through returns of capital, buy-backs, redemptions                         | -   | -                     | -   | -   |
| 7.3 <b>+Ordinary securities</b>  | 237,523,000                                       | 237,523,000           | -   | -   |
| 7.4 Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through returns of capital, buy-backs<br>(c) Released from ASX restriction | -<br>-<br>-                                       | -<br>-<br>-           | -<br>-<br>-   | -<br>-<br>-   |
| 7.5 <b>+Convertible debt securities</b><br><i>(description)</i>  | -   | -                     | -   | -   |
| 7.6 Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through securities matured, converted                                      | -<br>-  | -<br>-                | -<br>-  | -<br>-  |
| 7.7 <b>Options</b><br><i>(description and conversion factor)</i>   | 64,000<br>150,000<br>200,000<br>78,000<br>595,000 | -<br>-<br>-<br>-<br>- | <i>Exercise price</i><br>\$0.25<br>\$0.40<br>\$0.40<br>\$0.18<br>\$0.16 | <i>Expiry date</i><br>30 June 2014<br>30 November 2014<br>31 January 2015<br>7 October 2015<br>30 November 2015 |
| 7.8 Issued during quarter  | -   | -                     | <i>Exercise price</i><br>-  | <i>Expiry date</i><br>-   |
| 7.9 Exercised during quarter   | -   | -                     | -   | -   |
| 7.10 Expired/lapsed during quarter   | -   | -                     | <i>Exercise price</i>   | <i>Expiry date</i>  |
| 317.1 <b>Debentures</b><br>1 <i>(totals only)</i>  | -   | -                     | -   | -   |
| 7.12 <b>Unsecured notes</b><br><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 July 2013

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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