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3D Oil Limited

QUARTERLY ACTIVITIES REPORT FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2011

Overview

- In T/41P processing of the Dalrymple 3D seismic survey was completed and received on schedule in August and detailed interpretation is now underway, along with supporting geoscience work.
- In VIC/P57 the permit was officially renewed for a five-year term and reprocessing of the existing 3D seismic data is nearing completion.
- The company undertook detailed reviews of gazettal areas in the Offshore Petroleum Exploration Acreage Release.

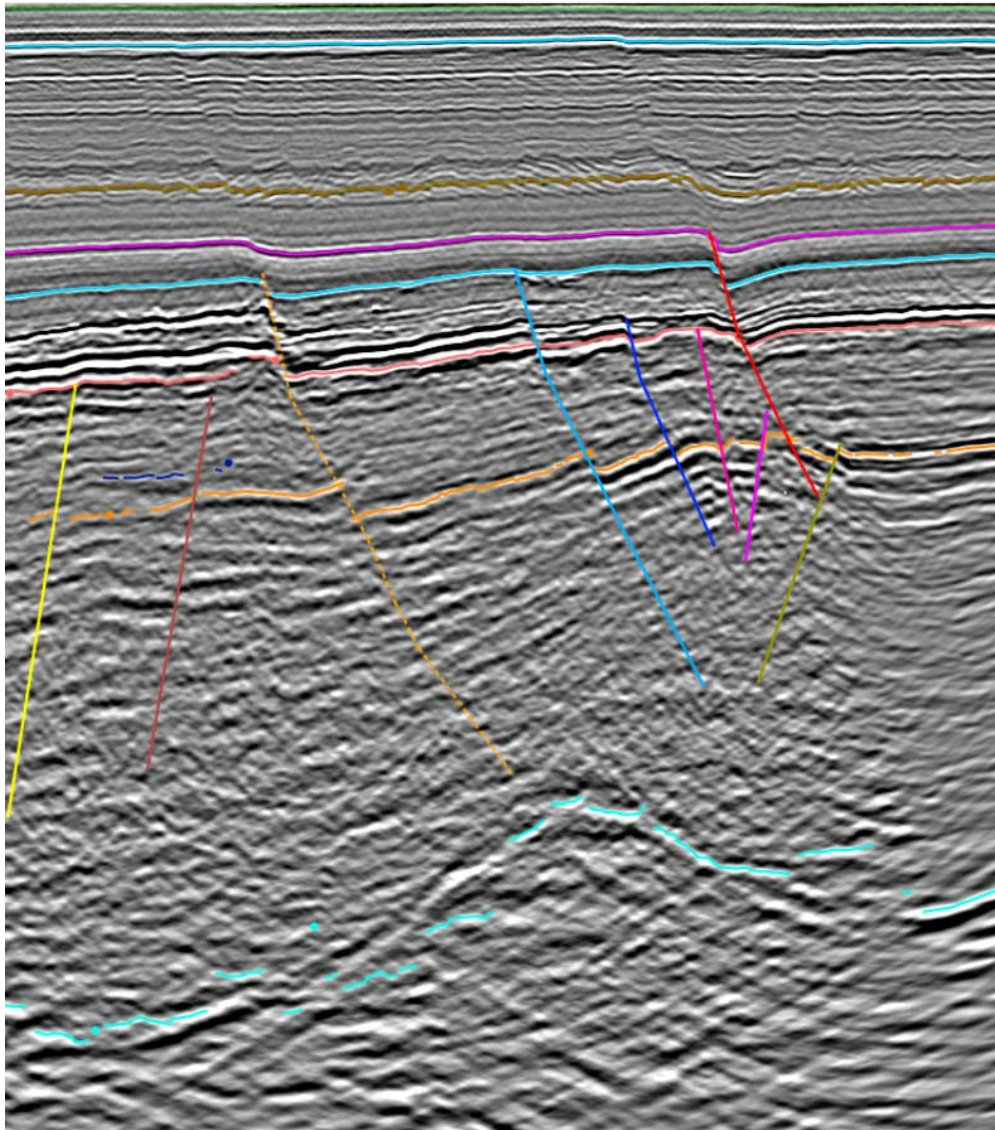


Location of 3D Oil exploration permits

T/41P, Bass Basin, offshore Tasmania

Processing of the newly-acquired 264 square kilometre Dalrymple 3D seismic survey was completed and received by 3D Oil in August.

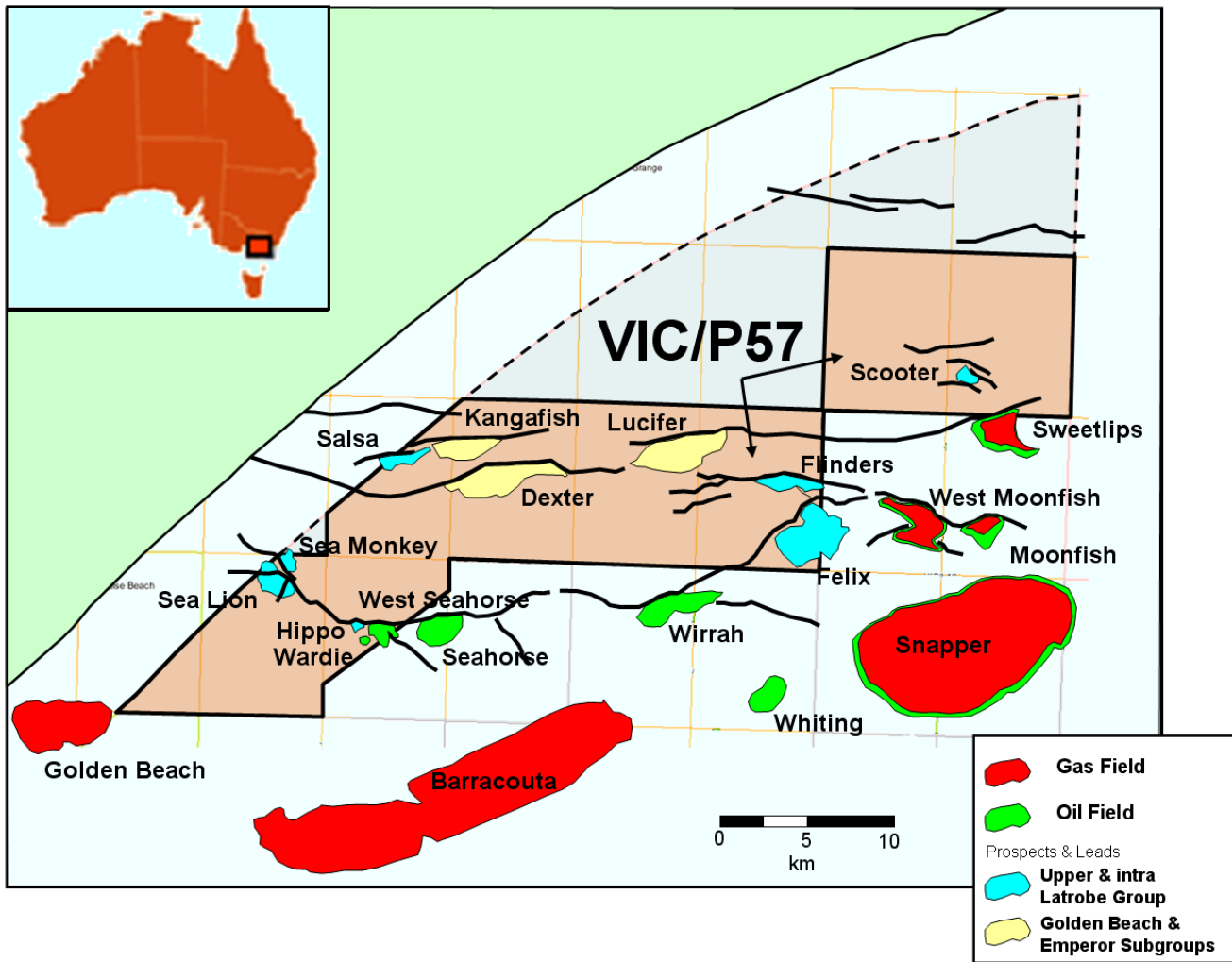
The data is of excellent quality and detailed interpretation has commenced with the mapping of faults and horizons. Velocity analysis, depth conversion and a systematic investigation of the dataset for amplitude anomalies is anticipated to be complete by the end of the year. In conjunction with this work, a comprehensive update to the geological evaluation of the petroleum system in this region of the basin is also being undertaken to provide a better understanding of the potential for adequate hydrocarbon charge, reservoir quality, and seals. This work will ultimately be integrated with the new 3D seismic interpretation to mature all of the existing leads to prospect status, and enable the best candidates for future drilling to be identified.



An example line from the newly-processed Dalrymple 3D survey.

VIC/P57, Gippsland Basin, offshore Victoria

The renewal of VIC/P57 was formally gazetted by the Joint Authority for a five-year term commencing 10 August, 2011. As shown on the accompanying map, the renewed permit, comprising approximately 483 square kilometres, retains all of the previously identified prospects and leads. The minimum work requirements for the renewed permit include the drilling of one exploration well before August, 2014 and another before August, 2016.



The recently-renewed VIC/P57 exploration permit (new area in orange, relinquished area dashed line) showing prospects and leads.

The reprocessing of approximately 500 square kilometres of pre-existing 3D seismic data over VIC/P57 and adjacent fields is nearing completion, with delivery of the final dataset before the middle of the next quarter. Initial viewing of the almost final data is demonstrating significant improvement in imaging, particularly at the deeper levels within the Latrobe Group. Interpretation of this data will be critical in the evaluation of exciting prospects such as Felix, and should enable significant 'de-risking' of this and other prospects and leads by closer comparison to nearby discoveries. As a consequence, the data will provide a more confident basis for selecting future drilling targets.

The company continued discussions with potential joint venture partners. The company is optimistic it will make an announcement on this matter in the coming weeks. The farmout strategy continues to be grounded in progressing exploration and development within VIC/P57, which will ultimately be transformational to the company.

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 September 2011

Consolidated statement of cash flows

	Current quarter	Year to date (3 months)
	\$A	\$A
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	6,184	6,184
1.2 Payments for		
(a) exploration and evaluation (net of refunds)	(237,345)	(237,345)
(b) development	-	-
(c) production	-	-
(d) administration	(364,336)	(364,336)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	43,277	43,277
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 GST Refund	-	-
1.8 Refund of exploration deposit	-	-
Net Operating Cash Flows	(552,220)	(552,220)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects/farmins	-	-
(b) equity investments	-	-
(c) other fixed assets	(37,567)	(37,567)
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	(37,567)	(37,567)
1.13 Total operating and investing cash flows (carried forward)	(589,787)	(589,787)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(589,787)	(589,787)
	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	(589,787)	(589,787)
1.20	Cash at beginning of quarter/year to date	3,857,995	3,857,995
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	3,268,208	3,268,208

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	106,221
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 September 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	400
4.2 Development	-
4.3 Production	-
4.4 Administration	300
Total	700

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	189,978	309,422
5.2 Deposits at call	3,031,403	3,501,746
5.3 Bank overdraft	-	-
5.4 Other – Bank Guarantee	46,827	46,827
Total: Cash at end of quarter (item 1.22)	3,268,208	3,857,995

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.

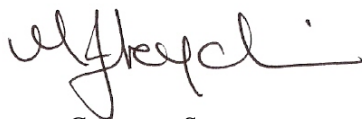
	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities <i>(description)</i>	-	-	-	-
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
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	-	-	<i>Exercise price</i> -	<i>Expiry date</i> -
7.9 Exercised during quarter	-	-	-	-
7.10 Expired/lapsed during quarter	-	-	<i>Exercise price</i>	<i>Expiry date</i> -
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: 28 October 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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