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3D Oil Limited

QUARTERLY ACTIVITIES REPORT FOR THE THREE MONTHS ENDED 31 MARCH 2014

Corporate Matters

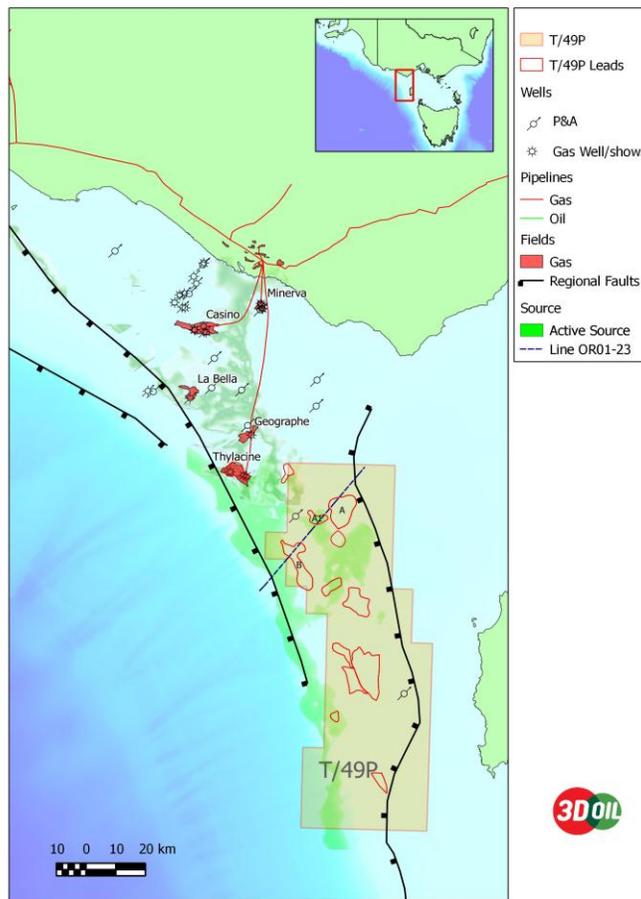
The company is currently in advanced discussion with funding partners with a view to securing short term and long term funding for 3D Oil limited. The company is finalising negotiations and expects to announce details to the market shortly.

Exploration

T/49P, Otway Basin, offshore Tasmania

Since the award of T/49P to TDO the company has received a number of unsolicited approaches in relation to a potential farm-in. The company has decided to actively pursue a farm-out of the permit and consequently we are discussions with a number of parties.

Exploration permit T/49P was awarded to TDO in May 2013. The permit is located in the offshore Otway Basin of Tasmania and covers an area of 4,960 km² in water depths generally no greater than 100m. It is lightly explored and lies adjacent to the Thylacine and Geographe gas fields which are in production and have a combined gas in place ("GIP") of over 2 TCF.



T/49/P Location map

To date at least 10 leads have been identified from mapping of the existing 2D seismic data. These range from medium to large structures by world standards. The combined gas in place for these leads is in the order of 20 TCF.

TDO's highest ranked lead, Flanagan, has the potential to contain up to 6 TCF GIIP. The optimistic view of its prospectivity is based on its proximity and geological similarity to the Thylacine and Geographe fields.

The commercial attractiveness of exploring for gas in eastern Australia has been boosted by a strongly improving gas pricing environment for producers.

Scoping economics for standalone T/49P developments undertaken by TDO indicates that a gas price of \$6/GJ provides a robust project for field sizes greater than 400 BCF. At \$8/GJ the analysis indicates NPVs of approximately A\$450 million and A\$1.3 billion for field sizes of 800 BCF and 1400 BCF respectively.

TDO notes that the timing of any T/49P discovery and production would likely coincide with spare capacity in existing facilities such as Thylacine, Minerva and Casino and the potential for tie-in options and therefore potentially stronger economics, could be explored at that time.

In addition, TDO's analysis did not include the value of associated condensate. Based on known condensate/gas ratios (CGR) in Thylacine and Geographe, 15 mmbbl of condensate could be produced from a hypothetical gas field of 1 TCF.

During the quarter TDO initiated a study using Trinity software to evaluate the permit's hydrocarbon source potential. This analysis also evaluates the maturity of these potential sources and allows for mapping migration pathways from kitchen to prospect.

The results of this work were very encouraging and indicate that T/49P accesses the same source kitchen areas as the nearby producing Thylacine and Geographe gas fields.

T/49P represents an attractive exploration opportunity and, as previously indicated, TDO has commenced discussions with potential farmin partners to the permit.

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

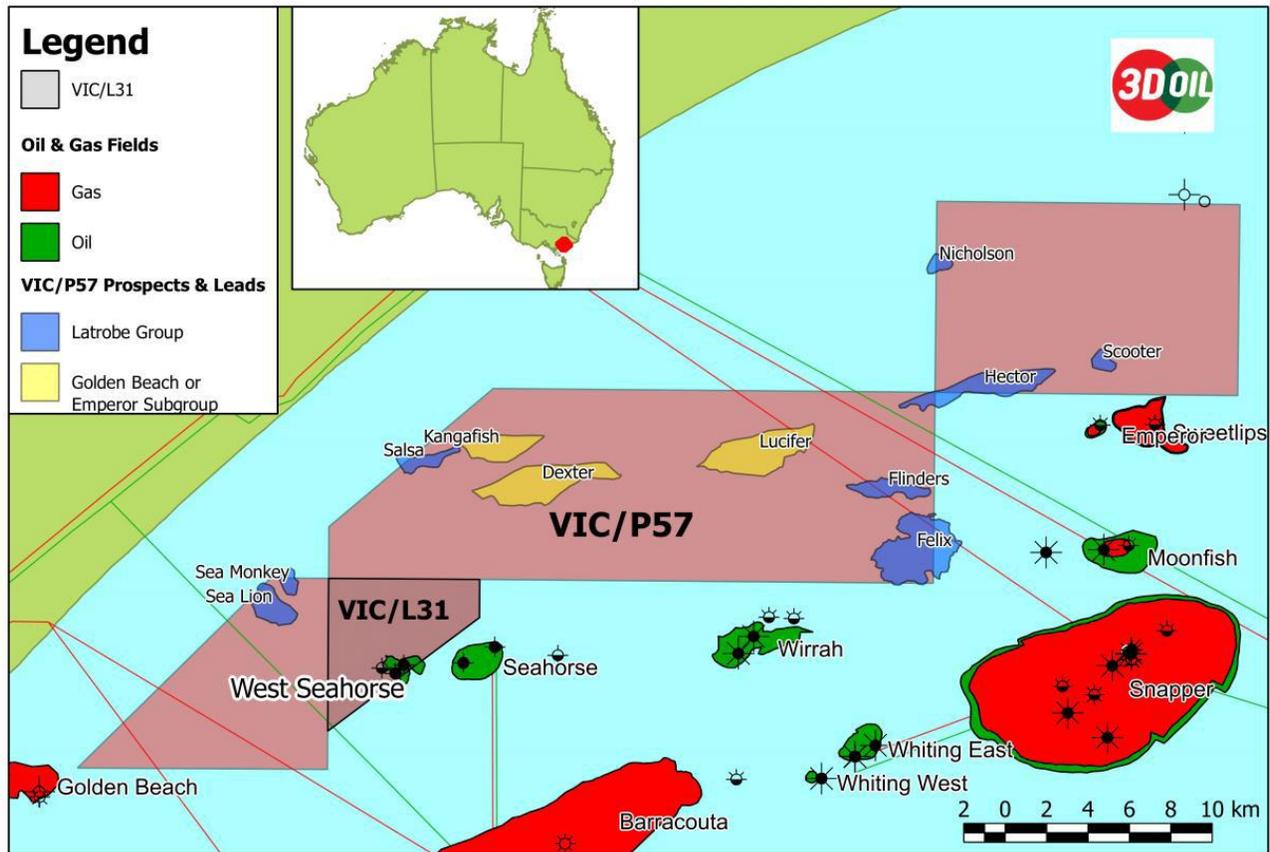
The West Seahorse (WSH) Oil Field lies 14km offshore from Ninety Mile Beach in 39 metres of water, 18km SSE of the Gippsland town of Loch Sport. The area hosts existing oil and gas infrastructure, with West Seahorse located 38km east of the onshore Esso Longford Gas Plant and 11km from Esso's offshore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

West Seahorse (WSH) is being developed for production in 2015 by a joint venture (JV) comprised of TDO 49.9% and Carnarvon Hibiscus Pty Ltd (Hibiscus), a wholly owned subsidiary of Hibiscus Petroleum Berhad (KLSE: HIBISCS), as Operator with 50.1%.

Discussions have been held with Australian and international banks in relation to project finance for the West Seahorse project. Debt markets for project financing are proving challenging and as a result more time will be required for Joint Venture (JV) project financing. TDO has also held related discussions with potential providers of equity finance and mezzanine debt for the project.

In parallel, Hibiscus on the behalf of JV has been negotiating the sale and lease-back arrangements for the Britannia MOPU.

To date, no definitive agreements have been executed. As a result of the slower than anticipated progress on these issues, TDO now expects that FID will be delayed until funding has been secured. TDO will maintain regular updates on progress.



Location map showing the West Seahorse Production Licence VIC/L31

WSH Reserves Certification

On 14 January 2014, TDO announced that independent expert Gaffney, Cline & Associates (GCA) had completed its Reserves and Contingent Resources Statement for the West Seahorse oil field. The main highlights of GCA's report are:

- Proved plus Probable (2P) Oil Reserves of 6.5 million barrels for the West Seahorse Field as at 31 December, 2013.
- Independent assessment of WSH Reserves provides certainty for project financing and major contracts.
- WSH project Development Plan and economics reviewed as part of GCA assessment.
- Mid Case Stock Tank Oil Initially In-Place (STOIIIP) of 10.3 million barrels with estimated un-risked 2C Contingent Resources of 1.5 million barrels in secondary 'Gurnard' reservoirs

GCA's assessment updated its earlier work on WSH and incorporated revised field mapping by TDO based on reprocessed 3D seismic. GCA also reviewed the JV's progress on the WSH development project, including economics, and recognised the recent production licence and environmental and regulatory approvals. TDO performed extensive reservoir

simulations studies, which were reviewed by GCA and used to define a set of oil production profiles that formed the basis for the economic analysis tests to determine Reserves.

The full range of undeveloped Oil Reserves for WSH as at 31st December, 2013 are:

| Reservoir | Gross 100% Field | | | TDO share within VIC/L31 | | |
|-----------------------------|------------------|-----|------|--------------------------|-----|-----|
| | 1P | 2P | 3P | 1P | 2P | 3P |
| Main Reservoirs N1u/N1/N2-6 | 4.0 | 6.5 | 11.5 | 1.9 | 2.9 | 4.9 |

TDO Petroleum Tenement Holdings

As at 31 March 2014, TDO petroleum tenement holdings were:

| Tenement and Location | TDO beneficial interest at 31Dec13 | Beneficial interest acquired / (disposed) | TDO beneficial interest at 31Mar14 |
|--|------------------------------------|---|------------------------------------|
| 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")

31 March 2014

Consolidated statement of cash flows

| Cash flows related to operating activities | Current quarter \$A | Year to date (9 months) \$A |
|---|------------------------|-----------------------------------|
| 1.1 Receipts from product sales and related debtors | 4,677 | 13,447 |
| 1.2 Payments for | | |
| (a) exploration and evaluation (net of refunds) | - | - |
| (b) development | (1,142,622) | (2,245,763) |
| (c) production | - | - |
| (d) administration | (184,127) | (843,091) |
| 1.3 Dividends received | - | - |
| 1.4 Interest and other items of a similar nature received | 5,261 | 29,575 |
| 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 | 727,888 | 1,536,670 |
| Net Operating Cash Flows | (588,923) | (1,509,163) |
| 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 | 22,616 | 22,616 |
| 1.10 Loans to other entities | - | - |
| 1.11 Loans repaid by other entities | - | - |
| 1.12 Other (provide details if material) | - | - |
| Net investing cash flows | 22,616 | 4,875 |
| 1.13 Total operating and investing cash flows (carried forward) | (566,307) | (1,504,287) |

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

| | | | |
|------|--|----------------|----------------|
| 1.13 | Total operating and investing cash flows (brought forward) | (566,307) | (1,504,287) |
| | 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 | (566,307) | (1,504,287) |
| 1.20 | Cash at beginning of quarter/year to date | 1,187,775 | 2,125,755 |
| 1.21 | Exchange rate adjustments to item 1.20 | - | - |
| 1.22 | Cash at end of quarter | 621,468 | 621,468 |

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 | 65,622 |
| 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 March 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 | 2,000 |
| 4.2 Development | - |
| 4.3 Production | - |
| 4.4 Administration | 300 |
| Total | *2,300 |

*: 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 | 462 | 129 |
| 5.2 Deposits at call | 112 | 1,011 |
| 5.3 Bank overdraft | - | - |
| 5.4 Other – Bank Guarantee | 47 | 47 |
| Total: Cash at end of quarter (item 1.22) | 621 | 1,187 |

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: 30 April 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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