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3D Oil Limited

QUARTERLY ACTIVITIES REPORT FOR THE THREE MONTHS ENDED 31 DECEMBER 2014

Key Points

- Drilling rig 'West Telesto' now en route to Victoria to drill Sea Lion-1 exploration well in Vic/P57 scheduled for second quarter 2015.
- Sale of West Seahorse interest completed for a total of US\$16 million
- TDO retains 24.9% interest in Vic/P57 exploration permit carried for US\$7.5 million of Sea Lion-1 funding
- TDO successfully acquires 974 sq km Otway Basin T/49P 'gas hunt' seismic survey on schedule and under budget
- Beach Energy completes second phase of Otway Basin T/49P farm-in

Exploration

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

During the quarter, the sale of the 3D Oil Limited (ASX: 'TDO') 49.9% interest in the West Seahorse Production Licence VIC/L31 was completed for a total of US\$16 million.

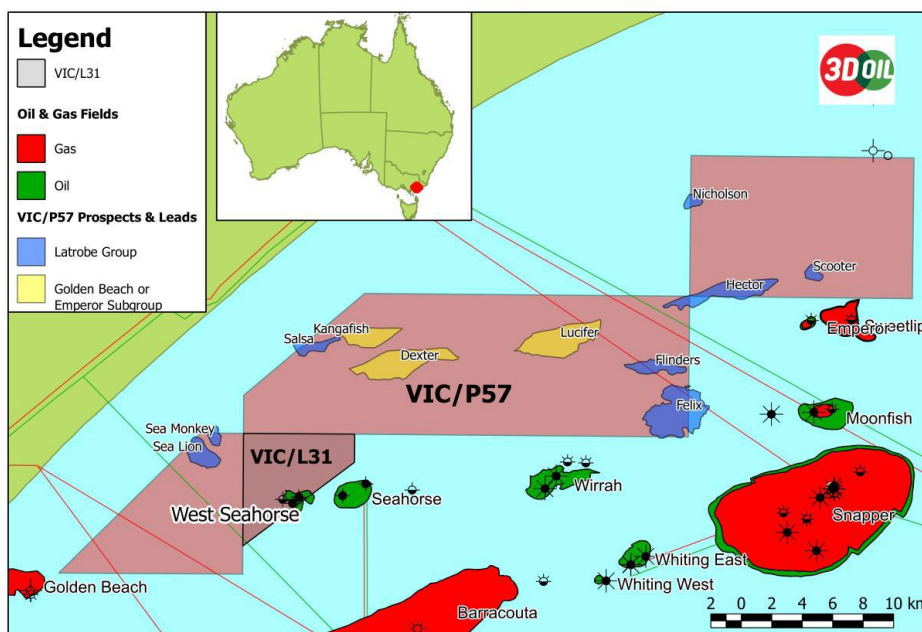
The Hibiscus Transaction and the HiRex Transaction, which were approved at the 3D Oil Limited General Meeting on 11 August 2014, have both now been completed and the Hi Rex option has been exercised.

As a result, TDO retains a 24.9% interest in the Vic/P57 exploration permit and TDO's interest in the upcoming Sea Lion-1 well will be carried to the extent of US\$7.5 million



The West Telesto on a transport vessel leaving Singapore en route to Victoria

During the quarter drilling contracts were signed to secure the Seadrill 'West Telesto' drilling rig to drill the Sea Lion-1 exploration well. The rig is currently being transported to Victoria to drill a number of wells in the region in 2015, including for Origin Energy ("Origin") which will initially utilise the West Telesto on its arrival in Australia. Carnarvon Hibiscus PL ("CHPL") as operator of Vic/P57 will take assignment of the rig for the Sea lion-1 well which is scheduled for 2nd quarter 2015. A Rig Sharing Agreement provides for Origin and CHPL to share certain common costs of the West Telesto's drilling programme including mobilisation and demobilisation.



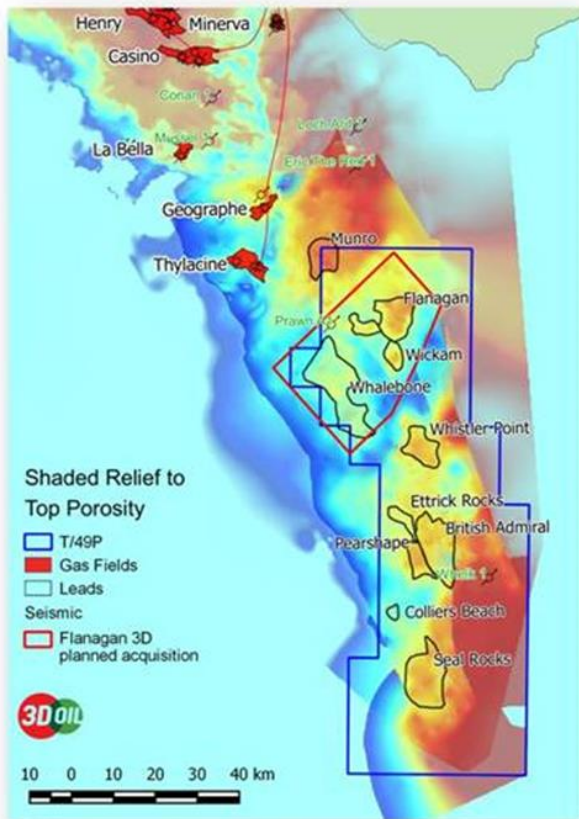
Location map showing the VIC/P57 Exploration Permit and the VIC/L31 West Seahorse Production Licence

Sea Lion is scheduled to be drilled during the second quarter of 2015. It is an exciting prospect on a proven oil-producing trend, and represents one of the last undrilled 4-way dip closures at the prolific 'Top Latrobe' level in the Gippsland Basin. The combination of prominent mapped depth structure and the likely presence of thick high quality reservoir sands overlain by the regional seal makes Sea Lion uniquely prospective.

An independent report has assessed the Sea Lion most likely (P50) Prospective Resource at 11.0MMbbl of oil (combined probabilistic estimate for the three main target levels).

T/49P, Otway Basin, offshore Tasmania

In December, 3D Oil Limited TDO concluded the acquisition of the 974 sq km Flanagan 3D seismic survey. The seismic vessel Polarcus Asima completed just over one month of operations west of King Island with-in budget and without environmental or safety incident.



Above: Polarcus Asima docked in Melbourne

Left: T/49P location map showing Flanagan Survey area

The seismic data recorded by the Asima will be processed by DownUnder GeoSolutions in Perth. DownUnder has developed a worldwide reputation as a leading edge data processor. Data processing for modern 3D seismic is a sophisticated process which will require several months to produce a data volume for interpretation by 3D Oil's geoscientists.

Interpretation and assessment of the geology and prospectivity of the area will also likely require several months. As a result, TDO anticipates that results of the Flanagan survey will be available in mid-2015.

In a second phase of dealing with Beach Energy Limited (ASX: BPT), a farmin agreement was completed during the quarter and the T/49P joint venture is now comprised of TDO at 70% and operator, with Beach Energy at 30%. TDO is pleased to have extended its joint venture with a significant company such as Beach and believes that this further validates the potential for this permit.

TDO intends to leverage the results of the Flanagan survey to attract the best possible farmin terms for future exploration in this highly prospective gas exploration area. The recent deals with Beach have allowed TDO to retain a large pre-drilling interest and operatorship in T/49P, while reducing cash exposure to the Flanagan survey. Farmout activities are expected to commence during the third quarter of 2015. The continued strengthening of Eastern Australian gas markets is also expected to contribute to the appetite for the farmout.

TDO Petroleum Tenement Holdings

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

Tenement and Location	TDO beneficial interest at 30Sep14	Beneficial interest acquired / (disposed)	TDO beneficial interest at 31Dec14
VIC/P57 offshore Gippsland Basin, Victoria	49.9%	(25%)	24.9%
VIC/L31 offshore Gippsland Basin, Victoria	49.9%	(49.9%)	n/a
T/49P offshore Otway Basin, Tasmania	80%	(10%)	70%

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 2014

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A	Year to date (6 months) \$A
1.1 Receipts from product sales and related debtors	4,245	11,166
1.2 Payments for		
(a) exploration and evaluation (net of refunds)	(1,938,708)	(3,764,021)
(b) development	-	-
(c) production	-	-
(d) administration	(789,533)	(1,313,750)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	22,996	32,975
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	-	-
Net Operating Cash Flows	(2,701,000)	(5,033,629)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects/farmins	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of:		
(a) prospects/farmin	15,939,329	18,439,329
(b) equity investments	-	-
(c) other fixed assets	-	1,489,695
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	15,939,329	19,929,024
1.13 Total operating and investing cash flows (carried forward)	13,238,329	14,895,394

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	13,238,329	14,895,394
	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	13,238,329	14,895,394
1.20	Cash at beginning of quarter/year to date	2,484,917	827,853
1.21	Exchange rate adjustments to item 1.20	865,311	865,311
1.22	Cash at end of quarter	16,588,578	16,588,578

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	167,742
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 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

Beach energy has increased its funding on the Flanagan 3D seismic survey and will contribute 35% towards the costs. Their stake in T49P will increase from 20% to 30% as a result.

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	6,000
4.2 Development	-
4.3 Production	-
4.4 Administration	600
Total	6,600

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	16,428	2,325
5.2	Deposits at call	114	113
5.3	Bank overdraft	-	-
5.4	Other – Bank Guarantee	47	47
Total: Cash at end of quarter (item 1.22)		16,588	2,485

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	T/49P Offshore Otway Basin, Tasmania	80%	70%
6.2	Interests in mining tenements acquired or increased	VIC/P57 offshore Gippsland Basin, Vic	49.9%	24.9%

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

6.3	Interests in mining tenements acquired or increased	VIC/L31 offshore Gippsland Basin, Vic	3D oil sold its interest to Carnavon Hibiscus Pty Ltd.	49.9%	N/A
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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	-	-	-	-
7.2	-	-	-	-
7.3	237,523,000	237,523,000	-	-
7.4	-	-	-	-
7.5	-	-	-	-
7.6	-	-	-	-
7.7	200,000	-	<i>Exercise price</i> \$0.40	<i>Expiry date</i> 31 January 2015
	78,000	-	\$0.18	07 October 2015
	595,000	-	\$0.16	30 November 2015
	300,000	-	\$0.11	30 November 2016
	250,000	-	\$0.12	29 November 2016
	400,000	-	\$0.08	30 November 2017
7.8	-	-	-	-
7.9	-	-	-	-
7.10	-	-	-	-

+ See chapter 19 for defined terms.

317.1	Debentures				
1	<i>(totals only)</i>	-	-	-	-
7.12	Unsecured notes				
	<i>(totals only)</i>	-	-	-	-

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: 28 January 2015

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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