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3D Oil Limited

QUARTERLY ACTIVITIES REPORT FOR THE THREE MONTHS ENDED 31 DECEMBER 2016

Key Points

- **T/49P:** TDO progressing well with international farmout process
- **T/49P:** TDO's equity interest will increase to 100% following advice from Beach that they intend to withdraw from their 30% interest.
- **T/49P:** Application has been made to NOPTA to vary the forthcoming Year 4 commitment from one well to geological and geophysical studies.
- **VIC/P57:** TDO, as technical advisor to the JV, is undertaking a comprehensive prospectivity review to identify potential drill targets.
- **New Ventures:** TDO has made an application in the December round of the Australian offshore gazettal

Exploration

T/49P, Otway Basin, offshore Tasmania

During the quarter TDO continued its farmout process. The company is engaged with a number of large international petroleum companies while discussions progress under confidentiality agreements.

With 7 TCF potential identified (Best Estimate Prospective Resource) within T/49P TDO believes it is well positioned to attract funding from companies seeking large conventional plays in a proven area close to infrastructure with a market facing energy shortages.

Energy markets in eastern Australia continue to show signs of stress. With all six Queensland CSG LNG trains up and running the East Coast gas demand has effectively tripled. The NAB's 2017 Gas and Market Outlook says that domestic gas prices in the pipeline-connected states

of Queensland, NSW, Victoria and South Australia could rise to between \$8 and \$10 a gigajoule, up from \$2-\$4 a gigajoule before the LNG export plants started up. As a potential producer of natural gas to this market, TDO anticipates a strong commercial environment for the development of any discovery in T/49P.

The joint venture has applied to NOPTA to vary the Year 4 work programme from one well to geological and geophysical studies. The application also requested the Year 4 well be shifted to Year 5 which would potentially coincide with arrival of semi-submersible drilling unit in the Bass Strait region. To this extent TDO has made an expression of interest to participate in a rig sharing club for the region estimated to commence in the third quarter of 2018.

Beach advised 3D Oil of its intention to withdraw from T49P, and its 30% non-operator interest will be assigned to 3D Oil for nil consideration. This will result in TDO's equity interest in T/49P increasing from 70 % to 100 %.

VIC/P57, Gippsland Basin, offshore Victoria

TDO has a 24.9% interest in the VIC/P57 exploration permit in the offshore Gippsland Basin.

The joint venture has applied to NOPTA to vary the Year 5 work programme from one well to geological and geophysical studies. This would allow the necessary time for the newly focused studies to be undertaken. Pending the result of this application the joint venture will continue with the revised Year 5 work programme.

TDO, as informal technical advisor for the joint venture, is currently undertaking a comprehensive prospectivity review to identify potential drill targets to ultimately provide an inventory of prospects and leads prior to potentially renewing the permit for a new term at the end of Year 5. Considerable potential exists in the under-explored areas north of Esso's Wirrah and Moonfish Fields including the potentially large Felix Prospect. This new review also includes a review of the deeper gas potential, which to date has been largely overlooked.

New Ventures

TDO continually reviews new opportunities in a prudent and diligently manner. These include a review of the bi-annual offshore Australian gazettal rounds. In December 2016 TDO submitted a bid in the December round of the Australian offshore gazettal. TDO expects to be advised of the outcome of its bid during the first quarter of 2017.

TDO Petroleum Tenement Holdings

As at 31 December 2016, TDO petroleum tenement holdings were:

Tenement and Location	TDO beneficial interest at 30Sep16	Beneficial interest acquired / (disposed)	TDO beneficial interest at 31Dec16
VIC/P57 offshore Gippsland Basin, Victoria	24.9%	nil	24.9%
T/49P offshore Otway Basin, Tasmania	70%	nil	70%

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

3D OIL LIMITED

ABN

40 105 597 279

Quarter ended ("current quarter")

31 December 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(194)	(255)
(b) development	-	-
(c) production	-	-
(d) staff costs	(222)	(434)
(e) administration and corporate costs	(141)	(241)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	6
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(556)	(924)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,572	4,014
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(556)	(924)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	145	71
4.6	Cash and cash equivalents at end of period	3,161	3,161

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	2,951	3,362
5.2 Call deposits	116	116
5.3 Bank overdrafts	-	-
5.4 Other – Bank Guarantee	94	94
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	3,161	3,572

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	151
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Salaries, superannuation, consulting fees and Director's fees paid to directors and related entities during the December 2016 quarter.

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

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Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		


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9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	50
9.2 Development	-
9.3 Production	-
9.4 Staff costs	200
9.5 Administration and corporate costs	150
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	400

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	-	-	-	-
10.2 Interests in mining tenements and petroleum tenements acquired or increased	-	-	-	-

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:
(Company secretary)

Date: 31 January 2017

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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.