

3D Oil Limited

ABN 40 105 597 279

Half-year Financial Report - 31 December 2015

3D Oil Limited
Contents
31 December 2015

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3D Oil Limited
Corporate directory
31 December 2015

Directors	Campbell Horsfall (Non-Executive Chairman) Noel Newell (Managing Director) Melanie Leydin (Non-Executive Director) Leo De Maria (Non-Executive Director)
Company secretary	Melanie Leydin
Registered office	Level 5, 164 Flinders Lane Melbourne, VIC 3000 Telephone: (03) 9650 9866
Principal place of business	Level 5, 164 Flinders Lane Melbourne, VIC 3000
Share register	Computershare Investor Services Pty Ltd 452 Johnston Street Abbotsford Victoria 3067 Telephone: (03) 9415 5000
Auditor	Grant Thornton Audit Pty Ltd Chartered Accountants The Rialto, Level 30, 525 Collins Street Melbourne Victoria 3000
Solicitors	Baker & McKenzie Level 19, 181 William Street Melbourne Victoria 3000
Stock exchange listing	3D Oil Limited shares are listed on the Australian Securities Exchange (ASX code: TDO)
Website	www.3doil.com.au

REVIEW OF OPERATIONS

VIC/P57, Gippsland Basin Offshore Victoria

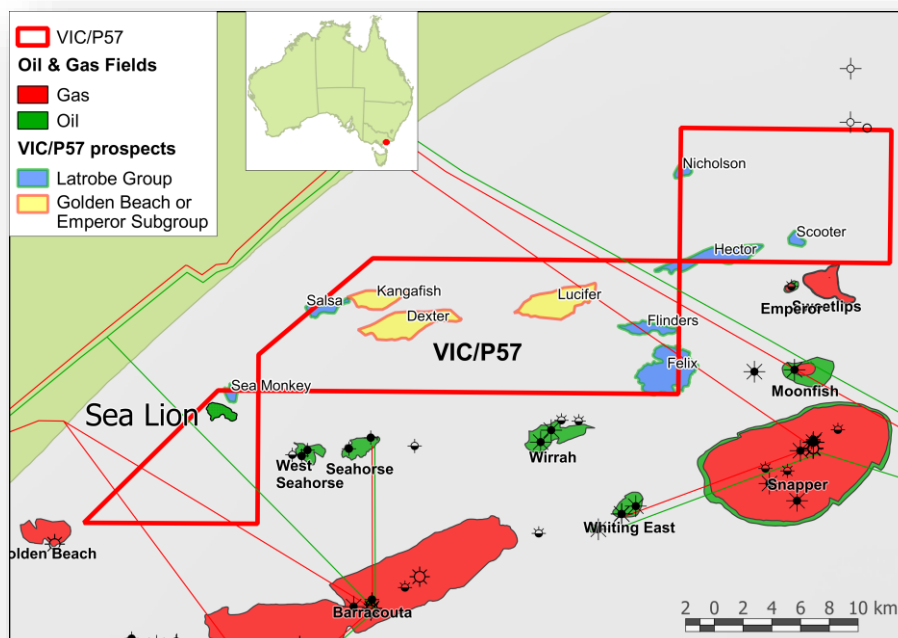
3D Oil Limited (ASX: 'TDO') holds a 24.9% interest in the Vic/P57 exploration permit where the Sea Lion -1 exploration well was drilled during October – November 2015.

The West Telesto jackup drilling rig arrived on the Sea Lion-1 location on 22 October 2015 and drilling commenced on 26 October 2015. The rig was released from the location on 16 November 2015 and no safety or environmental incidents were reported. No zones of commercial hydrocarbons were encountered in the Sea Lion-1 well.

TDO's share of well costs were carried to the extent of US\$7.5 million as part of an agreement with joint venture operator Carnarvon Hibiscus Pty Ltd ('CHPL') the wholly owned subsidiary of Hibiscus Petroleum.

Significant prospectivity remains in the VIC/P57 permit and the joint venture will now re-focus its technical programme towards gas exploration to potential serve the tight eastern states wholesale natural gas market.

Sea Lion-1 satisfied the Year 3 permit commitment and as of 9 January 2016 the permit has entered Year 4 for which the commitment is for geological and geophysical studies.



Location map for VIC/P57



West Telesto on Sea Lion-1 location, October 2015

T/49P, Otway Basin, offshore Tasmania

In the T/49P permit TDO holds a 70% interest and operatorship in joint venture with Beach Energy (30%). The permit is now in Year 3 having met the Year 2 permit commitment with the acquisition and processing of the Flanagan 3D seismic survey.

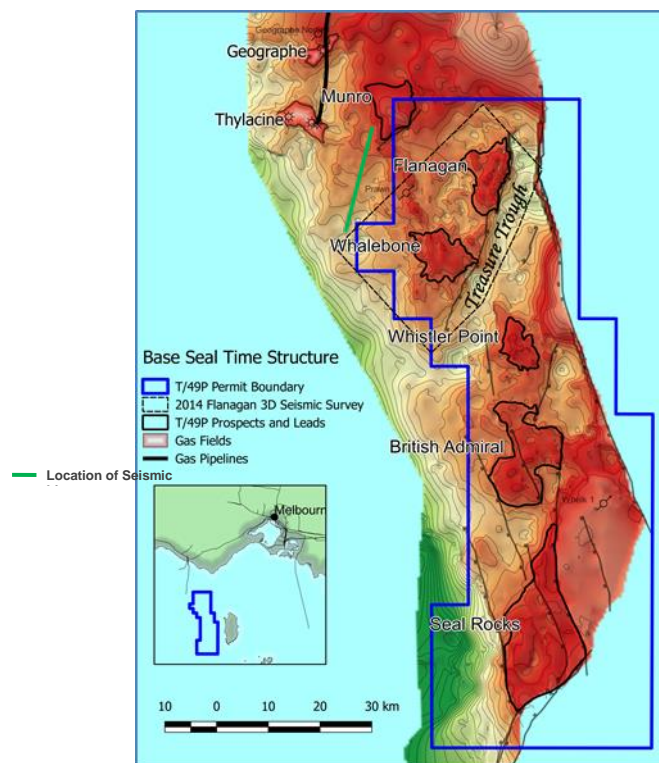
T/49P is located immediately southeast of the largest producing gas field in the Otway Basin and contains a number of prospective features for gas exploration. It covers an area of 4,960 km² in water depths generally no greater than 100m. The north of the permit is now covered by 974 km² of modern 3D seismic, while the area to the south remains lightly explored covered by a broad grid of 2D seismic data of varying vintages. Only two early exploration wells have been drilled in the permit (in 1967 and 1970) and the region has largely been overlooked by the industry despite the proximity of the Thylacine and Geographe producing gas fields.

TDO's view of the potential for gas discoveries in this permit has been strongly supported by the new 3D seismic data which significantly improves prospect imaging and provides greater detail of the geology. Good indications of reservoir and seal units analogous to the neighbouring Thylacine and Geographe fields are evident from the data. Within this region gas accumulations are typically associated with seismic amplitude anomalies, including at Thylacine and Geographe. TDO has identified similar seismic amplitude anomalies on the Flanagan 3D seismic data set. These amplitude anomalies increase the prospectivity for gas, particularly within the Flanagan Prospect area, although the extent to which these anomalies indicate the presence of gas will be the focus of further interpretation and analysis.

In October 2015 TDO released an updated preliminary Prospective Resource assessment incorporating the results of the company's 2014 Flanagan 3D seismic survey in the northern area of the permit.

T/49P Prospective Resource Estimate (TCF) Recoverable Gas				
Location	Status	Low	Best	High
Flanagan	Prospect	0.41	1.38	2.68
Whalebone	Strong Lead	0.38	1.20	2.72
Munro (T/49P Part)	Lead	0.04	0.19	0.57
Whistler Point	Lead	0.19	0.93	1.88
British Admiral	Lead	0.17	0.54	3.22
Seal Rocks	Lead	0.28	2.59	10.64
T/49P Total		1.47	6.82	21.71

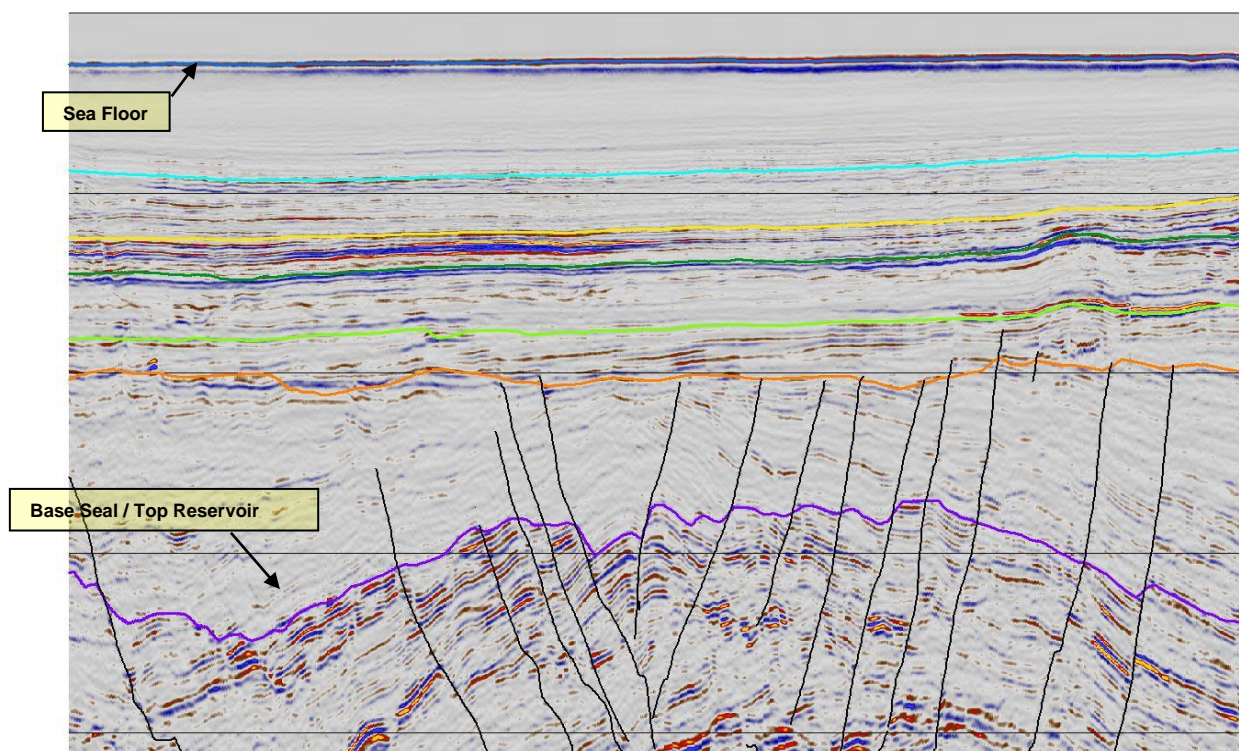
The ongoing focus of activities is on the Flanagan structure which is a ready to drill prospect and is considered to be an analogue, albeit larger, to the adjacent Thylacine gas field. Flanagan's Best Estimate Prospective Resources are currently estimated at 1.38 TCF (Trillion cubic feet) recoverable gas. At production start-up Thylacine and Geographe combined were expected to produce 0.95 TCF raw gas and as such TDO believes that Flanagan represents a very attractive drilling target in terms of size and likelihood of success.



T/49P prospects and leads showing nearby Otway Basin gas fields

T/49P has significant resource potential beyond the Flanagan Prospect, with an additional 5 leads identified and mapped across the whole permit, as shown on the map on Page 4, and as listed in the table below. The permit has the potential to become a substantial new gas province which could provide a valuable contribution to the east coast gas market. As recently reported by Energy Quest, a leading energy advisory firm, the Australian east coast gas market is one of the few energy markets in the world without substantial over-capacity.

Thylacine and Geographe also contain condensate of significant economic value – initial expected production was 12 MMbbl condensate – as well as associated LPG. TDO estimates that the Flanagan prospect and other T/49P features may have similar condensate content in any gas accumulations thereby enhancing commercial viability and value of any discoveries. For example, by analogy and on a best estimate basis, the Flanagan Prospect could potentially contain 16.5 MMbbl of associated condensate and T/49P could total over 80 MMbbl of associated condensate based on Current Prospective Resource estimates for gas.



*Seismic line through **Flanagan Prospect** (see map for location). Crest of the structure is approximately 2000m below sea level. Note low amplitude section indicative of seal facies overlying high amplitudes in potential reservoir section.*

TDO is well positioned to farmout with a large interest and operatorship. The company is now marketing the positive results of the Flanagan survey and the compelling resource potential of Flanagan and the permit to attract the best possible farmin terms for future exploration drilling and seismic in this highly prospective gas exploration area. Priority will be given to ensure the drilling of the Flanagan Prospect as soon as practically possible.

Qualified Petroleum Reserves and Resources Evaluator Statement

The Prospective Resources estimates in this release are based on, and fairly represent, information and supporting documents prepared by, or under the supervision of, Dr Chris Pike who is employed full-time by 3D Oil as a Senior Geophysicist. Dr Pike holds a Ph.D. Geophysics and has more than 25 years practising in Petroleum Geophysics. He is a member of the Petroleum Exploration Society of Australia, the American Association of Petroleum Geologists (AAPG - US), the Society of Exploration Geophysicists (SEG – US), the Association of Professional Engineers and Geoscientists of Alberta (APEGA - Canada) and the Professional Engineers and Geoscientists of Newfoundland and Labrador (PEGNL - Canada). Dr Pike is qualified in accordance with ASX listing rule 5.41 and has consented in writing to the inclusion of the information in the form and context in which it appears.

Prospective Resources

The estimates have been prepared by the company in accordance with the definitions and guidelines set forth in the Petroleum Resources Management System, 2011 approved by the Society of Petroleum Engineer. Prospective Resource estimates are for recoverable volumes and unless otherwise stated this report quotes Best Estimates and gross joint venture volumes. The estimates are unrisks and have not been adjusted for both an associated chance of discovery and a chance of development.

TDO Petroleum Tenement Holdings

As at 31 December 2015, TDO petroleum tenement holdings were:

Tenement and Location	TDO beneficial interest at 30Sep15	Beneficial interest acquired / (disposed)	TDO beneficial interest at 31Dec15
VIC/P57 offshore Gippsland Basin, Victoria	24.9%	nil	24.9%
T/49P offshore Otway Basin, Tasmania	70%	nil	70%

3D Oil Limited
Directors' report
31 December 2015

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of 3D Oil Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2015.

Directors

The following persons were directors of 3D Oil Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Mr Campbell Horsfall
Mr Noel Newell
Ms Melanie Leydin
Mr Leo De Maria

Principal activities

During the financial half-year the principal continuing activities of the consolidated entity consisted of exploration and development of upstream oil and gas assets.

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$9,679,135 (31 December 2014: profit of \$2,826,310).

Refer to the detailed Review of Operations preceding this Directors' Report.

Financial Position

The net assets decreased by \$9,676,178 to \$13,601,435 at 31 December 2015 (30 June 2015: \$23,277,613). During the period the consolidated entity spent a net amount after reimbursements of \$5,027,172 on exploration, mainly in relation to VIC permit T49P during the period. The consolidated entity also decided to impair VIC/P57 during the financial half-year to 31 December 2015 as a result of the drilling work carried out during the half-year on the Sea Lion-1 well which confirmed that no zones of hydrocarbons were encountered in the Sea Lion-1 well. The impairment amounted to \$9,349,381 (refer to Note 4 for further details).

The consolidated entity's working capital position at 31 December 2015, being current assets less current liabilities, was \$4,072,962, a decrease of \$5,321,410 since 30 June 2015. The trade and other payables balance has also increased by \$4,640,864 to \$5,828,022 as at 31 December 2015 (30 June 2015: \$1,187,158). This is mainly as a result of accounting for 3D Oil's share of the remaining cash calls due in relation to the Sea Lion exploration well of approximately \$US3.5million. These cash calls were not called upon prior to 31 December 2015 however subsequent to period end the Company made an advance payment to the Joint Venture. In consideration for this advance payment to the Joint Venture, 3D Oil has been provided an indemnity by Hibiscus Petroleum Berhad (parent Company of the Operator) against all Joint Venture creditors that have not been settled by this advance payment.

Based on the above the Directors believe the Company is in a stable position to continue to pursue its current operations.

Significant changes in the state of affairs

During the period ended 31 December 2015 the consolidated entity granted 2,107,000 Performance Rights to an Executive and an Employee of the Company pursuant to the terms of the 3D Oil Long Term Incentive Plan. The performance rights expire on or before 23 December 2018, and vest on satisfaction of performance hurdles over a three year period.

There were no other significant changes in the state of affairs of the consolidated entity during the financial half-year.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 10.

3D Oil Limited
Directors' report
31 December 2015

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Noel Newell
Managing Director

8 March 2016
Melbourne

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Auditor's Independence Declaration To The Directors of 3D Oil Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of 3D Oil Limited for the half-year ended 31 December 2015, I declare that, to the best of my knowledge and belief, there have been:

- a No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b No contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



B. A. Mackenzie
Partner - Audit & Assurance

Melbourne, 8 March 2016

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3D Oil Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2015

		Consolidated	
	Note	31 December 2015	31 December 2014
		\$	\$
Gain on sale of assets		-	2,682,331
Revenue		610	-
Other income		318,582	939,156
Expenses			
Corporate expenses		(37,331)	(14,475)
Administrative expenses		(46,476)	(41,796)
Employment expenses		(481,271)	(463,423)
Occupancy expenses		(52,771)	(50,445)
Depreciation and amortisation expense		(28,140)	(14,243)
Writeback of well abandonment provision		-	500,000
Share based payments		(2,957)	(14,901)
R&D tax refund payable	3	-	(695,894)
Impairment of exploration & evaluation	4	(9,349,381)	-
Profit/(loss) before income tax expense		(9,679,135)	2,826,310
Income tax expense		-	-
Profit/(loss) after income tax expense for the half-year attributable to the owners of 3D Oil Limited		(9,679,135)	2,826,310
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year attributable to the owners of 3D Oil Limited		<u>(9,679,135)</u>	<u>2,826,310</u>
		Cents	Cents
Basic earnings per share		(4.08)	1.19
Diluted earnings per share		(4.08)	1.18

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

3D Oil Limited
Statement of financial position
As at 31 December 2015

		Consolidated	
		31 December	
	Note	2015	30 June 2015
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		9,577,736	10,494,399
Trade and other receivables		418,777	236,529
Other		20,865	34,144
Total current assets		<u>10,017,378</u>	<u>10,765,072</u>
Non-current assets			
Property, plant and equipment		5,286	8,106
Intangibles		226,642	202,101
Exploration and evaluation	4	9,386,979	13,709,188
Total non-current assets		<u>9,618,907</u>	<u>13,919,395</u>
Total assets		<u>19,636,285</u>	<u>24,684,467</u>
Liabilities			
Current liabilities			
Trade and other payables		5,828,022	1,187,158
Income tax		41,266	41,266
Employee benefits		66,552	133,700
Provisions		8,576	8,576
Total current liabilities		<u>5,944,416</u>	<u>1,370,700</u>
Non-current liabilities			
Employee benefits		84,706	30,426
Provisions		5,728	5,728
Total non-current liabilities		<u>90,434</u>	<u>36,154</u>
Total liabilities		<u>6,034,850</u>	<u>1,406,854</u>
Net assets		<u>13,601,435</u>	<u>23,277,613</u>
Equity			
Issued capital		52,657,366	52,657,366
Reserves	5	75,927	102,063
Accumulated losses		<u>(39,131,858)</u>	<u>(29,481,816)</u>
Total equity		<u>13,601,435</u>	<u>23,277,613</u>

The above statement of financial position should be read in conjunction with the accompanying notes

3D Oil Limited
Statement of changes in equity
For the half-year ended 31 December 2015

Consolidated	Contributed equity \$	Accumulated losses \$	Reserves \$	Total equity \$
Balance at 1 July 2014	52,657,366	(31,808,202)	98,562	20,947,726
Profit after income tax expense for the half-year	-	2,826,310	-	2,826,310
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	2,826,310	-	2,826,310
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments (note 11)	-	-	14,901	14,901
Expiry of options	-	11,400	(11,400)	-
Balance at 31 December 2014	<u>52,657,366</u>	<u>(28,970,492)</u>	<u>102,063</u>	<u>23,788,937</u>
Consolidated	Contributed equity \$	Accumulated losses \$	Reserves \$	Total equity \$
Balance at 1 July 2015	52,657,366	(29,481,816)	102,063	23,277,613
Loss after income tax expense for the half-year	-	(9,679,135)	-	(9,679,135)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	(9,679,135)	-	(9,679,135)
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments (note 11)	-	-	2,957	2,957
Expiry of options (Note 5)	-	29,093	(29,093)	-
Balance at 31 December 2015	<u>52,657,366</u>	<u>(39,131,858)</u>	<u>75,927</u>	<u>13,601,435</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

3D Oil Limited
Statement of cash flows
For the half-year ended 31 December 2015

	Consolidated	
	31 December 2015	31 December 2014
	\$	\$
Cash flows from operating activities		
Receipts from customers	7,000	68,812
Payments to suppliers and employees	(530,203)	(1,414,092)
Interest received	43,658	39,465
Interest paid	(180)	(4,572)
	<u>(479,725)</u>	<u>(1,310,387)</u>
Net cash used in operating activities		
Cash flows from investing activities		
Payments for property, plant and equipment	(4,080)	(1,951)
Payments for intangibles	(45,781)	(183,155)
Payments for exploration and evaluation	(655,609)	(3,505,413)
Proceeds from sale of assets	-	19,929,024
	<u>(705,470)</u>	<u>16,238,505</u>
Net cash from/(used in) investing activities		
Cash flows from financing activities		
Net cash from financing activities	-	-
Net increase/(decrease) in cash and cash equivalents	(1,185,195)	14,928,118
Cash and cash equivalents at the beginning of the financial half-year	10,494,399	827,864
Effects of exchange rate changes on cash and cash equivalents	268,532	832,581
	<u>9,577,736</u>	<u>16,588,563</u>
Cash and cash equivalents at the end of the financial half-year		

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2015 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2015 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

Change in comparatives balances

Where required by accounting standards, comparative figures have been adjusted to conform with changes in presentation to the current financial year.

New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Note 2. Operating segments

AASB 8 requires operating segments to be identified on the basis of internal reports about the components of the consolidated entity that are regularly reviewed by the chief decision maker in order to allocate resources to the segment and to assess its performance. 3D Oil Limited's management accounts are based on consolidated numbers, therefore they are classified as one business segment.

Note 3. Expenses

	Consolidated	
	31 December 2015	31 December 2014
	\$	\$

Profit/(loss) before income tax includes the following specific expenses:

R&D tax refund payable	-	(695,894)
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In the financial year ended 30 June 2012 the consolidated entity received a tax refund in relation to R&D Tax Incentive of \$695,894. In the prior year, the Company received notification that AusIndustry has reversed this claim following their audit process. The Company therefore recognised this expense during the prior half-year.

Note 4. Non-current assets - exploration and evaluation

	Consolidated	
	31 December 2015	30 June 2015
	\$	\$
Exploration and evaluation - at cost	9,386,979	13,709,188

Note 4. Non-current assets - exploration and evaluation (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Consolidated	Exploration & Development \$	Total \$
Balance at 1 July 2015	13,709,188	13,709,188
Expenditure during the half-year	5,027,172	5,027,172
Impairment of assets	(9,349,381)	(9,349,381)
Balance at 31 December 2015	<u>9,386,979</u>	<u>9,386,979</u>

The recoverability of the carrying amount of the exploration and evaluation assets is dependent on the results of future exploration and successful development or, alternatively, sale of the respective areas of interest.

The exploration and evaluation assets relate to VIC/P57 offshore Gippsland Basin in Victoria and T/49P offshore Otway Basin in Tasmania. The recoverability of the carrying amounts of the exploration and evaluation expenditure is dependent on the successful development and commercial exploitation, or alternatively the sale, of the respective areas of interest.

The Company has carried out an impairment review of the carrying amount of its exploration expenditure in the VIC/P57 petroleum tenement asset following the end of the financial half-year as at 31 December 2015 and it is noted that the majority of the exploration expenditure carried forward relates to significant expenditure carried out in relation to the Sea Lion-1 well. The carrying amount consists of expenditure on this project. As a result of the drilling work carried out during the financial half-year on the Sea Lion-1 well which confirmed that no zones of hydrocarbons were encountered in the Sea Lion-1 well an assessment of the carrying amount of the project has been completed and it has been decided to impair the amount of \$9,349,381 relating to specific costs in relation to the Sea Lion-1 well. A balance of \$1,904,275 has been decided to be carried in relation to the VIC/P57 permit due to the potential future prospectivity of other areas within the permit.

Farm-outs - exploration and evaluation phase

The consolidated entity does not record any expenditure made by the farminee on its account. It also does not recognise any gain or loss on its exploration and evaluation farm-out arrangements, but redesignates any costs previously capitalised in relation to the whole interest as relating to the partial interest retained. Any cash consideration received directly from the farminee is credited against costs previously capitalised in relation to the whole interest with any excess accounted for by the farmor as a gain on disposal.

Note 5. Equity - reserves

	Consolidated	
	31 December 2015	30 June 2015
	\$	\$
Share-based payments reserve	72,970	102,063
Options reserve	2,957	-
	<u>75,927</u>	<u>102,063</u>

Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

3D Oil Limited
Notes to the financial statements
31 December 2015

Note 5. Equity - reserves (continued)

Movements in reserves

Movements in each class of reserve during the current financial half-year are set out below:

	Share based payments \$	Total \$
Consolidated		
Balance at 1 July 2015	102,063	102,063
Share based payments	2,957	2,957
Expiry of options	(29,093)	(29,093)
Balance at 31 December 2015	<u>75,927</u>	<u>75,927</u>

Note 6. Equity - dividends

No dividends were paid, recommended or declared during the current or previous financial half-year.

Note 7. Contingent liabilities

There were no contingent liabilities as at 31 December 2015, or 30 June 2015.

Note 8. Commitments

	Consolidated	
	31 December 2015 \$	30 June 2015 \$
<i>Lease commitments - operating</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	-	98,325
One to five years	-	49,162
	<u>-</u>	<u>147,487</u>
<i>Exploration Licenses - Commitments for Expenditure</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	125,000	-
One to five years	18,900,000	750,000
	<u>19,025,000</u>	<u>750,000</u>

Operating lease commitments are not materially different to those reported at 30 June 2015.

In order to maintain current rights of tenure to exploration tenements, the consolidated entity is required to outlay rentals and to meet the minimum work requirements and associated indicative expenditure of the National Offshore Petroleum Titles Administration. Minimum commitments may be subject to renegotiation and with approval may otherwise be avoided by sale, farm out or relinquishment. These obligations are not provided in the accounts and are payable.

The Company has included its commitments for indicative expenditure in the above note relating to Exploration Permit T/49P up to year 3 as outlined in the permit documentation. Commitments from year 4 onwards are confirmed on a year-by-year basis dependent on the Company agreeing to proceed. If the Company was to proceed beyond year 3, the current indicative expenditure commitment for Years 4-6 is gross \$41mil and this would be occurring in years 2017-2019.

The Company is currently applying for a suspension and extension of the year 4 well in relation to T/49P.

3D Oil Limited
Notes to the financial statements
31 December 2015

Note 9. Events after the reporting period

No matter or circumstance has arisen since 31 December 2015 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 10. Earnings per share

	Consolidated	31 December 2015	31 December 2014
		\$	\$
Profit/(loss) after income tax attributable to the owners of 3D Oil Limited		<u>(9,679,135)</u>	<u>2,826,310</u>
	Number		Number
Weighted average number of ordinary shares used in calculating basic earnings per share		237,523,000	237,523,000
Adjustments for calculation of diluted earnings per share:			
Options		-	1,636,699
Weighted average number of ordinary shares used in calculating diluted earnings per share		<u>237,523,000</u>	<u>239,159,699</u>
	Cents		Cents
Basic earnings per share		(4.08)	1.19
Diluted earnings per share		(4.08)	1.18

The rights to options held by option holders have not been included in the weighted average number of ordinary shares for the purposes of calculating diluted EPS for the current financial half-year as they do not meet the requirements for inclusion in AASB 133 "Earnings per Share". The rights to options are non-dilutive as the consolidated entity is loss generating.

Note 11. Share-based payments

During the period the Company issued unlisted share options to employees under an Employee Share Option Plan ('ESOP'). The purpose of the ESOP is to provide Eligible Employees with an incentive to remain with the Company and to improve the longer-term performance of the Company and its return to shareholders.

The Company also issued unlisted share options to employees pursuant to employment agreements with executives.

Set out below are summaries of options granted under the plan:

31 December 2015							
Grant date	Expiry date	Exercise price	Balance at the start of the half-year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the half-year
07/10/2011	07/10/2015	\$0.18	78,000	-	-	(78,000)	-
15/12/2012	30/11/2015	\$0.16	495,000	-	-	(495,000)	-
21/11/2013	30/11/2016	\$0.11	300,000	-	-	-	300,000
25/11/2013	29/11/2016	\$0.12	250,000	-	-	-	250,000
23/07/2014	30/11/2017	\$0.08	400,000	-	-	-	400,000
			<u>1,523,000</u>	<u>-</u>	<u>-</u>	<u>(573,000)</u>	<u>950,000</u>

3D Oil Limited
Notes to the financial statements
31 December 2015

Note 11. Share-based payments (continued)

31 December
2014

Grant date	Expiry date	Exercise price	Balance at the start of the half-year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the half-year
02/06/2010	30/11/2014	\$0.40	150,000	-	-	(150,000)	-
24/01/2011	31/01/2015	\$0.40	200,000	-	-	-	200,000
07/10/2011	07/10/2015	\$0.18	78,000	-	-	-	78,000
15/12/2012	30/11/2015	\$0.16	495,000	-	-	-	495,000
21/11/2013	30/11/2016	\$0.11	300,000	-	-	-	300,000
25/11/2013	29/11/2016	\$0.12	250,000	-	-	-	250,000
23/07/2014	30/11/2017	\$0.08	-	400,000	-	-	400,000
			<u>1,473,000</u>	<u>400,000</u>	<u>-</u>	<u>(150,000)</u>	<u>1,723,000</u>

Set out below are summaries of performance rights granted under the plan:

31 December
2015

Grant date	Expiry date	Exercise price	Balance at the start of the half-year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the half-year
24/11/2015	23/11/2018	\$0.00	-	1,496,000	-	-	1,496,000
24/12/2015	23/12/2018	\$0.00	-	611,000	-	-	611,000
			<u>-</u>	<u>2,107,000</u>	<u>-</u>	<u>-</u>	<u>2,107,000</u>

Set out below are the performance rights exercisable at the end of the financial half-year:

Grant date	Expiry date	31 December 2015 Number	31 December 2014 Number
24/11/2015	23/11/2018	1,496,000	-
24/12/2015	23/12/2018	611,000	-
		<u>2,107,000</u>	<u>-</u>

The weighted average remaining contractual life of performance rights outstanding at the end of the financial half-year was 3 years.

For the performance rights granted during the current financial half-year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
24/11/2015	23/11/2018	\$0.04	\$0.00	62.70%	-	2.13%	\$0.027
24/12/2015	23/12/2018	\$0.03	\$0.00	62.70%	-	2.03%	\$0.021

3D Oil Limited
Directors' declaration
31 December 2015

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Noel Newell
Managing Director

8 March 2016
Melbourne

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Independent Auditor's Review Report To the Members of 3D Oil Limited

We have reviewed the accompanying half-year financial report of 3D Oil Limited ("Company"), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2015, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement or description of accounting policies, other explanatory information and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of 3D Oil Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such controls as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the 3D Oil Limited consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of 3D Oil Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we complied with the independence requirements of the Corporations Act 2001.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of 3D Oil Limited is not in accordance with the Corporations Act 2001, including:

- a giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



B. A. Mackenzie
Partner - Audit & Assurance

Melbourne, 8 March 2016