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## 3D Oil Limited

### QUARTERLY ACTIVITIES REPORT FOR THE THREE MONTHS ENDED 31 DECEMBER 2015

#### Key Points

VIC/P57 Sea Lion-1 exploration well drilled during October / November 2015. No commercial hydrocarbons intersected, however 3D Oil Limited financial exposure to Sea Lion-1 costs limited due to partial carry by operator Hibiscus Petroleum.

- VIC/P57 Year 3 well commitment satisfied by Sea Lion-1.
- T/49P preliminary Prospective Resource Estimates released;
  - 6.82 TCF of gas in permit (recoverable Best Estimate Prospective Resource)
  - Drill-ready Flanagan Prospect 1.38 TCF of gas (recoverable Best Estimate Prospective Resource)

#### Exploration

##### *VIC/P57, Gippsland Basin, offshore Victoria*

3D Oil Limited (ASX: 'TDO') has a 24.9% interest in the VIC/P57 exploration permit in the offshore Gippsland Basin. During the quarter the Sea Lion -1 exploration well was drilled by the West Telesto jackup drilling rig. No zones of commercial hydrocarbons were encountered in the Sea Lion-1 well. No safety or environmental incidents were reported.

TDO's share of Sea Lion-1 drilling costs was largely carried by 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 has satisfied the Year 3 permit commitment and as 9 January 2016 the permit has entered Year 4 for which the commitment is for geological and geophysical studies.

### ***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.

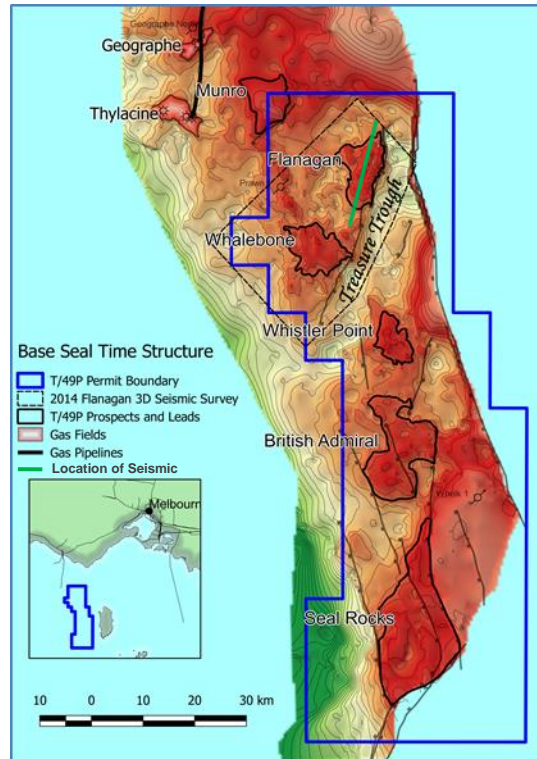
T/49P is located immediately southeast of the largest producing gas field in the Otway Basin and contains a number of prospective features for gas exploration. It covers an area of 4,960 km<sup>2</sup> in water depths generally no greater than 100m. The north of the permit is now covered by 974 km<sup>2</sup> 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.

During the quarter 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.

<b>T/49P Prospective Resource Estimate (TCF) Recoverable Gas</b>				
<b>Location</b>	<b>Status</b>	<b>Low</b>	<b>Best</b>	<b>High</b>
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
<b>T/49P Total</b>		<b>1.47</b>	<b>6.82</b>	<b>21.71</b>

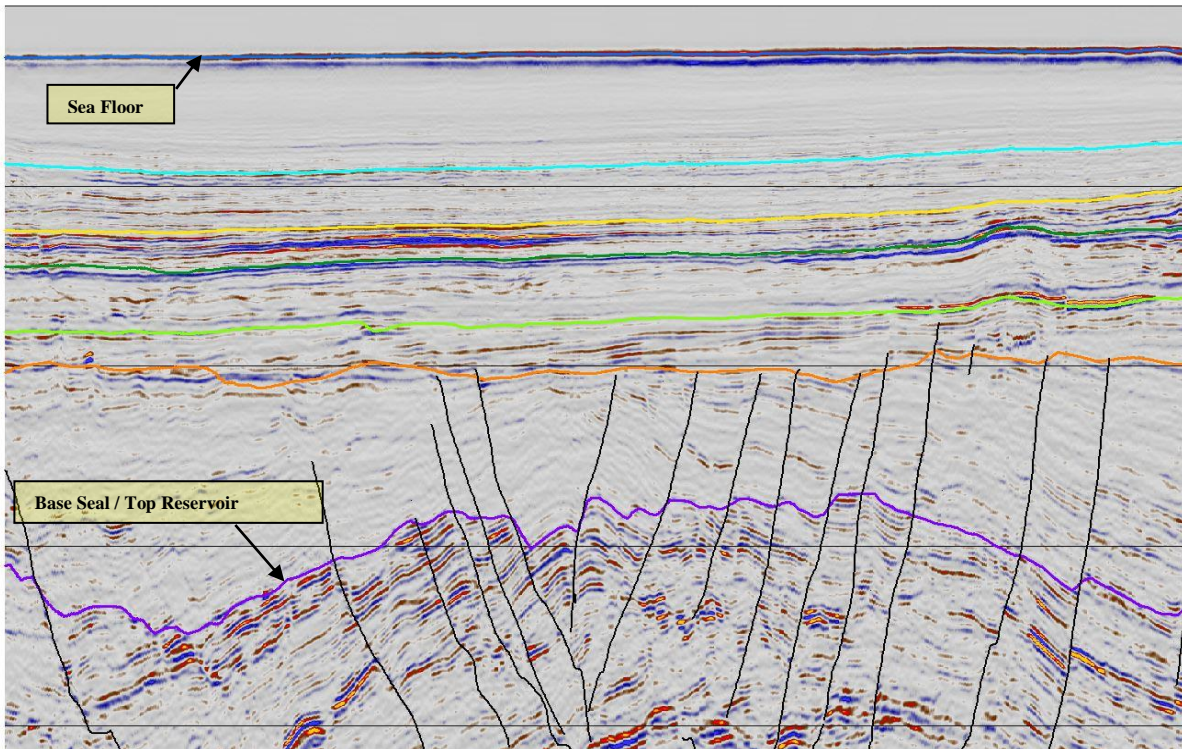
The ongoing focus of activities is on the Flanagan structure which is a ready to drill prospect and is considered to be an analogue, albeit larger, to the adjacent Thylacine gas field. Flanagan's Best Estimate Prospective Resources are currently estimated at 1.38 TCF (Trillion cubic feet) recoverable 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.



*Updated 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 now intends to utilise 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:

<b>Tenement and Location</b>	<b>TDO beneficial interest at 30Sep15</b>	<b>Beneficial interest acquired / (disposed)</b>	<b>TDO beneficial interest at 31Dec15</b>
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 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 2015

### 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	-	-
1.2 Payments for		
(a) exploration and evaluation (net of refunds)	(142,207)	(357,059)
(b) development	-	-
(c) production	-	-
(d) administration	(375,117)	(802,516)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	19,239	43,050
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	-	-
<b>Net Operating Cash Flows</b>	<b>(498,085)</b>	<b>(1,116,525)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects/farmins	-	-
(b) equity investments	-	-
(c) other fixed assets	(50,269)	(70,338)
1.9 Proceeds from sale of:		
(a) prospects/farmin	-	-
(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)	-	-
<b>Net investing cash flows</b>	<b>(50,269)</b>	<b>(70,338)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(548,354)</b>	<b>(1,186,863)</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(548,354)	(1,186,863)
	<b>Cash flows related to financing activities</b>		
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	-	-
	<b>Net financing cash flows</b>	-	-
	<b>Net increase (decrease) in cash held</b>	(548,354)	(1,186,863)
1.20	Cash at beginning of quarter/year to date	10,360,375	10,494,399
1.21	Exchange rate adjustments to item 1.20	(234,286)	270,199
1.22	<b>Cash at end of quarter</b>	<b>9,577,735</b>	<b>9,577,735</b>

**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	111,662
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 2015 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

-

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	4,000
4.2 Development	-
4.3 Production	-
4.4 Administration	400
<b>Total</b>	<b>4,400</b>

### 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	9,415	10,198
5.2 Deposits at call	116	115
5.3 Bank overdraft	-	-
5.4 Other – Bank Guarantee	47	47
<b>Total: Cash at end of quarter (item 1.22)</b>	<b>9,578</b>	<b>10,360</b>

### 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	-	-
6.3		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 <b>Preference securities</b> <i>(description)</i>	-	-	-	-
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3 <b>+Ordinary securities</b>	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 <b>+Convertible debt securities</b> <i>(description)</i>	-	-	-	-
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	- -	- -	- -	- -
7.7 <b>Options</b> <i>(description and conversion factor)</i>	300,000 250,000 400,000	- - -	<i>Exercise price</i> \$0.11 \$0.12 \$0.08 Vesting on satisfaction of performance hurdles	<i>Expiry date</i> 30 November 2016 29 November 2016 30 November 2017 23 December 2018
7.8 Issued during quarter	2,107,000	-	Vesting on satisfaction of performance hurdles	23 December 2018
7.9 Exercised during quarter	-	-	-	-
7.10 Expired/lapsed during quarter	78,000 495,000	- -	\$0.18 \$0.16	07 October 2015 30 November 2015
317.1 <b>Debentures</b> <i>(totals only)</i>	-	-	-	-
7.12 <b>Unsecured notes</b> <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: 28 January 2016

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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