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## 3D Oil Limited

### QUARTERLY ACTIVITIES REPORT FOR THE THREE MONTHS ENDED 30 JUNE 2016

#### Key Points

- **T/49P: new basin modelling work undertaken to assess gas generation and seismic amplitude studies to indicate the presence of gas was highly encouraging for identified prospects and leads**
- **T/49P: 3D Oil (TDO) continued marketing large 3D-defined gas prospects through an international farmout process**
- **T/49P: Permit Year 3 committed work program extended to 21 February 2017 by grant of suspension and extension by NOPTA**
- **VIC/P57: JV assessing gas potential in the permit for eastern Australia market.**

#### Exploration

##### *T/49P, Otway Basin, offshore Tasmania*

TDO has a 70% equity interest is operator of the permit.

The prospectivity of this permit for commercial gas discoveries has been enhanced by three new studies.

- Petroleum system modelling was conducted by TDO using Trinity and Genesis software. This study concludes that the T/49P area has generated more than enough gas to fill the mapped Prospects and Leads. Also, a significant part of this gas generation has been during a late pulse within the last 25 million years providing greater likelihood of filling of the currently identified traps.

- A petrophysical study of key wells was conducted by Downunder Geosolutions (DUG). The study concluded that amplitude anomalies should be prominent on the 3D seismic data where gas is present at the Flanagan prospect within the target reservoir levels. Furthermore the DUG study shows that Amplitude Vs Offset (AVO) analysis of the 3D seismic data should be able to discriminate between gas and water fill in the target reservoirs at Flanagan i.e. it predicts a Class III AVO response.
- The third study then analysed the Flanagan 3D seismic data looking for the anomalous responses that DUG predicted would occur if gas is present in target reservoirs at Flanagan.

**This analysis confirms that both amplitude and Class III AVO responses are observed in the Flanagan Prospect target reservoir section. This is consistent with the presence of gas as predicted by the DUG petrophysical study. Further, the distribution of this anomalous seismic response corresponds well to the mapped structure at Flanagan which provides further confidence in the analysis.**

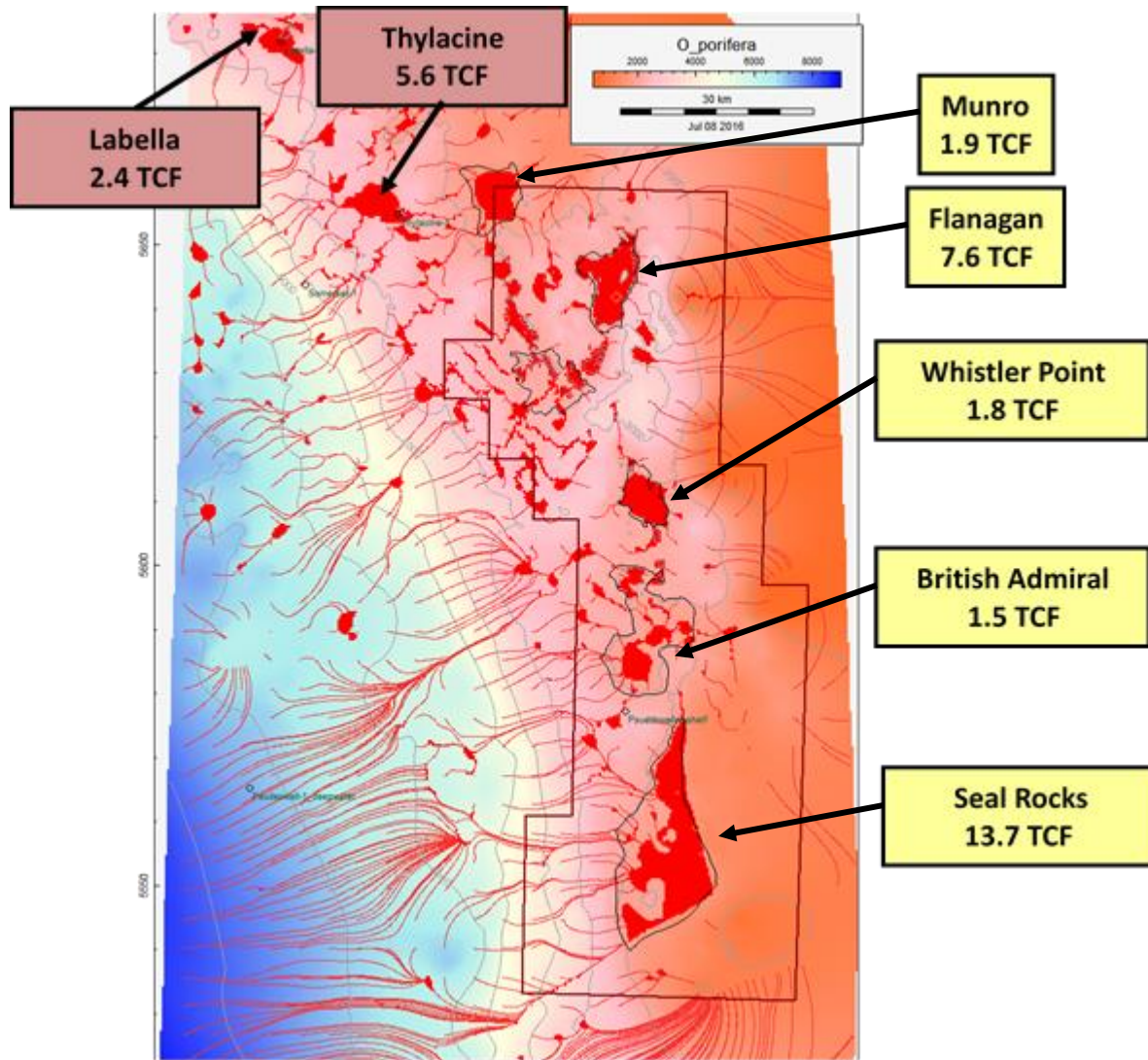
**TDO believes that this result substantially increases the probability that gas is present at Flanagan.**

During the quarter TDO continued its farmout process, engaging with a number of large international petroleum companies which are looking to invest in significant new gas plays. The results of the current studies underline the potential in T/49P and TDO believes it is well positioned to attract funding from the industry.

The company retains a large interest and operatorship in T/49P, with partner Beach Energy, allowing the opportunity to farm down while retaining a significant interest and reducing exposure to expenditure.

A number of discussions are progressing under confidentiality agreements.

Meanwhile the wholesale gas market in eastern Australia continues to show positive signs for potential producers such as TDO. Spot prices for gas are showing marked increases, indicating a likelihood of higher prices for future gas sales contracts as a result of a shortage gas in the Eastern states gas markets.

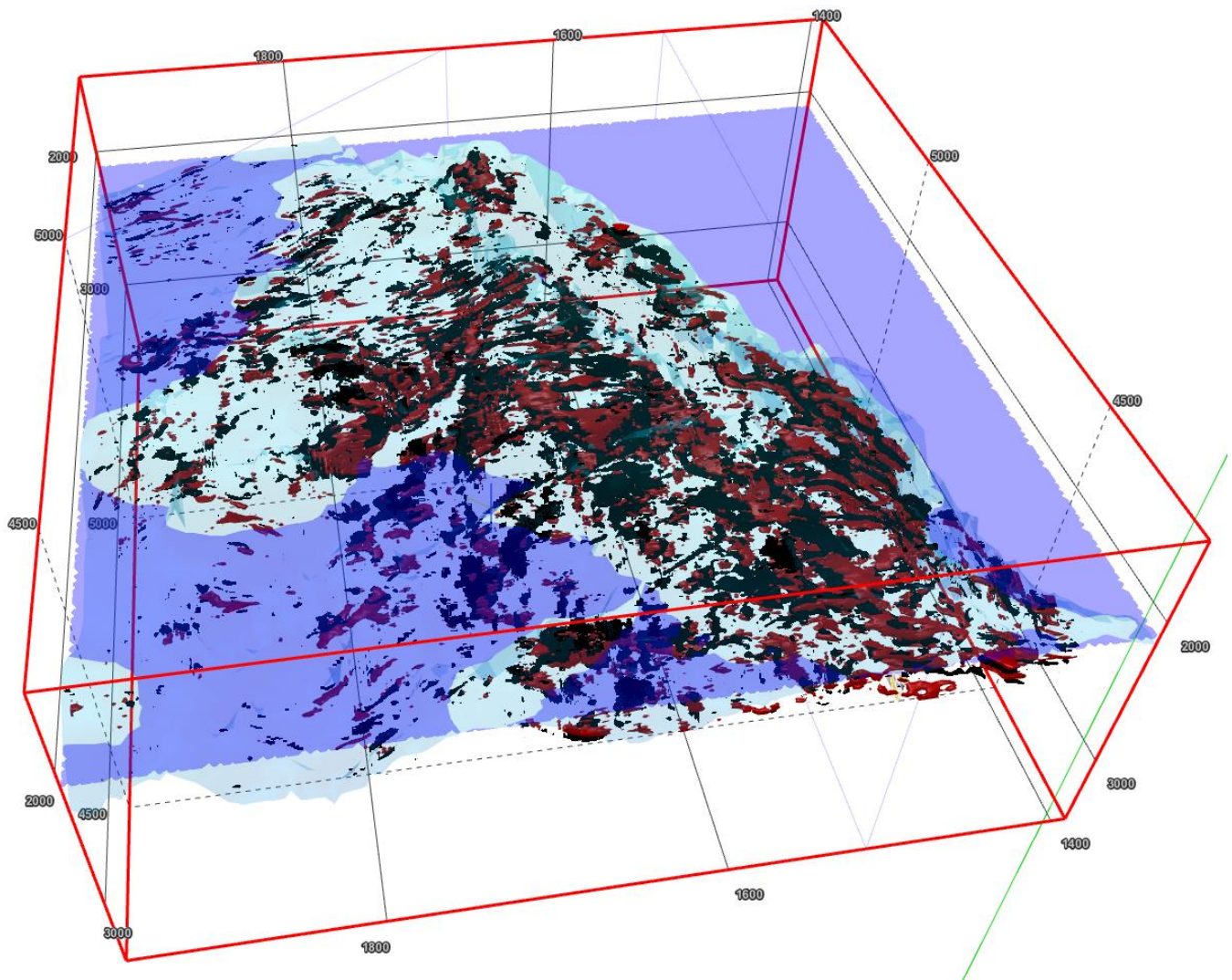


Map of T/49P and area showing modelled gas migration pathways (red lines) and how gas is predicted to have accumulated at existing Thylacine and LaBella gas fields as well as potentially at T/49P Prosects and Leads

### T/49P Background

TDO is the operator of the permit in the joint venture partnership 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. NOPTA has granted a suspension and extension of Year 3 to 21 February 2017 in order to allow finalisation of permit mapping.

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.



*A 3D perspective image of the Flanagan structure (looking southeast) highlighting the AVO anomalies interpreted to be indicative of gas*

*TDO's view of the potential for gas discoveries in this permit is underlined by the recent studies as well as the late 2014 Flanagan 3D seismic data which has significantly improved 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.*

*TDO's estimate for Prospective Resources in T/49P is 6.82 TCF (best estimate) with the Flanagan Prospect alone 1.38 TCF (best estimate). The Flanagan feature is defined on state-of-the-art 3D seismic and represents an exciting ready-to-drill prospect which is considered to be an analogue, albeit larger, to the adjacent Thylacine gas field.*

*T/49P has significant resource potential beyond the Flanagan Prospect, with an additional 5 leads identified and mapped across the whole permit. The permit has the potential to become a substantial new gas province which could provide a valuable contribution to the east coast gas market.*

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

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

The permit is now in Year 4 for which the commitment is for geological and geophysical studies. Significant prospectivity remains in the VIC/P57 permit and the joint venture is now re-focussing its technical programme towards gas exploration to potential serve the eastern states wholesale natural gas market.

### **TDO Petroleum Tenement Holdings**

As at 30 June 2016, TDO petroleum tenement holdings were:

<b>Tenement and Location</b>	<b>TDO beneficial interest at 31Mar16</b>	<b>Beneficial interest acquired / (disposed)</b>	<b>TDO beneficial interest at 30Jun16</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")

30 June 2016

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A	Year to date (12 months) \$A
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration and evaluation (net of refunds)	(1,451,058)	(4,976,426)
(b) development	-	-
(c) production	-	-
(d) administration	(377,879)	(1,682,582)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	6,150	63,219
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>(1,822,787)</b>	<b>(6,595,789)</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	(77,002)	(147,340)
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>(77,002)</b>	<b>(147,340)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(1,899,789)</b>	<b>(6,743,129)</b>

+ See chapter 19 for defined terms.

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

1.13	Total operating and investing cash flows (brought forward)	(1,899,789)	(6,743,129)
	<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>	(1,899,789)	(6,743,129)
1.20	Cash at beginning of quarter/year to date	5,765,096	10,494,399
1.21	Exchange rate adjustments to item 1.20	148,547	262,584
1.22	<b>Cash at end of quarter</b>	<b>4,013,854</b>	<b>4,013,854</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	149,600
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 June 2016 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	100
4.2 Development	-
4.3 Production	-
4.4 Administration	400
<b>Total</b>	<b>500</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	3,803	5,602
5.2 Deposits at call	117	116
5.3 Bank overdraft	-	-
5.4 Other – Bank Guarantee	94	47
<b>Total: Cash at end of quarter (item 1.22)</b>	<b>4,014</b>	<b>5,765</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  2,107,000	- - - -	<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	-	-	-	-
7.9 Exercised during quarter	-	-	-	-
7.10 Expired/lapsed during quarter	-	-	-	-
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 July 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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