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3D Oil Limited

QUARTERLY ACTIVITIES REPORT FOR THE THREE MONTHS ENDED 31 MARCH 2016

Key Points

- **Strong outlook for eastern Australia gas demand underpins prospectivity for 3D Oil Limited (ASX code: TDO) permits**
- **T/49P: TDO commences international farmout process marketing large 3D-defined gas prospects to major industry participants**
- **VIC/P57: JV to assess gas potential for eastern Australia market.**

Exploration

T/49P, Otway Basin, offshore Tasmania

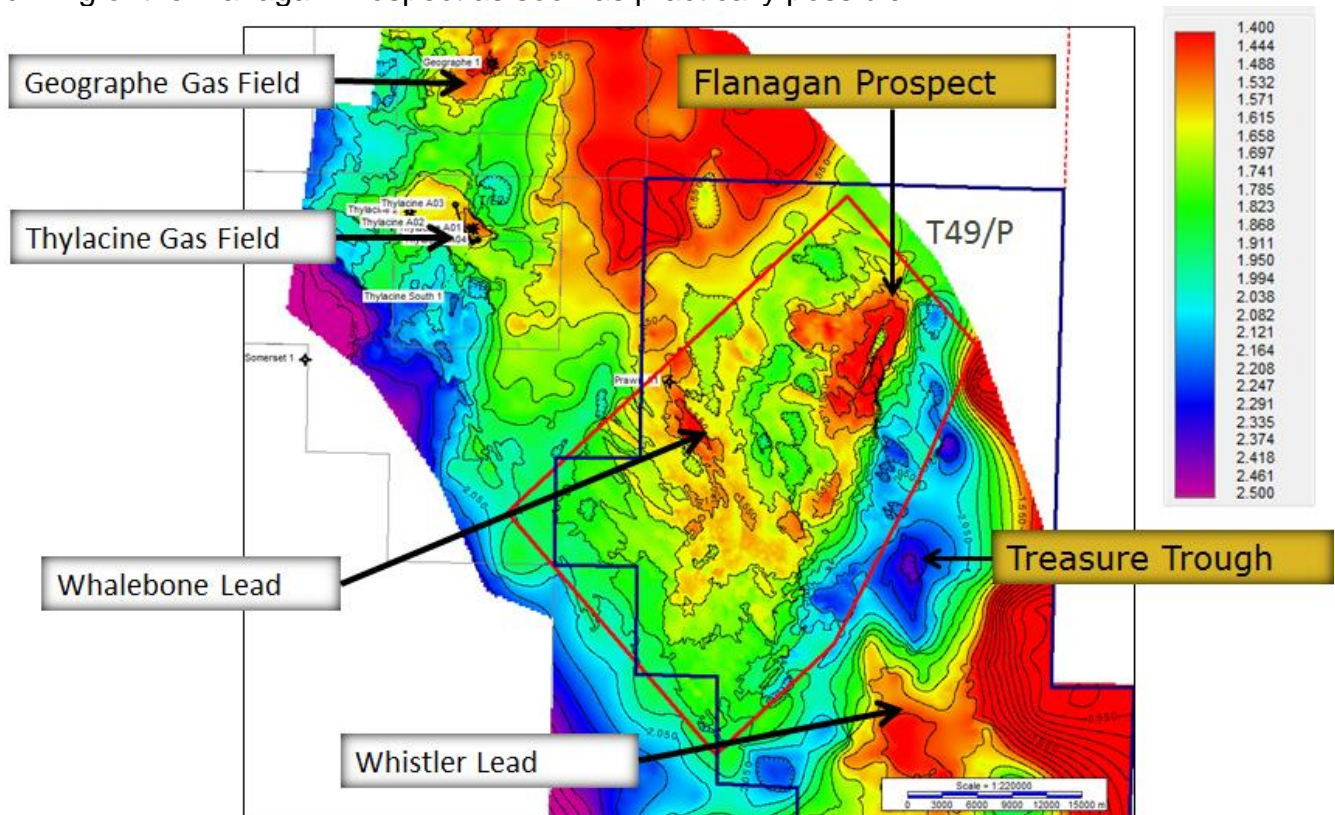
It is clear that the eastern Australia gas market will need significant new supply in the medium term as indicated by the quantum increase in demand associated with LNG export projects (see chart below).

Eastern Australia gas is one of the few energy markets in the world that can point to a strong demand environment and so, despite the current low oil price environment and its impact on the exploration industry, TDO believes T/49P is well positioned to attract investment from the industry – be it domestic or international.

With this in mind, TDO has commenced a farmout process to engage with large petroleum companies - companies of sufficient scale to assist with funding the next phase of exploration in T/49P. This will include industry participants from around the world who are looking to invest in significant new gas plays.

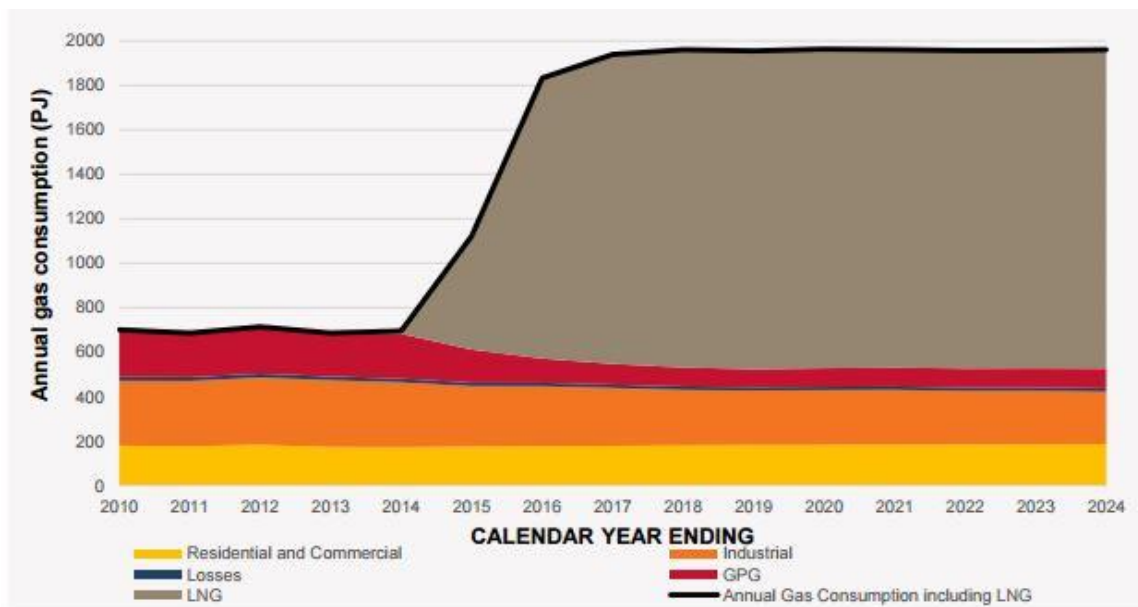
TDO is well positioned to farmout with a large interest and operatorship. The company is leveraging the positive results of the Flanagan survey and the compelling resource potential of

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.



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

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.



LNG exports dominate eastern Australia gas demand creating market opportunity for suppliers
Source: AEMO

T/49P Background

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. An application for suspension and extension of Year 3 to allow finalisation of permit mapping has been submitted to NOPTA.

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.

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 has entered Year 4 for which the commitment is for geological and geophysical studies. 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.

TDO Petroleum Tenement Holdings

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

Tenement and Location	TDO beneficial interest at 31Dec15	Beneficial interest acquired / (disposed)	TDO beneficial interest at 31Mar16
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 March 2016

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A	Year to date (9 months) \$A
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration and evaluation (net of refunds)	(3,168,309)	(3,525,369)
(b) development	-	-
(c) production	-	-
(d) administration	(502,188)	(1,304,703)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	14,019	57,069
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	(3,656,478)	(4,773,003)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects/farmins	-	-
(b) equity investments	-	-
(c) other fixed assets	-	(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)	-	-
Net investing cash flows	-	(70,338)
1.13 Total operating and investing cash flows (carried forward)	(3,656,478)	(4,843,341)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(3,656,478)	(4,843,341)
	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	(3,656,478)	(4,843,341)
1.20	Cash at beginning of quarter/year to date	9,577,735	10,494,399
1.21	Exchange rate adjustments to item 1.20	(156,161)	114,038
1.22	Cash at end of quarter	5,765,096	5,765,096

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	182,917
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 March 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

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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	1,400
4.2 Development	-
4.3 Production	-
4.4 Administration	400
Total	1,800

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	5,602	9,415
5.2 Deposits at call	116	116
5.3 Bank overdraft	-	-
5.4 Other – Bank Guarantee	47	47
Total: Cash at end of quarter (item 1.22)	5,765	9,578

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 Preference securities <i>(description)</i>	-	-	-	-
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3 +Ordinary securities	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 +Convertible debt securities <i>(description)</i>	-	-	-	-
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	- -	- -	- -	- -
7.7 Options <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 Debentures <i>(totals only)</i>	-	-	-	-
7.12 Unsecured notes <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 April 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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