



3D Oil Limited
Level 18, 41 Exhibition Street
Melbourne VIC 3000
Tel: +61 3 9650 9866
Fax: +61 3 9639 1960
www.3doil.com.au

3D Oil Limited

QUARTERLY ACTIVITIES REPORT FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2016

Key Points

- **Corporate: 3D Oil (TDO) undertakes major cost cutting initiative saving almost 50% in annual overheads**
- **Corporate: Mr Ian Tchacos appointed to the board**
- **T/49P: TDO utilising positive results from recent technical studies in continuing international farmout process**
- **VIC/P57: JV assessing gas potential in the permit for eastern Australia market.**
- **VIC/P57: Application has been made to NOPTA to vary the forthcoming Year 4 commitment from one well to geological and geophysical studies.**

Corporate

TDO announced on 14 October 2016 that it had undertaken a major cost reduction initiative which resulted in board changes and a significant reduction in employee remuneration. On an annualised basis this initiative has resulted in a reduction of cash cost to TDO of over \$600,000. This represents almost half the current forecast overheads budget.

As part of this initiative the Company advised that the Chairman, Mr Campbell Horsfall, and Non-Executive director Ms Melanie Leydin have offered their resignations as directors as part of the cash conservation measures implemented. The Managing Director, Mr Noel Newell, will step up as Acting Executive Chairman.

Mr Ian Tchacos, a long-term board advisor, will become a Non-Executive Director. Mr Tchacos is an oil and gas professional with over 30 years' experience in corporate development and strategy, mergers and acquisitions, petroleum exploration, development and production operation and energy finance. He has a proven management track record in a range of international energy company environments.

Exploration

T/49P, Otway Basin, offshore Tasmania

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

During the quarter TDO continued its farmout process. Emphasis has been on the positive results of our recent technical studies – as reported last quarter - to promote the potential of the T/49P permit.

A number of large international petroleum companies are engaged and discussions progressing under confidentiality agreements.

Energy markets in eastern Australia continue to show signs of stress. 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.

TDO believes it is well positioned to attract funding from the industry as T/49P offers large conventional plays in a proven area close to infrastructure and a market facing energy shortages.

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.

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 with a commitment of geological and geophysical studies.

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 is underlined by our recent technical 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.

Recent geophysical analysis of confirmed 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 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.

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 potentially supply the eastern states wholesale natural gas market.

The joint venture has applied to vary the Year 5 work programme from one well to geological and geophysical studies. This would allow the necessary time for the gas-focussed work to be undertaken. It would also allow considerably more time to undertake an update of the prospects and leads inventory 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.

TDO Petroleum Tenement Holdings

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

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

30 September 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(61)	(61)
(b) development	-	-
(c) production	-	-
(d) staff costs	(212)	(212)
(e) administration and corporate costs	(100)	(100)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	5	5
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	(368)	(368)
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	-	-

Mining exploration entity and oil and gas exploration entity quarterly report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 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	4,014	4,014
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(368)	(368)
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	(74)	(74)
4.6	Cash and cash equivalents at end of period	3,572	3,572

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	3,362	3,803
5.2 Call deposits	116	117
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)	3,572	4,014

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	116
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	

Director's fees and salaries paid to directors during the September 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	

-

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.		

-

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: 26 October 2016

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.