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3D Oil Limited

QUARTERLY ACTIVITIES REPORT FOR THE THREE MONTHS ENDED 31 DECEMBER 2017

Highlights for the quarter:

- **T/49P: Preparation for 3D seismic acquisition now underway**
- **T/49P: Engagement continues with a number of large international petroleum companies who have demonstrated interest in the permit**
- **VIC/P57: Joint Venture awaits confirmation of renewal of permit for an additional five-year term**
- **WA-527-P: New leads have been identified in this frontier permit proximal to the significant Roc and Phoenix South discoveries**

3D Oil Limited (“**3D Oil**”, ASX: TDO) is pleased to provide an update to its activities for the quarter ending 31 December 2017.

Exploration

T/49P, Otway Basin, offshore Tasmania

3D Oil commenced preparation of the planned 3D seismic acquisition during the quarter. Current planning anticipates that the acquisition may be conducted in late 2018 across the central and southern part of T/49P (100%-owned). As part of the preparation, 3D Oil has commenced the drafting of the environmental plan (EP) and established the design parameters for the acquisition.

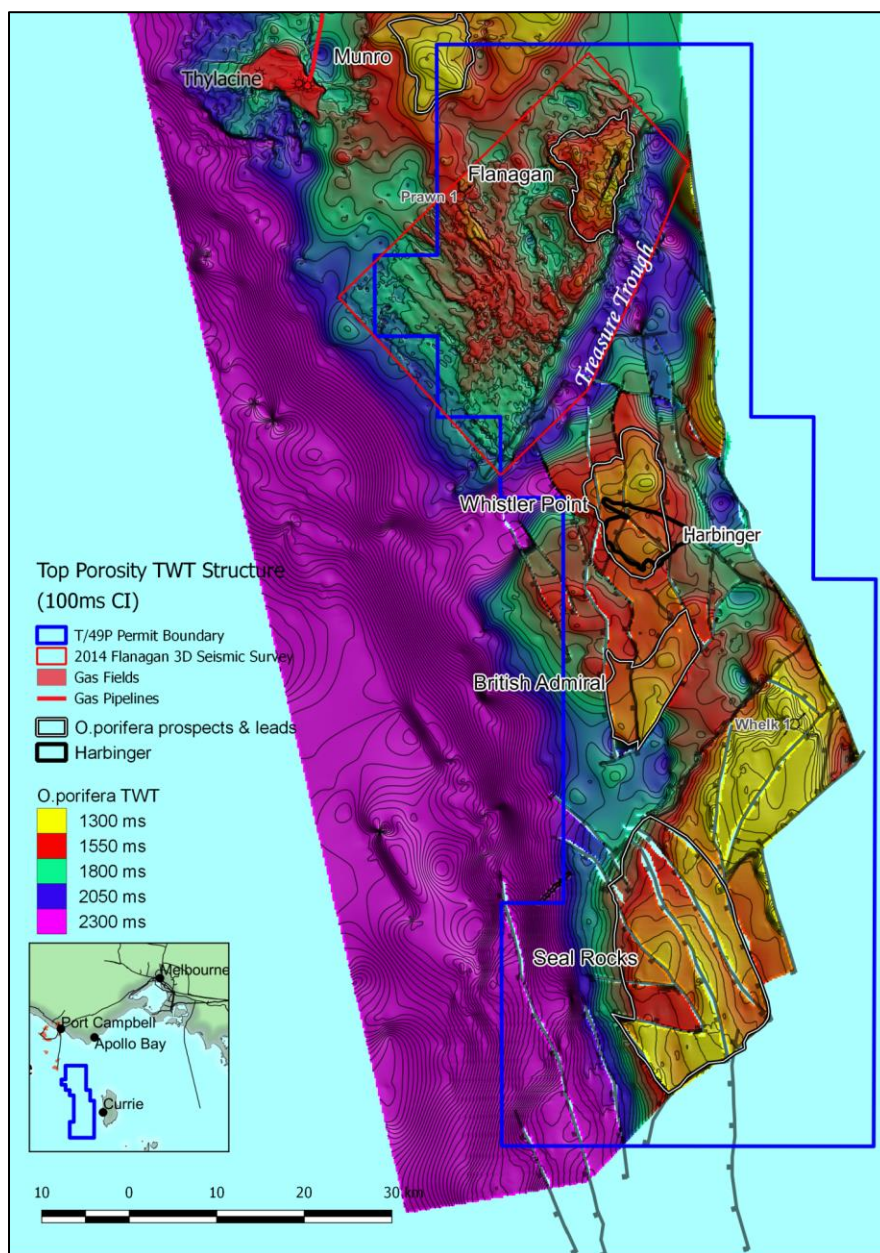
The 3D seismic survey will target a series of significant leads across the central and southern portion of T/49P with the intention of maturing several of these to prospect status. 3D Oil intends to combine insight gleaned from the new data with that from existing seismic, to

determine the location of the exploration well planned for the 2019 calendar year, subject to funding and securing a suitable exploration partner.

One of the key leads to be targeted by the seismic program is the **Harbinger** lead, supported by a Type III AVO anomaly indicative of gas. Independent analysis has estimated that **Harbinger** contains 790 BCF of Prospective Resources; however, this analysis was constrained by broadly spaced, decade old 2D seismic data. The upcoming 3D seismic acquisition may allow 3D Oil to more definitively understand the size of the prospective gas resource and allow for accurate drill planning.

Another potential target for 3D seismic acquisition is the **Seal Rocks** lead, with a Best Estimate Prospective Resource of over 4 TCF. **Seal Rocks** is also constrained by widely spaced grid of 2D seismic and requires modern 3D data to asses more accurately.

Figure 1: Two-way time at Base Seal T/49P illustrating leads and the Flanagan Prospect



3D Oil holds a 100% interest in the T/49P exploration permit, which covers 4,960 km² of the strategic offshore Otway Basin. The permit is located adjacent to the producing Thylacine and Geographe gas fields (100% owned by Beach Energy Limited (ASX: BPT)). The company continues to engage with a number of large international petroleum companies interested in contributing significant investment to the project, while discussions progress under confidentiality agreements.

The Otway Basin represents an area of significant exploration and development activity due to the need to supply gas to a starved domestic market. There are several exploration and development activities expected to commence in the Otway Basin across 2018 which are relevant to 3D Oil's T/49P project. Beach Energy, one of the most significant operators in the basin, has recently announced that it is progressing towards Final Investment Decision (FID) for drilling Geographe-3, Thylacine North-1 and Thylacine West-1 wells as part of the FY19 integrated Otway campaign (refer to the Lattice Energy acquisition presentation released 28 September 2017). The Thylacine field commenced production in 2008 via an offshore platform and subsea pipeline.

Table 1: T/49P Prospective Resource Estimate (TCF) Recoverable Gas

Location	Status	Low	Best	High
Flanagan	Prospect	0.53	1.34	2.74
Munro (T/49P Part)	Lead	0.04	0.19	0.57
Whistler Point	Lead	0.82	2.04	8.95
British Admiral	Lead	0.37	1.03	4.45
Seal Rocks	Lead	0.95	4.64	10.64
Harbinger	Lead	0.33	0.79	1.43
T/49P Total		3.04	10.03	28.77

VIC/P57, Gippsland Basin, offshore Victoria

3D Oil has a 24.9% interest in the VIC/P57 exploration permit in the offshore Gippsland Basin with Joint Venture (“JV”) partner and operator Hibiscus Petroleum.

3D Oil, as technical adviser to the operator recently completed a prospectivity and risking assessment. This analysis was focused on assessing the remaining commercial potential of VIC/P57 and determining the areas of the permit that warrant renewal.

As a result of the analysis, 3D Oil determined and approved a renewal area which contains six leads and prospects. The highest value of these include Felix, a classic, low-risk Upper Latrobe Group oil and gas target and Pointer, a Type II AVO supported gas prospect with a Best Estimate Prospective resource of 235 BCF. Pointer is located in an area of shallow water, close to existing infrastructure and optimally positioned to contribute much needed gas to the domestic market.

The Joint Venture applied to renew the permit with the National Offshore Petroleum Titles Administrator (NOPTA) in September of 2017 for a further 5-year tenure. The program

includes minor but, high impact and carefully designed work commitments including state-of-the-art reprocessing of the 3D seismic data covering the permit.

The primary term of the renewal period, the first 3 years, is designed to de-risk and high grade the prospect inventory in order to ultimately mature identified prospects, Felix and Pointer to 'drill-ready' while identifying and previously undetected gas prospects. The secondary work commitments will involve drilling a carefully selected prospect from the inventory.

Figure 2: Top Latrobe Depth

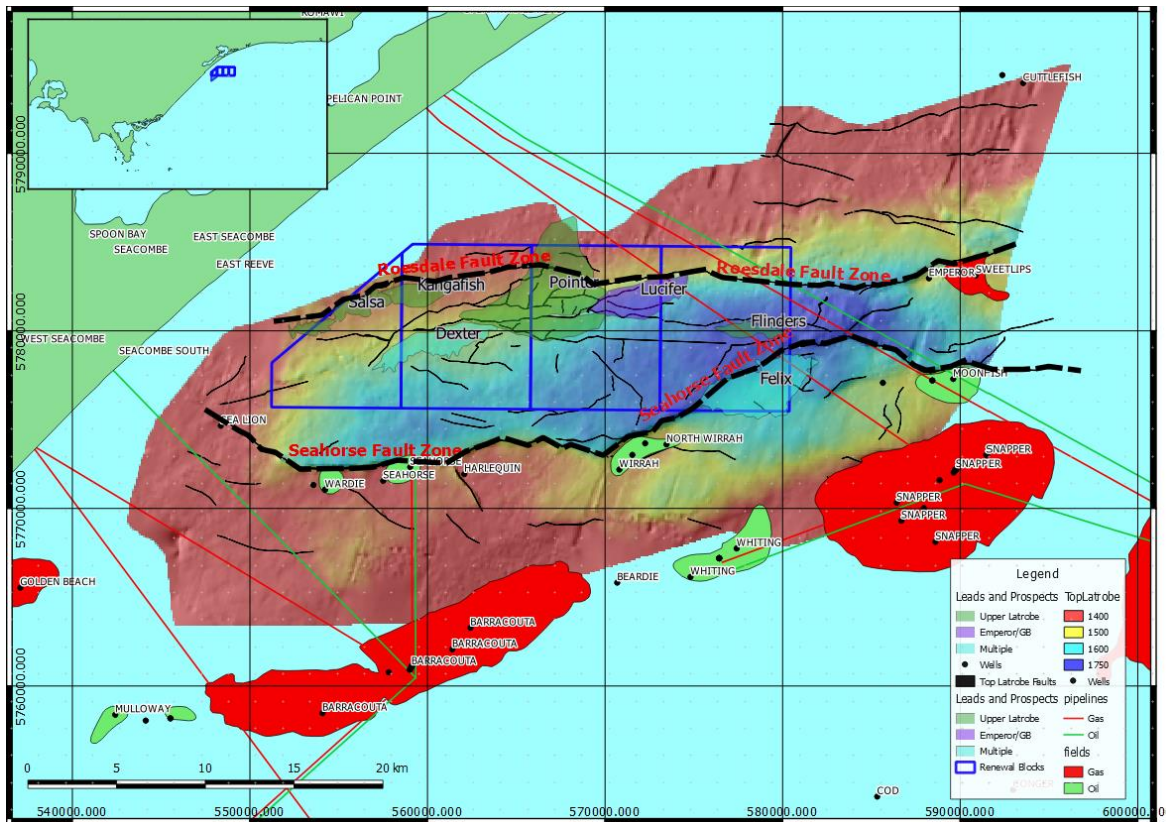


Table 2: VIC/P57 Prospective Resources Estimate (MMbbls) Recoverable Oil

Location	Status	Low	Best	High
Felix	Prospect	6.8	15.9	26.9
Salsa	Lead	10.7	15.1	20.6
Nicholson	Lead	3.4	7.9	14.7
Scooter	Lead	0.5	1.2	2.3
VIC/P57 Total		21.4	40.1	64.5

Table 3: VIC/P57 Prospective Resource Estimate (BCF) Recoverable Gas

Location	Status	Low	Best	High
Pointer	Prospect	140.1	235.3	364.9
Dexter	Lead	37.0	132.0	259.1
VIC/P57 Total		177.1	367.2	624.0

WA-527-P, Roebuck Basin, offshore Western Australia

During the quarter 3D Oil continued to review the prospectivity of the 100% held WA-527-P permit with geophysical mapping and petroleum systems analysis. This review has so far resulted in uncovering an array of new leads previously not recognized during the gazettal period.

The analysis continues but, so far has revealed the strong possibility of a high potential petroleum play involving elements of both the Paleozoic and Mesozoic sections. A series of leads have been identified at multiple levels, so far all are considered prospective for oil. Some of these include atoll and pinnacle reef features within the Paleozoic while other include more traditional traps involving high quality reservoir sands within the Jurassic and Triassic.

WA-527-P is large, covering an area of over 6,500km² and is constrained by a sparse grid of open-file 2D seismic data. A frontier exploration province such as this provides a unique opportunity for TDO and a potential partner to add significant value to the area by acquiring modern and high quality geophysical data that will contribute critical insight to this potentially prolific hydrocarbon province.

TDO intends to open WA-527-P to the farm-out market in the coming months, at a time when the asset will be best placed to attract investors looking to take advantage of a recovering oil price.

Petroleum Tenement Holdings

As at 31 December 2017, 3D Oil's petroleum tenement holdings were:

Tenement and Location	Beneficial interest at 30 Sep 2017	Beneficial interest acquired / (disposed)	Beneficial interest at 31 Dec 2017
VIC/P57 Offshore Gippsland Basin, VIC	24.9%	nil	24.9%
T/49P Offshore Otway Basin, TAS	100%	nil	100%
WA-527-P Offshore Roebuck Basin, WA	100%	nil	100%

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 David Briguglio, who is employed full-time by 3D Oil Limited as Chief Geoscientist. He holds a BSc.Hons and PhD in Petroleum Geoscience and has been practicing as a Petroleum Geoscientist for 8 years. Dr Briguglio 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 volumes. The estimates are unrisks and have not been adjusted for both an associated chance of discovery and a chance of development.

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")

31 December 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(54)	(137)
(b) development	-	-
(c) production	-	-
(d) staff costs	(127)	(189)
(e) administration and corporate costs	(116)	(286)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	14	19
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	(283)	(593)

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	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 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: (cash on deposits)	-	1,000
2.6	Net cash from / (used in) investing activities	-	1,000

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	1,994	1,304
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(283)	(593)
4.3	Net cash from / (used in) investing activities (item 2.6 above)		1,000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,711	1,711

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	1,500	783
5.2 Call deposits	117	1,117
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)	1,711	1,994

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	137
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	

Salaries, superannuation, consulting fees and Director's fees paid to directors and related entities during the December 2017 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	

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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.		

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9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	108
9.2 Development	-
9.3 Production	-
9.4 Staff costs	165
9.5 Administration and corporate costs	132
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	405

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: 30 January 2018

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.