



3D Oil Limited
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3D Oil Limited

QUARTERLY ACTIVITIES REPORT FOR THE THREE MONTHS ENDED 30 JUNE 2008

Highlights

- **Successful appraisal well on West Seahorse field and drilled the Wardie prospect.**
- **West Seahorse development options now being explored**
- **2200 kilometres of 2D seismic successfully acquired in T41/P**

Overview

Two wells were successfully drilled in the June quarter. The first well, West Seahorse 3, was drilled in the Gippsland Basin permit, VIC/P57. The well located excellent reservoir sands in the main reservoir zone and has been suspended as a future producer.

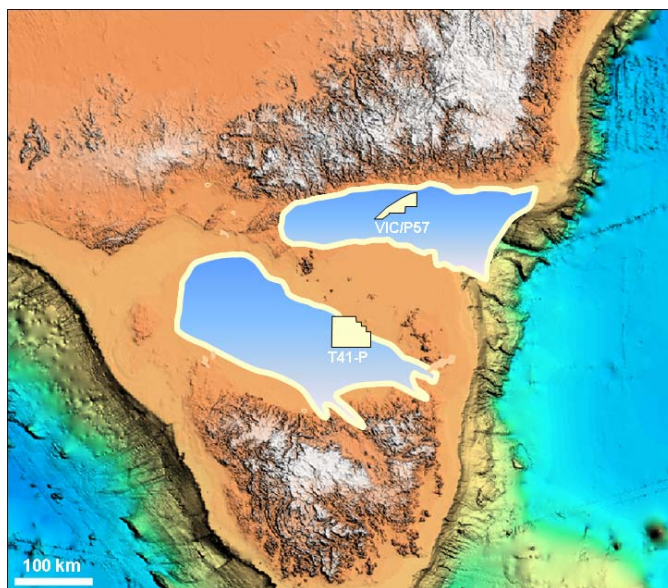
The second well, Wardie 1, was drilled from the same surface location at West Seahorse 3. Wardie 1 intersected the target sand formations lower than expected and encountered oil over an 11 metre interval however within poor quality reservoir.

Exploration Review

3D Oil Limited is the operator and 100% equity holder of two permits in Bass Strait, VIC/P57 in the Gippsland Basin, Victoria and T41-P in the Bass basin, Tasmania.

Future Objectives

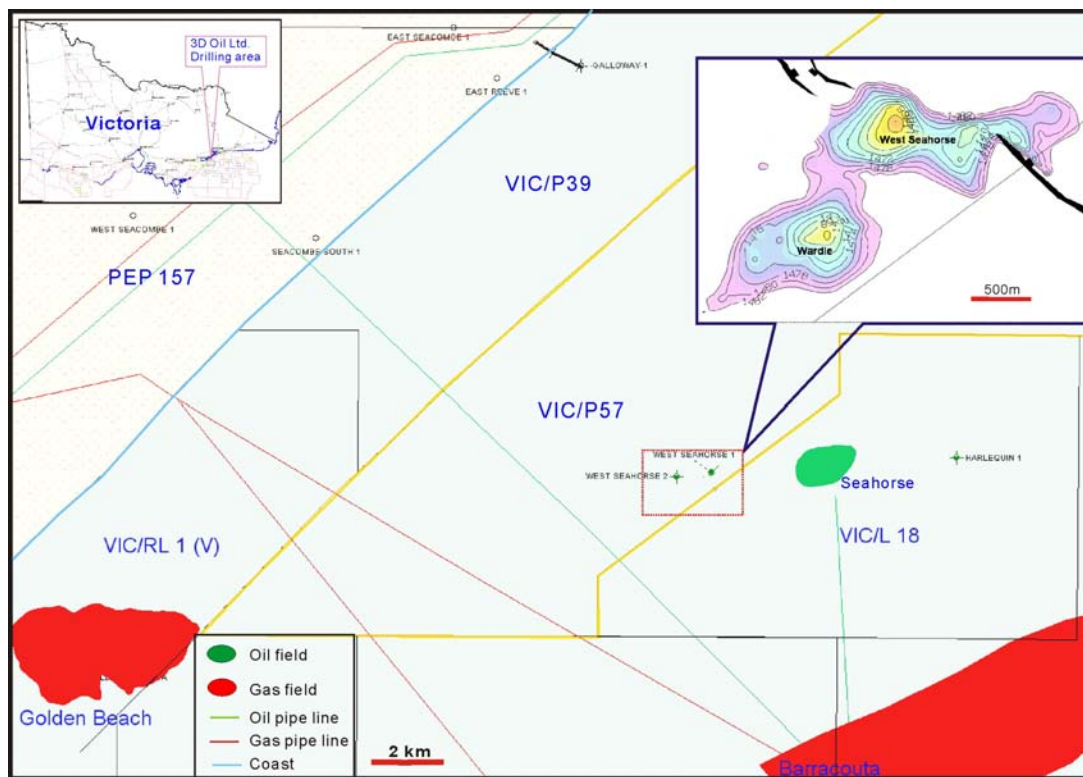
3D Oil Limited immediate objective is to actively explore engineering options to determine the optimum development and ensure the commercialisation of the West Seahorse field in the Gippsland Basin.



The VIC/P57 and T41-P permits located in the Gippsland and Bass basins.

VIC/P57, Gippsland Basin Offshore Victoria

In the June quarter the company, drilled an appraisal on the West Seahorse field (West Seahorse-3) and an exploration well on an adjacent prospect (Wardie-1) and therefore fulfilling its current work programme commitments. Both West Seahorse-3 and the Wardie-1 well were drilled from the same location using the West Triton jack-up rig.



Location Map and Pre-Drill Structure Map

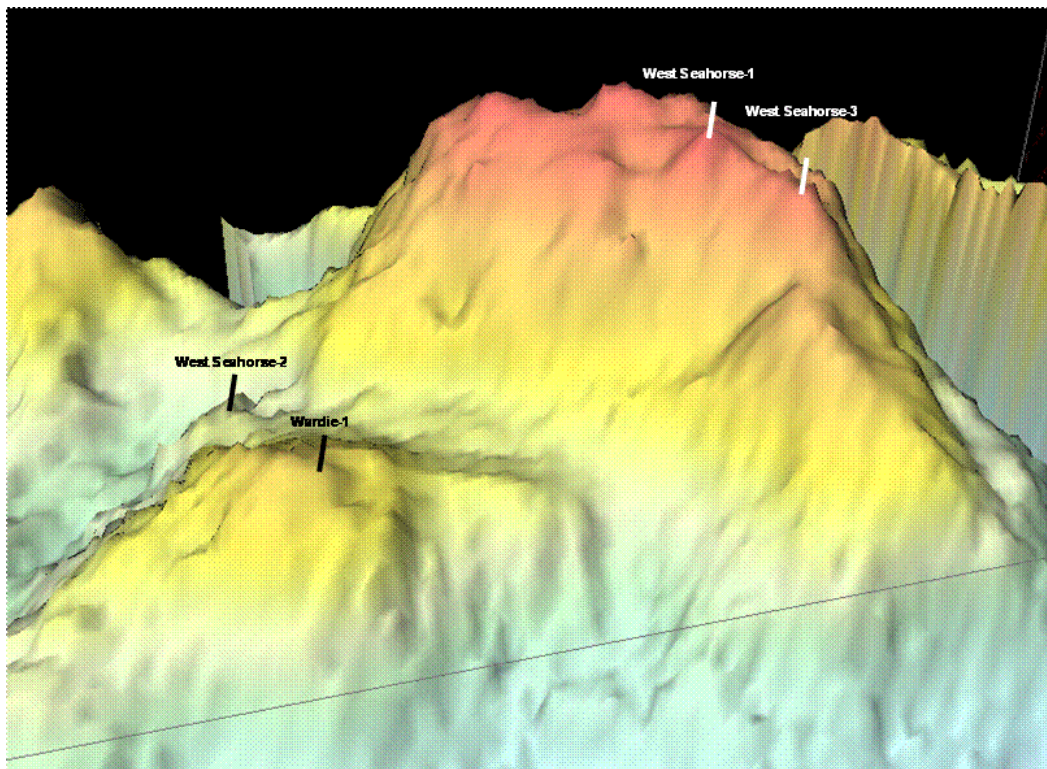
West Seahorse-3

The West Seahorse-3 well encountered the main N1 oil reservoir on prognosis and established that the oil column extended below the lowest known oil in West Seahorse-1. Excellent reservoir quality was encountered over this zone. The well has been suspended to enable re-entry and completion of the N1 zone for future production.

The secondary N2.6 and P1 reservoir units, which contained oil in West Seahorse-1, were intersected lower than expected in West Seahorse-3 and were water bearing. It is interpreted that a small localised fault caused these zones to be below the oil/water contact.

Latest mapping by 3D Oil Limited indicates that the results of West Seahorse-3 have not had a significant impact on the reserves of the field.

It should be noted that both the N1 and N2.6 reservoirs are producing oil in the neighbouring Seahorse field operated by ExxonMobil. The Seahorse field is tied back to the Barracouta platform via a sub-sea completion.



Post drill 3D image of the West Seahorse complex at the N1 level

Wardie-1

The Wardie-1 well intersected the Latrobe formation, slightly deep to prognosis. The presence of oil was confirmed.

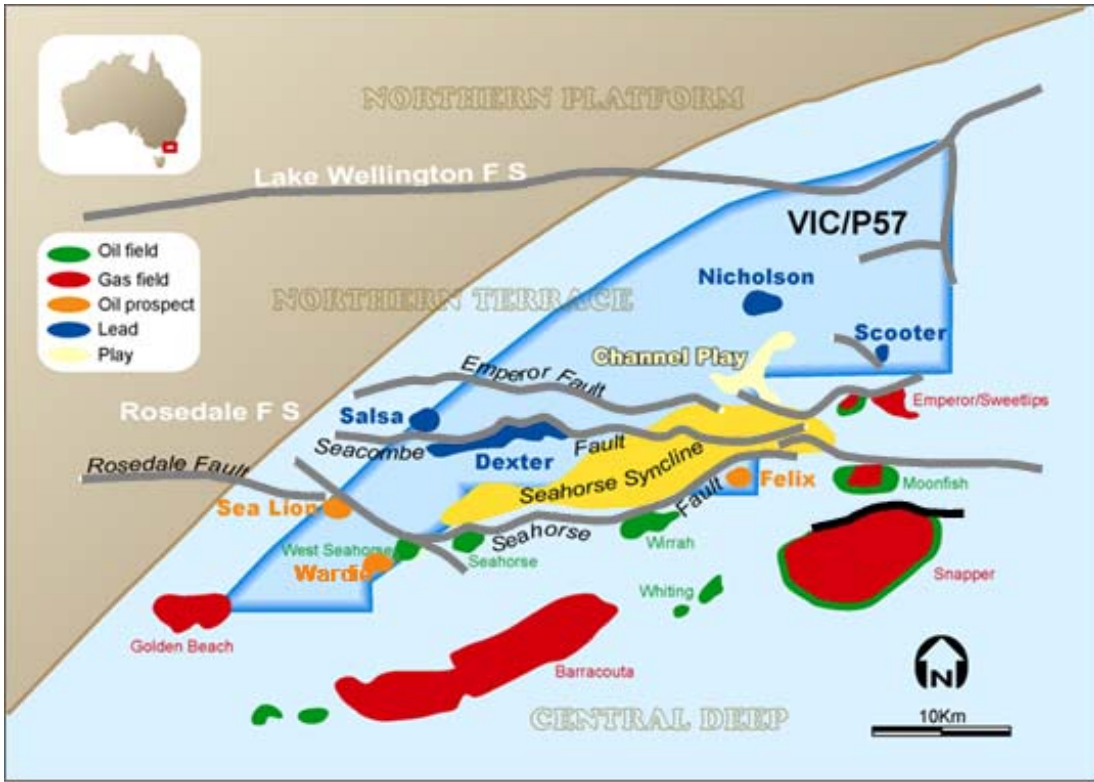
A sample was taken from within an 11 metre interval within a series of thin sands interbedded with coal and shale at the top of the Latrobe Group and stratigraphically higher than the N1 oil reservoir in the West Seahorse-1 and 3 wells. The quality of the reservoir of this zone at Wardie-1 was interpreted as too poor to justify suspension of the well as a future producer.

West Seahorse Field

After drilling the two wells, 3D Oil Limited is now interpreting the new sub-surface data and developing reservoir models. The well results have confirmed the N1 reservoir quality and have provided excellent data on the oil-water contact. New velocity data has also been used to improve the field mapping at all reservoir levels (N1, N2.6 and P1 reservoir units) to enable a comprehensive evaluation of reserves and contingent resources.

The company is currently actively exploring engineering options to determine the optimum development of the West Seahorse Field. These include a tie back to third party offshore facilities and innovative stand alone options.

3D Oil Limited is currently undertaking a full review of the prospectivity in Vic/P57 to firm up a portfolio of prospects for future drilling. The well results have reaffirmed that the permit has access to oil charge and also confirmed the presence of high quality Latrobe Group reservoirs.

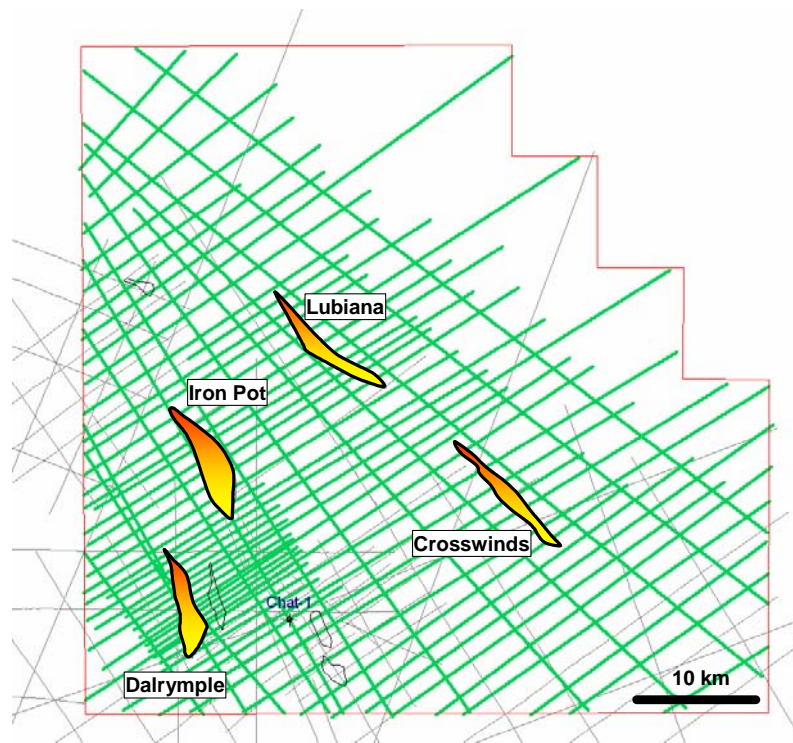


Current prospects and leads, Vic/P57

T41/P, Bass basin Offshore Tasmania

3D Oil Limited acquired 2200 kilometres of 2D seismic in T41/P through late April/early May. Weather conditions were favourable and the survey was completed with minimal weather down-time.

Processing of the 2D seismic data obtained in the survey is expected to be complete in August. The seismic survey focused on the SW area of the permit, where previous mapping has identified four leads, all in a good location to receive hydrocarbon charge. The new data will be used to mature the known leads and identify new features with the aim of compiling a portfolio of drillable prospects.



New seismic programme over T41-P and location of current leads.

Exploration activity has increased recently in the basin which is now fully permitted. Four seismic surveys have been recorded in the basin this year and 13 exploration wells will be drilled over the next three years, including two wells to be drilled in adjacent permits over the next few months. This represents the first concerted exploration efforts in the basin with the benefit of modern, high quality data and has the potential to transform it into an emerging petroleum province.

Noel Newell
Managing Director
3D Oil Limited

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Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

3D OIL LIMITED

ABN

40 105 597 279

Quarter ended ("current quarter")

30 JUNE 2008

Consolidated statement of cash flows

	Current quarter \$A	Year to date (12 months) \$A
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	5,940	17,820
1.2 Payments for		
(a) exploration and evaluation	(27,663,670)	(33,334,444)
(b) development	-	-
(c) production	-	-
(d) administration	(356,368)	(1,213,511)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	87,428	1,634,376
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(27,926,670)	(32,895,760)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects/farmins	-	-
(b) equity investments	-	-
(c) other fixed assets	(7,062)	(83,202)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(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	(7,062)	(82,202)
1.13 Total operating and investing cash flows (carried forward)	(27,933,732)	(32,978,962)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(27,933,732)	(32,978,962)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares	7,020,000	23,489,014
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 – Capital raising costs	(328,185)	(1,258,748)
	Net financing cash flows	6,691,815	22,230,266
	Net increase (decrease) in cash held	(21,241,917)	(10,748,697)
1.20	Cash at beginning of quarter/year to date	35,686,905	26,457,977
1.21	Exchange rate adjustments to item 1.20	(112,190)	(1,376,482)
1.22	Cash at end of quarter	14,332,799	14,332,799

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	83,784
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Directors fees and salaries paid during the June 2008 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

Nil

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	5,000
4.2 Development	-
Total	5,000

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	7,001	4,746
5.2 Deposits at call	7,332	30,941
5.3 Bank overdraft	-	-
5.4 Other – Bank Guarantee	-	-
Total: cash at end of quarter (item 1.22)	14,333	35,687

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	-	-	-	-

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

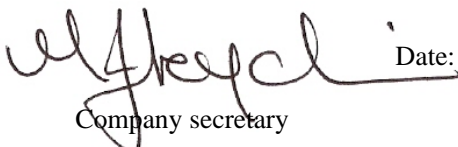
Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	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	206,560,000	169,898,550	-	-
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	13,500,000	13,500,000	\$0.52	\$0.52
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>	10,100,000 7,125,000 400,000	- - -	<i>Exercise price</i> \$0.50 \$0.60 \$0.75	<i>Expiry date</i> 31 January 2011 31 January 2011 31 March 2013
7.8 Issued during quarter	400,000	-	\$0.75	31 March 2013
7.9 Exercised during quarter	-	-	-	-
7.10 Expired/lapsed during quarter	-	-	-	-
7.11 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: 30 July 2008
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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