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3D Oil Limited

QUARTERLY ACTIVITIES REPORT FOR THE THREE MONTHS ENDED 31 MARCH 2017

Key Points

- **WA-527-P:** TDO awarded large NW Shelf permit, in shallow water adjacent Quadrant Energy's recent oil discoveries with only a seismic commitment in year 3.
- **T/49P:** NOPTA grants Year 4 work commitment variation from one well to geological and geophysical studies with well in to Year 5.
- **T/49P:** TDO's equity interest increased to 100% following assignment of Beach's 30% interest as foreshadowed in the December Quarterly Report.
- **T/49P:** TDO utilising positive results from recent technical studies in continuing international farmout process which is progressing well with the backdrop of the burgeoning east coast gas market.
- **T/49P:** TDO identifies new large lead based on AVO studies.
- **VIC/P57:** NOPTA grants variation to Year 5 work programme removing well.
- **VIC/P57:** TDO uncovers exciting new gas prospect.

Exploration

WA-527-P

3D Oil Limited (ASX: **TDO**) was awarded the new exploration permit, WA-527-P in the Roebuck Basin of Western Australia in late March, bid on in the December 2016 Australian Offshore Gazettal round.

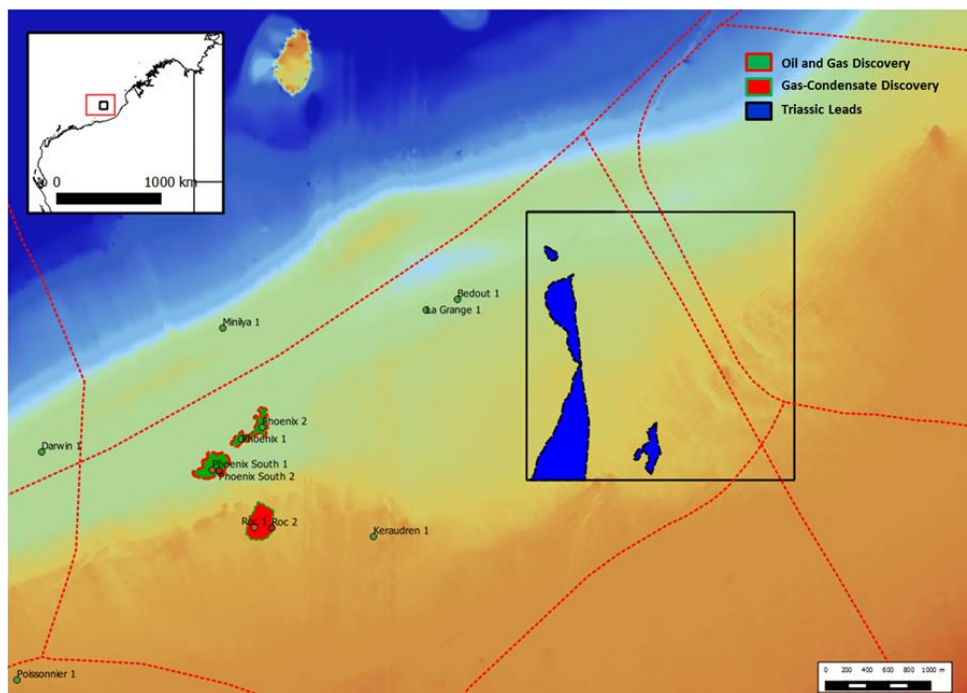
The permit covers an area of 6,590 km² with average water depths of 120m (65-168m). The permit is lightly explored, covered by a broad grid of 2D seismic data of varying vintages and has no exploration wells.

WA-527-P is located to the east of a series of recent oil and gas discoveries uncovering a new petroleum province. These discoveries were made as result of the 2014-2016 exploration campaign led by the Quadrant joint venture. These discoveries indicated the Roebuck Basin is a significant petroleum province opening up the potential for success in nearby areas.

The Quadrant venture clearly considers the area to have remaining potential as they have planned the drilling of the Dorado-1 well later this year located up dip of the Roc structure. The results of this well could have implications for WA-527-P prospectivity as 3D Oil's view is that the target could be within a similar geological setting of the identified leads.

The evaluation of WA-527-P undertaken by TDO included a review of the existing seismic data, licenced Spec Data and a full petroleum systems analysis. The petroleum system uncovered by the recent discoveries is interpreted to be active nearby and partly within to WA-527-P.

The Minimum Guaranteed Work Programme consists of studies in Years 1 and 2, and the acquisition of 510 km² of 3D seismic in Year 3.



Location Map – WA-527-P

T/49P, Otway Basin, offshore Tasmania

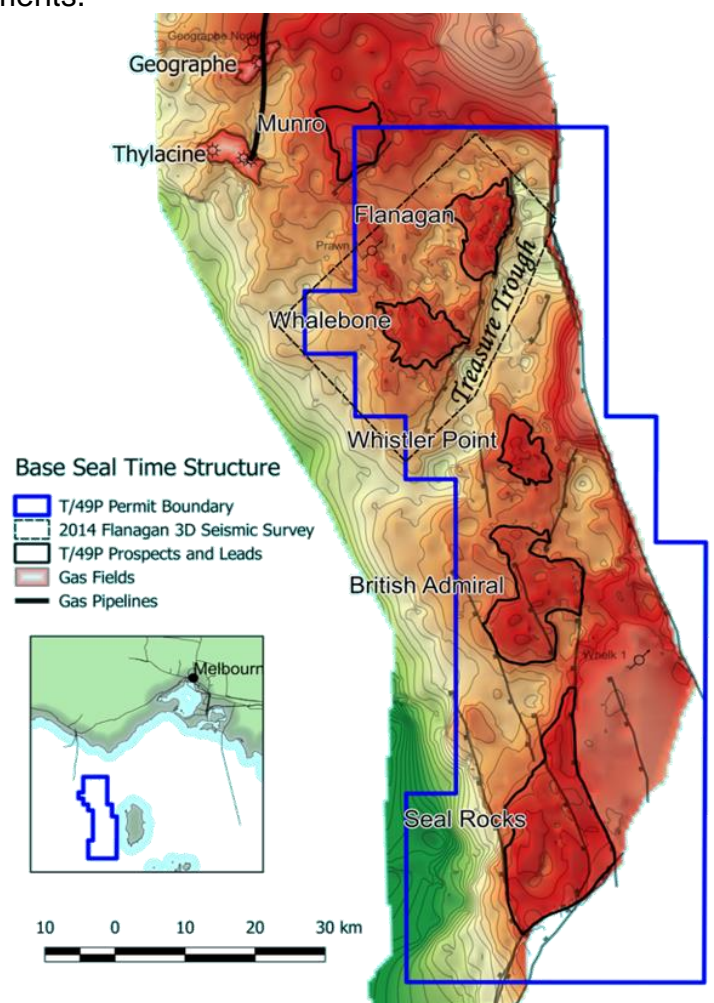
NOPTA has granted the Year 4 work programme variation from one well to geological and geophysical studies. The Year 4 well has shifted to Year 5 which would potentially coincide with the arrival of a semi-submersible drilling unit in the Bass Strait region. To this extent TDO

has made an expression of interest to participate in a rig sharing club for the region estimated to commence in the third quarter of 2018.

During the previous quarter, Beach advised 3D Oil of its intention to withdraw from T49P, and its 30% non-operator interest was assigned to 3D Oil for nil consideration during the March 2017 quarter. This resulted in TDO's equity interest in T/49P increasing from 70 % to 100 %. To reduce exposure to risk and expenditure 3D Oil will farm down but will be able to retain a significant interest.

TDO continues to evaluate the prospectivity of the permit and in this regard is undertaking a full AVO analysis of the 2D seismic. While this work is ongoing one new large lead, as yet unnamed, has been uncovered based on this work.

During the quarter TDO continued its farmout process. The company is engaged with a number of large international petroleum companies while discussions progress under confidentiality agreements.



TDO continues its farmout process. Emphasis has been on the positive results of our recent technical studies, previously reported, to promote the potential of the T/49P permit. The company is engaged with a number of large international petroleum companies while discussions progress under confidentiality agreements.

With 7 TCF potential identified (Best Estimate Prospective Resource) and an upside of over 20 TCF, within T/49P, TDO believes it is well positioned to attract funding from companies seeking large conventional plays in a proven area close to infrastructure with a market facing energy shortages.

Energy markets in eastern Australia continue to show signs of stress. With all six Queensland CSG LNG trains up and running, the East Coast gas demand has effectively tripled. The NAB's 2017 Gas and Market Outlook says that domestic gas prices in the pipeline-connected states of Queensland, NSW, Victoria and South Australia could rise to between \$8 and \$10 a gigajoule, up from \$2-\$4 a gigajoule before the LNG export plants started up. 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.

The recently released AEMO report stated “domestic gas markets will rely on production from currently uneconomic and undeveloped gas resources (contingent resources) from 2021, and even more uncertain resources (prospective resources) from 2025, to meet forecast demand over the 20-year outlook period”

VIC/P57, Gippsland Basin, offshore Victoria

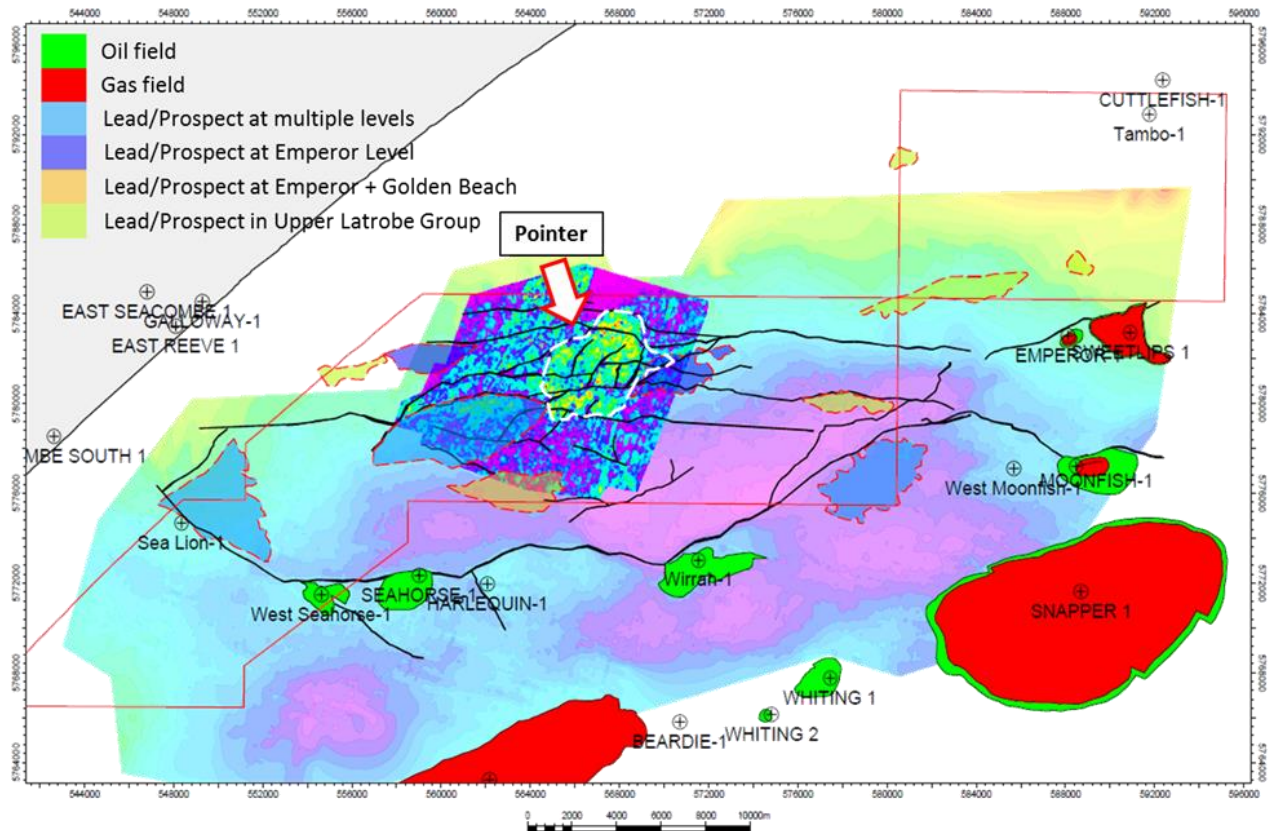
TDO has a 24.9% interest in the VIC/P57 exploration permit in the offshore Gippsland Basin.

NOPTA has granted the variation sought by the Joint Venture of the Year 5 work programme from one well to geological and geophysical studies.

TDO, as informal technical advisor for the joint venture, is currently undertaking a comprehensive prospectivity review to identify potential drill targets to ultimately provide an inventory of prospects and leads prior to potentially renewing the permit for a new term at the end of Year 5. These studies have not only resulted in de-risking the previously identified Felix Prospect but has uncovered a new gas prospect, Pointer, within the high quality reservoirs of the Latrobe Group. Preliminary estimates indicate a Prospective Resource of up to 200 BCF. TDO will continue the technical review of this prospect and the VIC/P57 permit.

New Ventures

TDO continually reviews new opportunities in a prudent and diligently manner. In April TDO submitted a bid for an east coast permit with significant gas potential. TDO expects to be advised of the outcome of its bid later in 2017.



Pointer Prospect Location - VIC/P57

TDO Petroleum Tenement Holdings

As at 31 March 2017, TDO petroleum tenement holdings were:

Tenement and Location	TDO beneficial interest at 31 Dec 16	Beneficial interest acquired / (disposed)	TDO beneficial interest at 31 Mar 17
VIC/P57 offshore Gippsland Basin, Victoria	24.9%	nil	24.9%
T/49P offshore Otway Basin, Tasmania	70%	30%	100%
W-527-P offshore Roebuck Basin, western Australia	nil	100%	100%

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 March 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(129)	(384)
(b) development	-	-
(c) production	-	-
(d) staff costs	(211)	(645)
(e) administration and corporate costs	(123)	(365)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	7
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	(462)	(1,387)

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 (9 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 acquired on increase in interest in T/49P)	3	3
2.6	Net cash from / (used in) investing activities	3	3

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	3,161	4,014
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(462)	(1,387)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	3	3
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	(152)	(80)
4.6	Cash and cash equivalents at end of period	2,550	2,550

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	2,339	2,951
5.2	Call deposits	117	116
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)	2,550	3,161

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 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

Current quarter \$A'000
138
-

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

7. Payments to related entities of the entity and their associates

- 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

Current quarter \$A'000
-
-

-

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	Amount drawn at quarter end
		\$A'000	\$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.		

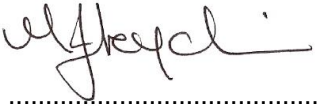
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9.	Estimated cash outflows for next quarter	\$A'000
9.1	Exploration and evaluation	100
9.2	Development	-
9.3	Production	-
9.4	Staff costs	200
9.5	Administration and corporate costs	150
9.6	Other (provide details if material)	-
9.7	Total estimated cash outflows	450

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	T/49P WA-527-P	Increase in interest Acquisition	70% -	100% 100%

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:  Date: 28 April 2017
(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 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.