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# 3D Oil Limited

## QUARTERLY ACTIVITIES REPORT FOR THE THREE MONTHS ENDED 31 MARCH 2018

### Highlights for the quarter:

- **T/49P: Planning is underway for 3D seismic acquisition scheduled for late 2018, while farm-in discussions continue with a number of International Petroleum Companies**
- **VIC/P57: Joint Venture granted renewal of permit for a further five-year term**
- **VIC/P57: Renewal contains six leads and prospects including a highly prospective gas target**
- **WA-527-P: A thorough prospectivity review has revealed strong potential for a rich petroleum system to be operating within the permit**
- **WA-527-P: The generation of multiple oil-rich leads and detailed analysis provides the platform for 3D Oil to launch a targeted farm-out campaign**

3D Oil Limited ("**3D Oil**", ASX: TDO) is pleased to provide an update to its activities for the quarter ending 31 March 2018.

# *Exploration*

### *T/49P, Otway Basin, offshore Tasmania*

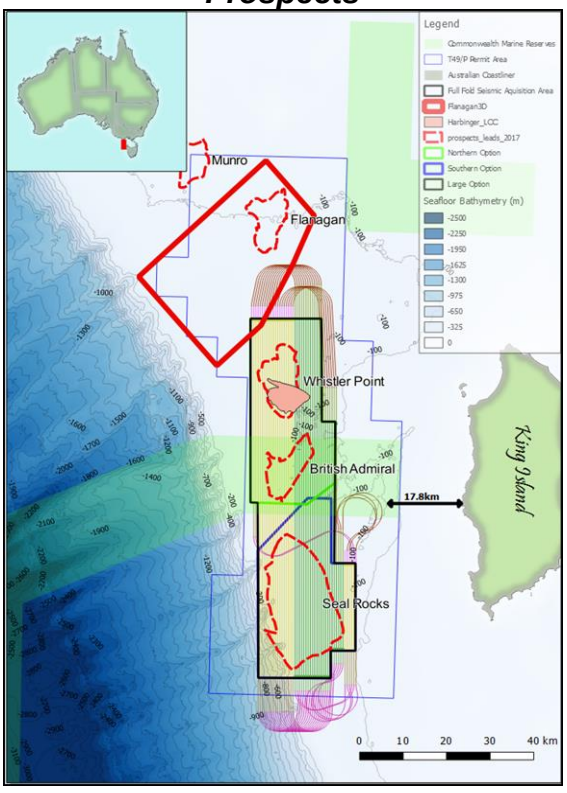
3D Oil continues to plan for 3D seismic acquisition scheduled for late 2018. The survey is intended to cover the central and southern part of T/49P (100%-owned). 3D Oil is in the process of completing the drafting of the Environmental Plan for the survey.

The previous 3D seismic survey confirmed the Flanagan Prospect in the northern portion of T/49P with Prospective Resource of 1.4TCF (Best Estimate). The forthcoming 3D seismic survey, named Dorrigo, 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 2019 – Early 2020, 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: Location Map of the Dorrigo 3D Marine Seismic Survey shown with Leads and Prospects***



3D Oil holds a 100% interest in the T/49P exploration permit, which covers 4,960 km$^2$ 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.

**Table 1: T/49P Prospective Resource Estimate (TCF) Recoverable Gas**
*(ASX ann. 27/7/17)*

| 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.

The National Offshore Petroleum Titles Authority ("NOPTA") has granted a renewal of the permit for a further 5 years. The permit has been optimized to an area dense with high potential leads and prospects including at least one gas prospect.

Prior to the renewal application 3D Oil, as technical adviser to the JV, undertook a thorough prospectivity review, which has revealed that VIC/P57 contains significant commercial potential. Six leads and prospects were identified, the highest value of these include the Felix and Pointer prospects.

The upcoming technical program was carefully designed to mature the Felix and Pointer prospects to drill-ready, while assessing the potential for additional gas prospectivity within the deep and poorly understood stratigraphy of the permit. As such, the minimum guaranteed work-program, to be fulfilled within the first three years of the Renewal Term includes 230km2 of modern, state-of-the-art seismic reprocessing accompanied by other Geological and Geophysical studies. The purpose of the reprocessing will be three-fold;

1. To determine the most likely structural configuration and accurate oil & gas volume of the Felix Prospect,
2. Provide a clearer understanding of the Pointer AVO anomaly and,
3. Assess the Emperor sub-group stratigraphy (not able to be imaged adequately by the current dataset) for additional gas prospects.

Technological advances in processing techniques over the last six years should result in significantly improved data quality within VIC/P57. According to well-established service provider CGG, who are currently undertaking the Gippsland ReGeneration Reprocessing project, there are many areas of improvement that should result in enhanced imaging of the sub-surface. These techniques have recently been applied in the eastern Gippsland Basin, at the previously poorly understood Dory gas discovery. Broader bandwidth, less noise, a significantly improved velocity model and more sophisticated migration algorithms have resulted in a dramatic improvement in imaging compared with previous attempts. ExxonMobil are planning on drilling Hairtail-1 and Bald Fish-1 at the Dory prospect in 2018.

**Figure 2: Prospects and Leads, VIC/P57**

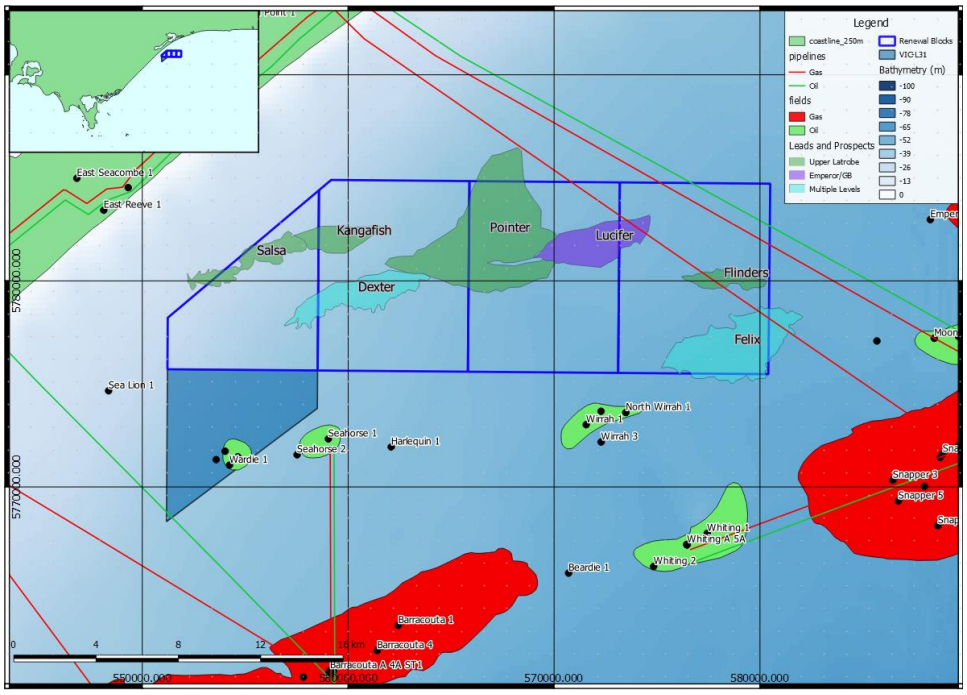



**Figure 3: Pointer Prospect RMS Amplitude**

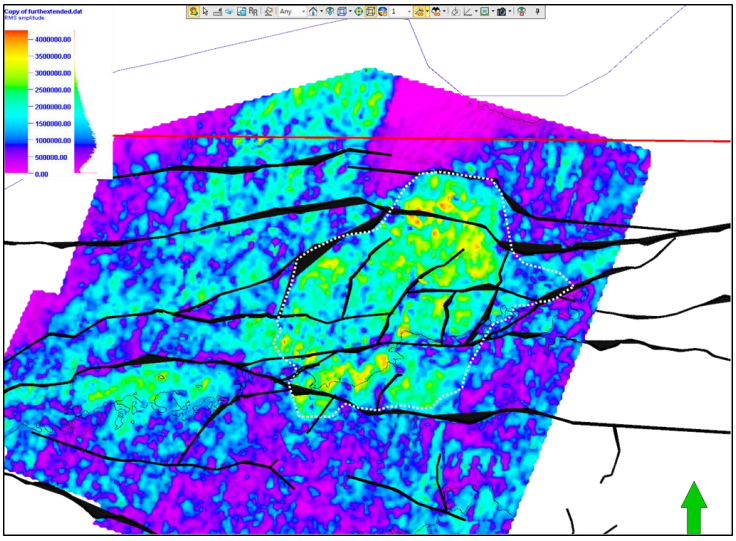


**Table 2: VIC/P57 Prospective Resources Estimate (MMbbls) Recoverable Oil**
*(ASX ann. 27/7/17)*

| 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***

WA/527-P (3D Oil 100%) is a large permit covering approximately 6,500 km$^2$ in the Roebuck Basin. The permit is under-explored with a sparse grid of open-file 2D seismic data of varying vintage and no wells. WA/527-P offers a rare opportunity for exploration within a new frontier, adjacent to some of Australia's most exciting recent oil and gas discoveries including Roc and Phoenix South (JV between Quadrant Energy, Carnarvon Petroleum and Finder Exploration).

During the quarter a prospectivity review has revealed the potential for highly productive Paleozoic source rocks that could contribute significant hydrocarbons to a series of Paleozoic reef/carbonate features, and a combination of conventional traps identifiable within the Mesozoic.

Over fifteen leads have been identified across the permit on a combination of open-file 2D seismic data and the Searcher Seismic Multi-client Bilby 2D seismic survey. The leads are all considered to be prospective for oil and will underpin our upcoming farm-out campaign, to commence this quarter.

*Paleozoic Reefs*

3D Oil has identified the presence of at least six reef-like features, on the available data that could form viable oil targets. These reef-like features range in size from 3-30km$^2$.

3D Oil's proposed play concept involves thermally mature marine source rocks of either Devonian or Early Carboniferous age. Such source rocks are proven in the onshore Canning Basin where they have contributed strongly paraffinic, light oil to successful oil fields such as Blina and Ungani. These source rocks are interpreted to be mature for oil expulsion within the WA/527-P acreage and if so, would contribute hydrocarbons to a series of apparent carbonate build-ups present within the eastern side of the acreage. Some of these features can be observed on open-file seismic data; however, this data is generally of poor quality. By far the most clear of these features is a potential carbonate atoll, only observable on the Bilby 2D survey, however, far more modern broadband seismic data is required to provide an accurate image of this feature.

*Mesozoic Leads*

The Paleozoic source rocks may also provide hydrocarbons to a series of inversion and fault-bound targets within both the Triassic and Jurassic sections. Many of these features have been identified on the Bilby 2D seismic data. As such, these are new features, not identified by previous operators. Of particular note is the identification of a Jurassic Lead named Whaleback, with a Best Estimate Prospective Resource of 86 MMbbls.

Based on existing well data in the area, the Jurassic could host at least two reservoir-seal pairs. One is within the Early Jurassic and another within the Late Jurassic. The latter of these comprises the deltaic sediments of the Depuch Formation which exhibit excellent reservoir properties in nearby wells.

The Salamander and Jaubert leads have been recognized by previous operators in the block however, interpretation of a subset of the Bilby 2D survey indicates that Salamander may extend further to the south than previously thought, while Jaubert may have some independent dip closure within the Jurassic.

There are at least twelve other leads within the permit, however, these are generally identified on single seismic lines and therefore cannot yet be fully evaluated.

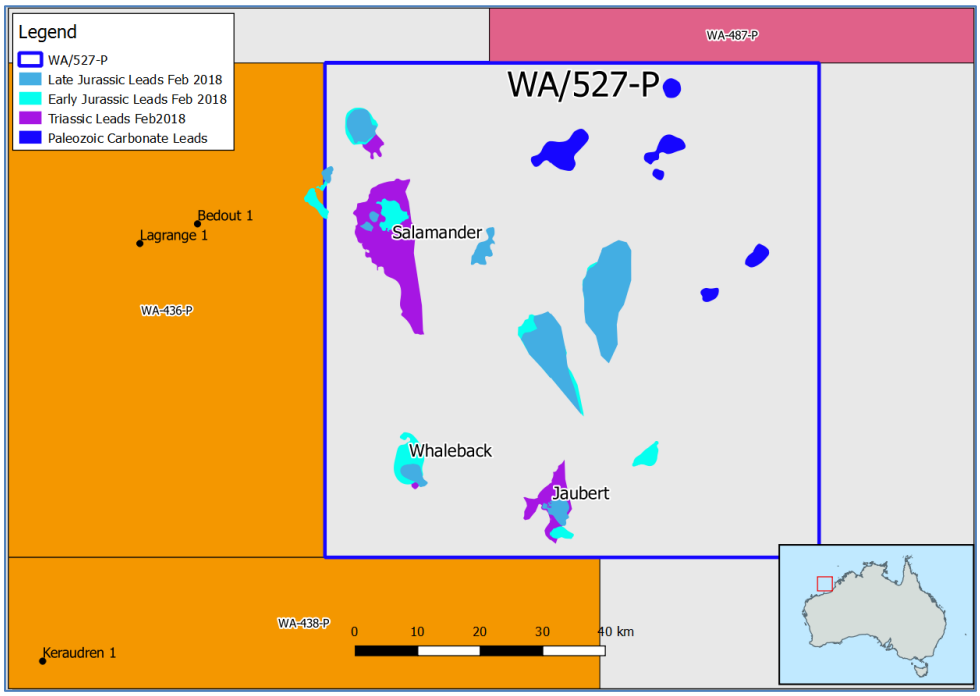
3D Oil looks forward to the opportunity to develop these exciting new leads with modern 3D seismic data that could result in the identification of multiple drillable prospects.

Volumetric estimates detailing the Prospective Resources for WA/527-P area are shown in the table below *(ASX ann. 26/2/18).* These estimates, while conservative indicate that the permit contains significant potential value to 3D Oil. It should be noted that the estimations are conducted based on TDO's current dataset and has not been able to take into account various other proprietary geophysical data that the company does not have access to.

**Table 4: WA/527-P Prospective Resource Estimate (MMbbls)**
**Recoverable Oil**

| Prospect | Status | Low | Best | High |
|---|---|---|---|---|
| **Salamander** | Lead | 57 | 191 | 713 |
| **Jaubert** | Lead | 17 | 72 | 205 |
| **Whaleback** | Lead | 16 | 87 | 219 |
| **WA/527-P Arithmetic Total** | | **90** | **349** | **1,138** |

**Figure 4: WA/527-P Leads**




3D Oil now intends to make WA/527-P available to the farm-out market. The permit offers a unique opportunity for a potential partner to become involved with exploration in a frontier area, adjacent to recent oil and gas discoveries and with a low-cost minimum work programme, specifically designed to mature the industry's understanding of this new and exciting frontier.

## Petroleum Tenement Holdings

As at 31 March 2018, 3D Oil's petroleum tenement holdings were:

| Tenement and Location | Beneficial interest at 31 Dec 2017 | Beneficial interest acquired / (disposed) | Beneficial interest at 31 Mar 2018 |
|---|---|---|---|
| **VIC/P57**<br>**Offshore Gippsland Basin,** VIC | 24.9% | nil | 24.9% |
| **T/49P**<br>**Offshore Otway Basin,** TAS | 100% | nil | 100% |
| **WA-527-P**<br>**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 un-risked and have not been adjusted for both an associated chance of discovery and a chance of development.

*+Rule 5.5*

# 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** | **Quarter ended ("current quarter")** |
|---|---|
| 40 105 597 279 | 31 March 2018 |

| **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 | (94) | (231) |
| | (b) development | - | - |
| | (c) production | - | - |
| | (d) staff costs | (118) | (307) |
| | (e) administration and corporate costs | (128) | (414) |
| 1.3 | Dividends received (see note 3) | - | - |
| 1.4 | Interest received | 5 | 24 |
| 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** | **(335)** | **(928)** |

| **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 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 | 1,711 | 1,304 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (335) | (928) |
| 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** | **1,376** | **1,376** |

| 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 | 1,164 | 1,500 |
| 5.2 | Call deposits | 118 | 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)** | **1,376** | **1,711** |

| 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 | 102 |
| 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 March 2018 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

-

| **8.** | **Financing facilities available**<br>*Add notes as necessary for an understanding of the position* | **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 | 141 |
| 9.2 | Development | - |
| 9.3 | Production | - |
| 9.4 | Staff costs | 163 |
| 9.5 | Administration and corporate costs | 77 |
| 9.6 | Other (provide details if material) | - |
| **9.7** | **Total estimated cash outflows** | **381** |

| **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: ..... Date: 30 April 2018
(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.