

**3D OIL LIMITED**  
**ABN 40 105 597 279**

**HALF YEAR FINANCIAL REPORT**  
**FOR THE SIX MONTHS ENDED 31 DECEMBER 2018**

**3D Oil Limited**  
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**31 December 2018**

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**3D Oil Limited**  
**Corporate directory**  
**31 December 2018**

Directors	Noel Newell (Executive Chairman) Ian Tchacos (Non-Executive Director) Leo De Maria (Non-Executive Director)
Company secretaries	Melanie Leydin Stefan Ross
Registered office	Level 18, 41 Exhibition Street Melbourne, VIC 3000 Telephone: (03) 9650 9866
Principal place of business	Level 18, 41 Exhibition Street Melbourne, VIC 3000
Share register	Computershare Investor Services Pty Ltd 452 Johnston Street Abbotsford Victoria 3067 Telephone: (03) 9415 5000
Auditor	Grant Thornton Audit Pty Ltd Collin Square Tower 5 727 Collins Street Melbourne VIC 3008
Solicitors	Baker McKenzie Level 19, 181 William Street Melbourne Victoria 3000
Stock exchange listing	3D Oil Limited shares are listed on the Australian Securities Exchange (ASX code: TDO)
Website	<a href="http://www.3doil.com.au">www.3doil.com.au</a>

## REVIEW OF OPERATIONS

### Key Points

- **WA-527-P:**
  - 3D Oil has completed test reprocessing of open-file 2D seismic data revealing Dorado look-a-like features
  - Additional analysis of open-file data indicates the presence of possible hydrocarbon leakage in and around WA-527-P which supports the concept of a prolific petroleum system to be operating in the acreage providing abundant hydrocarbon charge.
  - Commercial discussions are underway with potential strategic partners interested in the Bedout Sub-basin
- **T/49P:**
  - 3D Oil has commenced reprocessing of open-file 2D data near to the Seal Rocks Lead. It is hoped that the reprocessing will allow 3D Oil to better define the geometry of the Seal Rocks lead and allow for more accurate amplitude analysis
  - The Environmental Plan for 3D seismic acquisition, scheduled for late 2019, was submitted to NOPSEMA on 30<sup>th</sup> January 2019
  - 3D Oil was awarded a 12-month suspension of the Year 5 work program with a corresponding 12-month extension of the permit term by NOPTA on 20<sup>th</sup> February 2019
- **VIC/P57:**
  - High quality seismic interpretation of the state-of-the-art CGG Gippsland Basin Regeneration Reprocessing has been completed and offset stacks, gathers and velocity model have been received, allowing detailed quantitative geophysical interpretation and AVO modelling to begin

### Exploration

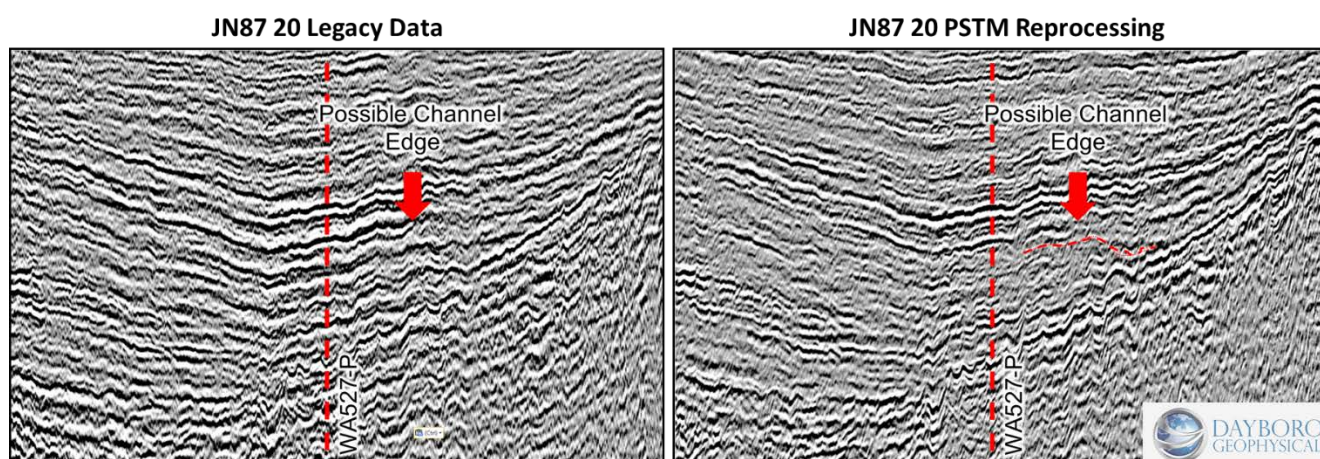
#### ***WA-527-P, Roebuck Basin, offshore Western Australia***

3D Oil holds a 100% interest in the WA-527-P exploration permit, which covers 6,500 km<sup>2</sup> of the offshore Bedout Sub-basin. The permit is located adjacent to gas and condensate discoveries at Roc and Phoenix South and the more recent oil discovery at Dorado. The Company is currently engaged with multiple international E&P companies interested in participating with exploration in the acreage.

#### **Seismic Reprocessing:**

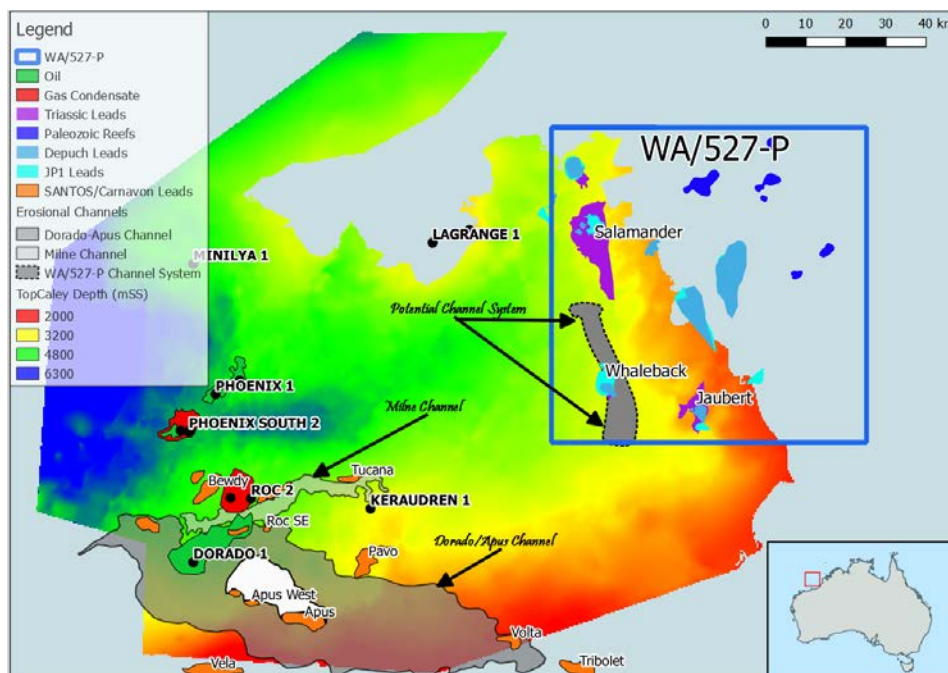
During the 6-month period, 3D Oil completed test reprocessing of key 2D seismic line JN87-20. The results support the presence of an erosional channel system, analogous to that which sets up the Dorado discovery, within the western side of WA-527-P (Figure 1).

**Figure 1: Example of the Test Reprocessing results.**



After integration of this new data, it was possible for 3D Oil to tentatively map out the geometry of this proposed channel system, which appears to run parallel to the western boundary of WA-527-P (Figure 2). The channel is interpreted to cut into Lower Triassic sands, the same as those bearing hydrocarbon at Dorado and Roc. Acquisition of modern 3D seismic data will allow 3D Oil to determine whether this channel system provides a trapping mechanism for oil bearing structures like Dorado.

**Figure 2: Map showing the Dorado-Apus, Milne Channel systems, accompanying leads and the locations of a similar channel system within WA-527-P.**



3D Oil has commenced reprocessing of additional key 2D seismic lines. It is hoped that modern reprocessing will aid in the mapping of this potential channel system and therefore assist 3D Oil in determining the best possible location for 3D seismic acquisition.

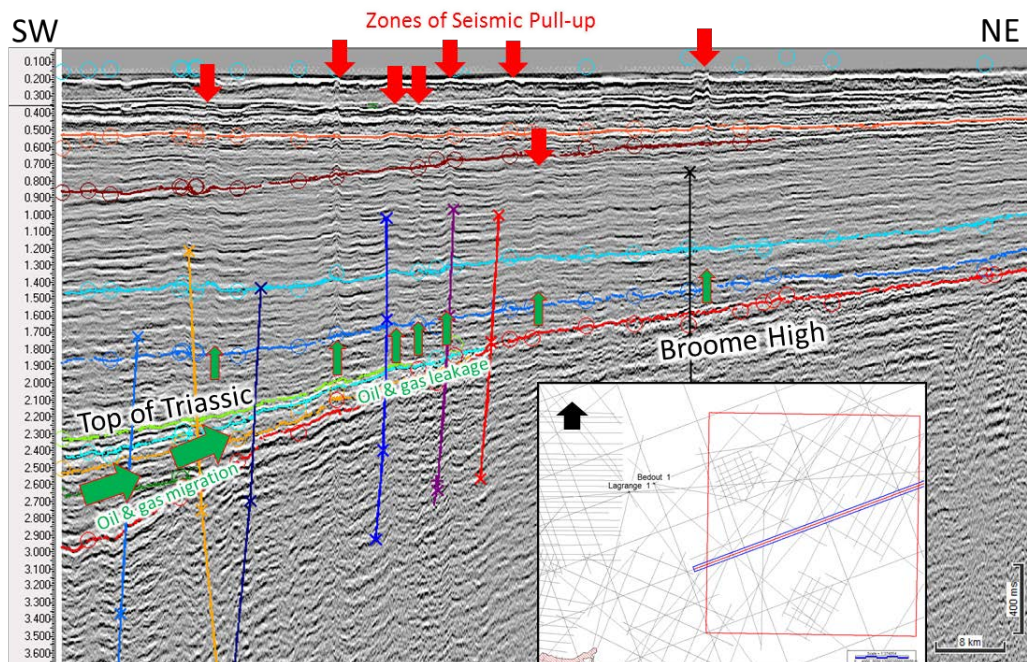
#### **Possible hydrocarbon leakage indicating hydrocarbon migration into permit:**

Additional geophysical analysis on open-file seismic data has revealed evidence of possible hydrocarbon leakage in the area in the form of Hydrocarbon Related Diagenetic Zones (HRDZs). These are zones of seismic 'pull-up,' which could be explained by the presence of sediments that have been chemically altered by vertically migrating hydrocarbons.

Most of these interpreted leakage areas are observed where the Triassic system (which hosts the Dorado, Roc and Phoenix South discoveries) on-lap the Broome High (Figure 3). It is likely that this on-lap edge would allow hydrocarbons to escape from the Triassic system and leak vertically. If correct, these observations support 3D Oil's technical position that there is likely to be abundant hydrocarbons available to the acreage. Presumably, the hydrocarbon would be available to any traps set-up by the recently identified erosional channel system.



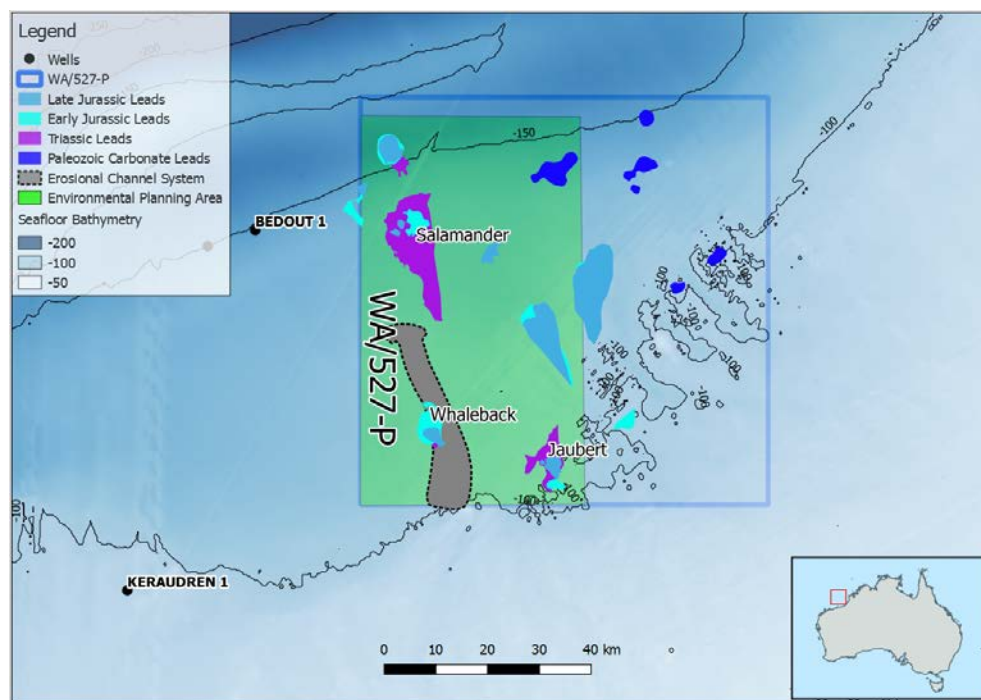
Figure 3: Example of geophysical expressions of possible hydrocarbon leakage in open-file 2D seismic data.



### Seismic Planning:

3D Oil has begun planning for 3D seismic acquisition for the southwest corner of the acreage (Figure 4), ahead of acquisition in late 2019 or early 2020. The survey is predominantly intended to provide an accurate understanding of any leads that could be set up by the erosional channel system which 3D Oil has recently identified. It will also provide further insight to other leads such as Whaleback and Salamander. Once all leads have been mapped, it is hoped that one or more of these will progress to Prospect status and ultimately form a drilling target.

Figure 4: Location of Environmental Planning Area



**Table 1: WA-527-P Prospective Resource Estimate (MMbbls)**  
**Recoverable Oil**  
(ASX ann. 26-Feb-18)

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

*The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.*

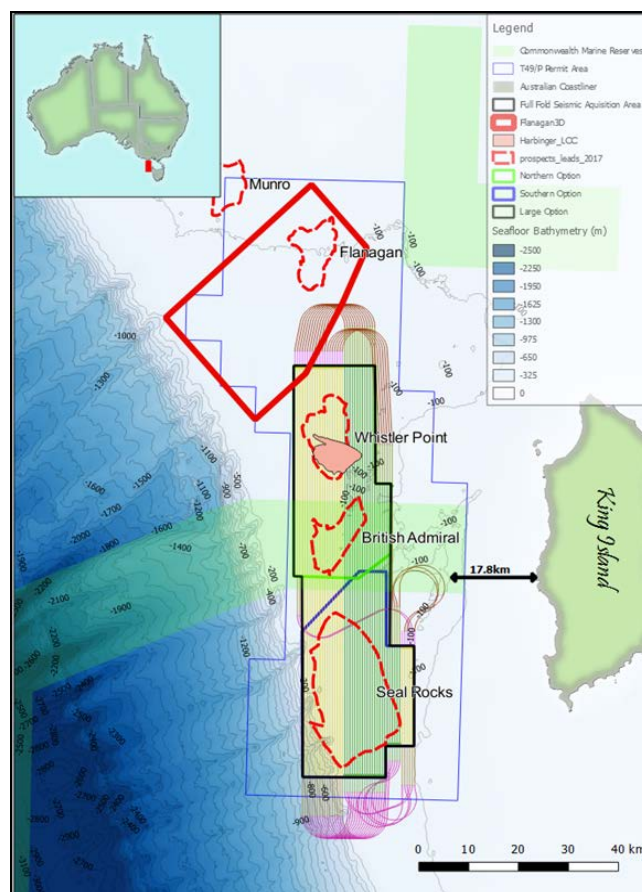
#### **T/49P, Otway Basin, offshore Tasmania**

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

3D Oil is finalizing plans for the Dorrigo 3D Marine Seismic Survey. The survey is intended to cover the central and southern part of the acreage and will cover all remaining leads in the acreage. 3D Oil submitted the Environmental Plan for the survey on the 30<sup>th</sup> January 2019 to the National Offshore Petroleum Safety and Environmental Management Authority ("NOPSEMA").

3D Oil has been awarded a 12-month suspension of the Year 5 work programme commitment for T/49P, with a corresponding 12-month extension of the permit term by the National Offshore Petroleum Authority ("NOPA") as announced on 21 February 2019.

**Figure 5: Location Map of the Dorrigo 3D Marine Seismic Survey shown with Leads and Prospects**



This will allow the Company up until 21 February 2020 to complete acquisition, processing and interpretation of a minimum 750 km<sup>2</sup> of 3D seismic data.

3D Oil is proposing to acquire 1,580 km<sup>2</sup> of 3D seismic during the months of September and October 2019, pending approval from NOPSEMA.

The survey will target a series of leads across the central and southern portion of T/49P with the intention of maturing one or more of these to prospect status. This will ultimately allow 3D Oil to determine the best possible drilling target in the permit.

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

3D Oil has commenced reprocessing of open-file 2D data at the Seal Rocks Lead. The purpose of this reprocessing is to better understand the geometry of the Seal Rocks lead and determine whether modern data reprocessing might reveal the presence of amplitude anomalies consistent with the presence of gas. 3D Oil will update the market on the progress of this work as results become available.

**Table 2: T/49P Prospective Resource Estimate (TCF) Recoverable Gas**  
(ASX ann. 27-Jul-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
<b>T/49P Arithmetic Total</b>		<b>3.04</b>	<b>10.03</b>	<b>28.77</b>

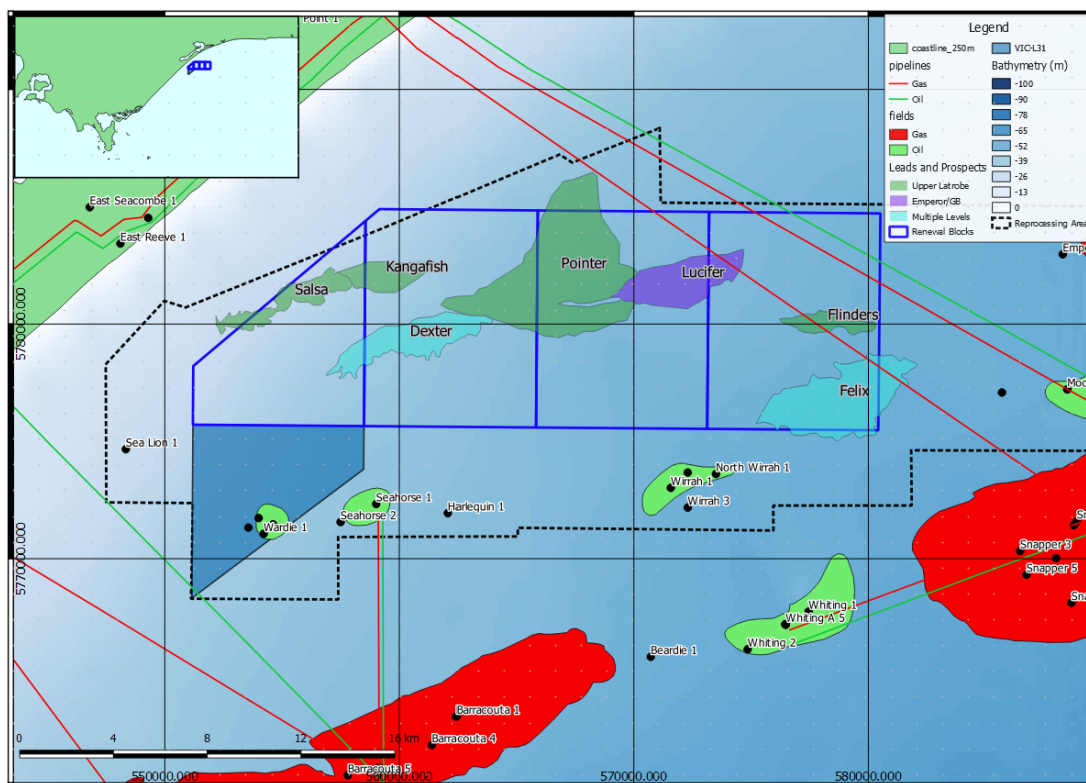
*The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons*

#### **VIC/P57, Gippsland Basin, offshore Victoria**

TDO has a 24.9% interest in the VIC/P57 exploration permit in the offshore Gippsland Basin with JV partner and operator Hibiscus Petroleum. TDO acts as technical adviser to the JV.



Figure 6: Prospects and Leads, VIC/P57



During the 6-month period 3D Oil completed high resolution seismic interpretation of the state-of-the-art CGG Gippsland Regeneration Reprocessing Project, over an area of 564km<sup>2</sup>. This includes detailed mapping of the Felix and Pointer prospects, which has reduced the uncertainty on the trapping mechanisms and improved confidence with respect to Lower Latrobe Group closures.

3D Oil also received final reprocessing deliverables from CGG, including offset stacks, gathers and velocity model. These deliverables form key inputs for quantitative geophysical interpretation and AVO analysis, aimed at discriminating seal/reservoir lithologies and reservoir fluids, including oil and gas.

3D Oil also received outputs for Petrophysics, Rock Physics and Stochastic Modelling completed by DownUnder Geosolutions. These results define lithology/fluid (including oil and gas) scenarios over a range of target depths in order to capture anticipated rock property ranges and amplitude responses. This study is integral for determining the types of amplitude responses that can be expected of a hydrocarbon bearing reservoir at the prospects within VIC/P57. Preliminary amplitude analysis at the Pointer Prospect shows clear rising amplitude with offset (Figure 6), consistent with the behavior of hydrocarbon fluids.

3D Oil is now utilizing this study to begin a detailed analysis of the Pointer AVO response, which will reduce uncertainty and improve risk analysis of the likelihood of hydrocarbon presence and top seal character.

Figure 7: Pointer Prospect Response on Offset Stacks.

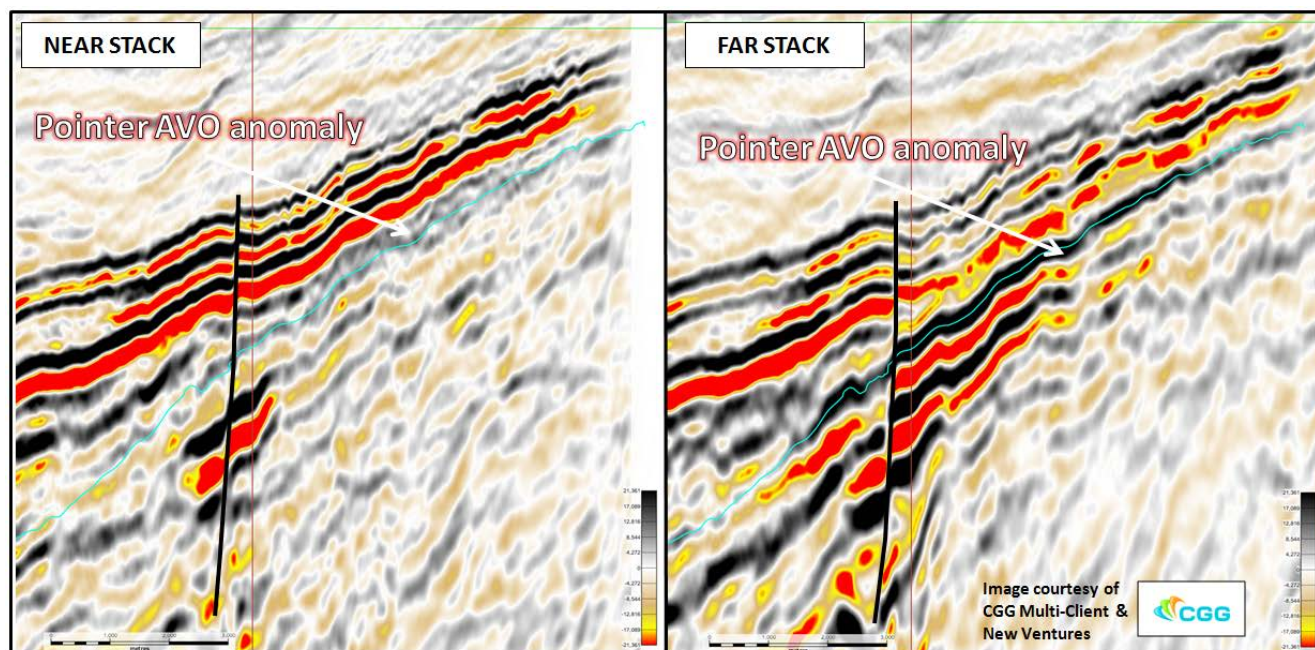


Table 3: VIC/P57 Prospective Resources Estimate (MMbbls) Recoverable Oil  
(ASX ann. 27-Jul-17)

Location	Status	Low	Best	High
Felix	Prospect	6.8	15.9	26.9
Salsa	Lead	10.7	15.1	20.6
<b>VIC/P57 Arithmetic Total</b>		<b>17.5</b>	<b>31.0</b>	<b>47.5</b>

Table 4: 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
<b>VIC/P57 Arithmetic Total</b>		<b>177.1</b>	<b>367.2</b>	<b>624.0</b>

*The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.*

### Corporate

During the period the Company completed a placement to institutional and sophisticated investors and a fully underwritten share purchase plan.

The funds raised will be applied to WA-527-P for the reprocessing of seismic data and to undertake a comprehensive prospectivity update of the permit. The Company raised A\$2.5 million through an oversubscribed placement to sophisticated and institutional investors and raised an additional A\$0.5 million through an SPP. The total amount raised under the Placement and SPP was A\$3 million and this was the first capital raising in 10 years for the Company.

At the end of December, the Company held cash reserves of \$1,380,000 with a further \$1,500,000 on deposit with maturity greater than 3 months.

**TDO Petroleum Tenement Holdings**

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

<b>Tenement and Location</b>	<b>Beneficial interest at 30 June 2018</b>	<b>Beneficial interest acquired / (disposed)</b>	<b>Beneficial interest at 31 Dec 2018</b>
<b>VIC/P57</b> <b>Offshore Gippsland Basin, VIC</b>	24.9%	nil	24.9%
<b>T/49P</b> <b>Offshore Otway Basin, TAS</b>	100%	nil	100%
<b>WA-527-P</b> <b>Offshore Roebuck Basin, WA</b>	100%	nil	100%

**3D Oil Limited**  
**Directors' report**  
**31 December 2018**

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of 3D Oil Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2018.

**Directors**

The following persons were directors of 3D Oil Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Mr Noel Newell  
Mr Ian Tchacos  
Mr Leo De Maria

**Principal activities**

During the financial half-year the principal continuing activities of the consolidated entity consisted of exploration and development of upstream oil and gas assets.

**Review of operations**

The loss for the consolidated entity after providing for income tax amounted to \$508,145 (31 December 2017: \$585,091).

Refer to the detailed Review of Operations preceding this Directors' Report.

**Financial Position**

The net assets increased by \$2,278,959 to \$12,323,852 at 31 December 2018 (30 June 2018: \$10,044,893) mainly due to the successful completion of the \$3 million capital raising. During the period the consolidated entity spent a net amount of \$287,650 on exploration and evaluation.

The consolidated entity's working capital position at 31 December 2018, being current assets less current liabilities, was \$2,121,021, a increase of \$2,017,457 since 30 June 2018. The trade and other payables balance has decreased by \$29,038 to \$803,129 as at 31 December 2018 (30 June 2018: \$832,167).

Based on the above the Directors believe the Company is in a stable position to continue to pursue its current operations.

**Significant changes in the state of affairs**

On 5 September 2018, the consolidated entity announced a \$3 million capital raising at \$0.115 (11.5 cents) per share to fund purchase of seismic data and undertake a comprehensive prospectivity update across its 100% owned WA-527-P permit.

The capital raising comprised of a \$2.5 million placement to institutional and sophisticated investors and a fully underwritten share purchase plan raising \$0.5 million.

On 11 September 2018, the consolidated entity issued 21,304,348 fully paid ordinary shares at \$0.115 (11.5 cents ) per share in relation to the Tranche 1 placement to institutional and sophisticated investors.

On 3 October 2018, the consolidated entity issued 4,374,170 fully paid ordinary shares at \$0.115 (11.5 cents) per share in relation to the Share Purchase Plan Offer dated 12 September 2018.

On 21 November 2018, the consolidated entity issued 434,782 shares at \$0.115 (11.5 cents) per share to Mr Noel Newell as the Tranche 2 placement following shareholder approval on 2 November 2018.

There were no other significant changes in the state of affairs of the consolidated entity during the financial half-year.

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

**3D Oil Limited**  
**Directors' report**  
**31 December 2018**

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in black ink, appearing to read 'Noel Newell', written over a horizontal line.

Noel Newell  
Executive Chairman

1 March 2019  
Melbourne



## Auditor's Independence Declaration

### To the Directors of 3D Oil Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of 3D Oil Limited for the half-year ended 31 December 2018, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review and
- b no contraventions of any applicable code of professional conduct in relation to the review.



Grant Thornton Audit Pty Ltd  
Chartered Accountants



B L Taylor  
Partner – Audit & Assurance

Melbourne, 1 March 2019

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**3D Oil Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the half-year ended 31 December 2018**

	<b>Consolidated</b>	
	<b>31 December 2018</b>	<b>31 December 2017</b>
	<b>\$</b>	<b>\$</b>
<b>Revenue</b>		
Interest	16,264	19,048
<b>Expenses</b>		
Corporate expenses	(157,511)	(135,442)
Administrative expenses	(47,992)	(33,928)
Employment expenses	(223,202)	(295,212)
Occupancy expenses	(49,547)	(53,924)
Depreciation and amortisation expense	(22,998)	(38,320)
Exploration costs written off	(19,740)	(38,290)
Share based payments	-	(8,872)
Foreign exchange loss	(3,419)	(151)
<b>Loss before income tax expense</b>	<b>(508,145)</b>	<b>(585,091)</b>
Income tax expense	-	-
<b>Loss after income tax expense for the half-year attributable to the owners of 3D Oil Limited</b>	<b>(508,145)</b>	<b>(585,091)</b>
Other comprehensive income for the half-year, net of tax	-	-
<b>Total comprehensive income for the half-year attributable to the owners of 3D Oil Limited</b>	<b>(508,145)</b>	<b>(585,091)</b>
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	(0.20)	(0.25)
Diluted earnings per share	(0.20)	(0.25)

*The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*

**3D Oil Limited**  
**Statement of financial position**  
**As at 31 December 2018**

		<b>Consolidated</b>	
		<b>31 December</b>	<b>30 June 2018</b>
	<b>Note</b>	<b>2018</b>	<b>2018</b>
		<b>\$</b>	<b>\$</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		1,380,454	1,007,865
Trade and other receivables		133,209	15,329
Other financial assets		1,500,000	-
Prepayments		19,824	24,489
Total current assets		<u>3,033,487</u>	<u>1,047,683</u>
<b>Non-current assets</b>			
Property, plant and equipment		-	14,289
Intangibles		100,214	108,922
Exploration and evaluation	3	10,109,439	9,821,789
Total non-current assets		<u>10,209,653</u>	<u>9,945,000</u>
<b>Total assets</b>		<u>13,243,140</u>	<u>10,992,683</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		803,129	832,167
Employee benefits		109,337	111,952
Total current liabilities		<u>912,466</u>	<u>944,119</u>
<b>Non-current liabilities</b>			
Employee benefits		6,822	3,671
Total non-current liabilities		<u>6,822</u>	<u>3,671</u>
<b>Total liabilities</b>		<u>919,288</u>	<u>947,790</u>
<b>Net assets</b>		<u>12,323,852</u>	<u>10,044,893</u>
<b>Equity</b>			
Issued capital	4	55,483,678	52,657,366
Reserves	5	-	53,221
Accumulated losses		(43,159,826)	(42,665,694)
<b>Total equity</b>		<u>12,323,852</u>	<u>10,044,893</u>

*The above statement of financial position should be read in conjunction with the accompanying notes*

**3D Oil Limited**  
**Statement of changes in equity**  
**For the half-year ended 31 December 2018**

<b>Consolidated</b>	<b>Contributed equity \$</b>	<b>Accumulated losses \$</b>	<b>Reserves \$</b>	<b>Total equity \$</b>
Balance at 1 July 2017	52,657,366	(41,525,787)	44,470	11,176,049
Loss after income tax expense for the half-year	-	(585,091)	-	(585,091)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	(585,091)	-	(585,091)
Share based payments	-	-	8,872	8,872
Expiry of options	-	14,903	(14,903)	-
Balance at 31 December 2017	<u>52,657,366</u>	<u>(42,095,975)</u>	<u>38,439</u>	<u>10,599,830</u>
<b>Consolidated</b>	<b>Contributed equity \$</b>	<b>Accumulated losses \$</b>	<b>Reserves \$</b>	<b>Total equity \$</b>
Balance at 1 July 2018	52,657,366	(42,665,694)	53,221	10,044,893
Loss after income tax expense for the half-year	-	(508,145)	-	(508,145)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	(508,145)	-	(508,145)
Expiry of performance rights	-	14,013	(14,013)	-
Conversion of vested performance rights	39,208	-	(39,208)	-
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 4)	<u>2,787,104</u>	<u>-</u>	<u>-</u>	<u>2,787,104</u>
Balance at 31 December 2018	<u>55,483,678</u>	<u>(43,159,826)</u>	<u>-</u>	<u>12,323,852</u>

*The above statement of changes in equity should be read in conjunction with the accompanying notes*

**3D Oil Limited**  
**Statement of cash flows**  
**For the half-year ended 31 December 2018**

	<b>Consolidated</b>	
	<b>31 December 2018</b>	<b>31 December 2017</b>
<b>Note</b>	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Payments to suppliers and employees	(640,821)	(423,596)
Interest received	13,956	18,652
	<u>(626,865)</u>	<u>(404,944)</u>
Net cash used in operating activities		
<b>Cash flows from investing activities</b>		
Payments for exploration and evaluation	(287,650)	(188,860)
Payments for Term deposits	(1,500,000)	-
Proceeds from release of security deposits	-	1,000,000
	<u>(1,787,650)</u>	<u>811,140</u>
Net cash from/(used in) investing activities		
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	4 3,003,035	-
Share issue transaction costs	(215,931)	-
	<u>2,787,104</u>	<u>-</u>
Net cash from financing activities		
Net increase in cash and cash equivalents	372,589	406,196
Cash and cash equivalents at the beginning of the financial half-year	1,007,865	1,304,423
	<u>1,380,454</u>	<u>1,710,619</u>
Cash and cash equivalents at the end of the financial half-year		

*The above statement of cash flows should be read in conjunction with the accompanying notes*



**Note 1. Significant accounting policies**

These general purpose financial statements for the interim half-year reporting period ended 31 December 2018 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2018 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

**New or amended Accounting Standards and Interpretations adopted**

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

*AASB 9 Financial Instruments*

The Consolidated entity has adopted AASB 9 from 1 July 2018. AASB 9 replaces the provisions of AASB 139 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of AASB 9 Financial Instruments resulted in changes in accounting policies. There were no changes to the classification of financial instruments in the financial statements. The new accounting policies are set out below. In accordance with the transitional provisions in AASB 9 (7.2.15) and (7.2.26), comparative figures have not been restated. The Company applies the modified retrospective approach and there is no impact on the groups opening retained earnings as at 1 July 2018.

**(i) Trade Receivables**

Trade receivables are amounts due from customers for services rendered in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value.

The Consolidated entity holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the group's impairment policies and the calculation of the loss allowance are provided in (ii) below.

**(ii) Allowance for expected credit loss**

The consolidated entity applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

**(iii) Trade and other payables**

Trade payables are unsecured and are usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

**Note 1. Significant accounting policies (continued)**

*AASB 15 Revenue from Contracts with Customers*

The consolidated entity has adopted AASB 15 from 1 July 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period. The Company applies the modified retrospective approach and there is no impact on the groups opening retained earnings as at 1 July 2018.

**Note 2. Operating segments**

AASB 8 requires operating segments to be identified on the basis of internal reports about the components of the consolidated entity that are regularly reviewed by the chief decision maker in order to allocate resources to the segment and to assess its performance. 3D Oil Limited operates in the development of oil and gas within Australia. The consolidated entity's activities are therefore classified as one operating segment.

The chief decision makers, being the Board of Directors, assess the performance of the consolidated entity as a whole and as such through one segment.

**Note 3. Non-current assets - exploration and evaluation**

	<b>Consolidated</b>	
	<b>31 December</b>	<b>30 June 2018</b>
	<b>2018</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Exploration and evaluation - at cost	<u>10,109,439</u>	<u>9,821,789</u>

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

<b>Consolidated</b>	<b>Exploration &amp; Development</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>
Balance at 1 July 2018	9,821,789	9,821,789
Additions	<u>287,650</u>	<u>287,650</u>
Balance at 31 December 2018	<u>10,109,439</u>	<u>10,109,439</u>

The exploration and evaluation assets relate to VIC/P57 offshore Gippsland Basin in Victoria, T/49P offshore Otway Basin in Tasmania and WA-527-P in Western Australia. The recoverability of the carrying amounts of the exploration and evaluation expenditure is dependent on the successful development and commercial exploitation, or alternatively the sale, of the respective areas of interest.

The Company has carried out an impairment review of the carrying amount of its exploration expenditure in relation to VIC/P57, T/49P and WA-527-P following the end of the financial half-year as at 31 December 2018.

**Note 3. Non-current assets - exploration and evaluation (continued)**

*Farm-outs - exploration and evaluation phase*

The consolidated entity does not record any expenditure made by the farminee on its account. It also does not recognise any gain or loss on its exploration and evaluation farm-out arrangements, but redesignates any costs previously capitalised in relation to the whole interest as relating to the partial interest retained. Any cash consideration received directly from the farminee is credited against costs previously capitalised in relation to the whole interest with any excess accounted for by the farmor as a gain on disposal.

**Note 4. Equity - issued capital**

	<b>Consolidated</b>			
	<b>31 December</b>	<b>30 June 2018</b>	<b>31 December</b>	<b>30 June 2018</b>
	<b>2018</b>		<b>2018</b>	
	<b>Shares</b>	<b>Shares</b>	<b>\$</b>	<b>\$</b>
Ordinary shares - fully paid	<u>265,188,372</u>	<u>237,523,000</u>	<u>55,483,678</u>	<u>52,657,366</u>

*Movements in ordinary share capital*

<b>Details</b>	<b>Date</b>	<b>Shares</b>	<b>Issue price</b>	<b>\$</b>
Balance	1 July 2018	237,523,000		52,657,366
Conversion of vested performance rights	30 July 2018	1,552,072	\$0.000	39,208
Share replacement	11 September 2018	21,304,348	\$0.115	2,450,000
Share purchase plan offer	03 October 2018	4,374,170	\$0.115	503,035
Share replacement	21 November 2018	434,782	\$0.115	50,000
Capital raising costs		-		(215,931)
Balance	31 December 2018	<u>265,188,372</u>		<u>55,483,678</u>

*Ordinary shares*

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

**Note 5. Equity - reserves**

	<b>Consolidated</b>	
	<b>31 December</b>	<b>30 June 2018</b>
	<b>2018</b>	
	<b>\$</b>	<b>\$</b>
Share-based payments reserve	<u>-</u>	<u>53,221</u>

*Share-based payments reserve*

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

**3D Oil Limited**  
**Notes to the financial statements**  
**31 December 2018**

**Note 5. Equity - reserves (continued)**

*Movements in reserves*

Movements in each class of reserve during the current financial half-year are set out below:

	Share based payments \$	Total \$
<b>Consolidated</b>		
Balance at 1 July 2018	53,221	53,221
Expiry of performance rights	(14,013)	(14,013)
Conversion of vested performance rights	(39,208)	(39,208)
	<u>-</u>	<u>-</u>
Balance at 31 December 2018	-	-

**Note 6. Equity - dividends**

There were no dividends paid, recommended or declared during the current or previous financial half-year.

**Note 7. Contingent liabilities**

There were no contingent liabilities as at 31 December 2018.

**Note 8. Commitments**

	<b>Consolidated</b>	
	<b>31 December 2018 \$</b>	<b>30 June 2018 \$</b>
<i>Operating Lease Commitments</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	<u>45,968</u>	<u>91,936</u>
<i>Exploration Licenses - Commitments for Expenditure</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	77,778	311,111
One to five years	<u>4,937,778</u>	<u>4,937,778</u>
	<u>5,015,556</u>	<u>5,248,889</u>

In order to maintain current rights of tenure to exploration tenements, the consolidated entity is required to outlay rentals and to meet the minimum work requirements and associated indicative expenditure of the National Offshore Petroleum Titles Administrator ('NOPTA'). Minimum commitments may be subject to renegotiation and with approval may otherwise be avoided by sale, farm out or relinquishment. These obligations are therefore not provided for in the financial statements as payable.

3D Oil holds a 100% interest in the T/49P exploration permit. The Company is continuing with its international farm-out process to reduce exposure to risk and expenditure in relation to T/49P.

The Company has included its commitments for indicative expenditure in the above note partly relating to Exploration Permit T/49P up to year 4 as outlined in the permit documentation. The permit is currently in Year 5 which includes a \$10million work programme for 3D Seismic acquisition, processing, interpretation and prospect maturation. The actual cost of the work programme is likely to be less than this amount. To fund this work programme the Company continues to engage with a number of large international petroleum companies in seeking interest to contribute significant investment to the project, discussions progress under confidentiality agreements.

**Note 8. Commitments (continued)**

On 21 February 2019, the Company announced that it has been awarded a 12-month suspension of the Year 5 work program commitment for T/49P, with a corresponding 12-month extension of the permit term. As a result, Permit Year 6 will end on 21 February 2021. This will allow the Company up to 21 February 2020 to complete acquisition, processing and interpretation of a minimum 750 km<sup>2</sup> of 3D seismic data.

Commitments from year 5 onwards are confirmed on a year-by-year basis dependent on the Company agreeing to proceed. If the Company was to proceed beyond year 4 in relation to T/49P, the current indicative expenditure commitment for Years 5-6 is currently gross \$30 million and this would be occurring in 2018-2021 years.

In relation to VIC/P57, the Company has included its commitments for indicative expenditure in the above note relating to VIC/P57 up to year 3. If the Company was to proceed beyond year 4 in relation to VIC/P57, the current indicative expenditure commitments for Years 4-5 is currently gross \$31.3 million and this would be occurring in 2022-2023 years. The Company announced on 7 March 2018 the renewal of the permit by NOPTA for a further five years.

During the previous financial year the Company was awarded a new exploration permit, WA-527-P in the Roebuck Basin of Western Australia. The Company has included its commitments for indicative expenditure in the above note relating to WA-527-P up to year 4. Commitments from year 5 onwards are confirmed on a year-by-year basis dependent on the Company agreeing to proceed. If the Company was to proceed beyond year 5 in relation to WA-527-P, the current indicative expenditure commitment for Years 5-6 is currently gross \$30.5 million and this would be occurring in 2022-2023 years.

**Note 9. Events after the reporting period**

No matter or circumstance has arisen since 31 December 2018 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

**Note 10. Earnings per share**

	<b>Consolidated</b>	
	<b>31 December 2018</b>	<b>31 December 2017</b>
	<b>\$</b>	<b>\$</b>
Loss after income tax attributable to the owners of 3D Oil Limited	<u>(508,145)</u>	<u>(585,091)</u>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>253,884,381</u>	<u>237,523,000</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>253,884,381</u>	<u>237,523,000</u>
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	(0.20)	(0.25)
Diluted earnings per share	(0.20)	(0.25)

**Note 11. Share-based payments**

During the period the Company issued 1,552,072 fully paid ordinary shares on conversion of vested performance rights.



**3D Oil Limited**  
**Notes to the financial statements**  
**31 December 2018**

**Note 11. Share-based payments (continued)**

Set out below are summaries of performance rights:

31 December  
2018

Grant date	Expiry date	Exercise price	Balance at the start of the half-year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the half-year
24/11/2015	23/11/2018	\$0.000	1,496,000	-	(1,101,993)	(394,007)	-
24/12/2015	23/12/2018	\$0.000	611,000	-	(450,079)	(160,921)	-
			<u>2,107,000</u>	<u>-</u>	<u>(1,552,072)</u>	<u>(554,928)</u>	<u>-</u>

31 December  
2017

Grant date	Expiry date	Exercise price	Balance at the start of the half-year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the half-year
24/11/2015	23/11/2018	\$0.000	1,496,000	-	-	-	1,496,000
24/12/2015	23/12/2018	\$0.000	611,000	-	-	-	611,000
			<u>2,107,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,107,000</u>

Set out below are the performance rights exercisable at the end of the financial half-year:

Grant date	Expiry date	31 December 2018 Number	31 December 2017 Number
24/11/2015	23/11/2018	-	1,496,000
24/12/2015	23/12/2018	-	611,000
		<u>-</u>	<u>2,107,000</u>

**3D Oil Limited**  
**Directors' declaration**  
**31 December 2018**

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



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Noel Newell  
Executive Chairman

1 March 2019  
Melbourne

# Independent Auditor's Review Report

## To the Members of 3D Oil Limited

### Report on the review of the half year financial report

#### Conclusion

We have reviewed the accompanying half year financial report of 3D Oil Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of 3D Oil Limited does not give a true and fair view of the financial position of the Group as at 31 December 2018, and of its financial performance and its cash flows for the half year ended on that date, in accordance with the *Corporations Act 2001*, including complying with Accounting Standard AASB 134 *Interim Financial Reporting*.

#### Directors' responsibility for the half year financial report

The Directors of the Company are responsible for the preparation of the half year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the half year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

#### Auditor's responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2018 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of 3D Oil Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



Grant Thornton Audit Pty Ltd  
Chartered Accountants



B L Taylor  
Partner – Audit & Assurance

Melbourne, 1 March 2019