3D Oil Limited

ABN 40 105 597 279

Annual Report - 30 June 2014

Contents

Directors	Campbell Horsfall (Non-Executive Chairman) Noel Newell (Managing Director) Melanie Leydin (Non-Executive Director)
Company secretary	Melanie Leydin
Registered office	Level 5, 164 Flinders Lane Melbourne, VIC 3000 Telephone: (03) 9650 9866
Share register	Computershare Investor Services Pty Limited 452 Johnston Street Abbotsford Victoria 3067 Telephone: (03) 9415 5000
Auditor	Grant Thornton Audit Pty Ltd Chartered Accountants The Rialto, Level 30 525 Collins Street Melbourne Victoria 3000
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	www.3doil.com.au

3D Oil Limited
Review of operations
30 June 2014

As at 30 June 3D Oil Limited had a 49.9% interest in the offshore Gippsland Basin exploration permit VIC/P57 and the Production Licence VIC/L31 (non operator) and a 100% interest in the offshore Otway Basin exploration permit T/49P (Figure 1).

During 2014 the two key events in relation to 3D Oil's equity in these areas were the Hibiscus Transaction in relation to VIC/P57 and VIC/L31P as announced on 13 May (detailed below), and the sale of 20% of T/49P to Beach Energy which was announced on 16 June and completed on 15 August.

Upon the final completion of the Hibiscus Transaction 3D Oil will most likely retain 24.9% equity in VIC/P57. The key coming event in this permit will be the drilling of the Sea Lion prospect. Sea Lion is a highly prospective feature with a robust closure at the top of the Latrobe group and closures also at multiple reservoir levels deeper in the structure. An independent resource assessment (RISC 2012) estimated the combined probabilistic estimate of the most likely (P50) Prospective Resources for the three main target levels was 11.0 MMbbl of oil. As a result of the Hibiscus Transaction 3D Oil's financial commitment for the drilling of Sea Lion is largely covered.

During November and December 2014 the T/49P joint venture plans to acquire the Flanagan 3D seismic survey. The purpose of the survey is to high grade a number of leads already identified adjacent to the Thylacine/Geographe gas fields which are on production for Origin Energy.

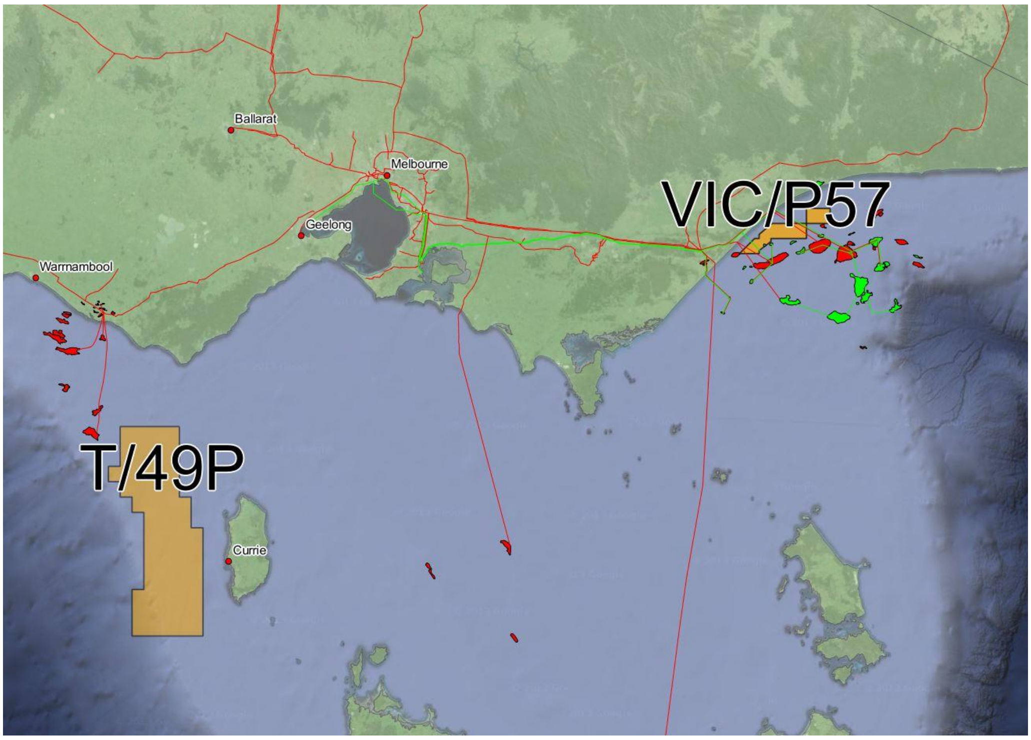

Figure 1: 3D Oil Limited current permits

VIC/P57, GIPPSLAND BASIN, OFFSHORE VICTORIA

HIBISCUS PETROLEUM TRANSACTION

The Company began the 2014 year with a strong focus on the West Seahorse project and, together with our joint venture partners at Hibiscus, made significant progress towards development of the asset.

The JV was granted production licence VIC/L31 in December 2013 and also achieved Field Development Plan and EPBC (environmental) approvals. FEED engineering and design work for the production facilities was completed with Worley Parsons. In January 2014 independent expert Gaffney, Cline & Associates (GCA) reviewed and certified the oil reserves at WSH.

In parallel with this work, from late 2013 the JV held discussions with Australian and international banks in relation to project finance for the West Seahorse project. However, despite the progress noted above, debt markets remained difficult and 3D Oil also found similar challenges with potential providers of equity finance and mezzanine debt for the project.

Ultimately, it was not possible to achieve an appropriate financing solution for the WSH project by the joint venture.

This was the turning point in the Company's ability to participate in the development of West Seahorse. Negotiations with Hibiscus resulted in an agreement whereby 3D Oil sold out of WSH at an independently assessed fair market value while retaining an interest in the VIC/P57 exploration permit.

This agreement involved a package of measures relating to 3D Oil and the VIC/P57 joint venture which was approved at the General Meeting of 3D Oil shareholders on 11 August 2014. Assuming, as 3D Oil expects, that HiRex exercises its VIC/P57 option, the key points of the transaction are:

- 3D Oil is selling its interest in West Seahorse (production licence VIC/L31) for a fair market value of US$16 million and 3D Oil will have no further interest in the project. US$1.95 million has been used to pay off 3D Oil's obligations to the joint venture and the Company will receive the balance, US$14.05 million, in cash.

- 3D Oil will retain a 25% interest in the VIC/P57 exploration permit – which includes the Sea Lion and Felix prospects – and will be funded for US$7.5 million of expenditure towards the Sea Lion exploration well to be drilled in 2015. These funds represent proceeds from the sale of the Company's share of the Britannia rig to Hibiscus. If, as anticipated, the Sea Lion well costs ~US$35 million, 3D Oil will have limited further cash contribution to the drilling of this commitment well.

- Of the US$7.5 million referred to above, US$2 million has been advanced to 3D Oil as a working capital loan to meet cash calls and other expenses.

This transaction involved no issue of new 3D Oil shares and therefore no shareholder dilution, which would have been required if 3D Oil had continued with the project. In addition the cash buyout eliminated a number of project related risks for 3D Oil and has monetised the WSH asset at critical time allowing the Company to efficiently fund its ongoing exploration programme.

The 3D Oil board of directors unanimously recommended that shareholders approve the Hibiscus transaction.

VIC/P57 EXPLORATION OPERATIONS

Exploration Permit VIC/P57 is located in the north-west of the offshore Gippsland Basin. It is the foundation asset for 3D Oil and (prior to the grant of VIC/L31) contained the undeveloped West Seahorse oil field.

A $27 million VIC/P57 farm-out to Hibiscus Petroleum Berhad ('Hibiscus') was formally completed in 2013 and 3D Oil currently holds a 49.9% working interest in VIC/P57 **(with HiRex having an option to acquire 20% of 3D Oils interest)** the remaining interest is held by Hibiscus Petroleum Berhad. By arrangement, 3D Oil Limited continues to carry out the subsurface technical work in VIC/P57 on behalf of the Joint Venture.

Work in previous years by 3D Oil in VIC/P57 has identified a strong inventory of leads and prospects (Figure 2). During the year 3D Oil has focused on the West Seahorse development and preparation for an exploration well in the Sea Lion prospect.

3D Oil has retained a significant role within the VIC/P57 joint venture. 3D Oil is responsible for exploration within the permit. This arrangement makes effective use of the complementary strengths of Hibiscus in field development and project management and the local knowledge and geoscience capability of 3D Oil

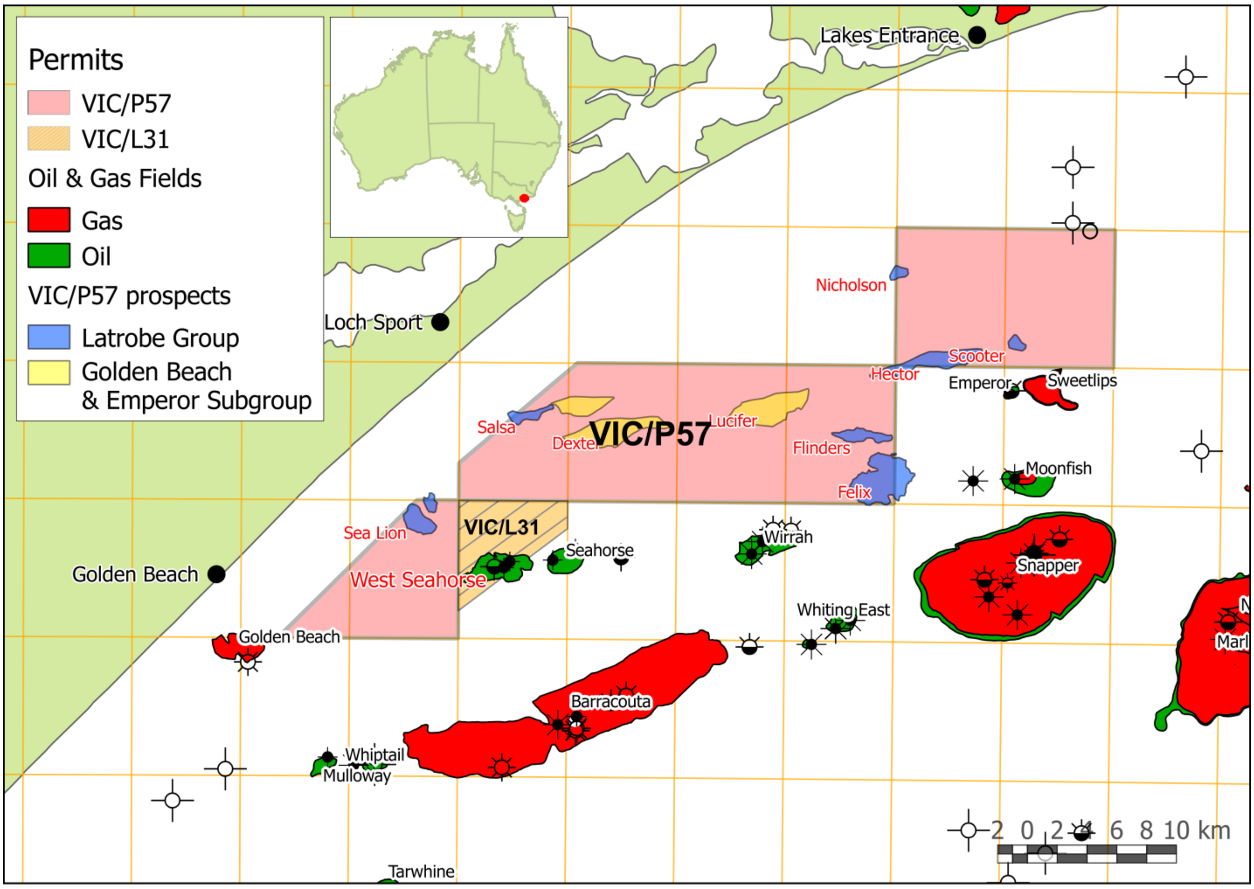

Figure 2: Map of VIC/P57 with leads and prospects.

The current work program for VIC/P57 requires a well to be drilled in the current year of the permit. On June 20, 2014, Canarvon Hibiscus, on behalf of the VIC/P57 joint venture, applied for a suspension and extension to the work program commitment for the VIC/P57 exploration permit.

On July 23 2014 a suspension from compliance with permit conditions and extension of the term of petroleum permit VIC/P57 was granted. This suspended the work program conditions for a period of 12 months to 9 August 2015 and extended the permit term to 9 August 2017.

Sea Lion Prospect

Sea Lion is robust closure at the top of the Latrobe Group, with closures at multiple reservoir levels deeper in the structure. Similar to West Seahorse and most other top-Latrobe discoveries, the Sea Lion structure is the product of reverse movements on deep seated faults. Sea Lion is also augmented by the compaction of coals and shales around prominent channel bodies that appear in the seismic data.

The combination of prominent mapped depth structure and the likely presence of thick high quality reservoir sands overlain by the regional Lakes Entrance Formation seal makes Sea Lion uniquely prospective in VIC/P57.

The Sea Lion prospect was the subject of an independent resource assessment as part of the Hibiscus farm-in process. The combined probabilistic estimate of the most likely (P50) Prospective resource for the three main target levels was 11.0MMbbl of oil.

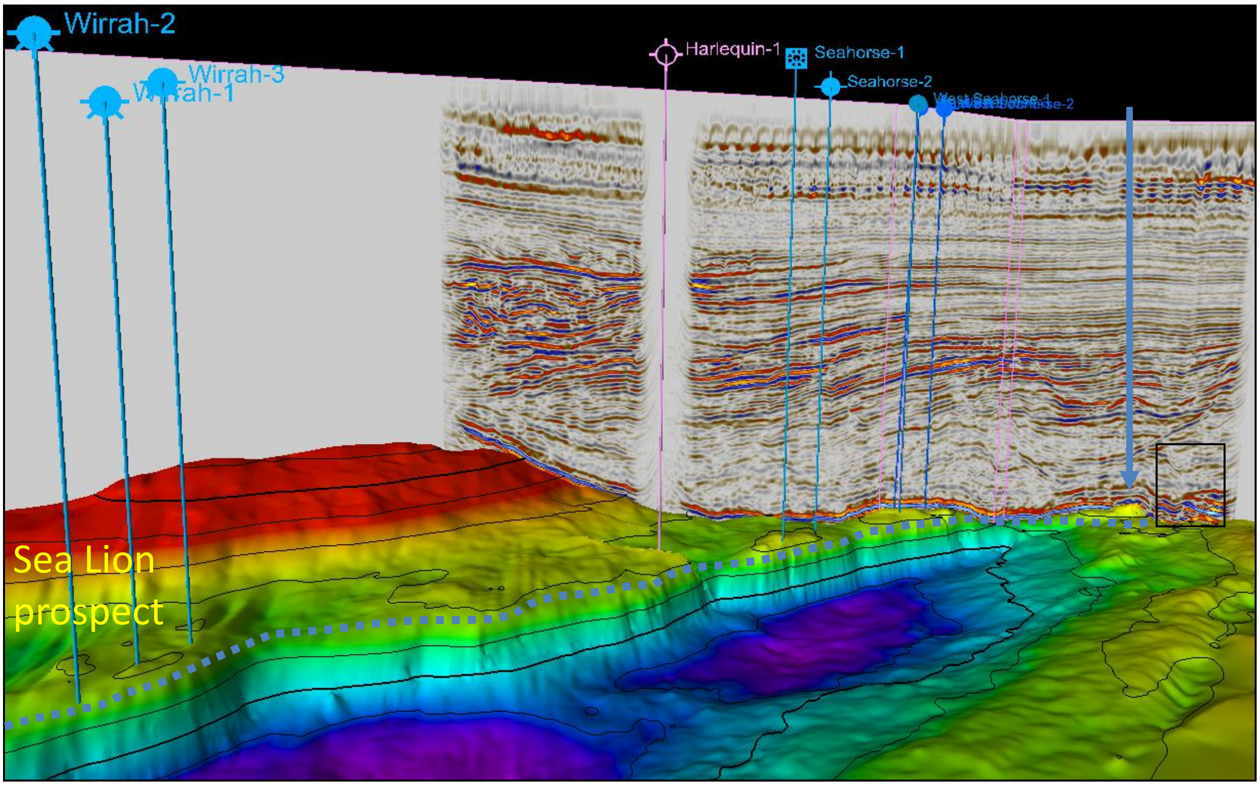

Figure 3: Top Latrobe horizon with seismic line through oil fields on the Rosedale fault trend.

		OIP			Ultimate Recovery		
Prospect	Reservoir	P90	P50	P10	P90	P50	P10
Sea Lion	Gurnard, N1u, N1, and N2.6	14.3	19.5	26.0	7.8	11.0	15.3

Table 1: Unrisked Resource Estimates (RISC 2012)

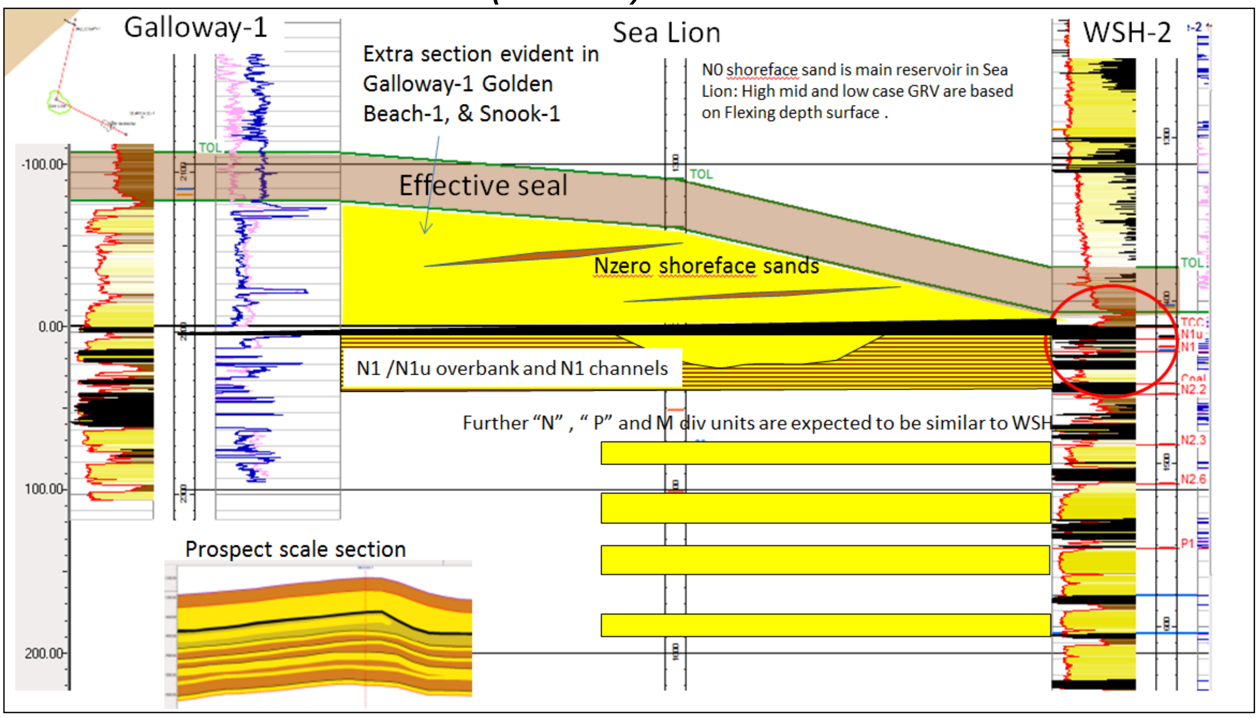

Figure 4: Sea Lion area schematic section.

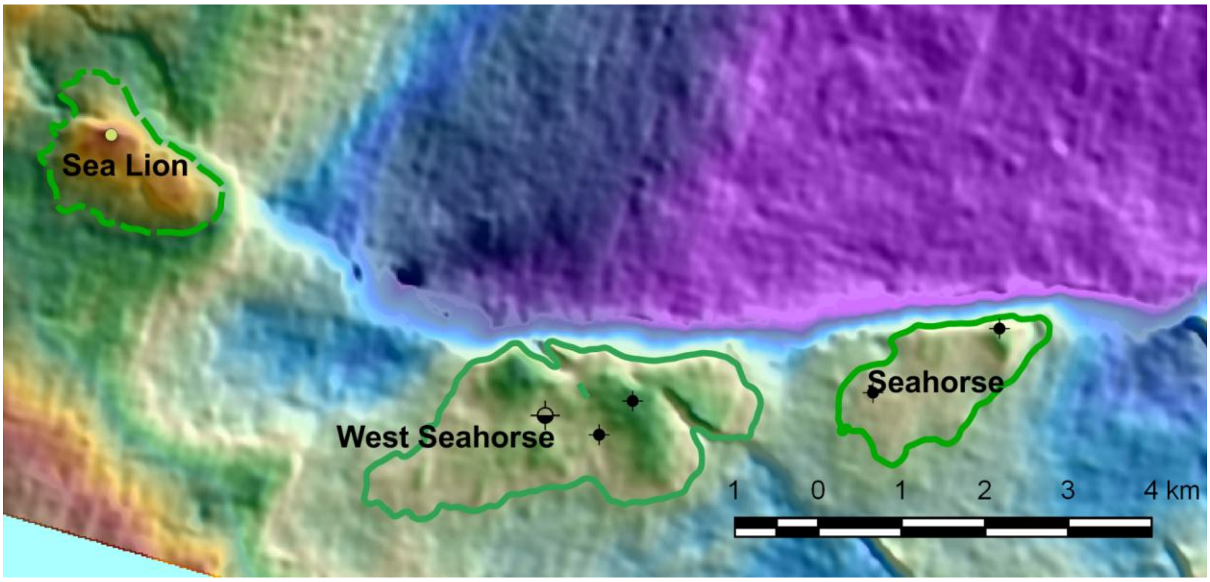

Figure 5: A depth map showing the relationship between Sea Lion and the West Seahorse and Seahorse fields at the interpreted Top Latrobe group horizon.

The permit extension and suspension allows the Sea Lion prospect to be drilled with the West Telesto drilling rig in 2015 as part of a rig sharing agreement with Origin Energy.

Currently the West Telesto is expected to be mobilised during the summer of 2014/2015 initially to drill Origin's Yolla gas field. The rig will then be assigned to the VIC/P57 Joint Venture for the drilling of Sea Lion-1.

VIC/L31 (The West Seahorse Discovery)

The West Seahorse discovery lies 14km offshore from Ninety Mile Beach in 39 meters of water, 18km SSE of the Gippsland town of Loch Sport. The area hosts existing oil and gas infrastructure, with West Seahorse located 38km east of the onshore Esso Longford gas Plant and 11km from Esso's offshore Barracouta platform.

Application for a declared location (a precursor to applying for a Production Licence) was made over the West Seahorse Oil Field in 2012 which was granted in 2012. A Production Licence was applied for in May 2013 and this was granted on December 5, 2014 and VIC/L31 was excised from the VIC/P57 exploration permit.

3D Oil's participating interest in the VIC/L31 permit is 49.9% with the remaining interest held by Hibiscus Petroleum Berhad. By arrangement, 3D Oil continues to carry out the subsurface technical work in VIC/L31 on behalf of the Joint Venture.

The West Seahorse oil reservoir is approximately 1400m below sea level in some of the same high-productivity sandstones that have historically contributed to the prolific oil fields of the Gippsland Basin. Initial oil production rates are estimated to be as high as 12000 barrels of oil per day.

Significant progress has been made on the development of the West Seahorse Oil field.

- The West Seahorse Geophysical and Geotechnical survey environmental plan was accepted by NOPSEMA in August 2013.
- A key environmental milestone in the WSH regulatory approval process was also achieved when the Joint Venture received approval for the project under the Environment Protection and Biodiversity Conservation (EPBC) Act on 18 October 2013.
- The West Seahorse Field Development Plan was accepted by NOPTA on November 13, 2013.
- In April 2013 Canarvon Hibiscus on behalf of the West Seahorse Joint Venture submitted an application for a Production Licence (PPL) over the West Seahorse Field. On December 5th, 2013 the PPL (VIC/L31) was granted.

- Up to December 2013, the JV largely completed the Front End Engineering and Design (FEED) work for the West Seahorse Project. This work was led by Melbourne-based engineering firm WorleyParsons and carried out in conjunction with Carnarvon Hibiscus Pty Ltd and 3D Oil.

- In the first and second quarters of 2014 the focus of the development team has been on the well planning, site studies and stakeholder consultations in preparation for drilling in 2015.

West Seahorse Reserves Certification

Following on from the reinterpretation and depth conversion of reprocessed seismic data in early 2013 certification of the reserves in the West Seahorse Field and a Reservoir Modelling Simulation was certified by Gaffney Cline & Associates (GCA). This work was completed in mid-January 2014.

A reserves estimation using a Reservoir Model certified by GCA was made by Stochastic Simulation Limited to further develop the economic models and assist in obtaining finance for the development.

Reservoir	Gross 100% Field			TDO share within VIC/L31		
	1P	2P	3P	1P	2P	3P
Main Reservoirs N1u/N1/N2-6	4.0	6.5	11.5	1.9	2.9	4.9

GCA Certified undeveloped Oil Reserves for West Seahorse.

West Seahorse Development Concept

The development concept proposes production via a leased Mobile Offshore Production Unit (MOPU) in to a leased tanker serving as a Floating Storage and Offloading (FSO) Vessel. This will enable crude oil sales both locally and internationally. The field life is anticipated to be 4 to 6 years, dependent on a number of factors including operating costs and oil price. Initial production rates are expected to be as high as 12,000 barrels of oil per day. The MOPU with FSO offshore concept was chosen over previous concepts for a number of economic and environmental reasons, but primarily because it provides the quickest route to production and removes the environmental and regulatory issues associated with a partially-onshore production system.

- It is planned to drill and suspend the two development wells using the West Telesto jack up rig. These will be suspended in compliance with all relevant regulations & in line with good oilfield practice at the seabed. This is similar to the West Seahorse-3 well which was suspended in 2008.

- The Britannia jack-up rig will be refurbished and modified for duty as a Mobile Offshore Production Unit (MOPU). It will be fixed to the seabed at West Seahorse field location for the life of the project. The MOPU will include processing facilities to remove associated gas and water, to stabilise and export the crude.

- The West Seahorse Development wells will be tied back to the MOPU when this facility is installed on location using a temporary package mounted on the MOPU.

- Produced gas will be processed and utilized for fuel gas and enhanced recovery (gas lift) with the remaining gas being flared. Produced water will be treated to regulatory requirement quality and disposed overboard.

- The stabilised oil will be produced via a 1.6km 4-inch flexible flowine to a fixed mooring and flexible hose to a Floating Storage Offloading (FSO) vessel. The FSO can the either load to another vessel in tandem mooring or shuttle the crude to a refinery.

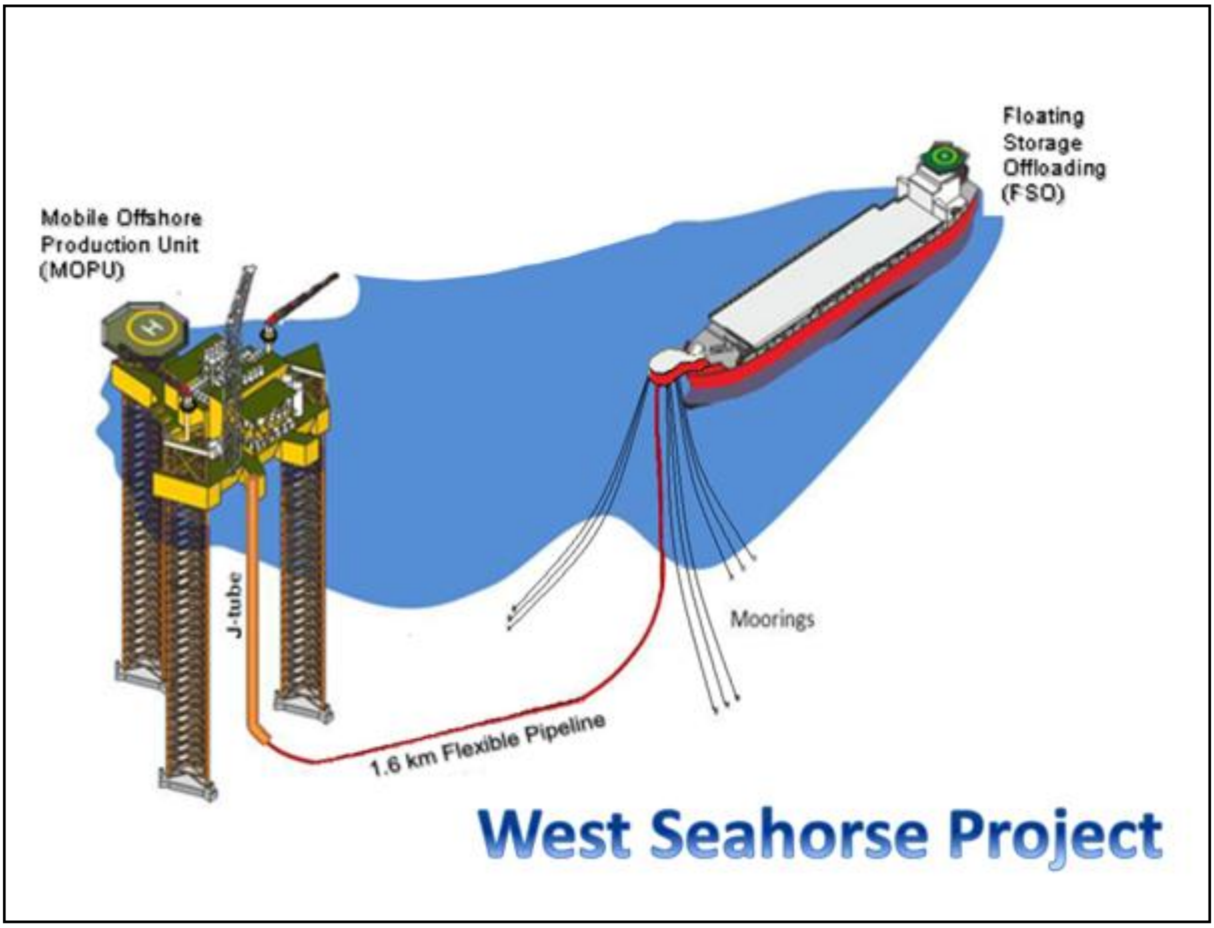

Figure 6: Schematic illustration of the West Seahorse development

T/49P, OTWAY BASIN, OFFSHORE TASMANIA

3D Oil Limited (3D Oil) was granted a new exploration permit in the Tasmanian part of the Otway Basin on the 22nd of May 2013. The permit, T/49P, has a 6 year initial term with a guaranteed work program consisting of preliminary studies followed by a 755 km^2 3D marine seismic acquisition program in Year 2. Permit T/49P is situated 250 km SE of Melbourne and immediately west of King Island in water depths which are generally less than 200m. T/49P is an exceptionally attractive permit as it covers an area of 4,960 km^2 within a shallow water shelf environment. The permit is adjacent to the Thylacine and Geographe gas fields which have a combined gas in place (“GIP”) of over 2 TCF. Thylacine is the largest gas discovery in the Otway Basin.

During the past year 3D Oil continued to review the geological and geophysical data in the permit and has identified more than 10 leads from mapping of the existing 2D seismic. The petroleum system that has been proven in adjacent permits is interpreted to be active within T/49P. A thick accumulation of sediments to the west of T/49P suggests the possibility of a second generative source. The leads range from medium to large structures by world standards (Figure 7). The estimated undiscovered gas in place for these leads is in the order of 20 TCF.

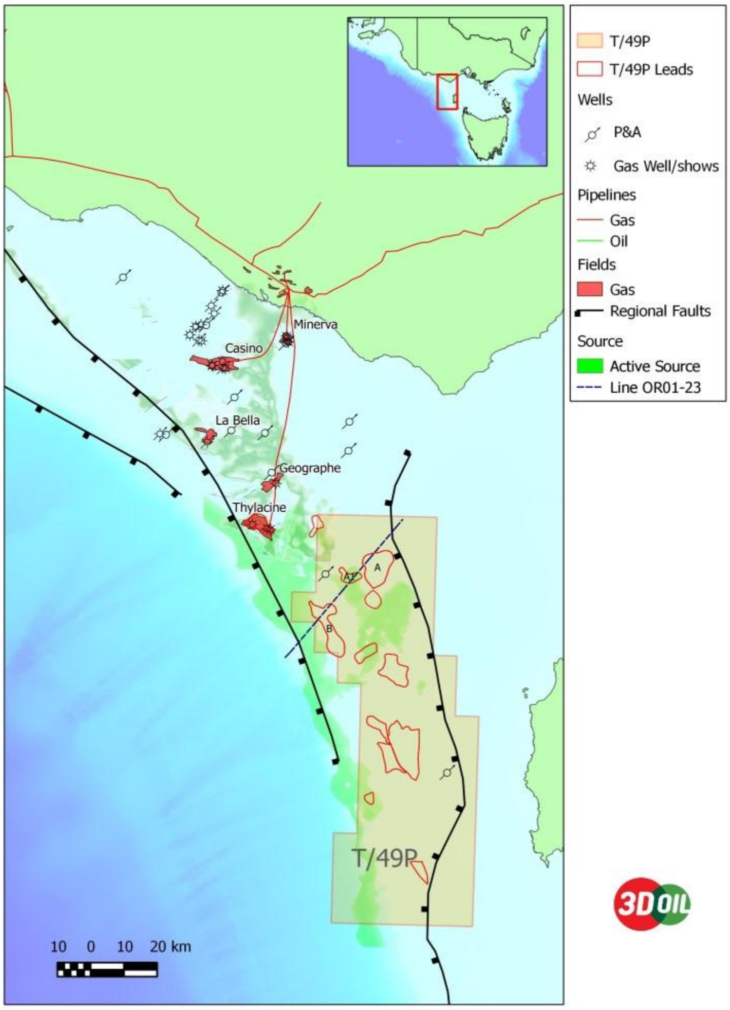

Figure 7: T/49P Location Map

The perceived geological prospectivity is underpinned by several key factors. A thick 'Tertiary wedge' is located approximately coincident with the shelf-break edge in a largely north-south orientation. This is a common feature of successful plays further to the north and west along the offshore Otway. It is also analogous to productive areas on the Northwest Shelf and many other examples around the world. While seismic coverage is sparse, this feature can clearly be seen within the western sector of T/49P. 3D Oil considers that the rapid Tertiary burial evidenced by this build-up of sediment will have caused late stage hydrocarbon generation from the Eumeralla Formation and potentially other formations along this margin. A 3D maturation modelling program has demonstrated that source material in the Eumeralla Formation is currently at optimal temperature and depth for gas generation. The present day maturity at the top of the Eumeralla as derived from the 3D modelling program is shown in Figure 8.

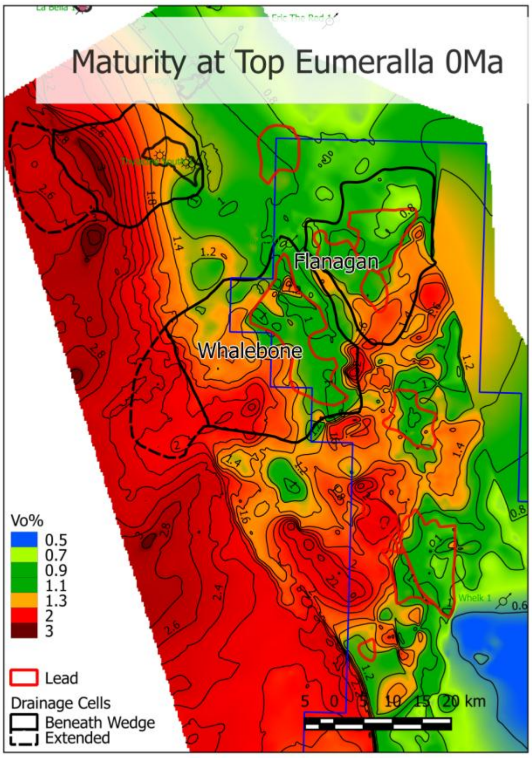

Figure 8: Modelled Vitrinite reflectance at the Top of the Eumeralla Formation at present day

Seismic facies interpretation indicates areas of good seal based upon a low acoustic signature correlated with the Belfast Mudstone at Thylacine. This unit overlies a complexly faulted sequence of higher amplitude seismic events interpreted to be the Waarre Formation and its equivalents. 3D Oil interprets this as potentially analogous to the reservoir and seal combinations that are successful in the known Otway basin gas fields to the north.

3D Oil entered into its second year of a 6 year term on May 23, 2014. 3D Oil completed the reprocessing of approximately 500 kilometres of a selection of the older 2D seismic data which is shown as dashed red highlighted lines in Figure 9.

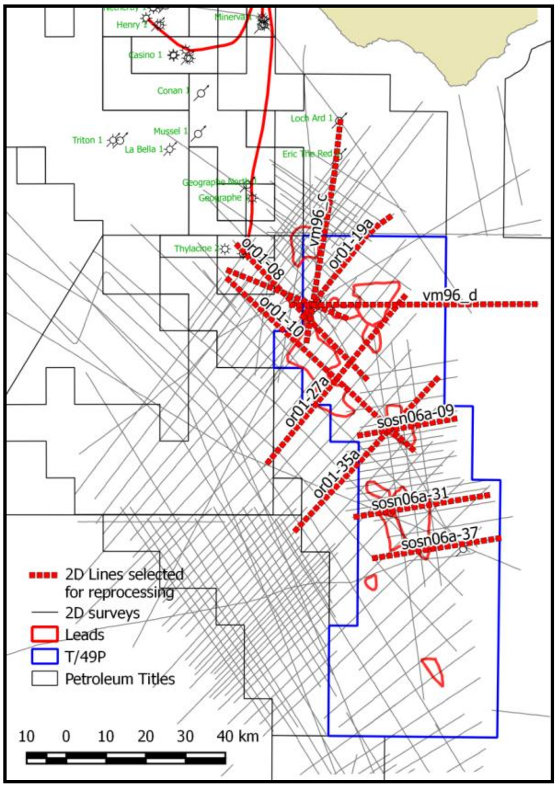

Figure 9: Reprocessed 2D Seismic Data

The perceived risk in T/49P is the extent of the regional seal as illustrated by the Prawn- A1 (1967) and Whelk-1(1970) wells which were both dry holes located on the Prawn Shelf. Modern seismic indicates Prawn-A1 was drilled off structure and did not target the formations currently of interest. A trace of ethane and propane within the Waarre sands in Prawn-A1 suggest a working source in this area. A more recent development in 3D Oil's understanding of the geology in this part of the Otway Basin has been the recognition of underlying structures which appear to control the overlying depositional environment. What has generally been called the Prawn Platform is in fact not a platform but is cut by a series of *en echelon* troughs trending SW to NE and parallel to the Shipwreck Trough (Figure 10 and Figure 11).

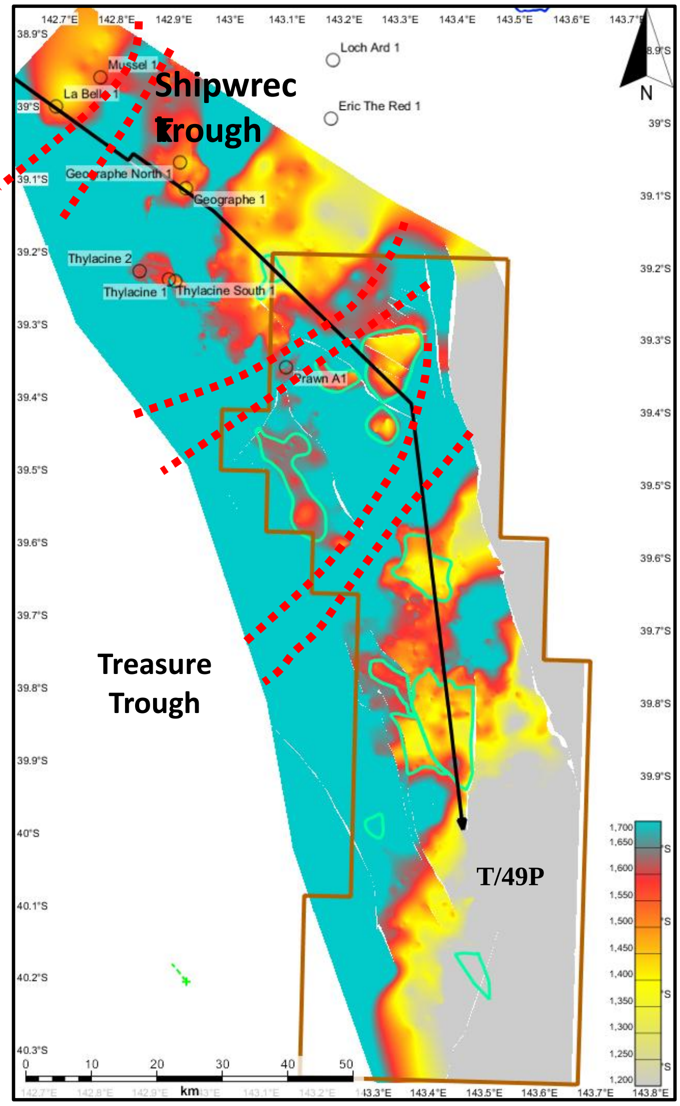

Figure 10: Series of Troughs

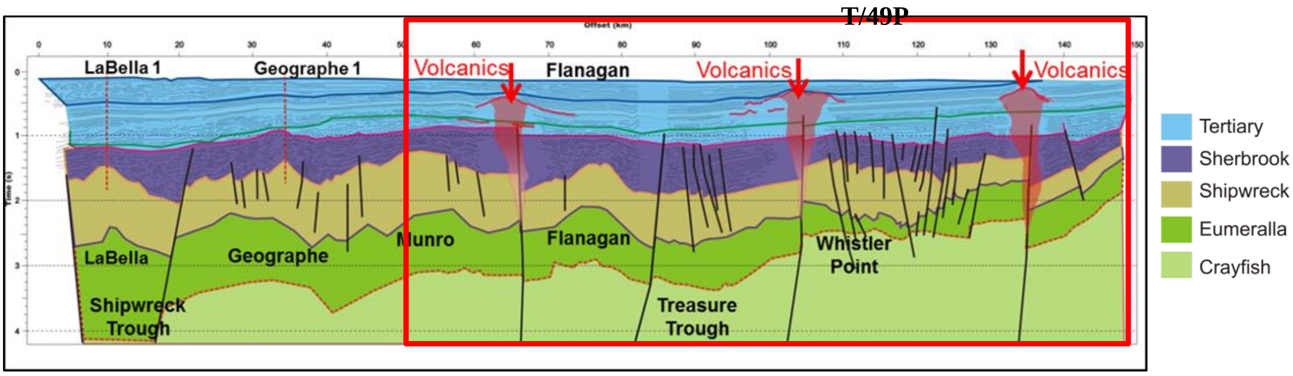

Figure 11: Cross Section from La Bella 1 through T/49P

3D Oil's highest ranked lead, Flanagan, has the potential to contain up to 6 TCF GIIP (Figure 12).

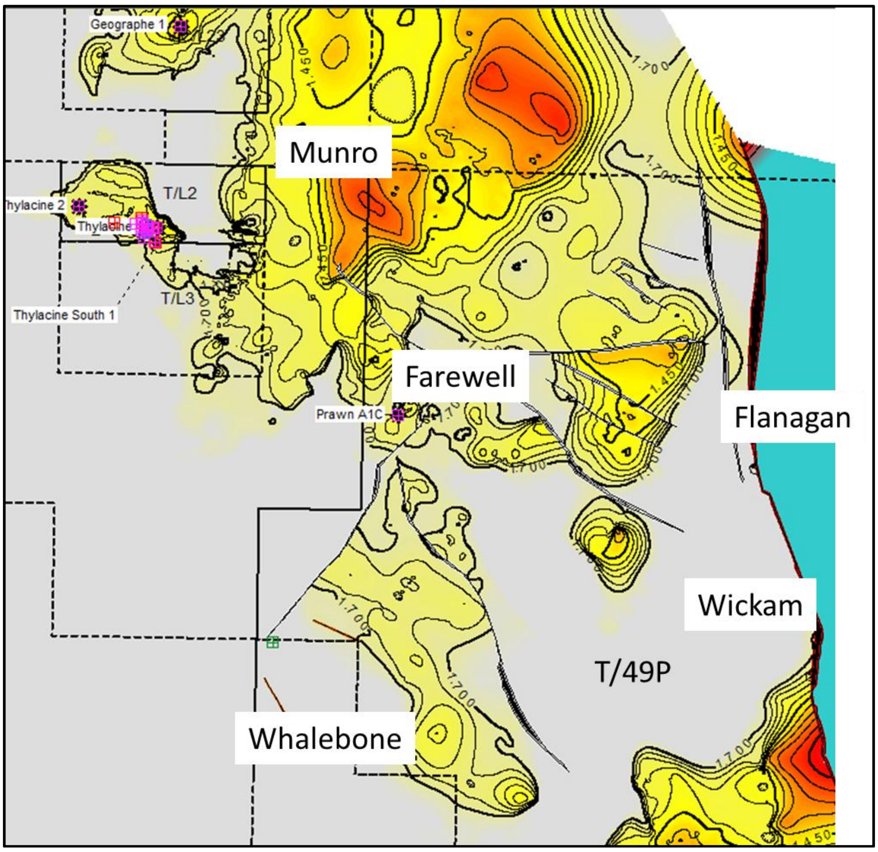

Figure 12: T/49P North Block Prospects

The commercial attractiveness of exploring for gas in eastern Australia has been boosted by an expected shortfall in gas supply for south-eastern Australia as LNG projects come on stream. 3D Oil notes that the timing of any T/49P discovery and production would likely coincide with spare capacity in existing facilities such as Thylacine, Minerva and Casino offering various opportunities to commercialize any discoveries. 3D Oil's analysis did not include the value of associated condensate. Based on known condensate/gas ratios (CGR) in Thylacine and Geographe, 15 MMbbl of condensate could be produced from a hypothetical gas field of 1 TCF.

T/49P represents an attractive exploration opportunity and 3D Oil has held discussions with a number of potential farmin partners during the past year. On 16 June 2014 3D Oil announced that Beach Energy Limited had executed agreements to acquire a 20% working interest in the T/49P exploration permit for a price of $3 million. This transaction values the full permit at $15 million. 3D Oil is pleased to have attracted a significant partner such as Beach Energy and believes that this validates the Company's technical and commercial rationale for the permit.

The T/49P permit had been held at 100% equity interest by 3D Oil since it was granted via government gazettal in May 2013. The completion of the transaction with Beach was finalised on the 21 August 2014 with 3D Oil retaining an 80% interest and operatorship of the new T/49P joint venture. The Company is continuing discussions with further potential farminees to jointly explore T/49P.

T/49P 3D Seismic Operations 2014

3D Oil intends to conduct the Flanagan 3D Marine Seismic Survey (MSS), in accordance with the principles of Ecologically Sustainable Development (ESD), to better define the subsurface geology of the permit area and more accurately define prospective petroleum targets for exploration drilling in an economic, commercial, environmental and technically efficient manner. This is consistent with the agreed work-plan for T/49P with the Commonwealth Department of Industry (DOI). 3D Oil signed a Joint Acquisition Protocol Agreement with Origin Energy on May 20th, 2014 for the purpose of sharing seismic acquisition services with Origin Energy.

Preparations commenced for the planned Flanagan 3D MSS program which is part of 3D Oil's year 2 T/49P commitments. Prior to conducting a seismic program an Environmental Plan (EP) must be prepared and submitted to NOPSEMA for approval in accordance with Regulation 9 of the Offshore Petroleum and Greenhouse Storage (Environment) Regulations 2009. The preparation of the EP was initiated in February of this year. The plan was submitted on June 5th, 2014 and formally accepted on July 30th, 2014. During the review period 3D Oil also undertook consultations with fisherman in several communities along the Great Ocean Road: Apollo Bay, Port Campbell, Port Fairy, Warrnambool and Portland (Figure 13).

Figure 13: Fishing Trawlers docked at Portland

The Flanagan MSS has been designed to cover only the most prospective areas of the northern third portion of T/49P (Figure 14). On the basis of this prospective area selection, the vessel proposed is a multi-streamer vessel which allows for the efficient and rapid acquisition of data compared with a single streamer vessel. The acoustic source to be utilised in this MSS will be the smallest source size which will achieve the survey data acquisition objectives.

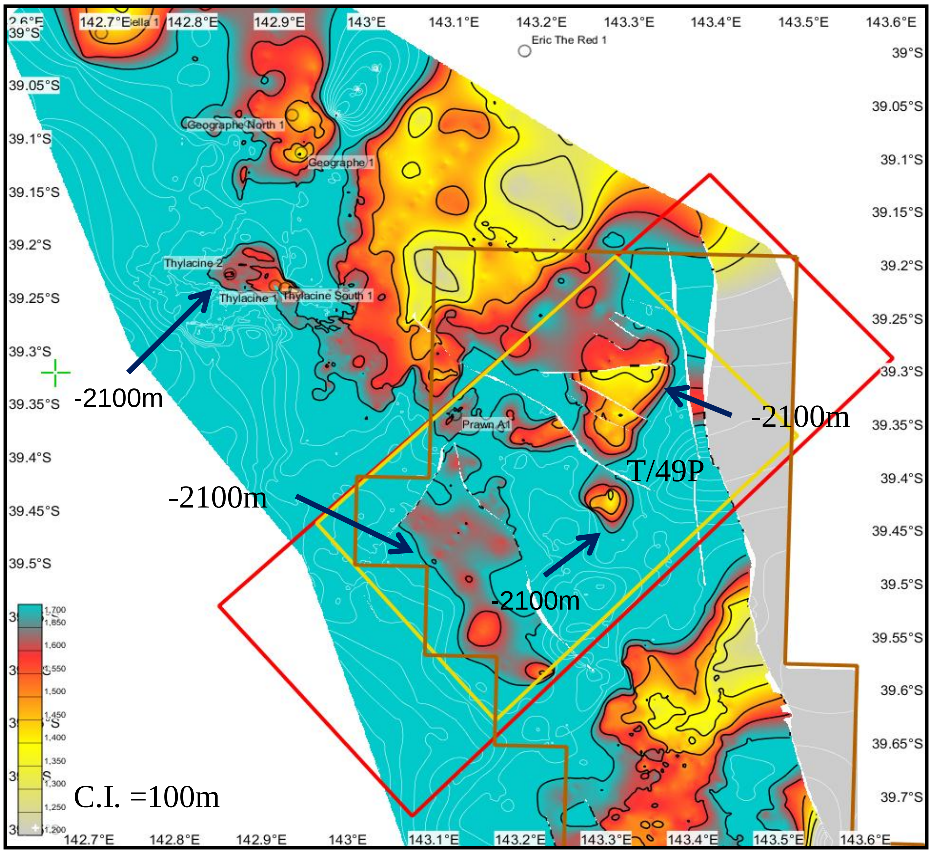

Figure 14: Proposed 3D Flanagan MSS

The Flanagan 3D MSS data acquisition area covers an area of approximately 1100 km2 with and objective survey acquisition design of 755km2 and is located entirely within Commonwealth waters of the Otway Basin. The MSS data acquisition area is shown as a yellow polygon in Figure 8. The seismic vessel will also execute turns up to 15km outside this defined MSS area and will work within a 'Vessel Operational Area' of approximately 2100km2 shown by the red polygon. It is expected the vessel will operate in a NE-SW orientation when acquiring seismic data and during acquisition will maintain a minimum distance of approximately 45km from each of the Victorian and King Island coastlines.

The proposed Flanagan 3D MSS is scheduled to be acquired between 1 November and 31 December 2014. The survey duration will be approximately 30 days. The precise commencement and completion dates will be dependent on vessel availability/schedule and weather conditions.

Polarcus DMCC has been selected as the preferred contractor to acquire the he Flanagan 3D MSS. The Polarcus Asima, an ultra-modern 12 streamer 3D/4D seismic vessel (built in 2010) will be used to acquire the seismic data (Figure 15). Seismic acquisition will be undertaken 24 hours per day, seven days per week and is expected to continue for a total of approximately 30 days, dependent on weather conditions and operational efficiency.

Figure 15: Polarcus Alima 3D Multistreamer Vessel

3D Oil's Petroleum Tenement Holdings

Note that TDO's interests in each of VIC/P57, VIC/L31 and T/49P are subject to transactions pending completion as detailed above. As at 30 June 2014, TDO petroleum tenement holdings were:

Tenement and Location	TDO beneficial interest at 31Mar14	Beneficial interest acquired / (disposed)	TDO beneficial interest at 30Jun14
VIC/P57 offshore Gippsland Basin, Victoria	49.9%	n/a	49.9%
VIC/L31 offshore Gippsland Basin, Victoria	49.9%	n/a	49.9%
T/49P offshore Otway Basin, Tasmania	100%	n/a	100%

Competent Person's Statement

Any Petroleum Reserves, Contingent Resources and Prospective Resources information on the oil and gas in this release are based on, and fairly represent, information and supporting documents prepared by, or under the supervision of, 3D Oil's Senior Geophysicist Dr. Chris Pike. He is a Geophysicist [Ph.D. Geophysics] with more than 25 years practising in Petroleum Geophysics. Dr. Pike is a member of the Petroleum Exploration Society of Australia, The American Association of Petroleum Geologists (AAPG - US), the Society of Exploration Geophysicists (SEG – US), the Association of Professional Engineers and Geoscientists of Alberta (APEGA - Canada) and the Professional Engineers and Geoscientists of Newfoundland and Labrador (PEGNL - Canada). Dr Pike has consented in writing to the inclusion of the information in the form and context in which it appears.

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 year ended 30 June 2014.

Directors

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

Mr Campbell Horsfall
Mr Noel Newell
Ms Melanie Leydin
Ms Philippa Kelly (resigned 25 November 2013)
Dr Kenneth Pereira (resigned 3 July 2014)

Principal activities

During the financial year the principal continuing activities of the company consisted of exploration and development of upstream oil and gas assets.

Dividends

There were no dividends paid or declared during the current or previous financial year.

The consolidated entity does not have franking credits available for subsequent financial years.

Review of operations

The loss for the consolidated entity after providing for income tax amounted to $1,289,942 (30 June 2013: $2,033,105).

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

Financial Position

The net assets of the Group decreased by $1,250,492 to $20,947,726 at 30 June 2014 (2013: $22,198,218), with the material movements relating to exploration expenditure and borrowings received by the consolidated entity.

The consolidated entity's working capital position at 30 June 2014, being current assets less current liabilities decreased by $5,549,221 to a working capital deficiency of $3,449,711 (2013: surplus $2,099,510).

Significant changes in the state of affairs

On 10 November 2013 the consolidated entity granted 300,000 unlisted employee options exercisable at $0.1055 (10.55 cents) per option expiring 30 November 2016.

On 16 June 2014 the consolidated entity announced that it had executed agreements with Beach Energy Limited (Beach) for Beach to acquire a 20% working interest in the T/49P exploration permit for consideration of $3 million.

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

Matters subsequent to the end of the financial year

On 7 July 2014 the consolidated entity announced that it had executed binding agreements with Carnarvon Hibiscus Pty Ltd (CHPL), Althea Corporation Limited, and HiRex Petroleum Sdn Bhd (HIREX) in relation to the restructuring of the funding and ownership of its interest in offshore Gippsland Basin tenements VIC/P57 and VIC/L31.

Key points of the binding agreements are as follows:
- CHPL to pay TDO US$7.5 million for the Company's interest in the Britannia Rig and a 5% interest in VIC/P57.
- The proceeds will be used to meet Year 3 funding commitments for VIC/P57.
- US$2 million will be paid in advance to TDO to assist with short term funding.
- US$1.94 million of funding owing to the Operator of the VIC/L31 JV will be offset against a transfer to CHPL of a 6.07% interest in VIC/L31.
- An option has been granted to CHPL to purchase the remaining 43.83% interest in VIC/L31 at fair market value, which has been deemed to be $14.05 million.
- An option has been granted to HIREX to earn a 20% interest in VIC/P57. Under the HiRex Farmin Agreement, HIREX has been granted the option to earn a 20% interest in VIC/P57 directly from the Company in return for the provision of data analysis for VIC/P57 using the HIREX virtual drilling technology. The option to farm-in is exercisable within 1 month following receipt of all conditions precedent to the agreements.
- As CHPL is a substantial holder of the consolidated entity for the purposes of ASX Listing Rule 10.1, Shareholder approval was required to be obtained to complete the matters set out in the transaction documents. The consolidated entity held a general meeting of shareholders on 11 August 2014 and shareholders approved the transaction.

On 18 August 2014 the consolidated entity announced that it received notice from CHPL exercising its option to acquire the VIC/L31 remaining interest from the consolidated entity for a consideration of US$14.05 million.

On 21 August 2014 the consolidated entity announced completion of the sale of a 20% working interest in the T/49P exploration permit to Beach Energy Limited and the remaining $2.5 million of the $3 million purchase price was received.

No other matter or circumstance has arisen since 30 June 2014 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.

Likely developments and expected results of operations

The consolidated entity will continue to pursue its exploration interest in the West Seahorse Oil Field (VIC/P57) in Joint Venture partnership with Carnarvon Hibiscus Pty Ltd following the sale of the consolidated entity's interest in VIC/L31 for a consideration of US$14.05 million during the financial year.

3D Oil will continue to develop other permits held and to this end has successfully introduced new partners to its new exploration permit (T/49P) in the offshore Otway Basin of Tasmania during the financial year. Over the course of the next 3 years the Minimum Guaranteed Work Programme sets out planned expenditures of $13.15 million. 3D Oil intend to seek a farm-in partner to assist in financing the work programme.

Environmental regulation

The consolidated entity holds participating interests in a number of oil and gas areas. The various authorities granting such tenements require the licence holder to comply with the terms of the grant of the licence and all directions given to it under those terms of the licence. There have been no known breaches of the tenement conditions, and no such breaches have been notified by any government agencies during the year ended 30 June 2014.

Information on directors

Name:	Mr Campbell Horsfall
Title:	Non-Executive Director and Chairman
Qualifications:	B.Comm., LL.B (Melb)
Experience and expertise:	Campbell Horsfall is a lawyer with extensive experience in the petroleum industry and has held positions as Company Solicitor for BP Australia Ltd, BHP Petroleum, Japan Australia LNG (MIMI) Pty Ltd and was General Counsel of Vicpower Trading (formerly the State Electricity Commission of Victoria). Campbell holds Degrees in Law and Commerce from the University of Melbourne and a Diploma from the Securities Institute and practices as a barrister in Melbourne. Campbell has commercial expertise in fund raisings, mergers and acquisitions as well as the day to day running of an ASX listed public company. He has been a director of two other public companies and was a non-executive director of Orchard Petroleum Limited. Orchard Petroleum is an oil and gas exploration company based in California, USA.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Member of Audit Committee and Remuneration and Nomination Committee
Interests in shares:	84,625 ordinary fully paid shares
Interests in options:	None

Name:	Mr Noel Newell
Title:	Executive Director
Qualifications:	B App Sc (App Geol)
Experience and expertise:	Noel Newell holds a Bachelor of Applied Science and has over 25 years experience in the oil and gas industry, with 20 years of this time with BHP Billiton and Petrofina. With these companies he has been technically involved in exploration of areas around the globe, particularly South East Asia and all major Australian offshore basins. Prior to leaving BHP Billiton in 2002, Noel was Principal Geologist working within the Southern Margin Company and primarily responsible for exploration within the Gippsland Basin. Noel has a number of technical publications and has co-authored Best Paper and runner up Best Paper at the Australian Petroleum Production & Exploration Association conference and Best Paper at the Western Australian Basins Symposium. Noel is the founder of 3D Oil. Immediately prior to starting 3D Oil, Noel was a technical advisor to Nexus Energy Limited and was directly involved in their move to explore in the offshore of the Gippsland Basin.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	38,444,150 ordinary fully paid shares.
Interests in options:	None

Name:	Ms Melanie Leydin
Title:	Non-executive Director and Company Secretary
Qualifications:	B.Bus CA
Experience and expertise:	Melanie Leydin is a Chartered Accountant and is a Registered Company Auditor. She Graduated from Swinburne University in 1997, became a Chartered Accountant in 1999 and since February 2000 has been the principal of chartered accounting firm, Leydin Freyer. In the course of her practice she audits listed and unlisted public companies involved in the resources industry. Her practice also involves outsourced company secretarial and accounting services to public companies in the resources sector. This involves preparation of statutory financial statements, annual reports, half year reports, stock exchange announcements and quarterly ASX reporting and other statutory requirements. Melanie has 23 years experience in the accounting profession and is a director and company secretary for a number of oil and gas, junior mining and exploration entities listed on the Australian Stock Exchange.
Other current directorships:	
Former directorships (last 3 years):	Celamin Holdings NL (resigned: 9 October 2012)
Special responsibilities:	Chairman of Audit Committee and Member of Remuneration and Nomination Committee
Interests in shares:	295,000 ordinary fully paid shares
Interests in options:	None

Name:	Ms Philippa Kelly
Title:	Non-Executive Director (resigned 25 November 2013)
Age:	LLB, FFin, GAICD
Experience and expertise:	Philippa Kelly has over 25 years experience in the corporate sector, with a background in law and investment banking. She is Chief Operating Officer of the Juilliard Group of Companies, a private property group.
Other current directorships:	Lifestyle Communities Limited

Name:	Dr Kenneth Pereira
Title:	Non-Executive Director (resigned 3 July 2014)
Qualifications:	BSc (Hons) Engineering, MBA, DBA.
Experience and expertise:	Kenneth Pereira has 22 years' experience in the oil and gas industry (both services and exploration and production). He has worked for Schlumberger (9 years as a Field Engineer in North Africa and Europe) and SapuraCrest Petroleum Berhad (from founding of the company as Sapura Energy in 1997 until 2008) as Chief Operating Officer. In 2009, he became Managing Director of Interlink Petroleum Ltd, an oil and gas exploration & production company listed on the Mumbai Stock Exchange (2009 to 2011).

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

'Former directorships (in the last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2014, and the number of meetings attended by each director were:

	Full Board		Audit and Risk Committee		Remuneration and Nomination Committee	
	Attended	Held	Attended	Held	Attended	Held
Mr C Horsfall	7	7	2	2	1	1
Mr N Newell	7	7	-	-	-	-
Ms M Leydin	7	7	2	2	1	1
Ms P Kelly	3	4	1	1	1	1
Mr K Pereira	5	7	-	-	-	-

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

Remuneration report (audited)

The remuneration report, which has been audited, outlines the director and executive remuneration arrangements for the company, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and conforms with the market best practice for delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- alignment of executive compensation
- transparency

The Nomination and Remuneration Committee is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the consolidated entity and company depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The Nomination and Remuneration Committee has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the consolidated entity.

Alignment to shareholders' interests:

- focuses on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracts and retains high calibre executives

Alignment to program participants' interests:

- rewards capability and experience
- reflects competitive reward for contribution to growth in shareholder wealth
- provides a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive directors and executive remunerations are separate.

Non-executive directors remuneration

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Nomination and Remuneration Committee. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to determination of his own remuneration. Non-executive directors do not receive share options or other incentives.

ASX listing rules requires that the aggregate non-executive directors remuneration shall be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting held on 21 November 2012, where the shareholders approved an aggregate remuneration of $400,000.

Executive remuneration
The consolidated entity aims to reward executives with a level and mix of remuneration based on their position and responsibility, which are both fixed.

The executive remuneration and reward framework has three components:
- base pay and non-monetary benefits
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Nomination and Remuneration Committee, based on individual and business unit performance, the overall performance of the company and comparable market remunerations.

Executives can receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the company and adds additional value to the executive.

All Executives are eligible to receive a base salary (which is based on factors such as experience and comparable industry information) or consulting fee. The Board reviews the Managing Director's remuneration package, and the Managing Director reviews the senior Executives' remuneration packages annually by reference to the consolidated entity's performance, executive performance and comparable information within the industry.

The performance of Executives is measured against criteria agreed annually with each executive and is based predominantly on the overall success of the consolidated entity in achieving its broader corporate goals. Bonuses and incentives are linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives, bonuses, and options, and can require changes to the Managing Director's recommendations. This policy is designed to attract the highest calibre of Executives and reward them for performance that results in long-term growth in shareholder wealth.

All remuneration paid to Directors and Executives is valued at the cost to the consolidated entity and expensed. Options are valued using the Black-Scholes or Binomial methodology.

The long-term incentives ('LTI') includes long service leave and share-based payments. Shares and or options are awarded to executives on the discretion of the remuneration and Nomination Committee based on long-term incentive measures.

Consolidated entity performance and link to remuneration
Remuneration packages do not include performance-based components. An individual member of staff's performance is assessed by reference to their contribution to the Company's overall achievements. The intention of this program is to facilitate goal congruence between Executives with that of the business and shareholders. Generally, the executive's remuneration is tied to the consolidated entity's successful achievement of certain key milestones as they relate to its operating activities.

Voting and comments made at the company's 25 November 2013 Annual General Meeting ('AGM')
The company received 99.50% of 'for' votes in relation to its remuneration report for the year ended 30 June 2013. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Amounts of remuneration
Details of the remuneration of the key management personnel of the consolidated entity are set out in the following tables.

Details of the remuneration of the directors and other key management personnel (defined as those who have the authority and responsibility for planning, directing and controlling the major activities of the company) of the company are set out in the following tables.

2014	Short-term benefits Cash salary and fees $	 Bonus $	 Non-monetary $	Post-employment benefits Super-annuation $	Long-term benefits Long service leave $	Share-based payments Equity-Settled (options) $	 Total $
Non-Executive Directors:							
Mr C Horsfall	76,278	-	-	7,056	-	-	83,334
Ms M Leydin *	142,875	-	-	-	-	-	142,875
Ms P Kelly **	17,677	-	-	1,635	-	-	19,312
Dr K Pereira ***	45,000	-	-	-	-	-	45,000
Executive Directors:							
Mr N Newell	384,063	-	-	17,775	-	-	401,838
Other Key Management Personnel:							
Mr A Adams****	292,917	-	-	25,000	-	20,700	338,617
	958,810	-	-	51,466	-	20,700	1,030,976

* This includes fees paid to Leydin Freyer Corp Pty Ltd in respect of Directors fees, Company Secretarial and Accounting services.
** Resigned on 25 November 2013
*** Resigned on 3 July 2014
**** Determined to be Key Management Personnel from 1 July 2013.

2013	Short-term benefits Cash salary and fees $	 Bonus $	 Non-monetary $	Post-employment benefits Super-annuation $	Long-term benefits Long service leave $	Share-based payments Equity-settled $	 Total $
Non-Executive Directors:							
Mr C Horsfall	73,395	-	-	6,605	-	-	80,000
Ms M Leydin *	141,341	-	-	-	-	-	141,341
Ms P Kelly	41,284	-	-	3,716	-	-	45,000
Dr K Pereira **	37,500	-	-	-	-	-	37,500
Executive Directors:							
Mr N Newell	336,859	-	-	42,307	12,222	-	391,388
	630,379	-	-	52,628	12,222	-	695,229

* This includes fees paid to Leydin Freyer Corporate Pty Ltd in respect of Directors fees, Company Secretarial and Accounting services.
** Appointed on 4 September 2012

Service agreements
Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Mr N Newell
Title:	Managing Director
Agreement commenced:	1 November 2006
Details:	(i) Mr Newell may resign from his position and thus terminate this contract by giving 6 months written notice.(ii) The Company may terminate this employment agreement by providing 6 months written notice.(iii) The Company may terminate the contract at any time without notice if serious misconduct has occurred. Where termination with cause occurs, Mr Newell is only entitled to that portion of remuneration which is fixed, and only up to the date of termination.(iv) On termination of the agreement, Mr Newell will be entitled to be paid those outstanding amount owing to him up until the Termination date.

Name:	Mr C Horsfall
Title:	Chairman
Agreement commenced:	23 January 2009
Details:	(i) Mr Horsfall may resign from his position and thus terminate this contract by giving 6 months written notice.(ii) The Company may terminate this employment agreement by providing 6 months written notice.(iii) The Company may terminate the contract at any time without notice if serious misconduct has occurred. Where termination with cause occurs, Mr Horsfall is only entitled to that portion of remuneration which is fixed, and only up to the date of termination.(iv) On termination of the agreement, Mr Horsfall will be entitled to be paid those outstanding amounts owing to him up until the Termination date.

Name:	Ms M Leydin
Title:	Non-Executive Director
Agreement commenced:	23 January 2009
Details:	(i) Ms Leydin may resign from her position and thus terminate this contract by giving 6 months written notice.(ii) The Company may terminate this employment agreement by providing 6 months written notice.(iii) The Company may terminate the contract at any time without notice if serious misconduct has occurred. Where termination with cause occurs, Ms Leydin is only entitled to that portion of remuneration which is fixed, and only up the the date of termination.(iv) On termination of the agreement, Ms Leydin will be entitled to be paid those outstanding amounts owing to her up until the Termination date.

Name:	Mr A Adams
Title:	Commercial and Exploration Manager
Agreement commenced:	10 October 2012
Term of agreement:	(i) Mr Adams may resign from his position and thus terminate this contract by giving 3 months written notice.(ii) The Company may terminate this employment agreement by providing 6 months written notice.(iii) The Company may terminate the contract at any time without notice if serious misconduct has occurred. Where termination with cause occurs, Mr Adams is only entitled to that portion of remuneration which is fixed, and only up the the date of termination.(iv) On termination of the agreement, Mr Adams will be entitled to be paid those outstanding amounts owing to her up until the Termination date.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of shares
There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2014.

Options
There were no options over ordinary shares issued to directors and other key management personnel as part of compensation that were outstanding as at 30 June 2014.

There were no options over ordinary shares granted to or vested by directors and other key management personnel as part of compensation during the year ended 30 June 2014.

Additional information
The earnings of the consolidated entity for the five years to 30 June 2014 are summarised below:

	2010 $	2011 $	2012 $	2013 $	2014 $
Revenue	414,898	336,290	140,072	101,500	47,652
Net profit/(loss) before tax	(857,435)	(1,003,568)	(7,672,697)	(2,033,105)	(1,289,142)
Net profit/(loss) after tax	(857,435)	(1,003,568)	(6,976,803)	(2,033,105)	(1,289,142)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2010	2011	2012	2013	2014
Share price at financial year end ($)	0.11	0.20	0.14	0.07	0.09
Basic earnings per share (cents per share)	0.20	0.14	0.07	0.09	0.07
Diluted earnings per share (cents per share)	(0.42)	(0.49)	(3.38)	(0.92)	(0.54)

Additional disclosures relating to key management personnel

Shareholding
The number of shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
Mr C Horsfall	38,000	-	46,625	-	84,625
Mr N Newell	38,147,650	-	196,500	-	38,344,150
Ms M Leydin	150,000	-	-	-	150,000
Ms P Kelly *	145,000	-	-	(145,000)	-
Mr K Pereira	30,963,000	-	-	-	30,963,000
	69,443,650	-	243,125	(145,000)	69,541,775

* Resigned on 25 November 2013

Option holding
The number of options over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Options over ordinary shares					
Mr A Adams	300,000	300,000	-	-	600,000
	300,000	300,000	-	-	600,000

	Vested and exercisable	Vested and unexercisable	Balance at the end of the year
Options over ordinary shares			
Andrew Adams	600,000	-	600,000
	600,000	-	600,000

This concludes the remuneration report, which has been audited.

Shares under option

Unissued ordinary shares of 3D Oil Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
2 June 2010	30 November 2014	$0.40	150,000
24 January 2011	31 January 2015	$0.40	200,000
7 October 2011	7 October 2015	$0.18	78,000
15 December 2012	30 November 2015	$0.16	495,000
2 September 2013	30 November 2016	$0.11	300,000
6 December 2013	29 November 2016	$0.12	250,000
25 July 2014	30 November 2017	$0.08	400,000
			1,873,000

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

Shares issued on the exercise of options

There were no ordinary shares of 3D Oil Limited issued on the exercise of options during the year ended 30 June 2014 and up to the date of this report.

Indemnity and insurance of officers

The consolidated entity has indemnified the directors of the company for costs incurred, in their capacity as a director, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors of the company against a liability to the extent permitted by the Corporations Act 2001 (Cth) (Act). The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

Indemnity and insurance of auditor

The company has not otherwise, during or since the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Non-audit services

There were no non-audit services provided during the financial year by the auditor.

Officers of the company who are former audit partners of Grant Thornton Audit Pty Ltd

There are no officers of the company who are former audit partners of Grant Thornton Audit Pty Ltd.

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 on the following page.

Auditor

Grant Thornton Audit Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Noel Newell
Managing Director

30 September 2014
Melbourne

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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 audit of 3D Oil Limited for the year ended 30 June 2014, 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 audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

B.A. Mackenzie
Partner - Audit & Assurance

Melbourne, 30 September 2014

3D Oil Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2014

	Note	Consolidated 2014 $	Consolidated 2013 $
Revenue	5	47,652	101,500
Expenses			
Corporate expenses		(366,358)	(707,727)
Administrative expenses		(85,058)	(77,343)
Employment expenses		(674,264)	(1,131,330)
Occupancy expenses		(86,815)	(94,979)
Depreciation and amortisation expense	6	(33,703)	(50,055)
Exploration costs written off		(81,216)	(43,444)
Loss on sale of assets		23,556	-
Exchange gains/loss		5,714	(1,403)
Share based payments		(39,450)	(28,324)
Loss before income tax expense		(1,289,942)	(2,033,105)
Income tax expense	7	-	-
Loss after income tax expense for the year attributable to the owners of 3D Oil Limited		(1,289,942)	(2,033,105)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of 3D Oil Limited		(1,289,942)	(2,033,105)
		Cents	**Cents**
Basic earnings per share	34	(0.54)	(0.92)
Diluted earnings per share	34	(0.54)	(0.92)

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 30 June 2014

	Note	Consolidated 2014 $	2013 $
Assets			
Current assets			
Cash and cash equivalents	8	827,864	2,125,708
Trade and other receivables	9	337,545	515,825
Other	10	57,994	60,424
Total current assets		1,223,403	2,701,957
Non-current assets			
Property, plant and equipment	11	25,162	26,565
Intangibles	12	-	14,561
Exploration and evaluation	13	24,902,640	20,632,631
Total non-current assets		24,927,802	20,673,757
Total assets		26,151,205	23,375,714
Liabilities			
Current liabilities			
Trade and other payables	14	3,422,971	533,785
Borrowings	15	639,591	-
Employee benefits	16	101,012	62,879
Provisions	17	9,540	5,783
Other	18	500,000	-
Total current liabilities		4,673,114	602,447
Non-current liabilities			
Employee benefits	19	24,637	59,781
Provisions	20	505,728	515,268
Total non-current liabilities		530,365	575,049
Total liabilities		5,203,479	1,177,496
Net assets		20,947,726	22,198,218
Equity			
Issued capital	21	52,657,366	52,657,366
Reserves	22	98,562	66,395
Accumulated losses		(31,808,202)	(30,525,543)
Total equity		20,947,726	22,198,218

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 year ended 30 June 2014

Consolidated	**Contributed equity $**	**Accumulated losses $**	**Reserves $**	**Total equity $**
Balance at 1 July 2012	50,620,867	(28,533,012)	78,645	22,166,500
Loss after income tax expense for the year	-	(2,033,105)	-	(2,033,105)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	(2,033,105)	-	(2,033,105)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 21)	2,036,499	-	-	2,036,499
Share-based payments	-	-	28,324	28,324
Expiry of Options	-	40,574	(40,574)	-
Balance at 30 June 2013	52,657,366	(30,525,543)	66,395	22,198,218

Consolidated	**Contributed equity $**	**Accumulated losses $**	**Reserves $**	**Total equity $**
Balance at 1 July 2013	52,657,366	(30,525,543)	66,395	22,198,218
Loss after income tax expense for the year	-	(1,289,942)	-	(1,289,942)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	(1,289,942)	-	(1,289,942)
Transactions with owners in their capacity as owners:				
Share-based payments (note 35)	-	-	39,450	39,450
Expiry of Options	-	7,283	(7,283)	-
Balance at 30 June 2014	52,657,366	(31,808,202)	98,562	20,947,726

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 year ended 30 June 2014

	Note	Consolidated 2014 $	Consolidated 2013 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		15,945	19,771
Payments to suppliers and employees (inclusive of GST)		(455,598)	(1,847,747)
Tax receipt		-	695,894
Interest received		32,834	81,446
Net cash used in operating activities	33	(406,819)	(1,050,636)
Cash flows from investing activities			
Payments for property, plant and equipment		(17,739)	(22,735)
Payments for intangibles		-	(2,070)
Payments for exploration and evaluation		(3,079,063)	(1,609,374)
Reimbursement from Joint Venture		1,071,900	1,090,535
Proceeds from foreign exchange investment		(5,714)	(1,403)
Deposits received		500,000	-
Net cash used in investing activities		(1,530,616)	(545,047)
Cash flows from financing activities			
Proceeds from issue of shares	21	-	2,043,558
Share issue transaction costs		-	(7,059)
Loans received from joint venture		639,591	-
Net cash from financing activities		639,591	2,036,499
Net increase/(decrease) in cash and cash equivalents		(1,297,844)	440,816
Cash and cash equivalents at the beginning of the financial year		2,125,708	1,684,892
Cash and cash equivalents at the end of the financial year	8	827,864	2,125,708

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

Note 1. General information

The financial statements cover 3D Oil Limited as a consolidated entity consisting of 3D Oil Limited and its subsidiaries. The financial statements are presented in Australian dollars, which is 3D Oil Limited's functional and presentation currency.

3D Oil Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 5, 164 Flinders Lane
Melbourne Victoria 3000

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 29 September 2014. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

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

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

Any significant impact on the accounting policies of the consolidated entity from the adoption of these Accounting Standards and Interpretations are disclosed below. 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 10 Consolidated Financial Statements
The consolidated entity has applied AASB 10 from 1 July 2013, which has a new definition of 'control'. Control exists when the reporting entity is exposed, or has the rights, to variable returns from its involvement with another entity and has the ability to affect those returns through its 'power' over that other entity. A reporting entity has power when it has rights that give it the current ability to direct the activities that significantly affect the investee's returns. The consolidated entity not only has to consider its holdings and rights but also the holdings and rights of other shareholders in order to determine whether it has the necessary power for consolidation purposes.

AASB 11 Joint Arrangements
The consolidated entity has applied AASB 11 from 1 July 2013. The standard defines which entities qualify as joint arrangements and removes the option to account for joint ventures using proportional consolidation. Joint ventures, where the parties to the agreement have the rights to the net assets are accounted for using the equity method. Joint operations, where the parties to the agreements have the rights to the assets and obligations for the liabilities, will account for its share of the assets, liabilities, revenues and expenses separately under the appropriate classifications.

AASB 12 Disclosure of Interests in Other Entities
The consolidated entity has applied AASB 12 from 1 January 2013. The standard contains the entire disclosure requirement associated with other entities, being subsidiaries, associates, joint arrangements (joint operations and joint ventures) and unconsolidated structured entities. The disclosure requirements have been significantly enhanced when compared to the disclosures previously located in AASB 127 'Consolidated and Separate Financial Statements', AASB 128 'Investments in Associates', AASB 131 'Interests in Joint Ventures' and Interpretation 112 'Consolidation - Special Purpose Entities'.

Note 2. Significant accounting policies (continued)

AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13
The consolidated entity has applied AASB 13 and its consequential amendments from 1 January 2013. The standard provides a single robust measurement framework, with clear measurement objectives, for measuring fair value using the 'exit price' and provides guidance on measuring fair value when a market becomes less active. The 'highest and best use' approach is used to measure non-financial assets whereas liabilities are based on transfer value. The standard requires increased disclosures where fair value is used.

AASB 119 Employee Benefits (September 2011) and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)
The consolidated entity has applied AASB 119 and its consequential amendments from 1 January 2013. The standard eliminates the corridor approach for the deferral of gains and losses; streamlines the presentation of changes in assets and liabilities arising from defined benefit plans, including requiring remeasurements to be presented in other comprehensive income; and enhances the disclosure requirements for defined benefit plans. The standard also changed the definition of short-term employee benefits, from 'due to' to 'expected to' be settled within 12 months. Annual leave that is not expected to be wholly settled within 12 months is now discounted allowing for expected salary levels in the future period when the leave is expected to be taken.

AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirement
The consolidated entity has applied 2011-4 from 1 July 2013, which amends AASB 124 'Related Party Disclosures' by removing the disclosure requirements for individual key management personnel ('KMP'). Corporations and Related Legislation Amendment Regulations 2013 and Corporations and Australian Securities and Investments Commission Amendment Regulation 2013 (No.1) now specify the KMP disclosure requirements to be included within the directors' report.

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Note 2. Significant accounting policies (continued)

Going Concern
The financial report has been prepared on the going concern basis, which contemplates continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business. At 30 June 2014 the Company has cash and cash equivalents of $0.82 million and a net decrease of cash during the financial year of $1.29 million. This cash decrease was predominately due the exploration and development expenditure which took place during the year through the Company's new joint venture partner on the VIC/P57 and VIC/L31 permits, Hibiscus Petroleum.

The Company also has exploration commitments as detailed in Note 24 of $70.55 million over the next 5 years. On 7 July 2014, the Company announced that it had entered into binding agreements with Carnarvon Hibiscus Pty Ltd ("CHPL"), Althea Corporation Limited ("Athlea") and HiRex Petroleum Sdn Hbd ("HIREX") in relation to the restructuring of the funding and ownership interest in offshore Gippsland Basin tenements VIC/P57 and VIC/L31 permits. The key points of the agreement were as follows:

The key points under the binding agreements are:
• CHPL to pay TDO US$7.5 million for the Company's interest in the Britannia Rig and a 5% interest in VIC/P57.
• The proceeds will be used to meet Year 3 funding commitments for VIC/P57.
• US$2 million will be paid in advance to TDO to assist with short term funding.
• US$1.94 million of funding owing to the Operator of the VIC/L31 JV will be offset against a transfer to CHPL of a 6.07% interest in VIC/L31.
• An option has been granted to CHPL to purchase the remaining interest in VIC/L31 at fair market value.
• An option has been granted to HIREX to earn a 20% interest in VIC/P57.
• As CHPL is a substantial holder for the purposes of ASX Listing Rule 10.1, the Company wasrequired to obtain Shareholder approval to complete the matters set out in the transaction documents. The Company sought shareholder approval for these transactions and a meeting of shareholders was held on 11 August 2014.

On 18 August 2014 the consolidated entity announced that CHPL has exercised its VIC/L31 option to acquire the VIC/L31 remaining interest from 3D Oil Limited for a consideration of USD $14.05 million.

On 16 June 2014 the consolidated entity announced that Beach Energy Limited ("Beach") has purchased a 20% working interest in the consolidated entity's T/49P permit for a consideration amount of $3 million and $500,000 deposit was paid. The remaining $2.5 million was paid on 21 August 2014 following completion of the transaction.

In addition to the commitments outlined above and in Note 24, the Company will need to secure funding by means of a capital raising, debt financing, sale of assets, farm out or a combination of these in order to manage its own working capital requirements. The Directors continue to monitor the ongoing funding requirements of the Company. The Directors are of the opinion that the financial report has been appropriately prepared on a going concern basis.

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 30.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of 3D Oil Limited ('company' or 'parent entity') as at 30 June 2014 and the results of all subsidiaries for the year then ended. 3D Oil Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

Note 2. Significant accounting policies (continued)

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Revenue recognition
Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Note 2. Significant accounting policies (continued)

3D Oil Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Other receivables are recognised at amortised cost, less any provision for impairment.

Investments and other financial assets
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Impairment of financial assets
The consolidated entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for loans and receivables carried at amortised cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. If there is a reversal of impairment, the reversal cannot exceed the amortised cost that would have been recognised had the impairment not been made and is reversed to profit or loss.

Note 2. Significant accounting policies (continued)

Property, plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Plant and equipment	3-7 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Farm-outs
The Group does not record any expenditure made by the farmee 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 and any consideration received directly from the farmee is credited against costs previously capitalised.

Intangible assets
Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Software
Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

Exploration and evaluation assets
Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

Petroleum and Exploration Development Expenditure
Petroleum and exploration development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward in relation to each area of interest to the extent the following conditions are satisfied:
(a) the rights to tenure of the area of interest are current; and
(b) at least one of the following conditions is also met:
(i) the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; and
(ii) exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Note 2. Significant accounting policies (continued)

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward cost in relation to that area of interest.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the cost of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

Impairment of non-financial assets
Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred, including:
- interest on short-term and long-term borrowings

Provisions
Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Note 2. Significant accounting policies (continued)

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Share-based payments
Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:
- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Note 2. Significant accounting policies (continued)

Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends
Dividends are recognised when declared during the financial year and no longer at the discretion of the company.

Business combinations
The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Note 2. Significant accounting policies (continued)

Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of 3D Oil Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Leases
The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the company will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Foreign Currency translation
Both the functional and presentation currency of 3D Oil Limited is Australian dollars (A$).

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date.

Note 2. Significant accounting policies (continued)

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2014. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 9 Financial Instruments and its consequential amendments
This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2018 and completes phases I and III of the IASB's project to replace IAS 39 (AASB 139) 'Financial Instruments: Recognition and Measurement'. This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. Chapter 6 'Hedge Accounting' supersedes the general hedge accounting requirements in AASB 139 and provides a new simpler approach to hedge accounting that is intended to more closely align with risk management activities undertaken by entities when hedging financial and non-financial risks. The consolidated entity will adopt this standard and the amendments from 1 January 2018 but the impact of its adoption is yet to be assessed by the consolidated entity.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions
The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Estimation of useful lives of assets
The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Provision for well abandonment
A provision has been made for the present value of anticipated costs for future remediation work that will be required to comply with environmental and legal obligations. The provision is estimated based on currently available facts, technology expected to be available at the time of the clean up, laws and regulations presently or virtually certain to be enacted and prior experience in remediation of contaminated sites.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Exploration and evaluation costs
Exploration and evaluation costs have been capitalised on the basis that the consolidated entity will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

Note 4. 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 5. Revenue

	Consolidated	
	2014	2013
	$	$
Interest	31,707	81,729
Rent	15,945	19,771
Revenue	47,652	101,500

Note 6. Expenses

	Consolidated	
	2014	2013
	$	$
Loss before income tax includes the following specific expenses:		
Depreciation		
Plant and equipment	(19,142)	(9,811)
Amortisation		
Software	(14,561)	(40,244)
Total depreciation and amortisation	(33,703)	(50,055)
Post employment benefit plans - Superannuation contributions	(86,749)	(99,220)
Equity settled share based payments	(39,450)	(28,324)
	(126,199)	(127,544)
Operating lease payments		
Office lease	(64,221)	(69,066)

Note 7. Income tax expense

	Consolidated	
	2014	**2013**
	$	**$**
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(1,289,942)	(2,033,105)
Tax at the statutory tax rate of 30%	(386,983)	(609,932)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Entertainment expenses	952	2,366
Share-based payments	11,385	8,497
Donation	-	75
Share of Joint venture losses	(810,935)	(783,508)
Gain on Disposal of 50.1% of Permit VIC/P57	-	4,041,900
Previously unrecognised DTA now brought to account	1,185,581	(2,659,398)
Income tax expense	-	-

Petroleum Resource Rent Tax

Petroleum Resource Rent Tax (PRRT) applies to petroleum projects in Australian onshore and offshore areas under the Petroleum Resource Rent Tax Assessment Act 1987. PRRT is assessed on a project basis or production licence area and is levied on the taxable profits of a petroleum project at a rate of 40%. Production license VIC/L31 has been registered at a project for PRRT purposes. Eligible expenditure incurred in relation to the production license VIC/L31 and permits VIC/P57 and T49P, attach to the permit and can be carried forward. Certain specified undeducted expenditure is eligible for annual compounding at set rates. The compound amount can be deducted against assessable receipts in future years.

The consolidated entity has undeducted expenditure across its license/permits of $59M at 30 June 2014 (2013: $46M). As compounding occurs annually on 1 July, the compounded amount at 1 July 2014 is estimated at $61M (1 July 2013: $54M).

The Company has not recognised a deferred tax asset with respect to the carried forward undeducted expenditure.

	Consolidated	
	2014	**2013**
	$	**$**
Deferred tax assets not recognised		
Deferred tax assets not recognised comprises temporary differences attributable to:		
Tax Losses	2,582,792	5,800,878
Total deferred tax assets not recognised	2,582,792	5,800,878

The above potential tax benefit, which excludes tax losses, for deductible temporary differences has not been recognised in the statement of financial position as the recovery of this benefit is uncertain.

The taxation benefits of tax losses and temporary difference not brought to account will only be obtained if:

(i) the consolidated entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised;
(ii) the consolidated entity continues to comply with the conditions for deductibility imposed by law; and
(iii) no change in tax legislation adversely affects the company in realising the benefits from deducting the losses.

Note 8. Current assets - cash and cash equivalents

	Consolidated 2014 $	2013 $
Cash at bank	669,344	537,416
Cash on deposit	158,520	1,588,292
	827,864	2,125,708

Note 9. Current assets - trade and other receivables

	Consolidated 2014 $	2013 $
Trade receivables	319,556	511,103
Rent Receivable	-	1,594
Interest receivable	2,000	3,128
GST receivable	15,989	-
	337,545	515,825

Trade receivables represent reimbursement of labour costs and third party invoices by Carnarvon Hibiscus Pty Ltd.

The average credit period on trade and other receivables is 30 days. No interest is charged on the receivables. The consolidated entity has financial risk management policies in place to ensure that all receivables are received within the credit timeframe. Due to the short term nature of these receivables, their carrying value is assumed to be approximate to their fair value.

Note 10. Current assets - other

	Consolidated 2014 $	2013 $
Prepayments	57,994	60,424

Note 11. Non-current assets - property, plant and equipment

	Consolidated 2014 $	2013 $
Plant and equipment - at cost	123,169	105,429
Less: Accumulated depreciation	(98,007)	(78,864)
	25,162	26,565

Note 11. Non-current assets - property, plant and equipment (continued)

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

Consolidated	Plant & Equipment $	Total $
Balance at 1 July 2012	13,640	13,640
Additions	22,736	22,736
Depreciation expense	(9,811)	(9,811)
Balance at 30 June 2013	26,565	26,565
Additions	17,739	17,739
Depreciation expense	(19,142)	(19,142)
Balance at 30 June 2014	25,162	25,162

Note 12. Non-current assets - intangibles

	Consolidated	
	2014 $	**2013 $**
Software - at cost	153,586	153,586
Less: Accumulated amortisation	(153,586)	(139,025)
	-	14,561

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

Consolidated	Software $	Total $
Balance at 1 July 2012	52,736	52,736
Additions	2,069	2,069
Amortisation expense	(40,244)	(40,244)
Balance at 30 June 2013	14,561	14,561
Amortisation expense	(14,561)	(14,561)
Balance at 30 June 2014	-	-

Note 13. Non-current assets - exploration and evaluation

	Consolidated	
	2014 $	**2013 $**
Exploration and evaluation expenditure	24,902,640	20,632,631

Note 13. Non-current assets - exploration and evaluation (continued)

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

Consolidated	Exploration & Development Expenditure $	Total $
Balance at 1 July 2012	20,569,130	20,569,130
Expenditure during the year	1,693,796	1,693,796
Write off of assets	(43,444)	(43,444)
Reimbursement from Joint Venture	(1,586,851)	(1,586,851)
Balance at 30 June 2013	20,632,631	20,632,631
Expenditure during the year	5,849,870	5,849,870
Write off of assets	(81,216)	(81,216)
Reimbursement from Joint Venture	(1,498,645)	(1,498,645)
Balance at 30 June 2014	24,902,640	24,902,640

The recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Farm-outs — in the exploration and evaluation phase
The consolidated entity does not record any expenditure made by the farmee 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 farmee 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 14. Current liabilities - trade and other payables

	Consolidated	
	2014 **$**	**2013** **$**
Trade payables	3,089,592	346,697
GST Payable	-	7,878
Sundry payables and accrued expenses	333,379	179,210
	3,422,971	533,785

Refer to note 24 for further information on financial instruments.

The increase in trade payables as at 30 June 2014 from the previous corresponding year was a result of the increased development costs and cash calls from the joint venture received as at 30 June 2014.

Note 15. Current liabilities - borrowings

	Consolidated	
	2014 $	2013 $
Loan - Carnarvon Hibiscus	639,591	-

Refer to note 24 for further information on financial instruments.

On 13 May 2014 the consolidated entity announced that it had entered into a non-binding heads of agreement with Carnarvon Hibiscus Pty Ltd (CHPL), Athlea Corporation Limited and HiRex Petroleum Sdn Bhd (HIREX). Within one day of executing the heads of agreement, CHPL was required to transfer USD $600,000 to the consolidated entity for working capital purposes. These funds are repayable to the joint venture without interest within 8 months of signing the final agreements.

Note 16. Current liabilities - employee benefits

	Consolidated	
	2014 $	2013 $
Annual leave	49,118	62,879
Long service leave	51,894	-
	101,012	62,879

Note 17. Current liabilities - provisions

	Consolidated	
	2014 $	2013 $
Deferred lease incentives	9,540	5,783

Deferred lease incentives
The provision represents operating lease incentives received. The incentives are allocated to profit or loss in such a manner that the rent expense is recognised on a straight-line basis over the lease term.

Note 18. Current liabilities - other

	Consolidated	
	2014 $	2013 $
Deposits received	500,000	-

On 16 June 2014 the consolidated entity announced that it had entered into an agreement with Beach Energy Limited for the purchase of a 20% working interest of the consolidated entity's T/49P permit for a consideration of $3 million and a deposit of $500,000 was received during the financial year.

Note 19. Non-current liabilities - employee benefits

	Consolidated	
	2014 $	2013 $
Long service leave	24,637	59,781

Note 20. Non-current liabilities - provisions

	Consolidated	
	2014	2013
	$	$
Deferred lease incentives	5,728	15,268
Provision for well abandonment	500,000	500,000
	505,728	515,268

Provision for Well Abandonment
The provision for well abandonment represents the present value of director's best estimate for the costs to abandon the Wardie-1 Well. There is no current estimate of when any abandonment may take place in light of the recently agreed farm-in arrangement with Hibiscus Petroleum Berhad.

Note 21. Equity - issued capital

	Consolidated			
	2014 Shares	2013 Shares	2014 $	2013 $
Ordinary shares - fully paid	237,523,000	237,523,000	52,657,366	52,657,366

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 July 2012	206,560,000		50,620,867
Ordinary shares issued	8 January 2013	30,963,000	$0.07	2,043,558
Capital raising costs		-	$0.00	(7,059)
Balance	30 June 2013	237,523,000		52,657,366
Balance	30 June 2014	237,523,000		52,657,366

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.

Capital risk management
The company's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current parent entity's share price at the time of the investment. The company is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The capital risk management policy remains unchanged from the 30 June 2013 Annual Report.

Note 21. Equity - issued capital (continued)

Options

For further information in relation to unissued ordinary shares of 3D Oil Limited under option, refer to the Directors' report and Note 30.

Note 22. Equity - reserves

	Consolidated 2014 $	2013 $
Share-based payments reserve	98,562	66,395

Movements in reserves
Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Options Reserve $	Total $
Balance at 1 July 2012	78,645	78,645
Share based payments	28,324	28,324
Expiry of options	(40,574)	(40,574)
Balance at 30 June 2013	66,395	66,395
Share based payments	39,450	39,450
Expiry of options	(7,283)	(7,283)
Balance at 30 June 2014	98,562	98,562

Note 23. Equity - dividends

There were no dividends paid or declared during the current or previous financial year.

The consolidated entity does not have franking credits available for subsequent financial years.

Note 24. Financial instruments

Financial risk management objectives
The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses derivative financial instruments such as forward foreign exchange contracts to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the consolidated entity's operating units. Finance reports to the Board on a monthly basis.

Note 24. Financial instruments (continued)

Market risk

Foreign currency risk
The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

Price risk
The consolidated entity is not exposed to any significant price risk.

Interest rate risk
The consolidated entity's only exposure to interest rate risk is in relation to deposits held. Deposits are held with reputable banking financial institutions.

The tables below illustrate the impact on profit before tax based upon expected volatility of interest rates using market data and analysis forecasts.

	Basis points increase			Basis points decrease		
Consolidated - 2014	**Basis points change**	**Effect on profit before tax**	**Effect on equity**	**Basis points change**	**Effect on profit before tax**	**Effect on equity**
Cash at bank	50	4,139	4,139	50	(4,139)	(4,139)

	Basis points increase			Basis points decrease		
Consolidated - 2013	**Basis points change**	**Effect on profit before tax**	**Effect on equity**	**Basis points change**	**Effect on profit before tax**	**Effect on equity**
Cash at bank	50	10,629	10,629	50	(10,629)	(10,629)

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

Liquidity risk
Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Note 24. Financial instruments (continued)

Remaining contractual maturities
The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2014	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables	-%	3,422,971	-	-	-	3,422,971
Other loans	-%	639,591	-	-	-	639,591
Total non-derivatives		4,062,562	-	-	-	4,062,562

Consolidated - 2013	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables	-%	533,785	-	-	-	533,785
Total non-derivatives		533,785	-	-	-	533,785

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments
Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value. The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial instruments.

Note 25. Key management personnel disclosures

Directors
The following persons were directors of 3D Oil Limited during the financial year:

Mr Campbell Horsfall	Non-executive Chairman
Mr Noel Newell	Managing Director
Ms Melanie Leydin	Non-executive Director and Company Secretary
Ms Philippa Kelly	Non-executive Director (resigned 25 November 2013)
Mr Kenneth Pereira	Non-executive Director (resigned 3 July 2014)

Other key management personnel
The following person also had the authority and responsibility for planning, directing and controlling the major activities of the consolidated entity, directly or indirectly, during the financial year:

Mr Andrew Adams	Commercial and Exploration Manager

Note 25. Key management personnel disclosures (continued)

Compensation
The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated	
	2014 $	2013 $
Short-term employee benefits	958,810	630,379
Post-employment benefits	51,466	52,628
Long-term benefits	20,700	12,222
	1,030,976	695,229

Note 26. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Grant Thornton Audit Pty Ltd, the auditor of the company:

	Consolidated	
	2014 $	2013 $
Audit services - Grant Thornton Audit Pty Ltd		
Audit or review of the financial statements	47,400	43,000

Note 27. Contingent liabilities

In the financial year end period 30 June 2012 the consolidated entity received a tax refund in relation to R&D Tax Incentive of $695,894. The claim is currently undergoing the AusIndustry audit process. Any adjustment arising to claim the refund as a result of the audit may impact future cash flows.

There were no other contingent liabilities in existence at 30 June 2014.

Note 28. Commitments

	Consolidated	
	2014 $	2013 $
Operating Lease Commitments		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	88,146	88,146
One to four years	44,073	132,219
	132,219	220,365
Exploration Licenses - Commitments for Expenditure		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	12,000,000	18,400,000
One to five years	750,000	52,150,000
More than five years	-	20,000,000
	12,750,000	90,550,000

Note 28. Commitments (continued)

In order to maintain current rights of tenure to exploration tenements, the consolidated entity is required to outlay rentals and to meet the minimum expenditure requirements of the Mineral Resources Authority. Minimum expenditure commitments may be subject to renegotiation and with approval may otherwise be avoided by sale, farm out or relinquishment. These obligations are not provided in the accounts and are payable.

Note 29. Related party transactions

Parent entity
3D Oil Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 31.

Key management personnel
Disclosures relating to key management personnel are set out in note 25 and the remuneration report in the directors' report.

Transactions with related parties
There were no transactions with related parties during the current and previous financial year.

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

Note 30. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2014 **$**	**2013** **$**
Loss after income tax	(1,271,574)	(2,033,098)
Total comprehensive income	(1,271,574)	(2,033,098)

Note 30. Parent entity information (continued)

Statement of financial position

	Parent 2014 $	Parent 2013 $
Total current assets	1,223,391	2,701,945
Total assets	25,669,573	23,312,210
Total current liabilities	4,121,220	602,447
Total liabilities	4,703,479	1,113,992
Equity		
Issued capital	52,657,366	52,657,366
Share-based payments reserve	98,562	66,395
Accumulated losses	(31,789,834)	(30,525,543)
Total equity	20,966,094	22,198,218

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2013 and 30 June 2014.

Contingent liabilities
In the financial year end period 30 June 2012 the consolidated entity received a tax refund in relation to R&D Tax Incentive of $695,894. The claim is currently undergoing the AusIndustry audit process. Any adjustment arising to claim the refund as a result of the audit may impact future cash flows.

The parent entity had no other contingent liabilities as at 30 June 2013 and 30 June 2014.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment at as 30 June 2013 and 30 June 2014.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 2, except for the following:
- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 31. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiary in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest 2014 %	Ownership interest 2013 %
3D Oil T49P Pty Ltd *	Australia	100.00%	100.00%

* Incorporated 27 May 2013

Note 32. Events after the reporting period

On 7 July 2014 the consolidated entity announced that it had executed binding agreements with Carnarvon Hibiscus Pty Ltd (CHPL), Althea Corporation Limited, and HiRex Petroleum Sdn Bhd (HIREX) in relation to the restructuring of the funding and ownership of its interest in offshore Gippsland Basin tenements VIC/P57 and VIC/L31.

Key points of the binding agreements are as follows:
- CHPL to pay TDO US$7.5 million for the Company's interest in the Britannia Rig and a 5% interest in VIC/P57.
- The proceeds will be used to meet Year 3 funding commitments for VIC/P57.
- US$2 million will be paid in advance to TDO to assist with short term funding.
- US$1.94 million of funding owing to the Operator of the VIC/L31 JV will be offset against a transfer to CHPL of a 6.07% interest in VIC/L31.
- An option has been granted to CHPL to purchase the remaining 43.83% interest in VIC/L31 at fair market value, which has been deemed to be $14.05 million.
- An option has been granted to HIREX to earn a 20% interest in VIC/P57. Under the HiRex Farmin Agreement, HIREX has been granted the option to earn a 20% interest in VIC/P57 directly from the Company in return for the provision of data analysis for VIC/P57 using the HIREX virtual drilling technology. The option to farm-in is exercisable within 1 month following receipt of all conditions precedent to the agreements.
- As CHPL is a substantial holder of the consolidated entity for the purposes of ASX Listing Rule 10.1, Shareholder approval was required to be obtained to complete the matters set out in the transaction documents. The consolidated entity held a general meeting of shareholders on 11 August 2014 and shareholders approved the transaction.

On 18 August 2014 the consolidated entity announced that it received notice from CHPL exercising its option to acquire the VIC/L31 remaining interest from the consolidated entity for a consideration of US$14.05 million.

On 21 August 2014 the consolidated entity announced completion of the sale of a 20% working interest in the T/49P exploration permit to Beach Energy Limited and the remaining $2.5 million of the $3 million purchase price was received.

No other matter or circumstance has arisen since 30 June 2014 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 33. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	2014 $	2013 $
Loss after income tax expense for the year	(1,289,942)	(2,033,105)
Adjustments for:		
Depreciation and amortisation	33,703	50,055
Share-based payments	39,450	28,324
Foreign exchange differences	5,714	1,403
Exploration costs written off	81,216	43,444
Change in operating assets and liabilities:		
Decrease in trade and other receivables	156,370	730,708
Decrease/(increase) in prepayments	(4,320)	3,294
Increase in trade and other payables	647,841	75,694
Increase/(decrease) in other provisions	(76,851)	49,547
Net cash used in operating activities	(406,819)	(1,050,636)

Note 34. Earnings per share

	Consolidated 2014 $	Consolidated 2013 $
Loss after income tax attributable to the owners of 3D Oil Limited	(1,289,942)	(2,033,105)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	237,523,000	221,235,614
Weighted average number of ordinary shares used in calculating diluted earnings per share	237,523,000	221,235,614
	Cents	**Cents**
Basic earnings per share	(0.54)	(0.92)
Diluted earnings per share	(0.54)	(0.92)

The rights to options held by option holders have not been included in the weighted average number of ordinary shares for the purposes of calculating diluted earnings per share as they do not meet the requirements for inclusion in AASB 133 "Earnings per Share". The rights to options are non-dilutive as the consolidated entity has generated a loss for the financial year. The total number of options not included in the calculation of dilutive earnings per share were 1,873,000 options.

Note 35. Share-based payments

Set out below are summaries of options granted under the plan:

2014

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
27/08/2009	30/06/2014	$0.25	64,000	-	-	(64,000)	-
02/06/2010	30/11/2014	$0.40	150,000	-	-	-	150,000
24/01/2011	31/01/2015	$0.40	200,000	-	-	-	200,000
07/10/2011	07/10/2015	$0.18	78,000	-	-	-	78,000
15/12/2012	30/11/2015	$0.16	595,000	-	-	(100,000)	495,000
02/09/2013	30/11/2016	$0.11	-	300,000	-	-	300,000
06/12/2013	29/11/2016	$0.12	-	250,000	-	-	250,000
			1,087,000	550,000	-	(164,000)	1,473,000

Shares are awarded to executives from time to time based on long-term incentive measures. These include the increase in shareholders value relative to the entire market and the increase compared to the consolidated entity's direct competitors.

2013

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
27/08/2009	30/06/2014	$0.25	64,000	-	-	-	64,000
02/06/2010	30/11/2014	$0.40	265,000	-	-	(265,000)	-
02/06/2010	30/11/2014	$0.40	150,000	-	-	-	150,000
02/06/2010	30/11/2014	$0.40	200,000	-	-	(200,000)	-
24/01/2011	31/01/2015	$0.40	200,000	-	-	-	200,000
07/10/2011	07/10/2015	$0.18	554,700	-	-	(476,700)	78,000
15/12/2012	30/11/2015	$0.16	595,000	-	-	-	595,000
			2,028,700	-	-	(941,700)	1,087,000

Note 35. Share-based payments (continued)

For the options on issue during the previous and current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
27/08/2009	30/06/2014	$0.19	$0.25	0.80%	-%	0.05%	$0.049
27/08/2009	30/06/2014	$0.19	$0.25	0.80%	-%	0.05%	$0.440
02/06/2010	30/11/2014	$0.19	$0.40	0.80%	-%	0.05%	$0.083
02/06/2010	30/11/2014	$0.19	$0.40	0.80%	-%	0.05%	$0.076
02/06/2010	30/11/2014	$0.19	$0.40	0.80%	-%	0.05%	$0.083
24/01/2011	31/01/2015	$0.25	$0.40	0.80%	-%	0.05%	$0.931
07/10/2011	07/10/2015	$0.14	$0.18	1.00%	-%	0.04%	$0.090
15/12/2012	30/11/2015	$0.14	$0.16	1.00%	-%	0.04%	$0.045
02/09/2013	30/11/2016	$0.09	$0.11	1.00%	-%	0.40%	$0.069
06/12/2013	29/11/2016	$0.09	$0.12	1.00%	-%	0.40%	$0.075

3D Oil Limited
Directors' declaration
30 June 2014

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;

- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the financial 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.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Noel Newell
Managing Director

30 September 2014
Melbourne

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Independent Auditor's Report
To the Members of 3D Oil Limited

Report on the financial report

We have audited the accompanying financial report of 3D Oil Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2014, 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 year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

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In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

Auditor's opinion
In our opinion:

a the financial report of 3D Oil Limited is in accordance with the Corporations Act 2001, including:

  i giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

  ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and

b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Report on the remuneration report
We have audited the remuneration report included in pages 21 to 26 of the directors' report for the year ended 30 June 2014. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion on the remuneration report
In our opinion, the remuneration report of 3D Oil Limited for the year ended 30 June 2014, complies with section 300A of the Corporations Act 2001.

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GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

B.A. Mackenzie
Partner - Audit & Assurance

Melbourne, 30 September 2014

3D Oil Limited
Corporate Governance Statement
30 June 2014

The Board of Directors ('the Board') of 3D Oil Limited (the 'company') is responsible for the corporate governance of the consolidated entity. The Board guides and monitors the business and affairs of the company on behalf of the shareholders by whom they are elected and to whom they are accountable.

The table below summarises the company's compliance with the ASX Corporate Governance Council's Revised Principles and Recommendations.

Principles and Recommendations		**Compliance**	**Comply**
Principle 1 – Lay solid foundations for management and oversight			
1.1	Establish the functions reserved to the Board and those delegated to manage and disclose those functions.	The Board is responsible for the overall corporate governance of the company. The Board has adopted a Board charter that formalises its roles and responsibilities and defines the matters that are reserved for the Board and specific matters that are delegated to management. The Board has adopted a Delegations of Authority that sets limits of authority for senior executives. On appointment of a director, the company issues a letter of appointment setting out the terms and conditions of appointment to the Board.	Complies.
1.2	Disclose the process for evaluating the performance of senior executives.	The Board meets annually to review the performance of executives. The senior executives' performance is assessed against performance of the Company as a whole.	Complies.
1.3	Provide the information indicated in *Guide to reporting on Principle 1.*	A Board charter has been disclosed on the company's website and is summarised in this Corporate Governance Statement. A performance evaluation process is included in the Board Charter, which has been disclosed on the company's website and is summarised in this Corporate Governance Statement. The Board conducted a performance evaluation for senior executives at June 2012 in accordance with the process above.	Complies. Complies. Complies.
Principle 2 – Structure the Board to add value			
2.1	A majority of the Board should be independent directors.	The majority of the Board's directors are not independent directors of the company. Mr Campbell Horsfall is an independent Non-Executive Director and Chairman. Ms Melanie Leydin is a Non-Executive Director. Mr Noel Newell is an Executive Director.	Does not comply. Whilst the Board recognises that it is desirable for the majority of the Board to be Independent Directors, the Board believes that the current Board is reflective of the structure of the business at the present time. The Board will review the appointment of further Independent Directors should

Principles and Recommendations		**Compliance**	**Comply**
			the Company's size, growth and structure warrant this.
2.2	The chair should be an independent director.	Mr Campbell Horsfall is the Chairman and is an independent Non-Executive Director.	Complies.
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	Mr Campbell Horsfall is the Chairman and Mr Noel Newell the Executive Director.	Complies.
2.4	The Board should establish a nomination committee.	The company has established a Nomination and Remuneration Committee. The Board has undertaken a review of the mix of skills and experience on the Board in light of the company's principal activities and direction, and has considered diversity in succession planning. The Board considers the current mix of skills and experience of members of the Board and its senior management is sufficient to meet the requirements of the company. The Board supports the nomination and re-election of the directors at the company's forthcoming Annual General Meeting.	Complies
2.5	Disclose the process for evaluating the performance of the Board, its committees and individual directors.	The company conducts the process for evaluating the performance of the Board, its committees and individual directors as outlined in the Board Charter which is available on the company's website. The Board's induction program provides incoming directors with information that will enable them to carry out their duties in the best interests of the company. This includes supporting ongoing education of directors for the benefit of the company.	Complies.
2.6	Provide the information indicated in the *Guide to reporting on Principle 2.*	This information has been disclosed (where applicable) in the directors' report attached to this Corporate Governance Statement. Mr Campbell Horsfall is an independent directors of the company. A director is considered independent when he substantially satisfies the test for independence as set out in the ASX Corporate Governance Recommendations. Members of the Board are able to take independent professional advice at the expense of the company. Mr Campbell Horsfall, Non-Executive Chairman, was appointed to the Board in January 2009.	Complies. Complies

Principles and Recommendations		**Compliance**	**Comply**
		Mr Noel Newell, Executive Director and Chief Executive Officer, was appointed to the Board at incorporation of the Company. Ms Melanie Leydin, Non-Executive Director, was appointed to the Board in January 2009. The Board has undertaken a review of the mix of skills and experience on the Board in light of the company's principal activities and direction, and has considered diversity in succession planning. The Board considers the current mix of skills and experience of members of the Board and its senior management is sufficient to meet the requirements of the company. In accordance with the information suggested in *Guide to Reporting on Principle 2*, the company has disclosed full details of its directors in the director's report attached to this Corporate Governance Statement. Other disclosure material on the Structure of the Board has been made available on the company's website.	
Principle 3 – Promote ethical and responsible decision making			
3.1	Establish a code of conduct and disclose the code or a summary of the code.	The Board has adopted a code of conduct. The code establishes a clear set of values that emphasise a culture encompassing strong corporate governance, sound business practices and good ethical conduct. The code is available on the company's website.	Complies.
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the Board to establish measurable objectives for achieving gender diversity and for the Board to assess annually both the objectives and progress in achieving them.	The Board has undertaken a review of the mix of skills and experience on the Board in light of the company's principal activities and direction. The Board has prepared a Diversity Policy that considers the benefits of diversity, ways to promote a culture of diversity, factors to be taken into account in the selection process of candidates for Board and senior management positions in the company, education programs to develop skills and experience in preparation for Board and senior management positions, processes to include review and appointment of directors, and identify key measurable diversity performance objectives for the Board, CEO and senior management.	Complies.
3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and	The company will report in each annual report the measurable objectives for achieving gender diversity set by the Board.	Complies.

Principles and Recommendations		**Compliance**	**Comply**
	progress towards achieving them.		
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	The company will report, where appropriate, the proportion of women employees and their positions held within the company. The current composition of the board is 3 Directors of which 1 is female. The proportion of females in the company is 20% being 2 out of a total of 10 employees.	Complies
3.5	Provide the information indicated in *Guide to reporting on Principle 3.*	This information is available on the Company's website.	Complies
Principle 4 – Safeguard integrity in financial reporting			
4.1	The Board should establish an audit committee.	The Board has established an audit and risk committee which operates under an audit and risk committee charter to focus on issues relevant to the integrity of the company's financial reporting.	Complies.
4.2	The audit committee should be structured so that it consists of only non-executive directors, a majority of independent directors, is chaired by an independent chair who is not chair of the Board and have at least 3 members.	Members of the audit and risk committee are Ms Melanie Leydin (Chair) and Mr Campbell Horsfall. Ms Melanie Leydin is a Non-Executive Director and is not chair of the Board. The committee consists of two non-executive directors.	Complies
4.3	The audit committee should have a formal charter.	The Board has adopted an audit and risk charter. This charter is available on the company's website.	Complies.
4.4	Provide the information indicated in *Guide to reporting on Principle 4.*	In accordance with the information suggested in *Guide to Reporting on Principle 2,* this has been disclosed in the directors' report attached to this Corporate Governance Statement and is summarised in this Corporate Governance Statement. The members of the audit and risk committee are appointed by the Board and recommendations from the committee are presented to the Board for further discussion and resolution. The audit and risk committee held two meetings during the period to the date of the directors' report and will meet at least twice per	Complies.

Principles and Recommendations		**Compliance**	**Comply**
		annum. The audit and risk charter, and information on procedures for the selection and appointment of the external auditor, and for the rotation of external audit engagement partners (which is determined by the audit committee), is available on the company's website.	
Principle 5 – Make timely and balanced disclosure			
5.1	Establish written policies designed to ensure compliance with ASX Listing Rules disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	The company has adopted a continuous disclosure policy, to ensure that it complies with the continuous disclosure regime under the ASX Listing Rules and the Corporations Act 2001. This policy is available on the company's website.	Complies.
5.2	Provide the information indicated in the *Guide to reporting on Principle 5.*	The company's continuous disclosure policy is available on the company's website.	Complies.
Principle 6 – Respect the rights of shareholders			
6.1	Design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose that policy or a summary of that policy.	The company has adopted a shareholder communications policy. The company uses its website (www.3doil.com.au), annual report, market announcements, media disclosures and webcasting to communicate with its shareholders, as well as encourages participation at general meetings. This policy is available on the company's website.	Complies.
6.2	Provide the information indicated in the *Guide to reporting on Principle 6.*	The company's shareholder communications policy is available on the company's website.	Complies.
Principle 7 – Recognise and manage risk			
7.1	Establish policies for the oversight and management of material business risks and disclose a summary of these policies.	The company has adopted a risk management statement within the audit and risk committee charter. The audit and risk committee is responsible for managing risk; however, ultimate responsibility for risk oversight and risk management rests with the Board. The audit and risk charter is available on the company's website and is summarised in this	Complies.

Principles and Recommendations		**Compliance**	**Comply**
		Corporate Governance Statement.	
7.2	The Board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	The Board believes the risk management and internal control systems designed and implemented by the Directors and the Financial Officer are adequate given the size and nature of the Company's activities. The Board informally reviews and requests management internal control.	Management has not formally reported to the Board as to the effectiveness of the Company's management of its material business risks. Given the nature and size of the Company and the Board's ultimate responsibility to manage the risks of the Company this is not considered critical. The Company intends to develop the risk reporting framework into a detailed policy as its operations continue to grow.
7.3	The Board should disclose whether it has received assurance from the chief executive officer and chief financial officer that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating efficiently and effectively in all material respects in relation to the financial reporting risks.	The Board has received a statement from the chief executive officer and company secretary that the declaration provided in accordance with section 295A of the Corporations Act 2001 is founded on a sound system of risk management and internal control and that the system is operating efficiently and effectively in all material respects in relation to the financial reporting risks.	Complies.
7.4	Provide the information indicated in *Guide to reporting on Principle 7.*	The Board has adopted an audit and risk charter which includes a statement of the company's risk policies. This charter is available on the company's website and is summarised in this Corporate Governance Statement. The company has identified key risks within the business and has received a statement of assurance from the chief executive officer and chief financial officer.	Complies.

Principle 8 – Remunerate fairly and responsibly			
8.1	The Board should establish a remuneration committee.	The Board has established a Nomination and Remuneration Committee and has adopted a remuneration charter. The remuneration committee: ▪ consists of a majority of independent directors Mr Campbell Horsfall and Ms Melanie Leydin; ▪ is chaired by Ms Melanie Leydin, ▪ has two members	Does not comply. The size of the Company's board does not allow the recommended number of 3 members for this committee.
8.2	Clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	The company complies with the guidelines for executive remuneration packages and non-executive director remuneration. No senior executive is involved directly in deciding their own remuneration.	Complies.
8.3	Provide the information indicated in *the Guide to reporting on Principle 8.*	The Board has adopted a Nomination and Remuneration Committee charter. The company does not have any schemes for retirement benefits other than superannuation for non-executive directors.	Complies.

3D Oil Limited's corporate governance practices were in place for the financial year ended 30 June 2014 and to the date of signing the directors' report.

Various corporate governance practices are discussed within this statement. For further information on corporate governance policies adopted by 3D Oil Limited, refer to our website: www.3doil.com.au

3D Oil Limited
Shareholder information
30 June 2014

The shareholder information set out below was applicable as at 24 September 2014.

Distribution of equitable securities
Analysis of number of equitable security holders by size of holding:

	Number of holders of ordinary shares
1 to 1,000	34
1,001 to 5,000	135
5,001 to 10,000	146
10,001 to 100,000	439
100,001 and over	168
	922
Holding less than a marketable parcel	186

Equity security holders

Twenty largest quoted equity security holders
The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
Noel Newell (Newell Family A/C)	36,661,450	15.43
Oceania Hibiscus SDN BHD	30,963,000	13.04
Nefco Nominees Pty Ltd	16,007,851	6.74
H Louey Pang & Co Pty Ltd (Demaria Family A/C)	11,550,000	4.86
National Nominees Limited	11,234,549	4.73
Fugro Multi Client Services Pty Ltd	6,475,000	2.73
Bill Hopper	6,475,000	2.73
Pand JR Pty Ltd (John Demaria Family A/C)	4,865,201	2.05
Citicorp Nominees Pty Limited	4,709,283	1.98
DMG & Partners Securities Pte Ltd (Superannuation Fund A/C)	4,320,178	1.82
Pengold Pty Ltd (Pengold Super Fund A/C)	3,695,000	1.56
J K Demaria Pty Ltd	3,556,576	1.50
Andrew Paterson	3,237,500	1.36
Vobe Resources Pty Ltd (Superannuation A/C)	3,194,099	1.34
Noel Mainwaring	3,050,000	1.28
Mr Giovanni Monteleone + Mrs Frances Monteleone	3,000,000	1.26
Vin Naidu + Wendy Naidu	2,837,500	1.19
Mr Joseph Hannah	2,643,200	1.11
Mr Russell Barwick	2,500,000	1.05
Eilie Sunshine Pty Ltd (Eilie Sunshine Superfund A/C)	2,500,000	1.05
	163,475,387	68.81

Unquoted equity securities

	Number on issue	Number of holders
Options over ordinary shares issued	1,873,000	5

Substantial holders

Substantial holders in the company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
Noel Newell (Newell Family A/C)	36,661,450	15.43
Oceania Hibiscus SDN BHD	30,963,000	13.04
Nefco Nominees Pty Ltd	16,007,851	6.74

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares
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.

There are no other classes of equity securities.