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## 3D Oil Limited

### QUARTERLY ACTIVITIES REPORT FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2014

#### Key Points

- **Agreements signed with Hibiscus Petroleum regarding VIC/P57 and West Seahorse (WSH)**
- **Shareholders approve the above Transaction and 3D Oil to receive a further US\$ 14 million.**
- **3D Oil, with its JV partner Beach, contract a seismic vessel to acquire data in T/49P commencing in November**

#### Exploration

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

Following the announcement on 16 June 2014 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. The deal was completed and payment made on 21 August 2014. TDO 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.

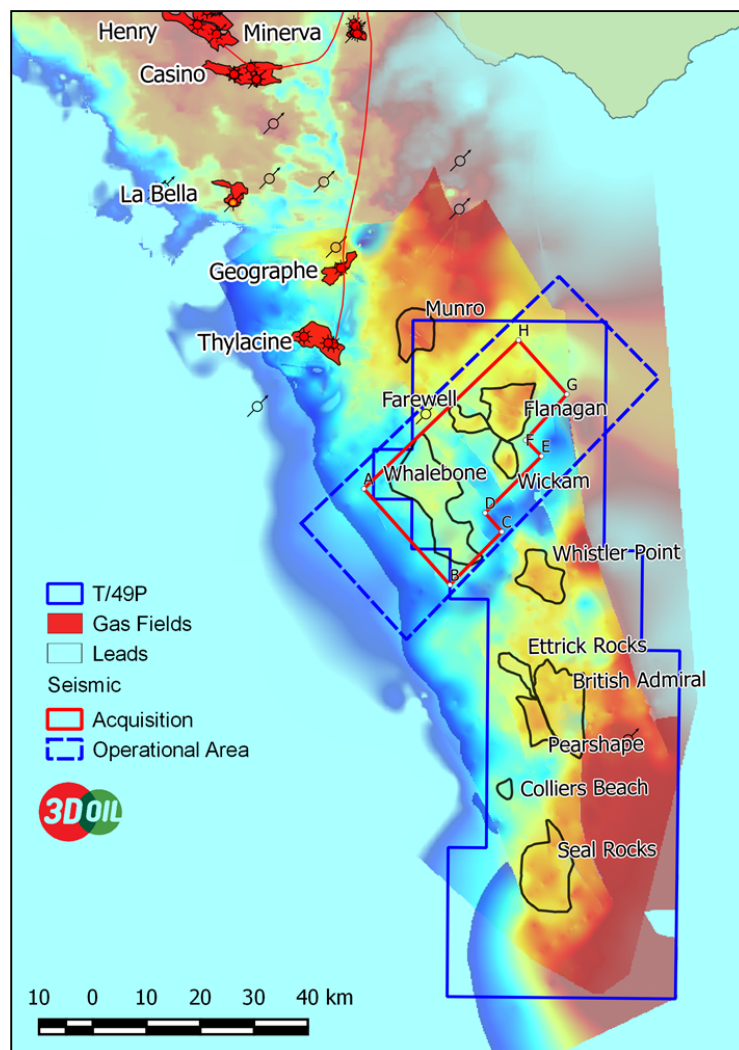
T/49P is considered highly prospective for gas and is located offshore in the Otway Basin in Tasmanian waters west of King Island proximal to existing offshore gas infrastructure. The T/49P permit covers an area of 4,960 km<sup>2</sup> in water depths generally no greater than 100m. The permit is lightly explored covered by a broad grid of 2D seismic data of varying vintages

and has two early exploration wells. 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.

The T/49P joint venture is planning to initiate its exploration programme with the acquisition of at least 755 km<sup>2</sup> of 3D seismic. This Flanagan marine seismic survey is scheduled to commence in November 2014.

The Environment Plan for the Flanagan survey, submitted to NOPSEMA on 5 June 2014, was approved on 30 July 2014. The Flanagan survey is the major commitment in the primary term of the permit.

TDO has contracted the Polarcus Asima to acquire the Flanagan 3D seismic survey in the T/49P Permit offshore in the Otway Basin. The Asima is a modern high-specification vessel and acquisition is expected to commence during November 2014. The mobilisation cost of the Asima will be shared with Origin Energy who will record a separate survey with the vessel prior to TDO. A cost sharing agreement with Origin was executed on 25 September 2014.



*T49/P Location map*



*Polarcus Asima docked in Melbourne*

### ***VIC/P57 and VIC/L31, Gippsland Basin, offshore Victoria***

On 4 July 2014 3D Oil (ASX:TDO) signed binding agreements with with Carnarvon Hibiscus Pty Ltd (CHPL), Althea Corporation Limited, and HiRex Petroleum Sdn Bhd (HIREX) formalizing the provisions of the HOA announced on 13 May 2014.

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.

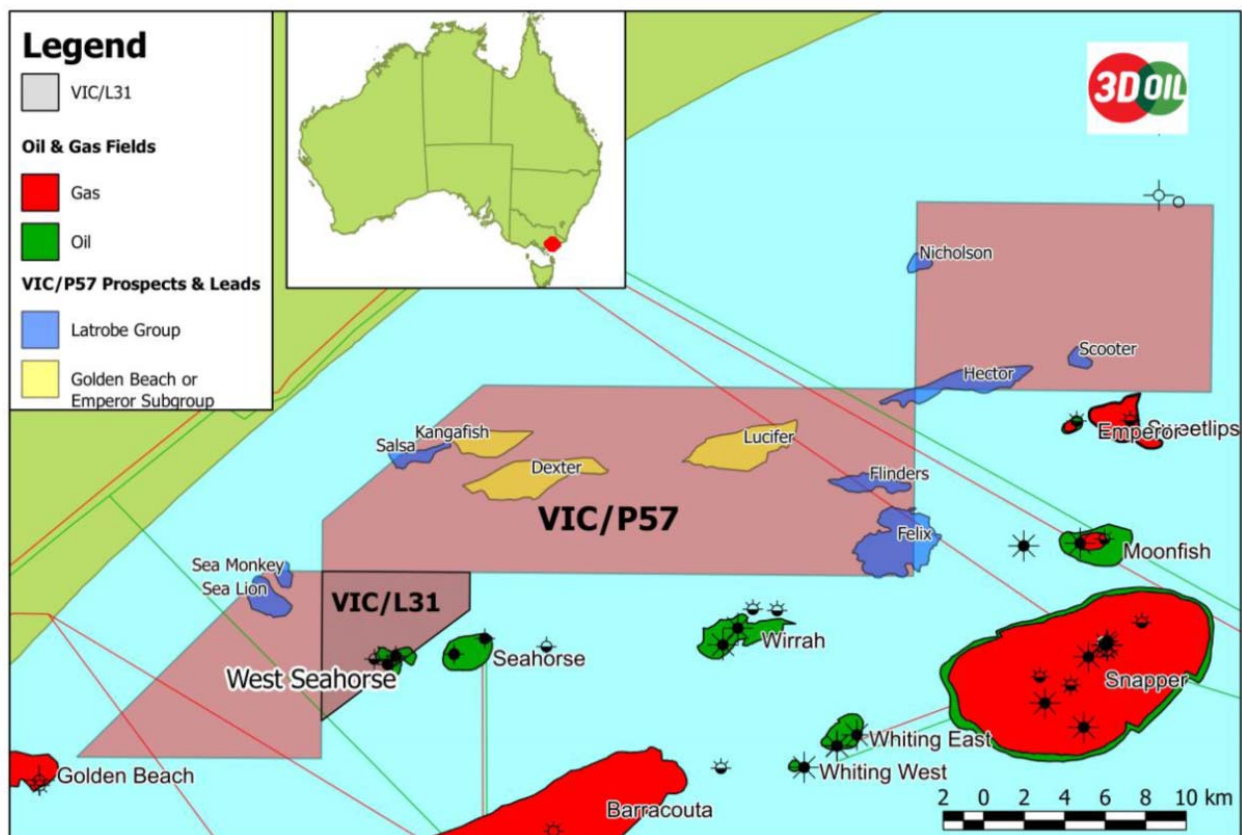
On 11 August 2014 shareholders approved two resolutions in relation to the Transaction at an Extraordinary General Meeting effectively binding the agreements.

On 18 August 2014 TDO announced that pursuant to the VIC/L31 Option Deed CHPL had exercised the VIC/L31 Option to acquire the VIC/L31 Remaining Interest from 3D Oil Limited for a consideration of USD14.05 million.

The payment of the VIC/L31 Option Consideration and the completion of the acquisition of the VIC/L31 Remaining Interest (together with the completion of VIC/L31 Sale Interest pursuant to the VIC/L31 SPA) will be effected subsequent to the relevant approvals being obtained from NOPTA which were received on 20 October 2014. Receipt of the US\$14.05 million is expected in late October.

HiRex has until 20 November 2014 to exercise its option to acquire a 20% interest in VIC/P57.

These transactions not only secure the Company's financial position but provide funding for a 25% interest in the highly prospective Sea Lion near field exploration well (VIC/P57) which is scheduled for drilling in April 2015. Sea Lion is an exciting prospect on a proven trend, and represents one of the last undrilled 4-way dip closures at the prolific 'Top Latrobe' level in the Gippsland Basin.



*Location map showing the VIC/P57 Exploration Permit and the West Seahorse Production Licence VIC/L31*

## Corporate Matters

Dr Kenneth Pereira resigned as a non-executive director of the Company on 3 July 2014. On 1 October 2014 TDO advised that Mr Leo De Maria had been appointed as a non-executive Director of 3D Oil Limited.

Leo is a Chartered Accountant with extensive experience in company management, financial management, mergers and acquisitions and risk management.

## TDO Petroleum Tenement Holdings

Note that TDO's interests in each of VIC/P57 and VIC/L31 are subject to transactions pending completion as detailed above. As at 30 September 2014, TDO petroleum tenement holdings were:

<b>Tenement and Location</b>	<b>TDO beneficial interest at 30Jun14</b>	<b>Beneficial interest acquired / (disposed)</b>	<b>TDO beneficial interest at 30Sep14</b>
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%	(20%)	80%

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

3D OIL LIMITED

ABN

40 105 597 279

Quarter ended (öcurrent quarterö)

30 September 2014

### Consolidated statement of cash flows

<b>Cash flows related to operating activities</b>		Current quarter \$A	Year to date (3 months) \$A
1.1	Receipts from product sales and related debtors	6,921	6,921
1.2	Payments for		
	(a) exploration and evaluation (net of refunds)	(1,825,313)	(1,825,313)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(524,217)	(524,217)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	9,979	9,979
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	R&D Tax Rebate	-	-
1.8	Refund of expenditure from Joint Venture	-	-
<b>Net Operating Cash Flows</b>		<b>(2,332,629)</b>	<b>(2,332,629)</b>
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of:		
	(a)prospects/farmins	-	-
	(b)equity investments	-	-
	(c) other fixed assets	-	-
1.9	Proceeds from sale of:		
	(a)prospects/farmin	2,500,000	2,500,000
	(b)equity investments	-	-
	(c)other fixed assets	1,489,695	1,489,695
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
<b>Net investing cash flows</b>		<b>3,989,695</b>	<b>3,989,695</b>
1.13	Total operating and investing cash flows (carried forward)	<b>1,657,065</b>	<b>1,657,065</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	<b>1,657,065</b>	<b>1,657,065</b>
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other	-	-
	<b>Net financing cash flows</b>	-	-
	<b>Net increase (decrease) in cash held</b>	<b>1,657,065</b>	<b>1,657,065</b>
1.20	Cash at beginning of quarter/year to date	827,853	827,853
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	<b>2,484,918</b>	<b>2,484,918</b>

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

	Current quarter \$A
1.23 Aggregate amount of payments to the parties included in item 1.2	275,677
1.24 Aggregate amount of loans to the parties included in item 1.10	-
1.25 Explanation necessary for an understanding of the transactions	
Director's fees and salaries paid to directors during the September 2014 quarter.	

**Non-cash financing and investing activities**

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

During the quarter the Company settled approximately \$2.2 million owing to the Operator of Vic/L31 in consideration for the transfer of 6.07% interest in VIC/L31. The transfer of interest received NOPTA approval in October 2104

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

+ See chapter 19 for defined terms.

### Financing facilities available

*Add notes as necessary for an understanding of the position.*

	Amount available \$A000	Amount used \$A000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

### Estimated cash outflows for next quarter

	\$A000
4.1 Exploration and evaluation	9,000
4.2 Development	-
4.3 Production	-
4.4 Administration	600
<b>Total</b>	<b>1,800</b>

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A000	Previous quarter \$A000
5.1 Cash on hand and at bank	2,325	2,325
5.2 Deposits at call	113	113
5.3 Bank overdraft	-	-
5.4 Other 6 Bank Guarantee	47	47
<b>Total: Cash at end of quarter (item 1.22)</b>	<b>2,485</b>	<b>2,485</b>

### Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	T/49P Offshore Otway Basin, Tasmania	Sale of 20% interest to Beach energy.	100%	80%
6.2 Interests in mining tenements acquired or increased	-	-	-	-

+ See chapter 19 for defined terms.



**Appendix 5B**  
**Mining exploration entity quarterly report**

**Issued and quoted securities at end of current quarter**

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

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	<b>Preference securities</b> <i>(description)</i>	-	-	-	-
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3	<b>+Ordinary securities</b>	237,523,000	237,523,000	-	-
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs (c) Released from ASX restriction	- - -	- - -	- - -	- - -
7.5	<b>+Convertible debt securities</b> <i>(description)</i>	-	-	-	-
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	- -	- -	- -	- -
7.7	<b>Options</b> <i>(description and conversion factor)</i>	200,000 150,000 78,000 595,000 300,000 250,000 400,000	- - - - - - -	<i>Exercise price</i> \$0.40 \$0.18 \$0.18 \$0.16 \$0.11 \$0.12 \$0.08	<i>Expiry date</i> 31 January 2015 30 November 2014 07 October 2015 30 November 2015 30 November 2016 29 November 2016 30 November 2017
7.8	Issued during quarter	400,000	-	\$0..08	30 November 2017
7.9	Exercised during quarter	-	-	-	-
7.10	Expired/lapsed during quarter	-	-	-	-
317.1 1	<b>Debentures</b> <i>(totals only)</i>	-	-	-	-
7.12	<b>Unsecured notes</b> <i>(totals only)</i>	-	-	-	-

+ See chapter 19 for defined terms.

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:



Date: 30 September 2014

Director and Company Secretary

Print name: MELANIE LEYDIN

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The Nature of interest (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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