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3D Oil Limited

QUARTERLY ACTIVITIES REPORT FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2015

Key Points

- Commenced drilling the Sea Lion-1 exploration well in Vic/P57, targeting 11mmbbl of oil (recoverable Best Estimate Prospective Resource).
- New 3D seismic data in T/49P results released – Prospective Resource Estimates as follows;
 - 6.82 TCF of gas in permit (recoverable Best Estimate Prospective Resource)
 - Drill-ready Flanagan Prospect 1.38 TCF of gas (recoverable Best Estimate Prospective Resource)

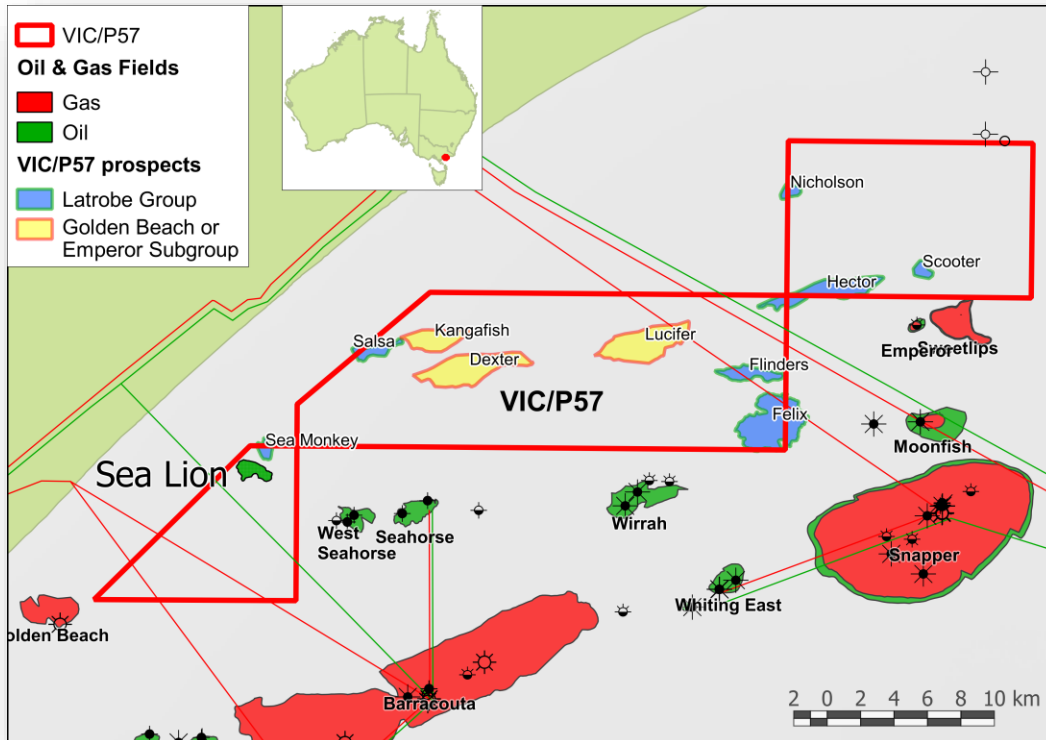
Exploration

VIC/P57, Gippsland Basin, offshore Victoria

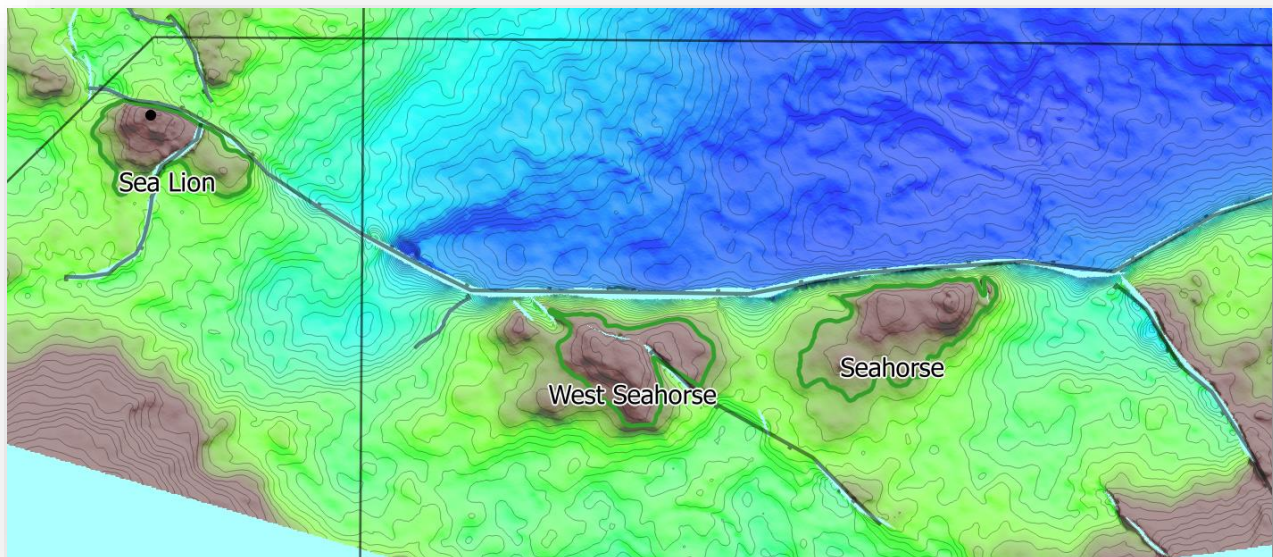
3D Oil Limited (ASX: 'TDO') has a 24.9% interest in the Vic/P57 exploration permit which contains the Sea Lion prospect plus a number of prospects and leads identified on 3D seismic.

The West Telesto jackup drilling rig arrived on the Sea Lion-1 location on 22 October 2015 and drilling commenced on 26 October 2015. Operations are scheduled for a total of approximately 3 to 4 weeks before the rig is released. In the event of an oil discovery, Sea Lion has been assessed to contain 11 million barrels of oil (Best Estimate Prospective resource).

TDO's share of well costs is being carried up to the extent of US\$7.5 million as part of an agreement with joint venture operator Carnarvon Hibiscus Pty Ltd ('CHPL') the wholly owned subsidiary of Hibiscus Petroleum.



Location map for VIC/P57



Structural map of Sea Lion

Sea Lion is considered highly prospective as it is on a proven oil-producing trend, and represents one of the last undrilled 4-way dip closures at the prolific 'Top Latrobe' level in the Gippsland Basin. The combination of prominent mapped depth structure and the likely presence of thick high quality reservoir sands overlain by the regional seal provides the ingredients of a high quality target.

An independent report has assessed the Sea Lion Best Estimate Prospective Resource at 11.0MMbbl of oil (combined probabilistic estimate for the three main target levels).

During the quarter, a suspension and extension of the current permit Year 3 was approved moving the year end to 9 January 2016. This will ensure that Sea Lion-1 well will be completed within Year 3, meeting the permit commitment.

TDO Managing Director Noel Newell commented:

“After a long wait for the rig, the drill bit is finally in the ground. Our hope is that Sea Lion-1 will create significant value for TDO shareholders, many of whom have been with us for a long time. While we know there are no guarantees in this business, we also know that Sea Lion is an excellent prospect. It is targeting world-class reservoirs on a proven oil fairway and is in close proximity to Hibiscus’ planned West Seahorse development. A discovery at Sea Lion could be transformational for TDO.”



West Telesto on Sea Lion-1 location

T/49P, Otway Basin, offshore Tasmania

In the T/49P permit TDO holds a 70% interest and operatorship in joint venture with Beach Energy (30%). The permit is now in Year 3 having met the Year 2 permit commitment with the acquisition and processing of the Flanagan 3D seismic survey.

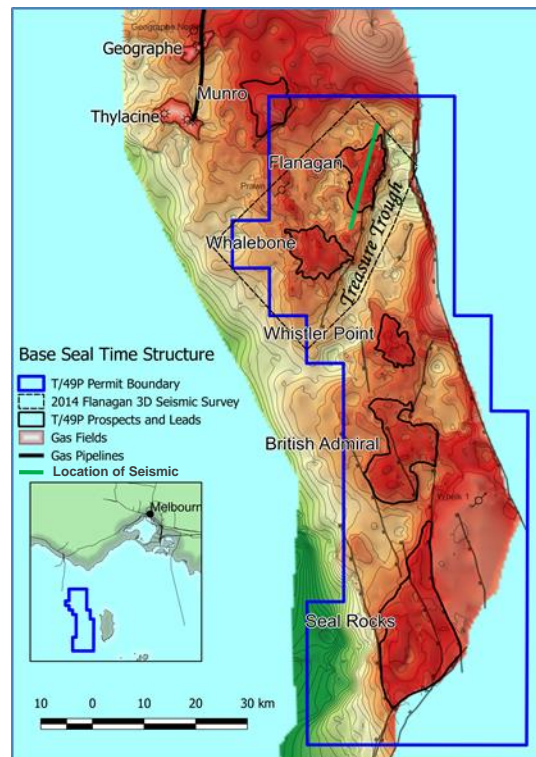
On 22 October 2015 TDO released an updated preliminary resource assessment incorporating the results of the company's 2014 Flanagan 3D seismic survey in the northern area of the permit.

TDO's view of the potential for this permit has been strongly supported by the new seismic data which provides significantly greater detail of the geology. Good indications of reservoir and seal units analogous to the neighbouring Thylacine and Geographe fields are evident from the data.

Two major structural features, Flanagan and Whalebone, which had previously been identified from a broad grid of 2D seismic, have been confirmed within the 3D area.

The Flanagan structure is a ready to drill prospect and is considered to be an analogue, albeit larger, to the adjacent Thylacine gas field. Flanagan's Best Estimate Prospective Resources are currently estimated at 1.38 TCF (Trillion cubic feet) recoverable gas. At production start-up Thylacine and Geographe combined were expected to produce 0.95 TCF raw gas and as such TDO believes that Flanagan represents an attractive drilling target.

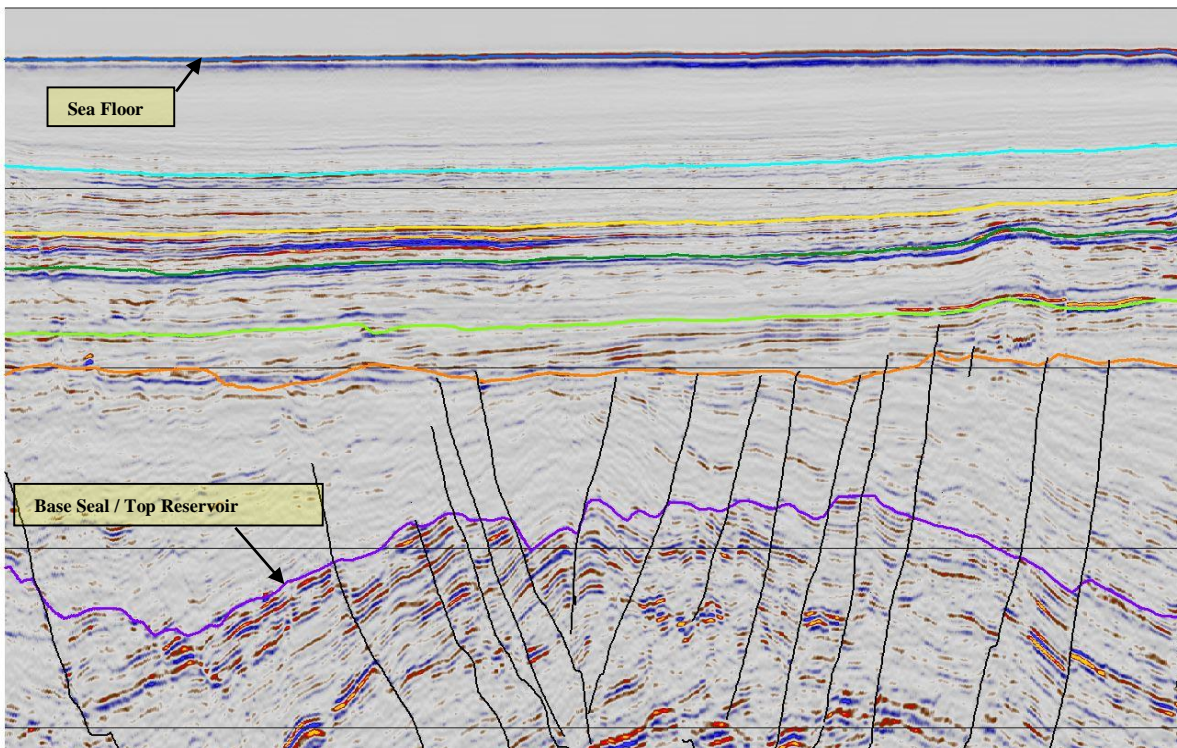
Within this region, gas accumulations are typically associated with seismic amplitude anomalies. TDO has identified seismic amplitude anomalies on the 3D data, particularly within the Flanagan Prospect area, although the extent to which these indicate the presence of gas requires further interpretation and analysis.



Updated T/49P prospects and leads showing nearby Otway Basin gas fields

T/49P is located immediately southeast of the largest producing gas field in the Otway Basin and contains a number of prospective features for gas exploration. It covers an area of 4,960 km² in water depths generally no greater than 100m. The north of the permit is now covered by 974 km² of modern 3D seismic, while the area to the south remains lightly explored covered by a broad grid of 2D seismic data of varying vintages. Only two early exploration wells have been drilled in the permit (in 1967 and 1970) and the region has largely been overlooked by the industry despite the proximity of the Thylacine and Geographe producing gas fields.

Thylacine and Geographe also contain condensate of significant economic value – initial expected production was 12 MMbbl condensate – as well as associated LPG. TDO estimates that Flanagan and T/49P would have similar condensate to gas ratios enhancing the commercial viability of these features. For example, by analogy and on a best estimate basis, the Flanagan Prospect could potentially contain 16.5 MMbbl of associated condensate and T/49P could total over 80 MMbbl of associated condensate based on Current Prospective Resource estimates for gas.



*Seismic line through **Flanagan Prospect** (see map for location). Crest of the structure is approximately 2000m below sea level. Note low amplitude section indicative of seal facies overlying high amplitudes in potential reservoir section.*

T/49P has significant strategic potential beyond the Flanagan Prospect, with an additional 5 leads identified and mapped across the whole permit as shown on the map on Page 4 and as listed in the table below. The permit has the potential to become a substantial new gas province which could provide a valuable contribution to the east coast gas market. As recently reported by Energy Quest, a leading energy advisory firm, the Australian east coast gas market is one of the few energy markets in the world without substantial over-capacity.

| T/49P Prospective Resource Estimate (TCF) Recoverable Gas | | | | |
|--|---------------|-------------|-------------|--------------|
| Location | Status | Low | Best | High |
| Flanagan | Prospect | 0.41 | 1.38 | 2.68 |
| Whalebone | Strong Lead | 0.38 | 1.20 | 2.72 |
| Munro (T/49P Part) | Lead | 0.04 | 0.19 | 0.57 |
| Whistler Point | Lead | 0.19 | 0.93 | 1.88 |
| British Admiral | Lead | 0.17 | 0.54 | 3.22 |
| Seal Rocks | Lead | 0.28 | 2.59 | 10.64 |
| T/49P Total | | 1.47 | 6.82 | 21.71 |

TDO is well positioned to farmout with a large interest and operatorship. The company now intends to utilise the positive results of the Flanagan survey and this compelling resource assessment to attract the best possible farm in terms for future exploration drilling and seismic in this highly prospective gas exploration area. Priority will be given to ensure the drilling of the Flanagan Prospect as soon as practically possible.

TDO Managing Director Noel Newell commented that;

“Our decision to invest in modern 3D seismic data has really paid off by substantially de-risking the Flanagan Prospect and highlighting the potential of the T/49P permit as a new gas province. The Flanagan Prospect is drill-ready, analogous to the nearby producing gas fields and located in a region where new gas supplies are in strong demand. We are excited to be taking this opportunity to potential farm in partners over the coming months.”

Qualified Petroleum Reserves and Resources Evaluator Statement

The Prospective Resources estimates in this release are based on, and fairly represent, information and supporting documents prepared by, or under the supervision of, Dr Chris Pike who is employed full-time by 3D Oil as a Senior Geophysicist. Dr Pike holds a Ph.D. Geophysics and has more than 25 years practising in Petroleum Geophysics. He 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 is qualified in accordance with ASX listing rule 5.41 and has consented in writing to the inclusion of the information in the form and context in which it appears.

Prospective Resources

The estimates have been prepared by the company in accordance with the definitions and guidelines set forth in the Petroleum Resources Management System, 2011 approved by the Society of Petroleum Engineer. Prospective Resource estimates are for recoverable volumes and unless otherwise stated this report quotes Best Estimates and gross joint venture volumes. The estimates are unrisks and have not been adjusted for both an associated chance of discovery and a chance of development.

TDO Petroleum Tenement Holdings

As at 30 September 2015, TDO petroleum tenement holdings were:

| Tenement and Location | TDO beneficial interest at 30Jun15 | Beneficial interest acquired / (disposed) | TDO beneficial interest at 30Sep15 |
|--|---|--|---|
| VIC/P57 offshore Gippsland Basin, Victoria | 24.9% | nil | 24.9% |
| T/49P offshore Otway Basin, Tasmania | 70% | nil | 70% |

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 ("current quarter")

30 September 2015

Consolidated statement of cash flows

| Cash flows related to operating activities | Current quarter \$A | Year to date (3 months) \$A |
|---|------------------------|-----------------------------------|
| 1.1 Receipts from product sales and related debtors | - | - |
| 1.2 Payments for | | |
| (a) exploration and evaluation (net of refunds) | (214,852) | (214,852) |
| (b) development | - | - |
| (c) production | - | - |
| (d) administration | (427,399) | (427,399) |
| 1.3 Dividends received | - | - |
| 1.4 Interest and other items of a similar nature received | 23,811 | 23,811 |
| 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 | - | - |
| Net Operating Cash Flows | (618,440) | (618,440) |
| Cash flows related to investing activities | | |
| 1.8 Payment for purchases of: | | |
| (a) prospects/farmins | - | - |
| (b) equity investments | - | - |
| (c) other fixed assets | (20,069) | (20,069) |
| 1.9 Proceeds from sale of: | | |
| (a) prospects/farmin | - | - |
| (b) equity investments | - | - |
| (c) other fixed assets | - | - |
| 1.10 Loans to other entities | - | - |
| 1.11 Loans repaid by other entities | - | - |
| 1.12 Other (provide details if material) | - | - |
| Net investing cash flows | (20,069) | (20,069) |
| 1.13 Total operating and investing cash flows (carried forward) | (638,509) | (638,509) |

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

| | | | |
|------|--|-------------------|-------------------|
| 1.13 | Total operating and investing cash flows (brought forward) | (638,509) | (638,509) |
| | Cash flows related to financing activities | | |
| 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 | - | - |
| | Net financing cash flows | - | - |
| | Net increase (decrease) in cash held | (638,509) | (638,509) |
| 1.20 | Cash at beginning of quarter/year to date | 10,494,399 | 10,494,399 |
| 1.21 | Exchange rate adjustments to item 1.20 | 504,485 | 504,485 |
| 1.22 | Cash at end of quarter | 10,360,375 | 10,360,375 |

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 | 133,250 |
| 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 2015 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

-

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 \$A'000 | Amount used \$A'000 |
|---------------------------------|-----------------------------|------------------------|
| 3.1 Loan facilities | - | - |
| 3.2 Credit standby arrangements | - | - |

Estimated cash outflows for next quarter

| | \$A'000 |
|--------------------------------|--------------|
| 4.1 Exploration and evaluation | 4,000 |
| 4.2 Development | - |
| 4.3 Production | - |
| 4.4 Administration | 400 |
| Total | 4,400 |

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 \$A'000 | Previous quarter \$A'000 |
|--|----------------------------|-----------------------------|
| 5.1 Cash on hand and at bank | 10,198 | 10,332 |
| 5.2 Deposits at call | 115 | 115 |
| 5.3 Bank overdraft | - | - |
| 5.4 Other – Bank Guarantee | 47 | 47 |
| Total: Cash at end of quarter (item 1.22) | 10,360 | 10,494 |

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 | - | - | - |
| 6.2 | Interests in mining tenements acquired or increased | - | - | - |
| 6.3 | 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 Preference +securities <i>(description)</i> | - | - | - | - |
| 7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions | - | - | - | - |
| 7.3 +Ordinary securities | 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 +Convertible debt securities <i>(description)</i> | - | - | - | - |
| 7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted | - - | - - | - - | - - |
| 7.7 Options <i>(description and conversion factor)</i> | 78,000 495,000 300,000 250,000 400,000 | - - - - - | <i>Exercise price</i> \$0.18 \$0.16 \$0.11 \$0.12 \$0.08 | <i>Expiry date</i> 07 October 2015 30 November 2015 30 November 2016 29 November 2016 30 November 2017 |
| 7.8 Issued during quarter | - | - | - | - |
| 7.9 Exercised during quarter | - | - | - | - |
| 7.10 Expired/lapsed during quarter | - | - | - | - |
| 317.1 Debentures <i>(totals only)</i> | - | - | - | - |
| 7.12 Unsecured notes <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: 29 October 2015

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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