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3D Oil Limited

QUARTERLY ACTIVITIES REPORT
FOR THE THREE MONTHS ENDED 30 JUNE 2012

Overview

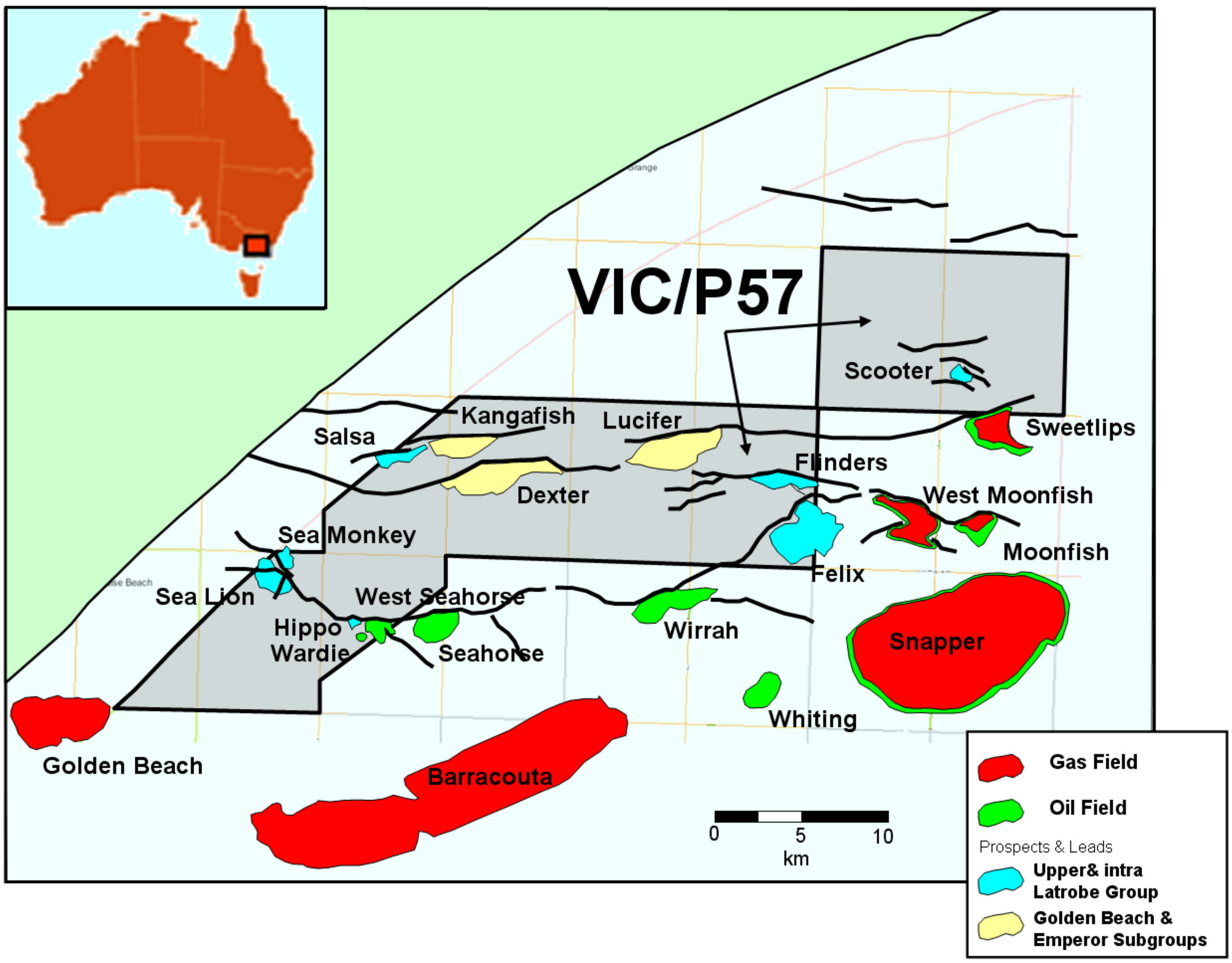
- Completing application to declare a location over the West Seahorse oilfield which is a precursor to applying for a production licence.
- The company is at an advanced stage of negotiations, including the provision of detailed due diligence information, value negotiations and documentation, in order to facilitate a potential transaction relating to its VIC/P57 permit.
- Relinquishment of the Bass Basin permit T/41P.

VIC/P57, Gippsland Basin, offshore Victoria

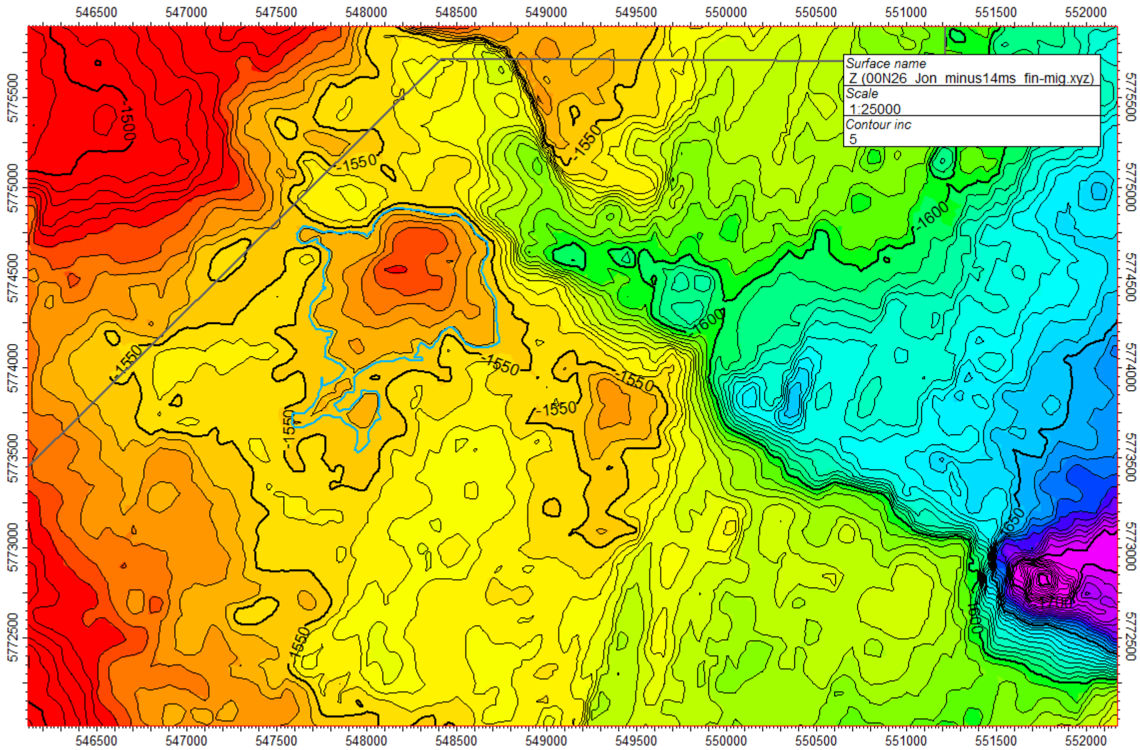
In the coming weeks 3D Oil will be submitting an application for the declaration of a location over the West Seahorse oilfield. A declaration of location provides the mechanism for the transition of a proven hydrocarbon accumulation within an exploration permit to a production licence. In practical terms it formally excises the proven hydrocarbon accumulation from the exploration acreage as a necessary precursor to applying for a production licence.

Also, 3D Oil has already commenced preparations for the subsequent production licence application, in anticipation of finalizing a farm-in deal and progressing the West Seahorse field development.

A more-detailed update of the risking and potential range of hydrocarbon volumes for the Sea Lion prospect continued in anticipation of potential drilling next year. The evaluation incorporates both deterministic and probabilistic methods of estimation. The new reprocessed data has reduced risks associated with the prospect and also highlighted a deeper potential.



The recently-renewed VIC/P57 exploration permit showing prospects and leads.



Latest mapping over the Sea Lion Prospect, N2.6 horizon RMS depth conversion

T/41P, Bass Basin, offshore Tasmania

3D Oil has decided not to renew its 100% owned exploration permit T/41P in the Bass Basin following the completion of its initial six-year term. Renewal of the permit required the drilling of an exploration well in the next three years, which could not be technically or commercially justified due to the high risk and insufficient size of the mapped prospects.

This relinquishment of T/41P is consistent with 3D Oil's strategy to focus on more advanced economic opportunities.

Rule 5.3

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	Quarter ended ("current quarter")
40 105 597 279	30 June 2012

Consolidated statement of cash flows

	Cash flows related to operating activities	Current quarter $A	Year to date (12 months) $A
1.1	Receipts from product sales and related debtors	5,262	16,505
1.2	Payments for		
	(a) exploration and evaluation (net of refunds)	(92,366)	(706,751)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(436,785)	(1,560,373)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	11,496	110,247
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	GST Refund	-	-
1.8	Refund of exploration deposit	-	-
	Net Operating Cash Flows	**(512,393)**	**(2,140,372)**
	Cash flows related to investing activities		
1.8	Payment for purchases of:		
	(a)prospects/farmins	-	-
	(b)equity investments	-	-
	(c) other fixed assets	-	(37,567)
1.9	Proceeds from sale of:		
	(a)prospects	-	-
	(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	-	(37,567)
1.13	Total operating and investing cash flows (carried forward)	**(512,393)**	**(2,177,939)**

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	**(512,393)**	**(2,177,939)**
	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 – Capital raising costs	-	-
	Net financing cash flows	**-**	**-**
	Net increase (decrease) in cash held	**(512,393)**	**(2,177,939)**
1.20	Cash at beginning of quarter/year to date	2,187,267	3,857,995
1.21	Exchange rate adjustments to item 1.20	-	(5,182)
1.22	**Cash at end of quarter**	**1,674,874**	**1,674,874**

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	100,752
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 June 2012 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

Nil

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	123
4.2	Development	-
4.3	Production	-
4.4	Administration	402
	Total	**525**

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	143	206
5.2	Deposits at call	1,484	1,934
5.3	Bank overdraft	-	-
5.4	Other – Bank Guarantee	47	47
	Total: Cash at end of quarter (item 1.22)	1,674	2,187

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	-	-	-	-

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** *(description)*	-	-	-	-
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3	**+Ordinary securities**	206,560,000	206,560,000	-	-
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** *(description)*	-	-	-	-
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	- -	- -	- -	- -
7.7	**Options** *(description and conversion factor)*	 64,000 465,000 554,700	 - - -	*Exercise price* $0.25 $0.40 $0.18	*Expiry date* 30 June 2014 30 November 2014 17 October 2015
7.8	Issued during quarter	-	-	*Exercise price* -	*Expiry date* -
7.9	Exercised during quarter	-	-	-	-
7.10	Expired/lapsed during quarter	 400,000 125,000 150,000 200,000 142,477	 - - - - -	*Exercise price* $0.75 $0.25 $0.40 $0.40 $0.18	*Expiry date* 31 March 2013 30 June 2014 30 November 2014 31 January 2015 17 October 2015
317.1 1	**Debentures** *(totals only)*	-	-	-	-
7.12	**Unsecured notes** *(totals only)*	-	-	-	-

+ 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: 31 July 2012

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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