

2012 ANNUAL REPORT



CONTENTS

Managing director's report	2	Statement of changes in equity	27
Chairman's letter	4	Statement of cash flows	28
Review of operations	6	Notes to the financial statements	29
Directors' report	12	Directors' declaration	48
Financial reports	24	Shareholder information	52
Statement of comprehensive income	25	Corporate governance statement	54
Statement of financial position	26	Corporate directory	61



HIGHLIGHTS

3D OIL SUCCESSFULLY FARMS OUT VIC/P57 TO THE MALAYSIAN COMPANY, HIBISCUS PETROLEUM BERHAD, AND IN THE PROCESS SECURES A\$27 MILLION TO UNDERPIN THE COMMENCEMENT OF THE WEST SEAHORSE DEVELOPMENT.

3D OIL AND HIBISCUS PETROLEUM ALIGNED TO FAST TRACK THE DEVELOPMENT OF WEST SEAHORSE WITH PLANNING OF FIRST OIL PRODUCTION BY MID 2014.

3D OIL BOARD STRENGTHENED WITH THE APPOINTMENT OF DR KEN PEREIRA, MANAGING DIRECTOR OF HIBISCUS, WHO HAS A LONG AND SUCCESSFUL CAREER IN THE OIL AND GAS INDUSTRY.

MANAGING DIRECTOR'S REPORT



In my letter last year I outlined our continuing strategy to deliver shareholder value by transitioning 3D Oil into an oil and gas producer in the Bass Strait.

During 2012, 3D Oil progressed numerous opportunities to achieve this goal. I was pleased to announce in August 2012 that we secured a \$29m farm-out and share placement with Hibiscus Petroleum.

This achieves an excellent strategic alliance between 3D Oil and Hibiscus Petroleum. Both companies are strongly aligned in bringing the West Seahorse Field into production at the earliest possible date, while providing the best economic outcome for the development.

The A\$27 million farm-out to Hibiscus Petroleum will underpin the commencement of the development of West Seahorse. In fact, work has already commenced with engineering studies and discussions with the regulators and stakeholders. It is expected we will have a clear vision for the development by December 2012 with the application for a Production Licence being submitted shortly thereafter. We have already submitted an application for a Location, the precursor to a Production Licence, over West Seahorse. It is certainly very exciting to finally see such rapid progression of the development.

Both 3D Oil and Hibiscus have commenced discussion with financiers and have received favourable responses to the development and the joint venture. At this early stage I am optimistic we can finance a significant proportion of the development through debt and minimise the equity component. That is the goal of both companies. An attraction to financiers is the high performance of the Gippsland fields with a short debt payback period. Initial flow rates of the West Seahorse oil field are envisaged to be well in excess of 10,000 barrels of oil per day.

Hibiscus was not only drawn to VIC/P57 by the anticipation of early oil production from West Seahorse, but also the considerable prospectivity. The combination of the two provides both short-term and long-term growth potential. In the short-term both companies are planning to drill the Sea Lion Prospect. In my opinion this is one of the best offshore oil prospects in Australia. A discovery at Sea Lion would have the potential to substantially improve the overall project economics, on the basis of a tie-in to the West Seahorse development. We will also undertake a full review of the Gurnard Formation over the West Seahorse Field which has an estimated 12 mmbbl OIP (2C). It is also envisaged that other prospects, such as the potentially large Felix Prospect, will be drilled.

Finally I would like to welcome Dr Ken Pereira to the board of 3D Oil. Not only does Ken have a long and successful career in the oil industry, but we also share a common vision for 3D Oil. This vision is for us to become an oil producer in the immediate future. This will ultimately underpin a broader vision to seek new opportunities to take advantage of our strengths in order to identify and exploit niche positions.

On behalf of the company, I thank the Board and the 3D Oil team for their hard work and commitment over the years which has now culminated in this fantastic result. I would also like to thank all our shareholders for their support and encouragement.

I am confident that with the strength of our team we will deliver a great result. I am the most optimistic about 3D Oil's future that I have ever been.



Noel Newell
Managing Director



CHAIRMAN'S LETTER



One for the True Believers

Dear shareholders,
2012 has been a pivotal year for 3D Oil. In my letter to shareholders last year I wrote about the commercial reasons behind the decision to farm-out an interest in VIC/P57. Over the past 12 months we have worked hard to secure a \$29m farm-out and capital raising to Hibiscus Petroleum Berhad ('Hibiscus'). This is a great outcome, and ensures 3D Oil is on track to commercialise VIC/P57 in the near future.

Following a thorough process, we announced in August 2012 that we had selected Hibiscus to be our joint venture partner in developing VIC/P57. The high degree of interest in the permit and the commercial terms negotiated with Hibiscus clearly highlights the value embedded in the assets. We look forward to working with Hibiscus, who are well regarded and have a highly experienced team with proven experience in bringing exploration projects to production. Hibiscus' investment in 3D Oil further consolidates the strong relationship between the two companies.

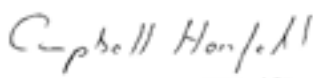
On behalf of the Board and management, I would like to warmly welcome Dr Kenneth Pereira to the Board. Ken joins 3D Oil having over 22 years of experience in the oil and gas industry, with leading global organisations including Schlumberger, SapuraCrest Petroleum Berhad and Interlink Petroleum Ltd. His experience and support will be highly invaluable to 3D Oil's future development.

As a result of the share placement to Hibiscus, 3D Oil has increased its cash balance by \$2.0m. We are comfortable with our current cash position, and anticipate that the farm-in and placement funds of \$29m will materially progress the development of the West Seahorse field before further funding is required. This strong funding position is favourable given the prevailing financial market conditions.

The outlook for 2013 is very exciting, with the focus being to determine the development concept and obtaining a production permit for the West Seahorse field. The management team has already made good progress, having engaged Worley Parsons to develop the project specifications.

On behalf of all shareholders and the Board, I would like to thank Noel Newell and his team for their hard work and the fantastic outcome. I am also grateful for the work carried out by Lion Capital in facilitating the Hibiscus transaction, and helping us secure a high quality joint venture partner.

Lastly, my thanks to all our shareholders for keeping the faith and to my fellow board members for their contributions this year. I believe that 3D Oil has turned the corner and I look forward to the new year with great anticipation.



Campbell Horsfall
Chairman



REVIEW OF OPERATIONS

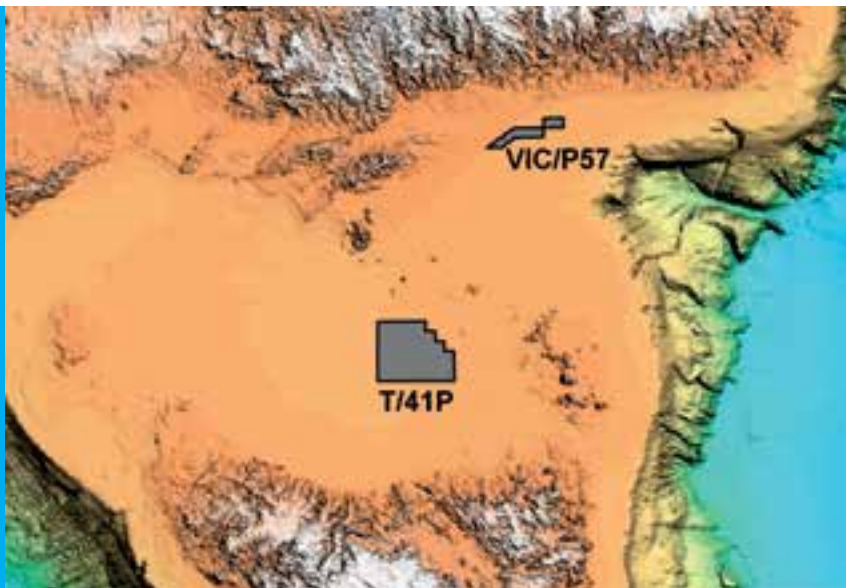


Figure 1. Location of VIC/P57 and the relinquished T/41P

3D Oil Limited is the operator and 100% equity holder of the VIC/P57 permit in the offshore Gippsland Basin, Victoria.

The past year has seen significant changes for 3D Oil's permit areas and strategic direction. On 15 August 2012 the Company announced that it had entered into a farm-in agreement with Hibiscus Petroleum Berhad, through its wholly owned subsidiaries ('Hibiscus Petroleum'). This farm-in will provide funding for the progress of the development of the West Seahorse oil field and potentially facilitate the drilling of an exploration well at Sea Lion prospect, both in permit VIC/P57 in the offshore Gippsland Basin. This key event has opened a new chapter in the company's operations as we move to the development and production phase of this project.

With the fast-tracking of the development of the West Seahorse Field now underway, the company is working toward first oil production in mid-2014.

At the completion of the farm-in agreement, which is expected in December 2012 following approval of Hibiscus shareholders, a new joint venture will be established and Hibiscus Petroleum will acquire a participating interest of 50.1% in VIC/P57 and assume operatorship over the permit. Hibiscus Petroleum will contribute up to a total of A\$27m into the joint account to be used to initiate the development program for West Seahorse field, which involves the drilling of up to two appraisal wells.

While the company will push ahead with operations in VIC/P57, it will not be proceeding with exploration in the T/41P permit in the offshore Bass Basin of Tasmania. On 13 July 2012 the company announced that the T/41P permit would not be renewed following completion of the initial six-year term of the permit.

3D Oil plans to re-focus its exploration effort and will also continue to assess new opportunities for growth, both now in the context of development operations and imminent oil production from VIC/P57.

VIC/P57, GIPPSLAND BASIN OFFSHORE VICTORIA

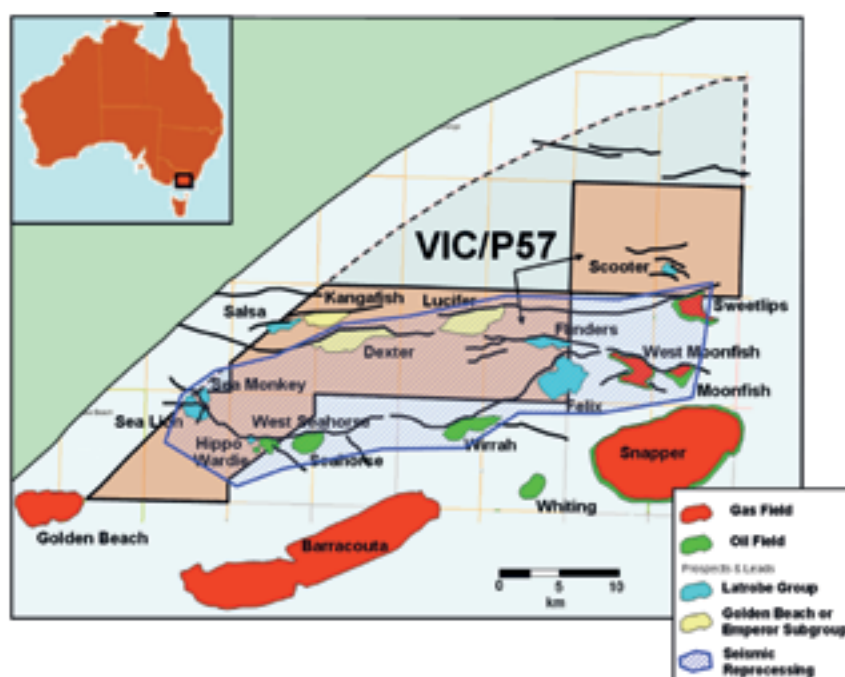
Background

Exploration permit VIC/P57 is located in the north-west of the offshore Gippsland Basin, between 6 and 26 km offshore, with water depths less than 50 metres. VIC/P57 has been renewed for a second five-year term which commenced on 10 August 2011. After the required 50% relinquishment, the renewed VIC/P57 now comprises approximately 483 square kilometres.

The minimum work requirements for the renewed permit include the drilling of one exploration well before August 2014 and another before August 2016. The permit has retained all of the previously identified prospects and leads plus the West Seahorse oil field which was discovered in 1981 and for which the development planning and approvals process is now underway. In 2008 3D Oil Limited drilled the West Seahorse-3 appraisal well and the nearby Wardie-1 exploration well. Subsequent to that drilling, various development options for West Seahorse have been investigated and exploration of other oil and gas opportunities within the permit has continued.

On 3 November 2011, 3D Oil announced it had entered into a non-binding term sheet with Canadian oil and gas company, Oracle Energy Corporation ('OEC') for OEC to farm-in to the VIC/P57 permit. This transaction was conditional upon the parties signing definitive documentation by 17 February 2012 and, in early 2012, OEC notified 3D Oil that it would be unable to meet these conditions. While 3D Oil and OEC continued discussions on a non-exclusive basis, 3D Oil then recommenced discussions with other parties. This process led to a formal agreement being negotiated with Hibiscus Petroleum.

Figure 2. Exploration permit VIC/P57, showing prospects and leads and the approximate area of the 3D seismic data reprocessing.



HIBISCUS FARM-IN AND WEST SEAHORSE DEVELOPMENT

On 15 August 2012 the company announced that it had entered into a conditional farm-in agreement with Hibiscus Petroleum. Under the farm-in agreement, Hibiscus Petroleum will acquire a 50.1% interest in petroleum exploration permit VIC/P57 up front, and will invest up to A\$27m in tranches to fund joint operations on the permit.

Funds will be used to initiate the development program for West Seahorse field, which involves the drilling of up to two appraisal wells.

Upon production, Hibiscus Petroleum will preferentially receive 74.9% of Petroleum produced from the permit until the sale revenue equals the amount funded by Hibiscus Petroleum. Thereafter, each party will receive cash flows equivalent to their participating interest in the producing asset.

The development concept being progressed by the joint venture is for West Seahorse field to be produced from up to two wells via a Mobile Offshore Production Unit (MOPU). The MOPU will fully process the Reservoir fluid producing a stabilised crude oil which will be transported to shore via a pipeline to an onshore storage and road tanker terminal. The oil will then be transported to a Victorian refinery. An option to tie-in to an existing third party pipeline which runs to both Victorian refineries is also being considered.



Figure 3. A development option for West Seahorse under consideration



Figure 4. A MOPU with a jack-up drilling rig (for illustration only)

A project team has been established in Melbourne with Hibiscus Petroleum, 3D Oil, engineering firm WorleyParsons and other specialists to carry out concept and Front-end Engineering and Design (FEED) studies. These studies are required for all government approvals and bank finance to allow a Final Investment Decision (FID) by third quarter of 2013. This would allow a first oil date of third quarter 2014.

The engineering studies currently being progressed include:

- MOPU tender package based on a 4-5 year lease
- Offshore oil pipeline design and installation
- Coastal shore crossing using a Horizontal Directional Drilling (HDD) method
- Onshore pipeline design utilising existing pipeline easements
- Oil storage and tanker loading facility

Discussions with debt providers to provide funding options for the West Seahorse development are ongoing. To date favourable responses have been received.

Upon FID approval the major project steps leading to first oil will include (in the MOPU option):

- Awarding the MOPU lease contract. This will authorise the MOPU owner to convert and transport the MOPU to the West Seahorse location.
- Awarding the Operation and Maintenance contract for the MOPU and onshore facilities.
- Award the offshore and onshore pipelines, and onshore storage and tanker loading procurement and installation contracts
- Award the drilling contracts.

In light of the Hibiscus Petroleum farm-in agreement and as a first necessary step in the approvals process, 3D Oil has submitted 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. 3D Oil is also well advanced in preparing a production licence application.

Significant exploration potential notwithstanding, the West Seahorse oil field is the principal asset contained within VIC/P57 and the Hibiscus Petroleum farm-in is a major step towards bringing this field in to production.

WEST SEAHORSE VOLUMES

In late 2010 and early 2011 an independent review of West Seahorse field and the development concept proposed by 3D Oil was conducted by Gaffney, Cline & Associates (GCA). This comprised an audit of 3D Oil's technical work, as well as GCA performing its own technical and commercial analyses appropriate to test the feasibility of the project. As shown in Table 1, the resulting West Seahorse Reserves and Resources Statement reported low (1C), best (2C) and high (3C) estimates of contingent resources for the main reservoirs of the upper Latrobe Group and the currently less welldefined Gurnard Formation reservoir. GCA have reported that 'a reclassification of some volumes to the Reserves category may be possible' when a Production Licence is granted.

West Seahorse Field Contingent Resources (MMbbl)

	Gross 100% Field		
Reservoir	1C	2C	3C
Main Reservoirs N1u/N1/N2.6	4.2	7.4	10.6
Secondary Reservoir Gurnard	0.0	1.8	3.9
Total West Seahorse Field	4.2	9.2	14.5

Table 1. West Seahorse field recoverable oil contingent resources reported by GCA independent

VIC/P57 EXPLORATION AND PROSPECTS AND LEADS

In November 2011 the reprocessing of over 500 sq km of Northern Fields 3D seismic survey data in and around VIC/P57 was completed. This project applied state-of-the-art techniques in an effort to improve seismic image quality generally, but particularly in the deeper Golden Beach and Emperor Subgroup horizons. The gas play potential of these levels has been confirmed by recent nearby discoveries at the Longtom and Grayling gas fields and the SE Longtom-1 and SE Remora-1 wells, as well as the Judith and Kipper gas fields further east.

Seismic mapping at these levels in the VIC/P57 area had been difficult primarily due to the data being contaminated with shallow water multiples and inter-bed multiples from the upper Latrobe Group coals. The newly reprocessed data enabled clearer imaging of the subsurface, especially in the lower Latrobe Group and therefore more robust prospect mapping with greater confidence in mapping and depth conversion. In conjunction with ongoing geological studies, 3D Oil undertook a comprehensive evaluation which resulted in revised structural mapping and amplitude analysis of the middle and deeper levels of the Sea Lion and Felix prospects.

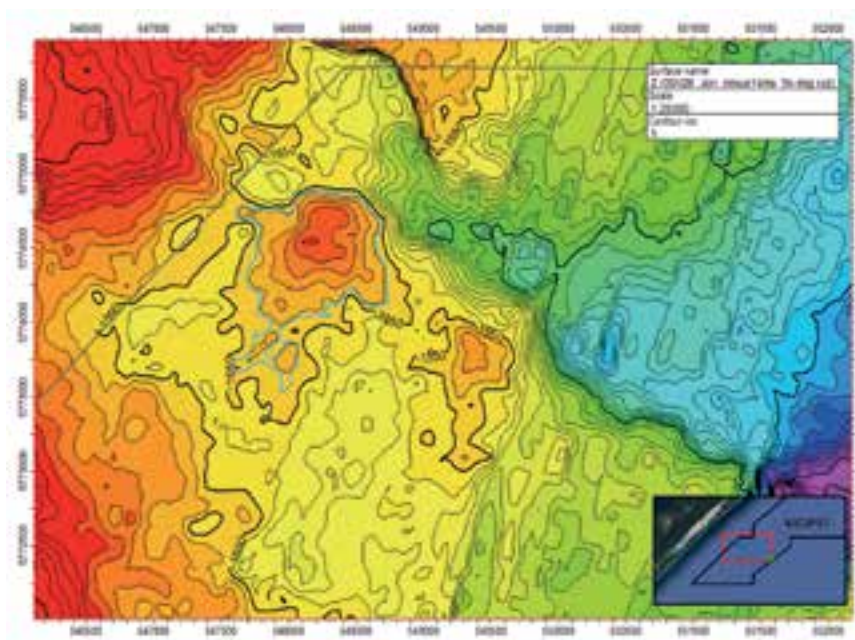


Figure 5. Latest mapping over the Sea Lion Prospect, N2.6 horizon RMS depth conversion

The more robust mapping was followed by detailed updates of the risking and potential range of hydrocarbon volumes for the Sea Lion and Felix prospects in anticipation of potential drilling next year. The evaluation incorporates both deterministic and probabilistic methods of estimation. The Sea Lion prospect is targeted for drilling on a best endeavours basis under the Hibiscus Petroleum farm-in.

The Sea Lion prospect has also recently been the subject of an independent resource assessment as part of the Hibiscus Petroleum farm-in process. This assessment reviewed 3D Oil's seismic interpretation and mapping and then calculated probabilistic volumetrics using West Seahorse analogues for reservoir parameters. The three main target reservoirs at Sea Lion are the Gurnard, N1 and N2.6 levels, with recognised upside potential in the N2.2, N2.3 and P1 levels. The combined probabilistic sum for the three main levels was 11.0 mmbbl of oil P50 (most likely) prospective resource. The probability of success was assessed at 37% for the Gurnard and 42% for each of the N1 and N2.6 levels.

In the event of a discovery at Sea Lion the neighbouring Salsa Lead, to the north-east, provides an exciting follow up. As with West Seahorse and Sea Lion it is another inversion anticline associated with the Rosedale Fault system and is anticipated to have multiple targets. Although potentially a large structure, Salsa is located on the edge of the 3D seismic data set and would require further seismic acquisition to firm as a prospect.

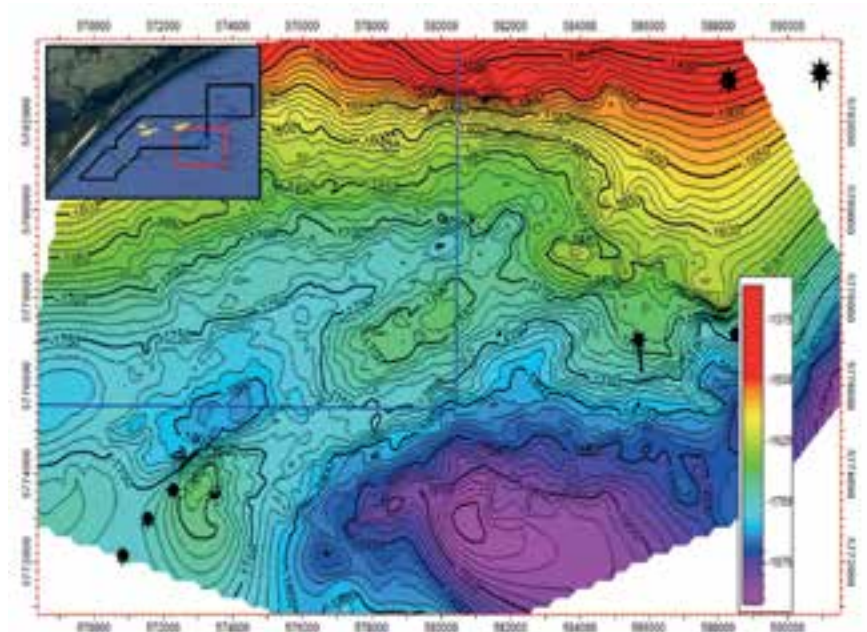


Figure 6. Preliminary mapping of the Felix Prospect, F. longus horizon TWT

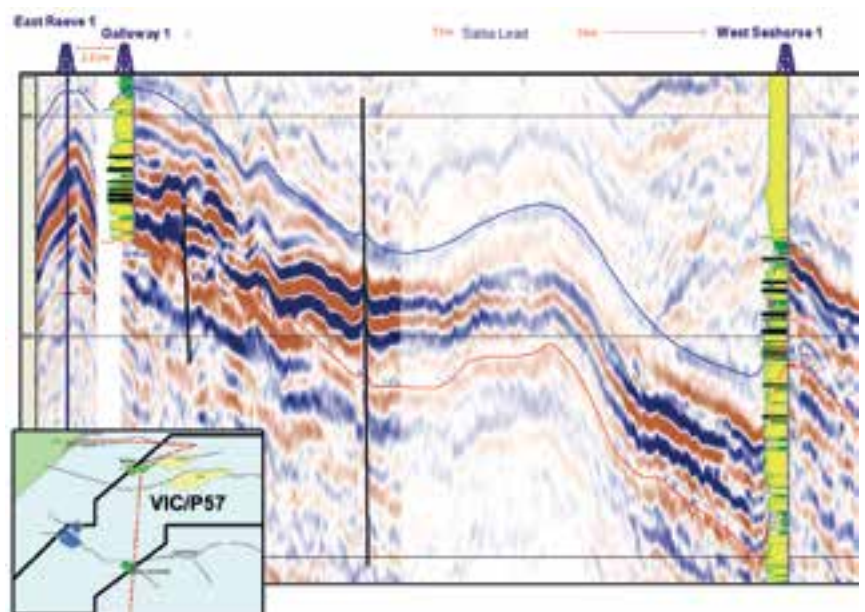


Figure 7. Composite seismic line through Salsa Lead

T/41P, BASS BASIN OFFSHORE TASMANIA

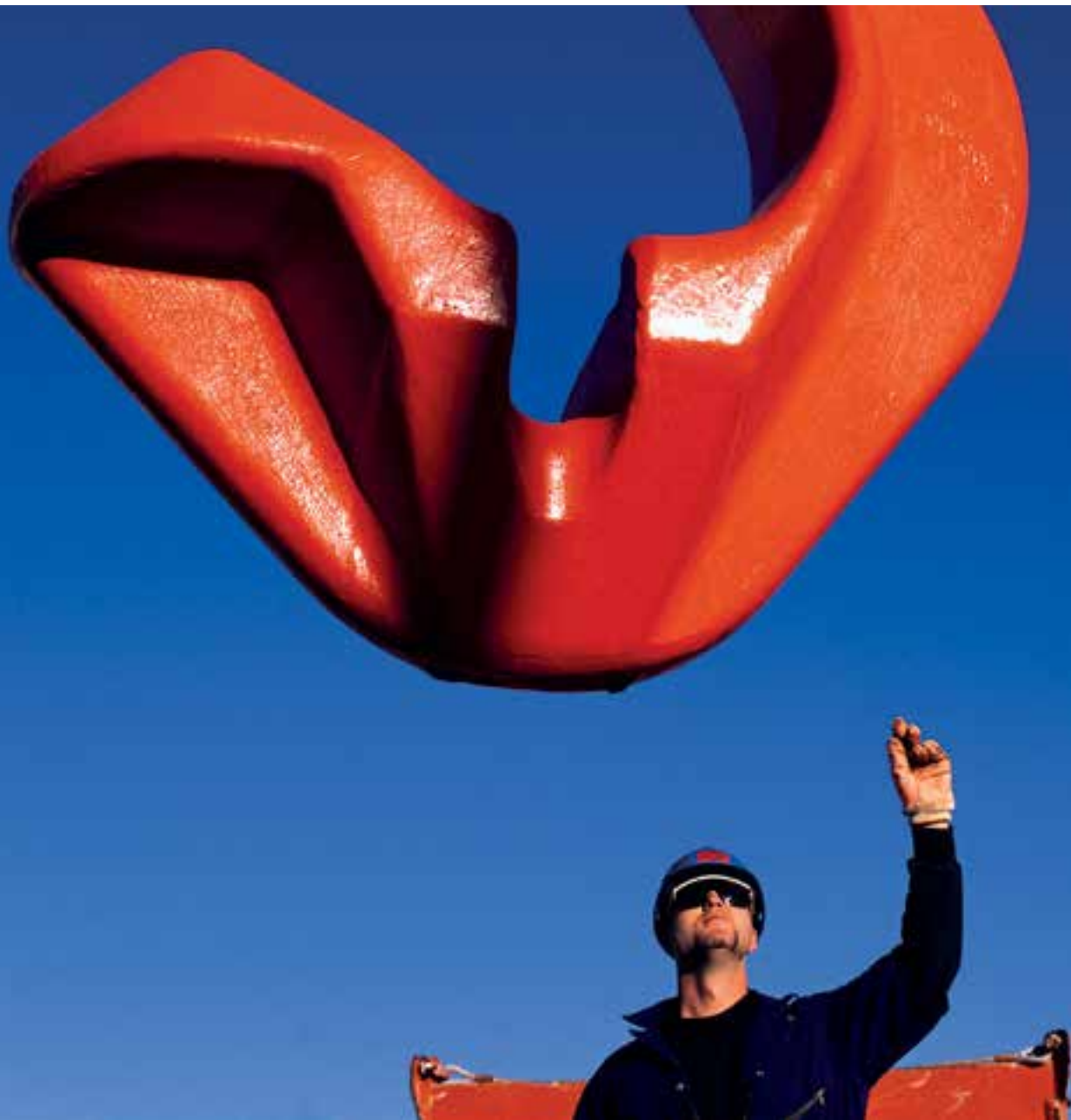
On 13 July 2012, 3D Oil announced that it had decided not to renew exploration permit T/41P in the Bass Basin following the completion of its initial six-year term. Located in the eastern half of the offshore Bass Basin, T/41P covered approximately 2,700 square kilometres. The permit had been held 100% by 3D Oil Limited since mid-2005. During this first term of the permit the company recorded a 2D seismic survey in 2008 and the 264 sq km Dalrymple 3D seismic survey in early 2011, as well as conducting an extensive suite of geoscience studies. Prospect mapping and evaluation based on the Dalrymple survey was completed in May 2012.

Despite this technical programme and investment over the permit term by 3D Oil, with only one well drilled in 1986, the permit area remains sparsely explored.

Unfortunately however, renewal of the permit required the drilling of an exploration well in the next three years of the permit. Based on its evaluation of all the data and on the resulting suite of mapped prospects, the company could not justify the high technical and commercial risk inherent committing to an exploration well in the renewal term.

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

DIRECTORS' REPORT



The directors present their report, together with the financial statements, on the company for the year ended 30 June 2012.

Directors

The following persons were directors of the company 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
Dr Kenneth Pereira
(appointed 4 September 2012)
Mr Keith Edwards
(resigned 23 March 2012)

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 company does not have franking credits available for subsequent financial years.

Review of operations

The loss for the company after providing for income tax amounted to \$6,976,803 (30 June 2011: \$1,003,568).

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

Financial Position

The net assets of the Company have decreased by \$6,928,216 to \$22,166,500 as at 30 June 2012 (2011: \$29,094,716) due to the write down of capitalised exploration expenditure associated with the relinquishment of the T/41P permit.

The Company's working capital, being current assets less current liabilities, was \$2,069,302 compared with working capital of \$3,645,601 in 2011. The working capital decrease is due to the exploration expenditure and working capital paid during the year.

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

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the company during the financial year.

Matters subsequent to the end of the financial year

On 15 August 2012, the Company entered into a conditional Farm-in Agreement and Subscription Agreement with Hibiscus Petroleum Berhad, through its wholly owned subsidiary ('Hibiscus'). Under the Farm-in Agreement, Hibiscus will acquire a 50.1% interest in petroleum exploration permit VIC/P57 up front and will invest up to \$27m in tranches to fund joint operations on the permit.

On 4 September 2012, as per the Subscription Agreement, Hibiscus subscribed for new shares in the Company equal to 14.99% of the Company's share capital (before the new shares are issued) as part of a cornerstone investment. The consideration (including costs of the transaction) of \$2.04 million was based on the 30 day Volume Weighted Average Price of the Company's shares prior to the date the agreement was announced.

Completion of both the Subscription Agreement and Farm-in Agreement will be subject to a number of conditions precedent, including Foreign Investment Review Board ('FIRB') and Hibiscus shareholder approval. The shares subscribed for by Hibiscus will be issued once the conditions have been met.

No other matter or circumstance has arisen since 30 June 2012 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Likely developments and expected results of operations

Information on likely developments in the operations of the company and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the company.

Environmental regulation

The Company 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 2012.

Information on directors

Mr Campbell Horsfall 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 (in the last 3 years)

None

Special responsibilities

Member of Audit Committee and Remuneration and Nomination Committee

Interests in shares

38,000 ordinary fully paid shares

Interests in options

None

Mr Noel Newell Executive Director and Managing 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 (in the last 3 years)

None

Special responsibilities

None

Interests in shares

38,105,150 ordinary fully paid shares.

Interests in options

None

Ms Melanie Leydin 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 20 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

Celamin Holdings NL

Former directorships (in the last 3 years)

None

Special responsibilities

Chairman of Audit Committee and Member of Remuneration and Nomination Committee

Interests in shares

150,000 ordinary fully paid shares

Interests in options

None

Ms Philippa Kelly
Non-Executive Director

Qualifications

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. Philippa was previously an investment banker with Goldman Sachs JBWere where she was involved in equity raisings, corporate structuring and acquisitions and mergers for a broad range of resource companies. She has a longstanding exposure and involvement with public boards, with a strong governance and risk management focus.

Philippa is also a member of Deakin University Council and is Chair of its Finance & Business Affairs Committee and is Treasurer of the Australian Drug Foundation.

Other current directorships

None

**Former directorships
(in the last 3 years)**

None

Special responsibilities

Member of Audit Committee and Chair of Remuneration and Nomination Committee

Interests in shares

145,000 ordinary fully paid shares

Interests in options

None

Dr Kenneth Pereira
(appointed 4 September 2012)
Non-Executive Director

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

Hibiscus Petroleum Berhad

**Former directorships
(in the last 3 years)**

None

Special responsibilities

None

Interests in shares

None

Interests in options

None

Mr Keith Edwards
(resigned 23 March 2012)
Non-Executive Director

Experience and expertise

Keith Edwards has extensive oil and gas experience. He has had almost 30 years in the petroleum industry in company management, business development (both upstream and downstream) and project financing in addition to his foundation technical areas of petroleum engineering, oil and gas field development, engineering, operations, gas marketing, and project evaluation. He has worked with oil majors BHP Billiton and Shell International and also mid-cap Nexus Energy. His most recent position was as Nexus's General Manager of Business Development and Corporate Planning.

Other current directorships

None

**Former directorships
(in the last 3 years)**

None

Special responsibilities

None

Interests in shares

N/A

Interests in options

N/A

'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 and of each board committee held during the year ended 30 June 2012, and the number of meetings attended by each director were:

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

	Full Board		Audit and Risk Committee		Remuneration and Nomination Committee	
	Attended	Held	Attended	Held	Attended	Held
Mr C Horsfall	15	15	2	2	1	1
Mr N Newell	15	15	-	-	-	-
Ms M Leydin	14	15	2	2	1	1
Ms P Kelly	15	15	2	2	1	1
Mr K Edwards	9	11	1	1	-	-

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:

- A Principles used to determine the nature and amount of remuneration
- B Details of remuneration
- C Service agreements
- D Share-based compensation
- E Additional information

A Principles used to determine the nature and amount of remuneration

The objective of the company'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 company.

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 14 December 2006, where the shareholders approved an aggregate remuneration of \$200,000.

Executive remuneration

The company 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 Company'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 Company 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 caliber 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 Company 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 are awarded to executives over a period of four years based on long-term incentive measures. These include increase in shareholders value relative to the entire market and the increase compared to the consolidated entity's direct competitors.

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 Company's successful achievement of certain key milestones as they relate to its operating activities. Further information has not been disclosed as it is commercially confidential.

Voting and comments made at the company's 28 November 2011 Annual General Meeting ('AGM')

The company received 94.30% of 'for' votes in relation to its remuneration report for the year ended 30 June 2011. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

B

Details of remuneration

Amounts of remuneration

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

2012	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
Name	Cash salary and fees	Bonus	Non-monetary	Super-annuation	Long service leave	Equity-settled	Total
	\$	\$	\$	\$	\$	\$	\$
Non-Executive Directors:							
Mr C Horsfall	59,663	-	-	5,345	-	-	65,008
Ms M Leydin *	117,000	-	-	-	-	-	117,000
Ms P Kelly	41,284	-	-	3,716	-	-	45,000
Mr K Edwards **	30,132	-	-	2,712	-	-	32,844
Executive Directors:							
Mr N Newell	321,101	-	-	28,899	7,223	-	357,223
Other Key Management Personnel:							
Mr K Lanigan***	291,924	-	-	26,273	6,594	-	324,791
	861,104	-	-	66,945	13,817	-	941,866

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

** Resigned on 23 March 2012.

*** Mr K. Lanigan left the Company's employment on 14 September 2012.

2011	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
Name	Cash salary and fees	Bonus	Non-monetary	Super-annuation		Equity-settled	Total
	\$	\$	\$	\$	\$	\$	\$
Non-Executive Directors:							
Mr C Horsfall	100,000	-	-	9,000	-	-	109,000
Ms M Leydin *	105,896	-	-	-	-	-	105,896
Ms P Kelly	43,602	-	-	3,924	-	-	47,526
Executive Directors:							
Mr N Newell	321,101	-	-	28,696	6,137	-	355,934
Other Key Management Personnel:							
Mr K Lanigan	270,300	-	-	24,287	4,343	-	298,930
	840,899	-	-	65,907	10,480	-	917,286

* This includes fees paid to Leydin Freyer Corporate Pty Ltd in respect of Directors fees, Company Secretarial and Accounting services

C

Service agreements

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

Mr Noel Newell Executive 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.

Mr C Horsfall 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.

Ms M Leydin 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 to 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.

Ms P Kelly Non-Executive Director

Agreement commenced:

5 January 2010

Details:

- (i) Ms Kelly 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 Kelly 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, Ms Kelly will be entitled to be paid those outstanding amounts owing to her up until the Termination date.

Mr K Edwards Non-Executive Director

Agreement commenced:

1 July 2011

Details:

Lapsed following resignation on 23 March 2012.

Mr K Lanigan Exploration Manager

Term of agreement:

7 December 2009

Details:

Lapsed following resignation on 14 September 2012.

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

D

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 2012.

Options

There were no options issued to directors and other key management personnel as part of compensation that were outstanding as at 30 June 2012.

There were no options granted to or exercised by directors and other key management personnel as part of compensation during the year ended 30 June 2012.

E**Additional information**

The earnings of the company for the five years to 30 June 2012 are summarised below:

	2008	2009	2010	2011	2012
	\$	\$	\$	\$	\$
Revenue	1,740,306	587,992	414,898	336,290	140,072
Net profit/(loss) before tax	(19,741,448)	(940,340)	(857,435)	(1,003,568)	(7,672,697)
Net profit/(loss) after tax	(19,741,448)	(940,340)	(857,435)	(1,003,568)	(6,976,803)

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

	2008	2009	2010	2011	2012
Share price at start of year	0.50	0.26	0.11	0.20	0.14
Share price at end of year	0.26	0.11	0.20	0.14	0.07
Basic earnings per share (cents per share)	(10.05)	(0.46)	(0.42)	(0.49)	(3.38)

This concludes the remuneration report, which has been audited.

Shares under option

Unissued ordinary shares of the company under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
27 August 2009	30 June 2014	\$0.25	64,000
2 June 2010	30 November 2014	\$0.40	465,000
7 October 2011	7 October 2015	\$0.18	554,700
			1,083,700

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 shares of the company issued on the exercise of options during the year ended 30 June 2012.

Indemnity and insurance of officers

The company 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. 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

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 22 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 22 to the financial statements do not compromise the external auditor's independence for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor, and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

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
28 September 2012
Melbourne



Grant Thornton Audit Pty Ltd
ABN 91 130 913 594
ACN 130 913 594

Level 2
215 Spring Street
Melbourne Victoria 3000
GPO Box 4984
Melbourne Victoria 3001

T +61 3 8663 6000
F +61 3 8663 6333
E info.vic@au.gt.com
W www.grantthornton.com.au

**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 2012, 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.

A stylized, handwritten signature of the firm Grant Thornton in dark ink.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

A handwritten signature of B.A. Mackenzie in dark ink.

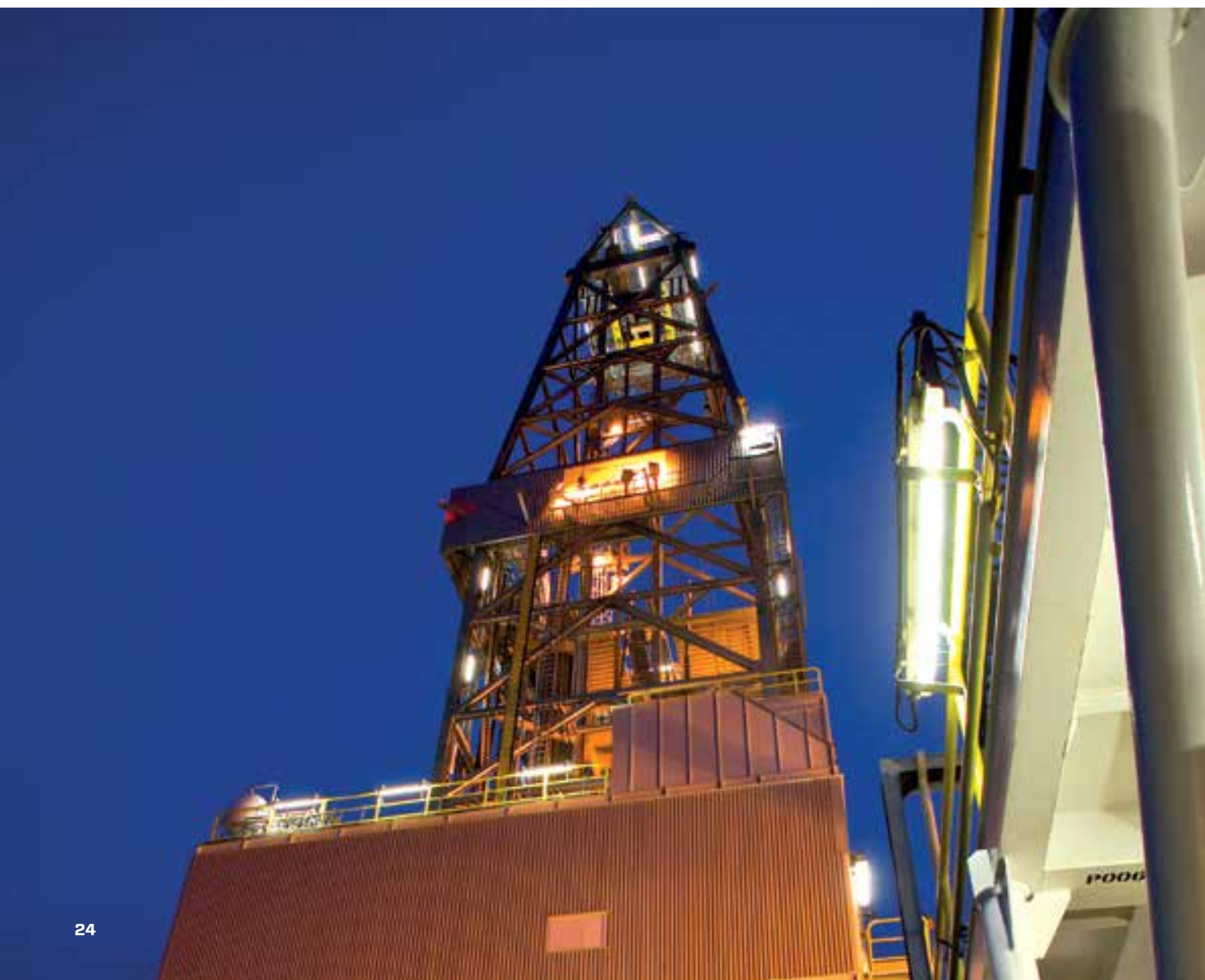
B.A. Mackenzie
Partner - Audit & Assurance

Melbourne, 28 September 2012

Grant Thornton Australia Limited is a member firm within Grant Thornton International Ltd. Grant Thornton International Ltd and the member firms are not a worldwide partnership. Grant Thornton Australia Limited, together with its subsidiaries and related entities, delivers its services independently in Australia.

Liability limited by a scheme approved under Professional Standards Legislation

FINANCIAL REPORTS



STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2012

	Note	2012	2011
		\$	\$
Revenue	5	140,072	336,290
Expenses			
Corporate expenses		(464,739)	(159,663)
Administrative expenses		(84,318)	(66,749)
Employment expenses		(1,118,592)	(833,850)
Occupancy expenses		(94,466)	(91,436)
Depreciation and amortisation expense	6	(40,318)	(26,746)
Exploration costs written off		(5,954,106)	(151,426)
Unrealised exchange gains/loss		(6,747)	(51,650)
Realised exchange gains/loss		(896)	88,769
Share based payments		(48,587)	(47,107)
Loss before income tax benefit		(7,672,697)	(1,003,568)
Income tax benefit	7	695,894	-
Loss after income tax benefit for the year attributable to the owners of 3D Oil Limited		(6,976,803)	(1,003,568)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of 3D Oil Limited		(6,976,803)	(1,003,568)
		Cents	Cents
Basic earnings per share	27	(3.38)	(0.49)
Diluted earnings per share	27	(3.38)	(0.49)

The above statement of comprehensive income should be read in conjunction with the accompanying notes

STATEMENT OF FINANCIAL POSITION

As at 30 June 2012

	Note	2012	2011
		\$	\$
Assets			
Current assets			
Cash and cash equivalents	8	1,684,892	3,857,995
Trade and other receivables	9	725,958	34,962
Other	10	63,718	34,848
Total current assets		2,474,568	3,927,805
Non-current assets			
Property, plant and equipment	11	13,640	18,914
Intangibles	12	52,736	54,018
Exploration and evaluation	13	20,569,130	25,921,401
Total non-current assets		20,635,506	25,994,333
Total assets		23,110,074	29,922,138
Liabilities			
Current liabilities			
Trade and other payables	14	361,100	217,250
Provisions	15	44,166	64,954
Total current liabilities		405,266	282,204
Non-current liabilities			
Provisions	16	538,308	545,218
Total non-current liabilities		538,308	545,218
Total liabilities		943,574	827,422
Net assets		22,166,500	29,094,716
Equity			
Issued capital	17	50,620,867	50,620,867
Reserves	18	78,645	185,283
Accumulated losses		(28,533,012)	(21,711,434)
Total equity		22,166,500	29,094,716

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

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2012

	Contributed equity	Reserves	Retained profits	Total equity
	\$	\$	\$	\$
Balance at 1 July 2010	50,620,867	2,023,826	(22,593,516)	30,051,177
Loss after income tax benefit for the year	-	-	(1,003,568)	(1,003,568)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(1,003,568)	(1,003,568)
Transactions with owners in their capacity as owners:				
Share-based payments	-	47,107	-	47,107
Expiry of Options	-	(1,885,650)	1,885,650	-
Balance at 30 June 2011	50,620,867	185,283	(21,711,434)	29,094,716
Balance at 1 July 2011	50,620,867	185,283	(21,711,434)	29,094,716
Loss after income tax benefit for the year	-	-	(6,976,803)	(6,976,803)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(6,976,803)	(6,976,803)
Transactions with owners in their capacity as owners:				
Share-based payments	-	48,587	-	48,587
Expiry of Options	-	(155,225)	155,225	-
Balance at 30 June 2012	50,620,867	78,645	(28,533,012)	22,166,500

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

STATEMENT OF CASH FLOWS

For the year ended 30 June 2012

	Note	2012	2011
		\$	\$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		19,788	13,012
Payments to suppliers and employees (inclusive of GST)		(1,670,764)	(1,065,022)
Interest received		121,113	415,999
Net cash used in operating activities	26	(1,529,863)	(636,011)
Cash flows from investing activities			
Payments for property, plant and equipment		(3,274)	(11,864)
Payments for intangibles		(30,488)	(35,370)
Payments for exploration and evaluation		(601,835)	(3,874,531)
Proceeds from foreign exchange investment		(7,643)	37,113
Net cash used in investing activities		(643,240)	(3,884,652)
Cash flows from financing activities			
Net cash from financing activities		-	-
Net decrease in cash and cash equivalents		(2,173,103)	(4,520,663)
Cash and cash equivalents at the beginning of the financial year		3,857,995	8,378,658
Cash and cash equivalents at the end of the financial year	8	1,684,892	3,857,995

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

NOTES TO THE FINANCIAL STATEMENTS

30 June 2012

NOTE 1. GENERAL INFORMATION

The financial report covers 3D Oil Limited as an individual entity. The financial report is presented in Australian dollars, which is 3D Oil Limited's functional and presentation currency.

The financial report consists of the financial statements, notes to the financial statements and the directors' declaration.

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, VIC 3000

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

The financial report was authorised for issue, in accordance with a resolution of directors, on 28 September 2012. The directors have the power to amend and reissue the financial report.

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 company 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.

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-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 company'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.

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 2012 the Company has cash and cash equivalents of \$1.7 million and a net decrease of cash during the financial year of \$2.2 million. This cash decrease was predominately due to the spend on exploration expenditure on VICP/57 and T41/P as detailed in the Review of Financial Position in the Director's Report.

The Company also has exploration commitments as detailed in Note 24 of \$37.0 million over the next 5 years. On 15 August 2012, the Company announced that it had entered into a farm-in agreement with Hibiscus Petroleum Berhad ('Hibiscus') in relation to the VIC/P57 permit. Under the agreement, Hibiscus will invest funds of \$27.0 million to acquire 50.1% of the permit. It is anticipated that the cost of the commitments will be covered by the funding of \$27.0 million with the shortfall being covered using alternative funding methods via the joint arrangement vehicle.

In addition to the commitments outlined above and in **Note 24**, the Company may 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.

Research and development tax incentives

Revenue relating to research and development (R&D) tax incentive refunds is recognised at the time of lodgement of the R&D claim. The claim is based on the company's interpretation as to the eligibility of its specific R&D activities.

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 company 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 and 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 investments in subsidiaries, associates or interests in 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 entity's which intend to settle simultaneously.

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

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

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.

Intangible assets

Intangible assets are initially recognised at cost. 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 intangibles 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.

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.

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 to sell 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 company 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.

Provisions

Provisions are recognised when the company has a present (legal or constructive) obligation as a result of a past event, it is probable the company 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

Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits, and annual 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.

Long service leave

The liability for long service leave is recognised in current and non-current liabilities, depending on the unconditional right to defer settlement of the liability for at least 12 months after the reporting date. 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 company 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 company or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the company 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.

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.

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.

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.

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 company for the annual reporting period ended 30 June 2012. The company's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the company, are set out below.

(i) Interpretation 20 Stripping Costs in the Production Phase of a Mine

Issued in November 2011 Interpretation 20 clarifies those costs of removing mine waste materials (overburden) to access ore in a surface mine must be capitalised as inventory under AASB 102 Inventories. This will have no impact on the Companies financial statements because the Company does not operate a surface mine.

(ii) AASB 9 Financial Instruments Amendments to Australian Accounting Standards (effective from 1 January 2015)

In December 2009 the AASB issued a revised AASB 9 Financial Instruments. It is effective for accounting periods on or after 1 January 2015. This amends the requirements for classification and measurement of financial assets. On initial analysis this standard will have no impact on the Company's financial statements.

(iii) AASB 11 Joint Arrangements

In August 2011 the Australian Accounting Standards Board issued AASB 11 to replace AASB131: Interests in Joint Ventures (July 2004 as amended). AASB 11 requires joint arrangements to be classified as either 'joint operations' (whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities) or 'joint ventures' (where the parties that have joint control of the arrangement have rights to the net assets of the arrangement). Joint ventures are required to adopt the equity method of accounting (proportionate consolidation is no longer allowed). This standard will have no impact on the Company's financial statements as at the 30th of June 2012 as at that time the Company is not a party to any joint arrangement.

(iv) AASB 12 Disclosure of Interests in Other Entities

In August 2011 the Australian Accounting Standards Board issued AASB 12. AASB 12 contains the disclosure requirements applicable to entities that hold an interest in a subsidiary, joint venture, joint operation or associate. AASB 12 also introduces the concept of a 'structured entity', replacing the 'special purpose entity' concept currently used in Interpretation 112, and requires specific disclosures in respect of any investments in unconsolidated structured entities. This standard will only affect disclosures and will have no other impact on the Company's financial statements.

(v) AASB 13 Fair Value Measurement and Amendments to AASB 2011-8 Amendments to Australian

Accounting Standards arising from AASB 13 (effective 1 January 2013) In September 2011 the Australian Accounting Standards Board issued AASB 13, it defines fair value, sets out in a single Standard a framework for measuring fair value and requires disclosures about fair value measurements. On initial analysis this standard will have no impact on the Company's financial statements.

None of the other standards, amendments or interpretations issued which are not yet effective are expected to affect the financial statements.

**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 within the next financial year are discussed below.

Share-based payment transactions

The company 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 company 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.

Recovery of deferred tax assets

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

Long service leave provision

As discussed in note 2, the liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Provision for well abandonment

A provision has been made for the present value of anticipated costs of the 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.

Exploration and evaluation

At each reporting period the directors review the carrying amount of each of the tenements by assessing whether any of the indicators of impairment outlined in AASB 6 Exploration for and Evaluation of Mineral Resources are in existence.

**NOTE 4.
OPERATING SEGMENTS**

AASB 8 requires operating segments to be identified on the basis of internal reports about the components of the Company 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 Company's activities are therefore classified as one business segment.

**NOTE 5.
REVENUE**

	2012	2011
	\$	\$
Other revenue		
Interest	120,284	323,180
Rent	19,788	13,110
Revenue	140,072	336,290

**NOTE 6.
EXPENSES**

	2012	2011
	\$	\$
Loss before income tax includes the following specific expenses:		
Depreciation		
Plant and equipment	(8,548)	(6,549)
Amortisation		
Software	(31,770)	(20,197)
Total depreciation and amortisation	(40,318)	(26,746)
Post employment benefit plans – Superannuation contributions	(106,935)	(102,371)
Equity settled share based payments	(48,587)	(47,107)
Employment entitlements	27,698	(29,353)
	(127,824)	(178,831)
Foreign Currency		
Realised gain/loss on foreign currency translation	(896)	88,769
Unrealised loss on foreign currency translation	(6,747)	(51,650)
	(7,643)	37,119
Operating lease payments		
Office lease	(90,317)	(86,843)

**NOTE 7.
INCOME TAX BENEFIT**

	2012	2011
	\$	\$
Numerical reconciliation of income tax benefit and tax at the statutory rate		
Loss before income tax benefit	(7,672,697)	(1,003,568)
Tax at the statutory tax rate of 30%	(2,301,809)	(301,070)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Share-based payments	(106,638)	14,132
Other Permanent Differences	1,319	1,377
	(2,407,128)	(285,561)
R&D tax offset receivable at 30 June 2012	(695,894)	–
Income tax losses not taken up as benefit	2,407,128	285,561
Income tax benefit	(695,894)	–

Petroleum Resource Rent Tax

PRRT applies to all petroleum projects in offshore areas under the Petroleum Act, other than some specific production licences. 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%. Certain specified undeducted expenditures are eligible for compounding. The expenditures can be compounded annually at set rates, and the compounded amount can be deducted against assessable receipts in future years.

The Company estimates that if a production licence was granted on VIC/P57, it has incurred expenditure that would result in total carried forward undeducted expenditure of \$72 million to 30 June 2012 (2011: \$71 million) which is capable of being offset against income derived in future years. At 1 July 2012 this estimated amount is \$88 million (2011: \$86 million) as compounding occurs annually on 1 July.

Expenditure incurred in relation to production licence T/41P expired when the licence was relinquished.

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

	2012	2011
	\$	\$
Deferred tax assets not recognised		
Deferred tax assets not recognised comprises temporary differences attributable to:		
Tax Losses	15,449,435	14,801,545
Temporary Differences	(6,926,166)	(7,138,504)
Total deferred tax assets not recognised	8,523,269	7,663,041

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 company 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 company 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

	2012	2011
	\$	\$
Cash at bank	190,315	357,431
Cash on deposit	1,494,577	3,500,564
	1,684,892	3,857,995

NOTE 9. CURRENT ASSETS - TRADE AND OTHER RECEIVABLES

	2012	2011
	\$	\$
R&D tax concession receivable	695,895	-
Interest receivable	2,844	3,673
GST receivable	27,219	31,289
	725,958	34,962

The average credit period on trade and other receivables is 30 days. No interest is charged on the receivables. The Company 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.

Subsequent to year end, the Company has received the \$696k R&D tax concession receivable, however at the date of the financial report the Company is awaiting final approval by AusIndustry.

NOTE 10. CURRENT ASSETS - OTHER

	2012	2011
	\$	\$
Prepayments	63,718	34,848

NOTE 11. NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT

	2012	2011
	\$	\$
Plant and equipment - at cost	82,693	79,420
Less: Accumulated depreciation	(69,053)	(60,506)
	13,640	18,914
	13,640	18,914

Reconciliations

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

	Plant & Equipment	Total
	\$	\$
Balance at 1 July 2010	14,215	14,215
Additions	11,864	11,864
Depreciation expense	(7,165)	(7,165)
Balance at 30 June 2011	18,914	18,914
Additions	3,274	3,274
Depreciation expense	(8,548)	(8,548)
Balance at 30 June 2012	13,640	13,640

NOTE 12.
NON-CURRENT ASSETS -
INTANGIBLES

	2012	2011
	\$	\$
Software – at cost	151,518	121,030
Less: Accumulated amortisation	(98,782)	(67,012)
	52,736	54,018
	52,736	54,018

Reconciliations

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

	Software	Total
	\$	\$
Balance at 1 July 2010	38,230	38,230
Additions	35,370	35,370
Amortisation expense	(19,582)	(19,582)
Balance at 30 June 2011	54,018	54,018
Additions	30,488	30,488
Amortisation expense	(31,770)	(31,770)
Balance at 30 June 2012	52,736	52,736

NOTE 13.
NON-CURRENT ASSETS -
EXPLORATION AND EVALUATION

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.

Out of the total of \$5,954,106, the write off of expenditure on permit T/41P accounts for exploration assets in the reporting period is \$5,943,816. The permit was relinquished at the end of the reporting period.

	2012	2011
	\$	\$
Exploration and evaluation expenditure	20,569,130	25,921,401

Reconciliations

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

	Exploration & Development Expenditure	Total
	\$	\$
Balance at 1 July 2010	22,177,579	22,177,579
Additions	3,895,248	3,895,248
Write off of assets	(151,426)	(151,426)
Balance at 30 June 2011	25,921,401	25,921,401
Expenditure during the year	601,835	601,835
Write off of assets	(5,954,106)	(5,954,106)
Balance at 30 June 2012	20,569,130	20,569,130

NOTE 14.
CURRENT LIABILITIES -
TRADE AND OTHER PAYABLES

	2012	2011
	\$	\$
Trade payables	287,629	157,308
Sundry payables and accrued expenses	73,471	59,942
	361,100	217,250

Refer to note 20 for further information on financial instruments.

The average credit period on trade and other receivables is 30 days. No interest is charged on the receivables. The Company 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 approximate their fair value.

NOTE 15.
CURRENT LIABILITIES -
PROVISIONS

	2012	2011
	\$	\$
Employee benefits	44,166	64,954

NOTE 16.
NON-CURRENT LIABILITIES -
PROVISIONS

	2012	2011
	\$	\$
Employee benefits	38,308	45,218
Provision for well abandonment	500,000	500,000
	538,308	545,218

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 17.
EQUITY - ISSUED CAPITAL

	2012	2011
	\$	\$
Ordinary shares - fully paid	50,620,867	50,620,867
	Shares	Shares
	206,560,000	206,560,000

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.

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 company 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 company is subject to certain financing arrangements covenants and meeting these are given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the 30 June 2011 Annual Report.

Options

For further information in relation to unissued ordinary shares of 3D Oil Limited under option, refer to the Directors' report and Note 28.

NOTE 18. EQUITY - RESERVES

	2012	2011
	\$	\$
Share-based payments reserve	78,645	2,038,070
Options reserve	-	(1,852,787)
	78,645	185,283
	Share based Payment	Total
	\$	\$
Balance at 1 July 2010	2,023,826	2,023,826
Share based payments	47,107	47,107
Expiry of options	(1,885,650)	(1,885,650)
Balance at 30 June 2011	185,283	185,283
Share based payments	48,587	48,587
Expiry of options	(155,225)	(155,225)
Balance at 30 June 2012	78,645	78,645

NOTE 19. EQUITY - DIVIDENDS

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

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

NOTE 20.
FINANCIAL INSTRUMENTS

Financial risk management objectives

The company'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 company'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 company. The company 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 company 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 ('Board'). These policies include identification and analysis of the risk exposure of the company and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the company's operating units. Finance reports to the Board on a monthly basis.

Market risk

Foreign currency risk

The company undertakes certain transactions denominated in foreign currency and are 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 company is not exposed to any significant price risk.

Interest rate risk

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

As at the reporting date, the company had the following variable rate borrowings and interest rate swap contracts outstanding:

	2012		2011	
	Weighted average interest rate	Balance	Weighted average interest rate	Balance
	%	\$	%	\$
Cash on hand	4.35	190,315	4.75	357,431
Cash on deposit	4.35	1,494,577	4.75	3,500,564
Net exposure to cash flow interest rate risk		1,684,892		3,857,995

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. The company has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The company 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 company does not hold any collateral.

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

Liquidity risk

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

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

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.

	Basis points increase			Basis points decrease		
	Basis points change	Effect on profit before tax	Effect on equity	Basis points change	Effect on profit before tax	Effect on equity
2012						
Cash and cash equivalents	131	22,072	22,072	131	(22,072)	(22,072)
	Basis points increase			Basis points decrease		
	Basis points change	Effect on profit before tax	Effect on equity	Basis points change	Effect on profit before tax	Effect on equity
2011						
Cash and cash equivalents	143	55,170	55,170	143	(55,170)	(55,170)

NOTE 21. 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, Company Secretary

Ms Philippa Kelly
Non-executive Director

Mr Keith Edwards
Non-executive Director –
resigned 23 March 2012

Compensation

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

	2012	2011
	\$	\$
Short-term employee benefits	861,104	840,899
Post-employment benefits	66,945	65,907
Long-term benefits	13,817	10,480
	941,866	917,286

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 company, including their personally related parties, is set out below:

2012	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	-	-	-	38,000
Mr N Newell*	37,805,150	-	-	-	37,805,150
Ms M Leydin	150,000	-	-	-	150,000
Ms P Kelly	145,000	-	-	-	145,000
Mr K Edwards**	240,000	-	-	(240,000)	-
	38,378,150	-	-	(240,000)	38,138,150

* purchased 200,000 shares on-market at \$0.07 per share on 16 August 2012 taking holding to 38,105,150 shares.

** resigned on 23 March 2012

2011	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	-	-	-	38,000
Mr N Newell	37,700,150	-	105,000	-	37,805,150
Ms M Leydin	150,000	-	-	-	150,000
Ms P Kelly	145,000	-	-	-	145,000
Mr K Edwards*	-	-	240,000	-	240,000
	38,033,150	-	345,000	-	38,378,150

* Mr K Edwards was appointed as a Non-Executive Director on 30 June 2011.

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 company, including their personally related parties, is set out below:

2012

Options over ordinary shares

There were no options over ordinary shares held by key management personnel during the 2012 financial year.

2011	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/other	Balance at the end of the year
Options over ordinary shares					
Mr C Horsfall*	500,000	-	-	(500,000)	-
Mr N Newell*	4,000,000	-	-	(4,000,000)	-
Mr K Lanigan	265,000	-	-	(265,000)	-
	4,765,000	-	-	(4,765,000)	-

* These options expired on 31 January 2011.

**NOTE 22.
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:

	2012	2011
	\$	\$
Audit services - Grant Thornton Audit Pty Ltd		
Audit or review of the financial statements	35,000	33,500
Other services - Grant Thornton Audit Pty Ltd		
Taxation Services	134,966	-
	169,966	33,500

**NOTE 23.
CONTINGENT LIABILITIES**

There were no contingent liabilities in existence at 30 June 2012.

**NOTE 24.
COMMITMENTS**

In order to maintain current rights of tenure to exploration tenements, the Company 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. (Refer to Note 25 for details of the Farm-in agreement recently entered into with Hibiscus Petroleum. In the event that the all required conditions pursuant to the agreement are fulfilled, the Company will be responsible for 49.9% of the exploration commitments outlined above).

	2012	2011
	\$	\$
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	46,044	90,316
One to five years	-	46,044
	46,044	136,360
Exploration Licenses - Commitments for Expenditure		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	600,000	700,000
One to five years	36,400,000	37,000,000
	37,000,000	37,700,000

**NOTE 25.
EVENTS AFTER THE
REPORTING PERIOD**

On 15 August 2012, the Company entered into a conditional Farm-in Agreement and Subscription Agreement with Hibiscus Petroleum Berhad, through its wholly owned subsidiary ('Hibiscus'). Under the Farm-in Agreement, Hibiscus will acquire a 50.1% interest in petroleum exploration permit VIC/P57 up front and will invest up to \$27m in tranches to fund joint operations on the permit.

On 4 September 2012, as per the Subscription Agreement, Hibiscus subscribed for new shares in the Company equal to 14.99% of the Company's share capital (before the new shares are issued) as part of a cornerstone investment. The consideration (including costs of the transaction) of \$2.0 million was based on the 30 day Volume Weighted Average Price of the Company's shares prior to the date the agreement was announced.

Completion of both the Subscription Agreement and Farm-in Agreement will be subject to a number of conditions precedent, including Foreign Investment Review Board ('FIRB') and Hibiscus shareholder approval. The shares subscribed for by Hibiscus will be issued once the conditions have been met.

No other matter or circumstance has arisen since 30 June 2012 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

**NOTE 26.
RECONCILIATION OF LOSS AFTER
INCOME TAX TO NET CASH USED
IN OPERATING ACTIVITIES**

	2012	2011
	\$	\$
Loss after income tax benefit for the year	(6,976,803)	(1,003,568)
Adjustments for:		
Depreciation and amortisation	40,318	26,746
Share-based payments	48,587	47,107
Foreign exchange differences	7,643	(37,113)
Exploration costs written off	5,954,106	151,426
Annual and long service leave provisions	(27,698)	29,353
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(690,996)	79,421
Decrease/(increase) in prepayments	(28,870)	1,241
Increase in trade and other payables	143,850	69,376
Net cash used in operating activities	(1,529,863)	(636,011)

NOTE 27.
EARNINGS PER SHARE

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 EPS as they do not meet the requirements for inclusion in AASB 133 'Earnings per Share'. The rights to options are non-dilutive as the Company has generated a loss for the financial year.

	2012	2011
	\$	\$
Loss after income tax attributable to the owners of 3D Oil Limited	(6,976,803)	(1,003,568)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	206,560,000	206,560,000
Weighted average number of ordinary shares used in calculating diluted earnings per share	206,560,000	206,560,000
	Cents	Cents
Basic earnings per share	(3.38)	(0.49)
Diluted earnings per share	(3.38)	(0.49)

NOTE 28.
SHARE-BASED PAYMENTS

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

2012							
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
31/03/2008	31/03/2013	\$0.75	400,000	-	-	(400,000)	-
27/08/2009	30/06/2014	\$0.25	125,000	-	-	(125,000)	-
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	-	697,177	-	(142,477)	554,700
			1,404,000	697,177	-	(1,017,477)	1,083,700

2011

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
14/12/2006	31/01/2011	\$0.60	4,000,000	-	-	(4,000,000)	-
14/12/2006	31/01/2011	\$0.50	5,500,000	-	-	(5,500,000)	-
14/12/2006	31/01/2011	\$0.50	100,000	-	-	(100,000)	-
14/12/2006	31/01/2011	\$0.50	1,500,000	-	-	(1,500,000)	-
31/03/2008	31/03/2013	\$0.75	400,000	-	-	-	400,000
27/08/2009	30/06/2014	\$0.25	125,000	-	-	-	125,000
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
			11,689,000	815,000	-	(11,100,000)	1,404,000

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
14/12/2006	31/01/2011*		\$0.60	83.00%	0.00%	5.93%	\$0.213
14/12/2006	31/01/2011*		\$0.50	83.00%	0.00%	5.93%	\$0.173
14/12/2006	31/01/2011*		\$0.50	83.00%	0.00%	5.93%	\$0.185
14/12/2006	31/01/2011*		\$0.50	83.00%	0.00%	3.56%	\$0.156
31/03/2008	31/03/2013	\$0.59	\$0.75	83.00%	0.00%	6.09%	\$0.030
27/08/2009	30/06/2014	\$0.19	\$0.25	80.00%	0.00%	4.97%	\$0.049
27/08/2009	30/06/2014	\$0.19	\$0.25	80.00%	0.00%	4.97%	\$0.440
02/06/2010	30/11/2014	\$0.19	\$0.40	80.00%	0.00%	4.97%	\$0.083
02/06/2010	30/11/2014	\$0.19	\$0.40	80.00%	0.00%	4.97%	\$0.076
02/06/2010	30/11/2014	\$0.19	\$0.40	80.00%	0.00%	5.16%	\$0.083
24/01/2011	31/01/2015	\$0.25	\$0.40	80.00%	0.00%	5.16%	\$0.931
07/10/2011	07/10/2015	\$0.14	\$0.18	99.67%	0.00%	4.36%	\$0.090

* 3D Oil Limited listed on the Australian Stock Exchange in November 2007.

DIRECTORS' DECLARATION

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 company's financial position as at 30 June 2012 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) of the Corporations Act 2001.

On behalf of the directors



Noel Newell
Managing Director
28 September 2012
Melbourne



Grant Thornton Audit Pty Ltd
ABN 91 130 913 594
ACN 130 913 594

Level 2
215 Spring Street
Melbourne Victoria 3000
GPO Box 4984
Melbourne Victoria 3001

T +61 3 8663 6000
F +61 3 8663 6333
E info.vic@au.gt.com
W www.grantthornton.com.au

**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 statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity and 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 company.

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 of the financial report in accordance with Australian Accounting Standards and the Corporations Act 2001. This responsibility includes such internal controls as the Directors determine are necessary to enable the preparation of the financial report to be 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, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies 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 which 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.

Grant Thornton Australia Limited is a member firm within Grant Thornton International Ltd. Grant Thornton International Ltd and the member firms are not a worldwide partnership. Grant Thornton Australia Limited, together with its subsidiaries and related entities, delivers its services independently in Australia.

Liability limited by a scheme approved under Professional Standards Legislation

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.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial report 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.

Electronic presentation of audited financial report

This auditor's report relates to the financial report of 3D Oil Limited and controlled entities for the year ended 30 June 2012 included on 3D Oil Limited's web site. The Company's Directors are responsible for the integrity of 3D Oil Limited's web site. We have not been engaged to report on the integrity of 3D Oil Limited's web site. The auditor's report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

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 Company's financial position as at 30 June 2012 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 17 to 21 of the directors' report for the year ended 30 June 2012. 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 2012, complies with section 300A of the Corporations Act 2001.

A stylized, handwritten signature of the firm Grant Thornton in dark ink.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

A handwritten signature of B.A. Mackenzie in dark ink.

B.A. Mackenzie
Partner - Audit & Assurance

Melbourne, 28 September 2012

SHAREHOLDER INFORMATION

30 June 2012

The shareholder information set out below was applicable as at 13 September 2012.

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	150
5,001 to 10,000	168
10,001 to 100,000	432
100,001 and over	172
	956

Holding less than a marketable parcel	220
---------------------------------------	------------

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	17.75
Bond Street Custodians Limited <Officium Emerging Res A/C>	23,508,362	11.38
H Louey Pang & Co Pty Ltd <DemariaFamily A/C>	11,700,000	5.66
Pand Jr Pty Ltd <John Demaria Family A/C>	6,865,201	3.32
Fugro Multi Client Services Pty Ltd	6,475,000	3.13
Bill Hopper	6,475,000	3.13
DMG & Partners Securities Pte Ltd <Clients A/C>	4,373,943	2.12
J K Demaria Pty Ltd	3,583,532	1.73
Nefco Nominees Pty Ltd	3,369,821	1.63
Andrew Paterson	3,237,500	1.57
Pengold Pty Ltd	3,237,500	1.57
Noel Mainwaring	3,050,000	1.48
Mr Giovanni Monteleone + Mrs Frances Monteleone	3,000,000	1.45
Vin Naidu + Wendy Naidu	2,837,500	1.37
GKI Resort Pty Limited <The GKI Resort A/C>	2,615,000	1.27
Vobe Resources Pty Ltd <Superannuation Fund A/C>	2,550,000	1.23
Mr Russel Barwick	2,500,000	1.21
Eilie Sunshine Pty Ltd <Eilie Sunshine Superfund A/C>	2,500,000	1.21
Phillip Securities Pte Ltd <Client Account>	2,176,396	1.05
Mr Joseph Hannah	1,993,200	0.96
	132,709,405	64.22

Unquoted equity securities

There are no unquoted equity securities.

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	17.75
Bond Street Custodians Limited <Officicum Emerging Res A/C>	23,508,362	11.38
H Louey Pang & Co Pty Ltd <DemariaFamily A/C>	11,700,000	5.66

Voting rights

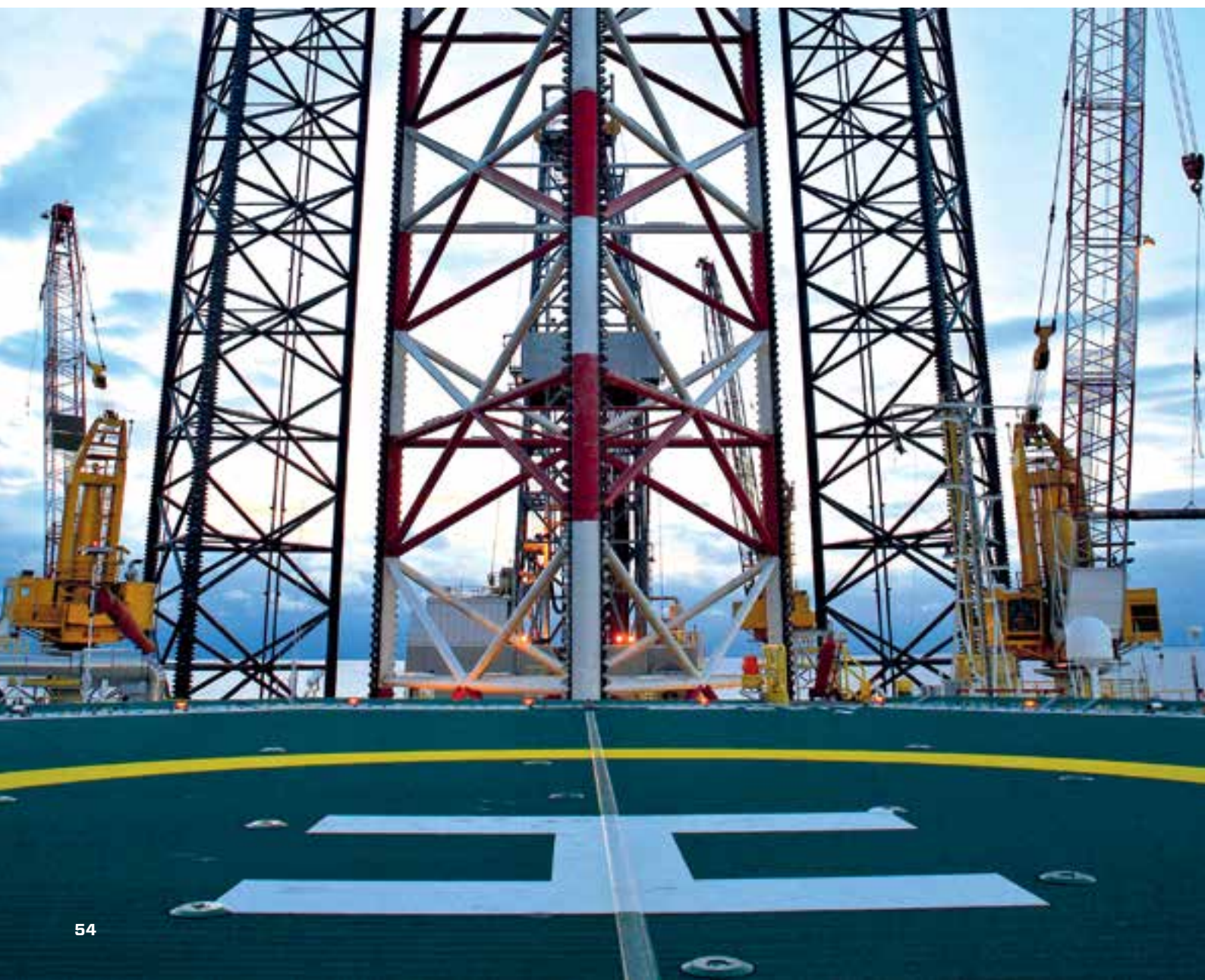
The voting rights attached to ordinary shares are set out below:

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.

CORPORATE GOVERNANCE STATEMENT



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 <i>Guide to reporting on Principle 1</i> .	A Board charter has been disclosed on the company's website and is summarised in this Corporate Governance Statement.	Complies.
	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.	Complies.
	The Board conducted a performance evaluation for senior executives at June 2012 in accordance with the process above.	Complies.

Principles and Recommendations		Compliance	Comply
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 independent directors of the company. Mr Campbell Horsfall is an independent Non-Executive Director and Chairman. Ms Melanie Leydin is a Non-Executive Director. Ms Philippa Kelly is an independent Non-Executive Director. Dr Kenneth Pereira 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 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 reelection 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.

Principles and Recommendations	Compliance	Comply
2.6 Provide the information indicated in the <i>Guide to reporting on Principle 2</i> .	This information has been disclosed (where applicable) in the directors' report attached to this Corporate Governance Statement. Mr Campbell Horsfall and Ms Philippa Kelly are 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. Mr Noel Newell, Executive Director and Chief Executive Officer, was appointed to the Board at incorporation of the Company. Ms Philippa Kelly, Non-Executive Director, was appointed to the Board in January 2010. Ms Melanie Leydin, Non-Executive Director, was appointed to the Board in January 2009. Dr Kenneth Pereira, Non-Executive Director, was appointed to the Board in September 2012. 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 <i>Guide to Reporting on Principle 2</i>, 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.	Complies. Complies.
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.

Principles and Recommendations	Compliance	Comply
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 progress towards achieving them.	The company will report in each annual report the measurable objectives for achieving gender diversity set by the Board.	Complies.
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 5 Directors of which 2 are female. The proportion of females in the company is 33% being 3 out of a total of 9 employees.	Complies.
3.5 Provide the information indicated in <i>Guide to reporting on Principle 3</i> .	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 nonexecutive 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), Ms Philippa Kelly and Mr Campbell Horsfall. Ms Melanie Leydin is a Non-Executive Director and is not chair of the Board. The committee consists of three 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 <i>Guide to reporting on Principle 4</i> .	In accordance with the information suggested in <i>Guide to Reporting on Principle 2</i>, 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 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.	Complies.

Principles and Recommendations	Compliance	Comply
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 <i>Guide to reporting on Principle 6</i> .	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 Corporate Governance Statement.	Complies.
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.

Principles and Recommendations	Compliance	Comply
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 chief financial officer 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 <i>Guide to reporting on Principle 7</i> .	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, Ms Melanie Leydin and Ms Philippa Kelly; — is chaired by Ms Philippa Kelly, an independent director; and — has three members.	Complies.
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 nonexecutive director remuneration. No senior executive is involved directly in deciding their own remuneration.	Complies.
8.3 Provide the information indicated in the <i>Guide to reporting on Principle 8</i> .	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 2012 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

CORPORATE DIRECTORY

Directors

Campbell Horsfall
(Non-Executive Chairman)

Noel Newell
(Managing Director)

Melanie J Leydin
(Non-Executive Director)

Philippa Kelly
(Non-Executive Director)

Dr Kenneth Pereira
(Non-Executive Director)

Company secretary

Melanie J Leydin

Registered office

Level 5, 164 Flinders Lane
Melbourne, VIC 3000
Telephone: (03) 9650 9866

Principal place of business

Level 5, 164 Flinders Lane
Melbourne, VIC 3000

Advisors

Lion Capital Advisory Pty Ltd
Level 6
350 Collins Street
Melbourne
Victoria 3000

Share register

Computershare Investor Services Pty Ltd
452 Johnston Street
Abbotsford Victoria 3067
Telephone: (03) 9415 5000

Auditor

Grant Thornton Audit Pty Ltd
Chartered Accountants
215 Spring 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 address

3doil.com.au

