3D Oil Limited
ABN 40 105 597 279

Half-year Financial Report - 31 December 2012

Contents

3D Oil Limited
Corporate directory
31 December 2012

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 Telephone: (03) 9650 9866
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 The Rialto, Level 30, 525 Collins Street Melbourne Victoria 3000
Solicitors	Baker & McKenzie Level 19, 181 William Street Melbourne Victoria 3000
Stock exchange listing	3D Oil Limited shares are listed on the Australian Securities Exchange (ASX code: TDO)
Website	www.3doil.com.au

Review of Operations

During the half-year to 31 December 2012, 3D Oil Limited farmed-out an interest in its VIC/P57 permit in the Gippsland Basin, Victoria and also chose not to renew its T/41P permit in the Bass Basin, Tasmania.

The $27 million VIC/P57 farm-out to Hibiscus Petroleum Berhad ('Hibiscus') was formally completed on 8 January 2013. 3D Oil now retains a 49.9% working interest in VIC/P57 while Hibiscus holds a 50.1% interest and is Operator of the new VIC/P57 joint venture.

VIC/P57, Gippsland Basin Offshore Victoria

Exploration permit VIC/P57 is located in the north-west of the offshore Gippsland Basin. It contains the undeveloped West Seahorse oil field and several other prospects and leads. VIC/P57, which is proximal to shore and in shallow water depths, comprises approximately 483 square kilometres. The minimum work requirements for the permit include the drilling of one exploration well before August 2014 and another before August 2016.

Activity during the quarter was focused on completing the farm-in agreement with Hibiscus Petroleum and simultaneously progressing the West Seahorse development project.

The farmout, was formally completed as scheduled on 8 January 2013. A number of key steps were taken during the quarter, including FIRB approval and Hibiscus shareholder approval, as 3D Oil and Hibiscus worked together to close the farm-in transaction. The VIC/P57 Joint Venture has now been established with Hibiscus Petroleum as operator and 50.1% interest holder and 3D Oil holding 49.9%. Farm-in funding of $20.25 million was deposited by Hibiscus into joint venture accounts. The farm-in agreement also requires an additional $6.75 million from Hibiscus upon the depletion of the joint venture account. These funds will be applied to the development of the West Seahorse oil field.

A West Seahorse development project team was established in Melbourne soon after the farm-in was announced in August 2012. The team is comprised of personnel from Hibiscus Petroleum, 3D Oil, engineering firm WorleyParsons and other specialists and is proceeding with development concept and Front-end Engineering and Design (FEED) studies, as well as regulatory and approvals work.

The joint venture has adopted an aggressive project schedule with the objective of producing oil within approximately two years.

In November 2012, the National Offshore Petroleum Titles Administrator declared a location over the West Seahorse oil field following our submission. Following on from this the project team completed the preliminary Field Development Plan (FDP) for the West Seahorse oilfield. This document was submitted to NOPTA in January 2013 and an initial review has now been completed. The joint venture will now finalise the FDP and compile an application for a Production Licence, which the joint venture expects to submit in the second quarter 2013.

While the development concept for West Seahorse is yet to be finalised, the current base case comprises the following infrastructure:

- a Mobile Offshore Production Unit (MOPU) fixed to the seabed at West Seahorse will have processing facilities to produce stabilised the crude oil. Two production wells will connect the West Seahorse reservoir to the MOPU.

- a Crude Oil Storage and Road Tanker Load-out Terminal located onshore. Road tankers will transport the stabilised crude oil to local Victorian refineries.

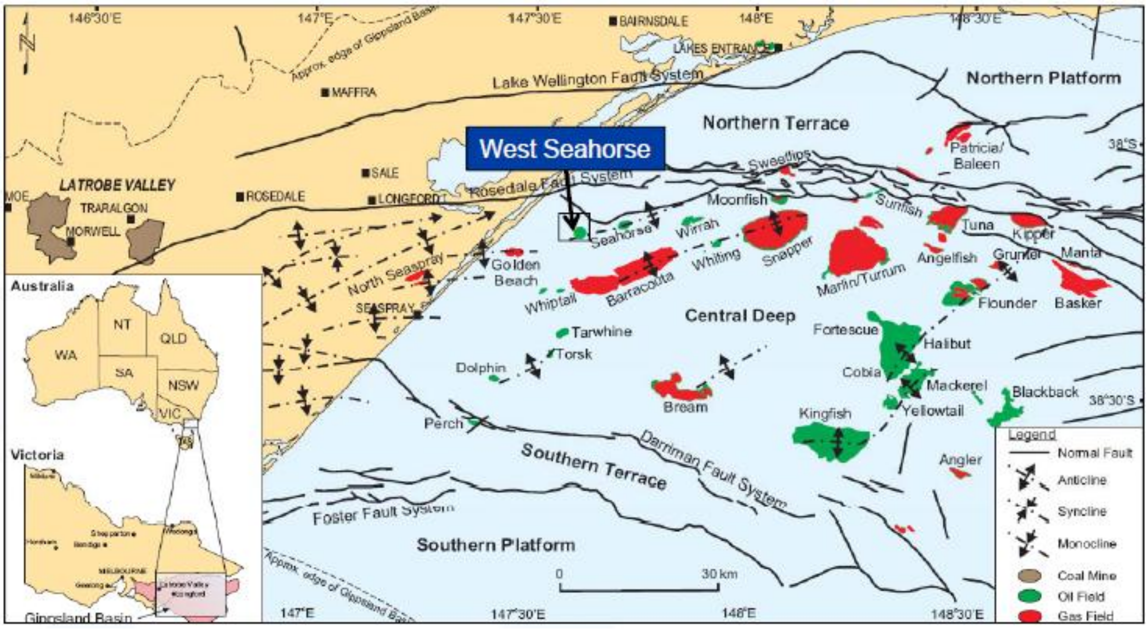
- A pipeline connecting the MOPU to the onshore terminal, comprised of a 24km offshore section, a 3.5km subsurface shoreline crossing installed by horizontal directional drilling and approximately 6km of onshore pipeline. Onshore sections of the pipeline are to be routed within existing easements wherever possible to minimise environmental impacts.

The West Seahorse Oil Field

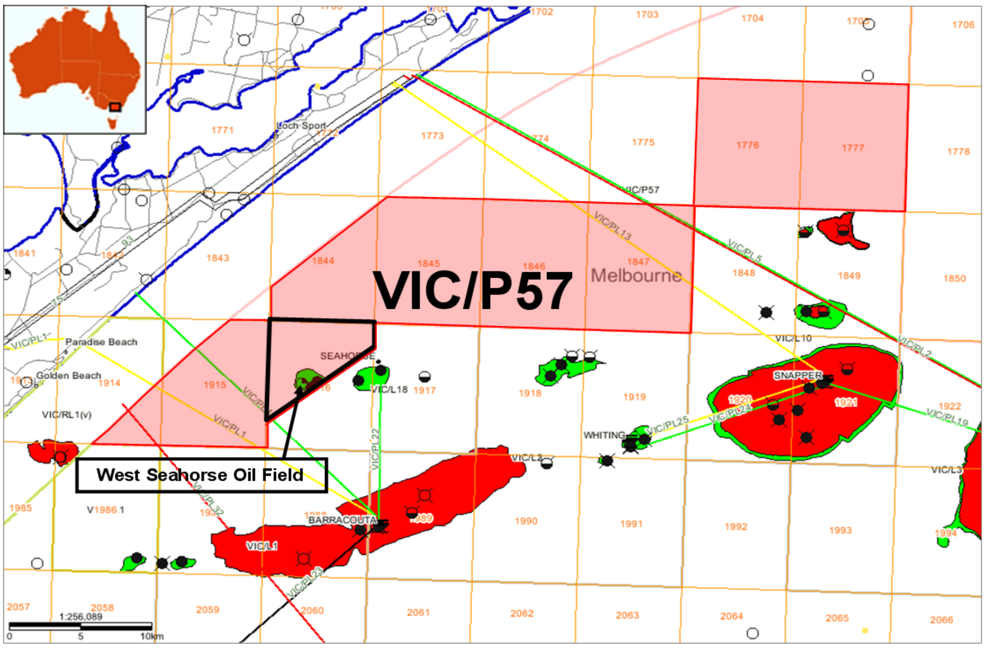
Gaffney Cline Associates, independent experts engaged by 3D Oil, have determined a best estimate of 9.2 million barrels of recoverable oil from West Seahorse (2C Contingent Resources).

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

The West Seahorse oil reservoir is approximately 1400 metres below sea level in some of the same high-productivity sandstones that have historically contributed to the prolific oil fields of the Gippsland Basin. Initial oil production rates are expected to be over 10,000 barrels of oil per day.



West Seahorse location, Gippsland Basin, Offshore Victoria



VIC/P57 showing the location declared over West Seahorse, block 1916 (part)

VIC/P57 exploration and prospects and leads

The new VIC/P57 joint venture will also target the drilling of the Sea Lion prospect and will continue exploration work in the permit including on the Felix prospect.

The Sea Lion prospect was the subject of an independent resource assessment (RISC 2012) as part of the Hibiscus 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 combined probabilistic estimate of the most likely (P50) Prospective Resources for the three main target levels was 11.0 mmbbl of oil. A discovery in Sea Lion has the potential to add significant value as a tie-in to the West Seahorse development. The Sea Lion prospect also contains a deeper gas play as a secondary target.

The Felix prospect is located within an established oil production fairway between the Moonfish oil field and the Wirrah discovery, and is structurally very similar to Moonfish. The prospect has the potential to be significantly larger than West Seahorse. The recent significant discovery along trend at South East Remora-1 highlights the continuing prospectivity associated with improved imaging of the Northern Fields 3D seismic data.

The Felix prospect is anticipated to contain at least the same productive horizons currently being exploited in the nearby Moonfish Field. It also has a high likelihood of containing multiple other hydrocarbon zones, as is seen in the adjacent Wirrah field. Mapping has also identified secondary targets below the primary objective with the potential to contain significant of oil resource equivalent. Deeper potential has not been adequately investigated in this immediate area, but it has been proven to be prospective at along-trend discoveries such as the Sunfish, Remora, South East Remora, Longtom and Kipper fields.

The combination of its location and 3D seismic definition makes Felix a low- to medium-risk exploration target which is mature for drilling.

T/41P, Bass Basin offshore Tasmania

On 13 July 2012, 3D Oil announced that it had decided to relinquish exploration permit T/41P in the Bass Basin following the completion of its initial six-year term. The permit had been held 100% by 3D Oil Limited since mid-2005. An extensive technical programme culminating in the Dalrymple 3D seismic survey was completed in May 2012.

Despite this investment, the large permit area remains sparsely explored and renewal of the permit required the drilling of an exploration well in the next three years of the permit. Based on the existing suite of mapped prospects, the company could not justify the high technical and commercial risk inherent in 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.

3D Oil Limited
Directors' report
31 December 2012

The directors present their report, together with the financial statements, on the company for the half-year ended 31 December 2012.

Directors

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

Mr Campbell Horsfall
Mr Noel Newell
Ms Melanie Leydin
Ms Philippa Kelly
Mr Kenneth Pereira (Appointed 4 September 2012)

Principal activities

During the financial half-year the principal continuing activities of the company consisted of:

- exploration and development of upstream oil and gas assets

Review of operations

The loss for the company after providing for income tax amounted to $1,253,994 (31 December 2011: $782,463).

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

Financial Position

The net assets of the Company have increased by $817,888 to $22,984,388 as at 31 December 2012 (30 June 2012: $22,166,500). This is as a result of the company receiving $2,043,558 from Hibiscus as a result of a share subscription agreement, offsetting normal operating expenditure during the period. As a result, the Company's working capital, being current assets less current liabilities, also increased to $2,805,478 compared with working capital of $2,069,302 at 30 June 2012.

During the half-year the Company incurred corporate advisory fees, consulting fees, legal fees and a success fee in association with the successful completions of the farm-out of VIC/P57. These costs are included in the Statement of Comprehensive Income for the period.

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

Significant changes in the state of affairs

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 $27 million 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 the Subscription Agreement and Farm-in Agreement was achieved upon approval by the Shareholders of Hibiscus at an Extraordinary General Meeting held on 19 December 2012, Foreign Investment Review Board ('FIRB') approval having been received on 5 October 2012.

3D Oil Limited
Directors' report
31 December 2012

On 15 December 2012 the Company issued 595,000 share options to employees following shareholder approval received at the Company's 2012 AGM, held on 21 November 2012. The options are exercisable at $0.16 per option on or before 30 November 2015.

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

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.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

Noel Newell
Managing Director

13 March 2013
Melbourne

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Auditor's Independence Declaration
To The Directors of 3D Oil Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of 3D Oil Limited for the half-year ended 31 December 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 review; and

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

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

B.A. Mackenzie
Partner - Audit & Assurance

Melbourne, 13 March 2013

3D Oil Limited
Statement of comprehensive income
For the half-year ended 31 December 2012

	Company	
	December 2012 $	**December 2011 $**
Revenue	60,744	87,965
Expenses		
Corporate expenses	(583,237)	(107,698)
Administrative expenses	(50,542)	(40,990)
Employment expenses	(559,960)	(623,484)
Occupancy expenses	(48,461)	(46,246)
Depreciation and amortisation expense	(8,752)	(18,979)
Exploration costs written off	(35,419)	-
Unrealised exchange gains/loss	(266)	(5,183)
Realised exchange gains/loss	223	(896)
Share based payments	(28,324)	(26,952)
Loss before income tax expense	(1,253,994)	(782,463)
Income tax expense	-	-
Loss after income tax expense for the half-year attributable to the owners of 3D Oil Limited	(1,253,994)	(782,463)
Other comprehensive income for the half-year, net of tax	-	-
Total comprehensive income for the half-year attributable to the owners of 3D Oil Limited	(1,253,994)	(782,463)
	Cents	**Cents**
Basic earnings per share	(0.61)	(0.38)
Diluted earnings per share	(0.61)	(0.38)

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

3D Oil Limited
Statement of financial position
As at 31 December 2012

	Note	Company December 2012 $	June 2012 $
Assets			
Current assets			
Cash and cash equivalents		2,860,366	1,684,892
Trade and other receivables		730,585	725,958
Other		22,968	63,718
Total current assets		3,613,919	2,474,568
Non-current assets			
Property, plant and equipment		11,370	13,640
Intangibles		46,254	52,736
Exploration and evaluation	4	20,665,702	20,569,130
Total non-current assets		20,723,326	20,635,506
Total assets		24,337,245	23,110,074
Liabilities			
Current liabilities			
Trade and other payables		757,252	361,100
Provisions		51,189	44,166
Total current liabilities		808,441	405,266
Non-current liabilities			
Provisions		544,416	538,308
Total non-current liabilities		544,416	538,308
Total liabilities		1,352,857	943,574
Net assets		22,984,388	22,166,500
Equity			
Issued capital	5	52,664,425	50,620,867
Reserves		66,395	78,645
Accumulated losses		(29,746,432)	(28,533,012)
Total equity		22,984,388	22,166,500

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

3D Oil Limited
Statement of changes in equity
For the half-year ended 31 December 2012

	Contributed equity $	Reserves $	Accumulated losses $	Total equity $
Company				
Balance at 1 July 2011	50,620,867	185,283	(21,711,434)	29,094,716
Loss after income tax expense for the half-year	-	-	(782,463)	(782,463)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(782,463)	(782,463)
Transactions with owners in their capacity as owners:				
Share-based payments	-	26,952	-	26,952
Balance at 31 December 2011	50,620,867	212,235	(22,493,897)	28,339,205

	Contributed equity $	Reserves $	Accumulated losses $	Total equity $
Company				
Balance at 1 July 2012	50,620,867	78,645	(28,533,012)	22,166,500
Loss after income tax expense for the half-year	-	-	(1,253,994)	(1,253,994)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(1,253,994)	(1,253,994)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 5)	2,043,558	-	-	2,043,558
Share-based payments	-	28,324	-	28,324
Cancellation of options	-	(40,574)	40,574	-
Balance at 31 December 2012	52,664,425	66,395	(29,746,432)	22,984,388

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

3D Oil Limited
Statement of cash flows
For the half-year ended 31 December 2012

	Note	Company December 2012 $	December 2011 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		9,567	10,221
Payments to suppliers and employees (inclusive of GST)		(1,202,430)	(720,318)
Interest received		43,397	76,873
Research and development tax concession		695,894	-
Net cash used in operating activities		(453,572)	(633,224)
Cash flows from investing activities			
Payments for property, plant and equipment		-	(3,273)
Payments for intangibles		-	(30,488)
Payments for exploration and evaluation	4	(414,512)	(425,672)
Proceeds from foreign exchange investment		-	(6,079)
Net cash used in investing activities		(414,512)	(465,512)
Cash flows from financing activities			
Proceeds from issue of shares	5	2,043,558	-
Net cash from financing activities		2,043,558	-
Net increase/(decrease) in cash and cash equivalents		1,175,474	(1,098,736)
Cash and cash equivalents at the beginning of the financial half-year		1,684,892	3,857,995
Cash and cash equivalents at the end of the financial half-year		2,860,366	2,759,259

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

Note 1. General information

The financial report covers 3D Oil Limited as a consolidated entity consisting of 3D Oil Limited and the entities it controlled. 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 13 March 2013. The directors have the power to amend and reissue the financial report.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2012 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2012 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

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

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

Note 3. Operating segments

The Company is organised into one reporting segment : as an explorer and developer of oil and gas in the Gippsland Basin offshore Victoria and the Bass Basin offshore Tasmania. This operating segment is based on the internal reports that are reviewed and used by the Board of Directors who are the Chief Operating Decision Makers ('CODM') in assessing performance and in determining the allocation of resources.

The information reported to the CODM is on at least a monthly basis.

Note 4. Non-current assets - exploration and evaluation

	Company	
	December 2012	**June 2012**
	$	**$**
Exploration and evaluation - at cost	20,665,702	20,569,130
	20,665,702	20,569,130
	20,665,702	20,569,130

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

	Exploration	Total
	$	$
Company		
Balance at 1 July 2012	20,569,130	20,569,130
Additions	131,991	131,991
Write off of assets	(35,419)	(35,419)
Balance at 31 December 2012	20,665,702	20,665,702

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

Note 5. Equity - issued capital

	Company		Company	
	December 2012	**June 2012**	**December 2012**	**June 2012**
	Shares	**Shares**	**$**	**$**
Ordinary shares - fully paid	206,560,000	206,560,000	52,664,425	50,620,867

Movements in ordinary share capital

Details	**Date**	**No of shares**	**Issue price**	**$**
Balance	1 July 2012	206,560,000		50,620,867
Capital raising	21 November 2012	-	$0.00	2,043,558
Balance	31 December 2012	206,560,000		52,664,425

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.

Note 5. Equity - issued capital (continued)

Unissued share capital
During the year the company entered into a share subscription agreement with Hibiscus Petroleum Berhad. Funds amounting to $2,043,558 were received during the period. 30,963,000 ordinary shares were issued at $0.066 on 8 January 2013, upon approval of the agreement by the Hibiscus shareholders.

Share buy-back
There is no current on-market share buy-back.

Note 6. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Note 7. Contingent liabilities

During the period the company received a Research and Development Tax Concession of $695,894 from the Australian Tax Office. At the date of this report the company is awaiting final approval of the concession from AusIndustry.

There were no other contingent liabilities as at 31 December 2012 or 30 June 2012.

Note 8. Commitments

There have been no material changes to commitments to expenditure since the Company's annual report for the financial year ended 30 June 2012. Due to the Farm-in Agreement outlined in note 9, all commitments in relation to petroleum exploration permit VIC/P57 will be met by Carnarvon Hibiscus Pty Ltd up to the total Farm-in investment of $27 million.

Note 9. Events after the reporting period

On 8 January 2013 the company announced the completion of of the Farm-in Agreement to its VIC/P57 permit by Carnarvon Hibiscus Pty Ltd, the wholly owned subsidiary company of Malaysian company Hibiscus Petroleum Berhad (referred to collectively as "Hibiscus"). Under the agreement Hibiscus will acquire a 50.1% interest in petroleum exploration permit Vic/P57 up front and will invest up to $27 million in tranches to fund joint operations on the permit.

No other matter or circumstance has arisen since 31 December 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.

3D Oil Limited
Directors' declaration

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes thereto give a true and fair view of the company's financial position as at 31 December 2012 and of its performance for the financial half-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.

Signed in accordance with a resolution of directors made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the directors

Noel Newell
Managing Director

13 March 2013
Melbourne

Grant Thornton Audit Pty Ltd
ACN 130 913 594

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

We have reviewed the accompanying half-year financial report of 3D Oil Limited ("Company"), which comprises the statement of financial position as at 31 December 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement or description of accounting policies, other explanatory information and the directors' declaration.

Directors' responsibility for the half-year financial report

The directors of 3D Oil Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal controls as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the 3D Oil Limited's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of 3D Oil Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we complied with the independence requirements of the Corporations Act 2001.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of 3D Oil Limited is not in accordance with the Corporations Act 2001, including:

a giving a true and fair view of the Company's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and

b complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

B.A. Mackenzie
Partner - Audit & Assurance

Melbourne, 13 March 2013