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3D Oil Limited

QUARTERLY ACTIVITIES REPORT FOR THE THREE MONTHS ENDED 31 MARCH 2013

Overview

Strong progress towards the development of the West Seahorse oil field continued during the quarter, including:

- Final selection of an offshore development concept for West Seahorse. This decision followed a comprehensive review of alternatives and was announced on 16 April 2013. The final concept is described in detail below.
- The Preliminary Field Development Plan has been reviewed by the National Offshore Petroleum Titles Administrator (NOPTA) and it is anticipated that the final Plan will be submitted in the second quarter.
- The Front End Engineering and Design (FEED) contract was awarded to Melbourne-based engineering firm Worley Parsons and work has commenced, following on from the firm's conceptual engineering and planning for the project.

The March quarter also saw a number of significant milestones finalising the Hibiscus Petroleum farm-in and the new VIC/P57 Joint Venture, as previously reported:

- Hibiscus Petroleum farm-in to VIC/P57 was completed on 8 January 2013
- New VIC/P57 Joint Venture was formed with Hibiscus as operator holding 50.1% and 3D Oil with 49.9%.
- Hibiscus deposited \$20.25 million into new Joint Venture accounts and committed an additional \$6.75 million when required.
- 3D Oil issued 30,963,000 new shares to Hibiscus in return for \$2 million in subscription funds received in September 2012.

Exploration

VIC/P57, Gippsland Basin, offshore Victoria

On the 16 April 3D Oil announced that it had finalised the development concept for the West Seahorse oilfield and that Front End Engineering Design (FEED) had commenced.

The announcement followed a comprehensive review of a variety of alternatives, with the joint venture selecting an offshore solution for the exploitation of West Seahorse based on a cost effective approach and minimum time to first oil.

The development concept consists of production via a leased Mobile Offshore Production Unit (MOPU) in to a leased tanker serving as a Floating Storage and Offloading (FSO) Vessel. This will enable crude oil sales both locally and internationally. The field life is anticipated to be 4 to 5 years, dependent on a number of factors including operating costs and oil price. Initial production rates are expected to be as high as 12,000 barrels of oil per day.

The selected development concept is described herein:

- Two production wells will be drilled via a jack-up drilling rig prior to the arrival of the MOPU. The West Seahorse wells will be drilled, cased and suspended using the jack-up drilling rig and will be completed for production from the MOPU using a hydraulic snubbing unit. Two production wells will be connected directly to the MOPU through the use of surface completions.
- The Mobile Offshore Production Unit (MOPU) is a modified jack-up fixed to the seabed at West Seahorse field location for the life of the project. The MOPU will include processing facilities to remove associated gas and water, to stabilise the crude oil, and export the stabilised crude. Produced gas will be processed and utilized for fuel gas and enhanced recovery (gas lift) with the remaining gas being flared. Produced water will be treated to regulatory requirement quality and disposed overboard.
- The stabilised oil will be produced via a 1.5km 4-inch flexible flowline to a catenary anchor leg moored (CALM) buoy and flexible hose to a Floating Storage Offloading (FSO) vessel. The FSO can then either load to another vessel in tandem mooring or shuttle the crude to a refinery.

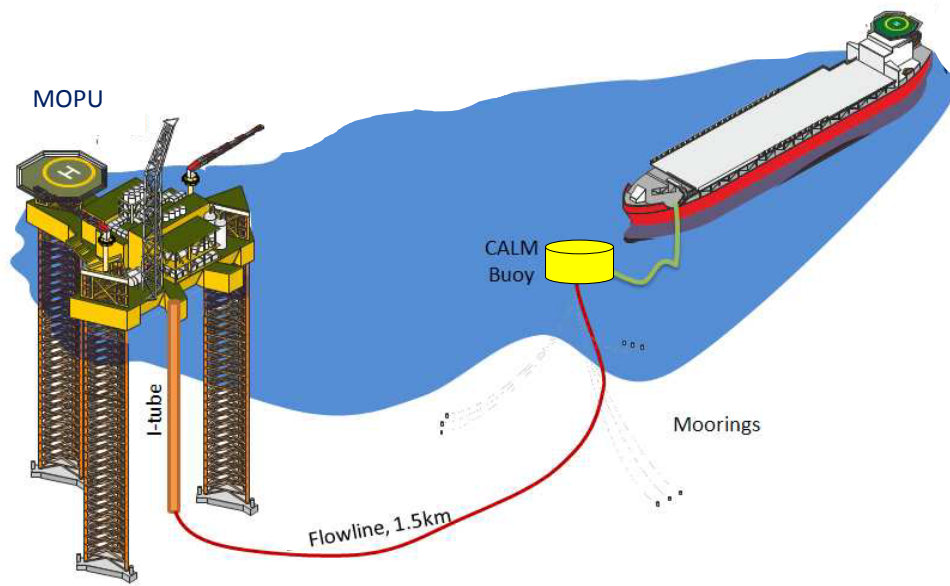


Illustration of the MOPU and tanker facilities proposed for West Seahorse

As a precursor to the submission of the Production Licence application, which is expected to occur within the coming weeks, 3D Oil submitted a preliminary Field Development Plan (FDP) to the National Offshore Petroleum Titles Authority (NOPTA). Following a period of review, NOPTA provided a favourable response to the FDP and indicated that, subject to minor amendments, a final FDP could now be submitted. The process of finalizing and submitting the Production Licence application and the FDP follows on from the NOPTA declaring a location over the West Seahorse oil field in November 2012.

With the selection of the development concept finalized, the VIC/P57 Joint Venture awarded the Front End Engineering and Design (FEED) contract to Melbourne-based engineering firm WorleyParsons. This work will be conducted in conjunction with the regulatory approval process and will lead to the Final Investment Decision (FID), which is expected in the fourth quarter of 2013, with oil production scheduled to commence in the first quarter of 2015. A project team has been established in Melbourne with Hibiscus Petroleum, 3D Oil, engineering firm WorleyParsons and other specialists

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

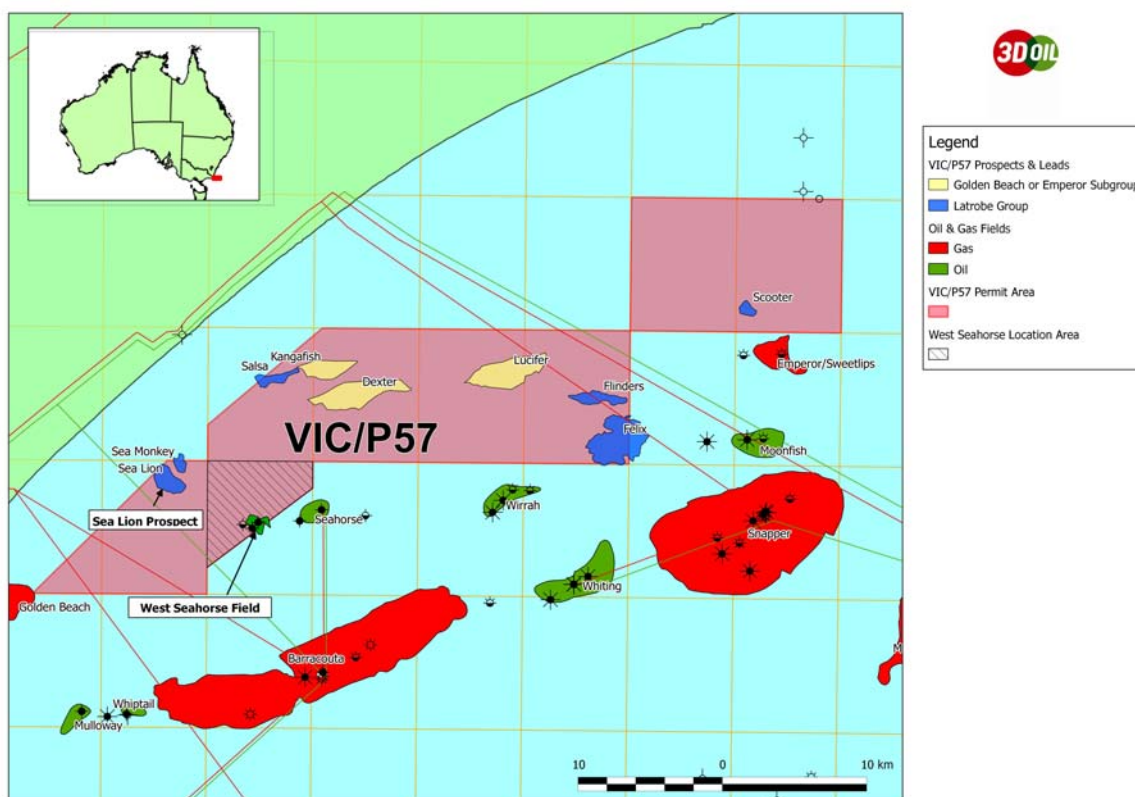
The farm-in, announced in August 2012, was formally completed as scheduled on 8 January 2013. The VIC/P57 Joint Venture has now been established with Hibiscus Petroleum as operator and 50.1% interest holder and 3D Oil holding 49.9%. Farm-in funding of \$20.25 million was deposited by Hibiscus into joint venture accounts. An additional \$6.75 million has also been committed by Hibiscus. These funds will be applied to the development of the West Seahorse oil field.

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 as high as 12,000 barrels of oil per day.



VIC/P57 and West Seahorse. Location declared over block 1916 (part)

Corporate Matters

3D Oil issued 30,963,000 new shares for which \$2 million had been received in September 2012. This finalized the transaction under the Subscription Agreement executed in conjunction with the Hibiscus Petroleum farm-in during August 2012.

Appendix 5B

Mining exploration entity quarterly report

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

Name of entity

3D OIL LIMITED

ABN

40 105 597 279

Quarter ended ("current quarter")

31 March 2013

Consolidated statement of cash flows

		Current quarter \$A	Year to date (9 months) \$A
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	3,508	14,031
1.2	Payments for		
	(a) exploration and evaluation (net of refunds)	-	-
	(b) development	(578,862)	(1,059,616)
	(c) production	-	-
	(d) administration	(263,639)	(1,398,984)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	28,109	75,151
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	R&D Tax Rebate	-	695,894
1.8	Refund of expenditure from Joint Venture	727,252	727,252
Net Operating Cash Flows		(83,632)	(946,272)
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a) prospects/farmins	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.9	Proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
Net investing cash flows		-	-
1.13	Total operating and investing cash flows (carried forward)	(83,632)	(946,272)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(83,632)	(946,272)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares	-	2,043,558
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other – Capital raising costs	-	-
	Net financing cash flows	-	2,043,558
	Net increase (decrease) in cash held	(83,632)	1,097,286
1.20	Cash at beginning of quarter/year to date	2,855,793	1,674,875
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	2,772,161	2,772,161

Payments to directors of the entity and associates of the directors

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

	Current quarter \$A
1.23 Aggregate amount of payments to the parties included in item 1.2	86,201
1.24 Aggregate amount of loans to the parties included in item 1.10	-
1.25 Explanation necessary for an understanding of the transactions	
Director's fees and salaries paid to directors during the March 2013 quarter.	

Non-cash financing and investing activities

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

Nil

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

Nil

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

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

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	-
4.2 Development	600
4.3 Production	-
4.4 Administration	300
Total	*900

*: These outflows will be partially reimbursed by the VIC/P57 joint venture.

Reconciliation of cash

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

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	790	649
5.2 Deposits at call	1,935	2,159
5.3 Bank overdraft	-	-
5.4 Other – Bank Guarantee	47	47
Total: Cash at end of quarter (item 1.22)	2,772	2,855

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	-	-	-	-
6.2 Interests in mining tenements acquired or increased	-	-	-	-

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

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

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference securities <i>(description)</i>	-	-	-	-
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3	*Ordinary securities	237,523,000	237,523,000	-	-
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs (c) Released from ASX restriction	30,963,000 - -	30,963,000 - -	0.066 - -	0.066 - -
7.5	*Convertible debt securities <i>(description)</i>	-	-	-	-
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	- -	- -	- -	- -
7.7	Options <i>(description and conversion factor)</i>	64,000 150,000 200,000 78,000 595,000	- - - - -	<i>Exercise price</i> \$0.25 \$0.40 \$0.40 \$0.18 \$0.16	<i>Expiry date</i> 30 June 2014 30 November 2014 31 January 2015 7 October 2015 30 November 2015
7.8	Issued during quarter	-	-	<i>Exercise price</i> -	<i>Expiry date</i> -
7.9	Exercised during quarter	-	-	-	-
7.10	Expired/lapsed during quarter			<i>Exercise price</i>	<i>Expiry date</i>
317.1	Debentures <i>(totals only)</i>	-	-	-	-
7.12	Unsecured notes <i>(totals only)</i>	-	-	-	-

+ See chapter 19 for defined terms.

Compliance statement

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

Sign here:



Date: 23 April 2013

Company Secretary

Print name: MELANIE LEYDIN

Notes

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

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