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3D Oil Limited

QUARTERLY ACTIVITIES REPORT FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2013

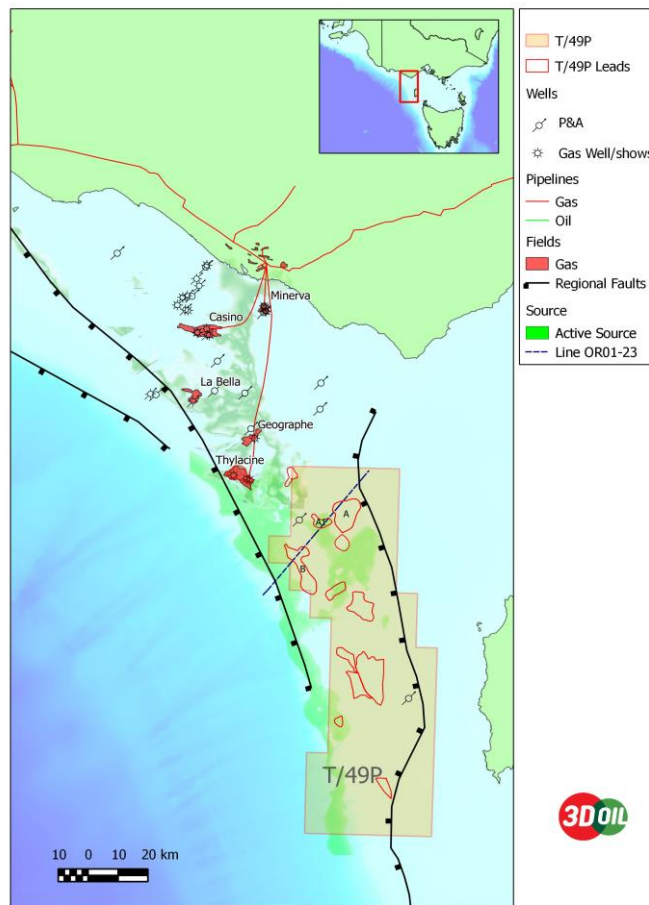
Overview

- In July the VIC/P57 Joint Venture (JV) purchased a jack up drilling rig to be converted to Mobile Offshore Production Unit (MOPU) for the West Seahorse (WSH) oil field. Initial conversion works were commenced during the quarter.
- Front End Engineering and Design (FEED) activities and further regulatory submissions for the WSH development project continued during the quarter.
- Lion Capital Advisory has been appointed to assist with arranging a WSH financing plan and also TDO equity contributions.
- 3D Oil (TDO) continued discussions with potential farminees to T49/P offshore Tasmania, a large prospective permit adjacent the Thylacine gas field awarded to TDO in May 2013.

Exploration

T/49P, Otway Basin, offshore Tasmania

Exploration permit T/49P was awarded to TDO in May 2013. The permit is located in the offshore Otway Basin of Tasmania and covers an area of 4,960 km² in water depths generally no greater than 100m. It is lightly explored and lies adjacent to the Thylacine and Geographe gas fields which are in production and have a combined gas in place ("GIP") of over 2 TCF.



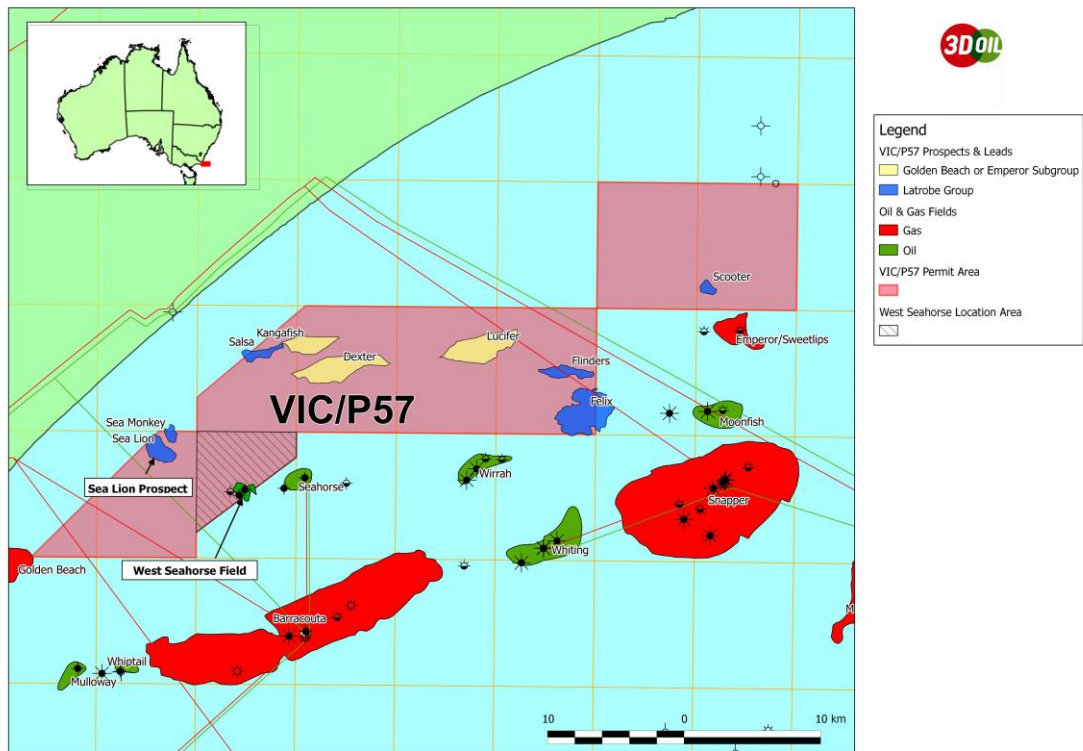
T49/P Location map

TDO believes T/49P represents an attractive exploration opportunity which is enhanced by the rapidly improving gas pricing environment for eastern Australian producers. As previously indicated, TDO intends to seek partners for this exploration programme and has commenced discussions with potential farmin partners to the permit.

VIC/P57, Gippsland Basin, offshore Victoria

The VIC/P57 JV continued with Front End Engineering and Design (FEED) work for the WSH project. This work is largely being carried out by Melbourne-based engineering firm WorleyParsons in conjunction with Carnarvon Hibiscus Pty Ltd and TDO.

Further progress on the regulatory approval process during the quarter included submitting a referral for the West Seahorse (WSH) project under the Environment Protection and Biodiversity Conservation (EPBC) Act to the Department of Sustainability, Environment, Water, Population and Communities in August.



VIC/P57 and West Seahorse location

In July TDO announced the acquisition by the VIC/P57 JV of a drilling rig which will serve as a Mobile Offshore Production Unit (MOPU) for the West Seahorse Oil Field (WSH) in the offshore Gippsland Basin.

The GSP Britannia is a large 4 leg jack-up rig that will be converted to a MOPU and installed at the West Seahorse location.

It is well suited to the harsh operating conditions of the Bass Strait and, once converted to a MOPU with production facilities, its size will allow deck space for drilling of the WSH production and possibly exploration wells with the use of a demountable modular platform rig.

Initial conversion works involving the removal of existing drilling equipment were commenced during the quarter.



GSP Britannia operating in the North Sea

Corporate and Financing Matters

On 1 October 2013 TDO announced that it was formally commencing the financing process for the development of the West Seahorse oilfield and exploration drilling in VIC/P57.

The West Seahorse development has an estimated total capital expenditure of US\$125-150 million. This estimate includes the US\$15 million Britannia jack-up rig that has already been purchased by the Joint Venture.

Plans for additional exploration are based on a single high-potential well in the VIC/P57 permit with an estimated total capital expenditure of US\$20 million.

The Joint Venture will be seeking project finance debt for the majority of the capital expenditure. Initial discussions with a number of local and international banks have been encouraging and indicative levels of finance are in the order of 50-70% of the total capital expenditure for the West Seahorse development.

Additional sources of non-project debt finance will also be considered by the Joint Venture, including mezzanine and structured finance. This will be considered on appropriate risk-return metrics in order to minimise the level of additional equity contributions required by the Joint Venture.

For any additional equity contributions to the Joint Venture, 3D Oil will consider:

- Farm-down of its current 49.9% interest in VIC/P57 (including in the West Seahorse Production Licence, which is expected to be granted shortly); and
- New issue of ordinary and/or structured equity within 3D Oil.

3D Oil is working closely together with Hibiscus Carnarvon Pty Ltd, a wholly owned subsidiary of Hibiscus Petroleum Berhad (KLSE:HIBISCS), on the financing plan. Hibiscus is the 50.1% owner and joint venture operator of VIC/P57, as well as being 13% shareholder in 3D Oil.

3D Oil and the Joint Venture have appointed Lion Capital Advisory to assist with arranging a financing plan that will optimise project debt and also ensure that additional equity is raised in the most efficient manner possible.

Appendix 5B

Mining exploration entity quarterly report

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

Name of entity

3D OIL LIMITED

ABN

40 105 597 279

Quarter ended ("current quarter")

30 September 2013

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A	Year to date (3 months) \$A
1.1	Receipts from product sales and related debtors	3,508	3,508
1.2	Payments for		
	(a) exploration and evaluation (net of refunds)	-	-
	(b) development	(567,907)	(567,907)
	(c) production	-	-
	(d) administration	(310,226)	(310,226)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	10,652	10,652
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	R&D Tax Rebate	-	-
1.8	Refund of expenditure from Joint Venture	543,778	543,778
Net Operating Cash Flows		(320,195)	(320,195)
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a) prospects/farmins	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(17,741)	(17,741)
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		(17,741)	(17,741)
1.13	Total operating and investing cash flows (carried forward)	(337,936)	(337,936)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(337,936)	(337,936)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other – Capital raising costs	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(337,936)	(337,936)
1.20	Cash at beginning of quarter/year to date	2,125,755	2,125,755
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	1,787,819	1,787,819

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	90,258
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Director's fees and salaries paid to directors during the September 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	50
4.2 Development	250
4.3 Production	-
4.4 Administration	300
Total	*600

*: 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	360	490
5.2 Deposits at call	1,381	1,589
5.3 Bank overdraft	-	-
5.4 Other – Bank Guarantee	47	47
Total: Cash at end of quarter (item 1.22)	1,788	2,126

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	-	-	-	-
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 78,000 595,000 300,000	- - - - - -	<i>Exercise price</i> \$0.25 \$0.40 \$0.40 \$0.18 \$0.16 \$0.1055	<i>Expiry date</i> 30 June 2014 30 November 2014 31 January 2015 7 October 2015 30 November 2015 30 November 2016
7.8 Issued during quarter	300,000	-	<i>Exercise price</i> \$0.1055	<i>Expiry date</i> 30 November 2016
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: 22 October 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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