

3D Oil Limited

ABN 40 105 597 279

Half-year Financial Report - 31 December 2016

3D Oil Limited
Contents
31 December 2016

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3D Oil Limited
Corporate directory
31 December 2016

Directors	Noel Newell (Executive Chairman) Ian Tchacos (Non-Executive Director) Leo De Maria (Non-Executive Director)
Company secretary	Melanie Leydin
Registered office	Level 18, 41 Exhibition Street Melbourne, VIC 3000 Telephone: (03) 9650 9866
Principal place of business	Level 18, 41 Exhibition Street Melbourne, VIC 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 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

Key Points

- **Corporate:** 3D Oil Limited (TDO) undertakes major cost cutting initiative saving almost 50% in annual overheads
- **Corporate:** Mr Ian Tchacos appointed to the board
- **T/49P:** TDO utilising positive results from recent technical studies in continuing international farmout process which is progressing well with the backdrop of the burgeoning east coast gas market
- **T/49P:** TDO's equity interest will increase to 100% following advice from Beach that they intend to withdraw from their 30% interest.
- **T/49P:** NOPTA grants Year 4 work commitment variation from one well to drilling planning and preparation.
- **VIC/P57:** TDO, as technical advisor to the JV, is undertaking a comprehensive prospectivity review to identify potential drill targets.
- **VIC/P57:** JV assessing gas potential in the permit for eastern Australia market.
- **VIC/P57:** Application has been made to NOPTA to vary the forthcoming Year 4 commitment from one well to geological and geophysical studies.
- **New Ventures:** TDO has made an application in the December round of the Australian offshore gazettal

Corporate

TDO announced on 14 October 2016 that it had undertaken a major cost reduction initiative which resulted in board changes and a significant reduction in employee remuneration. On an annualised basis this initiative has resulted in a reduction of cash cost to TDO of over \$600,000. This represents almost half the current forecast overheads budget.

As part of this initiative the Company advised that the Chairman, Mr Campbell Horsfall, and Non-Executive director Ms Melanie Leydin offered their resignations as directors as part of the cash conservation measures implemented. The Managing Director, Mr Noel Newell, changed role to become Executive Chairman.

Mr Ian Tchacos, a long-term board advisor, became a Non-Executive Director. Mr Tchacos is an oil and gas professional with over 30 years' experience in corporate development and strategy, mergers and acquisitions, petroleum exploration, development and production operation and energy finance. He has a proven management track record in a range of international energy company environments.

Exploration

T/49P, Otway Basin, offshore Tasmania

Beach advised TDO of its intention to withdraw from T/49P, and its 30% non-operator interest will be assigned to TDO for nil consideration. This will result in TDO's equity interest in T/49P increasing from 70% to 100%. To reduce exposure to risk and expenditure TDO will farm down but will be able to retain a significant interest.

During the half-year TDO continued its farmout process. Emphasis has been on the positive results of our recent technical studies, previously reported, to promote the potential of the T/49P permit. The company is engaged with a number of large international petroleum companies while discussions progress under confidentiality agreements.

With 7 TCF potential identified (Best Estimate Prospective Resource) and an upside of over 20 TCF, within T/49P, TDO believes it is well positioned to attract funding from companies seeking large conventional plays in a proven area close to infrastructure with a market facing energy shortages.

Energy markets in eastern Australia continue to show signs of stress. With all six Queensland CSG LNG trains up and running, the East Coast gas demand has effectively tripled. The NAB's 2017 Gas and Market Outlook says that domestic gas prices in the pipeline-connected states of Queensland, NSW, Victoria and South Australia could rise to between \$8 and

\$10 a gigajoule, up from \$2-\$4 a gigajoule before the LNG export plants started up. As a potential producer of natural gas to this market, TDO anticipates a strong commercial environment for the development of any discovery in T/49P.

The AEMO report release this week stated “domestic gas markets will rely on production from currently uneconomic and undeveloped gas resources (contingent resources) from 2021, and even more uncertain resources (prospective resources) from 2025, to meet forecast demand over the 20-year outlook period”

NOPTA has granted the Year 4 work programme variation from one well to drilling planning and preparation. The Year 4 well has shifted to Year 5 which would potentially coincide with the arrival of a semi-submersible drilling unit in the Bass Strait region. To this extent TDO has made an expression of interest to participate in a rig sharing club for the region estimated to commence in the third quarter of 2018.

T/49P Background

TDO is the operator of the permit and with Beach Energy’s withdrawal will hold a 100% interest. The permit is now in Year 3 with a commitment of geological and geophysical studies.

T/49P is located immediately southeast of the largest producing gas field in the Otway Basin and contains a number of prospective features for gas exploration. It covers an area of 4,960 km² in water depths generally no greater than 100m. The north of the permit is now covered by 974 km² of modern 3D seismic, while the area to the south remains lightly explored covered by a broad grid of 2D seismic data of varying vintages. Only two early exploration wells have been drilled in the permit (in 1967 and 1970) and the region has largely been overlooked by the industry despite the proximity of the Thylacine and Geographe producing gas fields.

TDO’s view of the potential for gas discoveries in this permit is underlined by our recent technical studies as well as the late 2014 Flanagan 3D seismic data which has significantly improved prospect imaging and provides greater detail of the geology. Good indications of reservoir and seal units analogous to the neighbouring Thylacine and Geographe fields are evident from the data.

TDO’s estimate for Prospective Resources in T/49P is 6.82 TCF (best estimate) with the potential for over 20 TCF (high estimate) while the Flanagan Prospect alone 1.38 TCF (best estimate). The Flanagan feature is defined on state-of-the-art 3D seismic and represents an exciting ready-to-drill prospect which is considered to be an analogue, albeit larger, to the adjacent Thylacine gas field.

Recent geophysical analysis strongly indicates the presence of both amplitude and Class III AVO responses in the Flanagan Prospect target reservoir section. This is consistent with the presence of gas as predicted by comparison with the petrophysical study of nearby gas fields. Further, the distribution of this anomalous seismic response corresponds well to the mapped structure at Flanagan which provides further confidence in the analysis.

T/49P has significant resource potential beyond the Flanagan Prospect, with an additional 5 leads identified and mapped across the whole permit. The permit has the potential to become a substantial new gas province which could provide a valuable contribution to the east coast gas market.

VIC/P57, Gippsland Basin, offshore Victoria

TDO has a 24.9% interest in the VIC/P57 exploration permit in the offshore Gippsland Basin. The permit is now in Year 4 for which the commitment is for geological and geophysical studies.

Significant prospectivity remains in the VIC/P57 permit and the joint venture is now re-focussing its technical programme towards gas exploration to potentially supply the eastern states wholesale natural gas market. TDO, as informal technical advisor for the joint venture, is currently undertaking a comprehensive prospectivity review to identify potential drill targets to ultimately provide an inventory of prospects and leads prior to potentially renewing the permit for a new term at the end of Year 5. Considerable potential exists in the under-explored areas north of Esso’s Wirrah and Moonfish Fields including the potentially large Felix Prospect. This new work also includes a review of the deeper gas potential, which to date has been largely overlooked.

The joint venture has applied to NOPTA to vary the Year 5 work programme from one well to geological and geophysical studies. This would allow the necessary time for the newly focused studies to be undertaken. It would also allow considerably more time to undertake an update of the prospects and leads inventory prior to potentially renewing the permit for a new term at the end of Year 5. Pending the result of this application the joint venture will continue with the revised Year 5 work programme.

New Ventures

TDO continually reviews new opportunities in a prudent and diligent manner. These include a review of the bi-annual offshore Australian gazettal rounds. In December 2016 TDO submitted a bid in the December round of the Australian offshore gazettal. TDO expects to be advised of the outcome of its bid during the first quarter of 2017.

TDO Petroleum Tenement Holdings

As at 31 December 2016, TDO petroleum tenement holdings were:

Tenement and Location	TDO beneficial interest at 30Sep16	Beneficial interest acquired / (disposed)	TDO beneficial interest at 31Dec16
VIC/P57 offshore Gippsland Basin, Victoria	24.9%	nil	24.9%
T/49P offshore Otway Basin, Tasmania	70%	nil	70%

3D Oil Limited
Directors' report
31 December 2016

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of 3D Oil Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2016.

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 Noel Newell
Mr Ian Tchacos (appointed 14 October 2016)
Mr Leo De Maria
Ms Melanie Leydin (resigned 14 October 2016)
Mr Campbell Horsfall (resigned 14 October 2016)

Principal activities

During the financial half-year the principal continuing activities of the consolidated entity consisted of exploration and development of upstream oil and gas assets.

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$684,542 (31 December 2015: \$9,679,135).

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

Financial Position

The net assets decreased by \$675,672 to \$12,322,613 at 31 December 2016 (30 June 2016: \$12,998,285). During the period the consolidated entity spent a net amount after reimbursements of \$323,132 on exploration and evaluation.

The consolidated entity's working capital position at 31 December 2016, being current assets less current liabilities, was \$2,195,837, a decrease of \$974,226 since 30 June 2016. The trade and other payables balance has also increased by \$116,815 to \$942,370 as at 31 December 2016 (30 June 2016: \$825,555).

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

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity 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 immediately after this directors' report.

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
Executive Chairman

10 March 2017
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 2016, 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



Adrian Nathanielsz
Partner - Audit & Assurance

Melbourne, 10 March 2017

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3D Oil Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2016

	Consolidated	
	31 December 2016	31 December 2015
	\$	\$
Revenue	6,270	610
Other income	68,195	318,582
Expenses		
Corporate expenses	(97,536)	(37,331)
Administrative expenses	(39,427)	(46,476)
Employment expenses	(525,565)	(481,271)
Occupancy expenses	(44,679)	(52,771)
Depreciation and amortisation expense	(42,930)	(28,140)
Share based payments	(8,870)	(2,957)
Impairment of exploration & evaluation	-	(9,349,381)
Loss before income tax expense	(684,542)	(9,679,135)
Income tax expense	-	-
Loss after income tax expense for the half-year attributable to the owners of 3D Oil Limited	(684,542)	(9,679,135)
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	<u>(684,542)</u>	<u>(9,679,135)</u>
	Cents	Cents
Basic earnings per share	(0.29)	(4.08)
Diluted earnings per share	(0.29)	(4.08)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

3D Oil Limited
Statement of financial position
As at 31 December 2016

		Consolidated	
	Note	31 December 2016	30 June 2016
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		3,161,205	4,012,719
Trade and other receivables		67,845	98,038
Other		13,636	18,333
Total current assets		<u>3,242,686</u>	<u>4,129,090</u>
Non-current assets			
Property, plant and equipment		59,575	75,159
Intangibles		171,954	199,299
Exploration and evaluation	3	9,910,838	9,587,706
Total non-current assets		<u>10,142,367</u>	<u>9,862,164</u>
Total assets		<u>13,385,053</u>	<u>13,991,254</u>
Liabilities			
Current liabilities			
Trade and other payables		942,370	825,555
Employee benefits		104,479	133,472
Total current liabilities		<u>1,046,849</u>	<u>959,027</u>
Non-current liabilities			
Employee benefits		15,591	33,942
Total non-current liabilities		<u>15,591</u>	<u>33,942</u>
Total liabilities		<u>1,062,440</u>	<u>992,969</u>
Net assets		<u>12,322,613</u>	<u>12,998,285</u>
Equity			
Issued capital		52,657,366	52,657,366
Reserves	4	75,048	66,178
Accumulated losses		(40,409,801)	(39,725,259)
Total equity		<u>12,322,613</u>	<u>12,998,285</u>

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 2016

Consolidated	Contributed equity \$	Accumulated losses \$	Reserves \$	Total equity \$
Balance at 1 July 2015	52,657,366	(29,481,816)	102,063	23,277,613
Loss after income tax expense for the half-year	-	(9,679,135)	-	(9,679,135)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	(9,679,135)	-	(9,679,135)
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments (note 10)	-	-	2,957	2,957
Expiry of options (Note 5)	-	29,093	(29,093)	-
Balance at 31 December 2015	<u>52,657,366</u>	<u>(39,131,858)</u>	<u>75,927</u>	<u>13,601,435</u>
Consolidated	Contributed equity \$	Accumulated losses \$	Reserves \$	Total equity \$
Balance at 1 July 2016	52,657,366	(39,725,259)	66,178	12,998,285
Loss after income tax expense for the half-year	-	(684,542)	-	(684,542)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	(684,542)	-	(684,542)
Share based payments	-	-	8,870	8,870
Balance at 31 December 2016	<u>52,657,366</u>	<u>(40,409,801)</u>	<u>75,048</u>	<u>12,322,613</u>

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 2016

	Consolidated	
	31 December 2016	31 December 2015
	\$	\$
Cash flows from operating activities		
Receipts from customers	-	7,000
Payments to suppliers and employees	(602,716)	(530,203)
Interest received	6,279	43,658
Interest paid	(150)	(180)
Net cash used in operating activities	(596,587)	(479,725)
Cash flows from investing activities		
Payments for property, plant and equipment	-	(4,080)
Payments for intangibles	-	(45,781)
Payments for exploration and evaluation	(323,132)	(655,609)
Net cash used in investing activities	(323,132)	(705,470)
Cash flows from financing activities		
Net cash from financing activities	-	-
Net decrease in cash and cash equivalents	(919,719)	(1,185,195)
Cash and cash equivalents at the beginning of the financial half-year	4,012,719	10,494,399
Effects of exchange rate changes on cash and cash equivalents	68,205	268,532
Cash and cash equivalents at the end of the financial half-year	<u>3,161,205</u>	<u>9,577,736</u>

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

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2016 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 2016 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, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

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

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

Note 2. Operating segments

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

The chief decision makers, being the Board of Directors, assess the performance of the consolidated entity as a whole and as such through one segment.

Note 3. Non-current assets - exploration and evaluation

	Consolidated	
	31 December	30 June 2016
	2016	2016
	\$	\$
Exploration and evaluation - at cost	<u>9,910,838</u>	<u>9,587,706</u>

Reconciliations

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

Consolidated	Exploration & Development	Total
	\$	\$
Balance at 1 July 2016	9,587,706	9,587,706
Additions	<u>323,132</u>	<u>323,132</u>
Balance at 31 December 2016	<u>9,910,838</u>	<u>9,910,838</u>

Note 3. Non-current assets - exploration and evaluation (continued)

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.

The exploration and evaluation assets relate to VIC/P57 offshore Gippsland Basin in Victoria and T/49P offshore Otway Basin in Tasmania. The recoverability of the carrying amounts of the exploration and evaluation expenditure is dependent on the successful development and commercial exploitation, or alternatively the sale, of the respective areas of interest. It is also dependent on the company being successful with its current application to NOPTA to vary existing permit conditions for VIC/P57 (refer Note 7) and in due course raising sufficient capital and/or farming out to the extent required to fund the current well commitments, which are disclosed in Note 7.

The Company has carried out an impairment review of the carrying amount of its exploration expenditure in the VIC/P57 petroleum tenement asset following the end of the financial half-year as at 31 December 2016. During the prior financial half year, the Company decided to impair an amount of \$9,349,381 relating to specific costs in relation to the Sea Lion-1 well following confirmation that no zones of hydrocarbons were encountered. A balance was carried in relation to the VIC/P57 permit due to the potential future prospectivity of other areas within the permit.

Farm-outs - exploration and evaluation phase

The consolidated entity does not record any expenditure made by the farminee on its account. It also does not recognise any gain or loss on its exploration and evaluation farm-out arrangements, but redesignates any costs previously capitalised in relation to the whole interest as relating to the partial interest retained. Any cash consideration received directly from the farminee is credited against costs previously capitalised in relation to the whole interest with any excess accounted for by the farmor as a gain on disposal.

Note 4. Equity - reserves

	Consolidated	
	31 December	
	2016	30 June 2016
	\$	\$
Share-based payments reserve	75,048	66,178

Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Movements in reserves

Movements in each class of reserve during the current financial half-year are set out below:

Consolidated	Share based payments	Total
	\$	\$
Balance at 1 July 2016	66,178	66,178
Share based payments	8,870	8,870
Balance at 31 December 2016	75,048	75,048

Note 5. Equity - dividends

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

Note 6. Contingent liabilities

There were no contingent liabilities as at 31 December 2016.

Note 7. Commitments

	Consolidated	
	31 December	30 June 2016
	2016	2016
	\$	\$
<i>Operating Lease Commitments</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	88,445	88,445
One to five years	125,298	169,520
	<u>213,743</u>	<u>257,965</u>
<i>Exploration Licenses - Commitments for Expenditure</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	499,473	1,150,000
One to five years	71,233	-
	<u>570,706</u>	<u>1,150,000</u>

In order to maintain current rights of tenure to exploration tenements, the consolidated entity is required to outlay rentals and to meet the minimum work requirements and associated indicative expenditure of the National Offshore Petroleum Titles Administrator ('NOPTA'). Minimum commitments may be subject to renegotiation and with approval may otherwise be avoided by sale, farm out or relinquishment. These obligations are therefore not provided for in the financial statements as payable.

In January 2017 the Company was granted a variation to the permit from the NOPTA for Year 4 of the T/49P exploration permit in the Otway Basin offshore western Tasmania, being to vary the year 4 work programme to only drilling planning and preparation and move the one well commitment to year 5. Beach Energy Ltd also advised the Company of its intention to withdraw from T/49P, and its 30% non-operator interest will be assigned to 3D Oil for nil consideration. This will result in the Company's equity interest in T/49P increasing from 70% to 100%.

The Company has included its commitments for indicative expenditure in the above note partly relating to Exploration Permit T/49P up to year 4 as outlined in the permit documentation. Commitments from year 5 onwards are confirmed on a year-by-year basis dependent on the Company agreeing to proceed. If the Company was to proceed beyond year 4 in relation to T/49P, the current indicative expenditure commitment for Years 5-6 is currently gross \$30 million and this would be occurring in 2018-2020 years.

In relation to VIC/P57, the company has also included its commitments for indicative expenditure in the above note. If the Company was to proceed beyond year 4, the current indicative expenditure commitment for that year is gross \$18 million and this would be occurring in the 2017 year. The joint venture however has applied to NOPTA to vary the Year 5 work programme from one well to geological and geophysical studies. This would allow the necessary time for the newly focused studies to be undertaken. Likely expenditure commitments for Year 5, if approved would be \$125,000. This estimate is not included in the above commitments disclosed. Pending the result of this application the joint venture will continue with the revised Year 5 work programme.

Note 8. Events after the reporting period

Subsequent to period end, Beach Energy Ltd withdrew from T/49P, and its 30% non-operator interest was assigned to 3D Oil for nil consideration. This has resulted in the Company's equity interest in T/49P increasing from 70% to 100%.

No other matter or circumstance has arisen since 31 December 2016 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 9. Earnings per share

	Consolidated	
	31 December 2016	31 December 2015
	\$	\$
Loss after income tax attributable to the owners of 3D Oil Limited	<u>(684,542)</u>	<u>(9,679,135)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>237,523,000</u>	<u>237,523,000</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>237,523,000</u>	<u>237,523,000</u>
	Cents	Cents
Basic earnings per share	(0.29)	(4.08)
Diluted earnings per share	(0.29)	(4.08)

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 for the current financial half-year as they do not meet the requirements for inclusion in AASB 133 "Earnings per Share". The rights to options are non-dilutive as the consolidated entity is loss generating.

Note 10. Share-based payments

During the period the Company issued unlisted share options to employees under an Employee Share Option Plan ('ESOP'). The purpose of the ESOP is to provide Eligible Employees with an incentive to remain with the Company and to improve the longer-term performance of the Company and its return to shareholders.

The Company also issued unlisted share options to employees pursuant to employment agreements with executives.

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

**31 December
2016**

Grant date	Expiry date	Exercise price	Balance at the start of the half-year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the half-year
02/09/2013	30/11/2016	\$0.11	300,000	-	-	(300,000)	-
06/12/2013	29/11/2016	\$0.12	250,000	-	-	(250,000)	-
23/07/2014	30/11/2017	\$0.08	400,000	-	-	-	400,000
			<u>950,000</u>	<u>-</u>	<u>-</u>	<u>(550,000)</u>	<u>400,000</u>

**31 December
2015**

Grant date	Expiry date	Exercise price	Balance at the start of the half-year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the half-year
07/10/2011	07/10/2015	\$0.18	78,000	-	-	(78,000)	-
15/12/2012	30/11/2015	\$0.16	495,000	-	-	(495,000)	-
21/11/2013	30/11/2016	\$0.11	300,000	-	-	-	300,000
25/11/2013	29/11/2016	\$0.12	250,000	-	-	-	250,000
23/07/2014	30/11/2017	\$0.08	400,000	-	-	-	400,000
			<u>1,523,000</u>	<u>-</u>	<u>-</u>	<u>(573,000)</u>	<u>950,000</u>

3D Oil Limited
Notes to the financial statements
31 December 2016

Note 10. Share-based payments (continued)

Set out below are summaries of performance rights granted under the plan:

31 December
2016

Grant date	Expiry date	Exercise price	Balance at the start of the half-year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the half-year
24/11/2015	23/11/2018	\$0.00	1,496,000	-	-	-	1,496,000
24/12/2015	23/12/2018	\$0.00	611,000	-	-	-	611,000
			<u>2,107,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,107,000</u>

31 December
2015

Grant date	Expiry date	Exercise price	Balance at the start of the half-year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the half-year
24/11/2015	23/11/2018	\$0.00	-	1,496,000	-	-	1,496,000
24/12/2015	23/12/2018	\$0.00	-	611,000	-	-	611,000
			<u>-</u>	<u>2,107,000</u>	<u>-</u>	<u>-</u>	<u>2,107,000</u>

Set out below are the performance rights exercisable at the end of the financial half-year:

Grant date	Expiry date	31 December 2016 Number	31 December 2015 Number
24/11/2015	23/11/2018	1,496,000	1,496,000
24/12/2015	23/12/2018	611,000	611,000
		<u>2,107,000</u>	<u>2,107,000</u>

The weighted average remaining contractual life of performance rights outstanding at the end of the financial half-year was 3 years.

For the performance rights granted during the current financial half-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
24/11/2015	23/11/2018	\$0.04	\$0.00	62.70%	-	2.13%	\$0.027
24/12/2015	23/12/2018	\$0.03	\$0.00	62.70%	-	2.03%	\$0.021

3D Oil Limited
Directors' declaration
31 December 2016

In the directors' opinion:

- the attached financial statements and notes 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 give a true and fair view of the consolidated entity's financial position as at 31 December 2016 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)(a) of the Corporations Act 2001.

On behalf of the directors



Noel Newell
Executive Chairman

10 March 2017
Melbourne

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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 (the Company), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2016, and the statement of profit or loss and other 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 of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

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 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 consolidated 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 consolidated entity's financial position as at 31 December 2016 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.

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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 consolidated entity's financial position as at 31 December 2016 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 AUDIT PTY LTD
Chartered Accountants



Adrian Nathanielsz
Partner - Audit & Assurance

Melbourne, 10 March 2017