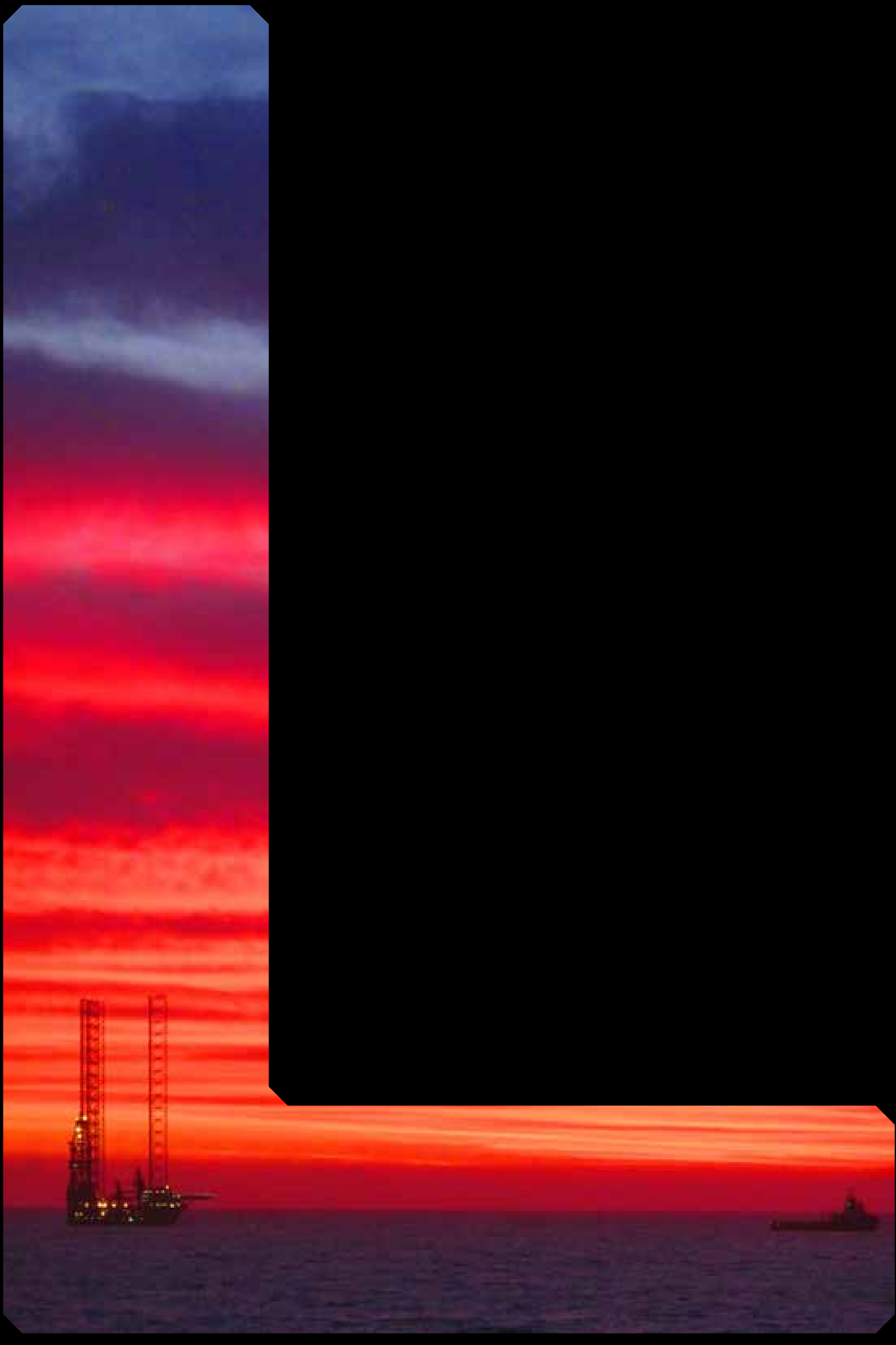
ANNUAL REPORT 2017

» WELL POSITIONED TO TAKE ADVANTAGE OF STRONG EAST COAST GAS MARKET » THE READY-TO DRILL FLANAGAN STRUCTURE IS A WORLD CLASS GAS PROSPECT CLOSE TO INFRASTRUCTURE » THE COMPANY HAS PROVEN TRACK RECORD OF SECURING INDUSTRY FUNDING TO FUND EXPLORATION ACTIVITIES » MAINTAINING A TECHNICALLY-BASED AND COMMERCIALLY SOUND LONG TERM APPROACH TO GROWING THE COMPANY IN A DIFFICULT INDUSTRY ENVIRONMENT

LETTER FROM THE EXECUTIVE CHAIRMAN



In my letter last year, I said that our task at 3D Oil is to provide our shareholders with exposure to the potential wealth creation that is the prize in drilling petroleum exploration wells. It can be a huge prize – particularly for a small company – but it comes with inherent risk. 3D Oil has survived through tough times which means that we can keep participating in these high risk, but high value, projects for the long haul, thereby maximizing the potential return to shareholders.

There is a saying in the oil and gas business that you 'have to make your own luck'. This implies an acceptance that there is an element of luck involved in exploration; however, luck alone is not sufficient; it must be teamed with persistence, patience and tenacity, and the willingness to seize opportunities on those rare occasions when they are presented. Fortunately we are in a period of unusual opportunity for a small but nimble company. Exploration and Production (E&P) companies around the world have had their exploration budgets slashed in response to the global oil glut and continued low oil price. This has created an opportunity rich environment in the oil and gas world. Despite this, over the last two years we have witnessed the lowest investment activity in the industry for many decades. Large companies have also had their personnel severely reduced, which has hampered their ability to appraise and act on opportunities.

We have also witnessed an unprecedented rate of companies not completing their permit work programs; placing them in 'Bad Standing' with the government titles authority. 3D Oil, unlike many exploration companies including majors, has kept our permits in good standing with the government.

All of these factors, while making farmouts more difficult and time-consuming to achieve, provide great opportunities for 3D Oil both in our existing portfolio of assets and in gaining new ventures.

Amongst our existing assets, our Tasmanian Exploration Permit T/49P and our Victorian Exploration Permit VIC/P57 are ideally located to take advantage of the shortage of gas in South-East Australia, which is presently under threat from a looming energy crisis, created by a combination of an all-time low rate of investment in the traditional energy sector and a lack of a clear federal energy policy. This places 3D Oil in a unique position, as its estimated gas resources in these two permits have a strong potential to contribute to national energy security.

It is difficult to envisage a larger potential prize than that provided by the Tasmanian T/49P exploration permit. 3D Oil recently announced a Best Estimate Prospective Resource of 10 TCF within this vast, and largely over-looked, permit. It is arguably a frontier area, but is within shallow water, close to production facilities and most importantly close to one of the strongest energy markets in the world. With all six Queensland CSG LNG trains up and running, the East Coast gas market demand has effectively tripled. The recently released Australian Energy Market Operator (AEMO) report 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'.

T/49P has the potential to supply the east coast domestic market at a time when it is difficult to identify new sources. Recent economic modelling using costs provided by WorleyParsons indicated 1 TCF of gas, a moderate size field, has a Net Present Value (NPV) of around A$1 billion post tax. Even a modest find of 0.6 TCF, because of the proximity to shore, existing facilities, and an under-supplied market has attractive NPV of over A$400 million post tax.

The prospectivity and attractive economics of T/49P has resulted in a number of large international E&P companies engaging with us to acquire a portion of our current 100% interest in T/49P.Although the farmout process has been time-consuming we are confident that this resource has the potential to create great value for our shareholders.

In VIC/P57, over the past year, 3D Oil as technical advisor for the Joint Venture completed a comprehensive prospectivity review in order to build an inventory of leads and prospects of the permit. The work has resulted in maturation of the Felix Prospect and uncovered the new Pointer Prospect. Pointer, as currently mapped has a best estimate Prospective resource of 250 BCF recoverable gas, which in its location makes it a very attractive target. It is most heartening to recently uncover a new exciting gas prospect, Pointer, in VIC/P57 following the disappointing result of Sea Lion-1 exploration well in 2015.

I am also pleased we are moving forward with a further 5-year term in VIC/P57 with our partner Hibiscus.

The value of our existing holdings in T/49P and VICP/57 have been highlighted by two recent acquisitions. Exxon Mobil recently completed a deal with a private company Liberty Petroleum in the VIC/P70P permit in the Gippsland Basin for a potential large gas prospect. Origin Energy also recently executed a $250 million deal with Benaris to effectively acquire their 30% equity in the Thylacine gas facility

In new ventures the industry downturn has allowed 3D Oil to be opportunistic in acquiring WA-527-P off the coast of West Australia during this year, and I believe this is a real coup. The Australian Offshore gazettal release in 2016 was very late and we were aware the bid date for the block was too short a period for large companies to process the opportunity through their internal gates. This gave us the opportunity of submitting a low commitment bid which ultimately succeeded.

WA-527-P, which covers an area of 6,590 km^2, is located to the east of a series of recent oil and gas discoveries uncovering a new petroleum province. These discoveries were made as result of the 2014-2016 exploration campaign led by the Quadrant joint venture. They indicate that the Roebuck Basin is a significant petroleum province opening up the potential for success in nearby areas. This is the first time a new petroleum province has been uncovered in offshore Australia probably for at least 20 years, and 3D Oil has secured a part of it.

It is extraordinary that we were able to pick up a huge block in an emerging, potentially world-class, petroleum province for a small guaranteed work program of 510 km^2 of 3D seismic at a time when seismic acquisition costs are at a recent low. Though we have not started a formal farmout process for this block, we have already had approaches.

Of the four wells drilled by the Quadrant JV in the adjacent blocks all were discoveries. The JV plans a further well within the next year, Dorado-1, the results of which may have implications for the prospectivity of WA-257-P as it has a similar geological setting. It is certainly exciting.

Meanwhile, the company has been reviewing numerous new opportunities largely on the east coast of Australia. Cognisant of the potential dilutionary effects of tapping capital markets in the current climate, the company strives to be innovative in the approach to funding these opportunities.

We start the 2018 year with exciting prospects for our existing assets in the strong gas market in South-East Australia, and a new venture with exciting possibilities in a new oil province off West Australia.

On behalf of the company, I thank the Board and the 3D Oil team for their endeavors and commitment over the last year. They are an integral part of realising our ambition of becoming a significant Australian oil and gas producer.

Noel Newell
Managing Director

REVIEW OF OPERATIONS

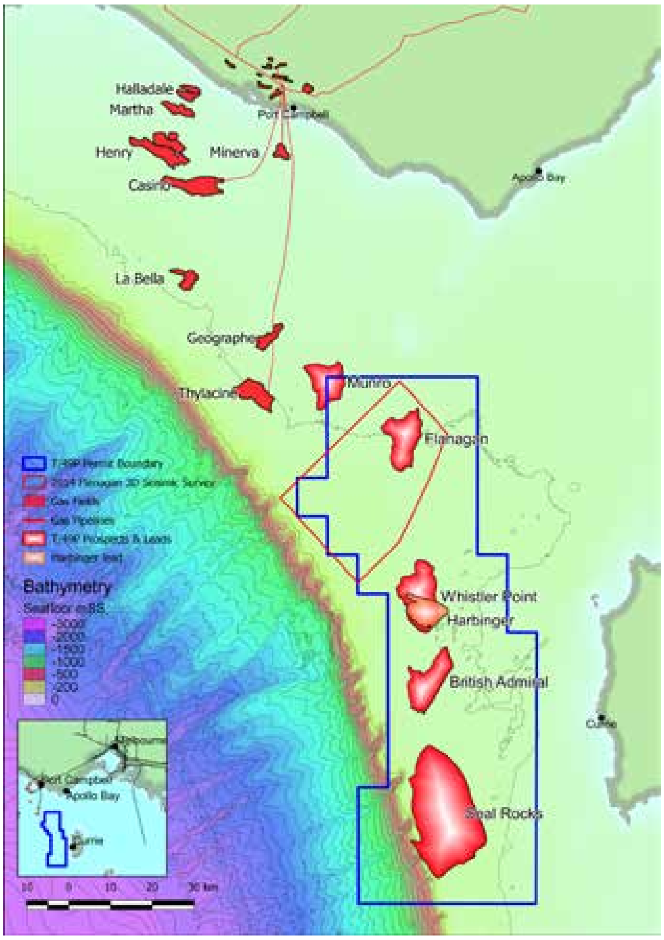


Figure 1 – Otway Basin, Fields and Infrastructure Location

T/49P, OTWAY BASIN, OFFSHORE TASMANIA

Exploration permit T/49P was awarded to 3D Oil in May 2013 and the Company now holds a 100% interest. T/49P is located in the offshore Otway Basin of Tasmania, immediately southeast of the largest producing gas field in the Otway Basin.

The Otway Basin extends from Tasmanian waters in the south to Victoria and South Australia in the north where it also extends onshore.

Onshore, after a long history of exploration, gas was discovered in 1959 and commercial production was established in 1987.

The first commercial gas discoveries in the offshore Otway were in Victorian waters in the early 1990s but it was not until 2001 that the Thylacine-1 well made the first commercial gas discovery in the Tasmanian Otway. Thylacine and the nearby Geographe gas field have been producing since 2007 from infrastructure that is located close to the northern boundary of 3D Oil's T/49P permit and the Flanagan Prospect. The offshore Otway also supports two other gas production projects at Casino and Minerva, both in Victorian waters.

The T/49P permit is in Year 3 having met the Year 2 permit commitment with the acquisition and processing of the Flanagan 3D seismic survey which was the major commitment in the primary term of T/49P. During the year National Offshore Petroleum Titles Administrator ('NOPTA') granted a suspension and extension of Year 3 to 21 February 2017 in order to allow finalisation of permit mapping.

The permit contains a number of prospective structures for gas exploration within an area of 4,960 km^2 in water depths generally no greater than 100m. The north of the permit is now covered by 974 km^2 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) on historic wide spaced 2D seismic and the region had largely been overlooked by the industry despite the proximity of the Thylacine and Geographe producing gas fields.

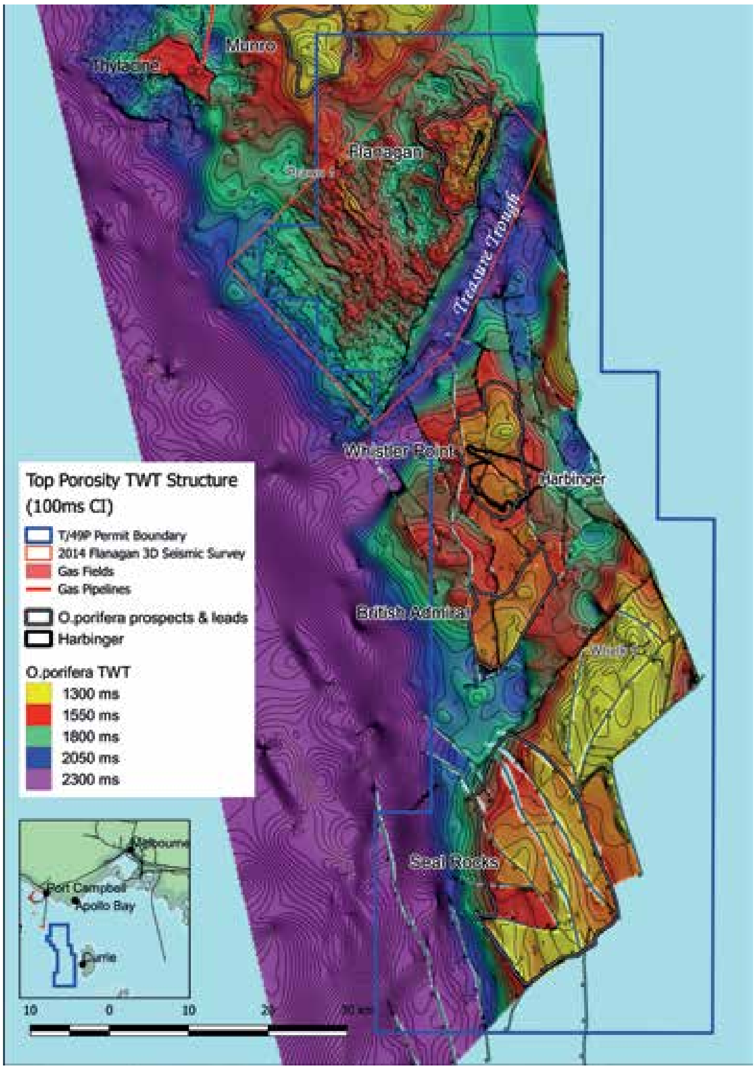


Figure 2 – Location of Leads and Prospects, T/49P

ACTIVITIES

During the year TDO has focussed on upgrading the highly prospective T/49P, with permit wide detailed mapping and technical studies. The large and under explored area has attracted the attention of international companies and TDO has spent significant time in confidential discussions with an array of companies with a view to securing funding for a future well via a farmout. With the company recently announcing an upgrade of Best Estimate Prospective Resource, for the entire permit, of 10TCF gas recoverable TDO believe it is well positioned to attract funding from companies seeking large conventional plays adjacent a proven rich gas bearing region while close to existing infrastructure with a market facing energy and gas shortages.

Energy markets in eastern Australia continue to show signs of stress. With all six Queensland Coal Seam Gas ("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 gas discovery in T/49P.

The recently released Australian Energy Market Operator ("AEMO") report stated "domestic gas markets will rely on production from currently uneconomic and undeveloped gas[1] resources (contingent resources) from 2021, and even *more uncertain resources (prospective resources) from 2025, to meet forecast demand over the 20-year outlook period*"

TDO's view of the potential for gas discoveries in this permit is supported by the late 2014 Flanagan 3D seismic data which has significantly improved prospect imaging and provides greater detail of the geology. Detailed interpretation of this survey over the Flanagan prospect is near complete.

Recently the prospectivity of this permit for commercial gas discoveries was further enhanced by the following three new studies:

- A permit wide Amplitude Versus Offset ("AVO") analysis of both the 3D and 2D seismic. This work uncovered 2 Class III AVO anomalies strongly indicating the presence of gas. The AVO anomalies, recognised in the Flanagan Prospect and the recently identified Harbinger Lead, also conform with structure. The work on Flanagan was further to the DUG petrophysical study undertaken in the previous year.
- A permit technical review resulted in upgrade of the total Prospective Resource of T/49P to 10 TCF Recoverable Best Estimate (See Table 1 below) released in the 2017 June quarterly on 27th July 2017. This upgrade was particularly so in the central and southern portions of the permit where the total Best Estimate Prospective Resource was estimated at 8.7 TCF recoverable.
- WorleyParsons was commissioned to undertake a Development Concept Study to review development options and provide capital cost ("capex") estimates. The study evaluated both tie-in and stand-alone development options for a small and medium sized gas field. The resulting report provides reliable capex estimates for economic modelling and indicated strong economic outcomes for either case.

During the year the National Offshore Petroleum Titles Authority (NOPTA) granted TDO's request to replace the Year 4 well commitment with geological and geophysical studies.

During March 2017 Beach Petroleum formally advised TDO of its intention to withdraw from T/49P and its 30% non-operator interest was assigned to 3D Oil for nil consideration. This resulted in TDO's equity interest in T/49P increasing from 70% to 100%. This therefore enables TDO to farm down to fund the drilling of a well while still retaining a significant interest. It also results in a simpler joint venture structure which may be more suitable for a farminee which is a larger company.

1 **Amplitude versus Offset (AVO)** refers to the variation of seismic amplitude, with the distance between the source and receiver (offset). AVO analysis is a quantitative geophysical technique that specialist geophysicists can apply to high quality seismic data in order to predict a rock's fluid content, including hydrocarbons, in addition to other rock properties such as; porosity and density.

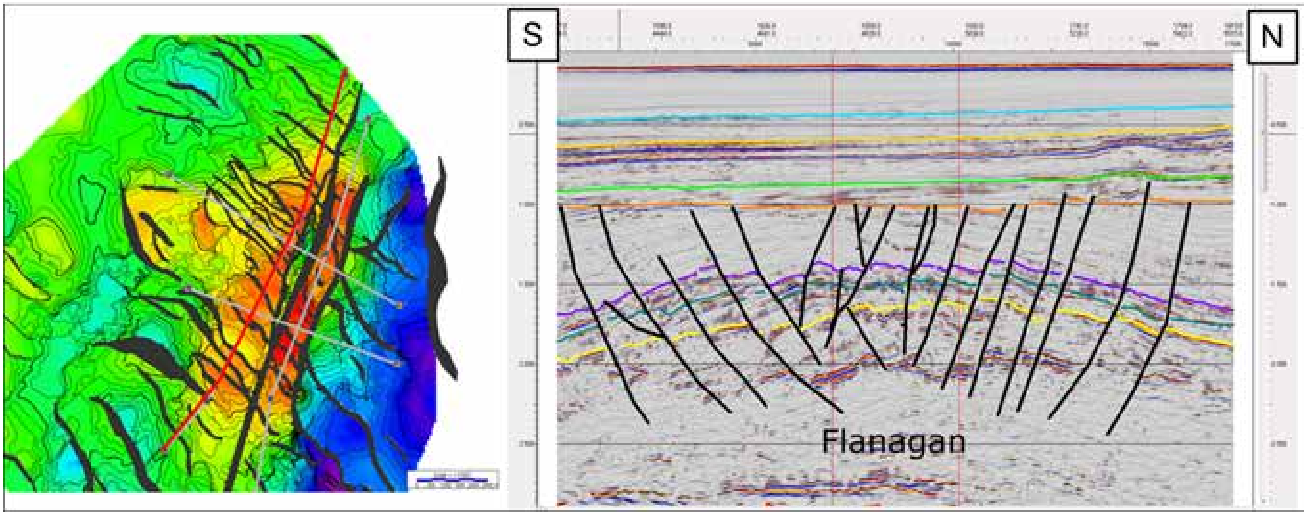


Figure 3 – Seismic interpretation of the western side of the Flanagan Prospect. Note the high amplitude reflections below Top Reservoir (purple horizon), and the comparatively transparent reflection configuration of the perceived seal section above.

FLANAGAN PROSPECT

The Flanagan Prospect is a highly prospective feature located within the northern section of T/49P. The structure has a maximum aerial closure of approximately 80 sq km and is positioned adjacent to the Treasure Trough, a potential source kitchen. Due to its large size, best estimates suggest that the prospect could contain up to 2.5 TCF Gas Initially In Place (GIIP) with a prospective resource best estimate of 1.34 TCF (announced 27th July 2017), significantly greater than the neighbouring Thylacine field, the largest of the currently proven gas fields in the Otway Basin.

The structure is detailed by the Flanagan 3D survey acquired in 2014. This data has allowed for high confidence in characterisation of the sub-surface structural and stratigraphic configuration. This data combined with nearby well data, the Flanagan survey provides strong indications that the elements required for a successful petroleum system are in place.

The Flanagan Prospect is located adjacent to the Thylacine, Geographe and La Bella gas fields, which confirm the presence of favourable Late Cretaceous seal and reservoir facies as well as an active petroleum system in the immediate area. Interpretation of the 3D data indicates that the reservoir target, which can be mapped across from seismic to the nearby gas fields, is overlain by a thick seal unit. The potential for the presence of gas in the prospect is supported by quantitative geophysical modelling, which indicates the presence of a Class III amplitude versus offset ("AVO") anomaly, as seismic response which is strongly suggestive of gas bearing sands.

Maturity and migration modelling indicates that Flanagan has access to an adjacent hydrocarbon kitchen in the Treasure trough and that the organic rich Eumeralla Formation source rocks are likely to have expelled sufficient hydrocarbons to have filled all traps in the area, including Flanagan, to capacity.

Detailed geophysical interpretation and 3D structural modelling has demonstrated that the Flanagan feature is a drill-ready prospect, with preliminary well planning of Flanagan-1 completed. The planned well targets the western segment of the structure which alone could contain a commercial quantity of gas which could be delivered to Australia's under-supplied east coast gas market.

OTHER LEADS

T/49P also 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.

Recent generation and expulsion of hydrocarbons beneath the tertiary loading along the shelf edge (the Tertiary Wedge) as well as generation and expulsion within the Treasure Trough is modelled to be more than capable of charging all of the existing structures mapped on existing 3D and 2D seismic data.

Seal Rocks

Seal rocks is a large multi-TCF lead defined on a broad grid of 2D seismic data with lines between 5km and 8km apart.

The reservoir at Seal Rocks is interpreted to be a succession of prograding deltas of the Waarre and Flaxmans formations structured in a series of tilted fault blocks and sealed by Santonian shales of the Belfast Formation. Seismic and geological interpretation indicates the potential for stacked reservoirs at Seal Rocks, with similar reservoir geometries in the Thylacine and Geographe fields.

Structurally and depositionally similar to many of the existing fields in the Otway Basin, Seal Rocks also has access to significant volumes of gas generated and expelled beneath a thick Tertiary sequence directly beneath and adjacent to the structure.

British Admiral

The British Admiral lead is in the central part of T/49P and is structurally similar to the tilted fault blocks in the Seal Rocks lead with seal interpreted to be Santonian Belfast shales. It is adjacent to the Whistler Point lead, British Admiral is adjacent to the recent sediment loading parallel to the edge of the present day continental shelf that contributes to recent generation and expulsion of hydrocarbons from source rocks in the Eumeralla Formation.

Whistler Point

The Whistler Point lead is located on the southern side of the Treasure Trough opposite the Flanagan prospect. Whistler Point has access to charge from the Treasure Trough as well as charge sourced beneath the "Tertiary Wedge". The lead is part of a broad north-south structural trend that also contains the British Admiral and Harbinger leads.

Whistler Point is mapped on a variable grid of 2D seismic data with 1 to 5km between lines.

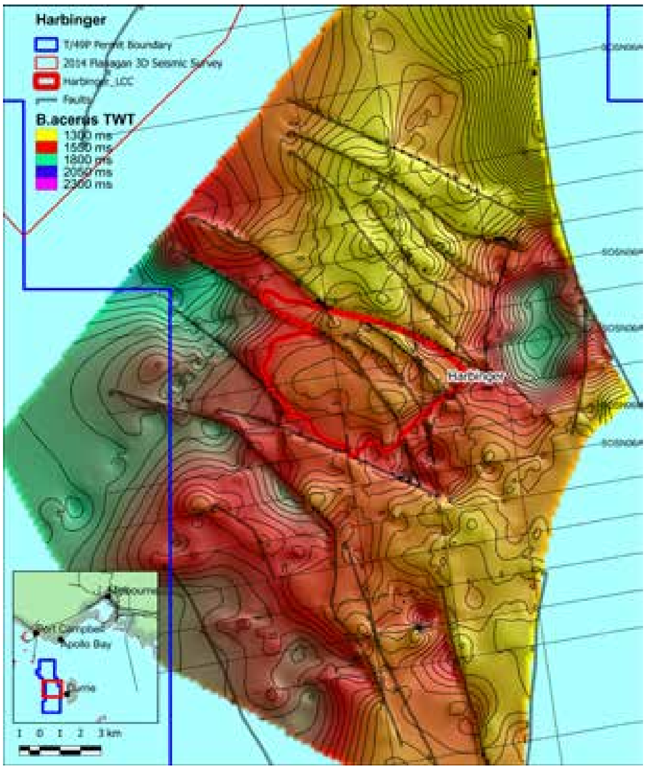


Figure 4 – The Harbinger upper Santonian sands in TWT

Harbinger

The Harbinger lead was recently identified from a review of the AVO attributes of the 2D seismic data in the central and southern parts of T/49P. It is a downthrown fault closed feature. Harbinger is located in sands beneath a marine shale that acts as the seal for the lead, it shallower and above the Whistler Point lead. This seismic anomaly is shallower than had previously been observed in this area and is highly suggestive of a gas accumulation. 3D Oil views this as additional evidence that there is a working petroleum system in this part of the Otway Basin.

RESOURCE POTENTIAL

3D Oil's estimate for Prospective Resources in T/49P is 10.03 TCF (best estimate) with the Flanagan Prospect alone 1.34 TCF (best estimate). Technical studies aimed at evaluating the full potential of the central and southern parts of T/49P have significantly improved TDOs understanding of the petroleum system operating in the region. This better understanding has increased the likelihood that T/49P contains hydrocarbons. Potential also exists for liquids production from this area based on analogy to nearby fields.

T/49P Prospective Resource Estimate (TCF) Recoverable Gas

Location	Status	Low	Best	High
Flanagan	Prospect	0.53	1.34	2.74
Munro (T/49P Part)	Lead	0.04	0.19	0.57
Whistler Point	Lead	0.82	2.04	8.95
British Admiral	Lead	0.37	1.03	4.45
Seal Rocks	Lead	0.95	4.64	10.64
Harbinger	Lead	0.33	0.79	1.43
T/49P Total		**3.04**	**10.03**	**28.78**

T/49P Prospective Resource Estimate (MMbbl) Recoverable Condensate

Location	Status	Low	Best	High
Flanagan	Prospect	6.39	16.05	32.84
Munro (T/49P Part)	Lead	0.49	2.31	6.82
Whistler Point	Lead	9.85	24.47	107.35
British Admiral	Lead	4.47	12.38	53.38
Seal Rocks	Lead	11.37	55.64	127.64
T/49P Total		**32.57**	**110.85**	**328.03**

Table 1 – Prospective Resources, T/49P (Announced 27th July 2017)

VIC/P57, GIPPSLAND BASIN OFFSHORE VICTORIA

Exploration Permit VIC/P57 is located in the northwest part of the offshore Gippsland Basin. The permit is close to shore, in shallow water depths and approximately 450 square kilometres in size and proximal to infrastructure.

3D Oil holds a 24.9% interest in the VIC/P57. By arrangement with permit operator Carnarvon Hibiscus Pty Ltd (CHPL), 3D Oil Limited continues to carry out subsurface technical work in VIC/P57 on behalf of the joint venture.

The Gippsland Basin, with initial reserves estimated at 4 billion barrels of oil and 11.5 trillion cubic feet of gas, is Australia's most prolific oil and gas producing basin. Twenty one oil and gas fields are on production with most of the hydrocarbons reservoired within the world-class sandstones of the Latrobe Group.

Much of the historical success in the basin was based on the interpretation of 2D seismic data. The dominant acreage position of the Esso-BHPB joint venture, with a focus on large-scale projects, has to some extent hindered the impact that 3D seismic-based exploration has had on similar basins, where smaller but lower risk targets are pursued. Approximately 88% of VIC/P57 is covered by 3D seismic data of which approximately 65% is covered by seismic data reprocessed by the company in 2010/11.

The planned sale of a portion of Esso-BHPB's Gippsland Basin assets and infrastructure is potentially a watershed event in the exploration and development history of this world class petroleum province. New owners of these facilities may bring new approaches to exploration as well as infrastructure access. As a smaller player in this area, 3D Oil is optimistic that this sale may help to re-invigorate Gippsland Basin activity as has been the case in other areas around the world when smaller, nimble companies have taken over from large incumbent operators in mature areas.

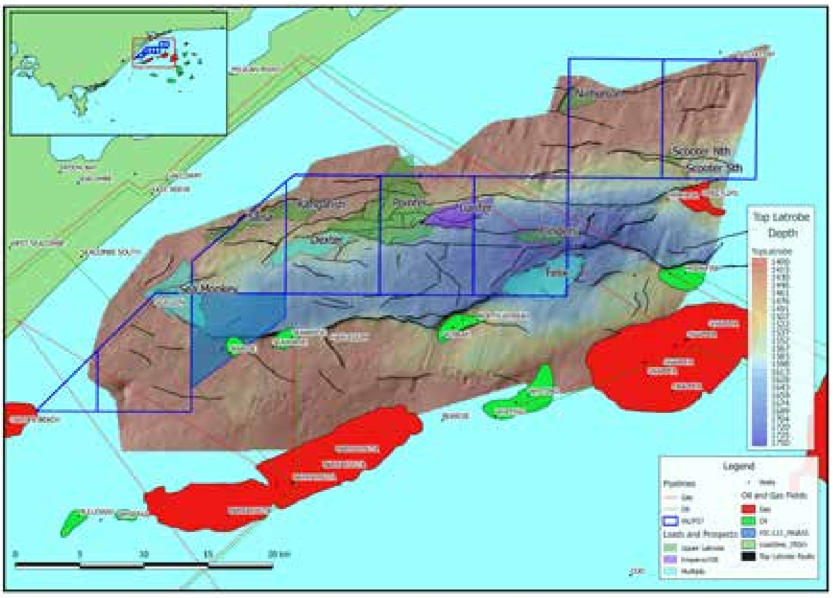


Figure 5 – VIC/P57 Location

ACTIVITIES

As technical advisor to the VIC/P57 Joint Venture TDO undertook a comprehensive prospectivity review to identify potential drill targets to ultimately provide an inventory of prospects and leads. These studies not only resulted in de-risking the previously identified Felix Prospect but also uncovered a new gas prospect, Pointer, within the high quality reservoirs of the Latrobe Group. A Type II AVO anomaly was also identified associated with the Pointer Prospect.

The Felix Prospect presents as the lowest risk target with volumetric estimates for the entire structure resulting in a Best Estimate Prospective Resource of 24 MMbbls oil recoverable (16MMbbls within VIC/P57). The pointer Prospect has been determined as the lowest risk gas target, volumetric calculations conducted for the entire feature resulting in a Best Estimate of 250 Bcf Recoverable gas (235 Bcf with VIC/P57).

Volumetric estimates detailing the Prospective Resources for VIC/P57 area are shown in the table below. These estimates confirm that the permit continues to hold significant value to the Joint Venture.

VIC/P57 Prospective Resource Estimate (MMbbls) Recoverable Oil within permit

Location	Status	Low	Best	High
Felix	Prospect	6.84	15.94	26.94
Salsa	Lead	10.65	15.09	20.57
Nicholson	Lead	3.4	7.86	14.68
Scooter	Lead	0.54	1.24	2.27
VIC/P57 Total		**21.43**	**40.13**	**64.46**

VIC/P57 Prospective Resource Estimate (Bcf) Recoverable Gas within permit

Location	Status	Low	Best	High
Pointer	Prospect	140.1	235.26	364.91
Dexter	Lead	36.96	131.98	259.14
VIC/P57 Total		**177.06**	**367.24**	**624.05**

Table 2 – Prospective resources within VIC/P57 (Announced 27th July 2017)

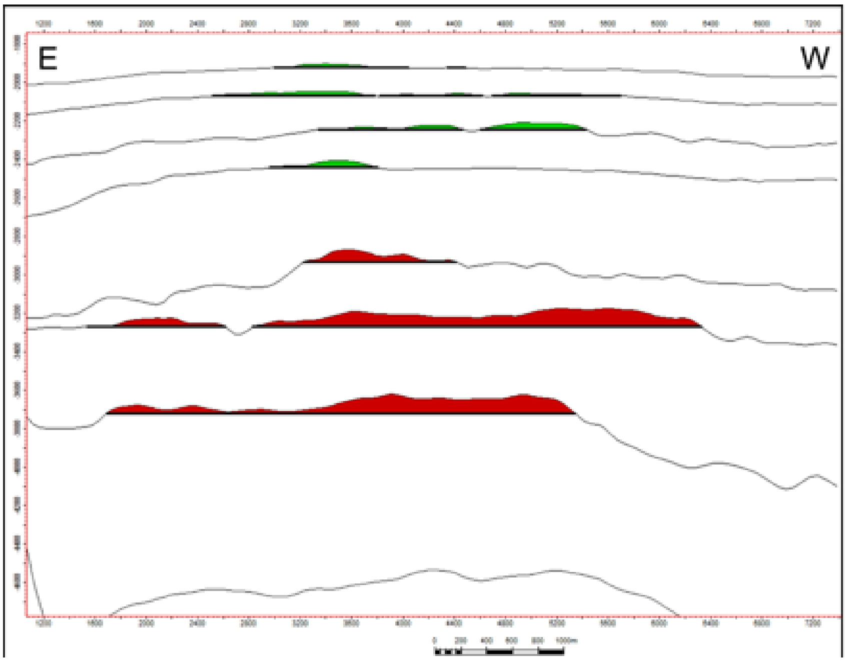


Figure 6 – Cross-section through the modelled hydrocarbon zones in Felix

During the early part of 2017 NOPTA granted the variation sought by the Joint Venture of Year 5 work programme from one well to geological and geophysical studies.

The VIC/P57 joint venture has agreed to renew the permit for a further five-year period following discussions with the National Offshore Petroleum Authority (NOPTA). The permit ends in January 2018 however the renewal application will need to be lodged well in advance of that date.

The work program in the primary term of the renewal period, the first 3 years, will be designed to de-risk and high grade the prospect inventory to ultimately mature drill-ready prospects.

PROSPECTIVITY

The recent technical program conducted by TDO, on behalf of the Joint Venture has resulted in a Prospectivity Seriatim that summarizes the potential of the remaining inventory of leads and prospects within the permit. The Seriatim has confirmed that significant prospectivity remains in the VIC/P57 permit. This has led the Joint Venture's decision to apply to renew the permit. The proposed technical programme supporting the renewal application will aim to mature one or both of the identified Prospects to 'drill-ready.' It will also place greater emphasis towards gas exploration with the intention to respond to the opportunity generated by the ever tightening Australian gas market.

Felix Prospect

The Felix Prospect contains a Best Estimate prospective Resource of 16MMbbls, at the same horizons currently produced from in the nearby Moonfish Field, as well as additional hydrocarbon zones, as is seen in the adjacent Wirrah field. The Prospect is situated in a favorable location, between the Moonfish field and Wirrah discoveries. As such, it is considered highly likely to benefit from similar reservoir-seal configurations and to have access to charge from the same kitchen.

The deeper, gas potential of the Emperor and Golden Beach has been proven at along-trend discoveries such as the Sunfish, Remora, South East Remora, Longtom and Kipper fields. Structural modelling at Felix demonstrates that there is likely to be prospective traps at equivalent levels.

The remaining uncertainties for Felix stem from limitations in the quality of the available 3D seismic data. Upon renewal of the permit, the Joint Venture aims to reduce this uncertainty with modern data processing techniques. Felix is considered the lowest risk target for VIC/P57 and the Joint Venture expects that as a result of the proposed work program, the Prospect will likely mature to drill-ready.

POINTER PROSPECT

The Pointer Prospect is a newly identified gas prospect within the Upper Latrobe Group. It was identified as a result of amplitude analysis conducted using the Joint Venture's Pre Stack Depth Migration subset of the Northern Fields 3D seismic survey. It presents as a Type II AVO anomaly that may seal by on-lap against volcanics. Seismic mapping and amplitude extraction suggests that the feature could be 27km^2 in areal extent and contain a Best Estimate of 235Bcf Prospective Resource (Announced 27th July 2017).

Additional reprocessing of the Northern Fields 3D survey, with extension to the north will assist in confirming the style of closure and true lateral size of the anomaly.

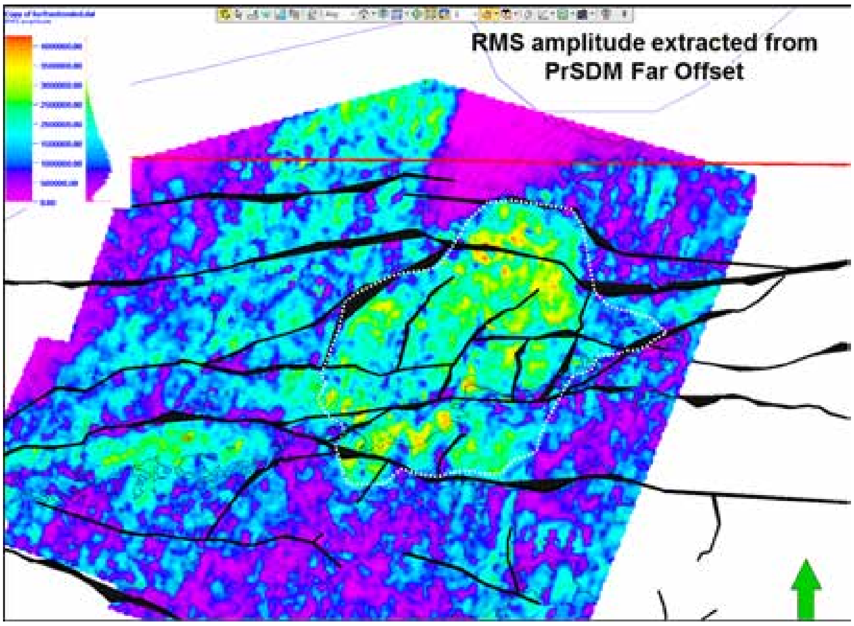


Figure 7 – Amplitude Extraction of the Pointer Prospect from the PrSDM Far Offset

SALSA LEAD

The Salsa lead is an inverted hanging-well rollover anticline associated with the Rosedale Fault system at the Top of Latrobe level, providing attractive follow-up potential. It is analogous to the Seahorse and West Seahorse oil fields with clear indication of reservoir and seal indicated by seismic imagery. The lead is located at the edge of the Northern Fields 3D survey, causing some difficulty with respect to fully defining the northern closure.

GAS POTENTIAL

The potential for a prospective gas fairway in VIC/P57 remains high. The Emperor Subgroup play, proven by the along-trend Longtom and Judith gas discoveries is considered present within VIC/P57. The prospectivity review has confirmed the presence of Emperor Subgroup leads in the permit including Lucifer, Dexter and Kangafish, which are low-side, fault-dependent structures associated with the east-west fault system along the basin's northern margin.

The evaluation has confirmed that the requisite components for this play are present across the permit. In particular, structural modelling indicates that the trapping style has the potential to be the same as the Longtom gas field. Higher quality seismic that better images the deeper sections is required to progress these leads to prospect status (i.e. potentially ready to drill).

Seismic attribute analysis combined with structural modelling has identified the presence of a series of tilted-fault blocks within the possible Emperor section of the Seahorse Syncline. While identifiable, imaging limitations make these difficult to fully map. Broadband re-processing techniques may better image this section, allowing our technical team to better understand the size and configuration of traps at this level. This could result in the identification of additional gas prospects.

OTHER TOP LATROBE LEADS

Other leads included in the VIC/P57 inventory are Scooter and Nicholson. Both present as Top of Latrobe oil targets.

The Scooter Lead is a feature formed by erosion of the Marlin Channel leaving a remnant closure, with lateral and top seal provided by shale of the Lakes Entrance Formation subsequently filling the channel. This style of hydrocarbon trap has been effective elsewhere in the basin.

Nicholson consists of thin Latrobe Group within an inversion feature situated along the Northern Terrace. It may have some dip closure, but mainly relies on fault closure to the North. Nicholson requires more technical evaluation to define, but could add notable upside oil potential to the permit.

WA/527-P, ROEBUCK BASIN, OFFSHORE WESTERN AUSTRALIA

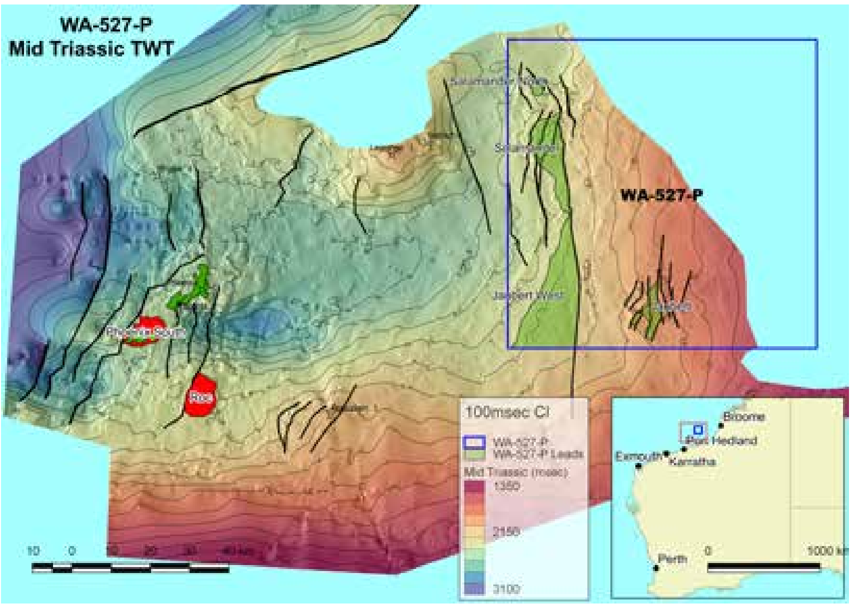


Figure 8 – WA/527P Location

BACKGROUND

Exploration permit WA/527-P was awarded to TDO in March 2017, the Company holds 100% interest and operator-ship. The permit is large (6,580km^2) in relatively shallow water and is under-explored with no exploration wells and a variable grid of 2D seismic of differing quality and vintage. WA/527-P is located in the offshore Roebuck Basin of Western Australia, to the east of some of Australia's most exciting recent oil and gas-condensate discoveries.

TDO's technical assessment has included interpretation of all open-file well and seismic in addition to a portion of licensed proprietary seismic data. The assessment has revealed that the permit has the potential to form a new and exciting frontier of exploration in the region.

TDO has successfully secured a low-cost, guaranteed work program, which commits the Company to acquiring and processing a 510km^2 3D seismic survey in Year 3.

The Roebuck Basin, previously known as the Offshore Canning Basin, is located between the Northern Carnarvon and Browse basins along the prolific Northwest Shelf of Australia. The basin is considered largely under-explored, with an exploration program conducted by BP in the 1980s delivering disappointing results. However, a recent exploration campaign which began in 2014, under the Quadrant Energy, Carnarvon Petroleum (CVN) and Finder Exploration Joint Venture has resulted in the discovery of an exciting new petroleum system.

The exploration campaign began with the drilling of Phoenix South-1 in 2014, which discovered a series of light oil zones within sands of the Triassic, Lower Keraudren Formation. This was followed by the drilling of Roc-1, Roc-2 and Phoenix South-1 during 2015-2016 which resulted in the discovery of gas-condensate. The reservoir has proven excellent with sustained flow testing from Roc-2 resulted in up to 11,500 Barrels of Oil Equivalent per day.

TDO's work programme will aim to comprehensively asses the value of WA-527-P over the next 3 years, while the nearby Joint Venture continues to prove the petroleum system via the drilling of additional exploration wells. TDO will also benefit from understanding gleaned from the Joint Venture's development planning at Roc, which is currently in the pre-FEED (Front End Engineering and Design) phase.

TDO will closely follow the drilling of Phoenix South -1 in early 2018 and Dorado-1, planned by the Joint Venture for mid-2018. Dorado-1 could have implications for TDO's prospectivity concept as the Dorado target is considered to be within an analogous geological setting to many of the leads within WA/527-P.

Once TDO has matured it's Geological and Geophysical studies and planned the location of a 3D seismic survey, it will commence with a farm-out process targeting large international companies which are looking to invest this frontier basin.

ACTIVITIES

TDO's technical review of the permit demonstrates that it has many features in common with the nearby proven Triassic play, however may also benefit from an additional, deeper petroleum system. The results of the technical assessment are summarized below:

– Preliminary review of well results and geochemistry data combined with Petroleum Systems Modelling suggests that there is a high potential for oil in and around WA/527-P. More detailed Petroleum Systems modelling will be undertaken as additional geochemical data accrues. In addition, on-going regional modelling suggests that some of the potential source rocks proven within the nearby, onshore Canning Basin could be mature for hydrocarbon expulsion in the area.

Year	Activity	Indicative Expenditure (A$)	
		Gross	Cumulative
Minimum Guaranteed dry hole work programme			
Year 1-2	– Geophysical and geological studies, including; seismic interpretation, seal and reservoir studies (including sequence stratigraphy), basin modelling/geochemistry, – Plan location of 3D seismic survey, – Undergo approval and planning process for seismic acquisition.	$800,000	$800,000
Year 3	– Acuire and process 510km^2 3D seismic survey	$3,060,000	$3,860,000
		Sub-Total	**$3,860,000**

Table 3 – WA/527P Approved Work Programme

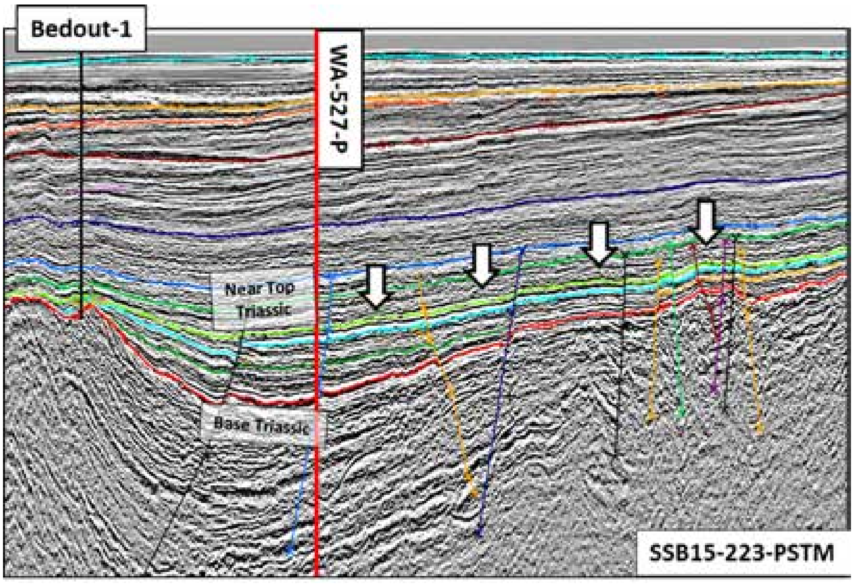


Figure 9 – Seismic interpreted from the Bilby 2D survey, showing structures of interest within WA/527-P

- Seismic facies and depositional modelling in the permit and adjacent areas indicates the presence of a well-developed Triassic reservoir section in WA/527-P, potentially overlain a Late Triassic-Early Jurassic sealing unit.
- In terms of leads, a sparse grid of open-file 2D seismic combined with a licenced portion of the Searcher Bilby 2D survey indicates the presence of numerous fault-related traps, particularly within the western side of the acreage.

The proposed exploration program is designed to rapidly mature one or more of the leads to prospect status. To achieve this, 3D seismic acquisition will be required in order to identify whether structures defined by sparse 2D coverage represent viable structural closures. Commitment to the secondary program, which includes one exploration well, will be dependent on the results of the 3D seismic interpretation.

PROSPECTIVITY

WA/527-P is situated along the margin of the Broome Platform over which the Triassic section thins and eventually on-laps Palaeozoic sediments.

WA/527- P is in Year 1 of its exploration program. So far, this has involved Geological and Geophysical studies. In its evaluation work to date, TDO has identified multiple leads across the permit. These leads are currently identified by sparse 2D seismic data that vary in quality and degree of coverage over the structures. Volumetric calculations indicate that these leads could be large enough to contain 45-240 MMbbls of recoverable oil, though with the current geophysical data set, these estimates remain tentative.

A location map showing the permit area, leads and their proximity to the nearby Phoenix and Roc discoveries is shown in Figure 8.

Salamander and Salamander North

Salamander and Salamander North are located in the northwest corner of the permit. Salamander is a structure that was recognised by the permit's previous operator, before the permit was relinquished in 2014. However, TDO believes that recent multi-client data, combined with modern 3D seismic acquisition could shed new light on the structural architecture of the Salamander lead allowing for a more definitive understanding of its potential to be a closing structure. Salamander is in an ideal position for Triassic reservoir development and Late Triassic – Early Jurassic seal development.

The main Salamander structure is characterised by a Triassic anti-form, cut by a series of extensional faults that dip towards the west. It mostly relies on fault closure to the east; however, seismic interpretation suggests a possibility that some fault independent closure is present. Salamander North is a horst-block that is likely to be separated from the main Salamander feature; while smaller, it could also have fault independent closure.

Jaubert West

Jaubert West is located in the southwest corner of the acreage. The structure exhibits a broad but subtle closure in cross-section, however, is defined by only half a dozen, widely spaced 2D seismic lines. The feature benefits from a thick Triassic section which is likely to contain well-developed reservoir. Additional seismic data will undoubtedly reveal whether the structure is a genuine closure. If this is the case, it will contribute considerable value to the block.

Jaubert

Jaubert is located within the south of the permit. The structure comprises thin Triassic section within a faulted anticline located along the Broome platform. It appears to be segmented by a series of both west and east dipping extensional faults. It has been recognised by multiple previous operators between the 1970-90s.

TDO's interpretation of the licenced Bilby 2D seismic survey shows the Jaubert structure far more clearly than on any line in the much older Jaubert Seismic Survey. The Bilby survey shows closure on the structure in both the east and west. It is suggested that additional, modern data will provide much needed information about the true size and structural configuration of Jaubert.

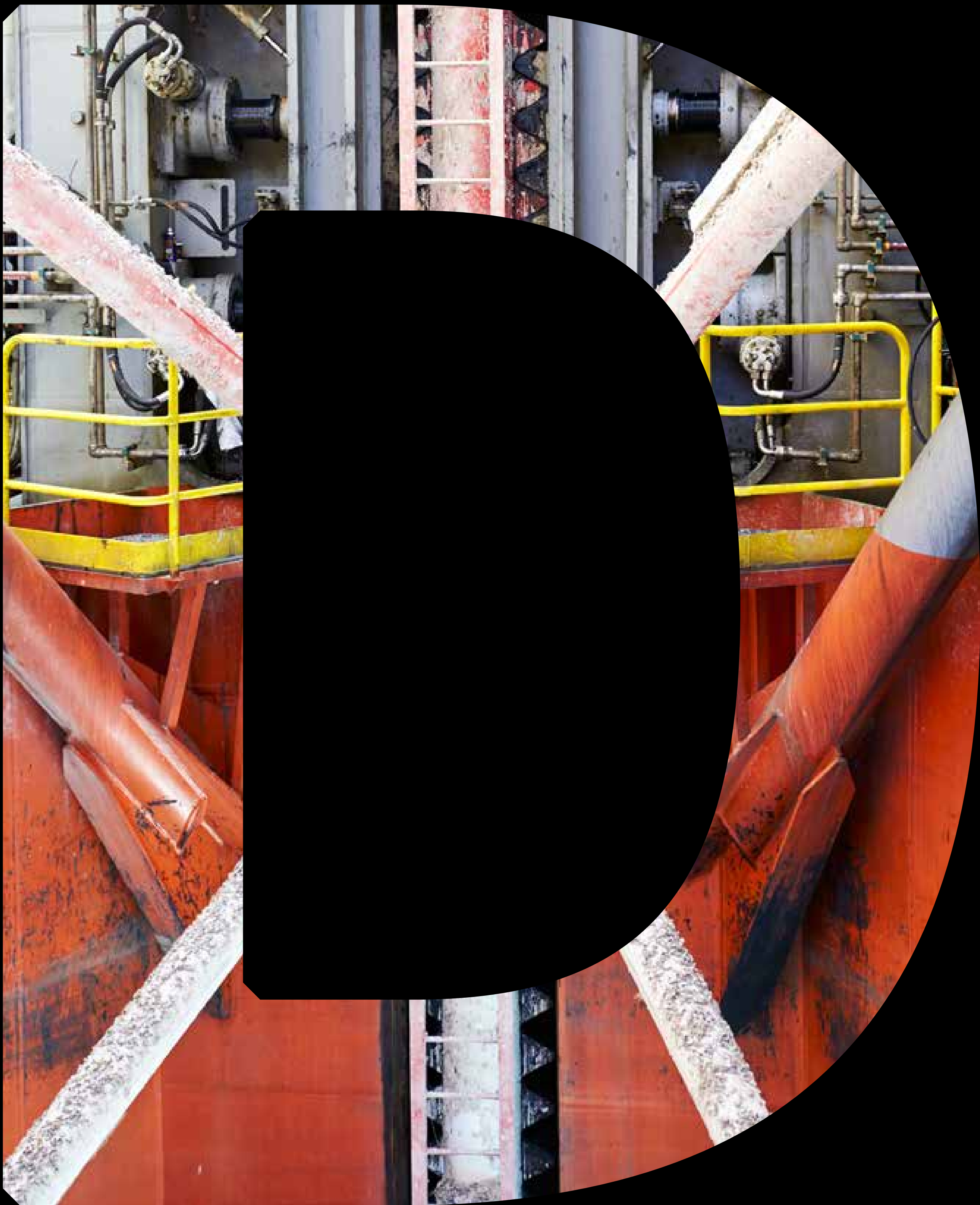
According to TDO's prospectivity analysis Jaubert is predicted to contain favourable Triassic reservoir, with sealing potential in the Early Jurassic. It may be located some distance from the interpreted Triassic hydrocarbon kitchen, however, could benefit from charge originating from the Palaeozoic section directly beneath.

Other Leads

TDO's seismic interpretation has revealed multiple other features of interest in the western side of WA/527-P. These structures could be southern continuations of the Salamander lead. Importantly, these structures have been identified on the new Bilby 2D survey. As these features have been identified on new licenced data, they were not detected by the previous operators of the permit. While the survey has demonstrated that there are structures present, the data density in this area is low and the lateral extent of these features cannot be confidently ascertained. They are however, located proximal to the estimated limit of the Triassic hydrocarbon kitchen.

Modern seismic acquisition will surely assist in determining whether these structures represent prospective closures.

DIRECTORS' REPORT



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 year ended 30 June 2017.

DIRECTORS

The following persons were directors of 3D Oil Limited during the whole of the financial 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 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 consolidated entity does not have franking credits available for subsequent financial years.

REVIEW OF OPERATIONS

The loss for the consolidated entity after providing for income tax amounted to $1,839,978 (30 June 2016: $10,291,156).

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

FINANCIAL POSITION

The net assets decreased by $1,822,236 to $11,176,049 at 30 June 2017 (30 June 2016: $12,998,285). During the period the consolidated entity spent a net amount after reimbursements of $190,711 on exploration, mainly in relation to VIC/P57 during the period. The working capital position as at 30 June 2017 of the consolidated entity results in an excess of current assets over current liabilities of $1,492,021 (30 June 2016 : $3,170,063). The consolidated entity made a loss after tax of $1,839,978 during the financial year (2016 loss: $10,291,156) and had net operating cash outflows of $1,486,299 (2016: $1,430,342). The cash balance as at 30 June 2017 was $1,304,423, which excludes the term deposit of $1,000,000 classified as an other current asset which is held to maturity for a period greater than 3 months (30 June 2016: $4,012,719).

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

During the financial year, 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%.

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

No matter or circumstance has arisen since 30 June 2017 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.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The consolidated entity will continue to pursue its exploration interest in VIC/P57 in Joint Venture partnership with Carnarvon Hibiscus Pty Ltd.

3D Oil will continue to develop other permits held. 3D Oil intend to seek a farm-in partner to assist in financing the T/49P work programme.

ENVIRONMENTAL REGULATION

The consolidated entity 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 2017.

INFORMATION ON DIRECTORS

Mr Noel Newell

Executive Chairman

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 (last 3 years):

None

Special responsibilities:

None

Interests in shares:

42,545,454 ordinary fully paid shares.

Interests in options:

1,496,000 performance rights

Mr Leo De Maria

Non-Executive Director

Experience and expertise:

Leo is a Chartered Accountant with extensive experience in company management, financial management, mergers and acquisitions and risk management.

Other current directorships:

None

Former directorships (last 3 years):

None

Special responsibilities:

Chairman of Audit Committee and Remuneration and Nomination Committee

Interests in shares:

650,070 ordinary fully paid shares.

Interests in options:

None

Mr Ian Tchacos

Non-Executive Director (appointed 14 October 2016)

Experience and expertise:

Ian Tchacos is an oil and gas professional with over 30 years international experience in corporate development and strategy, mergers and acquisitions, petroleum exploration, development and production operations, decision analysis, commercial negotiation, oil and gas marketing and energy finance. He has a proven management track record in a range of international energy company environments.

Other current directorships:

Xstate Resources Limited, ADX Energy Ltd

Former directorships (last 3 years):

None

Special responsibilities:

Member of Audit Committee and Member of Remuneration and Nomination Committee

Interests in shares:

428,500 ordinary fully paid shares

Interests in options:

None

'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 ('the Board') and of each Board committee held during the year ended 30 June 2017, and the number of meetings attended by each director were:

	Full Board		Audit Committee		Remuneration and Nomination Committee	
	Attended	**Held**	**Attended**	**Held**	**Attended**	**Held**
Mr C Horsfall *	4	4	1	1	–	–
Mr N Newell	8	8	–	–	–	–
Ms M Leydin *	4	4	1	1	–	–
Mr L De Maria	8	8	2	2	–	–
Mr I Tchacos **	4	4	–	1	–	–

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

* Mr C Horsfall and Ms M Leydin resigned as Directors on 14 October 2016.

** Mr I Tchacos was appointed as a Director on 14 October 2016.

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.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The objective of the consolidated entity'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 consolidated entity.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:

- focusing 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
- attracting and retaining high calibre executives

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is 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 21 November 2012, where the shareholders approved an aggregate remuneration of $400,000.

Executive remuneration

The consolidated entity 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 consolidated entity'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 consolidated entity 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 calibre 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 consolidated entity 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 and or options are awarded to executives on the discretion of the remuneration and Nomination Committee based on long-term incentive measures.

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 consolidated entity's successful achievement of certain key milestones as they relate to its operating activities.

Voting and comments made at the company's 22 November 2016 Annual General Meeting ('AGM')

The company received 94.09% of 'for' votes in relation to its remuneration report for the year ended 30 June 2016. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

DETAILS OF REMUNERATION

Amounts of remuneration

Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

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

2017	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
	Cash salary and fees	Termination fees	Non-monetary	Super-annuation	Long service leave	Equity-settled performance rights	Total
	$	**$**	**$**	**$**	**$**	**$**	**$**
Non-Executive Directors:							
Mr C Horsfall **	22,222	25,571	-	2,111	-	-	49,904
Ms M Leydin *	109,782	-	-	-	-	-	109,782
Mr I Tchacos ***	53,111	-	-	2,733	-	-	55,844
Mr Leo De Maria	41,096	-	-	3,904	-	-	45,000
Executive Directors:							
Mr N Newell	351,284	-	-	19,308	-	13,464	384,056
Other Key Management Personnel:							
Mr A Adams ****	204,433	-	-	11,263	-	4,277	219,973
	781,928	**25,571**	**-**	**39,319**	**-**	**17,741**	**864,559**

* This includes fees paid to Leydin Freyer Corp Pty Ltd in respect of Directors fees, Company Secretarial and Accounting services. Ms M Leydin resigned as a Director on 14 October 2016.

** Mr C Horsfall resigned as a Director on 14 October 2016.

*** Ms I Tchacos was appointed as a Director on 14 October 2016.The above also includes fees paid to Lykos Consulting Pty Ltd, an entity associated with Mr I Tchacos in relation to board advisory fees prior to his appointment as a Director.

**** Mr A Adams ceased employment with the Company on 31 January 2017.

2016	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
	Cash salary and fees	Termination fees	Non-monetary	Super-annuation	Long service leave	Equity-settled options	Total
	$	**$**	**$**	**$**	**$**	**$**	**$**
Non-Executive Directors:							
Mr C Horsfall	76,712	-	-	7,288	-	-	84,000
Ms M Leydin *	143,250	-	-	-	-	-	143,250
Mr Leo De Maria	41,096	-	-	3,904	-	-	45,000
Executive Directors:							
Mr N Newell	394,567	-	-	19,308	-	8,976	422,851
Other Key Management Personnel:							
Mr A Adams	333,198	-	-	19,308	-	2,852	355,358
	988,823	**-**	**-**	**49,808**	**-**	**11,828**	**1,050,459**

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

The proportion of remuneration linked to performance and the fixed proportion are as follows:

	Fixed remuneration		At risk – STI		At risk – LTI	
Name	2017	2016	2017	2016	2017	2016
Non-Executive Directors:						
Mr C Horsfall	100%	100%	-	-	-	-
Ms M Leydin	100%	100%	-	-	-	-
Mr Leo De Maria	100%	100%	-	-	-	-
Executive Directors:						
Mr N Newell	96%	98%	-	-	4%	2%
Other Key Management Personnel:						
Mr A Adams	98%	99%	-	-	2%	1%

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 N Newell

Executive Chairman

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 Ian Tchacos

Non-Executive Director

Agreement commenced:

14 October 2016

Details:

(i) Mr Tchacos may resign from his position and thus terminate this contract by giving 3 months written notice.

(ii) The Company may terminate this employment agreement by providing 3 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 Tchacos is only entitled to that portion of remuneration which is fixed, and only up the date of termination.

(iv) On termination of the agreement, Mr Tchacos will be entitled to be paid those outstanding amounts owing to him up until the Termination date.

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

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 2017.

Options

There were no options over ordinary shares issued to directors and other key management personnel as part of compensation that were outstanding as at 30 June 2017.

There were no options over ordinary shares granted to or vested by directors and other key management personnel as part of compensation during the year ended 30 June 2017.

Performance rights

The terms and conditions of each grant of performance rights over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Grant date	Vesting date and exercisable date	Expiry date	Share price hurdle for vesting	Fair value per right at grant date
24/11/2015	23/11/2018	23/11/2018	$0.00	$0.027
24/12/2015	23/12/2018	23/12/2018	$0.00	$0.021

Performance rights granted carry no dividend or voting rights.

Terms of Performance Rights

The Performance Rights were issued for $Nil consideration, and the vesting of the rights is contingent on the Company achieving certain hurdles over a three year performance period.

The number of Performance Rights which vest is determined by assessing the performance of the Company, as measured by Total Shareholder Return (TSR) at the Performance Date relative to a comparator group of companies. The VWAP of the Shares in the one-month preceding the Performance Date compared to the VWAP of the Shares in the one-month preceding the grant date, will be used in calculating the TSR over the three year period. The TSR incorporate capital returns as well as dividends notionally reinvested and is considered the most appropriate means of measuring the Company's performance.

Performance Rights will only convert to Shares subject to the Performance Period being met and subject to the Company's TSR being at least equal to the median of the comparator group performance. The entire annual allocation will convert if the Company's TSR is at the 75th percentile or higher than the comparator group performance. The detailed breakdown of the relationship between the Company's performance and the conversion of Performance Rights is:

- 0% converting if the Company TSR performance is below the median performance of the comparator group.
- 50% to 100% converting if the Company TSR performance is at or above the median performance of the comparator group, but below the 75th percentile performance of the comparator group.
- 100% converting if the Company TSR performance is at or above the 75th percentile performance of the comparator group. Under the LTI Plan there will be a straight line pro-rata conversion of Performance Rights to Shares where the Company's TSR performance is between the median and 75th percentile performance.

The number of performance rights over ordinary shares granted to and vested by directors and other key management personnel as part of compensation during the year ended 30 June 2017 are set out below:

	Number of rights granted during the year	Number of rights granted during the year	Number of rights vested during the year	Number of rights vested during the year
Name	**2017**	**2016**	**2017**	**2016**
Mr N Newell	-	1,496,000	-	-
Mr A Adams	-	611,000	-	-

Additional information

The earnings of the consolidated entity for the five years to 30 June 2017 are summarised below:

	2017	2016	2015	2014	2013
	$	**$**	**$**	**$**	**$**
Revenue	14,677	73,967	192,286	47,652	101,500
Net profit/(loss) before tax	(1,839,978)	(10,332,422)	2,356,252	(1,289,142)	(2,033,105)
Net profit/(loss) after tax	(1,839,978)	(10,291,156)	2,314,986	(1,289,142)	(2,033,105)

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

	2017	2016	2015	2014	2013
Share price at financial year start ($)	0.02	0.06	0.07	0.09	0.07
Share price at financial year end ($)	0.04	0.02	0.06	0.07	0.09
Basic earnings per share (cents per share)	(0.77)	(4.33)	0.97	(0.54)	(0.92)

Additional disclosures relating to key management personnel

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 consolidated entity, including their personally related parties, is set out below:

	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 *	104,625	-	-	(104,625)	-
Mr N Newell	42,437,789	-	107,665	-	42,545,454
Ms M Leydin *	295,000	-	-	(295,000)	-
Mr L De Maria	650,070	-	-	-	650,070
Mr I Tchacos **	-	-	428,500	-	428,500
Mr A Adams ***	292,000	-	-	(292,000)	-
	43,779,484	-	536,165	(691,625)	43,624,024

* Mr C Horsfall and Ms M Leydin resigned as Director's on 14 October 2016.
** Mr I Tchacos was appointed as a Director on 14 October 2016.
*** Mr A Adams ceased employment with the Company on 31 January 2017.

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 consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Options over ordinary shares					
Mr A Adams *	700,000	-	-	(700,000)	-
	700,000	-	-	(700,000)	-

* Mr A Adams ceased employment with the Company on 31 January 2017 and under the terms of his cessation it was agreed that 400,000 options would be retained, subject to certain conditions being met. This figure has not been included in the balance at year end as Mr A Adams was not a member of key management personnel at the end of the financial year.

Performance rights holding

The number of performance rights over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Vested	Expired/ forfeited/ other	Balance at the end of the year
Performance rights over ordinary shares					
Mr N Newell	1,496,000	-	-	-	1,496,000
Mr A Adams *	611,000	-	-	(611,000)	-
	2,107,000	-	-	(611,000)	1,496,000

* Mr A Adams ceased employment with the Company on 31 January 2017 and under the terms of his cessation it was agreed that 611,000 performance rights would be retained, subject to certain conditions being met. This figure has not been included in the balance at year end as Mr A Adams was not a member of key management personnel at the end of the financial year.

This concludes the remuneration report, which has been audited.

Shares under option

Unissued ordinary shares of 3D Oil Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
25 July 2014	30 November 2017	$0.08	400,000

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 under performance rights

Unissued ordinary shares of 3D Oil Limited under performance rights at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under rights
24/11/2015	23/11/2018	$0.00	1,496,000
24/12/2015	23/12/2018	$0.00	611,000
			2,107,000

No person entitled to exercise the performance rights had or has any right by virtue of the performance right 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 ordinary shares of 3D Oil Limited issued on the exercise of options during the year ended 30 June 2017 and up to the date of this report.

Shares issued on the exercise of performance rights

There were no ordinary shares of 3D Oil Limited issued on the exercise of performance rights during the year ended 30 June 2017 and up to the date of this report.

Indemnity and insurance of officers

The consolidated entity 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

There were no non-audit services provided during the financial year by the auditor.

Officers of the company who are former partners of Grant Thornton Audit Pty Ltd

There are no officers of the company who are former 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 immediately after this directors' report.

Auditor

Grant Thornton Audit Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

Rounding of amounts

3D Oil Limited is a type of Company that is referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and therefore the amounts contained in this report and in the financial report have been rounded to the nearest dollar.

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
Executive Chairman

16 August 2017
Melbourne

Grant Thornton

The Rialto, Level 30
525 Collins St
Melbourne Victoria 3000

Correspondence to:
GPO Box 4736
Melbourne Victoria 3001

T +61 3 8320 2222
F +61 3 8320 2200
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 2017, 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.

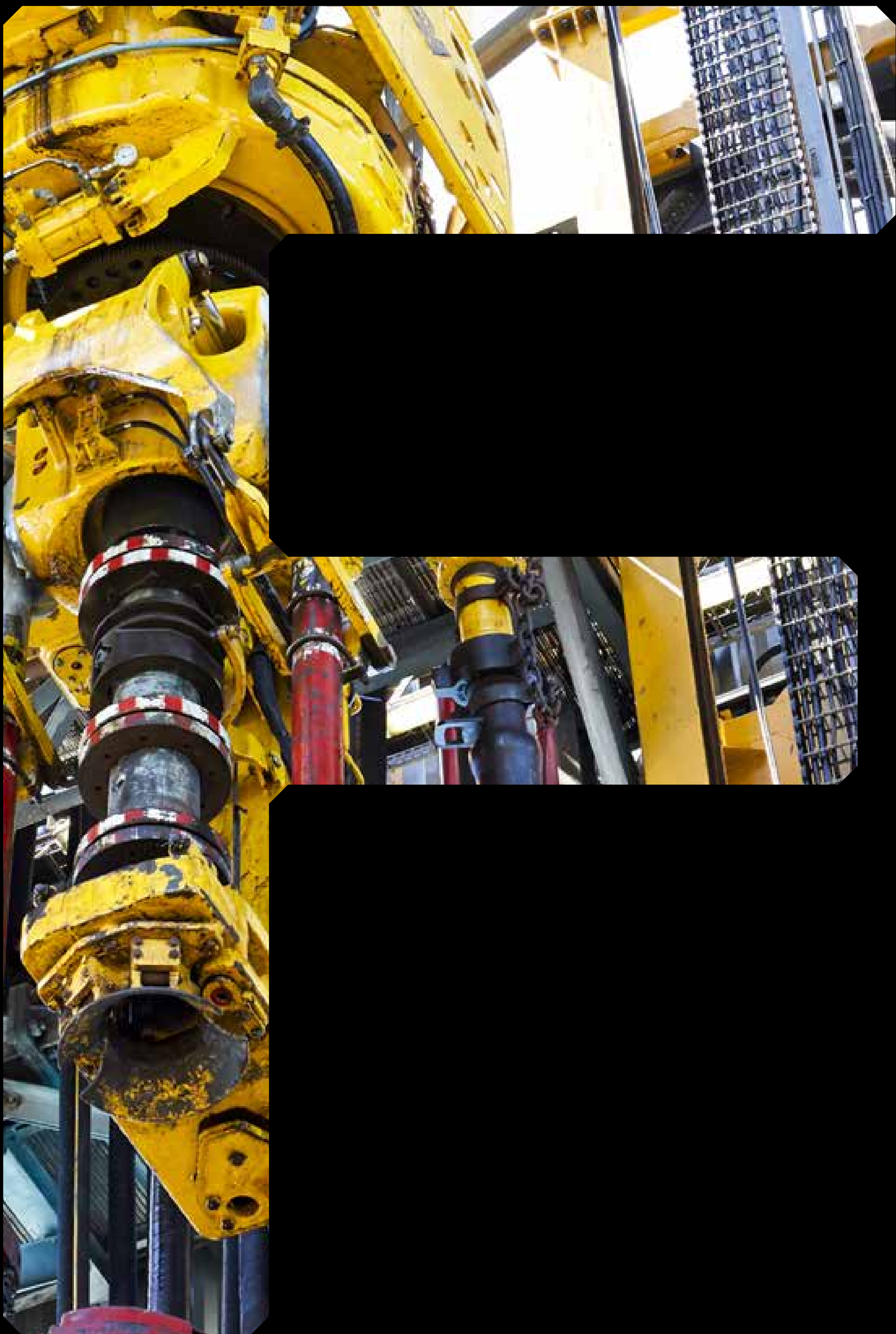
Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

A.R.J. Nathanielsz
Partner - Audit & Assurance

Melbourne, 16 August 2017

FINANCIAL REPORTS



STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2017

	Note	2017	2016
		Consolidated	
		$	**$**
Revenue			
	5	14,677	73,967
Other income	6	-	260,917
Expenses			
Corporate expenses		(161,824)	(139,468)
Administrative expenses		(66,602)	(77,049)
Employment expenses		(966,526)	(978,577)
Occupancy expenses		(101,320)	(90,082)
Depreciation and amortisation expense	7	(85,861)	(57,057)
Impairment of assets	15	(270,834)	(9,312,429)
Foreign exchange loss		(31,284)	-
Exploration costs written off		(151,442)	-
Share based payments		(17,742)	(11,828)
Finance costs	7	(1,220)	(816)
Loss before income tax benefit		(1,839,978)	(10,332,422)
Income tax benefit	8	-	41,266
Loss after income tax benefit for the year attributable to the owners of 3D Oil Limited		**(1,839,978)**	**(10,291,156)**
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of 3D Oil Limited		**(1,839,978)**	**(10,291,156)**
		Cents	**Cents**
Basic earnings per share	31	(0.77)	(4.33)
Diluted earnings per share	31	(0.77)	(4.33)

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

STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

			Consolidated
	Note	2017	2016
Assets			
Current assets			
Cash and cash equivalents	9	1,304,423	4,012,719
Trade and other receivables	10	102,985	98,038
Short Term Investments	11	1,000,000	-
Other	12	23,467	18,333
Total current assets		2,430,875	4,129,090
Non-current assets			
Property, plant and equipment	13	43,988	75,159
Intangibles	14	144,609	199,299
Exploration and evaluation	15	9,507,583	9,587,706
Total non-current assets		9,696,180	9,862,164
Total assets		**12,127,055**	**13,991,254**
Liabilities			
Current liabilities			
Trade and other payables	16	838,135	825,555
Employee benefits	17	100,719	133,472
Total current liabilities		938,854	959,027
Non-current liabilities			
Employee benefits	18	12,152	33,942
Total non-current liabilities		12,152	33,942
Total liabilities		951,006	992,969
Net assets		**11,176,049**	**12,998,285**
Equity			
Issued capital	19	52,657,366	52,657,366
Reserves	20	44,470	66,178
Accumulated losses		(41,525,787)	(39,725,259)
Total equity		**11,176,049**	**12,998,285**

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 2017

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 benefit for the year	-	(10,291,156)	-	(10,291,156)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	(10,291,156)	-	(10,291,156)
Transactions with owners in their capacity as owners:				
Share-based payments	-	-	11,828	11,828
Expiry of Options	-	47,713	(47,713)	-
Balance at 30 June 2016	**52,657,366**	**(39,725,259)**	**66,178**	**12,998,285**

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 year	-	(1,839,978)	-	(1,839,978)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	(1,839,978)	-	(1,839,978)
Transactions with owners in their capacity as owners:				
Share-based payments	-	-	17,742	17,742
Expiry of Options	-	39,450	(39,450)	-
Balance at 30 June 2017	**52,657,366**	**(41,525,787)**	**44,470**	**11,176,049**

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 2017

		Consolidated	
	Note	2017	2016
		$	$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		-	170,098
Payments to suppliers and employees (inclusive of GST)		(1,498,317)	(1,663,723)
Interest received		13,238	64,099
Interest paid		(1,220)	(816)
Net cash used in operating activities	30	(1,486,299)	(1,430,342)
Cash flows from investing activities			
Payments for property, plant and equipment		-	(79,868)
Payments for intangibles		-	(41,440)
Payments for exploration and evaluation		(190,711)	(5,190,947)
Payments for investments in 6 month term deposit		(1,000,000)	-
Net cash used in investing activities		(1,190,711)	(5,312,255)
Cash flows from financing activities			
Net cash from financing activities		-	-
Net decrease in cash and cash equivalents		(2,677,010)	(6,742,597)
Cash and cash equivalents at the beginning of the financial year		4,012,719	10,494,399
Effects of exchange rate changes on cash and cash equivalents		(31,286)	260,917
Cash and cash equivalents at the end of the financial year	**9**	**1,304,423**	**4,012,719**

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

NOTES TO THE FINANCIAL STATEMENTS

30 June 2017

NOTE 1. GENERAL INFORMATION

The financial statements cover 3D Oil Limited as a consolidated entity consisting of 3D Oil Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is 3D Oil Limited's functional and presentation currency.

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 18
41 Exhibition Street
Melbourne VIC 3000

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 16 August 2017. The directors have the power to amend and reissue the financial statements.

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 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.

GOING CONCERN

The financial report has been prepared on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. The working capital position as at 30 June 2017 of the consolidated entity results in an excess of current assets over current liabilities of $1,492,021 (30 June 2016 : $3,170,063). The consolidated entity made a loss after tax of $1,839,978 during the financial year (2016 loss: $10,291,156) and had net operating cash outflows of $1,486,299 (2016: $1,430,342). The cash balance as at 30 June 2017 was $1,304,423, which excludes the term deposit of $1,000,000 classified as an other current asset which is held to maturity for a period greater than 3 months (30 June 2016: $4,012,719).

The Directors continue to monitor the ongoing funding requirements of the consolidated entity and have considered minimum commitments under current permit arrangements and as a consequence the directors have a reasonable expectation that the consolidated entity has adequate resources to continue in operational existence for the relevant period and as such are of the opinion that the financial report has been appropriately prepared on a going concern basis.

ROUNDING OF AMOUNTS

3D Oil Limited is a type of Company that is referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and therefore the amounts contained in this report and in the financial report have been rounded to the nearest dollar.

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 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 consolidated entity'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.

PARENT ENTITY INFORMATION

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 27.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of 3D Oil Limited ('company' or 'parent entity') as at 30 June 2017 and the results of all subsidiaries for the year then ended. 3D Oil Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

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.

FOREIGN CURRENCY TRANSLATION

The financial statements are presented in Australian dollars, which is 3D Oil Limited's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

REVENUE RECOGNITION

Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity 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 the changes in deferred tax assets and liabilities attributable to temporary differences, 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 be applied 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 interests in subsidiaries, associates or 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 at 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 entities which intend to settle simultaneously.

3D Oil Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

CURRENT AND NON-CURRENT CLASSIFICATION

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

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

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

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.

FARM-OUTS

The Group does not record any expenditure made by the farmee 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 and any consideration received directly from the farmee is credited against costs previously capitalised.

INTANGIBLE ASSETS

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life 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 intangible assets 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.

EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

EXPLORATION EXPENDITURE

Exploration 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 of disposal 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 consolidated entity 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.

EMPLOYEE BENEFITS

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are 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 high quality corporate bond rates 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 consolidated entity 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 consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity 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.

FAIR VALUE MEASUREMENT

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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.

LEASES

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

The consolidated entity has not entered into any finance leases.

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.

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 consolidated entity for the annual reporting period ended 30 June 2017. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 9 Financial Instruments

This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2018 and completes phases I and III of the IASB's project to replace IAS 39 (AASB 139) 'Financial Instruments: Recognition and Measurement'. This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. Chapter 6 'Hedge Accounting' supersedes the general hedge accounting requirements in AASB 139 and provides a new simpler approach to hedge accounting that is intended to more closely align with risk management activities undertaken by entities when hedging financial and non-financial risks. The consolidated entity will adopt this standard and the amendments from 1 January 2018 however are not expected to impact the results currently required for future years.

AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgements made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The consolidated entity will adopt this standard from 1 January 2018 and it is not expected to impact the revenue currently reported when applied in future years.

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The consolidated entity will adopt this standard from 1 July 2019 but the impact of its adoption is yet to be assessed by the consolidated entity.

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 (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions

The consolidated entity 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 consolidated entity 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.

Exploration and evaluation costs

Exploration and evaluation costs have been capitalised on the basis that the consolidated entity will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. The expectation of recovery of the costs capitalised is based on the assumption that the Group will be able to obtain adequate financing to allow the continued exploration and subsequent development of areas of interest by either successfully farming out a proportion of existing permits or raising adequate capital in its own right. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

NOTE 4. 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 5. REVENUE

	Consolidated	
	2017	2016
	$	$
Interest	14,677	63,967
Rent	-	10,000
Revenue	**14,677**	**73,967**

NOTE 6. OTHER INCOME

	Consolidated	
	2017	2016
	$	$
Net foreign exchange gain	**-**	**260,917**

NOTE 7. EXPENSES

	Consolidated	
	2017	2016
	$	$
Loss before income tax includes the following specific expenses:		
Depreciation		
Plant and equipment	(31,171)	(12,815)
Amortisation		
Software	(54,690)	(44,242)
Total depreciation and amortisation	(85,861)	(57,057)
Post employment benefit plans – Superannuation contributions	(36,978)	(42,458)
Equity settled share based payments	(17,742)	(11,828)
	(54,720)	(54,286)
Operating lease payments		
Office lease	(93,865)	(83,401)
Finance costs		
Interest and finance charges paid/payable	1,220	816

NOTE 8. INCOME TAX BENEFIT

	Consolidated	
	2017	**2016**
	$	**$**
Numerical reconciliation of income tax benefit and tax at the statutory rate		
Loss before income tax benefit	(1,839,978)	(10,332,422)
Tax at the statutory tax rate of 30%	(551,993)	(3,099,727)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Entertainment expenses	705	808
Share-based payments	5,323	3,548
Prior year under/over adjustment	-	(41,266)
Unrecognised tax losses	545,965	3,095,371
Income tax benefit	**-**	**(41,266)**

Petroleum Resource Rent Tax

Petroleum Resource Rent Tax (PRRT) applies to petroleum projects in Australian onshore and offshore areas under the Petroleum Resource Rent Tax Assessment Act 1987. 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%. Production license VIC/L31 has been registered at a project for PRRT purposes. Eligible expenditure incurred in relation to the production license VIC/L31 and permits VIC/P57 and T49P, attach to the permit and can be carried forward. Certain specified undeducted expenditure is eligible for annual compounding at set rates. The compound amount can be deducted against assessable receipts in future years.

The consolidated entity has undeducted expenditure across its license/permits of $13M at 30 June 2017 (2016: $14M). As compounding occurs annually on 1 July, the compounded amount at 1 July 2017 is estimated at $18.7M (1 July 2016: $18M).

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

	Consolidated	
	2017	**2016**
	$	**$**
Deferred tax assets not recognised		
Deferred tax assets not recognised comprises temporary differences attributable to:		
Tax Losses	14,407,255	13,861,289
Total deferred tax assets not recognised	**14,407,255**	**13,861,289**

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 consolidated entity 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 consolidated entity 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 9. CURRENT ASSETS – CASH AND CASH EQUIVALENTS

	Consolidated	
	2017	2016
	$	$
Cash at bank	1,093,804	3,803,425
Cash on deposit	210,619	209,294
	1,304,423	**4,012,719**

NOTE 10. CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

	Consolidated	
	2017	2016
	$	$
Trade receivables	90,156	45,792
Interest receivable	1,531	93
GST receivable	11,298	52,153
	102,985	**98,038**

Trade receivables represent reimbursement of labour costs and third party invoices by Carnarvon Hibiscus Pty Ltd. The average credit period on trade and other receivables is 30 days. No interest is charged on the receivables. The consolidated entity 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.

NOTE 11. CURRENT ASSETS – SHORT TERM INVESTMENTS

	Consolidated	
	2017	2016
	$	$
Cash on deposit	**1,000,000**	**-**

This amount relates to cash on deposit held with a term to maturity greater than 3 months.

NOTE 12. CURRENT ASSETS – OTHER

	Consolidated	
	2017	2016
	$	$
Prepayments	**23,467**	**18,333**

NOTE 13. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT

	Consolidated	
	2017	**2016**
	$	**$**
Plant and equipment – at cost	201,096	201,096
Less: Accumulated depreciation	(157,108)	(125,937)
	43,988	**75,159**

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**
Consolidated	**$**	**$**
Balance at 1 July 2015	8,106	8,106
Additions	79,868	79,868
Depreciation expense	(12,815)	(12,815)
Balance at 30 June 2016	75,159	75,159
Depreciation expense	(31,171)	(31,171)
Balance at 30 June 2017	**43,988**	**43,988**

NOTE 14. NON-CURRENT ASSETS – INTANGIBLES

	Consolidated	
	2017	**2016**
	$	**$**
Software – at cost	421,011	421,011
Less: Accumulated amortisation	(276,402)	(221,712)
	144,609	199,299

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**
Consolidated	**$**	**$**
Balance at 1 July 2015	202,101	202,101
Additions	41,440	41,440
Amortisation expense	(44,242)	(44,242)
Balance at 30 June 2016	199,299	199,299
Amortisation expense	(54,690)	(54,690)
Balance at 30 June 2017	**144,609**	**144,609**

NOTE 15. NON-CURRENT ASSETS – EXPLORATION AND EVALUATION

	Consolidated	
	2017	**2016**
	$	**$**
Exploration and evaluation expenditure	**9,507,583**	**9,587,706**

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
Consolidated	**$**	**$**
Balance at 1 July 2015	13,709,188	13,709,188
Expenditure during the year	5,190,947	5,190,947
Impairment of assets	(9,312,429)	(9,312,429)
Balance at 30 June 2016	9,587,706	9,587,706
Expenditure during the year	190,711	190,711
Impairment of assets	(270,834)	(270,834)
Balance at 30 June 2017	**9,507,583**	**9,507,583**

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.

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.

During the financial year NOPTA granted the variation sought in relation to VIC/P57 of the Year 5 work programme from one well to geological and geophysical studies.

During the financial year 3D Oil's equity interest in T/49P increased to 100% following Beach's assignment of its 30% interest to 3D Oil for Nil consideration. NOPTA has also approved an application to vary the Year 4 commitment from one well to drilling, planning and preparation, with the Year 4 well shifted to Year 5.

The Company carried out an impairment review of the carrying amount of its exploration expenditure in VIC/P57 and T/49P as at 30 June 2017. In the previous financial year the Company decided to impair the amount of $9,312,429 relating to specific costs in relation to the Sea Lion-1 well as a result of drilling work carried out on the Sea Lion-1 well which confirmed that no zones of hydrocarbons were encountered in the Sea Lion-1 well.

A balance of the carrying amount was retained at the time of this impairment due to potential future prospectivity of other areas within the VIC/P57 permit.

Farm-outs — in the 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 16. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	Consolidated	
	2017	**2016**
	$	**$**
Trade payables	75,669	66,792
Sundry payables and accrued expenses	762,466	758,763
	838,135	**825,555**

Refer to note 22 for further information on financial instruments.

NOTE 17. CURRENT LIABILITIES – EMPLOYEE BENEFITS

	Consolidated	
	2017	2016
	$	$
Annual leave	13,444	37,864
Long service leave	87,275	95,608
	100,719	**133,472**

NOTE 18. NON-CURRENT LIABILITIES – EMPLOYEE BENEFITS

	Consolidated	
	2017	2016
	$	$
Long service leave	**12,152**	**33,942**

NOTE 19. EQUITY – ISSUED CAPITAL

				Consolidated
	2017	2016	2017	2016
	Shares	Shares	$	$
Ordinary shares – fully paid	**237,523,000**	**237,523,000**	**52,657,366**	**52,657,366**

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 and the company does not have a limited amount of authorised capital.

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.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

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 consolidated entity 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 capital risk management policy remains unchanged from the 30 June 2016 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 32.

NOTE 20. EQUITY – RESERVES

	Consolidated	
	2017	**2016**
	$	**$**
Share-based payments reserve	**44,470**	**66,178**

Movements in reserves

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

	Options Reserve	Total
Consolidated	**$**	**$**
Balance at 1 July 2015	102,063	102,063
Share based payments	11,828	11,828
Expiry of options	(47,713)	(47,713)
Balance at 30 June 2016	66,178	66,178
Share based payments	17,742	17,742
Expiry of options	(39,450)	(39,450)
Balance at 30 June 2017	**44,470**	**44,470**

NOTE 21. EQUITY – DIVIDENDS

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

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

NOTE 22. FINANCIAL INSTRUMENTS

Financial risk management objectives

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

Market risk

Foreign currency risk

The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations. The consolidated entity operates a US dollar bank account for the purpose of transacting in US dollars.

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.

The carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

	Assets		Liabilities	
	2017	2016	2017	2016
Consolidated	$	$	$	$
US dollars	**57**	**2,763,115**	**-**	**-**

The consolidated entity operated a US dollar bank account. There were no other assets or liabilities denominated in foreign currencies at the year end. The US balance on the account was US$44 and the exchange rate used to translate the balance at 30 June 2017 was $0.7692.

	AUD strengthened			AUD weakened		
Consolidated – 2017	**% change**	**Effect on profit before tax**	**Effect on equity**	**% change**	**Effect on profit before tax**	**Effect on equity**
US dollar	**4%**	**(2)**	**(2)**	**9%**	**5**	**5**

	AUD strengthened			AUD weakened		
Consolidated – 2016	**% change**	**Effect on profit before tax**	**Effect on equity**	**% change**	**Effect on profit before tax**	**Effect on equity**
US dollar	**4%**	**(110,525)**	**(110,525)**	**9%**	**248,680**	**248,680**

Price risk

The consolidated entity is not exposed to any significant price risk.

Interest rate risk

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

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

Consolidated – 2017	Basis points change	Effect on profit before tax	Basis points increase Effect on equity	Basis points change	Effect on profit before tax	Basis points decrease Effect on equity
Cash at bank	50	6,522	6,522	50	(6,522)	(6,522)

Consolidated – 2016	Basis points increase Basis points change	Effect on profit before tax	Effect on equity	Basis points change	Effect on profit before tax	Basis points decrease Effect on equity
Cash at bank	50	20,064	20,064	50	(20,064)	(20,064)

Credit risk

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

Liquidity risk

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

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

Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated – 2017	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade and other payables	-	838,135	-	-	-	838,135
Total non-derivatives		838,135	-	-	-	838,135

Consolidated – 2016	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade and other payables	-	825,555	-	-	-	825,555
Total non-derivatives		825,555	-	-	-	825,555

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

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.

NOTE 23. KEY MANAGEMENT PERSONNEL DISCLOSURES

Directors

The following persons were directors of 3D Oil Limited during the financial year:

Mr Campbell Horsfall	Non-Executive Chairman (resigned 14 October 2016)
Mr Noel Newell	Executive Chairman
Ms Melanie Leydin	Non-Executive Director and Company Secretary (resigned as a Director on 14 October 2016)
Mr Leo De Maria	Non-Executive Director
Mr Ian Tchacos	Non-Executive Director (appointed 14 October 2016)

Compensation

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

		Consolidated
	2017	**2016**
	$	**$**
Short-term employee benefits	807,499	988,823
Post-employment benefits	39,319	49,808
Share-based payments	17,741	11,828
	864,559	**1,050,459**

NOTE 24. 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:

		Consolidated
	2017	**2016**
	$	**$**
Audit services – Grant Thornton Audit Pty Ltd		
Audit or review of the financial statements	**49,525**	**47,400**

NOTE 25. COMMITMENTS

	Consolidated	
	2017	2016
	$	$
Operating Lease Commitments		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	88,445	88,445
One to four years	81,075	169,520
	169,520	**257,965**
Exploration Licenses – Commitments for Expenditure		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	535,376	1,150,000
One to five years	4,160,000	-
	4,695,376	**1,150,000**

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.

During the financial year Beach Energy Ltd withdrew from its 30% interest in T/49P and this was assigned to 3D Oil for Nil consideration. As a result of this assignment 3D Oil's equity interest in T/49P increased from 70% to 100%. The Company is continuing with its international farm-out process to reduce exposure to risk and expenditure.

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 joint venture applied to NOPTA and was granted a variation to the Year 5 work programme from one well to geological and geophysical studies. This will allow the necessary time for the newly focused studies to be undertaken. Expenditure commitments for Year 5 have been included in the above table.

During the financial year the Company was awarded a new exploration permit, WA-527-P in the Roebuck Basin of Western Australia. The Company has included its commitments for indicative expenditure in the above note relating to WA-527-P up to year 3. Commitments from year 4 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 WA-527-P, the current indicative expenditure commitment for Years 4-6 is currently gross $30.5 million and this would be occurring in 2022-2023 years.

NOTE 26. RELATED PARTY TRANSACTIONS

Parent entity

3D Oil Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 28.

Key management personnel

Disclosures relating to key management personnel are set out in note 23 and the remuneration report included in the directors' report.

Transactions with related parties

There were no transactions with related parties during the current and previous financial year.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

NOTE 27. PARENT ENTITY INFORMATION

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

		Parent
	2017	2016
	$	$
Loss after income tax	(1,839,942)	(10,291,577)
Total comprehensive income	(1,839,942)	(10,291,577)

Statement of financial position

		Parent
	2017	2016
	$	$
Total current assets	2,454,960	4,134,909
Total assets	9,339,408	11,207,618
Total current liabilities	817,500	833,388
Total liabilities	916,926	962,938
Equity		
Issued capital	52,657,366	52,657,366
Share-based payments reserve	44,470	66,178
Accumulated losses	(44,279,354)	(42,478,864)
Total equity	**8,422,482**	**10,244,680**

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2017 and 30 June 2016.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2017 and 30 June 2016.

Capital commitments – Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment at as 30 June 2017 and 30 June 2016.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Significant estimates and judgements – recoverability of loan to subsidiary

No objective indicators of impairment due to:

- current best estimates of potential resources indicate a quantity of oil/gas that would allow recovery of the amount due in full.
- prospective farm out deals.

NOTE 28. INTERESTS IN SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiary in accordance with the accounting policy described in note 2:

		Ownership interest	
		2017	**2016**
Name	**Principal place of business / Country of incorporation**	**%**	**%**
3D Oil T49P Pty Ltd	Australia	100.00%	100.00%

NOTE 29. EVENTS AFTER THE REPORTING PERIOD

No matter or circumstance has arisen since 30 June 2017 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 30. RECONCILIATION OF LOSS AFTER INCOME TAX TO NET CASH USED IN OPERATING ACTIVITIES

	Consolidated	
	2017	**2016**
	$	**$**
Loss after income tax benefit for the year	(1,839,978)	(10,291,156)
Adjustments for:		
Depreciation and amortisation	85,861	57,057
Share-based payments	17,742	11,828
Foreign exchange differences	31,284	(260,917)
Impairment of exploration and evaluation	270,834	9,312,429
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(4,947)	138,491
Decrease/(increase) in prepayments	(5,134)	15,811
Increase/(decrease) in trade and other payables	12,582	(361,603)
Decrease in provision for income tax	-	(41,266)
Decrease in other provisions	(54,543)	(11,016)
Net cash used in operating activities	**(1,486,299)**	**(1,430,342)**

NOTE 31. EARNINGS PER SHARE

	Consolidated	
	2017	2016
	$	$
Loss after income tax attributable to the owners of 3D Oil Limited	**(1,839,978)**	**(10,291,156)**
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	237,523,000	237,523,000
Weighted average number of ordinary shares used in calculating diluted earnings per share	**237,523,000**	**237,523,000**
	Cents	**Cents**
Basic earnings per share	(0.77)	(4.33)
Diluted earnings per share	(0.77)	(4.33)

NOTE 32. SHARE-BASED PAYMENTS

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

2017

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
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
			950,000	-	-	(550,000)	400,000

Shares are awarded to executives from time to time based on long-term incentive measures. These include the increase in shareholders value relative to the entire market and the increase compared to the consolidated entity's direct competitors.

2016

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
07/10/2011	07/10/2015	$0.18	78,000	-	-	(78,000)	-
15/12/2012	30/11/2015	$0.16	495,000	-	-	(495,000)	-
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
			1,523,000	-	-	(573,000)	950,000

Set out below are the options exercisable at the end of the financial year:

		2017	2016
Grant date	**Expiry date**	**Number**	**Number**
02/09/2013	30/11/2016	-	300,000
06/12/2013	29/11/2016	-	250,000
23/07/2014	30/11/2017	400,000	400,000
		400,000	**950,000**

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

2017

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
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
			2,107,000	-	-	-	2,107,000

2016

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
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
			-	2,107,000	-	-	2,107,000

The weighted average remaining contractual life of performance rights outstanding at the end of the financial year was 3 years (30 June 2016: 3 years).

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
07/10/2011	07/10/2015	$0.14	$0.18	1.00%	-	0.04%	$0.090
15/12/2012	30/11/2015	$0.14	$0.16	1.00%	-	0.04%	$0.045
02/09/2013	30/11/2016	$0.09	$0.11	1.00%	-	0.40%	$0.069
06/12/2013	29/11/2016	$0.09	$0.12	1.00%	-	0.40%	$0.075
23/07/2014	30/11/2017	$0.06	$0.08	103.16%	-	2.70%	$0.037

For the performance rights granted during the 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
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

DIRECTORS' DECLARATION

30 June 2017

In the directors' opinion:

- the attached financial statements and notes 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 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 give a true and fair view of the consolidated entity's financial position as at 30 June 2017 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)(a) of the Corporations Act 2001.

On behalf of the directors

Noel Newell

Executive Chairman

16 August 2017

Melbourne

Grant Thornton

The Rialto, Level 30
525 Collins St
Melbourne Victoria 3000

Correspondence to:
GPO Box 4736
Melbourne Victoria 3001

T +61 3 8320 2222
F +61 3 8320 2200
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 audit of the financial report

Opinion

We have audited the financial report of 3D Oil Limited (the "Company") and its subsidiaries (the "Group"), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of 3D Oil Limited and controlled entities, is in accordance with the *Corporations Act 2001*, including:

a Giving a true and fair view of the Group's financial position as at 30 June 2017 and of its performance for the year ended on that date; and

b Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the "Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the Directors of the Company, would be in the same terms if given to the Directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Grant Thornton

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Exploration and Evaluation Assets – valuation	

At 30 June 2017 the carrying value of Exploration and Evaluation Assets was $9,507,583.
 	
As all of the tenements held by 3D Oil Limited are in the exploration stage, exploration expenditure is capitalised in accordance with Australian Accounting Standard AASB 6 *Exploration for and Evaluation of Mineral Resources*.
 	
The resulting exploration and evaluation assets are required to be assessed for impairment when facts and circumstances suggest that the carrying amount may exceed their recoverable amounts. Any impairment losses are then measured in accordance with AASB 136 *Impairment of Assets*. This area is a key audit matter as significant judgement is required in determining whether the facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount, and then consequently in measuring any impairment loss.
	Our procedures, amongst others, included:
	• Obtaining the management prepared reconciliation of capitalised exploration and evaluation expenditure and agreeing to the general ledger;
	• Selecting a sample of capitalised exploration and evaluation expenditure and obtaining documentation to support the amount capitalised in line with AASB 6;
	• Critically reviewing management's assessment of impairment indicators for the Group's capitalised exploration assets under AASB 6 by:
	  · Assessing the period for the right to explore the areas of interest have not expired or will not expire in the near future without an expectation of renewal;
	  · Reviewing forecasts to ensure that they indicate further planned exploration expenditure in the area of interest;
	  · Understanding whether any data exists that indicates the carrying value of these exploration and evaluation assets are unlikely to be recovered from successful development or by sale; and
	  · Considering any other available evidence of impairment;
	▪ Assessing management's consequent determination of impairment loss (if any); and
	▪ Reviewing related financial statement disclosures.

Information Other than the Financial Report and Auditor's Report Thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors' 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 in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report
Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report
We have audited the Remuneration Report included in pages 20 to 26 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of 3D Oil Limited for the year ended 30 June 2017 complies with section 300A of the *Corporations Act 2001*.

Responsibilities
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.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

A.R.J. Nathanielsz
Partner - Audit & Assurance

Melbourne, 16 August 2017

SHAREHOLDER INFORMATION

30 June 2017

The shareholder information set out below was applicable as at 15 August 2017.

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	35
1,001 to 5,000	127
5,001 to 10,000	133
10,001 to 100,000	392
100,001 and over	200
	887
Holding less than a marketable parcel	**189**

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)	38,604,620	16.25
Oceania Hibiscus SDN BHD	30,963,000	13.04
Citicorp Nominees Pty Limited	9,596,293	4.04
H Louey Pang & Co Pty Ltd (Demaria Family A/C)	8,550,000	3.60
Fugro Exploration Pty Ltd	7,511,000	3.16
Bill Hopper	6,475,000	2.73
J K Demaria Pty Ltd	5,740,023	2.42
Sanlirra Pty Ltd (Sanlirra Super Fund A/C)	5,407,763	2.28
PAND JR Pty Ltd (John Demaria Family A/C)	4,865,201	2.05
Northern Business Planning Centre Pty Ltd (Newell Super A/C)	3,940,834	1.66
Vobe Resources Pty Ltd (Superannuation Fund A/C)	3,921,740	1.65
Pengold JR Pty Ltd (Pengold Super Fund A/C)	3,714,000	1.56
Andrew Paterson	3,237,500	1.36
Mr Giovanni Monteleone + Mrs Frances Monteleone	3,050,000	1.28
Vin Naidu and Wendy Naidu	2,837,500	1.19
Mr Joseph Hannah	2,643,200	1.11
HSBC Custody Nominees (Australia) Limited	2,516,607	1.06
Mr Russell Barwick	2,500,000	1.05
Eilie Sunshine Pty Ltd (Eilie Sunshine Superfund A/C)	2,500,000	1.05
Mr John McNamara and Miss Suzanne Maree Bond	2,418,000	1.02
	150,992,281	**63.56**

Unquoted equity securities		
	Number on issue	**Number of holders**
Options over ordinary shares issued	400,000	1
Performance rights over ordinary shares issued	2,107,000	2

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)	38,604,620	16.25
Oceania Hibiscus SDN BHD	30,963,000	13.04

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 DIRECTORY

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 Limited
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

3doil.com.au

3D OIL