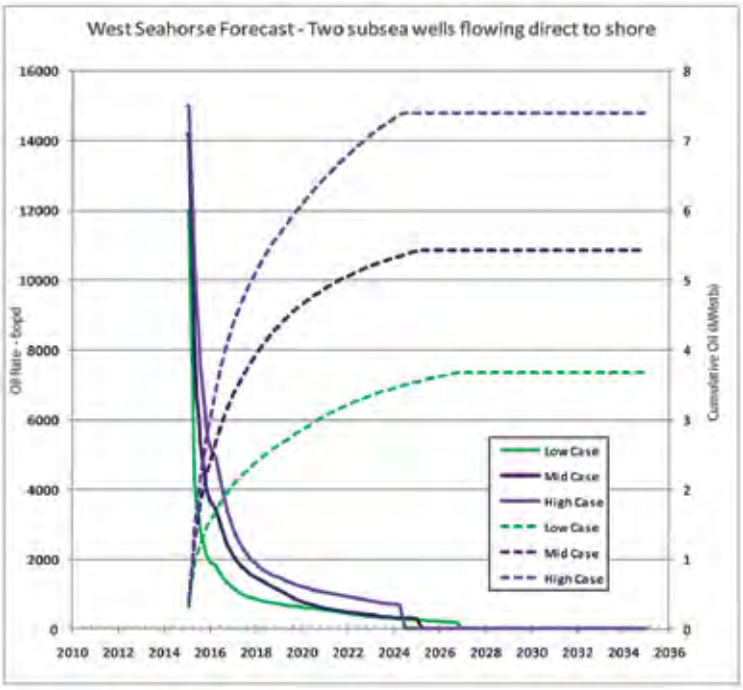

Figure 8-7 West Seahorse forecast - Two wells in Main pool

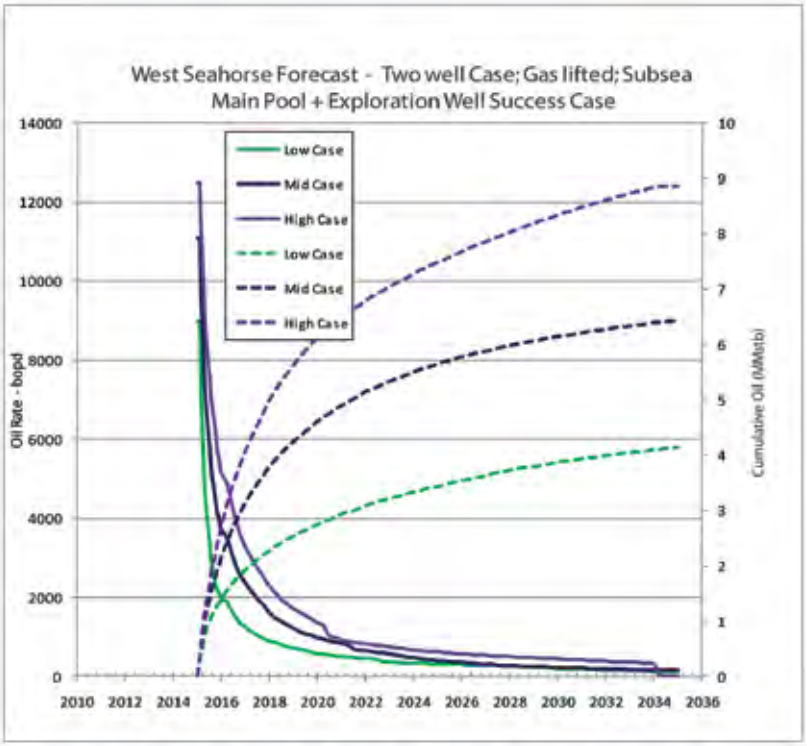

Figure 8-8 West Seahorse forecast - Two wells; 1 in main pool, 1 in NE pool

8.5.3. West Seahorse NE Forecasts

RISC expects that a new well will be required to drain OIP in West Seahorse NE. Accordingly we have prepared a separate production forecast for this well using the same methodology as described in Section 8.3.

The forecast parameters are shown in Table 8-6 and the forecast is shown in Figure 8-9 . These forecasts are truncated before the end of the production licence as the relatively high initial rates and relatively low OOIP mean that the forecast reaches the expected recoveries inside the period of the licence. A mid range downtime of 10% is assumed for all cases. The well is assumed to be drilled and on line by 1st January 2015.

West Seahorse – Near Field Exploration Forecast				
Case	OOIP (MMstb)	Initial Rate (bopd)	Recovery (MMstb)	Recovery Factor (%)
Low	1.1	3000	0.6	55
Mid	1.6	4000	1.0	66
High	2.1	5000	1.5	70

Table 8-6 Forecast Parameters and Prospective Resources for NFE well

Note that recovery factors in the above table are calculated using higher precision figures for OOIP and recovery than shown in the table.

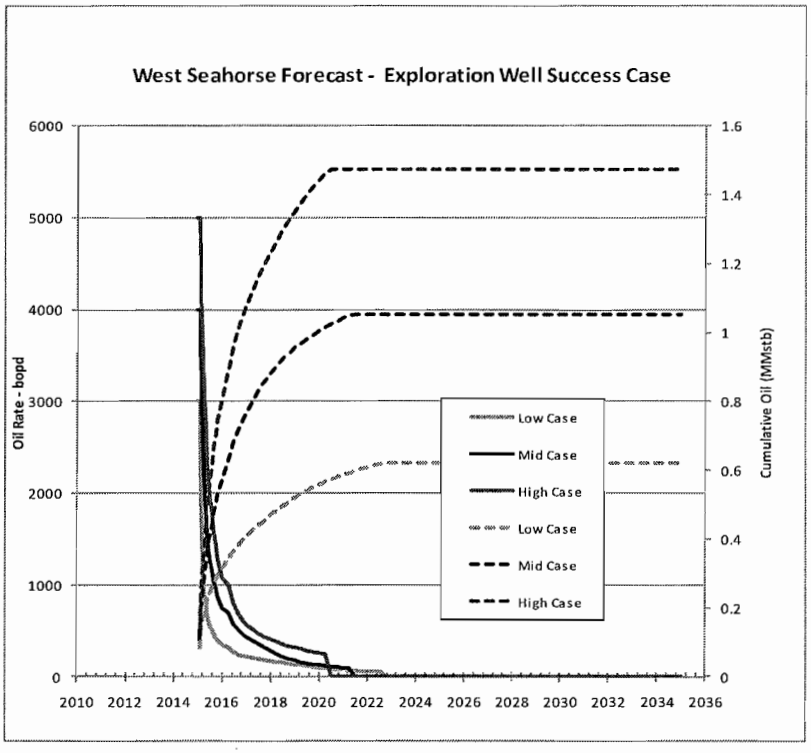

Figure 8-9 Production Forecast - NFE well

If the well drilled in the NE area fails to intersect sufficient oil to justify completion the recommended option is to sidetrack it back to the main field and complete it there. RISC assigns a 20% chance to this outcome. This well then becomes the second well in cases 5 and 7 in section 8.5.2.

8.6. GAS LIFTED WELLS VS ESP WELLS

RISC has reviewed low and mid cases forecasts provided by 3D Oil that compare gas lifted and ESP completed wells (Figure 8-10). The forecasts are for two concurrent wells and assume production to a MOPU or similar rather than subsea completions – they are labeled as having a FWHP of 150 psi. The forecasts assume the same total fluid rates and have very similar rate profiles. There is zero downtime in these forecasts.

These cases show negligible difference in ultimate recoveries between the two well completion strategies, although initial oil rates for the ESP completed wells are circa. 900 bopd higher than for the gas lifted wells in the low case.

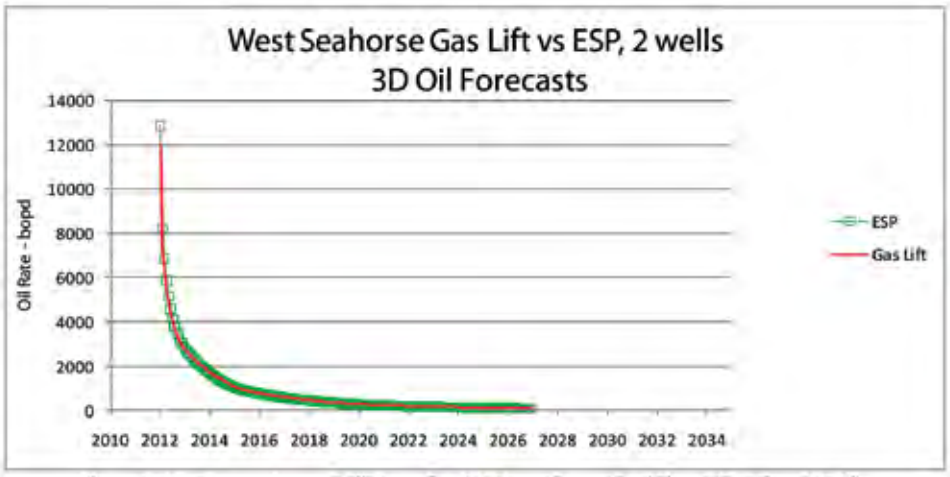

Figure 8-10 Comparison of Oil Rates for 3DO Low Case - Gas Lift vs ESP (after 3D Oil)

These forecasts do not provide enough discrimination to justify ESPs over gas lifted wells or vice versa. RISC expects ESP completed wells to have higher downtime than gas lifted wells but the final decision also requires an understanding of capital and operating cost differences.

8.7. INITIAL OIL RATE AND POTENTIAL IMPACT ON VALUATION

Initial oil rates can often have a significant impact on value due to acceleration of income. As initial oil rates can be affected by different development options and reservoir characteristics, it is important to understand the impact of these on West Seahorse.

The MOPU development requires a lower WHP than a subsea completion (~150 vs 400psi) and this can cause a higher initial production rate. GCA and 3DO both carry higher permeabilities than RISC, which again can cause higher initial production rates.

However, RISC believes that for West Seahorse, initial oil rates are less important than oil production in the first 1-2 years, as the production decline rate is so rapid.

Table 8-7 shows the initial production rates and cumulative oil production for three cases; RISC high case (2 concurrent wells, MOPU and 5% downtime), GCA mid case (zero downtime) and 3DO mid case (no down time). The biggest contrast in initial rates a 15% between the 3DO and RISC cases, but there is effectively no difference in cumulative production after one year once the downtime assumptions have been equalised.

			Forecast			10%	5% DT	
Forecast	Well Count	Initial Oil Rate	Cum Oil at 1 year	Oil rate after 1 year	Downtime	Approx. CP Incl DT		Source
		bopd	Mstb	Bopd	%	Mstb	Mtsb	
RISC High case, MOPU	2	15000	3.1	5460	5	3	3.1	RISC
GCA Mid forecast	2	14100	3.4	6720	0	3	3.1	GCA Report - Upscaled from GCA 1 well mid case
3DO Mid Case	2	17292	3.29	5260	0	3	3.1	3DO mid 2a spreadsheet
RISC High case has similar permeability to GCA & 3DO mid								

Table 8-7 Comparison of Forecasted recoveries vs initial oil rates

RISC suggests that a focus on maximising operational uptime is more likely to increase value than increasing initial oil rates.

RISC's production profiles are based on modifying GCA type curves, which is an approximation. 3DO ran some of RISCs development scenarios through their simulation model as an independent check of the accuracy of RISCs initial rates and any impact on recovery. RISC concentrated on the 'low' or P90 cases to understand the economic robustness of the valuation. The comparison is shown in Table 8-8. The labels '7, Low' and '6, Low' refer to Table 8-5 whilst the labels 'Low_5a' etc refer to simulation results from 3DO that were provided to Hibiscus directly by 3DO.

The table shows that the RISC low cases are slightly conservative in year 1 production compared to the 3DO simulation cases. The difference in oil production at 1 year is less than 10%. This small difference in oil production relative to the difference in initial oil rates is caused by the high decline in oil rates as evidenced by the similar oil rates at 1 year.

The table suggests that there could be some limited commercial upside to the RISC low cases.

Case	Description	Oil Rate		Oil production
		Initial	1 year	at 1 year
		bopd	bopd	MMstb
7, Low	RISC Low , 2 wells main block; gas lift to MOPU	12000	2000	1.63
Low_5a	Simulation of RISC Low , 2 wells main block; Gas Lift to MOPU	20000	2440	1.75
Low_1a	Simulation of RISC Low , 2 wells main block; ESP to MOPU; Note (1)	20000	2370	1.96
6, Low	RISC Low , 1 well main block; 1 well NE block gas lift to MOPU	9000	1920	1.47
Low_2a	Simulation of RISC Low , 1 well main block; 1 well NE block; ESP to MOPU	15000	2200	1.54

Note (1) *3DO have noted concerns with potentially unrealistically low BHFP under ESP for second well in main block*

RISC cases have DT adjusted to 0% for alignment with simulation

Table 8-8 Simulation results of RISC Low cases - Comparison of oil recoveries and rates at 1 year versus initial oil rates

9. DEVELOPMENT CONCEPT AND COSTS

9.1. INTRODUCTION

The West Seahorse field is located approximately 14km offshore the Victorian coast in 39m of water. The field is a small oil field with a mid case recoverable resource of some 7.5 MMbbl of light oil. The nearest oil processing facility is the Esso operated Longford Crude Stabilisation plant which is approximately 38km away from the field.

Given the relatively small size of the field we have considered cost saving initiatives where possible. Two examples of this are the use of second hand Xmas trees and, in the case of offshore processing, the use of coiled 4" flexible piping for the subsea pipeline which reduces installation costs. Both of these concepts are technically feasible, but are not without risk.

In carrying out the development costing for this report, RISC has reviewed the development concepts and costs supplied by Worley Parsons to 3DO and we have used our own cost estimating tools and benchmarks. Where necessary we have escalated the costs to 2012 and added contingency to account for the risks associated with using 'lowest cost' solutions.

9.2. DEVELOPMENT SCHEDULE

RISC considers that a project schedule with start-up two years after FID is a credible scenario for a development of the scale outlined above. It is likely that a FEED study for a development could be completed in six months and that immediately after the completion of this study FID could be taken. Government approvals and procurement of major equipment will take approximately one year. A further six months will be required for installation and then three months for hook up and commissioning activities to be completed. With some contingency added this will give 2 year project duration in total. Assuming FID is taken at the end of 2012, this will give first production in January 2015.

9.3. DEVELOPMENT OPTIONS

9.3.1. Single well on West Seahorse Main with Subsea Tieback to Shore

This option has moderate capital costs and the lowest operating costs which prolongs economic life. A risk with this option is that if a work over is required, the well intervention costs will be relatively high.

The wells will be drilled by a jack-up drill rig with an assumed day rate of US$220,000/day. A total drilling spread rate of US$370,000 has been assumed, which includes well completion, support vessels and fuel costs but not any drilling equipment costs. These are significantly higher for subsea wells than surface wells as the subsea Xmas tree and wellhead completion equipment is much more expensive to purchase and install.

RISC has considered a single well development of West Seahorse main with a sidetrack of an existing exploration well (WSH-1 or WSH-3). The well would be connected to a multiphase subsea production pipeline. A single umbilical will supply the power and control for the well. The subsea pipeline will be 8" diameter flexible carbon steel pipe to be reel installed from a MSV or similar vessel. This arrangement will reduce the installation costs significantly as a pipe laying barge will not need to be mobilised for the short (14km) pipeline. A subsurface shore crossing conduit would be drilled to allow the pipeline to come onshore with minimal environmental impact. A 2.5" gas lift line would be laid in the same fashion as the production line to supply lift gas to the wells.

The onshore pipelines will be approximately 31km to a new processing and stabilisation plant at Dutson Downs adjacent to the existing Longford Crude Stabilisation plant. This is shown schematically Figure 9-1.

Figure 9-1 Subsea to shore development option

The cost of this development option is summarised in Table 9-1.

	Cost US$ MM
Well costs	20.6
Subsea completion and control costs	14
Subsea Pipelines, umbilical and shore crossing costs	39.3
Onshore Pipeline cost	16.1
Dutson Downs Crude Stabilisation plant	30.0
Abandonment	10.8
Total CAPEX	**130.8**
Annual Fixed OPEX	7.0
Variable OPEX	$5/bbl

Table 9-1 Subsea Tieback development costs

The annual fixed Opex is summarised in Table 9-2.

	Cost US$ MM/p.a.
Well operating costs	2.0
Subsea completion and control operating costs	0.5 (3% of Capex)
Subsea Pipeline operating costs	0.3 (1% of Capex)
Onshore Pipeline operating cost	0.2 (1% of Capex)
Dutson Downs Crude Stabilisation plant operating costs	3.0 (10% of Capex)
G&A operating costs	1.0
Total OPEX	**7.0**

Table 9-2 Fixed OPEX breakdown

9.3.2. Phased two well development with different development concepts

All scenarios assume a well targeting the 'N' reservoirs in West Seahorse Main, followed a year later by a well targeting the 'N' reservoirs in West Seahorse NE, and assume mid case OIP.

9.3.2.1. Subsea Development

For the subsea development option, the West Seahorse Main development and costs are as in section 9.3.1. A second well in West Seahorse NE adds capital costs of approximately $24 million ($22mm drilling and $2mm subsea infrastructure) and operating costs of $1 million p.a.

The option of processing of the oil at Longford Crude plant by Esso was also evaluated, with an assumed screening processing tariff of US$15/bbl. This does not appear to be an attractive option as the additional Opex of the processing tariff reduces the value of the project relative to investing in a new processing plant. This option is also considered to carry considerable uncertainty as to the commercial arrangements Esso would demand.

9.3.2.2. MOPU Development

This option assumes the two wells are drilled from a MOPU and processed oil piped to a truck loading facility onshore. The facility is assumed to be a converted jackup drilling rig which has the processing equipment to separate oil, water and gas and can be leased for US$85,000/day with low upfront capital costs. The water would be discharged into the ocean while the gas would be used for fuel and the lift gas flared. The oil would be piped to shore through a 14km * 4" flexible carbon steel pipe. This smaller pipe size is appropriate because the well fluids are processed offshore. Onshore, a pipeline will be required to transport the oil to a storage and truck loading facility at Dutson Downs. This concept is shown schematically in Figure 9-2.

Figure 9-2 MOPU to shore development option

A summary of development costs for this option are shown in Table 9-3.

	Cost US$ MM
Well costs 2 (wells)	30.5
MOPU mobilisation and refurbishment costs	29.6
Subsea Pipelines and shore crossing costs	30
Onshore Pipeline and truck loading facility costs	22.16
Abandonment	6
Total CAPEX	**118.3**
Annual Fixed OPEX	33.9
Variable OPEX	$5/bbl

Table 9-3 MOPU to shore development costs

Two sensitivities to this option were evaluated:

- Using Electric Subsurface Pumps (ESP) to lift the oil instead of gas lift;
- Sending the produced oil from the MOPU directly to a FSO moored nearby.

Table 9-4 summarises the capital and operational expenditure associated with these options.

Development Options	CAPEX US$ MM	Annual Fixed OPEX US$ MM	Variable OPEX USD$/bbl
MOPU (gaslift) to shore	118.3	33.9	5
MOPU (ESP) to shore	118.3	36.9	5
MOPU to FSO	112.2	42.6	5

Table 9-4 MOPU Capital and Operational Expenditure

The advantages of a MOPU compared to the subsea case include:

- Lower capital cost as the MOPU and FSO can be leased. The only upfront costs are refurbishment and mobilisation costs;
- Accessing wells for intervention or work-over is simpler.

However these advantages are outweighed by the high operating cost imposed by the leasing costs for the MOPU and FSO and the higher downtime and operating costs associated with ESP failure. These operating costs significantly reduce the economic life of the development as any associated production increases are not sufficient to offset the higher operating costs.

9.3.2.3. Well Head Platform (WHP) Development

The third development option considered was to drill the two wells from a WHP and to pipe the produced fluids to an onshore process facility. The WHP was assumed to be a new build monopod or jacket type facility. The facility would not have processing capacity and would be normally unmanned. As with the other onshore processing cases, the development assumes a multiphase pipeline to a processing facility at Dutson Downs, with a gas lift line and umbilical. A variation to this option was considered where the oil would be processed at a FPSO moored nearby. A photograph of this concept is shown in Figure 9-3.

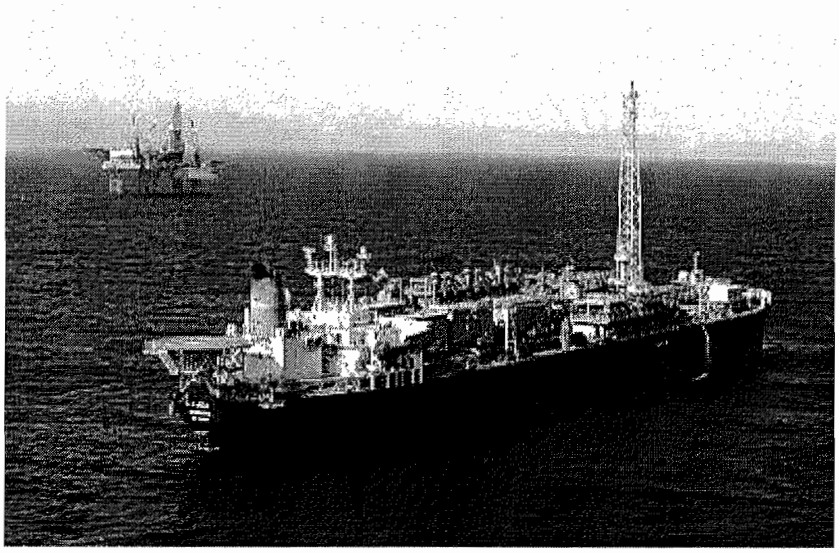

Figure 9-3 WHP to FPSO development option

A summary of development costs for this option are shown in Table 9-5 below:

	Cost US$ MM
Well costs 2 (wells)	30.5
mobilisation and refurbishment costs	75
Subsea Pipelines and shore crossing costs	39.3
Onshore Pipeline	16.16
Onshore processing facility costs	30
Abandonment	14.1
Total CAPEX	**205.1**
Annual Fixed OPEX	12.4
Variable OPEX	$5/bbl

Table 9-5 WHP to shore development costs

Table 9-6 summarises the capital and operational expenditure associated with the WHP to FPSO option.

Development Options	CAPEX US$ MM	Annual Fixed OPEX US$ MM	Variable OPEX US$/bbl
WHP to FPSO	176.2	75.5	5

Table 9-6 FPSO Option Capital and Operational Expenditure

As with the MOPU option, this option has lower capital cost than the subsea option and accessing wells for intervention or work-over is simpler, but this is cancelled out by higher OPEX.

9.3.3. Concurrent Minimum Two Well Development (concurrent)

This scenario evaluated subsea and MOPU options with P90, P50 and P10 volumes. It also considered a case where the West Seahorse NE well was a failure and then sidetracked into West Seahorse Main. The development costs are the same as outlined above except for the well costs. These have been reduced to reflect the reduced mobilisation costs (as both wells are drilled in a single mobilisation) and to allow for the cost of a sidetrack in the case of a failed West Seahorse NE well. The well costs are summarised in Table 9-7.

	West Seahorse NE well successful	West Seahorse NE well unsuccessful and sidetracked
Subsea Well costs (US$ millions)	43.1	59.1
MOPU Well costs (US$ millions)	30.5	45.1

Table 9-7 Scenario 3 Well costs

The case where the West Seahorse NE well is sidetracked is significantly higher in costs as it is effectively a dry well cost plus a new development well cost.

9.4. SEALION PROSPECT

The Sea Lion prospect is located even closer to shore than West Seahorse and in shallower water. The development of SeaLion will be a single well tieback to West Seahorse. Exploration well cost is estimated at $10.5 million. It is assumed that only one well is required to access both reservoirs.

10. EXPLORATION

10.1. INTRODUCTION

3DO carry two exploration prospects within VIC /P57; Sea Lion and Felix, as shown on the location map in Figure 10-1 and on the regional seismic line in Figure 10-2. Both prospects are located on the southern boundary of the Rosedale Fault and on trend with the oil discoveries of West Seahorse, Seahorse, Wirrah, West Moonfish and Moonfish.

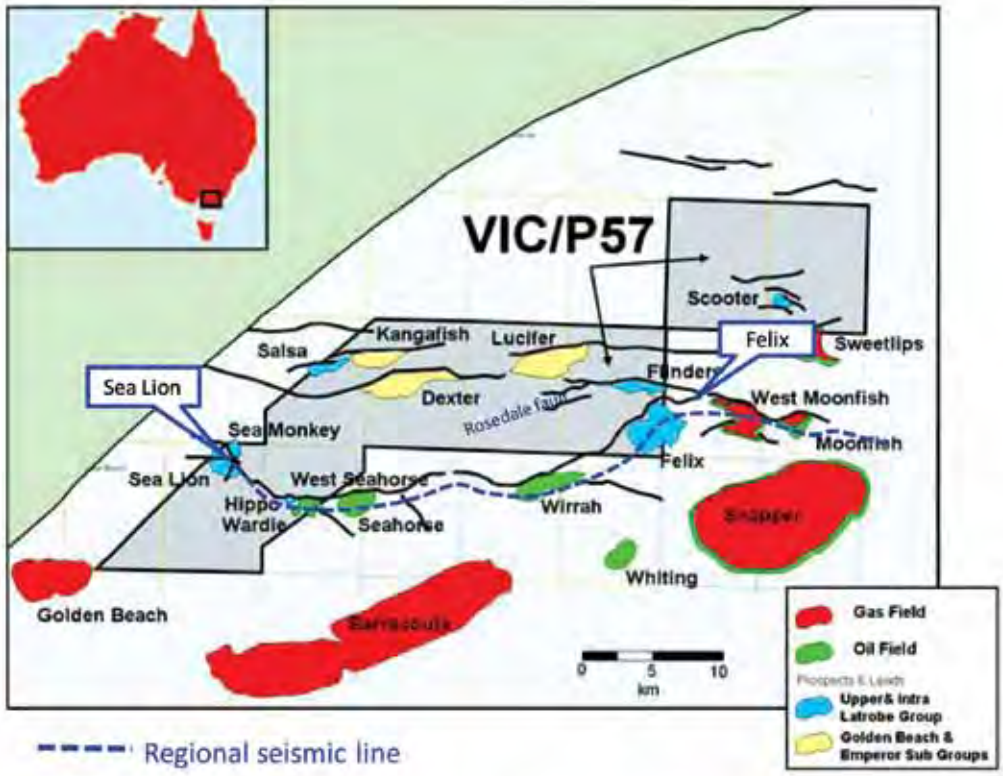

Figure 10-1 Location of exploration prospects in VIC/P57

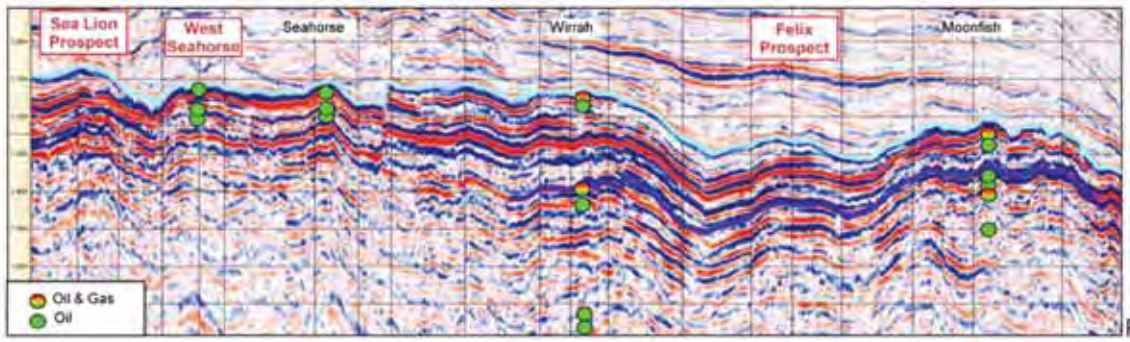

Figure 10-2 Regional seismic line over exploration prospects

Sea Lion targets the Upper Latrobe group reservoirs, similar to the West Seahorse as show in Figure 10-3. These reservoirs are not in closure at Felix, which targets deeper reservoirs within the Latrobe Group.

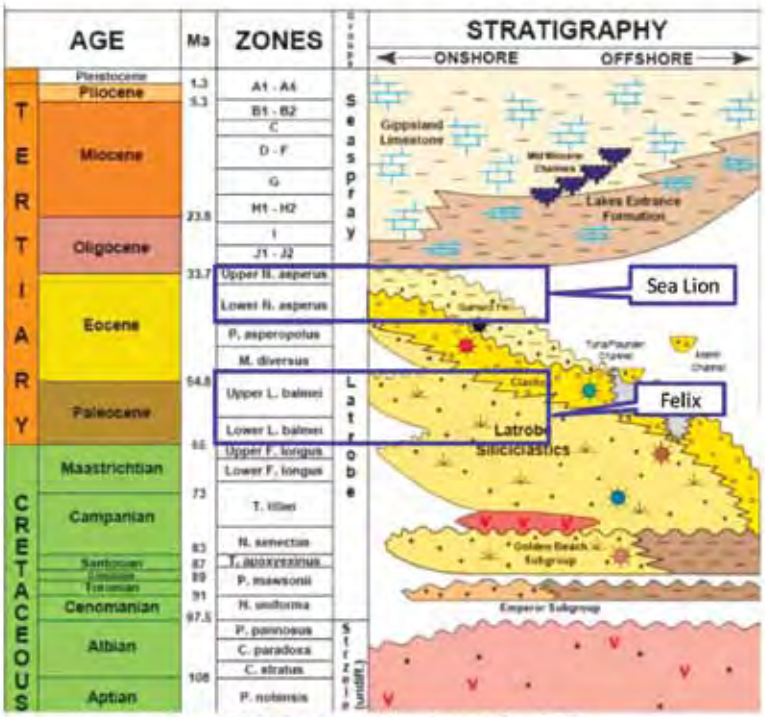

Figure 10-3 Stratigraphic column (after ESSO)

10.2. SEA LION

3D Oil view the Sea Lion prospect to have stacked potential, with reservoirs of N. asperus age; Gurnard, N1, N2.2, N2.3, N2.6 and P1. Sea Lion located along strike for the West Seahorse discovery which encountered oil in the Gurnard, N1 and N2.6 reservoirs. A structural correlation between West Seahorse and Sea Lion is shown in Figure 10-4.

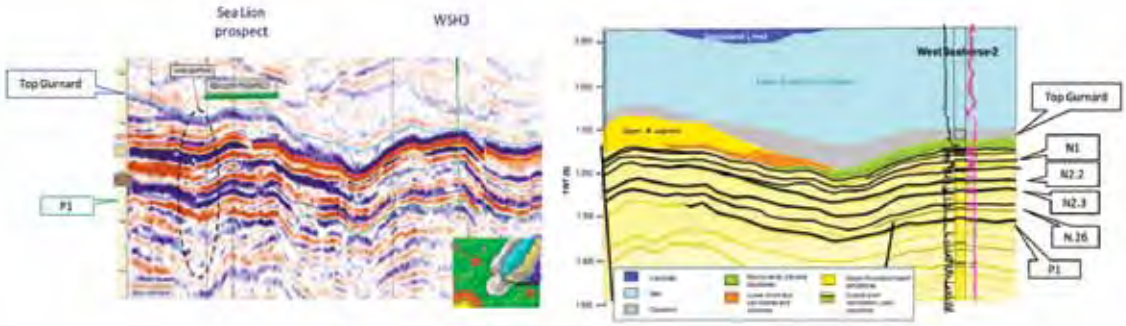

Figure 10-4 Structural correlation of West Seahorse to Sea Lion

Sea Lion is a robust structure at all levels, as shown in Figure 10-5. The Top Of Latrobe (TOL), marks the top of the Gurnard Formation. The seismic data defines the events quite clearly and we can be confident that a structure is present, although there will be some uncertainty in its extent.

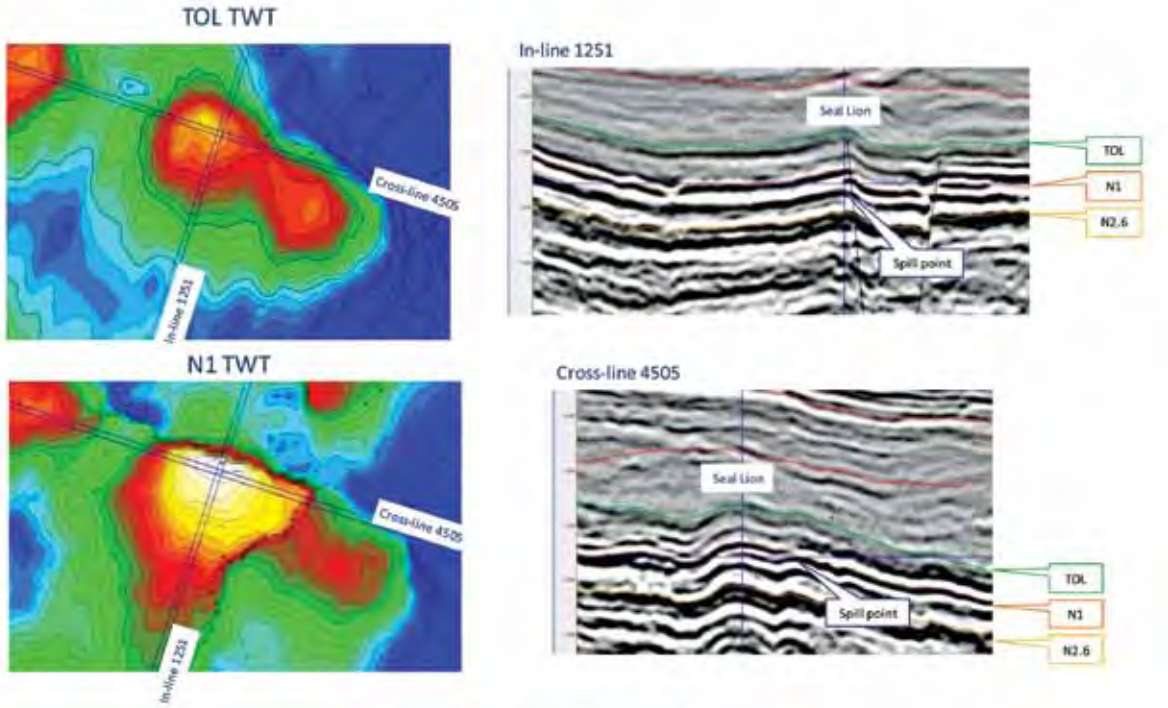

Figure 10-5 Sea Lion structural mapping

The Gurnard section is a transgressive unit which was deposited across the greater VIC/P57 area. In basinward positions such as West Seahorse, the unit is present as a glauconitic greensand, while in proximal positions (towards the west) it is a sand prone shoreface sand facies as seen in Wasabi-1, Amberjack-1 & Snook-1. The glauconite reduces effective porosity, which is the reason why oil saturations at West Seahorse are low. 3DOil have interpreted the sand prone facies to be present over Sea Lion based on seismic stratigraphy and regional paleogeography, which is supported by well data. RISC supports this overall model. The other sands of the N. asperus are generally well developed and can be expected to be present in Sea Lion. The exception is the Upper N1 reservoir, which has a low net to gross at West Seahorse, due to the presence of coals.

The main risks for Sea Lion are associated with seal and degree of fill. Effective seal can be expected for the Gurnard, N1 and N2.6 reservoirs, but not for the N2.2, N2.3 and P1, based on the oil legs seen in the West Seahorse field. The N2.6 reservoir at West Seahorse was not full to spill, either due to limited charge or flushing of the reservoir, and this could occur at Sea Lion. RISC has therefore assessed the Sea Lion prospect at three levels - the Gurnard, N1 and N2.6.

RISC have assessed exploration risk using a standardised approach which takes into account a level of confidence based on data availability and is calibrated by many global exploration assessments with the results given in Table 10-1. This methodology is based on the work by Otis and Schneiderman in 1997 which still underpins many of the current exploration risk assessment methodologies. The risks are slightly different between the Gurnard and N1/N2.6 reservoirs. The Gurnard has a higher reservoir risk; associated with the validity of the depositional model, but it carries less seal risk; as it is overlain by a regional transgression with deposition the Lakes Entrance Formation. The degree of fill uncertainty is carried within the volumetric calculations.

Formation	Trap	Reservoir	Seal	Charge	Total
Gurnard	95	60	95	70	**37**
N1/N2.6	95	75	85	70	**42**

Table 10-1 Probability of Success (POS) % for Sea Lion prospect

RISC have independently reviewed the seismic interpretation and calculated volumetrics for the prospect based on 3DO mapping and using West Seahorse as an analogue for the reservoir parameters, with input shown in Table 10-2. RISC have only calculated volumes for Gurnard, N1 and N2.6 levels, but recognise upside potential at the N2.2, N2.3 and P1 levels should intra-formational seals be present. Reservoir parameters are based on the RISC evaluation of the West Seahorse field, supplemented by regional work supplied by 3DO.

Factor	Distribution	Gurnard			N1			N2.6		
		P90	P50	P10	P90	P50	P10	P90	P50	P10
Areal extent km2	Beta	1.2	1.42	1.63	1.0	1.2	1.4			
Thickness m	Beta	10	30	50	20	25	30	90% of N1 structure		
Spill point	Beta	1320	1323	1326	1414	1416	1418			
GRV Km2.m	Beta	8.5	12.6	17.6	12.4	15.2	18.5	11.2	13.6	16.7
Degree of fill %	Beta	50	70	90	50	70	95	50	70	90
N/G %	Lognormal	50	69	95	40	57	80	57	72	90
Porosity %	Lognormal	22	27	33	22	27	33	22	27	33
Sw %	Lognormal	65	57	45	25	16	10	25	16	10
FVF	Beta	1.14	1.16	1.18	1.14	1.16	1.18	1.14	1.16	1.18
RF %	Beta	10	25	40	55	65	75	55	65	75
OIP mmbbl		2.0	3.7	6.5	3.0	7.0	11.4	5.0	8.1	12.5
OIP mmbbl (3D Oil)			3.9			5.9			6.2	
UR mmbbls		0.4	0.9	2.0	2.6	4.5	7.5	3.2	5.2	8.2

Table 10-2 Sea Lion Volumetric Parameters

A probabalistic summation of the three reservoir levels is given in Table 10-3. The 3DO OIP estimates lie within this range.

Reservoir	OIP			Ultimate Recovery		
	P90	P50	P10	P90	P50	P10
Gurnard, N1u, N1 and N2.6	14.3	19.5	26.0	7.8	11.0	15.3

Table 10-3 Probabalistic Summation of Sea Lion Resources

The Felix prospect is less well defined than the Sea Lion prospect. The Gurnard, N1 and N2.6 reservoirs are not in closure and the prospect relies on closure at the deeper targets of the M2, F.Longus and sub-volcanics levels, as shown in Figure 10-6. The seismic data is not such good quality in the deeper section and the mapping is more uncertain.

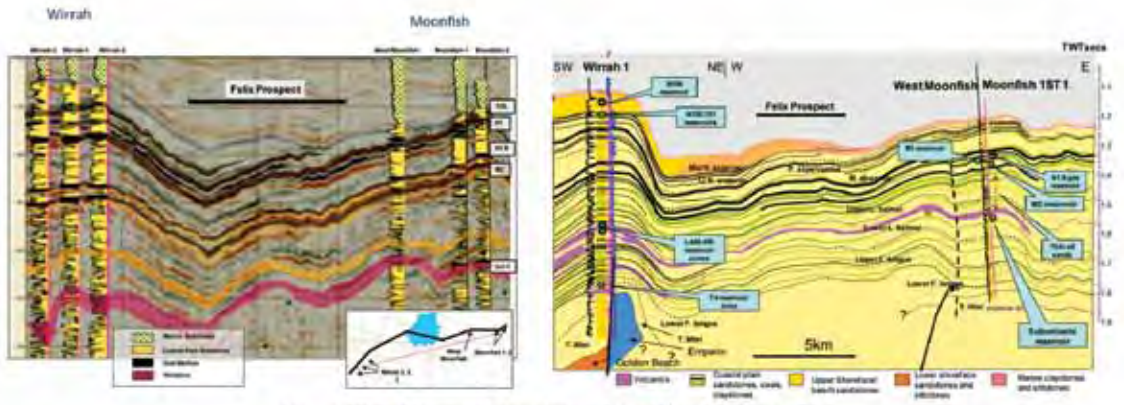

Figure 10-6 Structural correlation from Wirrah to Moonfish

3DO demonstrated that the majority of the resource is at the 'sub-volcanics' level, and RISC has only assessed this. Figure 10-7 shows 3DO's mapping of Felix at sub-volcanics level, which shows it as a low relief structure with an areal closure of some 4.5km^2. With such a subtle structure there will be a high degree of uncertainty, but it would be unlikely to extend past the high side contour shown. While there has been production from the sub-volcanics reservoir in the nearby Moonfish Field, the recently drilled wells of North Wirrah-1 and West Moonfish have encountered substantial relic oil columns (30m and 17m respectively) in addition to live oil, and this demonstrates the potential for flushing of the reservoir. Gas has also been encountered in nearby fields, so there is a phase risk.

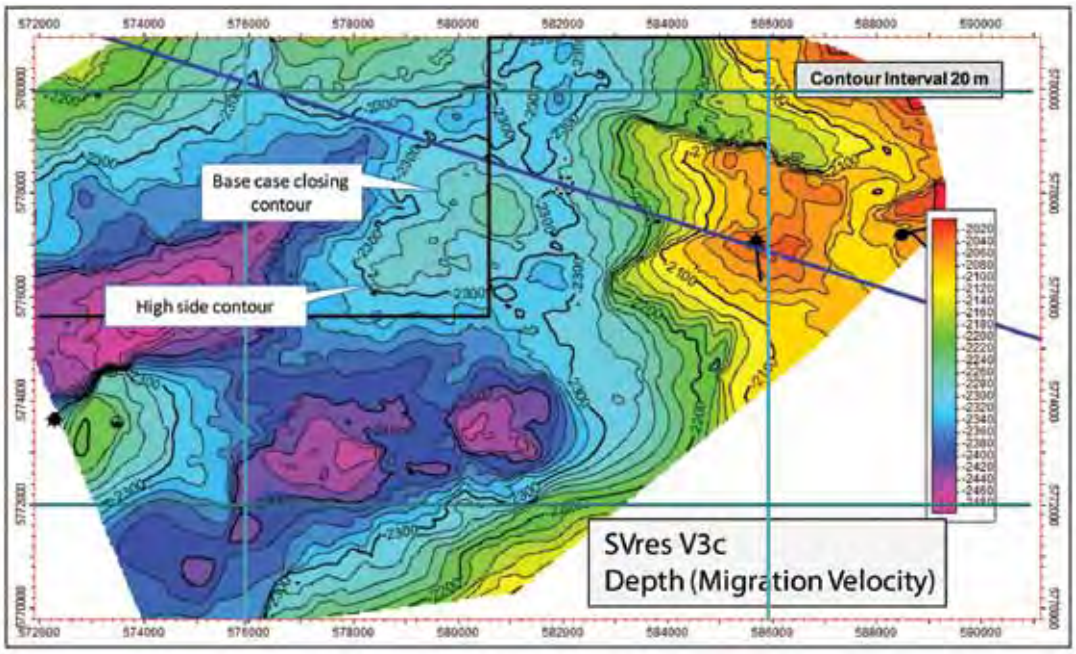

Figure 10-7 3DOII Felix Sub-volcanic level mapping

RISC have independently carried out volumetric estimates, but based on information supplied by 3DO, and these are summarised in Table 10-4. RISC is considerably more conservative than 3DO for two reasons:

- RISCs GRV estimates are approximately 25% of that carried by 3DO;
- RISC has assumed a range of fill factors. This is due to the large residual columns seen in the recent wells;
- RISC also notes that the prospect may extend into VIC/L18.

Factor	Distribution	RISC			3DOIL		
		P90	P50	P10	P90	P50	P10
Areal extent km2	Beta	0.8	3.4	8.3			
Spill point	Beta	2260	2280	2300			
GRV Km2.m	Beta	9	46	132	100	222	420
Degree of fill %	Beta	50	70	90	100	100	100
N/G %	Lognormal	55	65	75	55	65	75
Porosity %	Lognormal	16	19	22	17	19	22
Sw %	Lognormal	50	38	26	46	38	30
FVF	Beta	1.16	1.20	1.24	1.2	1.2	1.2
RF %	Beta	40	50	60	49	53	57
OIP mmbbl		2	12	37	37	87	174
UR mmbbls		1	6	19	20	46	94

Table 10-4 Felix Volumetric evaluation parameters

RISC estimates the POS of the prospect at 26%, as shown in Table 10-5. Trap presence is probable. Reservoir and seal are very likely given the production from this reservoir in the adjacent field. Charge is seen as probable; while we can be confident that a hydrocarbon charge would have occurred, there are risks associated with phase and flushing.

Formation	Trap	Reservoir	Seal	Charge	Total
Sub volcanics	60	85	85	60	**26**

Table 10-5 Probability of Success (POS) % for Felix prospect

11. LIST OF TERMS

The following lists, along with a brief definition, abbreviated terms that are commonly used in the oil and gas industry and which may be used in this report.

Abbreviation	Definition
1P	Equivalent to Proved reserves or Proved in-place quantities, depending on the context.
1Q	1st Quarter
2P	The sum of Proved and Probable reserves or in-place quantities, depending on the context.
2Q	2nd Quarter
2D	Two Dimensional
3D	Three Dimensional
4D	Four Dimensional – time lapsed 3D in relation to seismic
3P	The sum of Proved, Probable and Possible Reserves or in-place quantities, depending on the context.
3Q	3rd Quarter
4Q	4th Quarter
AFE	Authority for Expenditure
AEMO	Australian Energy Market Operator
API	American Petroleum Institute (oil gravity)
APPEA	Australian Petroleum Production and Exploration Association
Bbl	US Barrel
BBL/D	US Barrels per day
BCF	Billion (109) cubic feet
BCM	Billion (109) cubic meters
BFPD	Barrels of fluid per day
Bo	Oil formation volume factor
BOPD	Barrels of oil per day
BTU	British Thermal Units

Abbreviation	Definition
BOEPD	US barrels of oil equivalent per day
BREE	Bureau of Resources and Energy Economics
BWPD	Barrels of water per day
°C	Degrees Celsius
Capex	Capital expenditure
CAPM	Capital asset pricing model
CGR	Condensate Gas Ratio – usually expressed as bbl/MMscf
Contingent Resources	Those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects but which are not currently considered to be commercially recoverable due to one or more contingencies. Contingent Resources are a class of discovered recoverable resources as defined in the SPE-PRMS.
CO2	Carbon dioxide
CP	Centipoise (measure of viscosity)
CPI	Consumer Price Index
DA	Designated Authority
DCF	Discounted Cash Flow
DEG	Degrees
DHI	Direct hydrocarbon indicator
Discount Rate	The interest rate used to discount future cash flows into a dollars of a reference date
DLIS	Digital Log Interchange Standard
DST	Drill stem test
E&P	Exploration and Production
EG	Gas expansion factor. Gas volume at standard (surface) conditions / gas volume at reservoir conditions (pressure & temperature)
EIA	US Energy Information Administration
EMV	Expected Monetary Value
EOR	Enhanced Oil Recovery

Abbreviation	Definition
ESP	Electric submersible pump
EUR	Economic ultimate recovery
Expectation	The mean of a probability distribution
F	Degrees Fahrenheit
FDP	Field Development Plan
FEED	Front End Engineering and design
FID	Final investment decision
FM	Formation
FPSO	Floating Production Storage and offtake unit
FWL	Free Water Level
FVF	Formation volume factor
GIIP	Gas Initially In Place
GJ	Giga (109) joules
GOC	Gas-oil contact
GOR	Gas oil ratio
GRV	Gross rock volume
GSA	Gas sales agreement
GTL	Gas To Liquid(s)
GWC	Gas water contact
H2S	Hydrogen sulphide
HHV	Higher heating value
ID	Internal diameter
IRR	Internal Rate of Return is the discount rate that results in the NPV being equal to zero.
JV(P)	Joint Venture (Partners)
kbpd	Thousand barrels per day

Abbreviation	Definition
Kh	Horizontal permeability
km2	Square kilometres
Krw	Relative permeability to water
Kv	Vertical permeability
kPa	Kilo (thousand) Pascals (measurement of pressure)
Mstb/d	Thousand Stock tank barrels per day
LAS	Log ASCII Standard
LIBOR	London inter-bank offered rate
LNG	Liquefied Natural Gas
LTBR	Long-Term Bond Rate
m	Metres
MDT	Modular dynamic (formation) tester
mD	Millidarcies (permeability)
MJ	Mega (106) Joules
MMbbl	Million US barrels
MMscf(d)	Million standard cubic feet (per day)
MMstb	Million US stock tank barrels
MOD	Money of the Day (nominal dollars) as opposed to money in real terms
MOU	Memorandum of Understanding
Mscf	Thousand standard cubic feet
Mstb	Thousand US stock tank barrels
MPa	Mega (106) pascal (measurement of pressure)
mss	Metres subsea
MSV	Mean Success Volume
mTVDss	Metres true vertical depth subsea

Abbreviation	Definition
MW	Megawatt
NMR	Nuclear Magnetic Resonance
NPV	Net Present Value (of a series of cash flows)
NTG	Net to Gross (ratio)
ODT	Oil down to
OGIP	Original Gas In Place
OOIP	Original Oil in Place
Opex	Operating expenditure
OWC	Oil-water contact
P90, P50, P10	90%, 50% & 10% probabilities respectively that the stated quantities will be equalled or exceeded. The P90, P50 and P10 quantities correspond to the Proved (1P), Proved + Probable (2P) and Proved + Probable + Possible (3P) confidence levels respectively.
PBU	Pressure build-up
PJ	Peta (1015) Joules
POS	Probability of Success
Possible Reserves	As defined in the SPE-PRMS, an incremental category of estimated recoverable volumes associated with a defined degree of uncertainty. Possible Reserves are those additional reserves which analysis of geoscience and engineering data suggest are less likely to be recoverable than Probable Reserves. The total quantities ultimately recovered from the project have a low probability to exceed the sum of Proved plus Probable plus Possible (3P) which is equivalent to the high estimate scenario. When probabilistic methods are used, there should be at least a 10% probability that the actual quantities recovered will equal or exceed the 3P estimate.
Probable Reserves	As defined in the SPE-PRMS, an incremental category of estimated recoverable volumes associated with a defined degree of uncertainty. Probable Reserves are those additional Reserves that are less likely to be recovered than Proved Reserves but more certain to be recovered than Possible Reserves. It is equally likely that actual remaining quantities recovered will be greater than or less than the sum of the estimated Proved plus Probable Reserves (2P). In this context, when probabilistic methods are used, there should be at least a 50% probability that the actual quantities recovered will equal or exceed the 2P estimate.
Prospective Resources	Those quantities of petroleum which are estimated, as of a given date, to be potentially recoverable from undiscovered accumulations as defined in the SPE-PRMS.

Abbreviation	Definition
Proved Reserves	As defined in the SPE-PRMS, an incremental category of estimated recoverable volumes associated with a defined degree of uncertainty Proved Reserves are those quantities of petroleum, which by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods, and government regulations. If deterministic methods are used, the term reasonable certainty is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90% probability that the quantities actually recovered will equal or exceed the estimate. Often referred to as 1P, also as "Proven".
PRRT	Petroleum Resource Rent Tax
PSC	Production Sharing Contract
PSDM	Pre-stack depth migration
PSTM	Pre-stack time migration
psia	Pounds per square inch pressure absolute
p.u.	Porosity unit e.g. porosity of 20% +/- 2 p.u. equals a porosity range of 18% to 22%
PVT	Pressure, volume & temperature
QA/QC	Quality Assurance/ Control
rb/stb	Reservoir barrels per stock tank barrel under standard conditions
RFT	Repeat Formation Test
Real Terms (RT)	Real Terms (in the reference date dollars) as opposed to Nominal Terms of Money of the Day
Reserves	RESERVES are those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions. Reserves must further satisfy four criteria: they must be discovered, recoverable, commercial, and remaining (as of the evaluation date) based on the development project(s) applied. Reserves are further categorised in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by development and production status.
RT	Measured from Rotary Table or Real Terms, depending on context
SC	Service Contract
scf	Standard cubic feet (measured at 60 degrees F and 14.7 psia)

Abbreviation	Definition
Sg	Gas saturation
Sgr	Residual gas saturation
SRD	Seismic reference datum lake level
SPE	Society of Petroleum Engineers
SPE-PRMS	Petroleum Resources Management System, approved by the Board of the SPE March 2007 and endorsed by the Boards of Society of Petroleum Engineers, American Association of Petroleum Geologists, World Petroleum Council and Society of Petroleum Evaluation Engineers.
s.u.	Fluid saturation unit. e.g. saturation of 80% +/- 10 s.u. equals a saturation range of 70% to 90%
stb	Stock tank barrels
STOIIP	Stock Tank Oil Initially In Place
Sw	Water saturation
TCM	Technical committee meeting
Tcf	Trillion (1012) cubic feet
TJ	Tera (1012) Joules
TLP	Tension Leg Platform
TRSSV	Tubing retrievable subsurface safety valve
TVD	True vertical depth
US$	United States dollar
US$ million	Million United States dollars
WACC	Weighted average cost of capital
WHFP	Well Head Flowing Pressure
Working interest	A company's equity interest in a project before reduction for royalties or production share owed to others under the applicable fiscal terms.
WPC	World Petroleum Council
WTI	West Texas Intermediate Crude Oil

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AUDITED FINANCIAL STATEMENTS OF 3D OIL FOR THE FYE 30 JUNE 2012

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2012

	Note	2012	2011
		$	$
Revenue	5	140,072	336,290
Expenses			
Corporate expenses		(464,739)	(159,663)
Administrative expenses		(84,318)	(66,749)
Employment expenses		(1,118,592)	(833,850)
Occupancy expenses		(94,466)	(91,436)
Depreciation and amortisation expense	6	(40,318)	(26,746)
Exploration costs written off		(5,954,106)	(151,426)
Unrealised exchange gains/loss		(6,747)	(51,650)
Realised exchange gains/loss		(896)	88,769
Share based payments		(48,587)	(47,107)
Loss before income tax benefit		(7,672,697)	(1,003,568)
Income tax benefit	7	695,894	-
Loss after income tax benefit for the year attributable to the owners of 3D Oil Limited		(6,976,803)	(1,003,568)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of 3D Oil Limited		**(6,976,803)**	**(1,003,568)**
		Cents	**Cents**
Basic earnings per share	27	(3.38)	(0.49)
Diluted earnings per share	27	(3.38)	(0.49)

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

STATEMENT OF FINANCIAL POSITION

As at 30 June 2012

	Note	2012	2011
		$	**$**
Assets			
Current assets			
Cash and cash equivalents	8	1,684,892	3,857,995
Trade and other receivables	9	725,958	34,962
Other	10	63,718	34,848
Total current assets		2,474,568	3,927,805
Non-current assets			
Property, plant and equipment	11	13,640	18,914
Intangibles	12	52,736	54,018
Exploration and evaluation	13	20,569,130	25,921,401
Total non-current assets		20,635,506	25,994,333
Total assets		**23,110,074**	**29,922,138**
Liabilities			
Current liabilities			
Trade and other payables	14	361,100	217,250
Provisions	15	44,166	64,954
Total current liabilities		405,266	282,204
Non-current liabilities			
Provisions	16	538,308	545,218
Total non-current liabilities		538,308	545,218
Total liabilities		943,574	827,422
Net assets		**22,166,500**	**29,094,716**
Equity			
Issued capital	17	50,620,867	50,620,867
Reserves	18	78,645	185,283
Accumulated losses		(28,533,012)	(21,711,434)
Total equity		**22,166,500**	**29,094,716**

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 2012

	Contributed equity	Reserves	Retained profits	Total equity
	$	$	$	$
Balance at 1 July 2010	50,620,867	2,023,826	(22,593,516)	30,051,177
Loss after income tax benefit for the year	-	-	(1,003,568)	(1,003,568)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(1,003,568)	(1,003,568)
Transactions with owners in their capacity as owners:				
Share-based payments	-	47,107	-	47,107
Expiry of Options	-	(1,885,650)	1,885,650	-
Balance at 30 June 2011	**50,620,867**	**185,283**	**(21,711,434)**	**29,094,716**
Balance at 1 July 2011	50,620,867	185,283	(21,711,434)	29,094,716
Loss after income tax benefit for the year	-	-	(6,976,803)	(6,976,803)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(6,976,803)	(6,976,803)
Transactions with owners in their capacity as owners:				
Share-based payments	-	48,587	-	48,587
Expiry of Options	-	(155,225)	155,225	-
Balance at 30 June 2012	**50,620,867**	**78,645**	**(28,533,012)**	**22,166,500**

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 2012

	Note	2012	2011
		$	**$**
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		19,788	13,012
Payments to suppliers and employees (inclusive of GST)		(1,670,764)	(1,065,022)
Interest received		121,113	415,999
Net cash used in operating activities	26	(1,529,863)	(636,011)
Cash flows from investing activities			
Payments for property, plant and equipment		(3,274)	(11,864)
Payments for intangibles		(30,488)	(35,370)
Payments for exploration and evaluation		(601,835)	(3,874,531)
Proceeds from foreign exchange investment		(7,643)	37,113
Net cash used in investing activities		(643,240)	(3,884,652)
Cash flows from financing activities			
Net cash from financing activities		-	-
Net decrease in cash and cash equivalents		(2,173,103)	(4,520,663)
Cash and cash equivalents at the beginning of the financial year		3,857,995	8,378,658
Cash and cash equivalents at the end of the financial year	**8**	**1,684,892**	**3,857,995**

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

NOTES TO THE FINANCIAL STATEMENTS

30 June 2012

NOTE 1. GENERAL INFORMATION

The financial report covers 3D Oil Limited as an individual entity. The financial report is presented in Australian dollars, which is 3D Oil Limited's functional and presentation currency.

The financial report consists of the financial statements, notes to the financial statements and the directors' declaration.

3D Oil Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 5, 164 Flinders Lane
Melbourne, VIC 3000

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

The financial report was authorised for issue, in accordance with a resolution of directors, on 28 September 2012. The directors have the power to amend and reissue the financial report.

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, revised or amending Accounting Standards and Interpretations adopted

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

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

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-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 company'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.

Going Concern

The financial report has been prepared on the going concern basis, which contemplates continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business. At 30 June 2012 the Company has cash and cash equivalents of $1.7 million and a net decrease of cash during the financial year of $2.2 million. This cash decrease was predominately due to the spend on exploration expenditure on VICP/57 and T41/P as detailed in the Review of Financial Position in the Director's Report.

The Company also has exploration commitments as detailed in Note 24 of $37.0 million over the next 5 years. On 15 August 2012, the Company announced that it had entered into a farm-in ageement with Hibiscus Petroleum Berhad ('Hibiscus') in relation to the VIC/P57 permit. Under the agreement, Hibiscus will invest funds of $27.0 million to acquire 50.1% of the permit. It is anticipated that the cost of the commitments will be covered by the funding of $27.0 million with the shortfall being covered using alternative funding methods via the joint arrangement vehicle.

In addition to the commitments outlined above and in **Note 24, the Company may need to secure funding by means of a capital raising, debt financing, sale of assets, farm out or a combination of these in order to manage its own working capital requirements. The Directors continue to monitor the ongoing funding requirements of the Company. The Directors are of the** opinion that the financial report has been appropriately prepared on a going concern basis.

Research and development tax incentives

Revenue relating to research and development (R&D) tax incentive refunds is recognised at the time of lodgement of the R&D claim. The claim is based on the company's interpretation as to the eligibility of its specific R&D activities.

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.

Revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to the company 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 changes in deferred tax assets and liabilities attributable to temporary differences and 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 apply 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 investments in subsidiaries, associates or interests in 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 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 entity's which intend to settle simultaneously.

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

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.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Intangible assets

Intangible assets are initially recognised at cost. 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 intangibles 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.

Petroleum and Exploration Development Expenditure

Petroleum and exploration development 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 to sell 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 company 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.

Provisions

Provisions are recognised when the company has a present (legal or constructive) obligation as a result of a past event, it is probable the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave

The liability for long service leave is recognised in current and non-current liabilities, depending on the unconditional right to defer settlement of the liability for at least 12 months after the reporting date. The liability is 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 national government bonds 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 company 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 company or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the company 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.

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.

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.

Foreign Currency translation

Both the functional and presentation currency of 3D Oil Limited is Australian dollars (A$).

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date.

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 company for the annual reporting period ended 30 June 2012. The company's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the company, are set out below.

(i) Interpretation 20 Stripping Costs in the Production Phase of a Mine

Issued in November 2011 Interpretation 20 clarifies those costs of removing mine waste materials (overburden) to access ore in a surface mine must be capitalised as inventory under AASB 102 Inventories. This will have no impact on the Companies financial statements because the Company does not operate a surface mine.

(ii) AASB 9 Financial Instruments Amendments to Australian Accounting Standards (effective from 1 January 2015)

In December 2009 the AASB issued a revised AASB 9 Financial Instruments. It is effective for accounting periods on or after 1 January 2015. This amends the requirements for classification and measurement of financial assets. On initial analysis this standard will have no impact on the Company's financial statements.

(iii) AASB 11 Joint Arrangements

In August 2011 the Australian Accounting Standards Board issued AASB 11 to replace AASB131: Interests in Joint Ventures (July 2004 as amended). AASB 11 requires joint arrangements to be classified as either 'joint operations' (whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities) or 'joint ventures' (where the parties that have joint control of the arrangement have rights to the net assets of the arrangement). Joint ventures are required to adopt the equity method of accounting (proportionate consolidation is no longer allowed). This standard will have no impact on the Company's financial statements as at the 30th of June 2012 as at that time the Company is not a party to any joint arrangement.

(iv) AASB 12 Disclosure of Interests in Other Entities

In August 2011 the Australian Accounting Standards Board issued AASB 12. AASB 12 contains the disclosure requirements applicable to entities that hold an interest in a subsidiary, joint venture, joint operation or associate. AASB 12 also introduces the concept of a 'structured entity', replacing the 'special purpose entity' concept currently used in Interpretation 112, and requires specific disclosures in respect of any investments in unconsolidated structured entities. This standard will only affect disclosures and will have no other impact on the Company's financial statements.

(v) AASB 13 Fair Value Measurement and Amendments to AASB 2011-8 Amendments to Australian

Accounting Standards arising from AASB 13 (effective 1 January 2013) In September 2011 the Australian Accounting Standards Board issued AASB 13, it defines fair value, sets out in a single Standard a framework for measuring fair value and requires disclosures about fair value measurements. On initial analysis this standard will have no impact on the Company's financial statements.

None of the other standards, amendments or interpretations issued which are not yet effective are expected to affect the financial statements.

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 within the next financial year are discussed below.

Share-based payment transactions

The company 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 company 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.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the company considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Long service leave provision

As discussed in note 2, the liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Provision for well abandonment

A provision has been made for the present value of anticipated costs of the remediation work that will be required to comply with environmental and legal obligations. The provision is estimated based on currently available facts, technology expected to be available at the time of the clean up, laws and regulations presently or virtually certain to be enacted and prior experience in remediation of contaminated sites.

Exploration and evaluation

At each reporting period the directors review the carrying amount of each of the tenements by assessing whether any of the indicators of impairment outlined in AASB 6 Exploration for and Evaluation of Mineral Resources are in existence.

NOTE 4.
OPERATING SEGMENTS

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

NOTE 5.
REVENUE

	2012	2011
	$	**$**
Other revenue		
Interest	120,284	323,180
Rent	19,788	13,110
Revenue	**140,072**	**336,290**

NOTE 6.
EXPENSES

	2012	2011
	$	**$**
Loss before income tax includes the following specific expenses:		
Depreciation		
Plant and equipment	(8,548)	(6,549)
Amortisation		
Software	(31,770)	(20,197)
Total depreciation and amortisation	(40,318)	(26,746)
Post employment benefit plans – Superannuation contributions	(106,935)	(102,371)
Equity settled share based payments	(48,587)	(47,107)
Employment entitlements	27,698	(29,353)
	(127,824)	(178,831)
Foreign Currency		
Realised gain/loss on foreign currency translation	(896)	88,769
Unrealised loss on foreign currency translation	(6,747)	(51,650)
	(7,643)	37,119
Operating lease payments		
Office lease	(90,317)	(86,843)

NOTE 7.
INCOME TAX BENEFIT

	2012	2011
	$	**$**
Numerical reconciliation of income tax benefit and tax at the statutory rate		
Loss before income tax benefit	(7,672,697)	(1,003,568)
Tax at the statutory tax rate of 30%	(2,301,809)	(301,070)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Share-based payments	(106,638)	14,132
Other Permanent Differences	1,319	1,377
	(2,407,128)	(285,561)
R&D tax offset receivable at 30 June 2012	(695,894)	-
Income tax losses not taken up as benefit	2,407,128	285,561
Income tax benefit	**(695,894)**	**-**

Petroleum Resource Rent Tax

PRRT applies to all petroleum projects in offshore areas under the Petroleum Act, other than some specific production licences. 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%. Certain specified undeducted expenditures are eligible for compounding. The expenditures can be compounded annually at set rates, and the compounded amount can be deducted against assessable receipts in future years.

The Company estimates that if a production licence was granted on VIC/P57, it has incurred expenditure that would result in total carried forward undeducted expenditure of $72 million to 30 June 2012 (2011: $71 million) which is capable of being offset against income derived in future years. At 1 July 2012 this estimated amount is $88 million (2011: $86 million) as compounding occurs annually on 1 July.

Expenditure incurred in relation to production licence T/41P expired when the licence was relinquished.

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

	2012	2011
	$	**$**
Deferred tax assets not recognised		
Deferred tax assets not recognised comprises temporary differences attributable to:		
Tax Losses	15,449,435	14,801,545
Temporary Differences	(6,926,166)	(7,138,504)
Total deferred tax assets not recognised	**8,523,269**	**7,663,041**

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 company 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 company 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 8. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

	2012	2011
	$	**$**
Cash at bank	190,315	357,431
Cash on deposit	1,494,577	3,500,564
	1,684,892	**3,857,995**

NOTE 9. CURRENT ASSETS - TRADE AND OTHER RECEIVABLES

	2012	2011
	$	**$**
R&D tax concession receivable	695,895	-
Interest receivable	2,844	3,673
GST receivable	27,219	31,289
	725,958	**34,962**

AUDITED FINANCIAL STATEMENTS OF 3D OIL FOR THE FYE 30 JUNE 2012 *(Cont'd)*

The average credit period on trade and other receivables is 30 days. No interest is charged on the receivables. The Company 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.

Subsequent to year end, the Company has received the $696k R&D tax concession receivable, however at the date of the financial report the Company is awaiting final approval by AusIndustry.

NOTE 10.
CURRENT ASSETS - OTHER

	2012	2011
	$	**$**
Prepayments	**63,718**	**34,848**

NOTE 11.
NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT

	2012	2011
	$	**$**
Plant and equipment - at cost	82,693	79,420
Less: Accumulated depreciation	(69,053)	(60,506)
	13,640	18,914
	13,640	**18,914**

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
	$	**$**
Balance at 1 July 2010	14,215	14,215
Additions	11,864	11,864
Depreciation expense	(7,165)	(7,165)
Balance at 30 June 2011	18,914	18,914
Additions	3,274	3,274
Depreciation expense	(8,548)	(8,548)
Balance at 30 June 2012	**13,640**	**13,640**

NOTE 12.
NON-CURRENT ASSETS - INTANGIBLES

	2012	2011
	$	**$**
Software – at cost	151,518	121,030
Less: Accumulated amortisation	(98,782)	(67,012)
	52,736	54,018
	52,736	**54,018**

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
	$	**$**
Balance at 1 July 2010	38,230	38,230
Additions	35,370	35,370
Amortisation expense	(19,582)	(19,582)
Balance at 30 June 2011	54,018	54,018
Additions	30,488	30,488
Amortisation expense	(31,770)	(31,770)
Balance at 30 June 2012	**52,736**	**52,736**

NOTE 13.
NON-CURRENT ASSETS - EXPLORATION AND EVALUATION

	2012	2011
	$	**$**
Exploration and evaluation expenditure	**20,569,130**	**25,921,401**

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.

Out of the total of $5,954,106, the write off of expenditure on permit T/41P accounts for exploration assets in the reporting period is $5,943,816. The permit was relinquished at the end of the reporting period.

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
	$	**$**
Balance at 1 July 2010	22,177,579	22,177,579
Additions	3,895,248	3,895,248
Write off of assets	(151,426)	(151,426)
Balance at 30 June 2011	25,921,401	25,921,401
Expenditure during the year	601,835	601,835
Write off of assets	(5,954,106)	(5,954,106)
Balance at 30 June 2012	**20,569,130**	**20,569,130**

NOTE 14.
CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

	2012	2011
	$	**$**
Trade payables	287,629	157,308
Sundry payables and accrued expenses	73,471	59,942
	361,100	**217,250**

Refer to note 20 for further information on financial instruments.

The average credit period on trade and other receivables is 30 days. No interest is charged on the receivables. The Company 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 approximate their fair value.

NOTE 15.
CURRENT LIABILITIES - PROVISIONS

	2012	2011
	$	**$**
Employee benefits	**44,166**	**64,954**

NOTE 16.
NON-CURRENT LIABILITIES - PROVISIONS

	2012	2011
	$	**$**
Employee benefits	38,308	45,218
Provision for well abandonment	500,000	500,000
	538,308	**545,218**

Provision for well abandonment

The provision for well abandonment represents the present value of director's best estimate for the costs to abandon the Wardie-1 Well. There is no current estimate of when any abandonment may take place in light of the recently agreed farm-in arrangement with Hibiscus Petroleum Berhad.

NOTE 17.
EQUITY - ISSUED CAPITAL

	2012	2011
Ordinary shares - fully paid	**$**	**$**
	50,620,867	**50,620,867**
	Shares	Shares
	206,560,000	**206,560,000**

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

AUDITED FINANCIAL STATEMENTS OF 3D OIL FOR THE FYE 30 JUNE 2012 *(Cont'd)*

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.

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 company 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 company is subject to certain financing arrangements covenants and meeting these are given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the 30 June 2011 Annual Report.

Options

For futher information in relaion to unissued ordinary shares of 30 Oil Limited under option, refer to the Directors' report and Note 28.

NOTE 18. EQUITY - RESERVES

	2012	2011
	$	**$**
Share-based payments reserve	78,645	2,038,070
Options reserve	-	(1,852,787)
	78,645	**185,283**

	Share based Payment	Total
	$	**$**
Balance at 1 July 2010	2,023,826	2,023,826
Share based payments	47,107	47,107
Expiry of options	(1,885,650)	(1,885,650)
Balance at 30 June 2011	185,283	185,283
Share based payments	48,587	48,587
Expiry of options	(155,225)	(155,225)
Balance at 30 June 2012	**78,645**	**78,645**

NOTE 19. EQUITY - DIVIDENDS

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

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

NOTE 20.
FINANCIAL INSTRUMENTS

Financial risk management objectives

The company'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 company'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 company. The company uses derivative financial instruments such as forward foreign exchange contracts to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The company 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 ('Board'). These policies include identification and analysis of the risk exposure of the company and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the company's operating units. Finance reports to the Board on a monthly basis.

Market risk

Foreign currency risk

The company undertakes certain transactions denominated in foreign currency and are exposed to foreign currency risk through foreign exchange rate fluctuations.

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.

Price risk

The company is not exposed to any significant price risk.

Interest rate risk

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

As at the reporting date, the company had the following variable rate borrowings and interest rate swap contracts outstanding:

	2012		2011	
	Weighted average interest rate	Balance	Weighted average interest rate	Balance
	%	$	%	$
Cash on hand	4.35	190,315	4.75	357,431
Cash on deposit	4.35	1,494,577	4.75	3,500,564
Net exposure to cash flow interest rate risk		**1,684,892**		**3,857,995**

Credit risk

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

Liquidity risk

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

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

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.

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

	Basis points increase			Basis points decrease		
2012	Basis points change	Effect on profit before tax	Effect on equity	Basis points change	Effect on profit before tax	Effect on equity
Cash and cash equivalents	**131**	**22,072**	**22,072**	**131**	**(22,072)**	**(22,072)**

	Basis points increase			Basis points decrease		
2011	Basis points change	Effect on profit before tax	Effect on equity	Basis points change	Effect on profit before tax	Effect on equity
Cash and cash equivalents	**143**	**55,170**	**55,170**	**143**	**(55,170)**	**(55,170)**

NOTE 21.
KEY MANAGEMENT PERSONNEL DISCLOSURES

Directors

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

Mr Campbell Horsfall
Non-executive Chairman

Mr Noel Newell
Managing Director

Ms Melanie Leydin
Non-executive Director, Company Secretary

Ms Philippa Kelly
Non-executive Director

Mr Keith Edwards
Non-executive Director - resigned 23 March 2012

Compensation

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

	2012	2011
	$	**$**
Short-term employee benefits	861,104	840,899
Post-employment benefits	66,945	65,907
Long-term benefits	13,817	10,480
	941,866	**917,286**

AUDITED FINANCIAL STATEMENTS OF 3D OIL FOR THE FYE 30 JUNE 2012 *(Cont'd)*

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 company, including their personally related parties, is set out below:

2012	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	38,000	-	-	-	38,000
Mr N Newell*	37,805,150	-	-	-	37,805,150
Ms M Leydin	150,000	-	-	-	150,000
Ms P Kelly	145,000	-	-	-	145,000
Mr K Edwards**	240,000	-	-	(240,000)	-
	38,378,150	**-**	**-**	**(240,000)**	**38,138,150**

* purchased 200,000 shares on-market at $0.07 per share on 16 August 2012 taking holding to 38,105,150 shares.
**resigned on 23 March 2012

2011	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	38,000	-	-	-	38,000
Mr N Newell	37,700,150	-	105,000	-	37,805,150
Ms M Leydin	150,000	-	-	-	150,000
Ms P Kelly	145,000	-	-	-	145,000
Mr K Edwards*	-	-	240,000	-	240,000
	38,033,150	**-**	**345,000**	**-**	**38,378,150**

* Mr K Edwards was appointed as a Non-Executive Director on 30 June 2011.

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 company, including their personally related parties, is set out below:

2012

Options over ordinary shares

There were no options over ordinary shares held by key management personnel during the 2012 financial year.

2011	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/other	Balance at the end of the year
Options over ordinary shares					
Mr C Horsfall*	500,000	-	-	(500,000)	-
Mr N Newell*	4,000,000	-	-	(4,000,000)	-
Mr K Lanigan	265,000	-	-	(265,000)	-
	4,765,000	-	-	(4,765,000)	-

* These options expired on 31 January 2011.

NOTE 22.
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:

	2012	2011
	$	**$**
Audit services – Grant Thornton Audit Pty Ltd		
Audit or review of the financial statements	35,000	33,500
Other services – Grant Thornton Audit Pty Ltd		
Taxation Services	134,966	-
	169,966	**33,500**

NOTE 23.
CONTINGENT LIABILITIES

There were no contingent liabilities in existence at 30 June 2012.

NOTE 24.
COMMITMENTS

In order to maintain current rights of tenure to exploration tenements, the Company is required to outlay rentals and to meet the minimum expenditure requirements of the Mineral Resources Authority. Minimum expenditure commitments may be subject to renegotiation and with approval may otherwise be avoided by sale, farm out or relinquishment. These obligations are not provided in the accounts and are payable. (Refer to Note 25 for details of the Farm-in agreement recently entered into with Hibiscus Petroleum. In the event that the all required conditions pursuant to the agreement are fulfilled, the Company will be responsible for 49.9% of the exploration commitments outlined above).

	2012	2011
	$	**$**
Lease commitments – operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	46,044	90,316
One to five years	-	46,044
	46,044	**136,360**
Exploration Licenses – Commitments for Expenditure		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	600,000	700,000
One to five years	36,400,000	37,000,000
	37,000,000	**37,700,000**

NOTE 25.
EVENTS AFTER THE REPORTING PERIOD

On 15 August 2012, the Company entered into a conditional Farm-in Agreement and Subscription Agreement with Hibiscus Petroleum Berhad, through its wholly owned subsidiary ('Hibiscus'). Under the Farm-in Agreement, Hibiscus will acquire a 50.1% interest in petroleum exploration permit VIC/P57 up front and will invest up to $27m in tranches to fund joint operations on the permit.

On 4 September 2012, as per the Subscription Agreement, Hibiscus subscribed for new shares in the Company equal to 14.99% of the Company's share capital (before the new shares are issued) as part of a cornerstone investment. The consideration (including costs of the transaction) of $2.0 million was based on the 30 day Volume Weighted Average Price of the Company's shares prior to the date the agreement was announced.

Completion of both the Subscription Agreement and Farm-in Agreement will be subject to a number of conditions precedent, including Foreign Investment Review Board ('FIRB') and Hibiscus shareholder approval. The shares subscribed for by Hibiscus will be issued once the conditions have been met.

No other matter or circumstance has arisen since 30 June 2012 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

NOTE 26.
RECONCILIATION OF LOSS AFTER INCOME TAX TO NET CASH USED IN OPERATING ACTIVITIES

	2012	2011
	$	**$**
Loss after income tax benefit for the year	(6,976,803)	(1,003,568)
Adjustments for:		
Depreciation and amortisation	40,318	26,746
Share-based payments	48,587	47,107
Foreign exchange differences	7,643	(37,113)
Exploration costs written off	5,954,106	151,426
Annual and long service leave provisions	(27,698)	29,353
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(690,996)	79,421
Decrease/(increase) in prepayments	(28,870)	1,241
Increase in trade and other payables	143,850	69,376
Net cash used in operating activities	**(1,529,863)**	**(636,011)**

NOTE 27.
EARNINGS PER SHARE

The rights to options held by option holders have not been included in the weighted average number of ordinary shares for the purposes of calculating diluted EPS as they do not meet the requirements for inclusion in AASB 133 'Earnings per Share'. The rights to options are non-dilutive as the Company has generated a loss for the financial year.

	2012	2011
	$	**$**
Loss after income tax attributable to the owners of 3D Oil Limited	**(6,976,803)**	**(1,003,568)**
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	206,560,000	206,560,000
Weighted average number of ordinary shares used in calculating diluted earnings per share	**206,560,000**	**206,560,000**
	Cents	**Cents**
Basic earnings per share	(3.38)	(0.49)
Diluted earnings per share	(3.38)	(0.49)

NOTE 28.
SHARE-BASED PAYMENTS

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

2012

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
31/03/2008	31/03/2013	$0.75	400,000	-	-	(400,000)	-
27/08/2009	30/06/2014	$0.25	125,000	-	-	(125,000)	-
27/08/2009	30/06/2014	$0.25	64,000	-	-	-	64,000
02/06/2010	30/11/2014	$0.40	265,000	-	-	-	265,000
02/06/2010	30/11/2014	$0.40	150,000	-	-	(150,000)	-
02/06/2010	30/11/2014	$0.40	200,000	-	-	-	200,000
24/01/2011	31/01/2015	$0.40	200,000	-	-	(200,000)	-
07/10/2011	07/10/2015	$0.18	-	697,177	-	(142,477)	554,700
			1,404,000	**697,177**	**-**	**(1,017,477)**	**1,083,700**

AUDITED FINANCIAL STATEMENTS OF 3D OIL FOR THE FYE 30 JUNE 2012 *(Cont'd)*

2011

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
14/12/2006	31/01/2011	$0.60	4,000,000	-	-	(4,000,000)	-
14/12/2006	31/01/2011	$0.50	5,500,000	-	-	(5,500,000)	-
14/12/2006	31/01/2011	$0.50	100,000	-	-	(100,000)	-
14/12/2006	31/01/2011	$0.50	1,500,000	-	-	(1,500,000)	-
31/03/2008	31/03/2013	$0.75	400,000	-	-	-	400,000
27/08/2009	30/06/2014	$0.25	125,000	-	-	-	125,000
27/08/2009	30/06/2014	$0.25	64,000	-	-	-	64,000
02/06/2010	30/11/2014	$0.40	-	265,000	-	-	265,000
02/06/2010	30/11/2014	$0.40	-	150,000	-	-	150,000
02/06/2010	30/11/2014	$0.40	-	200,000	-	-	200,000
24/01/2011	31/01/2015	$0.40	-	200,000	-	-	200,000
			11,689,000	**815,000**	**-**	**(11,100,000)**	**1,404,000**

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
14/12/2006	31/01/2011*		$0.60	83.00%	0.00%	5.93%	$0.213
14/12/2006	31/01/2011*		$0.50	83.00%	0.00%	5.93%	$0.173
14/12/2006	31/01/2011*		$0.50	83.00%	0.00%	5.93%	$0.185
14/12/2006	31/01/2011*		$0.50	83.00%	0.00%	3.56%	$0.156
31/03/2008	31/03/2013	$0.59	$0.75	83.00%	0.00%	6.09%	$0.030
27/08/2009	30/06/2014	$0.19	$0.25	80.00%	0.00%	4.97%	$0.049
27/08/2009	30/06/2014	$0.19	$0.25	80.00%	0.00%	4.97%	$0.440
02/06/2010	30/11/2014	$0.19	$0.40	80.00%	0.00%	4.97%	$0.083
02/06/2010	30/11/2014	$0.19	$0.40	80.00%	0.00%	4.97%	$0.076
02/06/2010	30/11/2014	$0.19	$0.40	80.00%	0.00%	5.16%	$0.083
24/01/2011	31/01/2015	$0.25	$0.40	80.00%	0.00%	5.16%	$0.931
07/10/2011	07/10/2015	$0.14	$0.18	99.67%	0.00%	4.36%	$0.090

* 30 Oil Limited listed on the Australian Stock Exchange in November 2007.

DIRECTORS' DECLARATION

In the directors' opinion:

- the attached financial statements and notes thereto 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 thereto 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 thereto give a true and fair view of the company's financial position as at 30 June 2012 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) of the Corporations Act 2001.

On behalf of the directors

Noel Newell
Managing Director
28 September 2012
Melbourne

Grant Thornton Audit Pty Ltd
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Independent Auditor's Report
To the Members of 3D Oil Limited

Report on the financial report

We have audited the accompanying financial report of 3D Oil Limited (the "Company"), which comprises the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the company .

Directors responsibility 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 of the financial report in accordance with Australian Accounting Standards and the Corporations Act 2001. This responsibility includes such internal controls as the Directors determine are necessary to enable the preparation of the financial report to be free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards which require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

Grant Thornton

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

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

Electronic presentation of audited financial report

This auditor's report relates to the financial report of 3D Oil Limited and controlled entities for the year ended 30 June 2012 included on 3D Oil Limited's web site. The Company's Directors are responsible for the integrity of 3D Oil Limited's web site. We have not been engaged to report on the integrity of 3D Oil Limited's web site. The auditor's report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

Independence

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

Auditor's opinion

In our opinion:

a the financial report of 3D Oil Limited is in accordance with the Corporations Act 2001, including:

   i giving a true and fair view of the Company's financial position as at 30 June 2012 and of its performance for the year ended on that date; and

   ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and

b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Grant Thornton

Report on the remuneration report

We have audited the remuneration report included in pages 17 to 21 of the directors' report for the year ended 30 June 2012. 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.

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of 3D Oil Limited for the year ended 30 June 2012, complies with section 300A of the Corporations Act 2001.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

B.A. Mackenzie
Partner - Audit & Assurance

Melbourne, 28 September 2012

FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by our Board and they collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement in this Circular misleading.

2. CONSENTS

The respective letters of consent have been received from HLIB, PricewaterhouseCoopers Taxation Services Sdn Bhd, Pareto Asia, RISC and Corrs Chambers Westgarth confirming that they have given their respective consent to the inclusion in this Circular of their names, letters and reports (where applicable) and all references thereto, in the form and context in which they appear and have not, prior to the issue of this Circular, been withdrawn.

3. CONFLICTS OF INTERESTS

HLIB confirms that there is no situation of conflict of interest or potential conflict of interest in its capacity as the Adviser to Hibiscus Petroleum in respect of the Proposals.

PricewaterhouseCoopers Taxation Services Sdn Bhd confirms it is not aware of any situation of conflict of interest or potential conflict of interest in its capacity as the independent expert on policies on foreign investments, taxation and repatriation of profits of Australia in respect of the Proposals.

Pareto Asia confirms that there is no situation of conflict of interest or potential conflict of interest in its capacity as the independent valuer for the Proposed Farm-In and independent expert providing fairness opinion for both the Subscription Consideration for the Proposed Subscription and the purchase consideration for the Proposed Farm-In.

RISC confirms that there is no situation of conflict of interest or potential conflict of interest in its capacity as the independent technical assessor of the Recoverable Resources for VIC/P57 in respect of VIC/P57.

Corrs Chambers Westgarth confirms that there is no situation of conflict of interest or potential conflict of interest in its capacity as the Australian legal counsel for our Group in respect of the Proposals.

4. MATERIAL COMMITMENT AND CONTINGENT LIABILITIES

As at LPD, save as disclosed below, there are no material commitments incurred and contingent liabilities incurred or known to be incurred by our Group that is likely to have a material adverse effect on our financial position:

Material commitments approved and contracted for	RM'**000**
Farm-In Investment for the Proposed Farm-In	85,768
Capital commitment for purchase of application software	2,178
Share of jointly controlled entity's material commitment[22]	10,711
	98,657

[22] *For outstanding minimum work obligations and remaining indicative consideration to be paid for Lime Norway. These commitments are expected to be funded by Lime.*

5. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of our Company at Level 18, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur during normal office hours (except for public holidays) from the date of this Circular up to and including the date of the forthcoming EGM:

(i) The Memorandum and Articles of Association of Hibiscus Petroleum;

(ii) The latest audited consolidated financial statements of Hibiscus Petroleum for the past 2 FYE 31 March 2011 and 31 March 2012;

(iii) The unaudited consolidated quarterly results of Hibiscus Petroleum for the second quarter ended 30 September 2012;

(iv) Expert's report on policies on foreign investments, taxation and repatriation of profits of Australia issued by PricewaterhouseCoopers Taxation Services Sdn Bhd as included in Appendix III;

(v) Legal opinion on the ownership/title and the enforceability of agreements, representations and undertakings issued by Corrs Chambers Westgarth as included in Appendix IV;

(vi) Expert's report in relation to the fairness of the Subscription Consideration for the Proposed Subscription issued by Pareto Asia as included in Appendix V;

(vii) Expert's report in relation to the fairness of the purchase consideration for the Proposed Farm-In issued by Pareto Asia as included in Appendix VI;

(viii) Valuation certificate of VIC/P57 by Pareto Asia dated 21 September 2012 as included Appendix VII and the valuation report dated 21 September 2012 by Pareto Asia;

(ix) Expert's report in relation to the Technical Evaluation by RISC as included in Appendix VIII;

(x) The material contracts referred to in Section 7 of this Appendix I; and

(xi) The letters of consent referred to in Section 2 of this Appendix X.

HIBISCUS PETROLEUM BERHAD
(Company No.: 798322-P)
(Incorporated in Malaysia under the Companies Act, 1965)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting of Hibiscus Petroleum Berhad ("**Hibiscus Petroleum**" or "**Company**") will be held at Saujana Ballroom, The Saujana Hotel, Saujana Resort, Jalan Lapangan Terbang SAAS, 40150 Selangor Darul Ehsan on Wednesday, 19 December 2012 at 2.00 p.m., for the purpose of considering and if thought fit, to pass the following resolutions with or without modifications:

ORDINARY RESOLUTION 1

PROPOSED SUBSCRIPTION OF 30,963,000 NEW FULLY PAID ORDINARY SHARES REPRESENTING APPROXIMATELY 13.04% OF THE ENLARGED TOTAL ISSUED SHARE CAPITAL OF 3D OIL LIMITED ("3D OIL") BY OCEANIA HIBISCUS SDN BHD ("OHSB"), A WHOLLY-OWNED SUBSIDIARY OF THE COMPANY ("PROPOSED SUBSCRIPTION")

"**THAT**, subject to the passing of Ordinary Resolution 2 and the approvals of all relevant regulatory authorities (if applicable) being obtained, approval be and is hereby given for OHSB's subscription of 30,963,000 new fully paid ordinary shares in 3D Oil, representing approximately 13.04% of the enlarged total issued share capital of 3D Oil for a subscription amount AUD2,043,558 pursuant to and in accordance with the terms of the conditional subscription agreement dated 14 August 2012 entered into by the Company, OHSB and 3D Oil, as further elaborated in the Company's Circular to shareholders dated 4 December 2012.

AND THAT the Directors of the Company, be and are hereby empowered and authorised to do all acts, deeds and things and to execute, sign, deliver and cause to be delivered on behalf of the Company all such documents and/or agreements (including, without limitation, the affixing of the Company's common seal, where necessary) as the Directors may consider necessary or expedient or relevant to give effect to and complete the Proposed Subscription and with full power to assent to any conditions, modifications, variations and/or amendments in any manner as may be required by the relevant authorities or as the Directors may deem necessary or expedient in the interest of the Company and to take such steps as they may deem necessary or expedient in order to implement, finalise and give full effect to the Proposed Subscription."

ORDINARY RESOLUTION 2

PROPOSED ACQUISITION OF A 50.1% UNENCUMBERED LEGAL AND BENEFICIAL RIGHT, TITLE AND INTEREST IN THE EXPLORATION PERMIT VIC/P57 ("VIC/P57") AND ANY PETROLEUM RECOVERED FROM THE PERMIT AREA, TOGETHER WITH ALL RELEVANT PROPERTY, DATA AND INFORMATION (WHETHER HELD BY 3D OIL OR OTHERWISE) RELATING TO VIC/P57 ("FARM-IN INTEREST") BY CARNARVON HIBISCUS PTY LTD ("CHPL"), A WHOLLY-OWNED SUBSIDIARY OF OHSB FROM 3D OIL FOR A PURCHASE CONSIDERATION OF AUD13,473,000 AND A CONTRIBUTION OF AUD13,527,000 TOWARDS THE JOINT OPERATING ACTIVITIES OF THE PROJECT IN RESPECT OF THE FARM-IN INTEREST ("PROPOSED FARM-IN")

"**THAT**, subject to the passing of Ordinary Resolution 1 and the approvals of all relevant regulatory authorities (if applicable) being obtained, approval be and is hereby given for CHPL's acquisition of the Farm-In Interest, from 3D Oil for a purchase consideration of AUD13,473,000 and a contribution of

AUD13,527,000 towards the joint operating activities of the project in respect of the Farm-In Interest pursuant to and in accordance with the terms of the conditional farm-in agreement dated 14 August 2012 entered into by the Company, CHPL and 3D Oil, as further elaborated in the Company's Circular to shareholders dated 4 December 2012.

AND THAT the Directors of the Company, be and are hereby empowered and authorised to do all acts, deeds and things and to execute, sign, deliver and cause to be delivered on behalf of the Company all such documents and/or agreements (including, without limitation, the affixing of the Company's common seal, where necessary) as the Directors may consider necessary to give effect to and complete the Proposed Farm-In and with full power to assent to any conditions, modifications, variations and/or amendments in any manner as may be required by the relevant authorities or as the Directors may deem necessary or expedient in the interest of the Company and to take such steps as they may deem necessary or expedient in order to implement, finalise and give full effect to the Proposed Farm-In."

By Order of the Board,

Lim Hooi Mooi (MAICSA 0799764)
Tan Bee Hwee (MAICSA 7021024)
Joint Company Secretaries

Kuala Lumpur
4 December 2012

Notes:

1. *For purposes of determining who shall be entitled to attend this meeting in accordance with Articles 65(b) and 65(c) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a General Meeting Record of Depositors as at 12 December 2012 and only Depositors whose name appears on such Record of Depositors shall be entitled to attend the said meeting.*

2. *A proxy may but need not be a member and/or a qualified legal practitioner, an approved company auditor or a person approved by the Registrar of Companies.*

3. *To be valid, the Form of Proxy duly completed must be deposited at Level 17, The Gardens North Tower, Lingkaran Syed Putra, 59200 Kuala Lumpur not less than 48 hours before the time for holding the meeting Provided That in the event the member(s) duly executes the Form of Proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/their proxy, Provided Always that the rest of the Form of Proxy, other than the particulars of the proxy have been duly completed by the member(s).*

4. *A member shall be entitled to appoint up to two (2) proxies to attend and vote at the meeting. Where a member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.*

5. *Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint one (1) proxy but not more than two (2) proxies in respect of each securities account it holds with ordinary shares of our Company standing to the credit of the said securities account.*

6. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. Where the exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.*

7. *If the appointor is a corporation, the Form of Proxy must be executed under its common seal or under the hands of an officer or attorney duly authorised.*

8. *If the Form of Proxy is signed under the hands of an officer duly authorised, it should be accompanied by a statement reading "signed as authorised officer under Authorisation Document which is still in force, no notice of revocation having been received". If the Form of Proxy is signed under the attorney duly appointed under a power of attorney, it should be accompanied by a statement reading "signed under Power of Attorney which is still in force, no notice of revocation having been received". A copy of the Authorisation Document or the Power of Attorney, which should be valid in accordance with the laws of the jurisdiction in which it was created and is exercised, should be enclosed in the Form of Proxy.*

CDS Account No. of Authorised Nominee *

HIBISCUS PETROLEUM BERHAD
(798322-P)

FORM OF PROXY

I/We _____

I.C. No./ Passport/ Company No. _____

being a member of **HIBISCUS PETROLEUM BERHAD** ("**HIBISCUS PETROLEUM**" or "**Company**"), hereby

appoint _____

_____ I.C. No./ Passport No. _____

Of _____

or failing him, _____ I.C. No./ Passport No. _____

of _____

or failing him, the CHAIRMAN OF THE MEETING as my/our proxy, to vote for me/us on my/our behalf at the EXTRAORDINARY GENERAL MEETING of our Company to be held at Saujana Ballroom, The Saujana Hotel, Saujana Resort, Jalan Lapangan Terbang SAAS, 40150 Selangor Darul Ehsan on Wednesday, 19 December 2012 at 2.00 p.m. or at any adjournment thereof, on the following resolutions referred to in the Notice of Extraordinary General Meeting by indicating an "**X**" in the space provided below :-

	FOR	AGAINST
ORDINARY RESOLUTION 1 – PROPOSED SUBSCRIPTION		
ORDINARY RESOLUTION 2 – PROPOSED FARM-IN		

Dated this _____ day of _____ 2012

Signature/Common Seal	
Number of shares held	
Date	

For appointment of two proxies, percentage of shareholdings to be represented by the proxies			
	No. of shares	Percentage	
Proxy 1			%
Proxy 2			%
		100	%

Notes:

1. *For purposes of determining who shall be entitled to attend this meeting in accordance with Articles 65(b) and 65(c) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a General Meeting Record of Depositors as at 12 December 2012 and only Depositors whose name appears on such Record of Depositors shall be entitled to attend the said meeting.*

2. *A proxy may but need not be a member and/or a qualified legal practitioner, an approved company auditor or a person approved by the Registrar of Companies.*

3. *To be valid, the Form of Proxy duly completed must be deposited at Level 17, The Gardens North Tower, Lingkaran Syed Putra, 59200 Kuala Lumpur not less than 48 hours before the time for holding the meeting Provided That in the event the member(s) duly executes the Form of Proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/their proxy, Provided Always that the rest of the Form of Proxy, other than the particulars of the proxy have been duly completed by the member(s).*

4. *A member shall be entitled to appoint up to two (2) proxies to attend and vote at the meeting. Where a member appoints two (2) or more proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.*

5. *Where a member is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991, it may appoint one (1) proxy but not more than two (2) proxies in respect of each securities account it holds with ordinary shares of our Company standing to the credit of the said securities account.*

6. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. Where the exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.*

7. *If the appointor is a corporation, the Form of Proxy must be executed under its common seal or under the hands of an officer or attorney duly authorised.*

8. *If the Form of Proxy is signed under the hands of an officer duly authorised, it should be accompanied by a statement reading "signed as authorised officer under Authorisation Document which is still in force, no notice of revocation having been received". If the Form of Proxy is signed under the attorney duly appointed under a power of attorney, it should be accompanied by a statement reading "signed under Power of Attorney which is still in force, no notice of revocation having been received". A copy of the Authorisation Document or the Power of Attorney, which should be valid in accordance with the laws of the jurisdiction in which it was created and is exercised, should be enclosed in the Form of Proxy.*

Fold this flap for sealing

Then fold here

AFFIX
STAMP

TRICOR INVESTOR SERVICES SDN BHD
Level 17
The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

1st fold here