

Quarterly Report

For the Quarter ended 31 March 2019



Highlights

- Debt free and building cash from production at Manora
- US\$25.3 million (A\$35.7 million) of cash on hand at 31 March 2019
- Manora production during the quarter averaged 5,528 bopd (Tap's share 1,658 bopd)
- Cumulative Manora gross production reached 14.9MMSTB (Tap's share 4.47MMSTB) as at 31 March 2019
- Revenue received during the quarter of US\$9.9 million (A\$14.0 million) at an average price of US\$61.06/bbl
- Post quarter end, Tap took the opportunity to lock in some of the recent oil price strength and protect a portion of revenue and Manora reinvestment plans against a significant oil price retreat. 165,938 barrels of Manora crude oil, to be lifted between May 2019 and December 2019 has been hedged. The hedging is designed to protect against oil price falls below US\$60.00/bbl while retaining exposure to an average price increase up to US\$77.00/bbl
- Tap and its Manora joint venture partners have approved a 2019 work program and budget for four firm wells and one contingent well at the Manora Oil Field in G1/48. More specifically, the joint venture has approved:
 - Three Manora Oil Field development wells, scheduled to commence drilling in July 2019;
 - One firm exploration well and side-track, scheduled for November 2019; and
 - One further exploration well and side-track, contingent upon rig slot availability

Summary

Tap Oil Limited (**Tap** or the **Company**) reported revenue for the March quarter was US\$9.9 million (A\$14.0 million). Revenue was lower compared to the prior quarter primarily due to the lower sale price per barrel achieved for the two liftings at the Manora Oil Field (**Manora**) in block G1/48 in the Gulf of Thailand.

Production at Manora averaged 5,528 bopd (Tap's share 1,658 bopd) for the quarter, down 1.9% from the previous quarter primarily due to natural decline and the failure of an ESP in MNA-15.

The Company's cash position as at the end of the March quarter was US\$25.3 million (A\$35.7 million); an increase of US\$4.1 million (A\$5.8 million) from the previous quarter.

At the start of 2019, Tap's remaining positions in Australia are in WA-72-R (20%), WA-34-R (12%) and WA-25-L (15%).

Revenue & Production

Cash revenue for the March quarter was US\$9.9 million (A\$14.0 million) (Note: Tap remained unhedged during the March quarter). Revenue was lower compared to the prior quarter due to the lower sale price per barrel achieved for the two liftings in the March quarter. The average realised oil price was US\$61.00/bbl, 12% lower compared to the previous quarter.

SALES REVENUE* (Tap's Share)	Dec Qtr US\$'000	Mar Qtr US\$'000	Qtly % Change	Comment
Manora Crude Revenue – net	10,396	9,967	(4)%	Decrease primarily due lower sale price per barrel.
Total Oil Revenue	10,396	9,967	(4)%	
Average realised oil price (US\$/bbl*)	69.28	61.06	(12)%	

*Includes Realised Hedge Losses

PRODUCTION VOLUMES (Tap's Share)	Dec Qtr	Mar Qtr	Qtly % Change	Comment
Manora Crude (bbls)	155,567	149,251	-4.1%	Production decrease due to natural decline and the failure of an ESP in MNA-15.
Manora Daily Average (bopd)	1,691	1,658	-1.9%	
Manora inventory (bbls)	89,104	59,744	-33%	As at quarter end.

Production

Gulf of Thailand - Manora Oil Field

Offshore Thailand

(Tap 30%)

Tap holds a 30% direct interest in the G1/48 concession in the northern Gulf of Thailand. This concession is operated by MP G1 (Thailand) Limited (**Mubadala**).

The G1/48 concession comprises the Manora Oil Field under production license and the Reservation Area within the concession.

Gross production for the quarter was 498 MSTB (Tap's share 149 MSTB). The average quarterly gross production rate was 5,528 bopd (Tap's share 1,658 bopd). Cumulative field production to 31 March 2019 was 14.9 MMSTB gross (Tap's share 4.46 MMSTB). Production for the quarter decreased primarily due to natural decline from wells and the failure of an ESP in MNA-15.

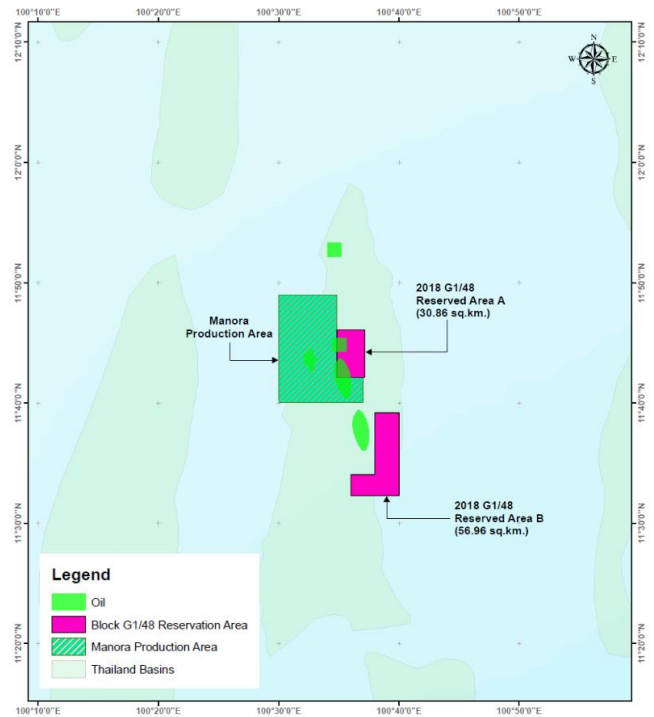


Figure 1: Location map of the Manora Oil Field

Development

Gulf of Thailand - Manora Oil Field

Offshore Thailand

(Tap 30%)

Budgeted development activities in 2019 include two development wells in the Manora 300 series sands discovered in 2018, a further development well in the 490-60 reservoir discovered in late 2017, and various workover opportunities to optimise production. Further investments in the de-bottlenecking of facilities, including water injection capacity enhancement, is also budgeted.

Final investment decisions on the precise location of these development drilling opportunities will be made in Q2 2019 with the three well development drilling program scheduled to commence in July 2019.

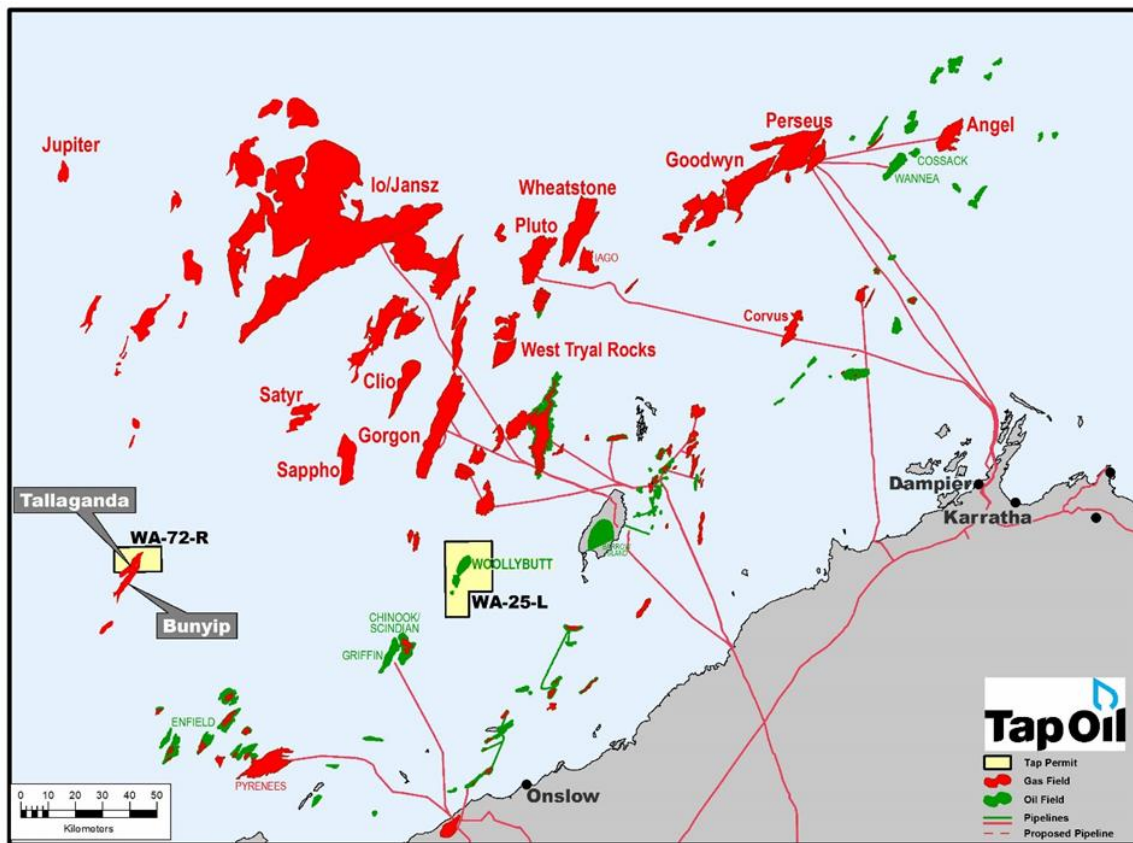
Exploration

Gulf of Thailand - Manora Oil Field

Offshore Thailand
(Tap 30%)

A portfolio of nearfield exploration drilling opportunities has been evaluated, with three prospect clusters high-graded that could be tested with a combination of exploration wells and associated side-tracks. The firm 2019 budget includes one exploration well and a side-track. A further exploration well and side track at is also budgeted, contingent upon rig slot availability. Detailed well engineering and design is ongoing towards a final investment decision on the number and location / trajectory of exploration and side-track wells to be made in May 2019, with drilling scheduled to commence in Q4 2019.

Australia – Carnarvon Basin and Bonaparte Basin



At the start of 2019, Tap's remaining positions in Australia are in WA-72-R (20%), WA-34-R (12%) and WA-25-L (15%). Further Australian portfolio monetisation opportunities are actively being pursued which will enable Tap to sharpen its focus on its core Manora asset, with a fit for purpose organisation and cost structure.

Australia, Carnarvon Basin

WA-72-R Tallaganda Gas Field

Tap 20%, BHP Billiton Operator

WA-72-R is a Retention Lease in the offshore Carnarvon Basin, Western Australia. The Retention Lease contains the Tallaganda gas discovery drilled during the second quarter of 2012. The Tallaganda-1 well was a new field gas discovery in the Triassic Mungaroo Formation. The Tallaganda-Bunyip structure straddles both WA-72-R and WA-73-R to the south. The structure is well defined by modern 3D seismic data.

No activity recorded during the quarter.

Australia, Bonaparte Basin

WA-34-R Prometheus /Rubicon Gas Fields

Tap 12%, Eni Operator

WA-34-R is a Retention Lease in the offshore Bonaparte Basin, Western Australia. The Retention Lease contains the Prometheus/Rubicon Gas fields and covers 418 km². Tap estimates a 2C contingent resource net to Tap of 40.2 BCF (45 PJ) (ASX Release 22 April 2016).

The Operator for WA-34-R, ENI, continues to look at economical development options to commercialise the resources in WA-34-R.

Australia, Bonaparte Basin

Woollybutt, WA-25-L

Tap 15%, Eni Operator

The WA-25-L production licenses are located off the northwest coast of Western Australia, approximately 80km north of the town of Onslow, and lie in 100m water depth. The Woollybutt oil field was discovered in 1997 and development of the field started in 2003. The field included subsea wells producing to a floating production, storage and offloading facility (FPSO).

The field ceased production in May 2012 and the Joint Venture parties continue to plan for the decommission of the field. The abandonment of the subsea wells is expected to occur between 2019 to 2021 period. Further decommissioning activities may also be required in relation to the subsea facilities.

Myanmar

Block M-7 Moattama Basin, Offshore Myanmar

Tap 95% Operator

Block M-7 is located in the Moattama basin, offshore Myanmar.

Tap has met with its exit obligations and is awaiting confirmation from the government authority Myanmar Oil and Gas Enterprise (MOGE).

Exploration, Development, Operating & Other Expenditures

	Tap Share	Tap Share
	Dec Qtr US\$'000	Mar Qtr US\$'000
Exploration & Appraisal	14	149
Development, Plant & Equipment	139	172
Total Capital Expenditure	153	321
Manora Production Costs *	4,764	5,289
Total Expenditure	4,611	4,968

* Includes operating costs, royalties, marketing costs, insurance and inventory movements. Excludes depreciation and amortisation charges.

Financial & Corporate

Cash Position

Tap's cash position at 31 March 2019 was US\$25.289 million (A\$35.7million) . Cash includes Tap's share of cash held in joint ventures, which at the end of the quarter was US\$2.734 million (A\$3.858 million).

Cash Position	Mar'18 US\$'000	Jun'18 US\$'000	Sep'18 US\$'000	Dec'18 US\$'000	Mar'19 US\$'000
Cash on hand *	13,087	15,264	16,343	21,166	25,289
Debt	-	-	-	-	-
Net Cash/(Debt)	13,087	15,264	16,343	21,166	25,289
* Cash on hand includes Tap's share of cash held in joint ventures.					

Financial Position

During the March quarter, Tap released its Annual Report for the year ending December 2018.

Tap's reported revenue for 2018 was US\$44.2 million (2017: US\$44.8 million). Gross profit was US\$10.0 million (2017: US\$6.1 million). After exploration impairment losses and write-downs of US\$1.6 million (2017: US\$3.1 million), the net profit before tax was US\$10.3 million (2017: net loss US\$1.7 million); and the net profit after tax was US\$13.2 million (2017: net loss US\$14.6 million). The Net cash inflows from operations were US\$17.7 million (2017: US\$15.7 million inflow).

Share Rights

327,685 Performance Rights lapsed unvested on 1 January 2019. 1,078,221 Performance Rights and 1,078,221 Retention Rights were issued to employees on 11 March 2019.

At 31 March 2019, Tap had on issue a total of 5,488,082 share rights to acquire fully paid shares with vesting dates varying from 31 December 2019 through to 31 March 2022.

The following performance rights were on issue at 31 March 2019:

Number	Class	Vesting Date
366,595	Performance Rights	31 December 2019
1,559,453	Performance Rights	1 January 2020
366,595	Retention Rights	31 March 2020
355,813	Performance Rights	31 December 2020
1,772,187	Performance Rights	1 January 2021
355,813	Retention Rights	31 March 2021
355,813	Performance Rights	31 December 2021
355,813	Retention Rights	31 March 2022

Hedging

Subsequent to end of the quarter, the Tap Board made a decision to take the opportunity to lock in some of the recent oil price strength and protect a portion of revenue and Manora reinvestment plans against a significant oil price retreat. The following hedges were contracted with BP Singapore Pte Ltd on 12 April 2019 and 26 April 2019 :

- 120,938 bbls of buy puts and sell calls bringing the total hedged between July 2019 and December 2019 to 37.5% of anticipated liftings at an average put strike price of US\$60.00/bbl and average call strike price of US\$77.00/bbl.
- 45,000 bbls of the May 2019 cargo being 60% of the volume hedged at an average swap price of US\$70.27/bbl.



FURTHER INFORMATION

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Persons compiling information about hydrocarbons

The reserve and contingent resource information in this report is based on information compiled by Mr Denis Bouclin B.A.Sc (Hons), M.A.Sc (Engineering), P.Eng., who has consented to the inclusion of such information in this report in the form and context in which it appears. Mr Bouclin is a part-time employee of the Company, with more than 25 years relevant experience in the petroleum industry and is a member of The Association of Professional Engineers and Geoscientists of Alberta (APEGA) and The Society of Petroleum Engineers (SPE).

Reserves and Contingent resources have been estimated using both probabilistic and deterministic methods. Tap is not aware of any new information or data that materially affects the assumptions and technical parameters underpinning the estimates of reserves and contingent resources and the relevant market announcements referenced continue to apply and have not materially changed.

Abbreviations and Definitions	Investor Relations	Disclaimer
Please refer to Tap Limited's Annual Report Glossary or Glossary and Definitions on Tap's website for explanations of any abbreviations used in this report. Unless otherwise noted, this Quarterly Report is presented in US dollars.	Information contained on Tap's website is regularly updated and includes recent ASX announcements and investor presentation. Tap encourages all interested stakeholders to visit www.tapoil.com.au .	This report contains some references to forward looking assumptions, estimates and outcomes. These are uncertain by the nature of the business and no assurance can be given by Tap that its expectations, estimates and forecast outcomes will be achieved.