

29 January 2016

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## DECEMBER 2015 QUARTERLY REPORT

Enclosed is Tap Oil Limited's Quarterly Report for the quarter ended 31 December 2015.

A copy of this document is available at the ASX and can be viewed on the Company's website [www.tapoil.com.au](http://www.tapoil.com.au) under the heading "Investor Centre".

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## Highlights

- Existing Borrowing Base debt facility with BNP Paribas and Siam Commercial Bank retained
- Debt balance down from US\$78.9m to US\$36.1m during 2015
- New equity raised via a placement (A\$2.75m) and a Share Purchase Plan underway to provide additional liquidity
- Total quarterly oil and gas revenue of US\$21.4m

## Managing Director's Summary

Manora  
Operating costs  
reduced by  
~20%

With sustained low oil prices during the quarter Tap injected additional new equity into the Company via the placement of 14.27 million ordinary shares to raise A\$2.75 million. A Share Purchase Plan (SPP) was also announced to allow eligible shareholders to purchase up to A\$15,000 of Tap ordinary shares without incurring brokerage or transaction costs. The SPP is targeting raising approximately A\$4 million and opened on 4 January 2016.

The A\$2.75 million placement, included the placement of 13.62 million shares to current shareholder Risco Energy Investments (SEA) Limited (**Risco**). Risco now hold 19.95% of Tap's ordinary capital and on 8 January 2016, Tap announced that Mr Tom Soulsby, Risco's CEO, had been appointed to the Tap Board as a Non Executive Director with Mr Chris Newton, Risco's Director of Operations & Business Development, appointed as Mr Soulsby's alternate.

Manora production for the quarter was 355,000 bbls at an average realised price of US\$46/bbl. This was less than the previous quarter as a result of MNA-08 and MNA-11 being shut-in or producing at low rates during the month of October while waiting for the acid stimulation program to commence. Levels of water production in the central fault block wells, except MNA-05 slowly increased. Revenue was impacted by the lower production volumes and a lower realised oil price. Mubadala has reduced ongoing operating costs by approximately 20% compared to the 2015 budget and these savings are expected to continue into 2016.

Tap also finalised the Manora facility capital costs by reaching an agreement with Mubadala that Tap will pay US\$5 million of the final disputed amount of US\$9.1 million in two equal instalments on 30 September and 31 December 2016. This eliminates any exposure to further related costs or claims in relation to the facilities.

Following ongoing negotiations with Macquarie, the Company was unable to agree satisfactory final terms and the Macquarie mandate was terminated. The Company determined that it would continue with the current Borrowing Base debt facility (BNP Facility) and the additional equity funding raised would be used to ensure Tap could continue to meet the minimum US\$10 million BNP Facility liquidity requirement.

Tap also made a further debt repayment on 31 December 2015, reducing the debt balance by US\$7.4 million to US\$36.1 million.

During the quarter, Tap also reached a settlement with Quadrant (Apache) where the Apache claim was dismissed with Apache paying Tap costs of A\$50,000.





## Upcoming Activity

The table below lays out the indicative forward Drilling and Development Activity Schedule for the next 15 months:

Project	Tap Share	2016				
		Q1	Q2	Q3	Q4	Q1
<u>Australia</u>						
WA-351-P	20%	3D seismic reprocessing				
WA-290-P/WA-49-R	10%		3D seismic acquisition and processing			
WA-515-P	100%	3D seismic reprocessing				
WA-516-P	100%	3D seismic reprocessing				
WA-320-P/WA-155-P II	9.77%/6.55%	Interpretation and evaluation of 3D seismic and well planning			Well	
<u>Thailand</u>						
Manora	30%	Production				
Exploration	30%				Well	
<u>Myanmar</u>						
M-7	95%	Preparation Period				



Tap generated revenue of US\$21 million for the quarter

## Revenue & Production

Unless otherwise noted, this Quarterly Report is presented in US dollars.

Revenue for the quarter was \$21.4 million, representing revenue from Manora crude sales and the third party gas contracts.

Tap had hedges in place for 40% of forecast 1P Manora production to 31 December 2015 at an average swap price of \$62.75/bbl. There are currently no oil hedges in place.

SALES REVENUES	Sept'15 Qtr	Dec'15 Qtr	Qtly % Change	Comment
Manora Crude – net (\$000)	19,966	16,103	-19%	Includes hedging. 9% fall in volume sold and 10% fall in average price received (incl. hedges).
Third Party Gas – net (\$000)	5,453	5,313	-3%	Sales are in AUD. Decline is due to movements in AUD:USD exchange rate.
<b>Total Oil &amp; Gas Revenue (\$000)</b>	<b>25,419</b>	<b>21,416</b>	<b>-16%</b>	
<b>Average realised oil price US\$/bbl</b>	<b>51</b>	<b>46</b>	<b>-10%</b>	Average price for the quarter (incl. hedges).

PRODUCTION VOLUMES - Tap Share	Sept'15 Qtr	Dec'15 Qtr	Qtly % Change	Comment
Manora Crude (bbls)	380,219	354,950	-6.6%	Reduction due to waiting on stimulation and some water production.
Manora Daily Average (bopd)	4,133	3,858	-6.6%	
Manora inventory - bbls	62,060	62,269	+0.3%	As at 31 Dec 2015.

## Manora Oilfield Production

Tap 30%

Steady Production and Injection Operations

Tap holds a 30% direct interest in the G1/48 concession in the northern Gulf of Thailand. This concession is operated by Mubadala Petroleum. Tap's flagship project, the Manora Oil Development in Thailand, commenced production on 11 November 2014. This marked a significant milestone for Tap, returning the Company to a mid-tier producer following a two year hiatus from production.

Manora is now producing from seven wells: MNA-01, MNA-02, MNA-03, MNA-05, MNA-07, MNA-08 and MNA-11. Gross production for the quarter was 1.18 MMSTB (Tap share 0.35 MMSTB). The average quarterly gross production rate was 12,861 bopd (Tap share 3,858 bopd). Cumulative field production to 31 December 2015 was 5.5 MMSTB gross (Tap share 1.64 MMSTB). Production for the quarter was less than the previous quarter as a result of MNA-08 and MNA-11 being shut-in or producing at low rates during the month of October while waiting for the acid stimulation programme to commence. Water production levels in the central fault block wells, with the exception of MNA-05, also slowly increased.

Water injection continued into four wells: MNA-04, MNA-09ST1, MNA-10 and MNA-13. Cumulative injection during the quarter was 1.3 MMbbl gross or on average 14,270 bwpd gross. All the reservoirs into which water has been injected have shown stabilised reservoir pressure, demonstrating the benefit of water injection.

In early November MNA-08 and MNA-11 were brought online following acid stimulations of all zones. The operation was very successful with the wells producing a November monthly average of 912 bopd and 1,036 bopd (gross) respectively. During December choke increases on the well MNA-08 saw its average monthly production rise to 1,627 Bopd (gross). There were 9 cargo liftings during the quarter.



Platform with Manora Princess FPSO in background

## Third Party Gas Contracts

### Tap 100%

In 2005 Tap secured an option over approximately 33 PJ of gas from the John Brookes field offshore Western Australia at then current market prices. The option was exercised in 2007 and Tap on-sells the gas to a number of Western Australian gas customers. The gas is purchased at a fixed 2005 price and sold at fixed prices approximately three times higher. Both buy and sell prices are denominated in Australian dollars and subject to CPI escalation. Around 3 PJ currently remains to be delivered over the period to December 2016. This gas is largely contracted and provides substantial stable, long-term cash flow.

Third party gas revenues were in line with expectations with minimal volumes being deferred during the quarter. Forecast third party gas revenues are expected to be around A\$30 million (gross) per annum until the end of 2016, generating substantial cash flow.

A maintenance outage at the John Brookes Joint Venture impacted gas supply during the fourth quarter 2015. Alternative supply arrangements were made for the outage period to meet customer obligations, increasing third party gas operating costs during the quarter.

## Exploration

### Gulf of Thailand

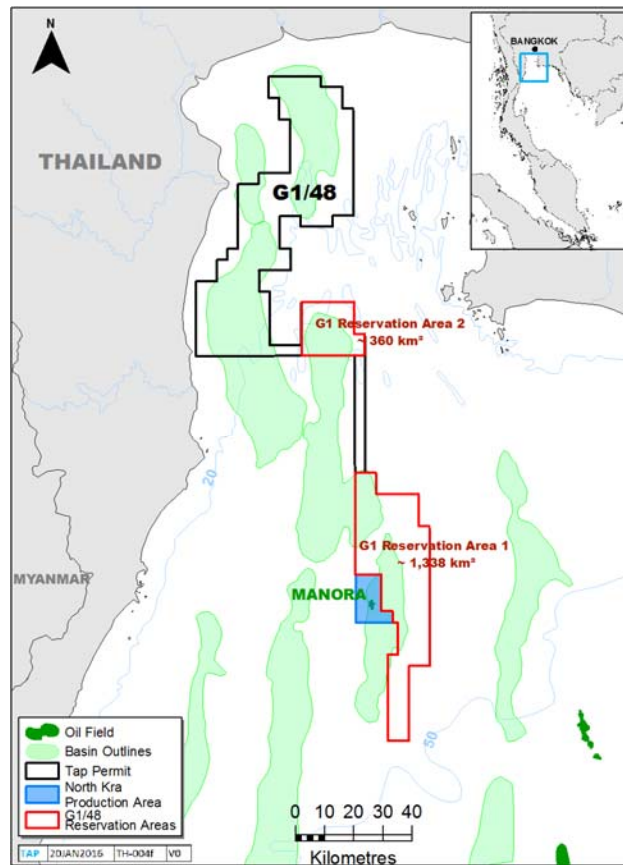
#### G1/48 Reservation Area and Manora Production Area

Tap 30%, Mubadala Petroleum Operator

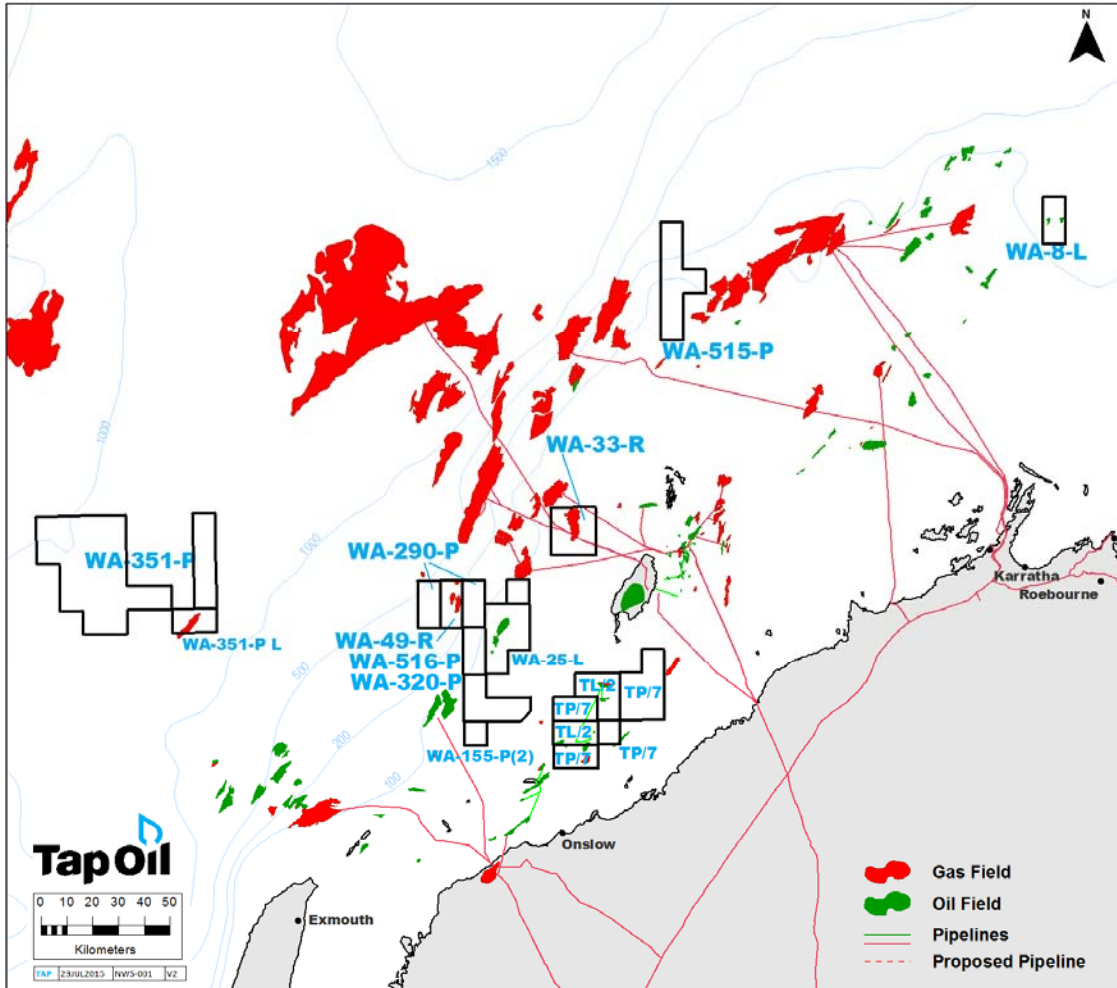
Tap holds a 30% direct interest in the G1/48 concession in the northern Gulf of Thailand. This concession is operated by Mubadala Petroleum.

The G1/48 Joint Venture applied to the Thailand DMF for a 1,698 km<sup>2</sup> Reservation Area of G1/48, that was approved on 11 December 2015. The remaining area of G1/48 outside of this Reservation Area will be relinquished to the Government of Thailand. The Operator is assessing the identified prospect portfolio in view of potential exploration drilling.

On 28 December 2015 Tap's withdrawal from its 30% participating interest in G3/48 concession in the northern Gulf of Thailand was officially approved by the Minister of Energy for Thailand.



Location map of Gulf of Thailand interests



Location map of offshore Carnarvon Basin interests

### WA-351-P

Tap 20%, BHP Billiton Operator

WA-351-P is an exploration permit in the offshore Carnarvon Basin, Western Australia. The permit 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 structure straddles both WA-351-P and WA-335-P to the south. The structure is well defined by modern 3D seismic data.

Tap has booked 49 PJ as a 2C contingent resource for the WA-351-P portion of the Tallaganda structure (ASX Release 29 January 2013).

The discovery of hydrocarbons at Tallaganda-1 is considered significant for the future exploration potential of the permit as it confirms an active petroleum system within the acreage and proves the Mungaroo play on block, for which a number of undrilled prospects are identified. The location application over the Tallaganda gas discovery was approved by NOPTA with effect from 10 July 2015 for a two year period. The suspension and extension application was approved on 19 November 2015, with Permit year 5 ending on the 27 June 2016.



## WA-290-P & WA-49-R

### Tap 10%, Quadrant Energy Operator (formerly Apache)

WA-290-P is an exploration permit in the offshore Carnarvon Basin, Western Australia. In early 2011, the Joint Venture drilled the Zola discovery and in August 2012, a retention lease, WA-49-R, was granted over the Zola and Antiope discoveries for a period of five years. The lease area covers two graticular blocks.

The Greater Zola Structure comprises several fault blocks along the Alpha Arch, south of the giant Gorgon gas field. A single fault block was tested by Zola-1 (the Zola fault block). Within the Greater Zola Structure, Bianchi-1 was drilled on an independent Triassic prospect some 6.4 kilometres north-northeast of the Zola-1 gas discovery and 20.8 kilometres south-southwest of the Gorgon-1 gas discovery.

The Joint Venture commenced drilling the Bianchi-1 well in WA-49-R on 12 April 2013. In July 2013, the Joint Venture confirmed a gas discovery at Bianchi-1 with 112 metres of natural gas net pay in the Mungaroo Formation reservoir sandstones. The well was drilled to a total depth of 5,429 metres and was plugged and abandoned as planned.

The discovery is positive for Tap with three gas discoveries (Antiope-1, Zola-1 and Bianchi-1) now made on the block. Furthermore the success at Bianchi-1 helps support Tap's assessment of the Greater Zola Area and provides additional resources for the future potential commercialisation of the lease.

Tap estimates gross 2C contingent resources of 638 PJ within the retention lease and a net resource to Tap of 64 PJ. Tap has booked an additional 16 PJ of net 2C contingent resources for Bianchi, leading to a total of 64PJ of net 2C contingent resource for the gas discoveries made in WA-49-R to date (includes the Zola, Bianchi and Antiope discoveries) (ASX Release 26 February 2014).

A 12 month suspension and extension was approved by NOPTA on 21 August 2015, this extension is required to complete planning for the new 3D seismic acquisition. The Permit Year 3 ends on 21 October 2016. The Operator, Quadrant Energy, is planning to acquire new 3D seismic survey in Q1 2016 aimed at high grading Triassic Mungaroo prospects in these permits for future drilling.

## WA-320-P & WA-155-P (Part II)

### Tap 9.778% (WA-320-P) 6.555% (WA-155-P (Part II)), Quadrant Energy Operator (formerly Apache)

WA-320-P and WA-155-P (Part II) are exploration permits in the offshore Carnarvon Basin, Western Australia. During the first half of 2013, Tap farmed out a portion of its interest in both permits to JX Nippon Oil and Gas Exploration (Australia) Pty Ltd. Tap farmed out 10% of its interest in WA-320-P and 7% of its interest in WA-155-P (Part II) in exchange for a 5% carry on the commitment well (up to a total well cost of \$70 million). Tap retains 9.778% equity in WA-320-P and 6.555% equity in WA-155-P (Part II). The farmout has been approved and registered by the Government.

Approximately 310 km<sup>2</sup> of multi-client 3D seismic data from the TGS "Huzzas MC3D seismic survey" has been licensed by the WA-320-P Joint Venture. The Huzzas MC3D is currently being reprocessed to enhance the data quality. The new seismic data will be used to assess the prospectivity of the permits and for planning of an exploration commitment well which is required to be drilled by Q4 2016 under current license conditions.

Quadrant Energy is planning to drill the Palmerston prospect which straddles both WA-320-P and WA-155-P (Part II). Palmerston is a Triassic fault block with structural similarity to the Zola structure. The Palmerston-1 well will target sandstones in the proven Mungaroo Formation play and will satisfy the Year 3 well commitment of WA-320-P.

## TL/2 & TP/7

### Tap 10% (TL/2) and 12.474% (TP/7), Quadrant Energy Operator (formerly Apache)

The TL/2 production license and TP/7 exploration permit are located in shallow water in the offshore Carnarvon Basin approximately 40 kilometres north-northeast of Onslow, Western Australia.

The Taunton oil field was discovered in 1991 and straddles the TL/2 and TP/7 permit boundaries. It was subsequently appraised by four additional wells which encountered oil in the Birdrong Sandstone. Studies on the Taunton oil field are progressing ahead of assessment of development options for the field.

The 2016 Work Program and Budget was approved for the abandonment of the Airlie Island Storage Facility and Chervil 5 and 6 wells in the first half of 2016. The removal of the Chervil platform is being considered for 2017.





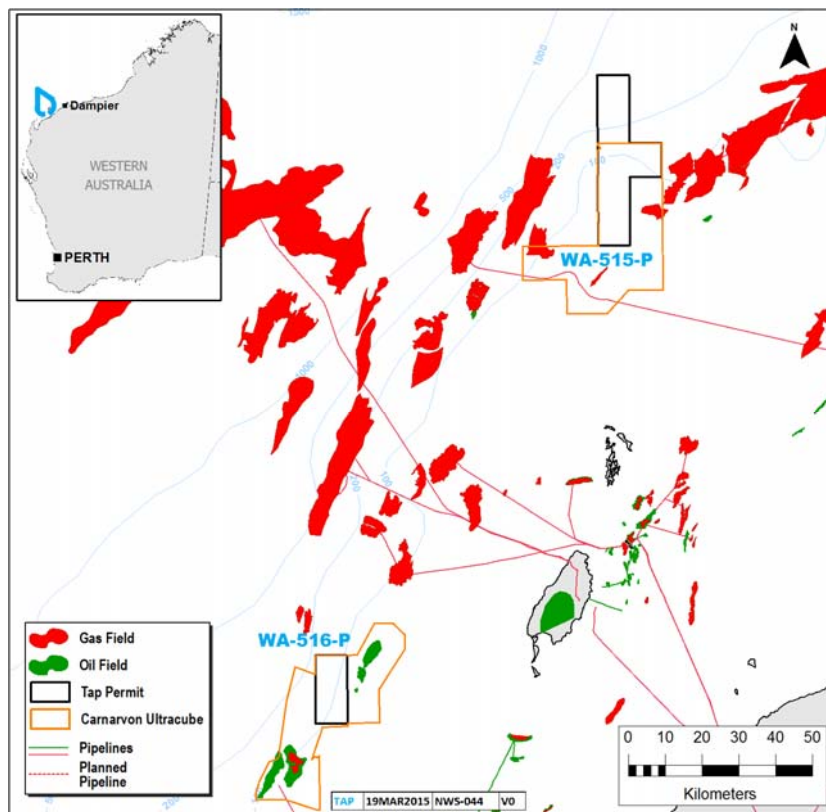
## WA-515-P & WA-516-P

Tap 100%, Operator

Tap was awarded 100% of blocks W14-7 (now permit WA-515-P) and W14-16 (now permit WA-516-P) offered under the 2014 Offshore Petroleum Exploration Acreage Release. WA-515-P and WA-516-P are located in the northern Carnarvon Basin in shallow water. Tap has agreed to a three year work program for each block, with each program running from 6 March 2015 to 5 March 2018.

The primary term work program for each block comprises 160 km<sup>2</sup> reprocessing of open file 3D seismic data, Quantitative Interpretation studies and Geotechnical studies. Estimated expenditure for each block in the primary 3 year term is A\$0.8 million. The majority of these funds are anticipated to be spent from 2016 onwards.

Tap has licensed reprocessed Multi-client 3D seismic data over the two permits in order to satisfy the year one commitment for both permits.



Location of WA-515-P and WA-516-P blocks

## 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 419.4 km<sup>2</sup>. Tap estimates gross 2C contingent resources of 377 PJ and a net resource to Tap of 45 PJ. A Retention Lease Renewal application was submitted to NOPTA and was granted by the Authority on the 23 December 2015. The renewal lasts for five years to 22 December 2020.



## Myanmar

### Block M-7 Moattama Basin, Offshore Myanmar

Tap 95% Operator

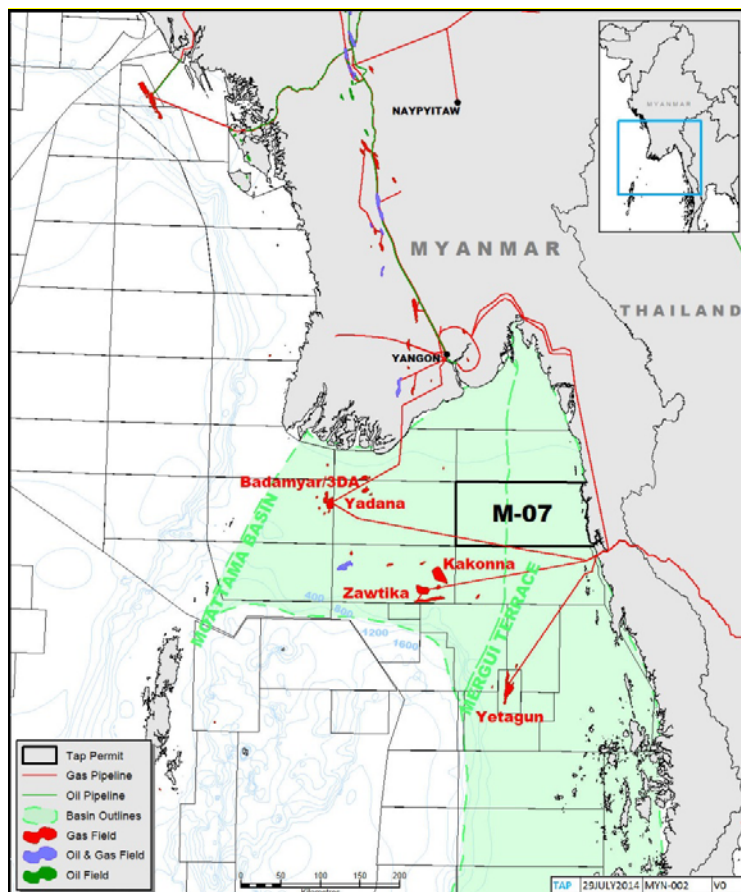
The 13,000 km<sup>2</sup> block is located in the gas and condensate prone Moattama basin, offshore Myanmar (**Block M-7**). Block M-7 is 160 kilometres east of the 6.5 Tcf Yadana gas field, and 110 kilometres northeast of the 1.5 Tcf Zawtika gas field. The Moattama basin is Myanmar's most prolific offshore hydrocarbon province, with existing production from three offshore fields. Production is typically from stacked Miocene clastic reservoirs.

Tap Energy (M7) Pte Ltd and its local joint venture participant Smart E&P International Ltd signed a Production Sharing Contract with Myanma Oil and Gas Enterprise for Block M-7 at an official ceremony in Myanmar on 26 August 2015. Tap holds a 95% participating interest in Block M-7 and has assumed operatorship. Under the executed PSC, the JV partners have agreed to undertake an 18 month Environmental and Social Impact Assessment (ESIA) and Study Period, followed by an option to proceed to a three-year commitment exploration work programme (ASX Release dated 27 August 2015).

Block M-7 is currently in the preparation period prior to entering the 12 month study period. Consultation Meetings as part of this phase have been held with Myanmar Government entities MOGE and MOECAF and with regional Government Stakeholders in the Yangon Dawei and Ye Townships.

Subsequent to the quarter, the seismic data was signed over from the MOGE Data centre to Tap on 8 January 2016. The data was the largest shipment out of the MOGE data centre to date and is due to arrive in Perth for transcription in late January 2016.

The next phase for Block M-7 is submission of the IEE Report.



Location map of offshore Moattama Basin interest



## Exploration, Development, Operating & Other Expenditures

As disclosed in the Financial Report for the year ended 31 December 2014, with the funding of Tap's main asset, the Manora Oil Development, in US dollars and subsequent Manora pricing benchmarks and operating costs being denominated in US dollars, Tap Oil Limited has changed its presentation currency from Australian dollars to US dollars. Unless otherwise noted, this Quarterly Report is presented in US dollars.

	Tap Share		
	Sep '15 Qtr \$'000	Dec '15 Qtr \$'000	
Exploration & Appraisal	1,377	2,226	Includes US\$1.1 million for G1/48 reservation fee.
Development, Plant & Equipment	883	9,235	Includes Manora facilities costs settlement and an estimate of the NGP Additional Reserves Payment payable 31 December 2015.
<b>Total Capital Expenditure</b>	<b>2,260</b>	<b>11,460</b>	
Third Party Gas Purchases	1,999	2,068	Purchases are in AUD.
Manora Production Costs *	9,090	7,718	Includes operating costs, royalties, marketing costs and insurance. Prior quarter included significant workover costs.
<b>Total Production Expenditure</b>	<b>11,089</b>	<b>9,786</b>	

\*Excludes depreciation and amortisation charges. Includes inventory movements.

### Manora Development Costs

On 2 March 2015, Tap announced an unexpected capital expenditure increase of US\$28 million (US\$8.4 million Tap share) for the construction of the Manora Oil facilities relating to delays in hookup, commissioning and contractor claims. On 15 January 2016 Tap announced that an agreement has been signed with the Operator of the Manora Oil Development, Mubadala Petroleum (Operator), for the settlement of the final capital costs of the Manora field facilities.

Tap has agreed to pay US\$5 million of the final disputed amount of US\$9.1 million as the final balance of the Manora Oil Development facilities capital expenditure.

Payment of the US\$5 million will be made in two equal installments on 30 September and 31 December 2016.

Tap's financial statements at 30 June 2015 reflected a carrying value for the Manora Oil Development of US\$105.7 million. The settlement agreement has resulted in a further US\$5 million (approximately) being included in the carrying value before any impairment testing at 31 December 2015. This amount is included in Development, Plant & Equipment costs in the table above.

As part of the agreement, Tap also has extended time to pay US\$5 million of cash calls which will now be paid in equal installments on 31 March 2016 and 30 June 2016.

### Manora Production Costs

The Operator of Manora has reduced ongoing operating costs by approximately 20% over the year compared to the 2015 budget. During the quarter, workover operations that commended in the third quarter were completed on three wells. Including the workover costs, cash production costs at Manora (which includes operating costs, royalties, marketing and insurance) has averaged approximately US\$22 per barrel over the current quarter and US\$21 per barrel for the year to date.



## Financial & Corporate

### Cash Position

Tap's cash position at 31 December 2015 is a net debt position of \$20.5 million.

During the quarter Tap repaid \$7.4 million of the Borrowing Base Debt Facility with BNP Paribas and Siam Commercial Bank (refer to MD summary for further detail).

Cash Position (US\$)	Dec '14 \$'000	Mar '15 \$'000	Jun'15 \$'000	Sep'15 \$'000	Dec'15 \$'000
Cash on hand *	10,913	20,842	35,635	10,611	15,581
Debt	(65,400)	(78,894)	(68,500)	(43,500)	(36,100)
<b>Net Cash/(Debt)</b>	<b>(54,487)</b>	<b>(58,052)</b>	<b>(32,865)</b>	<b>(32,889)</b>	<b>(20,519)</b>

\* Cash on hand includes estimated cash held in joint ventures to Tap's account. Cash on hand also includes US\$ funds held in the Borrowing Base Debt Facility accounts with BNP Paribas that is restricted.

### Equity Raising

On 15 December 2015, Tap entered into a Trading Halt to execute a placement and Share Purchase Plan (**SPP**). Tap subsequently received binding commitments for a placement of 14.27 million shares to institutional investors at 19.25 cents per share raising A\$2.75 million. This included the placement of 13.62 million shares to experienced oil and gas investor and current shareholder Risco Energy Investments (SEA) Limited (**Risco**) and 649,351 shares to Waratah Capital Partners Pty Ltd. On completion of the placement, Risco holds approximately 19.95% of Tap's ordinary issued capital.

Tap has also announced the SPP to provide eligible Shareholders with an opportunity to apply to purchase up to A\$15,000 of Tap ordinary shares without incurring brokerage or transaction costs. The SPP opened on 4 January 2016 and is expected to close on 12 February 2016. The Company is targeting raising A\$4 million under the SPP but it may, at its discretion, decrease or close the SPP at such lesser or higher amount that it determines.

Shares will be offered under the SPP at the lower of:

- o the placement price of 19.25 cents per share; or
- o a 15% discount to the volume weighted average price of Tap shares over the 5 trading day period on the ASX immediately prior to the issue date of the SPP shares.

SPP documentation was despatched to Shareholders on 4 January 2016 and is also available on Tap's website. The indicative timetable is provided below.

SPP Key dates

Event	Date*
Record Date	5.00pm (AWST) on 15 December 2015
Announcement Date	16 December 2015
Documents mailed to Eligible Shareholders	4 January 2016
Offer opens	4 January 2016
Offer closes	5.00pm (AWST) on 12 February 2016
Allotment/Issue Date of SPP Shares	19 February 2016
Dispatch of holding statements/confirmation advices	22 February 2016

### Share Rights

At 31 December 2015, Tap had on issue a total of 13,392,065 share rights to acquire fully paid shares with vesting dates varying from 1 January 2016 through to 13 July 2018.

The following performance/retention rights were on issue at 31 December 2015:

Number	Class	Vesting Date
1,785,156	Performance Rights	1 January 2016
804,564	Retention Rights (1 year)	1 January 2016



5,000,000	Performance Rights (special award to MD/CEO)	1 July 2016
607,401	Retention Rights (18 months)	1 July 2016
2,034,948	Performance Rights	1 January 2017
2,673,283	Performance Rights	1 January 2018
486,713	Retention Rights (3 years)	Various

During the quarter, 127,660 share rights lapsed and no share rights were issued. No ordinary shares were issued during the quarter as a result of the vesting of rights. Subsequent to the quarter, 804,564 share rights vested and 1,785,156 share rights lapsed.

As at 31 December 2015, Tap had a total of 257,583,738 fully paid ordinary shares on issue. Following the end of the quarter, a further 804,564 shares were issued. As at the date of this report, Tap had a total of 258,388,302 fully paid ordinary shares on issue.

## Update on Northern Gulf Disputes

### Northern Gulf Shareholder Meeting

On the 23 December 2015, Tap announced that it had received a letter from lawyers acting on behalf of Mr Chatchai Yenbamroong, Northern Gulf Petroleum Holdings Limited and its related bodies corporate (together **Mr Yenbamroong**) stating that *“their clients intend to call a meeting of shareholders pursuant to section 249F of the Corporations Act to (amongst other resolutions) remove some or all of Tap Oil’s directors”* and requesting certain Company information.

No further details regarding the subject matter or timing of any purported meeting has been provided. As Shareholders will be aware, Mr Yenbamroong has previously written to the Company regarding calling a similar meeting although such meeting did not proceed.

Mr Yenbamroong has refused Tap’s requests to confirm if his letter is a simply a restatement of the spill announced in February 2015, or a new spill. The Company has also written to Mr Yenbamroong’s lawyers with concerns that the letter does not constitute a valid attempt to give notice of intended resolutions to be put to any meeting called in that manner. Company time, funds and effort will therefore now be spent on resolving this further uncertainty created by Mr Yenbamroong (ASX announcement 23 December 2015).

### Northern Gulf default on repayment of Tap Carry

As previously disclosed, under the terms relating to Tap’s acquisition of its 30% interest in the G1/48 Concession and the Manora Oil Development from NGPH, NGP agreed to repay \$10 million to Tap out of NGP’s share of production from that project. This is an ongoing repayment obligation as and when proceeds are received from each oil lifting.

After repaying approximately \$1.03 million from proceeds of oil liftings to date, NGP ceased making any further repayments to Tap. Tap has served notice on each of NGP and NGPH regarding NGP’s failure to pay amounts owing to Tap in connection with NGP’s share of production from the G1/48 concession. As at the date of this report, US\$8,967,629 was due and payable and Tap has issued default notices in respect of an amount totaling US\$8,967,629. The defaulted amounts remain outstanding and are accruing interest. As at the date of this report, the full US\$10 million carry amount became due and payable.

As previously disclosed, Tap Energy (Thailand) Pty Ltd, a subsidiary of Tap Oil Limited initiated arbitration proceedings against Northern Gulf Petroleum Pte. Ltd. on 19 August 2015.

### Northern Gulf Statutory Demand

As previously disclosed, Tap expected to make a payment to NGPH during 2015 based on the Operator’s 2P reserves estimate for the Manora oil field as at 31 December 2014 (**2P Reserves Deferred Payment**).

On 14 April 2015, Tap received a statutory demand from NGPH demanding payment of US\$14,614,500 in satisfaction of the 31 December 2014 2P reserves deferred payment, which NGPH alleged was due and payable. Tap considered that this amount was not due and payable and that there is no proper legal basis for NGPH to make this demand. Tap also considered that this statutory demand is an abuse of the statutory demand process.

Tap applied to have the statutory demand set aside and the application was heard in the Supreme Court of Western Australia on 26 August 2015. In a judgment delivered on the same day the Court determined that there was a genuine dispute in regards to the amount demanded by NGPH and as a result the Court set aside the statutory demand and ordered that NGPH pay costs in regards to the matter. The Court has now published the written judgement (ASX announcement 27 August 2015).

NGPH did not lodge any notice of appeal. On 10 November 2015, Tap lodged a Bill of Costs with the Supreme Court of Western Australia.



Subsequent to the end of quarter (on 12 January 2016), the Registrar issued a provisional assessment of the Bill of Costs and the parties now have 21 days to lodge any objections.

### Northern Gulf Notice of Default on payment of Earn Out

On 15 October 2015, NGPH issued Tap Energy (Thailand) Pty Ltd with four default notices for their failure to pay the earn out fee of 2% on revenue generated by the concessions (provided the oil price remained above US\$50/bbl) as agreed to under the terms relating to Tap's acquisition of its 30% interest in the G1/48 Concession and the Manora Oil Development from NGPH. The amounts payable under these default notices can be set-off under the arbitration against amounts owing in respect of repayment of the carried costs.

### 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.*

<p><b>Abbreviations and Definitions</b></p> <p>Please refer to Tap Oil Limited's Annual Report Glossary or Glossary and Definitions on Tap's website for explanations of any abbreviations used in this report.</p> <p>Unless otherwise noted, this Quarterly Report is presented in US dollars.</p>	<p><b>Investor Relations</b></p> <p>Information contained on Tap's website is regularly updated and includes recent ASX announcements and investor presentation. Tap encourages all interested stakeholders to visit <a href="http://www.tapoil.com.au">www.tapoil.com.au</a> or for further information contact the Managing Director/CEO, Mr Troy Hayden, or the Investor Relations &amp; Commercial Manager, Ms Anna Sudlow by phone (+61 8 9485 1000) or email <a href="mailto:info@tapoil.com.au">info@tapoil.com.au</a>.</p>	<p><b>Disclaimer</b></p> <p>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.</p>
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