

31 August 2015

The Company Announcements Platform
Australian Securities Exchange
Exchange Centre
20 Bond Street
SYDNEY NSW 2000

Tap Oil Limited
ABN 89 068 572 341

Level 1, 47 Colin Street
West Perth WA 6005
Australia

T: +61 8 9485 1000
F: +61 8 9485 1060
E: info@tapoil.com.au

www.tapoil.com.au

TAP OIL LIMITED HALF-YEAR RESULTS TO 30 JUNE 2015

Please find attached Tap Oil Limited's Half-Year Results to 30 June 2015.

Included in the attachment is a summary announcement, Appendix 4D and the Financial Report for the half-year ended 30 June 2015, including the Directors' Report, the Auditor's Independence Declaration and the Auditor's Review Report.

A copy of this announcement and accompanying documents are available at the ASX and can be viewed on the Company's website www.tapoil.com.au under the heading "Investor Centre".

Investor Enquiries

Troy Hayden Managing Director/CEO
Anna Sudlow Commercial & Investor Relations Manager
Telephone: +61 8 9485 1000
Email: info@tapoil.com.au
Website: www.tapoil.com.au

Media Enquiries

Rebecca Lawson
Media & Capital Partners
Telephone +61 433 216 269

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.

The information in this announcement relating to gross (100 percent) oil reserves for the Manora Field, Gulf of Thailand as of 31 December 2014 is based on information in the Netherland, Sewell & Associates, Inc. (NSAI) report dated 22 June 2015 compiled by Mr Philip S. (Scott) Frost. Mr Frost is qualified in accordance with ASX Listing Rule 5.41 and has consented to the inclusion of such information in this announcement in the form and context in which it appears. Mr Frost is a full-time employee of NSAI, with more than 30 years relevant experience in the petroleum industry; is a member of the SPE; and is a licensed Professional Engineer in the State of Texas, United States of America.

Tap Oil Limited
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Appendix 4D
Half-Year Report
Six months ended 30 June 2015

Results for announcement to the market

				<u>US\$'000</u>
2.1	Revenue from continuing operations	Up	376%	to 55,391*
2.2	Loss from continuing operations after tax	Down	654%	to 17,421*
2.3	Loss for the period attributable to members	Down	654%	to 17,421*

		Amount per security		Franked amount per security
	Dividends (distributions)			
2.4	Dividends	Nil		Nil
	Previous corresponding period	Nil		Nil
2.5	Record date for determining entitlements to the dividend	N/A - No dividends have been declared or paid.		

		30 June 2015		31 December 2014
3.	Net tangible asset backing per + ordinary security	\$0.31		\$0.36

+ Net assets excluding deferred exploration expenditure and deferred tax liabilities.

4. Details of controlled entities

4.1 Control gained over entities having material effect

Name of entity (or group of entities)	No entities were acquired during the half-year ended 30 June 2015
Date from which control was gained	N/A
Profit after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period	N/A

*compared to 30 June 2014

Tap Oil Limited
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Appendix 4D
Half-Year Report
Six months ended 30 June 2015
Continued

4.2 Control lost over entities having material effect

Name of entity (or group of entities)	No entities were disposed during the half-year ended 30 June 2015
Date from which control was lost	N/A
Contribution to consolidated profit from sale of interest leading to loss of control	N/A
5. Details of dividends	No dividends have been declared or proposed
6. Details of dividend reinvestment plans	N/A
7. Details of associate and joint venture entities	Full list included in the Annual Report of Tap Oil Ltd for the year ended 31 December 2014.
8. Foreign entities	Foreign entities' financial reports were compiled based on International Financial Reporting Standards (IFRS).
9. Details of audit dispute or audit qualification	N/A
10. Other significant information	Refer to the attached reviewed Half Year financial report
11. Commentary on results for the period	Refer to the attached Directors' Report included in the Half Year financial report
12. Audited accounts	The report is based on the attached Half Year financial report which has been reviewed by Tap's auditors

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TAP OIL JUNE 2015 HALF-YEAR RESULTS

Tap Oil Limited (ASX: TAP or Tap) is pleased to release its Half-Year Financial Results to 30 June 2015. The key points include:

Financial

- With production at Manora, revenue is up 376% to US\$55.4 million
- Manora revenues were US\$44.0 million which consisted of 23 oil liftings totalling 798,875 bbls sold at an average of US\$55/bbl.
- Consistent and ongoing revenue from third party gas contracts.
- Cash gross profit* of US\$34.3 million and EBITDAX* of US\$28.9 million.
- Net loss after tax of US\$17.4 million after US\$24.4 million in exploration write downs/impairment.
- Mandate signed with Macquarie for a US\$55 million facility in order to refinance Tap's existing debt. This is expected to close by 31 October 2015.

Operational

- Peak production of 15,000 barrels per day (Tap share 4,500 barrels per day) was achieved during the last week of February 2015
- Manora field continues to perform well with peak production maintained and, on occasion, over 16,000 bopd (gross) produced from seven producer wells.
- NSAI estimated Manora 2P reserves to be 18.82MMSTB at 31 May 2015 (5.65MMSTB Tap share). This supports Tap's 31 December 2014 2P estimate of 19.3MMSTB (5.8MMSTB Tap share).
- PSC signed for shallow water Block M-7 in the Moattama basin, offshore Myanmar.

Strategic Review

- Tap to retain its interest in the Manora asset
- Mandate to refinance existing debt facility with Macquarie to better suit lower oil price environment
- Tap committed to reinvigorated growth strategy
- Myanmar PSC executed, Manora near field exploration to be pursued

1 Cash gross profit is gross profit before deducting depreciation. EBITDAX is before impairment. These numbers are considered non-IFRS financial information. Please refer to the audited financial statements and Appendix 2 for the IFRS financial information.

Tap's Managing Director, Mr Troy Hayden said:

"With the conclusion of the strategic review and decision to retain our interest in Manora, it is pleasing that, even with the declining oil price, the Manora field has generated strong cash flows due to its production performance and the low cash operating costs of around US\$20 per barrel.

We have decided to refinance the BNP debt facility as the repayment profile for the remainder of 2015, together with the low oil price and Mr Yenbamroong's failure to repay US\$6.92 million currently due out of the US\$9 million carry repayment have left the Company with little financing flexibility. It was decided by the Board and Management that a more suitable financing facility should be negotiated, and a mandate has been signed with Macquarie to do this.

The signing of the PSC in Myanmar is very exciting and is in line with the Company's Southeast Asian growth strategy, anchored by the flagship Manora Oil Development that has been in production for nine months."

Financial Summary

The audited annual financial report for the half-year ended 30 June 2015 accompanies this announcement and is available at the Tap Oil website at www.tapoil.com.au. Please refer to the audited financial statements for the IFRS financial information.

Where indicated, this announcement also contains some non-IFRS financial information, including in the Financial Summary table below. Such non-IFRS financial information is aggregate financial information that includes both continuing and discontinued operations. The non-IFRS information is presented in order to provide investors with further information and perspective on the overall financial performance and operations of the Company. Appendix 2 contains a reconciliation of non-IFRS financial information to audited IFRS financial information.

With the funding of Tap's main asset, the Manora oil field development, in US dollars (USD) and subsequent Manora pricing benchmarks and operating costs being denominated in USD, Tap Oil Limited has adopted USD as its presentation currency. The directors believe that the USD presentation currency provides greater transparency of the underlying performance of the Group and improves investors' ability to compare the Company's financial results with other publicly traded businesses in the international oil and gas industry. All references to "\$" in this report refer to USD unless marked otherwise.

	Half-year ended		
	30 June 2015 US\$ million	31 Dec 2014 US\$ million	30 June 2014** US\$ million
Oil and gas production ('000 boe)	757.0	148.0	-
Sales revenue	55.4	14.9	11.6
Cash Gross profit*	34.3	9.0	6.3
EBITDAX (before impairment)*	28.9	5.7	0.6
Exploration and impairment expense	(24.4)	(73.6)	(4.5)
Net (loss)/profit before tax	(19.7)	(70.1)	(4.5)
Net (loss)/profit after tax	(17.4)	(40.5)	(2.3)

* These numbers are considered non-IFRS financial information. Please refer to the audited financial statements and Appendix 2 for the IFRS financial information.

** 30 June 2014 numbers have been restated to USD.

For the six months to 30 June 2015, Tap generated a very strong EBITDAX of US\$28.9 million (2014: US\$0.6 million) due to the commencement of oil sales at Manora and ongoing third party gas sales, both of which generate a significant gross profit.

Tap's revenue for the first half of 2015 was US\$55.4 million (2014: US\$11.6 million). Cash gross profit was US\$34.3 million (2014: US\$6.3 million) while gross profit (includes depreciation) was US\$14.8 million (2014: US\$6.3 million). After impairment losses and write-downs of US\$24.4 million (2014: US\$4.5 million), the net loss before tax was US\$19.7 million (2014: US\$4.5 million); and the net loss after tax was US\$17.4 million (2014: US\$2.3 million). Net cash flows from operations were US\$29.0 million (2014: US\$4.0 million).

Revenues from the gas contracts were lower in the first half of 2015 in USD terms due to lower average exchange rate (revenue in AUD was 13% higher in the first half of 2015). Gas volumes delivered were lower in the first half of 2015 due to an increase in deferred delivery under take-or-pay arrangements (banking), however a higher A\$/TJ price more than offset this.

Manora revenues were US\$44.0 million (2014: Nil) which consisted of 23 oil liftings totalling 798,875 bbls sold at an average of US\$55/bbl. Production commenced in November 2014 hence there is no comparative revenue.

Forming part of the cost of sales is the depreciation charged on a unit of production basis. The depreciation of US\$19.6m (2014: nil) charged for the half year ended 30 June 2015 relates to the Manora asset.

The increases in the impairment provisions relate predominantly to property, plant and equipment impairment loss of US\$19.1 million recognised in 2015 (2014: nil) of which US\$17.8 million relates to the Manora development asset and US\$1.3 million the Airlie development asset.

Administration costs were lower for the year at US\$2.6 million (2014: US\$4.7 million) due to lower staff head count.

Production & Sales Summary

	30 June 2015 '000 boe	30 June 2015 US\$'000	30 June 2014 '000 boe	30 June 2014 US\$'000
Production (net to Tap):				
Oil – Manora	757		-	
Total liquids	757		-	
Total production	757		-	
Sales (net to Tap):				
Liquids	799	44,047	-	-
Third Party Gas Sales – 1,690 TJ (2014: 1,751 TJ)	249	11,344	258	11,635
Total sales	1,048	55,391	258	11,635
Average realised oil price		US\$55/bbl		N/A

Manora Oil Field – G1/48 Thailand

The Manora oil field is located in the G1/48 concession. Mubadala Petroleum operates the concession and the field. FID was achieved on the Manora Oil Development on 23 July 2012 and production commenced on 11 November 2014 with the first lifting on 25 December 2014.

The commencement of production at the Manora Oil Development marked a significant milestone for Tap and returned the Company to a mid-tier producer following a two year hiatus. Development drilling was completed at the end of March 2015 and the rig moved off location during April 2015.

Peak production of 15,000 barrels per day (Tap share is 4,500 barrels per day) was achieved during the last week of February 2015 and the field has continued to perform well with peak production maintained and, on occasion, over 16,000 bopd (gross) produced from seven producer wells.

All the reservoirs into which water has been injected have shown stabilised reservoir pressure showing the benefit of water injection.

There were 23 oil liftings during the first six months of 2015.

During the period Tap announced its own reserves estimates for the Manora development as at 31 December 2014. Netherland, Sewell & Associates, Inc. (NSAI) completed an independent review of Manora reserves as at 31 May 2015. Further detail on these estimates is set out below. Both the Tap and NSAI estimates include a requirement for two additional development wells in the East Fault Block and this is assumed to occur in Q4 2016.

NSAI reserves estimates as at 31 May 2015

Under the Borrowing Base Debt Facility, an independent report on Manora reserves estimates was required by Tap's banks following completion of construction of the Manora Oil Development and commencement of production and sales. Netherland, Sewell & Associates, Inc. (NSAI), an independent reserves consultant, completed this report as at 31 May 2015 (ASX release 8 July 2015), and it was compiled using the results of all the wells drilled to date for the Manora Oil Development. The NSAI estimate includes a requirement for two additional development wells in the East Fault Block and their production and CAPEX profiles assume this occurs in 2016. The NSAI report at 31 May 2015 assumes waterflood recovery process for the reservoirs currently under water injection.

The range of NSAI's reserves estimates for the Manora Oil Development as at 31 May 2015 are:

Probabilistic	Gross 100% Field			Tap share (30%)		
	1P	2P	3P	1P	2P	3P
Oil Reserves at 31 May 2015 (MMSTB)	15.0255	18.8208	22.9199	4.5076	5.6463	6.876

** Reserves are not adjusted for Risk*

The estimates are net of cumulative production to 31 May 2015 of 2.56 MMSTB (net to Tap 0.77 MMSTB).

Tap's reserves estimates as at 31 December 2014

Earlier in the period Tap announced its estimate of remaining gross Manora reserves and resources as at 31 December 2014 (ASX release 23 April 2015). This estimate incorporated all development well data up to 31 March 2015 and assumed two additional development wells will be required in the following 18 to 24 month period.

The range of Tap's reserves estimates for the Manora Oil Development as at 31 December 2014 were:

	Gross 100% Field			Tap share (30%)		
	Low Case	Mid Case	High Case	Low Case	Mid Case	High Case
STOIP** (MMSTB)	52.0	61.4	70.5	15.6	18.4	21.2
Probabilistic	1P	2P	3P	1P	2P	3P
Oil Reserves at 31 Dec 2014 (MMSTB)	15.8	19.3	23.3	4.7	5.8	7.0

** Reserves are not adjusted for Risk*

*** Stock Tank Oil Initially In-Place*

The estimates are net of cumulative production to 31 December 2014 of 0.481 MMSTB (net to Tap 0.14 MMSTB).

After considering the reserves report completed by NSAI and the well data from the development drilling program, Tap does not intend to make any changes to its reserves estimates for the Manora oil field.

In July 2015, Tap executed a contract extension to 31 December 2015 to sell its share of Manora crude domestically in Thailand, at a US\$3.35 discount to the Dubai US\$ crude oil price (Platts). These sales proceeds are received in Thai Baht (THB). Tap executes foreign exchange hedging to manage the USD/THB sales revenue exposure.

Third Party Gas

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 6 PJ currently remains to be delivered over the period 1 July 2015 to December 2016. This gas is largely contracted and provides substantial cash flow.

Third party gas revenues were in line with expectations with minimal volumes being deferred during the period. 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.

Exploration and Appraisal

As the focus was on the strategic review, Manora production and cost reduction, the first half of 2015 was a relatively quiet period of exploration for Tap. Tap did not participate in any wells during the period.

Carnarvon Basin – Offshore Western Australia

WA-351-P (Tap share 20%)

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. Current efforts are directed at geological and geophysical studies, integrating reprocessed 3D seismic data and the results of the recent Bunyip-1 well on the greater Tallaganda structure within adjacent block WA-335-P to the south. The Operator is also progressing additional 3D data reprocessing over the eastern portion of the permit.

The location application over the Tallaganda gas discovery was approved by NOPTA with effect from 10 July 2015.

WA-290-P and WA-49-R (Tap share 10%)

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).

The Operator, Quadrant Energy (formerly Apache), is planning to acquire a new 3D seismic survey in 2016 aimed at high grading Triassic Mungaroo prospects in these permits for future drilling.

WA-320-P and WA-155-P (Part II) (Tap share 9.78% and 6.56% respectively)

WA-320-P and WA-155-P (Part II) are exploration permits in the offshore Carnarvon Basin, Western Australia. The Palmerston prospect 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.

In 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 Palmerston-1 well (up to a total well cost of \$70 million). Tap retains a 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 regulator.

In November 2014, approval was granted to suspend the Year 3 commitments (including the well) for a period of 24 months to 20 October 2016.

Approximately 310 km² of multiclient 3D seismic data from the TGS "Huzzas MC3D seismic survey" has been licensed by the WA-320-P Joint Venture. The processing of Huzzas 3D data has been completed. The new seismic data will be used to assess the prospectivity of the permits and for planning of an exploration well which is expected to be drilled by Q4 2016.

TL/2 and TP/7 (Tap share 10% and 12.47% respectively)

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 Operator, Quadrant Energy (formerly Apache), is commencing planning activities ahead of conducting abandonment and decommissioning of the Chervil wells, likely to take place in Q1 2016.

WA-515-P & WA-516-P (Tap share 100%)

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 km² reprocessing of open file 3D seismic data, Quantative 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.

Offshore Thailand

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 Manora discovery in late 2009 opened up a new oil play in the northern Gulf of Thailand.

The Operator is currently reviewing the G1/48 permit area, specifically focused on assessing further exploration prospects in the Kra Basin, integrating the results of the successful Malida-1 well and subsequent Malida sidetrack wells. Tap's selection of the preferred prospect, from the updated prospect portfolio, for drilling in late 2015 is still under consideration. The Operator has advised that the 2015 G1/48 well is deferred until the end of 2015. Tap has yet to decide whether to commit to participating in the well.

Tap has withdrawn from its 30% participating interest in G3/48, Thailand. The joint venture has agreed that Tap will have no further exploration obligations (including drilling) with respect to G3/48 from the date of its withdrawal. The G3/48 withdrawal will not have any impact on the Manora Oil Development or exploration in the G1/48 concession.

Myanmar

Block M-07 Moattama Basin, Offshore Myanmar

On 26 August 2015 Tap formalised its entry into Myanmar following the signing of the Production Sharing Contract for the shallow water Block M-7 in the Moattama Basin (PSC) (ASX release 27 August 2015).

The 13,000 km² block is located in the gas and condensate prone Moattama basin, offshore Myanmar. The Block 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 two offshore fields and a third field close to production commencement. Production is typically from stacked Miocene clastic reservoirs.

Tap holds a 95% participating interest in the M-7 Block and has assumed operatorship.

Tap Energy (M7) Pte. Ltd, and its local joint venture participant, Smart E&P International Company Ltd., signed the Production Sharing Contract with Myanmar Oil and Gas Enterprise (MOGE) at an official ceremony in Nay Pyi Taw, on 26 August 2015.

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. Tap anticipates that it will spend approximately US\$2.75 million on the M-7 Block up to and including the Study Period, which has a minimum expenditure requirement of US\$2 million. Tap may spend more before and during the Study Period.

Other Exploration

Vic/P67- Otway Basin, Offshore Victoria

Tap advised WHL Energy Limited (WHL) that it had elected not to proceed to farm-in to the offshore Otway Basin with WHL and paid approximately US\$2.8 million to WHL for seismic acquisition. Tap has no further obligation or liability in respect of exploration permit Vic/P67.

SPA 5 AO and SPA 6 AO – Carnarvon Basin, Onshore Western Australia

On 23 February 2015, Tap advised Rusa of its withdrawal from the SPAs. Tap has no further obligation or liability under the agreement or in respect of the SPAs.

In addition to the above, Tap also has the following interests:

1. a 20% interest in WA-8-L in the offshore Carnarvon Basin which contains the Amulet oil field;
2. a 22.474% interest in WA-33-R in the offshore Carnarvon Basin which contains the Maitland gas field; and
3. a 12% interest in WA-34-R in the Northern Bonaparte basin which contains the Prometheus and Rubicon gas fields.

Strategic Review

Earlier this year, Tap announced a formal strategic review of its business and asset base to maximise shareholder value in response to the significant change in market conditions affecting the oil and gas sector. The strategic review considered (amongst other things) a number of divestment options for each asset, including the Company's flagship Manora Oil Development, the Company's Australian portfolio as well as 'whole of company' proposals.

The strategic review process confirmed that there is considerable interest in the Company's Manora asset. However, the depressed oil price environment and the ongoing payment disputes between the Company and its major shareholder Mr Chatchai Yenbamroong's Northern Gulf companies (including regarding staged acquisition payments) have added to the complexity of successfully executing any transaction at an acceptable price.

After carefully considering all of the available options, the Board strongly believe the best outcome for shareholders in the current market conditions is to retain its interest in the Manora asset and its current portfolio of assets in Australia and Myanmar. This includes maximising the value of Manora through near field exploration and the progression and evaluation of growth and acquisition opportunities in the South East Asian region, including Tap's 95% interest in the M-7 block in a highly prospective hydrocarbon region, offshore Myanmar. Additionally, the recent award of acreage in the recent Australian gazettal's, WA-515-P and WA-516-P, has further enhanced the Company's Australian asset portfolio.

Financing

On 31 January 2015, Tap announced that it had fully drawn US\$68.5 million of its Borrowing Base Debt Facility of up to US\$90 million with BNP Paribas and Siam Commercial Bank. At that time the facility size had reduced to US\$68.5 million due to the fall in oil price and consequent decreases in forecast net cash flows from Manora. On 27 February 2015, Tap, BNP Paribas and Siam Commercial Bank agreed the following modifications and waivers to the debt facility:

- ability to draw down US\$78.9 million (previously US\$68.5m) under the borrowing base;
- waiver of minimum liquidity requirements during the waiver period;
- financial cover ratio requirements temporarily reduced during the waiver period;
- a waiver fee and a higher interest rate margin applicable to the debt during the waiver period; and
- the deferral of repayments during the waiver period.

Tap fully drew down the facility to US\$78.9 million. On 30 June 2015 Tap repaid US\$10.4 million of the facility.

On 31 July 2015 Tap repaid a further US\$12.4 million of the debt, came out of the waiver period and resumed operating under the original facility agreement.

Macquarie

On 31 August 2015 the Company signed a mandate letter and indicative terms with Macquarie Bank Limited to secure a new US\$55 million debt facility (“new facility”). The directors anticipate that the new facility will receive credit approval and be in place before 31 October 2015. Under the terms of the new facility, BNP/Siam Commercial Bank will be fully repaid. The Macquarie repayment schedule is better aligned to the forecast Manora production profile and the current lower oil price environment.

The size of the BNP/Siam Commercial Bank and Macquarie borrowing base debt facilities above are linked to Manora reserves and revenues (as well as Third Party Gas revenues), thus the maximum amount available under the facility can fluctuate with changes in the oil price.

Investor Enquiries

Troy Hayden Managing Director/CEO
Anna Sudlow Commercial & Investor Relations Manager
Telephone: +61 8 9485 1000
Email: info@tapoil.com.au
Website: www.tapoil.com.au

Media Enquiries

Rebecca Lawson
Media & Capital Partners
Telephone +61 433 216 269

Disclaimer

Certain statements contained in this announcement, including information as to the future financial or operating performance of Tap Oil Limited and its projects, are forward-looking statements. Such forward-looking statements:

- *are necessarily based upon a number of estimates and assumptions that, while considered reasonable by Tap Oil Limited, are inherently subject to significant technical, business, economic, competitive, political and social uncertainties and contingencies;*
- *involve known and unknown risks and uncertainties that could cause actual events or results to differ materially from estimated or anticipated events or results reflected in such forward-looking statements; and*
- *may include, among other things, statements regarding targets, estimates and assumptions in respect of production and prices, operating costs and results, capital expenditures, reserves and resources and anticipated flow rates, and are or may be based on assumptions and estimates related to future technical, economic, market, political, social and other conditions.*

Tap Oil Limited disclaims any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise.

The words “believe”, “expect”, “anticipate”, “indicate”, “contemplate”, “target”, “plan”, “intends”, “continue”, “budget”, “estimate”, “may”, “will”, “schedule”, “potential”, “opportunity” and similar expressions identify forward-looking statements.

All forward-looking statements made in this presentation are qualified by the foregoing cautionary statements. Investors are cautioned that forward-looking statements are not guarantees of future performance and accordingly investors are cautioned not to put undue reliance on forward-looking statements due to the inherent uncertainty therein.

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APPENDIX 1

KEY FINANCIAL INDICATORS

6 Months Ended	Jun-15	Dec-14	Jun-14**
	USD	USD	USD
Profit & Loss (\$ million)*			
Sales Revenue : Oil and Condensate	44	1.8	0
: Gas	11.3	24.7	11.6
Gross Profit	14.8	14.3	6.3
Gross Profit Margin (%)	27%	54%	54%
EBITDAX*	9.8	(15.1)	0.6
Exploration expenditure writedowns	(5.3)	(52.7)	(4.5)
EBITDA*	4.5	(67.8)	(3.9)
NPAT	(17.4)	(40.5)	(2.3)
EPS (cents)	(7.2)	(17.6)	(1.0)
Balance Sheet (\$ million)			
Cash	35.6	14.0	16.8
Capitalised Exploration Expenditure	15.8	21.1	81.1
Property, Plant & Equipment	105.8	134.4	122.9
Total Assets	217.4	224.6	238.0
Debt	69.5	64.2	32.1
Total Liabilities	126.5	116.9	85.3
Net Assets	90.9	107.7	152.8
Cashflow (\$ million)			
Operations	29.0	5.7	4.0
Investing	(8.4)	(91.1)	(59.7)
Financing	1.4	61.2	32.2
Volumes			
<i>Production</i>			
Oil & Condensate (mmbbls): Manora	0.8	0.1	-
Reserves (Proved and Probable) (mmboe)	5.0	6.1	6.1
Sales of third party gas (PJ):	1.7	3.5	1.8
Other			
Oil Price – US\$ average realised/bbl	55.3	58.9	n/a
Shares on Issue	243.3	243.2	242.7
Share Price at period end (A\$)	0.36	0.42	0.51
Exchange rate (period end)	0.768	0.820	0.942

* These numbers are considered non-IFRS financial information. Please refer to the audited financial statements and Attachment 2 for the IFRS financial information.

** 30 June 2014 numbers have been restated to USD.

All \$ figures are USD unless stated otherwise.

APPENDIX 2

RECONCILIATION OF NON-IFRS FINANCIAL INFORMATION TO AUDITED IFRS FINANCIAL INFORMATION

This Attachment contains a reconciliation of non-IFRS financial information to audited IFRS financial information. EBITDAX (earnings before interest, tax, depreciation, depletion, exploration, evaluation and impairment), EBITDA (earnings before interest, tax, depreciation, depletion) and EBIT (earnings before interest and tax) are non-IFRS measures that are presented to provide investors with further information and perspective on the overall financial performance and operations of the Company. The non-IFRS financial information is unaudited however the numbers have been extracted from the financial statements which have been subject to review by the Company's auditor. The financial report for the half-year ended 30 June 2015 accompanies this announcement and is available at the Tap Oil website at www.tapoil.com.au. Please refer to the financial statements for the IFRS financial information.

	HY ended 30 June 2015 US\$ million	HY ended 31 Dec 2014 US\$ million	HY ended 30 June 2014** US\$ million
Revenue	55.4	14.9	11.6
Cash operating costs	(21.1)	(5.9)	(5.3)
Cash gross profit	34.3	9.0	6.3
Net Admin costs	(2.6)	(1.5)	(4.7)
New Ventures and Bus Dev Costs	(0.8)	(0.9)	(0.7)
Other income	0.1	-	0.2
Other expenses	(2.2)	(0.9)	(0.5)
EBITDAX	28.9	5.7	0.6
Impairment of development assets	(19.1)	(20.9)	-
EBITDAX (incl. impairments)	9.8	(15.1)	0.6
Exploration impairment/write down	(5.3)	(52.7)	(4.5)
EBITDA	4.5	(67.8)	(3.9)
Depreciation - cost of sales	(19.6)	(0.9)	-
Depreciation - admin	-	-	-
EBIT	(15.1)	(68.8)	(3.9)
Interest		0.2	
Finance costs	(4.6)	(1.6)	(0.6)
Net (loss)/profit before tax	(19.7)	(70.1)	(4.5)
Tax	2.3	29.7	2.2
Net (loss)/profit after tax	(17.4)	(40.5)	(2.3)

** 30 June 2014 numbers have been restated to USD.

All \$ figures are USD unless stated otherwise.

TAP OIL LIMITED

ABN 89 068 572 341

**FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 30 JUNE 2015**

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TAP OIL LIMITED

DIRECTORS' REPORT

The directors of Tap Oil Limited ("Tap" or "the Company") submit herewith the financial report for the half-year ended 30 June 2015. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

The names of the directors of the Company during or since the end of the half-year are:

- D W Bailey (Independent Non-Executive Director and Chairman)
- T J Hayden (Managing Director and Chief Executive Officer)
- M J Sandy (Independent Non-Executive Director)
- D A Schwebel (Independent Non-Executive Director)

The above named directors held office during and since the end of the half-year.

Principal Activities

The principal activities of the Consolidated Entity, being the Company and its controlled entities, during the half-year were oil and gas exploration, production sales and gas marketing.

Review of operations

Tap is a diversified exploration and production company, with ongoing revenues and cash flow from the Manora Oil Development in the Gulf of Thailand, its third party gas business and a balanced exploration and appraisal portfolio. Tap's strategic intent is to create value for shareholders through discovering, developing, acquiring, producing and selling oil and gas.

The commencement of production at the Manora Oil Development on 11 November 2014 marked a significant milestone for Tap and returned the Company to a mid-tier producer following a two year hiatus.

Production and Sales

	30 June 2015 '000 boe	30 June 2015 US\$'000	30 June 2014 '000 boe	30 June 2014 US\$'000
Production (net to Tap):				
Oil - Manora	757		-	
Total liquids	757		-	
Total production	757		-	
Sales (net to Tap):				
Liquids	799	44,047	-	-
Third Party Gas Sales – 1,690 TJ (2014: 1,751 TJ)	249	11,344	258	11,635
Total sales	1,048	55,391	258	11,635
Average realised oil price		US\$55/bbl		N/A

Manora Oil Field – G1/48 Thailand

The Manora oil field is located in the G1/48 concession. Mubadala Petroleum operates the concession and the field. FID was reached on the Manora Oil Development on 23 July 2012 and production commenced on 11 November 2014 with the first lifting on 25 December 2014.

The commencement of production at the Manora Oil Development marked a significant milestone for Tap and returned the Company to a mid-tier producer following a two year hiatus. Development drilling was completed at the end of March 2015 and the rig moved off location during April 2015.

Peak production of 15,000 barrels per day (Tap share 4,500 barrels per day) was achieved during the last week of February 2015 and the field continued to perform well with peak production maintained and, on occasion, over 16,000 bopd (gross) produced from seven producer wells.

All the reservoirs into which water has been injected have shown stabilised reservoir pressure thus showing benefit of water injection.

There were 23 oil liftings during the first six months of 2015.

During the period Tap announced its own reserves estimates for the Manora development as at 31 December 2014. Netherland, Sewell & Associates, Inc. (NSAI) completed an independent review of Manora reserves as at 31 May 2015. Further detail on these estimates is set out below. Both the Tap and NSAI estimates include a requirement for two additional development wells in the East Fault Block and this is assumed to occur in Q4 2016.

TAP OIL LIMITED

DIRECTORS' REPORT

NSAI reserves estimates as at 31 May 2015

Under the Borrowing Base Debt Facility, an independent report on Manora reserves estimates was required by Tap's banks following completion of construction of the Manora Oil Development and commencement of production and sales. Netherland, Sewell & Associates, Inc. (NSAI), an independent reserves consultant, completed this report as at 31 May 2015 (ASX release 8 July 2015), and it was compiled using the results of all the wells drilled to date for the Manora Oil Development. The NSAI estimate includes a requirement for two additional development wells in the East Fault Block and their production and CAPEX profiles assume this occurs in 2016. The NSAI report at 31 May 2015 assumes waterflood recovery process for the reservoirs currently under water injection.

The range of NSAI's reserves estimates for the Manora Oil Development as at 31 May 2015 are:

Probabilistic	Gross 100% Field			Tap share (30%)		
	1P	2P	3P	1P	2P	3P
Oil Reserves at 31 May 2015 (MMSTB)	15.0255	18.8208	22.9199	4.5076	5.6463	6.876

* Reserves are not adjusted for Risk

The estimates are net of cumulative production to 31 May 2015 of 2.56 MMSTB (net to Tap 0.77 MMSTB).

Tap's reserves estimates as at 31 December 2014

Earlier in the period Tap announced its estimate of remaining gross Manora reserves and resources as at 31 December 2014 (ASX release 23 April 2015). This estimate incorporated all development well data up to 31 March 2015 and assumed two additional development wells will be required in the following 18 to 24 month period.

The range of Tap's reserves estimates for the Manora Oil Development as at 31 December 2014 were:

	Gross 100% Field			Tap share (30%)		
	Low Case	Mid Case	High Case	Low Case	Mid Case	High Case
STOIP** (MMSTB)	52.0	61.4	70.5	15.6	18.4	21.2
Probabilistic	1P	2P	3P	1P	2P	3P
Oil Reserves at 31 Dec 2014 (MMSTB)	15.8	19.3	23.3	4.7	5.8	7.0

* Reserves are not adjusted for Risk ** Stock Tank Oil Initially In-Place

The estimates are net of cumulative production to 31 December 2014 of 0.481 MMSTB (net to Tap 0.14 MMSTB).

After considering the reserves report completed by NSAI and the well data from the development drilling program, Tap does not intend to make any changes to its reserves estimates for the Manora oil field.

In July 2015, Tap executed a contract extension to 31 December 2015 to sell its share of Manora crude domestically in Thailand, at a US\$3.35 discount to the Dubai US\$ crude oil price (Platts). These sales proceeds are received in Thai Baht (THB). Tap executes foreign exchange hedging to manage the USD/THB sales revenue exposure.

Third Party Gas

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 6 PJ currently remains to be delivered over the period 1 July 2015 to December 2016. This gas is largely contracted and provides substantial cash flow.

Third party gas revenues were in line with expectations with minimal volumes being deferred during the period. 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.

TAP OIL LIMITED

DIRECTORS' REPORT

Exploration and Appraisal

As the focus was on the strategic review, Manora production and cost reduction, the first half of 2015 was a relatively quiet period of exploration for Tap. Tap did not participate in any wells during the period.

Carnarvon Basin – Offshore Western Australia

WA-351-P (Tap share 20%)

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. Current efforts are directed at geological and geophysical studies, integrating reprocessed 3D seismic data and the results of the recent Bunyip-1 well on the greater Tallaganda structure within adjacent block WA-335-P to the south. The Operator is also progressing additional 3D data reprocessing over the eastern portion of the permit.

The location application over the Tallaganda gas discovery was approved by NOPTA with effect from 10 July 2015.

WA-290-P and WA-49-R (Tap share 10%)

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).

The Operator, Quadrant Energy (formerly Apache), is planning to acquire a new 3D seismic survey in 2016 aimed at high grading Triassic Mungaroo prospects in these permits for future drilling.

WA-320-P and WA-155-P (Part II) (Tap share 9.78% and 6.56% respectively)

WA-320-P and WA-155-P (Part II) are exploration permits in the offshore Carnarvon Basin, Western Australia. The Palmerston prospect 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.

In 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 Palmerston-1 well (up to a total well cost of A\$70 million). Tap retains a 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 regulator.

In November 2014, approval was granted to suspend the Year 3 commitments (including the well) for a period of 24 months to 20 October 2016.

TAP OIL LIMITED DIRECTORS' REPORT

Approximately 310 km² of multiclient 3D seismic data from the TGS "Huzzas MC3D seismic survey" has been licensed by the WA-320-P Joint Venture. The processing of Huzzas 3D data has been completed. The new seismic data will be used to assess the prospectivity of the permits and for planning of an exploration well which is expected to be drilled by Q4 2016.

TL/2 and TP/7 (Tap share 10% and 12.47% respectively)

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 Operator, Quadrant Energy (formerly Apache), is commencing planning activities ahead of conducting abandonment and decommissioning of the Chervil wells, likely to take place in Q1 2016.

WA-515-P & WA-516-P (Tap share 100%)

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 km² 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.

Offshore Thailand

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 Manora discovery in late 2009 opened up a new oil play in the northern Gulf of Thailand.

The Operator is currently reviewing the G1/48 permit area, specifically focused on assessing further exploration prospects in the Kra Basin, integrating the results of the successful Malida-1 well and subsequent Malida sidetrack wells. Tap's selection of the preferred prospect, from the updated prospect portfolio, for drilling in late 2015 is still under consideration. The Operator has advised that the 2015 G1/48 well is deferred until the end of 2015. Tap has yet to decide whether to commit to participating in the well.

Tap has withdrawn from its 30% participating interest in G3/48, Thailand. The joint venture has agreed that Tap will have no further exploration obligations (including drilling) with respect to G3/48 from 7 January 2015. The G3/48 withdrawal will not have any impact on the Manora Oil Development or exploration in the G1/48 concession.

Myanmar

Block M-07 Moattama Basin, Offshore Myanmar

On 26 August 2015 Tap formalised its entry into Myanmar following the signing of the Production Sharing Contract for the shallow water Block M-7 in the Moattama Basin (PSC)(ASX release 27 August 2015).

The 13,000 km² block is located in the gas and condensate prone Moattama Basin, offshore Myanmar. The Block 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 two offshore fields and a third field close to production commencement. Production is typically from stacked Miocene clastic reservoirs.

Tap holds a 95% participating interest in the M-7 Block and has assumed operatorship.

Tap Energy (M7) Pte. Ltd, and its local joint venture participant, Smart E&P International Company Ltd., signed the Production Sharing Contract with Myanmar Oil and Gas Enterprise (MOGE) at an official ceremony in Nay Pyi Taw, on 26 August 2015.

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. Tap anticipates that it will spend approximately US\$2.75 million on the M-7 Block up to and including the Study Period, which has a minimum expenditure requirement of US\$2 million. Tap may spend more before and during the Study Period.

TAP OIL LIMITED

DIRECTORS' REPORT

Other Exploration

Vic/P67- Otway Basin, Offshore Victoria

Tap advised WHL Energy Limited (WHL) that it had elected not to proceed to farm-in to the offshore Otway Basin with WHL Energy Limited and paid approximately US\$2.8 million to WHL for seismic acquisition. Tap has no further obligation or liability in respect of exploration permit Vic/P67.

SPA 5 AO and SPA 6 AO – Carnarvon Basin, Onshore Western Australia

On 23 February 2015, Tap advised Rusa of its withdrawal from the project. Tap has no further obligation or liability under the agreement or in respect of the project.

In addition to the above, Tap also has the following interests:

1. a 20% interest in WA-8-L in the offshore Carnarvon Basin which contains the Amulet oil field;
2. a 22.474% interest in WA-33-R in the offshore Carnarvon Basin which contains the Maitland gas field; and
3. a 12% interest in WA-34-R in the Northern Bonaparte basin which contains the Prometheus and Rubicon gas fields.

Financial Summary

Tap's revenue for the first half of 2015 was US\$55.4 million (2014: US\$11.6 million). Gross profit was US\$14.8 million (2014: US\$6.3 million). After impairment losses and write-downs of US\$24.4 million (2014: US\$4.5 million), the net loss before tax was US\$19.7 million (2014: US\$4.5 million); and the net loss after tax was US\$17.4 million (2014: US\$2.3 million). Net cash flows from operations were US\$29.0 million (2014: US\$4.0 million).

Revenues from the gas contracts were lower in the first half of 2015 in USD terms due to lower average exchange rate (revenue in AUD was 13% higher in the first half of 2015). Gas volumes delivered were lower in the first half of 2015 due to an increase in deferred delivery under take-or-pay arrangements (banking), however a higher A\$/TJ price more than offset this.

Manora revenues were US\$44.0 million (2014: Nil) which consisted of 23 oil liftings totalling 798,875 bbls sold at an average of US\$55/bbl. Production commenced in November 2014 hence there is no comparative revenue.

Forming part of the cost of sales is the depreciation charged on a unit of production basis. The depreciation of US\$19.6m (2014: nil) charged for the half year ended 30 June 2015 relates to the Manora oil & gas asset.

The increases in the impairment provisions relate predominantly to property, plant and equipment impairment loss of US\$19.1 million recognised in 2015 (2014: nil) of which US\$17.8 million relates to the Manora development asset and US\$1.3 million the Airlie development asset.

Administration costs were lower for the year at US\$2.5 million (2014: US\$4.7 million) due to lower staff head count.

Financing

On 31 January 2015, Tap announced that it had fully drawn US\$68.5 million of its Borrowing Base Debt Facility of up to US\$90 million with BNP Paribas and Siam Commercial Bank. At that time the facility size had reduced to US\$68.5 million due to the fall in oil price and consequent decreases in forecast net cash flows from Manora. On 27 February 2015, Tap, BNP Paribas and Siam Commercial Bank agreed the following modifications and waivers to the debt facility:

- ability to draw down US\$78.9 million (previously US\$68.5m) under the borrowing base;
- waiver of minimum liquidity requirements during the waiver period;
- financial cover ratio requirements temporarily reduced during the waiver period;
- a waiver fee and a higher interest rate margin applicable to the debt during the waiver period; and
- the deferral of repayments during the waiver period.

Tap fully drew down the facility to US\$78.9 million. On 30 June 2015 Tap repaid US\$10.4 million of the facility.

On 31 July 2015 Tap repaid a further US\$12.4 million of the debt, came out of the waiver period and resumed operating under the original facility agreement.

TAP OIL LIMITED

DIRECTORS' REPORT

Macquarie

On 31 August 2015 the Company signed a mandate letter and indicative terms with Macquarie Bank Limited to secure a new US\$55 million debt facility ("new facility"). The directors anticipate that the new facility will receive credit approval and be in place before 31 October 2015. Under the terms of the new facility, BNP and Siam Commercial Bank will be fully repaid. The Macquarie repayment schedule is better aligned to the forecast Manora production profile and the current lower oil price environment.

The size of the BNP/Siam Commercial Bank and Macquarie borrowing base debt facilities above are linked to Manora reserves and revenues (as well as Third Party Gas revenues), thus the maximum amount available under the facility can fluctuate with changes in the oil price.

Hedging

On 27 February 2015 Tap hedged 40% of forecast 1P Manora production over April to December 2015 at an average swap price of US\$62.75/bbl, (representing 495,000 barrels) to enhance the borrowing base and support Tap's cashflows.

Strategic Review

Earlier this year, Tap announced a formal strategic review of its business and asset base to maximise shareholder value in response to the significant change in market conditions affecting the oil and gas sector. The strategic review considered (amongst other things) a number of divestment options for each asset, including the Company's flagship Manora Oil Development, the Company's Australian portfolio as well as 'whole of company' proposals.

The strategic review process confirmed that there is considerable interest in the Company's Manora asset. However, the depressed oil price environment and the ongoing payment disputes between the Company and its major shareholder Mr Chatchai Yenbamroong's Northern Gulf companies (including regarding staged acquisition payments) have added to the complexity of successfully executing any transaction at an acceptable price.

After carefully considering all of the available options, the Board strongly believe the best outcome for shareholders in the current market conditions is to retain its interest in the Manora asset and its current portfolio of assets in Australia and Myanmar. This includes maximising the value of Manora through near field exploration and the progression and evaluation of growth and acquisition opportunities in the South East Asian region, including Tap's 95% interest in the M-7 block in a highly prospective hydrocarbon region, offshore Myanmar. Additionally, the recent award of acreage in the recent Australian gazettal's, WA-515-P and WA-516-P, has further enhanced the Company's Australian asset portfolio.

Section 203D Notice

On 27 February 2015, the Directors of Tap Oil Limited received a notice from Mr Chatchai Yenbamroong under section 203D of the Corporations Act 2001 (Cth) of his intention to move resolutions at a meeting of Tap shareholders convened under section 249F of the Corporations Act to:

- (a) remove as directors of Tap each of Messrs Douglas Bailey, Troy Hayden, Michael Sandy and any other director of Tap appointed on and from the date of receipt of the section 203D notice until the end of the general meeting of Tap shareholders at which these resolutions are considered (other than Messrs David Whitby, Alan Stein, David Johnson, James Menzies and any other person that may be nominated by Mr Yenbamroong as a director of Tap at that general meeting of Tap); and
- (b) appoint each of Messrs David Whitby, Alan Stein, David Johnson and James Menzies as directors of Tap.

Mr Yenbamroong, who is the executive director and controller of Northern Gulf Petroleum Holdings Ltd (NGPH), currently has voting power to approximately 19.98% of Tap.

Apart from the withdrawal of Mr Stein as a nominee, there has been no formal correspondence from Mr Yenbamroong regarding the holding of the meeting.

Risk management and corporate governance

The Consolidated Entity's risk management and corporate governance statements were included in the 2014 annual report. These statements remain current.

TAP OIL LIMITED DIRECTORS' REPORT

Changes to equity

101,695 shares were issued (2014: 588,140) as a result of the vesting of employee share rights.

A total of 5,253,158 employee share rights were issued during the half-year ended 30 June 2015 (2014: 3,794,075). 101,695 employee share rights vested during the half-year ended 30 June 2015 (2014: 1,035,099). A total of 2,440,211 share rights expired, lapsed or were cancelled during the half-year ended 30 June 2015 (2014: 2,296,033). The total number of share rights on issue at 30 June 2015 was 14,839,309 (2014: 13,721,125).

Since 30 June 1,193,446 performance rights and 373,766 retention rights have lapsed as a result of an employee leaving.

Auditor's independence declaration

The auditors independence declaration is included on page 8 of the half-year report.

Rounding off of amounts

The Company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of directors made pursuant to s.306(3) of the Corporations Act 2001.

On behalf of the directors



D W Bailey
Chairman
Perth, 31 August 2015

The Board of Directors
Tap Oil Limited
Level 1, 47 Colin Street
WEST PERTH WA 6005

31 August 2015

Dear Board Members

Tap Oil Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Tap Oil Limited.

As lead audit partner for the review of the financial statements of Tap Oil Limited for the half- year ended 30 June 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU



Leanne Karamfiles
Partner
Chartered Accountants

Independent Auditor's Review Report to the members of Tap Oil Limited

We have reviewed the accompanying half-year financial report of Tap Oil Limited, which comprises the condensed statement of financial position as at 30 June 2015, and the condensed statement of profit or loss and other comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 11 to 33.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Tap Oil Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Tap Oil Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Tap Oil Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of Matter

Without modifying our conclusion, we draw attention to Note 1 in the financial report, which indicates that the consolidated entity may not have sufficient funds to meet the minimum liquidity threshold under its Borrowing Base Debt Facility on 30 September 2015. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU



Leanne Karamfiles
Partner
Chartered Accountants
Perth, 31 August 2015

TAP OIL LIMITED
DIRECTORS' DECLARATION

The directors declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Consolidated Entity.

Signed in accordance with a resolution of directors made pursuant to s.303(5) of the Corporations Act 2001.

On behalf of the directors



D W Bailey
Chairman

Perth, 31 August 2015

TAP OIL LIMITED

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 30 JUNE 2015

	Note	Consolidated Half-year ended	
		30 June 2015 US\$'000	Restated ⁽¹⁾ 30 June 2014 US\$'000
Continuing operations			
Revenue	2	55,391	11,635
Cost of sales	3	(40,622)	(5,330)
Gross profit		14,769	6,305
Other revenue	2	138	163
Administration expenses		(2,617)	(4,667)
Finance costs		(4,611)	(639)
Impairment losses and write-downs	4	(24,352)	(4,494)
Other expenses		(3,009)	(1,212)
Loss before tax	4	(19,682)	(4,544)
Income tax benefit		2,261	2,234
Loss for the period		(17,421)	(2,310)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit and loss</i>			
Unrealised loss on cash flow hedge	10	(804)	-
Foreign currency translation differences – foreign operations		890	3,503
Total comprehensive loss for the period		(17,335)	1,193
Loss per share			
Basic (cents per share)		(7.2)	(1.0)
Diluted (cents per share)		(7.2)	(1.0)

(1) Tap Oil changed its presentation currency from Australian dollars to US dollars. Refer to Note 1 for further details.

Notes to the financial statements are included on pages 16 to 33.

TAP OIL LIMITED

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015

	Note	Consolidated	
		30 June 2015 US\$'000	31 December 2014 US\$'000
Current Assets			
Cash and cash equivalents		35,635	14,034
Trade and other receivables		24,182	20,785
Inventories		6,189	10,679
Other current assets	5	4,034	3,332
Total current assets		70,040	48,830
Non-current assets			
Property, plant and equipment	6	105,844	134,387
Exploration and evaluation assets	7	15,841	21,083
Deferred tax asset		25,718	20,352
Total non-current assets		147,403	175,822
Total assets		217,443	224,652
Current liabilities			
Trade and other payables	8	27,081	27,087
Current tax liability		2,495	-
Provisions		369	2,520
Interest bearing loans and borrowings	9	38,542	12,850
Other financial liabilities	10	861	-
Total current liabilities		69,348	42,457
Non-current liabilities			
Interest bearing loans and borrowings	9	30,953	51,405
Provisions		26,221	23,049
Total non-current liabilities		57,174	74,454
Total liabilities		126,522	116,911
Net assets		90,921	107,741
Equity			
Issued capital		133,175	133,175
Share options reserve		3,526	3,526
Share rights reserve		3,315	2,800
Hedge reserve	10	(804)	-
Foreign currency translation reserve		56,148	55,258
Profit reserve		69,287	62,642
Accumulated losses		(173,726)	(149,660)
Total equity		90,921	107,741

Notes to the financial statements are included on pages 16 to 33.

TAP OIL LIMITED

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 30 JUNE 2015

	Issued Capital US\$'000	Share options reserve US\$'000	Share rights reserve US \$'000	Cash flow hedge reserve US \$'000	Foreign currency translation reserve US \$'000	Profit reserve US \$'000	Accumulated losses US \$'000	Total US \$'000
Balance at 1 January 2014 (Restated)	133,175	3,526	2,081	-	56,544	30,968	(75,282)	151,012
Loss for the period	-	-	-	-	-	-	(2,310)	(2,310)
Other comprehensive income for the period	-	-	-	-	3,503	-	-	3,503
Total comprehensive income for the period	-	-	-	-	3,503	-	(2,310)	1,193
Appropriation to profit reserve	-	-	-	-	-	5,274	(5,274)	-
Recognition of share-based payments	-	-	565	-	-	-	-	565
Balance at 30 June 2014	133,175	3,526	2,646	-	60,047	36,242	(82,866)	152,770
Balance at 1 January 2015	133,175	3,526	2,800	-	55,258	62,642	(149,660)	107,741
Loss for the period	-	-	-	-	-	-	(17,421)	(17,421)
Other comprehensive income for the period	-	-	-	(804)	890	-	-	86
Total comprehensive income for the period	-	-	-	(804)	890	-	(17,421)	(17,335)
Appropriation to profit reserve	-	-	-	-	-	6,645	(6,645)	-
Recognition of share-based payments	-	-	515	-	-	-	-	515
Balance at 30 June 2015	133,175	3,526	3,315	(804)	56,148	69,287	(173,726)	90,921

Notes to the financial statements are included on pages 16 to 33.

TAP OIL LIMITED

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 30 JUNE 2015**

	Consolidated Half-year ended	
	30 June 2015 US\$'000	Restated 30 June 2014 US\$'000
Cash flows from operating activities		
Receipts from customers	57,469	14,895
Payments to suppliers and employees	(28,605)	(11,071)
Interest received	136	154
Net cash provided from operating activities	29,000	3,978
Cash flows from investing activities		
Payments for property, plant & equipment	(7,004)	(57,786)
Payments for exploration expenditure	(1,196)	(1,666)
Payments for restoration expenditure	(205)	(272)
Net cash used in investing activities	(8,405)	(59,724)
Cash flows from financing activities		
Proceeds from loans and borrowings	13,494	33,973
Repayment of loans and borrowings	(10,394)	-
Payment of interest and transaction costs related to loans and borrowings	(1,708)	(1,791)
Net cash provided from financing activities	1,392	32,182
Net increase/(decrease) in cash and cash equivalents	21,987	(23,564)
Cash and cash equivalents at the beginning of the half-year	14,034	40,990
Effects of exchange rate changes on the balance of cash held in foreign currencies	(386)	(615)
Cash and cash equivalents at the end of the half-year	35,635	16,811

Notes to the financial statements are included on pages 16 to 33.

TAP OIL LIMITED
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 Significant accounting policies

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year financial report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report.

Change in presentation currency

With the funding of Tap's main asset, the Manora oil field development, in US dollars (USD) and subsequent Manora pricing benchmarks and operating costs being denominated in USD, Tap Oil Limited has elected to change its presentation currency from Australian dollars to USD effective 1 January 2013. The change in presentation currency represents a voluntary change in accounting policy, which has been applied retrospectively.

As a result of the change in presentation currency, the Consolidated Entity is required to restate all comparative amounts to USD by translating the assets and liabilities using the current rate method. Under this method the assets and liabilities are translated into USD at the exchange rate in effect at the end of each prior reporting period, the statement of profit or loss and other comprehensive income is translated using the average rate for the year and shareholder's equity is translated at historic rates. All resulting exchange differences are reported as a separate component of shareholder's equity titled Foreign Currency Translation Reserve ("FCTR").

In order to arrive at USD comparatives, the following rates were applied at the reporting date:

	Currency	2015	2014
Average rate (1 Jan to 30 June)	USD to AUD\$1	0.7828	0.9147
Closing rate (30 June)	USD to AUD\$1	0.7680	0.9420

The change in presentation currency resulted in a FCTR of US\$56.5m on 1 January 2014. Earnings per share for 2014 has also been restated in USD to reflect the change in presentation currency.

Basis of preparation

The condensed financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in US dollars, unless otherwise noted.

Tap Oil Limited (the "Company" or "Tap") is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

Going concern

The financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

As disclosed in note 9, BNP, Siam Commercial Bank and the Company executed a waiver letter dated 27 February 2015 in respect of certain obligations under the Borrowing Base Debt Facility ("BBDF") for the period from that date up to and including 31 July 2015. This waiver has now expired and the BBDF is subject to the original terms including a minimum liquidity threshold of US\$10 million.

TAP OIL LIMITED
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Entity's cashflow forecast indicates that without the Consolidated Entity securing additional funding or refinancing the facility, the minimum liquidity threshold may not be met on 30 September 2015 when Tap makes its next scheduled loan repayment and if BNP/Siam Commercial Bank redetermines the borrowing base size in light of lower oil prices.

The Directors have resolved to refinance the BNP/Siam Commercial Bank facility and on 31 August 2015 the Company signed a mandate letter and indicative terms with Macquarie Bank Limited to secure a new US\$55 million debt facility ("new facility"). The directors anticipate that the new facility will receive credit approval and be in place before 31 October 2015. Under the terms of the new facility, BNP will be fully repaid and the Macquarie repayment schedule is better aligned to the forecast Manora production profile and the current lower oil price environment.

Therefore the ability of the Consolidated Entity to continue as a going concern is dependent on:

- the ongoing support of BNP/Siam Commercial Bank through to the closing of the new facility which is likely to be after the 30 September 2015 redetermination and repayment and before 31 October 2015. This support may include a waiver to cover any breach of the minimum liquidity threshold before 31 October 2015 or delaying redetermination to 31 October 2015. This support is not unusual in the context of a refinancing; and
- the successful refinancing of the BBDF through the closing of the new facility with Macquarie Bank Limited before 31 October 2015

The Directors believe that at the date of signing the financial statements there are reasonable grounds to believe that they will be successful in achieving the matters set out above and that the Consolidated Entity will have sufficient funds to meet their obligations as and when they fall due and are of the opinion that the use of the going concern basis remains appropriate.

Should the Consolidated Entity be unsuccessful in the matters noted above it will be required to raise additional funds through an alternate debt or equity source.

Should the Consolidated Entity be unable to achieve the matters set out above a material uncertainty would exist as to whether the Consolidated Entity will be able to continue as a going concern and therefore whether it will realise its assets and discharge its liabilities in the normal course of business. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might by necessary should the Consolidated Entity not continue as a going concern.

Accounting policies

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's 2014 annual financial report for the financial year ended 31 December 2014, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards. Certain comparative information has been reclassified to conform with current period presentation.

From 1 January 2015 the Consolidated Entity has adopted the following Standards and Interpretations that are relevant to their operations and effective for the current reporting period:

- AASB 1055 – Budgetary Reporting
- AASB 2013-1 – Amendments to AASB 1049 – Relocation of Budgetary Reporting Requirements
- AASB 2014-1 (Part A) – Amendments to Australian Accounting Standards – Annual Improvements 2010-2012 and 2011-2013 Cycles
- AASB 2014-1 (Part C) – Amendments to Australian Accounting Standards – Materiality

TAP OIL LIMITED
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

- AASB 2014-1 (Part E) – Amendments to Australian Accounting Standards – Financial Instruments
- AASB 2014-2 – Amendments to AASB 1053 – Transition to and between Tiers, and related Tier 2 Disclosure Requirements
- AASB 2014-8 – Amendments to Australian Accounting Standards arising from AASB 9 (Dec 2014) – Application of AASB 9 (Dec 2009) and AASB 10 (Dec 2010)
- AASB 9 (2013) – Financial Instruments

The adoption of these standards and interpretations did not have any effect on the financial position or performance of the Consolidated Entity.

At the date of authorisation of the financial report, a number of Standards and Interpretations were on issue but not yet effective:

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 15 'Revenue from Contracts with Customers' and AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15'	1 January 2017	31 December 2017
AASB 2013-9 'Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments, Part C	1 January 2018	31 December 2018
AASB 2014-3 'Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations	1 January 2016	31 December 2016
AASB 2014-4 'Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016	31 December 2016
AASB 2014-9 'Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements	1 January 2016	31 December 2016
AASB 2014-10 'Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016	31 December 2016
AASB 2015-1 'Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle	1 January 2016	31 December 2016
AASB 2015-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101'	1 January 2016	31 December 2016
AASB 2015-3 'Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality'	1 January 2016	31 December 2016
AASB 2015-5 'Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception'	1 January 2016	31 December 2016

The Directors note that the impact of the initial application of the Standards and Interpretations is not yet known or is not reasonably estimable. These Standards and Interpretations will be first applied in the financial report of the Consolidated Entity that relates to the annual reporting period beginning on or after the effective date of each pronouncement.

TAP OIL LIMITED
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Hedge accounting policy and impact of adopting AASB 9

The Consolidated Entity's hedge accounting policy was changed to comply with AASB 9 Financial Instruments as issued in December 2013 which replaces the provisions of AASB 139. The impact of these changes was on a prospective basis. The current year impact primarily relates to the impact of hedge accounting on a component of commodity price risk, which is now permitted under AASB 9. The impact for the six months ended 30 June 2015 on the individual line items in the financial statements as a result of adopting AASB 9 is summarised in the table below.

	6 months ended 30 June 2015		
	2015 Prior to adoption	Profit Increase/ (Decrease)	2015 as presented
Statement of comprehensive income (extract)			
<i>Items that may be reclassified to profit or loss:</i>			
Unrealised loss on cash flow hedge	-	(804)	(804)
Income tax	-	241	241
Net impact on other comprehensive income (net of tax)	-	(563)	(563)
Other financial liabilities	-	861	861

Earnings per share

There is no impact on earnings per share if hedge items are reclassified to profit or loss.

TAP OIL LIMITED
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

	Consolidated Half-year ended	
	30 June 2015 US\$'000	Restated 30 June 2014 US\$'000
2 Revenue		
Sales of gas	11,344	11,635
Crude oil revenue	44,047	-
	55,391	11,635
Other revenue:		
Royalties received	2	35
Interest received	136	128
	138	163
	55,529	11,798
3 Cost of sales		
<i>Crude oil:</i>		
Production costs	8,117	-
Depreciation of capitalised development costs	19,570	-
Government royalties	4,162	-
Other costs of sales	3,765	-
	35,614	-
Third party gas and other production costs	5,008	5,330
	40,622	5,330
4 Loss before tax		
Loss for the period includes the following items that are unusual due to their nature, size or incidence:		
<i>Expenses</i>		
Redundancy payments	-	505
Legal expenses	259	1,478
Consultancy fees	937	260
Net foreign exchange losses	772	342
New venture and business development expenses	833	745
<i>Impairment losses and write-downs:</i>		
Exploration impairment losses and write-downs	5,296	4,494
Property, plant and equipment impairment losses	19,056	-
	24,352	4,494

TAP OIL LIMITED
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

	Consolidated	
	30 June 2015 US\$'000	31 December 2014 US\$'000
5 Other current assets		
Prepayments	1,316	377
Prepaid gas	2,718	2,955
	4,034	3,332
6 Property, plant and equipment		
Development expenditures		
<u>Gross carrying amount - at cost:</u>		
Opening balance	227,367	166,030
Additions	9,879	72,924
Adjustments in respect of carry	-	(5,166)
Foreign exchange movements	(557)	(6,642)
Transfer from exploration expenditure	205	221
Closing balance	236,894	227,367
<u>Accumulated depreciation and impairment:</u>		
Opening balance	93,106	74,964
Depreciation	19,570	4,049
Foreign exchange movements	(581)	(6,793)
Impairment losses charged to profit or loss	19,056	20,886
Closing balance	131,151	93,106
Net Book Value	105,743	134,261
Office improvements, furniture & equipment		
<u>Gross carrying amount - at cost:</u>		
Opening balance	2,693	3,369
Additions	-	33
Foreign exchange movements	(171)	(281)
Asset write-offs	-	(428)
Closing balance	2,522	2,693
<u>Accumulated depreciation:</u>		
Opening balance	2,567	3,187
Asset write-offs	-	(462)
Foreign exchange movements	(164)	(230)
Depreciation	18	72
Closing balance	2,421	2,567
Net Book Value	101	126
Total - Net Book Value	105,844	134,387

TAP OIL LIMITED
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Impairment of development expenditures

At 30 June 2015, the Consolidated Entity has assessed each cash generating unit to determine whether an impairment indicator existed. Based on the current low oil prices, the Airlie development asset may not be recoverable through development or sale and has therefore been fully impaired by US\$1.3 million (being the impact of an increase in the restoration provision) at 30 June 2015. Airlie development asset was fully impaired at 31 Dec 2014.

The recoverable amount of the Manora development asset of US\$105.7 million (2014: US\$134.3 million) has been determined based on a value in use model using cash flow projections from financial budgets covering a seven year period. As a result of the current declining oil prices, the recoverable amount of US\$105.7 million for Manora resulted in an impairment loss of US\$17.8 million being recognised for the half year.

Significant judgments and assumptions are required in making estimates of a cash generating unit's (CGU's) value in use. CGU valuations are subject to variability in key assumptions including, but not limited to long term pricing, discount rates, production assumptions and operating costs. A change in one or more of the assumptions used to estimate the value in use could reduce or increase a CGU's value in use.

The following assumptions were used in the assessment of the recoverable amount:

- Discount rate – pre-tax discount rate of 11% (2014: 12.5%) has been applied to the cash flow projections;
- Inflation rate – Thailand inflation rate of 2% (2014: 2%) has been applied to the cash flow projections;
- Oil price – the oil price applied to the cash flow projections is based on the average of analyst forecast from Bloomberg adjusted for the sales agreement discounting.

Sensitivity analysis

It is estimated that changes in the key assumptions would have resulted in the following additional impairment at period end:

	30 June 2015 US\$'000
Discount rate: 1% increase	1,415
Inflation rate: 1% increase	509
Long term oil price reduction of US\$5/bbl (real)	10,300

TAP OIL LIMITED
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

	Consolidated	
	30 June 2015 US\$'000	31 December 2014 US\$'000
7 Exploration and evaluation assets		
Exploration and/or evaluation phase		
At cost	106,038	109,010
Less: impairment provisions	(90,197)	(87,927)
Net carrying value	<u>15,841</u>	<u>21,083</u>
Reconciliation of movement:		
Opening balance	21,083	80,967
Current period exploration expenditure	1,441	3,774
Exploration impairment losses/write-downs	(5,296)	(57,179)
Foreign exchange movements (net)	(1,182)	(1,423)
Transfer to development expenditure	(205)	(222)
Carry transferred to other debtors	-	(4,834)
	<u>15,841</u>	<u>21,083</u>
Movement in the impairment provision:		
Balance at the beginning of the period	(87,927)	(60,997)
Impairment provision decrease/(increase)	(5,000)	(54,425)
Foreign exchange movements	2,730	1,839
Assets written off against provision	-	25,656
Balance at the end of the period	<u>(90,197)</u>	<u>(87,927)</u>

Ultimate recoupment of this expenditure is dependent upon the continuance of Tap's right to tenure of the areas of interest and the discovery of commercially viable oil and gas reserves, their successful development and exploration, or, alternatively sale of the respective areas of interest at an amount at least equal to book value. Impairment losses are provided when the carrying amount exceeds the recoverable amount. Exploration expenditure is written off and any related impairment losses released when permits are relinquished or disposed.

	Consolidated	
	30 June 2015 US\$'000	31 December 2014 US\$'000
8 Trade and other payables		
Trade payables ⁽ⁱ⁾	7,110	1,451
Share of joint operations' payables	12,749	15,085
Goods and services tax (GST) payable	193	338
Other payables	2,504	5,344
Income received in advance ⁽ⁱⁱ⁾	4,525	4,869
	<u>27,081</u>	<u>27,087</u>

(i) The credit period on purchases averages between 7 and 30 days. No interest is charged on trade payables. The Consolidated Entity has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

(ii) Where take-or-pay obligations are enforced on gas customers, cash is received for minimum obligations with the amount being recorded as income in advance until the gas is ultimately delivered. Upon delivery the amount will be transferred to revenue.

TAP OIL LIMITED
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

	Consolidated	
	30 June 2015 US\$'000	31 December 2014 US\$'000
9 Interest bearing loans and borrowings		
Proceeds from loans and borrowings	68,500	65,400
Transaction costs	995	(1,145)
Carrying amount	69,495	64,255
Current	38,542	12,850
Non-current	30,953	51,405
	69,495	64,255

As disclosed in the 31 December 2014 annual report, the Consolidated Entity has in place a combined borrowing base facility with BNP Paribas and Siam Commercial Bank. On 27 February 2015, the following waivers were put in place until 31 July 2015 (refer note 11 subsequent events):

- Waiver of minimum liquidity requirements during the waiver period;
- Financial cover ratio requirements were reduced;
- A waiver fee is payable, and a higher interest rate margin applicable to the debt;
- Deferral of repayments during the waiver period.

As at 30 June 2015 the directors had reasonable grounds to believe the minimum liquidity threshold would be met and accordingly the classification of the borrowings was determined in accordance with the scheduled repayments under the facility. Refer note 11 for events subsequent to 30 June 2015.

	Consolidated	
	30 June 2015 US\$'000	31 December 2014 US\$'000
10 Cash flow hedges		
<i>Movement in hedge reserve:</i>		
Opening balance	-	-
Unrealised loss on cash flow hedge	(804)	-
Balance at end of period	(804)	-
<i>Other financial liabilities:</i>		
Commodity swap	861	-
	861	-

Tap has hedged 40% of forecast 1P Manora production over April to December 2015 at an average price of US\$62.75/bbl using commodity swaps. The commodity swap hedges commodity price risk on Manora revenue.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11 Subsequent events

Since the end of the financial period the Directors are not aware of any other matter or circumstance not otherwise dealt with within the financial report that has significantly or may significantly affect the operations of the Consolidated Entity, the results of those operations or the state of affairs of the Consolidated Entity in subsequent financial years other than:

a) Execution of Myanmar PSC

On 27 August 2015 Tap advised it had formalised its entry into Myanmar following the signing of the Production Sharing Contract for the shallow water Block M-7 in the Moattama Basin (PSC).

Tap holds a 95% participating interest in the M-7 Block and has assumed operatorship.

Tap Energy (M7) Pte. Ltd, and its local joint venture participant, Smart E&P International Company Ltd., signed the Production Sharing Contract with Myanma Oil and Gas Enterprise (MOGE) at an official ceremony in Nay Pyi Taw, on 26 August 2015.

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. Tap anticipates that it will spend approximately US\$2.75 million on the M-7 Block up to and including the Study Period, which has a minimum expenditure requirement of US\$2 million. Tap may spend more before and during the Study Period.

Tap Oil Limited has provided a Parent Company Guarantee to MOGE for the commitment.

b) Financing

BNP/Siam Commercial Bank facility

On 31 July 2015 Tap repaid US\$12.4 million of the debt, came out of the waiver period and resumed operating under the original facility agreement. Refer below to Macquarie and to note 1 and note 9 for further information on the BNP/Siam Commercial Bank facility.

Macquarie

On 31 August 2015 the Company signed a mandate letter and indicative terms with Macquarie Bank Limited to secure a new US\$55 million debt facility ("new facility"). The directors anticipate that the new facility will receive credit approval and be in place before 31 October 2015. Under the terms of the new facility, BNP/Siam Commercial Bank will be fully repaid. The Macquarie repayment schedule is better aligned to the forecast Manora production profile and the current lower oil price environment.

Refer to note 1 for further information of on the Macquarie facility.

The size of the BNP/Siam Commercial Bank and Macquarie borrowing base debt facilities above are linked to Manora reserves and revenues (as well as Third Party Gas revenues), thus the maximum amount available under the facility can fluctuate with changes in the oil price.

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c) Strategic Review

Earlier this year, Tap announced a formal strategic review of its business and asset base to maximise shareholder value in response to the significant change in market conditions affecting the oil and gas sector. The strategic review considered (amongst other things) a number of divestment options for each asset, including the Company's flagship Manora Oil Development, the Company's Australian portfolio as well as 'whole of company' proposals.

The strategic review process confirmed that there is considerable interest in the Company's Manora asset. However, the depressed oil price environment and the ongoing payment disputes between the Company and its major shareholder Mr Chatchai Yenbamroong's Northern Gulf companies (including regarding staged acquisition payments) have added to the complexity of successfully executing any transaction at an acceptable price.

After carefully considering all of the available options, the Board strongly believe the best outcome for shareholders in the current market conditions is to retain its interest in the Manora asset and its current portfolio of assets in Australia and Myanmar. This includes maximising the value of Manora through near field exploration and the progression and evaluation of growth and acquisition opportunities in the South East Asian region, including Tap's 95% interest in the M-7 block in a highly prospective hydrocarbon region, offshore Myanmar. Additionally, the recent award of acreage in the recent Australian gazettal's, WA-515-P and WA-516-P, has further enhanced the Company's Australian asset portfolio.

d) Oil price decline

Subsequent to 30 June 2015, the Brent oil price has declined from US\$64 per barrel to below US\$45 per barrel. This places further pressure on Tap's revenues and potentially on Taps' credit facilities. Should BNP/Siam Commercial Bank decide to reduce their forward oil price deck, this new pricing will be applied to Tap's borrowing base causing a reduction and triggering a repayment. The impact of this reduction and repayment would be offset with any hedging.

e) Disputes with Northern Gulf Petroleum

Statutory Demand

On 14 April 2015, Tap Energy (Thailand) Pty Ltd (Tap's wholly owned subsidiary) 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 the amount was not due and payable and that there was no proper legal basis for NGPH to make this demand. Tap also considered that this statutory demand comprised an abuse of the statutory demand process.

The application by Tap Energy (Thailand) Pty Ltd to set aside the statutory demand 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.

NGPH has up to 21 days in which to lodge any notice of appeal. For any appeal to be successful NGPH would have to demonstrate that the Supreme Court had erroneously set aside the statutory demand.

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Notice of Arbitration

Tap Energy (Thailand) Pty Ltd, a subsidiary of Tap Oil Limited, filed on 19 August 2015, a Notice of Arbitration in Singapore against Northern Gulf Petroleum Pte Ltd, Northern Gulf Petroleum Holdings Limited and Northern Gulf Oil (Thailand) Co. Ltd (collectively **NGP**) in regards to payments due under the sale and purchase agreement for Tap's acquisition of its 30% interest in the G1/48 concession. Tap is seeking settlement and set off of the following disputed acquisition payments under that sale and purchase agreement:

1. The US\$1.31 million which Tap has calculated is due and payable by Tap to NGP in respect of the 2P reserves payment for the period to 31 Dec 2014;
2. Carried costs up to US\$10 million payable by NGP to Tap of which US\$1.03 million has been paid with US\$8.97 million outstanding of which US\$6.69m was due and payable on 19 August 2015 (a further US\$233,429 has become due and payable since 19 August 2015); and
3. To the extent NGP is entitled to any additional payments for 2P reserves, these can be set off.

Tap has made repeated attempts to resolve the payment dispute with NGP and will now vigorously pursue this arbitration against NGP in Singapore, as permitted under the sale and purchase agreement, to recover the carry repay and to set-off the 2P reserves payment.

NGPH's earn-out claim has not been referred to in the Notice of Arbitration, but can still be set-off against amounts owing in respect of repayment of the carried costs, if, or when, raised by NGPH.

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Manora acquisition payments due under the sale and purchase agreement

As previously disclosed, at the time of Tap's acquisition of its 30% interest in the G1/48 concession a number of staged acquisition payments were agreed with Northern Gulf Petroleum Holdings Limited (**NGPH**) and its subsidiary, Northern Gulf Petroleum Pte. Ltd. (**NGP**). The following table is an update of the forecast payments by Tap and NGP during the course of 2015.

Payment	Assumptions/Notes	Estimated Timing for Payment(s) in 2015
Repayment of NGP Carry: Payment by NGP/NGPH to Tap	The repayment of US\$10 million by NGP to Tap out of NGP's share of production or by NGPH. This is an ongoing repayment as proceeds are received from each oil lifting.	Approx. US\$1.03 million has been repaid to date by NGPH. Previously the carry was expected to be repaid in full in 2015. NGPH has not made any further repayments to Tap and the total amount owing is US\$6.92 million. Tap has issued default notices in respect of an amount totaling US\$5.70 million and has reserved all of its rights in respect of this default.
2P Reserves Deferred Payment: Payment by Tap to NGPH	Based on Manora 2P reserves at each year-end for four years after first production, up to US\$29.85 million. Conditional on the Manora 2P Reserves (plus recovered oil) remaining > 10 mmbbls).	Following the finalisation of the year end (31 December 2014) 2P reserves for Manora, or reserves certification by an independent expert. The 31 December 2014 2P Reserves estimate has been finalised and based on that report, the amount owing to NGPH is US\$1.31 million. Tap has exercised its right to set-off this 2P Reserves Deferred Payment (and the Earn-out) against the amounts owing to it in respect of the repayment of the carry described above. This set-off results in an amount owing to Tap of US\$5.12 million (excluding interest). Tap has also reserved its right to claim interest on this amount.
Earn-out (2% of Tap's Manora revenue): Payment by Tap to NGPH	No Earn-out is payable if : <ul style="list-style-type: none"> • the average daily closing spot price for Brent crude is below US\$50/bbl per barrel for the 14 days immediately prior to the date of any oil lifting; and • the Manora 2P reserves (economic ultimate recovery) do not exceed 15MMSTB. 	This is an ongoing payment, due monthly in arrears, and follows the receipt of lifting proceeds. The outstanding earnout amount payable is US\$492,165. Further amounts will become payable following receipt of proceeds from future liftings.

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12 Contingencies and commitments

Success payments in respect of the Manora oil development

As part of the consideration for acquiring the G1/48 permit in 2010, Tap Energy (Thailand) Pty Ltd (a subsidiary of Tap Oil Limited), is liable to make a 2P Reserves Deferred Payment up to a maximum of US\$29.85 million to Northern Gulf Petroleum Holdings Limited (NGPH). The payment is calculated pro-rata based on 2P reserves (economic ultimate recovery) between 10mmbbls and 35mmbbls and is to be calculated based on reserves as at 31 December 2014 with further payments due for any upward adjustments in the 2P reserves (economic ultimate recovery) as estimated at 31 December 2015 and 2016.

Tap paid an initial 2P reserves payment of US\$7.65 million in August 2012 based on the Manora 2P gross reserves estimate of 20.2 mmbbls at the time of the Manora Final Investment Decision (FID).

Netherland, Sewell & Associates, Inc (NSAI) compiled a report for the G1/48 joint venture which estimated the 31 December 2014 2P gross reserves at 15.5 MMSTB (net to Tap 4.648 MMSTB). As the reserves payment is based on the economic ultimate recovery, production to 31 December 2014 of 0.481 MMSTB is added to the NSAI estimate such that the reserves payment is calculated based on 15.97 MMSTB. On this basis, the 2P reserves payment owing to NGPH as at 31 December 2014 is US\$1.31 million which is included in Trade and other payables at 30 June 2015. Refer also to the subsequent events in note 11.

Should the 2P reserves (economic ultimate recovery) increase above 15.97 MMSTB on 31 December 2015 or 2016, then Tap will be liable to make further payments to NGPH.

Claim by NGPH

On 14 April 2015, Tap received a statutory demand from NGPH demanding payment of US\$14.61 million in satisfaction of the 31 December 2014 2P reserves deferred payment, which NGPH alleged was due and payable. As per the above note, Tap considers that the amount payable is US\$1.3 million and therefore the US\$14.61 million is not due and payable. and that there was no proper legal basis for NGPH to make this demand. On 26 August 2015 Supreme Court of Western Australia set aside the statutory demand (refer to the subsequent events note 11 above).

Tap considers the probability of any material financial outflow from the Consolidated Entity beyond the US\$1.3 million is unlikely.

Manora Capital Expenditure Overruns

The Operator of the Manora development has included all costs incurred to date on the Manora development in its billings to the joint venture. Tap has disputed some of the substantial increases being billed for both the facilities capital costs and the ongoing operational costs as well as the significant delays in hook up and commissioning work and ultimately first oil.

In these financial statements to 30 June 2015, Tap has excluded an amount of US\$9.1 million that has been billed by the Operator for capital expenditure on the Manora development on the basis that these costs have not yet been approved by Tap and are not considered commitments. Tap continues to work through these issues with the Operator and has reserved its position on all Manora cost overruns.

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Contractual Dispute – Apache Northwest Pty Ltd

Tap (Shelfal) Pty Ltd has been served with proceedings in the Supreme Court of Western Australia, commenced by Apache Northwest Pty Ltd (Apache). The Apache claim is for US\$4.154 million plus interest and costs.

The claim is for the repayment of a portion of the moneys paid to Tap by BHP Billiton Petroleum (North West Shelf) Pty Ltd under a Farmin Agreement entered into in June 2011 between Tap and BHP Billiton, under which Tap sold to BHP Billiton a 25% interest in the WA-351-P permit offshore Carnarvon Basin. The Farmin Agreement resulted from BHP Billiton's decision to pre-empt a transaction on the same terms and conditions between Tap and Japan Australia LNG (MIMI) Pty Ltd. BHP Billiton subsequently assigned to Apache a portion of its interest in WA-351-P.

Tap denies any liability in respect of the claim made by Apache and is defending the claim and has filed its defence.

On 19 August 2015 at a status hearing, the Registrar ordered that mediation occur, but not before 1 October 2015, in order to give the parties time to address outstanding matters arising out of discovery. Tap considers the probability of any material financial outflow from the Consolidated Entity is unlikely.

Transfer of Interest in G3/48 – Commitments

Tap has withdrawn from its 30% participating interest in G3/48, Thailand. The joint venture has formally agreed that Tap will have no further exploration obligations (including drilling) with respect to G3/48 from 7 January 2015. Although the assignee, NGOT (a subsidiary of NGP), has not yet signed the amended concession document, Tap considers the probability of any material financial outflow from the Consolidated Entity is unlikely.

	Consolidated	
	30 June 2015 US\$'000	31 December 2014 US\$'000
Commitments		
<u>Property, plant and equipment</u>		
Not longer than 1 year	-	9,032
Longer than 1 year and not longer than 5 years	-	-
Longer than 5 years	-	-
	-	9,032
<u>Exploration expenditure</u>		
Not longer than 1 year	2,776	8,694
Longer than 1 year and not longer than 5 years	2,682	2,122
Longer than 5 years	-	-
	5,458	10,816

There has been no material change to the remaining operating lease commitments as disclosed in the most recent annual report.

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Joint Venture Commitments

The operating lease commitments arising from the Consolidated Entity's interests in joint operations:

	Consolidated	
	30 June 2015 US\$'000	31 December 2014 US\$'000
<u>FSO lease at Manora</u>		
Not longer than 1 year	5,439	5,424
Longer than 1 year and not longer than 5 years	21,710	21,710
Longer than 5 years	15,801	18,505
	42,950	45,639

13 Segment Information

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Consolidated Entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The following is an analysis of the Consolidated Entity's revenue and results by reportable operating segment for the periods under review:

	Revenue Half-year ended		Segment result Half-year ended	
	30 June 2015 US\$'000	Restated 30 June 2014 US\$'000	30 June 2015 US\$'000	Restated 30 June 2014 US\$'000
Operations				
Oil & gas production and development	44,047	-	(14,984)	(1,153)
Oil & gas exploration	-	-	(8,916)	(5,323)
Third party gas	11,344	11,635	6,536	6,207
	55,391	11,635	(17,364)	(269)
Interest revenue			138	129
Finance costs			-	(455)
Net central administration costs			(2,441)	(3,611)
Net foreign exchange (losses)/gains			(15)	(338)
Loss before tax			(19,682)	(4,544)
Income tax benefit			2,261	2,234
Consolidated segment revenue and loss for the period	55,391	11,635	(17,421)	(2,310)

The revenue reported above represents revenue generated from external sources. There were no intersegment sales during the period.

Segment result represents the profit earned by each segment or loss made by each segment without the allocation of centralised administration expenses, recoveries of administration expenses recognised on a Consolidated Entity level, interest revenue, foreign exchange gains/(losses) and income tax (expenses)/benefits.

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The following is an analysis of the Consolidated Entity's assets and liabilities by reportable operating segment:

	Assets	
	30 June 2015 US\$'000	31 December 2014 US\$'000
	Oil & gas production and development	153,399
Oil & gas exploration	44,071	25,898
Third party gas	11,830	5,142
Total segment assets	209,300	184,998
Unallocated assets	8,143	39,654
Consolidated total assets	217,443	224,652

	Liabilities	
	30 June 2015 US\$'000	31 December 2014 US\$'000
	Oil & gas production and development	96,132
Oil & gas exploration	18,060	3,466
Third party gas	5,626	6,189
Total segment liabilities	119,818	50,952
Unallocated liabilities	6,704	65,959
Consolidated total liabilities	126,522	116,911

14 Fair value measurement of financial instruments

The directors consider that the carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their fair value.

The fair values of the financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and
- the fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

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The following table details the fair value of financial assets and financial liabilities, which represents a reasonable approximation of the carrying value of the financial assets and liabilities:

	Consolidated	
	Carrying amount US\$'000	Fair value US\$'000
Financial assets		
Cash and cash equivalents	35,635	35,635
Trade and other receivables	24,182	24,182
	59,817	59,817
Financial liabilities		
Interest bearing loans and borrowings	69,495	69,495
Trade and other payables	27,081	27,081
Other financial liabilities	861	861
	97,437	97,437

15 Dividends

Since the end of the previous financial year, no dividend has been paid or declared.

16 Equity securities issued

101,695 shares were issued (2014: 588,140) as a result of the vesting of employee share rights.

A total of 5,253,158 employee share rights were issued during the half-year ended 30 June 2015 (2014: 3,794,075). 101,695 employee share rights vested during the half-year ended 30 June 2015 (2014: 1,035,099). A total of 2,440,211 share rights expired, lapsed or were cancelled during the half-year ended 30 June 2015 (2014: 2,296,033). The total number of share rights on issue at 30 June 2015 was 14,839,309 (2014: 13,721,125).