

# Quarterly Report

For the Quarter ended 30 June 2020



## Highlights

- **US\$26.66 million of cash on hand (including Tap's share of joint venture cash) as at 30 June 2020**
- **Manora production during the June 2020 quarter (June Quarter) averaged 4,515 bopd (Tap's share 1,355 bopd)**
- **Cumulative Manora gross production reached 17.2 MMSTB (Tap's share 5.16 MMSTB) as at 30 June 2020**
- **Two liftings during the June Quarter totalling 142,320 bbls (Tap's share), and one subsequent to June Quarter end of 78,000 bbls (Tap's share)**
- **Tap's cash receipts from two liftings (after hedges) received during the June Quarter of US\$5.07 million at an average price of US\$35.63/bbl**
- **Development wells and well workover campaign successfully executed on schedule and within budget**
- **Hedging program for July and September cargoes executed**

Tap Oil Limited (ASX:TAP) (**Tap** or the **Company**) provides the following updated on its activities for the June Quarter.

## Revenue

Cash receipts for the June Quarter were US\$5.07 million from two liftings, made in April 2020 and May 2020. Cash receipts were lower compared to the quarter ending March 2020 (**March Quarter**) due to a decreased realised oil price. The average realised oil price was US\$35.63/bbl for the June Quarter, being 45.8% lower compared to the March Quarter.

| SALES REVENUE*<br>(Tap's Share)                   | Mar Qtr<br>US\$'000 | June Qtr<br>US\$'000 | Qtly %<br>Change | Comment   |
|---|---------------------|----------------------|------------------|---|
| Manora Crude Receipts – net                       | 10,088              | 5,071                | (49.7%)          | Decrease primarily due to realised oil price decline. |
| Other Receipts                                    | 107                 | 54                   | (49.5%)          | Timing of receipt of interest on term deposits.       |
| <b>Total Cash Receipts</b>                        | <b>10,195</b>       | <b>5,125</b>         | <b>(49.7%)</b>   |   |
| <b>Average realised oil price<br/>(US\$/bbl*)</b> | <b>65.78</b>        | <b>35.63</b>         | <b>(45.8%)</b>   |   |

\*Includes Realised Hedge Gains/ (Losses)

| PRODUCTION AND LIFTING<br>VOLUMES<br>(Tap's Share) | Mar Qtr | June Qtr | Qtly %<br>Change | Comment  |
|--|---------|----------|------------------|--|
| Manora Crude Production<br>(bbls)                  | 151,050 | 123,265  | (18.4%)          | Production decrease due to production curtailment in May and natural decline     |
| Manora Daily Average<br>Production (bopd)          | 1,660   | 1,355    | (18.24%)         |  |
| Manora Crude Lifting (bbls)                        | 75,290  | 142,319  | 89.0%            | There were two liftings in the June Quarter and one lifting in the March Quarter |
| Manora inventory <sup>1</sup> (bbls)               | 113,909 | 93,763   | (17.7%)          | As at quarter end.   |

1. Reconciliation between production and inventory won't be exact due to shrinkage.

## Production

### Gulf of Thailand - Manora Oil Field

Offshore Thailand  
(Tap 30%)

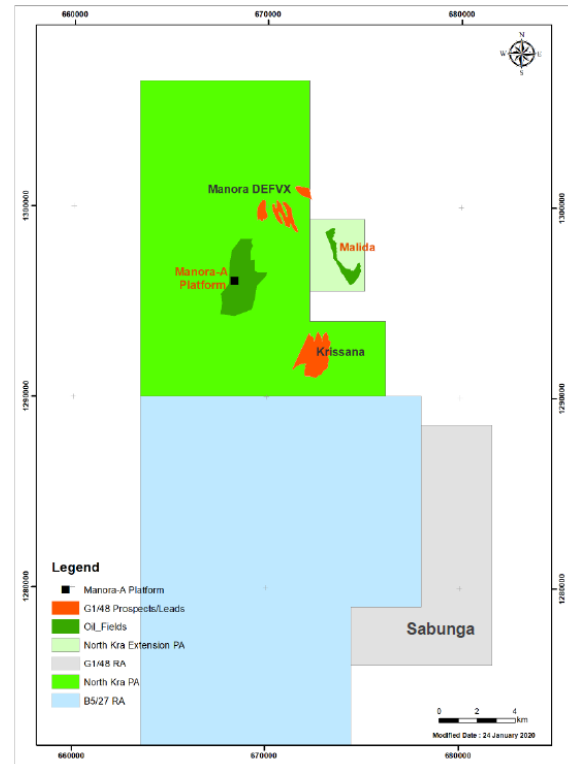
Tap holds a 30% direct interest in the G1/48 concession in the northern Gulf of Thailand. This concession is operated by MP G1 (Thailand) Limited (**Mubadala Petroleum**).

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

Gross production for the June Quarter was 410.9 MSTB (Tap's share 123 MSTB). The average quarterly gross production rate was 4,515 bopd (Tap's share 1,355 bopd). Cumulative field production to 30 June 2020 was 17.2 MMSTB gross (Tap's share 5.16 MMSTB).

During the June Quarter, production decreased due to natural decline and production curtailment in May because of oil marketing issues and FSO storage limitations.

Figure 1: Location Map of Manora Production Licence and G1/48 Reservation Areas



## Development

### Gulf of Thailand - Manora Oil Field

Offshore Thailand  
(Tap 30%)

On 14 May 2020, the Operator of the Manora Oil Field, Mubadala Petroleum commenced a development drilling and workover program that was completed post quarter end on 4 July 2020. The 54 day campaign using the Valaris 115 jack-up drilling rig, comprised four new development wells (MNA-25, MNA-26H, MNA-27, MNA-28) and the workover of two existing wells (MNA-7, MNA-15).

The program was completed with no lost time incidents, 8.5 % under budget and 2.5 days ahead of schedule. This was an exceptional achievement in a very challenging health, safety, operating and logistics environment given the global COVID-19 pandemic.

The total cost of the program is estimated at approximately US\$15.08 million (US\$4.52 million net to Tap).

All wells were on stream by 14 July 2020 adding over 4,500 bopd gross to total field production capacity with Manora now capable of producing around 9,500 bopd gross. Some key highlights of the highly successful campaign include:

MNA-25 is now the new crestal development well for the 600 series oil reservoirs in the Central Fault Block (CFB).

MNA-26H is a horizontal well which will produce otherwise undrained oil in the high-quality 370-10 reservoir of the Eastern Fault Block (EFB).

MNA-27 is now the crestal well for the prolific 490 series reservoirs in the EFB.

MNA-28 also intersected the thick, high quality 490 series oil reservoirs high to prognosis and is a key additional oil producer.

MNA-15 well, which had been shut-in, had a new electrical submersible pump (ESP) installed and commenced production at around 500 bopd gross.

MNA-7 was converted to a water injection well to add an estimated 8,000 bwpd water disposal capacity required for the forecast ramp-up of production.

Gross crude oil liftings of 1,460,000 bbls (438,000 bbls net to Tap) have been scheduled between July and December 2020.

At mid-July 2020 production, including all new wells was constrained to around 7,000 bopd gross until early September 2020 due to Manora FSO crude oil storage capacity constraints.

## Exploration

### Gulf of Thailand - Manora Oil Field

#### Offshore Thailand

(Tap 30%)

A portfolio of near field exploration opportunities has been evaluated, inventorised and ranked. While prospect DEF located 4.3 km north-northeast of the Manora Platform is the top ranked exploration prospect, no further exploration drilling is planned in the current oil price environment with the current focus being to reduce costs while optimising and accelerating production of Manora field reserves.

## Myanmar

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

Tap 95% Operator

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

Tap has met with its exit obligations and finalised its exit with the closing down of the two Singapore companies that held the interest on 6 July 2020.

## Exploration, Development, Operating & Other Expenditures

|                                  | Tap Share           | Tap Share            |
|----------------------------------|---------------------|----------------------|
|                                  | Mar Qtr<br>US\$'000 | June Qtr<br>US\$'000 |
| Exploration & Appraisal          | 2,163               | 176                  |
| Development, Plant & Equipment   | 442                 | 2,485                |
| <b>Total Capital Expenditure</b> | <b>2,605</b>        | <b>2,661</b>         |
| Manora Production Costs *        | 4,901               | 2,888                |
| Other expenses **                | 470                 | 399                  |
| <b>Total Expenditure</b>         | <b>7,976</b>        | <b>5,948</b>         |

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

\*\* Includes staff costs and G&A costs.

Year to date, Manora operating cash costs are circa US\$27.29 /bbl including royalty, insurance and marketing costs.

## Financial & Corporate

### Cash Position

Tap's cash position at 30 June 2020 was US\$26.656 million. Cash includes Tap's share of cash held in joint ventures, which at the end of the June quarter was US\$4.12 million.

| Cash Position   | Jun'19<br>US\$'000 | Sept'19<br>US\$'000 | Dec'19<br>US\$'000 | Mar'20<br>US\$'000 | Jun'20<br>US\$'000 |
|---|--------------------|---------------------|--------------------|--------------------|--------------------|
| Cash on hand *  | 31,540             | 30,885              | 26,659             | 28,945             | 26,656             |
| Debt  | -                  | -                   | -                  | -                  | -                  |
| <b>Net Cash/(Debt)</b>  | <b>31,540</b>      | <b>30,885</b>       | <b>26,659</b>      | <b>28,945</b>      | <b>26,656</b>      |
| * Cash on hand includes Tap's share of cash held in joint ventures. |                    |                     |                    |                    |                    |

### Hedging

During the quarter, the Tap Board resolved to execute the following commodity hedges for the quarter:

- 37,500 bbls of swaps at a fixed price of US\$35.5/bbl for the month of July 2020
- 27,000 bbls of swaps at a fixed price of US\$36.20/bbl for the month of September 2020

Subsequent to 30 June 2020 the Tap Board resolved to execute the following commodity hedge:

- 18,000bbls of swaps at a fixed Dubai crude oil price of US\$41.15/bbl for the month of September 2020

## Share Rights

3,442,549 Performance Rights and 442,549 Retention Rights (together, referred to as **Share Rights**) were issued during the June Quarter. The Share Rights on issue are detailed in the table below and subject to meeting certain performance and vesting criteria, are each convertible into one (1) fully paid ordinary share in the capital of the Company (**Share**).

During the June Quarter, 255,000 Performance Rights with a measurement date of 22 May 2020 satisfied the requisite vesting criteria. The remaining 765,000 did not meet the vesting criteria and are subject to re-test on 31 December 2020 (refer to Note 1 below for details).

As at the June Quarter end, the total 8,681,421 Share Rights (excluding the abovementioned 225,000 vested Performance Rights) on issue comprise:

| Number                 | Class              | Vesting Date     |
|------------------------|--------------------|------------------|
| 2,939,777 <sup>1</sup> | Performance Rights | 31 December 2020 |
| 713,807                | Performance Rights | 01 January 2021  |
| 1,184,777              | Retention Rights   | 31 March 2021    |
| 2,167,224              | Performance Rights | 31 December 2021 |
| 1,177,224              | Retention Rights   | 31 March 2022    |
| 249,306                | Performance Rights | 31 December 2022 |
| 249,306                | Retention Rights   | 31 March 2023    |

### Notes:

1. This figure includes the 765,000 Performance Rights that did not meet vesting criteria on 22 May 2020 and are subject to re-test on 31 December 2020.

Authorised by the Board of Tap Oil Limited.

## FURTHER INFORMATION

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