

Quarterly Report

For the Quarter ended 30 September 2019



Highlights

- **US\$30.885 million of cash on hand (including Tap's share of JV cash) as at 30 September 2019**
- **Manora production during the September quarter averaged 5,145 bopd (Tap's share 1,543 bopd)**
- **Cumulative Manora gross production reached 15.81MMSTB (Tap's share 4.74MMSTB) as at 30 September 2019**
- **Three liftings during the quarter totalling 223,805 bbls (Tap's share)**
- **Cash receipts from two liftings received during the quarter of US\$9.892 million at an average price of US\$64.90/bbl**
- **During the quarter, Tap undertook a commodity swap for 30,000 bbl (37%) of the July lifting at US\$61.00/bbl**
- **Tap divested most of its residual Australian and New Zealand assets via a portfolio sale, which completed on 13 September 2019**
- **Manora JV partners commenced the drilling of three development wells at Manora in July 2019 and completed this programme during August 2019, with two wells put into production**
- **Tap and its Manora JV partners have approved a revised 2019 exploration work program and budget for three firm wells and one contingent appraisal side-track well near the Manora Oil Field and within the North Kra (Manora) Production Area. The exploration drilling program is expected to commence late November 2019**
- **The 10.75km² North Kra Production Area extension application was approved by the Thailand State Petroleum Committee on 6 September 2019**

Summary

Tap Oil Limited (**Tap** or the **Company**) reported cash receipts from oil sales for the September quarter were US\$9.892 million. Cash receipts were lower compared to the prior quarter primarily due to the lower sale price per barrel achieved for the two liftings at the Manora Oil Field (**Manora**) in block G1/48 in the Gulf of Thailand.

Production at Manora averaged 5,145 bopd (Tap's share 1,543 bopd) for the September quarter, down 2.6% from the previous quarter primarily due to natural decline and Electric Submersible Pump (ESP) failures on a number of wells. A workover program is scheduled to commence in late October to replace ESP's and restore production on at least three wells.

The Company's cash position as at the end of the September quarter was US\$30.885 million; a decrease of US\$0.66 million from the previous quarter.

During the September quarter, Tap disposed of the subsidiaries that held the non-operated assets in WA-72-R (20%), WA-25-L (15%) and the overriding royalty interest over the NZ located PMP 38748. Tap's remaining position in Australia is the non-operated WA-34-R (12%) which Tap expects to exit by year end.

Revenue

Cash receipts for the September quarter were US\$9.892 million from two liftings made in July and August 2019. Cash receipts were lower compared to the prior quarter due to the lower sale price per barrel achieved for the two liftings in which revenue was received in the September quarter. The average realised oil price was US\$64.90/bbl, being 9.4% lower compared to the previous quarter.

SALES REVENUE* (Tap's Share)	Jun Qtr US\$'000	Sept Qtr US\$'000	Qtly % Change	Comment
Manora Crude Receipts – net	11,794	9,892	(16.1%)	Decrease primarily due to lower sale price per barrel
Other Receipts	163	183	12.3%	Increased cash held on term deposits
Total Cash Receipts	11,957	10,075	(15.7%)	
Average realised oil price (US\$/bbl*)	71.62	64.90	(9.4%)	

*Includes Realised Hedge Gains/ (Losses)

PRODUCTION AND LIFTING VOLUMES (Tap's Share)	Jun Qtr	Sept Qtr	Qtly % Change	Comment
Manora Crude Production (bbls)	144,228	142,001	(1.5%)	Production decrease due to natural decline and ESP failures
Manora Daily Average Production (bopd)	1,585	1,543	(2.6%)	
Manora Crude Lifting (bbls)	74,975	223,805	198.5%	There were 3 liftings in the September quarter and 1 in the June quarter
Manora inventory ¹ (bbls)	127,674	45,056	(64.7%)	As at September 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.

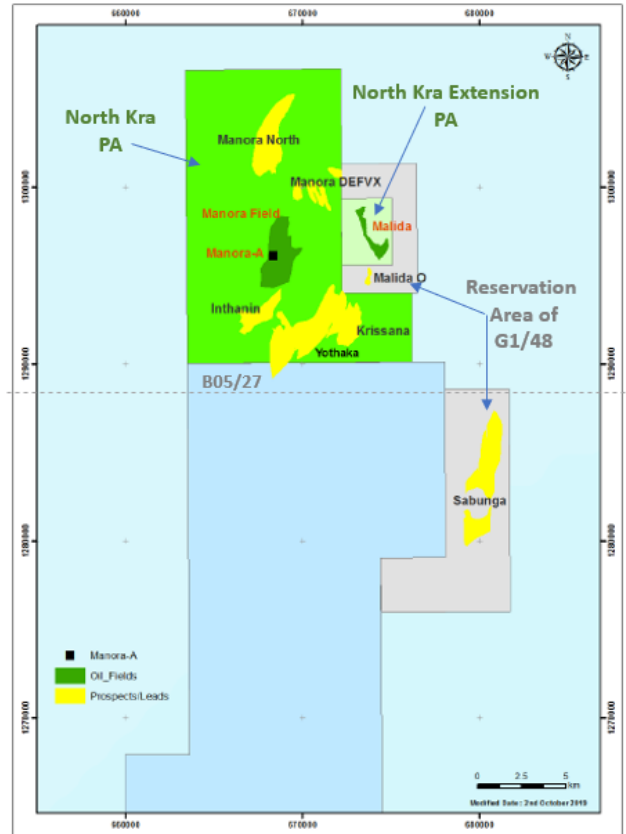
Gross production for the quarter was 473 MSTB (Tap's share 142 MSTB). The average quarterly gross production rate was 5,145 bopd (Tap's share 1,543 bopd). Cumulative field production to 30 September 2019 was 15.81 MMSTB gross (Tap's share 4.7 MMSTB).

During the quarter, production was negatively impacted by ESP failures on two wells and well problems with the prolific MNA-20 well.

On 6th September the Thailand State Petroleum Committee approved the North Kra Production Area Extension which extends the North Kra (Manora) Production Area by 10.75km²

The remaining G1/48 Reservation Area covers 77.07 km² and expires in December 2020.

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



Development

Gulf of Thailand - Manora Oil Field

Offshore Thailand
(Tap 30%)

Budgeted development activities in 2019 include two development wells in the Manora 300 series sands (MNA-23 & MNA-24) discovered in 2018, a further development well in the 490-60 reservoir (MNA-22) delineated in late 2017 by MNA-18, and various workover opportunities to optimise production and replace failed ESP's. Further investments in the de-bottlenecking of facilities, including water injection capacity enhancement, is also budgeted.

During the quarter, the development well program was completed with the first two horizontal wells in the Manora field being successfully drilled, completed and put on production ahead of schedule and budget. August saw a full months production from new development wells MNA-23Hz and MNA-24Hz. Official data for September allocated production of 483 bopd with 44% watercut and 930 Bopd with trace water to MNA-23Hz and MNA-24Hz respectively. The MNA-22 well has been suspended and completion is scheduled in October 2019 when the workover program commences.

Exploration

Gulf of Thailand - Manora Oil Field

Offshore Thailand

(Tap 30%)

A portfolio of nearfield exploration drilling opportunities has been evaluated, and the JV partners have now agreed upon a revised 2019 exploration drilling program that comprises three firm exploration wells, plus a contingent appraisal side-track well.

The firm exploration wells, in order of drilling are Inthanin -1, Yothaka East-1 and Krissana -1. The Yothaka East -2 Appraisal well is contingent upon significant hydrocarbon indications in the Yothaka East-1 and Krissana -1 wells.

Tap has budgeted US\$1.72 million of expenditure for the three exploration wells on a dry hole basis and US\$2.74 million of expenditure for four wells including additional wireline logging to evaluate significant hydrocarbon occurrences.

The Combined best estimate (P50) Prospective Resources were independently estimated at 1.13 MMSTB, net to TAP as detailed in ASX Release dated 30 September 2019.

Estimates of Prospective Resources net to Tap (30%) are tabulated below. The Prospective Resources have been adjusted for risk*			
Prospect	Low Estimate MMstb P90	Best Estimate MMstb P50	High Estimate MMstb P10
Inthanin	0.03	0.23	1.02
Yothaka (East)	0.07	0.4	1.38
Krissana	0.05	0.5	2.51
Combined**	0.15	1.13	4.91
Cautionary statement			
<p>The estimated quantities of petroleum that may potentially be recovered by the application of a future development project relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.</p> <p>*The individual zones in each prospect were combined probabilistically by incorporating the risk of each zone.</p> <p>**Prospective Resources in this Table have been estimated probabilistically at prospect level but combined arithmetically to provide the portfolio number. The aggregate P90 may be a very conservative estimate and the aggregate P10 may be a very optimistic estimate due to the portfolio effects of arithmetic summation.</p>			

Australia, Bonaparte Basin

WA-34-R Prometheus /Rubicon Gas Fields

Tap 12%, Eni Operator

WA-34-R is a Retention Lease in the offshore Bonaparte Basin, Western Australia. The Retention Lease contains the Prometheus/Rubicon Gas fields and covers 418 km².

The Operator is considering forward plans for the asset.

Portfolio Rationalisation

Australian and NZ assets

On the 13 September 2019, Tap completed the sale and purchase agreement (**SPA**) with Kensington Energy Pty Ltd (**Kensington Energy**), a privately owned Australian oil and gas investment company, to sell its residual Australian and New Zealand portfolio. The transaction involves Tap selling the following assets through the sale of wholly-owned subsidiaries:

- A 20% participating interest in the BHP operated WA-72-R, which contains the Tallaganda gas discovery and for which Tap has booked 49 PJ of net 2C gas resources;
- A 15% participating interest in the ENI operated WA-25-L including the shut-in Woollybutt Oil Field where abandonment activities are tentatively scheduled between 2020 & 2021. Tap has a US\$6.46 million provision for Woollybutt field abandonment (net of PRRT credits) in its 2019 half year accounts; and
- A 5% oil, gas and condensate overriding royalty interest (ORRI) over 66.67% of NZ PMP 38748 that includes the producing Sidewinder oil and gas field. Tap recorded revenue in 2018 of US\$0.15 million.

The effective date of the sale was 31 March 2019 (**Effective Date**), with the economic benefit and obligations passing as at that date.

The SPA includes terms and conditions normal for a transaction of this type, with the purchase price post Effective Date adjustments being negative US\$3.21million. As a result of the sale, Tap has passed on any field abandonment costs associated with Woollybutt.

Myanmar

Block M-7 Moattama Basin, Offshore Myanmar

Tap 95% Operator

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

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

Exploration, Development, Operating & Other Expenditures

	Tap Share	Tap Share
	Jun Qtr US\$'000	Sept Qtr US\$'000
Exploration & Appraisal	248	153
Development, Plant & Equipment	245	2,172
Total Capital Expenditure	493	2,325
Manora Production Costs *	4,643	4,727
Other expenses **	535	408
Australia & NZ Portfolio Sale	-	3,245
Total Expenditure	5,671	10,705

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

** Includes staff costs and G&A costs.

Financial & Corporate

Cash Position

Tap's cash position at 30 September 2019 was US\$30.885 million. Cash includes Tap's share of cash held in joint ventures, which at the end of the September quarter was US\$4.194 million.

Cash Position	Sep'18 US\$'000	Dec'18 US\$'000	Mar'19 US\$'000	Jun'19 US\$'000	Sept'19 US\$'000
Cash on hand *	16,343	21,166	25,289	31,540	30,885
Debt	-	-	-	-	-
Net Cash/(Debt)	16,343	21,166	25,289	31,540	30,885

* Cash on hand includes Tap's share of cash held in joint ventures.

Share Rights

No share rights were issued during the September quarter.

At 30 September 2019, Tap had on issue a total of 9,680,428 share rights to acquire fully paid shares with vesting dates varying from 31 December 2019 through to 31 March 2022.

The following performance rights were on issue at 30 September 2019:

Number	Class	Vesting Date
1,079,294	Performance Rights	31 December 2019
1,559,453	Performance Rights	1 January 2020
1,079,294	Retention Rights	31 March 2020
1,047,550	Performance Rights	31 December 2020
1,772,187	Performance Rights	1 January 2021
1,047,550	Retention Rights	31 March 2021
1,047,550	Performance Rights	31 December 2021
1,047,550	Retention Rights	31 March 2022

Hedging

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

- 30,000 bbls of the July 2019 cargo being 37% of the scheduled lifting hedged at a swap price of \$61.00/bbl; and
- Due to Manora production out-performance the lifting profile was updated which left a hedge position out of synchronisation. This original October hedge was switched to be applied to the August 2019 lifting setting the Put at US\$62.60 p/bbl and Call at US\$75 p/bbl on a total of 30,937.5 bbls being 43% of the August 2019 lifting.

Unmarketable Parcel Facility

On 6 August 2019 Tap announced the financing of a non-marketable parcel buy back facility. A total of 495,914 Tap ordinary shares were bought back and cancelled for a total cost of \$47,856.14. As at 30 September 2019, Tap shares outstanding totalled 525.5 million.

FURTHER INFORMATION

Investor Enquiries:

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Qualified Petroleum Reserves and Resources Evaluator Statement

In accordance with the ASX Listing Rules, information in this announcement that relates to Prospective Resources has been reviewed and signed off by Julia Davies, an employee of Discover Geoscience. Information that relates to the Prospective Resources is based on and fairly represents, information and supporting documentation prepared by or under the supervision of Julia Davies. She has provided written consent to the form and context in which the information that relates to the Prospective Resources and Reserves presented. Julia Davies qualifications include: MSc, Geology from the University of London and BSc Geology (Hons) from Cardiff University. She has 30 years of operating company experience obtained through multiple multinational companies. Julia is a member of AAPG, PESA, EAGE, AIPN and SPE.

<p>Abbreviations and Definitions</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>Investor Relations</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 www.tapoil.com.au.</p>	<p>Disclaimer</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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