

23 April 2015

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2014 Reserves and Resources Estimates - Update

- Reserve and Contingent Resource Estimate for Manora as at 31 December 2014
- Manora 1P reserve estimate increased from 3.6 MMSTB to 4.7 MMSTB (net to Tap)
- Manora 2P reserve estimate decreased from 6.1 MMSTB to 5.8 MMSTB (net to Tap)
- Tap's total 2C resources decreased to 3.3 MMSTB and 206 PJ (net to Tap)

Tap Oil Limited (**ASX:TAP**) provides the following update of its reserves and resources estimates as at 31 December 2014.

Oil Reserves

All of the Company's oil reserves are associated with the Manora Oil Development in the Gulf of Thailand (*see below for further detail*). The field commenced production on 11 November 2014 and the development drilling program ended at the end of March 2015. The development drilling straddled the end of Tap's financial year (31 December 2014), thus the evaluation of STOIPP (Stock Tank Oil Initially In-Place) and reserves estimates incorporates all development well data up to 31 March 2015. For the purpose of evaluation of reserves as at 31 December 2014, only the cumulative production at that date is considered.

The range of reserves estimates for the Manora Oil Development as at 31 December 2014 are:

	Gross 100% Field			Tap share (30%)		
	Low Case	Mid Case	High Case	Low Case	Mid Case	High Case
STOIPP** (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 increase in 1P reserves to 4.7 MMSTB (net to Tap) is due to probabilistic addition and incorporation of a waterflood recovery factor. The previous estimate of 1P reserves dated from the July 2012 Final Investment Decision, assumed natural recovery process only and was an incomplete probabilistic scenario. The current field model uses a probabilistic addition of 10 reservoirs. In order to comply with the SPE PRMS requirements for improved recovery for the waterflooded reservoirs, the analogue method has been used, with a recovery factor distribution created from 11 analogue reservoirs.

The minor decrease in 2P reserves not related to production is a result of poor sand development, and thus lower gross rock volume in the East Fault Block, as well as a higher economic oil production limiting rate due to a projected lower oil price.

Tap notes that the Borrowing Base Debt Facility with BNP Paribas and Siam Commercial Bank is currently sized on 1P reserves. The decrease in 2P reserves due to Tap's internal assessment does not affect the Borrowing Base Debt Facility.

Probabilistic methods have been used to evaluate reserves. In order to evaluate the field economic limit, a constant oil price of US\$75/bbl from 2016 onwards has been assumed.

Oil production in 2014 was 0.48 MMSTB (0.14 net to TAP). During the first quarter of 2015 an additional 1.16 MMSTB (0.35 net to TAP) of oil has been produced. The reference point for reserve booking is the sales meter on the outlet of the Manora Princess FSO.

Contingent Resources

At the end of 2014, the Company's 2C contingent oil and condensate resources estimates were 3.3 MMSTB, and 2C contingent gas resources estimates were 206.2 PJ.

The key changes in contingent resources since 31 December 2013 are as follows:

- decrease of the Maitland gas and condensate resource (in retention lease WA-33-R) following an in-house technical study;
- decrease in Manora contingent resource as:
 - the East Fault Block 300 and 500 oil sands found in the exploration well Manora-3 were found to be wet in offset well MNA-7; and
 - the portion of Manora contingent resources reflecting the Operator's higher 2C simulation recovery factor, compared to the analogue reservoirs' 2P recovery factor is now included as part of the probabilistic 3P reserve calculation.

Both deterministic and probabilistic methods at the field level have been used to estimate contingent resources. Contingent resources are not adjusted for risk.

Manora Oil Development

Tap's flagship project, the Manora Oil Development in Thailand, commenced production on 11 November 2014. This marked a significant milestone for all of Tap Oil's shareholders, Board and employees and returned the Company to a mid-tier producer following a two year hiatus from production.

The Manora Oil Development has three key components: the platform, the Floating Storage Offloading (FSO) Unit and the development wells. Manora is a single well head platform with a four-leg platform jacket substructure, with the topsides containing the production process and well head equipment. The Manora platform is located in 46 metres of water. A pipeline and risers connect the platform to a leased FSO Unit. The FSO also serves as the accommodation hub.

Manora is now producing from six wells: MNA-01, MNA-02, MNA-03, MNA-05, MNA-07 and MNA-08. Manora has been producing above 15,000 bopd (gross), and on occasion above 16,000 bopd (gross) since the six wells have been in production.

MNA-01 and MNA-02 started production on 11 November 2014. The two wells initially flowed at a combined rate of 2,200 barrels per day (gross), with MNA-03 following a day later. MNA-05 started production on 23 November 2014. All of these wells were completed with ESP pumps, exhibited high productivity as expected, and are producing free of water and sand. Production from the above wells occurs in the Central Fault Block 600 sand reservoirs.

MNA-07, the first producer well from the East Fault Block, was put on production in early January with a tested rate of 1,332 barrels oil per day (gross) with 40% watercut which has increased to 64% watercut at present. The MNA-08 producer well from the East Fault Block started production on 21 February 2015. MNA-08 is currently producing oil at the rate of 2,377 barrels oil per day (gross) with 14% watercut.

MNA-11, the final producer well drilled to the central fault block, is still waiting production startup by the operator.

Water injection is ongoing to four water injection wells at a combined rate of 20,000 bwpd. Pressure response to water injection has been noted in the central fault block reservoirs.

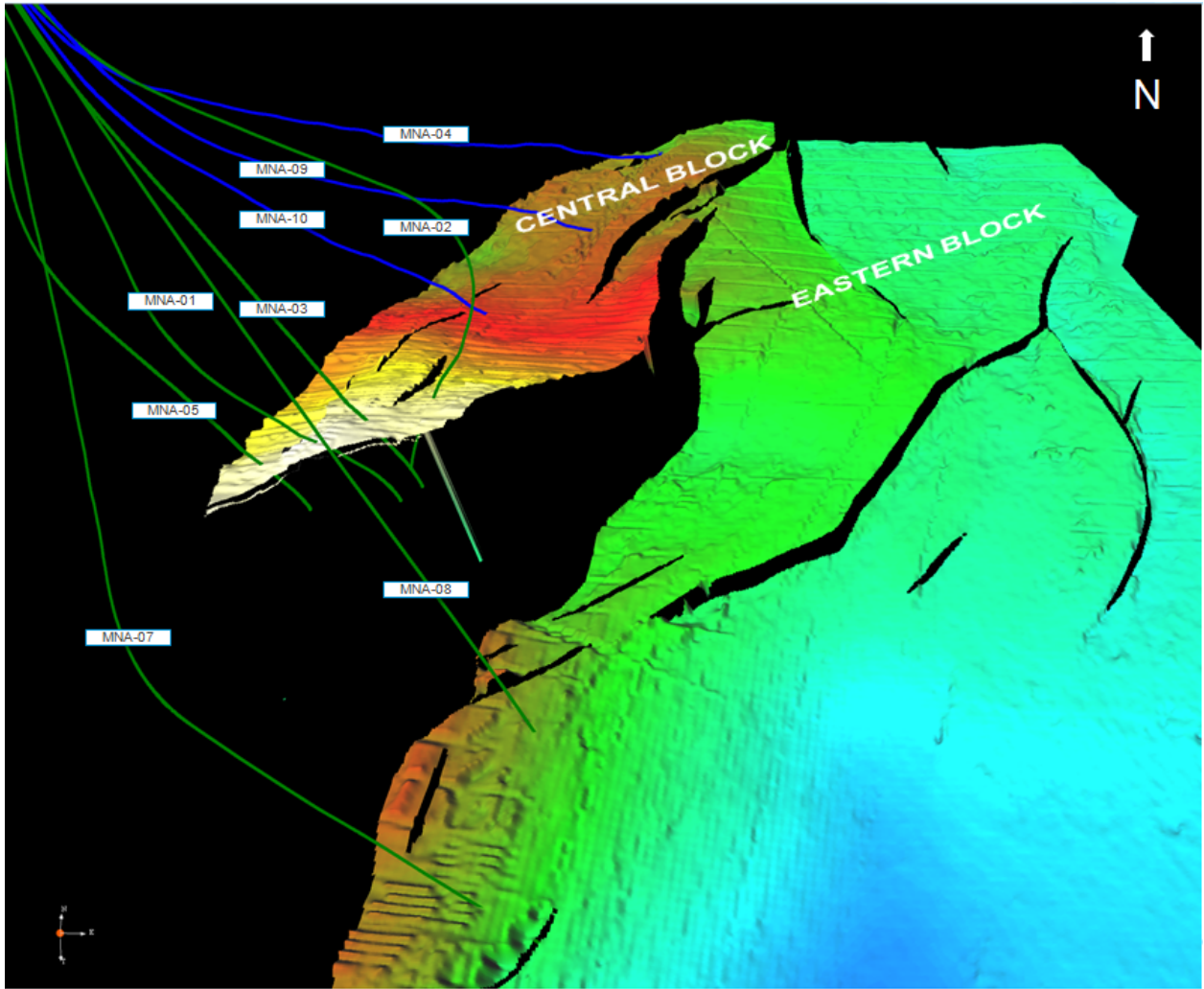


Figure 1:
Location of wells in the Manora oil field

Following a review of the results from the development drilling programme, the Manora joint venture agreed that two wells (one producer and one injector) are no longer required and also to defer two producer wells. The Operator (Mubadala Petroleum) has confirmed that peak production of 15,000 barrels per day (gross) has now been achieved and can be maintained with only 7 producer wells (instead of the original 10 producer wells).

The first cargo lifting was completed on 24 December 2014, with fifteen liftings completed by 21 April 2015. Proceeds are received approximately 30 days from each lifting.

Reserve and Contingent Resource Estimate

The following summarises Tap's Proved Reserves (1P), Proved plus Probable Reserves (2P) and Contingent Resources (2C) estimates as of the evaluation date of 31 December 2014. Unless otherwise stated, all estimates are quoted as net Tap share.

Proved (1P) Reserves by Region at evaluation date 31 December 2014

	Developed			Undeveloped ¹			Total		
	Sales Gas (PJ)	Condensate (MMbbl)	Oil (MMbbl)	Sales Gas (PJ)	Condensate (MMbbl)	Oil (MMbbl)	Sales Gas (PJ)	Condensate (MMbbl)	Oil (MMbbl)
	Thailand	0	0	2.5	0	0	2.2	0	0

Proved Plus Probable (2P) Reserves by Region at evaluation date 31 December 2014

	Developed			Undeveloped ¹			Total		
	Sales Gas (PJ)	Condensate (MMbbl)	Oil (MMbbl)	Sales Gas (PJ)	Condensate (MMbbl)	Oil (MMbbl)	Sales Gas (PJ)	Condensate (MMbbl)	Oil (MMbbl)
	Thailand	0	0	3.1	0	0	2.7	0	0

Reserves Reconciliation by Region (MMbbl)

	Proved (1P) Reserves					
	Evaluation Date 31-Dec-13	Revision & Reclassification	Extensions & Discoveries	Acquisitions & Divestments	Production	Evaluation Date 31-Dec-14
	Thailand	3.6	1.17	.08	0	-0.14

Reserves Reconciliation by Region (MMbbl)

	Proved plus Probable (2P) Reserves					
	Evaluation Date 31-Dec-13	Revision & Reclassification	Extensions & Discoveries	Acquisitions & Divestments	Production	Evaluation Date 31-Dec-14
	Thailand	6.1	-0.37	0.21	0	-0.14

Note 1: The split between developed and undeveloped reserves reflects the development drilling status as of 31 December 2014

2C Contingent Resources by Region at evaluation date 31 December 2014

	LIGHT AND MEDIUM OIL		NATURAL GAS		NATURAL GAS LIQUIDS	
	Gross MMSTB	Net MMSTB	Gross PJ	Net PJ	Gross MMSTB	Net MMSTB
Thailand	0.5	0.2	0.0	0.0	0.0	0.0
Australia	16.2	2.3	1474.2	206.2	5.7	0.8
TOTAL	16.7	2.5	1474.2	206.2	5.7	0.8

2C Contingent Resources by Field at evaluation date 31 December 2014

TAP (%)		LIGHT AND MEDIUM OIL		NATURAL GAS		NATURAL GAS LIQUIDS	
		Gross MMSTB	Net MMSTB	Gross PJ	Net PJ	Gross MMSTB	Net MMSTB
20.00%	Amulet	7.1	1.4				
10.00%	Antiope			106.0	10.6		
10.00%	Bianchi			159.5	16.0	2.2	0.2
22.47%	Maitland			215.4	48.4	1.8	0.4
30.00%	Manora	0.5	0.2				
12.00%	Prometheus & Rubicon			377.3	45.3		
20.00%	Tallaganda			244.0	48.8	0.5	0.1
10.00%	Taunton	9.1	0.9				
10.00%	Zola			372.0	37.2	1.2	0.1
	Total	16.7	2.5	1474.2	206.2	5.7	0.8

2C Contingent Resource Reconciliation

	LIGHT AND MEDIUM OIL	NATURAL GAS	NATURAL GAS LIQUIDS
	Net MMSTB	Net PJ	Net MMSTB
31 December 2013 CONTINGENT RESOURCE (2C)	5.6	220.1	1.4
Conversion to Reserves	0.0	0.0	0.0
Revisions (<i>Maitland, Manora</i>)	-3.1	-13.9	-0.6
Extensions and Discoveries	0.0	0.0	0.0
Acquisitions and Divestments	0.0	0.0	0.0
31 December 2014 CONTINGENT RESOURCE (2C)	2.5	206.2	0.8

Reserves and Contingent Resource Estimates - Governance

Tap reserves and contingent resources estimates are prepared in accordance with the SPE Petroleum Resources Management Guidelines.

Tap has a Reserves Committee charter, which is available for viewing on its website. Three meetings of the Reserves Committee were undertaken prior to the release of this announcement. There was no external audit of reserves or resources estimates commissioned by the Company during 2014. The Operator, Mubadala Petroleum, is currently finalising its 2P reserves estimates as at 31 December 2014 for review by the joint venture.

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G1/48 CONCESSION		
Location	Gulf of Thailand	
Permit	G1/48 Concession	
Joint Venture Participants	Mubadala Petroleum (MP G1 (Thailand) Limited) (Operator)	60%
	Northern Gulf Petroleum Pte Ltd <i>* Subject to default notice issued by Operator on 20 March 2015</i>	10%*
	Tap Energy (Thailand) Pty Ltd	30%

Person compiling information about hydrocarbons

The reserve and contingent resource information in this announcement is based on and fairly represents information and supporting documentation prepared by Mr Denis Bouclin B.A.Sc (Hons), M.A.Sc (Engineering), P.Eng., who is a qualified petroleum reserves and resources evaluator and has consented to the inclusion of such information in this announcement 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. Mr Bouclin is a member of the SPE and APEGA.

Contingent Resources: TAP follows the Society of Petroleum Engineers – Petroleum Resources Management System (SPE-PRMS) guidelines with respect to the definition of different classes of reserves and resources. SPE-PRMS defines Contingent Resources as those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects but which are not currently considered to be commercially recoverable due to one or more contingencies. Contingent Resources are a class of discovered recoverable resources.

Tap's reserve and contingent resource estimate in this report was prepared in accordance with the SPE-PRMS guidelines.

Reserves and contingent resources have been estimated using both deterministic and probabilistic methods. Reserves and contingent resources are aggregated by arithmetic summation by category. Reference point for measurement of reserves is the point of sales.

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