QUARTERLY REPORT

For the Quarter Ended 31 December 2016

Highlights

- Net debt position of US$2.5m with a debt balance of US$8.9m and cash of US$6.4m
- Settlement of Dispute with Northern Gulf Petroleum
- Appointment of Mr James Menzies as Executive Chairman
- Board renewal process complete
- Manora drilling completed with production commencing in November from MNA-17
- Workovers completed on 4 Manora wells

Summary

Debt balance now at US$8.9m, net debt US$2.5m

Dispute with NGP settled

For further information regarding **Tap Oil Limited**, please contact
James Menzies
(Executive Chairman)
Chris Bath
(CFO)
Telephone: +61 8 9485 1000
Email: info@tapoil.com.au
Website: www.tapoil.com.au

Tap made a further debt repayment during the quarter, with the debt balance now at US$8.9 million with cash on hand of US$6.4 million and hedging in place for 115mbbls, representing an estimated 70% of Manora production until February 2017 at an average swap price of US$42.15/bbl.

During the quarter Tap agreed to settle various outstanding disputes and future payment obligations with Mr Chatchai Yenbamroong and with Northern Gulf Petroleum Holdings Limited and related entities (collectively NGP). The Disputes related to acquisition payments due under the sale and purchase agreement for Tap's acquisition of its 30% interest in the G1/48 Concession.

Tap and NGP agreed to settle these disputed payments for a zero settlement sum, to bear their own legal costs and to discontinue the arbitration and any further legal action on this matter. Tap also agreed to pay NGP a total amount of US$2 million in cash and Tap shares in full and final payment of all existing and future obligations owing by Tap by way of earn-out payments to NGP, which accrued at the rate of 2% of all revenue from the sale of petroleum from the G1/48 concession. The Board is pleased to have worked closely with NGP to come to an amicable solution and look forward to building on this relationship in developing Tap's business in the future.

The new infill well MNA-17ST started production on 4 November. Following the departure of the rig a workover operations program was undertaken on wells MNA-04, MNA-02, MNA-07 and MNA-11 to identify bypassed oil and add completions to existing wells.

Tap will review its Manora reserves and contingent resources for reporting as at 31 December 2016 in the first quarter of 2017.

Manora production for the quarter, net to Tap, was 236 MSTB. This was 17.6% less than the previous quarter as a result of natural well decline and wells shut in during workover operations.

Continuing with the Board renewal process, Tap appointed Ms Andrea Hall as a Non Executive Director to the Company's Board and as Chair of the Audit and Risk Committee.

On 5 December 2016 Tap announced the appointment of Mr James Menzies to the position of Executive Chairman to lead the Company through its next phase of development. An update on Tap's strategy will be made during Q1 2017.

Tap Oil

Revenue & Production

Tap Oil Limited presentation currency is US dollars. Unless otherwise noted, this Quarterly Report is presented in US dollars.

Revenue for the quarter was $14.6 million, representing revenue from Manora crude sales and the third party gas business. Revenue decreased compared to the prior quarter due to lower oil volume sold this quarter and higher commodity hedge losses, partially offset by higher gas revenues.

Tap has commodity hedges remaining in place for an estimated 70% of production from January 2017 to February 2017 at an average swap price of US$42.15/bbl.

SALES REVENUES	Sep'16 Qtr	Dec'16 Qtr	Qtly % Change	Comment
Manora Crude – net ($000)	15,558	9,151	(41%)	Decrease in volume sold and increase in commodity hedge losses compared to previous quarter.
Third Party Gas – net ($000)	5,356	5,487	2%	Sales are in AUD. Increase is due to lower gas banking compared to previous quarter.
Total Oil & Gas Revenue ($000)	**20,914**	**14,638**	**(30%)**	
Average realised oil price US$/bbl	**41**	**41**	**0%**	Average price for the quarter

PRODUCTION VOLUMES - Tap Share	Sept'16 Qtr	Dec'16 Qtr	Qtly % Change	Comment
Manora Crude (bbls)	286,639	236,268	-18%	Natural decline and well shut-ins due to workover activity.
Manora Daily Average (bopd)	3,116	2,568	-18%	
Manora inventory - bbls	43,210	52,497	22%	As at 31 Dec 2016.

Manora Oilfield Production

Tap 30%

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 Oil Development commenced production on 11 November 2014.

Manora produced from ten wells at the end of the quarter: MNA-01, MNA-02, MNA-03, MNA-05, MNA-07, MNA-08, MNA-11, MNA-15, MNA-16 and MNA-17ST. Gross production for the quarter was 788 MSTB (Tap share 236 MSTB). The average quarterly gross production rate was 8,560 bopd (Tap share 2,568 bopd). Cumulative field production to December 31 2016 was 9.4 MMSTB gross (Tap share 2.82 MMSTB). Production for the quarter was lower than the previous quarter due to natural decline and some wells being shut-in during the workover operations.

There were 4 cargo liftings during the quarter.

The new infill well MNA-17ST started production on 4 November 2016.

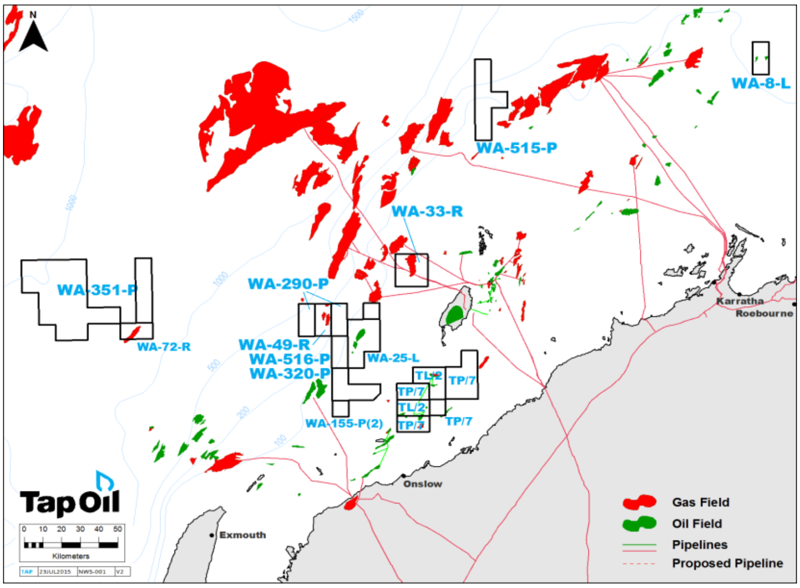
Third Party Gas Contracts

Tap 100%

Tap has a long term offtake for gas from the John Brookes field offshore Western Australia. The option was exercised in 2007 and continued until 31 December 2016. The supply period is now followed by 3 month inventory recovery which will cease on 31 March 2017.

Third party gas revenues were in line with expectations with minimal volumes being deferred during the quarter. During the inventory recovery period, Tap does not expect to have any material cash revenue, but will recognise deferred revenue related to the prepaid gas inventory of its customer.

Australia, Carnarvon Basin



Location map of offshore Carnarvon Basin interests

WA-290-P & WA-49-R Zola, Bianchi and Antiope Gas Fields

Tap 10%, Quadrant Energy Operator (formerly Apache)

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

Tap estimates a 2C contingent resource net to Tap of 58.3 BCF (63.8 PJ; ASX Release 22 April 2016) in the retention lease's three fields: Antiope, Bianchi and Zola.

The proposed acquisition of the new 688 sq km Bianchi 3D seismic survey in November 2016 was aimed at high grading Triassic Mungaroo prospects in these permits but has been delayed due to operational issues and the May to December Whale migration blackout period, when seismic operations are not permitted. Commencement of the survey is now expected at the end of January 2017.

WA-72-R Tallaganda Gas Field

Tap 20%, BHP Billiton Operator

WA-72-R is a Retention Lease in the offshore Carnarvon Basin, Western Australia. The Lease 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-72-R and WA-73-R to the south. The structure is well defined by modern 3D seismic data.

Tap has booked 45 BCF (49 PJ) as a 2C contingent resource for the WA-72-R portion of the Tallaganda structure (ASX Release 29 January 2013).

No activites were undertaken during the quarter.

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

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

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

No activities were undertaken during the quarter. The forward plan for the permit is to review for remaining potential the finished Huzzas MC3D reprocessed data and make a recommendation on renewal of the permit.

TL/2 & TP/7

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

The TL/2 production license and TP/7 exploration permit are located in shallow water in the offshore Carnarvon Basin approximately 40 kilometres north-northeast of Onslow, Western Australia. The Taunton oil field was discovered in 1991 and straddles the TL/2 and TP/7 permit boundaries. It was subsequently appraised by four additional wells which encountered oil in the Birdrong Sandstone.

During the quarter the 2017 Work Program and Budget was approved for ongoing environmental monitoring on Airlie Island and a subsea pipeline survey.

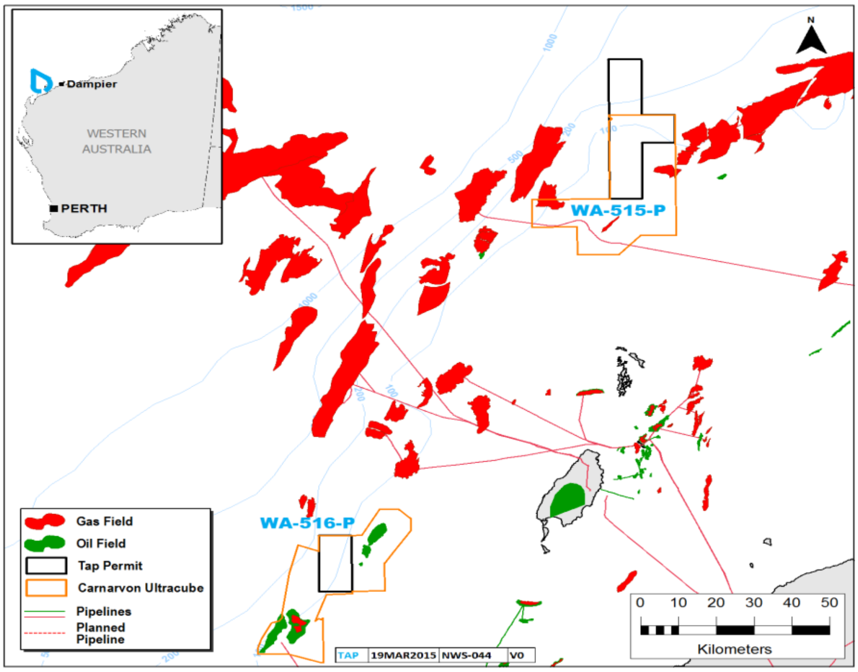
WA-515-P & WA-516-P

Tap 100%, Operator

WA-515-P and WA-516-P are located in the northern Carnarvon Basin in shallow water.

The primary term work program for each block comprises 160 km^2 reprocessing of open file 3D seismic data, quantitative Interpretation studies and Geotechnical studies.

Tap has licensed reprocessed Multi-client 3D seismic data over the two permits in order to satisfy the year one commitment for both permits. Evaluation and interpretation of this data is ongoing.



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

Australia, Bonaparte Basin

WA-34-R Prometheus /Rubicon Gas fields

Tap 12%, Eni Operator

WA-34-R is a retention lease in the offshore Bonaparte Basin, Western Australia. The retention lease contains the Prometheus/Rubicon Gas fields and covers 418 km^2. Tap estimates a net resource to Tap of 33.5 BCF (45 PJ) (ASX Release 22 April 2016).

No activities were undertaken during the quarter.

Myanmar

Block M-7 Moattama Basin, Offshore Myanmar

Tap 95% Operator

The 12,875 km^2 block is located in the gas and condensate prone Moattama basin, offshore Myanmar (**Block M-7**). Block M-7 is 160 kilometres east of the 6.5 Tcf Yadana gas field, and 110 kilometres northeast of the 1.5 Tcf Zawtika gas field. The Moattama basin is Myanmar's most prolific offshore hydrocarbon province, with existing production from three offshore fields. Production is typically from stacked Miocene clastic reservoirs.

Tap is currently considering all options in relation to its Myanmar position.

Exploration, Development, Operating & Other Expenditures

	Tap Share		
	Sep '16 Qtr $'000	**Dec'16 Qtr $'000**	
Exploration & Appraisal	672	476	Predominatly exploration costs for Manora
Development, Plant & Equipment	3,033	573	Predominatly development well costs for Manora
Total Capital Expenditure	**3,705**	**1,049**	
Third Party Gas Purchases	2,004	2,082	Purchases are in AUD
Manora Production Costs *****	6,230	4,568	Decrease is in line with lower production volumes.
Total Production Expenditure	**8,234**	**6,650**	

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

Financial & Corporate

Cash Position

Tap's cash position at 31 December 2016 is a net debt position of $2.5 million.

During the quarter Tap repaid $6.9 million of the Borrowing Base Debt Facility with BNP Paribas and The Siam Commercial Bank.

Cash Position (US$)	**Dec'15 $'000**	**Mar'16 $'000**	**Jun'16 $'000**	**Sep'16 $'000**	**Dec'16 $'000**
Cash on hand *	15,581	8,147	14,055	11,052	6,410
Debt	**(36,100)**	**(25,000)**	**(21,226)**	**(15,782)**	**(8,874)**
Net Cash/(Debt)	**(20,519)**	**(16,853)**	**(7,171)**	**(4,730)**	**(2,464)**

** Cash on hand includes estimated cash held in joint ventures to Tap's account. Cash on hand also includes US$4.3m funds held in the Borrowing Base Debt Facility accounts with BNP Paribas that is restricted.*

Board Renewal

In October Tap appointed Ms Andrea Hall as a Non Executive Director to the Company's Board and as Chair of the Audit and Risk Committee.

On 5 December 2016 Tap announced the appointment of Mr James Menzies to the position of Executive Chairman to lead the Company through its next phase of development. The appointment was effective from 15 December 2016.

Mr Menzies joined the Board of Tap in May 2016 as an independent non-executive director. He is well known to the Southeast Asian oil and gas industry having previously founded Salamander Energy plc in December 2004. Following its flotation on the London Stock Exchange, Mr. Menzies served as CEO, building the Southeast Asian business until 2015 when it was acquired by Ophir Energy, valuing the business at some US$850 million. Salamander's core businesses were in Malaysia, Indonesia, and in Tap's core market, Thailand.

Prior to founding Salamander Energy, Mr. Menzies was the Senior Partner in Lambert Energy Advisory, an upstream oil and gas corporate finance advisory business. Prior to that he worked for LASMO plc, the UK-listed independent E&P company, first as a geophysicist in the UK North Sea and later in Vietnam and Indonesia. He served LASMO in various roles culminating in being appointed LASMO's Head of Strategy and Corporate Affairs, including Strategic Planning and IR.

Mr Menzies succeeds Mr Doug Bailey, who retired from the Board effective 15 December 2016. Mr Bailey had served as Chairman of Tap since 2012 and prior to that served as an independent non-executive director.

Mr Troy Hayden ceased part time employment on 15 December 2016.

The Company's Board now consists of 5 directors comprising a representative of NGP (being Mr Sreesangkom), a representative of Risco (being existing Risco nominee non-executive director Mr Tom Soulsby), 2 independent non-executive directors (being Mr Mansell and Ms Hall) and Mr Menzies.

Share Rights

At 31 December 2016, Tap had on issue a total of 2,328,101 share rights to acquire fully paid shares with vesting dates varying from 1 January 2017 through to 1 September 2019.

The following performance/retention rights were on issue at 31 December 2016:

Number	Class	Vesting Date
186,088	Performance Rights	1 January 2017
306,596	Performance Rights	1 January 2018
61,287	Retention Rights	1 January 2018
625,446	Performance Rights	1 January 2019
1,024,544	Retention Rights	25 May 2019
124,140	Retention Rights	1 September 2019

During the quarter, 2,094,497 performance rights lapsed and 124,140 retention rights were issued. Subsequent to the quarter, 186,088 performance rights lapsed.

Update on Northern Gulf Disputes

Tap has previously announced disputes with Mr Yenbamroong relating to acquisition payments due under the sale and purchase agreement for Tap's acquisition of its 30% interest in the G1/48 Concession. The disputes related to the calculation of amounts payable by Tap to NGP in respect of the 2P reserves deferred payment, and the payment of carried costs by NGP to Tap. On the 19 August 2015 Tap filed a Notice of Arbitration in Singapore relating to these disputes with the hearing due to commence on the 5 December 2016.

On 28 November 2016 Tap announced that it and NGP had agreed to settle these disputed payments for a zero settlement sum. Both parties have agreed to bear their own legal costs and to discontinue the arbitration and any further legal action on this matter.

Further Tap agreed to pay NGP a total amount of US$2 million in cash and Tap shares in full and final payment of all existing and future obligations owing by Tap by way of earn-out payments to NGP. The earn-out owing by Tap to NGPH prior to settltment was US$677,301 with further earn-out payments accruing from the proceeds of future oil liftings if the Brent crude price was above US$50/bbl.

The amount of US$2 million owing by Tap was paid as follows:

- An immediate payment of cash of US$500,000;
- An immediate issue of fully paid shares in Tap, having a notional value of US$662,769;
- The remaining balance to be paid in cash on or before 31 March 2018 provided always that if Tap undertakes an equity fundraising prior to that time, the obligation to pay this remaining balance is accelerated such that Tap must ensure that the funds raised from that equity raising are sufficient to pay this remaining balance. Were Tap to undertake a rights issue, as part of these arrangements, NGP has committed to use their best endeavours to take up their pro-rata entitlement under any such fundraising.

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.

Abbreviations and Definitions	Investor Relations	Disclaimer
Please refer to Tap Oil Limited's Annual Report Glossary or Glossary and Definitions on Tap's website for explanations of any abbreviations used in this report. Unless otherwise noted, this Quarterly Report is presented in US dollars.	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.	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.