



# 2016 Results

## Arriving At An Inflection Point

28 February 2017



ASX Code **TAP**

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## Person 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.

# At An Inflection Point

- Production, Cash flow & a Strengthening Balance Sheet
  - Current production ~ 3,000 barrels of oil per day net to TAP Oil
  - 2016 operating cash flow generation of US\$28.2 MM
  - Current Enterprise Value c.US\$31.6MM, net debt US\$2.5MM as at 1.1.17
  - Forecast to be net cash by mid-year 2017
  - 2P reserves of 2.83 MMboe (Thailand), 2C resources of 37.6 MMboe\* (Thailand & Australia) as at 1.1.17
- New Board & Management
  - New Executive Chairman appointed
  - Two additional new, Independent Non-executive Directors
  - Board representation from SE Asian shareholders
  - New CFO & General Manager plus business development team being established
- Focus on Portfolio Development
  - Strategy to grow portfolio in SE Asia
  - Targeting operated positions in core production/development assets with low risk upside
  - Target countries: Malaysia, Indonesia, Thailand, Vietnam
  - Manage / harvest non-core existing asset positions

# 2016 Results (1)

## Losses Narrowed, Debt Reduced, Realisations Set To Improve

### Financials

- Revenue \$63.7MM (2015: \$102.2MM)
- EBITDAX \$24.8MM (2015: \$50.7MM)
- Impairments & write downs \$9.2 MM (2015: \$68.6MM)
- Loss After Tax \$14.9MM (2015: \$54.5MM)
- Average realisations fell to \$35.70/boe (2015: \$52/boe)
- 1,930 bopd hedged at \$42.15/bbl during the period, due to expire end March 2017
- Year end net debt reduced to US\$2.47MM (YE 2015: \$20.6MM)

### Operations

- Net Oil production average 3,243 bopd (2015: 4,090 bopd)
- Third party gas sales 1,326 boepd (3,281 TJ) (2015: 1,372 boepd (3,395 TJ))
- Manora field cash operating costs reduced to \$16/bbl (2015: \$22/bbl)

# 2016 Results (2)

## New Board In Place, Strategy Set, Shareholder Dispute Resolved

### Board & Management

- Board renewal program completed, Executive Chairman appointed in December
- Two new independent NEDs appointed during the period
- Business Development team being established

### Strategy

- Strategic direction set to focus on SE Asia
- Target operated production & development hubs with low risk step out exploration
- Proactively manage non-core assets to minimise exposure

### Shareholders

- Long running dispute with shareholder Northern Gulf Petroleum settled at nil cost
- Removal of all future royalties to NGP through \$2MM payment in cash and shares

# Well Funded For 2017 Work Programme

## 2017 Work Programme

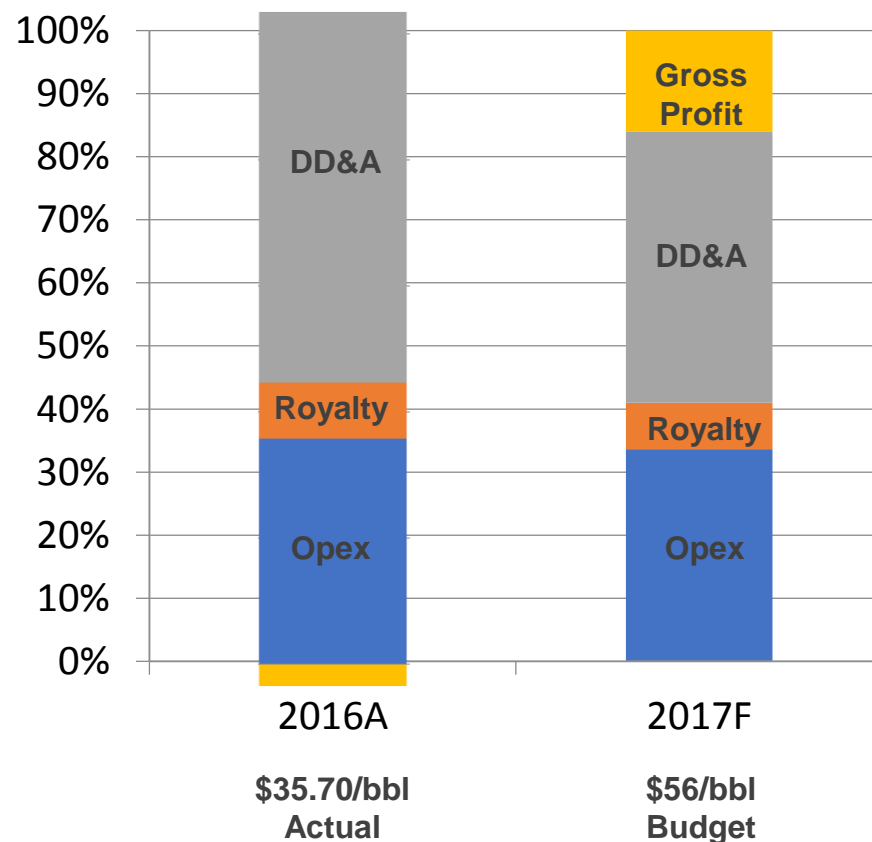
- Drilling two new injectors on Manora field
- Associated flow-lines & equipment
- Field opex
- Two contingent infill production wells on Manora field
- One contingent exploration well
- Total expenditure \$33 - \$35 MM to include contingencies

## Existing Hedges Roll Off end March 2017

- Existing hedges at \$42.15/bbl
- Existing gas contracts also set to end
- Effective realisations set to jump at prevailing oil prices

## More Profitable Barrels in 2017

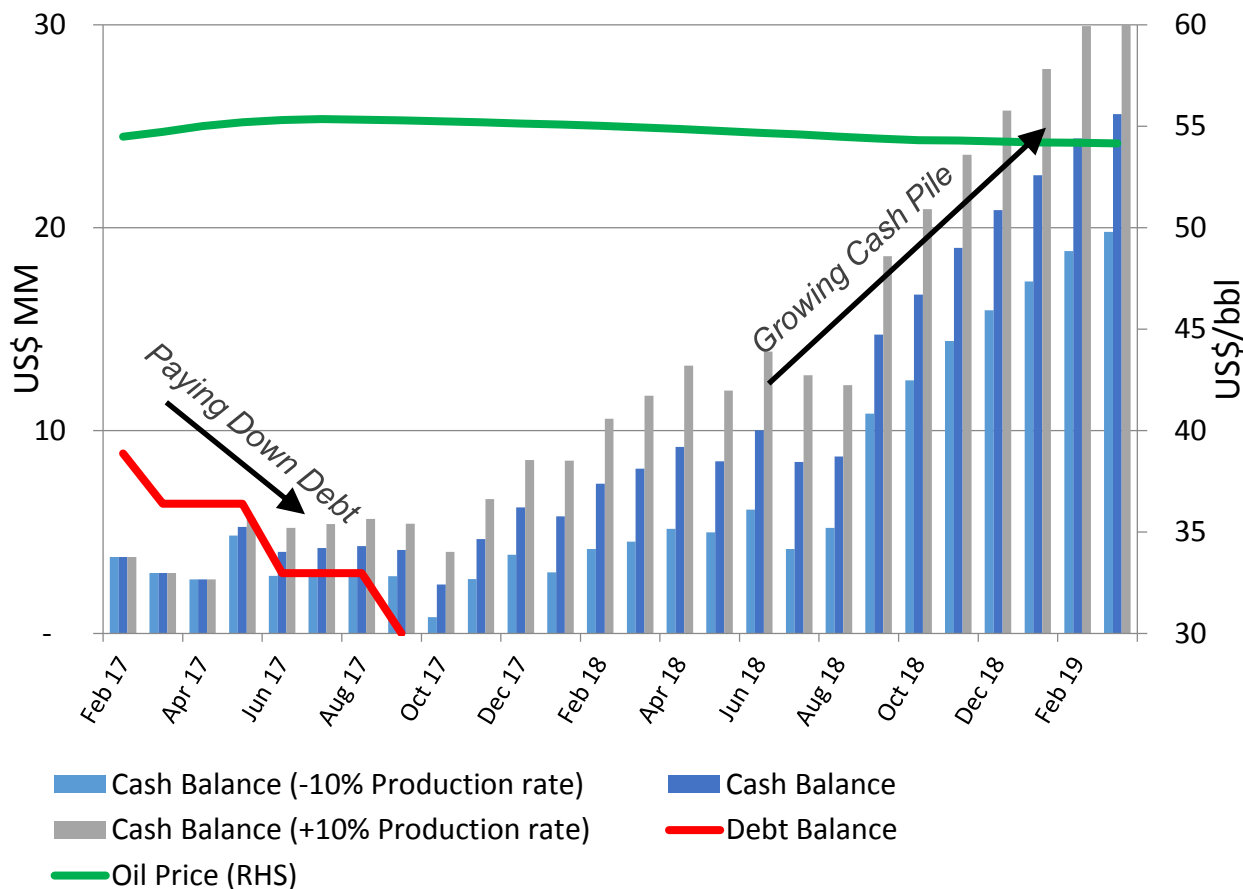
## Realisations & Profitability Set To Improve



# Balance Sheet Strengthening Approaching Substantial Free Cash Generation

## 2 Year Forecast Cumulative Cash vs Debt

- Reserve base debt facility in place with BNP Paribas & Siam Commercial Bank
- \$27.2MM paid down during the period
- Outstanding debt significantly reduced from \$36.1MM (1.1.16) to \$8.9MM (1.1.17)
- Moving to **net cash position by mid-year 2017**
- Borrowing base facility due to be completely repaid by September 2017
- Significant free cash generation thereafter





# Key Asset Manora Oil Field, Offshore Gulf of Thailand (TAP 30%)

## Manora Field

- Discovered November 2009, brought on-stream November 2014
- Two fault blocks on downthrown side of major N-S fault system
- Miocene delta-fan sandstone reservoirs, high permeability (>1 D)
- Steeply dipping structure, large oil columns in excess of 800 ft.
- Original Oil in Place 62 MMbbls
- 18.8 MMbo (2P), 16.1 MMbo (1P) gross ultimately recoverable reserves
- Medium gravity 28 degree API oil, sells at \$0.70 premium to Dubai

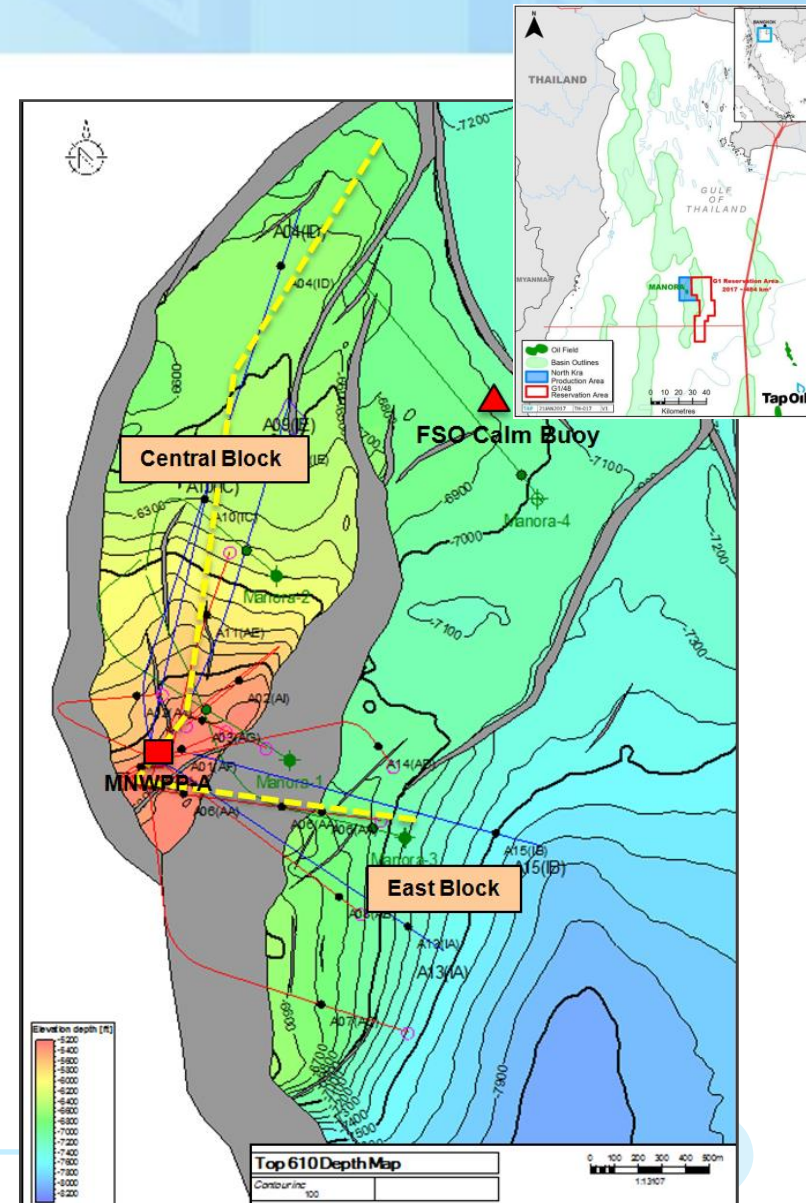
## Field Development

- Well-head platform with processing, plus floating, storage and offtake(FSO) vessel
- Field developed using water injection for pressure support
- 10 producing wells, 4 injectors
- Sliding sleeve selective completions for production optimization

## Production Performance

- Current gross production c.9,000 bopd, field-wide water cut c.63%
- Approximately 4 years of field life on current reserve-base
- Recompletions, workovers & water injection to maintain current production rate for 2017

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# Upsides Close to Field For Value Addition

## Up-Dip Attic Oil

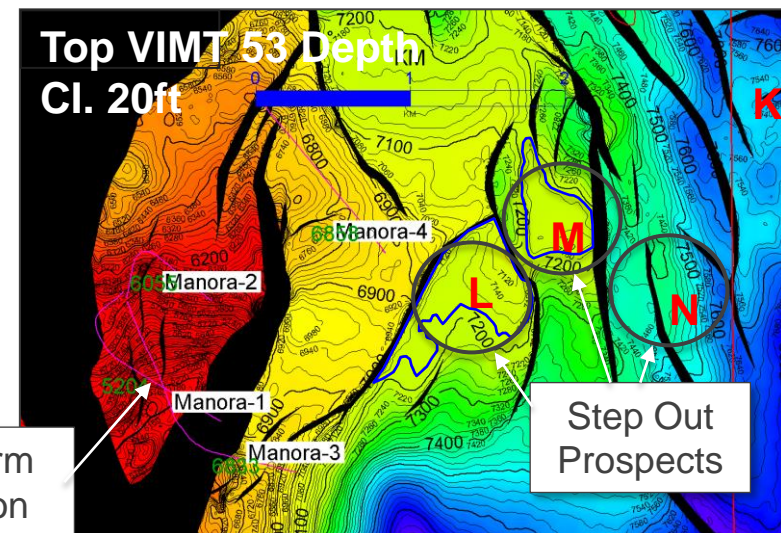
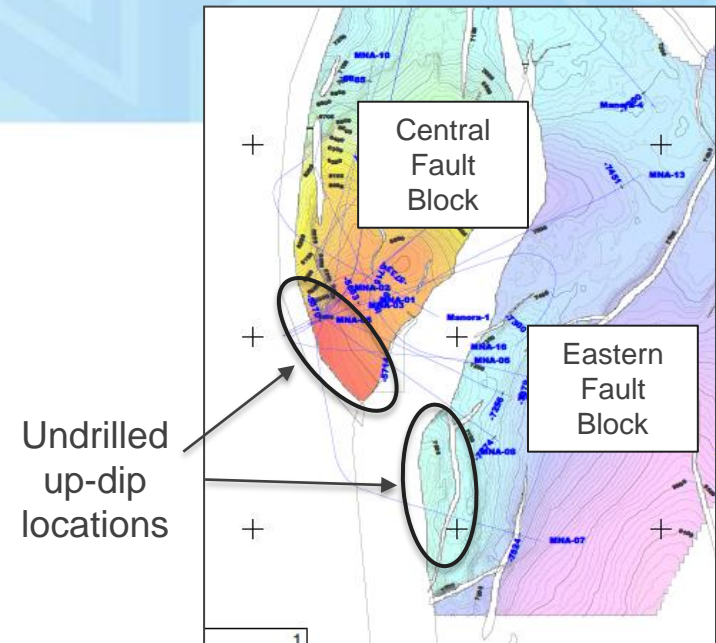
- Attractive un-drilled locations identified by TAP, up-dip of current well locations
- Crestal locations in both fault blocks
- Additional probable reserves and contingent resources identified by independent reserve auditor Netherlands & Sewell

## Lowering Economic Cut Off – Extending Field Life

- Current economic limit estimated to be c. 3,000 bopd
- Lowering costs further, in particular terms of FSO could reduce cut-off to c. 2,000 bopd
- Estimate an additional year of field life on basis of current known resources

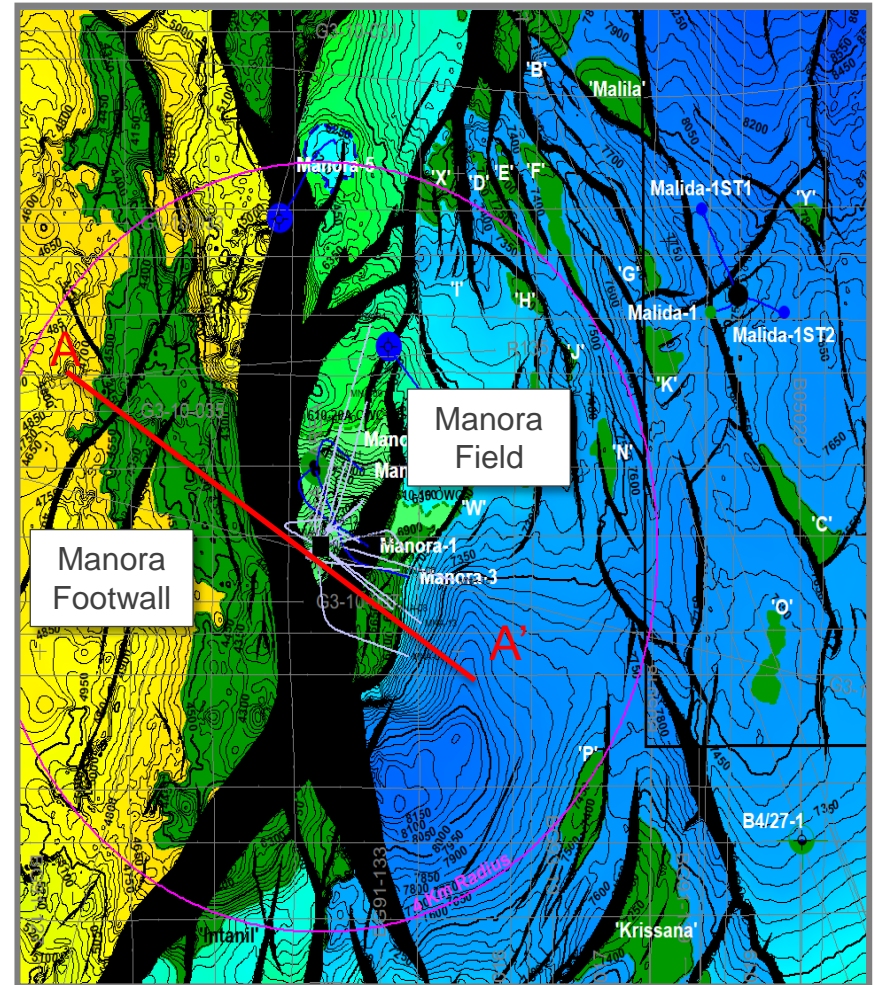
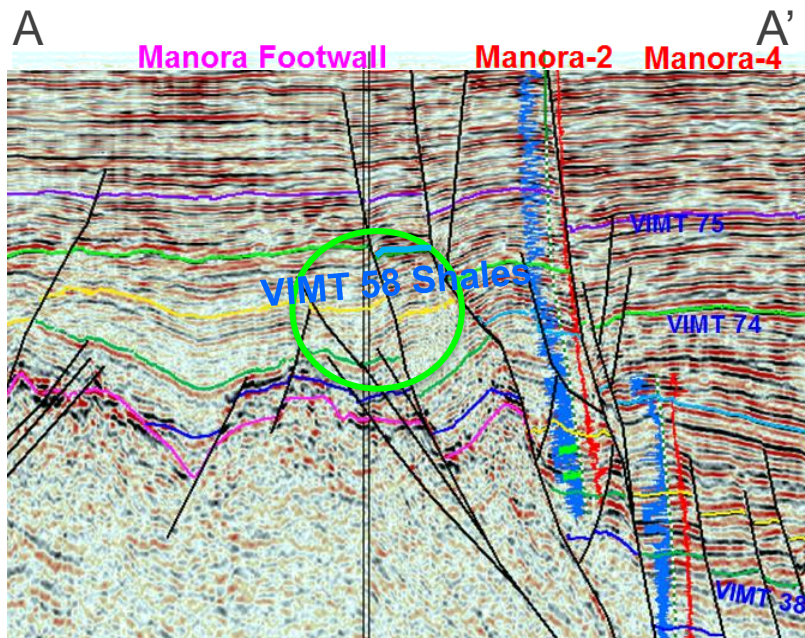
## Step Out Exploration From the Platform

- Small prospects reachable from the Manora Platform
- Low cost to drill, quick to bring on-line
- Small resource adds for later in field life
- Could extend field life by an additional year



# Manora Footwall Prospect Potential For Significant Value Addition

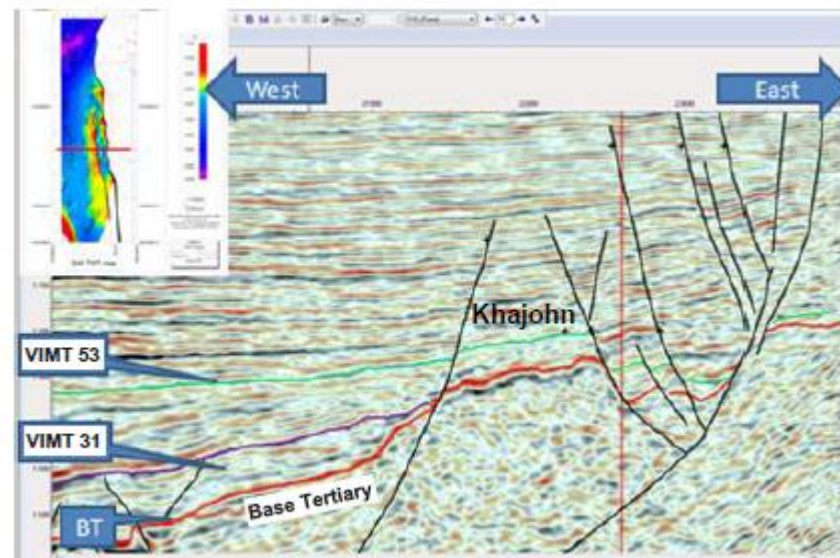
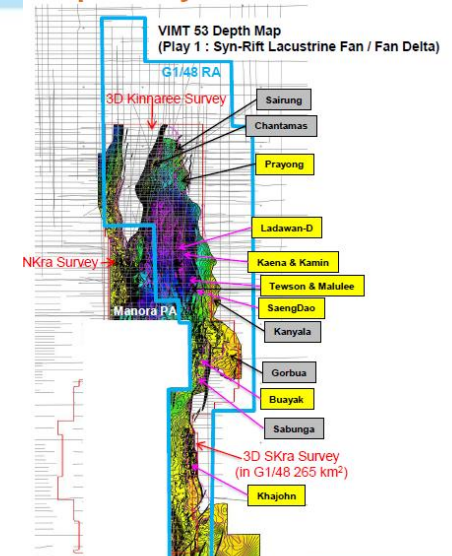
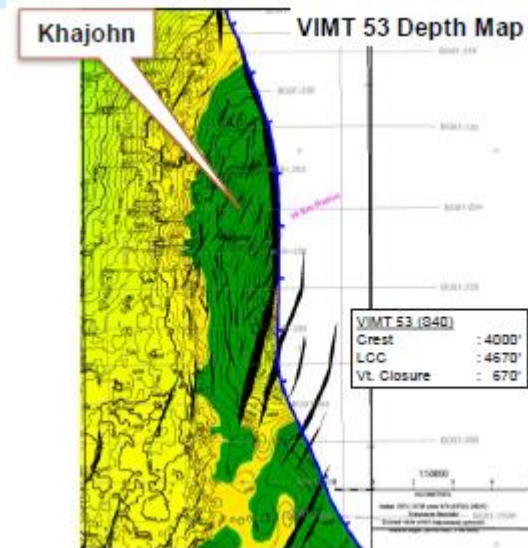
- Large area of closure on the up-thrown side of the Manora field bounding fault
- Areal closure ~2,150 acres - larger than the existing Manora field, over 500 ft of vertical relief
- MNA-17 proved Oligocene source rocks presence
- Reservoir presence & distribution a key risk





# Flexural Margin Prospects Within G1/48 Large Targets, Located To Receive Charge

- Several large structures mapped in the south of G1/48 licence
- Southern Kra basin is larger and deeper than Northern Kra, good for oil generation & expulsion
- Khajohn is an areally large prospect in position to receive charge from Southern Kra basin
- Represents most attractive target to test the flexural margin play



# Extensive SE Asian Experience in New Board

## **James Menzies, Executive Chairman**

- Founder & CEO of Salamander Energy plc, sold to Ophir Energy Feb 2015 for US\$845 MM
- Extensive experience of building & monetising asset portfolio in Thailand, Indonesia & Malaysia
- Non-exec Director Guinness Oil & Gas Exploration Trust plc
- BSc (Hons) Geology, MSc Geophysics & Planetary Physics

## **Tom Soulsby (Risco representative)**

- CEO of Risco Energy
- Successfully built SE Asian asset portfolio in Indonesia & Philippines, sold to Kufpec in 2013
- Over 25 years sector experience in investment banking, business development & financial management
- Non-executive Director of Lion Energy Ltd

## **Chris Newton (Risco alternate)**

- 25 yrs in SE Asia, including MD Fletcher Challenge, Brunei
- President of Santos Indonesia
- CEO of Jakarta-listed Energi Mega Persada
- Director of Indonesian Petroleum Association
- Currently Oil & Gas advisor to the Castle Group in Indonesia
- Director of Lion Energy Ltd
- BSc (Hons) Geology, Grad. Dip. App. Finance

## **Frank Sreesangkom (NGP representative)**

- Senior Advisor to Northern Gulf Petroleum Pte
- CFA Charterholder, BA & MA in Economics

## **Pantaporn Panyaporn (NGP alternate, to be appointed)**

- Chief Operating Officer, Northern Gulf Petroleum Co Ltd.
- Previously Manora Subsurface Team Leader, Mubadala
- Senior Reservoir Engineer, PTT Exploration & Production
- MSc Chemical Engineering

## **Peter Mansell, Independent Non-executive Director**

- Over 15 years experience as a listed company director including chair of Zinifex Limited and West Australian Newspapers Holdings Limited
- Currently Chair of Energy Resources of Australia Ltd and director of Aurecon Group Pty Ltd
- B.Com (Lib), HDip (Tax Law)

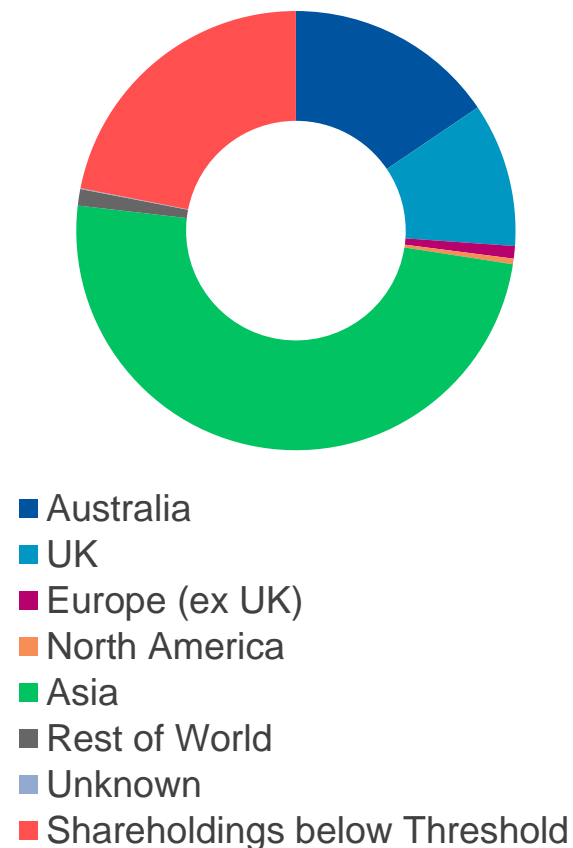
## **Andrea Hall, Independent Non-executive Director**

- Ex-KPMG Risk Consulting Partner, FCA with a Bachelor of Commerce and Masters in App. Fin.
- 20 yrs experience in risk & financial management & audit
- Board member of Pioneer Credit Ltd., Insurance Commission of WA, Fremantle Football Club, C-Wise & Senate member of Murdoch University

# Significant Asian Investor Base

- Northern Gulf Petroleum Holdings (Thailand) 22.67%
  - Owned and controlled by Mr Chatchai Yenbamroong, Thai entrepreneur
  - NGP holds assets in Gulf of Thailand
  - Arbitration dispute settled in December 2016
- RISCO (Singapore) 22.22%
  - Energy sector investor with a track record in value creation
  - Jakarta-based managers
  - Landmark transaction in selling a SE Asian portfolio to Kufpec in 2013
- M&G Investment Management 9%
  - Long-term investor
  - Fund managed from London

**Geographic Dispersion**



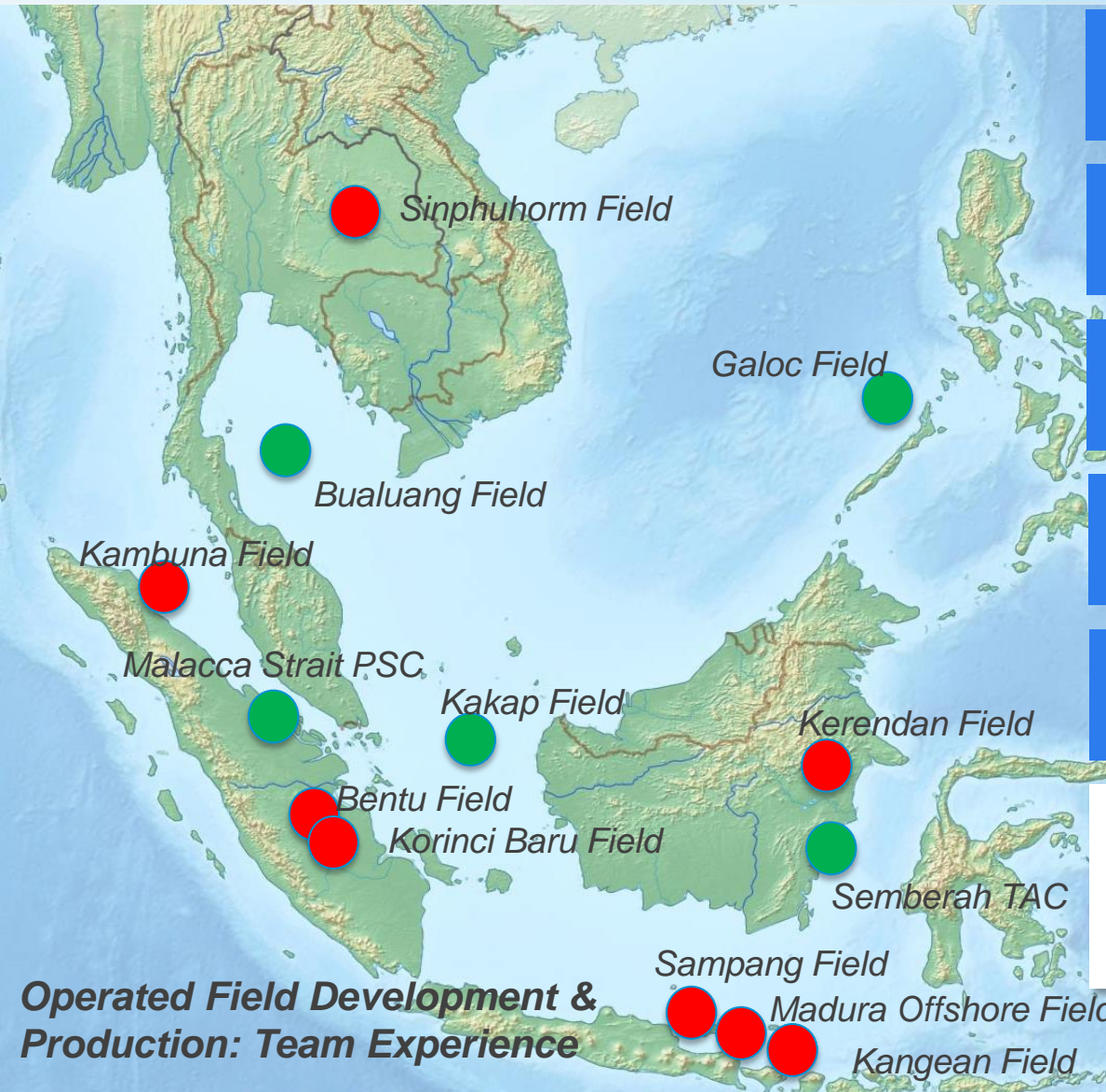
# How Can Independent E&P Companies Add Value?

- Maintain Geographic Focus
  - Knowledge of rocks & operating practices
  - Understanding of host governments requirements & regulatory regimes
  - Well developed network of relationships
- Commercialisation, Development & Production Activity
  - Working assets too small for Larger IOCs, Majors & NOCs
  - Low cost, conventional developments
  - Onshore, shallow water
  - Step out exploration opportunities
- Acquisition & Divestments
  - Timing, Timing, Timing
  - Farm outs & asset deals to demonstrate value accretion



# Strategic Focus On SE Asia

## Team With Regional Operating Production & Development Experience



➤ Operated positions with significant equity participation

➤ Asset with reserves &/or resources, E&A upside

➤ Room for expansion

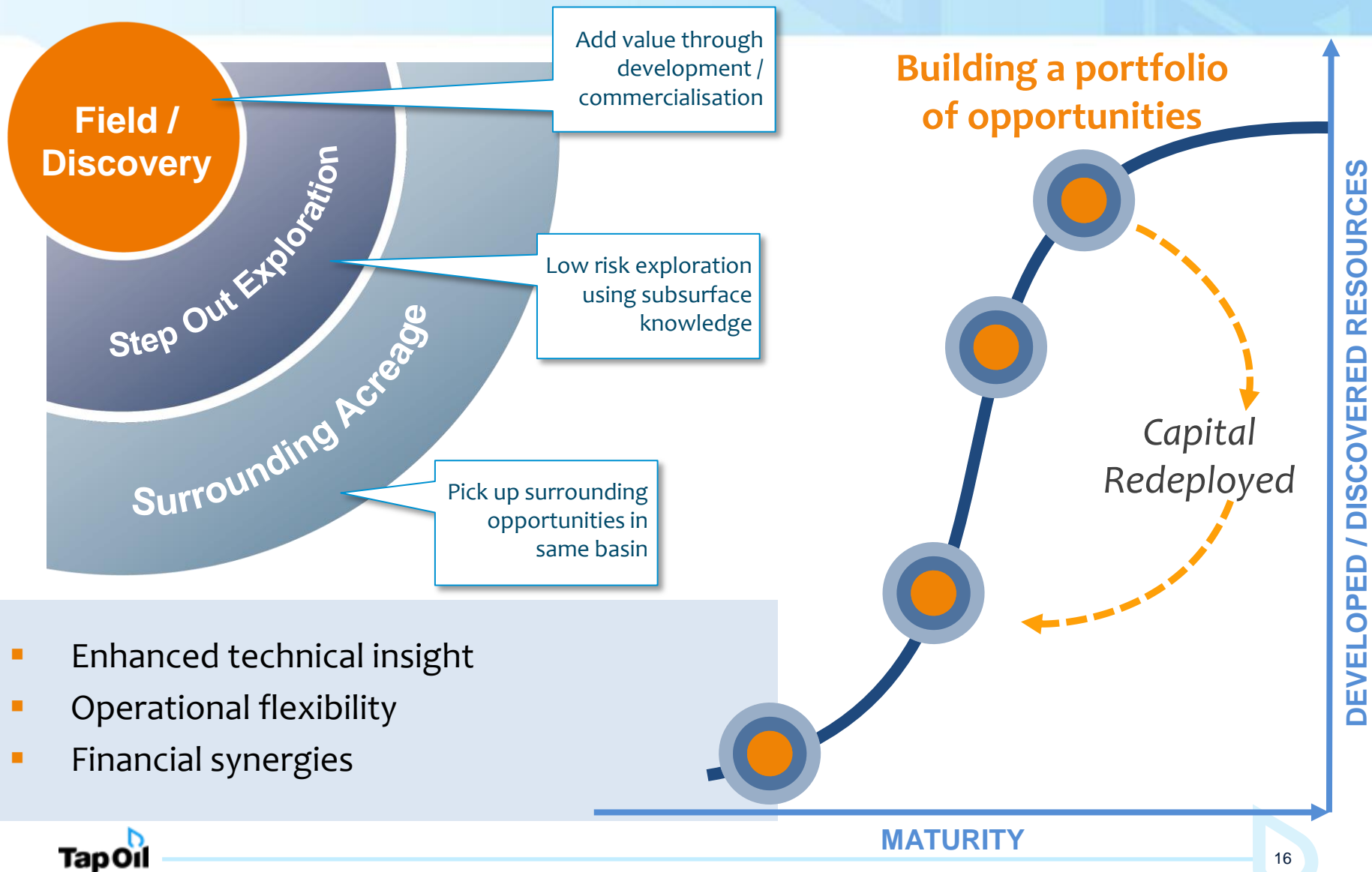
➤ Competitive advantage through data/knowledge

➤ Managing exit / harvesting non-core areas

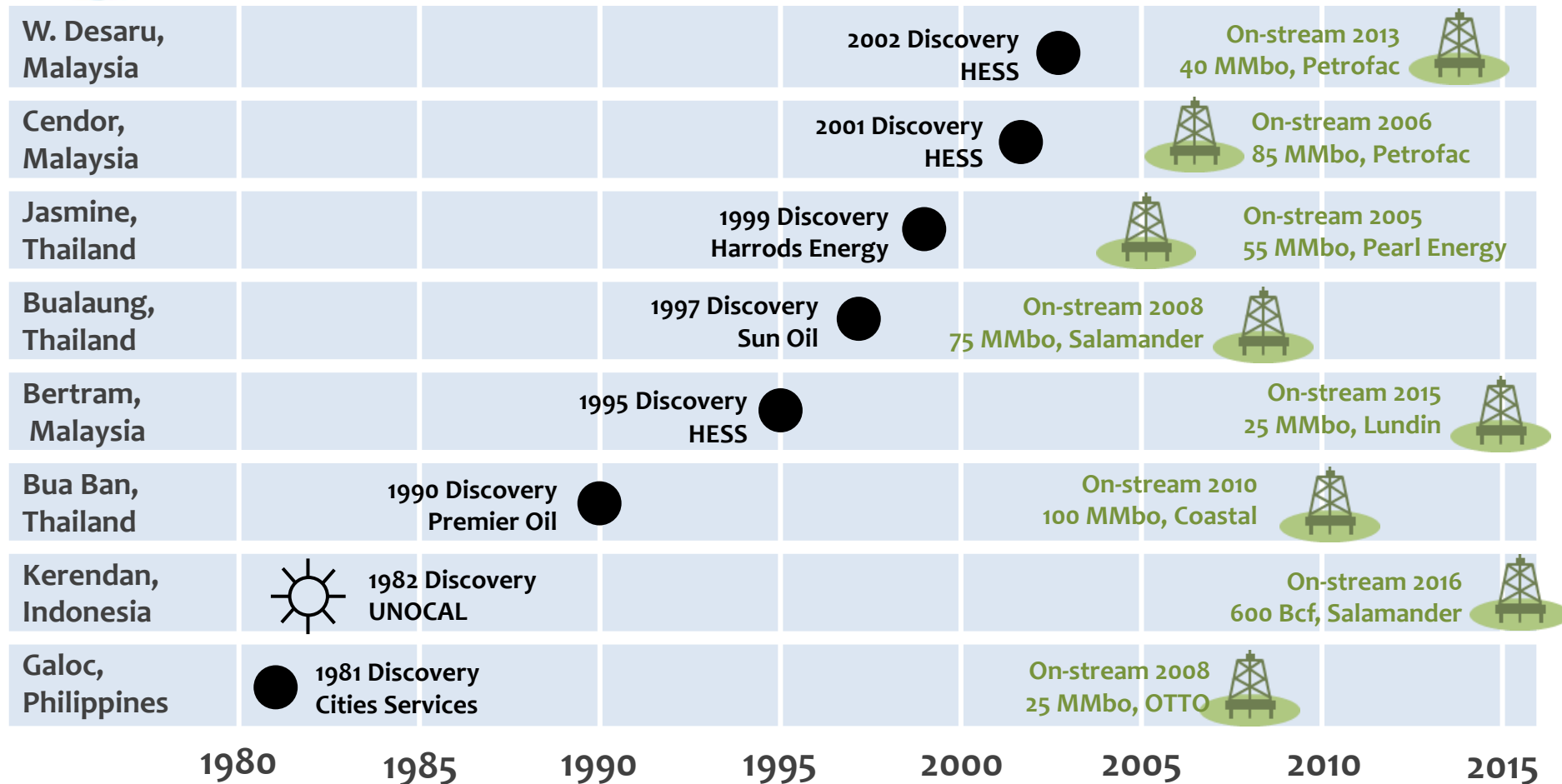
### Key Targets

Malaysia, Indonesia, Thailand, Vietnam

# Hub Strategy for Independent E&P Operators Well Suited to SE Asia



# Fallow Discoveries Have Been a Good Source of Opportunity for independents



# Inflection Point From Survival Mode To Growth Mode

- New Board, New Strategy
- Free Cash Generation & Strengthening Balance Sheet
- SE Asian Expertise
- Team-wide Field Operating Experience
- Focus on Portfolio Development





Please contact

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