



## Highlights

- Tap continues to strengthen its balance sheet and repay debt
- Net cash position of \$3.9m, with a debt balance of \$3.4m and cash of \$7.3m at the end of the quarter. Final debt repayment scheduled to be made in 3Q 2017
- Average realisations increased to \$50/bbl, up 6% on the prior quarter
- New crude offtake agreement for the Manora Field secured with a 100% increase in premium
- BD team reviewed a number of production and development growth opportunities in SE Asia during the quarter
- Sale of Tap's 20% interest in permit WA-8-L for a cash consideration of A\$800,000

## Summary

Balance sheet continues to strengthen

Tap Oil Limited (**Tap or Company**) has continued to reduce its debt levels, making a further debt repayment of \$2.7m during the June quarter. The debt balance now stands at \$3.4 million with cash on hand of \$7.3 million at the end of the quarter. The final debt repayment is scheduled to be made in Q3 2017.

Net cash US\$3.9m, debt balance now at US\$3.4m.

Average realised oil price up 6% on the previous quarter. The Company continues to be unhedged with respect to its production.

A new crude offtake agreement has been signed in relation to the marketing of crude from the Manora oil field, at a significantly improved price. The new pricing reflects an increase of 100% in the premium to the existing contract. The new agreement took effect on 1 June 2017.

Tap reviewed a number of production and development growth opportunities in South East Asia during the quarter, pursuant to the Company's strategy to grow its portfolio in the region with core production and development assets with low risk upside.

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

At the Manora Field, the Operator continued its assessment of the exploration potential of the concession, including a regional Kra Basin study to understand reservoir distribution, prospect maturation, detailed seismic mapping, develop play concept for deep targets and re-evaluation of the Manora Footwall. The exploration effort is focussed on identifying prospects that offer significant upside to existing reserves and resources and small resource additions that are reachable from the Manora Platform and are:

- low cost to drill, quick to bring on-line; and
- able to extend field life.



As announced on 14 June 2017, as part of its strategy to realise value from its non core asset portfolio, Tap entered into a sale and purchase agreement with a private E&P company for the sale of its 20% interest in permit WA-8-L for a cash consideration of A\$800,000.

Unless otherwise noted, this Quarterly Report is presented in US dollars.



## Revenue & Production

Revenue for the June quarter was \$8.2 million, comprising revenue from Manora crude sales and the third party gas business. Revenue was lower compared to the prior quarter due to lower oil volumes lifted and the end of the supply period and inventory recovery phase for the Third Party Gas business. Average oil price realisation was up 6% on the previous quarter.

SALES REVENUES (Tap Share)	Mar'17 Qtr \$'000	Jun'17 Qtr \$'000	Qtly % Change	Comment
Manora Crude – net (\$000)	10,516	8,062	(23%)	Decrease due to lower volume sold compared to previous quarter.
Third Party Gas – net (\$000)	5,392	99	(98%)	Sales are in AUD. Final gas volumes sold on spot sales at lower prices during the period.
<b>Total Oil &amp; Gas Revenue (\$000)</b>	<b>15,908</b>	<b>8,161</b>	<b>(49%)</b>	
<b>Average realised oil price US\$/bbl</b>	<b>47</b>	<b>50</b>	<b>6%</b>	Average price for the quarter.

PRODUCTION VOLUMES (Tap Share)	Mar'17 Qtr	Jun'17 Qtr	Qtly % Change	Comment
Manora Crude (bbls)	229,420	186,811	(18.6%)	Production decline due to water influx.
Manora Daily Average (bopd)	2,549	2,053	(19.5%)	
Manora inventory - bbls	56,153	81,840	45.7%	As at 30 June 2017.

## Manora Oil Field 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 (Thailand) Ltd.

Manora produced from ten wells during the quarter: MNA-01, MNA-02, MNA-03, MNA-05, MNA-07, MNA-08, MNA-11, MNA-15, MNA-16 and MNA-17ST. MNA-17ST was shut in mid May due to the inability to dispose of produced water. Gross production for the quarter was 623 MSTB (Tap share 187 MSTB). The average quarterly gross production rate was 6,843 bopd (Tap share 2,053 bopd). Cumulative field production to 30 June 2017 was 10.8 MMSTB gross (Tap share 3.24 MMSTB). Production for the quarter declined over Q1 as a result of increased water influx and capacity limitations of injection wells to dispose of additional volumes of produced water.

The Operator is planning a workover programme for 3Q 2017 in order to add injection capacity and address this issue.

There were two cargo liftings during the quarter.

A new crude offtake agreement has been signed in relation to the marketing of crude from the Manora oil field, at a significantly improved price. The new pricing reflects an increase of 100% in the premium to the previous contract. This new agreement took effect from 1 June 2017. With the expiry of the Company's hedging program in February 2017, the Company has a completely unhedged position with respect to its production at present.

## Third Party Gas Contracts

Tap 100%

Tap has had 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 (**Supply Period**). The Supply Period was followed by a three month recovery period which was subsequently extended to 16 May 2017. Following the conclusion of inventory recovery, Tap has no further revenue/expenditure associated with sale/purchase of gas for third party gas contracts.

## Exploration

### Gulf of Thailand

Offshore Thailand

Tap 30%

The G1/48 concession comprises the Manora oil field under production license and the Reservation Area of 484 km<sup>2</sup> within the concession.

During the period, the Operator continued its assessment of the exploration potential of the concession, including a regional Kra Basin study to understand reservoir distribution, prospect maturation, detailed seismic mapping, develop play concept for deep targets and re-evaluation of the Manora Footwall.

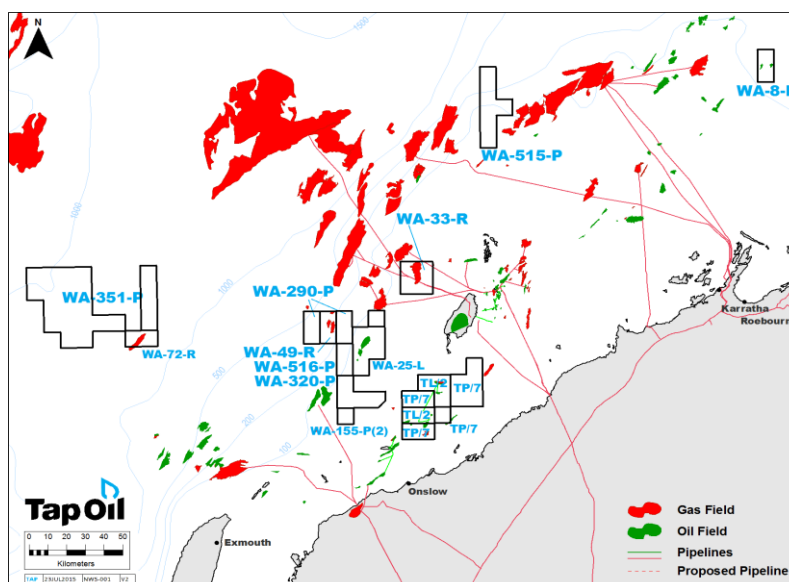
The exploration effort is focussed on identifying prospects that offer significant upside to existing reserves and resources and small resource additions that are reachable from the Manora Platform and are:

- low cost to drill, quick to bring on-line; and
- able to extend field life.

Tap believes there are a number of exploration prospects which, while high risk, have material upside potential, particularly given the Reservation fee offset of \$1.1 million available in 2017.

The Operator has been requested to complete the full exploration portfolio inventorisation, risking and ranking to enable the Joint Venture to make a decision to undertake cost effective exploration drilling in 2017.

### 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](#)

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.

Bianchi 3D Seismic processing is ongoing and preliminary volumes are expected during 3Q 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 Retention 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 activities 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](#)

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

The Joint Venture parties met during the quarter to discuss options to exit WA-155-P Part II. The Operator proposed surrender of Part II, which was agreed to by the Joint Venture partners.

WA-320-P cannot be renewed and will expire 20 October 2017.

## TL/2 & TP/7

Tap 10% (TL/2) and 12.474% (TP/7), [Quadrant Energy Operator](#)

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.

No activities were undertaken during the quarter.

## 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.

No activities were undertaken during the quarter.

## WA-8-L

Tap 20%, [Santos Operator](#)

As part of its strategy to realise value from its non core asset portfolio, Tap has entered into a sale and purchase agreement with a private E&P company for the sale of its 20% interest in permit WA-8-L for a cash consideration of A\$800,000.



WA-8-L is a Production License that covers an area of 161 km<sup>2</sup> over 2 graticular blocks and is located within the north-eastern part of the Dampier sub-basin of the Northern Carnarvon Basin. The licence contains the Talisman and Amulet oil fields. The Amulet field lies approximately 30 kilometres south of the Santos operated Finucane South and Fletcher oil field FPSO facility.

The sale is conditional on

- NOPTA approving the transfer of the Asset to the Purchaser; and
- the Purchaser complying with any requirement of the Operating Agreement, and any other regulatory requirement, in respect of the transfer of the Asset to the Purchaser.

If these conditions are not satisfied by the Purchaser within 90 days the agreement will lapse. Tap expects the sale to complete during 3Q17.

## 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<sup>2</sup>. 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<sup>2</sup> 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.

Tap has continued to explore options to withdraw from the Production Sharing Contract (PSC) and its remaining obligations under the terms of the Production Sharing Contract for Block M-7. The Myanmar Government has requested Tap provide a performance bank guarantee of \$200,000 as required under the terms of the PSC. Tap expects the performance bank guarantee to be put in place during 3Q 2017.

## Exploration, Development, Operating & Other Expenditures

	Tap Share		
	Mar'17 Qtr \$'000	Jun'17 Qtr \$'000	Comment
Exploration & Appraisal	493	253	Predominantly Manora spend
Development, Plant & Equipment	48	112	
<b>Total Capital Expenditure</b>	<b>542</b>	<b>365</b>	
Third Party Gas Purchases	1,973	83	Purchases are in AUD
Manora Production Costs *	5,893	2,879	Q1 costs were higher due to workover costs incurred. In addition, higher crude oil inventory at end of Q2 has decreased Q2 production costs.
<b>Total Production Expenditure</b>	<b>7,745</b>	<b>2,962</b>	

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



## Business Development

Tap's strategy is to develop a portfolio of production and development assets with low risk step out exploration opportunities in South East Asia, targeting Malaysia, Vietnam, Thailand and Indonesia.

Manora cash flow provides a platform to grow and the Company is actively reviewing opportunities.

A business development team has been established, led by Mike Buck, who has more than 35 years experience in International Upstream E&P and was previously Chief Operating Officer for Salamander Energy Plc. Salamander Energy Plc was a SE Asian focused independent E&P company with exploration and production activities in Thailand, Indonesia, Malaysia, Vietnam and Laos.

## Financial & Corporate

### Cash Position

Tap's cash position at 30 June 2017 was \$7.3 million, with a \$3.4 million debt balance at the end of the quarter and a net cash position of \$3.9 million.

During the quarter, Tap repaid \$2.7 million of the Borrowing Base Debt Facility with BNP Paribas and The Siam Commercial Bank. The final debt repayment is scheduled to be made in 3Q 2017.

Cash Position (US\$)	Jun'16 \$'000	Sep'16 \$'000	Dec'16 \$'000	Mar'17 \$'000	Jun'17 \$'000
Cash on hand *	14,055	11,052	6,410	6,017	7,325
Debt	(21,226)	(15,782)	(8,874)	(6,092)	(3,425)
<b>Net Cash/(Debt)</b>	<b>(7,171)</b>	<b>(4,730)</b>	<b>(2,464)</b>	<b>(75)</b>	<b>3,900</b>

\* Cash on hand includes estimated cash held in joint ventures to Tap's account. Cash on hand also includes US\$1.8m funds held in the Borrowing Base Debt Facility accounts with BNP Paribas that is restricted.

### Share Rights

During the quarter, 194,998 performance rights lapsed, 1,000,000 performance rights were issued and 1,000,000 performance rights vested. At 30 June 2017, Tap had on issue a total of 8,306,528 share rights to acquire fully paid shares with vesting dates varying from 1 January 2018 through to 1 January 2020.

The following performance/retention rights were on issue at 30 June 2017:

Number	Class	Vesting Date
306,596	Performance Rights	1 January 2018
61,287	Retention Rights	12 January 2018
625,446	Performance Rights	1 January 2019
1,024,544	Retention Rights	25 May 2019
124,140	Retention Rights	1 September 2019
6,164,515	Performance Rights	1 January 2020



**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.*

<p><b>Abbreviations and Definitions</b></p> <p>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.</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>
------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------