



Highlights

- Final debt repayment made during the quarter
- Tap is now debt free and well positioned to pursue new growth initiatives as it continues to strengthen its balance sheet
- Average realisations were \$50/bbl, consistent with the prior quarter
- BD team reviewed a number of production and development growth opportunities in SE Asia during the quarter
- Subsequent to the end of the quarter, the Company entered into a commodity hedging program to hedge a total of 262,500 bbls (37,500 bbl per month) of crude oil production over the seven month period from October 2017 to April 2018, using Dubai benchmark as the reference price at a fixed price of \$52.25/bbl.

Summary

Tap Oil Limited (**Tap** or **Company**) has paid the final debt repayment of US\$3.4 million under the borrowing base facility with BNP Paribas and Siam Commercial Bank (“BNP Facility”). Tap is now debt free and well positioned to pursue new growth initiatives as it continues to strengthen its balance sheet.

An average realised oil price of \$50/bbl was achieved during the quarter, consistent with the previous quarter.

Subsequent to the end of the quarter, the Company entered into a commodity hedging program with BP Singapore Pte Limited to hedge a total of 262,500 bbls (37,500 bbl per month) of crude oil production over the seven month period from October 2017 to April 2018, using Dubai benchmark as the reference price at a fixed price of \$52.25/bbl. The Dubai benchmark trades at a discount to Brent, with the discount being ~\$1.64/bbl at the time of execution of the hedges.

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.

At the Manora Field, the Operator continued its assessment of the exploration potential of the concession, and proposed drilling two exploration wells. The Joint Venture has agreed to drill an exploration well to test the L-Prospect in the Manora production licence area and also agreed to drill Ladawan D, which is an exploration well located in the Reservation area.



Revenue & Production

Revenue for the September quarter was \$7.4 million. Revenue was lower compared to the prior quarter due to lower oil volumes lifted compared to the prior quarter. Average oil price realisation has remained steady at \$50/bbl compared to the previous quarter.

SALES REVENUE (Tap Share)	June Qtr \$'000	Sep Qtr \$'000	Qtly % Change	Comment
Manora Crude – net (\$000)	8,062	7,371	(9%)	Decrease due to lower volume sold compared to previous quarter.
Third Party Gas – net (\$000)	99	-	(100%)	All purchase and sale contracts concluded in previous quarter.
Total Oil & Gas Revenue (\$000)	8,161	7,371	(10%)	
Average realised oil price US\$/bbl	50	50	0%	Average price for the quarter.

PRODUCTION VOLUMES (Tap Share)	June Qtr	Sep Qtr	Qtly % Change	Comment
Manora Crude (bbls)	186,811	161,155	(13.7%)	Lower production due to decline and well downtime during workover activity.
Manora Daily Average (bopd)	2,053	1,752	(14.7%)	
Manora inventory - bbls	81,840	319,555	291%	As at 30 September 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.

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. Gross production for the quarter was 537 MSTB (Tap share 161 MSTB). The average quarterly gross production rate was 5,839 bopd (Tap share 1,752 bopd). Cumulative field production to 30 September 2017 was 11.3 MMSTB gross (Tap share 3.4 MMSTB). Production for the quarter declined compared to the previous quarter as a result of a major producing well being shut in to replace the electrical submersible pump. In addition, workovers were conducted on three injectors to add injection zones to boost field water injection rates.

Following the end of the quarter, the Operator advised that the Atwood Orca jackup drilling unit had commenced drilling two development wells. The wells are planned to produce proved undeveloped reserves. The two development wells are expected to increase Manora production performance.

There were two cargo liftings during the quarter.

TapOil

Exploration

Gulf of Thailand

Offshore Thailand

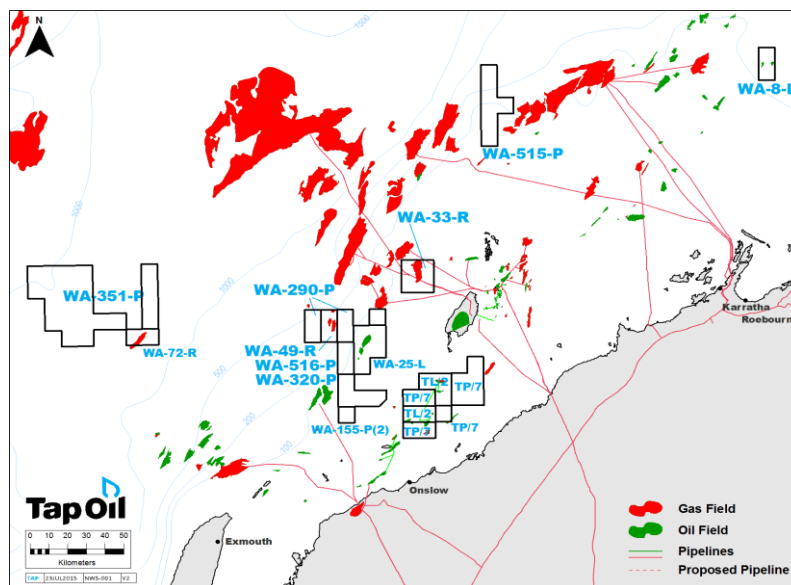
Tap 30%

The G1/48 concession comprises the Manora oil field under production license and the Reservation Area of 484 km² within the concession.

During the quarter, the Operator continued assessing the exploration potential of the concession and in conjunction with the Joint Venture partners, two exploration wells have been identified.

The Joint Venture has agreed to drill an exploration well to test the L-Prospect in the Manora production licence area and also agreed to drill Ladawan D, which is an exploration well located in the Reservation area, and as such, the cost of the well can be offset against the Reservation area fee previously paid. Ladawan D will be drilled immediately after completion of the development wells, followed by the Manora L-Prospect.

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.

Tap has commenced the process to withdraw from the WA-49-R Retention Lease and accordingly no longer recognises any contingent resources in the Retention Lease's three fields: Antiope, Bianchi and Zola.

The Bianchi 3D Seismic survey acquired in 2016 is being processed by DUG. Two new processing technology steps have shown greatly improved data quality in testing, but the implementation of these technologies pushes back the completion of the processing to mid-May 2018.



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 has agreed to the surrender of WA-155-P Part II. The Joint Venture parties are progressing with finalising a Deed of Surrender.

WA-320-P exploration permit cannot be renewed and expired on 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.

The Operator advised during the quarter it had received a fixed price proposal to remove the Chervil Platform and to dispose of it, for an amount significantly less than had previously been estimated. The work is expected to be undertaken during 4Q 2017.

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 previously advised, Tap has entered into a sale and purchase agreement for the sale of its 20% interest in permit WA-8-L.

Tap expects the sale to complete during 4Q17.

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. 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

Block M-7 is located in the gas and condensate prone Moattama basin, offshore Myanmar. 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.



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 had expected to put in place the performance bank guarantee during 3Q 2017, this is now expected in 4Q 2017.

Exploration, Development, Operating & Other Expenditures

	Tap Share		
	June Qtr \$'000	Sep Qtr \$'000	Comment
Exploration & Appraisal	253	142	Predominantly Manora spend in previous quarter
Development, Plant & Equipment	112	129	
Total Capital Expenditure	365	271	
Third Party Gas Purchases	83	-	
Manora Production Costs *	2,879	5,379	Costs are higher due to workover costs incurred.
Total Production Expenditure	2,962	5,379	

* 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.

Tap continued to review a number of production and development growth opportunities in South East Asia during the quarter.

Financial & Corporate

Cash Position

Tap's cash position at 30 September 2017 was \$7.96 million. Cash includes Tap's share of cash held in joint ventures, which at the end of the quarter was \$4.26 million.

During the quarter, Tap made the final debt repayment of \$3.4 million under the BNP Facility. This marks a significant milestone for the Company, with the original US\$90 million BNP Facility secured in April 2014 to fund the Manora Oil Development.

Cash Position (US\$)	Sep'16 \$'000	Dec'16 \$'000	Mar'17 \$'000	Jun'17 \$'000	Sep'17 \$'000
Cash on hand *	11,052	6,410	6,017	7,325	7,959
Debt	(15,782)	(8,874)	(6,092)	(3,425)	-
Net Cash/(Debt)	(4,730)	(2,464)	(75)	3,900	7,959

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



Hedging

Subsequent to the end of the quarter, the Company entered into a commodity hedging program with BP Singapore Pte Limited to hedge a total of 262,500 bbls (37,500 bbl per month) of crude oil production over the seven month period from October 2017 to April 2018, using Dubai benchmark as the reference price at a fixed price of \$52.25/bbl. The Dubai benchmark trades at a discount to Brent, with the discount being \$1.64/bbl at the time of execution of the hedges.

Share Rights

During the quarter, 822,897 performance rights lapsed. At 30 September 2017, Tap had on issue a total of 7,483,631 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 September 2017:

Number	Class	Vesting Date
211,497	Performance Rights	1 January 2018
61,287	Retention Rights	12 January 2018
483,317	Performance Rights	1 January 2019
1,024,544	Retention Rights	25 May 2019
124,140	Retention Rights	1 September 2019
5,578,846	Performance Rights	1 January 2020

Other

Tap agreed to new employment terms arrangements with its Executive Chairman, Mr James Menzies, effective from 1 July 2017. Mr Menzies was initially appointed as Executive Chairman in December 2016 to assist on a transitional basis following the restructure of the Company's Board and executive management team. Mr Menzies has been focussed on implementing the Company's strategy of developing a portfolio of production and development assets opportunities in the South East Asian region. Mr Menzies is well known to the South East Asian oil and gas industry having previously founded and acted as CEO of Salamander Energy plc, a company that built a portfolio of oil & gas assets in Malaysia, Indonesia and Thailand.

As Mr Menzies is seen as instrumental to the Company's successful implementation of that strategy, the Company agreed to revised employment arrangements with Mr Menzies. Importantly, a significant component of Mr Menzies remuneration package is tied to the Company's performance over the length of Mr Menzies tenure as Executive Chairman. In structuring that incentive component, it is recognised that it is the achievement of the Company's strategic objectives (and not necessarily the length of time served) that is considered important. Refer ASX release dated 7 August 2017.

Tap Oil Limited appointed Ms Shannon Coates as Joint Company Secretary, effective 24 August 2017.



FURTHER INFORMATION

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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.