

Quarterly Report

For the Quarter Ended 30 September 2018



Highlights

- Debt free and continuing to strengthen balance sheet
- Continuing to build cash from production at Manora, with \$16.3 million in cash at 30 September 2018 (including Tap's share of cash held in joint ventures)
- Average realised oil sales for the quarter of \$70/bbl, an increase of \$11/bbl compared to prior quarter (after hedges)
- Board capability enhanced with
 - Appointment of Mr Chris Newton as Executive Chairman
 - Appointment of Mr Zane Lewis Independent Non-Executive Director
 - Appointment of Dr David King as Non-Executive Director
- G1/48 concession area exploration review by Discovery Geoscience completed after quarter end with a number of attractive exploration opportunities identified at the 300, 500 and 600 sand levels that will be discussed with the Operator as potential 2019 drilling opportunities

Summary

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

Reported revenue for the September quarter was ~\$16.2m. Revenue was higher compared to the prior quarter primarily due to the higher number of liftings at the Manora Oil Field (**Manora**) in the G1/48 concession in the northern Gulf of Thailand; and an increase in realised oil price.

Production at Manora averaged 6,732 bopd (Tap's share 2,020 bopd) for the quarter, up 10% from the previous quarter due to the commencement of production from MNA-20 and MNA-21.

The on-market takeover offer from Risco Energy Investments (SEA) Limited (**Risco**) closed on 31 August 2018, with Risco holding 44.11% of the issued capital in Tap as at the end of the Offer Period.

Subsequent to the quarter end, on 28 August 2018, Mr Chris Newton was appointed as Non-Executive Director pursuant to an Implementation Agreement with Risco which was announced to the market on 9 August 2018. In the Implementation Agreement Tap agreed to appoint a nominee of Risco to the Board once Risco acquired voting power in Tap reached at least 30%.

On 25 September 2018, Mr Damon Neaves tendered his resignation as Chairman and Independent Non-Executive Director and Mr Zane Lewis was appointed as an independent Non-Executive Director, effective immediately.

As announced on 19 October 2018, Mr Chris Newton was appointed as Executive Chairman, Dr David King was appointed as Non-Executive Director and Mr Chris Bath resigned as CFO and General Manager and joint Company Secretary.

Revenue & Production

Revenue (after accounting for realised hedge losses) for the September quarter was circa \$16.2 million. Revenue was higher compared to the prior quarter due to the increased number of liftings (three liftings in the September quarter compared to one lifting in the June quarter) and increase in realised oil price. The average realised oil price was \$69.6/bbl, 18% higher compared to the previous quarter.

| SALES REVENUE* (Tap's Share) | Jun Qtr \$'000 | Sep Qtr \$'000 | Qtly % Change | Comment |
|---|-------------------|-------------------|------------------|--|
| Manora Crude Revenue – net | 4,214 | 16,182 | 284% | Increase primarily due to 3 liftings being completed in the September quarter compared to 1 lifting last quarter and increase in realised oil price. |
| Total Oil Revenue | 4,214 | 16,182 | | |
| Average realised oil price (US\$/bbl*) | 59 | 70 | 18% | Average price for the quarter. |

*Includes Realised Hedge Losses

| PRODUCTION VOLUMES (Tap's Share) | Jun Qtr | Sep Qtr | Qtly % Change | Comment |
|-------------------------------------|---------|---------|------------------|--|
| Manora Crude (bbls) | 167,776 | 185,807 | 10.7% | Production increase due to new wells on production |
| Manora Daily Average (bopd) | 1,844 | 2,020 | 9.5% | |
| Manora inventory (bbls) | 131,410 | 84,297 | -35.9% | As at quarter end. |

Manora Oil Field

(Tap 30%)

Tap holds a 30% direct interest in the G1/48 concession in the northern Gulf of Thailand. This concession is operated by MP G1 (Thailand) Limited (**Mubadala Petroleum**).

The G1/48 concession comprises the Manora Oil Field under Production License and the Reservation Area within the concession.

Gross production for the quarter was 619 MSTB (Tap's share 186 MSTB). The average quarterly gross production rate was 6,732 bopd (Tap's share 2,020 bopd). Cumulative field production to 30 September 2018 was 13.8 MMSTB gross (Tap's share 4.15 MMSTB). Production for the quarter increased primarily due to production from new wells.

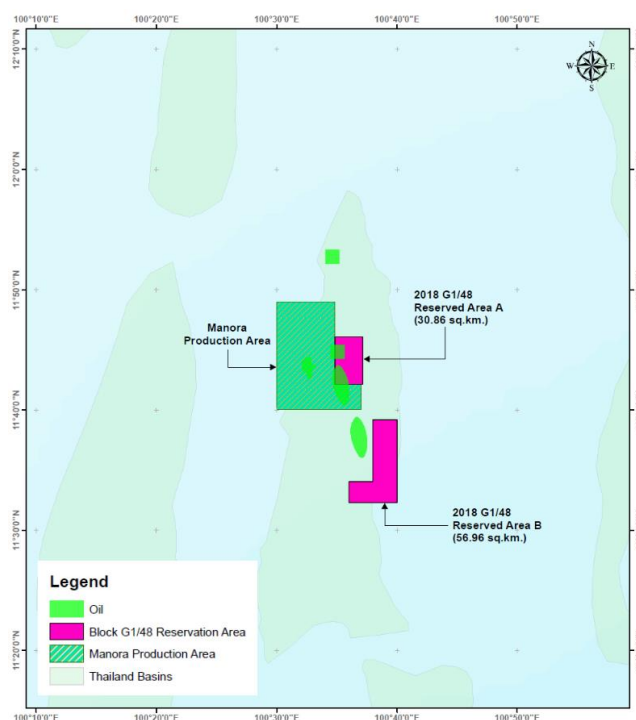


Figure 1: Location map of the Manora Oil Field



Production improved significantly during the quarter with two new wells, MNA-20 and MNA-21 coming into production in the first week of July 2018. The average production rates for MNA-20 and MNA-21 during the first month of production were 1,263 bopd and 744 bopd respectively. Production from MNA-21 has decreased since then as a result of rapid water influx. During August 2018, well service activities were undertaken to cleanup and test other zones in the wells.

At the end of September 2018, the Operator at Manora commenced a workover program to replace the electric submersible pump (**ESP**) on MNA-19 and convert MNA-17 from a low rate producer to a water injector well. The well's conversion to a water injector will add water disposal capability in the field.

Exploration

Gulf of Thailand

Offshore Thailand

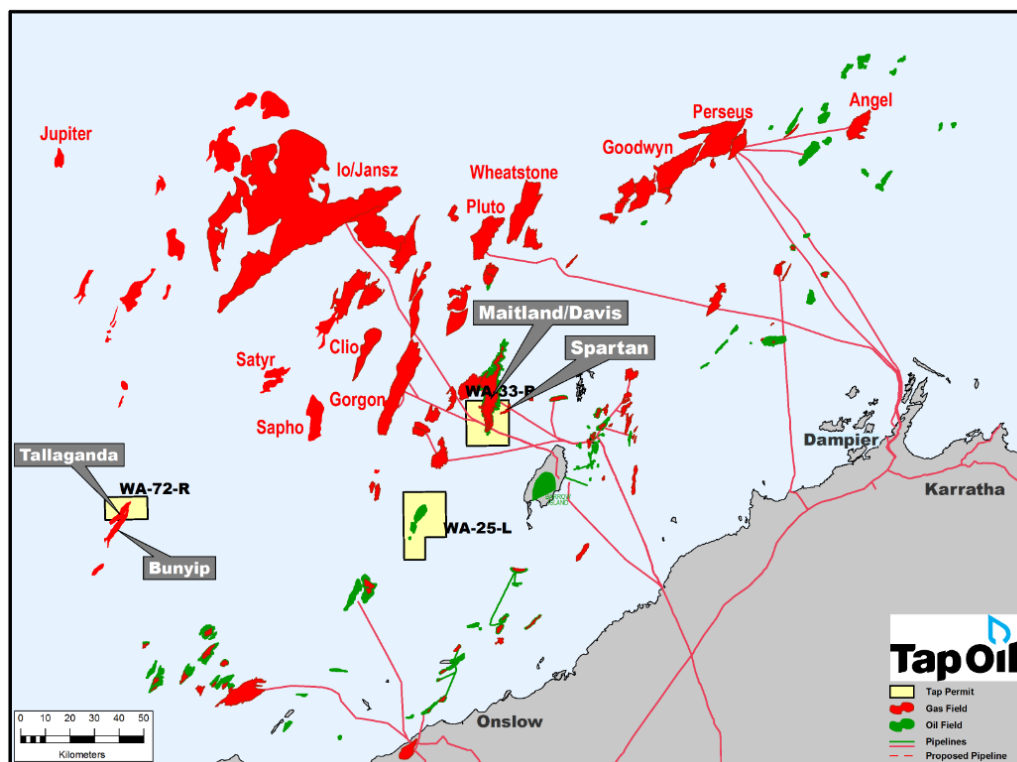
(Tap 30%)

The G1/48 Joint Venture has a Reservation Area of 87.82 km² under a five year Reservation Area Agreement with the Thailand Department of Minerals and Fuels.

In July 2018, the Company engaged Perth based consulting group Discover Geoscience (**Discover**) to undertake an independent evaluation of the area surrounding the Manora Oil Field within the G1/48 concession (the Production Licence and Reservation Area), with a particular focus on identifying new potential exploration opportunities.

Discover has identified a number of prospects at the level of the 300, 500 and 600 sands in Manora. All prospects are based on high quality 3D seismic in proven oil play fairways. The study to generate drillable prospects is scheduled to be finalised by the end of October 2018. Tap intends to present the high graded drilling opportunities identified from this evaluation to the G1/48 Joint Venture for further consideration an inclusion in a potential 2019 exploration drilling program.

Australia, Carnarvon Basin



Location map of offshore Carnarvon Basin interests

WA-290-P & WA-49-R

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.

During the previous quarter, Tap advised the Joint Venture parties of its intention to withdraw by issuing a Notice of Withdrawal in accordance with the terms of the Joint Venture Operating Agreement. The effective date of Tap's withdrawal is 21 August 2018.

Notice of Withdrawal documents were lodged with NOPTA on 25 September 2018.

WA-33-R

Tap 22.474%, [Quadrant Energy Operator](#)

WA-33-R is operated by Quadrant Energy Ltd and contains the Maitland gas discovery, which is approximately 12 kilometres from John Brookes platform and approximately 17 kilometres from the East Spar gas line.

No significant activities were undertaken during the quarter.



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-Bunyip 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-Bunyip structure (ASX Release 29 January 2013). 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.

On 16 February 2018, NOPTA approved a Suspension and Extension Application lodged by Tap, such that the Year 3 permit Term ended on 5 September 2018. All of the work activities required to meet the minimum work commitment program have been completed.

Subsequent to the end of the quarter, Tap lodged Notices of Surrender with NOPTA. NOPTA subsequently confirmed that surrender of the permits will take effect on the day on which a notice of surrender is published in the Australian Government Gazette.

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 2C contingent resource net to Tap of 40.2 BCF (45 PJ) (ASX Release 22 April 2016).

The Operator is undertaking engineering and economic studies in 2018 to better understand development options for this permit.

Myanmar

Block M-7 Moattama Basin, Offshore Myanmar

Tap 95% Operator

Block M-7 is located in the Moattama basin, offshore Myanmar.

Tap has continued to explore options to withdraw from the Production Sharing Contract (**PSC**) and its remaining obligations under the terms of the PSC 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. This was obtained after the end of the quarter.



Exploration, Development, Operating & Other Expenditures

| | Tap's Share | | |
|----------------------------------|-------------------|-------------------|---|
| | Jun Qtr \$'000 | Sep Qtr \$'000 | Comment |
| Exploration & Appraisal | 730 | 137 | Predominantly spend on G&G and G&A activities on remaining Australian Permits. |
| Development, Plant & Equipment | 2,429 | 284 | Relates to the remaining spend on the Manora-8ST1, MNA-20 and MNA-21 development wells which were all successful in appraising their primary objectives in the east fault block |
| Total Capital Expenditure | 3,159 | 421 | |
| Manora Production Costs * | 1,121 | 7,008 | |
| Total Expenditure | 4,280 | 7,429 | |

* Includes operating costs, royalties, marketing costs, insurance and inventory movements. Excludes depreciation and amortisation charges. Note inventory movement for the previous quarter (June 2018) was a credit of (\$4.2M) with Inventory on hand as at 30 June 2018 (Oil in Tank) was circa 131k bbls (Tap's share).

Financial & Corporate

Cash Position

Tap's cash position at 30 September 2018 was \$16.3 million. Cash includes Tap's share of cash held in joint ventures, which at the end of the quarter was \$3.1 million.

| Cash Position (US\$) | Sep'17 \$'000 | Dec'17 \$'000 | Mar'18 \$'000 | Jun'18 \$'000 | Sep'18 \$'000 |
|---|------------------|------------------|------------------|------------------|------------------|
| Cash on hand * | 7,959 | 7,753 | 13,087 | 15,264 | 16,343 |
| Debt | - | - | - | - | - |
| Net Cash/(Debt) | 7,959 | 7,753 | 13,087 | 15,264 | 16,343 |
| * Cash on hand includes Tap's share of cash held in joint ventures. | | | | | |



Hedging

The Company had the following hedge position as at the end of the quarter:

- 22,500 bbls of crude oil production for November 2018 using Dubai benchmark as the reference price at a fixed price of \$58.40/bbl.

Other

On-market takeover offer by Risco Energy Investments (SEA) Limited

On 11 July 2018, Risco Energy Investments (SEA) Limited (**Risco**) announced an extension to the Offer Period relating to Risco's on-market take over offer pursuant to which Risco proposed to acquire all of the Tap ordinary fully paid shares in Tap that it did not already own for A\$0.070 cash per share. The Offer at that point was scheduled to close at the end of ASX trading on 16 August 2018.

On 9 August 2018, the Company entered into an implementation agreement with Risco (**Implementation Agreement**), pursuant to which Risco agreed to increase the Offer price to A\$0.091 cash per fully paid ordinary share in the Company and extend the Offer Period to the close of trading on 27 August 2018 (**Varied Offer**). The Independent Board Committee established by the Company concluded that the Varied Offer from Risco of A\$0.091 cash per Tap share was in the best interests of Tap shareholders and unanimously recommended that, in the absence of a superior proposal, all Tap shareholders accept the Varied Offer. The Independent Board Committee noted that the increased Offer price of A\$0.091 per share was equal to the preferred valuation adopted by the Independent Expert in assessing the value of Tap.

On 20 August 2018, Risco announced a further and final extension to the Offer Period to the close of trading on 31 August 2018. The Offer closed on 31 August 2018 and Risco's shareholding in Tap as at the end of the Offer Period was 44.11%.

Board changes

On 28 August 2018, Mr Chris Newton was appointed as a Non-Executive Director pursuant to the Implementation Agreement with Risco. Tap agreed to appoint a nominee of Risco to the Board once Risco acquired voting power in Tap of at least 30%.

On 25 September 2018, Mr Zane Lewis was appointed as an independent Non-Executive Director effective immediately, whilst Mr Damon Neaves tendered his resignation as a Chairman and independent Non-Executive Director, effective immediately.

Subsequent to the quarter end, Mr Chris Newton was appointed as Executive Chairman, effective 1 October 2018, Dr David King was appointed as Non-Executive Director on 18 October 2018 and Mr Chris Bath resigned as CFO and General Manager and joint Company Secretary, effective 19 October 2018.



FURTHER INFORMATION

Investor Enquiries:

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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 |
|--|---|---|
| <p>Please refer to Tap 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>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.</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> |