



**Half Year Report  
30 June 2019**

**Incorporating Appendix 4D Disclosures**

Tap Oil Limited and its controlled entities

ABN 89 068 572 341

The Group's presentation currency is United States Dollars (US\$).

The functional currency of Tap Oil and its controlled entities is United States Dollars (US\$).

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**TAP OIL LIMITED**  
**APPENDIX 4D**

**For the half year ended 30 June 2019**

**Results for announcement to the market**

		<b>% change</b>	<b>30 June 2019 US\$'000</b>	<b>30 June 2018 US\$'000</b>
Revenue from continuing operations	Up	1%	17,310	17,150
Profit/ (loss) from continuing operations after tax	Up	119%	845	(4,435)
Profit/ (loss) for the period attributable to members	Up	122%	766	(3,510)

<b>Dividends</b>	<b>Amount per security</b>	<b>Franked amount per security</b>
Dividends	Nil	Nil
Previous corresponding period	Nil	Nil

<b>NTA backing</b>	<b>30 June 2019</b>	<b>31 December 2018</b>
Net tangible asset <sup>+</sup> backing per ordinary security	\$0.11	\$0.11

<sup>+</sup> Net assets excluding deferred exploration expenditure.

**Details of controlled entities**

**Control gained/lost over entities having material effect**

There was no control gained or lost over entities during the six-month period ending 30 June 2019.

**Competent Persons Statement**

*The Reserves and Contingent Resources in this report are based on and fairly represent information and supporting documentation prepared by qualified petroleum reserves and resource evaluator Mr Denis Bouclin B.A.Sc (Hons), M.A.Sc (Engineering), P.Eng. 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).*

*Tap's reserves and contingent resources estimates have been compiled in accordance with the definitions and guidelines in the 2007 SPE PRMS, ASX disclosure rules for Oil and Gas Entities, Chapter 5 and ASX Listing Rules Guidance Note 32. Tap Oil Limited is not aware of any new information or data that materially affects the information included in this Report and that all the material assumptions and technical parameters underpinning Reserve and Resource estimates in previous ASX Announcements continue to apply and have not materially changed.*

*Reserves and contingent resources have been estimated using both deterministic and probabilistic methods. Reserves and contingent resources are aggregated by arithmetic summation by category. Reference point for measurement of Reserves is the point of sales which is the sales metre on the Manora Princess FSO.*

# TAP OIL LIMITED

## OPERATING AND FINANCIAL REVIEW

### Overview

Tap has ongoing revenues and cash flow from its interest in the Manora Oil Field (**Manora**) in the Gulf of Thailand and an existing Australian exploration portfolio.

Tap is debt free and building a strong cash position from cash flows at Manora, as well as continuing to seek opportunities to rationalise and monetise its Australian portfolio.

Tap is focused on delivering value from its existing portfolio, by:

- Continuing to work with the Manora Field Operator, Mubadala Petroleum to optimise production and ultimate oil recovery;
- Working with the Operator to identify further infill drilling opportunities to maintain production at Manora;
- Prioritising evaluation of exploration opportunities close to existing Manora production infrastructure that add volume and value in their own right and through Manora field life extension;
- Leveraging Manora infrastructure from exploration success in adjacent blocks;
- Continuing to rationalise and monetise the Australian portfolio; and
- Continuing to focus on keeping corporate costs low.

### Production and Sales

	30 June 2019 '000 bbl	30 June 2019 US\$'000	30 June 2018 '000 bbl	30 June 2018 US\$'000
<i>Tap Share</i>				
<b>Production:</b>				
Oil – Manora	293		359	
<b>Sales:</b>				
Oil - Manora	253	17,310	296	17,150
Total sales	253	17,310	296	17,150
Average realised oil price/bbl		US\$68.3		US\$57.9

### Manora Oil Field – G1/48 Thailand (30% interest)

The Manora Oil Field (**Manora**) is located offshore in the Gulf of Thailand and operated by MP G1 (Thailand) Limited (**Mubadala**). The field is located approximately 80 kilometres offshore of Prachuap Khiri Khan Province.

Manora was discovered in November 2009 and brought on-stream in November 2014.

The Manora facilities include a wellhead processing platform with oil stored in a floating storage and offloading (FSO) vessel and exported via shuttle tanker. The FSO stores the crude oil and also serves as the accommodation hub.

The average gross production rate year to date to 30 June 2019 was 5,405 bopd (gross). Gross production for the half year was 0.98 MMSTB (Tap share 0.29 MMSTB) and cumulative field production to 30 June 2019 was 15.34 MMSTB gross (Tap's share 4.6 MMSTB).

Production for the period declined primarily due to natural decline from wells and the failure of an ESP in MNA-15 however an optimization program was undertaken in Q2 2019 on a number of wells which resulted in a modest production gains on those wells.

On 9 July 2019, the Operator began a three well development drilling campaign, which was completed during August 2019.

#### MNA-24H Results

The MNA-24H horizontal development well was drilled from the Manora platform (MNA-24H well). The primary objective of the MNA-24H well was to provide a horizontal production point in the 370-10 reservoir found in the 2018 Manora-8ST appraisal well.

## TAP OIL LIMITED

### OPERATING AND FINANCIAL REVIEW

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On 22 July 2019 at 19:15 hours (WST), the MNA-24H well reached final total depth of 2,216 metres RT. Petrophysical interpretation of well logs shows a total pay penetrated in the horizontal lateral of 155 meters with average 28% porosity. The horizontal lateral was completed with a sand screen and an electrical submersible pump (ESP). On 1 August 2019, the MNA-24H well was tested with 1033Bopd and 4% BSW.

#### MNA-23H Results

The MNA-23H horizontal development well was drilled from the Manora platform (MNA-23H well). The primary objective of the MNA-23H well was to provide a horizontal production point in the 370-90 reservoir found in the 2018 Manora-8ST appraisal well.

On 29 July 2019 at 03:00 hours (WST), the MNA-23H horizontal well reached final total depth of 2,216.1 metres RT. Petrophysical interpretation of well logs show a total pay penetrated in the horizontal lateral of 197.8 metres with an average 30% porosity. The horizontal lateral was completed with a sand screen and an ESP. On 2 August 2019 the MNA-23H well was tested with 945 Bopd and 15% BSW.

#### MNA-22 results

The objective of the MNA-22H well was to provide a second drainage point in the 490-60 and 500 reservoirs completed in the nearby MNA-20well. On 4 August 2019 at 06:00 hours (WST) the MNA-22 well reached final total measure depth of 2113m. Petrophysical interpretation of well logs show a total oil net pay of 56.5m in the 490-60 and 500 sands. The well has been suspended and will be completed with a work over rig at a later date.

On 14 December 2018 Tap entered into a new offtake agreement for the marketing of crude from Manora, at an improved price in line with improved oil market conditions. This new agreement was effective from 1 January 2019 and has a 12 month term.

There were 3 oil liftings during the period and these have resulted in Manora crude trading at an effective US\$2.73 premium to Brent crude oil.

## Exploration and Appraisal

### Offshore Thailand (30% interest)

The G1/48 concession comprises the Manora Oil Field under production license and the Reservation Area of 87.82 km<sup>2</sup> within the concession.

The Operator submitted an application to DMF for a North Kra Production Area (PA) extension to the east of the current North Kra (Manora) PA. The extension area will cover the Malida field discovery of 2015. The proposed North Kra extension will cover an area of around 14 km<sup>2</sup>. The commercial development of the Malida discovery will depend among other factors on the further exploration success of nearby structures.

A portfolio of nearfield exploration drilling opportunities has been evaluated, with three prospect clusters high-graded that could be tested with a combination of exploration wells and associated side-tracks. The firm 2019 budget includes one exploration well and a side-track. A further exploration well is also budgeted, contingent upon rig slot availability. Detailed well engineering and design is ongoing towards a final investment decision on the number and location / trajectory of exploration and side-track wells to be made in Q3 2019, with drilling scheduled to commence in Q4 2019. Minor long lead investments have already been made.

### Myanmar (95% interest)

#### Block M-7 Moattama Basin, Offshore Myanmar

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

Tap has met with its exit obligations and is awaiting confirmation from the government authority Myanmar Oil and Gas Enterprise (MOGE).

### Carnarvon Basin – Offshore Western Australia

#### WA-72-R (20% interest)

WA-72-R is a Retention Lease granted over the Tallaganda gas discovery located in the offshore Carnarvon Basin, Western Australia, operated by BHP. The Tallaganda-1 well was a new field gas discovery in the Triassic Mungaroo Formation. The Tallaganda structure is well defined by modern 3D seismic data.

# TAP OIL LIMITED

## OPERATING AND FINANCIAL REVIEW

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### Bonaparte Basin – Offshore Western Australia

#### WA-34-R (12% interest)

WA-34-R is a Retention Lease in the offshore Bonaparte Basin, Western Australia, operated by ENI Australia Ltd. The Retention Lease contains the Prometheus/Rubicon Gas fields and covers 418 km<sup>2</sup>. Tap estimates gross 2C contingent resources of 377 PJ and a net resource to Tap of 45 PJ. Subject to any renewal application, the Retention Lease expires on 22 December 2020.

The Operator for WA-34-R, ENI, continues to look at economical viability to commercialise the resources in WA-34-R.

### Decommissioning Activities

#### WA-25-L (15% interest)

The WA-25-L production license is operated by Eni Australia Ltd and is located off the northwest coast of Western Australia, approximately 80 kilometres north of the town of Onslow and lies in 100 metres water depth. The Woollybutt oil field was discovered in 1997 and development of the field started in 2003. The field included subsea wells producing to a floating production, storage and offloading facility (FPSO).

The field ceased production in May 2012 and the Joint Venture partners are at the planning stage to decommission the field.

The Operator has advised that the cost estimates for the abandonment activities for the project are in line with the estimates provided to Tap at 31 December 2018. The Operator has advised that they have prepared the cost estimates on the basis of a Class 3 estimate, of which the expected accuracy is

Low: -10% to -20%; and

High: +10% to +30%.

As per the Operator's work programme and budget, well plug and abandonment activities are currently scheduled for 2019 and 2021 and subsea equipment retrieval and seabed restoration is scheduled for 2021.

This has led to a gross provision of \$10.8 million pre PRRT credits and \$6.5 million post PRRT credits.

### Strategy

As articulated in the 15 May AGM presentation<sup>1</sup> Tap's strategy is focused on delivering value from its existing portfolio. This means prioritising evaluation of exploration opportunities within the G1/48 concession in order to generate drillable prospects in the area surrounding Manora.

Tap is working with the Operator to identify further infill drilling opportunities to maintain production at Manora and exploration opportunities to extend Manora field life and add potentially add new reserves:

- Continue to rationalise and monetise the Australian portfolio
- Continued focus on keeping corporate costs low.

### Financial Summary

Tap's Manora crude oil revenues were \$17.3 million (2018: \$17.1 million) which consisted of 3 oil liftings totalling 252,872 bbls (2018: 296,447 bbls) sold at an average of \$68.5/bbl (2018: \$58/bbl).

Manora cost of sales were \$13.2 million (2018: \$14.7 million). Included in cost of sales was depreciation of \$5.6 million (2018: \$7.2 million).

Gross profit was \$4.2 million (2018: \$2.4 million).

Tap has booked impairment losses and write-downs of \$27,000 primarily relating to the remaining Australian exploration assets (2018: \$1.4 million). The prior period impairment loss relates mainly to Manora exploration asset.

After impairment losses and write-downs, the net profit before tax was \$3.2 million (2018: net profit before tax of \$0.8 million) and the net profit after tax was \$0.8 million (2018: net loss after tax of \$4.4 million).

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<sup>1</sup> Refer to <https://www.asx.com.au/asxpdf/20190515/pdf/4453hvzs79cp9j.pdf>

## TAP OIL LIMITED

### OPERATING AND FINANCIAL REVIEW

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The income tax expense of \$2.4 million is primarily attributable to a change in the assessment of probable future taxable income which led to a reduction of the deferred tax asset generated from the Manora project.

Net cash inflows from operations were \$11.6 million (2018: US\$11.1 million).

Other income of \$0.4 million consists mainly of interest received of \$0.3 million. The prior period balance of \$0.9 million relates to net gain on sale of WA-8-L and TL/2 and TP/7 of \$0.6M, foreign exchange gains of \$0.2 million and the remainder relates to royalties and interest received.

Administration costs were lower for the period at \$0.9 million (2018: \$1.3 million), reflecting a lower cost structure put in place in 2019.

#### Hedging

In April 2019, Tap executed hedging for 120,938 barrels buy puts and sell calls bringing the total hedged between July 2019 and December 2019 to 37.5% of anticipated liftings at an average put strike price of US\$60.00/bbl and average call strike price of US\$77.00/bbl. In April 2019, Tap executed a swap hedge for the May 2019 lifting for 30,000 barrels of crude oil using Dubai benchmark as the reference price at a fixed price of US\$39.10/bbl. No further hedging has been undertaken during the half year period.

## **TAP OIL LIMITED**

### **DIRECTORS' REPORT**

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The Directors of Tap Oil Limited (Tap or the Company) present their report for the half-year ended 30 June 2019.

#### **Directors**

The names of the Directors of the Company during or since the end of the half-year are set out below. All Directors were in office for the entire period unless otherwise stated.

Chris Newton	Executive Chairman
Govert van Ek	Non-Executive Director
Kamarudin Baba	Non-Executive Director
Zane Lewis	Non-Executive Director
David King	Non-Executive Director

#### **Principal Activities**

The principal activities of the Consolidated Entity, being the Company and its controlled entities, during the half-year were oil and gas exploration and production.

#### **Review and Results of Operations**

A review of operations and results of the Consolidated Entity can be found in the Operating and Financial Review set out on page 2.

#### **Dividends**

Since the end of the previous financial year, no dividend has been paid or declared.

#### **Review of operations**

The Review of Operations for the half year ended 30 June 2019 is set out on pages 2 to 5 and forms part of this Directors' Report.

#### **Risk Management and Corporate Governance**

Tap's Corporate Governance Statement and Appendix 4G were released to ASX on 29 March 2019.

#### **Changes to Equity**

A total of 6,348,788 employee share rights were issued during the half-year ended 30 June 2019 (2018: 6,389,513). No shares were issued during the half year ended 30 June 2019 (2018: Nil) as a result of the vesting of employee share rights. A total of 327,685 share rights expired, lapsed or were cancelled during the half-year ended 30 June 2019 (2018: 1,374,032). The total number of share rights on issue at 30 June 2019 was 9,680,428 (2018: 11,544,906).



## **TAP OIL LIMITED**

### **DIRECTORS' REPORT**

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#### **Auditor's Independence Declaration**

The auditor's independence declaration is included on page 9 of the half-year report.

#### **Subsequent Events**

On 6 August 2019, the Company closed the non-marketable parcel buy back facility where 495,914 shares held by 274 Non-Marketable holders were bought back by the Company and cancelled. The results of the buy back and cancellation has seen Tap's number of shares on issue reduce to 425,471,620.

No other matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial periods.

#### **Rounding Off of Amounts**

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with that instrument, amounts in the consolidated financial statements and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of Directors.



Christopher Newton  
Executive Chairman  
Perth, 26 August 2019

The Board of Directors  
Tap Oil Limited  
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26 August 2019

Dear Board Members

## Tap Oil Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Tap Oil Limited.

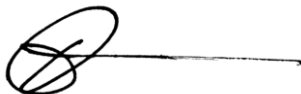
As lead audit partner for the review of the financial statements of Tap Oil Limited for the half-year ended 30 June 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely,

*Deloitte Touche Tohmatsu*

**DELOITTE TOUCHE TOHMATSU**



**Leanne Karamfiles**  
Partner  
Chartered Accountants

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## Independent Auditor's Review Report to the members of Tap Oil Limited

We have reviewed the accompanying half-year financial report of Tap Oil Limited, which comprises the condensed statement of financial position as at 30 June 2019, and the condensed statement of profit or loss and other comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 12 to 26.

### *Directors' Responsibility for the Half-Year Financial Report*

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2019 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Tap Oil Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Auditor's Independence Declaration*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Tap Oil Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.



*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Tap Oil Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2019 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

*Deloitte Touche Tohmatsu*

**DELOITTE TOUCHE TOHMATSU**

A handwritten signature in black ink, consisting of a stylized 'L' followed by a horizontal line.

**Leanne Karamfiles**

Partner

Chartered Accountants

Perth, 26 August 2019

**TAP OIL LIMITED**  
**DIRECTORS' DECLARATION**

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In the opinion of the Directors of Tap Oil Limited:

- (a) the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the financial position at 30 June 2019 and the performance for the half year ended on that date of the consolidated entity; and
  - (ii) Complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors.



Christopher Newton  
Executive Chairman

Perth, 26 August 2019

# TAP OIL LIMITED

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 30 JUNE 2019

		Consolidated Half-year ended	
		30 June 2019 US\$'000	30 June 2018 US\$'000
	Note		
Revenue	B1(a)	17,310	17,150
Cost of sales	B1(b)	(13,157)	(14,740)
Gross profit		4,153	2,410
Other revenue	B1(a)	398	918
Administration expenses		(903)	(1,321)
Finance costs	B1(c)	(385)	(430)
Impairment losses and write-downs	B1(c)	(27)	(1,430)
Restoration provision decrease/(increase)		(7)	1,303
Other expenses		-	(603)
<b>Profit before tax</b>	B1(c)	<b>3,230</b>	<b>847</b>
Income tax expense	B3	(2,384)	(5,282)
<b>Profit/ (loss) for the period after tax</b>		<b>845</b>	<b>(4,435)</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit and loss</i>			
Reversal of unrealised loss on cash flow hedge		-	582
Foreign currency translation differences – foreign operations		(80)	343
<b>Total comprehensive profit/ (loss) for the period</b>		<b>766</b>	<b>(3,510)</b>
<b>Profit/ (loss) per share</b>			
Basic (cents per share)		0.2	(1.0)
Diluted (cents per share)		0.2	(1.0)

Notes to the financial statements are included on pages 17 to 26.

# TAP OIL LIMITED

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

		Consolidated	
		30 June 2019 US\$'000	31 December 2018 US\$'000
	Note		
<b>Current Assets</b>			
Cash and cash equivalents		31,540	21,186
Trade and other receivables	C3	969	5,689
Inventories		8,894	7,856
Other current assets		532	252
<b>Total current assets</b>		<b>41,935</b>	<b>34,983</b>
<b>Non-current assets</b>			
Property, plant and equipment	C1	25,733	30,466
Exploration and evaluation assets	C4	514	281
Deferred tax asset	C5	7,186	9,449
<b>Total non-current assets</b>		<b>33,433</b>	<b>40,196</b>
<b>Total assets</b>		<b>75,368</b>	<b>75,179</b>
<b>Current liabilities</b>			
Trade and other payables	C2	3,693	5,129
Current tax liabilities		138	15
Provisions	C6	1,228	1,345
<b>Total current liabilities</b>		<b>5,059</b>	<b>6,489</b>
<b>Non-current liabilities</b>			
Provisions	C6	22,048	21,275
<b>Total non-current liabilities</b>		<b>22,048</b>	<b>21,275</b>
<b>Total liabilities</b>		<b>27,107</b>	<b>27,764</b>
<b>Net assets</b>		<b>48,261</b>	<b>47,414</b>
<b>Equity</b>			
Issued capital		141,624	141,624
Share options reserve		3,526	3,526
Share rights reserve		3,452	3,371
Cash flow hedge reserve		-	-
Foreign currency translation reserve		56,569	56,648
Profit reserve		72,940	72,940
Accumulated losses		(229,850)	(230,695)
<b>Total equity</b>		<b>48,261</b>	<b>47,414</b>

Notes to the financial statements are included on pages 17 to 26.

# TAP OIL LIMITED

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 30 JUNE 2019

	Issued Capital US\$'000	Share options reserve US\$'000	Share rights reserve US\$'000	Cash flow hedge reserve US\$'000	Foreign currency translatio n reserve US\$'000	Profit reserve US\$'000	Accumulate d losses US\$'000	Total US\$'000
<b>Balance at 1 January 2018</b>	<b>141,624</b>	<b>3,526</b>	<b>3,289</b>	<b>(2,242)</b>	<b>56,885</b>	<b>72,940</b>	<b>(243,942)</b>	<b>32,080</b>
Loss for the period	-	-	-	-	-	-	(4,435)	(4,435)
Other comprehensive income for the period	-	-	-	582	343	-	-	925
Total comprehensive income for the period	-	-	-	582	343	-	(4,435)	(3,510)
Issue of shares (net of costs)	-	-	-	-	-	-	-	-
Recognition of share-based payments	-	-	82	-	-	-	-	82
<b>Balance at 30 June 2018</b>	<b>141,624</b>	<b>3,526</b>	<b>3,371</b>	<b>(1,660)</b>	<b>57,228</b>	<b>72,940</b>	<b>(248,377)</b>	<b>28,652</b>
<b>Balance at 1 January 2019</b>	<b>141,624</b>	<b>3,526</b>	<b>3,371</b>	<b>-</b>	<b>56,648</b>	<b>72,940</b>	<b>(230,695)</b>	<b>47,414</b>
Profit for the period	-	-	-	-	-	-	845	846
Other comprehensive income for the period	-	-	-	-	(80)	-	-	(80)
Total comprehensive income for the period	-	-	-	-	(80)	-	845	766
Recognition of share-based payments	-	-	81	-	-	-	-	81
<b>Balance at 30 June 2019</b>	<b>141,624</b>	<b>3,526</b>	<b>3,452</b>	<b>-</b>	<b>56,569</b>	<b>72,940</b>	<b>(229,850)</b>	<b>48,261</b>

Notes to the financial statements are included on pages 17 to 26.



# TAP OIL LIMITED

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 30 JUNE 2019

	Consolidated Half-year ended	
	30 June 2019 US\$'000	30 June 2018 US\$'000
<b>Cash flows from operating activities</b>		
Receipts from customers	21,773	22,779
Payments to suppliers and employees	(10,389)	(11,684)
Interest received	251	12
Income tax paid	(26)	-
<b>Net cash provided by operating activities</b>	<b>11,609</b>	<b>11,107</b>
<b>Cash flows from investing activities</b>		
Proceeds from sale of permits	68	556
Payments for property, plant & equipment	(880)	(2,620)
Payments for exploration expenditure	(327)	(1,287)
Payments for restoration expenditure	(125)	(241)
<b>Net cash used in investing activities</b>	<b>(1,332)</b>	<b>(3,592)</b>
<b>Cash flows from financing activities</b>		
Repayment of loans and borrowings	-	-
Payment of interest and transaction costs related to loans and borrowings	-	-
<b>Net cash used in financing activities</b>	<b>-</b>	<b>-</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>10,277</b>	<b>7,515</b>
Cash and cash equivalents at the beginning of the half-year	21,186	7,753
Effects of exchange rate changes on the balance of cash held in foreign currencies	77	(4)
<b>Cash and cash equivalents at the end of the half-year</b>	<b>31,540</b>	<b>15,264</b>

Notes to the financial statements are included on pages 17 to 26.

**TAP OIL LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**A Significant accounting policies**

**Statement of compliance**

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year financial report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report.

**Basis of preparation**

The condensed financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in US dollars, unless otherwise noted.

Tap Oil Limited (the Company or Tap) is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with that instrument, amounts in the financial report have been rounded off to the nearest thousand dollars, unless otherwise indicated.

**Accounting policies**

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's 2018 annual financial report for the financial year ended 31 December 2018, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards. Certain comparative information has been reclassified to conform with current period presentation.

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year. The adoption of these standards and interpretations did not have any effect on the financial position or performance of the Consolidated Entity.

At the date of authorisation of the financial report, a number of Standards and Interpretations were on issue but not yet effective:

<b>Standard/Interpretation</b>	<b>Effective for annual reporting periods beginning on or after</b>	<b>Expected to be initially applied in the financial year ending</b>
AASB 2018-6 Amendments – Definition of a Business	1 January 2020	31 December 2020
AASB 2018-7 Amendments – Definition of Material	1 January 2020	31 December 2020
AASB 2014-10 Amendments – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2022	31 December 2020
AASB 2015-10 Amendments – Effective Date of Amendments to AASB 10 and AASB 128	1 January 2022	31 December 2022
AASB 2017-5 Amendments – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections*	1 January 2022	31 December 2022

\*Editorial corrections apply from 1 January 2018

**TAP OIL LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

The Directors note that the impact of the initial application of the Standards and Interpretations are not material to the Company. These Standards and Interpretations will be first applied in the financial report of the Consolidated Entity that relates to the annual reporting period beginning on or after the effective date of each pronouncement.

**AASB 16 Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

The Company notes that in March 2019 the IFRS Interpretations Committee issued its final decision on how a lead operator in a joint operation should account for lease arrangements. Given Tap is not the operator of Manora, and has not itself entered into the FSO lease, Tap is not required to recognise a lease liability and right of use asset. As a consequence, there is no change in the current accounting treatment of the FSO lease. Please refer to Note E1 for the future commitment for the FSO lease.

**B1 Profit/ (loss) for the half year from operations**

		<b>Consolidated Half-year ended</b>	
		<b>30 June 2019 US\$'000</b>	<b>30 June 2018 US\$'000</b>
<b>(a) Revenue</b>			
Crude oil revenue <sup>(i)</sup>		17,310	17,150
		17,310	17,150
Other revenue:			
Royalties received		45	75
Interest received		265	12
Net gain on sale of permits		-	639
Net foreign exchange gain		88	192
		398	918
		17,708	18,068

<sup>(i)</sup> Includes commodity realised hedge gain of \$40,125 and unrealised loss of Nil million (2018: realised hedge loss of US\$2.5 million and unrealised loss of US\$0.4 million)

**TAP OIL LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**B1 Profit/ (loss) for the half year from operations (cont)**

**(b) Cost of sales**

Crude oil:

Production costs

Depreciation of capitalised development costs

Government royalties

Other costs of sales

Consolidated Half-year ended	
30 June 2019 US\$'000	30 June 2018 US\$'000
6,586	7,924
5,604	7,166
1,354	1,498
(387)	(1,848)
13,157	14,740

**(c) Profit/(loss) before tax**

Profit/(loss) for the period includes the following items that are unusual due to their nature, size or incidence:

*Expenses*

Takeover/defence expenditure

Finance Costs\*

Restoration provision increase/(decrease)

*Impairment losses and write-downs:*

Exploration impairment

Property, plant and equipment impairment losses

Consolidated Half-year ended	
30 June 2019 US\$'000	30 June 2018 US\$'000
-	463
(385)	(430)
7	(1,303)
27	1,430
-	-
27	1,430

\* - Finance costs relate to the notional interest from unwinding the discount on the restoration provision

**B2 Segment Information**

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Consolidated Entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

**TAP OIL LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

The following is an analysis of the Consolidated Entity's revenue and results by reportable operating segment for the periods under review:

	Revenue Half-year ended		Segment result Half-year ended	
	30 June 2019 US\$'000	30 June 2018 US\$'000	30 June 2019 US\$'000	30 June 2018 US\$'000
<b>Operations</b>				
Oil & gas production and development	17,310	17,150	4,153	1,694
Oil & gas exploration		-	(347)	733
	17,310	17,150	3,806	2,427
Interest revenue			265	12
Takeover/defence expenditure				(463)
Net central administration costs			(930)	(1,321)
Net foreign exchange gains/(losses)			88	192
Profit before tax			3,229	847
Income tax expense			(2,384)	(5,282)
<b>Consolidated segment revenue and loss for the period</b>	<b>17,310</b>	<b>17,150</b>	<b>845</b>	<b>(4,435)</b>

The revenue reported above represents revenue generated from external sources. There were no intersegment sales during the period.

Segment result represents the profit earned by each segment or loss made by each segment without the allocation of centralised administration expenses, recoveries of administration expenses recognised on a Consolidated Entity level, interest revenue, foreign exchange gains/(losses) and income tax (expenses)/benefits.

The following is an analysis of the Consolidated Entity's assets and liabilities by reportable operating segment:

	Assets	
	30 June 2019 US\$'000	31 December 2018 US\$'000
Oil & gas production and development	45,909	53,134
Oil & gas exploration	5,386	4,904
Total segment assets	51,295	58,038
Unallocated assets	24,073	17,202
<b>Consolidated total assets</b>	<b>75,368</b>	<b>75,240</b>

	Liabilities	
	30 June 2019 US\$'000	31 December 2018 US\$'000
Oil & gas production and development	15,973	16,634
Oil & gas exploration	10,894	10,979
Total segment liabilities	26,867	27,613
Unallocated liabilities	240	212
<b>Consolidated total liabilities</b>	<b>27,107</b>	<b>27,826</b>

**TAP OIL LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**B3 Income Tax Expense**

The income tax expense of \$2.4 million is primarily attributable to a change in the assessment of probable future taxable income which led to a reduction of the deferred tax asset generated from the Manora project.

		<b>Consolidated</b>	
		<b>30 June 2019 US\$'000</b>	<b>31 December 2018 US\$'000</b>
<b>C1</b>	<b>Property, plant and equipment</b>		
	<b>Development expenditures</b>		
	<u>Gross carrying amount - at cost:</u>		
	Opening balance	259,288	255,700
	Additions	873	3,589
	Foreign exchange	-	(2)
	Closing balance	260,161	259,288
	<u>Accumulated depreciation and impairment:</u>		
	Opening balance	228,868	214,902
	Depreciation	5,604	13,966
	Closing balance	234,472	228,868
	<b>Net Book Value</b>	<b>25,689</b>	<b>30,420</b>
	<b>Office improvements, furniture &amp; equipment</b>		
	<u>Gross carrying amount - at cost:</u>		
	Opening balance	564	744
	Additions	8	46
	Foreign exchange movements	(3)	(63)
	Asset write-offs	-	(162)
	Closing balance	569	564
	<u>Accumulated depreciation:</u>		
	Opening balance	518	705
	Asset write-offs	-	(149)
	Foreign exchange movements	(3)	(60)
	Depreciation	10	23
	Closing balance	525	518
	<b>Net Book Value</b>	<b>44</b>	<b>46</b>
	<b>Total - Net Book Value</b>	<b>25,733</b>	<b>30,466</b>

**TAP OIL LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**C1 Property, plant and equipment (cont)**

**Impairment of development expenditures**

At 30 June 2019, the Consolidated Entity has assessed each cash generating unit to determine whether an impairment indicator existed.

The carrying amount of the Manora development asset of \$25.7 million (2018: \$30.4 million) has been assessed against a recoverable amount determined based on a value in use model and did not result in an impairment at 30 June 2019 (2018: nil impairment). The oil price assumption used in the recoverable amount assessment is based on the average of analysts' Brent oil price at the date of assessment for 3 years, thereafter fixed. The average Brent price assumptions range from US\$65/bbl to US\$71/bbl for the years 2019 to 2022. Sensitivities analysis on the base case key assumptions indicate an oil price decrease of up to approximately 20% would not result in an impairment. Likewise, a decrease in production rates of up to approximately 20%. The discount rate used in the recoverable amount assessment is 12.1% (2018: 10.9%).

**C2 Trade and other payables**

Trade payables<sup>(i)</sup>  
 Share of joint operations' payables  
 Other payables

Consolidated	
30 June 2019 US\$'000	31 December 2018 US\$'000
176	496
3,517	4,629
-	4
3,693	5,129

- (i) The credit period on purchases averages between 7 and 30 days. No interest is charged on trade payables. The Consolidated Entity has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

**C3 Trade and other receivables**

Trade receivables<sup>(i)</sup>  
 Joint operations' debtors  
 Other receivables

Consolidated	
30 June 2019 US\$'000	31 December 2018 US\$'000
26	4,450
865	1,051
78	188
969	5,689

- (i) Trade receivables relate to gas sales and oil sales from Manora. Oil sales are on terms that result in payment 30 days from bill of lading.

**TAP OIL LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**C4 Exploration and evaluation assets**

**Exploration and/or evaluation phase**

	30 June 2019 US\$'000	31 December 2018 US\$'000
At cost	80,692	80,601
Less: impairment provisions	(80,179)	(80,319)
Net carrying value	514	281
Reconciliation of movement:		
Opening balance	281	143
Current period exploration expenditure	259	1,751
Exploration impairment losses/write-downs	(27)	(1,601)
Adjustment in respect of Sale/Exit Permits	-	(6)
Foreign exchange movement	1	(7)
	514	281

Ultimate recoupment of this expenditure is dependent upon the continuance of Tap's right to tenure of the areas of interest and the discovery of commercially viable oil and gas reserves, their successful development and exploration, or, alternatively sale of the respective areas of interest at an amount at least equal to book value. Impairment losses are provided when the carrying amount exceeds the recoverable amount. Exploration expenditure is written off and any related impairment losses released when permits are relinquished or disposed.

**C5 Deferred Tax Asset**

The deferred tax asset balance has decreased from \$9.5 million at 31 December 2018 to \$7.2 million at 30 June 2019 primarily attributable to a change in the assessment of probable future taxable income which led to a reduction of the deferred tax asset generated from the Manora project.

**C6 Provisions**

**Current**

Employee benefits	125	111
Restoration costs	1,103	1,234
	1,228	1,345

**Non-current**

Employee benefits	2	2
Restoration costs	22,046	21,273
	22,048	21,275



**TAP OIL LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

	Note	Consolidated	
		30 June 2019 US\$'000	31 December 2018 US\$'000
<b>C6 Provisions (cont)</b>			
<b>Restoration costs provision</b>			
Reconciliation of movement:			
Opening balance		22,507	25,451
Additional provisions raised		-	-
Increase/(decrease) resulting from re-measurement		449	(1,952)
Liability Extinguishment due to Sale of Permit			(186)
Unwinding of discount	B1(c)	385	866
Restoration costs incurred		(125)	(422)
Foreign exchange movement		(67)	(1,250)
Closing balance		23,149	22,507

The provision for restoration costs primarily comprise amounts related to Manora \$12.3 million (2018: \$11.7 million) and Woollybutt \$10.8 million (2018: \$10.8 million).

The provision for restoration costs represents the present value of the Directors' best estimate of the future sacrifice of economic benefits that will be required to remove plant and equipment and abandon producing and suspended wells. The unexpired terms used in the present value calculations are various periods up to the year 2024 and relate to the Manora and Woollybutt restoration costs.

The Company has PRRT credits available to offset against Woollybutt abandonment costs which are not included in the provision for restoration and have been recognised as a deferred tax asset.

**D1 Equity securities issued**

A total of 6,348,788 employee share rights were issued during the half-year ended 30 June 2019 (2018: 6,389,513). No shares were issued during the half year ended 30 June 2019 (2018: Nil) as a result of the vesting of employee share rights. A total of 327,685 share rights expired, lapsed or were cancelled during the half-year ended 30 June 2019 (2018: 1,374,032). The total number of share rights on issue at 30 June 2019 was 9,680,428 (2018: 11,544,906).

**D2 Fair value measurement of financial instruments**

The directors consider that the carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their fair value.

The fair values of the financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and
- the fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

**TAP OIL LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**D2 Fair value measurement of financial instruments (cont)**

The following table details the fair value of financial assets and financial liabilities, which represents a reasonable approximation of the carrying value of the financial assets and liabilities:

	<b>Consolidated</b>	
	<b>Carrying amount US\$'000</b>	<b>Fair value US\$'000</b>
<b>Financial assets</b>		
Cash and cash equivalents	31,540	31,540
Trade and other receivables	969	1,050
	<b>32,509</b>	<b>32,590</b>
<b>Financial liabilities</b>		
Trade and other payables	3,693	3,772
Other financial liabilities	-	-
	<b>3,693</b>	<b>3,772</b>

**E1 Contingencies and commitments**

	<b>Consolidated</b>	
	<b>30 June 2019 US\$'000</b>	<b>31 December 2018 US\$'000</b>
<b>Commitments</b>		
<u>Property, plant and equipment</u>		
Not longer than 1 year	3,991	5,096
Longer than 1 year and not longer than 5 years	-	-
Longer than 5 years	-	-
	<b>3,991</b>	<b>5,096</b>
<u>Exploration expenditure</u>		
Not longer than 1 year	1,836	1,455
Longer than 1 year and not longer than 5 years	-	-
Longer than 5 years	-	-
	<b>1,836</b>	<b>1,455</b>

There has been no material change to the remaining operating lease commitments as disclosed in the most recent annual report.

**TAP OIL LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**E1 Contingencies and commitments (cont)**

**Joint Venture Commitments**

The operating lease commitments arising from the Consolidated Entity's interests in joint operations:

	<b>Consolidated</b>	
	<b>30 June 2019 US\$'000</b>	<b>31 December 2018 US\$'000</b>
<u>FSO lease at Manora</u>		
Not longer than 1 year	5,454	5,439
Longer than 1 year and not longer than 5 years	5,901	8,613
Longer than 5 years	-	-
	<b>11,355</b>	<b>14,053</b>

**E2 Subsequent events**

There have been no matters or circumstances occurring subsequent to the financial year that has significantly affected, or may significantly affect, the operations of the Consolidated entity, the results of those operations, or the state of affairs of the Consolidated entity in future years, other than:

On 6 August 2019, the Company closed the non-marketable parcel buy back facility where 495,914 shares held by 274 Non-Marketable holders were bought back by the Company and cancelled. The results of the buy back and cancellation has seen Tap's number of shares on issue reduce to 425,471,620.