

Quarterly Report

For the Quarter ended 31 December 2019



Highlights

- **US\$26.659 million of cash on hand (post dividend payment, including Tap's share of JV cash) as at 31 December 2019**
- **Manora production during the December quarter averaged 5,417 bopd (Tap's share 1,625 bopd)**
- **Cumulative Manora gross production reached 16.31 MMSTB (Tap's share 4.89 MMSTB) as at 31 December 2019**
- **Two liftings during the quarter, totalling 153,030 bbls (Tap's share)**
- **Cash receipts received during the quarter of US\$9.472 million, at an average price of US\$64.72/bbl**
- **Tap announced a maiden fully franked dividend to shareholders of A\$0.025 per share, which was paid on 31 December 2019**
- **Inthanin -1 exploration well failed to encounter significant hydrocarbons**
- **Yothaka East-1 exploration well encountered 2-3m oil pay in the objective "600" series sands, while Yothaka East-2 downdip sidetrack intersected water wet sand**
- **Analysis of exploration program results ongoing, with the program completed safely at a net cost to Tap of US\$1.74 million**

Summary

Tap Oil Limited (**Tap** or the **Company**) reported cash receipts from oil sales for the December quarter were US\$9.472 million. Cash receipts were lower compared to the prior quarter primarily due to less barrels achieved for the two liftings at the Manora Oil Field (**Manora**) in block G1/48 in the Gulf of Thailand.

Production at Manora averaged 5,417 bopd (Tap's share 1,625 bopd) for the December quarter, up 5.3% from the previous quarter primarily due to the two new production wells coming online.

The Company's cash position as at the end of the December quarter was US\$26.659 million; a decrease of US\$4.22 million from the previous quarter, reflecting the US\$7.36 million dividend payment paid on 31 December 2019.

During the December quarter, as announced on 6 January 2020, Tap's remaining Australian asset, WA-34-R (Tap 12%) was jointly surrendered.

Revenue

Cash receipts for the December quarter were US\$9.472 million from two liftings made in September and November 2019. Cash receipts were lower compared to the prior quarter due to less barrels achieved for the two liftings in which revenue was received in the December quarter. The average realised oil price was US\$64.72/bbl, being 0.3% lower compared to the previous quarter.

SALES REVENUE* (Tap's Share)	Sept Qtr US\$'000	Dec Qtr US\$'000	Qtly % Change	Comment
Manora Crude Receipts – net	9,892	9,472	(4.2%)	Decrease primarily due to lower sale price per barrel
Other Receipts	184	84	(54.3%)	Decrease primarily due to a decrease in interest rates and timing of interest income receipts
Total Cash Receipts	10,076	9,556	(5.2%)	
Average realised oil price (US\$/bbl*)	64.90	64.72	(0.3%)	

*Includes Realised Hedge Gains/ (Losses)

PRODUCTION AND LIFTING VOLUMES (Tap's Share)	Sept Qtr	Dec Qtr	Qtly % Change	Comment
Manora Crude Production (bbls)	142,001	149,507	5.3%	Production increase due to the 2 new production wells coming online during the quarter.
Manora Daily Average Production (bopd)	1,544	1,625	5.3%	
Manora Crude Lifting (bbls)	223,805	153,030	(31.6%)	There were 2 liftings in the December quarter and 3 in the September quarter
Manora inventory ¹ (bbls)	45,056	40,360	(10.4%)	As at December quarter end.

1. Reconciliation between production and inventory won't be exact due to shrinkage.

Production

Gulf of Thailand - Manora Oil Field

Offshore Thailand
(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**).

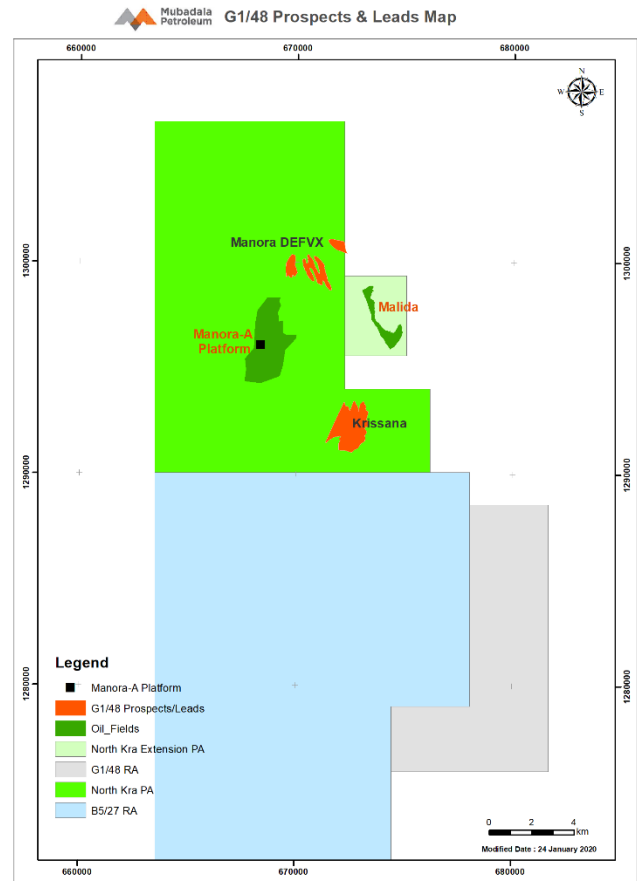
The G1/48 concession comprises the Manora Oil Field under production license and the Reservation Area within the concession.

Gross production for the quarter was 498 MSTB (Tap's share 150 MSTB). The average quarterly gross production rate was 5,417 bopd (Tap's share 1,625 bopd). Cumulative field production to 31 December 2019 was 16.31 MMSTB gross (Tap's share 4.9 MMSTB).

During the quarter production was increased due to new well performance. Of note the MNA-24H well completed in the 300 sands produced a steady 954 Bopd gross without any water influx. A workover program to replace dead ESP's was started in November. Operations were carried out on wells MNA-11, MNA-15, MNA-18, MNA-19 and MNA-20 and ended on 3 January 2020. The workover on MNA-15 will be completed later in 2020.

The MNA-22 development well drilled in 2019 was unable to be completed due to problems with the cement bond in the well. Petrophysical interpretation of well logs show a total oil net pay of 56.5 m in the 490-60 and 500 sands. The well is a candidate for re-drilling in the 2020 development drilling campaign.

Figure 1: Location Map of Manora Production Licence and G1/48 Reservation Areas



Exploration

Gulf of Thailand - Manora Oil Field

Offshore Thailand

(Tap 30%)

An exploration drilling program in G1/48 commenced with the drilling of the Inthanin 1 well. The well spudded on 20 November 2019 targeting 400-600 series sands that are productive in the Manora Field 3km to the north-northeast and reached a total depth of 2528m on 24 November 2019.

Target objectives in the well were intersected within 15m of pre-drill prognosed depths however no significant shows were encountered while drilling and evaluation of log data indicates no zones of interest in the well. While evaluation of the well results and reasons for the lack of hydrocarbons is ongoing, it is notable that the prognosed sandstone reservoir targets in the deeper "600" section were only very poorly developed.

The next well in the program, Yothaka East-1, spudded on 28 November 2019 and reached a total measured depth of 3,367m on 3 December 2019. Target objectives in the well were intersected within 17m of pre-drill prognosed depths.

No significant shows were encountered while drilling the well-developed 400 and 500 series fluvial sands. The 600 series lacustrine sands were thinner than anticipated with 2 to 3m of net oil pay identified on logs and in cuttings while drilling. The pay section correlates with the 620 series sands that are a major producer in the Manora Field 3.2 km to the northwest. Pressure data indicates the 620 series lacustrine sands at Yothaka East are in pressure communication with Manora via the aquifer.

A decision was made by the joint venture to sidetrack from the Yothaka East-1 well bore to a location approximately 1km to the north to help delineate the extent of the oil accumulation and determine if thicker, oil bearing sands were located in a downdip location. The Yothaka East-2 appraisal well commenced on 5 December 2019 and the well reached a total measured depth of 3881m on 11 December 2019. The primary objective 600 series sands, were intersected within 4m of pre-drill prognosed depths and approximately 60m down dip of the discovery well, Yothaka-East-1. Weak shows were encountered while drilling and logs indicated while the main target sands was slightly better developed, it was water bearing in the Yothaka-East-2 location. Logs indicated approximately 4m of net (water bearing) sand in the equivalent interval to the main pay sand in Yothaka East-1. Some pressure data was acquired and the well was subsequently plugged and abandoned. Total pre tax cost of the three well drilling program was US\$1.74 million net to Tap vs the pre drill budget of US\$1.72 million.

Integrated analysis of the results of the two wells and the 3D seismic data tied into Manora is ongoing to determine the volumetric and economic significance of the 600 series reservoirs in the Yothaka East structure.

With the lack of hydrocarbons in the 400-500 series sands and the poorer than anticipated reservoir quality in the 600 series sands, the potential of the planned Krissana well was downgraded and the decision was made by the joint venture not to drill this well.

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.

On 24 December 2019 the National Offshore Petroleum Titles Administrator (NOPTA) confirmed the joint surrender of WA-34-R by all joint venture parties.

Myanmar

Block M-7 Moattama Basin, Offshore Myanmar

Tap 95% Operator

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

Tap has met with its exit obligations and is proceeding to close down the corporate entities.

Exploration, Development, Operating & Other Expenditures

	Tap Share	Tap Share
	Sept Qtr US\$'000	Dec Qtr US\$'000
Exploration & Appraisal	153	1,807
Development, Plant & Equipment	2,172	304
Total Capital Expenditure	2,325	2,111
Manora Production Costs *	4,727	3,667
Other expenses **	408	709
Australia & NZ Portfolio Sale	3,245	0
Total Expenditure	10,705	6,487

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

** Includes staff costs and G&A costs.

Financial & Corporate

Cash Position

Tap's cash position at 31 December 2019 was US\$26.659 million. Cash includes Tap's share of cash held in joint ventures, which at the end of the December quarter was US\$6.384 million.

Cash Position	Dec'18 US\$'000	Mar'19 US\$'000	Jun'19 US\$'000	Sept'19 US\$'000	Dec'19 US\$'000
Cash on hand *	21,166	25,289	31,540	30,885	26,659
Debt	-	-	-	-	-
Net Cash/(Debt)	21,166	25,289	31,540	30,885	26,659

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

Share Rights

No share rights were issued during the December quarter. As announced on 1 November 2019, the Company will seek shareholder approval at the Tap 2020 Annual General Meeting to issue 1,000,000 Performance Rights to each of Non-Executive Directors Mr Baba, Dr King and Mr Lewis. During the December quarter, 2,280,894 Performance Rights and 362,523 Retention Rights lapsed due to employee departures.

At 31 December 2019, Tap had on issue a total of 7,037,011 share rights to acquire fully paid shares with vesting dates varying from 31 December 2019 through to 31 March 2022. A review is currently underway to determine whether vesting conditions have been met for Performance Rights with vesting dates on 31 December 2019 and 1 January 2020.

The following Performance and Retention Rights were on issue at 31 December 2019:

Number	Class	Vesting Date
956,036	Performance Rights	31 December 2019
699,462	Performance Rights	1 January 2020
956,036	Retention Rights	31 March 2020
927,917	Performance Rights	31 December 2020
713,807	Performance Rights	1 January 2021
927,917	Retention Rights	31 March 2021
927,917	Performance Rights	31 December 2021
927,917	Retention Rights	31 March 2022

Dividend

On 6 December 2019 Tap announced a maiden fully franked dividend of A\$0.025 per share for a total payment of US\$7.36 million (A\$10.64 million) which was released to shareholders on 31 December 2019.

Hedging

During the quarter, the Tap Board resolved to execute the following commodity hedges for the quarter:

- 25,000 bbls of the February 2020 cargo being 33% of the scheduled lifting hedged at a swap price of \$61.15/bbl.

Director update

On 22 October 2019, Dr Govert van Ek resigned as Director of Company.

Auditor update

On 12 December 2019, the Company appointed Ernst & Young as the Company's auditors after accepting the resignation of Deloitte Touche Tohmatsu.

Authorised by the Board of Tap Oil Limited.

FURTHER INFORMATION

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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>