

31 July 2015

The Company Announcements Platform  
Australian Securities Exchange  
Exchange Centre  
20 Bond Street  
SYDNEY NSW 2000

**Tap Oil Limited**  
ABN 89 068 572 341  
Level 1, 47 Colin Street  
West Perth WA 6005  
Australia  
T: +61 8 9485 1000  
F: +61 8 9485 1060  
E: [info@tapoil.com.au](mailto:info@tapoil.com.au)  
[www.tapoil.com.au](http://www.tapoil.com.au)

## JUNE 2015 QUARTERLY REPORT

Enclosed is Tap Oil Limited's Quarterly Report for the quarter ended 30 June 2015.

A copy of this document is available at the ASX and can be viewed on the Company's website [www.tapoil.com.au](http://www.tapoil.com.au) under the heading "Investor Centre".

---

**Enquiries:**

Troy Hayden            Managing Director/CEO  
Anna Sudlow            Commercial and IR Manager  
Telephone:            +61 8 9485 1000  
Email:                    [info@tapoil.com.au](mailto:info@tapoil.com.au)  
Website:                [www.tapoil.com.au](http://www.tapoil.com.au)

**Media Enquiries:**

Rebecca Lawson  
Media & Capital Partners  
Telephone            +61 433 216 269

---



## Highlights

- Manora production of ~15,000 bopd (gross) maintained from seven producer wells (Tap share ~4,500 bopd)
- Net revenue (after production expenditure) for the quarter of US\$21.4 million
- Strategic review of business and asset base continuing

Manora maintains peak production and Manora revenue up by 25% since Q1

## Managing Director's Summary

The commencement of production at the Manora Oil Development on 11 November 2014 marked a significant milestone for Tap's Board and Management and returned the Company to a mid-tier producer following a two year hiatus. Development drilling was completed at the end of March and the rig moved off location during April. During the quarter, Manora continued to perform well with peak production of approximately 15,000 bopd (gross) maintained, and on occasion over 16,000 bopd (gross) produced from seven producer wells. Manora revenue increased by 25% from Q1 to Q2 reflecting the completion of drilling at the end of Q1 and peak production being maintained.

During the quarter Tap announced its own reserves estimates for the Manora development as at 31 December 2014, as well as two reserves estimates completed by Netherland, Sewell & Associates, Inc. (NSAI) as at 31 December 2014 and 31 May 2015. Further detail on these estimates is set out below in this report. Both the Tap and NSAI estimates include a requirement for two additional development wells in the East Fault Block and this is assumed to occur in 2016.

The commencement of Manora production has coincided with the sharp decline in oil price, which has adversely impacted the Company's revenues from the Manora project. At an oil price of between US\$45-\$55/bbl, Tap forecasts net cash flow during 2015 from Manora of approximately US\$40 million to US\$42 million (after forecast Thai taxes, royalties and operating costs and including the hedging impact, but before repayment of debt). The Company has maintained its revenue forecast from Third Party Gas contracts at approximately A\$17 million net to Tap during 2015.

As at 31 July 2015, Tap repaid US\$10.4 million of the Borrowing Base Debt Facility with BNP Paribas and Siam Commercial Bank, reducing the outstanding debt balance from US\$78.9 million to US\$68.5 million. The debt balance is currently forecast to be reduced to approximately US\$40 million by the end of 2015.

As a result of the continuing low oil price and the resultant fall in revenue derived from Tap's interest in the Manora project, the steep debt repayment profile associated with the Borrowing Base Debt Facility and the default of Northern Gulf on the outstanding carry repay owing to Tap, the Company continues to assess alternatives to provide further liquidity to meet its forecast commitments.

As announced earlier this year, Tap has commenced a strategic review of the business and asset base in order to respond to the recent change in market conditions in the oil and gas sector and to maximise value for all shareholders. This review is considering a number of divestment options for each asset, including the Company's flagship Manora Oil Development as well as the Company's non-core Australian portfolio. Tap notes that such transactions (if successfully completed) should enable the Company to improve liquidity, reduce its debt and potentially allow for the payment of fully franked dividends to Australian resident shareholders. There has been considerable interest in the Manora asset. The strategic review process is continuing.

Tap and its local joint venture participant, Smart E&P International Ltd, are in discussions with the Ministry of Energy regarding the award of the Production Sharing Contract (PSC) for Block M-07 Moattama Basin, Offshore Myanmar. Tap anticipates signing the PSC in Q3 2015 and intends to operate the Block.

For further information regarding Tap Oil Limited, please contact Anna Sudlow (Investor Relations & Commercial Manager)  
 Telephone: +61 8 9485 1000  
 Email: info@tapoil.com.au  
 Website: www.tapoil.com.au





## Upcoming Activity

The table below lays out the indicative forward Drilling and Development Activity Schedule for the next 15 months:

Project	Tap Share	2016					
		Q3	Q4	Q1	Q2	Q3	
<b>Australia</b>							
WA-351-P	20%	3D seismic reprocessing					
WA-290-P/WA-49-R	10%				3D seismic acquisition		
WA-515-P	100%		3D seismic reprocessing				
WA-516-P	100%		3D seismic reprocessing				
WA-320-P/WA155-P II	9.778%/6.555%	Interpretation and evaluation of 3D Seismic and well planning					Well
<b>Thailand</b>							
Manora	30%	Production					
Exploration	30%		Well				
<b>Myanmar</b>							
M-07	95%	PSC	Preparation period				



Tap revenue up 25% from Q1 2015

## Revenue and Production

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

Revenue for the quarter was \$30.1 million, representing revenue from the Manora crude sales and the third party gas contracts.

Tap has hedged 40% of forecast 1P Manora production over April to December 2015 at an average swap price of \$62.75/bbl (representing 495,000 barrels). The remaining hedge volumes are 331,200 barrels.

SALES REVENUES	Mar'15 Qtr	June'15 Qtr	Qtly % Change	Comment
Manora Crude – net (\$000)	19,680	24,505	25%	Production at ~15,000 bopd for full quarter. 12 oil liftings.
Third Party Gas – net (\$000)	5,670	5,618	-1%	
<b>Total Oil &amp; Gas Revenue (\$000)</b>	<b>25,350</b>	<b>30,123</b>	<b>19%</b>	
<b>Average realised oil price US\$/bbl</b>	<b>51</b>	<b>59</b>	<b>16%</b>	Average price for the quarter

PRODUCTION VOLUMES - Tap Share	Mar'15 Qtr	June'15 Qtr	Qtly % Change	Comment
Manora Crude (bbls)	349,465	407,108	16.5%	Plateaued at peak production of ~15,000 bopd (gross) (Tap share ~4,500 bopd)
Manora Daily Average (bopd) – net to Tap (30%)	3,883	4,474	15.2%	
Manora inventory - bbls	76,414	73,106	-4.3%	As at 30 June 2015.

## Manora Oilfield Production

### Tap 30%

Plateaued at peak production of ~15,000 barrels per day (gross)

Tap's flagship project, the Manora Oil Development in Thailand, commenced production on 11 November 2014. This marked a significant milestone for Tap Oil's current Board and Management and returned the Company to a mid-tier producer following a two year hiatus from production.

Manora is now producing from seven wells: MNA-01, MNA-02, MNA-03, MNA-05, MNA-07, MNA-08 and MNA-11. All of the Central Fault Block wells are producing as per expectation, free of water and sand production except MNA-11 which has a low productivity index and produces a minor amount of water, probably from a high permeability stringer. Both East Fault Block wells have shown an increase of water production over the quarter as they are completed close to the oil water contact. Gross production for the quarter was 1.36 MMSTB (Tap share 0.41 MMSTB). Average quarterly gross production rate was 14,912 bopd (Tap share 4,474 bopd) in line with expectations. Cumulative field production as of 30 June 2015 was 3.0 MMSTB gross (Tap share 0.9 MMSTB).

Water injection is now being undertaken in four wells. Cumulative injection during the quarter was 1,609,772 bbl gross or on average 17,690 bwpd gross. All the reservoirs into which water has been injected have shown stabilised reservoir pressure thus showing benefit of water injection.



Platform with Manora Princess FPSO in background

## Third Party Gas Contracts

### Tap 100%

In 2005 Tap secured an option over approximately 33 PJ of gas from the John Brookes field offshore Western Australia at then current market prices. The option was exercised in 2007 and Tap on-sells the gas to a number of Western Australian gas customers. The gas is purchased at a fixed 2005 price and sold at fixed prices approximately three times higher. Both buy and sell prices are denominated in Australian dollars and subject to CPI escalation. Around 6 PJ currently remains to be delivered over the period to December 2016. This gas is largely contracted and provides substantial stable, long-term cash flow.

Third party gas revenues were in line with expectations with minimal volumes being deferred during the quarter. Forecast third party gas revenues are expected to be around A\$30 million (gross) per annum until the end of 2016, generating substantial cash flow.



NSAI estimates 2P reserves of 18.82 MMSTB as at 31 May 2015

## Development

### Gulf of Thailand

G1/48

#### Tap 30%, Mubadala Petroleum Operator

Tap's flagship project is the Manora Oil Development in the Gulf Thailand. With the development complete, Tap released information regarding the reserves position at Manora during the quarter as follows:

#### NSAI reserves estimates as at 31 May 2015

Under the Borrowing Base Debt Facility, an independent report on Manora reserves estimates is required by Tap's banks following completion of construction of the Manora Oil Development and commencement of production and sales. Netherland, Sewell & Associates, Inc. (NSAI), an independent reserves consultant, has now completed this report as at 31 May 2015 (ASX release 8 July 2015), and it was compiled using the results of all the wells drilled to date for the Manora Oil Development. The NSAI estimate includes a requirement for two additional development wells in the East Fault Block and their production and CAPEX profiles assume this occurs in 2016. The NSAI report at 31 May 2015 assumes waterflood recovery process for the reservoirs currently under water injection.

The range of NSAI's reserves estimates for the Manora Oil Development as at 31 May 2015 are:

Probabilistic	Gross 100% Field			Tap share (30%)		
	1P	2P	3P	1P	2P	3P
Oil Reserves at 31 May 2015 (MMSTB)	15.0255	18.8208	22.9199	4.5076	5.6463	6.876

\* Reserves are not adjusted for Risk

The estimates are net of cumulative production to 31 May 2015 of 2.56 MMSTB (net to Tap 0.77 MMSTB).

#### Tap's reserves estimates as at 31 December 2014

Earlier in the quarter Tap announced its estimate of remaining gross Manora reserves and resources as at 31 December 2014 (ASX release 23 April 2015). This estimate incorporated all development well data up to 31 March 2015 and assumed two additional development wells will be required in the following 18 to 24 month period.

The range of Tap's reserves estimates for the Manora Oil Development as at 31 December 2014 were:

	Gross 100% Field			Tap share (30%)		
	Low Case	Mid Case	High Case	Low Case	Mid Case	High Case
STOIP** (MMSTB)	52.0	61.4	70.5	15.6	18.4	21.2
Probabilistic	1P	2P	3P	1P	2P	3P
Oil Reserves at 31 Dec 2014 (MMSTB)	15.8	19.3	23.3	4.7	5.8	7.0

\* Reserves are not adjusted for Risk

\*\* Stock Tank Oil Initially In-Place

The estimates are net of cumulative production to 31 December 2014 of 0.481 MMSTB (net to Tap 0.14 MMSTB).

After considering the reserves reports completed by NSAI and the well data from the drilling in Q1 2015, Tap does not intend to make any changes to its reserves estimates for the Manora oil field.

#### NSAI reserves and resources estimates as at 31 December 2014

It should be noted that the above NSAI report differs from the NSAI report on Manora 2P reserves as at 31 December 2014 as announced by Tap on 25 June 2015 which was prepared for the purposes of the annual review of reserves by the Manora joint venture. In that report, NSAI estimated Manora 2P gross reserves of 15.5 MMSTB (net to Tap 4.65 MMSTB) as at 31 December 2014. That report was compiled by NSAI on the basis of the drilling results of the Manora wells to 31 December 2014, and did not include the results of the wells drilled during Q1 2015. The reserves in this report do not reflect the benefit of water injection as no water injection had occurred at this time nor was a positive pressure response seen in the production wells. The estimate also takes into account cumulative production to 31 December 2014 of 0.481 MMSTB (net to Tap 0.14 MMSTB).



Summary of Gross Manora 2P Reserves Estimates

Evaluation Date of Estimate	Manora 2P Reserves Estimate* (MMSTB)	Cumulative production (MMSTB)	Economic Ultimate Recovery (MMSTB)	Compiled by	Purpose
31 December 2014 (incorporating data from wells drilled to 31 December 2014)	15.5	0.481	15.97	NSAI	Annual reserves estimate by the Manora joint venture
31 December 2014 (incorporating data from all wells drilled on the development)	19.3	0.481	19.78	Tap	Tap's Annual Reserves Statement
31 May 2015 (incorporating data from all wells drilled on the development)	18.8	2.56	21.38	NSAI	Lending Bank Report

\* Does not include production to date.



## Exploration Gulf of Thailand

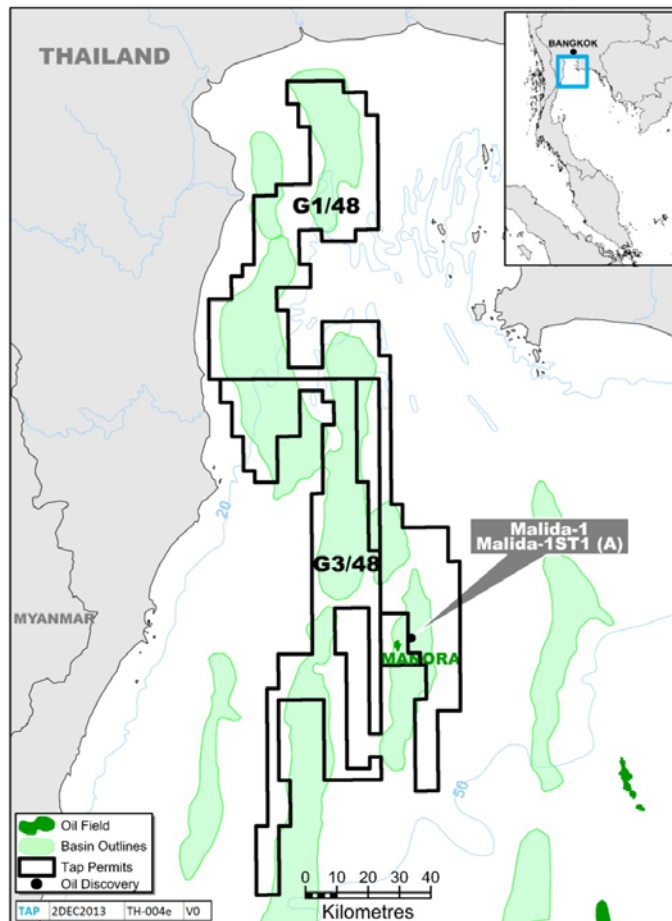
G1/48 and G3/48

Tap 30%, Mubadala Petroleum Operator

Tap holds a 30% direct interest in the G1/48 concession in the northern Gulf of Thailand. This concession is operated by Mubadala Petroleum. The Manora discovery in late 2009 opened up a new oil play in the northern Gulf of Thailand.

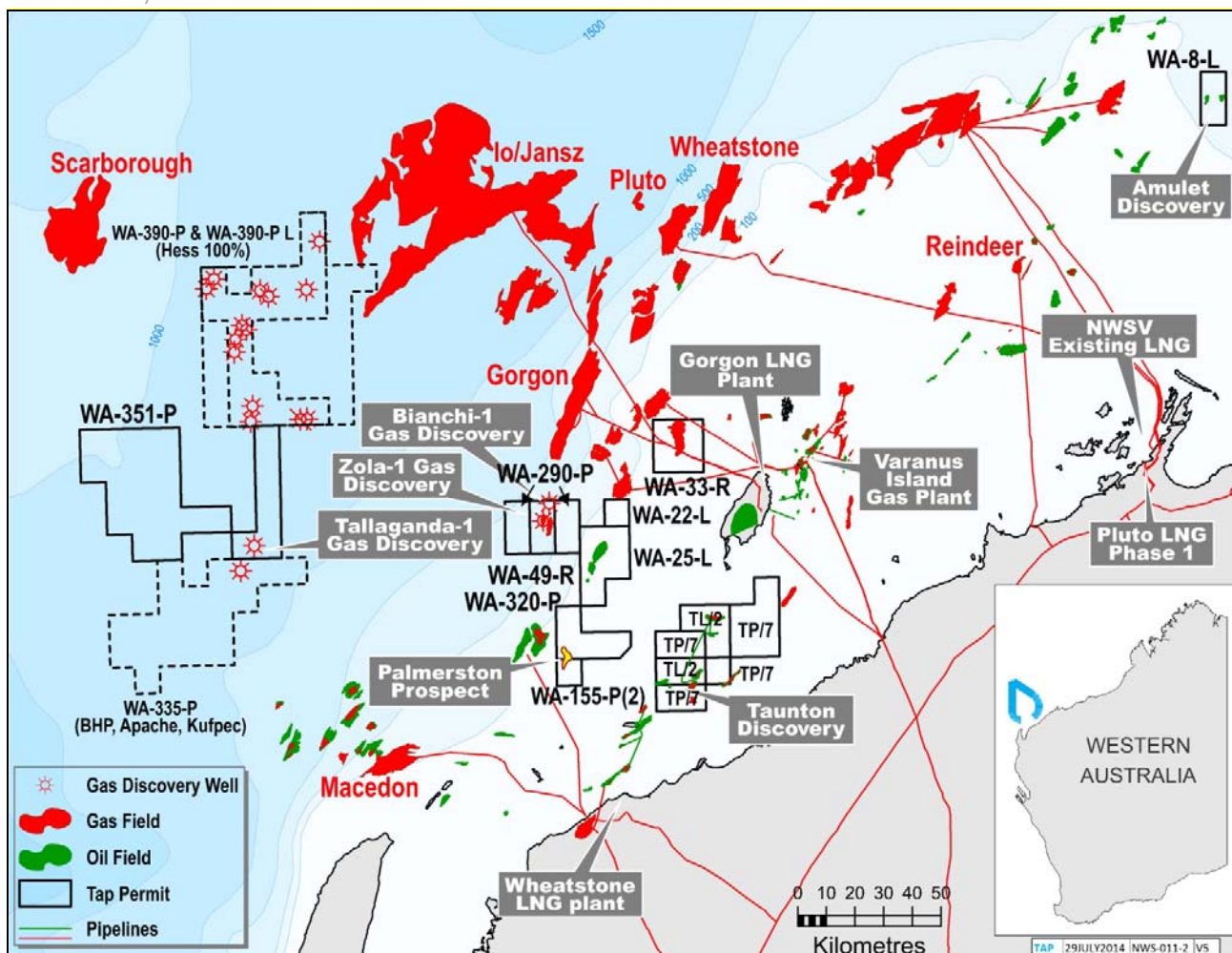
The Operator is currently reviewing the G1/48 permit area, specifically focused on assessing further exploration prospects in the Kra Basin, integrating the results of the successful Malida-1 well and subsequent Malida sidetrack wells. Tap's selection of the preferred prospect, from the updated prospect portfolio, for drilling in late 2015 is still under consideration. The Operator has advised that the 2015 G1/48 well is deferred until the end of 2015. Tap has yet to decide whether to commit to participating in the well.

Tap has withdrawn from its 30% participating interest in G3/48, Thailand. The joint venture has agreed that Tap will have no further exploration drilling obligations (including drilling) with respect to G3/48, estimated to result in a cost saving of \$2.7 million to Tap in 2015. The G3/48 withdrawal will not have any impact on the Manora Oil Development or exploration in the G1/48 concession.



Location map of Gulf of Thailand interests





Location map of offshore Carnarvon Basin interests

## WA-351-P

### Tap 20%, BHP Billiton Operator

WA-351-P is an exploration permit in the offshore Carnarvon Basin, Western Australia. The permit 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-351-P and WA-335-P to the south. The structure is well defined by modern 3D seismic data.

Tap has booked 49 PJ as a 2C contingent resource for the WA-351-P portion of the Tallaganda structure (ASX release 29 January 2013).

The discovery of hydrocarbons at Tallaganda-1 is considered significant for the future exploration potential of the permit as it confirms an active petroleum system within the acreage and proves the Mungaroo play on block, for which a number of undrilled prospects are identified. Current efforts are directed at geological and geophysical studies, integrating reprocessed 3D seismic data and the results of the recent Bunyip-1 well on the greater Tallaganda structure within adjacent block WA-335-P to the south. The Operator is also progressing additional 3D data reprocessing over the eastern portion of the permit.

The location application over the Tallaganda gas discovery was approved by NOPTA with effect from 10 July 2015.



## WA-290-P & WA-49-R

### Tap 10%, Quadrant Energy Operator (formerly Apache)

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. The lease area covers two graticular blocks.

The Greater Zola Structure comprises several fault blocks along the Alpha Arch, south of the giant Gorgon gas field. A single fault block was tested by Zola-1 (the Zola fault block). Within the Greater Zola Structure, Bianchi-1 was drilled on an independent Triassic prospect some 6.4 kilometres north-northeast of the Zola-1 gas discovery and 20.8 kilometres south-southwest of the Gorgon-1 gas discovery.

The Joint Venture commenced drilling the Bianchi-1 well in WA-49-R on 12 April 2013. In July 2013, the Joint Venture confirmed a gas discovery at Bianchi-1 with 112 metres of natural gas net pay in the Mungaroo Formation reservoir sandstones. The well was drilled to a total depth of 5,429 metres and was plugged and abandoned as planned.

The discovery is positive for Tap with three gas discoveries (Antiope-1, Zola-1 and Bianchi-1) now made on the block. Furthermore the success at Bianchi-1 helps support Tap's assessment of the Greater Zola Area and provides additional resources for the future potential commercialisation of the lease.

Tap estimates gross 2C contingent resources of 638 PJ within the retention lease and a net resource to Tap of 64 PJ. Tap has booked an additional 16 PJ of net 2C contingent resources for Bianchi, leading to a total of 64PJ of net 2C contingent resource for the gas discoveries made in WA-49-R to date (includes the Zola, Bianchi and Antiope discoveries) (ASX Release 26 February 2014).

The Operator, Quadrant Energy, is planning to acquire a new 3D seismic survey in 2016 aimed at high grading Triassic Mungaroo prospects in these permits for future drilling.

## WA-320-P and WA-155-P (Part II)

### Tap 9.778% (WA-320-P) 6.555% (WA-155-P (Part II)), Quadrant Energy Operator (formerly Apache)

WA-320-P and WA-155-P (Part II) are exploration permits in the offshore Carnarvon Basin, Western Australia. The Palmerston prospect straddles both WA-320-P and WA-155-P (Part II). Palmerston is a Triassic fault block with structural similarity to the Zola structure. The Palmerston-1 well will target sandstones in the proven Mungaroo Formation play and will satisfy the Year 3 well commitment.

During the first half of 2013, Tap farmed out a portion of its interest in both permits to JX Nippon Oil and Gas Exploration (Australia) Pty Ltd. Tap farmed out 10% of its interest in WA-320-P and 7% of its interest in WA-155-P (Part II) in exchange for a 5% carry on the Palmerston-1 well (up to a total well cost of \$70 million). Tap retains a 9.778% equity in WA-320-P and 6.555% equity in WA-155-P (Part II). The farmout has been approved and registered by the government.

Approximately 310 km<sup>2</sup> of multiclient 3D seismic data from the TGS "Huzzas MC3D seismic survey" has been licensed by the WA-320-P Joint Venture. The processing of Huzzas 3D data has been completed. The new seismic data will be used to assess the prospectivity of the permits and for planning of an exploration well which is expected to be drilled by Q4 2016.

## TL/2 and TP/7

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

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.

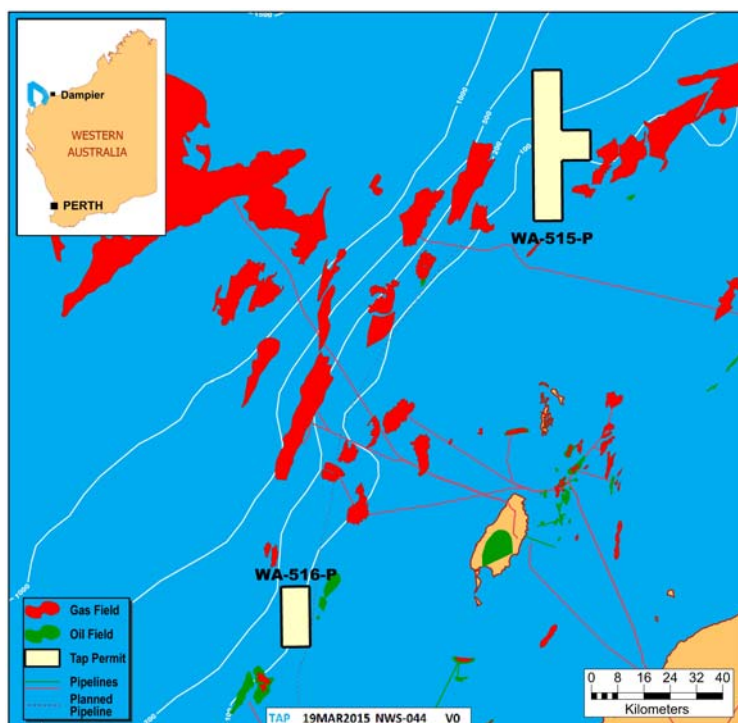
The Taunton oil field was discovered in 1991 and straddles the TL/2 and TP/7 permit boundaries. It was subsequently appraised by four additional wells which encountered oil in the Birdrong Sandstone. Studies on the Taunton oil field are progressing ahead of assessment of development options for the field.

The Operator, Quadrant Energy, is commencing planning activities ahead of conducting abandonment and decommissioning of the Chervil wells, likely to take place in Q1 2016.

## WA-515-P & WA-516-P

### Tap 100%, Operator

Tap was awarded 100% of blocks W14-7 (now permit WA-515-P) and W14-16 (now permit WA-516-P) offered under the 2014 Offshore Petroleum Exploration Acreage Release. WA-515-P and WA-516-P are located in the northern Carnarvon Basin in shallow water. Tap has agreed to a three year work program for each block, with each program running from 6 March 2015 to 5 March 2018. The primary term work program for each block comprises 160 km<sup>2</sup> reprocessing of open file 3D seismic data, Quantative Interpretation studies and Geotechnical studies. Estimated expenditure for each block in the primary 3 year term is A\$0.8 Million. The majority of these funds are anticipated to be spent from 2016 onwards.



Location of WA-515-P and WA-516-P blocks

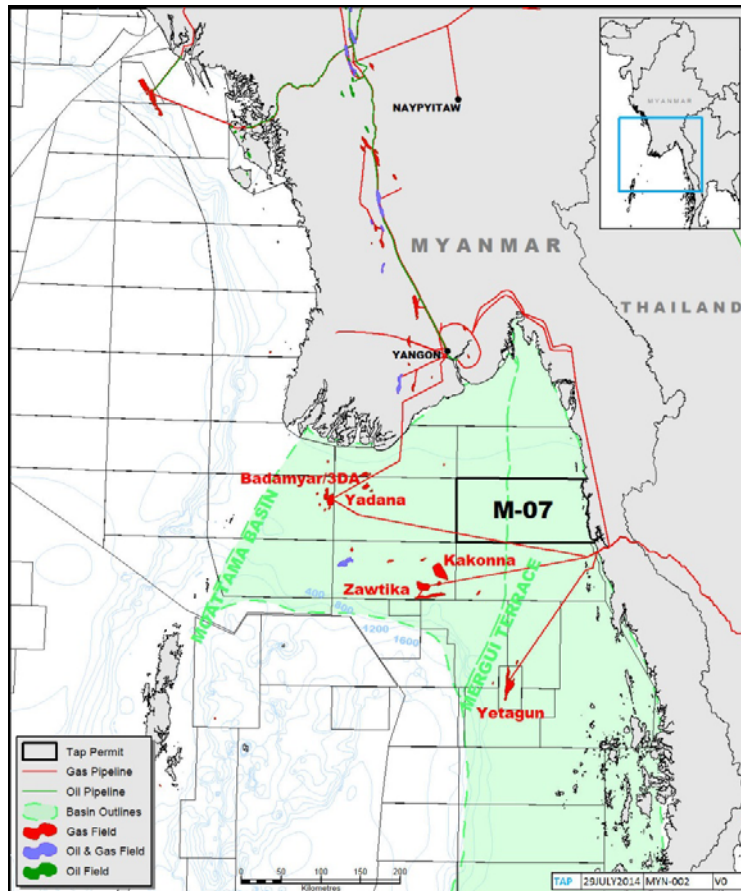
## Myanmar Block M-07 Moattama Basin, Offshore Myanmar

### Bidding group - Tap 95% Operator

The 13,000 km<sup>2</sup> block is located in the gas and condensate prone Moattama basin, offshore Myanmar. The block is 160 kilometres east of the 6.5 Tcf Yadana gas field, and 110 kilometres northeast of the 1.5 Tcf Zawtika gas field. The Moattama basin is Myanmar's most prolific offshore hydrocarbon province, with existing production from three offshore fields. Production is typically from stacked Miocene clastic reservoirs.

In March 2014, Tap was advised by the Myanmar Ministry of Energy (MOE) of the successful award of a Production Sharing Contract (PSC) for shallow water Block M-7 in the Moattama basin, offshore Myanmar. The PSC award is subject to finalisation of terms with the MOE. The block award includes provisions for the joint venture participants to undertake an 18 month Environmental and Social Impact Assessment and Study Period, following which is an option to proceed into a three year exploration work program.

In April 2015, Roc Oil advised the MOE and the joint venture of its withdrawal from the bidding group. The remaining joint venture participants, Tap and its local joint venture participant Smart E&P International Ltd, are in discussions with the MOE regarding the award of the PSC. Tap anticipates signing the PSC in Q3 2015 and intends to operate the Block.



Location map of offshore Moattama Basin interest



## Wells drilled for Manora Development Drilling Program

Development drilling for the Manora Oil Development commenced on 5 September 2014. At the beginning of April 2015, the development program comprising the drilling of seven producer and four injector wells was completed and the rig jacked down and left the platform in the first week of April.

Refer above for further detail.

## Exploration, Development, Operating and Other Expenditures

As disclosed in the Financial Report for the year ended 31 December 2014, with the funding of Tap's main asset, the Manora Oil Development, in US dollars and subsequent Manora pricing benchmarks and operating costs being denominated in US dollars, Tap Oil Limited has changed its presentation currency from Australian dollars to US dollars. Unless otherwise noted, this Quarterly Report is presented in US dollars.

	Tap Share		
	Mar '15 Qtr \$'000	Jun '15 Qtr \$'000	
Exploration & Appraisal	827	554	Majority relates to G1/48.
Development, Plant & Equipment	7,693	2,383	Includes \$1.3 million 2P Reserves Deferred Payment to NGPH (based on 2P reserves at 31 December 2014) which will not be paid in cash due to a set-off (refer below for further detail).
<b>Total Capital Expenditure</b>	<b>8,520</b>	<b>2,937</b>	
Third Party Gas Purchases	2,085	2,090	
Manora Production Costs *	7,039	6,640	Includes operating costs, royalties, marketing costs and inventory adjustment.
<b>Total Production Expenditure</b>	<b>9,124</b>	<b>8,730</b>	

\*Excludes depreciation and amortisation charges. Includes inventory movements.

The Development, Plant and Equipment numbers above do not include any of the additional \$28 million (gross - \$8.4 million Tap share) of facilities cost overruns proposed by the Operator of the Manora project, as set out in note 27 of the 31 December 2014 Financial Statements. Tap is still in discussions with the Operator in regard to this matter.

## Financial & Corporate

Tap's cash position at 30 June 2015 is a net debt position of \$32.9 million.

During the quarter Tap repaid \$10.4 million of the Borrowing Base Debt Facility with BNP Paribas and Siam Commercial Bank (refer to MD summary for further detail).

Cash Position (US\$)	Jun '14 \$'000	Sep'14 \$'000	Dec '14 \$'000	Mar '15 \$'000	Jun'15 \$'000
Cash on hand *	15,691	14,496	10,913	20,842	35,635
Debt	(33,500)	(43,000)	(65,400)	(78,894)	(68,500)
<b>Net Cash/(Debt)</b>	<b>(17,809)</b>	<b>(28,504)</b>	<b>(54,487)</b>	<b>(58,052)</b>	<b>(32,865)</b>

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





As at today's date, Tap has on issue a total of 15,112,290 share rights to acquire fully paid shares with vesting dates varying from 17 September 2015 through to 13 July 2018.

The following performance/retention rights are on issue at the date of this report:

Number	Class	Vesting Date
2,064,781	Performance Rights	1 January 2016
958,298	Retention Rights (1 year)	1 January 2016
5,000,000	Performance Rights (special award to MD/CEO)	1 July 2016
850,362	Retention Rights (18 months)	1 July 2016
2,320,742	Performance Rights	1 January 2017
3,383,211	Performance Rights	1 January 2018
534,896	Retention Rights (3 years)	Various

During the quarter, no share rights lapsed and no share rights were issued. No ordinary shares were issued during the quarter as a result of the vesting of rights. Subsequent to the quarter, 272,981 share rights were issued to a new employee. As at 30 June 2015 and the date of this report, Tap had a total of 243,288,334 shares on issue.

On 18 June 2015, Tap received a Form 603 Initial Substantial Shareholder Notice from Risco Energy Investments (SEA) Limited, notifying of shareholding of 5.07%. Following the end of the quarter Risco filed a Form 604 Change of Interests of Substantial Shareholder Notice advising of an increased shareholding to 6.13%.

## Update on Northern Gulf Disputes

### \$27 million default by Northern Gulf on Manora costs

Northern Gulf Petroleum Pte. Ltd (**NGP**), a Singaporean company that is a subsidiary of Northern Gulf Petroleum Holdings Limited (**NGPH**) and controlled by Mr Yenbamroong, holds a 10% interest in the G1/48 Concession and the Manora Oil Development. On 20 March 2015, the Operator of the G1/48 Concession and the Manora Oil Development (Mubadala Petroleum) gave notice to NGP that it is in default under the terms of the G1/48 Joint Operating Agreement. Tap understands that NGP has failed to pay when due its 10% participating interest share of project costs for the Manora Oil Development. The notice specifies a total sum in default of \$27,079,863.37. Tap also understands that this defaulted amount remains outstanding and that the Operator continues to pursue the available remedies against NGP as prescribed by the Joint Operating Agreement.

### Northern Gulf default on repayment of Tap Carry

As previously disclosed, under the terms relating to Tap's acquisition of its 30% interest in the G1/48 Concession and the Manora Oil Development from NGPH, NGP agreed to repay \$10 million to Tap out of NGP's share of production from that project. This is an ongoing repayment obligation as and when proceeds are received from each oil lifting.

After repaying approximately \$1.03 million from proceeds of oil liftings to date, NGP has recently ceased making any further repayments to Tap. Tap has served notice on each of NGP and NGPH regarding NGP's failure to pay amounts owing to Tap in connection with NGP's share of production from the G1/48 concession. As at the date of this report, Tap has issued default notices in respect of an amount totaling US\$5,705,339. The defaulted amounts remain outstanding and are accruing interest. Further amounts become payable to Tap each time oil lifting proceeds are received.

### Northern Gulf Statutory Demand

As previously disclosed, Tap expected to make a payment to NGPH during 2015 based on the Operator's 2P reserves estimate for the Manora oil field as at 31 December 2014 (**2P Reserves Deferred Payment**).

On 14 April 2015, Tap received a statutory demand from NGPH demanding payment of US\$14,614,500 in satisfaction of the 31 December 2014 2P reserves deferred payment, which NGPH alleged was due and payable. Tap considers that this amount is not due and payable and that there is no proper legal basis for NGPH to make this demand. Tap also considers that this statutory demand is an abuse of the statutory demand process. Tap has filed an application to set aside this statutory demand in the Supreme Court of Western Australia and is seeking payment of Tap's legal costs by NGPH. The application is scheduled to be heard on 26 August 2015.

On 25 June 2015, Tap announced that the Operator (Mubadala Petroleum) had advised that a report compiled by Netherland, Sewell & Associates, Inc (**NSAI**) containing the 2P reserves estimate as at 31 December 2014 was complete. The NSAI report (dated 22 June 2015) estimates the 31 December 2014 2P gross reserves at 15.5 MMSTB (net to Tap 4.648 MMSTB). Importantly, this report was compiled by NSAI on the basis of the drilling results of the Manora wells to 31 December 2014, and does not include the results of the wells drilled during Q1 2015. The reserves payment is based on the economic ultimate recovery which is reserves at a certain date plus production to that date. Production to 31 December 2014 was 0.481 MMSTB such that Tap considers that the



reserves payment is based on 15.97 MMSTB.

On that basis, Tap calculates the 2P reserves payment owing to NGPH to be US\$1.31 million. NGPH has not requested a further reserves certification by an independent expert within the timeframe set out in the SPA. Tap has exercised its right to set-off this 2P Reserves Deferred Payment (and the earn-out payable under the SPA) against the amounts owing to it in respect of the repayment of the Tap Carry described above. This set-off results in an amount owing to Tap of US\$4,302,583 (excluding interest). Tap has also reserved its right to claim interest on this amount.

**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.*

*The information in this announcement relating to gross (100 percent) oil reserves for the Manora Field, Gulf of Thailand as of 31 December 2014 and 31 May 2015 are based on information in the Netherland, Sewell & Associates, Inc. (NSAI) reports dated 22 June 2015 and 2 July 2015 compiled by Mr Philip S. (Scott) Frost. Mr Frost is qualified in accordance with ASX Listing Rule 5.41 and has consented to the inclusion of such information in this announcement in the form and context in which it appears. Mr Frost is a full-time employee of NSAI, with more than 30 years relevant experience in the petroleum industry; is a member of the SPE; and is a licensed Professional Engineer in the State of Texas, United States of America.*

<p><b>Abbreviations and Definitions</b></p> <p>Please refer to Tap Oil Limited's Annual Report Glossary or Glossary and Definitions on Tap's website for explanations of any abbreviations used in this report.</p> <p>Unless otherwise noted, this Quarterly Report is presented in US dollars.</p>	<p><b>Investor Relations</b></p> <p>Information contained on Tap's website is regularly updated and includes recent ASX announcements and investor presentation. Tap encourages all interested stakeholders to visit <a href="http://www.tapoil.com.au">www.tapoil.com.au</a> or for further information contact the Managing Director/CEO, Mr Troy Hayden, or the Investor Relations &amp; Commercial Manage, Ms Anna Sudlow by phone (+61 8 9485 1000) or email <a href="mailto:info@tapoil.com.au">info@tapoil.com.au</a>.</p>	<p><b>Disclaimer</b></p> <p>This report contains some references to forward looking assumptions, estimates and outcomes. These are uncertain by the nature of the business and no assurance can be given by Tap that its expectations, estimates and forecast outcomes will be achieved.</p>
------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------