QUARTERLY REPORT

For the Quarter Ended 31 March 2016


## Highlights

- Rights Issue oversubscribed and closed raising A$7.75m (before costs)
- Funds raised satisfy BNP condition for restructure of debt facility
- Debt balance now at US$25m and hedging in place for ~48% production for 11 months from April 2016 at US$42.15/bbl
- Tap Board approves participation in Sri Trang-1 exploration well in Thailand.

# Managing Director’s Summary

Rights Issue oversubscribed and closed raising A$7.75m (before costs)

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Tap’s Rights Issue closed on 13 April raising A$7.75m before costs. The Rights Issue received strong support, with shareholders oversubscribing to the Issue and no underwriting required. Over subscriptions were scaled back based on the number of shares held at the record date. This is a great outcome for Tap and I would like to personally thank all shareholders who participated.

The Quarter commenced with the borrowing base debt facility with BNP Paribas and Siam Commercial Bank (BNP Facility) under enormous pressure due to sustained low oil prices impacting on the size of the BNP Facility. Due to credit restrictions by the lending bank, the Company was unable to undertake any commodity hedging, access the funds in the BNP Facility bank account for anything but Manora or third party gas expenditure, and had to comply with the US$10 million liquidity requirement, despite the debt balance having already been substantially reduced. The lending banks agreed to remove these restrictions if the Company raised a minimum of US$5 million in additional funding. The Share Purchase Plan underway at the time was insufficient to meet this requirement, and was replaced with the Rights Issue as part of the restructuring.

Tap made a further US$11.1 million debt repayment at the end of the quarter with the debt balance now at US$25m and also hedged 47.5% of Manora production for 11 months from April 2016 at an average swap price of US$42.15/bbl.

In conjunction with the equity raising, the Company will curtail all discretionary spending and concentrate its efforts on Manora. Whilst the Company is trying to reduce or exit the material spending activities in our non Manora permits, this is still a work in progress. Given the spending restrictions and reduced activities, staff numbers are in the process of being reduced, including myself. From 1 June 2016, I will work part time until a replacement MD/CEO is found. Mike Sandy, who has served 10 years on the Tap Board as a Non Executive Director, has also decided to retire at the May Annual General Meeting. A search for an independent director to replace him is currently underway.

Since the end of the Quarter, Tap has confirmed completion of Manora development drilling on MNA-15 and MNA-16. Production from the two wells is expected to return Manora to its plateau rate of 15,000 bopd gross (4,500 bopd net to TAP). Tap will review its Manora reserves and contingent resources following the development drilling results and production performance. Manora production for the quarter net to Tap was 314,986 bbls. This was less than the previous quarter as a result of natural decline from water influx. Revenue was impacted by the significantly lower realised oil price. Oil sales were at an average realised price of US$25/bbl. There was no commodity hedging in place for the quarter.

Tap’s Board confirmed Tap’s participation in the Sri Trang-1 exploration well in the Reservation Area of the G1/48 Concession in the Northern Gulf of Thailand, approximately eighteen kilometres north northeast of the Manora oil development. The outcome of the well will determine any likely development scenario, including a potential scenario where a production platform is tied back to the existing Manora Production facility. The drilling cost of the Sri Trang-1 well will be offset against the G1/48 Reservation Area fee (US$3.8 million) paid to the Thai Department of Mineral Fuels by the Joint Venture for the Reservation Area.

# Upcoming Activity

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

| Project | Tap Share | 2016 Q2 | 2016 Q3 | 2016 Q4 | 2017 Q1 | 2017 Q2 |
|---|---|---|---|---|---|---|
| **Australia** | | | | | | |
| WA-351-P | 20% | | | | | |
| WA-290-P/WA-49-R | 10% | | | 3D seismic acquisition and processing | | |
| WA-515-P | 100% | Seismic Interpretation | | | | |
| WA-516-P | 100% | Seismic Interpretation | | | | |
| WA-320-P/WA-155-P II | 9.77%/ 6.55% | Seismic Interpretation | | Well | | |
| WA-33-R | 22.47% | | Well | | | |
| TL/2 & TP/7 | 10%/ 12.5% | Abandonment | | | | |
| **Thailand** | | | | | | |
| Manora | 30% | 2 Wells / Production | | | | |
| Exploration | 30% | Well | | | | |
| **Myanmar** | | | | | | |
| M-7 | 95% | | | | | |

Tap generated revenue of US$14 million for the quarter

# Revenue & Production

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

Revenue for the quarter was $13.9 million, representing revenue from Manora crude sales and the third party gas contracts. Revenue fell significantly due to the fall in realised oil prices and Tap being unhedged for the quarter. For the prior December 2015 quarter Tap had 165,600 bbls hedged at US$62.75/bbl.

Tap has commodity hedges in place for 47.5% of production from April 2016 to February 2017 at an average swap price of US$42.15/bbl.

| SALES REVENUES | Dec'15 Qtr | Mar '16 Qtr | Qtly % Change | Comment |
|---|---|---|---|---|
| Manora Crude – net ($000) | 16,103 | 8,588 | -46.7% | Mainly due to fall in realised price. No hedging in March quarter. Dec quarter included hedging. |
| Third Party Gas – net ($000) | 5,313 | 5,267 | -0.9% | Sales are in AUD. Decline is due to movements in AUD:USD exchange rate. |
| **Total Oil & Gas Revenue ($000)** | **21,416** | **13,855** | **-35.3%** | |
| **Average realised oil price US$/bbl** | **46** | **25** | **-45.7%** | Average price for the quarter. |

| PRODUCTION VOLUMES - Tap Share | Dec'15 Qtr | Mar'16 Qtr | Qtly % Change | Comment |
|---|---|---|---|---|
| Manora Crude (bbls) | 354,950 | 314,986 | -11.3% | Reduction from natural decline due to water influx. |
| Manora Daily Average (bopd) | 3,858 | 3,461 | -10.3% | |
| Manora inventory - bbls | 62,269 | 40,174 | -35.5% | As at 31 Mar 2016. |

## Manora Oilfield Production

### Tap 30%

Steady Production and Injection Operations

Tap holds a 30% direct interest in the G1/48 concession in the northern Gulf of Thailand. This concession is operated by Mubadala Petroleum. Tap's flagship project, the Manora Oil Development in Thailand, commenced production on 11 November 2014. This marked a significant milestone for Tap, returning the Company to a mid-tier producer following a two year hiatus from production.

Manora produced from seven wells during the quarter: MNA-01, MNA-02, MNA-03, MNA-05, MNA-07, MNA-08 and MNA-11. Gross production for the quarter was 1.05 MMSTB (Tap share 0.31 MMSTB). The average quarterly gross production rate was 11,538 bopd (Tap share 3,461 bopd). Cumulative field production to 31 March 2016 was 6.5 MMSTB gross (Tap share 1.95 MMSTB). Production for the quarter was less than the previous quarter due to natural decline from water influx on six of the seven producing wells. Slickline operations were undertaken at the end of February 2016 on MNA-11 to switch production from the high watercut lower sand to the upper zone which is producing free of water.

Water injection continued into four wells: MNA-04, MNA-09ST1, MNA-10 and MNA-13. Cumulative injection during the quarter was 1.6 MMbbl gross or on average 17,639 bwpd gross. All the reservoirs into which water has been injected have shown stabilised reservoir pressure, demonstrating the benefit of water injection.

There were 7 cargo liftings during the quarter.

At the end of March 2016 the Atwood Orca rig returned to the Manora field to drill an additional two development wells, MNA-15 and MNA-16 in the east fault block. The MNA-15 and MNA-16 wells have now been drilled to final total depths of 2,566m and 2,998m (measured depth) respectively and completed with electric submersible pumps (ESPs). Drilling and completion of the two wells was completed in 38 days.

Both development wells were targeted to the east fault block of the Manora oilfield. The MNA-15 well found 44m of oil pay in three separate reservoirs. It will be completed as a four zone selective completion produced by an ESP installed on a Y-block. The MNA-16 well found 37m oil pay in four separate reservoirs. It will be completed as a six zone selective completion produced by an ESP installed on a Y-block. MNA-15 is expected to commence production in the last week in April when the rig leaves the platform. MNA-16 is expected to commence production during the first week in May once it is connected to the production system.

Production from the two wells is expected to return Manora to its plateau rate of 15,000 bopd gross (4,500 bopd net to TAP).

Platform with Manora Princess FSO 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 2.6 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$2.5 million (gross) per month until the end of 2016, generating substantial cash flow.

# Exploration

## Gulf of Thailand

### G1/48 Reservation Area and Manora Production Area

### Tap 30%, Mubadala Petroleum Operator

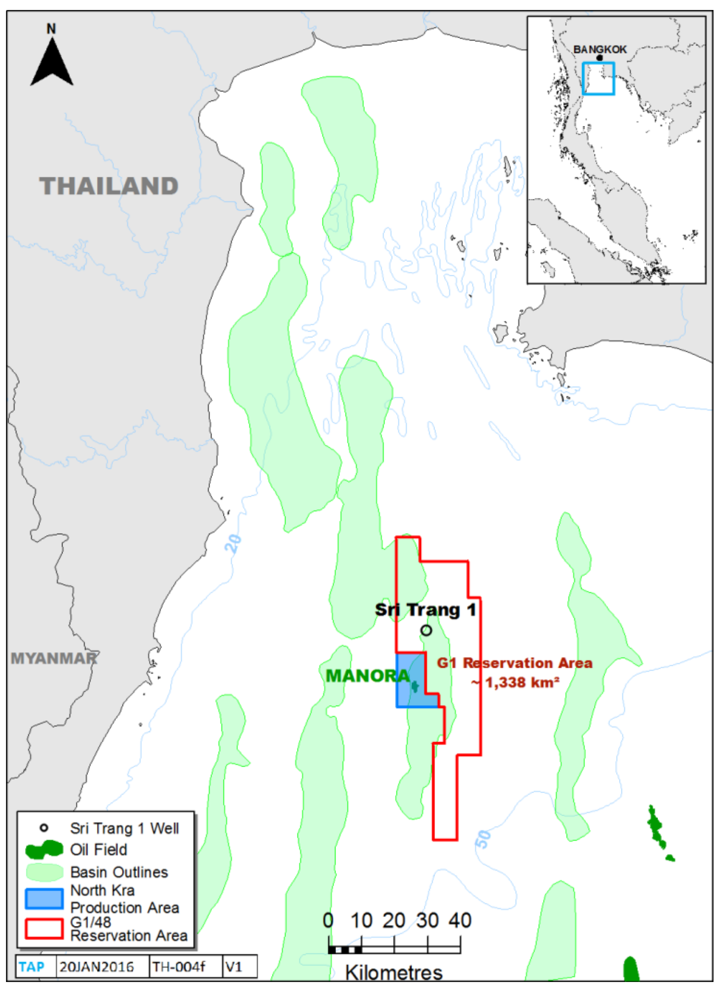
Tap holds a 30% direct interest in the G1/48 concession in the northern Gulf of Thailand. This concession is operated by Mubadala Petroleum.

The G1/48 Joint Venture applied to the Thailand DMF for a 1,338 km$^2$ Reservation Area in the G1/48 concession, which was approved on 11 December 2015. The remaining area of G1/48 outside of this Reservation Area was relinquished to the Government of Thailand. The Operator has assessed the prospect portfolio and drilling for the Sri Trang-1 exploration well is scheduled to commence in mid May, post drilling of the two development wells MNA-15 and 16 on the Manora Field.

The Sri Trang – 1 well lies approximately 1 North North-East of the Manora production facility, the primary drilling target is the Miocene age latchstring delta sands similar to those producing at the Manora Oil Field. The primary aim of the Sri Trang-1 well is to de-risk prospectively in the Northern Kara basin. The well is being drilled in shallow water and will be drilled to approximately 2,590 metres measured depth (2,485 metres true vertical depth). The well is expected to take 10 days on a trouble free dry hole basis.

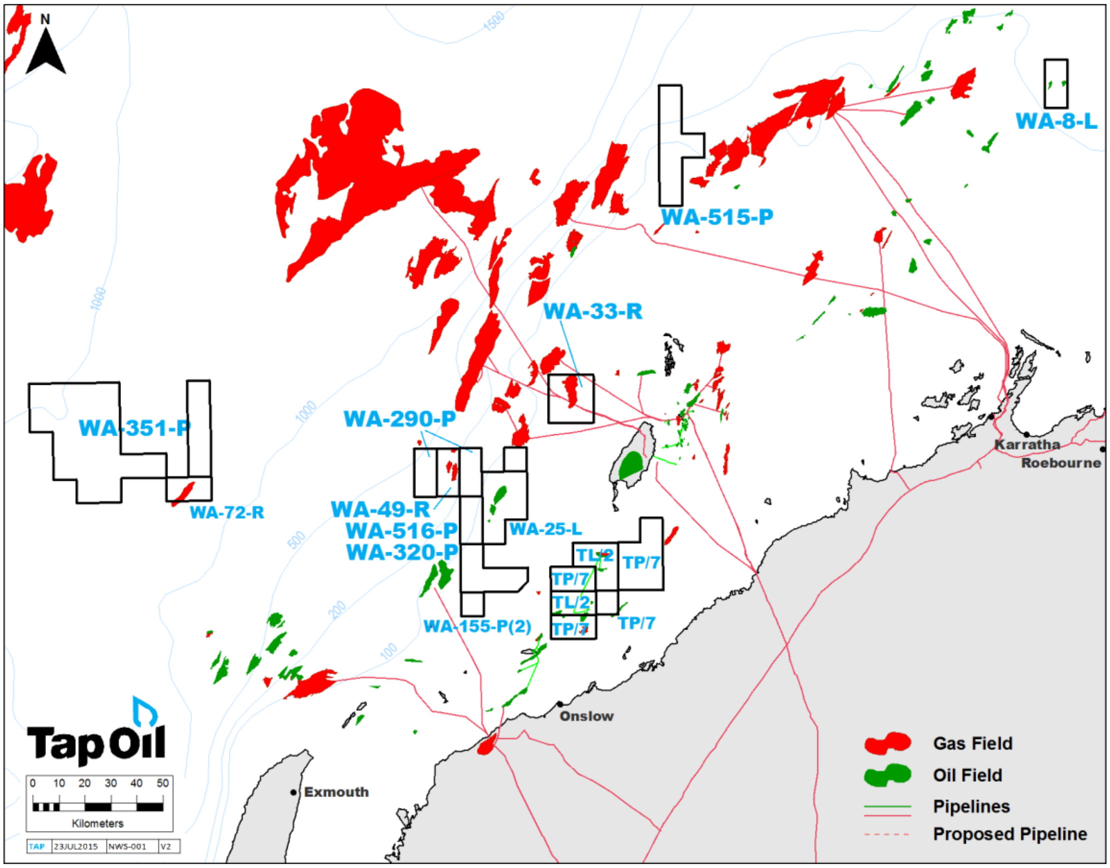
The outcome of the well will determine any likely development scenario, including a potential scenario where a production platform is tied back to the Manora Production facility.

The drilling cost of the Sri Trang-1 well will be offset against the G1/48 Reservation Area fee (US$3.8 million) paid to the Department of Mineral Fuels by the G1/48 Reservation Area Joint Venture. Providing the well comes in on budget, Tap will not be required to contribute any further cash for the well. Tap's share of the expected well cost is US$1.02 million.




Location map of Gulf of Thailand interests

# Australia, Carnarvon Basin




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. The location application over the Tallaganda gas discovery was approved by NOPTA with effect from 10 July 2015 for a two year period. The suspension and extension application was approved on 19 November 2015, with Permit year 5 ending on 27 June 2016.

The Joint Venture has accepted a Retention Lease over the Tallaganda discovery (WA-72-R) and has agreed not to renew WA-351-P. This will expire on 26 June 2016.

## 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).

A 12 month suspension and extension was approved by NOPTA on 21 August 2015. The Permit Year 3 ends on 21 October 2016. The Operator, Quadrant Energy, has proposed acquisition of the new 200 sq km Bianchi 3D seismic survey in November 2016 aimed at high grading Triassic Mungaroo prospects in these permits for future drilling. The delay in acquisition is due to operational area overlap with a Chevron operated Ocean bottom node survey and the end of May Whale migration, when seismic operations are not permitted. Delay in the seismic acquisition will not require a suspension or extension of the permit terms for WA-49-R.

## WA-320-P & 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. 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 commitment well (up to a total well cost of $70 million). Tap retains 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 km² of multi-client 3D seismic data from the TGS "Huzzas MC3D seismic survey" has been licensed by the WA-320-P Joint Venture. The Huzzas MC3D is currently being reprocessed to enhance the data quality and is due for completion by July 2016. The new seismic data will be used to assess the prospectivity of the permits and for planning of an exploration commitment well which is required to be drilled by Q4 2016 under current license conditions.

Quadrant Energy is evaluating the WA-320-P prospect portfolio for drilling candidates for the commitment well.

## TL/2 & 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 2016 Work Program and Budget was approved for the abandonment of the Airlie Island Storage Facility and Chervil 5 and 6 wells in the first half of 2016. The removal of the Chervil platform is being considered for 2017.

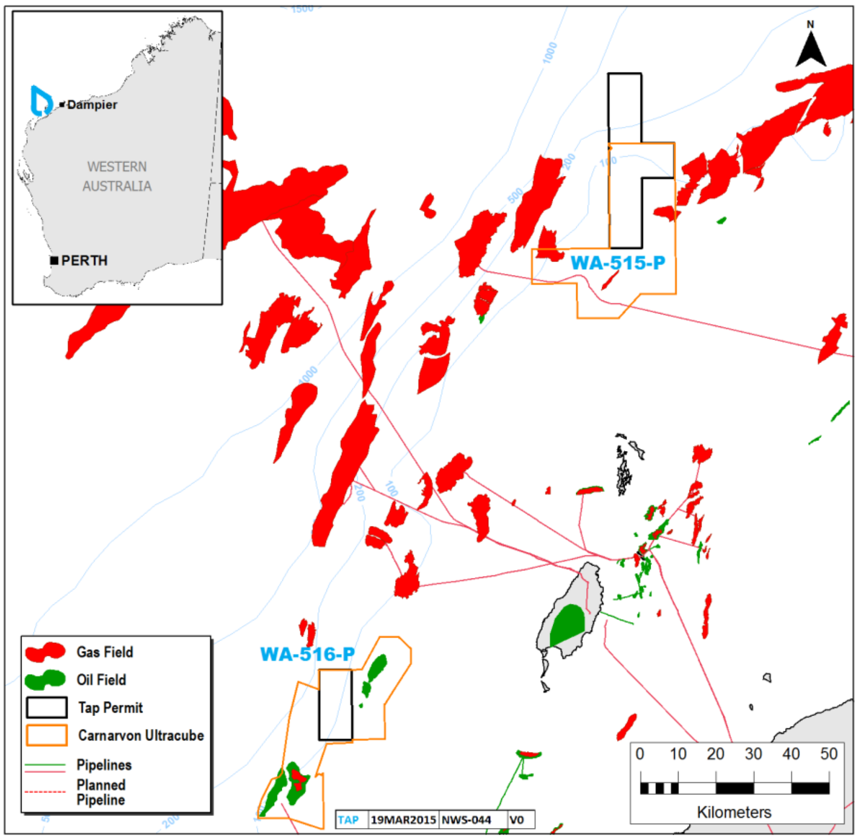
## WA-515-P & WA-516-P

### 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$^2$ reprocessing of open file 3D seismic data, Quantitative 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.

Tap has licensed reprocessed Multi-client 3D seismic data over the two permits in order to satisfy the year one commitment for both permits. Evaluation and interpretation of this data is ongoing.




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

# 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 km$^2$. Tap estimates gross 2C contingent resources of 377 PJ and a net resource to Tap of 45 PJ. A Retention Lease Renewal application was submitted to NOPTA and was granted by the Authority on 23 December 2015. The renewal lasts for five years to 22 December 2020.

## Myanmar
## Block M-7 Moattama Basin, Offshore Myanmar
### Tap 95% Operator

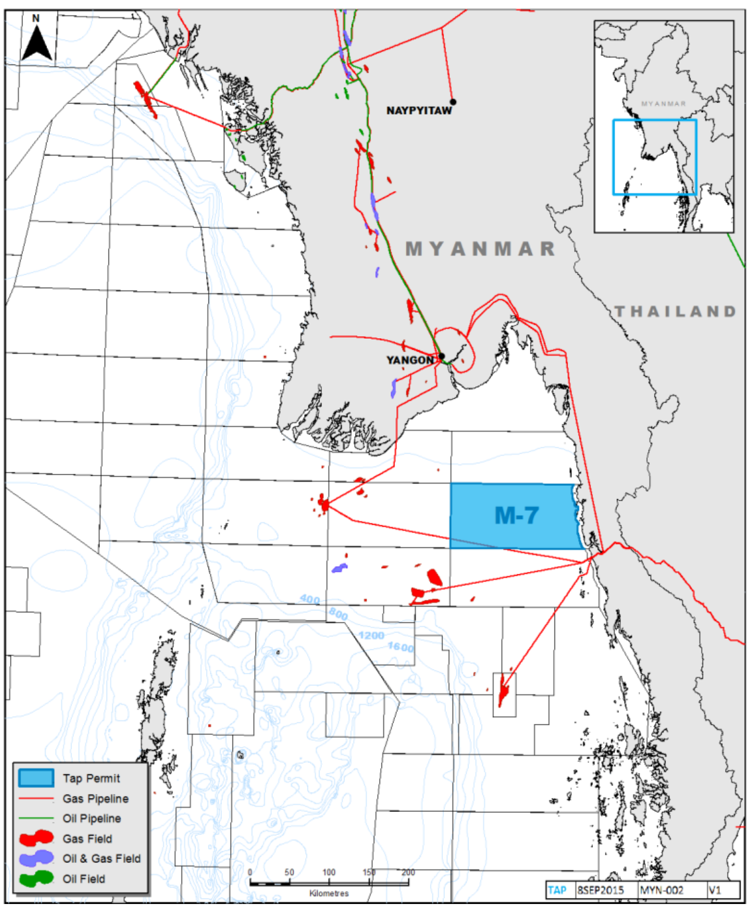
The 12,875 km$^2$ block is located in the gas and condensate prone Moattama basin, offshore Myanmar (**Block M-7**). Block M-7 is 160 kilometres east of the 6.5 Tcf Yadana gas field, and 110 kilometres northeast of the 1.5 Tcf Zawtika gas field. The Moattama basin is Myanmar's most prolific offshore hydrocarbon province, with existing production from three offshore fields. Production is typically from stacked Miocene clastic reservoirs.

Tap Energy (M7) Pte Ltd and its local joint venture participant Smart E&P International Ltd signed a Production Sharing Contract with Myanma Oil and Gas Enterprise (MOGE) for Block M-7 at an official ceremony in Myanmar on 26 August 2015. Tap holds a 95% participating interest in Block M-7 and has assumed operatorship. Under the executed PSC, the JV partners have agreed to undertake an 18 month Environmental and Social Impact Assessment (ESIA) and Study Period, followed by an option to proceed to a three-year commitment exploration work programme (ASX Release dated 27 August 2015).

Tap has completed the 6 month preparation period for Block M-7, with the IEE Report presented and submitted to MOGE on 5 February 2016. Prior to entering the 12 month study period the IEE report must be approved by MOGE, then the Petroleum Committee of the Myanmar Government before being signed off by the MIC. Consultation Meetings as part of this phase have been held with Myanmar Government entities MOGE and MOECAF and with regional Government Stakeholders in the Yangon Dawei and Ye Townships.

The seismic data was signed over from the MOGE Data centre to Tap on 8 January 2016. The data was the largest shipment out of the MOGE data centre to date, what data could be was transcribed and loaded to Tap's Perth Office system for analysis.

Tap has issued a letter to MOGE on 11 March 2016, nominating a "Commencement of Operations" date of 30 November 2016. This was confirmed as being received by MOGE but as yet has not been formally accepted.




Location map of offshore Moattama Basin interest Block M-7.

# Exploration, Development, Operating & 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 | | |
|---|---|---|---|
| | **Dec '15 Qtr $'000** | **Mar '16 Qtr $'000** | |
| Exploration & Appraisal | 2,226 | 377 | Predominantly Myanmar. |
| Development, Plant & Equipment | 9,235 | 1,201 | Predominantly development well costs for Manora. |
| **Total Capital Expenditure** | **11,461** | **1,578** | |
| Third Party Gas Purchases | 2,068 | 1,947 | Purchases are in AUD. |
| Manora Production Costs ***** | 7,718 | 4,938 | Ongoing operating cost savings. Royalties are significantly lower in line with revenue. Prior quarter included significant workover costs. |
| **Total Production Expenditure** | **9,786** | **6,885** | |

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

# Financial & Corporate

## Cash Position

Tap's cash position at 31 March 2015 is a net debt position of $16.4 million.

During the quarter Tap repaid $11.1 million of the Borrowing Base Debt Facility with BNP Paribas and Siam Commercial Bank (*refer to MD summary for further detail*).

| **Cash Position (US$)** | **Mar '15 $'000** | **Jun'15 $'000** | **Sep'15 $'000** | **Dec'15 $'000** | **Mar'16 $'000** |
|---|---|---|---|---|---|
| Cash on hand * | 20,842 | 35,635 | 10,611 | 15,581 | 8,147 |
| Debt | **(78,894)** | **(68,500)** | **(43,500)** | **(36,100)** | **(25,000)** |
| **Net Cash/(Debt)** | **(58,052)** | **(32,865)** | **(32,889)** | **(20,519)** | **(16,853)** |

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

## Cost Reduction Initiatives & Board changes

During the quarter, Tap announced that to ensure that it is able to continue to comply with the covenants in the amended BNP Facility, it had implemented a range of strategies including internal cost cutting, deferment of non-core activities and supporting the Operator's focus on the reduction of Manora operating costs. As part of these cost cutting initiatives the Company has decided to seek to divest its Australian exploration portfolio that has material outstanding commitments, and to farmout, defer or materially reduce the Company's expenditure in Myanmar. The Company has also significantly reduced its business development activities.

With the significantly reduced activities of the Company, the Company's staffing requirements have changed.

Mr Troy Hayden will step down as the CEO/Managing Director of the Company effective from 1 June 2016, but will remain in a part-time role as Managing Director/CEO, paid at a pro rata rate of his current annual salary, until a suitable replacement is found. Termination benefits paid to Mr Hayden will be made in accordance with his 2010 Employment Agreement as approved by shareholders in May 2011, and as amended and approved by shareholders in May 2013. This may represent an amount of up to A$525,000 in total.

Staffing will also be reduced from 18 full time equivalent staff to 7 full time equivalent staff with staff reductions commencing in April 2016. The staff reductions are expected to reduce overheads by A$1.7 million on an annualised basis.

Non-executive director Mr Mike Sandy has also notified the Company that he intends to retire at the Company's 2016 Annual General Meeting in May, after 10 years as a Non-Executive Director. A search is currently underway for an independent non-executive Director to replace Mr Sandy.

## Debt Facility Amendment

On 31 March 2016 Tap announced the execution of an Amended Facility Agreement with BNP Paribas and Siam Commercial Bank (BNP Facility).

As previously announced, the Company has been in discussions with BNP Paribas and Siam Commercial Bank regarding amendments to the terms of the BNP Facility so as to deal with the impact of lower oil prices on the facility. The amendments provide the Company with additional liquidity with which to service its ongoing working capital requirements.

The amendments include reducing the minimum liquidity amount that needs to be held from US$10 million to US$3 million, and reducing amounts required to be held by the Company by way of restricted funds.

In consideration for these modifications, Tap agreed to pay its debt financiers an arrangement fee and to increase the margin payable (over Libor) on amounts outstanding under the BNP Facility.

As part of the above amended facility agreement, the Company:

- hedged approximately 700,000 barrels of forecast Manora production from April 2016 to February 2017 at an average swap price of US$42.15/bbl, representing approximately 47.5% of forecast volumes over the 11 month period; and
- raised a minimum of US$5 million in additional capital through the pro rata renounceable rights issue (per below A$7.75 million (before costs)).

On 31 March 2016, Tap also made a loan repayment of $US11.1 million, reducing the outstanding debt balance under the BNP Facility from US$36.1 million to US$25.0 million. Tap expects the BNP Facility loan to be fully repaid by late 2017.

## Equity Raising

On 18 April 2016, Tap advised that they had received valid applications under the Rights Issue to raise A$7.75 million (before costs) representing 155,052,129 shares. The Rights Issue was oversubscribed by A$0.62m and the oversubscriptions were scaled back based on shares held at record date. As a result there was no requirement for underwriting by any party.

Funds raised from the Rights Issue will satisfy one of the conditions to the restructure of the Company's borrowing base debt facility with BNP Paribas and Siam Commercial Bank, that the Company raise a minimum of US$5 million in additional capital with the funds ultimately being used for working capital purposes.

The Company's major shareholders, Risco Energy Investments (SEA) Limited (**Risco**) and Northern Gulf Petroleum Holdings Limited (**NGP**), both subscribed for the full amount of their pro rata entitlement under the Rights Issue, being approximately A$1.5 million each. As the Rights Issue was oversubscribed, Risco's and NGP's shareholding at completion of the Rights Issue remains at 19.88% and 19.04% respectively, such that no change to their respective representation on the Company's Board is envisioned at this time. The Company welcomes the support provided by its major shareholders to the Rights Issue.

# Share Rights

At 31 March 2016, Tap had on issue a total of 14,395,095 share rights to acquire fully paid shares with vesting dates varying from 1 July 2016 through to 1 January 2019.

The following performance/retention rights were on issue at 31 March 2016:

| Number | Class | Vesting Date |
|---|---|---|
| 5,000,000 | Performance Rights (special award to MD/CEO) | 1 July 2016 |
| 607,401 | Retention Rights (18 months) | 1 July 2016 |
| 1,926,854 | Performance Rights | 1 January 2017 |
| 2,541,670 | Performance Rights | 1 January 2018 |
| 3,863,746 | Performance Rights | 1 January 2019 |
| 455,424 | Retention Rights (3 years) | Various |

During the quarter, 835,853 retention rights vested and 1,785,156 performance rights lapsed. 3,863,746 performance rights were issued and 114,286 retention rights were issued. 835,853 ordinary shares were issued during the quarter as a result of the vesting of rights. Subsequent to the quarter, 114,286 retention rights lapsed.

As at 31 March 2016, Tap had a total of 258,419,591 fully paid ordinary shares on issue and a total of 155,051,755 rights to acquire ordinary shares pursuant to the Company's pro-rata renounceable rights issue as detailed in the announcement dated 15 March 2016 (**Rights Issue**) on issue. Following the end of the quarter, and a reconciliation process 155,052,129 Shares were issued under the Rights Issue. As at the date of this report, Tap had a total of 413,471,720 fully paid ordinary shares on issue.

# Update on Northern Gulf Disputes

## Northern Gulf Shareholder Meeting

On the 23 December 2015, Tap announced that it had received a letter from lawyers acting on behalf of Mr Chatchai Yenbamroong, Northern Gulf Petroleum Holdings Limited and its related bodies corporate (together **Mr Yenbamroong**) stating that "*their clients intend to call a meeting of shareholders pursuant to section 249F of the Corporations Act to (amongst other resolutions) remove some or all of Tap Oil's directors*" and requesting certain Company information.

No further details regarding the subject matter or timing of any purported meeting has been provided. As Shareholders will be aware, Mr Yenbamroong has previously written to the Company regarding calling a similar meeting although such meeting did not proceed.

Mr Yenbamroong has refused Tap's requests to confirm if his letter is a simply a restatement of the spill announced in February 2015, or a new spill. The Company has also written to Mr Yenbamroong's lawyers with concerns that the letter does not constitute a valid attempt to give notice of intended resolutions to be put to any meeting called in that manner. Company time, funds and effort will therefore now be spent on resolving this further uncertainty created by Mr Yenbamroong (ASX Release dated 23 December 2015).

## 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 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, US$8,967,629 was due and payable and Tap has issued default notices in respect of an amount totaling US$8,967,629. The defaulted amounts remain outstanding and are accruing interest. As at the date of this report, the full US$10 million carry amount had become due and payable.

As previously disclosed, Tap Energy (Thailand) Pty Ltd, a subsidiary of Tap Oil Limited initiated arbitration proceedings against Northern Gulf Petroleum Pte. Ltd. on 19 August 2015.

## 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 considered that this amount was not due and payable and that there is no proper legal basis for NGPH to make this demand. Tap also considered that this statutory demand is an abuse of the statutory demand process.

Tap applied to have the statutory demand set aside and the application was heard in the Supreme Court of Western Australia on 26 August 2015. In a judgment delivered on the same day the Court determined that there was a genuine dispute in regards to the amount demanded by NGPH and as a result the Court set aside the statutory demand and ordered that NGPH pay costs in regards to the matter. The Court has now published the written judgement (ASX Release dated 27 August 2015).

NGPH did not lodge any notice of appeal. On 10 November 2015, Tap lodged a Bill of Costs with the Supreme Court of Western Australia. On 12 January 2016, the Registrar issued his provisional assessment of the Bill of Costs at AUD$45,050.20. The parties had 21 days to lodge any objections, and no such objections were lodged. This amount is now due and payable by NGPH.

## Northern Gulf Notice of Default on payment of Earn Out

On 15 October 2015, NGPH issued Tap Energy (Thailand) Pty Ltd with four default notices for their failure to pay the earn out fee of 2% on revenue generated by the concessions (provided the oil price remained above US$50/bbl) as agreed to under the terms relating to Tap's acquisition of its 30% interest in the G1/48 Concession and the Manora Oil Development from NGPH. The amounts payable under these default notices can be set-off under the arbitration against amounts owing in respect of repayment of the carried costs.

### Persons compiling information about hydrocarbons

*The reserve and contingent resource information in this report is based on information compiled by Mr Denis Bouclin B.A.Sc (Hons), M.A.Sc (Engineering), P.Eng., who has consented to the inclusion of such information in this report in the form and context in which it appears. Mr Bouclin is a part-time employee of the Company, with more than 25 years relevant experience in the petroleum industry and is a member of The Association of Professional Engineers and Geoscientists of Alberta (APEGA) and The Society of Petroleum Engineers (SPE).*

*Reserves and Contingent resources have been estimated using both probabilistic and deterministic methods. Tap is not aware of any new information or data that materially affects the assumptions and technical parameters underpinning the estimates of reserves and contingent resources and the relevant market announcements referenced continue to apply and have not materially changed.*

| Abbreviations and Definitions | Investor Relations | Disclaimer |
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| 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.<br><br>Unless otherwise noted, this Quarterly Report is presented in US dollars. | Information contained on Tap's website is regularly updated and includes recent ASX announcements and investor presentation. Tap encourages all interested stakeholders to visit www.tapoil.com.au or for further information contact the Managing Director/CEO, Mr Troy Hayden, or the Investor Relations & Commercial Manager, Ms Anna Sudlow by phone (+61 8 9485 1000) or email info@tapoil.com.au. | This report contains some references to forward looking assumptions, estimates and outcomes. These are uncertain by the nature of the business and no assurance can be given by Tap that its expectations, estimates and forecast outcomes will be achieved. |