Tap Oil Limited
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25 August 2016

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

TAP OIL LIMITED
HALF-YEAR RESULTS TO 30 JUNE 2016

Please find attached Tap Oil Limited's Half-Year Results to 30 June 2016

Included in the attachment is the Appendix 4D and the Financial Report for the half-year ended 30 June 2016, including the Directors' Report, the Auditor's Independence Declaration and the Auditor's Review Report.

A copy of this announcement and accompanying documents are available at the ASX and can be viewed on the Company's website www.tapoil.com.au under the heading "Investor Centre".

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Tap Oil Limited
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Appendix 4D
Half-Year Report
Six months ended 30 June 2016

Results for announcement to the market

					US$'000
2.1	Revenue from continuing operations	Down	49%	to	28,113*
2.2	Loss from continuing operations after tax	Down	66%	to	5,994*
2.3	Loss for the period attributable to members	Down	66%	to	5,994*

	Dividends (distributions)	Amount per security	Franked amount per security
2.4	Dividends	Nil	Nil
	Previous corresponding period	Nil	Nil
2.5	Record date for determining entitlements to the dividend	N/A - No dividends have been declared or paid.	

	NTA backing	30 June 2016	31 December 2015
3.	Net tangible asset backing per + ordinary security	$0.12	$0.21

+ Net assets excluding deferred exploration expenditure and deferred tax liabilities.

4. **Details of controlled entities**

4.1 **Control gained over entities having material effect**

Name of entity (or group of entities)	No entities were acquired during the half-year ended 30 June 2016
Date from which control was gained	N/A
Profit after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period	N/A

*compared to 30 June 2015

4.2	**Control lost over entities having material effect**	
	Name of entity (or group of entities)	No entities were disposed during the half-year ended 30 June 2016
	Date from which control was lost	N/A
	Contribution to consolidated profit from sale of interest leading to loss of control	N/A
5.	Details of dividends	No dividends have been declared or proposed
6.	Details of dividend reinvestment plans	N/A
7.	Details of associate and joint venture entities	Full list included in the Annual Report of Tap Oil Ltd for the year ended 31 December 2015.
8.	Foreign entities	Foreign entities' financial reports were compiled based on International Financial Reporting Standards (IFRS).
9.	Details of audit dispute or audit qualification	N/A
10.	Other significant information	Refer to the attached reviewed Half Year report
11.	Commentary on results for the period	Refer to the attached Directors' Report included in the Half Year report
12.	Audited accounts	The report is based on the attached Half Year financial report which has been reviewed by Tap's auditors

TAP OIL LIMITED

ABN 89 068 572 341

HALF YEAR REPORT
30 JUNE 2016

TABLE OF CONTENTS

Disclaimer

Certain statements contained in this document, including information as to the future financial or operating performance of Tap Oil Limited and its projects, are forward-looking statements. Such forward-looking statements:

- *are necessarily based upon a number of estimates and assumptions that, while considered reasonable by Tap Oil Limited, are inherently subject to significant technical, business, economic, competitive, political and social uncertainties and contingencies;*
- *involve known and unknown risks and uncertainties that could cause actual events or results to differ materially from estimated or anticipated events or results reflected in such forward-looking statements; and*
- *may include, among other things, statements regarding targets, estimates and assumptions in respect of production and prices, operating costs and results, capital expenditures, reserves and resources and anticipated flow rates, and are or may be based on assumptions and estimates related to future technical, economic, market, political, social and other conditions.*

Tap Oil Limited disclaims any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise.

The words "believe", "expect", "anticipate", "indicate", "contemplate", "target", "plan", "intends", "continue", "budget", "estimate", "may", "will", "schedule", "potential", "opportunity" and similar expressions identify forward-looking statements.

All forward-looking statements made in this document are qualified by the foregoing cautionary statements. Investors are cautioned that forward-looking statements are not guarantees of future performance and accordingly investors are cautioned not to put undue reliance on forward-looking statements due to the inherent uncertainty therein.

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Persons compiling information about hydrocarbons

Information about Tap's reserves and resources estimates has been compiled in accordance with the definitions and guidelines in the 2007 SPE PRMS. This information is based on, and fairly represents, information and supporting documentation prepared by, or under the supervision of, qualified petroleum reserves and resource evaluators.

The relevant qualified reserves and resources evaluator statements can be found in the ASX announcement titled "Independent Report calculates 13.6 MMSTB Manora 2P Reserves" on 15 February 2016. 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 the estimates in the ASX Release dated 15 February 2016 continue to apply and have not materially changed.

The reserve and contingent resource information in the ASX Release dated 15 February 2016 is based on information compiled by 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).

The directors of Tap Oil Limited (Tap or the Company) submit herewith their report for the half-year ended 30 June 2016. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

The names of the directors of the Company during or since the end of the half-year are:

D W Bailey	Independent Non-Executive Director and Chairman
J G Menzies	Independent Non-Executive Director, appointed 27 May 2016
P J Mansell	Independent Non-Executive Director, appointed 27 May 2016
T J Hayden	Managing Director, resigned 27 May 2016 and Chief Executive Officer
T L Soulsby	Non-Executive Director, appointed 1 January 2016
S Sreesangkom	Non-Executive Director, appointed 27 May 2016
M J Sandy	Independent Non-Executive Director, retired 27 May 2016
D A Schwebel	Independent Non-Executive Director, retired 27 May 2016

The above named directors held office during and since the end of the half-year.

Non-executive director Mr Mike Sandy had notified the Company that he intended to retire at the Company's 2016 Annual General Meeting in May, after 10 years as a Non-Executive Director. Dr Doug Schwebel retired as a Director on 27 May 2016. Mr Hayden stepped down as the Managing Director of the Company with effect from 27 May 2016. Mr Hayden continues to provide executive services to the Company in a part-time capacity until a suitable replacement CEO is found.

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, production, sales and gas marketing.

Review of operations

Tap is a diversified exploration and production company, with ongoing revenues and cash flow from the Manora Oil Field in the Gulf of Thailand and its third party gas business and an existing exploration portfolio.

Production and Sales

	30 June 2016 '000 boe	30 June2016 US$'000	30 June 2015 '000 boe	30 June 2015 US$'000
Production (net to Tap):				
Oil - Manora	662		757	
Total liquids	662		757	
Total production	662		757	
Sales (net to Tap):				
Liquids	588	17,689	799	44,047
Third Party gas sales – 1,625 TJ (2015: 1,690 TJ)	239	10,424	249	11,344
Total sales	827	28,113	1,048	55,391
Average realised oil price		US$30/bbl		US$55/bbl

Manora Oil Field – G1/48 Thailand

The Manora Oil Field is located in the G1/48 concession. Mubadala Petroleum operates the concession and the field. FID was reached on the Manora oil development on 23 July 2012 and production commenced on 11 November 2014 with the first lifting on 25 December 2014.

Manora produced from nine wells during the period: MNA-01, MNA-02, MNA-03, MNA-05, MNA-07, MNA-08, MNA-11, MNA-15 and MNA-16. The average gross production rate year to date to 30 June was 12,116 bopd (gross). Gross production for the half year was 2.2 MMSTB (Tap share 0.66 MMSTB) and cumulative field production to 30 June 2016 was 7.66 MMSTB (gross).

At the end of March 2016 the Atwood Orca rig returned to the Manora Oil 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 were 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 infill development wells were targeting the east fault block of the Manora Oil Field. The MNA-15 well found 44m of oil pay in three separate reservoirs. The MNA-16 well found 37m oil pay in four separate reservoirs.

During the period Tap entered into a revised crude oil sales agreement at a price of Dubai plus US$0.70/bbl, with sales permitted to be sold either domestically in Thailand, or internationally. Tap will continue to receive THB for domestic sales and USD for international sales.

There were 13 oil liftings during the first six months of 2016.

Third Party Gas

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 1.7 PJ currently remains to be delivered over the period 1 July 2016 to December 2016.

Third party gas volumes were slightly lower for the half year compared to 2015, gas revenues were in line with expectations with minimal volumes being deferred during the period. Forecast third party gas revenues are expected to be around A$2.5 million per month until the end of 2016.

Exploration and Appraisal

Offshore Thailand

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.

During the period the Operator assessed the prospect portfolio and identified the Sri Trang-1 exploration well for drilling.

The Sri Trang-1 well lies approximately 18 kilometres North North-East of the Manora production facility, the primary drilling target was the Miocene age lacustrine delta sands similar to those producing at the Manora Oil Field. The primary aim of the Sri Trang-1 well was to de-risk prospectively in the Northern Kra Basin.

The well was spudded on 17 May 2016 in 40 metres of water by the Atwood Orca jackup drilling unit and was drilled to an extended final total depth of 2,814 meters measured depth

The test results confirmed the presence of oil in poor quality reservoir sand. The samples collected from three other zones confirmed the presence of water. Although the oil is not in commercial quantities, the Sri Trang-1 discovery has validated the hydrocarbon prospectivity of the Northern Kra Basin.

Myanmar

Block M-7 Moattama Basin, Offshore Myanmar

Tap holds a 95% participating interest in the M-7 Block and has assumed operatorship.

The 12,875 km^2 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 two offshore fields and a third field close to production commencement. Production is typically from stacked Miocene clastic reservoirs.

Under the executed Production Sharing Contract (PSC), the Joint Venture 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.

Tap has completed the 6 month preparation period for Block M-7, with the Initial Environmental Examination (IEE) Report presented and submitted to Myanmar Oil and Gas Enterprise (MOGE). 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.

The seismic data was signed over from the MOGE Data centre to Tap in 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 issued a letter to MOGE in March 2016, nominating a "Commencement of Operations" date of 30 November 2016. This was accepted and confirmed by MOGE in a letter dated 10 May 2016.

The Company is seeking to farmout, defer or materially reduce the Company's expenditure in Myanmar.

Carnarvon Basin – Offshore Western Australia

WA-72-R and WA-351-P (Tap share 20%, Operator BHP Billiton)

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.

The Joint Venture has accepted a Retention Lease over the Tallaganda discovery (WA-72-R) and has agreed not to renew WA-351-P, which expired on 27 June 2016.

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).

WA-290-P and WA-49-R (Tap share 10%, Operator Quadrant Energy)

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, which includes 16 PJ of net 2C contingent resources for Bianchi-1, 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 km^2 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 and WA-155-P (Part II) (Tap share 9.78% and 6.56% respectively, Operator Quadrant Energy)

WA-320-P and WA-155-P (Part II) are exploration permits in the offshore Carnarvon Basin, Western Australia.

In 2013, Tap farmed out a portion of its interest in both permits to JX Nippon Oil and Gas Exploration (Australia) Pty Ltd in exchange for a 5% carry on the Palmerston-1 well (up to a total well cost of US$70 million). Post farmout, Tap retains 9.778% equity in WA-320-P and 6.555% equity in WA-155-P (Part II).

Approximately 310 km^2 of multi-client 3D seismic data from the TGS "Huzzas MC3D seismic survey" was licensed by the WA-320-P Joint Venture in 2014. During 2015 the Huzzas 3D data was initially processed and then reprocessed to enhance the data quality. This new seismic data was 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.

After extensive technical evaluation and engagement with the regulator, Quadrant Energy (formerly Apache), Operator of the WA-320-P permit, recommended the Driftwood-1 well as the year 3 commitment well in WA-320-P, replacing the previously proposed Palmerston-1 well.

The Driftwood-1 commitment well has an expected total well cost of A$15.47 million (gross), substantially lower than the estimated cost for Palmerston-1 of A$98.2 million.

The Noble Tom Prosser jackup drilling rig commenced drilling the Driftwood-1 commitment well on 1 August 2016. The well intersected all of the drilling objectives, however all were water wet. There were no hydrocarbon shows intersected in the primary and secondary targets and the rig was subsequently released on 16 August 2016.

TL/2 and TP/7 (Tap share 10% and 12.47% respectively, Operator Quadrant Energy)

The TL/2 production licence 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 three additional wells which encountered oil in the Birdrong Sandstone. Tap has previously recognised a net 2C Contingent Resource of 0.9 MMstb for the Taunton field which is primarily in the Birdrong Sandstone reservoir (2015 Tap Annual Report).

In 2014 approval was granted for the variation of the TP/7 Year 3-5 work program (July 2014 – July 2017) to substitute the 3D seismic acquisition and well commitment with geotechnical studies.

The 2016 Work Program and Budget approved by the Joint Venture includes the abandonment of the Airlie Island Storage Facility and Chervil 5 and 6 wells, with work commencing in the first half of 2016. The removal of the Chervil platform is being considered for 2017. During June the operator mobilised equipment to Airlie island to commence removal of the old oil storage tanks and other production equipment on the island. This work was completed at the end of July. The abandonment of the Chervil 5 and 6 wells was also completed at the end of July.

WA-515-P & WA-516-P (Tap share 100%)

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, 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.

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.

WA-34-R (Tap share 12%, Operator ENI)

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 is for five years to 22 December 2020.

Other Exploration

Tap also has the following interests:

1. a 20% interest in WA-8-L in the offshore Carnarvon Basin which contains the Amulet oil discovery; and
2. a 22.474% interest in WA-33-R in the offshore Carnarvon Basin which contains the Maitland gas discovery.

Financial Summary

Tap's revenue for the first half of 2016 was US$28.1 million (2015: US$55.4 million). Gross profit was US$4.1 million (2015: US$14.8 million). After impairment losses and write-downs of US$5.0 million (2015: US$24.4 million), the net loss before tax was US$7.7 million (2015: net loss before tax of US$19.7 million); and the net loss after tax was US$6.0 million (2015: net loss after tax of US$17.4 million). Net cash flows from operations were US$18.4 million (2015: US$29.0 million).

Revenues from the gas contracts were lower in the first half of 2016 due to lower volumes sold. Gas volumes delivered were lower due to an increase in deferred delivery under take-or-pay arrangements (banking).

Manora revenues were US$17.7 million (2015: US$44.0 million) which consisted of 13 oil liftings totalling 587,662 bbls (2015: 798,875 bbls) sold at an average of US$30/bbl (2015: US$55/bbl).

Forming part of the cost of sales is the depreciation charged on a unit of production basis. The depreciation of US$13.3m (2015: US$19.6m) charged for the half year ended 30 June 2016 relates to the Manora oil & gas asset.

The impairment loss relate predominantly to the write off of Manora exploration asset of US$4.4 million while the prior period impairment loss relates to property, plant and equipment of US$19.1 million of which US$17.8 million relates to the Manora development asset and US$1.3 million the Airlie development asset.

Administration costs were higher for the period at US$4.2 million (2015: US$2.6 million) due to redundancy costs and legal fees related to NGP arbitration.

Financing

On 31 March 2016, Tap announced that it had executed an Amended Facility Agreement with BNP Paribas and Siam Commercial Bank (BNP Facility). The Company had 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, executed on 31 March 2016, 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

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
- completed a capital raising to raise A$7.75 million (before costs) representing 155,052,129 shares. The capital raising was completed on 18 April 2016.

Tap has made loan repayments totaling $US14.9 million during the half year, reducing the outstanding debt balance under the BNP Facility from US$36.1 million to US$21.2 million at 30 June 2016.

The modifications to the BNP Facility strengthen the Company's financial position and improve its ability to withstand further prolonged periods of low oil prices until the market improves.

Equity Raising

On 18 April 2016, Tap announced the closing of 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 satisfied 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.

Hedging

In March 2016 Tap executed hedging for 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.

Cost Reduction Initiatives & Board Changes

During the period, 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 had 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. To date the Company has not been succesful in divesting its Australian exploration portfolio, but continues to review opportunities to do so.

With the significantly reduced activities of the Company, the Company's staffing requirements have changed, with staff being reduced from 18 full time equivalent staff to 8 full time equivalent staff with staff reductions taking place in April and June 2016. The staff reductions are expected to reduce overheads by A$1.7 million on an annualised basis.

Mr Troy Hayden stepped down as the Managing Director of the Company effective from 27 May 2016, but will remain in a part-time role as 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 depending on the termination date of his services.

Unmarketable Parcels

In June 2016 Tap established a Share Sale Facility for holders of unmarketable parcels, to enable them to sell their shares without incurring any brokerage or other costs that could otherwise make a sale of their shares unecomnomic. The Company is seeking to reduce costs associated with maintaining a large number of small holdings. This Facility closed on the 3 August 2016 and proceeds have been remitted to shareholders.

Risk Management and Corporate Governance

The Consolidated Entity's risk management and corporate governance statements were included in the 2015 annual report. These statements remain current.

Changes to Equity

155,052,129 shares were issued pursuant to a pro-rata renounceable rights issue announced on 14 March 2016 to raise up to approximately A$7.75 million (before costs) and which closed on 13 April 2016.

A total of 5,002,576 employee share rights were issued during the half-year ended 30 June 2016 (2015: 5,253,158). 835,853 shares were issued during the half year ended 30 June 2016 (2015: 101,695) as a result of the vesting of employee share rights. A total of 2,707,724 share rights expired, lapsed or were cancelled during the half-year ended 30 June 2016 (2015: 2,440,211). The total number of share rights on issue at 30 June 2016 was 14,736,778 (2015: 14,839,309).

Since 30 June 2016, 9,456,659 performance rights lapsed, 522,485 retention rights vested, and 459,176 retention rights lapsed.

Auditor's Independence Declaration

The auditor's independence declaration is included on page 7 of the half-year report.

Rounding Off of Amounts

The Company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of Directors made pursuant to Section 306(3) of the Corporations Act 2001.

D W Bailey
Chairman
Perth, 25 August 2016

Deloitte Touche Tohmatsu
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The Board of Directors
Tap Oil Limited
Level 1, 47 Colin Street
WEST PERTH WA 6005

25 August 2016

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 2016, 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

Deloitte.

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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 2016, 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 10 to 29.

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 2016 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.

Deloitte.

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 2016 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

Leanne Karamfiles
Partner
Chartered Accountants
Perth, 25 August 2016

TAP OIL LIMITED
DIRECTORS' DECLARATION

The directors declare that:

(a) in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

(b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Consolidated Entity.

Signed in accordance with a resolution of directors made pursuant to s.303(5) of the Corporations Act 2001.

On behalf of the directors

D W Bailey
Chairman

Perth, 25 August 2016

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 30 JUNE 2016

	Note	Consolidated Half-year ended 30 June 2016 US$'000	Consolidated Half-year ended 30 June 2015 US$'000
Revenue	2	28,113	55,391
Cost of sales	3	(24,003)	(40,622)
Gross profit		4,110	14,769
Other revenue	2	119	138
Administration expenses		(4,194)	(2,617)
Finance costs		(1,842)	(4,611)
Exploration expenses		(645)	-
Impairment losses and write-downs	4	(4,966)	(24,352)
Other expenses		(274)	(3,009)
Loss before tax	4	**(7,692)**	**(19,682)**
Income tax benefit		1,698	2,261
Loss for the period		**(5,994)**	**(17,421)**
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss			
Unrealised loss on cash flow hedge	10	(4,585)	(804)
Foreign currency translation differences – foreign operations		(44)	890
Total comprehensive loss for the period		**(10,623)**	**(17,335)**
Earnings/(loss) per share			
Basic (cents per share)		(1.9)	(7.2)
Diluted (cents per share)		(1.9)	(7.2)

Notes to the financial statements are included on pages 15 to 29.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	Note	Consolidated 30 June 2016 US$'000	Consolidated 31 December 2015 US$'000
Current Assets			
Cash and cash equivalents		14,417	15,581
Trade and other receivables	5	13,256	20,978
Inventories		6,126	4,475
Other current assets		1,661	700
Total current assets		35,460	41,734
Non-current assets			
Property, plant and equipment	6	65,533	74,557
Exploration and evaluation assets	7	-	3,178
Deferred tax asset		23,596	22,108
Other non-current assets		-	1,111
Total non-current assets		89,129	100,954
Total assets		**124,589**	**142,688**
Current liabilities			
Trade and other payables	8	20,826	23,939
Current tax liability		-	422
Provisions		6,076	4,907
Interest bearing loans and borrowings	9	20,019	25,722
Other financial liabilities	10	5,105	-
Total current liabilities		52,026	54,990
Non-current liabilities			
Interest bearing loans and borrowings	9	1,208	10,410
Provisions		20,067	21,248
Total non-current liabilities		21,275	31,658
Total liabilities		**73,301**	**86,648**
Net assets		**51,288**	**56,040**
Equity			
Issued capital		140,827	135,174
Share options reserve		3,526	3,526
Share rights reserve		3,386	3,168
Hedge reserve	10	(4,585)	-
Foreign currency translation reserve		55,607	55,651
Profit reserve		72,940	72,940
Accumulated losses		(220,413)	(214,419)
Total equity		**51,288**	**56,040**

Notes to the financial statements are included on pages 15 to 29.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 30 JUNE 2016

	Issued Capital US$'000	Share options reserve US$'000	Share rights reserve US $'000	Cash flow hedge reserve US $'000	Foreign currency translation reserve US $'000	Profit reserve US $'000	Accumulated losses US $'000	Total US $'000
Balance at 1 January 2015	**133,175**	**3,526**	**2,800**	**-**	**55,258**	**62,642**	**(149,660)**	**107,741**
Loss for the period	-	-	-	-	-	-	(17,421)	(17,421)
Other comprehensive income for the period	-	-	-	(804)	890	-	-	86
Total comprehensive income for the period	-	-	-	(804)	890	-	(17,421)	(17,335)
Appropriation to profit reserve	-	-	-	-	-	6,645	(6,645)	-
Recognition of share-based payments	-	-	515	-	-	-	-	515
Balance at 30 June 2015	**133,175**	**3,526**	**3,315**	**(804)**	**56,148**	**69,287**	**(173,726)**	**90,921**
Balance at 1 January 2016	**135,174**	**3,526**	**3,168**	**-**	**55,651**	**72,940**	**(214,419)**	**56,040**
Loss for the period	-	-	-	-	-	-	(5,994)	(5,994)
Other comprehensive income for the period	-	-	-	(4,585)	(44)	-	-	(4,629)
Total comprehensive income for the period	-	-	-	(4,585)	(44)	-	(5,994)	(10,623)
Issue of shares (net of costs)	5,653	-	-	-	-	-	-	5,653
Recognition of share-based payments	-	-	218	-	-	-	-	218
Balance at 30 June 2016	**140,827**	**3,526**	**3,386**	**(4,585)**	**55,607**	**72,940**	**(220,413)**	**51,288**

Notes to the financial statements are included on pages 15 to 29.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 30 JUNE 2016

	Consolidated Half-year ended	
	30 June 2016 US$'000	30 June 2015 US$'000
Cash flows from operating activities		
Receipts from customers	35,238	57,469
Payments to suppliers and employees	(16,818)	(28,605)
Interest received	49	136
Income tax paid	(84)	-
Net cash provided by operating activities	**18,385**	**29,000**
Cash flows from investing activities		
Payments for property, plant & equipment	(4,730)	(7,004)
Payments for exploration expenditure	(1,143)	(1,196)
Payments for restoration expenditure	(137)	(205)
Net cash used in investing activities	**(6,010)**	**(8,405)**
Cash flows from financing activities		
Proceeds from issue of shares	6,140	-
Payment for share issue costs	(487)	-
Proceeds from loans and borrowings	-	13,494
Repayment of loans and borrowings	(14,873)	(10,394)
Payment of interest and transaction costs related to loans and borrowings	(1,504)	(1,708)
Net cash (used in)/provided by financing activities	**(10,724)**	**1,392**
Net increase in cash and cash equivalents	**1,651**	**21,987**
Cash and cash equivalents at the beginning of the half-year	15,581	14,034
Effects of exchange rate changes on the balance of cash held in foreign currencies	(2,815)	(386)
Cash and cash equivalents at the end of the half-year	**14,417**	**35,635**

Notes to the financial statements are included on pages 15 to 29.

1 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 a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

Going concern

The half year financial report for Tap Oil Limited has been prepared on the going concern basis which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The Consolidated Entity has incurred a net loss before tax of $7.69 million (30 June 2015: loss before tax of $19.68 million) and had net working capital deficiency of $16.57 million for the half year ended 30 June 2016 (30 Dec 15: working capital deficiency of $13.26 million).

The Directors have reviewed the Consolidated Entity's overall position and outlook in respect of the matters identified above and are of the opinion that the use of the going concern basis remains appropriate. The consolidated entity is expected to generate sufficient cash flows from its operations to meet its commitments over the next 12 months as well as satisfy its financing covenants.

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 2015 annual financial report for the financial year ended 31 December 2015, 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.

From 1 January 2016 the Consolidated Entity has adopted the following Standards and Interpretations that are relevant to their operations and effective for the current reporting period:

- AASB 2014-3 'Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations
- AASB 2014-4 'Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation
- AASB 2014-9 'Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements
- AASB 2015-1 'Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle
- AASB 2015-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101'

- AASB 2015-3 'Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality'
- AASB 2015-5 'Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception'
- AASB 2015-9 'Amendments to Australian Accounting Standards – Scope and Application Paragraphs

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:

Standard/Interpretation	**Effective for annual reporting periods beginning on or after**	**Expected to be initially applied in the financial year ending**
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2018	30 June 2019
AASB 15 'Revenue from Contracts with Customers', AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15', AASB 2015-8 'Amendments to Australian Accounting Standards – Effective Date of AASB 15', and AASB 2016-3 'Amendments to Australian Accounting Standards – Clarifications to AASB 15'	1 January 2018	30 June 2019
AASB 16 'Leases'	1 January 2019	30 June 2020
AASB 2014-10 'Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture' and AASB 2015-10 'Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128'	1 January 2018	30 June 2019
AASB 2016-1 'Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses'	1 January 2017	30 June 2018
AASB 2016-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107'	1 January 2017	30 June 2018

The Directors note that the impact of the initial application of the Standards and Interpretations is not yet known or is not reasonably estimable. 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.

	Consolidated Half-year ended	
	30 June 2016 US$'000	30 June 2015 US$'000
2 Revenue		
Sales of gas	10,424	11,344
Crude oil revenue [(i)]	17,689	44,047
	28,113	55,391
Other revenue:		
Royalties received	8	2
Interest received	111	136
	119	138
	28,232	55,529

[(i)] Includes commodity hedge loss of US$1 million (2014: US$0.1 million)

	Consolidated Half-year ended	
	30 June 2016 US$'000	30 June 2015 US$'000
3 Cost of sales		
Crude oil:		
Production costs	6,285	8,117
Depreciation of capitalised development costs	13,260	19,570
Government royalties	1,473	4,162
Other costs of sales	(998)	3,765
	20,020	35,614
Third party gas and other production costs	3,983	5,008
	24,003	40,622

4 Loss before tax		
Loss for the period includes the following items that are unusual due to their nature, size or incidence:		
Expenses		
Redundancy payments	1,466	-
Legal expenses	404	259
Consultancy fees	201	937
Net foreign exchange losses	423	772
New venture and business development expenses	51	833
Impairment losses and write-downs:		
Exploration impairment	4,446	5,296
Property, plant and equipment impairment losses	520	19,056
	4,966	24,352

	Consolidated	
	30 June 2016 US$'000	31 December 2015 US$'000
5 Trade and other receivables		
Trade receivables	3,432	5,771
Joint operations' debtors	829	4,860
Hedge receivable	-	1,330
Other receivables (i)	8,995	9,017
	13,256	20,978

(i) Included in other receivables is US$8.97 million receivable from Northern Gulf Petroleum (NGP) representing the amount outstanding of the 50% of the carry paid by Tap since 2010 on behalf of NGP. Included in Note 8 Trade payables is US$6.58 million payable to NGP representing 2P Reserves deferred payment and Earnout (refer to Note 12).

	Consolidated 30 June 2016 US$'000	Consolidated 31 December 2016 US$'000
6 Property, plant and equipment		
Development expenditures		
Gross carrying amount - at cost:		
Opening balance	248,402	227,367
Additions	4,793	21,992
Foreign exchange movements	97	(957)
Closing balance	253,292	248,402
Accumulated depreciation and impairment:		
Opening balance	173,915	93,106
Depreciation	13,260	34,993
Foreign exchange movements	97	(957)
Impairment losses charged to profit or loss	520	46,773
Closing balance	187,792	173,915
Net Book Value	65,500	74,487
Office improvements, furniture & equipment		
Gross carrying amount - at cost:		
Opening balance	2,399	2,693
Additions	-	-
Foreign exchange movements	37	(294)
Asset write-offs	(1,724)	-
Asset disposal	(28)	-
Closing balance	686	2,399
Accumulated depreciation:		
Opening balance	2,329	2,567
Asset write-offs	(1,699)	-
Foreign exchange movements	39	(280)
Depreciation	13	42
Asset disposal	(27)	-
Closing balance	653	2,329
Net Book Value	33	70
Total - Net Book Value	65,533	74,557

Impairment of development expenditures

At 30 June 2016, the Consolidated Entity has assessed each cash generating unit to determine whether an impairment indicator existed. Airlie development asset was fully impaired at 31 December 2015 as not recoverable through development or sale with all costs incurred during the current half year expensed.

An impairment assessment was performed on the Manora development asset of US$65.5 million (2015: US$74.5 million). The recoverable amount of the asset was determined based on a five year value in use model, which supported the existing carrying value.

The following assumptions were used in the assessment of the recoverable amount:

- Discount rate – post-tax discount rate of 13.3% (2015: 11%) has been applied to the cash flow projections;
- Inflation rate –inflation rate of 2% (2015: 2%) has been applied to the cash flow projections;
- Oil price – the oil price applied to the cash flow projections is based on the average of analysts' forecast price at the date of assessment for 4 years then thereafter increased by 2% inflation. The oil price assumptions for the remainder of 2016, 2017 and 2018 are US$50.35/bbl, US$54.28/bbl and U$59.95/bbl respectively.

Sensitivity analysis

It is estimated that changes in the key assumptions would impact the net recoverable amount as follows:

	2016 US$'000
Discount rate: 1% increase	(779)
Discount rate: 1% decrease	799
Long term oil price decrease of US$5/bbl	(2,050)
Long term oil price increase of US$5/bbl	8,351

	Consolidated	
	30 June 2016 US$'000	31 December 2015 US$'000
7 Exploration and evaluation assets		
Exploration and/or evaluation phase		
At cost	108,787	106,567
Less: impairment provisions	(108,787)	(103,389)
Net carrying value	-	3,178
Reconciliation of movement:		
Opening balance	3,178	21,083
Current period exploration expenditure	1,268	4,618
Exploration impairment losses/write-downs	(4,446)	(20,935)
Foreign exchange movements (net)	-	(1,588)
	-	3,178
Movement in the impairment provision:		
Balance at the beginning of the period	(103,389)	(87,927)
Impairment provision decrease/(increase)	(4,446)	(20,708)
Foreign exchange movements	(952)	5,246
Balance at the end of the period	(108,787)	(103,389)

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.

	Consolidated	
	30 June 2016 US$'000	31 December 2015 US$'000
8 Trade and other payables		
Trade payables(i)	9,354	9,001
Share of joint operations' payables	6,536	10,026
Goods and services tax (GST) payable	220	168
Other payables	23	371
Income received in advance (ii)	4,693	4,373
	20,826	23,939

(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. Included in Trade payables is US$6.58 million payable to NGP representing 2P Reserves Deferred Payments and Earnout. Included in Trade and other receivables is US$8.97 million receivable from NGP representing the amount outstanding of the 50% of the carry paid by Tap since 2010 on behalf of NGP (refer to Note 12).

(ii) Where take-or-pay obligations are enforced on gas customers, cash is received for minimum obligations with the amount being recorded as income in advance until the gas is ultimately delivered. Upon delivery the amount will be transferred to revenue.

9 Interest bearing loans and borrowings

	Consolidated	
	30 June 2016 US$'000	31 December 2015 US$'000
Proceeds from loans and borrowings	21,227	36,100
Transaction costs	-	32
Carrying amount	21,227	36,132
Current	20,019	25,722
Non-current	1,208	10,410
	21,227	36,132

On 31 March 2016 Tap announced the execution of an Amended Facility Agreement with BNP Paribas and The Siam Commercial Bank (BNP 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 at 30 June 2016 the directors had reasonable grounds to believe the minimum liquidity threshold would be met and accordingly the classification of the borrowings was determined in accordance with the scheduled repayments under the facility.

10 Cash flow hedges

	Consolidated	
	30 June 2016 US$'000	31 December 2015 US$'000
Movement in hedge reserve:		
Opening balance	-	-
Unrealised loss on cash flow hedge	(4,585)	-
Balance at end of period	(4,585)	-
Other financial liabilities:		
Commodity swap	5,105	-
	5,105	-

Tap has hedged 47.5% of forecast 1P Manora production over April 2016 to February 2017 at an average price of US$42.15/bbl using commodity swaps. The commodity swap hedges commodity price risk on Manora revenue.

11 Subsequent events

Since the end of the financial period the Directors are not aware of any other matter or circumstance not otherwise dealt with within the financial report that has significantly 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 subsequent financial years other than:

Unmarketable parcels

In June 2016 Tap established a Share Sale Facility for holders of unmarketable parcels, to enable them to sell their shares without incurring any brokerage or other costs that could otherwise make a sale of their shares unecomnomic. The Company is seeking to reduce costs associated with maintaining a large number of small holdings. The closing date for receipt of share retention forms was 3 August 2016.

As at market close on the 3 August 2016 there were 5,342,936 ordinary shares, held by 2,532 shareholders that were subsequently sold.

12 Contingencies and commitments

Success payments in respect of Manora Oil Field development

As part of the consideration for acquiring the G1/48 permit in 2010, Tap Energy (Thailand) Pty Ltd (a subsidiary of Tap Oil Limited), is liable to make a 2P Reserves Deferred Payment to NGPH. The payment is calculated pro-rata based on 2P reserves between 10mmbbls and 35mmbbls.

Tap paid an initial 2P Reserves Deferred Payment of US$7.65 million in August 2012, based on the Operator's Manora 2P gross reserves estimate of 20.2 mmbbls at the time of the Manora Final Investment Decision (FID). A second payment of US$1.31 million became due on 31 December 2014 and a third payment of US$4.59 million became due based on the 31 December 2015 2P Reserves as estimated by NSAI.

Further payments (up to a maximum of US$23.94 million) may become payable based on the Operator's 2P reserves estimate at year end, and are payable up to four years after first production (conditional on the Manora 2P Reserves (plus recovered oil) remaining greater than 10mmbbls).

Default on repayment of Tap Carry

Under the terms relating to Tap's acquisition of its 30% interest in the G1/48 Concession and the Manora Oil Development from Northern Gulf Petroleum Holdings Limited (NGPH) and its subsidiary Northern Gulf Petroleum Pte. Ltd (NGP), NGP agreed to repay US$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 US$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 31 December 2015, the full remaining balance of 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.

Tap Energy (Thailand) Pty Ltd initiated arbitration proceedings against NGP on 19 August 2015 (see below).

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 (payable 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 (see below) against amounts owing in respect of repayment of the carried costs.

Notice of Arbitration

Tap Energy (Thailand) Pty Ltd, filed on 19 August 2015, a Notice of Arbitration in Singapore against Northern Gulf Petroleum Pte Ltd, Northern Gulf Petroleum Holdings Limited and Northern Gulf Oil (Thailand) Co. Ltd (collectively **NGP**) in regards to payments due under the sale and purchase agreement for Tap's acquisition of its 30% interest in the G1/48 concession. Tap is seeking settlement and set off of the following disputed acquisition payments under that sale and purchase agreement:

1. The US$1.31 million which Tap has calculated is due and payable by Tap to NGP in respect of the 2P reserves payment for the period to 31 December 2014;
2. The US$4.59 million which Tap has calculated is due and payable by Tap to NGP in respect of the 2P reserves payment for the period to 31 December 2015;
3. Carried costs up to US$10 million payable by NGP to Tap of which US$1.03 million has been paid with US$8.97 million due and payable; and
4. To the extent NGP is entitled to any additional payments for 2P reserves, these can be set off.

After repeated attempts to resolve the payment dispute with NGP, Tap is pursuing this arbitration against NGP in Singapore, as permitted under the sale and purchase agreement, to recover the carry repay and to set-off the 2P reserves payments.

NGPH's earn-out claim has not been referred to in the Notice of Arbitration, but can still be set-off against amounts owing in respect of repayment of the carried costs, if, or when, raised by NGPH.

NGP's defence and counterclaim includes its earlier claim that the 2P reserves payment for the period to 31 December 2014 should be US$14.6 million, not US$1.31 million

The following table sets out the current position and future contingent liabilities between Tap and NGP:

Payment	Details	Comments
Repayment of NGP Carry: **Payment by NGP/NGPH to Tap**	The repayment of US$10 million by NGP to Tap out of NGP's share of production or by NGPH. This is an ongoing repayment as proceeds are received from each oil lifting.	Approx. US$1.03 million has been repaid to date by NGPH. Previously the carry was expected to be repaid in full in 2015. NGPH has not made any further repayments to Tap and the total amount owing is e million. Tap has issued default notices in respect of this amount and has reserved all of its rights in respect of this default.
2P Reserves Deferred Payment: **Payment by Tap to NGPH**	Based on Manora 2P reserves at each year-end for four years after first production, up to US$23.94 million. Conditional on the Manora 2P Reserves (plus recovered oil) remaining > 10 mmbbls).	Following the finalisation of the year end 2P reserves for Manora, or reserves certification by an independent expert. Based on the 31 December 2015 2P Reserves estimate, the amount owing to NGPH is US$4.59 million.
Earn-out (2% of Tap's Manora revenue): **Payment by Tap to NGPH**	No Earn-out is payable if : • the average daily closing spot price for Brent crude is below US$50/bbl per barrel for the 14 days immediately prior to the date of any oil lifting; and • the Manora 2P reserves (economic ultimate recovery) do not exceed 15MMSTB.	This is an ongoing payment, due monthly in arrears, and follows the receipt of lifting proceeds. The outstanding earnout amount payable is US$677,301. Further amounts will become payable following receipt of proceeds from future lifitings.
Set off of amounts **Net payment by NGP/NGPH to Tap**	Tap has exercised its right to set off the 2P Reserves deferred payment and the Eanr-Out against the amounts owing to it in respect of the repayment of the carry described above.	The set off at 31 December 2015 is: **US$M** Carry receivable 8.97 Reserve payments 2014 (1.31) 2015 (4.59) Earn out (0.68) **Net to Tap 2.39** The above excludes interest. Tap has reserved its right to claim interest on this amount.

Myanmar PSC

Tap holds a 95% participating interest in the M-7 Block and has assumed operatorship.

Tap Energy (M7) Pte. Ltd, and its local joint venture participant, Smart E&P International Company Ltd., signed the Production Sharing Contract with Myanma Oil and Gas Enterprise (MOGE) on 26 August 2015.

Under the executed PSC, the JV partners had 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.

Tap has completed the 6 month preparation period for Block M-7, with the Initial Enviromental Examination (IEE) Report presented and submitted to MOGE.

A Commencment of Operations date of 30 November 2016 has been agreed. Tap is reviewing whether it can extend the commencment of the study period, defer the work commitment or farm out its interest. There is a minimum expenditure requirement of US$2 million once the Commencement of Operations period is triggered.

Tap Oil Limited has provided a Parent Company Guarantee to MOGE for the commitment.

	Consolidated	
	30 June 2016 US$'000	31 December 2015 US$'000
Commitments		
Property, plant and equipment		
Not longer than 1 year	-	4,905
Longer than 1 year and not longer than 5 years	-	-
Longer than 5 years	-	-
	-	4,905
Exploration expenditure		
Not longer than 1 year	2,340	4,773
Longer than 1 year and not longer than 5 years	1,071	1,059
Longer than 5 years	-	-
	3,411	5,832

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

Joint Venture Commitments

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

	Consolidated	
	30 June 2016 US$'000	31 December 2015 US$'000
FSO lease at Manora		
Not longer than 1 year	5,424	5,439
Longer than 1 year and not longer than 5 years	21,710	21,710
Longer than 5 years	461	3,150
	27,595	30,299

13 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.

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 2016 US$'000	30 June 2015 US$'000	30 June 2016 US$'000	30 June 2015 US$'000
Operations				
Oil & gas production and development	17,689	44,047	(4,813)	(14,984)
Oil & gas exploration	-	-	(5,092)	(8,916)
Third party gas	10,424	11,344	6,174	6,536
	28,113	55,391	(3,731)	(17,364)
Interest revenue			33	138
Net central administration costs			(3,910)	(2,441)
Net foreign exchange (losses)/gains			(84)	(15)
Loss before tax			(7,692)	(19,682)
Income tax (expense)/benefit			1,698	2,261
Consolidated segment revenue and loss for the period	28,113	55,391	(5,994)	(17,421)

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 2016 US$'000	31 December 2015 US$'000
Oil & gas production and development	111,178	121,392
Oil & gas exploration	6,547	7,426
Third party gas	2,340	10,366
Total segment assets	120,065	139,184
Unallocated assets	4,524	3,504
Consolidated total assets	124,589	142,688

	Liabilities	
	30 June 2016 US$'000	31 December 2015 US$'000
Oil & gas production and development	53,827	63,131
Oil & gas exploration	11,788	15,783
Third party gas	5,642	5,439
Total segment liabilities	71,257	84,353
Unallocated liabilities	2,044	2,295
Consolidated total liabilities	73,301	86,648

14 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.

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:

	Consolidated	
	Carrying amount US$'000	Fair value US$'000
Financial assets		
Cash and cash equivalents	14,417	14,417
Trade and other receivables	13,256	13,256
	27,673	27,673
Financial liabilities		
Interest bearing loans and borrowings	21,227	21,227
Trade and other payables	20,826	20,826
Other financial liabilities	5,105	5,105
	47,158	47,158

15 Dividends

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

16 Equity securities issued

155,052,129 shares were issued pursuant to a pro-rata renounceable rights that closed on 13 April 2016. 835,853 shares were issued (2015: 127,048) as a result of the vesting of employee share rights.

A total of 5,002,576 employee share rights were issued during the half-year ended 30 June 2016 (2015: 5,253,158). 835,853 employee share rights vested during the half-year ended 30 June 2016 (2015: 101,695). A total of 2,707,724 share rights expired, lapsed or were cancelled during the half-year ended 30 June 2016 (2015: 2,440,211). The total number of share rights on issue at 30 June 2016 was 14,736,778 (2015: 14,839,309).