28 October 2020

Quarterly Report

For the Quarter ended 30 September 2020



Highlights

- **US$21.84 million of cash on hand (including Tap's share of joint venture cash) as at 30 September 2020**
- **Manora production during the September 2020 quarter (September Quarter) averaged 7,008 bopd (Tap's share 2,103 bopd)**
- **Cumulative Manora gross production reached 17.9 MMSTB (Tap's share 5.36 MMSTB) as at 30 September 2020**
- **Manora 18 millionth barrel produced during third week of October 2020**
- **Two liftings during the September Quarter totalling 167,992 bbls (Tap's share), and one subsequent to September Quarter end of 81,660 bbls (Tap's share)**
- **Lifting for early November 2020 contracted**
- **Tap's cash receipts from one lifting received during the September Quarter of US$3.42 million (US$3.13 million after hedging) at an average price of US$43.85/bbl (US$40.11/bbl after hedging)**
- **Hedging program for September 2020, October 2020 and November 2020 cargoes executed**

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Tap Oil Limited (ASX:TAP) (**Tap** or the **Company**) provides the following updated on its activities for the September Quarter.

Revenue

Cash receipts for the September Quarter were US$3.42 million (US$3.13 million after hedging) from one lifting, made in July with the cash receipt for the September lifting received after quarter's end. Cash receipts were lower compared to the quarter ending June 2020 (**June Quarter**) due to a decreased number of barrels sold, however this quarter's sales were at a higher realised oil price. The average realised oil price on a cash basis was US$43.85/bbl (US$40.11/bbl after hedging) for the September Quarter, being 57.3% (12.6% after hedging) higher compared to the June Quarter.

Manora crudes historic premium to Brent remained slightly positive during the September Quarter, athough declined significantly vs 1H 2020.

SALES REVENUE* (Tap's Share)	June Qtr US$'000	Sept Qtr US$'000	Qtly % Change	Comment
Manora Crude Receipts – net	5,071	3,129	(38.3%)	Decrease primarily due to one lifting reciepted in the September quarter compared to two liftings receipted in the June quarter however there was an increase in the realised oil price in the September quarter
Other Receipts	54	66	22.2%	Timing of receipt of interest on term deposits.
Total Cash Receipts	**5,125**	**3,195**	**(37.7%)**	
Average realised oil price (US$/bbl*)	**35.63**	**40.11**	**12.6%**	

*For the quarters cash reciepts and includes Realised Hedge Gains/ (Losses)

PRODUCTION AND LIFTING VOLUMES (Tap's Share)	June Qtr	Sept Qtr	Qtly % Change	Comment
Manora Crude Production (bbls)	123,265	193,432	56.9%	Production increase due to 4 new development wells
Manora Daily Average Production (bopd)	1,355	2,103	55.2%	
Manora Crude Lifting (bbls)	142,319	167,992	17.7%	There were two liftings in the September Quarter, with revenue received from one lifting only.
Manora inventory[1] (bbls)	93,763	117,432	25.2%	As at quarter end.

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

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Production

Gulf of Thailand - Manora Oil Field

Offshore Thailand

(Tap 30%)

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

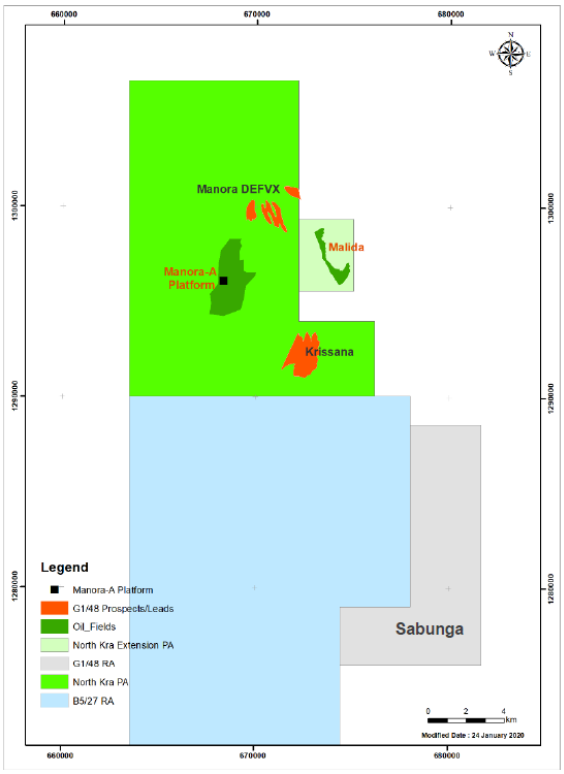
The G1/48 concession comprises the Manora Oil Field under production license and the Reservation Area within the concession.

Gross production for the September Quarter was 644.8 MSTB (Tap's share 193 MSTB). The average quarterly gross production rate was 7,008 bopd (Tap's share 2,103 bopd). Cumulative field production to 30 September 2020 was 17.9 MMSTB gross (Tap's share 5.36 MMSTB).

During the September Quarter, production increased as the four new development wells came online in July. Production from the new wells has been as per expectation. Of particular note two of the wells, MNA-25 and MNA-28 were still producing free of water production at the end of the quarter. Cumulative production from the new wells at the end of the quarter amounted to 335 MSTB (101 MSTB net to Tap).

Production during August was constrained by the FSO storage capacity prior to the early September lifting. Following the lifting production was increased and then only limited by the water handling capacity. This is being addressed by a de-bottlenecking project which is planned to be completed in January 2021. Production exit rate on 30 September was 7,870 Bopd (2,361 Bopd net to Tap).

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



Development

Gulf of Thailand - Manora Oil Field

Offshore Thailand

(Tap 30%)

On 14 May 2020, the Operator of the Manora Oil Field, Mubadala Petroleum commenced a development drilling and workover program that was completed on 4 July 2020. The 54 day campaign using the Valaris 115 jack-up drilling rig, comprised four new development wells (MNA-25, MNA-26H, MNA-27, MNA-28) and the workover of two existing wells (MNA-7, MNA-15).

The program was completed with no lost time incidents, 8.5 % under budget and 2.5 days ahead of schedule. This was an exceptional achievement in a very challenging health, safety, operating and logistics environment given the global COVID-19 pandemic.

The total cost of the program is estimated at approximately US$15.08 million (US$4.52 million net to Tap).

All wells were on stream by 14 July 2020 adding over 4,500 bopd gross to total field production capacity with Manora now capable of producing around 9,500 bopd gross.

Cumulative production from the new wells at the end of the quarter amounted to 335 MSTB (101 MSTB net to Tap).

Planning for the Manora debottlenecking Phase II project was advanced during the quarter. The project designed to enhance Manora water handling capacity commenced during October 2020 and is scheduled to be completed in January 2021 after a short commissioning production shutdown. The project includes adding water pumping capacity, additional pipework and a platform deck extension.

Total investment for the project is budgeted at US$1.3 million net to Tap.

Exploration

Gulf of Thailand - Manora Oil Field

Offshore Thailand

(Tap 30%)

There were no exploration activities undertaken during the quarter, consistent with strategy in the current low oil price environment.

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Exploration, Development, Operating & Other Expenditures

	Tap Share JuneQtr US$'000	Tap Share Sept Qtr US$'000
Exploration & Appraisal	2,163	70
Development, Plant & Equipment	442	1,417
Total Capital Expenditure	**2,605**	**1,487**
Manora Production Costs *	4,901	5,477
Other expenses **	470	438
Total Expenditure	**7,976**	**7,402**

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

Year to date, Manora operating cash costs are circa US$23.33/bbl including royalty, insurance and marketing costs.

Financial & Corporate

Cash Position

Tap's cash position at 30 September 2020 was US$21.84 million. Cash includes Tap's share of cash held in joint ventures, which at the end of the September Quarter was US$2.73 million.

Cash Position	Sept'19 US$'000	Dec'19 US$'000	Mar'20 US$'000	Jun'20 US$'000	Sept'20 US$'000
Cash on hand *	30,885	26,659	28,945	26,656	21,838
Debt	-	-	-	-	-
Net Cash/(Debt)	**30,885**	**26,659**	**28,945**	**26,656**	**21,838**
** Cash on hand includes Tap's share of cash held in joint ventures.*					

Hedging

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

- 55,000 bbls of swaps at an average Dubai fixed oil price of US$39.18/bbl for September 2020;
- 37,000 bbls of swaps at an average Dubai fixed oil price of US$43.44/bbl for October 2020;
- 18,000 bbls of buy puts at Dubai US$40.00/bbl for October 2020;
- 18,000 bbls of sell calls at a strike price of Dubai US$48.25/bbl for October 2020;
- 27,000 bbls of swaps at an average Dubai fixed crude oil price of US$43.90/bbl for November 2020;
- 18,000 bbls of buy puts at Dubai US$41.00/bbl for November 2020; and
- 18,000 bbls of sell calls at a strike price of Dubai US$48.00/bbl for November 2020.

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Vountary Delisting and Share Buyback

On 29 September 2020, Tap announced that it intended to seek shareholder approval to delist from the Australian Securities Exchange (ASX) and undertake both an opt-out non-marketable parcel buy-back facility and an off-market equal access share buy-back. Tap Oil will put the proposal to delist and the share buyback schemes to shareholders at a General Meeting to be held on 29 October 2020. The Delisting is considered by the Tap Oil Board to be in the best interests of the Company for a number of reasons, including the low levels of trading liquidity of the Company's shares on ASX and other factors which have lead the Board to conclude that the costs and administrative burden of remaining listed on ASX outweigh any benefits of a continued listing.

The ASX has given its conditional approval in response to the Company's formal request to be removed from the official list of the ASX pursuant to ASX Listing Rule 17.11.

Share Rights

No Performance Rights or Retention Rights (together, referred to as **Share Rights**) were issued during the September Quarter. The Share Rights on issue are detailed in the table below and subject to meeting certain performance and vesting criteria, are each convertible into one (1) fully paid ordinary share in the capital of the Company (**Share**). Subject to shareholder approval for the Delisting and applicable resolutions at the Company's General Meeting on 29 October 2020, the Board has resolved to amend the vesting conditions of the Share Rights such that 50% will automatically vest on approval of the Delisting and 50% will lapse.

As at the September Quarter end, the total 8,681,421 Share Rights on issue comprised:

Number	Class	Vesting Date
2,939,777	Performance Rights	31 December 2020
713,807	Performance Rights	1 January 2021
1,184,777	Retention Rights	31 March 2021
2,167,224	Performance Rights	31 December 2021
1,177,224	Retention Rights	31 March 2022
249,306	Performance Rights	31 December 2022
249,306	Retention Rights	31 March 2023

Authorised by the Board of Tap Oil Limited.

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FURTHER INFORMATION

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Abbreviations and Definitions	Investor Relations	Disclaimer
Please refer to Tap Limited's Annual Report Glossary or Glossary and Definitions on Tap's website for explanations of any abbreviations used in this report. 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.	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.

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