



Annual General Meeting  
25 May 2018

# Resources to Value - Delivering from the Tap Portfolio -



ASX Code: TAP

Chris Newton

This presentation contains some references to forward looking assumptions, representations, estimates, budgets, and outcomes. These are uncertain by the nature of the business and no assurance can be given by Tap Oil Limited that its expectations, estimates, budgets and forecast outcomes will be achieved. Actual results may vary materially from those expressed herein.

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## Person 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.

*All figures US\$ unless otherwise stated.*

# Value delivery from existing portfolio

## New Board

- New Board with complementary skill set.
- New Chairman with first rate SE Asian oil and gas track record.

## New Lower Costs and Risk Strategy with Clear Value Delivery Focus

### Leverage Manora Infrastructure for Growth and Cashflow

- ✓ Successful Q4 2017 MNA-18 infill well that added 246,811 STB production (gross) as of 31 March 2018 and increased field EUR.

### 4 well drilling program underway

- ✓ Two follow up development wells in same pool will convert proved undeveloped reserves to production.
- ✓ Two high impact Q3 2018 exploration /appraisal wells with immediate follow up low cost production through existing facilities.

### Rationalise & Monetise Australian Portfolio

- ✓ Exit exploration and monetise resources.
- ✓ Minimise abandonment exposure

## Growing Cash and Debt Free

- Manora RBL facility repaid in September 2017
- Net Cash of US\$13.1 (includes JV holdings) (A\$ 4.0 cps\*) at 31 March 2018
- Net production of 2,126 bopd in Q1 2018 with operating cashflow > US\$35 / Bbl
- Broad cost reductions secured including corporate, board and opex

\* A\$ = 0.76US\$

# Corporate Overview

## Corporate Snap Shot

Share price (at 24 May 2018)	A\$0.076
Shares on Issue	426 million
Rights on Issue <sup>1</sup>	11.6 million
Market Capitalisation	A\$32.38 million
Enterprise Value	A\$18.8 million
Cash at 31 March 2018 <sup>2</sup>	US\$13.1 million
Debt at 31 March 2018	Nil
Franking Account Balance 31/12/17	A\$69.7 million

<sup>1</sup> Performance/retention rights to acquire fully paid shares with vesting dates varying from 1 January 2019 to 1 January 2021.

<sup>2</sup> Cash includes Tap's share of cash held in joint ventures.

## Reserves & Production

	(1P)	(2P)
Reserves MMstb (@ 31/12/17)	1.45	2.21
Net production 1Q18	2,126 bopd	

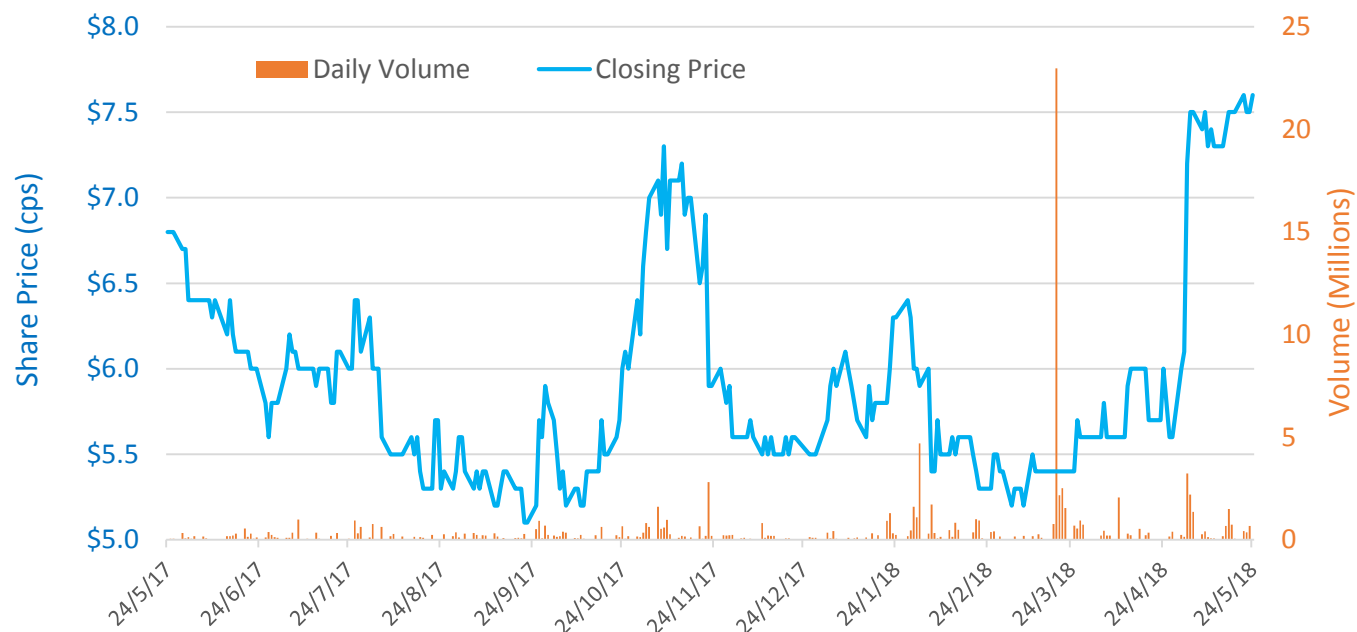
## Cost Structure

Manora Field Q1 2018 Field Opex	• US\$22.4 / Bbl*
Manora Drilling Costs	• >50% reduction since 2014
Corporate G&A	<ul style="list-style-type: none"> <li>• 65% reduction over last 3 years to ~US\$2.2M / year</li> <li>• Board fees reduced by over 30%</li> </ul>

\* Excludes Royalty. US\$27.4 / Bbl including Royalty

# Share price and shareholders

## Tap 12 Month Share Price History (to 24 May 2018)



Min	5.1	A\$cps
Max	7.6	A\$cps
Volume	107.9	Millions
Avg, Daily	428,101	Shares
Liquidity	25%	Annual %

## Shareholder Analysis

Registry		
Issued Shares	425.97	Million
Shareholders	2,977	
% Owned by Top 10	60.8%	
% Owned by Top 20	65.5%	
% Owned by Top 50	73.1%	

Top 5 Shareholders	
NGP	25.5%
Risco	25.1%
Phoenix Portfolios	2.4%
Mr Pichai Chunchavajira	2.1%
Flying Triangle	1.4%

# New Board with complementary skills



**Chris Newton**  
Chairman

- 40 years' upstream oil and gas industry experience in technical, commercial, strategic and leadership roles.
- 30 years' experience in SE Asia.
- Led private and listed companies from 30 – 1,200 staff & production > 30,000 boepd.
- Qualified Geologist (Univ. Durham, UK, 1978) with a Post Grad, in Applied Finance and Investment from SIA.



**Govert Van Ek**  
Non-Executive  
Director

- Commenced upstream career with Shell after graduating with a Ph.D in total technology.
- Worked for a number of investment banks with technical sign off for upstream matters.
- Managing Director of a number of upstream E&P companies including Spyker Energy Plc
- Co-founded a number of successful software technology companies where he remains active.



**Damon Neaves**  
Non-Executive  
Director

- 15 years' experience in oil and gas leadership roles.
- Asia Pacific and African focus.
- Significant energy sector transactional experience.
- NWS gas commercialisation experience.
- Currently advisor to Finder Exploration.



**Kamarudin Baba**  
Non-Executive  
Director

- 30 years' experience as a company secretary, in private legal practice and in-house counsel.
- Currently the General Counsel of the Northern Gulf Petroleum Group (NGP).
- UK qualified lawyer.
- Practised as Advocates and Solicitors in the High Court of Malaya.

# Leverage Manora Infrastructure for Growth and Cashflow

# Manora Oil Field, Gulf of Thailand (TAP 30%)

## Manora Oil Field

- Discovered November 2009, on-stream November 2014 .
- Two hanging wall fault blocks with high quality sandstone reservoirs
- Multiple stacked pay & large oil columns in excess of 800 ft.
- 28 degree API oil, sells at US\$2/bbl premium to Dubai.
- The 5 yr historical average Dubai/Brent spread is ~US\$-2.00/bbl.

## Field Development

- Well-head processing platform, plus FSO.
- 12 producing wells fitted with electric submersible pumps
- 4 injectors for acquirer support
- Smart completions for production optimisation

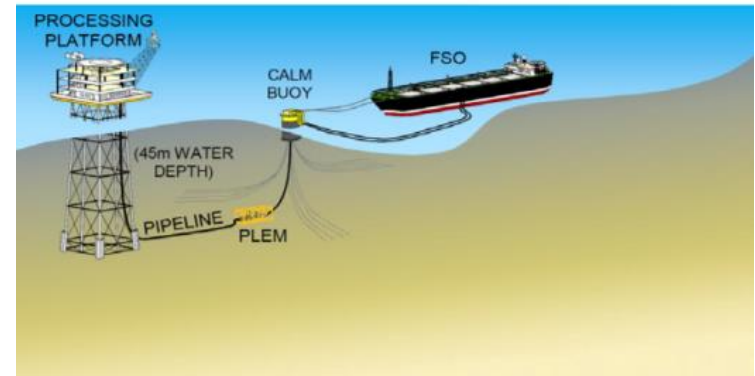
## Production Performance

- Gross EUR @ FID 20.2MMstb, Current 2P EUR 19.4 MMstb
- Cumulative Production at 31 March 2018 = 12.7 MMstb gross
- 1P & 2P net reserves @ 31 Dec 2017 = 1.45 / 2.21 MMstbo
- Current gross production 6,390 bopd & 23,000 bwpd in April.
- Approximately 4 years of field life on current reserve-base
- Infield and nearfield drilling plus ongoing workovers underway to enhance production and reserves

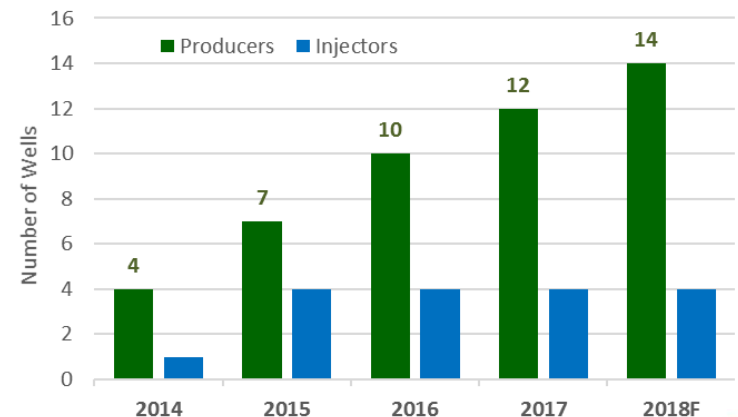
## HSSE Performance

- Zero LTI's through discovery, development & production to date
- 12 month rolling TRIR = 0

## Manora Development



## Manora Producers & Injectors

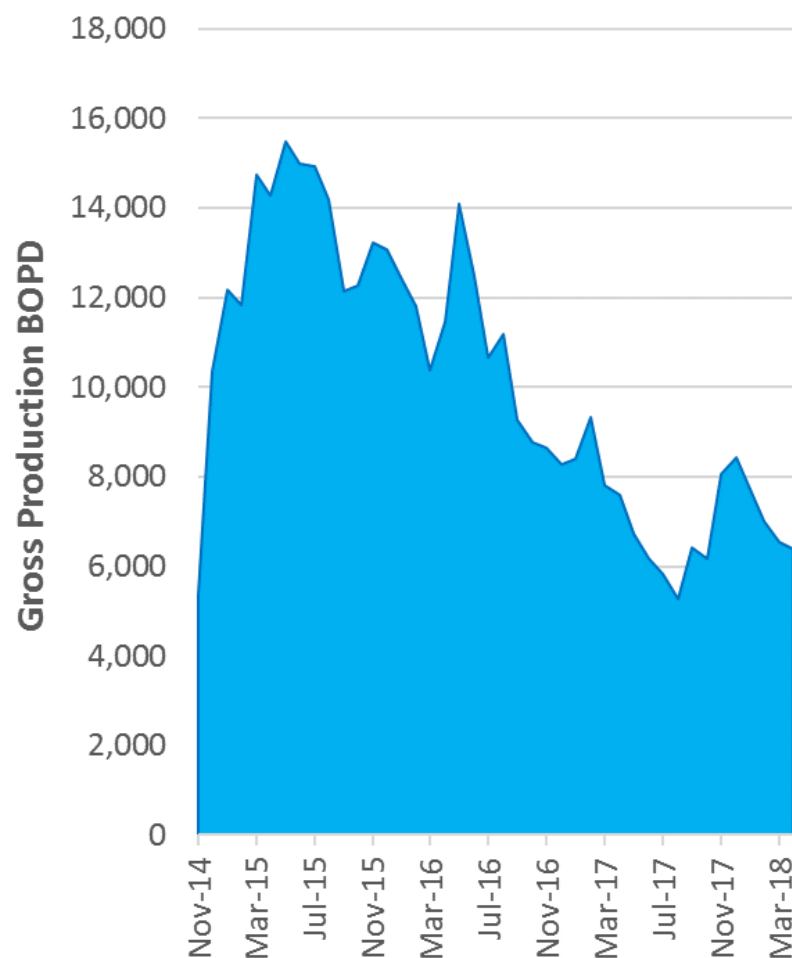


At year end, excluding 2018 exploration results



# Manora Operating Performance

## Manora Gross Production



## Production Costs and Cashflow

	2017 (Full Year)	1Q 2018
Gross Oil Production & Water Cut (%)	7,173 bopd 72%	7,086 bopd 75%
Net Oil Production	2,152 bopd	2,126 bopd
Production & Facilities Uptime	96.4%	95.0%
Revenue / Bbl before hedges	US\$54.50	US\$65.30
Revenue / Bbl including hedges	US\$51.40	US\$59.50
Field Operating Costs / Bbl	US\$21.40	US\$22.40*
Operating Margin %	58.3%	62.3%
Operating Cashflow / Bbl	US\$30.00	US\$37.10

\* Excludes Royalty. US\$27.4 / Bbl including Royalty

# Manora Growth Focused Strategy

## Infrastructure Leverage

- New volumes developed quickly at low incremental Capex and zero incremental Opex
- Exploits spare production process capacity

## Reserves Leverage

- New volumes extend existing production life and enhance reserves

## Cost Leverage

- New volumes expand margins and value driven by high fixed costs
- Exploits current low drilling and service sector costs

## Fiscal Leverage

- 50% corporate tax rate means exploration and development spend is with 50 cent dollars
- Best SE Asia operating environment

## Knowledge Leverage

- Petroleum system knowledge, insight and experience reduces costs and risks
- Wells drilled and in production faster and cheaper than ever



**The Best Place  
to Find New Oil &  
Gas is Adjacent  
to Existing  
Production**

# Manora Growth Opportunity Set

4 well 2018 drilling program at US\$3.6 million (pre tax) net to Tap

## 490-60 Oil Pool Development (MNA-20 & MNA21)

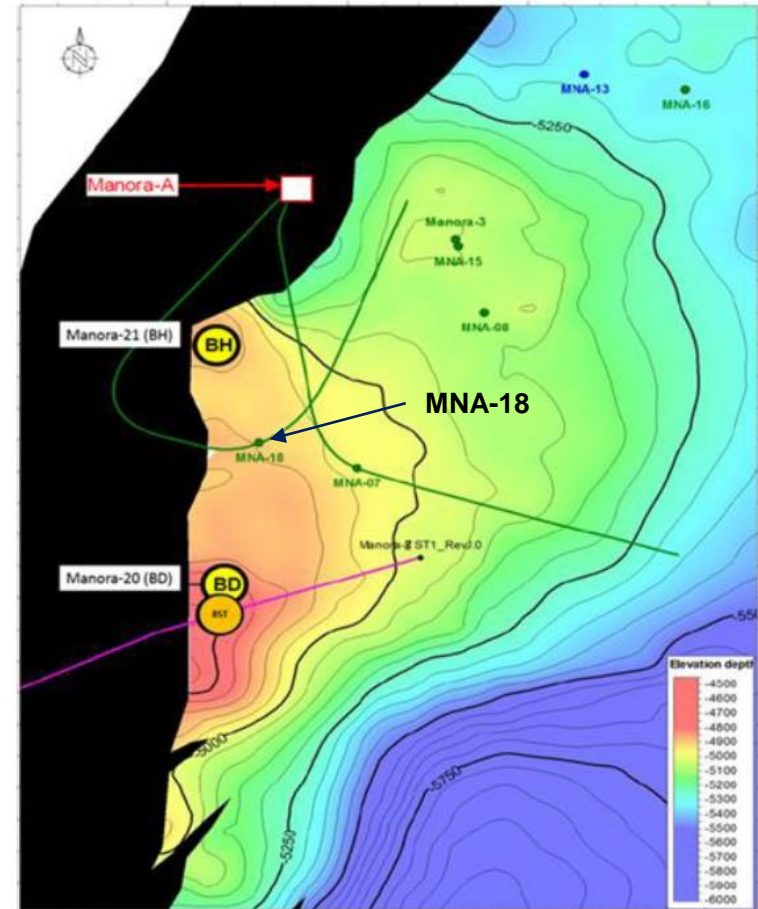
- MNA-18 development well exceeded expectations with 26.5 m of oil pay in the 490-60 reservoir
- Well commenced production at 1,830 bopd and has produced 247 Mstb to 31 March 2018
- MNA-20 & MNA-21 required to developed proved undeveloped reserves and mitigate production decline
- Operator forecasts initial production of 2,450 BOPD from two wells
- Tap Capex= US\$2.3 m drilled and completed

## Manora-8 Sidetrack

- Stacked sands at 300, 400 and 500 series levels on crest of structure and adjacent to bounding fault present new appraisal and development opportunity
- Low cost appraisal with side track of Manora 8
- Low cost, low risk, modest volumes and high margin barrels.
- Tap Capex= US\$0.28m dry hole cost

## Manora Footwall Exploration (Manora-8)

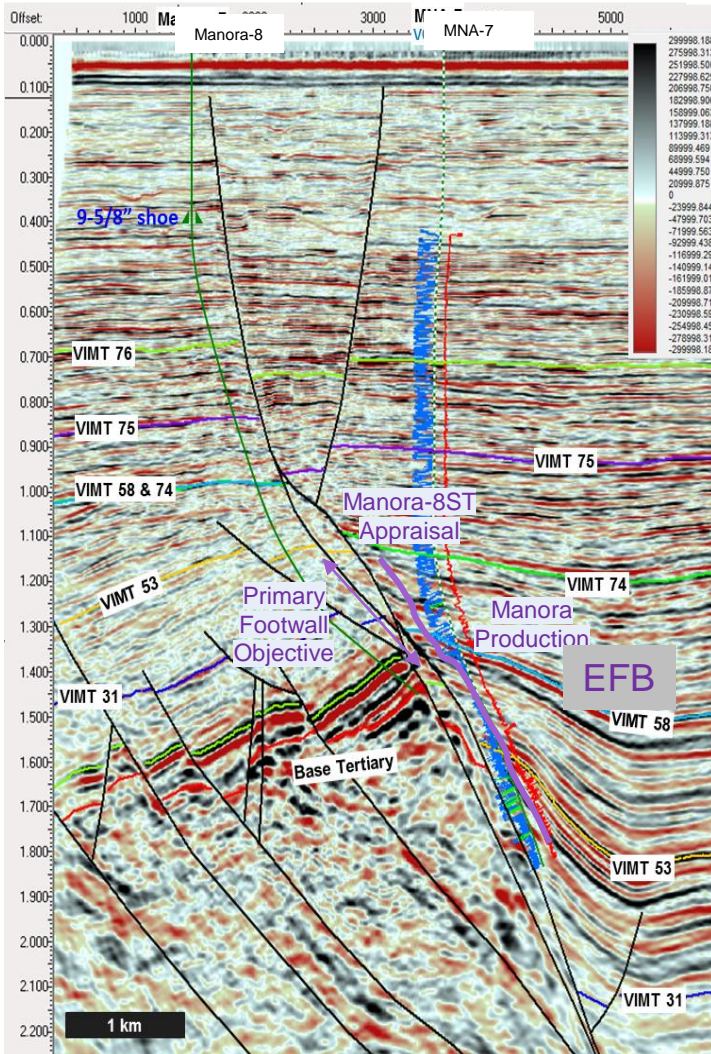
- Highest fault block in the Manora Field
- Indications oil migrates through EFB and CFB and spills into the Footwall block
- MNA-17 proved Manora oil has migrated across the bounding fault
- Multiple stacked objectives that can be developed quickly from exiting Manora platform
- High impact / high risk / low costs opportunity
- Tap Capex = US\$0.72 /0.93 m dry hole / success cost



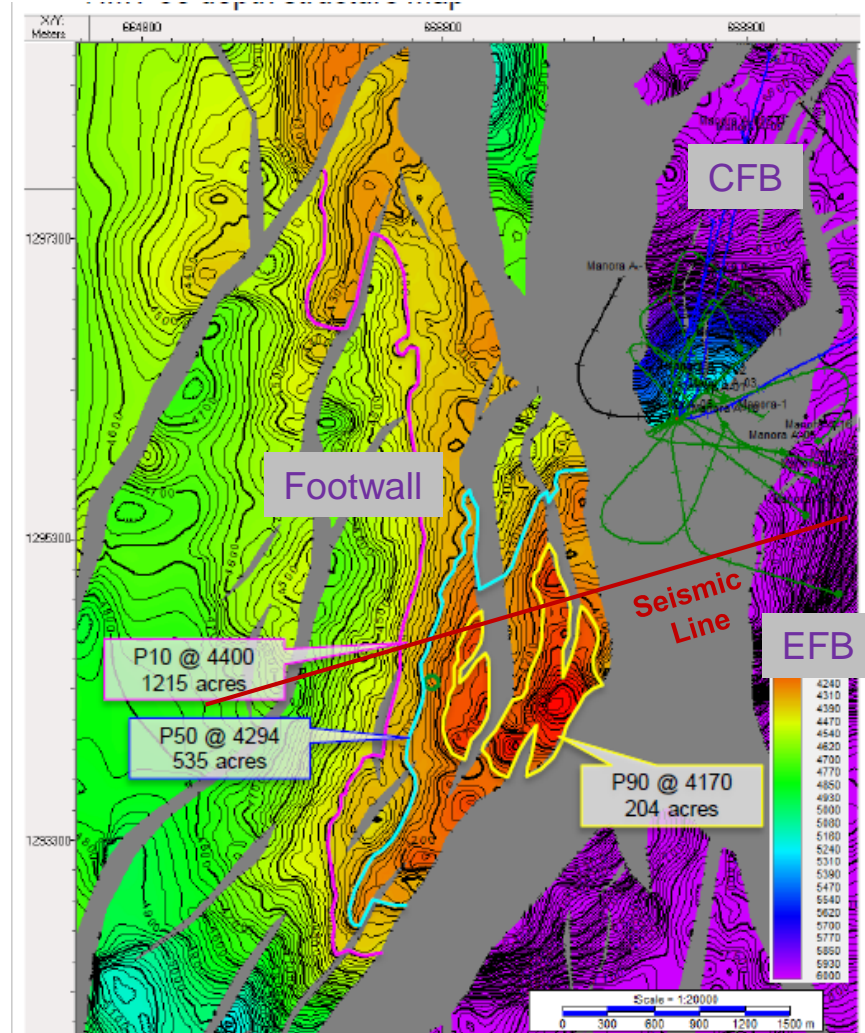
490-60 Oil Pool Structure Map

# Manora Footwall tests highest fault block on Manora structure

Seismic Line: Footwall Prospect to Manora EFB



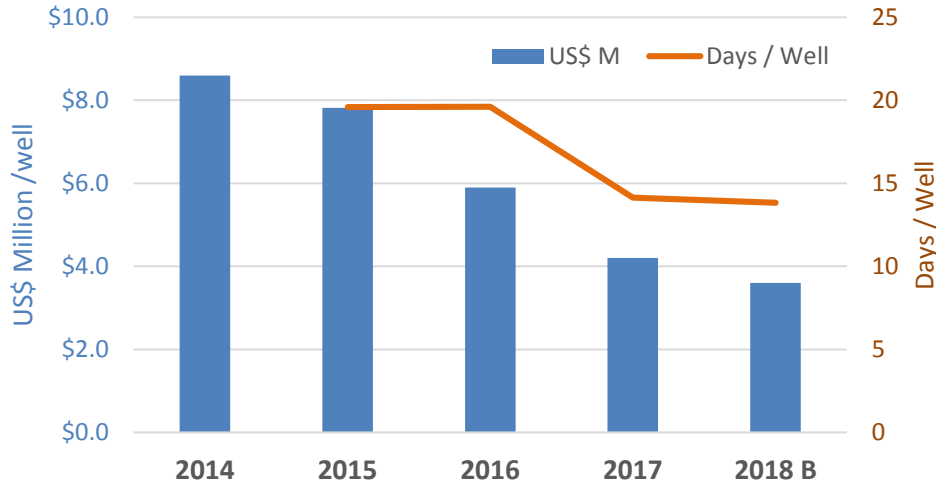
Structure Map and Footwall Primary Objective



CFB = Central Fault Block  
EFB = Eastern Fault Block

# Manora Drilling Cost and Safety Track record

## Manora Development Drilling Performance



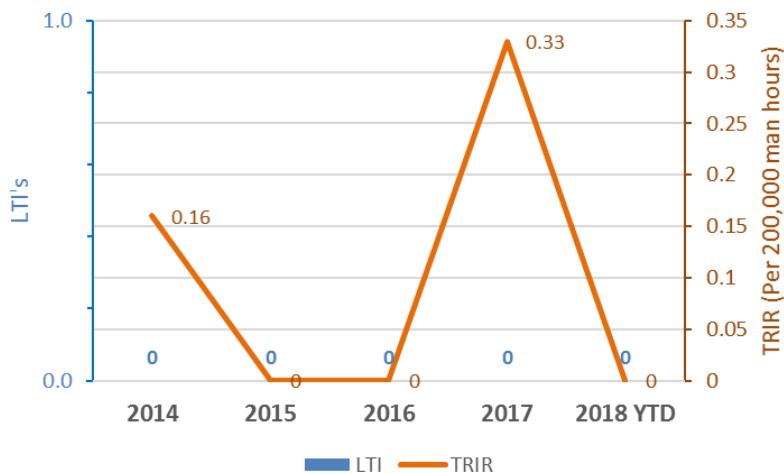
### 2014 – 2018

- 58% well cost reduction
- > 60% reduction in cost/ foot
- Despite increasing drilling complexity

### Achieved by:

- >30% reduction in spread rate by aggressive renegotiation
- 30% reduction in drilling days
  - Increased ROP
  - Increased trip speed
  - Reduced casing run time

## Manora HSSE Performance



### 2014 – 2018

- Zero LTI's since project inception
- 2.05 million man hours worked

### 2018

- 12 month rolling TRIR = 0
- OHSAS18001 & ISO9001 certified

LTI = Lost Time Injury

TRIR = Total Recordable Incidence Rate

# Monetise Australian Portfolio

# Australian Portfolio Rationalisation and Monetisation

## Focus on higher value opportunities

### Exploration Blocks..... Exit

- Residual exploration exposure in Australia and Myanmar to be exited by mid 2018

### Contingent Oil Resources..... Exit

- Contingent Oil Resources being monetised
  - Amulot (Sold)
  - Taunton (under negotiations)

### Contingent Gas Resources..... Monetise

- Contingent Gas Resources retained where they represent a low cost option over future commercialisation
  - Tallaganda
  - Prometheus/ Rubicon
  - Maitland
- High cost (development and holding) resources exited
  - Zola / Bianchi

Field	Tap W.I.	Gross 2C PJ	Net 2C PJ
Tallaganga	20%	244	49
Prometheus / Rubicon	12%	377	45
Maitland	22.5%	154	35

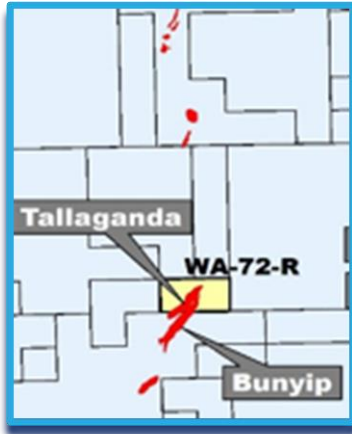
### Abandonment Liabilities..... Minimise

- Low service sector cost opportunity taken to complete some restoration
  - Chervil & Airlie
- Working on minimising remaining exposure
  - Woollybutt (US\$14.5 million provision\* before 40% PRRT credit)

# Value emerging as asset and gas market improves

## WA72R – Tallaganda

Tap 20%, BHP Operated



- Tallaganda-1 drilled in Q1 2012 in 1,141m water
- Encountered 50.3 m of gas pay in the Triassic sandstones
- Bunyip-1, in adjacent BHP operated block encountered gas in a separate fault block on the same structure in Feb 2014
- Retention leases WA72R & WA71R covering both field were granted in March 2016
- Combined production potential of ~200 MMscfd for 10+ years
- Tap carries net 2C gas resources of 49 PJ
- Low cost option over improving gas & asset markets

## Prometheus / Rubicon

Tap 12%, ENI Operated



- Prometheus-1 discovery drilled in June 2000 in 69 m water
- Encountered 69 m of gas pay in the Tern & Cape Hay sandstones
- Follow-up well Rubicon-1 drilled in adjacent fault block found 25 m gas in Tern formation in Dec 2000
- Retention leases WA34R renewed in December 2015
- Ichthys – Darwin gas pipeline routed via the gas fields as a possible compression station location.
- Development studies on going
- Tap carries net 2C resources of 45 PJ (40 BCF)

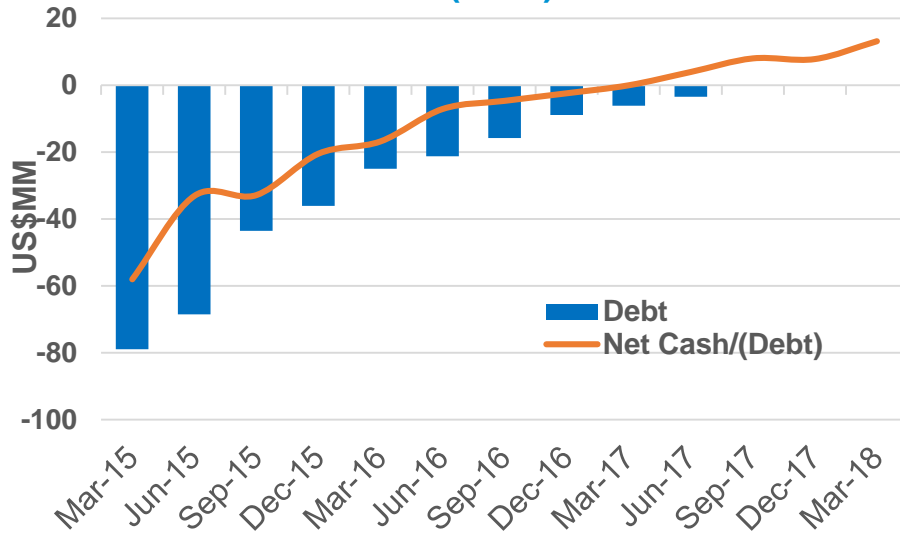


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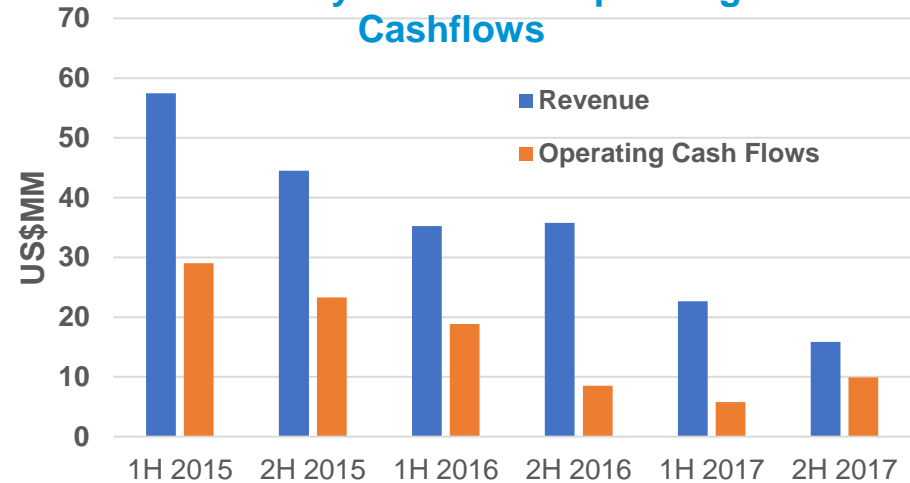
## Growing Cash and Debt Free

# Debt eliminated, costs reduced and cash increasing

## Net Cash / (Debt) Position



## Half Yearly Revenue & Operating Cashflows



## Corporate Costs

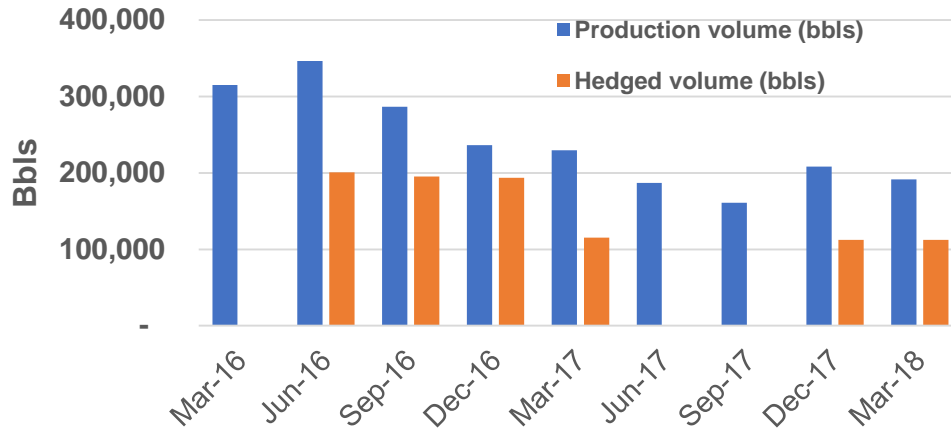


### Commentary:

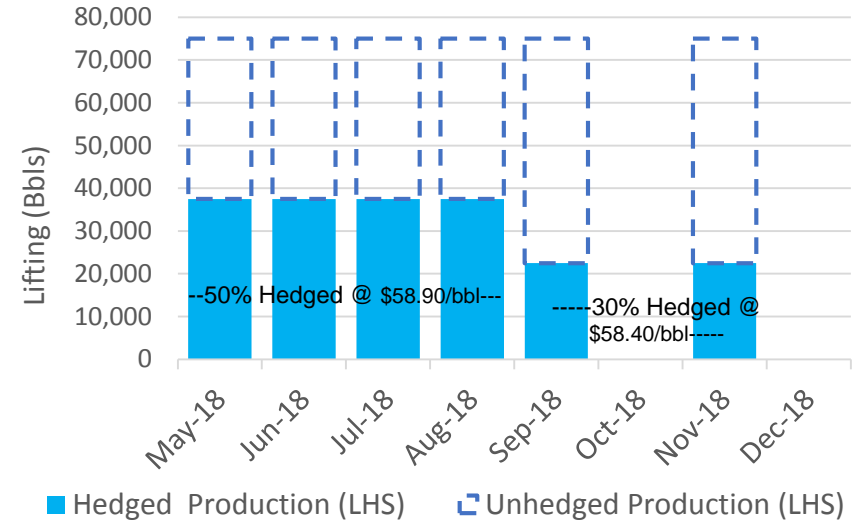
- Cash positive production and cost efficiencies enabled Manora reinvestment and debt repayment
- Growing cash position provides strength & future strategic optionality

# Strategic hedging only now debt is repaid

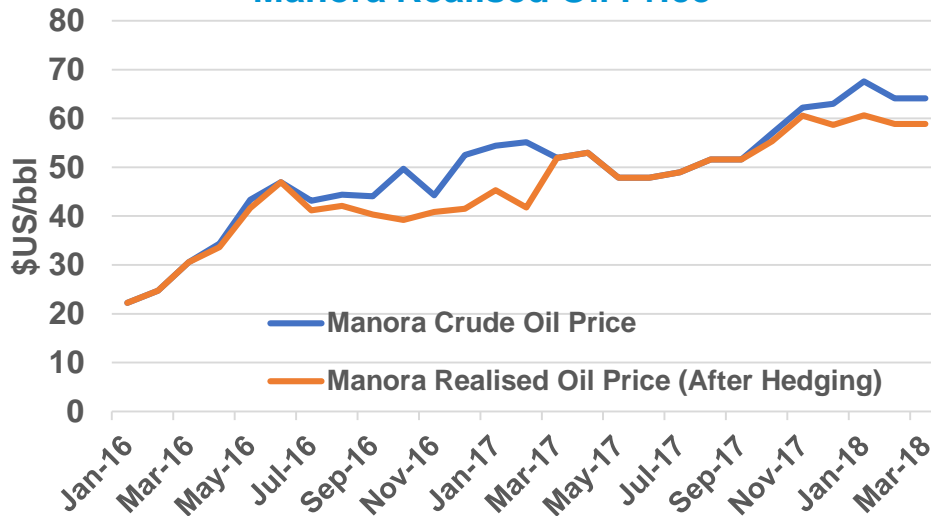
## Quarterly Production and Hedged Volumes (Tap share)



## Tap Outstanding Hedge Positions 2018



## Manora Realised Oil Price



### Hedging Strategy:

- Reduce hedging now debt is repaid
- Hedge 30-50% of production to protect downside and ensure funding for 2018 Manora drilling program
- Fund future obligations.
- Maintain investor exposure to upside oil prices

# In summary

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- **Skilled and fit for purpose new Board**
- **New lower costs and risk strategy with clear value delivery focus**
  - Leverage Manora infrastructure for growth and cashflow starting with 4 well drilling program
  - Rationalize & monetize Australian portfolio
- **Growing cash and debt free**
  - Meet abandonment obligations
  - Increases future optionality for shareholder value delivery

# More Information in 2017 Annual Report



[http://www.tapoil.com.au/site/PDF/2723\\_2/AnnualReporttoshareholders](http://www.tapoil.com.au/site/PDF/2723_2/AnnualReporttoshareholders)



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