

ASX ANNOUNCEMENT

25 July 2018

ASX:TAP

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Manora Exploration Potential

Highlights

- Preliminary evaluation has identified 32 leads in the G1/48 Concession with an unrisksed total OIIP volume of ~56 MMSTB net to Tap Oil
- Evaluation of these exploration opportunities is being prioritised by Tap Oil in order to generate drillable prospects and promote additional drilling activity in the area surrounding the Manora Oil Field in the near term
- Existing production infrastructure in an oil prone area in combination with low drilling and tie-back costs makes the exploration potential an attractive strategy for Tap Oil to pursue, particularly in the current higher oil price environment

Tap Oil Limited (ASX:TAP) (**Tap Oil** or the **Company**) recently engaged Perth based consulting group Discover Geoscience (**Discover**) to undertake an evaluation of the area surrounding the Manora Oil Field within the G1/48 concession, with a particular focus on identifying new exploration opportunities.

This engagement with Discover is part of a strategic initiative by Tap Oil to encourage new exploration and development activity in and around the Manora Oil Field to ensure the potential of the field and surrounding acreage is fully exploited. The existing Manora Oil Field infrastructure allows for discoveries within ~5km of the platform to be brought online for production within 2-3 weeks of drilling.

Due to the low cost of drilling and completion (~US\$3.6 million per well gross or ~US\$1.1 million per well net), the profit margin on new barrels from the Manora Oil Field is greater than US\$35/bbl at current spot prices. The relatively low cost of drilling and development of identified prospects, and potential for high margin barrels make the identified prospects a compelling drilling opportunity.

Discover have identified 32 leads as part of their preliminary evaluation, with an unrisksed total Oil Initially In Place (**OIIP**) volume of ~56 MMSTB net to Tap Oil. We caution that Discover's analysis is a preliminary evaluation only, and the OIIP estimate does not meet the criteria of Prospective Resources and does not take account of recovery factors (which are typically 20-45% of OIIP volumes). This is in addition to Tap Oil's 1P Reserves of 1.2 MMSTB, 2P Reserves of 2.1 MMSTB and 2C Contingent Resources of 1.1 MMSTB as at 30 June 2018 for G1/48. Tap Oil's Reserves and Contingent Resources are shown in the tables below (refer to Tap Oil's announcement of 11 July 2018 for further information).

Tap Oil's Reserves as at 30 June 2018

MMbbl	Proved Oil	Proved & Probable Oil
Case	1P	2P
Thailand – Developed	1.0	1.9
Thailand – Undeveloped	0.2	0.2
Thailand – Total	1.2	2.1

Tap Oil's 2C Contingent Resources as at 30 June 2018

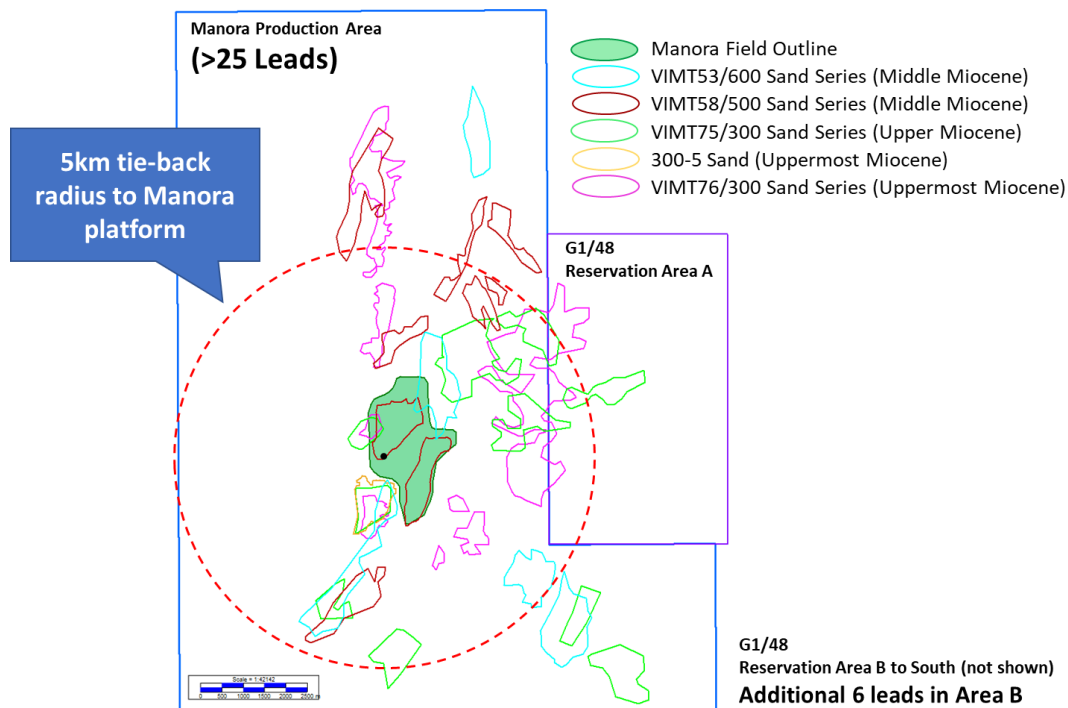
Unit	Oil MMbbl	Gas PJ	Condensate MMbbl
Thailand	1.1	-	-
Australia	-	128.8	0.4
Total	1.1	128.8	0.4

Discover has defined all leads based on high quality 3D seismic in proven oil play fairways. Further evaluation is ongoing in order to generate drillable prospects and will take approximately ten weeks to complete. Tap Oil intends to present the high graded drilling opportunities identified from this evaluation to the G1/48 joint venture.

Tap Oil's recent drilling campaign success is an indicator of the remaining potential in and around the Manora Oil Field. The initial production from MNA-20 and MNA-21 wells (part of the recent drilling campaign) has increased total daily production from the Manora Oil Field by ~38% to ~8,300 bopd gross (~2,500 bopd net). Both the MNA-20 and MNA-21 wells were producing within 2 days of completion.

Shown on the map below of the G1/48 Concession are leads identified by Discover and a ~5km tie-back radius to the existing Manora Oil Field platform. The existing Manora Oil Field infrastructure will reduce development costs and lowers the Minimum Economic Field Size (**MEFS**) required for a discovery to be commercialised.

Prospect and Lead Map



Key Objectives of Tap Oil's Exploration Strategy for the Manora Oil Field

- Access leading geoscience capabilities to evaluate, identify and high grade new drilling opportunities
- Optimise the utilisation of existing Manora Oil Field production infrastructure through infill drilling and tie-back for near-term production
- Working together with MP G1 (Thailand) Ltd (Mubadala or the Operator) to achieve technical consensus on prospect ranking and approve new drilling activity in the near term
- Take advantage of low cost drilling using the long term contract rate for the Ensco 115 jack-up rig (which successfully completed the recent drilling campaign)
- Increase Reserves, increase production, extend the economic life of the Manora Oil Field and defer abandonment

In addition to Tap Oil's exploration strategy for the Manora Oil Field, work is being completed to further enhance value of the project, including:

- Converting the recent discovery of 0.5 MMSTB net 2C Contingent Resources in the 300 series sands in to Reserves and ultimately production; and
- Finalising the proposed 2019 development drilling program, which may include:
 - AT and BT wells targeting the 650 reservoir in the Central Fault Block and the 620/650 reservoirs in the Eastern Fault Block;
 - Development of the 300 series sands in the Eastern Fault Block, which may include three horizontal producers; and
 - Agreed exploration targets.

Continue To Take No Action in Relation to the Risco Takeover Offer

On 11 July 2018, Tap Oil lodged its Supplementary Target's Statement including the Independent Expert's Report, in relation to the on-market takeover bid by Risco Energy Investments (SEA) Limited (**Risco**) for all of the shares in Tap Oil that Risco does not already own (**Offer**).

The Directors believe the exploration potential surrounding the Manora Oil Field identified by Discover's preliminary evaluation, whilst not certain, represents further upside potential to the valuation range determined in the Independent Expert's Report. Further evaluation is ongoing in order to generate drillable prospects and will take approximately ten weeks to complete.

The Non-Affiliated Directors continue to unanimously recommend that Tap Oil Shareholders **REJECT** the Offer by **DOING NOTHING** and **TAKING NO ACTION**, for the reasons set out in the Target's Statement lodged on 15 May 2018 and supplemented by the reasons outlined in the Supplementary Target's Statement.

Tap Oil will continue to keep shareholders informed of further developments.

Person compiling information about hydrocarbons

The Oil Initially In Place (**OIIP**) estimates in this announcement are based on information compiled by Mr Dariusz Jablonski B.A.Sc who has consented to the inclusion of such information in this report in the form and context in which it appears. Mr. Jablonski is an employee of independent consultants, Discover Geoscience Pty Ltd, with more than 30 years relevant experience in the petroleum industry and is a member of Australian Petroleum Production and Exploration Association (**APPEA**) and The Society of Petroleum Engineers (**SPE**).

The Reserve and Contingent Resource information in this announcement is based on, and fairly represents, information and supporting documentation prepared by, or under the supervision of, 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 contained in this announcement.

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