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The Company Announcements Platform
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PAYMENT DISPUTE SETTLEMENT WITH NORTHERN GULF PETROLEUM

- **All outstanding payment disputes settled for a zero settlement sum**
- **Arbitration and further legal actions ceased**
- **In addition, the future earn-out obligation bought out for US\$2 million (cash and equity)**

Tap Oil Limited (ASX: TAP) is pleased to announce that it has agreed to settle various outstanding disputes and future payment obligations with Mr Chatchai Yenbamroong and with Northern Gulf Petroleum Holdings Limited and related entities (collectively **NGP**).

Tap has previously announced disputes with Mr Yenbamroong relating to acquisition payments due under the sale and purchase agreement for Tap's acquisition of its 30% interest in the G1/48 Concession. The disputes relate to the calculation of amounts payable by Tap to NGP in respect of the 2P reserves deferred payment, and the payment of carried costs by NGP to Tap. On the 19 August 2015 Tap filed a Notice of Arbitration in Singapore relating to these disputes with the hearing due to commence on the 5 December 2016.

Tap and NGP have agreed to settle these disputed payments for a zero settlement sum. Both parties have agreed to bear their own legal costs and to discontinue the arbitration and any further legal action on this matter.

Further Tap has agreed to pay NGP a lump sum of US\$2 million in full and final payment of all existing and future obligations owing by Tap by way of earn-out payments to NGP.

Under the sale and purchase agreement, Tap agreed to pay an earn-out to NGP equal to 2% of all revenue from the sale of petroleum attributable to Tap's 30% interest in the G1/48 Concession for the life of the Manora project. The current earn-out owing by Tap to NGP is US\$677,301. Further earn-out payments will accrue from the proceeds from future oil liftings if the Brent crude price is over US\$50/bbl.

In the opinion of the non conflicted Directors of the Board, the settlement is value accretive as it is priced at a discount to the expected value of the earn-out payable.

The payment amount of US\$2 million owing by Tap is to be paid as follows:

- An immediate payment of cash of US\$500,000;
- An immediate issue of fully paid shares in Tap, having a notional value of US\$662,769;
- The remaining balance to be paid in cash on or before 31 March 2018 provided always that if Tap undertakes an equity fundraising prior to that time, the obligation to pay this remaining balance is accelerated such that Tap must ensure that the funds raised from that equity raising are sufficient to pay this remaining balance. Were Tap to undertake a rights issue, as part of these arrangements, NGP has committed to

use their best endeavours to take up their pro-rata entitlement under any such fundraising.

The CEO, Mr Troy Hayden commented:

“The Board felt the ongoing relationship with our second largest shareholder could be adversely impacted by the arbitration result. The outgoing Chairman, Mr Doug Bailey has successfully negotiated a settlement with Mr Yenbamroong and additionally remove the future earn-out payments for a discounted amount. The settlement of the dispute and the cancellation of the ongoing earn-out remove any potential future conflicts over these payments. We were able to achieve this outcome by working cooperatively with NGP who have also been keen to move forward constructively with Tap”.

Investor Enquiries

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