

SECOND SUPPLEMENTARY TARGET'S STATEMENT

By **Tap Oil Limited** ABN 89 068 572 341

In response to the Increased Offer made by Risco Energy Investments (SEA) Limited.

In the absence of a superior proposal, the Independent Directors
unanimously recommend that you



ACCEPT

the Increased Offer made by Risco Energy Investments (SEA) Limited to
acquire all of your shares in Tap Oil for \$0.091 cash per share.

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION.
YOU SHOULD READ THE DOCUMENT IN ITS ENTIRETY. IF YOU ARE IN DOUBT AS TO WHAT YOU SHOULD DO,
YOU SHOULD CONSULT YOUR INVESTMENT, FINANCIAL, TAXATION OR OTHER PROFESSIONAL ADVISER.

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT TAP OIL'S COMPANY SECRETARY ON +61 8 9485 1000
BETWEEN 9.00AM AND 5.00PM (PERTH TIME) MONDAY TO FRIDAY.

Financial Adviser



Azure Capital

Legal Adviser

**CORRS
CHAMBERS
WESTGARTH**

lawyers

SECOND SUPPLEMENTARY TARGET'S STATEMENT

Pursuant to section 644 of the Corporations Act 2001 (Cth), this Second Supplementary Target's Statement dated 20 August 2018 (**Second Supplementary Target's Statement**) has been prepared by Tap Oil Limited (ABN 89 068 572 341) (**Tap Oil**).

The Second Supplementary Target's Statement supplements, and should be read together with, Tap Oil's Target's Statement dated 15 May 2018 and Tap Oil's first Supplementary Target's Statement dated 11 July 2017, in relation to the on-market cash takeover offer by Risco Energy Investments (SEA) Limited (**Risco**) to acquire all of the shares in Tap Oil (**Offer**).

IMPORTANT NOTICES

This Second Supplementary Target's Statement has been lodged with ASIC on 20 August 2018 and provided to the ASX. Neither ASIC, ASX nor any of their respective officers take any responsibility for the content of this document.

It is important that you read the Target's Statement, the Supplementary Target's Statement and this Second Supplementary Target's Statement in their entirety before making any investment decision and any decision relating to the Increased Offer. Your Directors encourage you to obtain independent advice from your investment, financial, taxation or other professional adviser before making a decision whether or not to accept the Increased Offer.

Capitalised terms used in this Second Supplementary Target's Statement have the same meaning as defined in Section 9 of the Target's Statement unless otherwise defined.

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KEY DATES

Announcement date of the Offer	2 May 2018
Date of Bidder's Statement	2 May 2018
Date of Target's Statement	15 May 2018
Date of Supplementary Bidder's Statement	16 May 2018
Date of Supplementary Target's Statement	11 July 2018
Announcement date of the Increased Offer	9 August 2018
Date of Second Supplementary Bidder's Statement	10 August 2018
Date of this Second Supplementary Target's Statement	20 August 2018
Scheduled close of Extended Offer Period (unless extended or withdrawn)	Close of ASX trading on 27 August 2018

Note: The Increased Offer may only be withdrawn in exceptional circumstances in accordance with the Corporations Act as summarised in Section 5.5 of the Target's Statement.

ACCEPT THE INCREASED OFFER BY SELLING YOUR SHARES AT THE INCREASED OFFER PRICE

1. THE INDEPENDENT DIRECTORS RECOMMENDATION

In the absence of a superior proposal, the Independent Directors unanimously recommend that you **ACCEPT** the Increased Offer by selling all of your Tap Oil Shares on ASX at the Increased Offer Price, for the reasons outlined below in this Second Supplementary Target's Statement.

Tap Oil Shareholders should be aware, that as the Increased Offer is an on-market offer, if you accept the Increased Offer now, you will not be able to participate in any further potential increase in offer price by Risco, or any alternative proposal, that may emerge.

If you have any questions, please call Tap Oil's Company Secretary on +61 8 9485 1000 between 9.00am and 5.00pm (Perth time) Monday to Friday.

For further information about the Increased Offer, refer to the Supplementary Bidders Statement released on 10 August 2018.

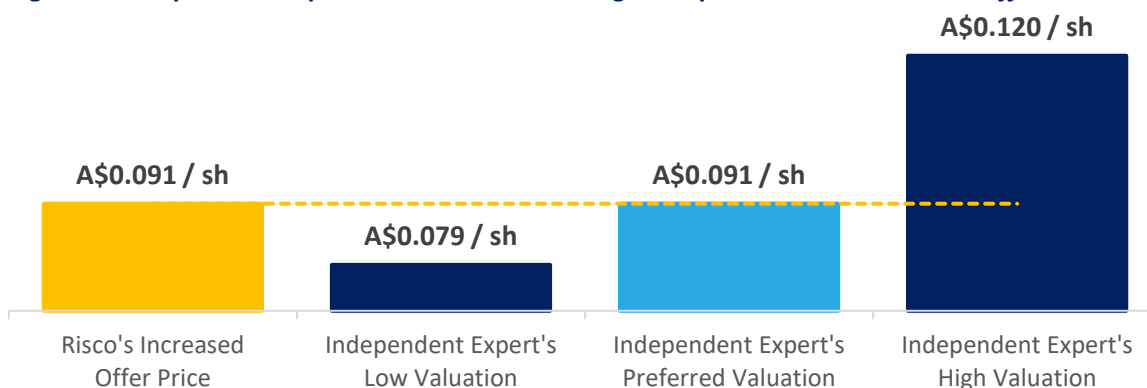
2. REASONS TO ACCEPT THE INCREASED OFFER

On 8 August 2018, Tap Oil entered into an implementation agreement with Risco (**Implementation Agreement**), under which Risco agreed to increase the offer price to A\$0.091 cash per Tap Oil Share (**Increased Offer Price**) and extend the offer period which is now scheduled to end at the close of trading on 27 August 2018 (unless further extended or withdrawn) (**Extended Offer Period**) (together, the **Increased Offer**). The Implementation Agreement was released to the ASX on 9 August 2018.

The Independent Directors unanimously recommend shareholders **ACCEPT** the Increased Offer, in the absence of a superior proposal.

The Increased Offer Price matches the "preferred valuation of Tap Oil on a control basis prior to the Offer" of A\$0.091 per share, as determined by the Independent Expert, BDO Corporate Finance (WA) Pty Ltd, in its Independent Expert Report dated 10 July 2018.

Figure 1. Independent Expert's assessed value range compared to the Increased Offer Price



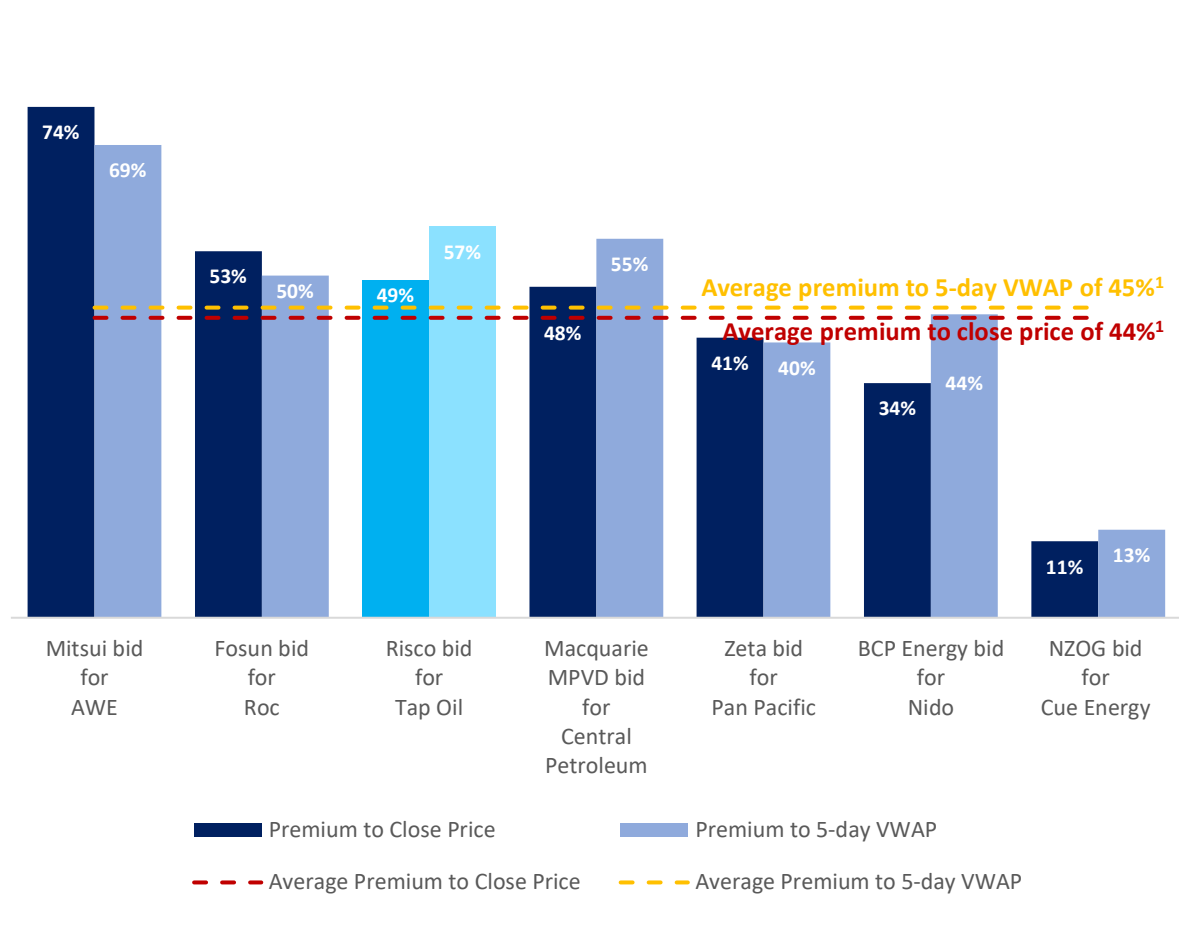
The Increased Offer Price also represents a premium of:

- 49.1% to the closing price of Tap Oil Shares of A\$0.061 on 1 May 2018, being the last trading day prior to announcement of the Offer;
- 57.5% to the 5-day volume weighted average price of Tap Oil Shares of A\$0.058 on 1 May 2018;
- 5.8% to the closing price of Tap Oil Shares of A\$0.086 on 7 August 2018, being the last trading day prior to announcement of the Increased Offer; and
- 15.2% to the Independent Expert's Low Valuation of Tap Oil Shares of A\$0.079.

The premium offered to Tap Oil Shareholders by the Increased Offer relative to recent comparable transactions in exchange for control of the Company is shown in Figure 2 below.

For further information on comparable cash takeover offers of ASX-listed junior oil and gas production and exploration companies, refer to the Target's Statement released on 15 May 2018.

Figure 2. Premiums offered for other cash takeover offers¹



¹ Average excludes the Increased Offer.

3. MANORA EXPLORATION POTENTIAL

Tap Oil 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, as announced to the ASX on 25 July 2018.

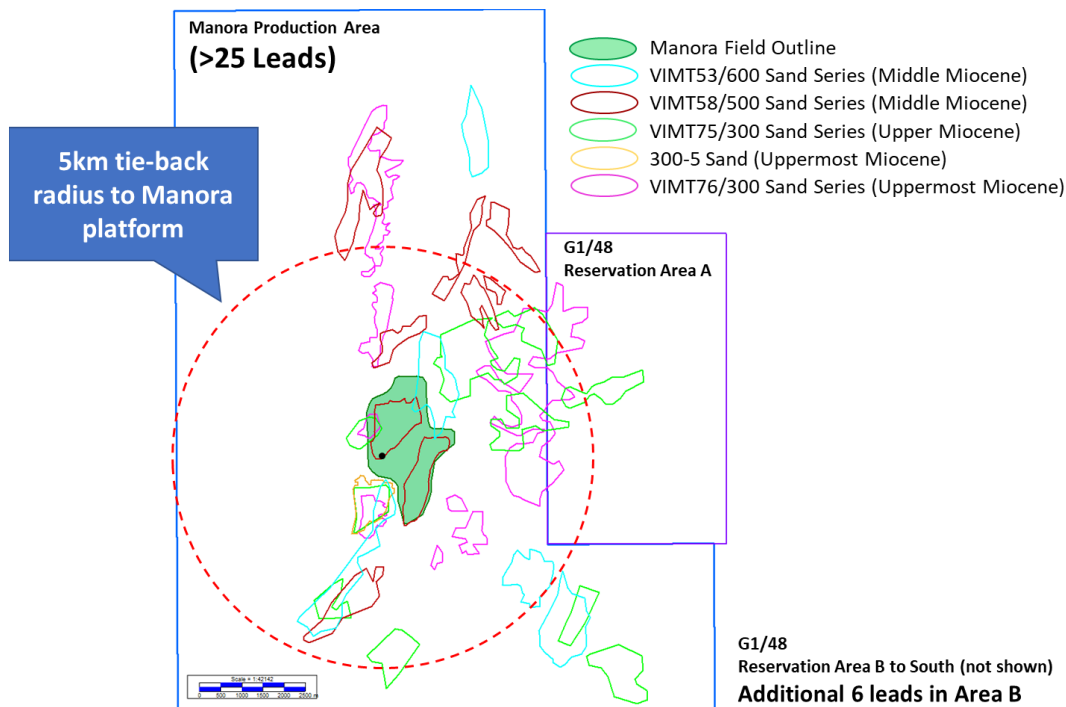
Discover identified 32 leads as part of their preliminary evaluation, based on 3D seismic in proven oil play fairways. Further evaluation is ongoing in order to generate drillable prospects and will take approximately six weeks to complete. Tap Oil intends to present the drilling opportunities identified from this evaluation to the G1/48 joint venture.

The G1/48 joint venture'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 development wells (part of the recent drilling campaign) increased total daily production from the Manora Oil Field by ~38% to ~8,300 bopd gross (~2,500 bopd net). Both of the MNA-20 and MNA-21 development wells were producing within two 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.

The Independent Directors note that the leads identified by Discover's preliminary valuation are not yet sufficient to constitute a Prospective Resource, and there is no certainty that the work done by Discover will result in an estimation of a Prospective Resource. However, Tap Oil Shareholders that accept the Increased Offer should understand they will not be able to participate in the exploration potential of the Manora Oil Field.

Figure 3. Prospect and lead map



4. MANORA LIFTINGS AND REVENUE

As announced to the ASX on 14 August 2018, production from Manora Oil Field during July 2018 averaged ~7,200 bopd gross (~2,160 bopd net to Tap Oil). There have been two oil liftings completed since 1 July 2018 (on 3 July 2018 and 8 August 2018) for a total of ~523,000 bbls gross (~157,000 bbls net to Tap Oil). Revenue generated from these two liftings is ~US\$10.5 million (net to Tap Oil, with the August lifting payable at the end of August), after hedging losses.

The operator of the Manora Oil Field advised the current oil inventory as at 12 August 2018 aboard the FSO was ~230,000 bbls gross (~69,000 bbls net to Tap Oil), with the next lifting scheduled for 4-6 September 2018 with ~250,000 bbls gross (~75,000 bbls net to Tap Oil) to be lifted.

Production from new development wells MNA-20 and MNA-21 yielded ~2,000 bopd gross (~600 bopd net to Tap Oil) during July, despite well MNA-21 experiencing an unexpected early water breakthrough in July. Production from Manora Oil Field is expected to continue in line with the current 2P production profile for the remainder of 2018. With liftings scheduled for October and December Tap Oil expects its financial position to continue to strengthen during the remainder of this year.

5. NORTHERN GULF PROPOSAL

On 17 August 2018, Tap Oil announced that it had received an unsolicited indicative, conditional and non-binding proposal from Northern Gulf Petroleum Holdings Limited (**Northern Gulf**) regarding a potential offer to acquire a proportion of the shares in Tap Oil that Northern Gulf and its associates do not already have a relevant interest in (the **Northern Gulf Proposal**). Northern Gulf and its associates hold approximately 25.5% of Tap Oil's issued share capital.

The Northern Gulf Proposal comprises a potential proportional off-market takeover offer from Northern Gulf to acquire 10-20% of the ordinary shares of Tap Oil held by each shareholder other than Northern Gulf and its associates do not already have a relevant interest, at an indicative price of between \$0.10-\$0.11 cash per Tap Oil share, and is subject to a number of conditions.

The Independent Directors consider that the Northern Gulf Proposal was not a superior proposal to the Increased Offer from Risco, and accordingly continue to unanimously recommend that Tap Oil Shareholders accept the Risco Offer in the absence of a superior proposal emerging.

For further information about the Northern Gulf Proposal, refer to the announcement released on 17 August 2018.

6. NON-EXECUTIVE DIRECTOR RECOMMENDATION

Kamarudin Baba, in his capacity as a Non-Executive Director of Tap Oil, makes no recommendation to Tap Oil Shareholders in relation to the Increased Offer due to his potential conflict in relation to the Northern Gulf Proposal.

7. CONSENTS

The following persons have given and have not, before the date of issue of this Second Supplementary Target's Statement, withdrawn their consent to:

- be named in this Second Supplementary Target's Statement in the form and context in which they are named;
- the inclusion of their respective reports or statements noted next to their names and the references to those reports or statements in the form and context in which they are included in this Second Supplementary Target's Statement; and

- the inclusion of other statements in this Second Supplementary Target's Statement that are based on or referable to statements made in those reports or statements, or that are based on or referable to other statements made by those persons in the form and context in which they are included.

Name of person	Named as	Reports or Statements
Each Director	a Director	The inclusion of statements made by them
Azure Capital Limited	Financial Adviser	N/A
Corrs Chambers Westgarth	Legal Adviser	N/A
BDO	Independent Expert	N/A
Discover	Geoscience Consultant	N/A

Each of the above persons:

- does not make, or purport to make, any statement in this Second Supplementary Target's Statement other than those statements referred to above and as consented to by that person; and
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Second Supplementary Target's Statement other than as described in this section with the person's consent.

As permitted by ASIC Class Order 13/521, this Second Supplementary Target's Statement contains statements that are made, or based on statements made, in documents lodged with ASIC or ASX (in compliance with the Listing Rules). Pursuant to this Class Order, the consent of persons to whom such statements are attributed is not required for the inclusion of those statements in this Second Supplementary Target's Statement.

Any Tap Oil Shareholder who would like to receive a copy of any of the documents (or parts of the documents) that contain the statements which have been included pursuant to ASIC Class Order 13/521 may during the Increased Offer Period obtain a copy free of charge by contacting Tap Oil's Company Secretary on +61 8 9485 1000 between 9:00am and 5:00pm (Perth time) on Monday to Friday.

Additionally, as permitted by ASIC Class Order 13/523, this Second Supplementary Target's Statement may include or be accompanied by certain statements:

- fairly representing a statement by an official person; or
- from a public official document or published book, journal or comparable publication.

Pursuant to that Class Order, the consent of persons to whom such statements are attributed is not required for inclusion of those statements in this Second Supplementary Target's Statement.

8. AUTHORISATION

This Second Supplementary Target's Statement has been approved by a resolution passed by the Independent Directors of Tap Oil.

Dated 20 August 2018.

Signed for and on behalf of Tap Oil:

A handwritten signature in grey ink, appearing to read 'Damon Neaves', written in a cursive style.

Damon Neaves

Independent Chairman and Chairman of the Independent Board Committee

APPENDIX 1. RECENT ANNOUNCEMENTS

A list of documents filed with ASX by or concerning Tap Oil since its last Annual Report until 19 August 2018 (being the last practicable date prior to finalising the Second Supplementary Target's Statement) is set out in the table below:

Date	Announcement
05/04/2018	Corporate Governance Statement
05/04/2018	Appendix 4G
16/04/2018	Resignation of Director
16/04/2018	Final Director's Interest Notice
23/04/2018	Notice of Annual General Meeting/Proxy Form
30/04/2018	March 2018 Quarterly Report
30/04/2018	Manora Oil Field – Manora 8 Exploration Well
02/05/2018	Board Update
02/05/2018	Unconditional on-market Takeover Bid for Tap Oil
02/05/2018	Unconditional on-market Takeover Bid for Tap Oil
02/05/2018	Tap advises take no action regarding Risco takeover bid
02/05/2018	Initial Director's Interest Notice
03/05/2018	Change in substantial holding
03/05/2018	Becoming a substantial holder
03/05/2018	Manora-8 Exploration Well Update
04/05/2018	Addendum to Notice of AGM and Replacement Proxy
07/05/2018	Exploration, Appraisal and Development Drilling Update
15/05/2018	Target's Statement
16/05/2018	Replacement Bidders Statement
16/05/2018	Supplementary Bidders Statement
16/05/2018	Cover letter from Jones Day
16/05/2018	Replacement Bidders Statement (mark-up)
16/05/2018	Announcement by Risco of Offer Period extension
16/05/2018	Supplementary Broker Announcement
17/05/2018	ASIC extension of time for dispatch of target statement
18/05/2018	Target's Statement dispatched to shareholders
21/05/2018	Manora-8 well spuds
25/05/2018	Presentation (AGM presentation)
25/05/2018	Results of Annual General Meeting
25/05/2018	Final Director's Interest Notice
28/05/2018	Manora-8 Exploration Well – Final Drilling Update
29/05/2018	Appointment of Chairman
04/06/2018	Manora-8ST1 appraisal well encounters oil bearing zones
13/06/2018	MNA-21 Development Well – Drilling Update
20/06/2018	MNA-20 Development Well – Drilling Update
22/06/2018	Extension of Offer Period
22/06/2018	Extension of Offer Period – Broker Announcement
25/06/2018	Extension of Risco Offer – Continue to Take No Action
26/06/2018	Sale of interest in TL/2 and TP/7
11/07/2018	Supplementary Target's Statement

11/07/2018	Reserves and Resources Upgrade and Increased Production
11/07/2018	Investor Presentation
11/07/2018	Extension of Offer Period - Risco Energy Investments
11/07/2018	Extension of Offer Period – Morgans Financial Limited
12/07/2018	Extension of Risco Offer - Continue to Take No Action
25/07/2018	Manora Exploration Potential
25/07/2018	Tap Reserves and Resources Estimate
31/07/2018	June 2018 Quarterly Report
08/08/2018	Pause in Trading
08/08/2018	Trading Halt
09/08/2018	Variation of Offer - Risco Energy Investments
09/08/2018	Variation of Offer – Morgans Financial Limited
09/08/2018	Risco Increased Offer
10/08/2018	Supplementary Bidder's Statement
13/08/2018	Change in substantial holding
14/08/2018	Change in substantial holding
14/08/2018	Update on Manora Liftings and Revenue
15/08/2018	Trading Halt
17/08/2018	Proposal received from Northern Gulf Petroleum