



ASX Release

16 August 2019

Parta Project Farm-in Onshore Romania

- TMK has acquired the right to earn a 50% interest in the Parta exploration licence, covering 1,155km² in a proven oil and gas province, onshore Romania
- TMK will fund the first US\$1.5 million of a new 3D seismic program, with seismic acquisition to commence Q4 2019
- The 3D seismic is likely to generate high quality targets with multiple stacked oil and gas pay zones (less than 2,500m depth), with intent to drill several targets next year
- Recent track record of high success rates by other companies drilling on new 3D seismic in the province
- Partner and licence operator ADX Energy (ASX: ADX) is currently drilling an adjacent appraisal well testing analogue targets
- Low cost operating environment; established infrastructure nearby; strong domestic demand for oil and gas
- Long history of oil and gas production in Romania; attractive fiscal terms; stable and fair regulatory environment

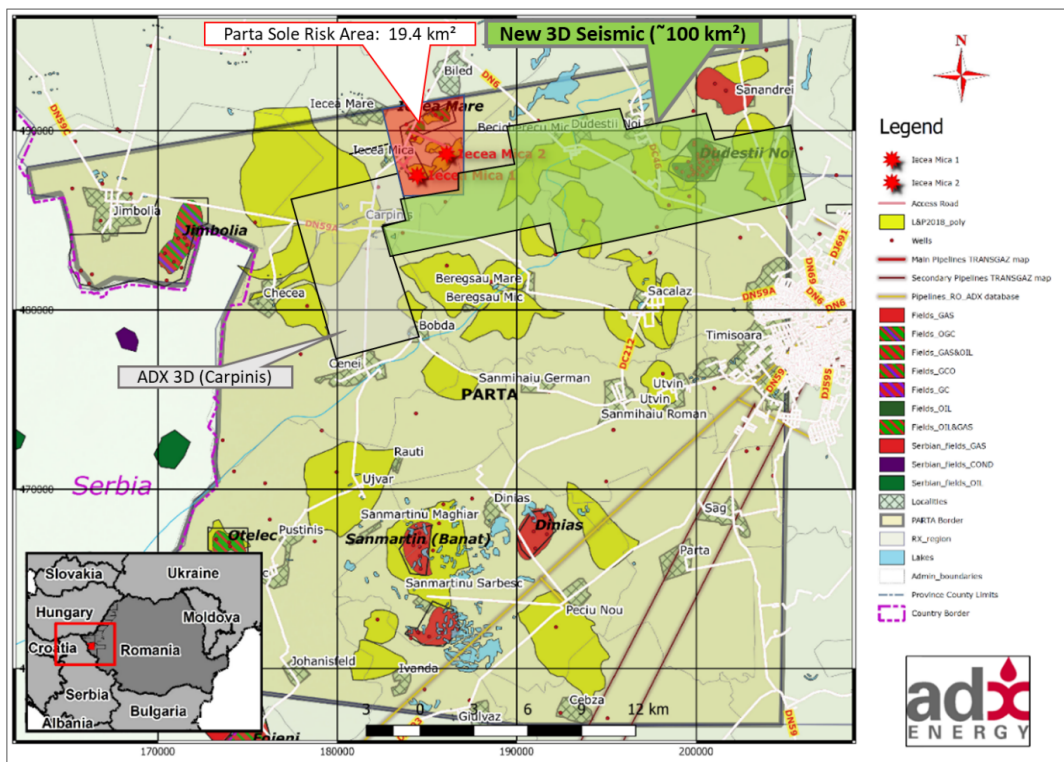


Figure 1: Map of the Parta Licence area and proposed new 3D seismic area
Image courtesy of ADX Energy (Farm-in Partner)

Parta Energy Transaction

Tamaska Oil and Gas Limited (ASX:TMK) (TMK or Company) is pleased to announce it has entered into an agreement to acquire a 100% shareholding in Parta Energy Pty Ltd, which is a special purpose vehicle that has acquired rights to a 50% participating interest in the Parta exploration licence onshore in Romania (Parta Licence).

Parta Energy has entered into a farm-in agreement with ADX Energy Panonia Srl (ADX Panonia) under which it will earn a 50% interest in the Parta Licence excluding a small sole risk area (see Figure 1 above). To complete the farm-in Parta Energy must pay US\$1,500,000 (of which US\$200,000 has been paid) towards an agreed work program and budget which will fund approximately 100km² of 3D seismic. Upon completion of the farm-in, Parta Energy will hold its 50% participating interest under a JOA, with ADX Panonia as operator. ADX Panonia is a subsidiary of ADX Energy Ltd (ADX Energy). Further details of the Farm-in Agreement and JOA are set out below.

As part of the transaction, it is proposed that Joseph Graham and Tim Wise will be appointed to the Board of TMK from completion of the transaction and Alexander Parks will resign.

Oil and Gas in Romania

Romania is one of the most hydrocarbon rich countries in Europe.

For more than 60 years prior to 2004, all oil and gas rights in Romania were nationalised and held by the state oil company Petrom. With a single state-owned company holding all rights, exploitation of the in-country oil and gas opportunities was not maximised. Petrom used 2D seismic rather than 3D seismic for target identification, and drilled the larger or more obvious targets.

In 2004, the Austrian conglomerate OMV acquired 51% of Petrom and more recently the Romanian oil and gas industry was opened to foreign investment.

Romania is a highly productive oil and gas region with proven natural gas reserves of 726 Billion cubic meters (26Tcf). Following the opening of foreign investment, a number of significant discoveries have been made:

- Romgaz 980 Bcf (2016)
- Serinus Energy 7.4MMcf/d (2015)
- Raffles Energy 3.2MMcf/d (2015)
- OMV/Hunt 2,500 BOPD (2014)
- Stratum 15.7MMcf/d and 210Bcf (2012)
- OMV Petrom 17.6MMcf/d (2012)

**Source - Claren Energy Corp. December 2016 presentation*

3D Seismic in the Pannonian

The Parta Licence is located in the Pannonian basin, one of the most prolific hydrocarbon provinces in Romania and Hungary.

The advent of 3D seismic technology has vastly improved the industry's ability to image the subsurface and has resulted in better prospect identification and better resolution of prospects. This has typically increased the chance of success when prospects are drilled. The ability to identify more subtle traps in proven productive basins has achieved significant commercial outcomes for many operators globally.

The introduction of 3D seismic into the Pannonian basin has been instrumental in identifying new targets and has led to improved drilling success.

For example, Aspect Energy (a private company) experienced high success rates through the application of 3D seismic in the Pannonian basin. Between 2006 and 2009, Aspect drilled 50 wells in the western Pannonian in Hungary with success rates of about 50% resulting in it becoming the second largest producer of gas in Hungary.

Horizon Energy (an affiliate of Aspect Energy) recently announced a major discovery drilled on 3D seismic near Baranya county in southern Hungary. Production from this discovery is projected to reach 14,250 BOPD, from 30 wells producing 475 BOPD each. This would make Horizon the biggest oil producer in Hungary.

Recently, Sandhill Petroleum (also a private company) repeated Aspect's successful use of 3D seismic in the Pannonian in Hungary with 6 gas discoveries from 8 wells. Sandhill commenced gas production in September 2015 and were producing approximately 28 MMcf/d at the end of 2017.

Sandhill have now entered Romania, acquiring assets north of the Parta Licence where they are planning 3D seismic and drilling.

Parta Energy Opportunity

Parta Licence area history

Prior to 2004, Petrom made discoveries in the Parta Licence area by drilling on 2D seismic targets. Several oil and gas fields were discovered, with total 2P reserves of 12MMbbl oil and 50Bcf of gas. Petrom only had a light focus in the Parta Licence area, as they held all rights across the country at the time, with no meaningful activity in the area since 2004. The existing production represents a small carve out in the Parta Licence area.

The Parta Licence is on a structural trend to the south of a proven producing trend that is mapped to a significant hydrocarbon source kitchen. Nearby wells, existing discoveries, and current seismic interpretation indicates the likelihood of multiple stacked oil and gas pay zones. Targets will be high graded based on the new 3D seismic to be acquired.

Planned 3D seismic program

The planned 100km² of new 3D seismic in the Parta Licence is located as set out in Figure 1 above. The planned program covers a highly prospective part of the Parta Licence based upon current knowledge. The necessary approvals are in place to commence seismic acquisition in Q4 2019.

The Parta JV is aiming to drill the most prospective targets generated by the 3D seismic program mid next year. The preferred target size is greater than 10Bcf for gas targets and greater than 2MMbo for oil targets (combined stacked targets). The expected drilling cost is approximately US\$3 million per well.

The Parta Licence area targets are relatively shallow (less than 2,500m) with multiple stacked oil and gas pay zones. They are located nearby to existing infrastructure, enabling low cost access to markets, and a clear path to commercialisation.

ADX Energy – nearby well

Partner and licence operator ADX Energy are currently drilling in the Sole Risk Area (as shown in Figure 1 above) which is adjacent to the Parta Licence area. Under the Farmin Agreement, Parta Energy will have access to the well logs from this drilling program. These results will assist in the interpretation of analogue targets in the Parta Licence area and enable direct correlation of the seismic.

The ADX well is targeting three stacked gas reservoirs, with the following contingent resource estimates based on an Independent Expert Report:

| Reservoir | P50 GIIP (Bscf) |
|-----------|--------------------|
| Pa IV | 6.1 |
| Pa VI | 4.4 |
| Pa VIII | 8.3 |
| Total | 18.8 |

**Source – ADX Energy announcement dated 12 August 2019.*

In addition, the ADX well will also target a potential fractured basement oil reservoir below the gas targets.

The ADX well was recently at a depth of 800m and is expected to shortly reach the first reservoir target. Planned total depth is 2,600m and the estimated well cost is approximately US\$3 million.

Parta Energy Share Sale Deed

TMK has entered into the Share Sale Deed with the Parta Energy shareholders and Parta Energy by which TMK will purchase all the Parta Energy shares.

Under the Share Sale Deed:

- (a) TMK will purchase all the Parta Energy shares free from encumbrances in consideration of TMK issuing to the Parta Energy Shareholders, at completion, 70,000,000 TMK Shares (fully paid ordinary shares) and 70,000,000 TMK Class A Performance Shares.
- (b) The Parta Energy shareholders are Jafrag Pty Ltd (an entity controlled by Joseph Graham), Thomas Milton Schmedje and Finind Pty Ltd (an entity controlled by Tim Wise). Each of the Parta Energy Shareholders will receive the consideration pro-rata to their shareholding in Parta Energy so Jafrag Pty Ltd will be issued with 30,000,000 TMK Shares and 30,000,000 TMK Class A Performance Shares, Thomas Milton Schmedje will be issued with 20,000,000 TMK Shares and 20,000,000 TMK Class A Performance Shares and Finind Pty Ltd will be issued with 20,000,000 TMK Shares and 20,000,000 TMK Class A Performance Shares.
- (c) The Class A Performance Shares are a form of deferred consideration with conversion to Shares (fully paid ordinary) contingent upon TMK announcing within 5 years from their issue either of the following:
 - (1) a well drilled in the EX-10 Parta Licence or any successor or replacement licences enters production and generates more than US\$500,000 in revenue after operating costs over a 3 month period whilst the Company or a subsidiary holds an interest in the well (Commercial Production Milestone); or
 - (2) a sale of an interest in the Parta Licence by TMK or a subsidiary (excluding a farm-out) that generates a capital gain of more than US\$2,000,000 in accordance with applicable Australian taxation law (Sale at a Profit Milestone).
- (d) If, and only if, a milestone is met, each Class A Performance Share will convert into a Share (fully paid ordinary) on a one for one basis.
- (e) The conditions precedent that must be satisfied or waived prior to completion and before 15 November 2019 or such other date as may be agreed between the parties are:
 - (1) TMK obtaining all necessary shareholder approvals to give effect to the Parta Energy transaction; and
 - (2) TMK closing a capital raising having met minimum subscription to fund the Parta Energy transaction.
- (f) The Parta Energy Shareholders and the Company have provided warranties to each other consistent with a transaction of this nature. Any claim pursuant to a warranty is subject to the relevant party being notified within 12 months of completion.

Parta Energy rights to Parta Licence

The Farm-in Agreement is between Parta Energy, ADX Panonia and Danube Petroleum Ltd (the parent company of ADX Panonia, and subsidiary of ADX Energy). Under the Farm-in Agreement:

- (a) Parta Energy has the right to earn the farm-in interest by paying an initial US\$200,000 (which has been paid) and a further US\$1,300,000 which is sole funding towards an agreed work program and budget to be paid in cash instalments as cash called by ADX Panonia in the period from 1 November 2019 to 31 March 2020.
- (b) ADX Panonia is the operator during the farm-in period.
- (c) The farm-in area is the Parta Licence excluding the sole risk area as shown in Figure 1 (Excluded Area).
- (d) The agreed work program and budget is intended to fund 100km² of 3D seismic.
- (e) Upon completion of the farm-in, Parta Energy will have earned a 50% interest in the Parta Licence (excluding the Excluded Area) and a 50% participating interest in the JOA.

The JOA is between ADX Panonia and Parta Energy. Under the JOA:

- (a) The JOA will be effective from completion of the farm-in.
- (b) The JOA governs the association between ADX Panonia and Parta Energy in an unincorporated joint venture with each party having a 50% participating interest in rights and obligations in the JOA and a 50% interest in the Parta Licence (excluding the Excluded Area).
- (c) The JOA will be a participating joint venture with agreed work programs and budgets.
- (d) ADX Panonia is the operator of the Parta Licence (excluding the Excluded Area). Overall supervision and direction of operations will be by an Operating Committee, with a representative of each party voting in accordance with that party's participating interest.
- (e) There are default procedures for a failure to comply with obligations including a buy-out option to a non-defaulting party for a failure of a defaulting party to contribute to joint venture expenditure.
- (f) The joint venture area excludes the Excluded Area.
- (g) The parties may undertake joint activities in an area of mutual interest extending beyond the Parta Licence.

In addition to Parta Energy entering into the Farm-in Agreement and JOA, Parta Energy has granted Aviemore Capital Pty Ltd a royalty of 2% of the gross value of Parta Energy's share of petroleum produced from the Parta Licence.

Consolidation

TMK currently has a relatively large number of Shares on issue being 1,960,000,000 Shares. TMK intends to seek shareholder approval to consolidate the number of Shares on a 4:1 basis (every 4 Shares be consolidated into 1 Share). The Directors propose the Consolidation because it will result in a more appropriate, effective capital structure for the Company and a share price more appealing to a wider range of investors.

Where a fractional entitlement occurs as a result of the consolidation, the Directors will round that fraction up to the nearest whole Share.

The consolidation will be conducted in accordance with an ASX regulated timetable with the record date being 3 business days after shareholder approval. Once the date for the shareholder meeting is set, TMK will publish a timetable in relation to the consolidation.

The consolidation will take effect before the issue of capital raising shares and the consideration securities to be issued to the Parta Energy shareholders. These securities will be issued as post-consolidation securities.

TMK Rights Issue Capital Raising

TMK has existing cash on hand of approximately A\$1,620,000 as at 30 June 2019.

TMK intends to undertake a capital raising by a non-renounceable pro-rata rights issue thereby enabling all eligible Shareholders to participate. It is intended to raise up to approximately A\$1,470,000 by a rights issue on a 1:2 basis (1 new Share for each 2 existing Shares) to issue up to approximately 245,000,000 post-consolidation Shares at 0.6 cents per Share.

The capital raising is a condition precedent to the Share Sale Deed and is to be closed having met minimum subscription before Completion of the Parta Energy transaction. A rights issue fundraising document will be sent to all eligible shareholders.

Pro-Forma Capital Structure

The proposed capital structure of TMK following completion of the Parta Energy transaction including the capital raising is set out below.

| TMK Capital Structure (post-consolidation) | | |
|--|--------------------------|--------------------|
| | Shares | Performance Shares |
| Current | 490,000,000 ¹ | 0 |
| Rights Issue fundraising | 245,000,000 ² | 0 |
| Consideration to Parta Energy shareholders | 70,000,000 | 70,000,000 |

| TMK Capital Structure (post-consolidation) | | |
|--|--------------------|--------------------|
| | Shares | Performance Shares |
| Total | 805,000,000 | 70,000,000 |

1. The current Shares assumes the completion of the consolidation on a 4:1 basis.
2. Assumes that the rights issue fundraising raises A\$1,470,000 by the issue of 245,000,000 post-consolidation Shares.

Proposed Timetable

Set out below is an estimate of the timing of events relevant to the completion of the Parta Energy transaction.

| Event | Date |
|--|---|
| Execution of Share Sale Deed for Parta Energy Transaction | 15 August 2019 |
| Announcement of Parta Energy Transaction | 16 August 2019 |
| Meeting of Shareholders ¹ | 19 September 2019 |
| Record Date for consolidation of Shares on 4:1 basis | Estimated 24 September 2019 (3 business days after shareholder approval) |
| Completion of Rights Issue Capital Raising ² | Estimated 31 October 2019 |
| Completion under the Share Sale Deed including issue of vendor securities and appointment of Joseph Graham and Tim Wise as Directors | Estimated 31 October 2019 |

1. The TMK shareholder meeting will seek approvals including to the consolidation, the issue of the TMK Shares and TMK Class A Performance Shares to the Parta Energy shareholders and the appointment of Joseph Graham and Tim Wise as directors.
2. The capital raising will commence after completion of the consolidation.

TMK intends to shortly issue a notice of general meeting seeking required shareholder approvals to the consolidation and the Parta Energy transaction, and including the consolidation timetable.

For and on behalf of the Board

Brett Lawrence
Managing Director
Tamaska Oil and Gas Limited