



ASX ANNOUNCEMENT

1 November 2019

ASX:TAP

Tap Oil Limited
ABN 89 068 572 341

Level 2, 190 St George's Terrace
Perth WA 6000
Australia

T: +61 8 9485 1000
F: +61 8 9485 1060
E: info@tapoil.com.au

www.tapoil.com.au

Proposed grant of Performance Rights to Non-Executive Directors

Tap Oil Limited (**ASX:TAP**) (**Tap** or the **Company**) advises that the Company proposes to seek shareholder approval at the Company's 2020 Annual General Meeting for the grant of one million Performance Rights to each of the Company's Non-Executive Directors, Mr Kamarudin Baba, Mr Zane Lewis and Dr David King, to more closely align their interests with those of shareholders.

If approved, the Performance Rights will be granted following shareholder approval at the Company's 2020 Annual General Meeting. Specifically, the Performance Rights will be capable of vesting in equal tranches over a 3-year period based on the achievement of specified shareholder return hurdles. Vesting of 75% of those Performance Rights will be measured against the Company's annualised Absolute Total Shareholder Return (**ATSR**) with the vesting of the remaining 25% of those Performance Rights measured against the Company's Relative Total Shareholder Return (**RTSR**). Further details regarding the calculation of ATSR and RTSR are annexed.

Investor enquiries

Chris Newton
Executive Chairman
Phone: +618 9485 1000

Derrick Wan
Commercial Manager
Phone: +618 9485 1000

ANNEXURE

Further details regarding the calculation of ATSR and RTSR is set out below. The performance assessment (and the vesting of Performance Rights) occurs over a 3 year period based on the defined measurement periods set out below (each a **Measurement Period**, with the last day in each Measurement Period being a **Measurement Date**).

Percentage of Performance Rights capable of vesting	Measurement Period	Measurement Date
34%	18 October 2019 – 22 May 2019	22 May 2020
33%	23 May 2020 – 31 December 2020	31 December 2020
33%	1 January 2021 – 31 December 2021	31 December 2021

Any Performance Rights to be assessed for vesting on a Measurement Date but that do not vest on that Measurement Date will be re-assessed for vesting on each subsequent Measurement Date.

Absolute Total Shareholder Return (ATSR)

The ATSR is calculated according to the following formula:

$$\frac{(MDN + D) - MDP}{MDP}$$

Where: **MDN** is the 30-day VWAP of Shares up to and including the relevant Measurement Date.

MDP is the 30-day VWAP of Shares up to and including the immediately preceding Measurement date or, in the case of the first Measurement Date, the 90-day VWAP up to and including 18 October 2019 of \$0.118 per share

D is the sum of all dividends (and any other distributions) grossed up for franking credits paid in relation to a Share for which the ex-date falls between the immediately preceding Measurement Date and the relevant Measurement Date.

The annualised ATSR for a Measurement Period (**Current Measurement Period**) is equal to the sum of the ATSR for the Current Measurement Period and the ATSRs for any previous Measurement Periods divided by the number of Measurement Periods that have elapsed (including the Current Measurement Period).

For Performance Rights measured against annualised ATSR:

- if the annualised ATSR for that Measurement Period is less than 10%, none of the applicable Performance Rights will vest; and
- if the annualised ATSR for that Measurement Period is equal to or exceeds 25%, 100% of the applicable Performance Rights will vest, with the Performance Rights vesting on a pro-rata basis if the annualised ATSR is 10% or more but less than 25%.

Relative Total Shareholder Return (RTSR)

RTSR is calculated based on the Company's total shareholder return (**TSR**) as a percentile position against the TSRs of a peer group of companies approved by the Board (**Peer Group**).

The TSR for a company is calculated according to the following formula:

$$\frac{(MDN + D) - MDP}{MDP}$$

Where: **MDN** is the 30-day VWAP of Shares up to and including the relevant Measurement Date.

MDP is the 30-day VWAP of Shares up to and including the immediately preceding Measurement Date or, in the case of the first Measurement Date, the 30-day VWAP the 90-day VWAP up to and including 18 October 2019 of \$0.118 per share

D is the sum of all dividends (and any other distributions) grossed up for franking credits paid in relation to a Share for which the ex-date falls between the immediately preceding Measurement Date and the relevant Measurement Date.

The Peer Group comprises 12 companies in the oil & gas and mining sectors of a similar market capitalisation and geographic focus as the Company. The companies that make up the Peer Group will be assessed by the Board on a yearly basis, with companies being added to or removed from the Peer Group only in circumstances where there is a material change to the Company or its operations.

For Performance Rights measured against RTSR:

The Company's RTSR as a percentile position against the Peer Group	Percentage of Performance Rights that will vest
<50 th percentile	0%
=50 th percentile	30%
>50 th to <90 th percentile	Pro-rata basis between 30% and 100%
=>90 th percentile	100%