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## FURTHER UPDATE ON NORTHERN GULF DISPUTES

**Tap Oil Limited** (ASX:TAP) recently provided an update on the status of its commercial relations with the Thai entrepreneur, Mr Chatchai Yenbamroong, and his Northern Gulf companies, in its ASX announcement dated 7 April 2015.

The update included the status of a number of staged acquisition payments that were agreed with Northern Gulf Petroleum Holdings Limited (**NGPH**) and its subsidiary, Northern Gulf Petroleum Pte. Ltd (**NGP**) as part of Tap's acquisition of its 30% interest in the G1/48 concession. An overview of the various staged acquisition payments is set out in Tap's previous ASX announcements (see ASX announcements dated 27 February 2015 and 7 April 2015).

As part of these agreed acquisition payments, Tap expects to make a payment to NGPH during 2015 based on the Operator's 2P reserves estimate for the Manora oil field as at 31 December 2014. Tap understands that the Operator (Mubadala Petroleum) is currently finalising the 2P reserves estimate as at 31 December 2014 for review by the joint venture. This estimate will form the basis of determining the amount of this year's 2P reserves deferred payment owing to NGPH. The payment will be due within 30 days following the finalisation of the year-end 2P reserves estimates for Manora – either through the joint venture process, or through a further reserves certification by an independent expert if required by either Tap or NGPH. Please refer to Appendix 1 which includes a summary of Tap's forecast process for the 2015 payment.

Despite this work being in progress, on 13 April 2015 Tap received a statutory demand from NGPH demanding payment of US\$14,614,500 in satisfaction of the 31 December 2014 2P reserves deferred payment, which NGPH alleges is due and payable. Tap considers that this amount is not due and payable and that there is no proper legal basis for NGPH making this demand. Tap's lawyers will now take the necessary steps to seek to set aside this statutory demand and seek payment of Tap's legal costs. Tap also considers that this statutory demand is an abuse of the statutory demand process.

Tap notes that NGPH has sought early payment of this 2P reserves deferred payment from Tap for some time, including as early as December 2014 before the year-end evaluation date had occurred. Tap has repeatedly advised NGPH that Tap will comply with its obligations under the contractual process for determining and paying the 2P reserves deferred payment. This process was agreed with NGPH in October 2010 at the time of Tap's acquisition of its 30% interest in the G1/48 concession.

The Tap Board considers that NGPH's action in issuing the statutory demand is an example of the conflict of interests concerns which the Tap Board has in relation to Mr Yenbamroong's proposal to replace all but one of Tap's existing directors with his own nominees.

Tap has served notice on each of NGP and NGPH regarding NGP's failure to pay amounts owing to Tap in connection with NGP's share of production from the G1/48 concession. The defaulted amounts remain outstanding and are accruing interest. Further amounts become payable to Tap each time oil lifting proceeds are received.

Tap also notes that the Operator of the G1/48 Concession and the Manora Oil Development gave notice to NGP that it is in default under the terms of the G1/48 Joint Operating Agreement. Tap understands that this defaulted amount of approximately US\$27 million remains outstanding. In accordance with the default provisions of the G1/48 Joint Operating Agreement, NGP is no longer entitled to attend and vote at Operating Committee meetings, and to access any data or information relating to Petroleum Operations.

Tap will keep the market advised of all material developments in relation to these matters.

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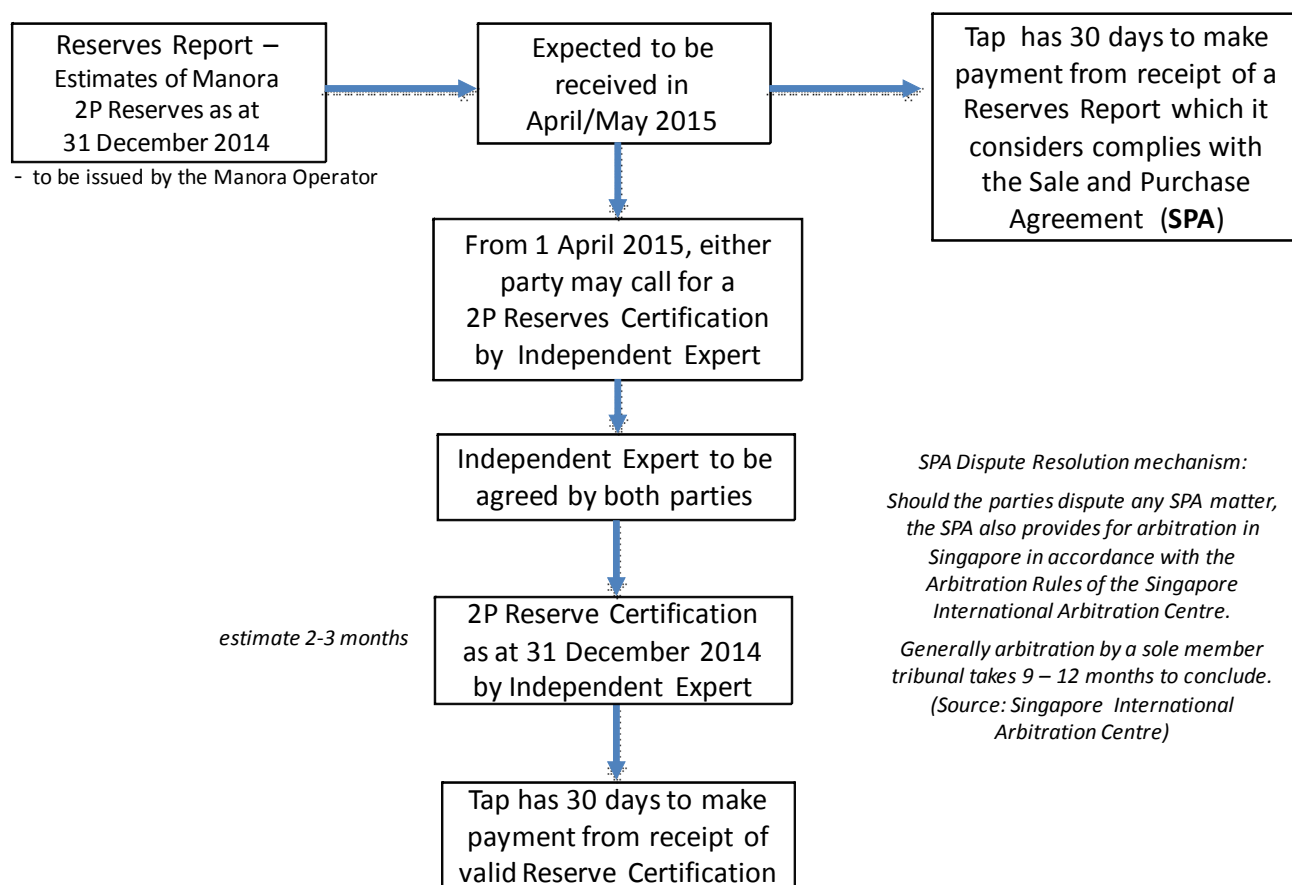
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## Appendix 1: Manora Acquisition Payments

As previously disclosed, at the time of Tap's acquisition of its 30% interest in the G1/48 concession a number of staged acquisition payments were agreed with Northern Gulf Petroleum Holdings Limited (**NGPH**) and its subsidiary, Northern Gulf Petroleum Pte. Ltd. (**NGP**). The following table sets out the forecast payments by Tap and NGP during the course of 2015.

Payment	Assumptions/Notes	Estimated Timing for Payment(s) in 2015
Repayment of NGP Carry: <b>Payment by NGP to Tap</b>	The repayment of US\$10 million by NGP to Tap out of NGP's share of production. This is an ongoing repayment as proceeds are received from each oil lifting.	Approx. US\$1.03 million has been repaid to date. Previously the carry was expected to be repaid in full in 2015. However as outlined above, NGP has recently ceased making any further repayments to Tap, and Tap has reserved all of its rights in respect of this.
2P Reserves Deferred Payment: <b>Payment by Tap to NGPH</b>  <i>See below for further detail on the process</i>	Based on Manora 2P reserves at each year-end for four years after first production, up to US\$29.85 million. Conditional on the Manora 2P Reserves (plus recovered oil) remaining > 10 mmbbls).	Following the finalisation of the year end (31 December 2014) 2P reserves for Manora, or reserves certification by an independent expert. 31 December 2014 2P Reserves estimate has not yet been finalised.
Earn-out (2% of Tap's Manora revenue): <b>Payment by Tap to NGPH</b>	No Earn-out is payable if the average daily closing spot price for Brent crude is below US\$50/bbl per barrel for the 14 days immediately prior to the date of any oil lifting.	This is an ongoing payment, made monthly in arrears, and follows the receipt of oil lifting proceeds.

### Summary of the forecast process for the 2015 2P Reserves Deferred Payment



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