

20 August 2015

The Company Announcements Platform
Australian Securities Exchange
Exchange Centre
20 Bond Street
SYDNEY NSW 2000

Tap Oil Limited
ABN 89 068 572 341

Level 1, 47 Colin Street
West Perth WA 6005
Australia

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

www.tapoil.com.au

TAP COMMENCES ARBITRATION AGAINST NORTHERN GULF

Tap Oil Limited (**ASX:TAP**) provides the following update on its commercial relations with its shareholder, Mr Chatchai Yenbamroong, and his Northern Gulf companies.

- A Notice of Arbitration has been issued to NGP to recover all funds owed under the US\$10 million carry repay arrangement
- Currently, US\$6.69 million of the carry repay is due and payable
- Net amount outstanding US\$4.89 million (after deducting US\$1.31 million by way of 2P reserves payment and US\$0.5 million earn-out payment but excluding interest)
- Arbitration process is expected to take approximately 12–18 months

Notice of Arbitration

Tap Energy (Thailand) Pty Ltd, a subsidiary of Tap Oil Limited, filed on 19 August 2015, a Notice of Arbitration in Singapore against Northern Gulf Petroleum Pte Ltd, Northern Gulf Petroleum Holdings Limited and Northern Gulf Oil (Thailand) Co. Ltd (collectively **NGP**) in regards to payments due under the sale and purchase agreement for Tap's acquisition of its 30% interest in the G1/48 concession. Tap is seeking settlement and set off of the following disputed acquisition payments under that sale and purchase agreement:

1. The US\$1.31 million which Tap has calculated is due and payable by Tap to NGP in respect of the 2P reserves payment for the period to 31 Dec 2014;
2. Carried costs up to US\$10 million payable by NGP to Tap of which US\$1.03 million has been paid with US\$8.97 million outstanding of which US\$6.69m is currently due and payable; and
3. To the extent NGP is entitled to any additional payments for 2P reserves, these can be set off.

Tap has made repeated attempts to resolve the payment dispute with NGP and will now vigorously pursue this arbitration against NGP in Singapore, as permitted under the sale and purchase agreement, to recover the carry repay and to set-off the 2P reserves payment.

NGPH's earn-out claim has not been referred to in the Notice of Arbitration, but can still be set-off against amounts owing in respect of repayment of the carried costs, if, or when, raised by NGPH.

Manora acquisition payments due under the sale and purchase agreement

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: Payment by NGP/NGPH to Tap	The repayment of US\$10 million by NGP to Tap out of NGP's share of production or by NGPH. This is an ongoing repayment as proceeds are received from each oil lifting.	Approx. US\$1.03 million has been repaid to date by NGPH. Previously the carry was expected to be repaid in full in 2015. NGPH has not made any further repayments to Tap and the total amount owing is US\$6.69 million. Tap has issued default notices in respect of an amount totaling US\$5.70 million and has reserved all of its rights in respect of this default.
2P Reserves Deferred Payment: Payment by Tap to NGPH	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. The 31 December 2014 2P Reserves estimate has been finalised and based on that report, the amount owing to NGPH is US\$1.31 million. NGPH has not requested a further reserves certification by an independent expert. Tap has exercised its right to set-off this 2P Reserves Deferred Payment (and the Earn-out) against the amounts owing to it in respect of the repayment of the carry described above. This set-off (calculated as at 19 August 2015) results in an amount owing to Tap of US\$4.89 million (excluding interest but including set off of an amount of US\$0.5 million for the Earnout). Tap has also reserved its right to claim interest on this amount.
Earn-out (2% of Tap's Manora revenue): Payment by Tap to NGPH	No Earn-out is payable if : <ul style="list-style-type: none"> 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; and the Manora 2P reserves (economic ultimate recovery) do not exceed 15MMSTB. 	This is an ongoing payment, due monthly in arrears, and follows the receipt of lifting proceeds. The outstanding earnout amount payable is US\$350,919. A further amount of \$141,246 becomes due on 31 August 2015, taking the total outstanding earnout amount to approximately US\$0.5 million. Further amounts will become payable following receipt of proceeds from future liftings.

Investor Enquiries

Troy Hayden Managing Director/CEO
Anna Sudlow Commercial & Investor Relations Manager
Telephone: +61 8 9485 1000
Email: info@tapoil.com.au
Website: www.tapoil.com.au

Media Enquiries

Rebecca Lawson
Media & Capital Partners
Telephone +61 433 216 269