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31 August 2015

The Company Announcements Platform
Australian Securities Exchange
Exchange Centre
20 Bond Street
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CONCLUSION OF STRATEGIC REVIEW

- **Tap to retain its interest in the Manora asset**
- **Mandate to refinance existing debt facility with Macquarie to better suit lower oil price environment**
- **Tap committed to reinvigorated growth strategy**
- **Myanmar PSC executed, Manora near field exploration to be pursued**

Tap Oil Limited (ASX:TAP) is pleased to provide an update on the outcome of the Company's strategic review and financing.

Strategic Review

Earlier this year, Tap announced a formal strategic review of its business and asset base to maximise shareholder value in response to the significant change in market conditions affecting the oil and gas sector. The strategic review considered (amongst other things) a number of divestment options for each asset, including the Company's flagship Manora Oil Development, the Company's Australian portfolio as well as 'whole of company' proposals.

The strategic review process confirmed that there is considerable interest in the Company's Manora asset. However, the depressed oil price environment and the ongoing payment disputes between the Company and its major shareholder Mr Chatchai Yenbamroong's Northern Gulf companies (including regarding staged acquisition payments) have added to the complexity of successfully executing any transaction at an acceptable price.

After carefully considering all of the available options, the Board strongly believe the best outcome for shareholders in the current market conditions is to retain its interest in the Manora asset and its current portfolio of assets in Australia and Myanmar. This includes maximising the value of Manora through near field exploration and the progression and evaluation of growth and acquisition opportunities in the South East Asian region, including Tap's 95% interest in the M-7 block in a highly prospective hydrocarbon region, offshore Myanmar. Additionally, the recent award of acreage in the recent Australian gazettal's, WA-515-P and WA-516-P, has further enhanced the Company's Australian asset portfolio.

Financing

Tap is pleased to advise that it has signed an exclusive mandate and indicative terms and conditions with Macquarie Bank Limited (Macquarie) for a US$55m Borrowing Base Debt Facility to refinance its existing US$56m debt with BNP Paribas and Siam Commercial Bank. The refinancing is being driven by the lower oil price which may trigger a requirement to make a further repayment of the BNP facility during 2015 in addition to the US$16m debt repayment requirements already forecast. The impact of such repayments on the Company's free cash flow may result in Tap falling below BNP's minimum liquidity requirement. A higher interest rate margin will be applicable to the Macquarie facility, and the facility will have a maturity date of 31 December 2018 with no repayments expected in 2015.

The Macquarie refinancing is subject to credit approval and documentation, which is expected to take approximately two months to complete. The facility is expected to be subject to terms and conditions similar to facilities of this type. This will include a requirement to hedge a percentage of reserves in future years. As the size of the borrowing base would be linked to the Manora reserves and revenues (as well as Third Party Gas revenues) the maximum amount available under the facility will fluctuate with changes in the oil price.

Managing Director/CEO, Troy Hayden said:

"*We are very pleased with the level of interest shown in Manora during the strategic review process, which confirms the high quality nature of our flagship project. However, the current oil market conditions and the ongoing disputes with Northern Gulf made it challenging to execute a transaction that would maximise value for all shareholders. The refinancing with Macquarie provides the company with additional flexibility to work through this low oil price environment and move forward with a renewed focus on growth of our SE Asian portfolio underpinned by our producing Manora asset."*

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