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The Company Announcements Platform  
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## COMPANY UPDATE & CAPITAL RAISING

- **Existing debt facility with BNP Paribas and Siam Commercial Bank to be retained (BNP Facility)**
- **Outstanding debt balance significantly reduced to US\$43.5 million, with a further US\$7.4 million payment to be made at the end of 2015**
- **New equity to provide additional liquidity:**
  - **A placement of 14.27 million shares raising A\$2.75 million to institutional investors (including 13.62 million shares to experienced oil and gas investor Risco Energy Investments (SEA) Limited at 19.25 cents per share to raise A\$2.62 million)**
  - **A Share Purchase Plan (SPP) offer to all eligible shareholders at the lower of a 15% discount to the volume weighted average price over the 5 day trading period prior to the issue date of the SPP shares or the placement price**
- **The additional funding will be used to ensure Tap can continue to meet the minimum US\$10 million BNP Facility liquidity requirement**

Tap Oil Limited (ASX:TAP) is pleased to provide the following update.

### Update on Debt Financing

On the 31 August 2015 Tap announced that it had signed an exclusive mandate and indicative terms and conditions with Macquarie Bank Limited (**Macquarie**) for a US\$55 million Borrowing Base Debt Facility to refinance its existing US\$56 million debt with BNP Paribas and Siam Commercial Bank.

The decision to investigate a potential refinancing was driven by the continuing low oil price and the resultant decline in revenues derived from Tap's interest in the Manora Oil Project. Of key focus was ensuring that any such revenue declines would not result in additional debt repayment obligations under the BNP Facility impacting the Company's free cash flow and consequently the Company's ability to meet the minimum liquidity requirement of US\$10 million.

Following ongoing negotiations with Macquarie and having assessed the associated costs of a complete refinancing, the Company has been unable to agree satisfactory final terms of a refinancing package with Macquarie and accordingly has now terminated the Macquarie mandate.

The Company has therefore determined that it will continue with the current BNP Facility (being a facility which is on better terms to the Macquarie proposal).

The current outstanding debt balance under the BNP Facility has been significantly reduced to US\$43.5 million, with US\$35.4 million having been repaid from 30 June 2015. A further repayment of US\$7.4 million is expected at the end of December 2015, which would further reduce the debt balance to US\$36.1 million.

During 2016, a further US\$21 million is forecast to be repaid, with the remaining debt balance to be repaid by the third quarter 2017.

The cash balance at 31 December 2015 is expected to be approximately US\$13.67 million at the forward oil price on the 14 December 2015. This includes US\$11.28 million held in the BNP Facility accounts that is restricted. These balances include the A\$2.75 million proceeds from the Placement and is after the scheduled US\$7.4m debt repayment.

To obtain access to the restricted funds, Tap must implement an oil hedging programme of 30% to 50% of forecast 1P Manora production on a rolling 18 to 24 month basis. Tap is currently progressing such arrangements and is hopeful of having commodity hedging program in place during the first quarter of 2016.

To ensure that the Company is able to continue to comply with the covenants in the BNP Facility, the Company has implemented a range of strategies including internal cost cutting, deferment of non-core activities and a focus on reduction in Manora operating costs. The Company will also continue to review other means of reducing costs and improving cash flow (including through further cost reductions or a review of potential sales of assets in its portfolio). Each of these initiatives have, to some extent, assisted and will continue to assist in offsetting the impact of a low oil price on Tap's cashflow forecast for 2016.

The Company has also resolved to raise further equity through a Placement (**Placement**) and share purchase plan (**SPP**) the terms of which are described below. These additional funds are intended to ensure that Tap has an additional cash reserve to ensure ongoing compliance with the terms of the BNP Facility, while continuing ongoing operations.

#### **Placement**

Tap has received binding commitments for a Placement of 14.27 million shares to institutional investors at 19.25 cents per share raising A\$2.75 million.

This includes the Placement of 13.62 million shares to experienced oil and gas investor and current shareholder Risco Energy Investments (SEA) Limited (**Risco**) and 649,351 shares to Waratah Capital Partners Pty Ltd.

On completion of the Placement, Risco will hold approximately 19.95% of Tap's ordinary issued capital. The Board has resolved to invite Mr Tom Soulsby, the Risco's CEO, to join the Tap Board following completion of the formal appointment documents and company verification processes which are expected to occur by 1 January 2016. Mr Chris Newton, Risco's Director of Operations & Business Development, will be appointed as Mr Soulsby's alternate. Risco will also perform a review of Tap's existing financing arrangements under a short term consulting agreement, to be negotiated on an arms length, commercial basis.

Risco is an energy investment company that specialises in upstream investments in South East Asia. Risco has experience recapitalizing, restructuring, improving and commercialising low risk oil and gas production and development opportunities. Risco has extensive experience successfully partnering Southeast Asian focused ASX listed companies. Risco is run by finance and oil and gas technical specialists who collectively have over 65 years of resource industry and finance experience.

Tap's Chairman, Doug Bailey:

*"The Tap Board welcomes the opportunity to work with Risco given their extensive and valuable experience in South-East Asia. Risco's successful track record in oil and gas transactions in Tap's core region of focus will provide strong support to our regional growth strategy."*

No underwriting or other fees were paid for the Placement. The Placement was made utilising Tap's existing placement capacity under ASX Listing Rule 7.1.

#### Share Purchase Plan

Tap is also pleased to announce a SPP to provide eligible Shareholders with an opportunity to apply to purchase up to A\$15,000 of Tap ordinary shares without incurring brokerage or transaction costs. The SPP is expected to open on the 4 January 2016 and close on the 12 February 2016. The company is targeting raising A\$4 million under the SPP but it may, at its discretion, decrease or close the SPP at such lesser or higher amount that it determines.

Shares will be offered under the SPP at the lower of:

- a 15% discount to the volume weighted average price of Tap shares over the 5 trading day period on the ASX immediately prior to the issue date of the SPP shares; or
- the Placement price of 19.25 cents per share.

SPP documentation is expected to be despatched to Shareholders on 4 January 2016.

Further details regarding the SPP (including the indicative timetable) are set out in the annexure to this announcement.

#### Company Activity Update

Tap provides the following update on Company activities

<p>Manora Production and Operating Costs</p>	<p>Fourth quarter 2015 to 10<sup>th</sup> December: 12,764 barrels of oil per day (bopd) (gross); Tap share 3,829 bopd</p> <p>Average 2015 production to date: 13,657 bopd (gross); Tap share 4,097 bopd</p> <p>The Operator of Manora, Mubadala Petroleum, has reduced ongoing operating costs by approximately 17% compared to the 2015 budget and these savings are budgeted to continue into 2016. Tap's cash production costs at Manora (includes operating costs, royalties, marketing and insurance) has averaged approximately US\$22 per barrel year to date.</p>
<p>Manora Activities</p>	<p>Mubadala Petroleum expects to drill two additional development wells at Manora in 2016 and is currently reviewing the prospectivity of the G1/48 permit area, specifically focusing on ranking the prospects for potential drilling in 2016. Tap's selection of the preferred prospect, from the updated prospect portfolio, is still under consideration. Tap has yet to decide whether to commit to participating in the potential drilling.</p> <p>Tap's current development costs do not include any of the US\$9.1 million (Tap share) of facilities cost overruns for the Manora development being disputed by Tap, as set out in note 12 of the 30 June 2015 Financial Statements. Tap is still in discussions with the Operator in regard to this matter. Any settlement on the cost overruns and the material fall in oil prices will impact the carrying value of Manora in the financial statements to 31 December 2015.</p>
<p>NGP Dispute</p>	<p>After repaying approximately \$1.03 million from proceeds of oil liftings to date, NGP ceased making any further repayments to Tap. 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 full remaining balance of US\$8,967,628 is now due and payable and Tap has issued default notices for this amount. The defaulted amounts remain outstanding and are accruing interest.</p> <p>Tap Energy (Thailand) Pty Ltd, a subsidiary of Tap Oil Limited initiated arbitration proceedings against Northern Gulf Petroleum Pte. Ltd by issuing a Notice of</p>

	Arbitration in regards to payments due to Tap under the sale and purchase agreement for Tap's acquisition of its 30% interest in the G1/48 concession. It is expected the arbitration proceedings will take approximately 12-18 months to finalise (ASX Release 20 August 2015).
G3/48 Concession Thailand	The DMF have now approved Tap's withdrawal from its 30% participating interest in G3/48, Thailand. Tap will have no further exploration obligations (including drilling) with respect to G3/48. The G3/48 withdrawal will not have any impact on the Manora Oil Development or exploration in the G1/48 concession.

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***Investor Enquiries***

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## Annexure

### Key Terms of the SPP

- The issue price per share will be the lower of:
  - a 15% discount to the volume weighted average price of Tap shares over the 5 trading day period on the ASX immediately prior to the issue date of the SPP shares;
  - the Placement price of 19.25 cents per share.
- No brokerage or participation costs are payable by participants;
- There will be a minimum subscription amount of A\$1,000; and
- There will be a maximum subscription amount of A\$15,000.

The SPP offer document will be mailed to eligible shareholders shortly and will also be available on the Tap website. The SPP will close on the 12 February 2016 and new shares will be allotted on 19 February 2016.

Participation in the SPP is optional and is open to eligible shareholders who at 5pm on 15 December 2015 were holders of fully paid ordinary shares in the Company and whose registered address is in Australia, New Zealand, UK, Singapore, Norway and Thailand.

The SPP is not currently underwritten. The Directors reserve the right to obtain an underwriter at any stage in accordance with the Corporations Act (Cth) 2001 and the ASX Listing Rules. Subject to any underwriting, Tap reserves the right to place any shortfall under the SPP in accordance with its share issue capacity under the ASX Listing Rules.

### Indicative SPP timetable

Event	Date
SPP Record Date	<b>5pm Perth time on 15 December 2015</b>
SPP Offer Opens	<b>10am Perth time on 4 January 2016</b>
SPP Offer Closes	<b>5pm Perth time on 12 February 2016</b>
SPP Allotment Date	<b>19 February 2016</b>
Dispatch of holding statements/confirmation advices	<b>22 February 2016</b>

Subject to its obligations under the ASX Listing Rules, the Company may change, at any time, any of the above dates by lodging a revised timetable with ASX. The commencement of trading new shares is subject to confirmation from ASX.