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TAP FINALISES MANORA FACILITIES CAPITAL COSTS

- Agreement signed to settle the final Manora field facilities costs, eliminating exposure to any further capital costs or claims
- Tap to pay US\$5 million of the disputed \$9.1 million

Tap Oil Limited (ASX:TAP) is pleased to announce that an agreement has been signed with the Operator of the Manora Oil Development, Mubadala Petroleum (Operator), for the settlement of the final capital costs of the Manora field facilities.

On 2 March 2015, Tap announced an unexpected capital expenditure increase of US\$28 million (US\$8.4 million Tap share) for the construction of the Manora Oil facilities relating to delays in hookup, commissioning and contractor claims. Tap has agreed to pay US\$5 million of the final disputed amount of US\$9.1 million as the final balance of the Manora Oil Development facilities capital expenditure. Payment of the US\$5 million will be made in two equal instalments on 30 September and 31 December 2016.

Tap's financial statements at 30 June 2015 reflected a carrying value for the Manora Oil Development of US\$105.7 million. The settlement agreement will result in a further US\$5 million being included in the carrying value before any impairment testing at 31 December 2015.

The finalisation of the facilities costs and the elimination of exposure to any further related costs or claims provides Tap and its lenders with greater certainty around the value of Manora.

As part of the agreement, Tap also has extended time to pay US\$5 million of cash calls which will now be paid in equal instalments on 31 March 2016 and 30 June 2016.

Tap Managing Director and CEO, Troy Hayden commented:

"We are pleased to have signed an agreement with the Operator finalising the Manora Development's facilities costs. The payment terms and confirmation there will be no further facilities capital costs to be paid by Tap, provide Tap and its lenders with certainty and financial clarity, a critical element given current market conditions."

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