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FINANCING & NORTHERN GULF UPDATE

Tap Oil Limited (ASX: TAP) is pleased to provide an update on its financing with BNP Paribas and Siam Commercial Bank, and its disputes with Northern Gulf.

Financing

In February 2015, Tap announced that BNP Paribas and Siam Commercial Bank had agreed to a number of modifications to, and provided Tap with a waiver from compliance with certain agreed minimum liquidity requirements in the Borrowing Base Debt Facility until 31 July 2015 so as to provide the Company with additional financial flexibility to meet its forecast financial commitments.

As at 31 July 2015, Tap had repaid US$10.4m of the Borrowing Base Debt Facility debt, reducing the outstanding debt balance from US$78.9 million to US$68.5 million. The debt balance is forecast to be reduced to approximately US$40 million by the end of the year. Cash on hand as at 30 June 2015 is US$35.6m, including restricted funds held in the Borrowing Base Debt Facility accounts with BNP Paribas.

Tap has now reached the end of the waiver period and the Borrowing Base Debt Facility will revert to the previously agreed terms. The default by Northern Gulf on the outstanding carry repayments due to Tap in the first half of 2015, the fall in Tap's revenue due to continuing low oil prices and the steep debt repayment profile associated with the Borrowing Base Debt Facility continue to put pressure on Tap's liquidity. The Company continues to assess alternatives to provide further liquidity in order to meet its forecast commitments.

As announced earlier this year, Tap commenced a Strategic Review of the business and asset base in order to respond to the change in market conditions in the oil and gas sector and to maximise value for all shareholders. The review has considered a number of divestment options for assets, including the Company's flagship Manora Oil Development as well as the Company's non-core Australian portfolio. There has been considerable interest in the Manora asset. Tap notes that such transactions (if successfully completed) should enable the Company to improve liquidity, reduce debt and potentially allow for the payment of fully franked dividends. The Company expects to finalise the Strategic Review shortly.

At an oil price of between US$45-$55/bbl, Tap forecasts net cash flow during 2015 from Manora of approximately US$40 to US$42 million (after forecast Thai taxes, royalties and operating costs and including the hedging impact, but before repayment of debt).

Application to set aside Northern Gulf Statutory Demand

As previously disclosed, Tap expected to make a payment to Northern Gulf Petroleum Holdings (**NGPH**) during 2015 based on the Operator's 2P reserves estimate for the Manora oil field as at 31 December 2014 (**2P Reserves Deferred Payment**).

On 14 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 alleged was due and payable. Tap considers that this amount is not due and payable and that there is no proper legal basis for NGPH to make this demand. Tap also considers that this statutory demand is an abuse of the statutory demand process. Tap has filed an application to set aside this statutory demand in the Supreme Court of Western Australia and is seeking payment of Tap's legal costs by NGPH. The application is scheduled to be heard on 26 August 2015.

On 25 June 2015, Tap announced that the Operator of the G1/48 Concession and the Manora Oil Development (Mubadala Petroleum) had advised that a report compiled by Netherland, Sewell & Associates, Inc (**NSAI**) containing the 2P reserves estimate as at 31 December 2014 was complete. The NSAI report (dated 22 June 2015) estimates the 31 December 2014 2P gross reserves at 15.5 MMSTB (net to Tap 4.648 MMSTB). Importantly, this report was compiled by NSAI on the basis of the drilling results of the Manora wells to 31 December 2014, and does not include the results of the wells drilled during Q1 2015. The reserves payment is based on the economic ultimate recovery which is reserves at a certain date plus production to that date. Production to 31 December 2014 was 0.481 MMSTB such that Tap considers that the reserves payment is based on 15.97 MMSTB. On this basis, Tap calculates the 2P reserves payment owing to NGPH to be US$1.31 million.

NGPH has not requested a further reserves certification by an independent expert within the timeframe set out in the SPA. Tap has exercised its right to set-off this 2P Reserves Deferred Payment (and the earn-out payable under the SPA) against the amounts owing to it in respect of the repayment of the Tap Carry (described below). This set-off results in an amount owing to Tap of US$4,302,583 (excluding interest). Tap has also reserved its right to claim interest on this amount.

Northern Gulf default on repayment of Tap Carry continues

As previously disclosed, under the terms relating to Tap's acquisition of its 30% interest in the G1/48 Concession and the Manora Oil Development from NGPH, Northern Gulf Petroleum Pte. Ltd (**NGP**) (a Singaporean company that is a subsidiary of NGPH and controlled by the Thai entrepreneur, Mr Chatchai Yenbamroong), agreed to repay $10 million to Tap out of NGP's share of production from that project. This is an ongoing repayment obligation as and when proceeds are received from each oil lifting.

After repaying approximately $1.03 million following proceeds of oil liftings to date, NGPH has ceased making any further repayments to Tap. Tap has served notice on each of NGP and NGPH regarding this failure to pay amounts owing to Tap in connection with NGP's share of production from the G1/48 concession. As at the date of this announcement, Tap has issued default notices in respect of an amount totaling US$5,705,339. The defaulted amounts remain outstanding and are accruing interest. Further amounts become payable to Tap each time oil lifting proceeds are received.

A summary of the forecast Manora acquisition payments for 2015 is set out in Appendix 1. Tap reserves all of its rights in relation to this default.

$27 million Northern Gulf default on Manora costs remains unpaid

NGP, being the Singaporean company that is a subsidiary of NGPH and controlled by Mr Yenbamroong, holds a 10% interest in the G1/48 Concession and the Manora Oil Development. On 20 March 2015 the Operator (Mubadala Petroleum) gave notice to NGP that it is in default under the terms of the G1/48 Joint Operating Agreement. Tap understands that NGP has failed to pay when due its 10% participating interest share of project costs for the Manora Oil Development. The notice specifies a total sum in default of $27,079,863.37. Tap also understands that this defaulted amount remains outstanding and that the Operator continues to pursue the available remedies against NGP as prescribed by the Joint Operating Agreement.

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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: **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. However as outlined above, NGPH has recently ceased making any further repayments to Tap. Tap has issued default notices in respect of an amount totaling US$5,705,339, and has reserved all of its rights in respect of this default.
2P Reserves Deferred Payment: **Payment by Tap to NGPH** *See below for further detail*	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 results in an amount owing to Tap of US$4,302,583 (excluding interest). 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 : • 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, made monthly in arrears, and follows the receipt of lifting proceeds.

Disclaimer

Certain statements contained in this announcement, including information as to the future financial or operating performance of Tap Oil Limited and its projects, are forward-looking statements. Such forward-looking statements:

- *are necessarily based upon a number of estimates and assumptions that, while considered reasonable by Tap Oil Limited, are inherently subject to significant technical, business, economic, competitive, political and social uncertainties and contingencies;*
- *involve known and unknown risks and uncertainties that could cause actual events or results to differ materially from estimated or anticipated events or results reflected in such forward-looking statements; and*
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Persons compiling information about hydrocarbons

*The information in this announcement relating to gross (100 percent) oil reserves for the Manora Field, Gulf of Thailand as of 31 December 2014 is based on information in the Netherland, Sewell & Associates, Inc. (**NSAI**) report dated 22 June 2015 compiled by Mr Philip S. (Scott) Frost. Mr Frost is qualified in accordance with ASX Listing Rule 5.41 and has consented to the inclusion of such information in this announcement in the form and context in which it appears. Mr Frost is a full-time employee of NSAI, with more than 30 years relevant experience in the petroleum industry; is a member of the SPE; and is a licensed Professional Engineer in the State of Texas, United States of America.*