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Dear Shareholder

Notice Received from Risco Energy Investments (SEA) Limited to remove and appoint Directors at a General Meeting

As a shareholder of Tap Oil Limited (**Tap** or the **Company**), you will be aware that your Company's five-member Board comprises:

- Mr Tom Soulsby, who was nominated by 22.1% shareholder Risco Energy Investments (SEA) Limited (**Risco**)
- Mr Frank Sreesangkom, who was nominated by 22.6% shareholder Mr Chatchai Yenbamroong (**Chatchai**)
- Three directors who are not aligned with either of the Company's major shareholders: Mr James Menzies, Mr Peter Mansell and Ms Andrea Hall (the **Non-Aligned Directors**).

The current structure ensures Tap's Non-Aligned Directors form the majority of the Board and reflect the minority interests held by Risco and Chatchai. Furthermore, this structure reflects best practice corporate governance and compliance with the Australian Corporations Act.

On 21 November 2017, Tap announced to the ASX that it had received a notice of intention from Risco to move resolutions seeking to:

- Remove Mr Menzies, Mr Mansell and Risco's own nominee director, Mr Soulsby, as directors of Tap
- Appoint the existing alternate director to Mr Soulsby, Mr Chris Newton, and Mr Govert van Ek, as directors of Tap

Since receiving notice of Risco's intention to move these resolutions, Tap has been informed by Ms Hall that she was approached by Risco on 8 November 2017, regarding a proposal to reconstitute the Board of Tap (**the Proposal**). On 10 November 2017 Ms Hall, the only Non-Aligned Director not subject to a proposed removal resolution, advised Risco that she <u>did not support the Proposal</u> and has advised Tap that she does not intend to remain on the Board if Risco's proposed Board changes were approved by Tap shareholders.

If Risco's Proposal is ultimately successful, Tap's Board will comprise:

- Mr Chris Newton (to replace Mr Soulsby), as Risco's nominee director
- existing director Mr Frank Sreesangkom, as Chatchai's nominee director
- Mr Govert van Ek, being a person nominated by Risco to act as a director of Tap.

This structure fails to meet the requirement under the Australian Corporations Act for a minimum of two Australian resident directors. Tap has asked Risco to nominate an additional director to ensure the Company remains in compliance with the Australian Corporations Act, but Risco has advised that it does not propose to nominate a further director at this stage.

Tap understands that it is ASX practice to immediately suspend trading in any ASX-listed company that is not in compliance with these minimum Australian resident director requirements.

Tap also received a notice of general meeting from Mr Soulsby under section 249CA of the Corporations Act to consider the resolutions proposed by Risco. The meeting is proposed to be held at 10.00am (AWST) on 2 February 2018 at Parmelia House, 191 St Georges Terrace, Perth, Western Australia. Tap will arrange for that notice of general meeting to be dispatched to shareholders in sufficient time for the proposed shareholder meeting to be held on that date.

It is highly unusual for a director to convene a shareholder meeting to consider their own removal. As a result, Tap asked Mr Soulsby to clarify his position in relation to Risco's Proposal but Mr Soulsby has advised that he does not wish to make any recommendations regarding that Proposal.

Risco has provided a statement (copy attached) under section 249P of the Corporations Act (**Risco Statement**). The statement seeks to explain the motivation behind Risco's Proposal.

It is important to note that Risco's statement omits important details leading up to receipt of the Proposal, which the Non-Aligned Directors believe constitutes material information.

Accordingly, the Non-Aligned Directors have prepared the attached letter containing additional information which they believe is relevant to shareholders in considering Risco's Proposal.

Shareholders should read the attached documents in their entirety, as well as the notice of general meeting and accompanying documents when they become available before deciding how to vote in relation to the resolutions proposed by Risco.

If you have any queries in relation to these developments, please call Tap's Company Secretary on +61 8 9485 1000.

Yours sincerely

James Menzies
Executive Chairman

Dear Shareholder,

We are the three directors of Tap Oil Limited (the **Non-Aligned Directors**) who are not aligned with the interests of either of Tap's existing major shareholders: Risco Energy Investments (SEA) Limited (**Risco**) and Mr Chatchai Yenbamroong (**Chatchai**).

We are writing to you to express our concern that the reasons provided by Risco to reconstitute Tap's Board (the **Proposal**) are inconsistent with recent statements made by Risco and Chatchai. It is our view that, when read in insolation, Risco's members statement is misleading.

Important events preceding the Proposal

On 15 September 2017, Tap Executive Chairman Mr James Menzies received a request from Risco's CEO and nominated director to the Tap Board, Mr Tom Soulsby, to attend a meeting in Jakarta with Chatchai and Mr Dany Subrata (**Subrata**). Subrata was introduced to Mr Menzies as an adviser to Mr Kindarto Kohar (**Kindarto**), who has been referred to as the ultimate controller of Risco's shareholding in Tap. Risco has separately confirmed that Subrata has provided instructions in relation to its shareholding in Tap.

Mr Menzies met with Subrata and Chatchai in Jakarta on 25 September 2017. During this meeting, Subrata and Chatchai informed Mr Menzies that Kindarto and Chatchai had met in Bali in early September 2017 to discuss their respective investments in Tap and that they had agreed to a "game plan".

Kindarto and Chatchai informed Mr Menzies that:

- Neither had an appetite to invest additional money in Tap to fund the Company's growth strategy
- They did not want their investment in Tap diluted
- Tap should abandon its current growth strategy in favour of a liquidation strategy focused on the sale of the Company's sole producing asset, the Manora oil field
- Tap should renege on the settlement reached with Mubadala Petroleum (**Mubadala**), the operator of the Manora oil field, so Tap could become party to ongoing disputes between Chatchai's Northern Gulf companies and Mubadala. This would place commercial pressure on Mubadala to buy Tap out of its interest in Manora.

Chatchai has subsequently confirmed that this is a "do or die thing" for him and Kindarto.

Dispute between Manora Joint Venture Parties

Mubadala and Chatchai's Northern Gulf are in dispute following Northern Gulf's failure to pay cash calls between July 2016 and May 2017 relating to Manora. Mubadala subsequently issued a default notice to Northern Gulf, demanding approximately US$26.5 million for unpaid cash calls. Northern Gulf, which currently has 10% of Manora, is disputing its liability to pay.

As a result of these actions, Tap found itself at risk of being called upon by Mubadala to carry its share of the amount sought from Northern Gulf. If it was sought and not paid, Tap would become a defaulting party under the Manora Joint Operating Agreement and would risk losing its 30% interest in Manora.

Based on the amount sought by Mubadala from Northern Gulf, Tap's share would be approximately US$8.82 million. At 31 October 2017, Tap had consolidated cash assets of approximately US$2.8 million. The Company does not currently have sufficient funds to pay the amount which would be sought if called upon to do so.

In view of Tap's financial position, and with the full support of the Tap Board (including Risco's nominee Mr Soulsby, but excluding Chatchai's nominee Mr Sreesangkom as he abstained from voting due to a conflict of interest), Tap entered into a settlement arrangement with Mubadala.

Settlement arrangement with Mubadala

As consideration for being released from the obligation to contribute its share of the amount owing from Northern Gulf, Tap agreed to release Mubadala from any potential claims that Tap may have against them. The Tap Board carefully assessed its position in relation to potential claims and concluded (with the support of Risco's nominee director Mr Soulsby) that any such claims were unlikely to succeed. We do not believe this agreement is in any way detrimental to Tap.

During the meeting in Jakarta, both Subrata and Chatchai said it had been a "mistake" for the Tap Board to agree to waive Tap's rights against Mubadala. They considered the waiver as prejudicing Tap's ability to exert commercial pressure on Mubadala into buying Tap out of its interest in Manora.

Subrata and Chatchai expressed these views even though Tap could have been called upon to pay an amount well beyond its means if it hadn't signed the agreement. Both Chatchai and Subrata said the replacement of Tap directors would enable Tap to renege on the settlement with Mubadala. This would enable Tap to align itself with Northern Gulf in relation to these disputes and jointly pursue an agitation strategy against Mubadala.

Risco's proposal to remove Mr Soulsby as its nominee on the Tap Board is consistent with this view, as Mr Soulsby was a member of the Tap Board that approved the Mubadala settlement arrangements.

Subrata and Chatchai shared the opinion that Tap shareholders would be supportive of this strategy, but if it had a negative impact on Tap's share price, it could create a "good buying opportunity" for them.

Chatchai and Kindarto are NOT ACTING in the interests of all Tap shareholders

Shareholders will recall that Chatchai has previously attempted to overhaul Tap's Board. Chatchai's Northern Gulf companies have also been engaged in costly and disruptive legal disputes with the Company.

What Chatchai and Kindarto are seeking to do with Tap is unacceptable. Their actions could lead to control of Tap changing hands without all Tap shareholders being aware of the circumstances or having an opportunity to obtain any benefits associated with a change in control.

Risco's true motivation

Risco's member's statement suggests the Proposal is being put forward because Tap's growth strategy has failed to deliver and that the Company's cost structure is too high.

However, events preceding the Proposal indicate the motivation may include a desire to:

(i) Shut down Tap's growth strategy in favour of selling the Company's interest in Manora

(ii) Align Tap with Chatchai's Northern Gulf in its ongoing disputes with Mubadala. This would place commercial pressure on Mubadala to buy Tap's interest in Manora and potentially provide opportunities for Risco to take a more active role in managing Tap's assets in return for management fees. In calendar 2016, Risco and related parties were paid approximately US$420,000 for services provided to Tap. These services were subsequently reduced following the appointment of Mr Menzies and Mr Chris Bath to Tap's executive management team. Risco has not disclosed who will manage Tap's operations if its Proposal is successful, although it is reasonable to assume that with the proposed removal of James Menzies, additional executive services will need to be provided.

We believe that a strategy that seeks to align Tap with Northern Gulf in its disputes against Mubadala is extremely high-risk. Such a strategy has the potential to:

- Expose Tap to immediate demands by Mubadala to contribute its share of the approximately US$26.46 million claimed to be owing by Northern Gulf
- Expose Tap to potential breaches of the settlement arrangements entered into with Mubadala in relation to the subject matter of the dispute
- Give rise to significant conflicts of interests with Chatchai's Northern Gulf companies
- Place significant downward pressure on Tap's share price due to risks associated with the strategy.

Based on our knowledge of the situation, we have little confidence in Northern Gulf succeeding in its disputes with Mubadala. Mr Soulsby has made similar comments to the Tap Board about Northern Gulf's prospects of success in these disputes.

Disputing assertions contained in Risco's Members Statement

- ***Tap's current [growth] strategy has failed to deliver:*** Given the work undertaken by Tap to stabilise its balance sheet (which the incumbent Board has presided over), it is important that Tap takes a measured approach to investigating new investment opportunities.

  Since the new strategy was adopted by the Board in February 2017, Tap has established a small team of specialists to screen and evaluate opportunities. The Company has since reviewed numerous opportunities and presented its views on business development to financial institutions. These ideas have generated positive feedback, raising expectations that Tap would receive the support of the wider market if it presented investors with an attractive opportunity. Tap is currently investigating a specific portfolio of South East Asian production and development assets that are in the early stages of being brought to market.

  It is unrealistic to expect such a growth strategy to produce immediate returns as has been suggested by Risco. It takes time to sift through potential opportunities, for negotiations with counterparties to take place and relevant approvals obtained. Based on deal flow seen to date, we are confident in Tap's ability to capitalise on this growth strategy within the short to medium term.

- ***The Manora field is in decline:*** This reinforces the importance of Tap's growth strategy in order to diversify into other producing oil & gas assets.

- ***Board size and cost***: Both Risco's and Chatchai's nominees on Tap's Board insist on receiving directors' fees. If Risco wished to save corporate costs, its nominees on the Tap Board could forego their fees. This is not unusual when major shareholders have nominees on a company's board.

  Tap has saved money by not hiring a CEO - James Menzies provides executive services to the Company as well as being the Company's Chairman. A substantial portion of Mr Menzies' remuneration is in the form of equity, which has also reduced cash outflows. Historically, Risco has been supportive of providing its own services to Tap in return for fees. Risco has never offered to provide these services free of charge. While Risco no longer provides services to Tap, if its Proposal is successful, Risco may again seek to provide services which will impose additional costs on the Company.

In regards to the structure of Tap's board, we believe the Company should have a majority of directors who are not aligned with either Risco or Chatchai. Unless Risco or Chatchai is willing to forego representation on Tap's Board, we think it is appropriate for the Company to have three non-aligned directors to reflect the fact that neither Risco nor Chatchai has sufficient shares to control to the Company.

- ***Revised strategy:*** Risco suggests that a "harvest" strategy should be adopted to realise value from Manora and the residual assets in Tap's portfolio. With early signs of recovery in the energy sector, Tap's balance sheet repaired and costs under control, we do not believe this is the right time to sell. We understand that Kindarto (the person who we believe ultimately controls Risco's shareholding in Tap) wants to monetise his stake despite the low share price, which has given rise to this Proposal.

- ***General & Administration Costs:*** The information provided in Risco's member's statement is not up to date as the Company forecasts a G&A spend of US$3.2M for calendar year 2017. A further reduction in G&A costs will occur in 2018 as Tap's existing office lease, signed in 2012, comes to an end in January 2018. The biggest impact that could be made to the Company's cost structure would be to stop paying director fees to the Risco and Chatchai nominees.

- ***Share price decline:*** We believe that the Company's share price has generally traded in line with the industry sector, although the market may discount Tap's value due to its existing shareholding structure.

  The share price may move higher on the back of increased production from Manora, higher oil prices and the hedges that we have put in place. However, we believe real growth in Tap's share price will be realised if and when the Company identifies a sufficiently attractive opportunity through its growth strategy.

In reviewing Risco's member's statement, Tap shareholders should ask themselves:

- Why is Risco's nominee director Tom Soulsby seeking to call a shareholder meeting to consider his own removal as a director of Tap?

- Why won't Risco identify the person who they wish to replace Andrea Hall as a director of the Company so as to comply with the minimum Australian resident director requirements, and have shareholders approve that appointment at the meeting called by Mr Soulsby?

- Why is Risco complaining about corporate costs when its nominee director Mr Soulsby has not once raised concerns with the Tap Board that director fees are too high, and has on numerous occasions sought fee paying mandates for one of his associated entities?

- Are the reasons provided by Risco for proceeding with the Proposal genuine, noting the background to receipt of the Proposal above and the cost savings which Risco have suggested in its members statement are not expected to be material?

Why are we concerned with Risco's Proposal?

1. ***Impact on control:*** At best, Risco's proposed reconstituted Board will provide Risco and Chatchai (if acting together) with negative control over Tap's affairs. At worst, it will result in them having the ability to control the Company and its future direction.

2. ***Best interests of the company:*** The suggestion made by Chatchai and Kindarto that they seek to cause Tap to renege on legal agreements entered into with Mubadala has the potential to expose the Company to significant liability.

   Why would Tap choose to put itself in a position where its solvency position would again be tested and potentially result in Tap losing its interest in Manora?

3. ***Conflicts of interest:*** The Proposal to reconstitute the Board of Tap provides the potential for material conflicts of interest to arise with:

   - Chatchai's Northern Gulf companies, in relation to any decision to renege on the settlement arrangements with Mubadala and align Tap with Northern Gulf in relation to those ongoing disputes; and

   - with Risco should they seek to take a more active role in managing Tap's affairs in return for the payment of management fees by Tap.

   Given Tap's current shareholding structure, we believe that Tap's Board should comprise a majority of independent directors to ensure that the interests of the remaining Tap shareholders (comprising almost 55% of the Company's issued capital) are appropriately protected.

   We have tried to avoid the escalation of this dispute (and the associated time and cost associated with it) by offering to stand down if a new Board comprising three acceptable independent directors were appointed in our place. We also sought assurances that any such reconstituted board would not be removed by either Risco or Chatchai until such time as Northern Gulf's disputes with Mubadala are finally resolved, so as to address our concerns regarding conflicts of interest.

   However, our proposal was rejected meaning that Tap shareholders will now be required to vote on the composition of the Board of Tap and the future direction of the company.

Where to from here?

A shareholders meeting will be convened for 10.00am (AWST) on 2 February 2018 at Parmelia House, 191 St Georges Terrace, Perth, Western Australia to consider the resolutions proposed by Risco relating to the appointment and removal of directors.

When it becomes available, you should read the information contained in the meeting documentation convening that shareholder meeting carefully, including any attached statements by directors in relation to their re-election, before deciding how to vote on Risco's Proposal.

Given the Company's current shareholding structure (where almost 45% of the Company's shares are held between Risco and Chatchai), it is critical that you cast your vote in relation to the Proposal to reconstitute the Company's Board and change the Company's

future direction.

We will continue to keep you advised of all material developments in relation to this matter.

We look forward to your continued support in maximising the value for all Tap shareholders.

Yours sincerely
the Non-Aligned Directors

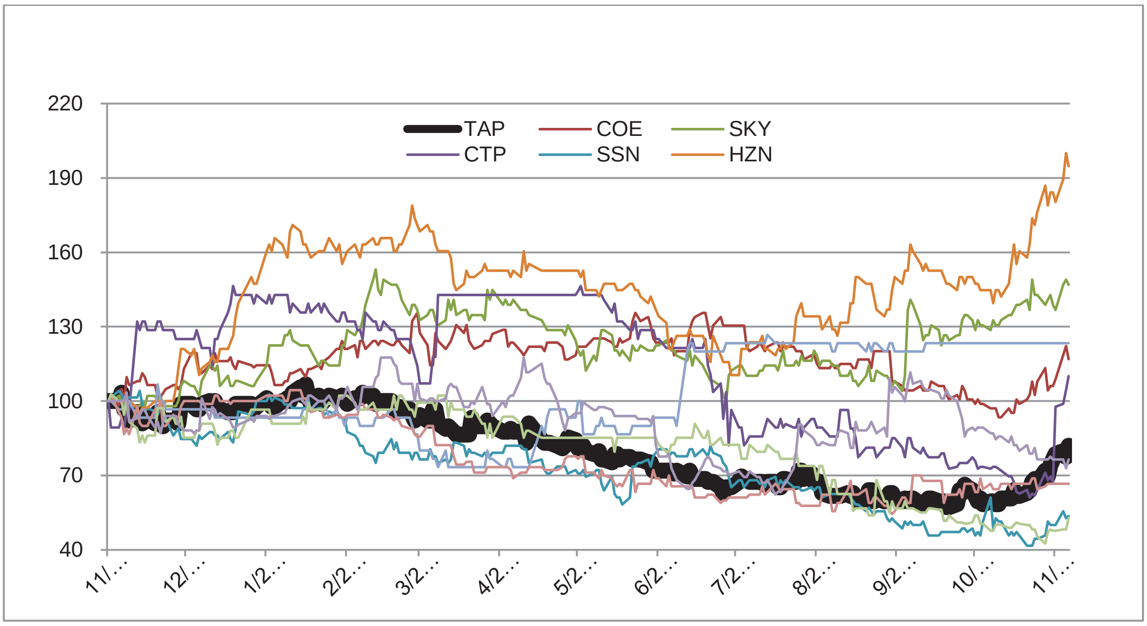
James Menzies Executive Chairman	Peter Mansell Non-Executive Director	Andrea Hall Non-Executive Director

MEMBER'S STATEMENT PURSUANT TO SECTION 249P OF THE CORPORATIONS ACT 2001

Set out below is a member's statement provided to Tap Oil Ltd. Tap Oil Ltd is required by the Corporations Act (2001) to provide this statement to all its shareholders.

This statement is made by Risco Energy Investments (SEA) Limited in its capacity as a member of Tap Oil Ltd, with at least 22.1% of the votes that may be cast at a general meeting of the Company.

Current strategy has failed to deliver - Tap Oil appointed Mr James Menzies to the Board of Tap Oil in May 2016 and he was subsequently appointed Executive Chairman in December 2016. Mr Menzies outlined a growth strategy to shareholders in February 2017 at Tap's Annual General Meeting with a strategic direction set on growing in Southeast Asia, targeting oil and gas production and development hubs with low risk step out exploration. Mr Menzies soon thereafter put in place a Business Development team. Since that time, no deals have been secured and the share price has declined from 9cps, to a low of 5cps, and is currently 6.9cps. Tap has been a bottom quartile performer against its peer group.



We believe that shareholders are rightly concerned about the execution of this strategy, the cost of the strategy and how the strategy would be funded.

Furthermore, Mr Menzies is London based and focused mainly on Business Development. For a Perth based company with assets in Australasia, Risco believe this excessive and unsustainable.

Manora field in decline – Tap's main asset, its 30% interest in the G1/48 Service Contract, Gulf of Thailand contains the Manora Field. The field is in decline and while significant potential remains this will consume capital and should be Tap's primary focus. Tap needs to do more to decrease Manora and corporate costs to enable realization of the Manora residual value.

Board size and cost – Tap has a board that is costing close to A$500,000 per annum and Risco believes that this board is not fit for purpose for a company of this size and market capitalization. The Board needs to be downsized while retaining the skills needed to execute a revised strategy.

Revised strategy – Risco believes that Tap is currently under-valued and the unfunded growth strategy is one of the major reasons for this. Risco suggests that shareholder value maximization and delivery, through tax effective capital return, can best be achieved by adopting a harvest strategy around Manora and the residual Australian portfolio and early capital return to shareholders. With the company being now debt free and oil price strengthening, it is time for shareholders' patience to be rewarded, rather than seeing profits frittered away into uncertain ventures as in the past.

General & Administration Costs – Despite reductions, Tap continues to run an excessively high G&A expense of nearly US$4m per year. The Board should aggressively target further reduction.

Share price decline – Total shareholder return (TSR) is the ultimate measure of the Board's performance. The Board has presided over a share price decline of 21% and bottom tier peer-group relative TSR since the appointment of Mr Menzies as Chairman.

Proposed Board Restructure

In accordance with the above, Risco has given to the Company notice of intention to move resolutions regarding:

1. the removal of Mr James Menzies as an executive director of the Company
2. the removal of Mr Peter Mansell as a non-executive director of the Company
3. the removal of Thomas Soulsby as a non-executive director of the Company;
4. the appointment of Chris Newton as a director of the Company
5. the appointment of Govert van Ek as a director of the Company

Mr Newton would in effect replace Mr Soulsby as Risco's nominee on the Board.

Signed consents to act as director have been obtained from Mr van Ek and Mr Newton, and these have also been provided to the Company, along with a formal nomination for their election as directors. Risco has requested its nominee, Mr Soulsby, to call a general meeting for the purpose of considering and voting on these resolutions.

Risco intends to vote in favor all five resolution.

In addition, if all five resolutions are passed, Risco will request its nominee on the Board to propose and vote in favor of a Board resolution to limit the annual remuneration of non-executive directors to A$60,000 per annum (excluding superannuation). Non-executive directors' remuneration is currently circa A$80,000 per annum.

Reasons in Support

Voting in favour of resolutions 1 to 5 would mean that the Board would comprise 4 directors: Two independent directors (Mrs Hall and Mr van Ek), 1 nominee from Risco (Mr Newton) and 1 nominee from NGP (Mr Sreesangkom). The skills set of the new board would be well suited to execute a simpler, harvest strategy and minimise costs to optimise returns to shareholders.

Whilst the above composition does not strictly comply with recommended ASX guidelines (not requirements) for listed companies, Risco notes that Tap does not currently comply with the guidelines (as it has only 2 independent directors out of 5 directors) and such a situation is not uncommon for a company of Tap's size.

We strongly believe that the above appointments and removals would be in the best interests the Company, and request that you vote in favour of the resolutions at the general meeting.