

3 June 2014

TAO-1 Drilling Update

Tangiers Petroleum Limited (ASX: TPT; AIM: TPET) (“Tangiers” or the “Company”) is pleased to provide an update related to progress of its Moroccan operations.

Fully Funded for Drilling of TAO-1 (dry hole case, trouble free)

Tangiers is pleased to confirm that the dry hole cost for the drilling of TAO-1, on a trouble free basis, is ~US\$73m and in line with the previous estimate released to market. On this basis, Tangiers is fully covered, for the drilling, by existing cash and receivables, including headroom for material cost overruns. Given the weather conditions, shallow water depth and well control in the region, the Company does not expect overruns but cannot guarantee that these will not occur and cautions investors that operational risk can never be fully mitigated.

Spud Date Imminent

The Company can confirm that the Ralph Coffman jackup rig was successfully loaded onto the heavy lift vessel MV Transshelf on the 25th May 2014 and is on track to deliver the rig nearby to the spud location on or about the 4th June 2014. The rig will undergo final checks and kitting out before being towed to site, where drilling is scheduled to commence on or about the 15th of June, in line with previous guidance for a mid-late June spud.

The TAO-1 well is a potential company-maker for Tangiers with 190 million barrels* of net best estimate unrisks prospective resource (gross unrisks best estimate 758 million barrels*).

Cautionary Statement: The estimated quantities of petroleum that may be potentially recovered by the application of a future development project relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration, appraisal and evaluation is required to determine the existence of a significant quantity of potentially movable hydrocarbons.

Tangiers has a 25 percent participating interest in the Tarfaya Offshore Block, which is being operated by Galp Energia who has a 50 percent interest. The remaining 25 percent interest is held by ONHYM (Morocco’s National Office of Hydrocarbons and Mines), who are carried through the exploration phase.

The TAO-1 well is located within a proven petroleum system, adjacent to the Cap Juby oil discovery, and is targeting three stacked objectives.



Ralph Coffman Jack-up rig:
dry tow via MV Transshelf en
route to well location
(Source: Rowan)

Release of Bank Guarantee and Past Cost Reimbursement

The Company would like to thank ONHYM and Galp for speedy release of the US\$3m bank guarantee, which was secured against the work program but has been replaced by Galp. Tangiers can confirm that final preparations are underway for transfer of both the US\$3m bank guarantee and US\$7.5m in back costs that formed part of the farm-in deal executed with Galp in December 2012.

Tangiers' Managing Director Dave Wall said "Tangiers would also like to thank investors for their support, through what has been a fast changing environment that has presented unique challenges, particularly in relation to funding. The Company is excited by the imminent drilling of the TAO-1 exploration prospect".

About Tangiers Petroleum: Tangiers Petroleum is an Australian-based oil explorer with assets offshore Morocco in shallow water. The Company is scheduled to spud the high impact TAO-1 exploration well in mid-late June, targeting best estimate net resource potential of 190mmbbl of oil (gross 758mmbbl, TPT 25%).*

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** Independently certified by NSAI as at 1 May 2011 – see NSAI Assessment of Prospective Oil Resources, market announcement dated 27 May 2011*

The Prospective Resource estimates above have been reviewed by Mr Brent Villemarette who is an Executive Director of Tangiers. Mr Villemarette is a reservoir engineer with over 30 years' experience and is a member of the Society of Petroleum Engineers. Mr Villemarette has reviewed the information and supporting documentation referred to in this announcement and considers the estimates to be fairly represented and consents to its release in the form and context in which it appears.

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