

23 September 2014

TAO-1 AND CASH POSITION UPDATE

Tangiers Petroleum Limited ("Tangiers" or the "Company") advises that it has finalised its financial obligations in relation to the drilling of the TAO-1 well, being a total of US\$18.56m. This has been funded by the Company's cash position and leaves Tangiers with a cash balance of approximately A\$1.25m.

The final cost of the TAO-1 well was in excess of the Company's internal budget. This was largely due to factors not associated directly with the drilling, which was completed safely and efficiently. Unfortunately, several of the costs were not fully quantified until after the well had reached total depth, at which time it was not possible for Tangiers to issue additional equity.

EXIT FROM TARFAYA OFFSHORE BLOCK

After an internal strategic review, and as part of the finalisation of its obligations, Tangiers has undertaken to exit the Tarfaya Offshore Block either: by assigning its 25% interest to Galp Energia (Galp), Tangiers' partner and the Operator of the block, for consideration of US\$3.4m; or by withdrawal when the permit expires in February 2015.

Under an agreement with Galp, if the exit has not been completed within 6 months (or 12 months at the discretion of Galp), Tangiers' Moroccan subsidiary, DVM International SARL (DVM), will be liable to Galp for a payment of US\$3.4m. Given that the permit expires in February 2015, and that the intention of both Galp and DVM is for DVM to assign the permit, the Board is confident that the contingent liability in DVM has a low chance of realisation. Assignment or withdrawal is subject to the normal approvals process by the Moroccan Government and the Office National des Hydrocarbures et des Mines (ONHYM).

Tangiers thanks the Moroccan Government and ONHYM for the opportunity to explore within Morocco.

Tangiers has also agreed a payment to Galp of US\$3.4m, in stock or cash, if the market capitalisation of Tangiers exceeds US\$50m within seven years of the agreement. This payment will also be required if Tangiers delists for any reason, such as due to a change of control.

NEW VENTURES

Tangiers is currently assessing several new venture opportunities, which are at various stages of maturity; however, none of these opportunities have progressed to binding agreements at this time. The Company looks forward to updating shareholders on these activities as they progress.

CAPITAL MANAGEMENT AND COMPLETION OF PLACEMENT

The Company has undertaken an internal overhead review, resulting in a significant reduction in overheads of greater than A\$2.5m per annum, including cuts to staff salaries (>A\$300k) and Director's fees (>A\$200k).

The Company has received firm commitments for a placement to raise A\$1.2m at \$0.006 per share to sophisticated investors in order strengthen its balance sheet, as announced on 19 September 2014. The placement will be managed by DJ Carmichaels and is subject to shareholder approval.

Tangiers' Managing Director, Dave Wall said "Whilst we are now starting from a low base, the Board is confident that we have the right ingredients in place to build a successful oil and gas business."

This announcement, along with lodgement of the Half Year Accounts, lifts the suspension on the trading of the Company's shares on both ASX and AIM.

Yours faithfully



David Wall
Managing Director
Tangiers Petroleum Ltd

Media and Investor Relations:

Australia

Tangiers Petroleum Ltd
admin@tangierspetroleum.com.au
+61 8 9485 0990

United Kingdom

RFC Ambrian Limited

As Nominated Adviser
Mr Oliver Morse / Ms Trinity McIntyre
+61 8 9480 2500

As Corporate Broker
Mr Charlie Cryer
+44 20 3440 6800