

# **Prospectus**

## Offer

For the Offer of

- 1,000 Shares to specified persons at an issue price of \$0.006 per Share to raise \$6 (Share Offer).
- 12,000,000 New Options with an exercise price of \$0.01 and a term of 3 years to brokers and advisers (or their nominees) (Option Offer).

# **Cleansing Prospectus**

This Prospectus has been issued for the purposes of section 708A(11) of the Corporations Act to remove any trading restrictions on the sale of the Placement Shares.

This Prospectus has also been issued for the purpose of ASIC Class Order 04/671 to remove any trading restrictions on the sale of any Shares issued pursuant to the exercise of the New Options issued under this Prospectus.

# Important notice

This Prospectus provides important information about Tangiers. You should read the entire document. If after reading this Prospectus you do not understand its contents or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

# Contents

# Table of contents

	Impo	ortant information	
1	Inve	stment Overview	4
	1.1	The Company	4
	1.2	Business Strategy	
	1.3	The Offer	
	1.4	Indicative Timetable	
	1.5	Key Risks	
	1.6	Financial Information	
	1.7 1.8	Capital Structure  Directors	
	1.0	Disclosure of Interests	
2	Deta	ails of the Offer	10
	2.1	Background and purpose of the Offer	10
	2.2	Details of the Offer	10
	2.3	Opening and Closing Dates	
	2.4	Minimum Subscription	
	2.5	Application for Shares and New Options	
	2.6	Underwriting	
	2.7 2.8	ASX and AIM listingIssue of Shares and New Options	
	2.9	Overseas Investors	
	2.10		
	2.11	Queries	
3	Com	npany Overview	13
	3.1	Company Background	
	3.2	Corporate Structure	
	3.3	Tarfaya Offshore Block	
	3.4	Business Strategy	
_	3.5	Corporate Governance	
4		stigating Accountant's Report	16
5		ct and purpose of the Offer	38
	5.1	Effect of the Offer	
	5.2	Effect of the Offer on capital structure	
	5.3	Substantial Shareholders	39
6	Righ	nts and liabilities attaching to Shares	40
	6.1	Rights and liabilities attaching to Shares	
	6.2	Rights and liabilities attaching to the New Options	42
7	Risk	KS .	43
	7.1	General	43
	7.2	Specific Risks	
	7.3	Industry Risks	
	7.4	General Risks	45

# Contents

8	Add	litional information	46
	8.1	Summary of Material Contracts	46
	8.2	Directors' interests	
	8.3	Interests of advisors	
	8.4	Consents	52
	8.5	Expenses of the Offer	
	8.6	Financial Forecasts	53
	8.7	Privacy	
	8.8	ASX Listing	54
	8.9	Consents to lodgement	
9	Glo	ssary	57
Corp	Corporate directory		

28510418 Prospectus Contents 2

# Important information

## Regulatory information

This Prospectus is dated 22 October 2014 and was lodged with the ASIC on that date. The ASIC and its officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No securities may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

This Prospectus has been prepared for the purposes of section 708A(11) of the Corporations Act to remove any trading restrictions on the sale of the Placement Shares. It has also been issued for the purpose of ASIC Class Order 04/671 to remove any trading restrictions on the sale of any Shares issued pursuant to the exercise of the New Options issued under this Prospectus.

The Offer is only available to those who are personally invited to accept the Offer. Applications for Shares and New Options pursuant to this Prospectus can only be submitted on an original Application Form which has been provided to specified investors and which accompanies this Prospectus.

Tangiers will apply to ASX for Official Quotation of the Shares within 7 days of the date of this Prospectus. Tangiers will not apply for Official Quotation of the New Options. Application for the admission of the Shares on AIM will be made as soon as possible after allotment.

It is important that you read this Prospectus in its entirety and seek professional advice where necessary. The Shares and New Options which are the subject of this Prospectus should be considered highly speculative.

## Disclaimer

No person is authorised to give any information or to make any representation in connection with the Offer described in this Prospectus. Any information or representation which is not contained in this Prospectus may not be relied upon as having been authorised by the Company in connection with the issue of this Prospectus.

Except as required by law, and only then to the extent so required, neither Tangiers nor any other person warrants the future performance of Tangiers, or any return on any investment made under this Prospectus.

## **Risk Factors**

Potential investors should be aware that subscribing for Shares and New Options in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in the Section 1.5 and 7 of this Prospectus. These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Shares in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Shares and New Options pursuant to this Prospectus.

## Prospectus availability

Shareholders with a registered address in Australia may obtain a copy of this Prospectus from the Company's website at <a href="www.tangierspetroleum.com.au">www.tangierspetroleum.com.au</a>. If you access the electronic version of this Prospectus, you should ensure that you download and read the entire Prospectus.

The distribution of this Prospectus (including an electronic copy) outside of Australia may be restricted by law. If you come into possession of this Prospectus, you should observe any such restrictions and should seek your own advice on those restrictions. Any non-compliance with the restrictions may contravene applicable securities laws.

## Foreign jurisdictions

The distribution of this Prospectus in jurisdictions outside Australia and its external territories may be restricted by law, and persons who come into possession of it should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. This Prospectus does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. Tangiers Shares have not been, and will not be, registered under the United States Securities Act of 1933 (Securities Act) and may not be offered or sold in the United States or to, or for the account or benefit of, a 'U.S. person' (as defined in Regulation S under the Securities Act), except in a transaction exempt from the registration requirements of the Securities Act and applicable United States state securities laws.

## Privacy

The Corporations Act requires the name and address of shareholders to be held in a public register. Your information may be disclosed on a confidential basis to Tangiers' related bodies corporate and external service providers, and may be required to be disclosed to regulators such as ASIC. The registered address of Tangiers is Level 2, 5 Ord Street, West Perth, WA 6005, Western Australia.

## **Defined terms**

A number of defined terms are used in this Prospectus. Unless the contrary intention appears, the context requires otherwise or words are defined in Section 9, words and phrases in this Prospectus have the same meaning and interpretation as in the Corporations Act or ASX Listing Rules.

References to Tangiers or the Company in this Prospectus include references to Subsidiaries unless the context provides otherwise.

# 1 Investment Overview

This section is a summary only and is not intended to provide full information for investors intending to apply for Shares and New Options offered pursuant to this Prospectus. This Prospectus should be read and considered in its entirety.

# 1.1 The Company

Tangiers is a junior oil and gas exploration company which is listed on ASX and AIM.

The Company has recently been focused on the exploration for petroleum in Africa through its 25% interest in the Tarfaya Offshore Block located offshore Morocco. The Tarfaya Offshore Block comprises 8 contiguous permits covering an area of 11,281 square km.

The current participating interests in the Tarfaya Offshore Block are:

a) DVM International SARL (wholly owned subsidiary of Tangiers) 25%

b) ONHYM (Moroccan state Company) 25%

c) Galp Energia Tarfaya (Operator) 50%

In June 2014 exploration drilling commenced in the Tarfaya Offshore Block on the TAO-1 exploration well. On 4 August 2014 the Company announced that the TAO-1 exploration well had been unsuccessful with no hydrocarbon shows encountered.

# 1.2 Business Strategy

Following an internal strategic and technical review, the Company decided to exit its interest in the Tarfaya Offshore Block and entered into a Deed of Settlement and Release with the Galp Parties. Further details in respect to the Deed of Settlement and Release are outlined in Sections 3.3 and 8.1.

The Company is currently assessing several new oil and gas investment opportunities which are at various stages of maturity; however no binding agreements have been entered into at this time.

The Company's goal is to build a successful petroleum exploration and production company that delivers material benefits to its shareholders and contributes to the development of the regions in which it works. It aims to achieve this by targeting overlooked or emerging play types where its small team of experts can move quickly to capitalise on opportunities prior to larger players moving in.

# 1.3 The Offer

The Offer is an offer of:

- a) 1,000 Shares at an issue price of \$0.006 per Share to raise \$6 (Share Offer); and
- b) 12,000,000 New Options, to certain brokers and advisers (or their nominees) (**Option Offer**).

The Offer of Shares and New Options will only be extended to specific investors identified by the Directors. The Company will provide Application Forms to these specified investors.

The purpose of this Prospectus is to remove any secondary trading restrictions that may attach to the Placement Shares to be issued and to remove any trading restrictions on the sale of any Shares issued pursuant to the exercise of the New Options issued under this Prospectus.

The proceeds of the Offer and the Placement will be applied to pay the costs of the Offer and Placement, for working capital purposes and to assess new business venture opportunities. Further details in respect to the Placement and purpose of the Offer are outlined in Section 2.1.

# 1.4 Indicative Timetable

Event	Date
Shareholder Meeting	20 October 2014
Lodgement of Prospectus with ASIC and Opening of the Offer	9am (WST) on 22 October 2014
Placement Shares issued and allotted	22 October 2014
Closing Date of the Offer under the Prospectus	5pm (WST) on 23 October 2014
Issue and allotment of Shares and New Options under the Prospectus	24 October 2014
Quotation of Shares on ASX	27 October 2014
Quotation of Shares on AIM	28 October 2014

All dates and times (other than the date of the Prospectus and date of lodgement of the Prospectus with ASIC) are indicative only. Tangiers reserves the right, subject to the Corporations Act, ASX Listing Rules and any other applicable laws, to vary the details of the Offer, including extending the Closing Date or accepting late applications, either generally or in particular cases without notice.

# 1.5 Key Risks

The business, assets and operations of the Company are subject to certain risk factors that have the potential to influence the operating and financial performance of the Company in the future. These risks can impact on the value of an investment in the securities of the Company.

The Board aims to manage these risks by carefully planning its activities and implementing risk control measures. Some of the risks are, however, highly unpredictable and the extent to which they can effectively manage them is limited.

Set out below are specific risks that the Company is exposed to. Further risks associated with an investment in the Company are outlined in Section 7.

## (a) Failure to withdraw from the Tarfaya Offshore Permit

Pursuant to the Deed of Termination and Release if DVM does not transfer or withdraw from the Tarfaya Offshore Permit within six months, or a mutually agreed later date within twelve months from the date of the Deed of Termination and Release then it will be liable for a remaining settlement amount of approximately US\$3.4 million.

Transfer and withdrawal are subject to normal government and ONHYM approvals. The current phase of the permit expires in February 2015. Both Galp and Tangiers are committed to the transfer of DVM's working interest in the permit; and the Tangiers Board is confident that transfer or withdrawal will occur within the specified timeframe. However, ultimately approval for the transfer must be obtained from the regulators in Morocco and there is a risk these approvals will not be obtained.

Further details in respect to the Deed of Termination and Release are outlined in Section 8.1

## (b) New venture risk

The Company intends to pursue acquisitions and/or investment opportunities within the oil and gas industry as outlined in its business strategy in Section 3.4. Whilst the Directors are reviewing a number of investment opportunities they are unable to provide investors with specific information as to an ultimate investment as no investment opportunity has currently been selected and/or binding agreements entered into. Investors must therefore make their decision to invest based on the skills of the Directors.

Should a suitable acquisition or investment opportunity be identified, it will then need to be assessed for its technical legal and commercial suitability. There can be no guarantee that any proposed acquisition of a new project identified will be completed or will be successful. The acquisition/investment into any project (whether completed or not) may also require the payment of monies (as a deposit or exclusivity fee) after only limited due diligence and prior to the completion of comprehensive due diligence. If any proposed acquisition is not completed, monies already advanced may not be recoverable.

Furthermore, notwithstanding that an acquisition may proceed upon the completion of due diligence, there will be additional risks associated specifically with the new project and operations within the oil and gas industry.

# (c) Future capital requirements

It is likely that the Company will be required to raise additional equity and/or debt capital to finance its activities in the future including any new acquisition and investment opportunities. There can be no assurance that the Company will be able to raise that finance on acceptable terms or in a timely manner.

Any additional equity financing will dilute shareholdings and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, the Company may be required to reduce the scope of its activities.

## (d) ASX listing

The ASX has certain requirements, including the level of operations that listed companies must meet in order to remain listed. If these requirements, in the discretion of ASX are not met, ASX has the ability to suspend a company until such time as the requirements are met.

In the event that the Company completes its proposed exit from its interest in the Tarfaya Offshore Block and it does not identify a suitable new acquisition and/or investment in a timely manner, therefore having a limited level of business operations, there is a risk that ASX may exercise its discretion that these requirements are not met and suspend the Company.

# (e) Reliance on key personnel

The responsibility of overseeing the day to day operations of the Company and its business strategy moving forward depends substantially on the Directors and

in particular the Managing Director, Mr David Wall. There can be no assurance that there will be no detrimental impact on the Company if one of the Directors was to leave.

# (f) Unforeseen expenditure risk

Expenditure may need to be incurred which has not been taken into account in the preparation of this Prospectus. Although the Company is not aware of any such additional expenditure requirements, if such expenditure is subsequently incurred, this may adversely impact budgeted expenditure proposals by the Company.

# 1.6 Financial Information

As outlined in Section 1.2 the Company's current business strategy includes a proposed exit of its current 25% interest in the Tarfaya Offshore Block and the assessment of new oil and gas investment opportunities

Accordingly, the Company's historical financial information and key financial ratios are not considered to be relevant to its current and future operations. The Investigating Accountant's Report in Section 4 sets out a summary of the Company's historical statement of financial position as at 31 August 2014 and a pro-forma statement of financial position incorporating and showing the effect on the Company of the settlement of the Company's financial obligations in respect to the Tarfaya Offshore Block and the completion of the Placement and the Offer.

# 1.7 Capital Structure

The Company will have the following Shares on issue following completion of the Offer.

Event	Number	
Shares currently on issue	252,026,723 <sup>1</sup>	
Shares to be issued pursuant to the Placement	200,000,000	
Shares offered under this Prospectus	1,000	
Total Shares on issue after completion of the Offer	452,027,723	
Note 1: 6,040,000 Shares are subject to vesting and/or performance conditions.		

The Company will also be issuing 12,000,000 New Options pursuant to the Offer. Further details in respect to options currently on issue and New Options to be issued to brokers and advisors under the Offer are outlined in Sections 5.2 (b) and 6.2.

# 1.8 Directors

## Mr Michael Evans

(Non-Executive Chairman)

Mr Michael Evans, a Chartered Accountant based in Perth, has extensive executive and board level experience with publicly listed companies in the natural resources sector spanning 30 years.

Mr Evans was the founding executive chairman of ASX oil and gas explorer FAR Limited, a position he held from 1995 until his resignation in April 2012. Under Mr Evans' stewardship, FAR Limited established and built up an extensive international oil and gas portfolio spanning Africa, North America, China and Australia – with industry partners including Amoco, Shell, BHP, BP, Exxon, CNOOC, Woodside and Santos, amongst others. Mr Evans is currently the non-executive chairman of ASX-listed TNG Limited.

## Mr David Wall

(Managing Director)

As a leading oil and gas equity analyst for the past six and a half years, Mr Wall has extensive experience with junior oil and gas companies, with a particular focus on Africa. His skillset spans asset evaluation across many fiscal regimes and play types as well as corporate advisory / M&A and equity capital markets experience having led >\$300 million in capital raisings.

Prior to his career as an analyst, Mr Wall managed a small team at Woodside Petroleum Ltd that reported to the executive committee. This team was responsible for vetting reports from all departments within the business prior to board approval, including exploration, development, operations, commercial and M&A. The team was also responsible for the annual budget as well as significant input into the five year plan and the company strategic plan.

By virtue of these experiences, Mr Wall brings strong commercial and strategic skills from within the oil and gas industry as well as generalist knowledge across all levels of the business. This is complemented by financial markets experience focussed on junior exploration companies.

Mr Wall holds a Bachelor of Commerce from the University of Western Australia, majoring in management and finance.

## **Mr Brent Villemarette**

(Non-Executive Director)

Mr Brent Villemarette is a reservoir engineer with more than 30 years' experience in the international oil and gas industry. His experience spans a wide range of disciplines including exploration, development, operations, marketing, acquisitions and new ventures. He held the position of chief operations officer for Transerv Energy, which has assets in the onshore Perth Basin in Western Australia and in Alberta, Canada. He has previously been operations director for Latent Petroleum, a private oil and gas exploration company co-founded with a small team of industry professionals engaged in commercialising the Warro tight gas field in the northern Perth Basin. He has also held the roles of international reservoir engineering manager for new ventures with Apache Corporation based in Houston, Texas, reservoir engineering manager for Apache Energy Limited based in Perth, and several senior engineering positions in the US with Apache Corporation and Oryx Energy (formerly Sun E&P).

# **Dr Stephen Staley**

(Non-Executive Director)

Dr Stephen Staley has 30 years' of management and technical experience in the European, African and Asian oil, gas and power sectors, including with Conoco and BP. More recently Dr Staley was founding managing director of upstream start-ups Fastnet Oil & Gas plc and Independent Resources plc and a non-executive director of Cove Energy plc. He is a Fellow of the Geological Society, holds a BSc (Hons.) in Geophysics from Edinburgh University, a PhD in Petroleum Geology from Sheffield University and an MBA from Warwick University.

# 1.9 Disclosure of Interests

The remuneration received by Directors and their associated entities in the current financial year together with the relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus is set out in the table below.

Director	Remuneration <sup>1</sup>	Shares⁵	Options
Michael Evans	\$53,202	1,000,000	1,000,000 <sup>2</sup>
David Wall	\$160,658	5,750,000	-
Brent Villemarette	\$216,824	1,221,222	1,500,000 <sup>3</sup>
Stephen Staley	\$32,588 £110,708 <sup>6</sup>	-	2,000,0004

# Notes:

- 1. Remuneration paid from 1 January 2014 to the date of Prospectus.
- 2. Exercisable at \$0.42 on or before 12 June 2017.
- 3. Exercisable at \$0.60 on or before 16 December 2014.
- 4. Exercisable at \$0.28 on or before 12 June 2017.
- 5. At the Shareholders Meeting on 20 October 2014, Shareholders authorised and approved the participation in the Placement by Messrs Michael Evans, David Wall and Dr Stephen Staley. Messrs David Wall, Michael Evans and Dr Stephen Staley will each be issued 4,166,167 Shares under the Placement. These Shares are not included in the above table and will be issued to each of the Directors or their nominees on or about 22 October 2014.
- 6. Derwent Resources Limited, a company associated with Dr Stephen Staley, receives consultancy fees payable in Pound sterling as outlined further in Section 8.2 (b).

Further details in respect to Directors interests are outlined in Section 8.2.

# 2 Details of the Offer

# 2.1 Background and purpose of the Offer

On 19 September 2014, the Company announced it intended to undertake a placement, subject to Shareholder approval, of 200,000,000 Shares at an issue price of \$0.006 per Share to raise \$1,200,000 (**Placement**). On 24 September 2014, the Company advised it has received firm commitments from investors in respect to the Placement.

The Company agreed to issue 12,000,000 New Options to certain brokers and advisers for services rendered generally, and with respect to the Placement.

On 20 October 2014, Shareholders approved the issue of the Placement Shares. The Company intends to issue and allot the Placement Shares on 22 October 2014.

Section 708A(11) of the Corporations Act provides that an offer of securities for sale does not need disclosure to investors if:

- (1) the relevant securities are in a class of securities that are quoted securities of the body; and
- (2) either:
  - (A) a prospectus is lodged with ASIC on or after the day on which the relevant securities were issued but before the day on which the sale offer is made; or
  - (B) a prospectus is lodged with ASIC before the day on which the relevant securities are issued and offers of securities that have been made under the prospectus are still open for acceptance on the day on which the relevant securities were issued; and
  - (C) the prospectus is for an offer of securities issued by the body that are in the same class of securities as the relevant securities.

The purpose of this Prospectus is to remove any secondary sale restrictions that may attach to Placement Shares to be issued and to any Shares issued by the Company following the exercise of the New Options in accordance with Class Order 04/671.

# 2.2 Details of the Offer

This Offer is an offer of:

- a) 1,000 Shares at an issue price of \$0.006 per Share to raise \$6; and
- b) 12,000,000 New Options with an exercise price of \$0.01 and a term of 3 years, to brokers and advisers (or their nominees).

The Offer of Shares and New Options will only be extended to specific investors identified by the Directors. The Company will provide Application Forms to these specified investors.

The proceeds of the Offer and the Placement will be applied to pay the costs of the Offer, for working capital purposes and to assess new business venture opportunities.

The Shares offered under this Prospectus will rank equally with the existing Shares on issue.

# 2.3 Opening and Closing Dates

The Opening Date of the Offer will be 9am (WST) on 22 October 2014 and the Closing Date for the Offer will be 5pm (WST) on 23 October 2014.

Tangiers reserves the right, subject to the Corporations Act, ASX Listing Rules and any other applicable laws, to vary the details of the Offer, including extending the Closing Date.

# 2.4 Minimum Subscription

There is no minimum subscription in respect of the Offer.

# 2.5 Application for Shares and New Options

Applications for Shares and New Options under the Offer can only be made by those investors identified by the Company and must be made using the Application Form provided by the Company to the specified investors and which will accompany this Prospectus.

Applications from investors other than those identified by the Company will not be accepted.

Payment for the Shares must be made in full at the issue price of \$0.006 per Share.

Completed Application Forms and accompanying cheques, made payable to "Tangiers Petroleum Limited – Share Account" and crossed "Not Negotiable", must be mailed or delivered to the address set out on the Application Form by no later than the Closing Date.

# 2.6 Underwriting

The Offer is not underwritten.

# 2.7 ASX and AIM listing

Application for Official Quotation by ASX of the Shares offered pursuant to this Prospectus will be made within seven (7) days after the date of this Prospectus.

If the Shares are not admitted to Official Quotation by ASX before the expiration of three (3) months after the date of issue of this Prospectus, or such period as varied by ASIC, the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares now offered for subscription.

Application for the admission of the Shares to trading on AIM will be made as soon as possible following allotment.

Tangiers will not apply for Official Quotation of the New Options.

# 2.8 Issue of Shares and New Options

The issue of Shares and New Options under the Offer will take place as soon as practicable after the Closing Date. No Shares and New Options will be allotted or issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

Holding statements for Shares issued to the issuer sponsored subregister and confirmation of issue for Clearing House Electronic Subregister System (CHESS) holders will be mailed to Applicants being issued Shares pursuant to the Offer as soon as practicable after their issue.

# 2.9 Overseas Investors

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

# 2.10 Rights attaching to Shares and New Options

The rights and liabilities attaching to the Shares being issued under this Prospectus and the Placement are set out in Tangiers' constitution and in the Corporations Act and are the same rights and liabilities attaching to Tangiers' existing issued Share capital. A summary of those rights is set out in Section 6.1.

The rights and liabilities attaching to the New Options are outlined in Section 6.2.

# 2.11 Queries

Any queries regarding the Offer should be directed to the Company Secretary, Sarah Smith, on +61 8 9322 7600.

# 3 Company Overview

# 3.1 Company Background

The Company was incorporated on 21 February 1996. On 17 September 1999, the Company converted to a public company and was admitted to the Official List of ASX on 19 January 2000.

From its listing on ASX in January 2000 until December 2006, the Company operated in the digital and media technology industry. In December 2006, the Company undertook a change of direction and entered into the petroleum industry. The Company changed its name to Tangiers Petroleum Limited on 24 May 2010. Since 2007, Tangiers has focused on oil and gas exploration in several international and Australian petroleum provinces. Tangiers was admitted to the AIM market of the London Stock Exchange plc on 3 February 2012.

Tangiers currently holds a 25% interest in the Tarfaya Offshore Block located offshore Morocco. On 24 September 2014, the Company announced that it intended to exit the Tarfaya Offshore Block by either assigning its 25% interest to Galp Energia Tarfaya (Tangiers' partner and the Operator of the block) for consideration of US\$3.4 million; or by withdrawal when the permit expires in February 2015, subject to approval from Office National des Hydrocarbures et des Mines (**ONHYM**).

Further details in respect to the Company's proposed exit from the Tarfaya Offshore Block are outlined in Sections 3.3 and 8.1 below.

# 3.2 Corporate Structure

The corporate structure of Tangiers is outlined below.



# 3.3 Tarfaya Offshore Block

The Tarfaya Offshore Block is located on the Moroccan Atlantic margin and currently comprises 8 contiguous permits covering an area of 11,281 square km (approximately 2.8 million acres). The Tarfaya Offshore Block is located approximately 600 km southwest of Morocco's capital Rabat, inboard of the Canary Islands on a shallow shelf with water depths generally under 200m.

Tangiers was awarded a 75% interest in the Tarfaya Offshore Block by Joint Ministerial Order from the Moroccan government in February 2010. In December 2012, the Company entered into the Tarfaya Offshore Farm-out Agreement with the Galp Parties, for the assignment of a 50% interest and operatorship in the Tarfaya Offshore Block. Approval of

the assignment of 50% interest and transfer of operatorship to Galp Energia Tarfaya was received upon signature of the Joint Ministerial Order by the Moroccan government along with the extension of the permit to February 2015.

The Company retained a 25% interest, and the ONHYM (the Moroccan state company), maintained its 25% interest in the Tarfaya Offshore Block as summarised below.

Current participating interests in the Tarfaya Offshore Block

c) DVM International SARL (wholly owned subsidiary of Tangiers) 25%
 d) ONHYM (Moroccan state Company) 25%
 e) Galp Energia Tarfaya (Operator) 50%

On 24 March 2014, the Company announced that Galp had entered into an agreement to secure access to the Ralph Coffman Drilling Unit to undertake exploration drilling in the Tarfaya Offshore Block. The Ralph Coffman jack-up rig commenced drilling operations at the TAO-1 exploration well on 26 June 2014. The TAO-1 well was designed to test three stacked objectives within the Jurassic carbonate fairway: Assaka (secondary objective), Trident (primary objective) and TMA. The deepening of the well to intersect the TMA objective would be contingent on the results of the Assaka and Trident objectives.

The Company announced on 4 August 2014 that the TAO-1 exploration well had been unsuccessful. The exploration well was drilled to a total depth of 3,518m and did not encounter favourable reservoir quality at Trident. No hydrocarbon shows were encountered at Assaka, the younger secondary objective in the Upper Jurassic, either. The TAO-1 exploration well was to be plugged and abandoned in line with industry practise.

Following an internal strategic and technical review, the Company announced its intention to exit the Tarfaya Offshore Block on 24 September 2014. The exit from the Tarfaya Offshore Block will be undertaken by either the Company assigning its 25% interest to Galp Energia Tarfaya for consideration of US\$3.4 million; or by withdrawal when the permit expires in February 2015, subject to approval from ONHYM.

The Company has entered into a Deed of Termination and Release with the Galp Parties to finalise its funding obligation for the TAO-1 exploration well and its proposed exit from the Tarfaya Offshore Block. The key commercial terms of the Deed of Termination and Release are:

- (1) A cash settlement payment, of US\$8 million has been paid by the Company to Galp Energia Tarfaya;
- DVM will transfer its 25% interest in the Tarfaya Offshore Block to Galp Energia Tarfaya or the parties will withdraw from the permit. If DVM does not transfer or withdraw from the Tarfaya Offshore Permit within six months, or a mutually agreed later date within twelve months from the date of the Deed of Settlement and Release then it will be liable for a remaining settlement amount of approximately US\$3.4 million. Transfer and withdrawal are subject to normal government and ONHYM approvals. The current phase of the permit expires in February 2015. DVM fully intends to transfer or withdraw from the permit within the specified timeframe. Tangiers has agreed to indemnify DVM in relation to any damages arising from a breach of the agreement with the Galp Parties; and
- (3) In the event that Tangiers' market capitalisation exceeds US\$50 million within the next seven years, it has agreed a deferred payment to Galp Energia Tarfaya of US\$3.4 million in cash or stock. This payment will also be required if Tangiers delists for any reason, such as due to change of control.

Further details in respect to the Deed of Termination and Release are summarised in Section 8.1.

# 3.4 Business Strategy

Tangiers intends to exit its current 25% interest in the Tarfaya Offshore Block.

The Company is assessing several new oil and gas investment opportunities which are at various stages of maturity; however no binding agreements have been entered into.

The Company's goal is to build a successful exploration and production company that delivers material benefits to its shareholders and contributes to the development of the regions in which it works. It aims to achieve this by targeting overlooked or emerging play types where its small team of experts can move quickly to capitalise on opportunities prior to larger players moving in.

The opportunities Tangiers will seek will be based on robust technical evaluation together with informed socio-political decisions and cultural sensitivity in business relationships.

# 3.5 Corporate Governance

The Company, through its Board and executives, recognises the need to establish and maintain corporate governance policies and practices. Tangiers' corporate governance practices are guided by the practices recommended by the ASX Corporate Governance Council in their Principles of Good Corporate Governance and Best Practice Recommendations. Where the Company's corporate governance practices are inconsistent with the practices recommended by the ASX Corporate Governance Council, the Company has disclosed the inconsistencies in their most recent Annual Report being for the year ended 31 December 2013.

The Company's Board Charters and corporate governance policies are available from the Company's website at <a href="https://www.tangierspetroleum.com.au">www.tangierspetroleum.com.au</a>.







Tel: +61 8 6382 4600 www.bdo.com.au

38 Station Street Subiaco, WA 6008 PO Box 700 West Perth WA 6872

21 October 2014

The Directors Tangiers Petroleum Limited Level 2, 5 Ord Street West Perth WA 6005

**Dear Directors** 

# INVESTIGATING ACCOUNTANT'S REPORT

#### 1. Introduction

We have been engaged by Tangiers Petroleum Limited ('Tangiers' or 'the Company') to prepare this Investigating Accountant's Report ('Report') on the historical financial information and pro forma historical financial information of Tangiers for inclusion in the Prospectus. Broadly, the Prospectus will offer 1,000 Shares at an issue price of \$0.006 each to raise \$6 ('the Offer') and the issue of 12 million New Options with an exercise price of \$0.01 and a term of 3 years to brokers and advisers (or their nominees) ("Option Offer)...

Expressions defined in the Prospectus have the same meaning in this Report. BDO Corporate Finance (WA) Pty Ltd ('BDO') holds an Australian Financial Services Licence (AFS Licence Number 316158).

#### 2. Scope

Historical financial information

You have requested BDO to review the following historical financial information of Tangiers included in the Prospectus:

- The Statement of Profit or Loss and Other Comprehensive Income for the eight months ended 31 August 2014;
- The Statement of Financial Position as at 31 August 2014; and
- The Statement of Changes in Equity for the eight months ended 31 August 2014.

(collectively the 'historical financial information').

The historical financial information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and Tangiers' adopted accounting policies. The historical financial information has been extracted from the financial information of Tangiers for the eight months ended 31 August 2014, which was reviewed by Audit (WA) Pty Ltd in accordance with the Australian Auditing Standards. BDO Audit (WA) Pty Ltd issued an unmodified opinion on the financial information.

The historical financial information is presented in the Appendices to this report in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act* 2001.

Pro Forma historical financial information

You have requested BDO to review the pro forma historical statement of financial position as at 31 August 2014 for Tangiers referred to as the 'pro forma historical financial information'

The pro forma historical financial information has been derived from the historical financial information of Tangiers, after adjusting for the effects of any subsequent events described in section 6 and the pro forma adjustments described in section 7. The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the historical financial information and the events or transactions to which the pro forma adjustments relate, as described in section 6 and section 7, as if those events or transactions had occurred as at the date of the historical financial information. Due to its nature, the pro forma historical financial information does not represent the company's actual or prospective financial position.

# 3. Director's responsibility

The directors of Tangiers are responsible for the preparation of the historical financial information and pro forma historical financial information, including the selection and determination of pro forma adjustments made to the historical financial information and included in the pro forma historical financial information. This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of historical financial information and pro forma historical financial information that are free from material misstatement, whether due to fraud or error.

# 4. Our responsibility

Our responsibility is to express a limited assurance conclusion on the financial information based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the financial information.

# Conclusion

Historical financial information

Based on our review, which was not an audit, nothing has come to our attention which would cause us to believe the historical financial information as set out in the Appendices to this report does not present fairly, in all material aspects, the financial performance for the eight months ended 31 August 2014 or the financial position as at 31 August 2014 in accordance with the stated basis of preparation as described in section 2.

Without modifying our conclusion, we note that the ability of the consolidated entity to continue as a going concern is dependent upon the future successful raising of necessary funding.

Pro-forma historical financial information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the pro forma historical financial information is not presented fairly in all material respects, in accordance with the stated basis of preparation as described in section 2.

# 6. Subsequent Events

The pro-forma statement of financial position reflects the following events that have occurred subsequent to the period ended 31 August 2014:

- On 19 September 2014, the Company announced it intended to undertake a placement, subject to shareholder approval of 200,000,000 shares at \$0.006 per share to raise \$1,200,000 before costs ('the Placement'). On 23 September 2014, the Company advised it has received firm commitments from investors in respect of the Placement;
- Costs of the Placement are estimated to be \$172,000, which are to be offset against contributed equity. The costs of the Placement include \$40,000 in broker management fees, 12 million options issued to advisers exercisable at \$0.01 in three years ('Adviser Options') and a brokerage fee of \$72,000, being 6% of the total amount raised;
- As at 31 August 2014, Tangiers owed an amount of US\$9,622,496 to Galp Energia. This subsequently increased as a result of a cash call of US\$917,635 in September 2014. As a result of operating expenses incurred, the amount owing to Galp Energia increased by US\$895,888 taking the total amount owing to US\$11,436,019.
- On 23 September 2014, the Company announced DVM International Sarl ('DVM'), a wholly owned subsidiary of Tangiers, had entered into a settlement agreement to finalise its funding obligations for the TAO-1 exploration well. A cash settlement payment of US\$8 million was made in September 2014. The remaining US\$3,436,019 has since been extinguished and is considered a contingent liability. The conditions relating to the crystallisation of this liability can be found in Appendix 4, Note 9.
- Management advises that between 1 September 2014 and the date of this report, the Company recovered \$100,000 of receivables. This increase in cash was offset by the payment of approximately \$500,000 of general and administration expenses over the period.

Apart from the matters dealt with in this Report, and having regard to the scope of our Report, to the best of our knowledge and belief, no other material transactions or events outside of the ordinary business of the Company have come to our attention that would require comment on, or adjustment to, the information referred to in our Report or that would cause such information to be misleading or deceptive.

# 7. Assumptions Adopted in Compiling the Pro-forma Statement of Financial Position

The pro-forma statement of financial position post issue is shown in Appendix 2. This has been prepared based on the reviewed financial statements as at 31 August 2014, the subsequent events set out in section 6, and the following transactions and events relating to the issue of Shares under this Prospectus:

- The issue of 1,000 Shares at an offer price of \$0.006 each to raise \$6 pursuant to the Prospectus; and
- Costs of the Offer are expected to be \$48,904 which are to be offset against contributed equity.

# 8. Disclosures

BDO Corporate Finance (WA) Pty Ltd is the corporate advisory arm of BDO in Perth. Without modifying our conclusions, we draw attention to the Prospectus, which describes the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose.

Neither BDO Corporate Finance (WA) Pty Ltd nor BDO, nor any director or executive or employee thereof, has any financial interest in the outcome of the proposed transaction except for the normal professional fee due for the preparation of this Report.

Consent to the inclusion of the Investigating Accountant's Report in the Prospectus in the form and context in which it appears, has been given. At the date of this Report, this consent has not been withdrawn.

Yours faithfully

BDO Corporate Finance (WA) Pty Ltd

Alm Algen

Adam Myers

Director

# APPENDIX 1

# TANGIERS PETROLEUM LIMITED

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Reviewed for the
	period ended
	31-Aug-14
	\$
Interest revenue	156,815
Administration expenses	(3,067,140)
Occupancy expenses	(1,034,880)
Employee benefit expenses	(942,414)
Share based payment expense	(408, 124)
Depreciation and amortisation expense	(17,102)
Exploration expenditure written off	(21,798,579)
Loss on foreign exchange	(375,498)
Loss on sale of available for sale investments	(14,216)
Loss before income tax	(27,501,138)
Income tax expense	-
Net loss attributable to members of the parent	(27,501,138)
Other comprehensive income for the period	
Other comprehensive income that may be recycled to profit or loss in	
subsequent periods	
Change in fair value of available for sale investments (net of tax)	(60,061)
Total comprehensive loss for the period	(27,561,199)

This consolidated statement of profit or loss and other comprehensive income shows the historical financial performance of Company and is to be read in conjunction with the notes to and forming part of the historical financial information set out in Appendix 4 and the prior year financial information set out in Appendix 5. Past performance is not a guide to future performance.

APPENDIX 2

TANGIERS PETROLEUM LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Reviewed as at	Subsequent	Pro-forma	Pro-forma
		31-Aug-14	events	adjustments	after issue
	Notes	\$	\$	\$	\$
CURRENT ASSETS					
Cash and cash equivalents	2	10,149,998	(8,017,599)	(48,898)	2,083,501
Other receivables	3	408,054	(100,000)	-	308,054
TOTAL CURRENT ASSETS	_	10,558,052	(8,117,599)	(48,898)	2,391,555
NON CURRENT ASSETS					
Plant and equipment		32,141	-	-	32,141
Other financial assets		42,726	-	-	42,726
TOTAL NON CURRENT ASSETS	_	74,867	-	-	74,867
TOTAL ASSETS	_	10,632,919	(8,117,599)	(48,898)	2,466,422
CURRENT LIABILITIES					
Trade and other payables	4	10,504,513	(10,289,393)	-	215,120
TOTAL CURRENT LIABILITES	_	10,504,513	(10,289,393)	-	215,120
TOTAL LIABILITIES	_	10,504,513	(10,289,393)	-	215,120
NET ASSETS	_	128,406	2,171,794	(48,898)	2,251,302
EQUITY					
Issued and fully paid shares	5	67,077,364	1,028,000	(48,898)	68,056,466
Shares reserved for share plans		(1,751,600)	-	-	(1,751,600)
Reserves	6	12,301,236	60,000	-	12,361,236
Accumulated losses	7	(77,498,594)	1,083,794	-	(76,414,800)
TOTAL EQUITY	_	128,406	2,171,794	(48,898)	2,251,302

The pro-forma statement of financial position after the Offer is as per the statement of financial position before the Offer adjusted for any subsequent events and the transactions relating to the issue of shares pursuant to this Prospectus. The statement of financial position is to be read in conjunction with the notes to and forming part of the historical financial information set out in Appendix 4 and the prior year financial information set out in Appendix 5.

APPENDIX 3

TANGIERS PETROLEUM LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Reviewed for the period ended	Subsequent	Pro-forma	Pro-forma
		31-Aug-14	Events	Adjustments	After issue
	Note	\$	\$	\$	\$
Comprehensive income for the period					
Accumulated losses	7	(77,498,594)	1,083,794	-	(76,414,800)
Total comprehensive income for the period		(77,498,594)	1,083,794	-	(76,414,800)
Transactions with equity holders in their capacity as equity holders					
Contributed equity, net of transaction costs	5	67,077,364	1,028,000	(48,898)	68,056,466
Shares reserved for share plans		(1,751,600)	-	-	(1,751,600)
Reserves	6	12,301,236	60,000	-	12,361,236
Total transactions with equity holders		77,627,000	1,088,000	(48,898)	78,666,102
Balance at 31 August 2014		128,406	2,171,794	(48,898)	2,251,302

The above consolidated statement of changes in equity is to be read in conjunction with the notes to and forming part of the historical financial information set out in Appendix 4 and the prior year financial information set out in Appendix 5.

## **APPENDIX 4**

## TANGIERS PETROLEUM LIMITED

## NOTES TO AND FORMING PART OF THE HISTORICAL FINANCIAL INFORMATION

# 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the historical financial information included in this Report have been set out below.

# a) Basis of preparation of historical financial information

The historical financial information has been prepared in accordance with the recognition and measurement, but not all the disclosure requirements of the Australian equivalents to International Financial Reporting Standards ('AIFRS'), other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the Corporations Act 2001.

The financial information has also been prepared on a historical cost basis, except for derivatives and available-for-sale financial assets that have been measured at fair value. The carrying values of recognised assets and liabilities that are hedged are adjusted to record changes in the fair value attributable to the risks that are being hedged. Non-current assets and disposal group's held-for-sale are measured at the lower of carrying amounts and fair value less costs to sell.

# b) Going Concern

The historical financial information has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

## c) Reporting Basis and Conventions

The report is also prepared on an accrual basis and is based on historic costs and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

## d) Principles of consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Tangiers at the end of the reporting period. A controlled entity is any entity over which Tangiers has the power to govern the financial and operating policies so as to obtain benefits from the entity's activities. Control will generally exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities are included only for the period of the year that they were controlled.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated group have been eliminated on consolidation. Accounting

policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are shown separately within the Equity section of the consolidated statement of financial position and statement of financial performance. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

# e) Income Tax

The income tax expense or benefit (revenue) for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

The charge for current income tax expenses is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognized from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

# f) Cash and Cash Equivalents

Cash and cash equivalents includes cash at bank and in hand, deposits held at call with financial institutions, other short-term highly liquid deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

## g) Other receivables

Other receivables are recognised as the amount receivable and are due for settlement no more than 30 days from the date of recognition. Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off against the receivable directly unless a provision for impairment has previously been recognised.

A provision for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

Loans granted are recognised at the amount of consideration given or the cost of services provided to be reimbursed.

# h) Revenue Recognition

Revenues are recognised at fair value of the consideration received net of the amount of GST.

## Interest

Revenue is recognised as interest accrues using the effective interest method. The effective interest method uses the effective interest rate which is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial asset.

## i) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

# j) Trade and Other Payables

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the Company. Trade accounts payable are normally settled within 30 days of recognition.

# k) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between proceeds (net of transaction costs) and the redemption amount is recognised in the statement of financial performance over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

# I) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of GST except where GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flow on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authorities are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

# m) Exploration and Evaluation Expenditure

Exploration and evaluation expenditure, including costs of acquiring the licences, are capitalised as exploration and evaluation assets on an area of interest basis. Costs incurred before the Company has obtained the legal rights to explore the area are recognised in the statement of financial performance.

Exploration and evaluation assets are only recognised if the rights of the area of interest are current and either:

- I. The expenditures are expected to be recouped through successful development and exploitation or from sale of the area of interest; or
- II. Activities in the area of interest have not at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the areas of interest are continuing.

Exploration and evaluation assets are assessed for impairment if (i) sufficient date exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For the purpose of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

When an area of interest is abandoned or the directors decide that it is not commercial, and accumulated costs in respect of that area are written off in the financial period the decision is made.

# n) Impairment of assets

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

## Financial Assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

## Non-Financial Assets

The carrying amounts of the non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, recoverable amount is estimated at each reporting date.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the statement of financial performance. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of any goodwill

allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

# o) Contributed Equity

Ordinary shares are classified as equity.

Costs directly attributable to the issue of new shares or options are shown as a deduction from the equity proceeds, net of any income tax benefit. Costs directly attributable to the issue of new shares or options associated with the acquisition of a business are included as part of the purchase consideration.

# p) Employee Benefits

Wages and Salaries, Annual Leave and Sick Leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the statement of financial position date are recognised in respect of employees' services rendered up to statement of financial position date and measured at amounts expected to be paid when the liabilities are settled.

Liabilities for non-accumulating sick leave are recognised when leave is taken and measured at the actual rates paid or payable. Liabilities for wages and salaries are included as part of Other Payables and liabilities for annual and sick leave are included as part of Employee Benefit Provisions.

# Long Service Leave

Liabilities for long service leave are recognised as part of the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees to the statement of financial position date using the projected unit credit method. Consideration is given to expect future salaries and wages levels, experience of employee departures and periods of service. Expected future payments are discounted using national government bond rates at the statement of financial position date with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

# Share-based payments transactions

The Company provides benefits to employees (including directors) of the Company in the form of share options. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employee becomes unconditionally entitled to the options. The fair value of the options granted is measured using Black-Scholes valuation model, taking into account the terms and conditions upon which the options were granted.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, on a straight line basis over the period from grant date to the date on which the relevant employees become fully entitled to the award ("vesting date"). The amount recognised as an expense is adjusted to reflect the actual number that vest.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

# q) Accounting estimates and judgements

In the process of applying the accounting policies, management has made certain judgements or estimations which have an effect on the amounts recognised in the financial information.

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Valuation of share based payment transactions

The valuation of share-based payment transactions is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the Black Scholes model taking into account the terms and conditions upon which the instruments were granted.

# **Options**

The fair value of options issued is determined using the Black-Scholes model, taking into account the terms and conditions upon which the options were granted.

Recoverability of capitalised exploration and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the company decides to exploit the related lease itself, or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, costs of drilling and production, production rates, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

## **Taxation**

The Company is subject to income taxes in Australia. Significant judgement is required when determining the Company's provision for income taxes. The Company estimates its tax liabilities based on the Company's understanding of the tax law.

	Reviewed	Pro-forma
	31-Aug-14	after Offer
NOTE 2. CASH AND CASH EQUIVALENTS	\$	\$
Cash and cash equivalents	10,149,998	2,083,501
Adjustments to arise at the pro-forma balance:		
Reviewed balance of Tangiers at 31 August 2014		10,149,998
Subsequent events:		
Cash raised from Placement		1,200,000
Broker management fees		(40,000)
Brokerage fee as a result of Placement		(72,000)
Cash settlement payment (converted at 1US\$: A\$1.0882)		(8,705,599)
Payments for general and administration expenses subsequent to 31-Aug-14		(500,000)
Recovery of receivables subsequent to 31-Aug-14		100,000
	_	(8,017,599)
Pro-forma adjustments:		
Proceeds from shares issued under this Prospectus		6
Cost of the Offer		(48,904)
	_	(48,898)
Pro-forma Balance	_	2,083,501

	Reviewed	Pro-forma
	31-Aug-14	after Offer
NOTE 3. OTHER RECEIVABLES	\$	\$
Other receivables	408,054	308,054
·		
Adjustments to arise at the pro-forma balance:		
Reviewed balance of Tangiers at 31 August 2014		408,054
Subsequent events:		
Recovery of receivables subsequent to 31-Aug-14		(100,000)
		(100,000)
	_	
Pro-forma Balance		308,054

	Reviewed	Pro-forma
	31-Aug-14	after Offer
NOTE 4. TRADE AND OTHER PAYABLES	\$	\$
Trade and other payables	10,504,513	215,120
Adjustments to arise at the pro-forma balance:		
Reviewed balance of Tangiers at 31 August 2014		10,504,513
Subsequent events:		
Cash settlement payment to Galp Energia of US\$8 million		(8,705,599)
Transfer to contingent liabilities of amount owing to Galp Energia		(1,583,794)
		(10,289,393)
Pro-forma Balance	_	215,120

	Reviewed	Pro-forma
	31-Aug-14	after Offer
NOTE 5. ISSUED AND FULLY PAID SHARES	\$	\$
Issued and fully paid shares	67,077,364	68,056,466
	Number of	\$
	shares	
Adjustments to arise at the pro-forma balance:		
Fully paid ordinary share capital	252,026,723	67,077,364
Subsequent events:		
Shares issued under Placement	200,000,000	1,200,000
Broker management fees	-	(40,000)
Adviser Options issued as costs of the Placement	-	(60,000)
Brokerage fee as a result of Placement	-	(72,000)
	200,000,000	1,028,000
Pro-forma adjustments:		
Proceeds from shares issued under this Prospectus	1,000	6
Cost of the Offer	-	(48,904)
	1,000	(48,898)
Pro-forma Balance	452,027,723	68,056,466

	Reviewed	Pro-forma
	31-Aug-14	after Offer
NOTE 6. RESERVES	\$	\$
Reserves	12,301,236	12,361,236
Adjustments to arise at the pro-forma balance:		
Reviewed balance of Tangiers at 31 August 2014		12,301,236
Subsequent events:		
Issue of Advisor Options for services performed in relation to the Placement		60,000
Pro-forma Balance	_	12,361,236

Using the Black Scholes option pricing model the fair value of the Adviser Options was determined using the following inputs:

	Adviser
Item	Options
Underlying share price	\$0.01
Exercise price	\$0.01
Life of the Adviser Options (years)	3.00
Volatility	80%
Risk-free rate	2.67%

	Reviewed	Pro-forma
	31-Aug-14	after Offer
NOTE 7. ACCUMULATED LOSSES	\$	\$
Accumulated losses	(77,498,594)	(76,414,800)
Adjustments to arise at the pro-forma balance:		
Reviewed balance of Tangiers at 31 August 2014		(77,498,594)
Subsequent events:		
Gain on transfer of amount owing to Galp Energia from trade payables to		1,583,794
contingent liabilities		
General and administration expenses incurred subsequent to 31-Aug-14	_	(500,000)
		1,083,794
	_	
Pro-forma Balance	_	(76,414,800)

# NOTE 8: RELATED PARTY DISCLOSURES

Transactions with Related Parties and Directors Interests are disclosed in the Prospectus.

# NOTE 9: COMMITMENTS AND CONTINGENCIES

At the date of the report a contingent liability exists whereby the Company will be liable to settle an amount of US\$3,436,019 if DVM does not transfer or withdraw from the Tarfaya Offshore Permit within six months or a mutually agreed upon date within twelve months of the date of the deed. This contingent liability also crystallises if the market capitalisation of Tangiers exceeds \$50 million within the next seven years, or in the event the Company delists for any reason such as due to a change of control.

# APPENDIX 5

# TANGIERS PETROLEUM LIMITED

# CONSOLIDATED HISTORICAL FINANCIAL INFORMATION

Sal-Dec-13   Sal-Dec-12   Sal-Dec-13   Sal-Dec-12   Sal-Dec-13   Sal-Dec-14   Sal	Consolidated Historical Statement of Profit or Loss	Audited for the year ended	Audited for the year ended
Interest revenue 69,331 46,827 Other income 436,606 - Administration expenses (2,549,059) (1,826,625) Occupancy expenses (616,565) (369,035) Employee benefit expenses (1,022,062) (827,774) Share based payment expense (604,843) (1,691,289) Depreciation and amortisation expense (24,933) (35,767) Exploration expenditure expensed as incurred (172,818) (35,765) Exploration expenditure written off (2,112,508) (30,528) Impairment of available for sale investments (230,782) - Loss on sale of available for sale investments (63,120) - Interest expense (827) (1,840) Loss before income tax (6,891,580) (4,771,796) Income tax expense Net loss attributable to members of the parent (6,891,580) (4,771,796) Other comprehensive income for the period Other comprehensive income that may be recycled to profit or loss in subsequent periods Change in fair value of available for sale investments (60,061) - (net of tax)	and Other Comprehensive Income	31-Dec-13	31-Dec-12
Other income Administration expenses (2,549,059) (1,826,625) Occupancy expenses (616,565) (369,035) Employee benefit expenses (1,022,062) (827,774) Share based payment expense (604,843) (1,691,289) Depreciation and amortisation expense (24,933) (35,767) Exploration expenditure expensed as incurred (172,818) (35,765) Exploration expenditure written off (2,112,508) (30,528) Impairment of available for sale investments (230,782) Loss on sale of available for sale investments (63,120) Interest expense (6,891,580) (4,771,796)  Other comprehensive income for the period Other comprehensive income that may be recycled to profit or loss in subsequent periods Change in fair value of available for sale investments (60,061)		\$	\$
Administration expenses Occupancy expenses (2,549,059) (1,826,625) Occupancy expenses (616,565) (369,035) Employee benefit expenses (1,022,062) (827,774) Share based payment expense (604,843) (1,691,289) Depreciation and amortisation expense (24,933) (35,767) Exploration expenditure expensed as incurred (172,818) (35,765) Exploration expenditure written off (2,112,508) (30,528) Impairment of available for sale investments (230,782) Loss on sale of available for sale investments (63,120) Interest expense (6827) (1,840) Loss before income tax (6,891,580) (4,771,796) Other comprehensive income for the parent  Other comprehensive income that may be recycled to profit or loss in subsequent periods Change in fair value of available for sale investments (60,061)	Interest revenue	69,331	46,827
Occupancy expenses  Employee benefit expenses  Employee benefit expenses  (1,022,062)  (827,774)  Share based payment expense  (604,843)  Depreciation and amortisation expense  (24,933)  Exploration expenditure expensed as incurred  (172,818)  Exploration expenditure written off  (2,112,508)  Impairment of available for sale investments  (230,782)  Loss on sale of available for sale investments  (63,120)  Interest expense  (827)  Net loss attributable to members of the parent  Other comprehensive income for the period  Other comprehensive income that may be recycled to profit or loss in subsequent periods  Change in fair value of available for sale investments  (60,061)  - (0,061)  - (1,022,062)  (827,774)  (827,771)  (828,777)  (828,777)  (828,777)  (827,772)  (827,772)  (828,777)  (828,777)  (828,777)  (828,777)  (827,772)  (828,777)  (828,777)  (827,772)  (827,772)  (827,772)  (828,777)  (827,772)  (827,772)  (827,772)  (827,772)  (827,772)  (827,772)  (827,772)  (827,772)  (827,772)  (827,772)  (827,772)  (827,772)	Other income	436,606	-
Employee benefit expenses (1,022,062) (827,774) Share based payment expense (604,843) (1,691,289) Depreciation and amortisation expense (24,933) (35,767) Exploration expenditure expensed as incurred (172,818) (35,765) Exploration expenditure written off (2,112,508) (30,528) Impairment of available for sale investments (230,782) - Loss on sale of available for sale investments (63,120) - Interest expense (827) (1,840) Loss before income tax (6,891,580) (4,771,796) Income tax expense Net loss attributable to members of the parent (6,891,580) (4,771,796)  Other comprehensive income for the period Other comprehensive income that may be recycled to profit or loss in subsequent periods Change in fair value of available for sale investments (60,061) - (net of tax)	Administration expenses	(2,549,059)	(1,826,625)
Share based payment expense (604,843) (1,691,289)  Depreciation and amortisation expense (24,933) (35,767)  Exploration expenditure expensed as incurred (172,818) (35,765)  Exploration expenditure written off (2,112,508) (30,528)  Impairment of available for sale investments (230,782) -  Loss on sale of available for sale investments (63,120) -  Interest expense (827) (1,840)  Loss before income tax (6,891,580) (4,771,796)  Income tax expense  Net loss attributable to members of the parent (6,891,580) (4,771,796)  Other comprehensive income for the period  Other comprehensive income that may be recycled to profit or loss in subsequent periods  Change in fair value of available for sale investments (60,061) -  (net of tax)	Occupancy expenses	(616,565)	(369,035)
Depreciation and amortisation expense (24,933) (35,767)  Exploration expenditure expensed as incurred (172,818) (35,765)  Exploration expenditure written off (2,112,508) (30,528)  Impairment of available for sale investments (230,782) -  Loss on sale of available for sale investments (63,120) -  Interest expense (827) (1,840)  Loss before income tax (6,891,580) (4,771,796)  Income tax expense  Net loss attributable to members of the parent (6,891,580) (4,771,796)  Other comprehensive income for the period  Other comprehensive income that may be recycled to profit or loss in subsequent periods  Change in fair value of available for sale investments (60,061) -  (net of tax)	Employee benefit expenses	(1,022,062)	(827,774)
Exploration expenditure expensed as incurred  Exploration expenditure written off  (2,112,508)  (30,528)  Loss on sale of available for sale investments  (63,120)  Interest expense  Exploration expenditure written off  (63,120)  Exploration expenditure written off  (6,891,580)  Exploration expenditure written of exploration exploration expenditure are all exploration expenditure are all exploration expenditure are all exploration expenditure are all exploration exploration expenditure are all exploration exploration exploration expenditure are all exploration	Share based payment expense	(604,843)	(1,691,289)
Exploration expenditure written off  Impairment of available for sale investments  Loss on sale of available for sale investments  Interest expense  Loss before income tax  Income tax expense  Net loss attributable to members of the parent  Other comprehensive income that may be recycled to profit or loss in subsequent periods  Change in fair value of available for sale investments  (2,112,508)  (30,528)  (4,772)  (63,120)  (4,771,796)  (6,891,580)  (4,771,796)  (6,891,580)  (4,771,796)  (6,891,580)  (4,771,796)  (6,891,580)  (4,771,796)  (6,891,580)  (6,891,580)  (7,771,796)  (7,771,796)  (8,771,796)  (8,771,796)  (9,891,580)  (1,840	Depreciation and amortisation expense	(24,933)	(35,767)
Impairment of available for sale investments  Loss on sale of available for sale investments  (63,120)  Interest expense  (827)  Loss before income tax  (6,891,580)  Income tax expense  Net loss attributable to members of the parent  Other comprehensive income that may be recycled to profit or loss in subsequent periods  Change in fair value of available for sale investments  (63,120)  - (6,891,580)  (4,771,796)  Other comprehensive income for the period  Other comprehensive income that may be recycled to profit or loss in subsequent periods  Change in fair value of available for sale investments  (60,061)  - (net of tax)	Exploration expenditure expensed as incurred	(172,818)	(35,765)
Loss on sale of available for sale investments  (63,120)  Interest expense  (827)  (1,840)  Loss before income tax  (6,891,580)  Income tax expense  Net loss attributable to members of the parent  Other comprehensive income for the period  Other comprehensive income that may be recycled to profit or loss in subsequent periods  Change in fair value of available for sale investments  (63,120)  (4,771,796)  (4,771,796)  (6,891,580)  (4,771,796)  Other comprehensive income that may be recycled to profit or loss in subsequent periods  Change in fair value of available for sale investments  (60,061)  - (net of tax)	Exploration expenditure written off	(2,112,508)	(30,528)
Interest expense (827) (1,840)  Loss before income tax (6,891,580) (4,771,796)  Income tax expense  Net loss attributable to members of the parent (6,891,580) (4,771,796)  Other comprehensive income for the period  Other comprehensive income that may be recycled to profit or loss in subsequent periods  Change in fair value of available for sale investments (60,061)  (net of tax)	Impairment of available for sale investments	(230,782)	-
Loss before income tax Income tax expense  Net loss attributable to members of the parent  Other comprehensive income for the period Other comprehensive income that may be recycled to profit or loss in subsequent periods Change in fair value of available for sale investments (6,891,580)  (4,771,796)  (6,891,580)  (4,771,796)  (6,891,580)  (4,771,796)  (6,891,580)  (4,771,796)  (6,891,580)  (4,771,796)  (6,891,580)  (4,771,796)  (6,891,580)  (4,771,796)	Loss on sale of available for sale investments	(63,120)	-
Income tax expense  Net loss attributable to members of the parent  Other comprehensive income for the period  Other comprehensive income that may be recycled to profit or loss in subsequent periods  Change in fair value of available for sale investments  (6,891,580)  (4,771,796)  60,061  - (net of tax)	Interest expense	(827)	(1,840)
Net loss attributable to members of the parent  (6,891,580)  (4,771,796)  Other comprehensive income for the period  Other comprehensive income that may be recycled to profit or loss in subsequent periods  Change in fair value of available for sale investments  (60,061  - (net of tax)	Loss before income tax	(6,891,580)	(4,771,796)
Other comprehensive income for the period Other comprehensive income that may be recycled to profit or loss in subsequent periods Change in fair value of available for sale investments (net of tax)  Other comprehensive income for the period  60,061  -	Income tax expense	-	-
Other comprehensive income that may be recycled to profit or loss in subsequent periods  Change in fair value of available for sale investments  (net of tax)  60,061	Net loss attributable to members of the parent	(6,891,580)	(4,771,796)
profit or loss in subsequent periods  Change in fair value of available for sale investments  (net of tax)  60,061	Other comprehensive income for the period		
Change in fair value of available for sale investments 60,061 - (net of tax)	Other comprehensive income that may be recycled to		
(net of tax)	profit or loss in subsequent periods		
Total comprehensive loss for the period (6,831,519) (4,771,796)	-	60,061	-
	Total comprehensive loss for the period	(6,831,519)	(4,771,796)

	Audited as at	Audited as at
Consolidated Historical Statement of Financial		
Position	31-Dec-13	31-Dec-12
	\$	\$
CURRENT ASSETS		
Cash and cash equivalents	6,089,313	4,174,910
Other receivables	121,212	307,949
TOTAL CURRENT ASSETS	6,210,525	4,482,859
NON CURRENT ASSETS		
Plant and equipment	49,243	43,710
Other financial assets	3,566,500	2,939,949
Exploration and evaluation expenditure	7,742,856	9,165,356
TOTAL NON CURRENT ASSETS	11,358,599	12,149,015
TOTAL ASSETS	17,569,124	16,631,874
CURRENT LIABILITIES		
Trade and other payables	915,761	445,423
TOTAL CURRENT LIABILITES	915,761	445,423
TOTAL LIABILITIES	915,761	445,423
NET ASSETS	16,653,363	16,186,451
EQUITY		
Issued and fully paid shares	55,889,563	49,196,225
Reserves	10,761,256	10,096,102
Accumulated losses	(49,997,456)	(43,105,876)
TOTAL EQUITY	16,653,363	16,186,451

# 5 Effect and purpose of the Offer

## 5.1 Effect of the Offer

The principal effects of the Offer on Tangiers are as follows:

- (a) Tangiers will issue 1,000 Shares at an issue price of \$0.006 per Share;

  Tangiers will issue 12,000,000 New Options, with an exercise price of \$0.01 and a term of 3 years; and
- (b) the proceeds of the Offer together with the Placement Funds raised of approximately \$1.2 million will be used to fund the expenses of the Offer and Placement, working capital and the assessment of new venture opportunities.

# 5.2 Effect of the Offer on capital structure

Following completion of the Offer and the Placement the capital structure of Tangiers will be as follows:

## (a) Shares

Event	Number	
Shares currently on issue	252,026,723 <sup>1</sup>	
Shares to be issued pursuant to the Placement	200,000,000	
Shares offered under this Prospectus	1,000	
Total Shares on issue after completion of the Offer	452,027,723	
Note 1: 6,040,000 Shares are subject to vesting and/or performance conditions.		

# (b) Options

Tangiers currently has the following options (unlisted) on issue.

Exercise Price	Expiry Date	Number
\$0.60	16 December 2014	6,000,000
\$0.22	16 December 2014	1,000,000
\$0.50	2 April 2015	500,000
\$0.60	2 April 2015	3,274,124
\$0.70	2 April 2015	3,500,000
\$0.70	10 April 2016	300,000
£0.256	19 November 2015	213,733

£0.242	19 November 2015	487,230
\$0.28	26 November 2015	2,000,000
\$0.28	26 November 2015	3,000,000
\$0.45	31 March 2016	2,500,000
\$0.45	31 October 2016 (voluntary escrow for 12 months)	2,500,000
\$0.42	12 June 2017 (vesting conditions apply)	1,000,000
\$0.28	12 June 2017	2,000,000
\$0.30	22 April 2016	1,000,000
\$0.16	12 June 2017	250,000

The following New Options are being offered under this Prospectus to certain broker and advisers (or their nominees).

Exercise Price	Term	Number
\$0.01	3 years	12,000,000

Further details in respect to the terms and conditions of the New Options are outlined in Section 6.2.

## 5.3 Substantial Shareholders

The Company does not have any Shareholders holding 5% or more of the Shares on issue as at the date of this Prospectus and will not have any Shareholders holding 5% or more of the Shares on issue on completion of the Placement and Offer.

# 6.1 Rights and liabilities attaching to Shares

#### (a) Introduction

The rights and liabilities attaching to the Shares being issued under this Prospectus are set out in Tangiers' constitution and in the Corporations Act. The main rights and liabilities attaching to the Shares are summarised below.

#### (b) Meetings of shareholders and voting rights

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of Tangiers.

Subject to restrictions on voting from time to time affecting any class of Shares, at general meetings of members:

- (1) subject to paragraphs (2) and (3), on a show of hands, each member present has 1 vote;
- where a member has appointed more than 1 person as representative, proxy or attorney for that member, none of the representatives, proxies or attorneys is entitled to vote on a show of hands;
- (3) where a person is entitled to vote by virtue of paragraph (1) in more than 1 capacity, that person is entitled to only 1 vote on a show of hands; and
- (4) on a poll, each member present:
  - (A) has 1 vote for each fully paid Share held; and
  - (B) for each other Share held has a fraction of a vote equivalent to the proportion which the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited) for the Share. When calculating this proportion, amounts paid in advance of a call are to be ignored.

#### (c) Dividends

The Tangiers board may determine that a dividend (including an interim dividend on account of the next forthcoming dividend) is payable and fix the amount, time for payment and method of payment. The methods of payment may include the payment of cash, the issue of Shares, the grant of options and the transfer of assets.

Any dividend or interim dividend is (subject to the rights of, or any restrictions on, the holders of Shares created or raised under any special arrangement as to dividend) payable on each Share on the basis of the proportion which the amount paid or agreed to be considered to be paid bears to the amount of total issue price for the time being paid or agreed to be considered as paid or payable in respect of the Share. The dividend may be fixed at a rate per annum in respect of a specified period but no amount paid on a Share in advance of calls is to be treated as paid on the Share.

A transfer of a Share only passes the right to any dividend determined but not paid on the Share at the time of transfer:

- (1) in the case of a proper transfer, if this is the effect of the operating rules; and
- (2) in any other case, if the transfer is effected by the relevant record date.

The Tangiers board may retain the dividends payable on Shares which any person is, under Tangiers' constitution, entitled to transfer until the person becomes registered as a member in respect of the Shares or properly transfers them. All unclaimed dividends may be invested or otherwise made use of by the Tangiers board for the benefit of Tangiers until claimed or otherwise disposed of according to law.

Payment of any dividend may be made in any manner and by any means as determined by the Tangiers board. Without affecting any other method of payment which the Tangiers board may adopt, payment of any dividend may be made to the member entitled to the dividend or, in the case of joint holders, to the member whose name appears first in the register in respect of the joint holding.

## (d) Winding up

If Tangiers is wound up, whether voluntarily or otherwise, the liquidator may divide among all or any of the contributories as the liquidator thinks fit in specie or kind any part of the assets of Tangiers, and may vest any part of the assets of Tangiers in trustees on any trusts for the benefit of all or any of the contributories as the liquidator thinks fit.

If thought expedient, any division may be otherwise than in accordance with the legal rights of the contributories and, in particular, any class may be given preferential or special rights or may be excluded altogether or in part. However, any contributory who would be prejudiced by the division has a right to dissent and ancillary rights as if the determination were a special resolution passed under the Corporations Act relating to the sale or transfer of Tangiers' assets by a liquidator in a voluntary winding up.

If any Shares to be divided as above involve a liability to calls or otherwise, any person entitled under the division to any of the Shares may by notice in writing within 10 business days after the passing of the special resolution, direct the liquidator to sell the person's proportion and pay the person the net proceeds and the liquidator is required, if practicable, to act accordingly.

#### (e) Transfer of Shares

Generally, Shares are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act, the ASX Listing Rules or the AIM Rules for Companies.

All Shares can be traded on either the ASX or AIM. To trade Shares on AIM, Shares must first be transferred from Tangiers Australian share registry into the form of Depository Interests (each of which represents a Share) which are held in a CREST account on Tangiers' UK sub-registry. The transfer process is relatively simple and is typically completed in a few days and is undertaken by contacting Tangiers' share registry, Computershare.

CREST is the UK equivalent of the CHESS system in Australia for the electronic settlement and registration of share trades. To hold Securities in a CREST account, a shareholder should contact an authorised UK stockbroker and establish an account with them. Alternatively, several Australian stockbrokers have existing accounts with UK stockbrokers that they can utilise for the purpose of trading in AIM shares by their clients. Tangiers can provide contact details for such stockbrokers in the UK and Australia which can facilitate trading Securities on AIM.

#### (f) Alteration of capital

Subject to Section 246B of the Corporations Act, Tangiers may, with the sanctions of a special resolution passed at a meeting of Shareholders, vary or abrogate the rights attaching to Shares.

## 6.2 Rights and liabilities attaching to the New Options

- (a) The New Options will be unlisted.
- (b) Each New Option entitles the holder to subscribe for and be allotted one ordinary fully paid Share in the capital of the Tangiers.
- (c) The New Options are exercisable at \$0.01 per New Option (Exercise Price) and will have an expiry date which is 3 years from the date of issue (Expiry Date).
- (d) The New Options are exercisable at any time on or prior to the Expiry Date by notice in writing to the Directors accompanied by payment of the Exercise Price.
- **(e)** The New Options are transferable.
- (f) All Shares issued upon exercise of the New Options will rank pari-passu in all respects with the Tangiers then existing ordinary fully paid Shares. Tangiers will apply for Official Quotation by the ASX of all Shares issued upon exercise of the New Options.
- There are no participating rights or entitlements inherent in the New Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the New Options. However, if from time to time on or prior to the Expiry Date the Company makes an issue of new Shares to the holders of ordinary fully paid Shares, Tangiers will send a notice to each holder of New Options at least nine (9) Business Days before the record date referable to that issue. This will give New Option holders the opportunity to exercise their New Options prior to the date for determining entitlements to participate in any such issue.
- (h) If there is a bonus issue to the holders of the underlying securities, the number of securities over which the New Options exercisable may be increased by the number of securities which the holder of the New Option would have received if the New Option had been exercised before the record date for the bonus issue. This rule does not apply to New Options issued pro rata on the same as New Options already on issue.
- (i) There is no right to a change in the Exercise Price of the New Options or to the number of Shares over which the New Options are exercisable in the event of a new issue of capital (other than a bonus issue) during the currency of the New Options.
- (j) In the event of any reorganisation of the issued capital of Tangiers on or prior to the Expiry Date, the rights of a holder of a New Option will be changed to the extent necessary to comply with the applicable ASX Listing Rules in force at the time of the reorganisation.

#### 7 Risks

#### 7.1 General

The following risks have been identified as being key risks specific to investing in Tangiers. These risks have the potential to have a significant adverse impact on Tangiers which may in turn affect the financial position, prospects and price of its listed securities.

Some of these risks can be mitigated by the use of safeguards and appropriate systems and controls, others can be covered by insurance, but some are outside the control of Tangiers and cannot be mitigated or insured against.

## 7.2 Specific Risks

## (a) Failure to withdraw from the Tarfaya Offshore Permit

Pursuant to the Deed of Termination and Release if DVM does not transfer or withdraw from the Tarfaya Offshore Block within six months, or a mutually agreed later date within twelve months from the date of the Deed of Termination and Release then it will be liable for a remaining settlement amount of approximately US\$3.4 million.

Transfer and withdrawal are subject to normal government and ONHYM approvals. The current phase of the permit expires in February 2015. Both Galp and Tangiers are committed to the transfer of DVM's working interest in the permit; and the Tangiers Board is confident that transfer or withdrawal will occur within the specified timeframe. However, ultimately approval for the transfer must be obtained from the regulators in Morocco and there is a risk these approvals will not be obtained.

Further details in respect to the Deed of Termination and Release are outlined in Section 8.1.

#### (b) New venture risk

The Company intends to pursue acquisitions and/or investment opportunities within the oil and gas industry as outlined in its business strategy in Section 3.4. Whilst the Directors are reviewing a number of investment opportunities they are unable to provide investors with specific information as to an ultimate investment as no investment opportunity has currently been selected and/or binding agreements entered into. Investors must therefore make their decision to invest based on the skills of the Directors.

Should a suitable acquisition or investment opportunity be identified, it will then need to be assessed for its technical, legal and commercial suitability. There can be no guarantee that any proposed acquisition of a new project identified will be completed or will be successful. The acquisition/investment into any project (whether completed or not) may also require the payment of monies (as a deposit or exclusivity fee) after only limited due diligence and prior to the completion of comprehensive due diligence. If any proposed acquisition is not completed, monies already advanced may not be recoverable.

Furthermore, notwithstanding that an acquisition may proceed upon the completion of due diligence, there will be additional risks associated specifically with the new project and operations within the oil and gas industry.

#### (c) Future capital requirements

It is likely that the Company will be required to raise additional equity and/or debt capital to finance its activities in the future including any new acquisition and

investment opportunities. There can be no assurance that the Company will be able to raise that finance on acceptable terms or in a timely manner.

Any additional equity financing will dilute shareholdings and debt financing, if available may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, the Company may be required to reduce the scope of its activities.

#### (d) ASX Listing

The ASX has certain requirements, including the level of operations that listed companies must meet in order to remain listed. If these requirements, in the discretion of ASX are not met, the ASX has the ability to suspend a company until such time as the requirements are met.

In the event that Company completes its proposed exit from its interest in the Tarfaya Offshore Block and is does not identify a suitable new acquisition and/or investment in a timely manner, therefore having a limited level of business operations, there is a risk that the ASX may exercise its discretion that these requirements are not met and suspend the Company.

#### (e) Reliance on key personnel

The responsibility of overseeing the day to day operations of the Company and its business strategy moving forward depends substantially on the Directors and in particular the Managing Directors, Mr David Wall. There can be no assurance that there will be no detrimental impact on the Company if one of the Directors was to leave.

#### (f) Unforeseen expenditure risk

Expenditure may need to be incurred which has not been taken into account in the preparation of this Prospectus. Although the Company is not aware of any such additional expenditure requirements, if such expenditure is subsequently incurred, this may adversely impact budgeted expenditure proposals by the Company.

## 7.3 Industry Risks

The Company is currently in the process of exiting its current interest in the Tarfaya Offshore Block and is now seeking to invest in new business ventures within the oil and gas sector. Potential investors should understand that oil and gas exploration and development activities are high risk undertakings and are subject to a number of inherent risks including the following:

#### (a) Exploration and evaluation risks

Oil and gas exploration is a high risk, speculative activity that requires a large amount of expenditure over extended periods of time. There is no guarantee that exploration will result in commercial discoveries.

Technical conclusions during exploration, appraisal and production are subject to the uncertainties associated with all sampling techniques and to the risk of incorrect interpretation of geological, geophysical, drilling and other data.

#### (b) Petroleum price volatility:

In the event that the Company acquires and/or invests in a new oil and gas project its financial performance will be sensitive to the price of oil and gas, which is dependent on numerous factors, some beyond the control of Tangiers. These factors include global costs of production, availability of infrastructure, regional

and global economic activity, regional and world demand for petroleum products and political trends.

#### (c) Currency risk:

The international price of oil and gas is generally denominated in US dollars; whereas the Company reports its financial results in Australian dollars. This will expose the Company to the fluctuation and volatility of the exchange rate between the US dollar and the Australian dollar, subject to any currency hedging the Company may undertake. The exchange rate is affected by numerous factors beyond the control of the Company including international markets, interest rates, inflation and the general economic outlook.

#### (d) Environmental risks:

The operations and proposed activities of Tangiers are subject to laws and regulation concerning the environment. As with most oil and gas exploration projects and production operations, Tangiers proposed activities are expected to have an impact on the environment, particularly if production proceeds. Tangiers seeks to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

#### (e) Sovereign risk:

Investment in a foreign country can always carry regulatory and administrative risks. Any material adverse change in government policies, legislation, regulation or the processes which affect the current and/or future activities of Tangiers may affect the viability and profitability of Tangiers.

## (f) Joint Venture, Parties, Agents and Contractors:

There can be no assurance that parties with whom Tangiers has entered into or will enter into commercial arrangements with will adhere to the terms of the contracts and arrangements. Failure by parties to adhere to current and future contractual arrangement could have a material adverse impact on the Company's operations. There is the potential of material failure by or insolvency of any contractor used by Tangiers in any of its current or future activities. Such being the case, this could cause disruption to the operations of Tangiers. Tangiers is unable to predict the risk of insolvency or other managerial failure by any of its contractors or other service providers used by Tangiers to carry out its current or future activities.

#### 7.4 General Risks

#### (a) Economic conditions:

The economic condition of both domestic and global markets may affect the performance of Tangiers. Factors such as fluctuations in currencies, commodity prices, inflation rate, interest rates, supply and demand and industrial disruption may have an impact on operating costs and therefore future possible revenues and the Share market price.

# (b) Share market conditions:

Securities listed on a stock market can experience price and volume fluctuations that are often unrelated to the performance of Tangiers. General factors that may affect the market price of Tangiers securities include economic conditions, both locally and internationally, success of its exploration programs, the global security situation, the possibility of terrorist disturbances and changes in government legislation or policy.

#### 8 Additional information

# 8.1 Summary of Material Contracts

Set out below is a brief summary of a contract to which the Company is a party and which the Directors have identified as material to the Company.

#### **Deed of Termination and Release**

On 19 September 2014, the Company and DVM (together the **Tangiers Parties**) entered into an agreement with the Galp Parties whereby the parties agreed to a commercial settlement in relation to DVM's outstanding liabilities and obligations in relation to the Tarfaya Offshore Block.

The material terms of the Deed of Termination and Release provided:

- (1) A cash settlement payment, of US\$8 million has been paid by the Tangiers Parties to Galp Energia Tarfaya;
- (2) Transfer of DVM's 25% interest in the Tarfaya Offshore Block to Galp Energia Tarfaya or withdrawal from the permit;
- (3) If DVM does not transfer or withdraw from the Tarfaya Offshore Permit within six months, or a mutually agreed later date within twelve months from the date of the deed then it will be liable for a remaining settlement amount of approximately US\$3.4 million. Transfer and withdrawal are subject to normal government and ONHYM approvals. The current phase of the permit expires in February 2015. DVM fully intends to transfer or withdraw from the permit within the specified timeframe;
- (4) Tangiers has agreed to indemnify DVM in relation to any damages arising from a breach of the agreement with Galp; and
- (5) In the event that Tangiers market capitalisation exceeds US\$50 million within the next seven years, it has agreed a deferred payment to the Galp Parties of approximately US\$3.4 million in cash or stock. This payment will also be required if Tangiers delists for any reason, such as due to change of control.

## 8.2 Directors' interests

## **Directors' Relevant Interests in Tangiers Shares**

As at the date of this Prospectus, the Directors had the following Relevant Interests in Tangiers Shares:

Director	Number	Direct / indirect
Michael Evans	1,000,000 <sup>1</sup>	Direct
David Wall	4,500,000 <sup>1</sup> 1,062,500 187,500	Direct Direct Indirect – held by DJ Wall Super Fund
Brent Villemarette	1,221,222	Indirect – held by Villemarette Nominees Pty Ltd as trustee for the Villemarette Family Trust
Stephen Staley	-	-

Notes: 1. Subject to vesting and performance conditions.

At Tangiers' Shareholder Meeting on 20 October 2014, Shareholders authorised and approved participation in the Placement by Messrs David Wall, Michael Evans and Dr Stephen Staley.

Messrs David Wall, Michael Evans and Dr Stephen Staley will each be issued 4,166,167 Shares under the Placement. These Shares are not included in the above table and will be issued to each of the Directors or their nominees on or about 22 October 2014.

## **Directors' Relevant Interests in Tangiers Options**

As at the date of this Prospectus, the Directors had the following Relevant Interests in Tangiers Options:

Director	Exercise price (\$)	Expiry date	Number	Direct / indirect
Michael Evans	\$0.42	12 June 2017	1,000,000	Direct
David Wall	-	-	-	-
Brent Villemarette	\$0.60	16 Dec 2014	1,500,000	Indirect – held by Villemarette Nominees Pty Ltd as trustee for the Villemarette Family Trust
Stephen Staley	\$0.28	12 June 2017	2,000,000	Direct

#### **Director Remuneration**

The constitution of Tangiers provides that the non-executive Directors may be paid for their services as Directors a sum not exceeding such fixed sum per annum as may be determined by Tangiers in general meeting (currently \$300,000).

Directors are entitled to be paid reasonable travelling, hotel and expenses incurred by them in the performance of their duties as directors.

Details of remuneration received by Directors and their associated entities during the financial years ended 31 December 2012 and 31 December 2013 and the current financial year ending 31 December 2014 to the date of lodgement of this Prospectus are as follows:

Director	Year ended 31 December 2012	Year ended 31 December 2013	Year to date 31 December 2014
David Wall (appointed 14 April 2014)	N/A	N/A	\$160,658
Michael Evans (appointed 7 April 2014)	N/A	N/A	\$53,202
Stephen Staley (appointed 8 April 2014)	N/A	N/A	\$32,588 £110,708 <sup>1</sup>
Brent Villemarette	\$240,000	\$240,000	\$216,824

Note 1: Derwent Resources Limited, a company associated with Dr Stephen Staley, receives consultancy fees payable in Pound sterling as outlined below.

#### **Agreements with Directors or Related Parties**

#### (a) Executive Services Agreement – David Wall

The Company has entered into an Executive Service Agreement with Mr David Wall to provide the services of Managing Director of the Company on the following terms and conditions:

Total Fixed Remuneration:	A base salary of \$270,000 per annum exclusive of statutory superannuation.		
Incentives:	Annual performance bonus of up to 50% of base salary subject to meeting performance criteria set by the Board.		
	Following Shareholder approval Mr Wall was granted 4,500,000 Shares under a share/loan plan subject to the following vesting criteria:		
	First Tranche - 1,500,000 Shares		
	<ul> <li>No employment length requirement;</li> </ul>		
	<ul> <li>Vests on completing at least one transaction (including a farm-in or farm-out or other similar dealing) and Share price improvement of at least 50% over the following 12 months (using the 10 day VWAP prior to the transaction as the base);</li> </ul>		
	Second Tranche - 1,500,000 Shares		
	<ul> <li>Employment for at least 6 months</li> </ul>		
	<ul> <li>Vests on completing at least one transaction (including a</li> </ul>		

	farm-in or farm-out or other similar dealing) and share price improvement of at least 75% over the following 12 months (using the 10 day VWAP prior to the transaction as the base);  • Third Tranche - 1,500,000 Shares  • Employment for at least 12 months  • No vesting criteria  All Shares vest in the event there is a Change of Control.
Other Benefits:	If a Change of Control occurs and, at any time during the 12 month period following such Change of Control Mr Wall resigns from the employment for Good Reason, the Company may pay 6 month's base salary. Good Reason includes, but is not limited to, a material adverse change in Mr Wall's status or position as executive of the Company, a material reduction in his annual base salary, a material failure by the Company to continue any benefit program to which Mr Wall is entitled.
Notice Period:	Mr Wall's contract commences on 14 April 2014. The Company may terminate Mr Wall's employment at any time giving 6 months' written notice. Mr Wall may end his employment at any time by giving three months' written notice or resigning for Good Reason.
Termination Benefits:	Termination benefits to the extent permitted under the ASX Listing Rules and Corporations Act are included in the contract in the event of certain termination events.

#### (b) Consultancy Agreement - Derwent

The Company has entered into a consultancy agreement with Derwent Resources Limited (**Derwent**) for the provision of consultancy services on the following terms and conditions:

- During the term of the agreement, Derwent shall make available the services of Dr Stephen Staley for 5 days per calendar month based on an 8 hour working day at such time and at such locations as the Company and Derwent shall agree from time to time;
- ii) In consideration for the provision of the consultancy services the Company shall pay Derwent a minimum of £4,630.40 per calendar month (plus value added tax and other sales tax if applicable) based on 5 working days per month and will be reimbursed for reasonably incurred expenses;
- iii) Any work carried out by Derwent in excess of 5 working days per calendar month must be pre-approved by the Managing Director. Approved days will be remunerated at a rate of £1,000 per day (plus value added tax and other sales tax if applicable);
- If Derwent introduces an opportunity which leads to the Company signing a binding agreement the Company shall pay Derwent a success fee (Success Fee) as outlined below subject to the completion of the binding agreement and the Company first obtaining:
  - the vested interest in; and
  - either legal title to or such highest equivalent tenure as the relevant jurisdictional laws provide with respect to:

the concessions, permits or licences comprising the subject matter of the binding agreement (**Subject Matter**).

v) The Company shall pay Derwent a Success Fee as outlined below after both the above pre-conditions are satisfied:

Subject Matter	Success Fee
<ul> <li>No existing concessions, permits or licences; and</li> <li>No prior or current commercial hydrocarbon production</li> </ul>	£25,000 per concession, permit or licence
<ul> <li>Existing concessions, permits or licences; and</li> <li>No prior or current commercial hydrocarbon production;</li> <li>or</li> </ul>	£50,000 per concession, permit or licence
Prior or current commercial hydrocarbon production; and	
No existing concessions, permits or licences	
<ul> <li>Existing concessions, permits or licences; and</li> <li>Prior or current hydrocarbon production</li> </ul>	£100,000 per concession, permit or licence

If the cumulative hydrocarbon production net to the Company from a concession, permit or licence acquired under a binding agreement exceeds the value of 500,000 BBL, the Company shall pay Derwent £200,000 in respect of each concession, permit or licence from which this has been achieved.

- vi) The Company will pay Derwent £25,000 (excluding value added tax) per year to assist Derwent renting a small office and paying for some part time support (**Support Fee**). If this agreement is terminated by either party prior to 28 May 2018, the Company will pay Derwent the balance of the Support Fee remaining for the period to 28 May 2018; and
- vii) Either party may terminate this agreement by giving 3 months' notice.

#### (c) Consultancy Agreement – Villemarette

The Company has entered into a consultancy agreement with Villemarette Nominees Pty Ltd (**Villemarette**) for the provision of consultancy services on the following terms and conditions:

- i) The contract term is 3 years commencing on 24 September 2014;
- ii) Villemarette shall provide Brent Villemarette as its representative to perform the consultancy services for the minimum of 80 days per year;
- iii) The Company will pay Villemarette a minimum fee of \$2,000 per week (equivalent to \$8,000 per calendar month) based on a 20 hour work week, exclusive of GST, for the consultancy services provided to the Company and will be reimbursed for reasonably incurred expenses;
- iv) The Managing Director must pre-approve any time worked above 20 hours per week;
- v) This agreement may be terminated by
  - either party giving 14 days' notice in writing;
  - the Company, at any time without notice, in the event of a serious breach or insolvency event by, or in relation to, Villemarette.

#### Insurance and indemnity

The constitution of Tangiers permits the grant of an indemnity (to the maximum extent permitted by law) in favour of each Director, the company secretary, past directors and secretaries and all past and present executive officers.

Tangiers has entered into deeds of indemnity and access with all of the Directors. This indemnity is against liability to third parties by such officers unless the liability arises out of (1) a contravention of s 199B of the Corporations Act (directors and officers must not improperly use their position to gain an advantage for themselves or someone else or cause detriment to the corporation) or (2) committing any deliberately dishonest or deliberately fraudulent act. The indemnity covers reasonable fees and expenses incurred for the principle purpose of representing an officer after a claim has been made in the investigation, defence, settlement or appeal of the claim. This includes costs for accredited experts retained by the defence counsel. Tangiers maintains an insurance policy in respect of certain present and future officers against certain liability incurred in that capacity. Disclosure of the nature of the liability covered by the policy, the name of the insurer, the limit of liability or the premium paid for the policy is prohibited under the terms of the contract of insurance.

#### Other interests

Other than as set out above or elsewhere in this Prospectus, no Director or proposed Director holds at the date of this Prospectus, or held at any time during the last two years before the date of lodgement of this Prospectus with ASIC, any interest in:

- (a) the formation or promotion of Tangiers; or
- (b) any property acquired or proposed to be acquired by Tangiers in connection with its formation or promotion of Tangiers or the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid by any person and no benefits have been given or agreed to be given by any person:

- to a Director or proposed Director to induce him or her to become, or to qualify as, a Director; or
- (b) for services provided by a Director or proposed Director in connection with the formation or promotion of Tangiers or the Offer.

#### 8.3 Interests of advisors

Except as disclosed in this Prospectus, no promoter or other person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of the Prospectus, holds, or during the last two years has held, any interest in:

- (a) the formation or promotion of Tangiers;
- (b) property acquired or proposed to be acquired by Tangiers in connection with its formation or promotion or the Offer; or
- (c) the Offer,

and no amounts of any kind (whether in cash, Shares, Options or otherwise) have been paid or agreed to be paid to a promoter or any person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of the Prospectus for services rendered by that person in connection with the formation or promotion of Tangiers or the Offer.

BDO Corporate Finance (WA) Pty Ltd has prepared the Investigating Accountant's Report in this Prospectus. In respect of this work, the Company will pay approximately \$10,000 (excluding GST). BDO Corporate Finance (WA) Pty Ltd has not received any other fees for services to the Company in 2 years prior to the date of this Prospectus.

Grange Consulting Group Pty Ltd (**Grange Consulting**) has acted as corporate advisors to the Offer and assisted in the preparation of the Prospectus. The Company will pay Grange Consulting approximately \$25,000 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus, Grange Consulting Group Pty Ltd has received a total of \$19,435 for company secretarial and financial management services provided to the Company.

Steinepreis Paganin has acted as solicitors to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin approximately \$10,000 (excluding GST) for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus, Steinepreis Paganin has received a total of \$6,854 for legal services provided to the Company.

#### 8.4 Consents

Computershare Investor Services Pty Ltd has given and, as at the date hereof, has not withdrawn, its written consent to be named as Share Registrar in the form and context in which it is named. Computershare Investor Services Pty Limited has had no involvement in the preparation of any part of the Prospectus other than being named as Share Registrar to the Company. Computershare Investor Services Pty Limited has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of the Prospectus.

RFC Ambrian Limited has given, and has not withdrawn before the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as nominated adviser and corporate broker (in relation to Tangiers listing on AIM) to Tangiers in relation to the Offer in the form and context in which it is named. RFC Ambrian Limited has not caused or authorised the issue of this Prospectus, does not make or purport to make any statement in this Prospectus or any statement on which a statement in this Prospectus is based and takes no responsibility for any part of this Prospectus other than any reference to its name.

BDO Corporate Finance has given its written consent to being named as Investigating Accountant in this Prospectus and to the inclusion of the Investigating Accountant's Report in Section 4 of this Prospectus in the form and context in which the information and report is included. BDO Corporate Finance has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

Grange Consulting Group Pty Ltd has given its written consent to being named as the corporate advisors to the Company in this Prospectus. Grange Consulting Group Pty Ltd has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

## 8.5 Expenses of the Offer

The expenses of the Offer are estimated to be approximately \$48,904 (excluding GST) and are expected to be applied to the items set out below.

Expenses of the Offer	
ASIC and ASX fees	\$3,904
Legal services	\$10,000
Investigating Accountant's Report	\$10,000
Advisory and preparation expenses	\$25,000
Total	\$48,904

#### 8.6 Financial Forecasts

The Directors have considered the matters set out in the ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of Tangiers are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable estimate forecast or projection.

#### 8.7 Privacy

Tangiers collects information about each applicant for Shares provided on an Application Form for the purposes of processing the application and, if the application is successful, to administer the applicant's security holding in Tangiers.

By submitting an Application Form, each applicant agrees that Tangiers may use the information provided by an applicant on the Application Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to Computershare, Tangiers's related body corporates, agents, contractors and third party service providers, including mailing houses and professional advisors, and to ASX and regulatory authorities.

If an applicant becomes a Shareholder, the Corporations Act requires Tangiers to include information about the Shareholder (including name, address and details of the Shares held) in its public register. The information contained in Tangiers's public register must remain there even if that person ceases to be a shareholder. Information contained in Tangiers's register is also used to facilitate distribution payments and corporate communications (including Tangiers's financial results, annual reports and other information that Tangiers may wish to communicate to its security holders) and compliance by Tangiers with legal and regulatory requirements.

If an applicant does not provide the information required on the Application Form, Tangiers may not be able to accept or process the application. An applicant has the right to gain access to the information that the Company holds about that person subject to certain exceptions under law. A fee may be charged for access. Such requests must be made in writing to Tangiers's registered office.

# 8.8 ASX Listing

The Company is a "disclosing entity" (as defined in section 111AC of the Corporations Act) and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
  - the annual financial report most recently lodged by the Company with the ASIC;
  - (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
  - (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

Details of documents lodged by the Company with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with the ASIC are set out in the table below.

Date	Description of Announcement
20/10/2014	Results of General Meeting
24/09/2014	Reinstatement to Official Quotation - 25.09.14
24/09/2014	Half-Yearly Report
24/09/2014	TAO-1 Financial Position Update & Placement
19/09/2014	Notice of General Meeting & Capital Raising
17/09/2014	Suspension Extension
15/09/2014	Delay in Lodging Half-Yearly Accounts
08/09/2014	Suspension extension
01/09/2014	Company Secretary Appointment/Resignation
12/08/2014	Voluntary Suspension Extension

Date	Description of Announcement
06/08/2014	Suspension from Official Quotation
04/08/2014	Reinstatement to official quotation
04/08/2014	TAO-1 Unsuccessful
04/08/2014	Suspension from Official Quotation
31/07/2014	Trading Halt
28/07/2014	TAO-1 Operational Update
23/07/2014	Quarterly Activities and Cashflow Report
21/07/2014	Unlisted Options
14/07/2014	TAO-1 Operational Update
11/07/2014	Appendix 3B - Exercise of Options
02/07/2014	Appendix 3B - Exercise of Options
27/06/2014	Drilling Commences at TAO-1 Well
26/06/2014	Appendix 3B - Exercise of Options
20/06/2014	Appendix 3B
18/06/2014	Appendix 3B
17/06/2014	Change of Director's Interest Amendment
16/06/2014	Change of Director's Interest - Clarification
13/06/2014	Company Secretary Resignation
13/06/2014	Appendix 3B
13/06/2014	Change of Director's Interest Notice
13/06/2014	Cleansing Prospectus
12/06/2014	Results of AGM
12/06/2014	Annual General Meeting 2014 Presentation
10/06/2014	Clarification June 2014 Investor Presentation
10/06/2014	Investor Presentation June 2014
06/06/2014	Research Coverage on Tangiers Petroleum
03/06/2014	TAO-1 Drilling Update
02/06/2014	Research Coverage on Tangiers Petroleum
27/05/2014	Tangiers completes raising with further \$4M share placement
26/05/2014	Trading Halt
23/05/2014	Appointment of AIM Broker
22/05/2014	Correction of announcement of 22 May 2014
22/05/2014	TAO-1 Well Rig Mobilised to Tarfaya Offshore Block
21/05/2014	Media Coverage
19/05/2014	Cleansing Prospectus

Date	Description of Announcement
16/05/2014	Proactive Investors Audio Broadcast
13/05/2014	Notice of Annual General Meeting/Proxy Form
13/05/2014	Appendix 3B
13/05/2014	Reinstatement to official quotation
13/05/2014	Tangiers places \$5M of shares for upcoming Moroccan well
09/05/2014	Voluntary Suspension Extension
08/05/2014	Voluntary Suspension Extension
01/05/2014	Tarfaya Farm-Out Agreement Update
29/04/2014	Quarterly Activities and Cashflow Report
29/04/2014	Resignation of AIM Broker

# 8.9 Consents to lodgement

This Prospectus is issued by Tangiers and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the *Corporations Act*, each Director has consented to the lodgement of this Prospectus with ASIC.

Dated: 22 October 2014

Mr David Wall

**Managing Director** 

For and on behalf of

**Tangiers Petroleum Limited** 

.....

# 9 Glossary

Meaning
Australian dollar.
Pound sterling.
the AIM market operated by the London Stock Exchange plc.
the personalised application form accompanying this Prospectus.
means the total amount payable for the Shares applied for in a duly completed Acceptance Form.
the Australian Securities and Investments Commission.
as the context requires, ASX Limited ABN 98 008 624 691 or the securities market conducted by it.
the Official Listing Rules of ASX, as amended and waived by ASX from time to time.
Tangiers Petroleum Limited ACN 072 964 179.
5pm (WST) on 23 October 2014 (unless extended).
the Corporations Act 2001 (Cth).
Derwent Resources Limited incorporated and registered in England and Wales with a company number 4339853
a director of Tangiers as at the date of this Prospectus.
DVM International SARL a wholly owned subsidiary of the Company
Galp Energia Tarfaya BV a company organised and operating under the laws of The Netherlands
Galp Energia SGPS SA, a company organised and existing under the laws of Portugal

Term	Meaning
Galp Parties	Galp Portugal and Galp Energia Tarfaya
Offer	the Share Offer and the Option Offer
ONHYM	Office National des Hydrocarbures et des Mines
Opening Date	9am (WST) on 22 October 2014
Options	an unlisted option issued by Tangiers to acquire, by way of issue, a Share.
Placement	has the meaning set out in Section 2.1.
Placement Shares	the 200,000,000 Shares to be issued pursuant to the Placement.
Prospectus	this prospectus dated 22 October 2014.
New Options	the options to be issued under this Prospectus, to brokers and advisors (or their nominees), on the terms and conditions outlined in Section 6.2.
Option Offer	the offer of 12,000,000 New Options under this Prospectus.
Section	a section of the Prospectus
Shares	a fully paid ordinary share in the capital of Tangiers.
Shareholder	a holder of Shares
Share Offer	the offer of 1,000 Shares at an issue price of \$0.006 per Shares under this Prospectus
Tangiers	Tangiers Petroleum Limited ACN 072 964 179.
Tangiers Parties	Tangiers and DVM
US\$	United States of America dollar.
Villemarette	Villemarette Nominees Pty Ltd (ACN 123 427 485)
WST	Western standard time

# Corporate directory

## **Registered Office**

Level 2, 5 Ord St West Perth WA 6005

Telephone: +61 8 9485 0990 Facsimile: +61 8 9321 8990

Website: www.tangierspetroleum.com.au

## **Solicitors**

Steinepreis Paganin Lawyers and Consultants Level 4, The Read Buildings 16 Milligan Street PERTH WA 6000

## **Corporate Advisor**

Grange Consulting Group Pty Ltd 945 Wellington Street WEST PERTH WA 6005

## **Investigating Accountant**

BDO Corporate Finance 38 Station Street Subiaco WA 6008

#### Share Registry\*

Computershare Investor Services Pty Limited Level 2, Reserve Bank Building 45 St Georges Terrace Perth WA 6000

## Nominated Adviser (in relation to Tangiers listing on AIM)\*

RFC Ambrian Ltd Level 28, QV1 Building 250 St Georges Terrace, Perth WA 6000

<sup>\*</sup>These parties have been included for information purposes only. They have not been involved in the preparation of this Prospectus.