

3 October 2012

Share Purchase Plan

Tangiers Petroleum Limited (ASX:TPT, AIM:TPET, "Tangiers" or "the Company") is pleased to advise that the Share Purchase Plan ("SPP") previously announced on 21 and 24 September 2012 will open on 8 October 2012 to eligible shareholders. A letter to shareholders and detailed terms and conditions are attached. SPP documents should be received by eligible shareholders in the next week.

The SPP is open to shareholders who were registered holders of fully paid ordinary shares in the Company at the record date of 20 September 2012 and eligible shareholders will be able to apply for shares worth up to \$15,000 under the SPP. Shares issued under the SPP will be priced at A\$0.28, which is the same price as the recent capital raisings undertaken by the Company. The SPP will close at 5pm AEDT on 2 November 2012.

For more information, please contact:

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3 October 2012

Dear Shareholder,

INVITATION TO PARTICIPATE IN TANGIERS PETROLEUM LIMITED SHAREHOLDER SHARE PURCHASE PLAN

On 21 September 2012, Tangiers Petroleum Limited ("Company") announced ("Announcement") a Share Purchase Plan ("SPP") and, accordingly, the Company now invites Eligible Shareholders to participate in the SPP.

Eligibility to participate in SPP

The right to participate in the SPP is optional and is made exclusively to shareholders who were registered holders of Shares in the Company at 7pm (AEDT) on 20 September 2012 ("Record Date") and whose registered address is in Australia or New Zealand ("Eligible Shareholders").

Share Purchase Plan

Under the SPP, each Eligible Shareholder, irrespective of the size of their shareholding, is offered the opportunity to apply for new fully paid ordinary shares ("Shares") in the Company at A\$0.28 per share ("SPP Price") up to a maximum value of A\$15,000 ("Offer"). The SPP Price represents a 13.58% discount to the Company's average closing share price of A\$0.324 over the 5 trading days prior to the date of the Announcement.

The maximum amount to be raised under the SPP is limited to approximately A\$800,000 and based on the SPP Price equates a maximum issue of 2.85 million Shares. Net funds from the SPP will provide the Company with additional working capital.

Applications

Eligible Shareholders may participate by selecting only one of the following options to purchase Shares under the SPP.

Offer A – 3,572 Shares	Total Subscription amount of \$1,000 (minimum amount)
Offer B – 8,929 Shares	Total Subscription amount of \$2,500
Offer C – 17,858 Shares	Total Subscription amount of \$5,000
Offer D – 35,713 Shares	Total Subscription amount of \$10,000
Offer E – 53,572 Shares	Total Subscription amount of \$15,000 (maximum amount)

In calculating the number of Shares offered under the SPP Tangiers has rounded up fractional entitlements to Shares to correspond with the monetary amount paid.

If applications from Eligible Shareholders under the SPP exceed the maximum anticipated amount, the Company reserves the right (in its absolute discretion) to scale back applications on an equitable basis. If so, the Company will endeavour to promptly refund to Eligible Shareholders the relevant application monies, without interest.

Participation in the Offer is entirely at your discretion.

SPP Indicative Timetable

Date	Event	Description
20 September	Record Date	Date for determining eligibility to participate in the SPP offer.
8 October	Opening Date	SPP opens.
2 November	Closing Date	SPP closes. Applications and funds must be received by 5.00pm (AEDT).
9 November	Allotment Date	Shares issued and allotted. Application for quotation on ASX will be made immediately following the issue of shares and trading is expected to commence on ASX on next Trading Day.
12 November	Dispatch Date	Transaction confirmation dispatched to shareholders.

These dates are indicative only and the Company has the discretion to alter these dates without notice. All times are to Australian Standard Daylight Time (AEDT).

Additional Information and Risks

Full details of the Offer are set out in the Terms and Conditions enclosed with this letter. The Directors urge you to read the Terms and Conditions carefully before you decide whether to participate.

The Offer is non-renounceable and cannot be transferred. Any shortfall in applications is anticipated to be placed with sophisticated or experienced investors under section 708 of the Corporations Act 2001.

There is a risk that the market price may change between the date of the Offer and the date when Shares are issued to an applicant. This means that the subscription SPP Price you pay for your Shares may exceed the market price of the Shares at the date of allotment of the Shares under this Offer and this would have an effect on the price or value of the Shares or interest which you may receive.

The Company recommends that you obtain independent legal, financial or other professional advice before applying for Shares.

By applying for Shares under the SPP you agree to and will be bound by the Terms and Conditions accompanying this letter and the Company's Constitution.

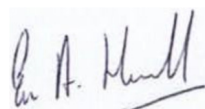
If you wish to apply for Shares under the SPP, you should endeavour to submit your application as soon as possible by:

- returning the enclosed Application Form together with your cheque for the relevant amount as indicated on the Application Form; or
- paying the relevant amount by BPAY in accordance with the instructions on the enclosed Application Form,

such that Application Forms and funds are received by the Company on or before the closing time of 5.00pm AEDT on 2 November 2012. Please refer to the instructions on the enclosed Application Form.

Should you wish to discuss any information contained in this letter further, please do not hesitate to contact the Company's joint company secretaries, Ms Krystel Kirou (+618 9322 2700) or Mr Kelvin Tan (+618 9485 0990).

Yours sincerely,



Eve Howell
Executive Chairman

TANGIERS PETROLEUM LIMITED – SHARE PURCHASE PLAN

Pursuant to the terms and conditions of the Share Purchase Plan (“SPP”) (“Terms and Conditions”) set out below, Tangiers Petroleum Limited (“Tangiers” or “Company”) ACN 072 964 179 offers eligible Shareholders the opportunity to acquire fully paid ordinary shares in Tangiers at A\$0.28 per fully paid ordinary share (“Offer”) up to a value of A\$15,000.00.

Please carefully read the full Terms and Conditions relating to the Offer as you will be bound by them.

TERMS AND CONDITIONS

1. The Offer is made in accordance with ASIC Class Order [CO 09/425] without the need for the Company to issue a prospectus and the Terms and Conditions herein or as the Company’s Board of Directors determine in their absolute discretion.

2. Opening and closing date of the Offer

The Offer opens on 8 October 2012. The offer closes at 5pm (AEDT time) on 2 November 2012.

3. Eligibility

You are eligible to participate in the SPP only if you were a holder of fully paid ordinary shares in Tangiers (“Shares”) at 5.00pm (AEDT time) on 20 September 2012 (“Record Date”) with a registered address in either Australia or New Zealand. Due to foreign securities laws, the Company’s Board has determined that it is not practical for holders of Shares resident in, or with registered addresses in, other jurisdictions to participate in the SPP. Each Offer to eligible Shareholders is made on the same terms and conditions. The Offer is non-renounceable (i.e. you may not transfer your right to apply for SPP Shares to anyone else).

4. Issue Price

The purchase price of **A\$0.28 (SPP Price)** for each Share offered under the SPP (“SPP Share”) has been determined on the basis of the Company’s average closing share price of A\$0.324 over the 5 trading days prior to the announcement on 21 September 2012 and represents a discount of 13.58%. There is a risk that the market price may change between the date of the Offer and the date when the shares are issued to an applicant under the SPP. This means that the subscription SPP Price you pay for SPP Shares may exceed the market price of the Shares at the date of allotment of the Shares under this Offer and this would have an effect on the price or value of the shares or interests which the applicant would receive.

5. No Transaction Costs

No brokerage, commissions or other transaction costs are payable by Shareholders in respect of the acquisition of SPP Shares.

6. Anticipated Issue and Quotation Dates

The SPP Shares are expected to be issued and quoted on the ASX on or around 9 November 2012. As soon as practicable after that date, you will receive a transaction confirmation advice confirming the number of Shares that have been issued to you.

7. Rights Attaching to Shares

All SPP Shares will be issued on the same terms as the other ordinary shares in Tangiers quoted on the Australian Securities Exchange (**ASX**), and once issued, will rank equally with existing Shares. Tangiers will apply for the SPP Shares to be quoted on ASX and AIM.

8. Number of SPP Shares Offered

The Directors of the Company have determined the minimum amounts for participation and the multiples of Shares to be offered under the SPP as follows.

Offer A – 3,572 Shares	Total Subscription amount of A\$1,000 (minimum amount)
Offer B – 8,929 Shares	Total Subscription amount of A\$2,500
Offer C – 17,858 Shares	Total Subscription amount of A\$5,000
Offer D – 35,713 Shares	Total Subscription amount of A\$10,000
Offer E – 53,572 Shares	Total Subscription amount of A\$15,000 (maximum amount)

Fractional entitlements to Shares have been rounded up to correspond with the amount paid.

9. Maximum Applications

- 9.1 The maximum amount which any eligible Shareholder may subscribe for under the SPP or similar arrangement in any consecutive 12 month period is A\$15,000. This maximum applies irrespective of how many Shares you hold on the Record Date. By reference to the issue price in this SPP, an eligible Shareholder may apply for a maximum of 53,572 Shares.

- 9.2 Except for certain eligible Shareholder as set out in sub-clause **Error! Reference source not found.**, this limit applies even if you receive more than one offer from Tangiers (for example, if you are both a sole and joint eligible Shareholder, or if you are a Shareholder with more than one holding under a separate account, you can only apply for SPP Shares once). To the extent that you hold Shares on behalf of another person, that other person is entitled to participate in the SPP only if their beneficial holding is expressly noted on the register of members. Tangiers reserves the right to reject any application for SPP Shares to the extent it considers that the application (whether alone or in conjunction with other applications) does not comply with these requirements.

The maximum amount to be raised under the SPP is to be limited to A\$800,000. If applications from eligible Shareholders under the SPP exceed the maximum amount, Tangiers reserves the right to scale back applications on a pro rata basis.

- 9.3 If you are an eligible Shareholder and hold Tangiers Shares as a custodian (as defined in ASIC Class Order [CO 09/425] (“Custodian”), or in any more specific ASIC relief granted to the Company in relation to the SPP), you may apply for up to the maximum of new shares for each beneficiary

for whom you act as custodian provided you annexe to your SPP Application Form a certificate to the Company ("**Custodian Certificate**") with the following information:

- that you held shares in the Company on behalf of one or more persons (each a "**Participating Beneficiary**") at 5:00pm (WST) on the Record Date who have subsequently instructed you to apply for Shares under the SPP on their behalf;
- the number of Participating Beneficiaries and their names and addresses;
- the number of Shares that you hold on behalf of each Participating Beneficiary;
- the dollar amount of the Shares that each Participating Beneficiary has instructed you, either directly or indirectly through another custodian, to apply for on their behalf;
- that the application price for Shares applied for under the Offer for each Participating Beneficiary for whom you act plus the application price for any other Tangiers Shares issued to you as Custodian for that Participating Beneficiary under any arrangement similar to the SPP in the prior 12 months does not exceed A\$15,000;
- that a copy of the written offer document was given to each beneficiary; and
- where you hold shares on behalf of a beneficiary indirectly, through one or more interposed custodians, the name and address of each interposed custodian.

For the purposes of ASIC Class Order [CO 09/425] you are a 'custodian' if you are a registered holder that:

- holds an Australian Financial Services Licence that allows you to perform custodian or depository services or operate IDPS accounts;
- is exempt from holding an Australian Financial Services Licence by virtue of Class Order [CO 03/184] or by relying on the Australian Financial Services Licence of your master custodian under regulation 7.1.06(k) of the Corporations Regulations 2001;
- is a trustee of a self-managed superannuation fund;
- is a responsible entity of IDPS like schemes;
- is noted on the Company's register of members as holding the shares on account of another person.

If you hold Tangiers Shares as a trustee or nominee for another person or persons, but not a custodian as defined above, you cannot participate for beneficiaries in the manner described above. In this case the rules for multiple single holdings (above) apply.

Custodians should request a Custodian Certificate when making application on behalf of Participating Beneficiaries. To request a Custodian Certificate you should **contact the Company's registry on 1300 850 505 or +61 3 9415 4000** at any time Monday to Friday during the Offer period.

The Company reserves the right to reject any application for Shares under the SPP to the extent it considers that the application (whether alone or in conjunction with other applications) does not comply with the above requirements. The Company reserves the right to reject any application in accordance with these Terms and Conditions

10. Participation Optional

Participation in the SPP is entirely at your option. If you are in any doubt as to whether you should participate in the SPP or how such participation will affect you (including taxation implications), you should contact a professional adviser. We make no recommendations as to the desirability or otherwise of your participation in the SPP.

11. Change of Offer

Tangiers may change, suspend or terminate the SPP or these Terms and Conditions at any time whether because of a change of law, ASIC requirements or policy or any other circumstance relevant to the SPP or Tangiers. If Tangiers does this, it will post a notice on Tangiers's website. Failure to notify Shareholders of changes to, suspension or termination of the SPP or these Terms and Conditions will not invalidate the change, suspension or termination. Tangiers reserves the right to issue no SPP Shares or fewer SPP Shares than an eligible Shareholder applies for under the SPP if Tangiers believes the issue of those SPP Shares would contravene ASIC requirements or policy, any law or any ASX Listing Rule. No interest will be paid on any money refunded. Tangiers's rights and powers under the Terms and Conditions including its right to change, suspend or terminate the SPP may be exercised by the Board or any delegate of the Board.

12. Placement of Shortfall

The Company has entered into an agreement with DJ Carmichael Pty Ltd to place with sophisticated and experienced investors under section 708 of the Corporations Act 2001 any SPP Shares not taken up by eligible Shareholders up to the maximum anticipated amount of A\$800,000.

13. Dispute Resolution

Tangiers may, in any manner it deems fit, settle any difficulties, anomalies or dispute which may arise in relation to the SPP or the terms and conditions of the SPP, whether generally or in relation to any Shareholder or participant, applications or Shares. Tangiers's decision will be conclusive and binding on all Shareholders and other parties to whom that determination relates.

Subject to compliance with the Corporations Act 2011, the Company reserves the right to waive strict compliance with any provision of these Terms and Conditions.

14. How to Apply for SPP Shares

If you would like to apply for SPP Shares, you must either:

By Cheque:

- complete the enclosed Application Form;
- prepare a cheque for the appropriate amount, in Australian dollars, payable to:
Tangiers Petroleum - SPP Offer; and
- send the Application Form and cheque to the Share Registry.

By BPay:

- follow the instructions in the enclosed Application Form;
- pay electronically using BPay;
- you do not need to return your application form if you pay via Bpay

Do not forward cash. Receipts for payment will not be issued. Cheques will only be accepted if they are drawn in Australian currency on an Australian financial institution.

If the exact amount of money is not tendered with your application Tangiers reserves the right to either:

- (a) return your SPP Application Form and/or payment and not allot any shares to you; or
- (b) allot to you the number of shares that would have been allotted had you applied for the highest designated amount that is less than the amount of your payment and refund the excess application money to you by cheque as soon as possible, without interest.

Applications and funds must be received by **5:00pm (AEDT time) on 2 November 2012**. Applications or funds received after that time may not be accepted.

By completing an Application Form or forwarding funds, you agree to and will be bound by these Terms and Conditions and Tangiers's constitution. Applications and payments may not be withdrawn once Tangiers has received them. Application money will not bear interest as against Tangiers under any circumstances.

15. Enquiries

If you have any questions in respect of the SPP, please contact Ms Krystel Kirou (+618 9322 2700) or Mr Kelvin Tan (+618 9485 0990), Joint Company Secretaries.

Dated: 3 October 2012