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ASX Release

22 February 2021

ACQUISITION OF A 20% INTEREST IN THE TALISMAN DEEPS PROJECT

Tamaska Oil & Gas Ltd (**TMK**) is pleased to announce the acquisition of a 20% interest in the Talisman Deeps Project (**Project**), located in the offshore Canarvon Basin, north west Australia.

There is a large potential hydrocarbons accumulation upon Talisman Deeps known as Napoleon. A summary of Napoleon is set out in Schedule 1.

TMK's interest in Talisman Deeps was acquired through the acquisition of a 20% shareholding in Skye Napoleon Pty Ltd (**JV Company**), which owns 100% of the Project comprising all the petroleum rights below 2,700m in offshore petroleum production licence WA-8-L. TMK has a right to convert this 20% shareholding to a 20% direct participating interest in the Project upon a joint venture for the Project being formed. TMK's 20% interest is "heads up", i.e. TMK will contribute to expenditure in accordance with its percentage interest.

JV Company is developing Napoleon up to drill ready status over the next 4 months as follows:

- An extensive 3D seismic reprocessing program is currently being undertaken by Downunder Geosciences.
- Upon completion of the 3D reprocessing in April, the subsurface interpretation of Napoleon will be updated.
- Thereupon, an independent prospective resource estimate will be undertaken in accordance with SPE-PRMS.
- Detailed well planning and cost estimates are also being undertaken.

TMK currently holds net cash of approximately \$2.6 million. It is estimated that TMK will incur costs of approximately A\$250,000 in relation to activities necessary to bring the Project to drill ready status.

TMK has entered into a shareholders agreement with Arrochar Pty Ltd, the other shareholder of JV Company, the material terms of which are set out in Schedule 2.

The consideration to acquire the 20% interest in Talisman Deeps is the issue by TMK of 45 million ordinary shares and 45 million performance shares (collectively approximately 9.2% of TMK's share capital post issue). There is no cash consideration. The performance shares convert to ordinary shares on the first to occur of either:

- a) An independent estimate assesses the 2U (P50) prospective recoverable resource of the Napoleon to be greater than **120 million boe** (barrels of oil equivalent which is oil plus gas converted at 6mcf = one barrel); or
- b) An authorization for expenditure (**AFE**) in relation to the first exploration well on Talisman Deeps being issued and TMK resolving to participate in respect of its share of the AFE.

The terms and issue of the performance shares is subject to ASX approval and TMK shareholder approval. A notice of meeting will be issued to shareholders shortly. In the unlikely event such approval is not obtained, TMK will transfer back a 10% interest in JV Company and retain a 10% interest. The full terms of the performance shares are set out in Schedule 3.

A preliminary estimate of the Napoleon exploration well cost is A\$45 million of which TMK's share will be 20% (A\$9 million). More detailed well planning and cost estimates are being undertaken by JV Company.

A technical presentation on Napoleon will be released by TMK shortly.

Joseph Graham, a director of TMK, said:

"This is an exceptional opportunity for TMK. Napoleon is large high-quality structure located in a proven productive reservoir in the richest petroleum basin in Australia. We have undertaken extensive technical work and believe that Napoleon is likely to prove to be an outstanding exploration target with large upside for the participants. It has the potential to be one of the most significant and exciting petroleum exploration wells drilled in Australia over the next year."

Proposed Timetable

Set out below is an estimate of the timing of events relevant to the acquisition.

Event	Date
Announcement of the acquisition	22 February 2021
Completion of the acquisition - issue of consideration ordinary shares	24 February 2021
Shareholder meeting to approve issue of consideration performance shares	31 March 2021
Issue of consideration performance shares	31 March 2021

By order of the Board

Brett Lawrence
Managing Director
Tamaska Oil and Gas Limited

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This announcement was authorised for release by:

*Brett Lawrence
Managing Director*

Schedule 1

Summary of the Napoleon lead

1. Napoleon is located in the premier Barrow-Dampier sub-basin on Australia's North West coast. The lead is an upthrown tilted fault block with closure in the prolific North Rankin Formation.
2. Recent seismic mapping and geo-technical studies suggest a large unrisks volume of hydrocarbons, a target of similar significance to the Dorado and Wanaea discoveries.
3. Extensive 3D seismic reprocessing by Downunder Geosciences (to improve the imaging of the structure) and basin analysis studies are currently in progress.
4. 3D geochemical modelling is being performed, which will evaluate the composition of hydrocarbons and assess their migration and entrapment within the structure.
5. Preliminary results of the reprocessed 3D seismic indicate evidence of reservoir and hydrocarbon charge (including the presence of hydrocarbon escape features).
6. The reprocessing, basin analysis and geochemical modelling are expected to be completed in April, at which time the subsurface interpretation will be updated and an independent risks prospective resource estimate will be calculated in accordance with SPE-PRMS.
7. The preliminary geochemical modelling suggests (mostly) in-situ hydrocarbon charge from Lower to Middle Jurassic (mostly) marine source rocks that remained in the liquid maturity window for a significant period of geological time.
8. The preliminary mapping of the intermediate reprocessed seismic data indicates strong amplitudes associated with the North Rankin Formation reservoir. In contrast, the overlying seal facies are dominated by low amplitudes on top and on the downthrow of the structure.
9. The main target is estimated to be at a total vertical depth of approximately 4,500 meters, located in about 80 meters of water depth. Accordingly, the target can be drilled by a jack-up rig.
10. Detailed well planning and cost estimates of the lead target are being undertaken, with a preliminary dry-hole cost estimate of A\$45 million.
11. Additional targets in the overlying Athol Formation and Murat Siltstone may also exist above the primary objective. These offer additional prospectivity within the Lower to Middle Jurassic succession and will be evaluated once final reprocessing data is delivered.

Schedule 2

Significant Terms of Shareholders Agreement

1. The business of JV Company will be that of progressing the oil and gas leads and prospects within Talisman Deeps and such other activities as are mutually agreed.
2. The Board will comprise three directors, two appointed by Arrochar and one appointed by TMK. All decisions will be made by a simple majority of the Board.
3. There is an agreed initial budget for the period to 30 June 2021. Thereafter, JV Company will submit programmes and budgets (which will include estimated expenditures for each month of the budget period) to the Board for approval.
4. The costs of the initial budget and all other funding requirements of JV Company will be contributed to pro rata by the Parties in accordance with their percentage Shareholdings by Shareholder loans.
5. If a Party does not agree to contribute to a new round of funding then:
 - (a) that round of funding must occur by way of equity contribution at a subscription price per share of \$1.00 (Equity Contribution);
 - (b) the current share capital of JV Company (1,500 shares) will undergo a 1,000 for 1 share split such that there are 1,500,000 shares on issue post the share split.
 - (c) Existing Shareholder loans (incurred pro-rata to date) will all be converted to equity at a \$1.00 per JV Company share;
 - (d) Each Party will be offered the right to contribute to the Equity Contribution pro rata in accordance with their percentage Shareholding;
 - (e) if a Party elects not to contribute the Equity Contribution (such Party being a Non-Contributing Party) then the other Party (Contributing Party) may elect to provide the amount of the Equity Contribution not to be funded by the Non-Contributing Party and the Non-Contributing Party's Shareholding will be diluted by the shares issued to the Contributing Party;
 - (f) each Party is obliged to meet their share of an agreed round of funding, however there is no penalty (other than dilution as above) for a Party not agreeing to contribute to a new round of funding.
6. A Party may freely assign all or part of their percentage Shareholding provided that the acquiring party first enters into a deed of covenant in favour of the other Parties agreeing to comply with the shareholders agreement.
7. Upon the Company forming a joint venture over the Project (with a Joint Operating Agreement), TMK may elect to convert its percentage Shareholding into a direct interest in the Project being a participating interest in the Project and the Joint Operating Agreement equal to its percentage Shareholding.

8. The Project is subject to a 2% royalty obligation, which obligation will transfer to the joint venture over the Project upon it being formed.

Schedule 3

Terms of the Performance Shares

1. Definitions

For the purpose of these terms and conditions:

ASX means ASX Limited ACN 008 624 691 or, as the context permits, the securities exchange operated by that entity.

BOE means barrels of oil equivalent, which equates to oil plus gas converted at a ratio of 6 mcf = one barrel.

Change of Control Event means

- (a) the occurrence of:
 - (i) the offeror under a takeover offer in respect of all Shares announcing that it has achieved acceptances in respect of 50.1% or more of the Shares; and
 - (ii) that takeover bid has become unconditional, provided that the offeror did not have control of the Company at the time that the Performance Shares are issued; or
- (b) the announcement by the Company that:
 - (i) shareholders of the Company have at a Court convened meeting of shareholders voted in favour, by the necessary majority, of a proposed scheme of arrangement under which all Shares are to be either:
 - (A) cancelled; or
 - (B) transferred to a third party; and
 - (ii) the Court, by order, approves the proposed scheme of arrangement, provided that the offeror did not have control of the Company at the time that the Performance Shares are issued.

Company means Tamaska Oil and Gas Ltd ACN 127 735 442.

Corporations Act means the Corporations Act 2001 (Cth).

Expiry Date has the meaning given to that term in paragraph 2(b).

Holder means a holder of a Performance Share.

Listing Rules means the Listing Rules of the ASX.

Milestone has the meaning given to that term in paragraph 2(a).

Milestone Achievement Date has the meaning given to that term in paragraph 2(a).

Napoleon means the lead or prospect within Talisman Deeps known as Napoleon.

Performance Share means a performance share in the Company issued on these terms and conditions.

Share means a fully paid ordinary share in the Company.

Skye Napoleon means Skye Napoleon Pty Ltd ACN 635 226 765.

Talisman Deeps means the petroleum rights below 2,700m total vertical depth sub-sea and any other rights relating thereto of petroleum production licence WA-8-L.

2. Conversion and Expiry of Performance Shares

- (a) **(Conversion on achievement of Milestone)** Upon achievement of one of the following milestones:
- (i) an independent estimate assesses the 2U (P50) prospective recoverable resource of Napoleon to be greater than **120 million boe**. For these purposes boe (barrels of oil equivalent) equates to oil plus gas converted at a ratio of 6 mcf = one barrel; or
 - (ii) an authorization for expenditure (**AFE**) in relation to the first exploration well on Talisman Deeps being issued and the Buyer resolving to participate in respect of its share of the AFE;
- (Milestone)** each Performance Share will convert on a one for one basis into a Share.
- (b) **(Expiry)** Unless converted earlier under clause 2(a) above, the Performance Shares will expire and cease to be capable of conversion, other than under clause 2(c) below, on the date that is four years from the date of issue of the Performance Shares (**Expiry Date**).
- (c) **(No conversion)** To the extent that the Performance Shares have not converted into Shares on or before the Expiry Date, then all such unconverted Performance Shares held by each holder will automatically consolidate into one Performance Share and will then convert into one Share.
- (d) **(Conversion procedure)** The Company will issue a Holder with a new holding statement for the Share or Shares as soon as practicable following the conversion of each Performance Share.
- (e) **(Ranking of shares)** Each Share into which the Performance Shares will convert will upon issue:
- (i) rank equally in all respects (including, without limitation, rights relating to dividends) with other issued Shares;
 - (ii) be issued credited as fully paid;
 - (iii) be duly authorised and issued by all necessary corporate action; and
 - (iv) be issued free from all liens, charges and encumbrances whether known about or not including statutory and other pre-emption rights and any transfer restrictions.

3. Conversion on Change of Control

If there is a Change of Control Event prior to the conversion of the Performance Shares, then the Milestone will be deemed to have been achieved by the Milestone Achievement Date and each Performance Share will automatically and immediately convert into Shares.

4. Takeover Provisions

- (a) If the conversion of Performance Shares (or part thereof) under these terms and conditions would result in any person being in contravention of section 606(1) of the Corporations Act then the conversion of each Performance Share that would cause the contravention will be deferred until such time or times thereafter that the conversion would not result in a contravention of section 606(1) of the Corporations Act. Following a deferment under this paragraph, the Company will at all times be required to convert that number of Performance Shares that would not result in a contravention of section 606(1) of the Corporations Act.
- (b) The Holders will give notification to the Company in writing if they consider that the conversion of Performance Shares (or part thereof) under these terms and conditions may result in the contravention of section 606(1) of the Corporations Act, failing which the Company will assume that the conversion of Performance Shares (or part thereof) under these terms and conditions will not result in any person being in contravention of section 606(1) of the Corporations Act.
- (c) The Company may (but is not obliged to) by written notice request the Holders to give notification to the Company in writing within seven days if they consider that the conversion of Performance Shares (or part thereof) under these terms and conditions may result in the contravention of section 606(1) of the Corporations Act. If the Holders do not give notification to the Company within seven days that they consider the conversion of Performance Shares (or part thereof) under these terms and conditions may result in the contravention of section 606(1) of the Corporations Act then the Company will assume that the conversion of Performance Shares (or part thereof) under these terms and conditions will not result in any person being in contravention of section 606(1) of the Corporations Act.

5. Rights attaching to Performance Shares

- (a) **(Share capital)** Each Performance Share is a share in the capital of the Company.
- (b) **(General meetings)** Each Performance Share confers on a Holder the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to shareholders. A Holder has the right to attend general meetings of shareholders of the Company.
- (c) **(No voting rights)** A Performance Share does not entitle a Holder to vote on any resolutions proposed at a general meeting of shareholders of the Company.
- (d) **(No dividend rights)** A Performance Share does not entitle a Holder to any dividends.
- (e) **(No right to surplus profits or assets)** A Performance Share does not entitle a Holder to participate in the surplus profits or assets of the Company upon winding up of the Company.
- (f) **(No right to a return of capital)** A Performance Share does not entitle a Holder to a return of capital, whether upon winding up of the Company, upon a reduction of capital or otherwise.
- (g) **(Not transferable)** A Performance Share is not transferable.

- (h) **(Reorganisation of capital)** If there is a reorganisation (including, without limitation, consolidation or sub-division, but excluding a return of capital) of the issued capital of the Company, the rights of a Holder will be varied (as appropriate) in accordance with the Listing Rules which apply to reorganisation of capital at the time of the reorganisation.
- (i) **(Quotation of shares on conversion)** An application will be made by the Company to ASX for official quotation of the Shares issued upon the conversion of each Performance Share within the time period required by the Listing Rules.
- (j) **(Participation in entitlements and bonus issues)** A Performance Share does not entitle a Holder to participate in new issues of capital offered to holders of Shares, such as bonus issues and entitlement issues.
- (k) **(No other rights)** A Performance Share does not give a Holder any other rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.