Tap Oil Limited
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29 August 2013

The Company Announcements Platform
Australian Securities Exchange
Exchange Centre
20 Bond Street
SYDNEY NSW 2000

TAP OIL LIMITED
HALF-YEAR RESULTS TO 30 JUNE 2013

Please find attached Tap Oil Limited's Half-Year Results to 30 June 2013.

Included in the attachment is a summary announcement, Appendix 4D and the Financial Report for the half-year ended 30 June 2013, including the Directors' Report, the Auditor's Independence Declaration and the Auditor's Review Report.

A copy of this announcement and accompanying documents are available at the ASX and can be viewed on the Company's website www.tapoil.com.au under the heading "Investor Centre".

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TAP OIL JUNE 2013 HALF-YEAR RESULTS

Tap Oil Limited (ASX: TAP or Tap) is pleased to release its 30 June 2013 Half-year Financial Results. The Company today announces its half-year results to 30 June 2013. The key points include:

Financial

- Gross profit of $8.6 million and EBITDAX of $3.4 million – EBITDAX up on prior periods.
- Cost reduction program undertaken.
- Net loss after tax of $13.6 million after $20.8 million in exploration write downs/impairment
- Cash reserves of $75 million with no debt.
- Tap secured a US$50 million debt facility for the Manora Oil Development and a A$20 million corporate debt facility. Neither of these facilities has been drawn to date.

Operational

- Gas discovery confirmed in WA-49-R by the Bianchi-1 well.
- Manora platform construction and FSO conversion on track for first oil mid 2014 with a capital cost increase of 13%.
- Tap's gross volumetrics of Tallaganda-1 indicate approximately 500 Bcf of contingent plus prospective resources. Contingent resources of 49 PJ booked.
- Possible evidence of residual oil at Starfish-1 which may provide support for an active petroleum system.
- Farm down of Tap's interest in WA-320-P and WA-155-P (Part II) for a carry on the Palmerston well.

Tap's Managing Director, Mr Troy Hayden said:

"*The result underlines the continuing value of Tap's third party gas contracts in generating gross profit and cash flow. Our focus on costs has seen a reduction in staff to better align our administration costs with our size and portfolio of projects. The cost savings will flow into the second half profit result.*

Operationally, we are focused on first oil at Manora in mid 2014. Production of approximately 4,500 bbl/d (Tap share) will generate substantial net cash flows to Tap.

The Bianchi discovery is also exciting due to the proximity to existing infrastructure and the follow-up prospectivity in the permits. It builds further on the value created by the Zola discovery in 2011."

Financial Summary

	Half-year to		
	June 2013 $ million	**Dec 2012 $ million**	**June 2012 $ million**
Oil and gas production (mmboe)	-	-	0.03
Sales revenue	14.3	15.6	25.6
Gross profit	8.6	9.4	10.3
EBITDAX (incl. Impairments)*	**3.4**	**2.7**	**2.3**
Exploration impairment/write downs	(20.8)	(8.4)	(0.3)
Net (loss)/profit before tax*	(16.8)	(4.3)	4.2
Net (loss)/profit after tax*	**(13.6)**	**(6.6)**	**3.1**

* These numbers are totals that include both continuing and discontinued operations and is therefore non-IFRS financial information. Please refer to the audited financial statements and Attachment 2 for the IFRS financial information.

As above, for the six months to 30 June 2013, Tap once again generated a positive EBITDAX due to the continued third party gas sales which generate a significant gross profit.

Administration costs were a focus during the period, with redundancy expenses of $729,000 relating to reductions in staff numbers. The Managing Director also agreed to a cash salary reduction of 23% in return for increased equity exposure which was approved by shareholders in May 2013.

After exploration impairment losses/write downs of $20.8 million (Starfish-1 and Taunton-5/5H), Tap's result was a consolidated loss after tax of $13.6 million (HY 2012: profit $3.1 million).

A summary of the activities for the half-year are set out below:

Production & Sales

Sales revenue for the half-year was $14.3 million (HY 2012: $25.6 million). Production at the Woollybutt field in the Carnarvon Basin, Western Australia ended in May 2012 resulting in no production and a decline in sales revenue for the period. Revenue continues to be derived from third party gas sales in line with prior periods.

Development

G1/48, Manora, Gulf of Thailand (Tap 30%, Mubadala Petroleum Operator)

Tap reached FID on the Manora Oil Development on 23 July 2012 and is now more than 12 months into the construction period. The project has received Environmental Impact Assessment and Production Area Application Approvals.

The Manora Oil Development concept will be a single well head processing platform linked to a Floating Storage Offloading (FSO) Unit with 15 development wells. The Manora Oil Development is expected to deliver first production in mid 2014, ramping up to an estimated peak rate of 15,000 bopd from 10 production wells and five injection wells. Manora is a low-risk development and the Operator, MP G6 (Thailand) Limited (formerly known as Pearl Oil (Amata) Limited), a Mubadala Petroleum affiliate, has extensive experience in this type of development in Thailand through the successful Jasmine project.

During the period, Clough Thailand Limited progressed the platform construction work in their Sattahip construction site with all decks now under construction. Tap and the Operator are working with Clough to maintain the revised project budget and schedule with first production forecast for mid 2014.

The owner of the FSO, Omni Offshore Terminals Pte. Ltd (formerly Tanker Pacific Offshore Terminals Pte. Ltd) commenced the FSO conversion during the period.

In January 2013, the Drilling Rig Services contract was awarded to Atwood Offshore Worldwide Limited. Atwood will be responsible for drilling 15 development wells, with drilling expected to commence in mid 2014. Atwood will also drill the well in Tap's 2013 Thailand exploration drilling program.

The total project cost is now estimated at US$278 million (excluding abandonment) as per the update announced on 26 August 2013. For Tap, this now represents a capital cost of US$97 million including the carry of Northern Gulf Petroleum. Tap intends to fund its share of the development from cash reserves, future cash flows and the currently undrawn bank facilities.

Tap has 2P reserves of 6.1 mmbbls (20.2 mmbbls gross) booked for Manora and expects ultimate recovery of 31.1 mmbbls gross (9.3 mmbbls net to Tap) from the main pay sequence that is the focus of the Field Development Plan, as well as two other oil pay sequences.

Exploration

Tap's exploration efforts were focused on three core areas during the half-year – the Carnarvon Basin in Western Australia, the Gulf of Thailand and offshore Ghana. Details of the activities for the half-year are set out below.

Australia - Carnarvon Basin

WA-290-P and WA-49-R (Tap 10%, Apache Operator)

The Greater Zola Structure comprises several fault blocks along the Alpha Arch, south of the giant Gorgon gas field. A single fault block was tested by Zola-1 (the Zola fault block). Tap has booked 46 TJ of contingent resource for Zola and Antiope. Within the Greater Zola Structure, Bianchi was a seismic amplitude-supported Triassic prospect some 6.4 kilometres north-northeast of the Zola-1 gas discovery and 20.8 kilometres south-southwest of the Gorgon gas discovery.

The Joint Venture commenced drilling the Bianchi-1 well in WA-49-R on 12 April 2013. In July, the Joint Venture confirmed a gas discovery at Bianchi-1 with 112 metres of natural gas net pay interpreted in the Mungaroo Formation reservoir sandstones. The Bianchi and Zola discoveries are very well placed near to existing LNG and domestic gas development infrastructure providing attractive options for commercialisation of the lease.

The cost of the well incurred up to 30 June 2013 ($7.977 million Tap share) has been included in Exploration and Evaluation Assets.

WA-351-P (Tap 20%, BHP Billiton Operator)

Tap's studies of the results of the Tallaganda-1 well (which were completed following its review of the Operator's preliminary volumetrics) indicate a gross recoverable gas resource estimate for the WA-351-P portion of the Tallaganda structure of approximately 500 Bcf (including 222 Bcf of P50 contingent resources and 278 Bcf of P50 prospective resources). Tap has booked 49 PJ as a contingent resource.

The discovery of hydrocarbons at Tallaganda-1 is considered significant for the future exploration potential of the permit as it confirms an active petroleum system within the acreage. At this point, it is not envisaged that a well will be drilled in WA-351-P during 2013.

TL/2 and TP/7 (Tap 10% (TL/2) and 12.474% (TP/7), Apache Operator)

Drilling commenced on the Taunton-5/5H appraisal well on 15 April 2013 within TL/2 in 20 metres of water. Joint Venture partner Hydra did not participate in the well taking Tap's interest in the well to 13.015%. Taunton-5 ST2 was drilled as a deviated well to obtain core data through the Early Cretaceous reservoir section and to provide the pilot hole from which to drill a lateral well. The horizontal well (Taunton-5H) was then drilled into TP/7 from the pilot hole to evaluate potential hydrocarbon saturation and reservoir deliverability in the Early Cretaceous section.

Taunton-5/5H took 76 days to drill and had a true vertical total depth of approximately 1,353 metres and a total measured depth of 3,746 metres. The well was abandoned prior to testing due to mechanical problems. The well data acquired from the pilot hole and the lateral well will be incorporated by the Operator into the field geological model to update the oil in place estimates for the Taunton field. The Operator will update the contingent resource estimates for the field and ascertain if a commercial project can be achieved.

In addition to the above, Tap also has the following interests:

1. a 20% interest in WA-8-L in the offshore Carnarvon Basin which contains the Amulet oil field;
2. a 22.474% interest in WA-33-R in the offshore Carnarvon Basin which contains the Maitland gas field; and
3. a 12% interest in WA-34-R in the Northern Bonaparte basin which contains the Prometheus and Rubicon gas fields.

Gulf of Thailand

G1/48 and G3/48 (Tap 30%, Mubadala Petroleum Operator)

During the period the Ministry of Energy approved the renewal of both concessions. The G1/48 concession was renewed for a third three year exploration term with an obligation to drill one well prior to December 2013 and one well prior to December 2014. The G3/48 concession was also renewed for a third three year exploration term and will require one well to be drilled prior to January 2015. Work is progressing to mature the best candidates for drilling in both concessions.

Ghana – West Africa Transform Margin

Offshore Accra Contract Area (Tap 17.5%, Ophir Operator)

The Starfish-1 well, which commenced on 19 June 2013, drilled to the target depth and was plugged and abandoned on 12 July 2013. Logs confirmed the presence of a gross 230 metre sandstone interval in the primary target interval, although the logs show these to be water wet. The secondary target contained poorly developed sands which were also water bearing. The Joint Venture will continue to evaluate all data from the well in order to re-assess the overall block prospectivity ahead of the 23 March 2014 election date to enter into the First Extension Period. This will include examination of what Tap considers to be possible evidence of residual oil in the primary and secondary targets. Any such evidence may provide support for an active petroleum system in the block.

The cost of the well ($12.750 million Tap's share) has been fully impaired in Tap's half-year financial statements. Other exploration costs (including seismic) have not been impaired as this information will be used to assess the future prospectivity of the block including entry into the first extension period and any future drilling targets.

In total, exploration impairment losses/write downs of $20.8 million resulted from the Starfish-1 and Taunton-5/5H wells.

Cash flows, liquidity and funding

Receipts from customers totaled $15.2 million (2012: $19.9 million) and net cash outflows from operations were $2.2 million (2012: net inflows $6.1 million). Operating receipts were positive except for the payment of $5.1 million in income tax as a result of 2012 asset sales. The Company's balance sheet remained strong with its cash balance in Australian dollar terms at 30 June 2013 at $74.9 million (31 December 2012: $96.4 million), with no debt.

Tap has secured a US$50 million field development facility and an A$20 million corporate facility to finance the Manora oil development with the Commonwealth Bank of Australia. The A$20 million corporate facility is split between a A$10 million revolving facility available for general corporate purposes and A$10 million as a contingency for any Manora oil development cost overruns. Neither of these facilities has been drawn to date.

Outlook

Tap has three significant milestones in the second half of 2013 as set out below:

- Continue the platform construction and FSO conversion for the Manora oil development;
- Drill an exploration well in G1/48 in the Gulf of Thailand; and
- Evaluate the commercial options for the Zola and Bianchi gas discoveries in WA-49-R.

Project	Tap Share	Q3	Q4	2014 Q1	Q2	Q3
Australia, Carnarvon Basin						
WA-290-P / 49 - R	10%	Evaluate Bianchi-1 results				
WA-351-P	20%	Further technical work				
WA-320-P / 155 - P (II)*	9.8% / 13.6%			Palmerston		
TL2/TP7	10% / 12.5%	Evaluate Taunton 5/5H results (13%)				
SPA 5 AO & SPA 6 AO**	20%	Geochemical surveys assessment				
Thailand						
Manora	30%***	Construction, Installation and Drilling			Start up	
Exploration	30%***		Drilling			
Ghana						
Offshore Accra	17.5%	Evaluate		First extension period decision		

* Subject to government approval of foarm out to JX Nippon Oil and Gas Exploration (Australia) Pty Ltd

** Includes shale oil and gas exploration as well as conventional exploration. Tap has earned the right to take 20% interest in the resulting exploration permits on election, with an option to earn an additional 15% in each permit.

*** Tap has a 30% direct interest in G1/48. In respect of G3/48 Tap owns 75% of Northern Gulf Oil (Thailand) Ltd, which holds a 40% interest in G3/48

Copies of these documents are available at the ASX and can be viewed on the Company's website www.tapoil.com.au under the heading "Investor Centre".

Enquiries	Troy Hayden	Managing Director/CEO
	David Rich	Chief Financial Officer
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Persons compiling information about hydrocarbons

The reserve and contingent resource information in this report is based on information compiled by Mr Denis Bouclin B.A.Sc (Hons), M.A.Sc (Engineering), P.Eng., who has consented to the inclusion of such information in this report in the form and context in which it appears. Mr Bouclin is a part-time employee of the Company, with more than 25 years relevant experience in the petroleum industry. The prospective resource information in this report is based on information compiled by Mr Milton Schmedje B.Sc (Hons), who has consented to the inclusion of such information in this report in the form and context in which it appears. Milton Schmedje is a full-time employee of the Company, with more than 25 years relevant experience in the petroleum industry.

ATTACHMENT 1

KEY FINANCIAL INDICATORS

6 Months Ended		Jun-13	Dec-12 *	Jun-12 *
Profit & Loss ($ million)*				
Sales Revenue	: Oil and Condensate	-	-	7.8
	: Gas	14.3	15.6	17.8
Gross Profit		8.6	9.4	10.3
Gross Profit Margin (%)		60%	60%	40%
EBITDAX		3.4	2.7	2.3
Exploration expenditure writedowns		(20.8)	(8.4)	(0.3)
EBITDA		(17.4)	(5.7)	2.2
NPAT		(13.6)	(6.6)	3.1
EPS (cents)		(5.7)	(2.8)	1.3
Balance Sheet ($ million)				
Cash		74.9	96.4	108.1
Capitalised Exploration Expenditure		97.6	87.2	127.3
Property, Plant & Equipment		72.1	57.1	4.9
Total Assets		258.7	254.5	259.8
Total Liabilities		72.6	55.1	54.0
Net Assets		186.1	199.4	205.8
Cashflow ($ million)				
Operations		(2.2)	9.6	6.1
Investing		(21.5)	(20.9)	19.4
Financing		-	(0.2)	0.2
Volumes				
Production				
Oil & Condensate (mmbbls): : Woollybutt		-	-	0.03
Reserves (Proved and Probable) (mmboe)		6.1	6.1	6.1
Sales of third party gas (PJ):		1.9	2.2	2.4
Other				
Oil Price – A$ average realised/bbl		n/a	91.0	92.6
Shares on Issue		241.3	241.3	241.3
Share Price at period end ($)		0.47	0.62	0.69

* These numbers are totals that include both continuing and discontinued operations and is therefore non-IFRS financial information. Please refer to the audited financial statements and Attachment 2 for the IFRS financial information.

ATTACHMENT 2

RECONCILIATION OF NON-IFRS FINANCIAL INFORMATION TO AUDITED IFRS FINANCIAL INFORMATION

This Attachment contains a reconciliation of non-IFRS financial information to audited IFRS financial information. EBITDAX (earnings before interest, tax, depreciation, depletion, exploration, evaluation and impairment), EBITDA (earnings before interest, tax, depreciation, depletion) and EBIT (earnings before interest and tax) are non-IFRS measures that are presented to provide investors with further information and perspective on the overall financial performance and operations of the Company. The column headed “HY ended 30 June 2012 Total” below contains aggregate financial information that includes both continuing and discontinued operations, and is therefore non-IFRS financial information. The non-IFRS financial information is unaudited however the numbers have been extracted from the financial statements which have been subject to review by the Company’s auditor. The financial report for the half-year ended 30 June 2013 accompanies this announcement and is available at the Tap Oil website at www.tapoil.com.au. Please refer to the financial statements for the IFRS financial information.

	HY ended 30 June 2013 Continuing Operations $ million	HY ended 30 June 2013 Discontinued Operations $ million	HY ended 30 June 2013 Total $ million	HY ended 31 Dec 2012 Continuing Operations $ million	HY ended 31 Dec 2012 Discontinued Operations $ million	HY ended 31 Dec 2012 Total $ million	HY ended 30 June 2012 Continuing Operations $ million	HY ended 30 June 2012 Discontinued Operations $ million	HY ended 30 June 2012 Total $ million
Revenue	14.3	-	14.3	15.6	-	15.6	25.6	-	25.6
Cash operating costs	(5.7)	-	(5.7)	(6.2)	-	(6.2)	(15.3)	-	(15.3)
Cash gross profit	8.6	-	8.6	9.4	-	9.4	10.3	0.0	10.3
		-				-			-
Net Admin costs	(3.4)	-	(3.4)	(3.0)	-	(3.0)	(2.1)	-	(2.1)
New Ventures and Bus Dev Costs	(1.7)		(1.7)	(2.0)		(2.0)	(2.4)		(2.4)
Other income	2.0	-	2.0	0.2	-	0.2	0.1	-	0.1
Other expenses	(2.1)	-	(2.1)	(1.9)	-	(1.9)	(3.4)	(0.2)	(3.6)
EBITDAX (excl. impairments)	**3.4**	**-**	**3.4**	**2.7**	**-**	**2.7**	**2.5**	**(0.2)**	**2.3**
		-				-			-
Exploration impairment/write down	(20.8)	-	(20.8)	(8.4)	-	(8.4)	(0.3)	-	(0.3)
EBITDA	**(17.4)**	**-**	**(17.4)**	**(5.7)**	**-**	**(5.7)**	**2.2**	**(0.2)**	**2.0**
		-				-			-
Depreciation - cost of sales	-	-	-	(0.1)	-	(0.1)		-	-
Depreciation - admin	-	-	-	(0.2)	-	(0.2)		-	-
EBIT	**(17.4)**	**-**	**(17.4)**	**(6.0)**	**-**	**(6.0)**	**2.2**	**(0.2)**	**2.0**
		-				-			-
Net interest	1.2	-	1.2	2.0	-	2.0	2.4	-	2.4
Finance costs	(0.6)	-	(0.6)	(0.3)	-	(0.3)	(0.2)	-	(0.2)
Net (loss)/profit before tax	**(16.8)**	**-**	**(16.8)**	**(4.3)**	**-**	**(4.3)**	**4.4**	**(0.2)**	**4.2**
		-				0			0
Tax	3.2	-	3.2	(2.3)	-	(2.3)	(1.1)	-	(1.1)
Net (loss)/profit after tax	**(13.6)**	**-**	**(13.6)**	**(6.6)**	**-**	**(6.6)**	**3.3**	**(0.2)**	**3.1**

Tap Oil Limited

ABN 89 068 572 341

Appendix 4D

Half-Year Report

Six months ended 30 June 2013

Results for announcement to the market

					A$'000
2.1	Revenue from continuing operations	Down	44%	to	15,510
2.2	Loss from continuing operations after tax	Up	N/A*	to	(13,624)
2.3	Loss from discontinued operations after tax	Down	100%	to	Nil
2.4	Loss for the period attributable to members	Up	N/A*	to	(13,624)

	Dividends (distributions)	Amount per security	Franked amount per security
2.5	Dividends	Nil	Nil
	Previous corresponding period	Nil	Nil
2.6	Record date for determining entitlements to the dividend	N/A - No dividends have been declared or paid.	

	NTA backing	30 June 2013	31 December 2012
3.	Net tangible asset backing per + ordinary security	$0.37	$0.46

+ Net assets excluding deferred exploration expenditure.

4. **Details of controlled entities**

4.1 **Control gained over entities having material effect**

Name of entity (or group of entities)	No entities were acquired during the half-year ended 30 June 2013
Date from which control was gained	N/A
Profit after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period	N/A

4.2	**Control lost over entities having material effect**	
	Name of entity (or group of entities)	No entities were disposed during the half-year ended 30 June 2013
	Date from which control was lost	N/A
	Contribution to consolidated profit from sale of interest leading to loss of control	N/A
5.	Details of dividends	No dividends have been declared or proposed
6.	Details of dividend reinvestment plans	N/A
7.	Details of associate and joint venture entities	Full list included in the Annual Report of Tap Oil Ltd for the year ended 31 December 2012.
8.	Foreign entities	Foreign entities' financial reports were compiled based on International Financial Reporting Standards (IFRS).
9.	Details of audit dispute or audit qualification	N/A
10.	Other significant information	Refer to the attached reviewed Half Year financial report
11.	Commentary on results for the period	Refer to the attached Directors' Report included in the Half Year financial report
12.	Audited accounts	The report is based on the attached Half Year financial report which has been reviewed by Tap's auditors

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* A loss of $13.624 million compared to a profit from continuing operations after tax of $3.301 million in the comparative period. A loss of $13.624 million compared to a profit of $3.052 million attributable to members in the comparative period.

TAP OIL LIMITED

ABN 89 068 572 341

FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 30 JUNE 2013

TABLE OF CONTENTS

The directors of Tap Oil Limited ("Tap" or "the Company") submit herewith the financial report for the half-year ended 30 June 2013. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

The names of the directors of the Company during or since the end of the half-year are:

- D W Bailey (Independent Non-Executive Director and Chairman)
- T J Hayden (Managing Director and Chief Executive Officer)
- M J Sandy (Independent Non-Executive Director)
- D A Schwebel (Independent Non-Executive Director)

The above named directors held office during and since the end of the half-year.

Principal Activities

The principal activities of the Consolidated Entity, being the Company and its controlled entities, during the half-year were oil and gas exploration and gas marketing. Tap will re-commence production activities when the Manora field starts production in mid 2014.

Review of operations

Exploration

Tap's exploration efforts were focused on three core areas during the half-year – the Carnarvon Basin, Western Australia, the Gulf of Thailand and offshore Ghana. Details of the activities for the half-year are set out below.

Offshore Australia - Carnarvon Basin

WA-290-P & WA-49-R (Tap 10%, Apache Operator)

WA-290-P is an exploration permit in the offshore Carnarvon Basin, Western Australia. In early 2011, Tap drilled the Zola discovery and in August 2012, a retention lease, WA-49-R, was granted over the Zola and Antiope discoveries for a period of five years. The retention lease covers two graticular blocks.

The Greater Zola Structure comprises several fault blocks along the Alpha Arch, south of the giant Gorgon gas field. A single fault block was tested by Zola-1 (the Zola fault block). Tap has booked 46 TJ of contingent resource for Zola and Antiope. Within the Greater Zola Structure, Bianchi was a seismic amplitude-supported Triassic prospect some 6.4 kilometres north-northeast of the Zola-1 gas discovery and 20.8 kilometres south-southwest of the Gorgon gas discovery.

The Joint Venture commenced drilling the Bianchi-1 well in WA-49-R on 12 April 2013. In July 2013, the Joint Venture confirmed a gas discovery at Bianchi-1 with 112 metres of natural gas net pay interpreted in the Mungaroo Formation reservoir sandstones. The well was drilled to a total depth of 5,429 metres and was plugged and abandoned as planned.

The Bianchi and Zola discoveries are very well placed near to existing LNG and domestic gas development infrastructure providing attractive options for commercialisation of the lease.

WA-320-P and WA-155-P (Part II) (Tap 19.778% (WA-320-P) 13.555% (WA-155-P (Part II)), Apache Operator)

WA-320-P and WA-155-P (Part II) are both exploration permits in the offshore Carnarvon Basin, Western Australia. The Palmerston prospect straddles both WA-320-P and WA-155-P (Part II).

During the period, Tap entered into an agreement to farm out a portion of its interest in both the permits to JX Nippon Oil and Gas Exploration (Australia) Pty Ltd. Tap farmed out 10% of its interest in WA-320-P and 7% of its interest in WA-155-P (Part II) in exchange for a 5% carry on the Palmerston-1 well (up to a total well cost of US$70 million). Tap has retained 9.778% equity in WA-320-P and 6.555% WA-155-P (Part II). This pre-drill farmout gives Tap the benefit of a lower cost exposure for the Palmerston-1 well in WA-320-P while retaining an interest in WA-155-P (Part II) and the entire Palmerston prospect.

Palmerston is a Triassic fault block with structural similarity to the Zola structure. The Palmerston-1 well will target sandstones in the proven Mungaroo Formation play. Drilling of the prospect is not required until permit year 3 (October 2013 to October 2014).

WA-351-P (Tap 20%, BHP Billiton Operator)

WA-351-P is an exploration permit in the offshore Carnarvon Basin, Western Australia. The permit contains the Tallaganda gas discovery drilled during the second quarter of 2012. The Tallaganda-1 gas discovery well drilled a Triassic Mungaroo Formation prospect which straddles the WA-351-P and WA-335-P permits.

In addition to the Triassic leads and prospects, further potential may be present in WA-351-P in leads identified in the overlying Jurassic and Early Cretaceous section. Reservoirs of these ages are productive elsewhere in the Carnarvon Basin. This shallower potential is larger, but higher risk, than the Triassic Mungaroo play in this permit.

Tap's studies of the results of the Tallaganda-1 well (which were completed following its review of the Operator's preliminary volumetrics) indicate a gross recoverable gas resource estimate for the WA-351-P portion of the Tallaganda structure of approximately 500 Bcf (including 222 Bcf of P50 contingent resources and 278 Bcf of P50 prospective resources). Tap has booked 49 PJ as a contingent resource.

The discovery of hydrocarbons at Tallaganda-1 is considered significant for the future exploration potential of the permit as it confirms an active petroleum system within the acreage. At this point, it is not envisaged that a well will be drilled in WA-351-P during 2013.

TL/2 and TP/7 (Tap 10% (TL/2) and 12.474% (TP/7), Apache Operator)

The TL/2 production license and TP/7 exploration permit are located in the offshore Carnarvon Basin approximately 40 kilometres north-northeast of Onslow, Western Australia.

The Taunton oil field was discovered in 1991 and straddles the TL/2 and TP/7 permit boundaries. It was subsequently appraised by three additional wells which encountered oil in the Birdrong Sandstone. Tap has previously recognised a net 2C Contingent Resource of 0.9 MMstb for the Taunton field which is reservoired in the Birdrong Sandstone.

Drilling commenced on the Taunton-5/5H appraisal well on 15 April 2013 within TL/2 in 20 metres of water. Joint Venture partner Hydra did not participate in the well taking Tap's interest in the well to 13.015%. Taunton-5 ST2 was drilled as a deviated well to obtain core data through the Early Cretaceous reservoir section and to provide the pilot hole from which to drill a lateral well. The horizontal well (Taunton-5H) was then drilled into TP/7 from the pilot hole to evaluate potential hydrocarbon saturation and reservoir deliverability in the Early Cretaceous section.

Taunton-5/5H took 76 days to drill and had a true vertical total depth of approximately 1,353 metres and a total measured depth of 3,746 metres. The well was abandoned prior to testing due to mechanical problems. The well data acquired from the pilot hole and the lateral well will be incorporated by the Operator into the field geological model to update the oil in place estimates for the Taunton field. The Operator will update the contingent resource estimates for the field and ascertain if a commercial project can be achieved.

In addition to the above, Tap also has the following interests:

1. a 20% interest in WA-8-L in the offshore Carnarvon Basin which contains the Amulet oil field;
2. a 22.474% interest in WA-33-R in the offshore Carnarvon Basin which contains the Maitland gas field; and
3. a 12% interest in WA-34-R in the Northern Bonaparte basin which contains the Prometheus and Rubicon gas fields.

Onshore Australia - Carnarvon Basin

SPA-18 & 21 (Tap 20%, Rusa Resources Operator)

On 24 April 2012, Tap entered into a binding agreement with Rusa Resources Pty Ltd (Rusa) to participate in the exploration of a significant acreage position in the onshore Carnarvon Basin, Western Australia. The exploration focus is primarily on potential unconventional plays, with the main targets being Permian shale gas and Devonian shale oil. There may also be conventional oil and gas potential.

Rusa holds full equity ownership in two special prospecting authorities (SPAs) with Acreage Options (AO) in the Carnarvon Basin (SPA 5 AO and SPA 6 AO). The acreage options allow for the potential to convert a percentage of the SPA areas into exploration permits, subject to usual government and other approvals. The SPAs cover a total combined area of over 38,000km^2 (9.47 million acres), and contain a large part of the Palaeozoic Merlinleigh Sub-basin, the entire Byro Sub-basin, plus associated shelfal areas. The acreage is favourably located in close proximity to the Dampier to Bunbury natural gas pipeline which could provide access to either the growing Western Australian domestic gas market or the LNG export market.

Each SPA was granted in November 2012 for a period of six months on the condition that Rusa conducts surface geochemical surveys. These surveys were completed in 2012. The data will aid in the delineating the preferred acreage for conversion to exploratory permits within six months of the end of the SPA period.

Tap has earned the right to take a 20% interest in any resulting exploration permits on election, with an option to earn an additional 15% in each permit once granted.

Gulf of Thailand

G1/48 & G3/48 (Tap 30%, Mubadala Petroleum Operator)

Tap holds a 30% direct interest in the G1/48 concession and an indirect 30% interest in the G3/48 concession in the northern Gulf of Thailand. These concessions are operated by affiliates of Mubadala Petroleum. The Manora discovery in late 2009 opened up a new oil play in the northern Gulf of Thailand.

During the period the Ministry of Energy approved the renewal of both concessions. The G1/48 concession was renewed for a third three year exploration term with an obligation to drill one well prior to December 2013 and one well prior to December 2014. The G3/48 concession was also renewed for a third three year exploration term and will require one well to be drilled prior to January 2015. Work is progressing to mature the best candidates for drilling in both concessions.

In G1/48, multiple prospects have been identified based on interpretation of the 3D Kinnaree and North Kra seismic surveys. These prospects are predominantly located along the western flank of the northern Kra Basin, in similar structural settings to the Manora oil discovery. The Operator is currently undertaking a technical review aimed at finalising a prospect for drilling in late 2013. Technical work is progressing on G3/48 and Tap has identified a number of leads in the syn-rift section of the Sattukut Basin. Efforts will continue to be directed at maturing a quality prospect in the Sattukut Basin for drilling as the commitment well.

Ghana – West Africa Transform Margin

Offshore Accra Contract Area (Tap 17.5%, Ophir Operator)

The Offshore Accra Contract Area covers an area of 2,000 km^2 and is located to the southeast of Accra, the capital of the Republic of Ghana, in water depths ranging from less than 50 metres to greater than 2,500 metres. Ghana ranks as one of the most financially and politically stable democratic countries in Africa.

The Offshore Accra Contract Area is located in an emerging oil province on the West Africa Transform Margin, along the northern Gulf of Guinea. A number of world-class discoveries have been made in analogous geological settings in western Ghana, including the Jubilee Field (one of the largest oil discoveries in the world in 2007).

3D seismic data over the block was acquired in 2011 and subsequently processed. Initial interpretation of the data identified a number of significant leads and prospects, of which the Starfish prospect was selected and matured for drilling as the commitment well for the Initial Exploration Period.

The Starfish-1 well spudded on 19 June 2013 to target a large, deepwater, stratigraphic trap potentially comparable to the Jubilee Field in western Ghana. Logs confirmed the presence of a gross 230 metre sandstone interval in the primary target, although the logs show these to be water wet. The secondary target contained poorly developed sands which were also water bearing. The Joint Venture will continue to evaluate all data from the well in order to re-assess the overall block prospectivity ahead of the 23 March 2014 election date to enter into the First Extension Period. This will include examination of what Tap considers to be possible evidence of residual oil in the primary and secondary targets. Any such evidence may provide support for an active petroleum system in the block.

Development

Manora Field, G1/48, Gulf of Thailand (Tap 30%, Mubadala Petroleum Operator)

Tap reached FID on the Manora Oil Development on 23 July 2012 and is now more than 12 months into the construction period. The project has received Environmental Impact Assessment and Production Area Application Approvals.

The Manora Oil Development concept will be a single well head processing platform linked to a Floating Storage Offloading (FSO) Unit with 15 development wells. The Manora Oil Development is expected to deliver first production in mid 2014, ramping up to an estimated peak rate of 15,000 bopd from 10 production wells and five injection wells. Manora is a low-risk development and the Operator, MP G6 (Thailand) Limited (formerly known as Pearl Oil (Amata) Limited), a Mubadala Petroleum affiliate, has extensive experience in this type of development in Thailand through the successful Jasmine project.

The total project cost is now estimated at US$278 million (excluding abandonment) as per the update announced on 26 August 2013. For Tap, this now represents a capital cost of US$97 million including the carry of Northern Gulf Petroleum. Tap intends to fund its share of the development from cash reserves, future cash flows and the currently undrawn bank facilities.

In March 2013, Tap executed a US$50 million field development facility and an A$20 million corporate facility to finance the Manora oil development with the Commonwealth Bank of Australia. The A$20 million corporate facility is split between a A$10 million revolving facility available for general corporate purposes and A$10 million as a contingency for any Manora oil development cost overruns. Neither one of these facilities have been drawn to date.

Tap has 2P reserves of 6.1 mmbbls (20.2 mmbbls gross) booked for Manora and expects ultimate recovery of 31.1 mmbbls gross (9.3 mmbbls net to Tap) from the main pay sequence that is the focus of the Field Development Plan, as well as two other oil pay sequences.

During the period, Clough Thailand Limited progressed the platform construction work in their Sattahip construction site with all decks now under construction. Tap and the Operator are working with Clough to maintain the revised project budget and schedule with first production forecast for mid 2014.

The owner of the FSO, Omni Offshore Terminals Pte. Ltd (formerly Tanker Pacific Offshore Terminals Pte. Ltd) commenced the FSO conversion during the period.

In January 2013, the Drilling Rig Services contract was awarded to Atwood Offshore Worldwide Limited. Atwood will be responsible for drilling 15 development wells, with drilling expected to commence in mid 2014. Atwood will also drill the well in Tap's 2013 Thailand exploration drilling program.

Production & Sales Summary

	Half-year ended 30 June 2013		Half-year ended 30 June 2012	
	'000 boe	$'000	'000 boe	$'000
Production (net to Tap):				
Oil - Woollybutt	-		31	
Total Liquids	-		31	
Total Production	-		31	
Sales (net to Tap):				
Liquids	-	-	84	7,788
Third Party Gas Sales - 1,871 TJ (2012: 2,410 TJ)	276	14,267	355	17,797
Total Sales	287	14,267	439	25,585
Average Realised Oil Price		N/A		A$92.55/bbl

Woollybutt Field (Tap 15%, ENI Operator)

Production at the Woollybutt field in the Carnarvon Basin, Western Australia ended in May 2012. The full field abandonment of Woollybutt is scheduled to occur in 2015.

Third Party Gas Contracts (Tap 100%)

In 2005, Tap secured an option over approximately 33 PJ (31 Bcf) of gas from the John Brookes field offshore Western Australia at then current market prices. The option was exercised in 2007 and Tap on-sells the gas to a number of Western Australian gas customers under long-term contracts. The gas is purchased at a fixed 2005 price and predominately sold at fixed prices approximately three times higher. Both buy and sell prices are denominated in Australian dollars and subject to CPI escalation. At the end of the half-year around 14 PJ (approximately 12 Bcf) currently remains to be delivered over the period to December 2016. This gas is largely contracted and provides substantial stable, long-term cash flow.

During the period cash receipts from gas sales were in line with expectations except for $1.763 million of sales revenue which has been provided for as a doubtful debt. It relates to gas sold to Apex Gold Pty Ltd which went into administration during the period.

Financial Summary

The Consolidated Entity's gross profit from continuing operations for the half-year is $8.646 million (2012: $10.337 million). The net loss from continuing operations for the half-year is $13.624 million (2012: net profit of $3.301million). The net loss for the period from discontinued operations is nil (2012: $249,000). Cash utilised by operating activities was $2.215 million (2012: generated $6.076 million) and cash at 30 June 2013 was $74.944 million (30 June 2012: $108.138 million).

The Consolidated Entity's result for the reporting period includes the following:

- Exploration impairment losses / write downs of $20.799 million (2012: $299,000) reflecting Tap's ongoing evaluation of its exploration portfolio. Predominantly the Starfish-1 and Taunton-5/5H wells.
- Redundancy expenses of $729,000 relating to reductions in staff numbers as part of an overall cost reduction exercise during the half-year. The Managing Director also agreed to a cash salary reduction of 23% in return for increased equity exposure which was approved by shareholders in May 2013.
- Provision for doubtful debts of $1.763 million in respect of the balance receivable at 30 June 2013 from Apex Gold Pty Ltd which went into administration during the period (2012: Nil).
- Net foreign exchange gains of $1.824 million (2012: $98,000 losses) reflecting the movement of the Australian dollar against the US dollar during the period.
- An income tax benefit of $3.184 million (2012: expense of $1.093 million) reflects Tap's current tax loss (2012: payable) position, as well as the movement in the deferred tax balances. Tap's estimated current tax asset at 30 June 2013 is $454,000 (31 December 2012: liability of $5.035 million).

Cash flows, liquidity and funding

Receipts from customers totalled $15.233 million (2012: $19.869 million) and net cash flows from operations were $2.215 million outflow (2012: $6.076 million inflow). The cash balance decreased in Australian dollar terms and at period close was $74.944 million (31 December 2012: $96.378 million), with no debt.

Tap has secured a US$50 million Manora field development debt facility and a A$20 million corporate debt facility with the Commonwealth Bank of Australia. Both facilities are currently undrawn.

Risk management and corporate governance

The Consolidated Entity's risk management and corporate governance statements were included in the 2012 annual report. These statements remain current.

Changes to equity

No employee share options were exercised during the half-year ended 30 June 2013 (2012: 300,000). A total of 536,000 options expired, lapsed or were cancelled during the half-year ended 30 June 2013 (2012: 861,237). No options were issued during the half-year and none will be issued in the future due to the cessation of the share option schemes. Total number of options on issue at 30 June 2013 was 335,000 (2012: 871,000). These expired in July 2013.

A total of 9,106,356 employee share rights were issued during the half-year ended 30 June 2013 (2012: 4,314,390). 321,385 employee share rights vested during the half-year ended 30 June 2013 (2012: Nil). A total of 2,354,036 share rights expired, lapsed or were cancelled during the half-year ended 30 June 2013 (2012: 355,337). Total number of share rights on issue at 30 June 2013 was 15,287,983 (2012: 9,687,678).

Auditor's independence declaration

The auditors independence declaration is included on page 7 of the half-year report.

Rounding off of amounts

The Company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of directors made pursuant to s.306(3) of the Corporations Act 2001.

On behalf of the directors

D W Bailey
Chairman
Perth, 29 August 2013

Deloitte.

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The Board of Directors
Tap Oil Limited
Level 1, 47 Colin Street
WEST PERTH WA 6005

29 August 2013

Dear Board Members

Tap Oil Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Tap Oil Limited.

As lead audit partner for the review of the financial statements of Tap Oil Limited for the half year ended 30 June 2013, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Ross Jerrard
Partner
Chartered Accountants

Deloitte Touche Tohmatsu
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Independent Auditor's Review Report to the members of Tap Oil Limited

We have reviewed the accompanying half year financial report of Tap Oil Limited, which comprises the condensed statement of financial position as at 30 June 2013, and the condensed statement of profit or loss and other comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the company and entities it controlled at the end of the half year or from time to time during the half year as set out on pages 10 to 23.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Tap Oil Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half year financial report 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 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.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Tap Oil Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half year financial report of Tap Oil Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the half year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Ross Jerrard
Partner
Chartered Accountants
Perth, 29 August 2013

The directors declare that:

(a) in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

(b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Consolidated Entity.

Signed in accordance with a resolution of directors made pursuant to s.303(5) of the Corporations Act 2001.

On behalf of the directors

D W Bailey
Chairman

Perth, 29 August 2013

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 30 JUNE 2013

	Note	Consolidated Half-year ended 30 June 2013 $'000	30 June 2012 $'000
Continuing operations			
Revenue	2	14,267	25,585
Cost of sales	3	(5,621)	(15,248)
Gross profit		8,646	10,337
Other revenue	2	1,243	2,353
Other income		1,982	143
Administration expenses		(3,482)	(2,044)
Finance costs		(595)	(200)
Exploration impairment losses/write-downs		(20,799)	(299)
Other expenses		(3,803)	(5,896)
(Loss)/Profit before tax	4	**(16,808)**	**4,394**
Income tax benefit/(expense)		3,184	(1,093)
(Loss)/Profit for the period from continuing operations		**(13,624)**	**3,301**
Discontinued operations			
Loss for the period from discontinued operations		-	(249)
(Loss)/Profit for the period		**(13,624)**	**3,052**
Other comprehensive income		-	-
Total comprehensive (loss)/income for the period		**(13,624)**	**3,052**
(Loss)/Earnings per share from continuing and discontinued operations:			
Basic (cents per share)		(5.65)	1.27
Diluted (cents per share)		(5.65)	1.25
(Loss)/Earnings per share from continuing operations:			
Basic (cents per share)		(5.65)	1.37
Diluted (cents per share)		(5.65)	1.35

Notes to the financial statements are included on pages 15 to 23.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2013

	Note	Consolidated 30 June 2013 $'000	Consolidated 31 December 2012 $'000
Current Assets			
Cash and cash equivalents		74,944	96,378
Trade and other receivables		5,657	7,025
Current tax asset		454	-
Inventories		2,423	822
Other current assets	5	5,527	5,934
Total current assets		89,005	110,159
Non-current assets			
Property, plant and equipment	6	72,121	57,142
Exploration and evaluation assets	7	97,580	87,237
Total non-current assets		169,701	144,379
Total assets		**258,706**	**254,538**
Current liabilities			
Trade and other payables	8	44,603	20,029
Current tax liability		-	5,035
Provisions		4,075	3,464
Total current liabilities		48,678	28,528
Non-current liabilities			
Deferred tax liabilities		9,372	12,203
Provisions		14,533	14,389
Total non-current liabilities		23,905	26,592
Total Liabilities		**72,583**	**55,120**
Net assets		**186,123**	**199,418**
Equity			
Issued capital		157,729	157,729
Share options reserve		4,491	4,491
Share rights reserve		1,679	1,350
Retained earnings		22,224	35,848
Total equity		**186,123**	**199,418**

Notes to the financial statements are included on pages 15 to 23.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 30 JUNE 2013

	Issued Capital $'000	Share options reserve $'000	Share rights reserve $'000	Retained earnings $'000	Total $'000
Balance at 1 January 2012	**157,546**	**4,491**	**893**	**39,397**	**202,327**
Profit for the period	-	-	-	3,052	3,052
Total comprehensive income for the period	-	-	-	3,052	3,052
Issue of shares	183	-	-	-	183
Recognition of share-based payments	-	-	241	-	241
Balance at 30 June 2012	**157,729**	**4,491**	**1,134**	**42,449**	**205,803**
Balance at 1 January 2013	**157,729**	**4,491**	**1,350**	**35,848**	**199,418**
Loss for the period	-	-	-	(13,624)	(13,624)
Total comprehensive income for the period	-	-	-	(13,624)	(13,624)
Issue of shares	-	-	-	-	-
Recognition of share-based payments	-	-	329	-	329
Balance at 30 June 2013	**157,729**	**4,491**	**1,679**	**22,224**	**186,123**

Notes to the financial statements are included on pages 15 to 23.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 30 JUNE 2013

	Note	Consolidated Half-year ended 30 June 2013 $'000	30 June 2012 $'000
Cash flows from operating activities			
Receipts from customers		15,233	19,869
Payments to suppliers and employees		(14,179)	(14,690)
Interest received		1,867	2,330
Income tax paid		(5,136)	(1,433)
Net cash (utilised)/provided by operating activities		**(2,215)**	**6,076**
Cash flows from investing activities			
Proceeds from the sale of subsidiaries		-	8,549
Proceeds from the sale of exploration permits		-	19,567
Payments for property, plant & equipment		(6,853)	(117)
Payments for exploration expenditure		(14,458)	(7,075)
Payments for restoration expenditure		(149)	(1,519)
Net cash (utilised)/provided by investing activities		**(21,460)**	**19,405**
Cash flows from financing activities			
Proceeds from the issue of shares		-	183
Net cash provided by financing activities		-	**183**
Net (decrease)/increase in cash and cash equivalents		**(23,675)**	**25,664**
Cash and cash equivalents at the beginning of the half-year		96,378	82,443
Effects of exchange rate changes on the balance of cash held in foreign currencies		2,241	31
Cash and cash equivalents at the end of the half-year		**74,944**	**108,138**

Notes to the financial statements are included on pages 15 to 23.

1 Significant accounting policies

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year financial report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report.

Basis of preparation

The condensed financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

Tap Oil Limited (the "Company" or "Tap") is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's 2012 annual financial report for the financial year ended 31 December 2012, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards. Certain comparative information has been reclassified to conform with current period presentation.

From 1 January 2013 the Consolidated Entity has adopted the following Standards and Interpretations that are relevant to their operations and effective for the current reporting period:

- AASB 10 – Consolidated Financial Statements
- AASB 11 – Joint arrangements
- AASB 12 – Disclosure of interest in Other Entities
- AASB 127 – Separate Financial Statements
- AASB 128 – Investments in Associates and Joint Ventures (2011)
- AASB 13 – Fair value measurement and related AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13
- AASB 119 – Employee benefits (2011), AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (2011) and AASB 2011-11 Amendments to AASB 119 (2011)
- AASB 2011 4 – Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement Standards
- AASB 2011 9 – Amendments to Australian Accounting Standards - Presentation of other comprehensive income
- AASB 2012 2 – Amendments to Australian Accounting Standards - Disclosures - Offsetting financial assets and financial liabilities (Amendments to AASB 7)
- AASB 2012 5 – Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle

The adoption of these standards and interpretations did not have any effect on the financial position or performance of the Consolidated Entity.

The Consolidated Entity has not elected to early adopt any new standards or amendments.

		Consolidated Half-year ended	
		30 June 2013 $'000	30 June 2012 $'000
2	**Revenue**		
	Sales of oil and gas	14,267	25,585
	Interest received	1,243	2,353
		15,510	27,938
3	**Cost of sales**		
	Depreciation of capitalised development costs	(36)	(33)
	Other production costs	(5,585)	(15,215)
		(5,621)	(15,248)
4	**(Loss)/Profit before tax**		
	(Loss)/Profit for the period includes the following items that are unusual due to their nature, size or incidence:		
	Income		
	Net foreign exchange gains	1,824	-
	Royalties received	158	143
	Expenses		
	Redundancy payments	729	-
	Net foreign exchange losses	-	98
	Provision for doubtful debts	1,763	-
	New venture and business development expenses	1,666	2,394
	Rehabilitation/restoration expenses	30	2,488

		Consolidated	
		30 June 2013 $'000	31 December 2012 $'000
5	**Other current assets**		
	Prepayments	546	585
	Prepaid gas	4,981	5,349
		5,527	5,934

	Consolidated 30 June 2013 $'000	Consolidated 31 December 2012 $'000
6 Property, plant and equipment		
Development expenditures		
Gross carrying amount - at cost:		
Opening balance	140,549	88,084
Additions	14,595	12,968
Transfer from exploration expenditure	479	39,497
Closing balance	155,623	140,549
Accumulated depreciation:		
Opening balance	83,715	83,648
Depreciation	36	67
Impairment losses charged to profit or loss	-	-
Closing balance	83,751	83,715
Net Book Value	71,872	56,834
Office improvements, furniture & equipment		
Gross carrying amount - at cost:		
Opening balance	3,749	3,786
Additions	-	130
Asset write-offs	-	(167)
Closing balance	3,749	3,749
Accumulated depreciation:		
Opening balance	3,441	3,422
Asset write-offs	-	(162)
Depreciation	59	181
Closing balance	3,500	3,441
Net Book Value	249	308
Total - Net Book Value	72,121	57,142

	Consolidated	
	30 June 2013 $'000	31 December 2012 $'000
7 Exploration and evaluation assets		
Exploration and/or evaluation phase		
At cost	138,222	115,091
Less: impairment provisions	(40,642)	(27,854)
Net carrying value	97,580	87,237
Reconciliation of movement:		
Opening balance	87,237	141,183
Current period exploration expenditure	31,621	19,532
Exploration impairment losses/write-downs	(20,799)	(8,657)
Transfer to development expenditure	(479)	(39,497)
Disposals	-	(21,168)
Farm-out of interest in Accra Joint Venture (i)	-	(4,156)
	97,580	87,237
Movement in the impairment provision:		
Balance at the beginning of the period	(27,854)	(20,457)
Impairment provision increase	(12,788)	(7,397)
Balance at the end of the period	(40,642)	(27,854)

(i) Tap has reduced its participating interest in the Offshore Accra Contract Area from 40% to 17.5%.

The exploration impairment losses/write-downs relates mainly to the Starfish-1 well ($12.750 million) and the Taunton-5/5H well ($8.011 million).

Ultimate recoupment of this expenditure is dependent upon the continuance of Tap's right to tenure of the areas of interest and the discovery of commercially viable oil and gas reserves, their successful development and exploration, or, alternatively sale of the respective areas of interest at an amount at least equal to book value. Impairment losses are provided when the carrying amount exceeds the recoverable amount. Exploration expenditure is written off and any related impairment losses released when permits are relinquished or disposed.

	Consolidated	
	30 June 2013 $'000	31 December 2012 $'000
8 Trade and other payables		
Trade payables(i)	12,406	2,493
Share of joint venture payables	24,451	7,789
Goods and services tax (GST) payable	169	285
Other payables	4,644	3,998
Income received in advance (ii)	2,933	5,464
	44,603	20,029

(i) The credit period on purchases averages between 7 and 30 days. No interest is charged on trade payables. The Consolidated Entity has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

(ii) Where take-or-pay obligations are enforced on gas customers, cash is received for minimum obligations with the amount being recorded as income in advance until the gas is ultimately delivered. Upon delivery the amount will be transferred to revenue.

9 Borrowings

Tap has secured a US$50 million Manora field development debt facility and a A$20 million corporate debt facility with the Commonwealth Bank of Australia. Both facilities are currently undrawn. Tap Oil Limited has provided parent company guarantees to the bank as part of the security.

10 Subsequent events

Since the end of the financial period the Directors are not aware of any other matter or circumstance not otherwise dealt with within the financial report that has significantly or may significantly affect the operations of the Consolidated Entity, the results of those operations or the state of affairs of the Consolidated Entity in subsequent financial years other than:

a) Manora development update

Tap announced to the ASX on 26 August 2013 that Mubadala Petroleum, the Operator of the Manora joint venture, had provided preliminary advice of an approximately 13% expected cost increase on the Manora oil development project from the cost forecast at Final Investment Decision (FID) in July 2012.

The total overall project cost of US$246 million (gross and including contingency) forecast at FID has increased to US$278 million (with a reduced contingency); a US$32 million (gross) increase. For Tap, this represents an additional cost of US$9.6 million over the US$87 million announced at FID.

Mubadala Petroleum has indicated that it expects first production at the Manora oil development during mid 2014. The Manora oil development is still expected to ramp up to an estimated peak production rate of 15,000 barrels of oil per day (bopd) from 10 production wells and five injection wells.

Tap understands that the factors contributing to the revised cost and schedule estimates include further engineering work, procurement delays, growth in project scope, required design changes and increased cost of construction related to the offshore platform component.

Tap intends to fund its share of the development, including the forecast increases, from cash reserves, future cashflows and currently undrawn debt facilities.

b) Starfish-1 well result

The Starfish-1 well, which commenced on 19 June 2013 drilled to the target depth and was plugged and abandoned on 12 July 2013. Logs confirmed the presence of a gross 230 metre sandstone interval in the primary target interval, although the logs show these to be water wet. The secondary target contained poorly developed sands which were also water bearing. The Joint Venture will continue to evaluate all data from the well in order to re-assess the overall block prospectivity ahead of the 23 March 2014 election date to enter into the First Extension Period. This will include examination of what Tap considers to be possible evidence of residual oil in the primary and secondary targets. Any such evidence may provide further support for an active petroleum system in the block.

The cost of the well ($12.750 million Tap's share) has been fully impaired in these financial statements. Other exploration costs (including seismic) have not been impaired as this information will be used to assess the future prospectivity of the block including entry into the first extension period and any future drilling targets.

c) Bianchi-1 well result

The Joint Venture commenced drilling the Bianchi-1 well in WA-49-R on 12 April 2013. In July, the Joint Venture confirmed a gas discovery at Bianchi-1 with 112 metres of natural gas net pay interpreted in the Mungaroo Formation reservoir sandstones. The Bianchi and Zola discoveries are very well placed near to existing LNG and domestic gas development infrastructure providing attractive options for commercialisation of the lease.

The full cost of the well ($8.209 million Tap share) has been included in Exploration and Evaluation Assets.

10 Contingencies and commitments

Contingencies

There has been no material change to the contingencies as disclosed in the most recent annual report.

Success payments in respect of the Manora oil field development

As part of the consideration for acquiring the G1/48 permit in 2010, Tap Energy (Thailand) Pty Ltd (a subsidiary of Tap Oil Limited), is liable to make a 2P Reserves Deferred Payment up to a maximum of US$29.85 million. This amount is payable up to four years after first production and is conditional on the Manora 2P Reserves (plus recovered oil) remaining greater than 10MMbbls. The payment is calculated pro-rata based on 2P reserves between 10mmbbls and 35mmbbls.

Brunei Block M

On 8 November 2012 Tap Oil Limited announced that it had received a letter from a participant in Block M, onshore Brunei demanding payment under a parent company guarantee.

Tap has considered the claims the subject of the letter together with all relevant materials. Tap considers the claim to be without legal and factual merit.

No formal claim has been made to date. Should any formal claim be made, Tap Oil will vigorously defend the claim.

The probability of any material financial outflow from the Consolidated Entity is considered remote.

Contractual Disputes - Woollybutt Joint Venture

Production ceased at Woollybutt on 16 May 2012. FVSN, the FPSO contractor for the Woollybutt field, has commenced arbitration in relation to certain claims arising out of the FPSO Contract:

1. Contract rates

   As advised to the ASX on 5 April 2013, Tap has received notice from the International Chamber of Commerce Secretariat (ICC) of FVSN’s request for arbitration of a claim by FVSN. The claim relates to disputed FPSO rates payable under the Contract for works and services performed by FVSN. Tap has filed its answer and counterclaim. Tap denies any liability in respect of the claim made by FVSN in the arbitration and, together with its joint venturers, will defend the claim. Tap considers the probability of any material financial outflow from the Consolidated Entity is unlikely.

2. Well Product

   On 15 April 2013 Tap received notice from the ICC of FVSN’s request for arbitration of a claim based on an assertion by FVSN the well product did not accord with the specifications set out in the contract. Tap has filed its answer and counterclaim. Tap denies any liability in respect of the claim made by FVSN in the arbitration and, together with its joint venturers, will defend the claim. Tap considers the probability of any material financial outflow from the Consolidated Entity is unlikely.

Commitments

There has been no material change to the capital expenditure commitments as disclosed in the most recent annual report other than the Manora project cost update as per note 10.

11 Segment Information

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Consolidated Entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The following is an analysis of the Consolidated Entity's revenue and results by reportable operating segment for the periods under review:

	Revenue Half-year ended		Segment result Half-year ended	
	30 June 2013 $'000	30 June 2012 $'000	30 June 2013 $'000	30 June 2012 $'000
Continuing operations				
Oil & gas production and development	-	7,788	(976)	(2,671)
Oil & gas exploration	-	-	(22,587)	(2,041)
Third party gas	14,267	17,797	6,198	9,242
	14,267	25,585	(17,365)	4,530
Interest revenue			1,243	2,353
Finance costs			(283)	-
Net central administration costs			(2,227)	(2,391)
Net foreign exchange gains/(losses)			1,824	(98)
(Loss)/Profit before tax			(16,808)	4,394
Discontinued operations				
Oil & gas production and development			-	(249)
Loss before tax			-	(249)
Income tax benefit/(expense)			3,184	(1,093)
Consolidated segment revenue and (loss)/profit for the period	14,267	25,585	(13,624)	3,052

The revenue reported above represents revenue generated from external sources. There were no intersegment sales during the period.

Segment result represents the profit earned by each segment or loss made by each segment without the allocation of centralised administration expenses, recoveries of administration expenses recognised on a Consolidated Entity level, interest revenue, foreign exchange gains/(losses) and income tax (expenses)/benefits.

The following is an analysis of the Consolidated Entity's assets and liabilities by reportable operating segment:

	Assets	
	30 June 2013 $'000	31 December 2012 $'000
Oil & gas production and development	72,206	57,131
Oil & gas exploration	102,368	90,361
Third party gas	6,482	7,593
Total segment assets	181,056	155,085
Unallocated assets	77,650	99,453
Consolidated total assets	258,706	254,538

	Liabilities	
	30 June 2013 $'000	31 December 2012 $'000
Oil & gas production and development	29,849	19,704
Oil & gas exploration	24,957	7,248
Third party gas	6,380	8,252
Total segment liabilities	61,186	35,204
Unallocated liabilities	11,397	19,916
Consolidated total liabilities	72,583	55,120

12 Fair value measurement of financial instruments

Except as detailed in the table below, the directors consider that the carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their fair value.

The fair values of the financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and
- the fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.
- the fair value of derivative instruments, included in hedging assets and liabilities, are calculated using quoted prices.

The following table details the fair value of financial assets and financial liabilities, which represents a reasonable approximation of the carrying value of the financial assets and liabilities:

	Consolidated	
	Carrying amount $'000	Fair value $'000
Financial assets		
Cash and cash equivalents	74,944	74,944
Trade and other receivables	5,657	5,657
	80,601	80,601
Financial liabilities		
Trade and other payables	44,603	44,603
	44,603	44,603

13 Dividends

Since the end of the previous financial year, no dividend has been paid or declared.

14 Equity securities issued

There has been no equity issued during the half-year and no shares were issued (2012: 300,000) as a result of employee options being exercised.

A total of 9,106,356 employee share rights were issued during the half-year ended 30 June 2013 (2012: 4,314,390). No share options were issued during the half-year ended 30 June 2013 (2012: Nil). Total number of share rights on issue at 30 June 2013 was 15,287,983 (2012: 9,687,678) and the total number of share options on issue at 30 June 2013 was 335,000 (2012: 871,000).