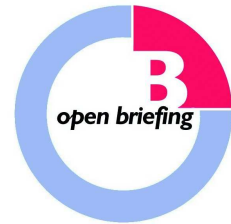


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Tap Oil Limited ("Tap") recently reported a net loss of \$4.95 million for the half year to 30 June 2009. What were the major components of the result compared with the loss of \$1.31 million in the half year to 30 June 2008?

MD Peter Stickland

Tap's oil production was up substantially to 240,000 barrels in the 2009 half, which converted into a healthy operating profit, excluding non-recurring items, of A\$20 million despite a lower realised oil price in 2009 compared with 2008. The better operating profit was, however, offset by a number of non-recurring items such as the repair cost on Varanus Island, dry dock costs for Woollybutt FPSO and some non-cash items such as the write downs on the carrying value for exploration and foreign exchange losses.

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Tap has been progressively restoring production at its Harriet JV (Tap 12.2229%) after the Varanus Island incident in June 2008. How close to capacity is the facility now? What are the current production rates?

MD Peter Stickland

The Varanus Island processing facilities are running at full capacity, although there are a few minor close-out items before the repair project is declared finished. Currently we're producing at over 6,000 barrels of oil a day and 80TJ of gas a day through the Harriet JV.

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The sales of third party gas were also interrupted last year due to the Varanus Island incident. Are these now being delivered at full rates and how profitable are they?

MD Peter Stickland

The third party gas is also processed through Varanus Island. Those facilities have been fully restored and gas is being delivered to us at full contract rates. This is the most profitable gas in Tap's portfolio and relates to contracts to acquire gas that were secured at 2005 prices.

Tap commenced the sale of that gas in 2007 and benefited from a significant rise in gas prices in Western Australia in the intervening period.

Our third party gas sales are underpinned by a ten year contract commencing in 2007 and ending in 2016. This will generate gross cash flow for Tap of around \$25 million per year throughout that period.

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Can you summarise the payments already received from business interruption and property damage insurance from the incident? What remaining amounts do you expect to receive? Overall, do you expect to be fully compensated financially?

MD Peter Stickland

Tap is very pleased with the support we've received from our insurance panel in relation to the Varanus Island incident. The first payment was in the second half of 2008 and we have now received a total of US\$11 million of interim payments, primarily in relation to business interruption, but with some additional component for property damage.

The remaining part of the claim relates primarily to property damage. We have spent over A\$12 million (net) on repairs and we expect the claims to be resolved by the end of this year. As with most insurance policies we have an insurance excess, but having a high level of insurance coverage, we would expect our expenses to be substantially recovered.

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Tap has recently commenced Court proceedings in relation to a gas sales agreement to supply the ammonia plant owned by Burrup Holdings, can you explain why you have taken this action?

MD Peter Stickland

The Harriet JV commenced selling gas to Burrup in 2005 for a period of 20 to 25 years. The contract requires us to deliver a daily quantity of gas, which we've been doing, but also to have 20 years of gas reserves available for that contract. In 2006, the Harriet JV recorded a write down on reserves and we declared force majeure in relation to the gas reservation requirements of the contract. Tap maintains it has no liability for any shortfall as a consequence of force majeure. However, Burrup has expressed contrary views about Tap's obligations under the contract. We reject the views expressed by Burrup.

In July, Tap sought a Court declaration to resolve the nature and extent of Tap's obligations under the agreement. We believe that even if the force majeure were successfully challenged, the contract lists quite clearly the specific payments that would be required from Tap in the case where we don't deliver gas. We remain confident in our force majeure claim but Tap believes

it's prudent to have the Court remove any uncertainty as to our liability for damages if the force majeure were successfully challenged.

We believe that even if there were no force majeure, our downside risk is limited to compensation of between US\$1.1 million and US\$1.5 million per year in the event of a total shortfall of supply. Based on our currently available reserves we expect to be able to supply Burrup's share of the gas for at least the next 4-5 years.

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Tap recently advised that production from the Woollybutt Oil Field (Tap 15%) will be suspended until late 2009 to allow the owner of the FPSO to complete a scheduled and budgeted dry dock. Can you give an update? What is the outlook for Woollybutt when it resumes?

MD Peter Stickland

Production from the FPSO was successfully suspended, final off-takes and cleaning activities were undertaken and the vessel is now in a shipyard with the scheduled dry dock project underway. We anticipate having the FPSO back on the field location before the end of the year and at that stage, we're expecting production to resume at rates similar to before the shut-in of 8,000 to 9,000 barrels per day.

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The 3D seismic data processing in WA-351-P (Tap 25%) was expected to be completed in the June 2009 quarter. What have been the results so far? Have you confirmed LNG-scale prospects? What is the forward plan?

MD Peter Stickland

The processing was completed in the June quarter 2009 and interpretation has been underway since then. The program involves a very large volume of data taken over an area of around 3,500 square kilometres. We're excited about the range of play types we've seen so far, with the 3D seismic data showing at least four main play types identified in the block. All of these plays have direct analogues to major nearby gas discoveries which are underpinning the LNG boom.

We are seeing a large number of leads in the block, however, a fuller interpretation of the data will take until near the end of 2009 to be completed.

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Tap has recently completed a 3D seismic program over the Belait Field in Block M (Tap 39%, operator), Brunei. When do you expect the data to be available? Have you planned a drill program? Why has production at Belait been suspended for so long, given it remains a highly prospective exploration area?

MD Peter Stickland

We are very pleased that seismic acquisition has been recently completed on budget. The data is now being processed which will continue until December. We will then forward the data to our interpreters to review and fine tune the drilling locations.

We expect to begin drilling on Belait in the second quarter 2010. It's a very exciting program because we see potential for around 8 to 60 million barrels of oil and gas equivalent in the structure. The onshore proximity to refineries and other infrastructure make Belait drilling a compelling investment opportunity.

Many of the old wells were drilled without any seismic control, but the majority of them did encounter hydrocarbons. However, the sub-surface complexity has held back development of the area. We expect 3D seismic will bridge that technological gap over this area and enable us to successfully predict the subsurface geology and proceed to development.

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Tap has a large permit off the north coast of Borneo in Philippine waters (SC-41, Tap 50%). What potential do you see there and what are your current activities?

MD Peter Stickland

SC-41 is located in the Sandakan Basin in which there have been a number of sub-commercial hydrocarbon discoveries, including oil recovered from a well on-trend with a number of our prospects. We drilled the Lumba Lumba-1 well last year that intersected some thin hydrocarbon zones of a sub-commercial nature and we are currently reprocessing a large 3D seismic survey on the block.

We see potential on this block for prospects of the order of 100 million barrels, so very large prospects. We're currently assessing those with the likelihood of drilling them in the second half of 2010. It's worth noting that in the neighbouring block (SC56) and along trend to us, Exxon will be drilling one to two wells commencing in September 2009. We, along with the entire industry, will be watching with great interest.

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Tap has emerged from the financial crisis in good shape with a cash (and cash equivalents) balance of \$53.88 million as at 30 June 2009 and no debt. What is your forecast activity over the next 6-18 months?

MD Peter Stickland

On the exploration front, our primary activity for the remainder of 2009 is getting set for a significant drilling campaign in 2010. That includes maturing prospects in SC-41 in the Philippines, WA-351-P as well as the Zola gas prospect closer to the Western Australian coast. We aim to complete the seismic programs over the Belait structure, ahead of appraisal drilling in 2010.

These exploration programs will see us drilling a broad range of high impact wells including offshore LNG-scale prospects, domestic gas opportunities, sizable oil opportunities and onshore oil appraisal opportunities. Any of those would add significant value to Tap if successful. Our cash balance and ongoing operating cash flows enable us to pursue these activities.

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The oil price has moved up strongly in recent weeks. How do you now view the longer term growth opportunities for Tap? Are you seeking to add new assets to your portfolio and if so, are you seeing quality exploration and production opportunities becoming available in Australia/Asia?

MD Peter Stickland

Tap's goal is to grow through exploration success and via acquisition of opportunities that fit our strategic criteria.

We're focused on securing quality additional exploration blocks that have future high impact drilling opportunities. We are also looking to acquire assets that are value accretive. We see our balance sheet strength as a key enabler to do that. Tap maintained its investment discipline during the peak of the market which saw some assets traded at inflated prices. The market has opened up of late but it remains a challenge to find quality opportunities that are value adding.

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Thank you Peter.

For further information on Tap Oil please call Peter Stickland on +61 8 9485 1000.

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