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20 August 2010

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

DRILLING UPDATE

Below is an update of the timing of the four upcoming wells for Tap Oil Limited (ASX Code: TAP).

Zola-1 - WA-290-P - Carnarvon Basin, Australia

Tap 10%, Apache Operator

The Zola-1 well in WA-290-P is now expected to commence with the Stena Clyde semi-submersible rig in mid-September 2010.

Mawar-1 and Markisa-1 - Block M, Brunei

Tap 39%, Operator

At the Mawar-1 location, several critical items of equipment have now been replaced and installed on the rig after being found to be defective during routine pre-commencement testing. A highly respected third party rig certification company is currently completing final inspection and testing of the rig and some minor issues already identified are being rectified. Tap expects to complete all rectifications and commence the well before the end of August.

The well is expected to take approximately 28 days to drill and evaluate on a trouble free basis. Upon completion of drilling at Mawar-1 the rig will move to the Markisa-1 location.

Craigow-1 - T/47P - Bass Basin, Australia

Tap 75%, Operator

The Craigow-1 well in T/47P is on the rig schedule of the Kan Tan IV rig which is currently drilling in New Zealand for AWE. The rig schedule includes several more wells and mobilisation to Australia for another well before arriving at Craigow-1. On current estimates the rig should be commencing Craigow-1 in November 2010.

Tap Comment

Tap Chief Executive Officer Peter Stickland said that while frustrating, these short delays ensure the integrity of our equipment, our broader drilling program and that safety and the environment remain a key focus.

"For these reasons, we are pleased our testing has detected these issues prior to operations commencing," Mr Stickland said.

"Despite the delays, Tap still has a very exciting few months ahead with the four diverse wells being drilled," he said.

Background to each of these wells is attached to this announcement.

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Zola-1 - WA-290-P - Carnarvon Basin – Australia

Tap 10%, Apache Operator

The Zola prospect is in WA-290-P, a 482 sq km exploration permit located in approximately 200 metres of water in the offshore Carnarvon Basin. The permit is immediately south of the giant Gorgon gas field and west of the Woollybutt oil field (Tap 15%).

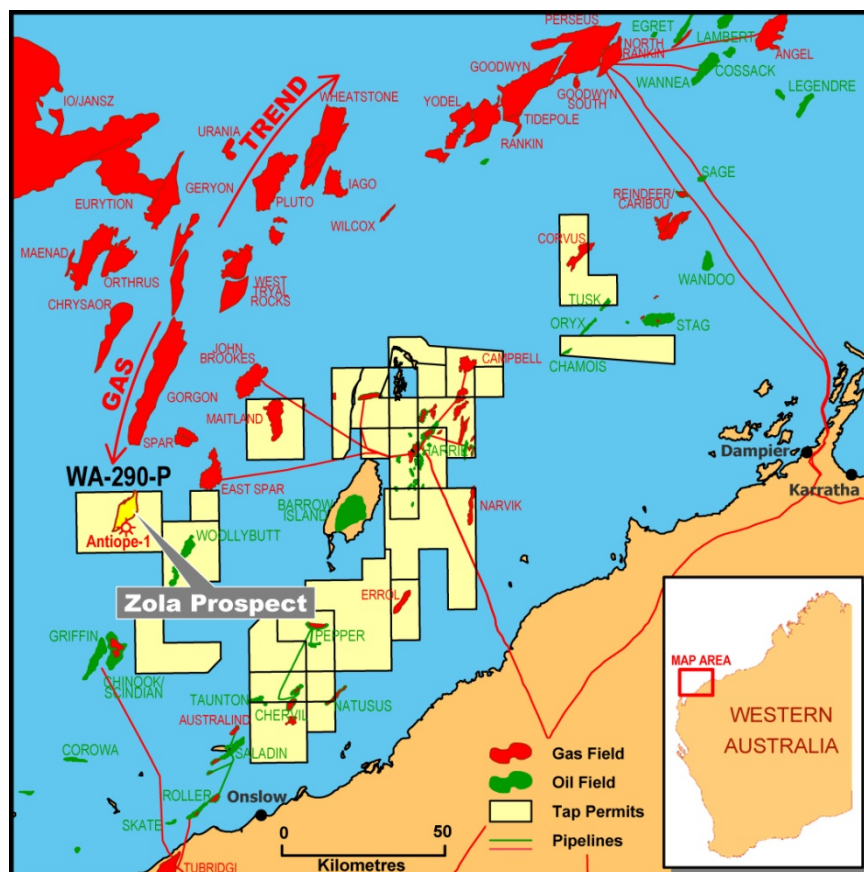
The Zola prospect is a very large Triassic tilted fault block on trend with the giant Gorgon gas field. One of the largest undrilled structural features in the Carnarvon Basin, Zola is covered by high quality newly reprocessed 3D seismic data and is considered a moderate risk prospect. Zola is estimated by Tap to contain recoverable gas volumes of between 0.2 and 2.0 trillion cubic feet with a mean volume of approximately 1 trillion cubic feet. The well will test the gas potential of several top and intra-Mungaroo Formation sands – the primary reservoir at Gorgon. In addition it is possible that some Jurassic reservoirs may be developed flanking the main Triassic structure. The primary Mungaroo Formation target will be intersected at approximately 4,300 metres below sea level. Water depth at the well location is approximately 300 metres.

Once on location, the drilling of Zola-1 is expected to take approximately 40-50 days to reach a final total depth of around 5,000 metres.

Previous drilling in the block focused on the shallower Jurassic and Cretaceous interval, resulting in the Antiope gas discovery in 2000 and the minor Lauda oil discovery in 2005.

Located close to existing and developing gas infrastructure, Zola would have multiple potential development options should it be a discovery. Any development at Zola could also encompass the overlying Antiope gas discovery.

Earlier this year Tap entered into an agreement with Apache to farmout a 10% interest in WA-290-P in consideration for Apache paying a promoted share of the costs of the Zola-1 well. Tap retains a 10% interest in the permit.



Mawar-1 and Markisa-1 - Brunei, Block M

Tap 39%, Operator

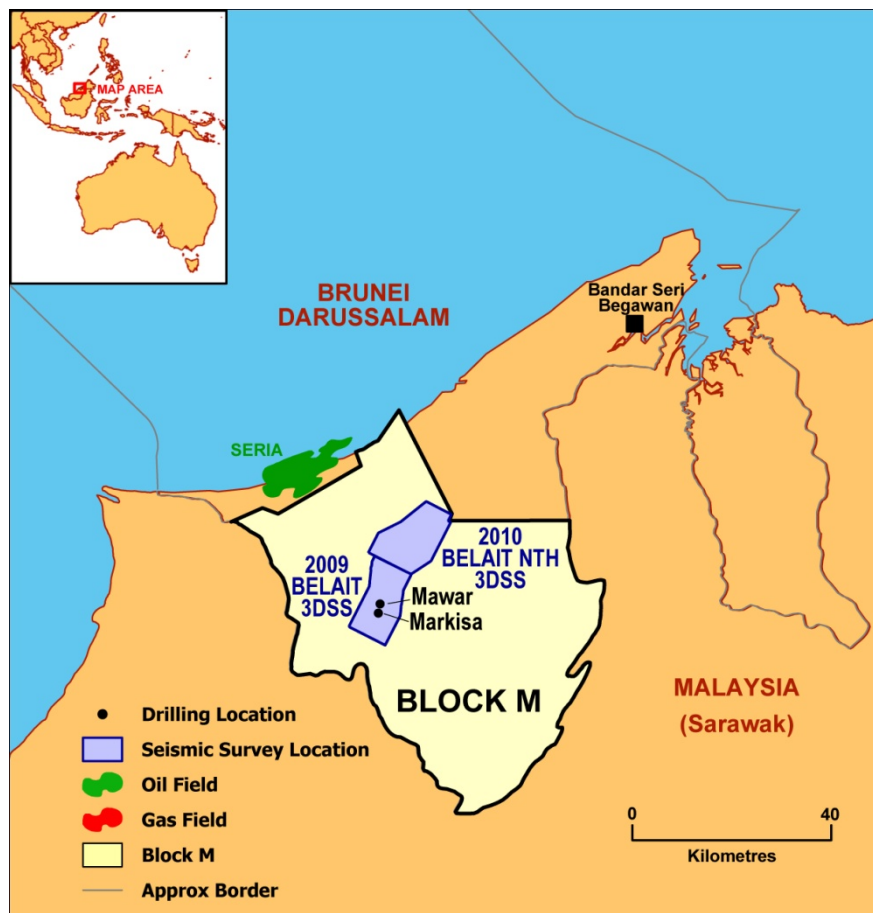
Block M covers an area of approximately 3,011 km² in the prolific Baram Delta Basin and is the largest onshore permit in Brunei. The block contains the Belait anticlinal trend along which hydrocarbon seeps occur and oil and gas have been encountered in previous drilling. The Belait Field is characterised as having recoverable hydrocarbons in the range of 8-64mmboe. Block M is regarded as under-explored having not seen a concerted exploration effort using modern exploration methods for over 20 years.

Tap plans to drill two wells in this initial campaign in Block M, commencing with Mawar-1. The Mawar prospect has estimated recoverable volumes of up to 9 million barrels of oil. Mawar-1 is characterised as a moderate to low risk drilling opportunity due to the available offset well control and 3D seismic data set. Mawar-1 is approximately 80 km southwest of Bandar Seri Begawan and 30 km south of the giant Seria oil Field.

The well is expected to take approximately 28 days to drill and evaluate on a trouble free basis.

Following Mawar-1, Markisa-1 will be the second well drilled by Tap in Block M. Site construction has been completed. Located 850m north of Mawar-1, Markisa-1 will test a shallower objective which has previously been found to be oil bearing. The prospect has estimated recoverable volumes of up to 3 million barrels of oil.

The Belait area is ideally situated for rapid development in a success case due to its close proximity to a refinery and LNG terminal.



Craigow-1 - Australia - Bass Basin - T/47P

Tap 75%, Operator

The Craigow prospect is an anticlinal trap defined on 3D seismic data, in a good regional location for both reservoir quality and oil charge. Craigow has potential recoverable oil volumes in the range of 3 - 42 million barrels with a mean volume of approximately 20 million barrels. A number of follow up prospects (including the Tolpuddle and Glenbothy prospects) have also been defined on 3D seismic with total potential of over 100 million barrels of recoverable oil in the permit.

Should Craigow be a discovery, it has good potential for commercial development due to the shallow water depth and depth of the objective.

During July 2010, Tap increased its stake in T/47P from 40% to 75%. This came via a transaction whereby Tap assumed the 35% working interest of Singapore Petroleum Company (SPC) in return for being compensated for the increased share of the joint venture's drilling obligations. Tap's decision to take over SPC interest was based on the Company's view that T/47P is an attractive exploration prospect and that the terms of the transaction offered by SPC were commercially favourable. SPC was recently taken over by PetroChina.

Tap is currently conducting a farmout exercise and, if an acceptable proposal is received, will consider a partial reduction of its 75% equity in the permit.

