

1 December 2010

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

ZOLA-1 COMMENCES

Tap Oil Limited ("Tap") is pleased to advise that the Stena Clyde semi-submersible drilling rig commenced drilling the Zola-1 well at 08:10 hrs (AWST) this morning.

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 mean recoverable gas volumes of 1.0 trillion cubic feet with upside potential for 2.0 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 280 metres.

Zola-1 is planned to take approximately 40-50 days to reach to a final total depth of around 5,000 metres. Weekly updates will be provided during drilling operations.

Tap Comment

Tap's Managing Director and CEO, Troy Hayden, said he was pleased to have commenced the Zola-1 well which has the potential to deliver a resource several times larger than Tap's current 2P reserves.

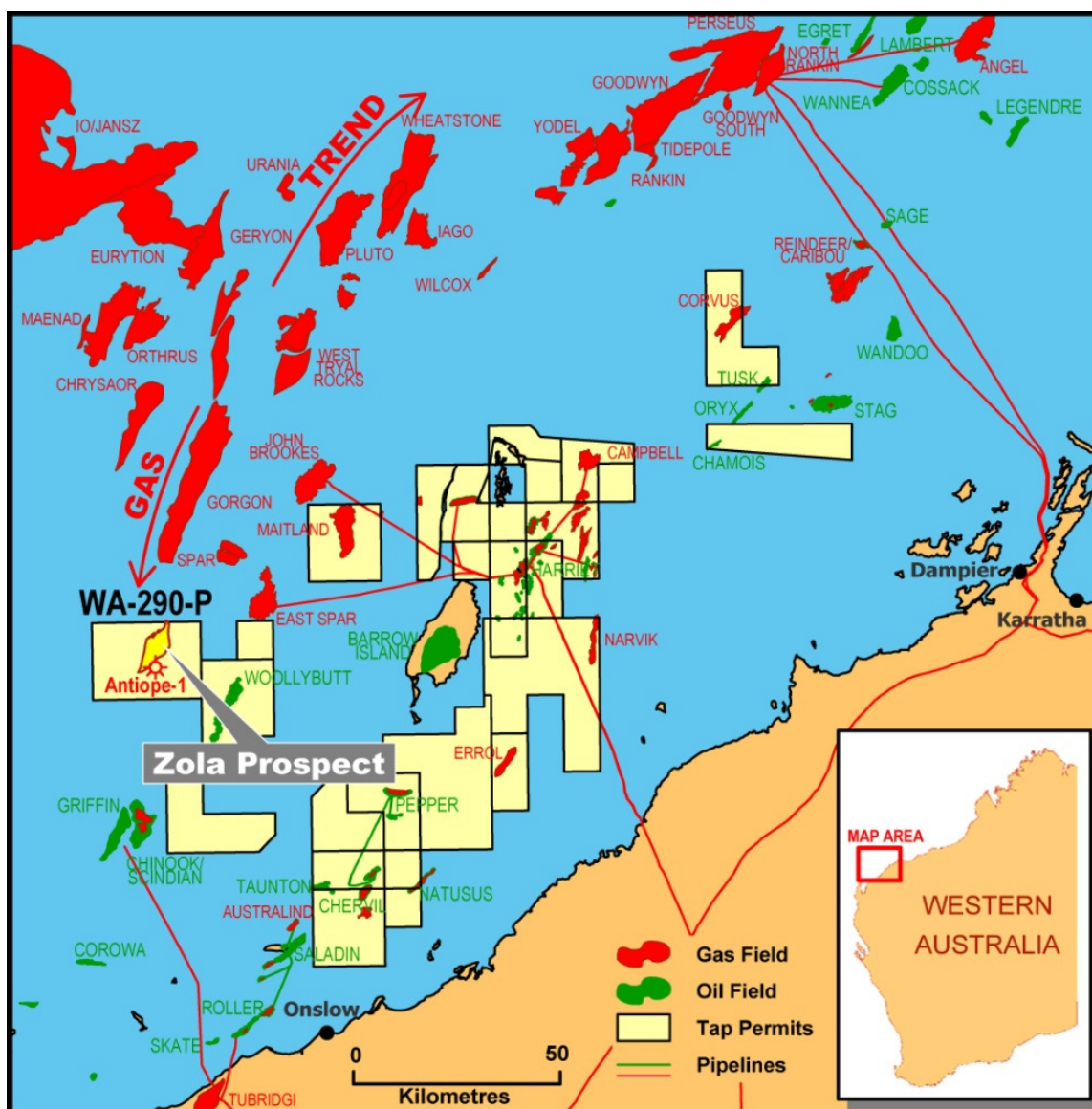
Background

WA-290-P is a 482 km² exploration permit located 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%) and contains the Zola prospect.

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 (estimated at ~120 Bcf).

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.



WA-290-P Joint Venture Participants

Tap (Shelfal) Pty Ltd	10.00%
Apache Northwest Pty Ltd (Operator)	30.25%
Nippon Oil Exploration (Dampier) Pty Ltd)	15.00%
OMV Australia Pty Ltd	20.00%
Santos Offshore Pty Ltd	24.75%

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