Tap Oil Limited
ABN 89 068 572 341

Level 1, 47 Colin Street
West Perth WA 6005
Australia

T: +61 8 9485 1000
F: +61 8 9485 1060
E: info@tapoil.com.au

www.tapoil.com.au

30 August 2012

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

TAP OIL LIMITED
HALF-YEAR RESULTS TO 30 JUNE 2012

Please find attached Tap Oil Limited's Half-Year Results to 30 June 2012.

Included in the attachment is a summary announcement, Appendix 4D and the Financial Report for the half-year ended 30 June 2012, 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".

Enquiries:	Troy Hayden	Managing Director/CEO
	David Rich	Chief Financial Officer
	Anna Sudlow	Investor Relations & Commercial Manager
	Telephone:	+61 8 9485 1000
	Email:	info@tapoil.com.au
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TAP OIL ANNOUNCES JUNE 2012 HALF YEAR RESULTS

Tap Oil Limited (ASX: TAP or Tap) is pleased to release its June 2012 Half Year Financial Results. The Company today announced a consolidated profit after tax for the half year of $3.1 million (2011: loss $7.9 million).

Highlights

Financial

- Cash flow from operations of $6.1 million
- Net profit after tax of $3.1 million
- Cash reserves of $108 million with no debt

Operational

- Final Investment Decision (FID) reached on the Manora Oil Development, Thailand
- Entered into new project to pursue unconventional resources in the onshore Carnarvon Basin
- Gas discovery confirmed in WA-351-P by the Tallaganda-1 well
- Completion of sale of the Harriet Joint Venture (HJV) interest, removing HJV litigation and abandonment liabilities
- Completion of sale of WA-191-P for $21.7 million
- 12 month extension to the Initial Exploration Period granted for the Offshore Accra Contract Area in Ghana
- Board renewal with retirement of Dr Neale Taylor and Mr Peter Lane, and the appointment of Dr Douglas Schwebel

Tap's Managing Director, Mr Troy Hayden said:

> "*The first half of 2012 has been a successful period for Tap with a number of key achievements which position the Company well for future growth.*
>
> *Moving forward, Tap has an attractive and well balanced portfolio of exploration and development assets and a strong balance sheet with which to fund growth opportunities.*
>
> *The second half of 2012 will be an exciting period for Tap. We are well advanced in negotiations to farmout our Ghana permit, set to secure debt funding for our Manora project and plan to drill up to three exploration wells in our highly prospective Thailand acreage.*"

Financial Summary

	Half year to		
	June 2012 **$ million**	**Dec 2011** **$ million**	**June 2011** **$ million**
Oil and gas production (mmboe)	0.03	0.3	0.5
Sales revenue*	25.6	40.4	23.8
Gross profit*	10.5	10.8	1.6
EBITDAX (incl. Impairments)*	**2.5**	**(15.5)**	**9.8**
Exploration impairment/write downs	(0.3)	2.0	(6.5)
Net profit/(loss) before tax	4.2	(23.5)	(8.8)
Net profit/(loss) from continuing operations	3.3	10.3	(5.4)
Net profit/(loss) after tax	**3.1**	**(20.9)**	**(7.9)**

* This is a total that includes 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.

For the six months to 30 June 2012, Tap achieved a consolidated profit after tax of $3.1 million (HY 2011: loss $7.9 million). This includes the results from both continuing and discontinued operations which are fully detailed in the financial statements.

A summary of the activities for the half year are set out below, including a gas discovery from the exploration well drilled during the period.

Production & Sales

Sales revenue for the half year was $25.6 million (HY 2011: $23.8 million), with oil and gas production of 30,000 barrels of oil equivalent (boe). Reduced volumes of production had a resulting impact on sales revenue for the period.

The average realised oil price per barrel of oil for the half year ended 30 June 2012 was A$92.55 (2011: A$115.40). There was no hedging in place for the reporting period or for the 2011 comparable period.

Woollybutt Field (Tap 15%, ENI Operator)

Production at the Woollybutt field in the Carnarvon Basin, Western Australia ended in May 2012 and the Floating Production Storage and Offtake vessel, the Four Rainbow has departed the field. The full field abandonment of Woollybutt is scheduled to occur in 2015.

The Consolidated Entity's share of oil production from Woollybutt for the half year was lower than the corresponding 2011 half year period by 48,275 barrels (61%) due to natural field decline and the end of the field life in May 2012. In the half year ended 30 June 2012 there was one oil lifting, compared to no oil liftings in the half year ended 30 June 2011. The lifting which occurred on 3 June 2012 was the final lifting for Woollybutt and as a result the inventory balance at 30 June 2012 was nil.

Rehabilitation/restoration expenses of $2.488 million (2011: Nil) reflect the reporting date adjustments to the Woollybutt restoration liability. End of field life has been reached and therefore any adjustments in the restoration liability are captured directly in the profit/loss.

Harriet Joint Venture

The sale of Tap's wholly owned subsidiary, Tap (Harriet) Pty Ltd, to a subsidiary of Apache Corporation (Apache) for US$10 million completed on 30 April 2012.

At that time, Tap (Harriet) Pty Ltd held a 12.2229% interest in the Harriet Joint Venture (HJV) as well as a 10% interest in WA-45-R, WA-46-R and a 20% interest in WA-334-P.

Importantly for Tap, all liabilities relating to the HJV transferred with the sale of Tap (Harriet) Pty Ltd, including abandonment of the fields and facilities, for which Tap had provisioned $28 million.

In addition, at the time the HJV had three legal actions outstanding which transferred with the sale: the gas contract dispute with Burrup Fertilisers; Varanus Island pipeline prosecution; and Alcoa proceedings.

Apache has now assumed all the liabilities and benefits of Tap (Harriet) Pty Ltd from an effective date of 1 January 2012, including the legal actions.

The transaction had clear strategic rationale for both parties. Through this transaction, Tap was able to eliminate the uncertainty for shareholders introduced by litigation, and devote more time to the development and growth of assets which will underpin the Company in years to come. Production at the HJV has been in decline over the last few years resulting in increases in production costs and making production less profitable. Apache has significant gas reserves in the region beyond the HJV and will be able to extract substantially more value from the facilities on Varanus Island beyond the depletion of the HJV reserves, estimated to be in the next few years.

Tap retained its interests in the third party gas business which will generate approximately $30 million of revenue per year until the end of 2016.

Although Tap was confident in the Company's legal position, the prospect of lengthy appeals, large legal costs and the uncertainty surrounding any court action made it an economically prudent decision to accept the Apache offer.

Third Party Gas Contracts (Tap 100%)

During the period cash receipts from gas sales of $14.7 million (HY 2011: $15.7 million) were in line with expectations.

Development

Manora, Thailand (Tap 30%, Pearl Energy Operator)

As at 30 June 2012, Tap held a 30% indirect interest in the G1/48 concession. Experienced international operator, Pearl Oil (Amata) Limited, a Mubadala Petroleum affiliate, operates the concession. In July 2012, the Department of Mineral Fuels in Thailand approved the transfer of Tap's 30% interest. Tap now holds a direct 30% interest in concession G1/48 through its subsidiary Tap Energy (Thailand) Pty Ltd.

Tap reached the FID on the Manora Oil Development on 23 July 2012, with first production expected in early 2014.

The total project cost is estimated at US$246 million (excluding abandonment): Tap's share is US$74 million (Tap direct interest), plus a US$13 million carry of Northern Gulf Petroleum Pte Ltd.

The development is expected to deliver first production in early 2014, ramping up to an estimated peak rate of 15,000 barrels of oil per day ("bopd") from 10 production wells and five injection wells. Manora is a low-risk development and the operator has extensive experience in this type of development in Thailand through the successful Jasmine project. The development concept will be a single well head platform linked to a Floating, Storage Offtake (FSO) vessel with 15 development wells (10 production wells and five injection wells).

Tap has booked 2P Reserves of 6.1 mmbbls (20.2 mmbbls gross) 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. The additional 3.2 mmbbls (net) are expected to become 2P Reserves once the production history confirms the higher recovery factor modelled using the water flood simulation.

During the period, the Operator ordered long lead time items and received the tender responses for the FSO lease, FSO and CALM buoy installation and the Platform Procurement, Construction, Installation and Commissioning (PCIC) contract.

Since announcing FID, letters of intent have been issued for the FSO conversion and the PCIC contracts. The Environmental Impact Assessment (EIA) has now been approved by the Office of Natural Resources and Environmental Policy and Planning and the Department of Mineral Fuels has approved the North Kra Production Area Application (PAA).

Finucane/Fletcher (WA-191-P), Australia (Tap 8.20%, Santos Operator)

In January 2012, Santos acquired Tap's 8.2% interest in the WA-191-P exploration permit for a total cash payment of $21.7 million. The effective date of the transaction was 1 July 2011.

WA-191-P includes the Fletcher Finucane oil development. Since the Finucane South-1 well discovered oil in May 2011, Tap had been participating in the Fletcher Finucane development process with a view to producing its share of the oil reserves.

The development plan is to tie-back the Fletcher and Finucane fields to the nearby Mutineer-Exeter facility. Tap was the only Fletcher Finucane participant that was not also a participant in the Mutineer-Exeter joint venture. A critical factor in the Fletcher Finucane development economics is the commercial terms under which the Mutineer-Exeter facility will process the Fletcher Finucane oil. When it became clear these terms could not be satisfactorily agreed between all participants, negotiations led to the sale of Tap's interest to Santos.

While Tap would have preferred to develop the project and generate a return from oil production, this was not possible despite extensive negotiations with the Mutineer-Exeter joint venture.

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.

Exploration impairment losses / write downs of $299,000 in respect of continuing operations (2011: $6.5 million) reflecting Tap's ongoing evaluation of its exploration portfolio.

Australia - Carnarvon Basin

WA-290-P – Zola (Tap 10%, Apache Operator)

The Zola discovery in 2011 has a Contingent Resource of 378 Bcf with additional Prospective Resources of 2.3 Tcf in the Greater Zola Structure (both volumes are mean gross recoverable and are verified by RPS Energy Services Pty Ltd).

Processing of the recently acquired Cambozola 3D seismic survey continued during the half-year. Final processed data is expected late in the third quarter of 2012. Interpretation of the data will determine the selection of the next well in the permit.

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 unconventional plays, with the main targets being Permian shale gas and Devonian shale oil. There is also conventional oil and gas potential.

Rusa holds full equity ownership in two special prospecting authority ("SPA") applications (STP-SPA-018 and STP-SPA-021) with acreage options. The acreage options allow for the potential to convert up to 50% of the SPA areas into exploration permits, subject to usual government and other approvals. The SPAs cover a total combined area of over 38,000 km^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. Tap will earn the right to take a 20% interest in the resulting exploration permits on election, with an option to earn an additional 15% in each permit.

The acreage position 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.

The forward program will see Rusa and Tap undertaking exploration work over the SPA areas, including geochemical surveys, with the intention of delineating the preferred acreage for conversion to exploration permits in 2013.

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

During the period, the Tallaganda-1 well in WA-351-P drilled a Triassic prospect which straddles the WA-351-P and WA-335-P permits. The well was a test of the gas potential within sandstones of the Mungaroo Formation. This is the hydrocarbon reservoir of the prolific North West Shelf gas discoveries.

The Tallaganda-1 well was drilled to a final total depth of 4,365 metres and the rig released on 26 April 2012. The preliminary analysis of the wire line log data and the recovery of gas from wire line sampling have confirmed a gas discovery in the Mungaroo Formation. Preliminary interpretation of the well data confirms that reservoir quality over the gas bearing interval penetrated in the well is variable at this location on the Greater Tallaganda Structure. Further analysis is required to assess the commercial significance of the discovery and potential development options. BHP, as Operator, will complete further work before more definitive results can be released.

Gulf of Thailand (Tap 30%, Pearl Energy Operator)

During the half year, processing of the 1,760 km^2 Sattakut 3D seismic survey in G1/48 and G3/48 was completed and interpretation is progressing. Interpretations of the 290 km^2 2010 Kinnaree and 200 km^2 2007 Kra 3D seismic surveys in G1/48 are now complete. In G1/48, six prospects have been identified on the western flank of the northern Kra basin, in similar structural settings to the Manora oil discovery. The joint venture is planning to drill two of these prospects in the 2012 campaign. One of these wells is a commitment well.

In G3/48, a commitment well will also be drilled. Prospect selection will follow interpretation of the Sattakut 3D seismic survey.

Ghana – West Africa Transform Margin (Tap 40%, Tap Operator)

The processing of the 3D seismic acquired in 2011 was completed during the half-year. Interpretation of the data indicates multiple large prospects within both the post-rift Upper Cretaceous fan sands (the same play type as Jubilee) and pre-rift Lower Cretaceous rotated fault blocks (the same play type as the Espoir and Baobab oil fields). Several prospects and leads have been mapped and have unrisked prospective resources of greater than 3 billion barrels.

In May 2012, the Ministry of Energy Ghana granted a 12 month extension of the Initial Exploration Period under the Petroleum Agreement in respect of the Offshore Accra Contract Area. The Initial Exploration Period now ends on 23 September 2013, by which date the commitment well must be drilled.

Tap has recommended the prospect, Starfish-1, for drilling in mid 2013 and is proceeding with the approval process. This well will target a large, deepwater, Jubilee look-a-like trap with prospective resources in the range of half a billion barrels. To manage risk, Tap is looking to farmout a portion of its equity and this process is well advanced.

Cash flows, liquidity and funding

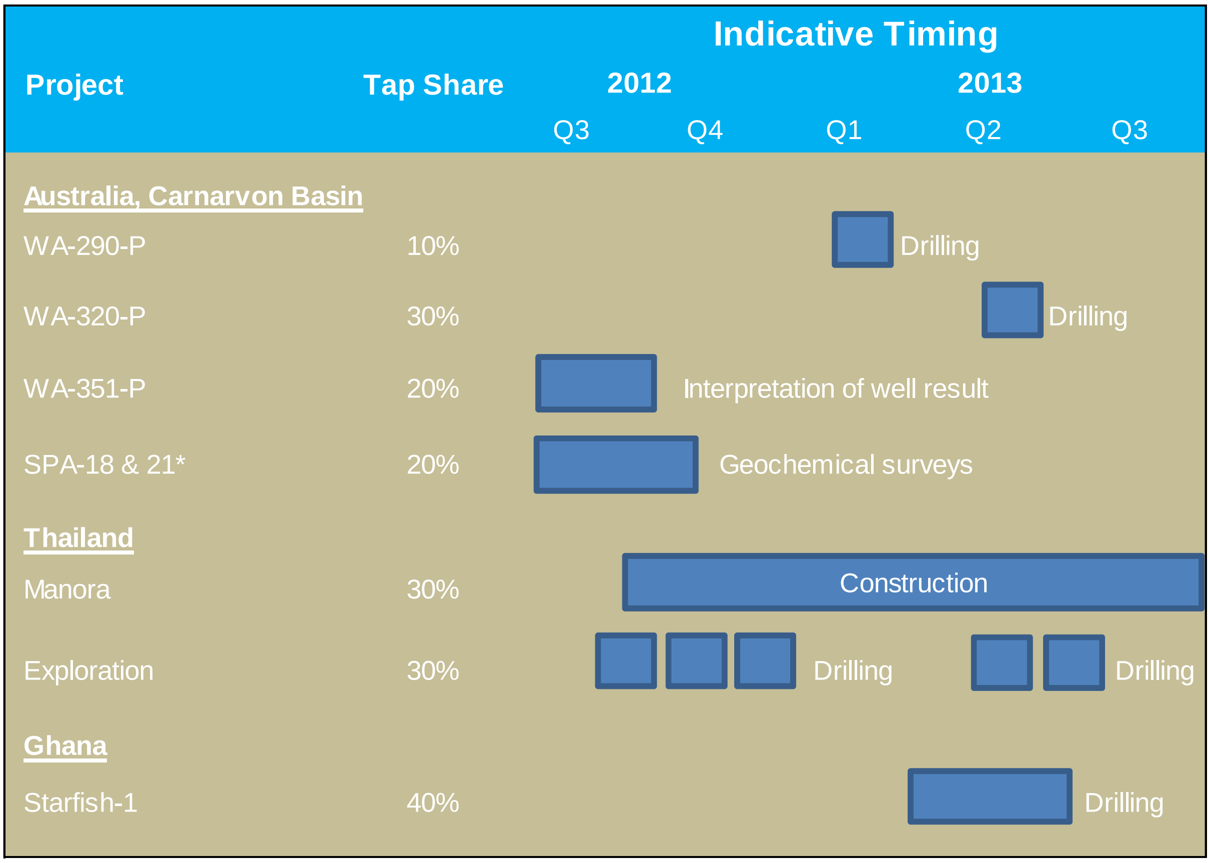
Receipts from customers totaled $19.9 million (2011: $27.4 million) and net cash flows from operations were $6.1 million (2011: $7.5 million). The Company's balance sheet remained very strong with its cash balance increasing in Australian dollar terms and at 30 June 2012, stood at $108.1 million (31 December 2011: $82.4 million), with no debt.

Outlook

Tap has three significant milestones in the second half of 2012 as set out below:

- Continue well preparations in Ghana and complete the farm out process;
- Drill up to three exploration wells in the Gulf of Thailand; and
- Finalise the financing facility for the Manora development in Thailand.

Tap is able to fully fund its current exploration and development commitments through cash on hand, cash flows from operations and debt capacity.



* Includes shale oil and gas exploration as well as conventional exploration

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
	Anna Sudlow	Investor Relations & Commercial Manager
	Telephone:	+61 8 9485 1000
	Email:	info@tapoil.com.au
	Website:	www.tapoil.com.au

Persons compiling information about hydrocarbons

The reserve and resource information relating to the WA-290-P permit in this report is based on information compiled by Mr David Guise (Managing Director – Consulting) of RPS Australia Asia Pacific. Mr Guise is a registered Professional Engineer with over 30 years of domestic and international petroleum engineering and operating experience in both onshore and offshore environments. He has substantial experience and knowledge of field development planning, production optimisation and reserve estimation, as well as new venture identification and evaluation. Mr Guise holds a Diploma of Technology (Petroleum Technology) from the Southern Alberta Institute of Technology and a B.Sc. in Petroleum Engineering from the University of Wyoming. Mr Guise is not a full-time employee of the Company, and has consented to the inclusion of such information in this report in the form and context in which it appears.

The reserve and contingent resource information (excluding reserve and resource information relating to the WA-290-P permit covered in the above paragraph) 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. Mr 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-12	Dec-11*	Jun-11
Profit & Loss ($ million)*				
Sales Revenue	: Oil and Condensate	7.8	20.2	7.3
	: Gas	17.8	17.5	14.8
	: Tolling	-	2.7	1.7
Gross Profit		10.5	9.1	3.3
Gross Profit Margin (%)		41%	23%	14%
EBITDAX		2.5	(15.5)	9.8
Exploration expenditure writedowns		(0.3)	2.0	(6.5)
EBITDA		2.2	(13.5)	3.3
NPAT		3.1	(20.9)	(7.9)
EPS (cents)		1.3	(8.7)	(3.3)
Balance Sheet ($ million)				
Cash		108.1	82.4	52.9
Capitalised Exploration Expenditure		127.3	147.3	147.5
Property, Plant & Equipment		4.9	41.7	81.4
Total Assets		259.8	295.6	309.4
Debt		-	-	-
Total Liabilities		54.0	93.3	86.5
Net Assets		205.8	202.3	222.9
Cashflow ($ million)				
Operations		6.1	18.7	7.6
Investing		19.4	11.3	(53.5)
Financing		0.2	-	-
Volumes				
Production				
Oil & Condensate (mmbbls):	: HJV	-	0.1	0.1
	: Woollybutt	0.03	0.1	0.1
Sales Gas (PJ):	: HJV	-	1.6	2.0
Total (mmboe)		0.03	0.3	0.5
Reserves (Proved and Probable) (mmboe)		6.1	8.0	2.3
Sales of third party gas (PJ):		2.4	2.1	1.7
Other				
Oil Price – A$ average realised/bbl		92.6	116.7	115.4
Shares on Issue		241.3	241.0	241.0
Share Price at period end ($)		0.69	0.60	0.83

* Dec 2011 revised for Deferred Tax Liability included on sale of HJV restated retrospectively.

** 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. The column headed “HY ended 30 June 2012 Total” below contains non-IFRS financial information. Such information is aggregate financial information that includes both continuing and discontinued operations, and is therefore non-IFRS financial information. The non-IFRS information is presented in order to provide investors with further information and perspective on the overall financial performance and operations of the Company. The financial report for the half-year ended 30 June 2012 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 2012 Continuing Operations $ million	HY ended 30 June 2012 Discontinued Operations $ million	HY ended 30 June 2012 Total $ million	HY ended 31 Dec 2011 Continuing Operations $ million	HY ended 31 Dec 2011 Discontinued Operations $ million	HY ended 31 Dec 2011 Total $ million	HY ended 30 June 2011 Continuing Operations $ million	HY ended 30 June 2011 Discontinued Operations $ million	HY ended 30 June 2011 Total $ million
Revenue	25.7	-	25.7	26.5	13.9	40.4	12.9	10.9	23.8
Cash operating costs	(15.2)	-	(15.2)	(12.5)	(6.5)	(19.0)	(4.3)	(4.8)	(9.1)
Cash gross profit	10.5	0.0	10.5	14.0	7.4	21.4	8.6	6.1	14.7
Net Admin costs (excl. Dep)	(4.3)	-	(4.3)	(6.0)	-	(6.0)	(4.8)	-	(4.8)
Other income	-	-	-	11.6	-	11.6	-	-	-
Other expenses	(1.0)	(0.2)	(1.2)	(3.4)	(0.5)	(3.9)	-	(0.1)	(0.1)
EBITDAX (excl. impairments)	**5.2**	**(0.2)**	**5.0**	**16.2**	**6.9**	**23.1**	**3.8**	**6.0**	**9.8**
Impairment of development assets	(2.5)	-	(2.5)	(9.8)	(28.8)	(38.6)	-	-	-
EBITDAX (incl. impairments)	**2.7**	**(0.2)**	**2.5**	**6.4**	**(21.9)**	**(15.5)**	**3.8**	**6.0**	**9.8**
Exploration impairment/write down	(0.3)	-	(0.3)	3.1	(1.1)	2.0	(6.5)	-	(6.5)
EBITDA	**2.4**	**(0.2)**	**2.2**	**9.5**	**(23.0)**	**(13.5)**	**(2.7)**	**6.0**	**3.3**
Depreciation - cost of sales	-	-	-	(1.6)	(9.0)	(10.6)	(1.6)	(11.5)	(13.1)
Depreciation - admin	(0.1)	-	(0.1)	(0.1)	-	(0.1)	(0.1)	-	(0.1)
EBIT	**2.3**	**(0.2)**	**2.1**	**7.8**	**(32.0)**	**(24.2)**	**(4.4)**	**(5.5)**	**(9.9)**
Net interest	2.3	-	2.3	1.6	-	1.6	1.7	-	1.7
Finance costs	(0.2)	-	(0.2)	(0.1)	(0.8)	(0.9)	(0.2)	(0.4)	(0.6)
Net profit before tax	**4.4**	**(0.2)**	**4.2**	**9.3**	**(32.8)**	**(23.5)**	**(2.9)**	**(5.9)**	**(8.8)**
Tax	(1.1)	-	(1.1)	1.0	1.6	2.6	(2.5)	3.4	0.9
Net (loss)/profit after tax	**3.3**	**(0.2)**	**3.1**	**10.3**	**(31.2)**	**(20.9)**	**(5.4)**	**(2.5)**	**(7.9)**

Tap Oil Limited

ABN 89 068 572 341

Appendix 4D

Half-Year Report

Six months ended 30 June 2012

Results for announcement to the market

					A$'000
2.1	Revenue from continuing operations	Up	92.2%	to	28,080
2.2	Profit from continuing operations after tax	Up	n/a*	to	3,301
2.3	Loss from discontinued operations after tax	Down	89.8%	to	249
2.4	Profit for the period attributable to members	Up	n/a*	to	3,052

	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 2012	31 December 2011
3.	Net tangible asset backing per + ordinary security	$0.39	$0.34

+ 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 2012
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

Tap Oil Limited
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Appendix 4D
Half Year Report
Six months ended 30 June 2012
Continued

4.2	**Control lost over entities having material effect**	
	Name of entity (or group of entities)	Tap (Harriet) Pty Ltd
	Date from which control was lost	1 January 2012
	Contribution to consolidated profit from sale of interest leading to loss of control	Loss of $249,000 recognised on sale of Tap (Harriet) Pty Ltd
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 2011. Tap (Harriet) Pty Ltd and WA-191-P interest sold during the six months ended 30 June 2012. Refer to note 7 in the Annual Report for the joint venture permits held by Tap (Harriet) Pty Ltd.
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 profit from continuing operations after tax of $3.301 million compared to a loss of $5.512 million in the comparative period. A profit of $3.052 million attributable to members compared to a loss of $7.951 million in the comparative period.

TAP OIL LIMITED

ABN 89 068 572 341

FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 30 JUNE 2012

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 2012. 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) appointed Chairman on 31 March 2012 following retirement of N F Taylor
- T J Hayden (Managing Director and Chief Executive Officer)
- M J Sandy (Independent Non-Executive Director)
- D A Schwebel (Independent Non-Executive Director) appointed 16 February 2012
- N F Taylor (Independent Non-Executive Director and Chairman) retired 31 March 2012
- P B Lane (Independent Non-Executive Director) retired 16 February 2012

Unless otherwise stated, 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 production and gas marketing.

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.

Australia - Carnarvon Basin

WA-290-P – Zola *(Tap 10%, Apache Operator)*

The Zola discovery in 2011 has a Contingent Resource of 378 Bcf with additional Prospective Resources of 2.3 Tcf in the Greater Zola Structure (both volumes are mean gross recoverable and are verified by RPS Energy Services Pty Ltd).

Processing of the recently acquired Cambozola 3D seismic survey continued during the half-year. Final processed data is expected late in the third quarter of 2012. Interpretation of the data will determine the selection of the next well in the permit.

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 unconventional plays, with the main targets being Permian shale gas and Devonian shale oil. There is also conventional oil and gas potential.

Rusa holds full equity ownership in two special prospecting authority ("SPA") applications (STP-SPA-018 and STP-SPA-021) with acreage options. The acreage options allow for the potential to convert up to 50% of the SPA areas into exploration permits, subject to usual government and other approvals. The SPAs cover a total combined area of over 38,000 km^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. Tap will earn the right to take a 20% interest in the resulting exploration permits on election, with an option to earn an additional 15% in each permit.

The acreage position 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.

The forward program will see Rusa and Tap undertaking exploration work over the SPA areas, including geochemical surveys, with the intention of delineating the preferred acreage for conversion to exploration permits in 2013.

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

During the period, the Tallaganda-1 well in WA-351-P drilled a Triassic prospect which straddles the WA-351-P and WA-335-P permits. The well was a test of the gas potential within sandstones of the Mungaroo Formation. This is the hydrocarbon reservoir of the prolific North West Shelf gas discoveries.

The Tallaganda-1 well was drilled to a final total depth of 4,365 metres and the rig released on 26 April 2012. The preliminary analysis of the wire line log data and the recovery of gas from wire line sampling have confirmed a gas discovery in the Mungaroo Formation. Preliminary interpretation of the well data confirms that reservoir quality over the gas bearing interval penetrated in the well is variable at this location on the Greater Tallaganda Structure. Further analysis is required to assess the commercial significance of the discovery and potential development options. BHP, as operator, will complete further work before more definitive results can be released.

Gulf of Thailand (Tap 30%, Pearl Energy Operator)

During the half-year, processing of the 1,760 km^2 Sattakut 3D seismic survey in G1/48 and G3/48 was completed and interpretation is progressing. Interpretations of the 290 km^2 2010 Kinnaree and 200 km^2 2007 Kra 3D seismic surveys in G1/48 are now complete. In G1/48, six prospects have been identified on the western flank of the northern Kra basin, in similar structural settings to the Manora oil discovery. The joint venture is planning to drill two of these prospects in the 2012 campaign. One of these wells is a commitment well.

In G3/48, a commitment well will also be drilled. Prospect selection will follow interpretation of the Sattakut 3D seismic survey.

Ghana – West Africa Transform Margin (Tap 40%, Tap Operator)

The processing of the 3D seismic acquired in 2011 was completed during the half-year. Interpretation of the data indicates multiple large prospects within both the post-rift Upper Cretaceous fan sands (the same play type as Jubilee) and pre-rift Lower Cretaceous rotated fault blocks (the same play type as the Espoir and Baobab oil fields). Several prospects and leads have been mapped and have unrisked prospective resources of greater than 3 billion barrels.

In May 2012, the Ministry of Energy Ghana granted a 12 month extension of the Initial Exploration Period under the Petroleum Agreement in respect of the Offshore Accra Contract Area. The Initial Exploration Period now ends on 23 September 2013, by which date the commitment well must be drilled.

Tap have recommended the prospect, Starfish-1, for drilling early 2013 and is proceeding with the approval process. This well will target a large, deepwater, Jubilee look-a-like trap with prospective resources in the range of half a billion barrels. To manage risk, Tap is looking to farmout a portion of its equity and this process is well advanced.

Development

Manora, Thailand (Tap 30%, Pearl Energy Operator)

As at 30 June 2012, Tap held a 30% indirect interest in the G1/48 concession. Experienced international operator, Pearl Oil (Amata) Limited, a Mubadala Petroleum affiliate, operates the concession. In July 2012, the Department of Mineral Fuels in Thailand approved the transfer of Tap's 30% interest. Tap now holds a direct 30% interest in concession G1/48 through its subsidiary Tap Energy (Thailand) Pty Ltd.

Tap reached the Final Investment Decision ("FID") on the Manora Oil Development on 23 July 2012 with first production expected in early 2014.

The total project cost is estimated at US$246 million (excluding abandonment), Tap's share is US$74 million (Tap direct interest) plus a US$13 million carry of Northern Gulf Petroleum Pte Ltd.

The development is expected to deliver first production in early 2014, ramping up to an estimated peak rate of 15,000 barrels of oil per day ("bopd") from 10 production wells and five injection wells. Manora is a low-risk development and the operator has extensive experience in this type of development in Thailand through the successful Jasmine project.

The development concept will be a single well head platform linked to a Floating, Storage Offtake (FSO) vessel with 15 development wells (10 production wells and five injection wells).

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. The additional 3.2 mmbbls (net) is expected to become 2P Reserves once the production history confirms the higher recovery factor modelled using the water flood simulation.

During the period, the operator ordered long lead time items and received the tender responses for the FSO lease, FSO and CALM buoy installation and the Platform Procurement, Construction, Installation and Commissioning (PCIC) contract. Since announcing FID, letters of intent have been issued for the FSO conversion and the PCIC contracts. The Environmental Impact Assessment (EIA) has now been approved by the Office of Natural Resources and Environmental Policy and Planning and the Department of Mineral Fuels has approved the North Kra Production Area Application (PAA).

Finucane/Fletcher (WA-191-P), Australia (Tap 8.20%, Santos Operator)

In January 2012, Santos acquired Tap's 8.2% interest in the WA-191-P exploration permit for a total cash payment of $21.7 million. The effective date of the transaction was 1 July 2011.

WA-191-P includes the Fletcher Finucane oil development. Since the Finucane South-1 well discovered oil in May 2011, Tap had been participating in the Fletcher Finucane development process with a view to producing its share of the oil reserves.

The development plan is to tie-back the Fletcher and Finucane fields to the nearby Mutineer-Exeter facility. Tap was the only Fletcher Finucane participant that was not also a participant in the Mutineer-Exeter joint venture. A critical factor in the Fletcher Finucane development economics is the commercial terms under which the Mutineer-Exeter facility will process the Fletcher Finucane oil. When it became clear these terms could not be satisfactorily agreed between all participants, negotiations led to the sale of Tap's interest to Santos.

While Tap would have preferred to develop the project and generate a return from oil production, this was not possible despite extensive negotiations with the Mutineer-Exeter joint venture.

Production & Sales Summary

	Half-year ended 30 June 2012		Half-year ended 30 June 2011	
	'000 boe	$'000	'000 boe	$'000
Production (net to Tap):				
Liquids - HJV	-		80	
Oil - Woollybutt	31		79	
Total Liquids	31		159	
HJV Sales Gas - 0 TJ (2011: 2,016 TJ)	-		300	
Total Production	31		459	
Sales (net to Tap):				
Liquids	84	7,788	63	7,270
HJV Gas Sales - 0 TJ (2011: 1,676 TJ)	-	-	247	2,419
Third Party Gas Sales - 2,410 TJ (2011: 1,725 TJ)	355	17,797	254	12,393
Tolling (i)		-		1,514
Total Sales	439	25,585	564	23,596
Average Realised Oil Price		A$92.55/bbl		A$115.40/bbl

(i) Excludes tolling relating to HJV facilities

Woollybutt Field (Tap 15%, ENI Operator)

Production at the Woollybutt field in the Carnarvon Basin, Western Australia ended in May 2012 and the Floating Production Storage and Offtake vessel, the Four Rainbow has departed the field. The full field abandonment of Woollybutt is scheduled to occur in 2015.

Harriet Joint Venture

Tap announced on 13 February 2012 that it had executed an agreement to sell its wholly owned subsidiary, Tap (Harriet) Pty Ltd, to a subsidiary of Apache Corporation (Apache) for US$10 million. The sale completed on 30 April 2012.

Tap (Harriet) Pty Ltd holds a 12.2229% interest in the Harriet Joint Venture (HJV) as well as a 10% interest in WA-45-R, WA-46-R and a 20% interest in WA-334-P.

Importantly for Tap, all liabilities relating to the HJV transferred with the sale of Tap (Harriet) Pty Ltd, including abandonment of the fields and facilities, for which Tap had provisioned $28 million.

In addition, at the time the HJV had three legal actions outstanding which transferred with the sale:

1. Gas contract dispute with Burrup Fertilisers;
2. Varanus Island pipeline prosecution; and
3. Alcoa proceedings.

Apache has now assumed all the liabilities and benefits of Tap (Harriet) Pty Ltd from an effective date of 1 January 2012, including the legal actions.

The transaction had clear strategic rationale for both parties. Through this transaction, Tap was able to eliminate the uncertainty for shareholders introduced by litigation, and devote more time to the development and growth of assets which will underpin the Company in years to come. Production has been declining over the last few years thus the production costs per barrel have increased, making production less profitable. Apache has significant gas reserves in the region beyond the HJV and will be able to extract substantially more value from the facilities on Varanus Island beyond the depletion of the HJV reserves, estimated to be in the next few years.

Tap retained its interests in the third party gas business which will generate approximately $30 million of revenue per year until the end of 2016.

Although Tap was confident in the Company's legal position, the prospect of lengthy appeals, large legal costs and the uncertainty surrounding any court action made it prudent to accept the Apache offer.

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 sold at fixed prices approximately three times higher. Both buy and sell prices are denominated in Australian dollars and subject to CPI escalation. Around 19 PJ (approximately 18 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.

Financial Summary

Tap's wholly owned subsidiary, Tap (Harriet) Pty Ltd, was classified as a disposal group held for sale and as a discontinued operation at 31 December 2011. The sale of the subsidiary has been finalised during the half-year; with an effective date of 1 January 2012. The Consolidated Entity's gross profit from continuing operations for the half-year is $10.479 million (2011: $7.002 million). The net profit from continuing operations for the half-year is $3.301 million (2011: net loss of $5.512 million). The net loss for the period from discontinued operations is $249,000 (2011: $2.439 million). Cash generated from operating activities was $6.076 million (2011: $7.550 million) and cash at 30 June 2012 was $108.138 million (30 June 2011: $53.005 million).

The average realised oil price per barrel of oil for the half-year ended 30 June 2012 was A$92.55 (2011: A$115.40). There was no hedging in place for the reporting period or for the 2011 comparable period.

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

- The Consolidated Entity's share of oil production from Woollybuttt for the half-year was lower than the corresponding 2011 half-year period by 48,275 bbls (61%) due to natural field decline and the end of the field life in May 2012. In the half-year ended 30 June 2012 there was one oil lifting, compared to no oil liftings in the half-year ended 30 June 2011. The lifting which occurred on 3 June 2012 was the final lifting for Woollybutt and as a result the inventory balance at 30 June 2012 was nil.

- Exploration impairment losses / write downs of $299,000 in respect of continuing operations (2011: $6.508 million) reflecting Tap's ongoing evaluation of its exploration portfolio.

- Rehabilitation/restoration expenses of $2.488 million (2011: Nil) reflect the reporting date adjustments to the Woollybutt restoration liability. End of field life has been reached and therefore any adjustments in the restoration liability are captured directly in the profit/loss.

- Foreign exchange losses of $98,000 (2011: $249,000) in respect of continuing operations reflecting the movement of the Australian dollar against the US dollar during the period.
- An income tax expense of $1.093 million in respect of continuing operations (2011: $2.550 million) reflects Tap's current tax payable position, as well as the movement in the deferred tax balances. Tap's estimated current tax liability at 30 June 2012 is $4.330 million (31 December 2011: receivable of $594,000).

Cash flows, liquidity and funding

Receipts from customers totalled $19.869 million (2011: $27.441 million) and net cash flows from operations were $6.076 million (2011: $7.550 million). The cash balance increased in Australian dollar terms and at period close was $108.138 million (31 December 2011: $82.443 million), with no debt.

Risk management and corporate governance

The Consolidated Entity's risk management and corporate governance statements were included in the 2011 annual report. These statements remain current.

Changes to equity

A total of 300,000 employee share options were exercised during the half-year ended 30 June 2012 (2011: Nil). A total of 861,237 options expired, lapsed or were cancelled during the half-year ended 30 June 2012 (2011: 3,205,019). 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 2012 was 871,000 (2011: 2,469,981).

A total of 4,314,390 employee share rights were issued during the half-year ended 30 June 2012 (2011: 4,767,618). No employee share rights were exercised during the half-year ended 30 June 2012 or during the half-year ended 30 June 2011. A total of 355,337 share rights expired, lapsed or were cancelled during the half-year ended 30 June 2012 (2011: 627,676). Total number of share rights on issue at 30 June 2012 was 9,687,678 (2011: 6,435,187).

Auditor's independence declaration

The auditors independence declaration is included on page 6 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, 30 August 2012

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

Woodside Plaza
Level 14
240 St Georges Terrace
Perth WA 6000
GPO Box A46
Perth WA 6837 Australia

DX 206
Tel: +61 (0) 8 9365 7000
Fax: +61 (0) 8 9365 7001
www.deloitte.com.au

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

30 August 2012

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 2012, 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
ABN 74 490 121 060

Woodside Plaza
Level 14
240 St Georges Terrace
Perth WA 6000
GPO Box A46
Perth WA 6837 Australia

DX 206
Tel: +61 (0) 8 9365 7000
Fax: +61 (0) 8 9365 7001
www.deloitte.com.au

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 2012, and the condensed statement of 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 9 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 2012 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.

Deloitte.

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 2012 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, 30 August 2012

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, 30 August 2012

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 30 JUNE 2012

	Note	Consolidated Half-year ended 30 June 2012 $'000	Consolidated Half-year ended 30 June 2011 $'000
Continuing operations			
Revenue	3	25,727	12,934
Cost of sales	4	(15,248)	(5,932)
Gross profit		10,479	7,002
Other revenue	3	2,353	1,679
Administration expenses		(4,437)	(4,898)
Finance costs		(200)	(168)
Exploration impairment losses/write-downs	5	(299)	(6,508)
Other expenses	5	(3,502)	(69)
Profit/(Loss) before tax		**4,394**	**(2,962)**
Income tax expense		(1,093)	(2,550)
Profit/(Loss) for the period from continuing operations		**3,301**	**(5,512)**
Discontinued operations			
Loss for the period from discontinued operations	11	(249)	(2,439)
Profit/(Loss) for the period		3,052	(7,951)
Other comprehensive income		-	-
Total comprehensive income for the period		**3,052**	**(7,951)**
Earnings/(Loss) per share from continuing and discontinued operations:			
Basic (cents per share)		1.27	(3.30)
Diluted (cents per share)		1.25	(3.30)
Earnings/(Loss) per share from continuing operations:			
Basic (cents per share)		1.37	(2.29)
Diluted (cents per share)		1.35	(2.29)

Notes to the financial statements are included on pages 14 to 23.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2012

	Note	Consolidated 30 June 2012 $'000	Consolidated 31 December 2011 $'000
Current Assets			
Cash and cash equivalents		108,138	81,825
Trade and other receivables		11,285	5,253
Current tax asset		-	594
Inventories		1,133	5,215
Other current assets	6	7,066	8,961
		127,622	101,848
Assets classified as held for sale	7	-	47,799
Total current assets		127,622	149,647
Non-current assets			
Property, plant and equipment	8	4,897	4,800
Exploration and evaluation assets	9	127,255	141,183
Total non-current assets		132,152	145,983
Total assets		**259,774**	**295,630**
Current liabilities			
Trade and other payables	10	20,986	22,613
Current tax liability		4,330	-
Provisions		3,294	2,624
		28,610	25,237
Liabilities directly associated with assets classified as held for sale	7	-	37,983
Total current liabilities		28,610	63,220
Non-current liabilities			
Deferred tax liabilities		10,852	16,228
Provisions		14,509	13,855
Total non-current liabilities		25,361	30,083
Total Liabilities		**53,971**	**93,303**
Net assets		**205,803**	**202,327**
Equity			
Issued capital		157,729	157,546
Share options reserve		4,491	4,491
Share rights reserve		1,134	893
Retained earnings		42,449	39,397
Total equity		**205,803**	**202,327**

Notes to the financial statements are included on pages 14 to 23.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 30 JUNE 2012

	Issued Capital $'000	Share options reserve $'000	Share rights reserve $'000	Retained earnings $'000	Total $'000
Balance at 1 January 2011	**157,530**	**4,461**	**289**	**68,257**	**230,537**
Loss for the period	-	-	-	(7,951)	(7,951)
Total comprehensive income for the period	-	-	-	(7,951)	(7,951)
Recognition of share-based payments	-	30	242	-	272
Balance at 30 June 2011	**157,530**	**4,491**	**531**	**60,306**	**222,858**
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**

Notes to the financial statements are included on pages 14 to 23.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 30 JUNE 2012

	Note	Consolidated Half-year ended 30 June 2012 $'000	Consolidated Half-year ended 30 June 2011 $'000
Cash flows from operating activities			
Receipts from customers		19,869	27,441
Payments to suppliers and employees		(14,690)	(18,281)
Government royalties paid		-	(777)
Interest received		2,330	2,043
Income tax paid		(1,433)	(2,876)
Net cash provided by operating activities		**6,076**	**7,550**
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		(117)	(1,987)
Payments for exploration expenditure		(7,075)	(50,894)
Payments for restoration expenditure		(1,519)	(609)
Net cash provided by/(used in) investing activities		**19,405**	**(53,490)**
Cash flows from financing activities			
Proceeds from the issue of shares		183	-
Net cash provided by financing activities		**183**	**-**
Net increase/(decrease) in cash and cash equivalents		**25,664**	**(45,940)**
Cash and cash equivalents at the beginning of the half-year		82,443	99,138
Effects of exchange rate changes on the balance of cash held in foreign currencies		31	(193)
Cash and cash equivalents at the end of the half-year		**108,138**	**53,005**

Notes to the financial statements are included on pages 14 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 2011 annual financial report for the financial year ended 31 December 2011, 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.

From 1 January 2012 the Consolidated Entity has adopted the following Standards and Interpretations that are relevant to their operations and effective for the current reporting period:

- AASB 124 Related Party Disclosures (2009), AASB 2009-12 Amendments to Australian Accounting Standards
- AASB 2009-10 Amendments to Australian Accounting Standards - Classification of Rights Issues
- AASB 2010-3 Amendments to Australian Accounting Standards arising from the Annual Improvements Project
- AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project
- AASB 2010-5 Amendments to Australian Accounting Standards
- Interpretation 19 Extinguishing Liabilities with Equity Instruments

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.

2 Retrospective restatement of deferred tax assets recognised due to the impairment of the Harriet Joint Venture at 31 December 2011

As at 31 December 2011, the Consolidated Entity recognised an $8.628 million net deferred tax asset on the impairment loss recognised in respect of the Harriet Joint Venture development assets. The impairment loss of $28.761 million was recognised in order to reflect the asset's recoverable value through the sale of Tap (Harriet) Pty Ltd. With the sale of the Harriet Joint Venture development assets (and associated Tap (Harriet) Pty Ltd assets) it was not probable that taxable profit would be generated to utilise the income tax that will be recoverable in future periods. Therefore, the net deferred tax asset should be derecognised as at 31 December 2011.

2 Retrospective restatement of deferred tax assets recognised due to the impairment of the Harriet Joint Venture at 31 December 2011 (cont'd)

The consolidated financial statements for the year ended 31 December 2011 have been restated; and the effect of the restatement on the financial statements is summarised below.

	Effect on 6 months ended 30 June 2012 $'000	Effect on the year ended 31 December 2011 $'000
Discontinued operations		
Decrease in income tax benefit	-	(8,628)
Increase in loss for the year from discontinued operations	-	(8,628)
Decrease in deferred tax asset	-	(8,628)
Decrease in equity	-	(8,628)

The restatement had no effect on the loss of $7.951 million for the half-year ended 30 June 2011. The restatement has no effect on the basic or diluted earnings per share for the half-years ended 30 June 2012 and 30 June 2011.

The restatement increased the basic and diluted loss per share, inclusive of discontinued operations, for the year ended 31 December 2011 by 3.6 cents per share from 8.4 cents per share to 12 cents per share. There was no impact on the basic and diluted earnings per share from continuing operations for the year ended 31 December 2011.

	Consolidated Half-year ended	
	30 June 2012 $'000	30 June 2011 $'000
3 Revenue		
Sales of oil and gas	25,585	12,393
Other revenue - tolling fees	-	541
Other revenue - royalties	142	-
	25,727	12,934
Interest received	2,353	1,679
	28,080	14,613
4 Cost of sales		
Depreciation of capitalised development costs	33	1,631
Other production costs	15,215	4,301
	15,248	5,932
5 Other expenses		
Exploration impairment losses/write-downs	299	6,508
	299	6,508
Foreign exchange losses	98	249
Rehabilitation/restoration expenses	2,488	-
Other	916	(180)
	3,502	69

	Consolidated	
	30 June 2012 $'000	31 December 2011 $'000
6 Other current assets		
Prepayments	892	1,165
Prepaid gas	6,174	7,796
	7,066	8,961

	Consolidated	
	30 June 2012 $'000	31 December 2011 $'000
7 Non-current assets classified as held for sale		
The major classes of assets and liabilities held for sale at 30 June 2012 are as follows:		
Assets		
Property, plant and equipment	-	36,907
Exploration and evaluation assets	-	6,106
Deferred tax assets	-	-
Cash and cash equivalents	-	618
Trade and other receivables	-	509
Inventories	-	3,639
Other current assets	-	20
Assets classified as held for sale	-	47,799
Liabilities		
Provisions (non-current)	-	28,037
Provisions (current)	-	224
Deferred tax liabilities	-	3,131
Trade and other payables	-	6,591
Liabilities directly associated with assets classified as held for sale	-	37,983
	-	9,816

Allocation of assets held for sale per operating segment:

	Assets 30 June 2012 $'000	Liabilities 30 June 2012 $'000
Oil & gas exploration	-	-
Oil & gas production and development	-	-
Third party gas	-	-

	Consolidated	
	30 June 2012 $'000	31 December 2011 $'000
8 Property, plant and equipment		
Oil & gas facilities		
Gross carrying amount - at cost:		
Opening balance	-	42,731
Additions	-	51
Classified as held for sale	-	(42,782)
Closing balance	-	-
Accumulated depreciation:		
Opening balance	-	32,667
Depreciation	-	3,363
Classified as held for sale		(36,030)
Closing balance	-	-
Net Book Value	-	-
Development expenditures		
Gross carrying amount - at cost:		
Opening balance	88,084	293,896
Additions	-	21,433
Transfer from exploration expenditure	106	374
Classified as held for sale	-	(227,619)
Closing balance	88,190	88,084
Accumulated depreciation:		
Opening balance	83,648	226,965
Depreciation	33	20,347
Impairment losses charged to profit	-	38,570
Classified as held for sale	-	(202,234)
Closing balance	83,681	83,648
Net Book Value	4,509	4,436
Office improvements, furniture & equipment		
Gross carrying amount - at cost:		
Opening balance	3,786	3,662
Additions	117	126
Asset write-offs	(137)	(2)
Closing balance	3,766	3,786
Accumulated depreciation:		
Opening balance	3,422	3,211
Asset write-offs	(133)	-
Depreciation	89	211
Closing balance	3,378	3,422
Net Book Value	388	364
Total - Net Book Value	4,897	4,800

	Consolidated	
	30 June 2012 $'000	**31 December 2011 $'000**
9 Deferred exploration expenditure		
Exploration and/or evaluation phase		
At cost	146,777	161,640
Less: impairment provisions	(19,522)	(20,457)
Net carrying value	127,255	141,183
Reconciliation of movement:		
Opening balance	141,183	109,596
Current period exploration expenditure	7,644	56,503
Exploration impairment losses/write-downs	(299)	(4,500)
Transfer to development expenditure	(106)	(374)
Disposals	(21,167)	(21,808)
Classified as held for sale	-	1,766
	127,255	141,183
Movement in the impairment provision:		
Balance at the beginning of the period	(20,457)	(24,524)
Impairment provision reversal	935	34,511
Classified as held for sale	-	(30,444)
Balance at the end of the period	(19,522)	(20,457)

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 2012 $'000	**31 December 2011 $'000**
10 Trade and other payables		
Trade payables	1,746	2,477
Share of joint venture payables	6,971	6,730
Goods and services tax (GST) payable	833	244
Other payables	3,374	2,000
Income received in advance [(i)]	8,062	11,162
	20,986	22,613

(i) 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.

11 Disposal of subsidiary

Tap Oil Limited executed an agreement on 10 February 2012 to sell its wholly owned subsidiary, Tap (Harriet) Pty Ltd, with an effective date of 1 January 2012. The conditions precedent in the agreement were fulfilled at 30 April 2012 and the proceeds of $9.567 million (US$10 million) were received on the same day.

As at 31 December 2011, Tap (Harriet) Pty Ltd was classified as a disposal group held for sale and as a discontinued operation.

As a result of an effective sale date of 1 January 2012 no gain/(loss) from operations were included in the consolidated statement of comprehensive income for the half-year ended 30 June 2012; except for the loss on disposal of the subsidiary.

The loss for the period from the discontinued operation is analysed as follows:

	6 months ended 30 June 2012 $'000	**6 months ended 30 June 2011 $'000**
Loss from operations for the period	-	(2,439)
Loss on disposal of subsidiaries	(249)	-
	(249)	(2,439)

The following were the results of the business for the period:

	6 months ended 30 June 2012 $'000	**6 months ended 30 June 2011 $'000**
Revenue	-	10,844
Cost of sales	-	(16,227)
Gross profit	-	(5,383)
Finance costs	-	(429)
Other expenses	-	(94)
Loss before tax	-	(5,906)
Attributable income tax benefit	-	3,467
Loss for the period from discontinued operations	-	(2,439)

The net assets of Tap (Harriet) Pty Ltd at the date of disposal were as follows:

	30 April 2012 $'000
Net assets disposed of	9,816
Loss on disposal	(249)
Total consideration	9,567
Satisfied by cash, and net cash inflow arising on disposal [(i)]	9,567

(i) The proceeds disclosed in the statement of cash flows in respect of the sale of Tap (Harriet) Pty Ltd is $8.549 million. The net cash proceeds per the cash flow statement takes into account the relinquishment of Tap's right to the cash held in the various production and exploration permits of Tap (Harriet) Pty Ltd at 31 December 2011; which formed part of the net assets of the disposed subsidiary.

The net assets of Tap (Harriet) Pty Ltd were impaired by $28.761 million at 31 December 2011 and the development impairment expense was included in the loss from discontinued operations for the year ended 31 December 2011. The recoverable value used for the impairment testing was based on the consideration of US$10 million as outlined in the agreement executed on 10 February 2012. The sale was finalised on 30 April 2012 resulting in lower proceeds (Australian dollar) received due to the strengthening of the Australian dollar against the US dollar. This resulted in a loss on the disposal of the subsidiary to the amount of $249,000. No tax charge arose on the transaction.

12 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:

Final Investment Decision Reached for Manora

Tap reached FID on the Manora Oil Development in G1/48, Thailand on 23 July 2012 with first production expected in early 2014.

The total project cost is estimated at US$246 million (excluding abandonment). Tap's share is US$74 million (Tap direct interest) plus a US$13 million carry of Northern Gulf Petroleum Pte Ltd.

The development is expected to deliver first production in early 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 has extensive experience in this type of development in Thailand through the successful Jasmine project.

The development concept will be a single well head platform linked to a Floating, Storage Offtake (FSO) Unit with 15 development wells (10 production wells and five injection wells).

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. The additional 3.2 mmbbls (net) is expected to become 2P reserves once the production history confirms the higher recovery factor modeled using the water flood simulation.

Since the end of the period, the Department of Mineral Fuels, Thailand has approved the transfer of Tap's 30% interest. Tap now holds a direct 30% interest in concession G1/48 through its subsidiary Tap Energy (Thailand) Pty Ltd.

Success payments in respect of the Manora oil field development

On 17 August 2012, Tap Energy (Thailand) Pty Ltd paid a Final Investment Decision Milestone Payment of US$7.6 million to Northern Gulf Petroleum Pte Ltd based on 2P Reserves of 20.2 mmbbls. Details pertaining to the payment are set out under Contingencies in Note 13.

13 Contingencies and commitments

Contingencies

Success payments in respect of the Manora oil field development

Tap Energy (Thailand) Pty Ltd ("Tap Energy Thailand"), a subsidiary of Tap Oil Limited, purchased 75% of the shares of Northern Gulf Petroleum Pte Ltd on 13 October 2010. As part of the purchase agreement Tap Energy Thailand is liable to make future payments up to a maximum of US$37.5 million in aggregate, conditional on the following:

- a Final Investment Decision Milestone Payment between $0 and US$18.750 million, based on the Manora oil field development size. Payment starts at a development size larger than 10mmbbl, increasing by $0.75/bbl up to a maximum of US$18.750 million at 35mmbbl. The Final Investment Decision occurred in July 2012 and on 17 August 2012 Tap Energy (Thailand) Pty Ltd paid US$7.6 million to Northern Gulf Petroleum Pte Ltd based on 2P Reserves of 20.2 mmbbls.
- a 2P Reserves Deferred Payment payable up to four years after first production. Payment starts at a development size larger than 10mmbbl, increasing by $1.50/bbl up to a maximum of US$37.5 million at 35mmbbl. Any payment already paid as a Final Investment Decision Milestone Payment (refer above) is deducted from the 2P Reserves Deferred Payment payable.

Commitments

Tap finalised the sale of Tap (Harriet) Pty Ltd on 30 April 2012. As part of the sale, Tap has relinquished its working interest in the joint venture assets held in Tap (Harriet) Pty Ltd. The sale has resulted in a reduction of $4.509 million of the total exploration expenditure commitments as disclosed in the 31 December 2011 annual report. A total of $310,000 was disclosed as a commitment payable within 1 year and the rest of the balance was payable between one and 5 years.

Tap also finalised the sale of its working interest in the WA-191-P exploration permit on 12 March 2012. The sale has resulted in a reduction of $37.590 million of the total property, plant and equipment commitments and $97,000 of the total exploration expenditure commitments as disclosed in the 31 December 2011 annual report. A total of $32.739 million of the property, plant and equipment commitments was disclosed as a commitment payable within 1 year and the rest of the balance was payable between one and 5 years.

Tap was granted a 12 month extension to 23 September 2013 in respect of the Offshore Accra Contract Area in Ghana. This has pushed out Tap's exploratory drilling commitment with one year.

Other than the items listed above, since the last annual report, there has been no material change in capital commitments.

14 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 profit Half-year ended	
	30 June 2012 $'000	30 June 2011 $'000	30 June 2012 $'000	30 June 2011 $'000
Continuing operations				
Oil & gas production and development	7,930	-	(2,671)	(1,696)
Oil & gas exploration	-	-	(2,041)	(7,526)
Third party gas	17,797	12,934	9,242	7,365
	25,727	12,934	4,530	(1,857)
Interest revenue			2,353	1,679
Net central administration costs			(2,391)	(2,535)
Foreign exchange losses			(98)	(249)
Profit/(Loss) before tax			4,394	(2,962)
Discontinued operations				
Oil & gas production and development	-	10,844	(249)	(5,906)
Loss before tax			(249)	(5,906)
Income tax (expense)/benefit			(1,093)	917
Consolidated segment revenue and profit/(loss) for the period	25,727	23,778	3,052	(7,951)

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

Segment profit/(loss) 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 by reportable operating segment:

	Assets	
	30 June 2012 $'000	31 December 2011 $'000
Oil & gas production and development	13,651	9,798
Oil & gas exploration	127,920	141,771
Third party gas	7,863	11,678
Total segment assets	149,434	163,247
Assets classified as held for sale	-	47,799
Unallocated assets	110,340	84,584
Consolidated total assets	259,774	295,630

15 Dividends

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

16 Equity securities issued

During the half-year 300,000 shares to the value of $183,000 were issued (2011: Nil) as a result of employee options being exercised. There have been no repurchases and repayments of ordinary share capital during the half-year.

A total of 4,314,390 employee share rights were issued during the half-year ended 30 June 2012 (2011: 4,767,618). No share options were issued during the half-year ended 30 June 2012 (2011: Nil). Total number of share rights on issue at 30 June 2012 was 9,687,678 (2011: 6,435,187) and the total number of share options on issue at 30 June 2012 was 871,000 (2011: 2,469,981).