
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.auwww.tapoil.com.au

22 July 2009

The Company Announcements Platform
Australian Securities Exchange
Exchange Centre
20 Bond Street
SYDNEY NSW 2000**TAP SEEKS SUPREME COURT DECLARATION TO RESOLVE GAS CONTRACT
DISPUTE WITH BURRUP FERTILISERS**

Tap Oil Limited (ASX:TAP) has filed proceedings in the Supreme Court of Western Australia seeking a declaration to confirm that any potential future liability for a shortfall in supply under the Gas Sale Agreement (GSA) with Burrup Fertilisers Pty Ltd (Burrup Fertilisers) entered into in December 2001 is limited to the liquidated damages set out in that agreement.

While Tap maintains it has no liability for any shortfall as a consequence of force majeure (see the previous announcements referred to below for details), Burrup Fertilisers has expressed contrary views about Tap's obligations (including the nature and extent of its liability) under the GSA.

Tap absolutely rejects the views expressed by Burrup Fertilisers.

The purpose of Tap seeking a declaration from the Court is to resolve the nature and extent of Tap's obligations under the agreement.

Background

As announced to the ASX on 28 December 2006, and in subsequent announcements, Tap has issued a notice of force majeure to Burrup Fertilisers in relation to the gas reservation requirements under the GSA.

At present, the Harriet Joint Venture (HJV) does not have sufficient reserves of gas in order to supply the contracted share of all of the requirements of Burrup Fertilisers for the remaining duration of the GSA (approximately 21 years).

Based on currently available reserves, Tap anticipates being able to supply its share of gas under the GSA for the next 4-5 years. The actual duration of supply is subject to uncertainties, such as field performance and ongoing exploration and development activities in the Harriet area.

At present, no claim for damages has been made by Burrup Fertilisers and no legal proceedings have been commenced by Burrup Fertilisers in relation to this matter. The likelihood of any future claim and the quantum of any such claim depends on a number of matters, including the success of possible future drilling programs in the Harriet area.

Recent Developments

Tap is bringing declaratory proceedings involving Burrup Fertilisers to resolve what damages may be payable if Tap fails to supply gas under the GSA in the absence of force majeure. Tap will be seeking the Court's confirmation that any liability is limited to liquidated damages as defined in the GSA (assuming there has been no force majeure event).

Tap believes that liquidated damages would be the maximum extent of any liability under the GSA, even if it was determined that there has been no force majeure event. The GSA contains a schedule which provides for annual liquidated damages over the 25 year term in the event of a shortfall of gas supply. For illustrative purposes, a maximum amount of US\$1.1 million to US\$1.5 million per year of liquidated damages would be payable by Tap during the remaining term of the GSA assuming a total shortfall in supply.

Tap's maximum liability for liquidated damages under the GSA based on currently available reserves would be approximately US\$20-25 million in total which would be spread over a period commencing sometime around 2013-14 and ending in 2030.

Burrup Fertilisers has publicly stated its contention that it may be entitled to liquidated and general damages if the HJV fails to supply gas under the agreement. These allegations are and will continue to be denied by Tap. Tap maintains it is not liable for damages of any amount due to force majeure and that, in any event, damages are limited to the liquidated damages in the GSA.

Tap hopes a Court declaration will resolve a key aspect of the dispute concerning the GSA and will allow the parties to cooperate and make progress toward the resolution of the matters referred to above on a timely basis.

Tap's Managing Director Mr. Stickland said *"Tap remains confident in its force majeure claim but it will take some time for this matter to be resolved. In the meanwhile, it is prudent for Tap to have the Court remove uncertainty about Tap's potential liability for damages if the force majeure is successfully disputed"*.

Enquiries to:

Peter Stickland (Managing Director / CEO)
Telephone: +61 8 9485 1000
Email: info@tapoil.com.au
Website: www.tapoil.com.au
