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COMPANY INSIGHT
MD GIVES COMPANY-WIDE UPDATE

Tap Oil Limited provides the attached Company Insight interview with MD/CEO, Mr Troy Hayden, which gives a company-wide update.

A copy of this interview is available at the ASX and can be viewed on the Company's website www.tapoil.com.au under the heading "Investor Centre".

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Disclaimer
This report contains some references to forward looking assumptions, estimates and outcomes. These are uncertain by the nature of the business and no assurance can be given by Tap that its expectations, estimates and forecast outcomes will be achieved.

Persons compiling information about hydrocarbons
The reserve and resource information relating to the WA-290-P and WA-49-R permits 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 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.

Company Insight
the intelligent market update

Tap Oil Limited

Date of Lodgement: 20/5/13

Title: "Company Insight – MD Gives Company-wide Update"

Highlights of Interview

- **Where Tap will allocate $87m cash and $70m in undrawn debt.**
- **Manora on track for 2014 start-up with US$50m facility to be repaid in 24 months.**
- **Expects 50% increase in current 2P Reserves of 6.1 million barrels (net to Tap).**
- **Discusses upcoming high risk/high return Starfish-1 well, offshore Ghana.**
- **Bianchi-1 well should allow better understanding of permit containing Zola gas.**
- **Explains forward plan for Taunton discovery.**
- **Explains Managing Director's remuneration terms & the recent share price.**

Record of interview:

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Tap Oil Limited (ASX code: TAP; market capitalisation of ~$130 million) recently announced that it had executed a US$50 million field development facility for the Manora Oil Development in Thailand and an A$20 million corporate facility both with CBA. Tap also holds $87 million in cash and receives revenue from third party gas contracts. Where broadly will you spend these funds?

Managing Director & CEO, Troy Hayden
Final Investment Decision on the Manora Oil Development was reached in July 2012. Tap's share of the capital required for the development is US$74 million (direct interest) plus a US$13 million carry of Northern Gulf Petroleum. The US$50 million field development facility will be used to fund the Manora Oil Development and is expected to be fully drawn down by early 2014. The remaining capital for the development will be funded by cash.

Tap is also undertaking an extensive exploration and appraisal drilling program in 2013. This includes two wells in the offshore Carnarvon Basin, Bianchi-1 and Taunton-5/5H. Both of these wells spudded in April and the Bianchi-1 well is expected to cost Tap ~A$8 million and the Taunton-5/5H well ~A$7 million. The Starfish-1 well in the Offshore Accra Contract Area in Ghana is planned to spud in June 2013 and the cost to Tap of this well will be around $12 million. At least one well in Thailand is expected to spud in late 2013 with another two expected in 2014. These are low cost wells expected to cost Tap ~$4 million each. The Palmerston-1 prospect in WA-320-P is also expected to be drilled in Q1 2014.

After meeting its commitments, Tap is still well funded to meet cost overruns on Manora or participate in New Ventures activities. The corporate facility can be utilised for Manora cost overruns and for general corporate purposes.

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You expect to repay Tap's US$50 million field development facility within 24 months of the development of Manora. Is that considered high cash flow generation for a company Tap's size?

Managing Director & CEO, Troy Hayden

Manora production is expected to be typical of an oil project with a short ramp up to peak production, and then a period of peak production followed by a decline. Based on the current production forecast, the economic field life is expected to be 11 years. Consequently the high cash flow generating period for the development will be the first two to three years. During this period, Manora will produce 15,000 bbls a day (gross) which Tap has a 30% interest in. Manora will generate significant material cash flow for Tap with the average cash flow to Tap over the first four years forecast to be approximately US$45 million per annum (based on Tap's mid oil prices assumptions and after all operating costs, taxes and royalties). We understand this is a fairly unique position for a company of Tap's size and market capitalisation.

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Tap has 2P reserves of 6.1 million barrels (net to Tap) booked for Manora and expects ultimate recovery of 9.3 million barrels net to Tap. Why do you expect a 50% increase in ultimate recovery compared with current 2P reserves?

Managing Director & CEO, Troy Hayden

The potential for increased resources has two components: undeveloped reservoirs and waterflood performance in the main 600 sands development.

The Manora-3 well penetrated oil in two shallow horizons which are not subject to the current development plan. The well spread for the 600 sand development will further delineate these shallow reservoirs and when the operator has put together a plan for their development, if justified from the delineation drilling, these resources can be moved into reserves.

Secondly, the 2P waterflood recovery factor for the 600 sands was set at 35% based on analogy to similar fields. However the simulation model study showed the waterflood recovery factor could be 44% or higher. Once the performance of the waterflood displacement is known and if a higher recovery factor can be justified, the additional resources can be converted to reserves.

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Is Manora on time and schedule with first production expected in early 2014? Have there been any significant issues?

Managing Director & CEO, Troy Hayden
We are still anticipating that production at Manora will start in 2014. To date, we have not experienced any significant issues.

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On 8 April 2013, you announced the awarding of the drilling contract for the Starfish-1 well in the Accra Joint Venture, offshore Ghana (Tap effective interest of 17.5%). What are the pre-drill estimates and the timing of spudding it through to target depth?

Managing Director & CEO, Troy Hayden
The Starfish-1 well is expected to spud in June but timing will be dependent on the duration of the preceding well operation where the Stena DrillMAX rig will initially be deployed. The well will be drilled in water depth of 1,500 metres and is expected to take approximately 37 days to drill (from spud to Total Depth). Tap estimates that Starfish-1 will target a P50 recoverable prospective resource of 431 million barrels. Starfish-1 is a wildcat well and hence the range of possible volumes derived for the prospect in the event of a discovery is understandably very broad (i.e. the P90 to 10 range).

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Starfish-1 is a wildcat well. Where is it located in relation to other discoveries offshore Ghana and what size are these?

Managing Director & CEO, Troy Hayden
Starfish-1 is located in eastern Ghana at the western end of the Benin Embayment. It is located in the currently unproven Keta Basin which is separate from the proven oil bearing Tano Basin of western Ghana. The Tano Basin is located some 300 km to the west and contains all of the recent oil discoveries made in Ghana to date. These include the Giant Jubilee Field made in 2007 and subsequent discoveries at Tweneboa, Enyenra and Owo.

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Can you describe the geological play trend and whether you think Starfish-1 will be drilling into that trend?

Managing Director & CEO, Troy Hayden
Starfish-1 is one of the first wells to be drilled in the deep water of the Keta Basin. It is a wildcat well with significant geological uncertainty. As such the predicted geological section is largely unknown and based on quality 3D seismic data and broad regional well control. From the interpretation of 3D seismic data, Tap considers that Starfish is a Cretaceous fan complex that may have some similarities with the proven oil prolific Jubilee fan system, although as we have said there is considerable uncertainty on the age of the reservoir target. A discovery at Starfish-1 would open up a trend in the yet unproven Keta basin with considerable follow-up potential in the acreage.

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On 12 April 2013, Tap commenced drilling the Bianchi-1 (Tap 10%) gas appraisal well in Retention Lease WA-49-R, in the offshore Carnarvon Basin, Western Australia. Can you

remind us about the Zola gas discovery in the permit? How will it provide you with additional information on the permit?

Managing Director & CEO, Troy Hayden
WA-290-P is an exploration permit in the offshore Carnarvon Basin, Western Australia. The permit contains the Zola-1 Triassic gas discovery drilled in early 2011. In August 2012, a retention lease, WA-49-R, was granted over the Zola and Antiope discoveries for a period of five years.

The Greater Zola Structure comprises several fault blocks along the Alpha Arch, south of the giant Gorgon gas field. A single fault block was tested by Zola-1 (the Zola fault block). Independent expert, RPS Energy Services Pty Ltd (RPS), has assigned a gross mean sales gas Contingent Resource of 378 Bscf (1C to 3C range between 209 Bscf to 584 Bscf). RPS has assigned a gross mean Prospective Resource to the other undrilled fault blocks of 2.3 Tcf (range between 1.5 Tcf and 3.3 Tcf).

A discovery at Bianchi-1 will help de-risk the fault blocks down dip of the Zola discovery. A discovery would tell us more on the reservoir quality at deeper levels in the Greater Zola Area, and also provided information on the CO_2 content of the gas.

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On 15 April 2013 you commenced drilling the Taunton-5/5H well to appraise the Taunton oil field located in the TL/2 production licence and the TP/7 exploration permit (Tap 13.015%), also in the offshore Carnarvon Basin. What is the history of the field and its prospectivity? What is the forward plan?

Managing Director & CEO, Troy Hayden
The Taunton oil field was discovered in 1991 by the Taunton-1 well. The field is located in the TL/2 production license and extends to the south into the TP/7 exploration permit in the offshore Carnarvon Basin, approximately 40 kilometres north-northeast of Onslow.

Taunton-5/5H will be drilled in shallow water as a deviated well in TL/2 to obtain core data through the Early Cretaceous reservoir section. Subsequent to this, a horizontal well will be drilled into TP/7 to evaluate potential hydrocarbon saturation and reservoir deliverability.

On 15 April 2013, the Ensco 104 rig commenced drilling the Taunton-5/5H well. A successful well outcome will assist in understanding the potential to commercialise this undeveloped field.

The well will drill to a projected true vertical total depth of approximately 1,400 metres. Hydra will not participate in the well, taking Tap’s interest in the well to 13.015%. Tap’s cost for the well is expected to be approximately A$7 million.

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On 18 April 2013, Tap announced the renewal of your contract. How does it differ to your previous contract? How does it compare with peers?

Managing Director & CEO, Troy Hayden

The new contract reflects a greater alignment between my remuneration and shareholder return. I have taken a pay cut of ~25% per annum and forgone any bonuses for three years with a greater exposure to share rights that will only vest if the Tap share price meets minimum hurdles over the preceding three month period in July 2016. The approach of a reduced cash remuneration with greater exposure to equity is one that seems to be adopted across the market as boards drive to ensure shareholder and management returns are better aligned. Over the next three years I will forgo up to $1 million, but I am confident I can meet the minimum share price hurdle of $1.67 to obtain the 5 million shares.

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On that subject of shareholder returns, Tap's share price has fallen from above 62 cents about a month ago to its current price of 54 cents. Why do you think that is, particularly when you consider the range and positive nature of your recent announcements?

Managing Director & CEO, Troy Hayden

There has been no change to Tap's strong project and business position; rather we understand that M&G, Tap's largest shareholder, previously with a holding of 15.7%, has made a decision to sell down part of their shareholding. We understand that M&G holds its Tap interest in two separate funds and we have confirmed that one of these funds has completed selling down its interest. Tap's stock has quite low trading volumes, averaging 200,000 to 300,000 shares per day. More than 12 million shares have been sold by M&G over the last two months. We would suggest that this sell down into low liquidity, with the fall in the general market, has precipitated the fall in share price.

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Thank you Troy.

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