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

26 August 2009

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

TAP OIL LIMITED

HALF YEAR RESULTS TO 30 JUNE 2009

Herewith is Tap Oil Limited's Half Year Results for the period ended 30 June 2009.

Included in the announcement is the covering narrative, Appendix 4D under Listing Rule 4.2A, the Financial Report for the half-year ended 30 June 2009, the Auditor's Independence Declaration and the Auditor's Review Report.

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 to:

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

ASX Announcement

Tap Oil Limited Half Year Results to 30 June 2009

HIGHLIGHTS

- **Sales of oil and gas increased 41% on the corresponding half year**
- **Operating profit of $20.0 million**
- **Cash flows from operations of $12.8 million**
- **Net loss after tax of $4.9 million – includes significant non-recurring items**
- **US$ 11 million received to date in interim insurance proceeds in relation to Varanus Island**
- **$54 million cash and no debt**

Managing Director/CEO, Mr Peter Stickland's comments:

> "While the overall result was a loss, the operating result and cash flow for the half-year is very pleasing with strong oil sales from Woollybutt and the Harriet Joint Venture making a welcome return to pre-incident production levels. Sales of third party gas also increased to full contracted daily volumes as the Varanus Island Repair Project neared finalisation.
>
> At Woollybutt, the scheduled life extension work program on the FPSO is underway, with production anticipated to resume before the end of 2009.
>
> In Block M, onshore Brunei, seismic acquisition is well underway over the Belait field, with drilling anticipated to follow in 2010. In WA-351-P, seismic processing has been completed and interpretation is underway. Tap views this block as having moderate to low risk exploration potential for LNG-scale gas.
>
> Tap ended the half-year with $54 million cash on hand. Our existing cash, diversified production and cash generating interests and high potential exploration blocks mean that Tap is in an enviable position in the current business environment." Mr Peter Stickland, Managing Director/CEO.

Financial Performance

Tap's results for the half-year to 30 June 2009 were impacted by:

- Strong Woollybutt production up until 28 April 2009, when production was suspended for planned FPSO repairs.
- Oil and gas production levels at Harriet gradually increased during the period to production levels that existed prior to the Varanus Island incident. Production for the half-year was lower by 13,000 bbls (12%) of oil and 570 TJ (26%) of gas compared to the corresponding 2008 half-year period.

- Included in the production costs was an amount of $4.513 million relating to the Varanus Island repairs and $1.833 million relating to the Woollybutt FPSO dry-dock costs. Interim insurance proceeds received of US$11 million relating to the Varanus Island incident have not been recorded as income as liability has not yet been formally accepted by the insurers.
- Exploration write-offs and impairment losses of $7.651 million reflecting Tap's ongoing evaluation of its exploration portfolio.
- Foreign exchange losses of $3.386 million as the Australian dollar strengthened against the United States dollar during the half-year ended 30 June 2009.
- Administration costs were lower than the comparative half-year by 25.5% reflecting the Company's focus on cost management during the difficult business environment.

Tap's financial performance from its operations, excluding non-recurring and non-cash items, is set out below:

	Jun-09	Jun-08	
	$'000	$'000	% change
Sales of oil and gas	33,191	23,473	41%
Other revenue - tolling fees	1,393	123	1033%
Operating Revenue	34,584	23,596	47%
Government royalties	(217)	(1,381)	-84%
Production costs (excl. VI repairs & WBT dry dock)	(14,352)	(8,898)	61%
Cost of Sales	(14,569)	(10,279)	42%
Operating profit	**20,015**	**13,317**	50%

A 47% increase in operating revenue for the period led to a 50% increase in operating profit excluding non-recurring and non-cash items. This result reflects the strong performance from Woollybutt up until 28 April 2009 (when production was suspended for planned FPSO repairs) and the gradual increase in contribution from the Harriet Joint Venture over the period.

Cash generated from operations increased 91% to $12.80 million compared to the corresponding half-year, also reflecting the strong operating performance of the company. Payments to suppliers and employees of $25.97 million in the cash flow statement includes payments of $8.60 million for Varanus Island repairs and Woollybutt dry dock.

Outlook

Tap continues to be in a strong position to grow and add value for shareholders through exploration and other new ventures and business development opportunities. Tap has a range of cash generating oil and gas assets, is in a robust financial position and has a flexible exploration portfolio with quality growth opportunities.

In particular, for the remainder of 2009 Tap expects:

a) Strong oil and gas production from the Harriet Joint Venture and continued recurring contributions from third party gas sales.

b) The dry dock program for the Woollybutt FPSO to progress with production to recommence before the end of the year.

c) Interpretation of the 3,500km^2 Aragon 3D seismic survey in WA-351-P to be completed.

d) Completion of seismic acquisition and processing in Brunei Block M.

Tap Oil Limited
ABN 89 068 572 341

Appendix 4D
Half Year Report
Six months ended 30 June 2009

Results for announcement to the market

					A$'000
2.1	Revenue from ordinary activities	Up	36.7%	to	34,825

Revenue has increased due to the Woollybutt field being in full production for the 2009 half-year period up to 28 April 2009 (in for FPSO life extension at this date), compared to limited production in the 2008 comparative half-year period ended 30 June 2008. Oil production at the Woollybutt field was 144,000 bbls in the 2009 half-year period compared to 10,000 bbls in the 2008 half-year period ended 30 June 2008.

2.2	Loss after tax attributable to members	Up	277.5%	to	4,953
2.3	Loss for the period attributable to members	Up	277.5%	to	4,953

	Dividends (distributions)	Amount per security	Franked amount per security
2.4	Dividends	Nil	Nil
	Previous corresponding period	Nil	Nil
2.5	Record date for determining entitlements to the dividend	N/A no dividends have been declared or paid.	

	NTA backing	30 June 2009	31 December 2008
3.	Net tangible asset backing per + ordinary security	$0.72	$0.74

+ 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 period
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

4.2 Control lost over entities having material effect

Name of entity (or group of entities)	No entities were disposed of during the half-year period
Date from which control was lost	N/A
Contribution to consolidated profit from sale of interest leading to loss of control	N/A

Tap Oil Limited
ABN 89 068 572 341

Appendix 4D
Half Year Report
Six months ended 30 June 2009
Continued

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 2008. There were no new joint ventures entered into during the 30 June 2009 half-year period
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

TAP OIL LIMITED

ABN 89 068 572 341

FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 30 JUNE 2009

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 2009. 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:
- N F Taylor (Independent Non-Executive Director)
- P W Underwood (Non-Executive Director; resigned 21 June 2009)
- P B Lane (Independent Non-Executive Director)
- M J Sandy (Independent Non-Executive Director)
- P J Stickland (Managing Director; appointed 11 February 2009)

The above named directors held office during and since the end of the half-year unless otherwise stated above.

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.

Review of operations

Exploration

Tap's exploration strategy continued to focus on moderate risk exploration activities which have the potential to add significant value. A quality exploration portfolio will be the foundation for the future performance of the company.

No exploration wells were drilled during the half-year.

Brunei - Block-M (Tap 39% Operator)
Tap is pursuing parallel strategies of appraising the Belait field and assessing the wider potential of this 3,011km^2 onshore block. During the half-year results from the airborne gravity-magnetic survey were incorporated into the overall evaluation of the block and acquisition of 60 line km of 2D seismic and 118 km^2 of 3D seismic commenced. The acquisition is expected to be completed by the end of the third quarter of 2009, with data processing and interpretation to follow.

Australia - Carnarvon Basin
In WA-351-P (Tap 25%, BHP Operator), final data from the large Aragon 3D seismic survey was received during the period and processing and initial interpretation were undertaken. A significant number of leads are now being assessed, with preliminary interpretation results anticipated to be available during the third quarter of 2009.

Philippines - SC-41 (Tap 50% Operator)
During the period the reprocessing and inversion of the Alpine 3D seismic survey was completed and results from the 2008 Lumba Lumba-1A well were integrated into Tap's geological understanding of the Sandakan Basin, enabling the proper characterisation of further potential drilling targets.

Appraisal and Development

During the half-year, the Fletcher-4 and Linda North-1 appraisal wells were drilled. Fletcher-4 (in WA-191-P) intersected the primary target reservoir but was found to be water wet and was plugged and abandoned. The Linda North-1 well (in Permit TL/1) spudded on 19 January 2009 and the well intersected a reservoir sand of approximately 35m thickness. There are no current plans to tie-in Linda North-1 as pressure data confirmed that gas from the northern lobe is being drained by an existing well.

Production & Sales Summary

	Half-year ended 30 June 2009		Half-year ended 30 June 2008	
	'000 boe	$'000	'000 boe	$'000
Production (net to Tap):				
Liquids - HJV	96		109	
Oil - Woollybutt	144		10	
Total Liquids	240		119	
Gas - 1,606 TJ (2008: 2,176 TJ)	237		321	
Total Production	477		440	
Sales (net to Tap):				
Liquids	304	21,524	108	13,316
Gas - 3,248 TJ (2008: 3,648 TJ)(i)	479	11,667	538	10,157
Tolling		1,393		123
Total Sales		34,584		23,596
Average Realised Oil Price		A$70.69/bbl		A$123.81/bbl

(i) Includes the sales of third party gas.

Harriet Joint Venture Fields (Tap 12.2229%, Apache Operator)

Production rates at the Harriet Joint Venture continued to increase over the period to pre-incident levels The Varanus Island Repair Project was largely completed during the half-year with one part of the plant remaining to be returned to service. Final optimisation and non-critical activities are continuing on the Island. This has been a significant achievement with the facility returned to pre-incident production levels within approximately 12 months and within budget.

Woollybutt Field (Tap 15%, ENI Operator)

Production from the Woollybutt field was in line with production targets prior to the shut in on 28 April 2009 after which a final lifting was completed and the Four Vanguard FPSO was cleaned and prepared for sailing to the shipyard in Singapore. The shipowners are completing a life extension work program on the Four Vanguard FPSO to ensure it is capable of remaining on station to the end of the field life, which is anticipated to be December 2013. In addition to the vessel owner's shipyard and dry dock activities, the Joint Venture Partners are improving various aspects of the vessel to further optimise future operations.

Financial Summary

The Consolidated Entity's gross profit for the half year is $2.947 million (2008: $4.068 million). The net loss for the period is $4.953 million (2008: $1.312 million). Cash generated from operating activities was $12.797 million (2008: $6.683 million) and cash at 30 June 2009 was $53.881 million (31 December 2008: $54.045 million).

The average realised oil price per barrel of oil for the half-year ended 30 June 2009 was A$70.69 (2008: A$123.81). There was no hedging in place for the reporting period or for the 2008 comparable period.

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

- Strong Woollybutt production up until 28 April 2009, when production was suspended for planned FPSO repairs. Production increased by 134,000 bbls (1340%) to 144,000 bbls, compared to the 2008 half-year period, when the Woollybutt field was temporarily suspended for repairs to the FPSO. Woollybutt production costs increased by $2.765 million to $5.317 million (excluding Woollybutt dry-dock costs), compared to the half-year period ended 30 June 2008. The increase was mainly due to the increase in production in the 2009 half-year period.

- Oil and gas production levels at Harriet gradually increased during the period to production levels that existed prior to the Varanus Island incident. Production for the half-year was lower by 13,000 bbls (12%) of oil and 570 TJ (26%) of gas compared to the 2008 half-year period. The gas sales value increased due to higher gas prices attained during the half-year ended 30 June 2009. Harriet production costs increased by $1.958 million to $4.458 million (excluding Varanus Island repairs and third party gas purchases), compared to the half-year period ended 30 June 2008.

- Included in the production costs was an amount of $4.513 million (2008: $0) relating to the Varanus Island repairs and $1.833 million (2008: $0) relating to the Woollybutt FPSO dry-dock costs. Interim insurance proceeds received of US$11 million relating to the Varanus Island incident have not been recorded as income because liability has not yet been formally accepted by the insurers.

- Exploration write-offs and impairment losses of $7.651 million (2008: $3.377 million) reflecting Tap's ongoing evaluation of its exploration portfolio.

- Foreign exchange losses of $3.386 million (2008: $3.762 million) as the Australian dollar strengthened against the United States Dollar during the half-year ended 30 June 2009.

- An income tax benefit of $7.646 million (2008: $7.332 million) reflects the movement in the deferred tax balances. Tap is in a tax loss position at 30 June 2009.

- Administration costs were lower than the comparative half-year by 25.5% reflecting the Company's focus on cost management during the difficult business environment.

Cash flows, liquidity and funding

Revenue receipts from operations totalled $31.993 million (2008: $23.095 million). Cash balances remained stable in Australian dollar terms and at period close was $53.881 million (31 December 2008: $54.045 million), with no debt.

Tap received $6.798 million (2008: $0) in provisional insurance receipts during the half-year ended 30 June 2009, relating to the Varanus Island explosion. The amount was received in US dollars to the amount of US$4.717 million. The receipts have been recognised under current liabilities as they are repayable to insurers until such time as liability is formally accepted by the insurers, at which time all proceeds will be recorded as income.

Risk Management and corporate governance

The Consolidated Entity's risk management and corporate governance statements were included in the 2008 annual report. These statements remain current.

The principal financial risks include Tapis oil price (USD) movements and USD/AUD foreign exchange movements, both of which are actively managed by the Board. Currently these risks are unhedged.

Changes to equity

No employee share options were exercised during the half-year ended 30 June 2009 or during the half-year ended 30 June 2008. A total of 2,872,344 employee share options were issued during the half-year ended 30 June 2009 at a total value of $0.377 million. Total number of options on issue at 30 June 2009 was 8,623,747.

Auditor's independence declaration

The auditors independence declaration is included on page 5 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

NF Taylor
Chairman
Perth, 25 August 2009

Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

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

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

25 August 2009

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 30th June 2009, 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

AT Richards
Partner
Chartered Accountant

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

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 balance sheet as at 30 June 2009, and the condensed income statement, condensed statement of comprehensive income, condensed cash flow statement, 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 the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 8 to 21.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 an Interim 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 2009 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*.

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 2009 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

AT Richards

AT Richards
Partner
Chartered Accountants
Perth, 25 August 2009

TAP OIL LIMITED
DIRECTORS' DECLARATION

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 Corporation 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

NF Taylor
Chairman
Perth, 25 August 2009

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE HALF-YEAR ENDED 30 JUNE 2009

		Consolidated Half-year ended	
	Note	30 June 2009 $'000	30 June 2008 $'000
Revenue	2	34,825	25,476
Cost of sales	3	(31,878)	(21,408)
Gross profit		2,947	4,068
Administration expenses		(3,844)	(5,160)
Finance costs		(347)	(402)
Other expenses	4	(11,355)	(7,150)
Loss before tax		**(12,599)**	**(8,644)**
Income tax benefit		7,646	7,332
Loss for the period		**(4,953)**	**(1,312)**
Earnings per share:			
Basic loss (cents per share)		(3.17)	(0.84)
Diluted loss (cents per share)		(3.17)	(0.84)

Notes to the financial statements are included on pages 14 to 21.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 30 JUNE 2009

		Consolidated Half-year ended	
	Note	**30 June 2009 $'000**	**30 June 2008 $'000**
Loss for the period		(4,953)	(1,312)
PRRT adjustment [(i)]		-	(12,323)
Total comprehensive income for the period		**(4,953)**	**(13,635)**

(i) PRRT adjustment relates to the recognition of a deferred tax liability and corresponding income tax expense as required under AASB interpretation 1003. This is the cumulative impact of the adjustment since 1996. This constituted a change in accounting policy in the 30 June 2008 half-year.

Notes to the financial statements are included on pages 14 to 21.

CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2009

	Note	Consolidated 30 June 2009 $'000	 31 December 2008 $'000
Current Assets			
Cash and cash equivalents		53,881	54,045
Trade and other receivables		9,047	8,763
Inventories		7,400	8,441
Current tax assets		577	577
Other		8,519	7,735
Total current assets		79,424	79,561
Non-current assets			
Property, plant and equipment	5	122,178	135,068
Deferred exploration expenditure	6	98,799	100,336
Total non-current assets		220,977	235,404
Total assets		**300,401**	**314,965**
Current liabilities			
Trade and other payables		29,820	30,515
Provisions		342	340
Total current liabilities		30,162	30,855
Non-current liabilities			
Deferred tax liabilities		38,973	46,619
Provisions		19,294	21,229
Total non-current liabilities		58,267	67,848
Total Liabilities		**88,429**	**98,703**
Net assets		**211,972**	**216,262**
Equity			
Issued capital		89,758	89,758
Share option reserve		4,175	3,512
Retained earnings		118,039	122,992
Total equity		**211,972**	**216,262**

Notes to the financial statements are included on pages 14 to 21.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 30 JUNE 2009

	Issued Capital $'000	Share options reserve $'000	Retained earnings $'000	Total $'000
Balance at 1 January 2008	**89,758**	**3,066**	**142,860**	**235,684**
Loss for the period	-	-	(1,312)	(1,312)
PRRT adjustment [(i)]	-	-	(12,323)	(12,323)
Total comprehensive income for the period	-	-	(13,635)	(13,635)
Recognition of share-based payments	-	(54)	-	(54)
Balance at 30 June 2008	**89,758**	**3,012**	**129,225**	**221,995**
Balance at 1 January 2009	**89,758**	**3,512**	**122,992**	**216,262**
Loss for the period	-	-	(4,953)	(4,953)
Total comprehensive income for the period	-	-	(4,953)	(4,953)
Recognition of share-based payments	-	663	-	663
Balance at 30 June 2009	**89,758**	**4,175**	**118,039**	**211,972**

(i) PRRT adjustment relates to the recognition of a deferred tax liability and corresponding income tax expense as required under AASB interpretation 1003. This is the cumulative impact of the adjustment since 1996. This constituted a change in accounting policy in the 30 June 2008 half-year.

Notes to the financial statements are included on pages 14 to 21.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE HALF-YEAR ENDED 30 JUNE 2009

		Consolidated Half-year ended	
	Note	30 June 2009 $'000	30 June 2008 $'000
Cash flows from operating activities			
Receipts from customers		31,993	23,095
Payments to suppliers and employees		(25,967)	(15,330)
Provisional insurance receipts		6,798	-
Government royalties paid		(217)	(1,381)
Interest received		190	1,935
Income tax paid		-	(1,636)
Net cash provided by operating activities		**12,797**	**6,683**
Cash flows from investing activities			
Refunds / (Payments) for property, plant & equipment		629	(8,846)
Payments for exploration expenditure		(10,018)	(25,121)
Payments for restoration expenditure		(113)	-
Net cash used in investing activities		**(9,502)**	**(33,967)**
Cash flows from financing activities		**-**	**-**
Net increase / (decrease) in cash and cash equivalents		**3,295**	**(27,284)**
Cash and cash equivalents at the beginning of the half-year		54,045	96,777
Effects of exchange rate changes on the balance of cash held in foreign currencies		(3,459)	(2,662)
Cash and cash equivalents at the end of the half-year		**53,881**	**66,831**

Notes to the financial statements are included on pages 14 to 21.

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 2008 annual financial report for the financial year ended 31 December 2008, except as disclosed below.

From 1 January 2009 the Consolidated Entity has adopted the following Standards and Interpretations:

- AASB 101 Presentation of Financial Statements (revised September 2007), AASB2007-8 Amendments to Australian Accounting Standards arising from AASB 101
- AASB 123 Borrowing Costs (revised), AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123
- AASB 8 Operating Segments, AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8
- Interpretation 16 Hedges of a Net Investment in a Foreign Operation

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.

	Consolidated Half-year ended	
	30 June 2009 $'000	30 June 2008 $'000
2 Revenue		
Sales of oil and gas	33,191	23,473
Other revenue - tolling fees	1,393	123
Interest received	241	1,880
	34,825	25,476
3 Cost of sales		
Depreciation of production facilities	1,366	1,783
Depreciation of capitalised development costs	9,597	9,346
Government royalties	217	1,381
Other production costs [(i)]	20,698	8,898
	31,878	21,408

(i) Included in other production costs is an amount of $4.513 million (2008: $0) for repairs to the Varanus Island operating facilities and an amount of $1.833 million (2008: $0) relating to Woollybutt FPSO dry-dock costs.

4 Other expenses		
Exploration expenditure write-downs	2,015	62
Exploration impairment losses	5,636	3,315
Foreign exchange losses	3,386	3,762
Other	318	11
	11,355	7,150

	Consolidated 30 June 2009 $'000	Consolidated 31 December 2008 $'000
5 Property, plant and equipment		
Oil & gas facilities		
Gross carrying amount - at cost:		
Opening balance	41,968	41,598
Additions	153	370
Closing balance	42,121	41,968
Accumulated depreciation		
Opening balance	(25,904)	(24,042)
Depreciation	(1,366)	(1,862)
Closing balance	(27,270)	(25,904)
Net Book Value	14,851	16,064
Development expenditures		
Gross carrying amount - at cost:		
Opening balance	296,615	270,306
Additions (i)	(3,055)	12,483
Transfer from exploration expenditure	1,080	13,826
Closing balance	294,640	296,615
Accumulated depreciation		
Opening balance	(178,517)	(163,530)
Depreciation	(9,597)	(14,987)
Closing balance	(188,114)	(178,517)
Net Book Value	106,526	118,098
Office improvements, furniture & equipment		
Gross carrying amount - at cost:		
Opening balance	3,971	3,652
Additions	85	319
Closing balance	4,056	3,971
Accumulated depreciation		
Opening balance	(3,065)	(2,493)
Acquired	-	(35)
Depreciation	(190)	(537)
Closing balance	(3,255)	(3,065)
Net Book Value	801	906
Total - net book value	**122,178**	**135,068**

(i) The decrease is due to the decrease in the restoration obligation at 30 June 2009.

	Consolidated 30 June 2009 $'000	Consolidated 31 December 2008 $'000
6 Deferred exploration expenditure		
Exploration and/or evaluation phase		
At cost	140,958	136,858
Less: impairment provisions	(42,159)	(36,522)
Net carrying value	98,799	100,336
Reconciliation of movement:		
Opening balance	100,336	63,532
Current period exploration expenditure	7,194	71,804
Exploration expenditure write-downs	(2,015)	(655)
Exploration impairment losses	(5,636)	(20,519)
Transfer to development expenditures	(1,080)	(13,826)
	98,799	**100,336**

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.

7 Subsequent events

On 22 July 2009 Tap announced that the company 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 with Burrup Fertilisers Pty Ltd entered into in December 2001 is limited to the liquidated damages set out in that agreement. Additional comments are included in note 8 'Contingencies and commitments'.

Other than those listed above there have been no matters or circumstances arising since the end of the financial period, not otherwise dealt with in the financial statements that has or may significantly affect the operations of Tap, the results of those operations or the state of affairs of Tap in future financial years.

8 Contingencies and commitments

Force Majeure Declaration – Burrup Fertilisers Pty Ltd.

On 28 December 2006, Tap (Harriet) Pty Ltd, together with the other Harriet Joint Venture (HJV) sellers, issued a notice of force majeure, in relation to the gas reservation requirements of the HJV under the Gas Sales Agreement with Burrup Fertilisers Pty Ltd (Burrup Fertilisers) entered into in December 2001 (GSA). Tap has a 12.22% interest in the HJV and a corresponding interest as a gas seller under the GSA. At present, the HJV has not identified sufficient proven reserves of gas in order to supply its contracted share of all of the requirements of Burrup Fertilisers for the remaining duration of the GSA (approximately 21 years). The events described in the notice of force majeure include the failure of exploration and development wells.

The HJV continues to supply gas in accordance with the terms of the GSA. Based on current 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.

Under the GSA, the effect of force majeure is to suspend the affected party's obligations under that agreement to the extent that party is unable to perform the same. A party affected by force majeure is not liable for any failure or inability to perform obligations in circumstances of force majeure.

Burrup Fertilisers disputes Tap's contention that a force majeure event with respect to gas reservation requirements has arisen. On 27 August 2008, Burrup Fertilisers issued a notice of default to each of the HJV sellers, including Tap, in relation to the gas reservation requirements and the interruption of gas supply due to the Varanus Island pipeline incident on 3 June 2008. Since this time, Burrup Fertilisers has taken no further action in relation to those matters.

Burrup Fertilisers has also publicly stated its contention that it may be entitled to liquidated and general damages if the HJV fails to supply gas under the GSA. The allegations contained in the default notice issued by Burrup Fertilisers 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.

(see discussion of Declaratory Proceedings below).

Declaratory Proceedings

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 GSA 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 discussion above), 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.

As stated above, 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.

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. Further, a declaration will remove uncertainty about Tap's potential liability for damages should the force majeure be successfully disputed.

Varanus Island Incident

On 3 June 2008, there was an incident at Varanus Island affecting the Harriet Joint Venture of which Tap is a 12.22% participant. As a result production was suspended while repairs were undertaken and Tap, along with the other Harriet Joint Venture sellers, issued a notice of force majeure to its gas customers in relation to the interruption in gas supply resulting from this incident. This force majeure has now ended.

Production rates are now back to scheduled levels and repair work is largely completed with one part of the plant remaining to be returned to service. As the work is not yet complete, Tap is unable to fully quantify the cost of repairs which it will be responsible for at this time, however as at 30 June 2009 a total of A$13.690 million had been expensed for Tap's share of work done up to 30 June 2009.

An investigation into the cause of the incident is currently being undertaken by the operator, Apache Energy. As at the date of this report, the cause of the incident is not known.

Tap has comprehensive business interruption, physical damage and third party liability insurance and is working closely with insurers to ensure that they are being provided with all relevant information regarding the incident. As at 30 June 2009, Tap has received provisional payments from its insurers of US$11 million in respect of business interruption and property damage cover. These amounts have been recognised under current liabilities as they are repayable to the insurers until such time as liability is formally accepted by the insurers. Thus, Tap has not recognised any insurance receivable as the amount cannot be reliably measured at this stage.

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

9 Segment Information

The Consolidated Entity has adopted AASB 8 Operating Segments and AASB 2008-3 Amendments to Australian Accounting Standards arising from AASB 8 with effect from 1 January 2009. 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. In contrast, the predecessor Standard (AASB 114 Segment Reporting) required an entity to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity's system of internal financial reporting to key management personnel serving only as the starting point for the identification of such segments. As a result, following the adoption of AASB 8, the identification of the Consolidated Entity's reportable segments has changed.

Amounts reported for the prior period have been restated to conform to the requirements of AASB 8. The accounting policies of the new reportable segments are the same as the Consolidated Entity's accounting policies.

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 2009 $'000	30 June 2008 $'000	30 June 2009 $'000	30 June 2008 $'000
Oil & gas production and development	34,584	23,596	1,578	1,332
Oil & gas exploration	-	-	(8,762)	(5,544)
Other	-	-	(821)	(875)
	34,584	23,596	(8,005)	(5,087)
Interest revenue			241	1,880
Net central administration costs			(1,449)	(1,675)
Foreign exchange losses			(3,386)	(3,762)
Profit before tax			(12,599)	(8,644)
Income tax benefit			7,646	7,332
Consolidated segment revenue and loss for the period	**34,584**	**23,596**	**(4,953)**	**(1,312)**

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 losses and income tax benefits.

The following is an analysis of the Consolidated Entity's assets by reportable operating segment:

	Assets Half-year ended	
	30 June 2009 $'000	**31 December 2008 $'000**
Oil & gas production and development	140,335	153,993
Oil & gas exploration	101,732	102,630
Total segment assets	**242,067**	**256,623**
Unallocated assets	58,334	58,342
Total assets	**300,401**	**314,965**

10 Dividends

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

11 Equity securities issued

There have been no issuances, repurchases and repayments of equity securities during the half-year.