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**Tap Oil Limited**

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2 June 2011

The Company Announcements Platform  
Australian Securities Exchange  
Exchange Centre  
20 Bond Street  
SYDNEY NSW 2000**BHP BILLITON PRE-EMPTS WA-351-P SALE**

Tap Oil Limited (ASX Code: TAP) announced on 4 May 2011 that it had agreed to sell its 25% interest in WA-351-P, offshore Carnarvon Basin, Western Australia, to Japan Australia LNG (MIMI) Pty Ltd ("MIMI") for a cash consideration of US\$30,154,000. In addition, MIMI were to pay Tap's 20% share of the next exploration well in the permit up to a cap of US\$10 million (Tap share).

BHP Billiton Petroleum (North West Shelf) Pty Ltd, Tap's existing joint venture partner, has today given notice to Tap that it wishes to exercise its right of pre-emption to acquire the 25% interest in WA-351-P on the same terms and conditions as agreed upon with MIMI.

Tap's Managing Director/CEO Troy Hayden said:

*"BHP Billiton pre-empting the MIMI transaction provides further evidence as to the value of this highly prospective permit.*

*We are looking forward to working with BHP Billiton to drill the Tallaganda prospect as soon as possible, which at this stage we expect may be drilled sometime in the first half of 2012."*

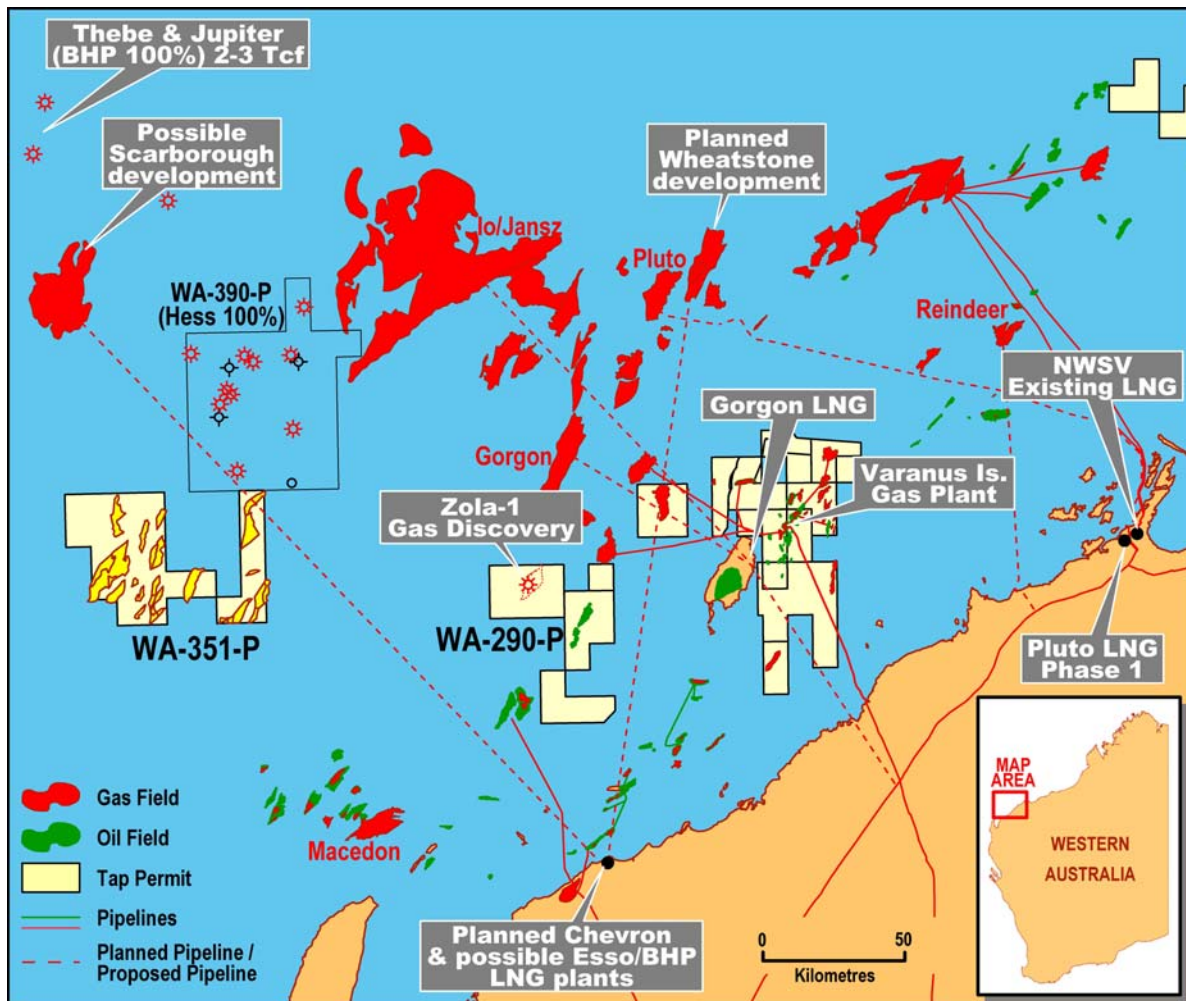
**Prospectivity of WA-351-P**

The Operator completed a detailed assessment of the plays, prospects and leads in the permit in 2010 including the 3D seismic acquired in 2008. Over 10 leads and prospects were defined in the Triassic Mungaroo Formation which Tap estimates have a combined estimated mean potential of 2-3 Tcf (gross recoverable) of natural gas. Tap considers that a number of these targets have an estimated probability of success over 50%.

Additional leads have been identified in WA-351-P in the Jurassic and Early Cretaceous, both of which are productive elsewhere in the Carnarvon Basin. Current indications are that this shallower potential is larger but higher risk than the Triassic in this permit. Further work will be done on these objectives.

The high chance of success is reinforced by Hess' reporting of 13 gas discoveries from 16 exploration wells drilled to date in the adjacent WA-390-P permit, immediately north of WA-351-P. Hess has commenced a multi-well appraisal program in WA-390-P.

The proximity of WA-351-P to many large-scale liquefied natural gas (LNG) projects being developed should provide the joint venture with many options for the commercialisation of any gas discoveries.



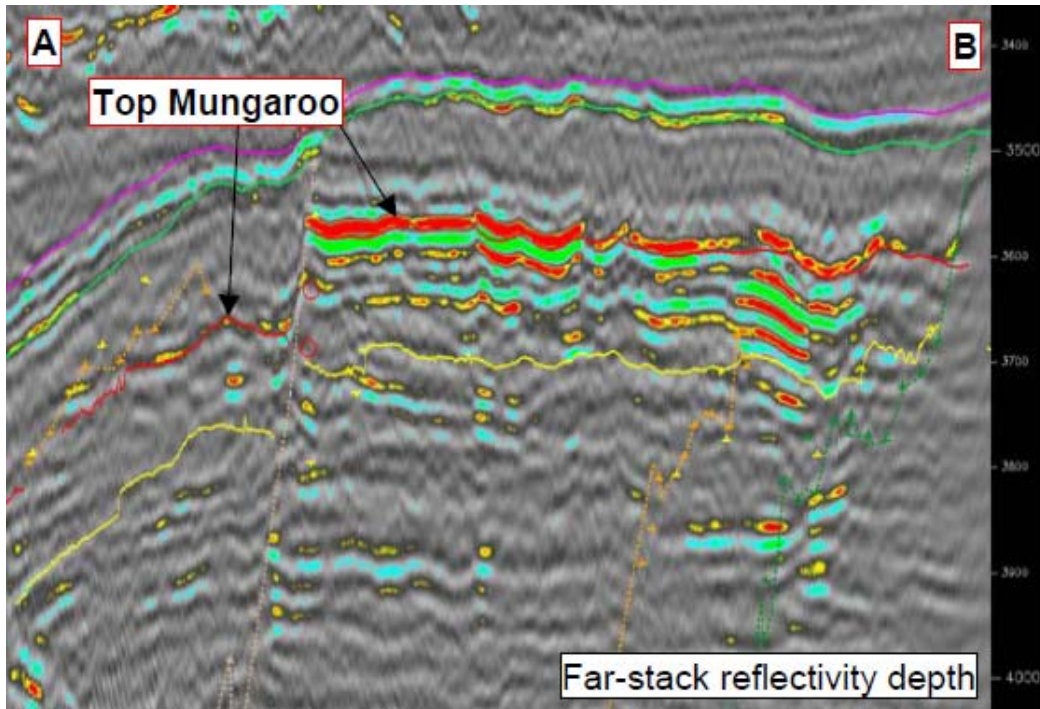
**WA-351-P Location Map**

### Tallaganda Prospect

The Tallaganda prospect in WA-351-P has been high graded as an attractive prospect and an early drilling candidate. Tallaganda straddles WA-351-P and WA-335-P and has a prospective resource range of 0.8 Tcf to 1.3 Tcf (Mean to P10 recoverable) within WA-351-P.

Strong seismic amplitudes within closure and AVO support in the Tallaganda fault block are indicative of reservoir and gas and the prospect is assessed as having a greater than 50% chance of success.

Under the terms of the exploration licence, an exploration well is required to be drilled before 5 June 2013. The Operator has proposed that a well on the Tallaganda prospect could be drilled in the first half of 2012.



**WA-351-P Joint Venture Participants – Post Sale to BHP Billiton**

Tap (Shelfal) Pty Ltd	20%
BHP Billiton Petroleum (North West Shelf) Pty Ltd	80%
BHP Billiton Petroleum Pty Ltd (Operator)	

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Person compiling information about hydrocarbons

Pursuant to the requirements of the Listing Rules, the reported hydrocarbon estimates contained in this document are based on information compiled by the Company's Exploration Manager, Mr Milton Schmedje BSc Applied Geology (Hons). Mr Schmedje is a full-time employee of the Company and has more than 25 years relevant experience in the petroleum industry.