



Tap Oil Limited
ABN 89 068 572 341

LEVEL1, 47 COLIN STREET
WEST PERTH WA 6005
AUSTRALIA

PO BOX 1783
WEST PERTH WA 6872

TEL+61 8 9485 1000
FAX+61 8 9485 1060
Email info@tapoil.com.au
www.tapoil.com.au

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

DECEMBER 2008 QUARTERLY REPORT

Herewith is Tap Oil Limited's Quarterly Report for the period ended 30 December 2008.

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 (CEO)
Telephone: +61 8 9485 1000
Email: info@tapoil.com.au
Website: www.tapoil.com.au



Tap Oil Limited

Quarterly Report

For the Quarter Ended 31 December 2008

Highlights

- ▶ Production increases 42% compared to the previous quarter
- ▶ Harriet re-commenced oil production mid October and gas production mid December. Full production levels expected in coming months
- ▶ \$10.4 million so far received for interim business interruption insurance
- ▶ Successful oil appraisal drilling at Fletcher-3 and Bambra-9
- ▶ 3,500km² 3D seismic acquisition completed in WA-351-P, Carnarvon Basin, Australia. Now being processed and interpreted

CEO Summary

“During the quarter, Tap Oil Limited (ASX: TAP) recorded strong oil production at Woollybutt, strong sales of contracted gas from the nearby John Brookes field and the re-commencement of sales from the Harriet JV facilities damaged by the Varanus Island incident. Repairs are still underway and Tap expects to be generating revenue at close to full capacity in the coming months.

Also during the quarter Tap drilled successful oil appraisal wells with Bambra-9 and Fletcher-3. In WA-351-P in Western Australia, Tap completed the acquisition of a 3,500 km² 3D seismic survey across this permit and processing and interpretation is now underway. Our view that this block is both of LNG-scale potential and moderate to low risk has been reinforced by Hess’ three gas discoveries in the adjacent permit. Elsewhere, Tap is progressing some exciting opportunities in Block M, onshore Brunei with seismic planning underway and drilling expected later in 2009.

Tap begins 2009 with more than \$53 million cash on hand. Together with strong production and cash flow from existing assets/contracts and a moderate exploration commitment for the year, Tap is in a robust position in the current business environment,” Mr Peter Stickland, CEO.

Enquiries to:

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

Revenue and Production

Revenue for the quarter was A\$12.4 million; Tap achieved an average of A\$86 per barrel for its liquids. The company has no commodity hedging in place.

SALES REVENUES	Sept '08 Qtr	Dec '08 Qtr	Qtly % Change	Comment
Liquids – net (\$000)	19,867	8,056	-59%	Lower sales volumes and lower realised oil price for the quarter.
Gas – net (\$000)	2,337	4,301	84%	Increased resale volumes from the John Brookes field.
Total Oil & Gas Revenue (\$000)	22,204	12,357	-44%	
Average realised oil price A\$/bbl	135	86	-36%	Lower oil price in line with market decline in AUD terms.

PRODUCTION VOLUMES – Tap Share	Sept '08 Qtr	Dec '08 Qtr	Qtly % Change	Comment
Liquids - Harriet JV (bbls)	-	25,164	N/A	Partial production resumed in October
Liquids - Woollybutt (bbls)	118,196	152,498	29%	Higher production due to Woollybutt being on-line for full quarter.
Total Liquids (bbls) – net	118,196	177,662	42%	
Total Daily (bopd) – net ave.	1,285	1,826		
Gas - Harriet JV (TJ) - net	-	0.2	N/A	Partial production resumed in late December.
Total Gas (TJ/D) – net	-	-		
Total production – boe	118,196	167,972	42%	
Liquids inventory – bbls	53,976	137,902	155%	Higher inventory due to greater production and smaller liftings.

Harriet Joint Venture Fields (Tap 12.229%, Apache Operator)

- The Varanus Island reconstruction project has proceeded well and oil production recommenced ahead of schedule in mid October at an initial rate of 2,500 bopd. Liquids production has now increased to approximately 3,300 bopd with gas production recommencing in mid December 2008.
- Provided the Varanus Island Repair Project continues to proceed on schedule, production is expected to increase in phases over the coming months.
- Tap reached an agreement with its insurers to receive a second partial interim payment of \$4.2 million in relation to the loss of production resulting from the Varanus Island incident. Total interim payments to date now amount to \$10.4 million. \$1.6 million of the second interim payment was received before 31 December 2008 with the balance of \$2.6 million after the end of the quarter. The interim payment agreement is subject to the finalisation of the overall claim and represents partial payment only of claims for business interruption compensation.

Woollybutt Field (Tap 15%, ENI Operator)

- Production from the whole Woollybutt field is in line with current production targets and averaged over 11,000 bopd gross for the quarter. Increased field production and lower liftings volumes resulted in a significant increase in inventory.

- A life extension project for the Woollybutt FPSO is planned for mid 2009 and will result in the shut in of production for approximately 90 days. The owner of the leased FPSO will take the FPSO into dry dock for upgrades to ensure the vessel can remain at Woollybutt until the end of the projected field life. The owner of the FPSO will meet the majority of the project costs.

Other Gas Sales - Third Party Gas Contracts (Tap 100%)

- Gas sales from the resale of John Brookes gas recommenced in the prior quarter and gas sales revenues for the December quarter were approximately 72% of levels expected once the Varanus Island capacity is fully restored.
- The gas volumes available for resale are 95% contracted at CPI linked domestic rates and take advantage of Tap's contracted low purchase price. The net present value of after tax cash flows from these contracts is \$65 million. These contracts are fixed in AUD and hence are not exposed to changes in either commodity prices or exchange rates.

Financial & Corporate

Tap's net cash position continues to be strong at A\$53.8 million with no debt at the end of December. The fourth quarter of 2008 has seen an increase in cash in line with lower exploration spend compared to the previous quarter.

Cash Position	Mar 2008 \$000	Jun 2008 \$000	Sept 2008 \$000	Dec 2008 \$000
Cash on hand *	86,746	66,059	47,319	53,783
Debt	-	-	-	-
Net Cash/(Debt)	86,746	66,059	47,319	53,783

* Cash on hand includes estimated cash held in Joint Ventures to Tap's account.

At the end of the December 2008 quarter Tap had 156,485,921 ordinary shares on issue. There were no share issues during the quarter.

At 31 December 2008, Tap's executive directors and employees held interests in share option schemes for 6,526,503 shares with option expiry dates varying from 1 February 2009 through to 15 July 2013 and exercise prices in the range \$0.61 to \$2.97. A total of 648,400 options were issued and 864,200 options were cancelled or expired during the quarter.

Exploration, Development, Operating and Other Expenditures

	Tap Oil Share		Comments
	Sept '08 Qtr \$000	Dec '08 Qtr \$000	
Exploration & Appraisal	32,216	17,910	Fletcher -3 well, WA-351-P seismic, conclusion of SC 41 Lumba-Lumba-1 well, conclusion of Dibbler-1 well.
Development, Plant & Equipment	3,995	2,257	Simpson-9 & 10, Lee-4 & Bambra-9 developments.
Total Capital Expenditure	36,211	20,167	
Production Operating Costs *	3,200	11,252	Costs include \$7.3 million in relation to Varanus Island repairs.
Production Royalties and PRRT	-	-	
Total Production Expenditure	3,200	11,252	

* excludes depreciation and amortisation charges.

Appraisal and Development Activities

The Fletcher-3 appraisal well was drilled to appraise the eastern part of the Fletcher oil discovery in Exploration Permit WA-191-P which lies in the northern Dampier Sub-Basin, approximately 17 km east of Santos' producing facilities at Mutineer-Exeter. Fletcher-3 was spudded on 6 December 2008 and reached a total depth of 3,014 m measured depth on 19 December 2008. The well was logged and sidetracked to the Fletcher-4 location in a separate fault block to the north before being plugged and abandoned as planned. Fletcher-3 intersected a 20 m thick gross interval of high quality oil-bearing Legendre Formation reservoir sands as predicted. Fletcher-4 intersected the primary target reservoir but it was found to be water wet, illustrating the complexity of the Fletcher oil accumulation. Interpretation and remapping of all the well results will be undertaken in order to confirm the potential of the Greater Fletcher High.

Bambra-9 was drilled as a vertical appraisal well of the southern part of the Bambra Field in Production Licence TL/1. The well spudded on 16 November 2008 and after wireline logging was plugged and abandoned as planned, having intersected the Top Flag reservoir approximately 5 m higher than previously mapped and a 6 m oil column with an oil-water contact consistent with the rest of the field. Bambra-9 is expected to incrementally increase the size of the Bambra oil field, however further work is required to confirm this preliminary interpretation.

Exploration Activities

In WA-351-P (Tap 25%), Carnarvon Basin Australia, the Joint Venture has identified over 20 leads with direct evidence of the presence of gas. Acquisition of the large "Aragon" 3D seismic survey covering approximately 3,500km² commenced on 19 August 2008 and was completed on 18 November 2008. The survey is now in processing and is expected to be available for detailed interpretation in early 2009. The purpose of the survey is to define drilling targets in this highly prospective area with a drilling program possible in late 2009. The three recent gas discoveries made by Hess in the adjacent permit WA-390-P highlight Tap's view that this permit has a high chance of containing a significant gas resource.

In Brunei Block M (Tap 39%, operator), Tap is pursuing parallel strategies of appraising the existing Belait field and assessing the wider potential of this 3,011km² onshore block. A permit-wide airborne gravity-magnetic survey was acquired in October-November 2008. This survey is currently being processed, with interpretation due to be completed in early 2009. Preparations for a 60 line km 2D seismic survey and a 118km² 3D seismic survey are ongoing, with acquisition scheduled to commence in early 2009. It is Tap's intention to drill two appraisal wells (Mawar-1 and Mawar-2) in the central Belait area in 2009. Tap is also conducting environmental and social baseline surveys in the permit as part of its commitment towards maintaining high HSE standards in all its operations.

In Philippines Block SC41 (Tap 50%, operator), the Lumba Lumba-1A well results are being integrated into Tap's regional geological understanding, as well as evaluating and characterising further potential drilling targets in the block. Several different, independent play types remain untested in the permit. Tap believes that SC 41 has the potential to host commercial hydrocarbons and could be a "game changer" for the company.

Wells drilled or drilling since 1 October 2008

Well	Permit	Status
Bambra-9	HJV	Oil appraisal well intersected reservoir sands as predicted. Plugged and abandoned as planned in November 2008.
Fletcher-3	WA-191-P	Oil appraisal well intersected reservoir sands as predicted. Plugged and abandoned as planned in January 2009.
Fletcher-4	WA-191-P	Sidetracked from the Fletcher-3 well bore in January 2009. Target reservoir was water wet. Plugged and abandoned as planned in January 2009.

Upcoming Key Events

Tap has several key events in the forthcoming quarter:

- ▶ Linda North-1 appraisal well in TL/1 spudded on 19 January 2009 and is currently drilling ahead
- ▶ Processing and interpretation of the 3,500km² Aragon 3D seismic survey in WA-351-P commenced
- ▶ Ongoing preparation for and acquisition of seismic over Brunei Block M in 1H 2009

The full indicative forward Drilling Schedule for the next 12 months is as follows:

Well	Permit	Tap Share %	Well type & estimated gross pre-drill size (recoverable)
Linda North-1	TL/1	12.2	Gas-condensate appraisal
Mawar-1 (Belait appraisal)	Brunei Block M	39	Oil/gas appraisal well (1-2 mmstb)
Mawar-2 (Belait appraisal)	Brunei Block M	39	Oil/gas appraisal well (1-2 mmstb)
Gas Exploration wells	WA-351-P	25	Possible gas exploration wells (LNG scale)
Zola-1	WA-290-P	20	Gas exploration well (1 TCF). May be deferred to allow for additional seismic studies

Note Tap's indicative exploration drilling programme is detailed in the above table. Timing is subject to rig availability, joint venture and regulatory approvals. Volume size ranges represent approximate pre-drill estimates within a range of outcomes. Estimated recoverable volumes may change as interpretations are progressed. Other prospects are also currently being considered for drilling in the near term. Please refer to Tap's website (www.tapoil.com.au) for the latest information on the forward drilling programme.

Abbreviations and Definitions

Please refer to Tap Oil Limited's Annual Report Glossary or Glossary and Definitions on Tap's website for explanations of any abbreviations used in this report.

Investor Relations

Information contained on Tap's website is regularly updated and includes recent ASX announcements and analyst briefings. We encourage all interested stakeholders to visit www.tapoil.com.au or for further information please contact the CEO, Mr Peter Stickland by phone (+61 8 9485 1000) or email info@tapoil.com.au.

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.