

30 April 2010

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MARCH 2010 QUARTERLY REPORT

Herewith is Tap Oil Limited's Quarterly Report for the quarter ended 31 March 2010.

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".

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Highlights

- All three cash generating assets now performing strongly
- Woollybutt field returned to full production at over 8,000 barrels per day
- Restructure of third party gas contracts added \$16 million of value
- Awarded a new highly prospective exploration permit offshore Ghana
- Executed rig contract and commenced location building for first Brunei well
- Tap's cash position grew to A\$61 million with no debt



Managing Director's Summary

Welcome to the first edition of our newly formatted quarterly report.

The first quarter of 2010 has been very pleasing as we now have all three cash generating assets performing strongly for the first time in over two years. The cash generated from these assets this year should fund our minimum exploration commitments, leaving us with a solid cash position to fund other business opportunities that may arise.

During the quarter significant progress was made on technical work in Block M, Brunei and we are now preparing the first drilling location in advance of commencing drilling in June.

Drilling in T/47P was upgraded with the identification of the Tolpuddle prospect (10-50 mmbbls) and drilling is expected in the fourth quarter this year.

We were also extremely pleased to be awarded the Offshore Accra Petroleum Agreement in Ghana. While we remain focused on delivering the opportunities we have developed in Australia and South East Asia in the near term, this exciting block should deliver significant drilling opportunities in 2011/2012.

Finally, the restructure of our existing contracts and sale of Tap's remaining third party gas was an excellent result for Tap. Collectively these initiatives have increased the value of the contracts from \$59 million to \$75 million.

Mr Peter Stickland
Managing Director / CEO.

we now have
all three cash
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For further information regarding **Tap Oil Limited** please contact **Peter Stickland** (Managing Director / 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\$13 million. Tap achieved an average of A\$83 per barrel for its liquids. The company has no commodity hedging in place.

Revenue
for the quarter
was A\$13m

Sales Revenues	Dec '09 Qtr	March '10 Qtr	Qtly % Change	Comment
Liquids – net (\$000)	5,063	5,362	6%	2 liftings at HJV. Woollybutt resumed production 7 March 2010 – no liftings.
HJV Gas – net (\$000)	1,568	1,638	4%	
Third Party Gas – net (\$000)	4,282	5,305	24%	
Tolling – net (\$000)	1,489	767	-48%	Third party liquids lifted through HJV and gas processing and transport fees.
Total Oil & Gas Revenue (\$000)	12,402	13,072	5%	
Average realised oil price A\$/bbl	92	83	-10%	

Production Volumes – Tap Share	Dec '09 Qtr	March '10 Qtr	Qtly % Change	Comment
Liquids – Harriet JV (bbls)	60,328	53,027	-12%	
Liquids – Woollybutt (bbls)	–	21,039	–	Resumed production 7 March 2010.
Total Liquids (bbls) – net	60,328	74,066	23%	
Total Daily (bopd) – net ave.	656	823	25%	
Gas ¹ - Harriet JV (TJ) – net	1,008	887	-12%	
Total Gas ¹ (TJ/D) – net	11	10	-9%	
Total production – boe	209,042	206,632	-1%	
Liquids inventory – bbls	42,264	52,079	23%	

¹Production of sales gas (i.e. after losses, fuel and flaring).

bbls	Barrels of oil	TJ	Terajoules (10 ¹² joules); 1000 Gigajoules
Boe	Barrels of oil equivalent	TJ/d	Terajoules per day
Bopd	Barrels per day (oil and condensate)	mmstb	Million stock tank barrels



Harriet Joint Venture facilities on Varanus Island, Carnarvon Basin, Western Australia

Harriet Joint Venture Fields (HJV)

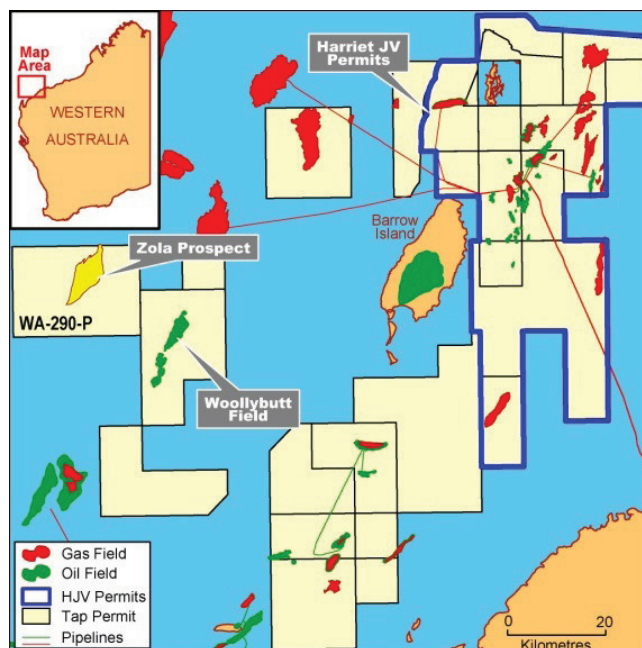
Tap 12.2229%, Apache Operator

The Harriet Joint Venture produces gas and liquids (oil and condensate) from many different fields within the joint venture area located in the Carnarvon Basin in Western Australia.

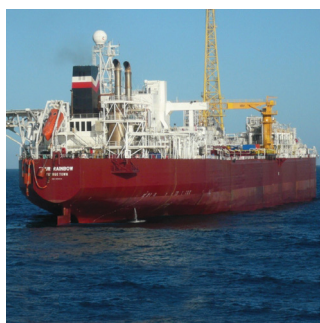
Each field may have several wells and the operator manages the production from the many different oil and gas wells and processing plant capacities in order to achieve the optimal commercial outcome over the life of the assets.

During the quarter production rates at the Harriet Joint Venture returned to expected levels following temporarily higher than expected gas production in Q4 2009. Liquids production rates averaged 4,820 bopd gross for the period, with production slightly down on the previous quarter but better than anticipated. Gas production was similarly lower than the previous quarter at approximately 81 TJ per day (gross) as required to meet sales contracts.

The Bamba field is the best producing field in the joint venture. Over the next quarter the Operator will continue with reservoir studies of the field with plans for further development drilling later in the year.



Tap's multiple exploration and production interests in the "inner" Carnarvon Basin, Western Australia



The Four Rainbow floating storage, production and offtake vessel back on Station at Woollybutt, Western Australia

Woollybutt Field

Tap 15%, ENI Operator

Woollybutt is an oil field in the Carnarvon basin, Western Australia. Oil is produced from the field by a floating storage, production and offtake vessel (FPSO) named Four Rainbow.

During the quarter production recommenced from the Woollybutt field following a planned life extension work program to ensure the vessel is capable of remaining on station to the end of the field life, which Tap anticipates to be late 2013. In addition to the vessel owner's shipyard and dry dock activities, the Joint Venture Partners undertook improvements to various aspects of the vessel to further optimise future operations.

Oil production resumed on 7 March 2010 and production levels have steadily increased with ongoing optimisation activities by the Operator. Current production levels of approximately 8,000 bopd have stabilised and further optimisation work is ongoing.



Third Party Gas Contracts

Tap 100%

In 2005, Tap secured an option over approximately 33 PJ (31 Bcf) of gas from the John Brookes field offshore Western Australia at then current market prices. The option was exercised in 2007 and Tap on-sells the gas to a number of Western Australian gas customers under long term contracts. The gas is purchased at a fixed 2005 price and sold at fixed prices approximately three times higher. Both buy and sell prices are denominated in Australian dollars and subject to Consumer Price Index escalation. Around 27 PJ (~25 Bcf) currently remains to be delivered over the period to December 2016. This gas is now fully contracted and provides substantial stable, long-term cash flow.

During the quarter Tap concluded a series of transactions involving the restructure of its third party gas arrangements and additional sales, resulting in a substantial increase in value.

Following the restructure, Tap expects to generate total revenues of approximately \$220 million between 2010 and the end of 2016. Forecast third party gas revenues are expected to grow sharply to approximately \$33 million in 2010 and be sustained at around \$30 million per year throughout the remaining term, generating substantial cash flow.

Given the fixed nature of the contracts, Tap can provide guidance to investors on the Net Present Value (NPV) of its third party gas contracts of \$75 million (post-tax, 10% discount rate) as at 31 December 2009.

Forecast third party gas revenues are expected to grow sharply to approximately \$33 million in 2010

Exploration

drilling to
comence
in June

Tap Permit	Well/Prospect	Risk	Tap Share of Unrisked Resource Potential	Multiple of Existing 2P Reserves
Brunei	Belait Total	Low-moderate	3-25 mmbbl	62-520%
	– Mawar	Low	3.5 mmbbl	75%
	– Well#2	Low-moderate	1.2-4.7 mmbbl	25-100%
T/47P	– Tolpuddle	Moderate	4-20 mmbbl	100-420%
	– Well#2	Moderate	8-24 mmbbl	170-500%
WA-351-P	10+ leads	Low-moderate	0.5-0.75 Tcf	1700-2600%
WA-290-P	– Zola	Low-moderate	200 Bcf	690%
SC41	Total permit	Moderate-high	>200 mmbbl	>4000%
	– Wahoo	Moderate-high	50-100 mmbbl	1000-2000%
HJV	Up to 4 wells	Low-moderate	10 mmboe	208%
Ghana – Accra	Well #1	Moderate	>36mmbbl	>750%

Exploration Summary

Brunei, Block M

Tap 39%, Operator



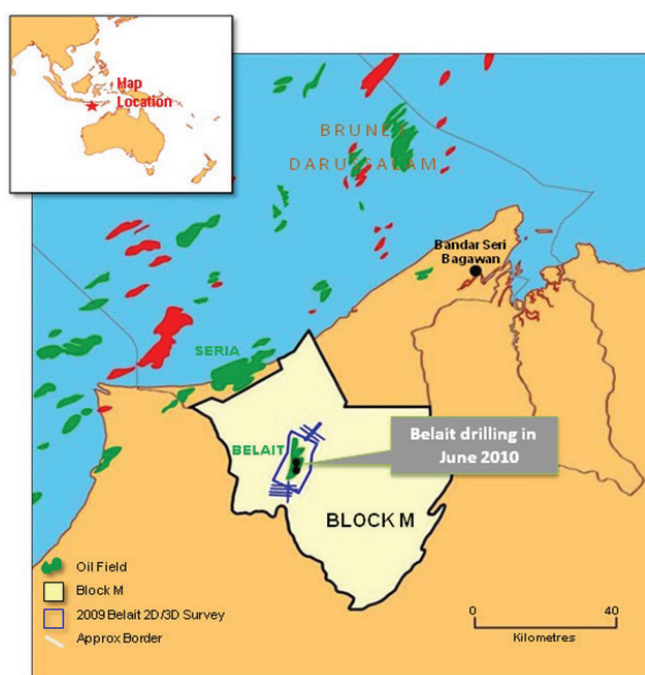
Upgrading the road to the Mawar-1 well site.

In Block M Tap is pursuing parallel strategies of exploring the existing Belait field and assessing the wider potential of this 3,011 km² onshore block.

Interpretation of the 2D and 3D seismic data acquired over the central Belait trend in 2009 continued during the quarter and the first prospect, Mawar-1, has been proposed for drilling. Mawar-1 will offset a previous discovery on the Belait Trend. Technical work to finalise the second prospect and drilling location continued during the quarter.

Tenders for the 2010 round of seismic acquisition are currently under evaluation. New seismic data is required to high-grade prospects for drilling in 2011-12.

Detailed well planning for Mawar-1 continued during the quarter, with commencement expected in mid June. Field operations were progressed with site preparations and road access both underway. Mobilisation of the drilling rig from Singapore into Brunei is also in planning.



Australia – Carnarvon Basin – WA-290-P

Tap 20%, OMV Operator

WA-290-P contains the attractive Zola prospect which is a 1TCF Triassic gas target immediately south of the Gorgon field. Zola has commercialisation potential either through a liquified natural gas (LNG) producer or a domestic gas option. Due to the depth of the target, Zola is likely to be an expensive well and hence Tap has been seeking to farm down its interest to a level that is commensurate with Tap's desired risk/reward position.

The farmout process has advanced and is expected to conclude shortly.

Australia – Bass Basin – T/47P

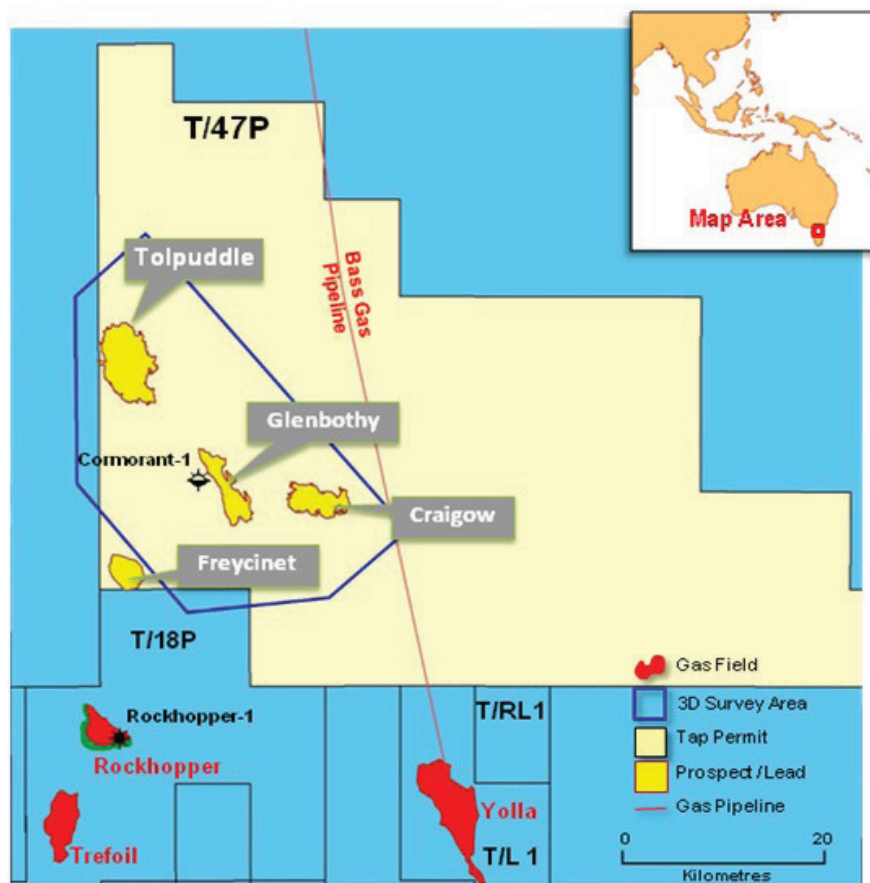
Tap 40%, Operator



Kan Tan IV rig in transit via ship.

Technical evaluation was ongoing during the quarter and is nearing completion. To date one commercially attractive prospect, Tolpuddle, has been advanced and at least two other leads within the 525 km² Labatt 3D seismic survey are likely to be upgraded to drillable prospects. Tolpuddle is currently mapped in the 10-50 mmbbl range. Dependant on final technical analysis over the coming months, the JV is likely to drill at least one well commencing during the 4th quarter of 2010. The joint venture has a rig slot in the current Kan Tan IV program when the rig returns to Australia from New Zealand.

Tap notes and is encouraged by the recent oil and gas discovery at Rockhopper-1 in the T/18P permit immediately south of T/47P.



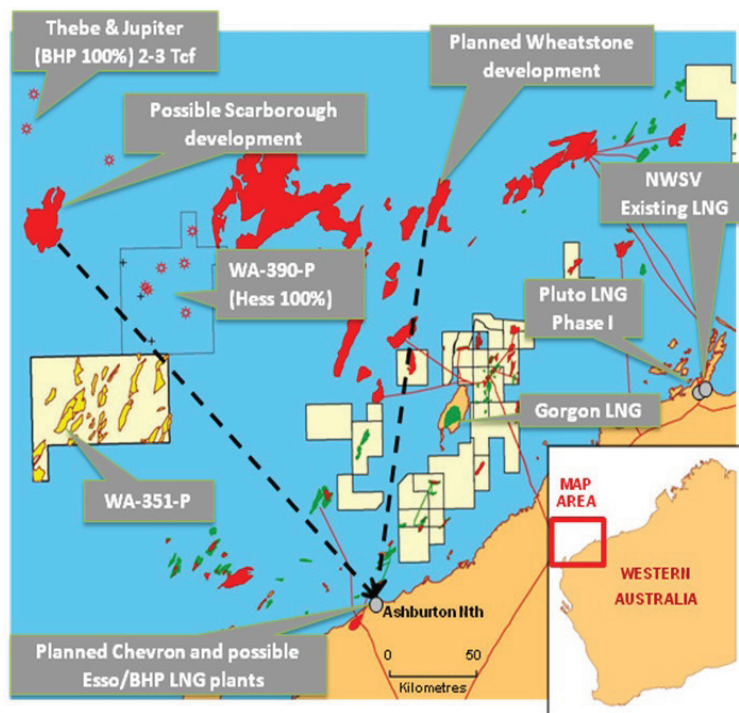
Australia – Carnarvon Basin – WA-351-P

Tap 25%, BHP Billiton Operator

located in a proven oil and gas province with many nearby LNG projects

WA-351-P is located in a proven oil and gas province with many nearby LNG projects in progress. This provides the joint venture with many options for commercialisation of gas reserves.

During the quarter, the Operator completed a detailed assessment of the plays, prospects and leads in the permit and arrived at a total success-case potential of 2-3 Tcf (gross). Importantly, the chance of success was boosted to over 50% for a number of targets. This high chance of success is reinforced by Hess' reporting of 10 discoveries from 12 wells drilled to date in the adjacent WA-390-P permit. The assessment also resulted in the JV determining the relinquishment pattern (approx 50% of the initial permit) and renewal work program (which includes a well) as required under the permit terms. These have been submitted to the designated authority for approval. The proposed retained area includes all of the high graded features in the permit.



Australia – Carnarvon Basin – Harriet Joint Venture

Tap 12.2229%, Apache Operator

The Harriet JV commenced production in the 1980s and continues strong production to this day (see production section). The Harriet JV has had an exploration success rate of over 40% since inception and is seeking to continue this impressive strike rate. During the quarter Tap commenced evaluating up to six exploration prospects put forward by the Operator for potential drilling in the third and fourth quarters of 2010.

Acquisition of a 520 km² 3D seismic survey is also under consideration to help mature further exploration targets.

Ghana – Offshore Accra Contract Area

Tap 36%, Operator

On 30 March Tap announced that it had entered into a Petroleum Agreement to secure a 36% interest in the Offshore Accra Contract Area, off the coast of Ghana, Africa.

Tap is the operator for this newly awarded Petroleum Agreement between Tap, its joint venture partners – Challenger Minerals and AFEX International, the Republic of Ghana and the Ghana National Petroleum Corporation (GNPC).

The Offshore Accra Contract Area covers an area of 2,000 sq km and is located to the south-east of Accra, the capital of the Republic of Ghana, in water depths ranging from less than 50 metres to greater than 2,500 metres.

The Offshore Accra Contract Area is located in an emerging oil province on the West Africa Transform Margin, along the northern Gulf of Guinea. A number of discoveries have been made in analogous geological settings along this Margin, including the Espoir and Baobab producing fields in neighbouring Cote d'Ivoire.



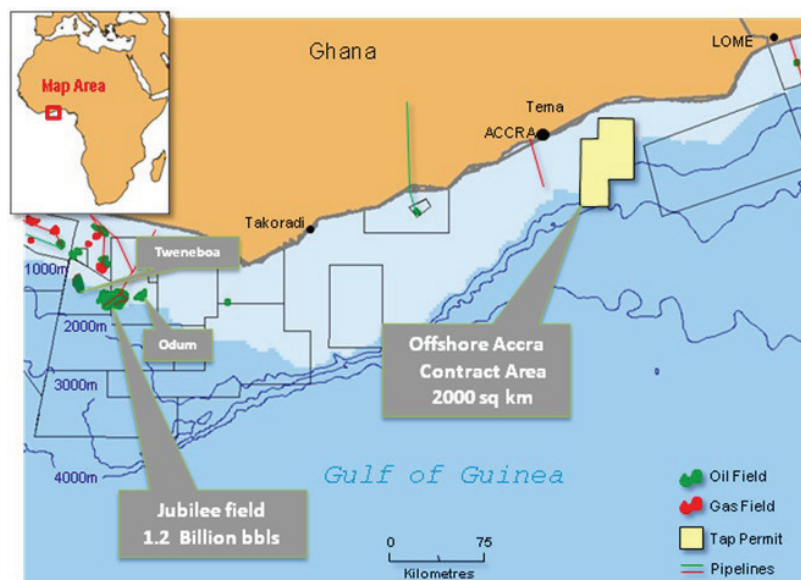
West Africa Transform Margin



In 2007, the Jubilee field was discovered by Kosmos Energy and Tullow Oil (one of the largest oil discoveries in the world in 2007) establishing a new deepwater play offshore Ghana. According to Tullow, recoverable oil reserves for the Jubilee field are estimated to be 1.2 billion barrels. Subsequent discoveries in Ghana (Tweneboa and Odum) and in the Liberian Basin (Venus) have further demonstrated the potential that exists along the whole Margin.

Several moderate risk but high reward structures have been identified on existing 3D seismic data in shallow-moderate water depths in the Contract Area, each of which is considered to have potential to contain in excess of 100 million barrels of prospective resources. One of these is likely to be the initial drilling candidate in 2011 or early 2012. Deepwater leads similar to the recent Jubilee discovery will be the subject of future seismic programs to confirm and mature them into prospects for drilling.

Over the next quarter Tap will be gathering all available data with the intention of initiating a 3D seismic reprocessing program and planning for seismic acquisition later in 2010.



The Rangkas Block covers an area of 3,977km² and is located onshore west Java



Indonesia – Rangkas Block

Tap 24%, Lundin Petroleum Operator

The Rangkas Block covers an area of 3,977 km² and is located onshore west Java, southwest of Jakarta. Previous exploration seismic and drilling in the block, along with the presence of surface oil seeps, indicates the presence of an active petroleum system. Recent reviews of the block, including seismic reprocessing, resulted in Tap and its Joint Venture partners concluding that the previous wells were not valid tests of the prospectivity and that there is significant untested potential, including previously unrecognised deep targets analogous to proven production in adjacent blocks. A number of leads have been identified on the existing 2D seismic data and these will be the target of a seismic survey of up to 500 km.

During the quarter the Operator undertook technical and logistical planning work and issued the tender for the upcoming seismic survey which is expected to commence later in 2010.

Philippines – Sandakan Basin – SC41

Tap 50%, Operator

In Philippines Block SC41, several different independent play types have been identified in the permit, with individual prospects having the potential for up to 100-200 MMstb of oil. Future wells are likely to cost in excess of \$40 million. Tap has made it clear that it is seeking to reduce its cost exposure and during the quarter Tap suspended farmout efforts while commencing discussions on the permit's future work program with the Philippines's Department of Energy.

Australia – Carnarvon Basin – WA-191-P

Tap 8.2%, Santos Operator

In WA-191-P, evaluation of the marginal Fletcher oil discovery is ongoing. The Finucane South Prospect immediately south of Fletcher is under technical review and, depending on results, may be a potential candidate for drilling in late 2010 or early 2011.

Wells drilled or drilling since 1 January 2010

No wells were drilled by Tap Oil in this quarter.

Upcoming Key Events

Tap has several key events in the forthcoming quarter as follows:



- Spud of Mawar-1 in Brunei Block M.
- Finalisation of second well and new seismic program in Brunei Block M.
- Completion of prospect definition for remaining leads in T/47P.
- Commence seismic reprocessing and planning for acquisition of new seismic in Ghana.
- Conclusion of WA-290-P farmout.

The table below lays out the indicative forward Drilling Schedule for the next 12 – 18 months:

Exploration Area	Near Term Indicative Drilling Activity & Timing				
	Q2 '10	Q3 '10	Q4 '10	Q1 '11	Q2 '11
Australia Carnarvon Basin	HJV 1 to 4 wells (12.2%) Targeting incremental reserves				
Australia Bass Basin	WA-290-P (20%) Proven gas trend				
Brunei Block M	T/47P (40%) Moderate risk oil				
Philippines SC41	Block M (39%) 2 onshore oil wells				
	SC41 (50%) Large scale oil				

Note: Tap's indicative exploration drilling program is detailed in the above table. Timing is subject to rig availability, joint venture and regulatory approvals. Other prospects are also currently being considered for drilling in the near to medium term. Please refer to Tap's website (www.tapoil.com.au) for the latest information on the forward drilling program.

Exploration, Development, Operating and Other Expenditures



	Tap Oil Share		
	Dec '09 Qtr \$000	Mar '10 Qtr \$000	Comments
Exploration & Appraisal	495	2,323	Major items were the payment of back costs for the Rangkas block and Brunei costs for drill rig mobilisation and long lead items for the upcoming wells.
Development, Plant & Equipment	266	288	
Total Capital Expenditure	761	2,611	
Production Operating Costs *	10,379	6,088	Previous quarter included Varanus Island repairs and Woollybutt dry dock costs.
Production Royalties and PRRT	340	406	
Total Production Expenditure	10,719	6,494	

* excludes depreciation and amortisation charges. Includes third party gas purchases and inventory movements.

Financial & Corporate

Tap's cash position continues to be strong at A\$61 million with no debt at the end of March 2010.

Cash Position	Jun '09 \$000	Sep '09 \$000	Dec '09 \$000	Mar '10 \$000
Cash on hand *	53,370	48,143	59,438	61,448
Debt	–	–	–	–
Net Cash/(Debt)	53,370	48,143	59,438	61,448

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



At the end of the March 2010 quarter Tap had 156,485,921 ordinary shares on issue. There were no share issues during the quarter.

At 31 March 2010, Tap had on issue a total of 6,024,554 options to acquire fully paid shares with option expiry dates varying from 30 July 2010 through to 15 July 2013 and exercise prices in the range \$0.61 to \$2.75. All of these options are held by current or former Tap executive directors and employees. No options were issued and a total of 2,147,874 options were cancelled, expired or lapsed during the quarter.

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 investor presentations. We encourage all interested stakeholders to visit www.tapoil.com.au or for further information please contact the Managing Director / 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.