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The Company Announcements Platform
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SEPTEMBER 2008 QUARTERLY REPORT

Herewith is Tap Oil Limited's Quarterly Report for the period ended 30 September 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".

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Quarterly Report

For the Quarter Ended 30 September 2008

Highlights

- ▶ Woollybutt production continuing at 12,000 barrels per day
- ▶ 80% of gas sales revenues resumed in August
- ▶ Harriet oil production resumed mid October
- ▶ US\$4 million interim business interruption insurance payment in October
- ▶ Successful oil development drilling at Simpson-9 and Simpson-10
- ▶ Block wide 3D Seismic acquisition program underway in WA-351-P, Carnarvon Basin, Australia

CEO Summary

“During the quarter, Tap Oil Limited (ASX: TAP) restored the majority of its production base, with successful tie-in of Woollybutt South in July, restoring gas re-sales from John Brookes in August and progress to repairs at the Harriet JV facilities damaged by the Varanus Island incident. By the end of 2008 Tap will once more generate revenue at close to full capacity. Tap’s cash position is starting to reflect the stronger production performance; at the end of September Tap had net cash of \$47 million, but this had improved to over \$60 million by late October.

In addition Tap continues to build and execute a diverse portfolio of moderate risk, high impact exploration opportunities. The Lumba Lumba-1 well in SC 41 in the Philippines was unfortunately a dry hole, however the potential of this permit is significant and further geological evaluation is expected to generate quality prospects. In WA-351-P in Western Australia, Tap is in the midst of acquiring a wall-to-wall 3D seismic survey across this permit with LNG-scale gas exploration potential. Our view that this block is both high 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 drilling expected in Q2 2009.” Mr Peter Stickland, CEO.

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Revenue and Production

Revenue for the quarter was A\$22.2 million; Tap achieved an average of A\$135 per barrel for its liquids. The company has no commodity hedging and will benefit from continued high oil and gas prices.

SALES REVENUES	Jun '08 Qtr	Sept '08 Qtr	Qtly % Change	Comment
Liquids – net (\$000)	8,816	19,867	125%	Two liftings in the quarter from Woollybutt with higher production due to Woollybutt-South coming on-line.
Gas – net (\$000)	4,080	2,337	-43%	Resale of John Brookes gas resumed in August.
Total Oil & Gas Revenue (\$000)	12,896	22,204	72%	
Average realised oil price A\$/bbl	136	135	0%	Oil prices remained strong in AUD terms.

PRODUCTION VOLUMES	Jun '08 Qtr	Sept '08 Qtr	Qtly % Change	Comment
Liquids - Harriet JV (bbls)	42,664	-	-100%	No production due to Varanus Island incident shutting down operations from 3 June.
Liquids - Woollybutt (bbls)	9,615	118,196	N/A	Higher production due to Woollybutt-South coming on-line after shut-down in 1 st half of year.
Total Liquids (bbls) – net	52,279	118,196	-21%	
Total Daily (bopd) – net	574	1,285		
Gas - Harriet JV (TJ) - net	921	-	-100%	No production due to Varanus Island incident shutting down operations from 3 June.
Total Gas (TJ/D) – net	10.1	-		
Total production – boe	188,120	118,196	-37%	
Liquids inventory – bbls	87,592	53,976	-38%	

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

- Production was shut in for the quarter due to the Varanus Island incident on 3 June 2008.
- Development drilling during the quarter at the Simpson field resulted in the completion of two new production wells, Simpson-9 and Simpson-10. These wells increase the total oil and condensate potential of the Harriet Joint Venture fields to approximately 10,000 bopd.
- Varanus Island reconstruction project is proceeding well and oil production recommenced ahead of schedule in mid October at an initial rate of 2,500 bopd. The majority of the remaining oil fields are expected to resume production prior to year end.
- First gas from the Harriet Joint Venture is expected to resume in late November.
- Tap reached an agreement with its insurers to receive a partial interim payment of approximately US\$4 million in relation to the loss of production resulting from the Varanus Island incident. The interim payment agreement is subject to the finalisation of the overall claim. The partial interim payment was received after the end of the quarter.

Woollybutt Field (Tap 15%, ENI Operator)

- Production from the recently tied back Southern Lobe accessed via the Woollybutt-4H development well was brought on line on the 15th July 2008 with production from the whole field currently stabilising at 12,000 bopd with optimisation of production system underway.

Other Gas Sales (Tap 100%)

- Gas sales from the resale of John Brookes gas recommenced on 6 August 2008 and gas sales revenues are currently around 80% of levels prior to the Varanus Island incident.

Financial & Corporate

Tap net cash position continues to be strong at A\$47.3 million with no debt at the end of September. The third quarter of 2008 has seen a reduction in cash in line with increased exploration spend.

Cash Position	Dec '07 \$000	Mar' 08 \$000	Jun' 08 \$000	Sept' 08 \$000
Cash on hand *	96,741	86,746	66,059	47,319
Debt	-	-	-	-
Net Cash/(Debt)	96,741	86,746	66,059	47,319⁽¹⁾

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

(1) As at 30 September 2008, Tap had approximately US\$10 million in receivables comprising US\$4 million for an interim insurance claim and US\$6 million for a September lifting from Woollybutt permit.

Tap's issued ordinary shares at the end of the June 2008 quarter was 156,485,921 (June 2008 quarter: 156,485,921) shares. There were no share issues during the quarter.

At 30 September 2008, Tap's executive directors and employees held interests in share option schemes for 6,919,003 shares with option expiry dates varying from 1 February 2009 through to 29 January 2013 and exercise prices in the range \$1.25 to \$2.97. A total of 2,136,000 options were issued and 260,000 options were cancelled or expired during the quarter.

Exploration, Development, Operating and Other Expenditures

	Tap Oil Share		
	Jun '08 Qtr \$000	Sept '08 Qtr \$000	Comment
Exploration & Appraisal	12,170	32,216	SC 41 Lumba-Lumba-1 well, WA-351-P seismic
Development, Plant & Equipment	9,525	3,995	Simpson-9 and -10 development.
Total Capital Expenditure	21,695	36,211	
Production Operating Costs *	4,377	3,200	Costs include \$1.8 million in relation to Varanus Island repair and a credit from Woollybutt FPSO for shut-down earlier in the year
Production Royalties and PRRT	622	-	
Total Production Expenditure	4,999	3,200	

* excludes depreciation and amortisation charges.

Appraisal and Development Activities

Newly drilled and completed wells Simpson-9, Simpson-10 and Lee-4 were tied in for production waiting on the completion of the Varanus Island Project reconstruction.

Exploration Activities

In Philippines Block SC 41 (Tap 50%, operator), the Lumba Lumba-1A exploration well was plugged and abandoned as a dry hole after reaching a total depth of 2,175 m MDRT. Wireline logs over the primary objective section of the well indicated that no reservoir quality rocks were present although elevated gas readings were observed.

Although disappointed with the results of the Lumba Lumba-1A well, Tap still believes that SC 41 has the potential to host commercial hydrocarbons and could be a “game changer” for the company. Lumba Lumba-1A tested only one of several different independent play types in the permit. Ongoing geological and geophysical work in the block is directed towards integrating the Lumba Lumba-1A well results into Tap’s regional geological understanding of the block, as well as evaluating and characterising further potential drilling targets.

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 approx 3,500 sq km commenced on 19 August 2008 and is due to be completed by mid November. The purpose of the survey is to define drilling targets in this highly prospective area with a drilling programme 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 3,011 sq km onshore block. A permit-wide airborne gravity-magnetic survey is due to commence in October 2008 which will provide an excellent regional framework for the block. Acquisition of a 60 km 2D seismic survey and 118 sq km of detailed 3D seismic survey is scheduled to commence in early 2009 and be completed by June 2009. Preparations are also underway for the drilling of two appraisal wells (named Mawar-1 and Mawar-2) in the central Belait area in April/May 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 our operations.

In T/47P (Tap 40%, operator), Bass Basin Australia, interpretation of the Molson 2D and Labatt 3D seismic surveys is progressing. These surveys, along with detailed regional and local geological studies, are an integral part of Tap’s comprehensive assessment of the permit. The major aim of the seismic interpretation and geological work is to develop two prospects for drilling in the next Permit Year, for which a rig has been secured. Due to slippage in rig schedules, it is likely that drilling may be delayed into early 2010.

The Dibbler-1 exploration well in WA-334-P (Tap 20%) was drilled during the quarter to satisfy the Permit Year 6 commitment. A total depth of 3,504 m MD was reached before the well was plugged and abandoned as a dry hole. The well intersected a very thick interval of moderate-good quality sand below approximately 2,791 mMD but the wireline log data showed the entire section to be water bearing. The Dibbler-1 well result, whilst disappointing, confirmed Tap’s pre-drill view that the prospect was high risk. WA-334-P also contains the undeveloped Kultarr gas discovery.

Tap has divested its 40% interest in PEP 38259, offshore Canterbury Basin, New Zealand. This permit was Tap’s only remaining interest in New Zealand and following a review of prospectivity the permit did not meet Tap’s investment criteria. Accordingly, a decision was made to sell the interest and the transaction is expected to complete by mid-November.

Wells drilled or drilling since July 2008

Well	Permit	Status
Lumba Lumba-1/1A	SC 41	Plugged and abandoned, minor shows
Dibbler-1	WA-334-P	Plugged and abandoned, dry hole

Upcoming Key Events

Tap has several key events in the forthcoming quarter:

- ▶ Fletcher-3 appraisal well in WA-191-P to be spudded in November. Well is designed to evaluate the oil discovery made by the Fletcher-1 and -2 wells in 2007. Tap's participation in Fletcher-3 has been increased from 8.2% to 10.9333%
- ▶ Completion of acquisition of the 3,500 sq km Aragon 3D seismic survey in WA-351-P in November.
- ▶ Commencement of the Brunei Block M airborne gravity and magnetic surveys in October.

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)
2008			
Fletcher-3	WA-191-P	10.9333	Oil exploration/appraisal well (10-15 mmstb)
2009			
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)

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.