FINANCIAL REPORT

For the year ended 30 June 2014

Contents

Corporate Directory

Directors	Alexander Parks - Managing Director Brett Mitchell - Non-Executive Chairman Mark Freeman - Non-Executive Director
Company Secretary	Sylvia Moss
Registered & Principal Office	Level 7, 1008 Hay Street Perth WA 6000 Telephone: + 61 8 9389 2000 Facsimile: + 61 8 9389 2099
Postal Address	PO Box 7209 Cloisters Square WA 6850
Auditors	BDO Audit (WA) Pty Ltd 38 Station Street Subiaco WA 6008
Solicitors	GTP Legal Level 1, 28 Ord St West Perth WA 6005
Website Address	www.tamaska.com.au
Stock Exchange Listings	Tamaska Oil & Gas Ltd securities are listed on the Australian Stock Exchange under the code TMK and TMKOA
Share Registry	Automic Registry Services Level 1, 7 Ventnor Avenue West Perth WA 6005 Telephone: +61 8 9324 2099 Facsimile: + 61 8 9321 2337

Chairman's Letter to Shareholders

Dear Shareholder,

Tamaska undertook a necessary reconstruction and recapitalisation exercise in the last 12 months. The Company successfully raised $6.4 million through a rights issue and shortfall share placement. Using these funds the Company has been able to extinguish all debts and acquired new acreage in the rapidly emerging Montney Resource play in British Columbia Canada.

The Montney is a pervasive hydrocarbon system over 100km wide that is rapidly emerging as one of North America's premier resource plays. It forms part of the Western Canadian Sedimentary Basin, which is a sedimentary wedge bounded by the Rockies to the West. The advent of modern horizontal drilling and fracture stimulation completions has unlocked tight rocks that were not previously commercial including a large resource in the Montney siltstone. To date, Tamaska has acquired a 34% working interest in 16,257 acres (5,527 net to TMK) and has plans to acquire further acreage in the play.

The initial acreage is located in a rapidly emerging part of the play prospective for wet gas and oil. Active operators in the Montney play near to the Company's acreage are planning developments with 8 or more horizontal wells per square mile (640 acres). This land position is immediately material to the Company with potentially over 70 net drilling locations.

The Company's other assets have also progressed during the year, production has continued from Fusselman project with a work-over in April significantly improving production. Development planning and facilities construction were undertaken by the Operator and in September 2014 production commenced from the West Klondike project. The ongoing production from these two projects will cover a substantial portion of the Company's overheads in the current financial year.

In Canada, the company continued to market the remaining Duvernay and Rock Creek acreage. Two acreage sales were completed during the year, netting Tamaska $744,000 before tax. The Company had hoped to close a deal that had been agreed with CPO in March 2013 to sell the Companies remaining Duvernay and Rock Creek acreage. Unfortunately CPO were unable to raise the funds and the deal was abandoned in March 2014. The Company continues to market the remaining acreage.

Tamaska is focussed on securing projects with a high probability of success, but occasionally we come across an opportunity with such tremendous leverage to success that it is worth taking on a higher level of risk. The high impact Rend Lake Exploration well that Tamaska participated in during the year was such an opportunity. The well was drilled in December 2013, targeting a hydrothermal dolomite play which unfortunately did not find hydrocarbons. These plays are quite rare but exceptionally prolific producers when successful. The Company is in the process of withdrawing from the project.

In Summary, the Company is now positioned strongly; debt free with approximately $4 million of cash, supportive shareholders, two producing projects and an exciting new project in the Montney that we believe will deliver shareholder return over the coming years.

I would like to thank the shareholders for their continuing supporting of the Company over the past year, and look forward to an exciting future in identifying and commercialising emerging oil and gas plays.

Yours faithfully,

Brett Mitchell
Chairman

Review of Operations

Corporate Activities

Tamaska undertook a significant restructure of its capital and asset base during 20014. Having obtained shareholder approval at the shareholder meeting on 21 March 2014, the Company consolidated the shares on issue at a ratio of 100:1 reducing issued capital to 63.9 million ordinary shares. A renounceable rights issue was then undertaken to raise $6.4 million before costs at a price of 1 cent per share. The rights issue closed on 26 May 2014, and 39.4 million entitlement shares were issued. The Company then placed the shortfall shares with sophisticated investors over the course of the subsequent three months. As detailed in the Prospectus and subsequent announcements the Company restricted the initial take up of their entitlement by the two pre-existing major shareholders to maintain their combined voting control of the Company at less than 50% throughout. Shareholder approval was obtained on 15 September 2014 for two Directors to be issued shares on the same terms as the rights issue.

The Company used the funds raised to pay off short term debts and convertible notes[1] that were put in place to cover working capital and project funding requirements whilst waiting for the transaction with Canadian Pan Ocean(CPO) to close through 2013/14. CPO failed to raise the funds to close the transaction and the deal was terminated in March 2014, the Company initiated the capital raising thereafter.

Tamaska's capital structure as of 19 September 2014 is summarised as:

Security	Price & Date	Number on Issue
Ordinary Shares on Issue (ASX:TMK)	1.7c (Last trade at 19 September 2014)	704 million
Listed options (ASX:TMKOA)	50c, expiring 2015	32.6 million
Unlisted Options	1.6c, expiring March 2019	81 million
Unlisted Options	15c, expiring October 2017	3 million

At 1.7 cents per share the Company's market capitalisation is A$11.97 million.

[1] *Convertible Notes*
The company had secured short term working capital funding from its major shareholders in late 2013, as the Company has been significantly delayed on the completion of the Alberta Acreage sale with CPO. The interim working capital funding provided to enable the Company to continue its operations and funding of projects. This loan was restructured into two Convertible Notes (Notes) with a face value of AUD$300,000 each. The Notes were repaid from funds raised in the rights issue.

Review of Operations

Company Projects

Montney Resource Play Project, British Columbia 34% Working Interest

On 9 September 2014, the Company announced that it has acquired oil and gas rights in the Montney Resource Play in British Columbia, initially comprising of approximately 3,000 net acres at a net cost of A$262,000, plus an ongoing 1% royalty over its Montney interests. Following the September 2014 land auctions, the Company acquired a further 2,500 net acres for $475,000. The Company holds this via a 34% working interest in 25 sections of crown land. Tamaska has developed a strategy to acquire additional acreage in the Montney over the next six months in targeted areas through the auction process.

The Montney Resource Play is a pervasive hydrocarbon system over 100km wide that is rapidly emerging as one of North America's premier resource plays. It forms part of the Western Canadian Sedimentary Basin, which is a sedimentary wedge bounded by the Rockies to the West. The advent of modern horizontal drilling and fracture stimulation completions has unlocked tight rocks that were not previously commercial including a large resource in the Montney siltstone.

The ultimate potential, commercial volumes of unconventional petroleum in the Montney formation is estimated to be 449 Trillion cubic feet of natural gas, 14.5 billion barrels of natural gas liquids (NGLs) and 1.1 billion barrels of oil[2].

There is a high degree of confidence in commercial development of the play, with over 3,500 horizontal wells having been drilled. Originally assessed to be a dry gas resource play, the drilling activity in the Montney has advanced east into the wet gas (condensate) over the last year and most recently into the oil window with successful results. The increased liquid yields are improving on the already attractive gas well economics.

The Tamaska acreage is located in a rapidly emerging part of the Montney play prospective for wet gas and oil. Active operators in the Montney play near to the Company's acreage are planning developments with 8 or more horizontal wells per square mile (640 acres). This Tamaska land position is immediately material to the Company with potentially over 70 net drilling locations.

West Klondike Project, Wilbert Sons LLC #1 well, Iberville Parish, Louisiana (10.2% Working Interest)

In December 2012, the company announced that the Wilbert Sons LLC #1 well was a discovery. The well was spudded on 22 November 2012 and reached a total depth of 10,900ft on 13 December 2012. Electric logs indicated the well was a discovery with hydrocarbons in three horizons. The well was successfully flow tested in May 2014 with oil recovered from the Lario sand, and gas flowed at over 2 Million cubic feet gas per day from the lower Nod Blan. The well was suspended pending installation of production facilities. Due to the well site location and wet lands development approval requirements, it took until September 2014 to complete the installation of the production facilities and pipeline.

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[2]Reproduced and authorized for re-use by the National Energy Board. Excerpt taken from "The Ultimate Potential for Unconventional Petroleum from the Montney Formation of British Columbia and Alberta – Energy Briefing Note". Complete article may be found here: http://www.neb-one.gc.ca/clf-nsi/rnrgynfmtn/nrgyrprt/ntrlgs/ltmtptntlmntnyfrmtn2013/ltmtptntlmntnyfrmtn2013-eng.html

Review of Operations

Due to non-participation by one of the JV partners in the facilities and pipeline program the Company has increased its contributing and beneficial interest to 11.4%. This increase will revert back to the original owner following 400% recovery of the incremental programs cost to the Company.

Commercial production commenced in September 2014 at a gross rate of approximately 2 million standard cubic feet per day from the Lower Nod Blan formation.

Electric logs of Wilbert Sons #1 indicated hydrocarbons in three reservoir horizons. An update on likely ranges of reservoir reserves will be provided once production data has been analysed. A summary of the characteristics of each reservoir is provided below:

Depths (ft)	Sand	Net Pay	Content	Description
10,330 -10,350	Lario	4ft	Oil	18-20% porosity
10,518 -10,524	U Nod Blan	6ft	Condensate/gas	Good porosity
10,616 -10,661	L Nod Blan	35ft	Oil/gas	Good porosity

Fusselman Project - Clayton Johnson #3F Well, Borden County, Texas (12.5% Working Interest)

In January 2013, the company announced that the Clayton Johnson #3F, operated by Marshfield Oil & Gas in Borden County, Texas, had reached total depth of 9,883 feet, encountering pay in the prolific Fusselman formation. Tamaska earned a 12.5% working interest in the project. Production from the well is with a pump jack and is a mixture of oil and formation water. Production commenced from the #3F well on 23 January 2013 at around 80bopd and 200bwpd exhibiting natural decline. The production has been dominated by a high water cut of over 80%. The Operator successfully performed a work over in April 2014 which shut off some of the water and increased the oil production from 15bopd back up to around 50bopd. The production has since declined to average approximately 40bopd and 200bwpd in August 2014.

	FY 13 (5 months) Actual	FY14 (12 Months) Actual	FY15 (12 Months) Forecast
Net Produced bbls	763 bbls	1,046 bbls	1,250 bbls
Net Revenue after Royalty and well head taxes (US$)	$ 48,000	$ 70,305	~$ 85,000
Operating Costs (US$) excluding workovers	~$ 48,000	~$ 33,751	~$ 36,000

Tamaska[3] currently estimates the reserves as follows:

	Estimated Ultimate Recovery Barrels	Cumulative production as at 30/06/2014 Barrels	100% Reserves estimated as at 1/07/2014 Barrels	Net TMK Reserves at 12.5% WI estimated as at 1/07/2014 Barrels
Proven Developed Producing (1P)	26,640	14,703	11,937	1,492
Probable (2P)	42,438	14,703	27,734	3,467

[3] *All of the technical information, including information in relation to reserves and resources that is contained in this document has been reviewed internally by the Company's Managing Director, Mr Alexander Parks. Mr Parks is a Petroleum Engineer who is a suitably qualified person with over 15 years' experience in assessing hydrocarbon reserves and has reviewed the release and consents to the inclusion of the technical information.*

Duvernay Shale and Rock Creek Acreage, Alberta Canada (8/16% Working Interest)

Review of Operations

Tamaska holds a 16% interest in Rock Creek Oil rights and 8% interest in Duvernay Shale rights in approximately 80 sections in Central Alberta. The Company has been marketing its interests in this Alberta acreage throughout the year.

Tamaska received a total net consideration of C$730,089 (approximately A$744,000) before tax on settlement of two transactions during the year.

- On 5 March 2013 the Company announced it had executed a Term Sheet with Canadian Pan Ocean Limited ("CPO") to sell its Alberta Joint Venture petroleum interests for cash consideration of approximately A$3.6m before tax. Completion was conditional on the execution of a formal sale and purchase agreement, due diligence and financing agreements. CPO was not able to raise the required funds and the transaction was formally abandoned in April 2014.
- On 6 September 2013 the company announced an interim sale of a portion of the Duvernay acreage to Black Swan Energy Limited ("Black Swan") for a cash consideration.
- On 21 May 2014 the Company closed on the sale of 5.5 sections of Rock Creek acreage to an undisclosed buyer.

Since acquisition of the initial 123 sections in June 2011 for approximately $1.3 million, the Company has successfully completed six sale transactions totalling in excess of $3.0 million in net cash which funded the Company's participation in other oil and gas exploration projects. The Company continues to market the remaining acreage through agents.

Rend Lake Prospect (20% Working Interest)

The Rend Lake Project is situated in Southern Illinois and was drilled in late 2013 by the Operator, Anschutz Exploration Corporation (Anschutz). The project was high risk, but very high reward exploration and Tamaska was partially carried through the cost of the drilling with a 20% working interest. Unfortunately the well did not find commercial hydrocarbons.

The project is covered by five leases, Tamaska has a 20% working interest in each, with between 15% and 15.4% overall net revenue interest.

The concept for the project was the potential for a zone of high permeability hydrothermal dolomite running North –South along the Rend Lake Fault system for approximately 10 miles. Based on analogue fields and the geological interpretation undertaken, the prospect had the potential to contain over 200MMbbls of oil, of which it was estimated that up to 67.5MMbls (unrisked) could have been ultimately recoverable in the event of exploration success.

Directors' Report

Your Directors present their report on the consolidated entity (Group) for the year ended 30 June 2014.

Directors

The names and details of the Company's Directors in office at any time during the financial year and until the date of this report are detailed below.

Charles Morgan (resigned –17 February 2014)
Brett Mitchell (appointed – 01 August 2011)
Brian Ayers (resigned – 24 March 2014)
Alexander Parks (appointed – 17 February 2014)
Mark Freeman (appointed – 24 March 2014)

Principal Activities

The principal continuing activities of the Group during the financial year was the acquisition, exploration and production of petroleum and gas properties.

There were no changes in the nature of the activities of the group during the year.

Operating Results

The net operating loss of the Group for the year ended 30 June 2014 after income tax amounted to $3,954,977 (2013: Loss $3,603,780).

Dividends Paid or Recommended

No dividend was paid or declared during the year and the Directors do not recommend the payment of a dividend.

Review of Operations

Information on the operations and corporate activities of the group and its business strategies and prospects is set out in the review of operations and activities on page 4 of this financial report.

Significant Changes in the State of Affairs

There were no significant changes in the state of affairs during the year.

Events since the end of the financial year

As detailed in the Review of Operations update; the following events occurred subsequent to the reporting date:

Corporate

Subsequent to the reporting date the Company completed the placement of the shortfall shares under the Prospectus dated 9 May 2014 raising $6 million. The funds were used to extinguish loans, convertible notes and project costs to leave the Company with $4.8 million in cash at 31st August 2014.

The Company announced entry into the Montney project in September 2014.

The West Klondike project commenced production in September 2014.

Directors' Report

Likely Developments

The consolidated entity will continue to pursue activities within its corporate objectives. The Company has stated its intent to continue to acquire acreage in the Montney play in Canada. Further detailed information about likely developments in the operations of the Company and the expected results of those operations in the future financial years has not been included in this report because disclosure would be likely to result in unreasonable prejudice to the Company.

The Company's strategic direction has been outlined in recent announcements and investor presentations.

Environmental Issues

The consolidated entity's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation. However, the Board believes there are adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply.

Information on Directors and Secretary

Names, qualifications, experience and special responsibilities of current directors and company secretary:

Brett Mitchell, B Ec - ***Non -Executive Chairman***

Mr Mitchell is a corporate finance executive with over 21 years of experience in the finance and resources industries. He has been involved in the founding, financing and management of both private and publicly-listed resource companies and holds executive and non-executive directorship roles.

Mr Mitchell is a partner in Verona Capital, a private minerals focused venture capital and project generation business. Mr Mitchell holds a Bachelor of Economics from the University of Western Australia. He is also a member of the Australian Institute of Company Directors (AICD).

Current Directorship and date of appointment:
Erin Resources Limited (appointed April 2013), Citation Resources Limited (appointed November 2011) and Digital CC Limited (appointed September 2014)

Other Directorships within the last three years:
Transerv Energy Limited (July 2006 – August 2013), Quest Petroleum NL (May 2007 – June 2013,) XState Resources Limited (August 2009 – April 2011) and Wildhorse Energy Limited (April 2009 – August 2014)

Alexander Parks - ***Managing Director***
(Appointed on 17 February 2014)

Mr Parks is an Executive with over 16 years' experience in the oil industry. Prior to joining Tamaska he has held the positions of Chief Commercial Officer at Cue Energy Resources Ltd, CEO of Mosaic Oil NL, CEO of Otto Energy Ltd and Technical Director at RPS Energy. Mr Parks has extensive experience in Australia, SE Asia, New Zealand, Europe, FSU and North Africa. Projects have included onshore and offshore exploration and development and significant new ventures and transaction experience.

Mr Parks has a Master of Engineering, Petroleum Engineering degree from the Imperial College London, is a member of the Society of Petroleum Engineers (SPE), is a Member of both the Petroleum Exploration Society of Australia (PESA) and Australian Institute of Company Directors (AICD), and was awarded Young Petroleum Engineer of the Year (SE Asia) by the SPE in 2005.

Mr Parks does not currently hold any directorship in another listed entity, nor in the past three years.

Directors' Report

Mark Freeman - ***Non-Executive Director***
Appointed 24 March 2014

Mr Freeman is a Chartered Accountant and has more than 18 years' experience in corporate finance and the resources industry. He has experience in project acquisitions and management, strategic planning, business development, M&A, asset commercialisation, and project development. Prior experience with Grand Gulf Energy Ltd, Quest Petroleum NL, Macro Energy Ltd, Golden Gate Petroleum, and Matra Petroleum Plc.

In addition, Mr Freeman is a graduate of the University of Western Australia with a Bachelor of Commerce with a double major in Banking & Finance and Accounting as well as holding a Graduate Diploma in Applied Finance with a major in Investment Analysis from the Securities Institute of Australia

Current Directorship and date of appointment:
Grand Gulf Energy Ltd (appointed October 2010) and OGI Group Ltd (appointed July 2014).

Other Directorships within the last three years:
Quest Petroleum NL (May 2007 – November 11,) and Macro Energy Ltd (October 2010 – June 2014)

Sylvia Moss - ***Company Secretary***
Appointed 24 March 2014

Ms Sylvia Moss has been appointed as Company Secretary effective 24 March 2014, Ms Moss is a qualified Accountant with over 10 years' experience in the resources sector in Australia and overseas and holds a Bachelor of Accounting degree from University of South Africa.

Directors' Report

Meetings of Directors

The numbers of meetings attended by each director to the report date were:

Director	Board Meetings Held	Board Meetings Attended
Charles Morgan(*resigned 17 February 14)*	3	1
Brett Mitchell	3	3
Brian Ayers(*resigned 24 March 14)*	3	2
Mark Freeman(*appointed 24 March 14*)	3	3
Alexander Parks (*appointed 17 February 14)*	3	3

Securities held and controlled by Directors

As at the date of this report, the interests of the Directors in shares, options and convertible performance shares ("CPS") of the Company were:

Ordinary Shares

Holder	Held at beginning of the year	After Consolidation	Acquired	Sold/ Dispose	Converted from CPS	Balance at the date of report
Charles Morgan *(resigned 17 Feb 14)*	1,273,572,406	12,735,725	-	(12,735 ,725)-	-	-
Brett Mitchell	250,000,000	2,500,000	-	-	-	2,500,000
Brian Ayers *(resigned 24 March 14)*	-	-	-	-	-	-
Mark Freeman(*appointed 24 Mar 14)*	-	-	-	-	-	0
Alexander Parks(*appointed 17 Feb 14)*	-	-	308,000	-	-	308,000
	1,523,572,406	**15,235,725**	**308,000**	**-**	**-**	**74,208,000**

In April 2014 the Company completed a consolidation of its securities on issue on a 100 for 1 basis.

Converting Performance Shares (CPS)

Holder	Held at beginning of the year	After Consolidation	Acquired	Sold	Converted to shares	Balance at the date of report
Charles Morgan *(resigned 17 Feb 14)*	-	-	-	-	-	-
Brett Mitchell	-	-	-	-	-	-
Brian Ayers *(resigned 24 March 14)*	2,000	20	-	20	-	-
Mark Freeman(*appointed 24 Mar 14)*	-	-	-	-	-	-
Alexander Parks(*appointed 17 Feb 14)*	-	-	-	-	-	-
	2,000	**20**	**-**	**20**	**-**	**-**

In April 2014 the Company completed a consolidation of its securities on issue on a 100 for 1 basis.

Directors' Report

Options (ASX Code: TMKOA)

Holder	Held at beginning of the year	After Consolidation	Granted/Purchased during the year	Sold	Balance at the date of report
Charles Morgan(*resigned 17 Feb 14)*	550,000,000	5,500,000	-	(5,500,000)	-
Brett Mitchell	130,000,000	1,300,000	-	-	1,300,000
Brian Ayers(*resigned 24 Mar 14)*	30,000,000	300,000	-	(300,000)	-
Mark Freeman(*appointed 24 Mar 14)*	-	-	1,485,000	-	1,485,000
Alexander Parks *(appointed 17 Feb 14)*	-	-	3,000,000	-	3,000,000
	710,000,000	**7,100,000**	**4,485,000**	**(5,800,000)**	**5,7885,000**

In April 2014 the Company completed a consolidation of its securities on issue on a 100 for 1 basis.

Directors' Report

REMUNERATION REPORT (AUDITED)

The information provided in this remuneration report has been audited as required by section 308(3C) of the Corporation Act 2001.

This report outlines the remuneration arrangements in place for directors and executives of Tamaska Oil & Gas Limited. This report has been set out under the following main headings:

A. Principles Used to Determine the Nature and Amount of Remuneration
B. Service Agreements
C. Details of Remuneration
D. Share-based Compensation
E. Additional Information

As noted in the corporate governance, section of this Financial Report, under council principle 8, the Company is not currently of a size, nor are its affairs of such complexity to justify the formation of a remuneration committee. The Board manages the remuneration policy, setting the terms and conditions for Executive Directors and other senior executives. The Board of Directors did not use any remuneration consultants during the year.

A. Principles Used to Determine the Nature and Amount of Remuneration

The Board of Directors is responsible for determining and reviewing compensation arrangements for the Directors and Executive Officers. The Board will assess the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders, and conforms with market best practice for delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- Competitiveness and reasonableness
- Acceptability to shareholders
- Performance linkage/alignment of executive compensation
- Transparency
- Capital management

The Board policy is to remunerate Non-Executive Directors at fair market rates for comparable companies for the relevant time, commitment and responsibilities. The Board determines payments to the Non-Executive Directors and reviews their remuneration annually based on market practice, duties and accountability. The maximum amount of fees that can be paid to directors is subject to approval by shareholders at the Annual General Meeting. The maximum amount approved is $300,000. Fees for Non-Executive Directors are not linked to the performance of the Group. However, to align director's interests with shareholder interests the Directors are encouraged to hold shares in the Company and may be issued with additional securities as deemed appropriate.

The Board believes that the remuneration policy is appropriate given the stage of development of the Company and the activities which it undertakes and is appropriate for aligning director and executive objectives with shareholder and business objectives. The Board will continually develop new practices which are appropriate to the Company's size and stage of development.

Executive Officers are those directly accountable for the operational management and strategic direction of the Company and the consolidated entity.

All contracts with directors and executives may be terminated by either party with three months' notice.

Directors' Report

REMUNERATION REPORT (AUDITED) (continued)

Fixed Remuneration

Fixed remuneration consists of a base remuneration package, which includes directors' fees (in the case of Directors), salaries, consulting fees and employer contributions to superannuation funds.

Fixed remuneration levels for directors and executive officers will be reviewed annually by the Board through a process that considers the employee's personal development, achievement of key performance objectives for the year, industry benchmarks wherever possible and CPI data.

Performance-linked Remuneration

All employees may receive bonuses and/or share options based on achievement of specific goals related to performance against individual KPIs and to the performance of the Company as a whole as determined by the Directors, based on a range of factors. These factors include traditional financial considerations such as operating performance, cash consumption and deals concluded. They also include industry-specific factors relating to the advancement of the Company's activities and relationships with third parties and internal employees. There were no bonus or performance linked options granted during the year.

300 Million (3 Million after consolidation) options, were issued to the Chief Executive Officer during the year.

B. Service Agreements

Remuneration, consulting and other terms of employment for the key management personnel are determined by the Board. Other current provisions are set out below.

The Directors and key management personnel during the year included:

<u>Directors</u>
Mr Brett Mitchell, Non-Executive Chairman
- Agreement commenced 01 August 2011 with no termination date , benefits or notice period noted;
- Directors' fees for the year ended 30 June 2014 is $20,000 per annum.

Mr Alexander Parks, Managing Director
- Agreement commenced 17 February 2014 with no termination date, benefits or notice period noted;
- On termination of the Employment, the Executive is entitled to payment in lieu of the annual leave and longs service to which he has become entitled during the Employment but which he has not taken, including a pro rata entitlement for the period from the last anniversary of the commencement of the Employment preceding the termination to the date of termination.
- Executive and Director's fee for the year ended 30 June 2014 is $180,000 per annum.

Mr Mark Freeman, Non-Executive Director
- Agreement commenced 24 March 2014 with no termination date, benefits or notice period noted;
- Directors' fees for the year ended 30 June 2014 is $20,000 per annum.

Mr Charles Morgan, Chairman
- Agreement commenced 16 September 2011 (resigned 17 February 2014) with no termination date, benefits or notice period noted;
- Directors' fees for the year ended 30 June 2014 is $40,000 per annum .

Mr Brian Ayers, Director
- Agreement commenced 16 September 2011 (resigned 24 March 2014) with no termination date, benefits or notice period noted;
- Directors' fees for the year ended 30 June 2014 is $25,000 per annum .

Directors' Report

REMUNERATION REPORT (AUDITED) (continued)

No termination payments were made during the financial year.

C. Details of Remuneration

The key management personnel of Tamaska Oil & Gas Limited during the year ended 30 June 2014 includes all directors and executives mentioned above. There are no other executives of the company which are required to be discussed.

Remuneration packages contain the following key elements:
Primary benefits – salary/fees and bonuses;
Post-employment benefits – including superannuation;
Equity – share options and other equity securities; and
Other benefits.

Nature and amount of remuneration for the year ended 30 June 2014:

	Short-term employee benefits		Post-Employment Benefits	Equity based payment		
	Salary, consulting fees AU$	**Bonus AU$**	**Superannuation AU$**	**Share-based Payment AU$**	**Total AU$**	**Share based payment %**
Executive Directors						
Alexander Parks	145,000	-	-	97,089	**242,089**	40%
Non-executive Directors						
Charles Morgan(resigned)	36,364	-	-	-	**36,364**	-
Brian Ayers(resigned)	20,509	-	-	-	**20,509**	-
Mark Freeman	5,000	-	-	-	**5,000**	-
Brett Mitchell	23,750	-	-	-	**23,750**	-
Total Director's Compensation	**230,623**	**-**	**-**	**97,089**	**327,712**	
Key Management Personnel						
Sylvia Moss	16,387	-	-	-	**16,387**	-
Rachel Jelleff(resigned)	33,750	-	3,122	-	**36,872**	-
Total Key Management Personnel Compensation	**50,137**	**-**	**3,122**	**-**	**53,259**	**-**
Total Compensation	**280,760**	**-**	**3,122**	**97,089**	**380,971**	**40%**

Directors' Report

REMUNERATION REPORT (AUDITED) (continued)

Nature and amount of remuneration for the year ended 30 June 2013:

	Short-term employee benefits		Post-Employment Benefits	Equity based payment		
	Salary, consulting fees AU$	**Bonus AU$**	**Superannuation AU$**	**Share-based Payment AU$**	**Total AU$**	**Share based payment %**
Executive Directors						
Brett Mitchell	135,000	-	-	-	**135,000**	-
Non-executive Directors						
Charles Morgan	100,000	-	-	-	**100,000**	-
Brian Ayers	24,472	-	-	5,645	**30,117**	19%
Total Director's Compensation	**259,472**	**-**	**-**	**5,645**	**265,117**	**19%**
Key Management Personnel						
Alexander Parks	71,000	-	-	-	**71,000**	-
Rachel Jelleff	29,167	-	2,625	2,356	**34,148**	7%
Total Key Management Personnel Compensation	**100,167**	**-**	**2,625**	**2,356**	**105,148**	**7%**
Total Compensation	**359,639**	**-**	**2,625**	**8,001**	**370,265**	**26%**

D. Share-based Compensation

Options

During the year ended 30 June 2014 300 Million (3 Million post Consolidation) Unlisted Options were issued to Mr Parks (2013: no options were issued to directors).

No other directors have been issued share based compensation in the current period or hold options or performance rights which have not been forfeited or fully vested at the date of this report.

The share options were granted on the following terms:

Date	Number of options	Vesting date	Exercise price $	Fair value $	Expiry date	Share based payment expense at 30 June 2014
03 October 2013	3,000,000	3 October 2013	0.15	180,000	03 October 17	97,089
	3,000,000					97,089

There are no other performance conditions related to these shares. The share options vested immediately on grant date. None of these options have been exercised.

Directors' Report

REMUNERATION REPORT (AUDITED) (continued)

30 June 2013

The share options were granted on the following terms:

Date	Number of options(after consolidation)	Vesting date	Exercise price $	Fair value $	Expiry date	Share based payment expense at 30 June 2013
18 January 2012	1,500,000	18 January 2012	0.005	0.00071	17-Aug-15	10,650
18 January 2012	1,500,000	1 January 2013	0.005	0.00071	17-Aug-15	10,650
	3,000,000					**21,300**

There are no other performance conditions related to these shares. Half of the share options vested immediately on grant date. The final 1,500,000 vested on 1 January 2013. None of these options have been exercised.

Ordinary shares:

2014

Holder	Held at beginning of period	Held after consolidation (1)	Acquired	Sold/dispose	Converted CPS	Balance at end of period
Brett Mitchell	250,000,000	2,500,000	-	-	-	2,500,000
Charles Morgan*(resigned 17 Feb 14)*	1,273,572,406	12,735,725	-	(12,735,725)		-
Brian Ayers	-	-	-	-	-	-
Alexander Parks	-	-	308,000			308,000
	1,523,572,406	15,235,725	**308,000**	**(12,735,725)**	**-**	**2,808,000**

[1]In April 2014, The Company completed a consolidation of its securities on issue on a 100 for 1 basis.

2013

Holder	Held at beginning of period	Acquired	Sold/dispose	Converted CPS	Balance at end of period
Brett Mitchell	250,000,000	-	-	-	250,000,000
Charles Morgan	1,212,500,000	61,072,406	-	-	1,273,572,406
Brian Ayers	-	-	-	-	-
	1,462,500,000	**61,072,406**	**-**	**-**	**1,523,572,406**

Options issued:

2014

Holder	Held at beginning of period	After Consolidation (1)	Purchased	Issued as share based payment	Sold/ expired	Converted to shares	Balance at end of period
Brett Mitchell	130,000,000	1,300,000	-	-	-	-	1,300,000
Charles Morgan[1]	550,000,000	5,500,000	-	-	(5,500,000)	-	-
Brian Ayers[2]	30,000,000	300,000	-	-	(300,000)	-	-
Mark Freeman[3]	-	-	1,485,000				1,485,000
Alexander Parks[4]	-	-	-	3,000,000	-	-	3,000,000
	710,000,000	**7,100,000**	**1,485,000**	**3,000,000**	**(5,800,000)**	**-**	**5,7885,000**

[1]In April 2014, The Company completed a consolidation of its securities on issue on a 100 for 1 basis.

Directors' Report

REMUNERATION REPORT (AUDITED) (continued)

2013

Holder	Held at beginning of period	Purchased	Issued as share based payment	Sold/ expired	Converted to shares	Balance at end of period
Brett Mitchell	130,000,000	-	-	-	-	130,000,000
Charles Morgan	550,000,000	-	-	-	-	550,000,000
Brian Ayers	30,000,000	-	-	-	-	30,000,000
	710,000,000	**-**	**-**	**-**	**-**	**710,000,000**

[1] Resigned on 17 February 2014
[2] Resigned on 24 March 2014
[3] Appointed on 24 March 2014
[4] Appointed on 17 February 2014

Converting performance shares:
2014

Holder	Held at beginning of the year	After Consolidation	Acquired	Sold	Converted to shares	Balance at the date of report
Charles Morgan *(resigned 17 Feb 14)*	-	-	-	-	-	-
Brett Mitchell	-	-	-	-	-	-
Brian Ayers *(resigned 24 March 14)*	2,000	20	-	20	-	-
Mark Freeman*(appointed 24 Mar 14)*	-	-	-	-	-	-
Alexander Parks*(appointed 17 Feb 14)*	-	-	-	-	-	-
	2,000	**20**	**-**	**20**	**-**	**-**

In April 2014 the Company completed a consolidation of its securities on issue on a 100 for 1 basis.

2013

CPS Holder	Held at beginning of period	Acquired	Sold	Converted to shares	Balance at end of period
Brett Mitchell	-	-	-	-	-
Charles Morgan	-	-	-	-	-
Brian Ayers	2,000	-	-	-	2,000
Alexander Parks	-	-	-	-	-
	2,000	**-**	**-**	**-**	**2,000**

[1] Resigned on 17 February 2014
[2] Resigned on 24 March 2014
[3] Appointed on 24 March 2014
[4] Appointed on 17 February 2014

E) Related party transactions

Transactions with other related parties
Directors and officers, or their personally-related entities, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

Directors' Report

REMUNERATION REPORT (AUDITED) (continued)

Details of the transactions including amounts accrued but unpaid at the end of the year are as follows:

			Transactions		Balances	
Entity	Relationship	Nature of transactions	Full year 30-Jun-14 $	Full year 30-Jun-13 $	Full year 30-Jun-14 $	Full year 30-Jun-13 $
Transerv Energy Limited	(i)	Cost recoveries in relation to Warren	(122,569)	1,636	(127,750)	-
Seaspin Pty Ltd	(ii)	Loan payable (refer note 12b)	(300,000)	(100,137)	(300,000)	-
Citation Resources Limited	(iii)	Reimbursement to CTR for corporate administration costs.	(1,348)	(4,976)	(1,579)	(4,725)
Perity Oil Pty Ltd	(iv)	Sales proceeds from acreage sales	646,680	114,362	-	-
Jupiter Oil & Gas Inc	(v)	Acquisition cost of land	(320,000)	-	(320,000)	

(i) Transerv Energy Limited (TSV) is a joint venture partner in the Alberta Joint Venture. Brett Mitchell was a Director of TSV and resigned on 19 August 2013.

(ii) Seaspin Pty Ltd (Seaspin) is a controlled entity of Charles Morgan, who was the Chairman of the Company. The short term loan relates to fund the Group's working capital requirements.

(iii) Citation Resources Limited (CTR) is a company associated with Mr Brett Mitchell, who is currently a director of CTR.

(iv) The Company made distributions of acreage sale proceeds to Perity Oil Pty Ltd (Perity) of $1,465,043 for Perity's 8% Duvernay interest, held on trust by the Company as at 30 June 2012, which was disposed of as part of the first two completed acreage sales. Perity Oil is a company controlled by the Warren Energy vendors, which Mr Charles Morgan and Mr Brett Mitchell are shareholders.

(v) Jupiter Oil & Gas Inc is a company associated with Mr Charlie Morgan, who is currently a director of Jupiter.

F) Transactions with key management personnel

The aggregate amounts recognised during the year relating to specified directors/officers and their personally-related entities are included in the primary benefits component of remuneration of directors by the consolidated entity in the remuneration report.

Details of the transactions, including amounts accrued but unpaid, at the end of the year are as follows:

Specified Director/Officer	Nature of the Transaction	2014 $	2013 $
Brian Ayers (i)	Director fees	20,509	24,472
Brett Mitchell (ii)	Director fees	23,750	135,000
Charles Morgan (iii)	Director fees	36,364	100,000
Mark Freeman (iv)	Non-Executive Director fees	5,000	-
Alexander Parks (v)	Managing Director	145,000	71,000
		230,623	**330,472**

(i) Mr Brian Ayers is paid Director's fees of USD25,000 per annum. On 18 January 2012, Brian Ayers was issued 30 million shares options. The share options are exercisable at an exercise price of $0.5, 15 million of the shares options vested immediately while the other 15 million will vest on 1 January 2013. The share options expire on 17 August 2015. The value of the share options has not been included in the table above.

Mr Brian Ayers resigned 24 March 2014.

Directors' Report

REMUNERATION REPORT (AUDITED) (continued)

(ii) On the acquisition of Warren Energy Limited, a total of 2,000,000 ordinary shares were issued to the Mitchell Spring Family Trust, an account controlled by Mr Brett Mitchell, a Director of the Company.

Mr Brett Mitchell was appointed a Non-Executive Chairman of the Company on 17 February 2014. He is paid non-executive service fees of $20,000 per annum.

(iii) On the acquisition of Warren Energy Limited, a total of 100,000,000 ordinary shares were issued to Falcore Pty Ltd, an entity controlled by Mr Charles Morgan, a now former Director of the Company.

Mr Charles Morgan was appointed the Chairman of the Company on 1 August 2011. He is paid fees of $40,000 per annum. The fees payable are subject to annual review by the Board.

Mr Charles Morgan resigned 17 February 2014.

(iv) Mr Mark Freeman was appointed as Non-Executive Director on 24 March 2014. Mr Freeman is receiving a director's fee of $20,000 per annum.

(v) Mr Alexander Parks was appointed as Managing Director on 17 February 2014. Mr Parks is on an annual salary of $180,000 per annum.

G. Additional Information

Principles used to determine the nature and amount of remuneration: relationship between remuneration and company performance.

In considering the Company's performance and its effect on shareholder wealth, the Board have regard to a broad range of factors, some of which are financial and others of which relate to the progress on the Company's projects, results and progress of exploration and development activities, joint venture agreements etc.

The Board also gives consideration to the Company's result and cash consumption for the year. It does not utilise earnings per share as a performance measure or contemplate payment of any dividends in the short to medium term given that all efforts are currently being expended to build the business and establish self-sustaining revenue streams.

There were no remuneration consultants engaged by the Company during the financial year.

END OF AUDITED REMUNERATION REPORT

Directors' Report

Indemnification and Insurance of Directors and Officers

During the financial year, the Company maintained an insurance policy which indemnifies the Directors and Officers of Tamaska Oil & Gas Limited in respect of any liability incurred in connection with the performance of their duties as Directors or Officers of the Company. The Company's insurers have prohibited disclosure of the amount of the premium payable and the level of indemnification under the insurance contract.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty or the improper use of position or information to gain advantage for themselves or someone else or to cause detriment to the company.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporation Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the court under section 237 of the Corporation Act 2001.

Non-audit Services

The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services have been reviewed by the Board to ensure they do not impact the impartiality and objectivity of the auditor; and
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

During the year, no fees were paid or payable for non-audit services by BDO (WA) Pty Ltd and its related practices.

Auditor's Independence Declaration

The Auditor's Independence Declaration, as required under Section 307c of the Corporations Act 2001, for the financial year ended 30 June 2014 has been received and can be found on page 22.

This report is made in accordance with a resolution of directors.

Alexander Parks
Managing Director
Perth, W.A.
24 September 2014

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DECLARATION OF INDEPENDENCE BY PETER TOLL TO THE DIRECTORS OF TAMASKA OIL & GAS LIMITED

As lead auditor of Tamaska Oil & Gas Limited for the year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Tamaska Oil & Gas Limited and the entities it controlled during the period.

Peter Toll

Director

BDO Audit (WA) Pty Ltd

Perth, 24 September 2014

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2014

		Consolidated	
		30-Jun-14	30-Jun-13
	Notes	$	$
Oil revenue		107,104	74,367
Other income		2,032	3,691
Total income	5	**109,136**	**78,058**
Cost of sales		(58,908)	(85,861)
Accounting and audit fees		(71,450)	(108,181)
Directors' fees		(71,872)	(259,472)
Professional and consultancy fees		(61,660)	(206,193)
Share base payment expense	15	(97,089)	(10,358)
Travel expenses		(1,759)	(56,463)
Legal fees		(28,654)	(17,446)
Regulatory expenses		(46,043)	(33,354)
Royalties		68,314	(64,000)
Impairment of assets	10&11	(3,332,202)	(2,413,965)
Amortisation of Oil and Gas Properties	11	(295,349)	-
Restoration Provision		(3,784)	-
Office and administrative expenses	6	(187,710)	(338,259)
Loss of operating activities		**(4,079,030)**	**(3,515,494)**
Finance cost		(4,265)	(2,172)
Foreign exchange gains/(losses)		(13,203)	(28,129)
Loss before tax		**(4,096,498)**	**(3,545,795)**
Income tax (expense)/benefit	7	141,521	(57,985)
Loss from continuing operations		**(3,954,977)**	**(3,603,780)**
Loss from discontinued operations		-	-
Loss for the year		**(3,954,977)**	**(3,603,780)**
Other comprehensive income for the year			
Items that may be reclassified to profit or loss			
Exchange differences on the translation of foreign operations		(123,477)	602,134
Other comprehensive income for the year, net of tax		**(123,477)**	**602,134**
Total comprehensive loss for the year		**(4,078,454)**	**(3,001,646)**
Loss attributed to:			
Owners of Tamaska Oil and Gas Limited		**(3,954,977)**	**(3,603,780)**
Total comprehensive loss for the year attributable to:			
Owners of Tamaska Oil and Gas Limited		**(4,078,454)**	**(3,001,646)**
Loss per share for loss from continuing operations attributed to the ordinary equity holders of the company:			
Basic loss per share/diluted loss per share (cents per share)	17	**(5.86)**	**(5.63)**

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 30 June 2014

		Consolidated	
		30-Jun-14	**30-Jun-13**
	Notes	**$**	**$**
Current assets			
Cash and cash equivalents	8	1,537,577	218,376
Trade and other receivables	9	118,121	49,507
Assets classified as held for sale	10	141,249	3,686,385
Total current assets		**1,796,947**	**3,954,268**
Non-current assets			
Exploration, evaluation and development expenditure	11a	1,127,443	1,245,721
Oil and gas properties	11b	212,620	
Total non-current assets		**1,340,063**	**1,245,721**
Total assets		**3,137,010**	**5,199,989**
Current liabilities			
Trade and other payables	12a	2,122,164	1,013,076
Short term borrowings	12b	651,457	205,274
Total Current liabilities		**2,773,621**	**1,218,350**
Non-current Liabilities			
Restoration Provision		3,692	-
Total non-current liabilities		**3,692**	**-**
Total liabilities		**2,777,313**	**1,218,350**
Net assets		**359,697**	**3,981,639**
Equity			
Issued share capital	13a	24,996,085	24,636,662
Issued share options	13b	298,890	298,890
Share based payment reserve	14	139,989	42,900
Other reserves	14	561,322	684,799
Accumulated losses	16	(25,636,589)	(21,681,612)
Total equity		**359,697**	**3,981,639**

The above consolidated statement of financial position should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2014

30 June 2014	Issued Share capital	Issued Options	Share Based Payment Reserve	Other Reserves	Accumulated losses	Total Equity
	$	$	$	$	$	$
Balance at 1 July 2013	**24,636,662**	**298,890**	**42,900**	**684,799**	**(21,681,612)**	**3,981,639**
Currency translation of foreign operations	-	-	-	(123,477)	-	**(123,477)**
Profit/(loss) after tax	-	-	-	-	(3,954,977)	**(3,954,977)**
Transactions with equity holders in their capacity as equity holders						
Issue of share capital	394,801	-	-	-	-	**394,801**
Capital Raising Costs	(35,378)	-	-	-	-	**(35,378)**
Share based payment expense	-	-	97,089	-	-	**97,089**
Balance at 30 June 2014	**24,996,085**	**298,890**	**139,989**	**561,322**	**(25,636,589)**	**359,697**

30 June 2013	Issued Share capital	Issued Options	Share Based Payment Reserve	Other Reserves	Accumulated losses	Total Equity
	$	$	$	$	$	$
Balance at 1 July 2012	**24,636,662**	**848,828**	**32,542**	**82,665**	**(18,627,770)**	**6,972,927**
Currency translation of foreign operations	-	-	-	602,134	-	**602,134**
Profit/(loss) after tax	-	-	-	-	(3,603,780)	**(3,603,780)**
Transactions with equity holders in their capacity as equity holders						
Share based payment expense	-	-	10,358	-	-	**10,358**
Options expired	-	(549,938)	-	-	549,938	**-**
Balance at 30 June 2013	**24,636,662**	**298,890**	**42,900**	**684,799**	**(21,681,612)**	**3,981,639**

The consolidated statement of changes in equity should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Cash Flows

For the year ended 30 June 2014

		Consolidated	
	Notes	30-Jun-14 $	30-Jun-13 $
Cash flows from operating activities			
Receipts from product sales and related customers (inclusive of GST)		97,915	72,793
Interest received		2,032	3,691
Payments to suppliers and employees (inclusive of GST)		(691,432)	(552,254)
Payment of production cost		(58,908)	(28,998)
Income tax received/(paid)		19,219	(62,770)
Net cash and cash equivalents outflow from operating activities	19	**(631,174)**	**(567,538)**
Cash flows from investing activities			
Exploration costs on oil and gas activities		(1,036,123)	(1,066,900)
Proceeds from oil and gas exploration assets sold		746,032	177,260
Net cash and cash equivalents (outflows)/inflows from investing activities		**(290,091)**	**(889,640)**
Cash flows from financing activities			
Proceeds from issue of shares and options		1,591,258	-
Capital raising costs		(35,378)	-
Loan received		900,000	200,000
Loan repayment		(205,274)	-
Net cash and cash equivalents inflow from financing activities		**2,250,606**	**200,000**
Net (decrease)/increase in cash held		1,329,341	(1,257,178)
Cash and cash equivalents at beginning of financial year		218,376	1,484,913
Foreign exchange movement on cash		(10,140)	(9,359)
Cash and cash equivalents at end of financial year	8	**1,537,577**	**218,376**

The above consolidated statement of cash flows should be read in conjunction with the notes to the financial statements.

Notes to the Consolidated Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements and notes represent those of Tamaska Oil and Gas Limited ("Tamaska" or the "Company") and its controlled entities (the "Group").

The principal accounting policies adopted in the presentation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

(a) ***Basis of Preparation***

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001. Tamaska Oil and Gas Limited is a for-profit entity for the purposes of preparing these financial statements.

i) Compliance with IFRSs
The consolidated entity financial statements also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

ii) Historical Cost Convention
These consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit and loss, certain classes of property, plant and equipment and investment property.

iii) Critical Accounting Estimates
The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

iv) Early Adoption on Standards
The Group has not elected to apply any pronouncements before their operative date for the annual reporting period beginning 1 July 2014.

Notes to the Consolidated Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) *Principles of Consolidation*

i) Subsidiaries
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Tamaska Oil & Gas Limited (the "parent entity") as at 30 June 2014 and the results of all subsidiaries for the year then ended.

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group. Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of financial position respectively.

ii) Jointly Controlled Assets and Operations
The majority of operations are carried out subject to joint venture arrangements. The proportionate interests in the assets, liabilities, income and expenditure of a joint venture activity have been incorporated in the financial statements under the appropriate headings.

The interest in a joint venture partnership is accounted for in the consolidated financial statements using the equity method and is carried at cost by the parent entity. Under the equity method, the share of the profits or losses of the partnership is recognised in the statement of profit or loss and comprehensive income, and the share of movements in reserves is recognised in reserves in the statement of financial position.

(c) *Segment Reporting*

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

(d) *Foreign Currency Translation*

i) Functional and Presentation Currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

Notes to the Consolidated Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ii) Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss and other comprehensive Income, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss and other comprehensive income, within finance costs. All other foreign exchange gains and losses are presented in the income statement on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Transaction difference on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

iii) Group Companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of the statement of financial position;
- Income and expenses for each Statement of profit or loss and other comprehensive income are translated at average exchange rate (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- All resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange difference is reclassified to profit or loss, as part of the gain or loss on sale where applicable.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entities and translated at the closing rate.

(e) ***Revenue Recognition***

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group, the revenue can be reliably measured, it is probable that future economic benefits will flow to the Group and specific criteria have been met for each of the Group's activities as described below.

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and amounts collected on behalf of third parties. Revenue is recognised as follows:

i) Interest Income

Interest income is recognised on a time proportion basis using the effective interest method.

ii) Oil and Gas Revenue

Revenue is recognised when the significant risks and rewards of ownership of the goods have been delivered to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Notes to the Consolidated Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) ***Cash and Cash Equivalents***

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions and short-term deposits.

(g) ***Inventories***

Oil stocks and field consumables are stated at the lower of cost and net realisable value. Cost includes all expenditure incurred in acquiring and bringing the inventories to their existing condition and location.

(h) ***Trade and Other Receivables***

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest rate method, less a provision for impairment. Trade receivables are generally due for settlement between thirty (30) and ninety (90) days from the date of recognition. They are presented as current assets unless collection is not expected for more than 12 months after reporting date.

Collectability of trade receivables is reviewed on an ongoing basis. When a trade receivable is uncollectible, it is written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Group will not be able to collect all amounts due, according to the original terms of the receivables. The amount of impairment allowance is the difference between the assets carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The movement in the provision is recognised in profit or loss.

The amount of the impairment loss is recognised in profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit and loss.

(i) ***Property, Plant and Equipment***

i) Plant and Equipment
Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated losses for impairment.

Historical cost includes expenditure that is directly related to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit and loss during the reporting period in which they are incurred.

ii) Depreciation
Depreciation is calculated on a straight-line basis over the estimated useful life of the asset which is estimated to vary between 5 and 15 Years

iii) Impairment
The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Notes to the Consolidated Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

If any indication of impairment exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses are recognised separately in the statement of profit or loss and other comprehensive income.

Any item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the profit or loss in the year the item is derecognised.

(j) ***Non-current Assets (or Disposal Groups) Held for Sale and Discontinued Operations***

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non current asset (or disposal group) is recognised at the date of de-recognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expense attributable to the liabilities of a disposal group classified as held for sale continue to be recognised. Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the statement of financial position as current assets. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position as current liabilities.

A discontinued operation is a component of the Group that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss and other comprehensive income.

(k) ***Investments and Other Financial Assets***

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

Notes to the Consolidated Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i) **Loans and Receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the statement of financial report date which are classified as non-current assets. Loans and receivables are included in receivables in the statement of financial position (note 9).

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Loans and receivables are carried at amortised cost using the effective interest method.

Loans and receivables are tested for impairment as described in note 1(i).

(l) ***Exploration, Evaluation and Development Expenditure***

Exploration, evaluation and development expenditure incurred is either written off as incurred or accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are incorporated into Oil and Gas properties (see note 1 (m)) amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Restoration, rehabilitation and environmental costs necessitated by exploration and evaluation activities are treated as exploration and evaluation expenditure.

(m) ***Oil and Gas Properties***

Following commencement of production activities all acquisition, exploration, evaluation and development expenditure in relation to an area of interest is accumulated into an oil and gas property.
When further development expenditure is incurred in respect of a property after the commencement of production, such expenditure is carried forward as part of the cost of that property only when substantial economic benefits are established, otherwise such expenditure is classified as part of the cost of production.

Amortisation of the cost of oil and gas properties is provided on the unit-of-production basis over the proved developed reserves of the field concerned with separate calculations being made for each resource. The unit-of-production basis results in an amortisation charge proportional to the depletion of the economically recoverable reserves. Amortisation is charged from the commencement of production.

Oil and Gas properties are tested for impairment as described in note 1(n).

Notes to the Consolidated Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) *Trade and Other Payables*

These amounts represent liabilities for goods and services provided to the group prior to the end of the financial year, which remain unpaid at year end. The amounts are unsecured and are usually paid within 30 days of recognition. They are recognised at fair value on initial recognition and subsequently at amortised cost, using the effective interest rate method.

(o) *Employee Benefits*

i) Short Term Obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Profit sharing and bonus plans are recognised as expenses in profit and loss. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

ii) Share Based Payments

Share based compensation benefits are provided to employees. Information relating to these granted options is set out in note 15.

The fair value of the options is recognised as an employee benefit expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted, which includes any market performance conditions and the impact of any non-vesting conditions but excludes the impact of any service and non-market performance vesting conditions.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs are allocated to share capital.

(p) *Borrowing Costs*

Borrowing costs are recognised as an expense when incurred except if costs were incurred for the construction of any qualifying asset, in which case, the costs are capitalised over the year that is required to complete and prepare the asset for its intended use or sale.

(q) *Income Tax*

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in the deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income.

Deferred income tax is provided on all temporary differences at the statement of financial position date, arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements and are recognised for all taxable temporary differences:

Notes to the Consolidated Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- Except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses can be utilised:

- Except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor the taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future extent that it is probable that the temporary differences can be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the statement of profit or loss and other comprehensive income.

(r) *Goods and Services Tax (GST)*

Revenues, expenses and assets are recognised net of the amount of GST, except:

- Where the GST incurred on a purchase of goods and services is not recoverable from the taxation authorities, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense item as applicable; and
- Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authorities are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(s) *Contributed Equity*

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds.

Other components of equity include the following:

- Share based payment reserve, as described in note 16.
- Foreign currency translation reserve which comprises foreign currency translation differences arising on the translation of financial statements of the Group's foreign entities into Australian Dollars.

Notes to the Consolidated Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) *Earnings per Share*

i) Basic Earnings per Share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

ii) Diluted Earnings per Share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary share and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(u) *New Accounting Standards and Interpretations*

i) New Accounting Standards and Interpretations

Certain new accounting standards have been published that are not mandatory for 30 June 2014 reporting periods. The Group has not applied any of the following in preparing this financial report:

• Reference	• Title	• Nature of Change	• Application date of standard	• Impact on Entity financial statements	• Application date for Entity
• AASB 9 (issued December 2009 and amended December 2010)	• Financial Instruments	• Amends the requirements for classification and measurement of financial assets. The available-for-sale and held-to-maturity categories of financial assets in AASB 139 have been eliminated. • AASB 9 requires that gains or losses on financial liabilities measured at fair value are recognised in profit or loss, except that the effects of changes in the liability's credit risk are recognised in other comprehensive income.	• Periods beginning on or after 1 January 2015	• Adoption of AASB 9 is only mandatory for the year ending 30 June 2016. The Entity has not yet made an assessment of the impact of these amendments.	• 1 January 2015
• AASB 2013-9 (issued December 2013)	• Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments	• Makes three amendments to AASB 9: • Adding the new hedge accounting requirements into AASB 9 • Deferring the effective date of AASB 9 from 1 January 2015 to 1 January 2018, and • Making available for early adoption the presentation of changes in 'own credit' in other comprehensive income (OCI) for financial liabilities under the fair value option without early applying the other AASB 9 requirements. • Under the new hedge accounting requirements: • The 80-125% highly effective threshold has been removed • Risk components of non-financial items can qualify for hedge accounting provided that the risk component is separately identifiable and reliably measurable • An aggregated position (i.e. combination of a derivative and a non-derivative) can qualify for hedge accounting provided that it is managed as one risk exposure • When entities designate the intrinsic value of options, the initial time value is deferred in OCI and subsequent changes in time value are recognised in OCI • When entities designate only the spot element of a forward contract, the forward	• Annual reporting periods beginning on or after 1 January 2018	• The Entity currently applies hedge accounting. It is expected that the application of the new amendments will not have an impact on the entity's financial statements.	• 1 January 2019

Notes to the Consolidated Financial Statements

		points can be deferred in OCI and subsequent changes in forward points are recognised in OCI. Initial foreign currency basis spread can also be deferred in OCI with subsequent changes be recognised in OCI • Net foreign exchange cash flow positions can qualify for hedge accounting.			
• AASB 2013-5 (issued August 2013)	• Amendments to Australian Accounting Standards - Investment Entities	• The amendment defines an 'investment entity' and requires a parent that is an investment entity to measure its investments in particular subsidiaries at fair value through profit or loss in its consolidated and separate financial statements. • The amendment prescribes three criteria that must be met in order for an entity to be defined as an investment entity, as well as four 'typical characteristics' to consider in assessing the criteria. • The amendment also introduces disclosure requirements for investment entities into AASB 12 Disclosure of Interests in Other Entities and amends AASB 127 Separate Financial Statements.	• Annual reporting periods beginning on or after 1 January 2014	• As the Entity does not meet the definition of an investment entity, it will continue to consolidate its investments in subsidiaries in accordance with AASB 10 Consolidated Financial Statements.	• 1 January 2014
• AASB 2012-6 (issued Septembe r 2012)	• Amendments to Australian Accounting Standards - Mandatory Effective Date of AASB 9 and Transition Disclosures	• Defers the effective date of AASB 9 to 1 January 2015. Entities are no longer required to restate comparatives on first time adoption. Instead, additional disclosures on the effects of transition are required.	• Annual reporting periods beginning on or after 1 January 2015	• As comparatives are no longer required to be restated, there will be no impact on amounts recognised in the financial statements. However, additional disclosures will be required on transition, including the quantitative effects of reclassifying financial assets on transition.	• 1 January 2015
• Interpreta tion 21 (issued June 2013)	• Levies	• Clarifies the circumstances under which a liability to pay a levy imposed by a government should be recognised, and whether that liability should be recognised in full at a specific date or progressively over a period of time.	• 1 January 2014	• The Entity is not liable to pay any government levies. There will therefore be no impact on the financial statements when this interpretation is first adopted.	• 1 January 2014

(ii) Adoption of new and revised accounting standards

The following new and revised standards and amendments are applied for the first time in the annual reporting period commencing July 1, 2013. These standards and amendments have no material effect on any of the amounts recognised in the current year or any prior period consolidated financial report:

- AASB 10 Consolidated financial Statements
- AASB 11 Joint Arrangements
- ASB 12 Disclosure of Interests in Other Entities
- AASB 13 Fair Value Measurement
- ASB 119 Employee Benefits (September 2011) and AASB 2011-10 Amendments to Australian
- Accounting Standards arising from AASB 119 (September 2011)
- AASB 2011-9 Amendments to Australian Accounting Standards — Presentation of Items of Other Comprehensive Income.

The nature and effect of each new standard and amendment on the Group's consolidated financial report are described below

AASB 10 Consolidated Financial Statements
AASB 10 Consolidated Financial Statements (AASB 10) was issued in August 2011 and replaces the guidance on control and consolidation in AASB 127 Consolidated and Separate Financial Statements (AASB 127). AASB 10 introduces a new control model, which broadens the situations in which an entity is considered to be controlled by another entity and is applicable to all subsidiaries. The group has reviewed its investments in other entities and concluded that the assessment to consolidate is consistent under AASB 10 with the assessments made under AASB 127.

Notes to the Consolidated Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

AASB 11: Joint Arrangements

Under AASB 11 Joint Arrangements (AASB 11), investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. Application of this standard will not have a material impact on the Group's financial statements.

AASB 12: Disclosure of Interests in Other Entities

AASB 12 Disclosure of Interests in Other Entities (AASB 12) sets out the requirements for disclosure relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. Application of this standard by the Group does not affect any of the amounts recognised in the financial statements.

AAB 13: Fair Value Measurement

AASB 13 Fair Value Measurement (AASB 13) aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single framework for fair value measurement and disclosure requirements for use across Australian Accounting Standards. Application of AASB 13 has not materially impacted the fair value measurement of the Group. Additional disclosure is provided in Note 2.

AASB 119 Employee Benefits

Under revised AASB 119 Employee Benefits (AASB 119), employee benefits expected to be settled (as opposed to due to be settled under current standard) wholly within 12 months after the end of the reporting period are short-term benefits, and therefore not discounted when calculating leave liabilities. Annual leave not expected to be used wholly within twelve months of the end of the reporting period will in future be discounted when calculating leave liability. The requirements of the revised AASB 119 Employee Benefits are consistent with the Group's existing accounting policy.

Amendments to AASB 101 Presentation of Financial Statements

The amendments to AASB 101 Presentation of Financial Statements (AASB 101), as part of AASB 2011-9 Amendments to Australian Accounting Standards — Presentation of Items of Other Comprehensive Income, require that items presented in other comprehensive income that could be reclassified to profit or loss at a future point in time be presented separately from items that will never be reclassified. The amendment affects presentation only.

Several other amendments apply for the first time in 2014, however they do not impact the Group's annual consolidated financial statements.

2. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group monitors this risk and implements measures to minimise the impact of this risk. The Group uses different methods to measure different types of risk to which it is exposed, including sensitivity analysis in the case of interest rate, foreign exchange and other price risks, and ageing analysis for credit risk.

Risk management is carried out by the Board of Directors.

Notes to the Consolidated Financial Statements

2. FINANCIAL RISK MANAGEMENT (CONTINUED)

The Group holds the following financial instruments:

	2014 $	2013 $
Financial Assets		
Cash and cash equivalents	1,537,577	218,376
Trade receivable	14,972	3,217
	1,552,549	221,593
Financial Liabilities		
Trade and other payables	2,122,164	1,013,076
Short term borrowings	651,457	205,274
	2,773,621	1,218,350

(a) *Market Risk*

i) Foreign Exchange Risk

The Group operates internationally through foreign subsidiaries and is exposed to foreign exchange risk arising from currency exposures, primarily with respect to the US dollar and CAD dollar.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency or from net investments in foreign operations. The risk is monitored using cash flow forecasting and regular management reporting. The Group keeps bank accounts in foreign currency to reduce the exposure to foreign exchange fluctuations.

The group's exposure for foreign currency risk at the reporting date was as follows:

2014 Foreign Currency	CAD $	USD $
Trade and other payables	43,806	498,669

Group and Parent Sensitivity

Based on the financial instruments held at 30 June 2014, had the Australian dollar weakened/strengthen by 10% against CAD and USD, the effect to the Group's and Parent's Statement of Profit and Loss and Other Comprehensive Income ("SPLOCI") for the year is shown in the table below. This is based on management's assessment of current and future market conditions given the possibility that the AUD may increase/decrease by 10% against CAD and/or USD in the current financial year.

2014 Foreign Currency Sensitivity Analysis	CAD SPLOCI $	USD SPLOCI $
AUD weakened by 10%	(4,014)	(42,643)
AUD strengthen by 10%	4,907	52,119

ii) Price Risk

The Group is in an early stage of exploration and is not exposed to price risk on its financial instruments.

Notes to the Consolidated Financial Statements

2. FINANCIAL RISK MANAGEMENT (CONTINUED)

iii) Cash Flow and Fair Value Interest Rate Risk

At reporting date, the Group has long term borrowings of $651,457 and its exposure to interest rate risk is assessed as minimal.

The Group's exposure to interest rate risk which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets of the group are summarised in the following tables:

2014	Floating interest rate $	Non-interest bearing $	1 Year or less $	Over 1 to 5 years $	Total $
Financial assets					
Cash and cash equivalents	1,387,281	150,295	1,537,577	-	1,537,577
	1,387,281	150,295	1,537,577	-	1,537,577

2013	Floating interest rate $	Non-interest bearing $	1 Year or less $	Over 1 to 5 years $	Total $
Financial assets					
Cash and cash equivalents	148,579	69,798	218,376	-	218,376
	148,579	69,798	218,376	-	218,376

The Group has minimal exposure to interest rate risk other than reduction/increases in interest earned should the rates decrease/increase respectively. As an indication of possible sensitivity to changes in interest rates a 1% movement in interest rate, would increase/decrease the annual amount of interest received by $15,376 (2013: $1,486)

(b) *Credit Risk*

The Group is in early exploration stages, so there are no significant concentrations of credit risk. The Group ensure the use of leading investment institutions in terms of managing cash. The cash of $1,537,577 is held in one institution with a AA credit rating. The maximum exposure to credit risk are the financial assets as disclosed at note 2a(iii).

(c) *Liquidity Risk*

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions should they arise. Due to the dynamic nature of the underlying businesses, the Group aims at maintaining flexibility in funding by keeping committed credit lines available with a variety of counterparties. No unused lines of credit currently exist.

Contractual maturities of financial liabilities 30 June 2014	Less than 6 months $	6-12 months $	Between 1-5 years $	Total $	Carrying Value $
Financial Liabilities					
Trade and other payables	2,122,162	-	-	2,122,162	2,122,162
Borrowings	651,457	-	-	651,457	651,457
	2,773,619	-	-	2,777,619	2,777,619

Notes to the Consolidated Financial Statements

2. FINANCIAL RISK MANAGEMENT (CONTINUED)

Contractual maturities of financial liabilities 30 June 2013	Less than 6 months $	6-12 months $	Between 1-5 years $	Total $	Carrying Value $
Financial Liabilities					
Trade and other payables	1,013,076	-	-	1,013,076	1,013,076
Borrowings	205,274			205,274	205,274
	1,218,350	-	-	1,218,350	1,218,350

(d) ***Fair Value Estimation***

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement, and for disclosure purposes.

a) Fair value hierarchy

AASB 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

b) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);Inputs other than quoted prices included within level 1 that are observable for the assets or liability, either directly or indirectly (level 2); and Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The following table present the Group's financial assets measured and recognised at fair value at 30 June 2014 and 30 June 2013 on a recurring basis.

Year to 30 June 2014	Level 1 $	Level 2 $	Level 3 $	Total $
Financial assets				
Financial assets designated at fair value through profit or loss:				
Assets classified as held for sale (note 10)	-	141,249	-	141,249
Total	-	141,249	-	141,249
Financial liabilities				
Financial liabilities designated at fair value through profit or loss:				
Convertible note (note 12b)	-	600,000	-	600,000
Total	-	600,000	-	600,000

Year to 30 June 2013	Level 1 $	Level 2 $	Level 3 $	Total $
Financial assets				
Financial assets designated at fair value through profit or loss:				
Assets classified as held for sales (note 6)	-	3,686,385	-	3,686,385
Total	-	3,686,385	-	3,686,385
Financial liabilities				
Financial liabilities designated at fair value through profit or loss:				
Short term borrowings (note 12b)	-	205,274	-	205,274
Total	-	205,274	-	205,274

Notes to the Consolidated Financial Statements

2. FINANCIAL RISK MANAGEMENT (CONTINUED)

a) Valuation techniques used to derive level 2 fair values

The fair values of financial instruments that are not traded in an active market are determined using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value and instruments are observable, the instrument is included in level 2.

All of the resulting fair value estimates are included in level 2.

b) Fair values of other financial instruments

The group also has number of financial instruments which are not measured at fair value in the balance sheet. The carrying value of trade receivables and payables is a reasonable approximation of their fair values due to their short-term nature.

The group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at 30 June 2014.

(e) ***Capital Risk Management***

The Group's objective when managing capital is to safeguard their ability to continue as a going concern, so that they can continue to provide returns to shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistently with others in the industry, the Group manages its capital by assessing the Group's financial risk and adjusts its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the group since the prior year. The Group is not subject to any externally imposed capital requirements.

3. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Estimated Impairment

The Group tests annually whether exploration and evaluation expenditure and Oil and Gas properties have suffered any impairment, in accordance with the accounting policy stated in note 1 (I). The recoverable amounts of cash generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions like commodity price and production quantity. Some of these assumptions may be amended in the future and this may lead to the subsequent impairment of the assets concerned.

Notes to the Consolidated Financial Statements

3. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS (CONTINUED)

(ii) Capitalisation of exploration and evaluation expenditure
The Group has capitalised significant exploration and evaluation expenditure on the basis either that this is expected to be recouped through future successful development (or alternatively sale) of the Areas of Interest concerned or on the basis that it is not yet possible to assess whether it will be recouped.

(iii) Income Taxes
The Group expects to have carried forward tax losses which have not been recognised as deferred tax assets as it is not considered sufficiently probable that these losses will be recouped by means of future profits taxable in the relevant jurisdictions.

(iv) Share Based Payments
The assessed fair value at grant date of share based payments granted during the period was determined using a binomial option pricing model that takes into account the exercise price, the price of the underlying share at grant date, the life of the option, the volatility of the underlying share, the risk free rate and expected dividend payout and any applicable vesting conditions.

Management was required to make assumptions and estimates in order to determine the inputs into binomial option pricing model.

4. SEGMENT REPORTING

Management has determined the operating segments based on reports reviewed by the Board of Directors that are used to make strategic decisions. The Board of Directors considers the business from a geographic perspective and have identified the below reportable segments:

	30-Jun-14			
Geographical Segment	$	$	$	$
	Canada	**USA**	**Unallocated/ Eliminations and Corporate**	**Consolidated**
Results				
Revenue	-	107,104	2,032	109,136
Loss for the period	(31,397)	(800,151)	(3,123,429)	(3,954,977)
Comprehensive loss for the period	(10,816)	(536,200)	(3,531,438)	(4,078,454)
Assets				
Segment assets	122,358	1,419,764	1,594,888	3,137,010
Total assets	122,358	1,419,764	1,594,888	3,137,010
Liabilities				
Segment liabilities	43,456	512,060	2,221,797	2,777,313
Total liabilities	43,456	512,060	2,221,797	2,777,313

Notes to the Consolidated Financial Statements

4. SEGMENT REPORTING (CONTINUED)

	30-Jun-13			
Geographical Segment	$	$	$	$
	Canada	USA	Unallocated/ Eliminations and Corporate	Consolidated
Results				
Revenue	-	74,367	3,691	78,058
Loss for the period	(617,763)	196,564	(3,182,581)	(3,603,780)
Comprehensive loss for the period	(612,445)	53,317	(2,359,933)	(2,919,061)
Assets				
Segment assets	67,619	1,285,711	3,846,659	5,199,989
Total assets	**67,619**	**1,285,711**	**3,846,659**	**5,199,989**
Liabilities				
Segment liabilities	224,847	2,114,641	(1,121,138)	1,218,350
Total liabilities	**224,847**	**2,114,641**	**(1,121,138)**	**1,218,350**

5. REVENUE

	Consolidated	
	2014	2013
	$	$
Oil revenue	107,104	74,367
Interest received	2,032	3,691
	109,136	**78,058**

6. LOSS FOR THE YEAR

	Consolidated	
	2014	2013
	$	$
The loss from continuing operations includes the following specific expenses:		
Office and administrative expenses		
Office costs	(60,621)	(79,612)
IT costs	(7,060)	(5,188)
Wages and salaries	(69,636)	(139,220)
Employee benefits	(6,173)	(47,778)
Others administrative expenses	(44,220)	(66,461)
Total office and administration expenses	**(187,710)**	**(338,259)**

Notes to the Consolidated Financial Statements

7. INCOME TAX

Income tax recognised in Statement of Profit & Loss and Other Comprehensive Income	Consolidated	
	2014	2013
	$	$
Tax expense/(income) comprises:		
Current tax expense/(income) in respect of the current year	(141,521)	57,985
Deferred tax expense/(income) relating to the origination and reversal of temporary differences	-	-
Total tax expense/(income)	**(141,521)**	**57,985**

The prima facie income tax expense/(income) on pre-tax accounting loss from operations reconciles to the income tax expense/(income) in the financial statements as follows:

	Consolidated	
	2014	2013
	$	$
Loss from continuing operations	(4,096,498)	(3,545,795)
Loss from discontinuing operations	-	-
Total loss from operations	(4,096,498)	(3,545,795)
Income tax expense/(income) calculated at 30%	(1,228,949)	(1,063,739)
Effect of expenses that are not deductible in determining taxable profit	1,127,288	789,763
Effect of unused tax losses and tax offsets not recognised as deferred tax assets	341,059	513,144
Effect of disposal of foreign assets	(141,521)	57,985
Other	(239,398)	(355,138)
	(141,521)	**57,985**

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

Unrecognised deferred tax balances

	Consolidated	
	2014	2013
	$	$
Deferred tax assets/(liabilities) un-recognised:		
Tax losses:		
Australian tax losses – revenue	1,764,848	1,839,226
Temporary differences:		
Australian – Other	(180,521)	(115,751)
Capitalised exploration and evaluation	(521,181)	(1,260,779)
Unrecognised deferred tax assets	**1,063,146**	**462,696**

Net deferred tax assets have not been brought to account as it is not probable that immediate future profits will be available against which deductible temporary differences and tax losses can be utilised.

Notes to the Consolidated Financial Statements

8. CASH AND CASH EQUIVALENTS

	Consolidated	
	2014	2013
	$	$
Cash at bank	1,537,577	218,376

Cash at bank earned a floating rate of interest of between 0.01% and 6.16%.
The Group's exposure to interest rate risk is discussed in note 2.

9. TRADE AND OTHER RECEIVABLES

	Consolidated	
	2014	2013
	$	$
Current		
Trade receivables	14,972	3,217
Sundry receivables	16,112	6,596
GST Receivable	15,841	27,923
Prepayments	71,196	11,771
	118,121	49,507

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value and no impairment is considered necessary. The group is confident on credit quality from past transaction history.

10. ASSETS CLASSIFIED AS HELD FOR SALE

During the period the Company entered into an agreement which involves an interim sale of select Duvernay acreage to Black Swan Energy Limited ("Black Swan") for a cash consideration. The acreage sold is the retained 3.2% carried interest in the Rimbey, Alberta sections that Black Swan acquired in January 2012.

Following assets classified as, held for sales movement during the period:

	Consolidated	
	Year ended 30 June 2014	Year ended 30 June 2013
	$	$
Assets held for sale – cost	**141,249**	**3,686,385**
Movements in carrying amounts are reconciled as follows:		
Opening balance	3,686,385	-
Assets recognised as held for sale	-	3,686,385
Additions during period(i)	78,011	-
Disposal(ii)	(746,031)	
Write off during period	(2,799,067)	-
Foreign currency movement	(78,049)	-
	141,249	**3,686,385**

Notes to the Consolidated Financial Statements

10. ASSETS CLASSIFIED AS HELD FOR SALE (CONTINUED)

i) The additions relate to exploration work carried out.
ii) During the year the Company completed and settled the sale to Black Swan Energy Limited and received a net consideration of $746,031 before tax. The acreage sold was the retained 3.2% carried interest in the Rimbey, Alberta sections that Black Swan acquired in January 2012.

11. OIL AND GAS PROPERTIES

The ultimate recoupment of these costs is dependent on successful development and commercial exploitation, or alternatively, the sale of the respective areas.

	Consolidated	
	2014	2013
	$	$
11 (a) Exploration, evaluation and development expenditure – cost	1,127,443	1,245,721
	1,127,443	**1,245,721**
Movements in carrying amounts are reconciled as follows:		
Opening balance	1,245,721	5,780,567
Acquired during the period at fair value (i)	320,767	-
Additions during period (ii)	542,154	1,106,210
Write off during period	-	(150,489)
Impairment of assets	(533,134)	(2,413,965)
Assets reclassified as held for sales (refer note 10)	-	(3,686,385)
Assets reclassified as producing assets (refer to note 11(b))	(424,812)	-
Foreign currency movement	(23,253)	609,783
	1,127,443	1,245,721

	2014	2013
	$	$
11 (b) Oil and gas properties – cost	212,620	-
	212,620	**-**
Movements in carrying amounts are reconciled as follows:		
Opening balance	-	-
Assets recognised as producing assets	424,812	
Additions during period (ii)	95,191	-
Amortisation expense	(295,349)	-
Foreign currency movement	(12,034)	-
	212,620	-

30 June 2014

i) The acquisition relates to the interest acquired in the Rend Lake.

ii) The additions relate to exploration work carried out on the projects during the year.

Notes to the Consolidated Financial Statements

12. TRADE AND OTHER PAYABLES

12a. Payables

	Consolidated	
	2014	**2013**
TRADE AND OTHER PAYABLES	**$**	**$**
Trade creditors	106,624	639,011
Other payables (i)	1,485,000	251,763
Trade Accruals	530,540	-
Current tax liabilities	-	122,302
	2,122,164	**1,013,076**

These amounts are expected to be settled within 12 months.

i) Money received during June 2014 for Share Capital issued in July 2014 as part of rights issue.

12b. Short term borrowings

	Consolidated	
	2014	**2013**
	$	**$**
Convertible Note (i)	600,000	-
Borrowing from related party	-	100,137
Borrowing from third party(ii)	51,457	105,137
	651,457	**205,274**

30 June 2014

i) The terms of these notes are three years; either repayable in cash by the company at any time or converted to shares at the discretion of the holder at any time in that period; if repaid under the Company's discretion, a coupon interest rate of 8% is applicable, if converted to shares by the note-holder, a zero coupon rate applies; shares are convertible at $0.05 (after consolidation) per share. These convertible notes were converted into shares post year end at $0.01 per share by mutual agreement.

ii) This is $300,000 unsecured loan from a third party. The loan will be repaid as a priority out of proceeds on the capital raising undertaken by TMK. In any event the loan is repayable within 12 months. $248,543 has been paid prior to the financial year end and the balance of $51,457 has been paid subsequent to the financial year end.

30 June 2013

ii) This loan is a short term loan from a third party. This loan is to be used to fund the company's short term working capital requirements and has an interest 10% per annum.

Notes to the Consolidated Financial Statements

13. ISSUED CAPITAL

13a. Issued share capital

Ordinary shares	Consolidated	
	2014	2013
	$	$
103,396,609(after consolidation) fully paid ordinary shares (2013: 63,960,063)	24,996,085	24,636,662
Movements in shares on issue		
At 1 July	**24,636,662**	**24,636,662**
Shares issued during the year		
140 Conversion of Options	-	-
39,436,406 Right Issue at $0.01	394,801	-
Total shares issued	**25,031,463**	**24,636,662**
Less: capital raising costs	(35,378)	-
At 30 June	**24,996,085**	**24,636,662**

13b. Issued share options

Share options	Consolidated	
	2014	2013
	$	$
32,600,000 (after consolidation) listed options issued (2013: 32,600,000)	298,890	298,890
Movements in options issued		
At 1 July	298,890	848,828
Options issued during the year		
481,398,748 options expired(2)	-	(549,938)
Total options issued	**298,890**	**298,890**
Less: options issued costs	-	-
At 30 June	**298,890**	**298,890**

13c. Converting Performance Shares

During the year 14,000 (140 after consolidation) performance shares were converted to Fully Paid Ordinary Shares (refer note 13(a).

Notes to the Consolidated Financial Statements

14. RESERVES

	Consolidated	
	2014	**2013**
	$	**$**
Foreign currency translation reserve [(1)]	561,242	684,719
Equity reserve [(2)]	80	80
Other reserves	561,322	684,799
Share based payment reserve [(3)]	139,989	42,900
Total reserve	**701,311**	**727,699**
(1) Foreign currency translation		
Balance at 1 July	684,719	82,585
Currency translation differences arising during the year	(123,477)	602,134
	561,242	**684,719**
(2) Equity reserve		
Balance at 1 July	80	80
Movement during the year	-	-
	80	**80**
(3) Share based payment reserve		
Balance at 1 July	42,900	32,542
Share based payment movement during the year	97,089	10,358
	139,989	**42,900**

Nature and purpose of reserves

[(1)] **Foreign currency translation reserve**
Exchange differences arising on translation of the foreign controlled entities are taken to the foreign currency translation reserve as described in note 1(d). The reserve is recognised in profit and loss when the net investment is disposed of.
[(2)] **Equity reserve**
The equity reserve is used to recognise the amortised portion of the fair value of converting performances share is issued.
[(3)] **Share based payment reserve**
This comprises the amortised portion of the share based payment expense (refer Note 15).

15. SHARE BASED PAYMENT EXPENSE

On 4 November 2011, a total of 3 hundred thousand (after consolidation) share options were issued as incentives to key management personnel of the Company. On 18 January 2012, a further 3 hundred thousand (after consolidation) share options were issued to a Director of the Company, Brian Ayers. On 3 October 2013 a further 3 million (after consolidation) share options were issued as incentives to Alexander Parks.

Notes to the Consolidated Financial Statements

15. SHARE BASED PAYMENT EXPENSE (CONTINUED)

The share options were granted on the following terms:

Date	Number of options after consolidation	Exercise price $	Option value $	Expiry date
4 November 2011	300,000	0.5	0.072	17-Aug-15
18 January 2012	300,000	0.5	0.071	17-Aug-15
03 October 2013	1,500,000	0.15	0.055	03-Oct-17
03 October 2013	1,500,000	0.15	0.065	03-Oct-17
	3,600,000			

Fair value of options granted

The fair value of the share options, at grant date is independently determined using a binomial option pricing method that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The following table lists the inputs to the model used for valuation of options:

	Tranche 1	Tranche 2
Grant date	3 October 2013	3 October 2013
Underlying share price	$0.001	$0.001
Exercise price	$0.0015	$0.0015
Maximum option life (years)	4.0	4.0
Volatility	120%	120%
Risk free rate	3.24%	3.24%
Dividend yield	nil	nil
Vesting period (years)	1.0	2.0
Exercise multiple	2.0	2.0

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

	Tranche 1	Tranche 2	Total
Number of options	150,000,000	150,000,000	300,000,000
Assessed fair value per option	$0.00055	$0.00065	-
Total value of the issue	$82,500	$97,500	$180,000

The total share based payment expense recognised for the year ended 30 June 2014 was $97,089 (2013: $10,358).

Notes to the Consolidated Financial Statements

16. ACCUMULATED LOSSES

	Consolidated	
	2014	2013
	$	$
Accumulated losses at 1 July	(21,681,612)	(18,627,770)
Net loss attributable to the members of the parent entity	(3,954,977)	(3,603,780)
Options expired[(1)]	-	549,938
Accumulated losses at 30 June	**(25,636,589)**	**(21,681,612)**

[(1)] Refer Note13b for further details

17. LOSS PER SHARE

	Consolidated	
	2014	2013
	$	$
Reconciliation of earnings to net loss		
Loss used in calculating basic and diluted EPS	(3,954,977)	(3,603,780)
From continuing operations	(3,954,977)	(3,603,780)
From discontinuing operations	-	-
Basic and dilutive EPS (cents per share)	(5.86)	(0.06)
Weighted average number of ordinary shares outstanding during the year used in calculation of basic and dilutive EPS	**Number**	**Number**
	67,501,295	**63,960,061**

Share options are considered to be potential ordinary shares and have been included in the calculation of diluted EPS; the result of the conversion of these share options was anti-dilutive. The Convertible performance shares have not been included in the calculation of dilutive EPS.

Notes to the Consolidated Financial Statements

18. PARENT ENTITY INFORMATION

The ultimate holding company of the Group, Tamaska Oil and Gas Ltd (the "Parent") has not been reported on in these financial statements other than the following, pursuant to changes to the Corporation Act 2001:

	Parent Entity	
	2014 **$**	**2013** **$**
Current assets	1,453,640	248,140
Non-current assets	1,040,778	4,237,262
Total assets	2,494,418	4,485,402
Current liabilities	1,621,796	850,163
Long Term liabilities	600,000	-
Total liabilities	2,221,796	850,163
Net assets	**272,622**	**3,635,239**
Issued capital	24,996,085	24,636,662
Options issued	298,890	298,890
Equity reserves	140,069	42,980
Accumulated losses	(25,162,422)	(21,343,293)
Total equity	**272,622**	**3,635,239**
Loss for the year	(3,819,129)	(3,791,108)
Other comprehensive income for the year	-	-
Total comprehensive loss for the year	**(3,819,129)**	**(3,791,108)**

The Parent entity has not entered into any guarantees, and has no contingent liabilities or contractual commitments.

Notes to the Consolidated Financial Statements

19. CASH FLOW INFORMATION

Reconciliation of cash flow from operations with loss from continuing operations after income tax

	Group	
	2014	**2013**
	$	**$**
Loss after income tax	(3,954,977)	(3,603,780)
Non cash flows in loss		
Exploration Write off	-	-
Share Based Payments	97,089	-
Accruals	-	11,046
Management fees	-	474,387
Amortisation	295,349	
Impairment of assets	3,332,202	2,413,965
Foreign currency movements	-	(684,708)
Changes in assets and liabilities		
(Increase) in trade creditors and accruals	(335,914)	898,428
Decrease in trade and other receivables	(68,614)	(76,876)
Increase in other provision	3,691	-
Cash flows (used in) operations	(631,174)	(567,538)

20. SUBSIDIARIES

The Company has the following subsidiaries.

Name of Subsidiary	Place of Incorporation	Percentage held 2014	Percentage held 2013
Tamaska Energy LLC[1]	Louisiana USA	100%	100%
Warren Energy Ltd[2]	Alberta Canada	100%	100%
Tamaska Oil and Gas Inc[3]	Delaware USA	100%	100%
Tamaska Oil and Gas Illinois LLC[3]	Illinois USA	100%	100%
Tamaska Oil and Gas Texas LLC[3]	Texas USA	100%	100%

(1) Tamaska Energy LLC was incorporated on 5 May 2011. The company was previously called Kilgore Energy LLC. The name was changed to Tamaska Energy LLC on 28 November 2011.

(2) Warren Energy Ltd was incorporated on 31 July 2011, and acquired by the Group on 1 August 2011. During the year to 30 June 2013 an SPA was entered into for its sale and completed subsequent to the year-end (refer note 10 and 29 for further details).

(3) Tamaska Oil and Gas Inc (Delaware), Tamaska Oil and Gas Illinois LLC and Tamaska Oil and Gas Texas LLC were incorporated on 25 March 2013.

Notes to the Consolidated Financial Statements

21. RELATED PARTY TRANSACTIONS

(a) Transactions with other related parties

Directors and officers, or their personally-related entities, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

Details of the transactions including amounts accrued but unpaid at the end of the year are as follows:

			Transactions		Balances	
Entity	Relationship	Nature of transactions	Full year 30-Jun-14 $	Full year 30-Jun-13 $	Full year 30-Jun-14 $	Full year 30-Jun-13 $
Transerv Energy Limited	(i)	Cost recoveries in relation to Warren	(122,569)	1,636	(127,750)	-
Seaspin Pty Ltd	(ii)	Loan payable (refer note 12b)	(300,000)	(100,137)	(300,000)	-
Citation Resources Limited	(iii)	Reimbursement to CTR for corporate administration costs.	(1,348)	(4,976)	(1,579)	(4,725)
Perity Oil Pty Ltd	(iv)	Sales proceeds from acreage sales	646,680	114,362	-	-

(i) Transerv Energy Limited (TSV) is a joint venture partner in the Alberta Joint Venture. Brett Mitchell was a Director of TSV and resigned on 19 August 2013.

(ii) Seaspin Pty Ltd (Seaspin) is a controlled entity of Charles Morgan, who was the Chairman of the Company. The short term loan relates to fund the Group’s working capital requirements.

(iii) Citation Resources Limited (CTR) is a company associated with Mr Brett Mitchell, who is currently a director of CTR.

(iv) The Company made distributions of acreage sale proceeds to Perity Oil Pty Ltd (Perity) of $1,465,043 for Perity’s 8% Duvernay interest, held on trust by the Company as at 30 June 2012, which was disposed of as part of the first two completed acreage sales. Perity Oil is a company controlled by the Warren Energy vendors, which Mr Charles Morgan and Mr Brett Mitchell are shareholders.

Notes to the Consolidated Financial Statements

21. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Transactions with Related Subsidiaries

At the end of the year the following loans were owed by wholly owned subsidiaries of the company:

Entity	Relationship	Amount owed 30-Jun-14 $	Amount owed 30-Jun-13 $
Tamaska Energy LLC	A wholly owned subsidiary (1)	2,287,811	1,886,792
Tamaska Oil & Gas Inc	A wholly owned subsidiary	307,327	(33,394)
Warren Energy Ltd	A wholly owned subsidiary	(338,376)	51,113

[1]During the year, the loans receivable from Tamaska Energy LLC of $2,287,811 in the parent entity, were assessed for recoverability. A provision for impairment for the full amount of the loan has been raised in the parent entity.

Details of interests in wholly owned controlled entities are set out in Note 20.

Loans between entities in the wholly owned group are denominated in US dollar and Canadian dollar, non interest bearing, unsecured and are repayable upon reasonable notice having regard to the financial stability of the Company.

c) Transactions with key management personnel

The aggregate amounts recognised during the year relating to specified directors/officers and their personally-related entities are included in the primary benefits component of remuneration of directors by the consolidated entity in the remuneration report.

Details of the transactions, including amounts accrued but unpaid, at the end of the year are as follows:

Specified Director/Officer	Nature of the Transaction	2014 $	2013 $
Brian Ayers (i)	Director fees	20,509	24,472
Brett Mitchell (ii)	Director fees	23,750	135,000
Charles Morgan (iii)	Director fees	36,364	100,000
Mark Freeman (iv)	Non-Executive Director fees	5,000	-
Alexander Parks (v)	Managing Director	145,000	71,000
		230,623	**330,472**

(i) Mr Brian Ayers is paid Director's fees of USD25,000 per annum. On 18 January 2012, Brian Ayers was issued 30 million shares options. The share options are exercisable at an exercise price of $0.5, 15 million of the shares options vested immediately while the other 15 million will vest on 1 January 2013. The share options expire on 17 August 2015. The value of the share options has not been included in the table above.

Mr Brian Ayers resigned 24 March 2014.

(ii) On the acquisition of Warren Energy Limited, a total of 2,000,000 ordinary shares were issued to the Mitchell Spring Family Trust, an account controlled by Mr Brett Mitchell, a Director of the Company.

Mr Brett Mitchell was appointed a Non-Executive Chairman of the Company on 17 February 2014. He is paid non-executive service fees of $20,000 per annum.

(iii) On the acquisition of Warren Energy Limited, a total of 100,000,000 ordinary shares were issued to Falcore Pty Ltd, an entity controlled by Mr Charles Morgan, a now former Director of the Company.

Mr Charles Morgan was appointed the Chairman of the Company on 1 August 2011. He is paid fees of $40,000 per annum. The fees payable are subject to annual review by the Board.

Mr Charles Morgan resigned 17 February 2014.

Notes to the Consolidated Financial Statements

21. RELATED PARTY TRANSACTIONS (CONTINUED)

(iv) Mr Mark Freeman was appointed as Non-Executive Director on 24 March 2014. Mr Freeman is receiving a director's fee of $20,000 per annum.

(v) Mr Alexander Parks was appointed as Managing Director on 17 February 2014. Mr Parks is on an annual salary of $180,000 per annum.

22. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Names and positions of key management personnel ("KMP") at any time during the financial period and summary of short term employee benefits are:

Short term employee/consulting benefits

Name of the Key Management Personnel	Invoiced Company	Position Held	Summary for consulting 2014 $	Summary for consulting 2013 $
Mr Brett Mitchell	Sibella Capital Pty Ltd	Chairman	23,750	135,000
Mr Brian Ayers[(1)]	-	Director	20,509	**24,472**
Mr Charles Morgan	Seaspin Pty Ltd	Chairman	36,363	**100,000**
Mr Mark Freeman[(2)]	Meccano Pty Ltd	Director	5,000	**-**
Mr Alexander Parks [(3)]	Tigerwise Pty Ltd	Director	145,000	**71,000**
			230,622	**330,472**

No post employment, long term or termination benefits were paid in year 2013 and 2014. Share base payments are explained in note 16.

[1] This does not include the share based payment of 3 million options valued at $97,089 ($5,645:2013)
[2] Mr Mark Freeman was appointed as Non-Executive Director on 24 March 2014
[3] Mr Alexander Parks was appointed as Managing Director on 17 February 2014

(b) Equity instrument disclosures relating to key management personnel.

Ordinary shares:

2014

Holder	Held at beginning of period	Held after consolidation [(1)]	Acquired	Sold/dispose	Converted CPS	Balance at end of period
Brett Mitchell	250,000,000	2,500,000	-	-	-	2,500,000
Charles Morgan	1,273,572,406	12,735,725	58,664,275			71,400,000
Brian Ayers	-	-	-	-	-	-
Mark Freeman	-	-	-	-	-	-
Alexander Parks	-	-	308,000			308,000
	1,523,572,406	**15,235,725**	**58,972,275**	**-**	**-**	**74,208,000**

1. In April 2014, The Company completed a consolidation of its securities on issue on a 100 for 1 basis.

2013

Holder	Held at beginning of period	Acquired	Sold/dispose	Converted CPS	Balance at end of period
Brett Mitchell	250,000,000	-	-	-	250,000,000
Charles Morgan	1,212,500,000	61,072,406	-	-	1,273,572,406
Brian Ayers	-	-	-	-	-
	1,462,500,000	**61,072,406**	**-**	**-**	**1,523,572,406**

Notes to the Consolidated Financial Statements

22. KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

Options issued:

2014

Holder	Held at beginning of period	After Consolidation (1.)	Purchased	Issued as share based payment	Sold/ expired	Converted to shares	Balance at end of period
Brett Mitchell	130,000,000	1,300,000	-	-	-	-	1,300,000
Charles Morgan[1]	550,000,000	5,500,000	-	-	-	-	5,500,000
Brian Ayers[2]	30,000,000	300,000	-	-	-	-	300,000
Mark Freeman[3]	-	-	1,485,000				1,485,000
Alexander Parks[4]	-	-	-	3,000,000	-	-	3,000,000
	710,000,000	**7,100,000**	**1,485,000**	**3,000,000**	**-**	**-**	**11,585,000**

1. In April 2014, The Company completed a consolidation of its securities on issue on a 100 for 1 basis.

2013

Holder	Held at beginning of period	Purchased	Issued as share based payment	Sold/ expired	Converte d to shares	Balance at end of period
Brett Mitchell	130,000,000	-	-	-	-	130,000,000
Charles Morgan	550,000,000	-	-	-	-	550,000,000
Brian Ayers	30,000,000	-	-	-	-	30,000,000
	710,000,000	**-**	**-**	**-**	**-**	**710,000,000**

[1] Resigned on 17 February 2014
[2] Resigned on 24 March 2014
[3] Appointed on 24 March 2014
[4] Appointed on 17 February 2014

Notes to the Consolidated Financial Statements

23. KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

Converting performance shares:
2014

Holder	Held at beginning of the year	After Consolidation	Acquired	Sold	Converted to shares	Balance at the date of report
Charles Morgan *(resigned 17 Feb 14)*	-	-	-	-	-	-
Brett Mitchell	-	-	-	-	-	-
Brian Ayers *(resigned 24 March 14)*	2,000	20	-	20	-	-
Mark Freeman(*appointed 24 Mar 14)*	-	-	-	-	-	-
Alexander Parks(*appointed 17 Feb 14)*	-	-	-	-	-	-
	2,000	**20**	**-**	**20**	**-**	**-**

In April 2014 the Company completed a consolidation of its securities on issue on a 100 for 1 basis.

2013

CPS Holder	Held at beginning of period	Acquired	Sold	Converted to shares	Balance at end of period
Brett Mitchell	-	-	-	-	-
Charles Morgan	-	-	-	-	-
Brian Ayers	2,000	-	-	-	2,000
Alexander Parks	-	-	-	-	-
	2,000	**-**	**-**	**-**	**2,000**

[1] Resigned on 17 February 2014
[2] Resigned on 24 March 2014
[3] Appointed on 24 March 2014
[4] Appointed on 17 February 2014

24. REMUNERATION OF AUDITORS

	Consolidated	
	2014	**2013**
	$	**$**
Amounts received or due and receivable by BDO Audit (WA) Pty Ltd for:		
Audit and audit review services of periodic financial reports	34,186	31,887
Tax and other services	-	-
	34,186	**31,887**

25. DIVIDENDS

There were no dividends paid or payable in respect of the current financial year.

26. COMMITMENTS

The company had no commitments in relation to its West Klondike exploration asset at 30 June 2014 (2013: $275,000).

Notes to the Consolidated Financial Statements

27. CONTINGENCIES

30 June 2014

There were no known contingent liabilities or contingent assets at 30 June 2014.

28. JOINT VENTURE OPERATIONS

The Company's current Joint Venture interests are set out in detail in the Directors Report on page 5.

29. EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to the reporting date the Company completed the placement of the shortfall shares under the Prospectus dated 9 May 2014 raising $6 million. The funds were used to extinguish loans, convertible notes and project costs to leave the Company with $4.8 million in cash at 31st August 2014.

The Company announced entry into the Montney project in September 2014.

The West Klondike project commenced production in September 2014.

Directors' Declaration

The Directors of the Company declare that:

1) The financial statements and notes, as set out on pages 23 to 59, are in accordance with the Corporations Act 2001 and:

   a) comply with Accounting Standards and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

   b) give a true and fair view of the financial position as at 30 June 2014 and of the performance for the year ended on that date of the company and Group;

2) 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.

3) The financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board

4) The Directors have been given the declaration by the Executive Director and Chief Financial Officer required by section 295A of the Corporation Act 2001.

5) The remuneration disclosures contained on the Remuneration Report comply with section 300A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the Board of Directors.

Alexander Parks
Managing Director
Perth, Western Australia
24 September 2014

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Fax: +61 8 6382 4601
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Subiaco, WA 6008
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Australia

INDEPENDENT AUDITOR'S REPORT

To the members of Tamaska Oil & Gas Limited

Report on the Financial Report

We have audited the accompanying financial report of Tamaska Oil & Gas Limited, which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Tamaska Oil & Gas Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of Tamaska Oil & Gas Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1(a).

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Tamaska Oil & Gas Limited for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO

Peter Toll

Director

Perth, 24 September 2014

Corporate Governance

COMPLIANCE WITH ASX CORPORATE GOVERNANCE RECOMMENDATIONS

OVERVIEW

In March 2003, the Australian Securities Exchange (ASX) Corporate Governance Council published its Principles of Good Corporate Governance and Best Practice Recommendations ("Recommendations").

In August 2007, the ASX Corporate Governance Council published a revised Principles and Recommendations (2nd Edition).

In 2010, the ASX Corporate Governance Council published a further revised Corporate Governance Principles and Recommendations with 2010 Amendments (2nd Edition) to ensure that these remain relevant to the Australian business and investment communities. The Company's Corporate Governance Statement is structured below with reference to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations with 2010 Amendments (2nd Edition). The Company's Board of Directors has reviewed the recommendations. In many cases the Company was already achieving the standard required. In a limited number of instances, the Company has determined not to comply with the standard set out in the recommendations, largely due to the recommendation being considered by the Board to be unduly onerous for a Company of this size. Recommendations which the Company does not comply with are highlighted in this report.

Further information on the Company's corporate governance policies is located on the website: www.tamaska.com.au

1. PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

1.1 Companies should establish and disclose the respective roles and responsibilities of board and management.

- **Recommendation 1.1:** Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.
- **Recommendation 1.2:** Companies should disclose the process for evaluating the performance of senior executives.
- **Recommendation 1.3:** Companies should provide the information indicated in the Guide to reporting on Principle 1.

1.2 The Company's Practice:

The Board considers that the essential responsibility of directors is to oversee the Company's activities for the benefit of its shareholders, employees and other stakeholders and to protect and enhance shareholder value. Responsibility for management of The Company's business is delegated to the Executive Director, who is accountable to the Board.

Further, the Board takes specific responsibility for:-

- Contributing to the development of and approving corporate strategy;
- Appointing, assessing the performance of and, if necessary removing the Executive Director;
- Reviewing and approving business plans, the annual budget and financial plans including available resources and major capital expenditure initiatives;
- Overseeing and monitoring:
    - Organizational performance and the achievement of strategic goals and objectives
    - Compliance with the Company's code of conduct
    - Progress of major capital expenditures and other corporate projects including acquisitions, mergers and divestments;

Corporate Governance

- Monitoring financial performance including approval of the annual, half yearly and quarterly reports and liaison with the auditor;
- Ensuring there are effective management processes in place, including reviewing and ratifying systems of risk identification and management, ensuring appropriate and adequate internal control processes, and that monitoring and reporting procedures for these systems are effective;
- Enhancing and protecting the Company's reputation;
- Approving major capital expenditure, capital management, acquisitions and divestments;
- Reporting to shareholders;
- Appointment of directors; and
- Any other matter considered desirable and in the interest of the Company.

The Board is responsible for the overall Corporate Governance of the Company including the strategic direction, establishing goals for management and monitoring the achievement of these goals.

The Company has a formal Board Charter which is on the Company's website and summarised above. In broad terms, the Board is accountable to the shareholders and must ensure that the Company is properly managed to protect and enhance shareholders' wealth and other interests. The Board Charter sets out the role and responsibilities of the Board within the governance structure of the Company and its related bodies corporate (as defined in the Corporations Act).

Senior executives are responsible for the ongoing management of the Company's operations and report to the Board. They are accountable for all functions that are necessary to the operations of the Company and not specifically reserved to the Board. Senior Executives performance is reviewed on a regular basis by the Board.

Based on the above information the Company believes it is fully compliant with Recommendations 1.1, 1.2 and 1.3.

2. PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

2.1 Companies should have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties.

- **Recommendation 2.1:** A majority of the Board should be independent directors.
- **Recommendation 2.2:** The chair should be an independent director.
- **Recommendation 2.3:** The roles of chair and chief executive officer should not be exercised by the same individual.
- **Recommendation 2.4:** The Board should establish a nomination committee.
- **Recommendation 2.5:** Companies should disclose the process for evaluating the performance of the Board, its committees and individual directors.
- **Recommendation 2.6:** Companies should provide the information indicated in the Guide to reporting on Principle 2.

2.2 The Company's Practice:

Independence

Corporate Governance Council Recommendation 2.1 requires a majority of the Board to be independent directors. The Corporate Governance Council defines independence as being free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of unfettered and independent judgement. The Company has one independent, Non-Executive Director. The Board as a whole comprises a Non-Executive Chairman, an Executive Director and one Non-Executive Director.

Composition

The Directors have been chosen for their particular expertise to provide the company with a competent and well-rounded decision-making body and which will assist the company and shareholders in meeting their objectives.

Corporate Governance

The term in office held by each director in office at the date of this report is as follows and details of the professional skills and expertise of each of the Directors are set out in the Directors' Report.

Name	Position	Term in Office
Brett Mitchell	Non-Executive Chairman	3 years and 1 month
Mark Freeman	Non-Executive Director	4 months
Alexander Parks	Managing Director	5 months

The Directors meet frequently, both formally and informally, so that they maintain a mutual, thorough understanding of the Company's business and to ensure that the Company's policies of corporate governance are adhered to.

Education

The Company has a formal process to educate new directors about the nature of the business, current issues, the corporate strategy and the Company's expectations concerning the performance of directors. Directors are given access to and encouraged to participate in continuing education opportunities to update and enhance their skills and knowledge.

Independent professional advice and access to company information

Each director has the right of access to all relevant Company information and to the Company's executives and, subject to prior consultation with the Chairman, may seek independent professional advice from a suitably qualified advisor at the consolidated entity's expense. The director must consult with an advisor suitably qualified in the relevant field and obtain the Chairman's approval of the fee payable for the advice before proceeding with the consultation. A copy of the advice received by the director is made available to all other board members.

Nomination committee

The Company does not currently have a separate nomination committee and as such has not complied with Recommendation 2.4. The duties and responsibilities typically delegated to such a committee are considered to be the responsibility of the full board, given the size and nature of the Company's activities and as such, the Board does not believe that any marked efficiencies or enhancements would be achieved by the creation of a separate nomination committee.

Monitoring of Board Performance

The performance of all Directors is reviewed by the Chairman on an ongoing basis and any Director whose performance is considered unsatisfactory is asked to retire. The Chairman's performance is reviewed by the other Board members.

The Company has established firm guidelines to identify the measurable and qualitative indicators of the Director's performance during the course of the year. Those guidelines include:

- Attendance at all Board meetings. Missing more than three consecutive meetings without reasonable excuse will result in that Director's position being reviewed,
- Attendance at the Company's Shareholder Meetings. Non-attendance without reasonable excuse will result in that Director's position being reviewed.

Based on the above information the Company believes it is fully compliant with Recommendations 2.1, 2.3, 2.5 and 2.6. The Company is not compliant with Recommendation 2.2 and 2.4 as outlined.

3. PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING

3.1 Companies should actively promote ethical and responsible decision-making.

- **Recommendation 3.1:** Companies should establish a code of conduct and disclose the code or a summary of the code as to:

Corporate Governance

- the practices necessary to maintain confidence in the company's integrity
- the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders
- the responsibility and accountability of individuals for reporting and investigating reports of unethical practices

- **Recommendation 3.2:** Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the Board to establish measurable objectives for achieving gender diversity for the Board to assess annually both the objectives and progress in achieving them.
- **Recommendation 3.3:** Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them.
- **Recommendation 3.4:** Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board.
- **Recommendation 3.5:** Companies should provide the information indicated in the Guide to reporting on Principle 3.
-

3.2 The Company's Practice:

Ethical Standards

The Company has a formal Code of Conduct as per Recommendation 3.1. This code outlines how Directors and employees of the Company and its related bodies corporate are to behave when conducting business. A full copy of this Code of Conduct is available on the Company's website.

The Company is committed to the highest level of integrity and ethical standards in all business practices. Directors and employees must conduct themselves in a manner consistent with current community and corporate standards and in compliance with all legislation. In addition, the Board subscribes to the Statement of Ethical Standards as published by the Australian Institute of Company Directors.

All Directors and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.

Diversity Policy

The Board has adopted a Diversity Policy as per Recommendation 3.2. The Diversity Policy addresses equal opportunities in the hiring, training and career advancement of directors, officers and employees. The Diversity Policy outlines the processes by which the Board will set measurable objectives to achieve the aims of its Diversity Policy, with particular focus on gender diversity within the Company.

The Company is committed to ensuring a diverse mix of skills and talent exists amongst its directors, officers and employees and is utilised to enhance the Company's performance.

The Board is responsible for monitoring Company performance in meeting the Diversity Policy requirements, including the achievement of diversity objectives.

Gender Diversity

As a priority, the Company is focusing on the participation of women on its Board and within senior management. The Board is in the process of determining appropriate measurable objectives for achieving gender diversity.

Women Employees, Executives and Board Members

The Company and its consolidated entities has one (1) female employees/executives:

- Who is the Company Secretary and Chief Financial Officer

which represent approximately 25% of the total employees, executives and/or board members of the Company and its consolidated entities. There are currently no female members of the Board of the Company.

Corporate Governance

Based on the above information the Company believes it is fully compliant with Recommendations 3.1, 3.2, 3.3, 3.4 and 3.5.

4. PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

4.1 Companies should have a structure to independently verify and safeguard the integrity of their financial reporting.

- **Recommendation 4.1:** The Board should establish an audit committee.
- **Recommendation 4.2:** The audit committee should be structured so that it:
  - consists only of Non-Executive Directors
  - consists of a majority of Independent Directors
  - is chaired by an independent chair, who is not chair of the Board
  - has at least three members.
- **Recommendation 4.3:** The audit committee should have a formal charter.
- **Recommendation 4.4:** Companies should provide the information indicated in the Guide to reporting on Principle 4.

4.2 The Company's Practice:

Audit Committee

The Board has not established a separate audit committee and as such has not complied with Recommendation 4.1 & 4.2. The duties and responsibilities typically delegated to such a committee are the responsibility of the full Board, due to the size and current operations of the Company.

The processes the Board applies in performing this function include:-

- reviewing internal control and recommending enhancements;
- monitoring compliance with Corporations Act 2001, Securities Exchange Listing Rules, matters outstanding with auditors, Australian Taxation Office, Australian Securities and Investment Commission and financial institutions;
- improving the quality of the accounting function, personnel and processes;
- reviewing external audit reports to ensure that where major deficiencies or breakdowns in controls or procedures have been identified, appropriate and prompt remedial action is taken by management;
- liaising with the external auditors and ensuring that the annual audit and half-year review are conducted in an effective manner; and
- reviewing the performance of the external auditors on an annual basis and nomination of auditors is at the discretion of the Board.

Audit and Compliance Policy

The Board imposes stringent policies and standards to ensure compliance with all corporate financial and accounting standards. Where considered appropriate, the Company's external auditors, professional advisors and management are invited to advise the Board on these issues and the Board meets quarterly to consider audit matters prior to statutory reporting.

The Company requires that its auditors must not carry out any other major area of service to the Company and should have expert knowledge of both Australian and international jurisdictions.

The Board assumes responsibility to ensure that an effective internal control framework exists within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information. The Board maintains responsibility for a framework of internal control and ethical standards for the management of the consolidated entity.

The Board, consisting of members with financial expertise and detailed knowledge and experience of the mineral exploration and evaluation business, advises on the establishment and maintenance of a framework of internal control

Corporate Governance

and appropriate ethical standards for the management of the Company. The Managing Director and Chief Financial Officer declared in writing to the Board that the Company's financial reports for the year ended 30 June 2011 present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards. This statement is required annually.

Based on the above information the Company believes it is fully compliant with Recommendations 4.3 and 4.4. The Company is not compliant with Recommendations 4.1 and 4.2 as outlined.

5. PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

5.1 Companies should promote timely and balanced disclosure of all material matters concerning the company.

- **Recommendation 5.1:** Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.
- **Recommendation 5.2:** Companies should provide the information indicated in the Guide to reporting on Principle 5.

5.2 The Company's Practice:

Continuous Disclosure Policy
The Company has a formal Continuous Disclosure Policy as required by Recommendation 5.1. This policy was introduced to ensure the Company achieves best practice in complying with its continuous disclosure obligations under the Corporations Act and ASX Listing Rules and ensuring The Company and individual officers do not contravene the Corporations Act or ASX Listing Rules. A full copy of this policy can be found on the Company's website.
The Company is required to immediately tell the ASX once it becomes aware of any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.
Therefore to meet this obligation the Company undertakes to:

(a) Notify the ASX immediately it becomes aware of any information that a reasonable person would expect to have a material effect on the price and value of the companies securities, unless that information is not required to be disclosed under the listing rules;
(b) Disclose notifications to the ASX on the Company website following confirmation of the publishing of the information by the ASX; and
(c) Not respond to market speculation or rumour unless the ASX considers it necessary due to there being, or likely to be, a false market in the Company's securities.

The Executive Director and the Company Secretary are responsible for co-ordinating the disclosure requirements. To ensure appropriate procedure all directors, officers and employees of the Company coordinate disclosures through the Executive Director and the Company Secretary**,** including:

(d) Media releases;
(e) Analyst briefings and presentations; and
(f) The release of reports and operational results.

Based on the above information the Company believes it is fully compliant with Recommendations 5.1 and 5.2.

Corporate Governance

6. PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS

6.1 Companies should respect the rights of shareholders and facilitate the effective exercise of those rights.

- **Recommendation 6.1:** Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.
- **Recommendation 6.2:** Companies should provide the information indicated in the Guide to reporting on Principle 6.

6.2 The Company's Practice:

Shareholder Communication

It is the policy of the Company to communicate effectively with its shareholders by giving them ready access to balanced and understandable information about the Company and making it easier for them to participate in general meetings.

The Board encourages full shareholder participation at the Annual General Meeting as it provides shareholders an opportunity to review the Company's annual performance. Shareholder attendance also ensures a high level of accountability and identification with the Company's strategy and goals.

The shareholders are responsible for voting on the appointment of directors, approval of the maximum amount of directors' fees and the granting of options and shares to directors. Important issues are presented to the shareholders as single resolutions.

The Company's auditor is required to be present, and be available to shareholders, at the Annual General Meeting.

Information is communicated to shareholders through:-

- the Financial Report which is distributed to all shareholders;
- Half-Yearly Reports, Quarterly Reports, and all Australian Securities Exchange announcements which are posted on the Company's website;
- the Annual General Meeting and other meetings so called to obtain approval for Board action as appropriate; and
- compliance with the continuous disclosure requirements of the Australian Securities Exchange Listing Rules.

The Company's full policy on shareholder communication can be found on our website.

Based on the above information the Company believes it is fully compliant with Recommendations 6.1 and 6.2.

7. PRINCIPLE 7: RECOGNISE AND MANAGE RISK

7.1 Companies should establish a sound system of risk oversight and management and internal control.

- **Recommendation 7.1:** Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.
- **Recommendation 7.2:** The Board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.
- **Recommendation 7.3:** The Board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.
- **Recommendation 7.4:** Companies should provide the information indicated in the Guide to reporting on Principle 7.

Corporate Governance

7.2 The Company's Practice:

RISK MANAGEMENT

Recognise and Manage Risk

Risk oversight, management and internal control are dealt with on a continuous basis by management and the Board, with differing degrees of involvement from various Directors and management, depending upon the nature and materiality of the matter.

The Board has established a formal policy to effectively recognise and manage risk as required by Recommendation 7.1. The Company's policy is to achieve levels of operation that balance risk and reward with the ultimate aim of optimising shareholder value. The Risk Management and Internal Control policy is detailed in full on our website.

Oversight of the Risk Management System

The Board takes a proactive approach to risk management. The Board is responsible for oversight of the processes whereby the risks, and also opportunities, are identified on a timely basis and that the Company's objectives and activities are aligned with the risks and opportunities identified by the Board. This oversight encompasses operational, financial reporting and compliance risks.

The Company believes that it is crucial for all Board members to be a part of the process, and as such the Board has not established a separate risk management committee. The Board oversees the establishment, implementation and annual review of the Company's risk management policies as part of the Board approval process for the strategic plan, which encompasses the Company's vision and strategy, designed to meet stakeholder's needs and manage business risks.

The Executive Director has declared, in writing to the Board and in accordance with section 295A of the Corporations Act, that the financial reporting risk management and associated compliance and controls have been assessed and found to be operating efficiently and effectively. All risk assessments covered the whole financial year and the period up to the signing of the annual financial report for all material operations in the Company.

Internal Control Framework

The Board acknowledges that it is responsible for the overall internal control framework, but recognizes that no cost effective internal control system will preclude all errors and irregularities. To assist in discharging this responsibility, the Board has instigated an internal control framework that deals with:

- Financial reporting - there is a comprehensive budgeting system with an annual budget, updated on a regular basis approved by the Board. Monthly actual results are reported against these budgets.
- Investment appraisal - the Company has clearly defined guidelines for capital expenditure including annual budgets, detailed appraisal and review procedures, levels of authority and due diligence requirements where businesses or assets are being acquired or divested.
- Quality and integrity of personnel - the Company's policies are detailed in an approved induction manual. Formal appraisals are conducted annually for all employees.

Based on the above information the Company believes it is fully compliant with Recommendations 7.1, 7.2, 7.3 and 7.4.

8. PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

8.1 Companies should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear.

- **Recommendation 8.1:** The Board should establish a remuneration committee.
- **Recommendation 8.2:** The remuneration committee should be structured so that it:
  - consists of a majority of independent directors

Corporate Governance

- is chaired by an independent chair
- has at least three members

- **Recommendation 8.3:** Companies should clearly distinguish the structure of Non-Executive Directors' remuneration from that of Executive Directors and senior executives.
- **Recommendation 8.4:** Companies should provide the information indicated in the Guide to reporting on Principle 8.

8.2 The Company's Practice:

Remuneration Committee

The Company does not currently have a separate remuneration committee and as such has not complied with Recommendation 8.1 or Recommendation 8.2. The duties and responsibilities typically delegated to such a committee are considered to be the responsibility of the full board, given the size and nature of the Company's activities.

Remuneration Policies

Remuneration of Directors are formalised in service agreements. The Board is responsible for determining and reviewing compensation arrangements for the Directors themselves, the Executive Director and the executive team.

It is the Company's objective to provide maximum stakeholder benefit from the retention of a high quality board and executive team by remunerating directors and senior executives fairly and appropriately with reference to relevant employment market conditions. To assist in achieving this objective, the Board links the nature and amount of Executive Directors' and senior executives emoluments to the Company's financial and operational performance. The expected outcomes of the remuneration structure are:

1. Retention and Motivation of senior executives
2. Attraction of quality management to the Company
3. Performance incentives which allow executives to share the rewards of the success of the Company

Remuneration of Non-Executive Directors is determined by the Board with reference to comparable industry levels and, specifically for directors' fees, within the maximum amount approved by shareholders. There is no scheme to provide retirement benefits, other than statutory superannuation, to Non-Executive Directors.

For details on the amount of remuneration and all monetary and non-monetary components for all directors refer to the Remuneration Report on pages 10 to 13 of the Financial Report. In relation to the payment of bonuses, options and other incentive payments, discretion is exercised by the Board, having regard to the overall performance of the Company and the performance of the individual during the period.

Based on the above information the Company believes it is fully compliant with Recommendation 8.4 and is not compliant with Recommendation 8.1 or Recommendation 8.2 as outlined.

Shareholder Information

LISTING OF 20 LARGEST SHAREHOLDERS AS AT 12 SEPTEMBER 2014

Position	Investor	Holding	% IC
1	CRAIG IAN BURTON <CI BURTON FAMILY A/C>	100,000,000	14.20
2	HOPERIDGE ENTERPRISES PTY LTD	82,000,000	11.65
3	HAVOC PARTNERS LLP	80,000,000	11.36
4	SEASPIN PTY LTD <THE APHRODITE A/C>	61,400,000	8.72
5	AVIEMORE CAPITAL PTY LTD	47,000,000	6.68
6	MR RAYMOND JEPP	34,260,000	4.87
7	ALBA CAPITAL PTY LTD	27,420,000	3.89
8	SKYMIST ENTERPRISES PTY LTD	25,050,000	3.56
9	ALBA CAPITAL PTY LTD	22,580,000	3.21
10	DISTINCT RACING & BREEDING PTY LTD	20,000,000	2.84
11	SCOTT PAUL JONES <SCOPA FAMILY A/C>	18,000,000	2.56
12	SHANE ROBERT JONES <ROSH FAMILY A/C>	10,000,000	1.42
13	FALCORE PTY LTD <MORGAN SUPER FUND A/C>	10,000,000	1.42
14	BRENT STEWART <BRENT STEWART SUPERFUND A/C>	8,000,000	1.14
15	LUKE MADER	8,000,000	1.14
16	OAKQUEST PTY LTD <LAWRENCE FAMILY SUPER A/C>	6,450,000	0.92
17	BELL POTTER NOMINEES LTD <BB NOMINEES A/C>	5,500,000	0.78
18	MR WILLIAM MURRAY MITCHELL & MRS DIANE JOAN MITCHELL <MITCHELL SUPER FUND A/C>	5,400,000	0.77
19	ROSALEA PTY LTD <MARILYN BURTON S/F NO 1 A/C>	5,000,000	0.71
20	JENNIFER FAIRWEATHER <FAIRWEATHER SUPER FUND A/C>	5,000,000	0.71
Total		**581,060,000**	**82.54**

DISTRIBUTION OF SHAREHOLDERS

Spread of Holdings	**Number of Ordinary Shareholder**
1 - 1000	214
1001 - 5000	198
5001 - 10,000	111
10,001 - 100,000	231
100,001 and above	136
Total	**890**

LISTING OF 20 LARGEST OPTION HOLDERS AS AT 12 SEPTEMBER 2014

Position	Investor	Holding	% IC
1	SEASPIN PTY LTD <THE APHRODITE A/C>	5,500,000	16.87
2	AVIEMORE CAPITAL PTY LTD	5,000,000	15.34
3	SKYMIST ENTERPRISES PTY LTD	2,962,500	9.09
4	BLUEBASE PTY LTD	2,800,000	8.59
5	FAY HOLDINGS PTY LTD <AN SHORT FAMILY A/C>	2,000,000	6.13
6	SPARTAN NOMINEES PTY LTD <SPARTAN SUPER FUND A/C>	2,000,000	6.13
7	FORMAINE PTY LTD <THE SKLENKA FAMILY A/C>	2,000,000	6.13
8	MR MARK FREEMAN <MARK FREEMAN FAMILY A/C>	1,485,000	4.56
9	MR BRETT MITCHELL & MRS MICHELLE MITCHELL <MITCHELL SPRING FAMILY A/C>	1,300,000	3.99
10	MANDEVILLA PTY LTD <N J BASSETT SUPER FUND A/C>	1,000,000	3.07
11	GOLD WELLS PTY LTD	960,000	2.94
12	KOBIA HOLDINGS PTY LTD <THE KOBIA A/C>	440,000	1.35
13	BLU BONE PTY LTD	440,000	1.35
14	JOKE PTY LTD <KENNY FAMILY FUND A/C>	400,000	1.23
15	HELMET NOMINEES PTY LTD <TIM WEIR FAMILY FUND A/C>	400,000	1.23
16	GEBA PTY LTD <GEBA FAMILY A/C>	300,000	0.92
17	MR BRIAN AYERS	300,000	0.92
18	MS NICOLE GALLIN & MR KYLE HAYNES <GH SUPER FUND A/C>	250,000	0.77
19	MOVIDO PTY LTD	200,000	0.61
20	THIRD REEF PTY LTD <BACK REEF A/C>	150,000	0.46
Total		**29,887,500**	**91.68**

DISTRIBUTION OF OPTION HOLDERS

Spread of Holdings	Number of Option Holders
1 - 1000	1
1001 - 5000	9
5001 - 10,000	3
10,001 - 100,000	33
100,001 and above	22
Total	**68**