Tamaska Oil & Gas Limited

INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2014

THE INFORMATION CONTAINED IN THIS DOCUMENT SHOULD BE READ IN CONJUNCTION WITH TAMASKA OIL & GAS FULL YEAR REPORT DATED 30 JUNE 2014 AND ANY PUBLIC ANNOUNCEMENTS MADE BY THE COMPANY IN ACCORDANCE WITH THE CONTINUOUS DISCLOSURE OBLIGATIONS ARISING FROM THE CORPORATIONS ACT 2001 AND THE ASX LISTING RULES.

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DIRECTORS' REPORT

Your directors present their report as the consolidated entity consisting of Tamaska Oil and Gas Ltd and the entities it controls as at the end of, or during, the half-year ended 31 December 2014.

Directors

The following persons were directors of Tamaska Oil and Gas Ltd during or for part of the half-year and up to the date of this report:

Alexander Parks – Managing Director
Brett Mitchell – Non-Executive Chairman (Resigned 01 February 2015)
Mark Freeman – Director (Resigned 1 February 2015)
Justin Norris – Non–Executive Director (appointed 23 October 2014)
Brett Lawrence – Executive Director (part time) (appointed 1 February 2015)

Principal activities

The principal continuing activities of the Group during the half year period were the acquisition, exploration and development of oil and gas properties.

There were no changes in the nature of the activities of the Group during the period.

Operating results

The net operating loss of the consolidated entity for the half year ended 31 December 2014 after income tax amounted to $1,438,148 (31 December 2013 loss $343,030).

Dividends paid or recommended

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

Review of operations

Montney Project, British Columbia - (TMK 40% WI)

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. 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 oil1.

The Montney is currently the most active oil and gas play in Canada and has attracted more than $22 billion in M&A deals since 2010. The play has been a growth catalyst for a number of mid-tier Canadian companies such as Crew Energy and ARC Resources, as well as attracting significant investment from international majors, including Shell, Encana, Exxon, Sinopec and PETRONAS2.

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.

Tamaska is focused on the liquids rich portion of the play where the latest published well results indicate that the Montney could potentially rival the Eagle Ford in performance. The areal extent, depth, thickness, style of

[1] 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

2 http://www.rystadenergy.com/AboutUs/NewsCenter/PressReleases/western-canada-shale-plays-an-overview

trapping, liquids content and economics have led to favourable comparisons between the Montney and Eagle Ford Shale (Figure 1).

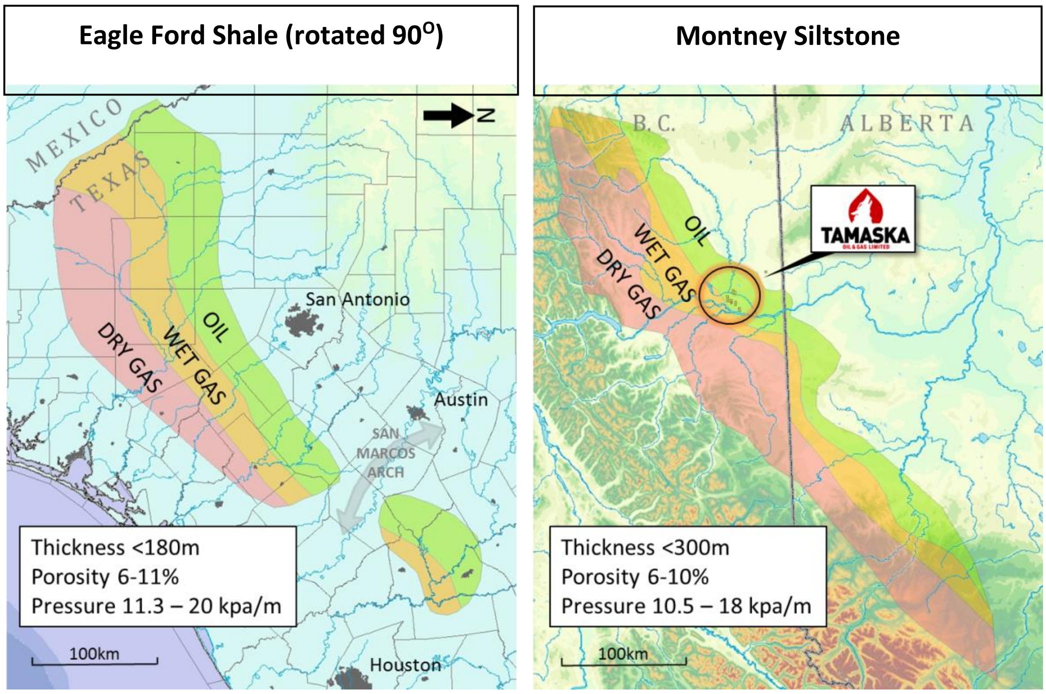

Figure 1 – Same-scale Comparison of the Eagle Ford Shale and Montney Siltstone

Fusselman Project Well, Texas - (TMK 12.5%)

The Fusselman Well, Clayton Johnson #3F, operated by Marshfield Oil & Gas, was drilled to its total depth of 9,883 feet on 3 January 2013. Tamaska holds a 12.5% working interest in the Fusselman Project in Borden County, Texas.

Production commenced from the #3F well on 23 January 2013. Production from the well is with a pump jack (nodding donkey) and is a mixture of oil and formation water. Production has been steady over the quarter with only a couple of days offline. A storm in late December caused an interruption to the power supply to the well site and production was offline for much of January whilst power was re-established.

	September 14 Quarter	December 14 Quarter	March 15 Quarter
	Actual	Estimated*	Forecast
Net Produced bbls	339 bbls	309 bbls	~200 bbls
Net Revenue after Royalty and well head taxes (US$)	$26,722	$19,039	~$7,500

*Subject to final costs and sales off take figures

West Klondike Discovery, Louisiana - (TMK 10.2% WI)

The Wilberts Sons LLC #1 exploration well on the West Klondike Prospect in Louisiana drilled to its total depth of 10,900ft on 13 December 2012. Electric logs confirmed it as a discovery well with material net pay in 2 separate target horizons, with 4ft in the Lario sands, 6ft in the U Nod Blan and 35ft in the Lower Nod Blan sands. The Wilbert Sons LLC #1 well was perforated and flow tested successfully at over 2 MMcf gas per day from the lower Nod Blan.

Due to non-participation by one of the JV partners in the facilities and pipeline program Tamaska 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.

Production commenced in September and has provisionally stabilised at a gross production rate of approximately 1.6MMscf/d and 20 bbls per day of condensate production. Tamaska received US$30,749 in January for Sales related to production in September, October and November.

Duvernay Shale and Rock Creek Update

Tamaska holds a 16% interest in Rock Creek Oil rights and 8% interest in Duvernay Shale rights in approximately 100 sections in Central Alberta, Canada. Since acquisition of the initial acreage in June 2011, the Company has successfully completed six sale transactions totalling in excess of $3 million in net cash which funded the Company's investments in other oil and gas exploration projects. No transactions occurred during the quarter, the Company continues to market the remaining acreage.

Tenement Summary

At 31 December 2014 the Company held the following interests in tenements:

Project	Percentage Interest	Number of Tenements
Montney Resource Play	40%	22
Rend Lake Prospect*	20%	5
Fusselman Project	12.5%	7
West Klondike	10.2%	6
Duvernay Shale and Rock Creek	Duvernay 8% Rock Creek 16%	258

*In the process of being relinquished to the Operator

Corporate

Issue of shares
The Company issued a total of 610,603,356 Ordinary Shares during the 6 month period.

Issue of options

The Company issued a total of 180 million 1.6c Options to Advisors who assisted in the placement of shortfall shares during the rights issue and to Consultants and Directors in the Company as part of remuneration package for retention and alignment of interests with Shareholders.

The Options vest immediately and expire on 31 March 2019.

Significant changes in the state of affairs

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

Events subsequent to reporting date

Effective on 1 February 2015 the Managing Director has agreed to a 50% reduction in salary (with reduced hours), two of the Non-Executive Board members (Mr Brett Mitchell and Mr Mark Freeman) resigned from the Board with Mr Brett Lawrence appointed to the Board as an Executive Director. Mr Lawrence who joined the Board for no additional fee, has been working with Tamaska on the Company's core Montney project as a part time technical executive since mid 2014. Overall the changes will save the company approximately 45% of the monthly personnel costs.

Following these changes, the Board will be comprise of:

- Alexander Parks – Managing Director
- Justin Norris – Non–Executive Director
- Brett Lawrence – Executive Director (part time)

Likely developments and expected result of operations

The consolidated entity will continue to pursue its principal activities.

Auditor's independence declaration

Section 307C of the Corporations Act 2001 requires the consolidated entity's auditors, BDO Audit (WA) Pty Ltd to provide the directors with a written Independence Declaration in relation to their review of the financial statements for the period ended 31 December 2014. The written Auditor's Independence Declaration forms part of this Directors' report.

Signed in accordance with a resolution of the Board of Directors.

Alexander Parks
Managing Director
Perth, W.A.
16 March 2015

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DECLARATION OF INDEPENDENCE BY JARRAD PRUE TO THE DIRECTORS OF TAMASKA OIL AND GAS LIMITED

As lead auditor for the review of Tamaska Oil and Gas Limited for the half-year ended 31 December 2014, I declare that to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

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

Jarrad Prue

Director

BDO Audit (WA) Pty Ltd

Perth, 16th March 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half-year ended 31 December 2014

		Consolidated	
	Notes	Half Year End 31-Dec-14 $	Half Year End 31-Dec-13 $
Oil & Gas revenue		145,520	49,987
Cost of sales		(91,931)	(17,669)
Amortisation of oil and gas properties		(71,125)	-
Other income		20,431	784
TOTAL INCOME		**2,895**	**33,102**
Professional services expense		(149,386)	(149,914)
Directors fees		(118,335)	(62,500)
Regulatory expenses		(38,567)	(23,624)
Employee benefit expenses		-	(52,463)
Share based payment expense	*10*	(419,978)	(32,003)
Office and administrative expenses		(205,171)	(69,989)
Impairment of capitalised oil and gas expenditure		(512,828)	-
LOSS OF OPERATING ACTIVITIES		**(1,441,370)**	**(357,391)**
Finance cost		(2,597)	(10,924)
Foreign exchange gain / (loss)		5,819	10,705
LOSS BEFORE TAX		**(1,438,148)**	**(357,610)**
Income tax benefit / (expense)		-	14,580
LOSS AFTER TAX FROM CONTINUING OPERATIONS		**(1,438,148)**	**(343,030)**
OTHER COMPREHENSIVE INCOME / (LOSS) *Items that may be reclassified to profit and loss*			
Exchange differences on the translation of foreign operations		412,600	65,269
OTHER COMPREHENSIVE INCOME (NET OF TAX) FOR THE PERIOD		**412,600**	**65,269**
TOTAL COMPREHENSIVE LOSS		**(1,025,548)**	**(277,761)**
LOSS ATTRIBUTED TO:			
Owners of Tamaska Oil and Gas Ltd		**(1,438,148)**	**(343,030)**
Loss per share (cents) for the loss from continuing operations attributable to the ordinary equity holders of the company:			
Basic and diluted loss per share (cents per share)		(0.237)	(0.005)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the notes to the consolidated half year financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

		Consolidated	
		As at	As at
		31-Dec-14	30-Jun-14
	Notes	$	$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		1,565,156	1,537,577
Trade and other receivables		546,766	118,121
Assets classified as held for sale	6	150,118	141,249
Prepayments		4,708	-
Total Current Assets		**2,266,748**	**1,796,947**
NON-CURRENT ASSETS			
Exploration, evaluation and development expenditure	7	2,774,209	1,127,443
Oil and gas properties	7	967,965	212,620
Total Non-Current Assets		**3,742,174**	**1,340,063**
TOTAL ASSETS		**6,008,922**	**3,137,010**
CURRENT LIABILITIES			
Payables	8a	152,939	2,122,164
Short term borrowings	8b	-	651,457
Total Current Liabilities		**152,939**	**2,773,621**
NON-CURRENT LIABILITIES			
Restoration Provision		**4,256**	3,692
Total non-current liabilities		**4,256**	**3,692**
TOTAL LIABILITIES		**157,195**	**2,777,313**
NET ASSETS		**5,851,727**	**359,697**
EQUITY			
Issued share capital	9a	30,983,605	24,996,085
Issued share options	9b	408,890	298,890
Share based payment reserve		560,047	139,989
Other reserves		973,922	561,322
Accumulated losses		(27,074,737)	(25,636,589)
TOTAL EQUITY		**5,851,727**	**359,697**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half year ended 31 December 2014

	Issued share capital $	Issued options reserve $	Share-based payment reserve $	Other reserve $	Accumulated losses $	Total Equity $
Balance at 1 July 2014	**24,996,085**	**298,890**	**140,069**	**561,322**	**(25,636,589)**	**359,777**
Currency translation of foreign operations	-	-	-	412,600	-	**412,600**
Total comprehensive income/(loss) for the period	-	-	-	**-**	(1,438,148)	**(1,438,148)**
Transactions with equity holders in their capacity as equity holders						
Issues of share capital	6,106,034	-	-	-	-	**6,106,034**
Cost of issuing shares and options	(118,514)	-	-	-	-	**(118,514)**
Options Issues	-	110,000	-	-	-	**110,000**
Share based payment expense	-	-	419,978	-	-	**419,978**
Balance at 31 December 2014	**30,983,605**	**408,890**	**560,047**	**973,922**	**(27,074,737)**	**5,851,727**

	Issued share capital $	Issued options $	Share-based payment reserve $	Other reserve $	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	-	-	-	65,269	-	**65,269**
Total comprehensive income/(loss) for the period	-	-	-	**65,269**	**(343,030)**	**(277,761)**
Transactions with equity holders in their capacity as equity holders						
Share based payment expense	-	-	32,003	-	-	**32,003**
Balance at 31 December 2013	**24,636,662**	**298,890**	**74,903**	**750,068**	**(22,024,642)**	**3,735,881**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the half year ended 31 December 2014

	Consolidated	
	Half Year End 31-Dec-14 $	Half Year End 31-Dec-13 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from product sales and related customers (inclusive of GST)	129,635	46,694
Interest received	20,431	784
Payments to suppliers and employees (inclusive of GST)	(265,001)	(1,277,014)
Payment of production costs	(91,931)	(39,016)
Interest and other costs of finance paid	(2,517)	(4,639)
Income taxes paid	-	(107,407)
Net cash used in operating activities	**(209,383)**	**(1,380,598)**
CASH FLOW FROM INVESTING ACTIVITIES		
Costs incurred on oil and gas activities	(357,842)	(355,987)
Acquisition of acreage	(2,660,010)	-
Deposits Paid to Joint Venture	(425,819)	-
Proceeds from oil and gas exploration assets sold	-	1,335,086
Net cash provided by/(used in) investing activities	**(3,443,671)**	**979,099**
CASH FLOWS FROM FINANCING ACTIVITIES		
Loans received from other entities	-	400,000
Repayment of loans / convertible notes	(101,457)	-
Net proceeds from issue of ordinary shares and other equity securities	3,742,520	-
Net cash provided by financing activities	**3,641,063**	**400,000**
Net increase/ (decrease) in cash held	**(11,991)**	**(1,499)**
Cash and cash equivalents at the beginning of the period	1,537,577	218,376
Effects of exchange rate changes on the balances held in foreign currencies	39,570	(643)
Cash and cash equivalents at the end of the period	**1,565,156**	**216,234**

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

NOTES TO THE CONSOLIDATED HALF YEAR FINANCIAL STATEMENTS

NOTE 1. CORPORATE INFORMATION

Tamaska Oil and Gas Ltd ("Tamaska" or the "Company") is a company limited by shares, incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The consolidated half year financial statements of the Company as at, and for the six months ended 31 December 2014, comprise Tamaska and its subsidiaries (together referred to as the "consolidated entity" or "Group"). The financial report of the consolidated entity for the half year ended 31 December 2014 was authorised for issue in accordance with a resolution of the directors' on 16 March 2015.

The consolidated annual financial statements of the consolidated entity as at and for the year ended 30 June 2014 is available upon request from Tamaska website www.tamaska.com.au, the ASX website or the companies registered office at Level 7, 1008 Hay Street, Perth, Western Australia 6000.

NOTE 2. BASIS OF PREPARATION

STATEMENT OF COMPLIANCE

The consolidated half year financial statements are general purpose financial statements which have been prepared in accordance with AASB 134: Interim Financial Reporting and the Corporations Act 2001.

The consolidated half year financial statements do not include all of the notes and information normally included in annual financial statements. Accordingly this report should be read in conjunction with the consolidated annual financial statements for the year ended 30 June 2014 and any public announcements made by Tamaska Oil and Gas Ltd during the half year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

BASIS OF PREPARATION

The condensed financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies applied by the consolidated entity in this condensed consolidated half year financial report are the same as those applied by the consolidated entity in its consolidated financial report for the year ended 30 June 2014, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

ADOPTION OF NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

In the half-year ended 31 December 2014, the Group has reviewed all of the new and revised Standards - and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2014.

It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2014. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

There were no new standards issued since 30 June 2014 that have been applied by the Group. The 30 June 2014 annual report disclosed that the Group anticipated no material impacts (amounts recognised and/or disclosed) arising from initial application of those standards issued but not yet applied at that date, and this remains the assessment as at 31 December 2014.

ESTIMATES

The preparation of the half year financial report requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this consolidated half year financial report, the significant judgments made by management in applying the consolidated entity's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial report for the year ended 30 June 2014.

NOTE 3. DIVIDENDS

There were no dividends paid or declared during the period.

NOTE 4. FAIR VALUE MEASUREMENTS

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:

(a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
(b) Inputs other than quoted prices included within level 1 that are observable for the assets or liability, either directly or indirectly (level 2); and
(c) 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 and liabilities measured and recognised at fair value at 31 December 2014 and 30 June 2014 on a recurring basis.

Half-year to 31 December 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 6)	-	150,118	-	**150,118**
Total	**-**	**150,118**	**-**	**150,118**
Financial liabilities				
Financial liabilities designated at fair value through profit or loss:				
Convertible note (note 8b)	-	-	-	-
Total	**-**	**-**	**-**	**-**

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 sales (note 6)	-	141,249	-	**141,249**
Total	**-**	**141,249**	**-**	**141,249**
Financial liabilities				
Financial liabilities designated at fair value through profit or loss:				
Convertible Note	-	600,000	-	600,000
Total	**-**	**600,000**	**-**	**600,000**

b) 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.

c) Fair values of other financial instruments

The group also has number of financial instruments which are not measured at fair value in the Statement of Financial position. 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 31 December 2014.

NOTE 5. SEGMENT REPORTING

Half-year to 31 December 2014	Canada $	USA $	Australia $	Eliminations $	Total $
Revenues	-	145,520	20,431	-	**165,951**
Segment result (Loss)	(314,988)	(551,213)	(571,947)	-	**(1,438,148)**
Total segment assets	4,001,518	1,035,718	3,271,410	(2,299,724)	**6,008,922**
Total segment liabilities	(49,178)	(92,159)	(15,857)	-	**(157,194)**

Half-year to 31 December 2013	Canada $	USA $	Australia $	Eliminations $	Total $
Revenues	-	49,987	784	-	**50,771**
Segment result (Loss)	(483,139)	(88,421)	234,969	679,621	**343,030**
Total segment assets*	122,358	1,419,764	3,752,997	(2,158,109)	**3,137,010**
Total segment liabilities*	43,456	512,060	2,221,797	-	**2,777,313**

*30 June 2014

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 identified the reportable segments as outlined above.

NOTE 6. ASSETS CLASSIFIED AS HELD FOR SALE

31 December 2014

Following assets held for sales movement during the period:

	Consolidated	
	Half year 31 December 2014 $	**Year ended 30 June 2014 $**
Assets held for sale – cost	**141,249**	**141,249**
Movements in carrying amounts are reconciled as follows:		
Opening balance	141,249	3,686,385
Additions during period	-	78,011
Disposal/Write off during period	-	(746,031)
Write off during period	-	(2,799,067)
Foreign currency movement	8,869	(78,049)
	150,118	**141,249**

NOTE 7. OIL AND GAS PROPERTIES

The balance of oil and gas properties represents capitalised exploration expenditure regarding areas of interest where either exploration activities are ongoing or where recoupment of exploration costs is expected. The carry forward of exploration and evaluation costs is dependent on the successful recoupment of these costs through commercial exploitation, or alternatively, the sale of the group's area of interest.

	Consolidated	
	Half year 31 December 2014 $	Year ended 30 June 2014 $
Exploration, evaluation and development expenditure – cost	**2,774,209**	**1,127,443**
Movements in carrying amounts are reconciled as follows:		
Opening balance	1,127,443	1,245,721
Acquired during the period	2,660,009	320,767
Additions during period	7,369	542,154
Disposal/Write off during period	(7,369)	-
Impairment of assets	-	(533,134)
Transferred to oil and gas properties	(1,127,443)	(424,812)
Foreign currency movement	114,200	(23,253)
	2,774,209	**1,127,443**

.	31 December 2014 $	30 June 2014 $
Oil and gas properties – cost	**967,965**	**212,620**
Movements in carrying amounts are reconciled as follows:		
Opening balance	212,620	-
Transferred from exploration, evaluation and development expenditure	1,127,443	424,812
Additions during period	143,534	95,191
Amortisation expense	(71,125)	(295,349)
Disposal/Write off during period	(512,828)	-
Foreign currency movement	68,321	(12,034)
	967,965	**212,620**

The recoverable amount of Oil and Gas Properties is estimated on the basis of the discounted value of future cash flows. The estimates of future cash flows are based on significant assumptions including:

- estimates of the quantities of oil and gas reserves for which there is a high degree of confidence of economic extraction and the timing of access to these reserves;
- future oil and gas prices based on consensus forecasts by economic forecasters;
- production rates and production costs based on approved budgets and projections including inflation factors; and
- the asset specific discount rate applicable to the cash generating unit.

Future changes in assumptions upon which these estimates are based may give rise to a material adjustment by impairing Oil and Gas Properties.

As a result of the significant reduction in the Oil price per barrel the Company was required to write down its historical costs in West Klondike by $512,828 to its recoverable amount.

NOTE 8. PAYABLES AND BORROWINGS

8a: Payables	Consolidated	
	Half year 31 December 2014 $	Year ended 30 June 2014 $
Trade creditors	136,105	106,624
Other payables	-	1,485,000
Trade Accruals	16,834	530,540
	152,939	**2,122,164**

8b: Short term borrowings	Consolidated	
	Half year 31 December 2014 $	Year ended 30 June 2014 $
Borrowing from third party	-	51,457
Convertible notes (i)	-	600,000
	-	**651,457**

(i) Convertible notes held at 30 June 2014 were settled during the period through the issue of 55 million shares at $0.01, with the remaining balance paid in cash.

NOTE 9. ISSUED CAPITAL

9a: Issued share capital	Consolidated	
	Half year 31-December-2014 $	Year ended 30-June-2014 $
714,000,000 fully paid ordinary shares	**30,983,605**	**24,996,085**
Movements in share on issue		
Beginning of the period	24,996,085	24,636,662
Shares and options issued during the period		
39,436,406 Rights Issue at $0.01	-	394,801
555,603,356 Ordinary Shares at $0.01	5,556,034	-
55,000,000 Shares issued at $0.01 on settlement of convertible notes	550,000	-
Total share issued	**31,102,119**	**25,031,463**
Less: capital raising costs	(118,514)	(35,378)
End of period	**30,983,605**	**24,996,085**

9b: Issued share options	Consolidated	
	Half year 31-December-2014 $	Year ended 30-June-2014 $
32,600,000 options issued	**408,890**	**298,890**
Movements in options issue		
Beginning of the period	298,890	848,828
Shares options issued during the period		
180,000,000 options issues (note 10)	110,000	-
Total share options issued	**408,890**	**298,890**
Less: options issued cost	-	-
End of period	**408,890**	**298,890**

NOTE 10. SHARE BASED PAYMENTS

During the half-year ended 31 December 2014 the company issued 70 million incentive options to directors and consultants for nil consideration. The fair value of the share options, at grant date is determined using the Black Scholes pricing method that takes into account the exercise price, the term of the option, the probability of exercise, 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. A further 110 million share options were issued to advisers in consideration for services in assisting in the shortfall placement during the period. The value of share based payments expense recognised during the period was $419,978.

The terms and conditions of the grants made during the half-year ended 31 December 2014 are as follows:

Grant Date	Number	Vesting Conditions	Exercise Price	Expiry Date
Share Options				
Executive Directors				
25 September 2014(i)	24,000,000 (a)	Immediate(iii)	$0.016	31-Mar-19
Non-Executive Directors				
25 September 2014(i)	6,000,000 (b)	Immediate(iii)	$0.016	31-Mar-19
Consultants				
1 July 2014(ii)	40,000,000 (c)	Immediate(iii)	$0.016	31-Mar-19
Corporate Advisors				
28 July 2014	41,000,000 (d)	Immediate	$0.016	31-Mar-19
25 September 2014	69,000,000 (e)	Immediate	$0.016	31-Mar-19

(i) 24 million Incentive Options were issued to Alex Parks and 6 million options were issued to Brett Mitchell on the 25 September 2014 following board approval on 24 September 2014. The options were issued for nil consideration and were granted for the purposes of retaining directors of high calibre and to provide cost effective remuneration going forward.

(ii) 20 million Consultant Incentive Options were issued to Junko Cockerill (nominee of Mr Ian Cockerill) and 20 million options were issued to Brett Lawrence on the 1st August 2014, granted within the company's 15% annual limit permitted under Listing Rule 7.1. The options are exercisable on or before 31 March 2019 at 1.6 cents. The options were issued for nil consideration and were granted in recognition of the services provided to the Company by the TMK Consultants and ongoing alignment with Shareholders.

(iii) The above options issued to directors and consultants are exercisable wholly or in part any time on or before 31 March 2019. If at any time the option holder ceases to be a consultant/employee/director prior to 31 December 2016 the Board may at any time thereafter place the Options on 28 days' notice, whereupon: (1)The option holder will be given a notice that the Options (or such portion as is specified in the notice) will expire 28 days after the date of such notice; and (2) Failure to exercise the specified Options within such period will result in such Options lapsing.

	Executive Directors (a)	Non-Executive Directors (b)	Consultants (c)	Corporate Advisors (d)(i)	Corporate Advisors (e)(i)
Fair Value of Security at measurement date	$0.0060	$0.0060	$0.0034	$0.001	$0.001
Share Price at Grant Date	$0.0120	$0.0120	$0.0080	N/A	N/A
Exercise Price	$0.016	$0.016	$0.016	$0.016	$0.016
Expected Volatility	81%	81%	81%	N/A	N/A
Option Life	3.39 years(ii)	3.39 years(ii)	3.56 years(ii)	4.68 years	4.52 years
Expected Dividends	Nil	Nil	Nil	Nil	Nil
Risk Free interest rate	3.07%	3.07%	3.03%	N/A	N/A

(i) The fair value of the options granted is deemed to represent the value of the services received.

(ii) The expected early exercise of each director and consultant Option has been taken into account when estimating the expected life of each Option.

NOTE 11. RELATED PARTY TRANSACTIONS

During the period Warren Energy Ltd (100% subsidiary) executed a Joint Venture agreement with Carnaby Energy Ltd a Partially owned subsidiary of Transerv Energy Ltd (ASX:TSV) with respect to the 40%:60% Montney project. Scott Alanen is the Chief Financial Controller of Transerv in Canada, and is a Director of both Warren and Carnaby. Tamaska paid Carnaby Energy for 40% of the Montney land acquired prior to September 2014 C$353,077.28 (at cost plus $40,016.95). Since September the lands have been at cost proportional to working interest.

There have been no changes to related parties (other than the appointment and resignation of directors as disclosed in the directors report) or to related party transactions from those disclosed in the 30 June 2014 financial statements, other than the Joint Venture with Carnaby noted above and the issue of options as disclosed in Note 10 Share Based Payments.

NOTE 12. COMMITMENTS AND CONTINGENT LIABILITIES

The Consolidated Entity has no material contingent assets or liabilities at reporting date and has no firm contractual commitments for expenditure not reflected in the financial statements

NOTE 13. EVENTS SUBSEQUENT TO REPORTING DATE

Effective on 1 February 2015 the Managing Director has agreed to a 50% reduction in salary (with reduced hours), two of the Non-Executive Board members (Mr Brett Mitchell and Mr Mark Freeman) have resigned from the Board with Mr Brett Lawrence appointed to the Board as an Executive Director. Mr Lawrence who has joined the Board for no additional fee, has been working with Tamaska on the Company's core Montney project as a part time technical executive since mid 2014. Overall the changes will save the company approximately 45% of the monthly personnel costs.

Following these changes, the Board will be comprise of:

- Alexander Parks – Managing Director
- Justin Norris – Non–Executive Director
- Brett Lawrence – Executive Director (part time)

DIRECTORS' DECLARATION

FOR THE HALF YEAR ENDED 31 DECEMBER 2014

In the opinion of the directors:

(a) the Interim financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the financial position as at 31 December 2014 and its performance for the half-year ended on that date; and

  (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

On behalf of the board

Alexander Parks
Managing Director
Perth, W.A.
16 March 2015

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Tamaska Oil and Gas Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Tamaska Oil and Gas Limited, which comprises the consolidated statement of financial position as at 31 December 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 half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Tamaska Oil and Gas Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, 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 and Gas Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Tamaska Oil and Gas Limited is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*

BDO Audit (WA) Pty Ltd

BDO

JPrue

Jarrad Prue

Director

Perth, 16th March 2015