Tamaska Oil & Gas Limited

INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2013

THE INFORMATION CONTAINED IN THIS DOCUMENT SHOULD BE READ IN CONJUNCTION WITH TAMASKA OIL & GAS FULL YEAR REPORT DATED 30 JUNE 2013 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.

CONTENTS

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 2013.

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:

Brett Mitchell – *Non-Executive Chairman*
Alexander Parks – *Managing Director (appointed 17 February 2014)*
Brian Ayers – *Non-Executive Director*
Charles Morgan – *Chairman (resigned 17 February 2014)*

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 2013 after income tax amounted to $343,030 (31 December 2012: loss $455,751).

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

Rend Lake Prospect, Southern Illinois, USA (TMK 20%)

On 26 September 2013, the Company announced it had executed a Sale and Purchase Agreement with Jupiter Oil and Gas Inc to acquire a 20% working interest in the Rend Lake Oil Prospect in Southern Illinois, USA (Rend Lake Prospect).

The Rend Lake Prospect was drill tested by the Lawrence Farms Well #1 during December by the Operator, Anschutz Exploration Corporation (Anschutz) (50% WI). The well reached a total depth of 6,400ft on 18 December 2013.

The well was drilled to evaluate the potential for oil filled hydrothermal dolomite reservoir in the Ordovician carbonates. Unfortunately the target hydrothermal dolomite reservoir was not intersected in the well and no commercially significant hydrocarbon zones were encountered. The well was logged and extensive data has been gathered for future evaluation by the Operator.

Once Anschutz complete their technical evaluation of the logs, Tamaska will decide on whether to retain its project interest.

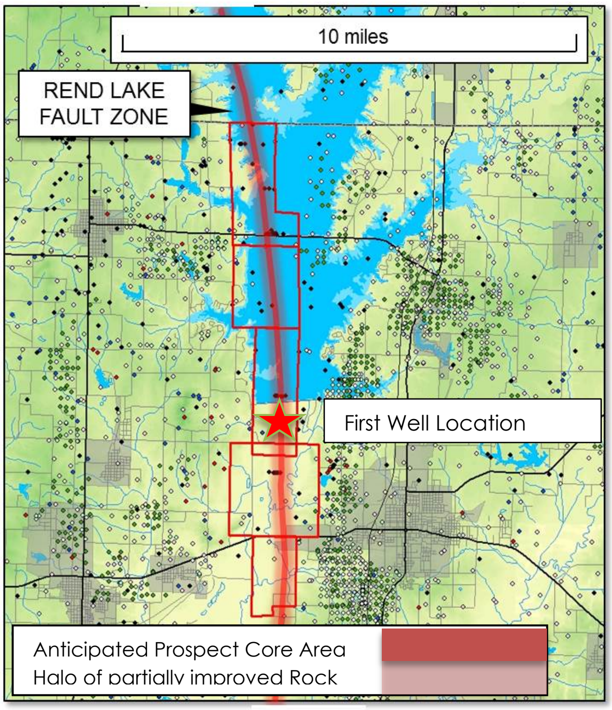

Figure 1 – Rend Lake Prospect

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 which includes another potential drilling location within the lease acreage.

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. After commencing production at 50bopd and 200bwpd, the well is currently averaging approximately 20bopd and 200bwpd. The winter weather caused a few production interruptions in December. The formation water is believed to be flowing from the underlying Montoya formation behind the production casing. Subject to JV approval, and Operators availability constraints in the next couple of months there are plans to perform a cement squeeze below the Fusselman formation to eliminate (or substantially reduce) the water production.

	September 13 Quarter	December 13 Quarter	March 14 Quarter
	Actual	Estimated*	Forecast
Net Produced bbls	262 bbls	224	~240 bbls
Net Revenue after Royalty and well head taxes (US$)	$17,538.89	$15,106.49	~$15,400

*Subject to final costs and sales off take figures

The forecast production for the March quarter does not assume the squeeze occurs.

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.

As announced on 13 May 2013, the Company advised that the Wilbert Sons LLC #1 well was perforated and flow tested successfully at over 2 MMcf gas per day from the lower Nod Blan. The well has been suspended pending installation of facilities this March quarter.

An estimate of likely ranges of reservoir reserves will be provided once production has confirmed discoveries. A summary of the reservoirs characteristics is provided below:

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

Tamaska has earned its 10.2% working interest in the prospect and well through paying its 14% share of drilling and completions costs to date (~US$525,000). There will be additional costs to Tamaska to install long term production facilities. The Operator has now secured pipeline route approval and the facilities design and construction is expected to commence in March 2014.

Duvernay Shale and Rock Creek Update

On 11 October 2013 the Company announced the completion and settlement of the sale agreement with the purchaser Black Swan Energy Limited of Calgary, and Tamaska, Transerv Energy Ltd (ASX:TSV) and Mako Hydrocarbons Ltd (ASX:MKE) were the sellers. Tamaska received net consideration of C$649,630 (approximately A$662,000) before tax on settlement during the quarter. The acreage sold was the retained 3.2% carried interest in the Rimbey, Alberta sections that Black Swan acquired in January 2012.

This sale was in addition to the Duvernay acreage sale the Company announced on 5 March 2013 with Canadian Pan Ocean Limited ("CPO") to sell its Alberta Joint Venture ("AJV") petroleum interests in the Duvernay Shale (TMK: 8% direct interest) and Rock Creek oil acreage (TMK: 16% direct interest) for cash consideration of approximately A$3.6m before tax. Completion is conditional on the execution of a formal sale and purchase agreement, due diligence and financing agreements.

As at the date of this report, both MKO and CPO have advised they are still progressing with their full transaction financing, and CPO has still not paid a deposit to Tamaska or signed the SPA.

Corporate

Convertible notes

During the December quarter the Company secured short term working capital funding from its major shareholders in the lead up to the drilling of the Rend Lake Prospect, as the Company has been significantly delayed in its financing from the completion of the Duvernay sale to CPO. The interim working capital funding provided has enabled the Company to continue its current operations and projects in the normal course of business.

This short term funding has been restructured into two Convertible Notes (Notes) with a face value of AUD$300,000 each, following approval by shareholders at the Annual General Meeting held on 28 November 2013. At the election of the note holder, the Notes may be converted to Tamaska shares at an issue price of 0.05 cents each. If not converted, the Notes are repayable after 3 years. If repaid the Notes attract an annual interest rate of 8%, if converted to shares no interest is payable by the Company.

The note holders are entities related to Mr Charles Morgan (the now former Chairman of Tamaska) and Mr Craig Burton (a major Tamaska shareholder with approximately 18% of the Company) respectively.

Issue of options

On 3 October 2013 the Board issued options to Alexander Parks, CEO (now Managing Director). Mr Parks was awarded 300 million options exercisable at 0.15 cents each within 4 years. A vesting period of 12 months will apply to half of the options and 24 months to the other half.

Significant changes in the state of affairs

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

Events subsequent to reporting date

Mr Alexander Parks was appointed Managing Director on 17 February 2014, this followed Mr Parks joining Tamaska as CEO in February 2013. The Board also advised the market of the resignation of Board member Mr Charles Morgan as Chairman effective 17 February 2014. With the resignation of Mr Morgan, Mr Brett Mitchell was appointed Non-Executive Chairman.

The Company converted 14,000 Convertible Performance Shares into Fully Paid Ordinary Shares on 10 February 2014 following completion of the performance conditions.

On 19 February 2014 the Company lodged a Notice of Meeting including a 100:1 consolidation of capital resolution. The General Meeting will be held Friday 21 March 2014.

Likely developments

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 2013. The written Auditor's Independence Declaration forms part of this Director's Report.

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

Brett Mitchell
Chairman
Perth, W.A.
7 March 2014

Tel: +8 6382 4600
Fax: +8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

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

As lead auditor for the review of Tamaska Oil & Gas Ltd for the half-year ended 31 December 2013, 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 & Gas Ltd and the entities it controlled during the period.

Peter Toll

Director

BDO Audit (WA) Pty Ltd

Perth, 7 March 2014

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half-year ended 31 December 2013

	Notes	Consolidated Half Year End 31-Dec-13 $	Half Year End 31-Dec-12 $
Oil revenue		49,987	-
Other income		784	2,527
TOTAL INCOME		**50,771**	**2,527**
Cost of sales		(17,669)	-
Professional services expense		(149,914)	(21,165)
Directors fees		(62,500)	(134,499)
Regulatory expenses		(23,624)	(20,449)
Employee benefit expenses		(52,463)	(77,683)
Share based payment expense	*10*	(32,003)	(10,358)
Office and administrative expenses		(69,989)	(65,252)
LOSS OF OPERATING ACTIVITIES		**(357,391)**	**(326,879)**
Finance cost		(10,924)	-
Foreign exchange gain / (loss)		10,705	(18,682)
LOSS BEFORE TAX		**(357,610)**	**(345,561)**
Income tax benefit / (expense)		14,580	(110,190)
LOSS AFTER TAX FROM CONTINUING OPERATIONS		**(343,030)**	**(455,751)**
OTHER COMPREHENSIVE INCOME / (LOSS)			
Exchange differences on the translation of foreign operations		65,269	51,260
OTHER COMPREHENSIVE INCOME (NET OF TAX) FOR THE PERIOD		**65,269**	**51,260**
TOTAL COMPREHENSIVE LOSS		**(277,761)**	**(404,491)**
LOSS ATTRIBUTED TO:			
Owners of Tamaska Oil and Gas Ltd		**(343,030)**	**(455,751)**
Loss per share (cents) for the loss from continuing operations attributable to the ordinary equity holders of the company:			
Basic loss per share (cents per share)		(0.005)	(0.01)

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 2013

		Consolidated	
		As at	As at
		31-Dec-13	30-Jun-13
	Notes	$	$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		216,234	218,376
Trade and other receivables		42,633	49,507
Assets classified as held for sale	6	3,096,162	3,686,385
Total Current Assets		**3,355,029**	**3,954,268**
NON-CURRENT ASSETS			
Oil and gas properties	7	2,240,705	1,245,721
Total Non-Current Assets		**2,240,705**	**1,245,721**
TOTAL ASSETS		**5,595,734**	**5,199,989**
CURRENT LIABILITIES			
Payables	8a	1,248,294	1,013,076
Short term borrowings	8b	611,559	205,274
Total Current Liabilities		**1,859,853**	**1,218,350**
TOTAL LIABILITIES		**1,859,853**	**1,218,350**
NET ASSETS		**3,735,881**	**3,981,639**
EQUITY			
Issued share capital	9a	24,636,662	24,636,662
Issued share options	9b	298,890	298,890
Share based payment reserve	10	74,903	42,900
Other reserves		750,068	684,799
Accumulated losses		(22,024,642)	(21,681,612)
TOTAL EQUITY		**3,735,881**	**3,981,639**

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 2013

	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**
Options expired	-	-	-	-	-	**-**
Balance at 31 December 2013	**24,636,662**	**298,890**	**74,903**	**750,068**	**(22,024,642)**	**3,735,881**

	Issued share capital $	Issued options $	Share-based payment reserve $	Other reserve $	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	-	-	-	51,260	-	**51,260**
Total comprehensive income/(loss) for the period	-	-	-	**51,260**	**(455,751)**	**(404,491)**
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 31 December 2012	**24,636,662**	**298,890**	**42,900**	**133,925**	**(18,533,583)**	**6,578,794**

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 2013

	Consolidated	
	Half Year End 31-Dec-13 $	Half Year End 31-Dec-13 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from product sales and related customers (inclusive of GST)	46,694	-
Interest received	784	2,527
Payments to suppliers and employees (inclusive of GST)	(1,277,014)	(399,364)
Payment of production cost	(39,016)	-
Interest and other costs of finance paid	(4,639)	-
Income taxes paid	(107,407)	-
Net cash used in operating activities	**(1,380,598)**	**(397,837)**
CASH FLOW FROM INVESTING ACTIVITIES		
Exploration costs on oil and gas activities	(355,987)	(869,424)
Proceeds from oil and gas exploration assets sold	1,335,086	177,260
Net cash provided by/(used in) investing activities	**979,099**	**(692,164)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Loans received from other entities	400,000	-
Net cash provided by financing activities	**400,000**	**-**
Net increase/ (decrease) in cash held	**(1,499)**	**(1,089,001)**
Cash and cash equivalents at the beginning of the period	218,376	1,484,913
Effects of exchange rate changes on the balances held in foreign currencies	(643)	16,702)
Cash and cash equivalents at the end of the period	**216,234**	**412,614**

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 2013, 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 2013 was authorised for issue in accordance with a resolution of the directors on 7 March 2014.

The consolidated annual financial statements of the consolidated entity as at and for the year ended 30 June 2013 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 2013 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 2013, 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

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year.

New and revised Standards and amendments thereof and Interpretations effective for the current half-year that are relevant to the Group include:

AASB 13 Fair Value Measurement, AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities and AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle. These standards have introduced new disclosures for the interim report but did not affect the entity's accounting policies or any of the amounts recognised in the financial statements.

The affected policies and standards are:

Principles of consolidation – new standards AASB 10 Consolidated Financial Statements and AASB 11 Joint Arrangements

AASB 10 was issued in August 2011 and replaces the guidance on control and consolidation in AASB 127 Consolidated and Separate Financial Statements and in Interpretation 112 Consolidation – Special Purpose Entities. Under the new principles, 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 over the entity. The group has reviewed its investments in other entities to assess whether the consolidation conclusion in relation to these entities is different under AASB 10 than under AASB 127. No differences were found and therefore no adjustments to any of the carrying amounts in the financial statements are required as a result of the adoption of AASB 10.

Under AASB 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has, rather than the legal structure of the joint arrangement. The group has determined that the group's joint operations have not changed as a result of the adoption of AASB 11.

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 2013.

FINANCIAL REPORT PREPARED ON A GOING CONCERN BASIS

The financial statements have been prepared on the going concern basis of accounting, which assumes the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The consolidated entity incurred a loss from continuing operations of $343,030 (2012: $455,751) and the company had cash and cash equivalents of $216,234 (30 June 2013: $218,376) as at 31 December 2013.

As is typical of junior explorers the ability of the company to continue its exploration and evaluation activities as a going concern and realise its assets and settle its liabilities at amounts stated in the financial statements, is dependent upon obtaining additional cash through capital raising and/or sale of assets held.

NOTE 3. DIVIDENDS

There are 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 measured and recognised at fair value at 31 December 2013 and 30 June 2013 on a recurring basis.

Half-year to 31 December 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 sale (note 6)	-	3,096,162	-	**3,096,162**
Total	**-**	**3,096,162**	**-**	**3,096,162**
Financial liabilities				
Financial liabilities designated at fair value through profit or loss:				
Convertible note (note 8b)	-	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 8b)	-	205,274	-	205,274
Total	**-**	**205,274**	**-**	**205,274**

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 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 31 December 2013.

NOTE 5. SEGMENT REPORTING

Half-year to 31 December 2013	Canada $	USA $	Australia $	Consolidation Entries $	Total $
Revenues	-	49,987	784	-	**50,771**
Segment result (Loss)	(483,139)	(88,421)	234,969	679,621	**343,030**
Total segment assets	385,929	2,245,811	4,626,416	(1,662,422)	**5,595,734**
Total segment liabilities	(55,719)	(3,021,949)	(1,194,143)	2,411,958	**(1,859,853)**

Half-year to 31 December 2012	Canada $	USA $	Australia $	Consolidation Entries $	Total $
Revenues	-	-	2,527	-	**2,527**
Segment result (Loss)	39,107	22,677	329,339	64,628	**455,751**
Total segment assets	928,716	786,646	7,599,391	(2,434,838)	**6,879,915**
Total segment liabilities	(235,015)	(1,698,183)	(769,211)	2,401,288	**(301,121)**

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 2013

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. This sale is in addition to the proposed Duvernay acreage sale with Canadian Pan Ocean ("CPO").

During the 2013 financial year the Group executed a Term Sheet with CPO to dispose of its interests in the Alberta Joint Venture interests in the Duvernay Shale and Rock Creek Oil acreage for approximately $3.6 million. As of the date of signing the half-year financial report the deal was yet to finalise and the asset is remeasured to the lower of its carrying value and its fair value less costs to sell, with an impairment taken to the statement of profit or loss and other comprehensive income (note 7).

Following assets held for sales movement during the period:

	Consolidated Half year 31 December 2013 $	Consolidated Year ended 30 June 2013 $
Assets held for sale – cost	**3,098,301**	**3,686,385**
Movements in carrying amounts are reconciled as follows:		
Opening balance	3,686,385	-
Assets recognised as held for sale (note 6)	-	3,686,385
Additions during period	47,967	-
Disposal/Write off during period (i)	(678,672)	-
Foreign currency movement	40,482	-
	3,096,162	**3,686,385**

i) During the period the Company completed and settled the sale to Black Swan Energy Limited and received a net consideration of C$649,630 before tax. The acreage sold was the retained 3.2% carried interest in the Rimbey, Alberta sections that Black Swan acquired in January 2012.

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 2013 $	Year ended 30 June 2013 $
Oil and gas properties – cost	**2,240,705**	**1,245,721**
Movements in carrying amounts are reconciled as follows:		
Opening balance	1,245,721	5,780,567
Acquired during the period (i)	320,000	-
Additions during period (ii)	628,452	1,106,210
Disposal/Write off during period (iii)	-	(150,489)
Impairment of assets (iv)	-	(2,413,965)
Assets reclassified as held for sale (refer note 5)	-	(3,686,385)
Foreign currency movement	46,532	609,783
	2,240,705	**1,245,721**

i) On 26 September 2013, the Company announced it had executed a sale and purchase agreement with Jupiter Oil and Gas Inc to acquire a 20% working interest in the Rend Lake Oil Prospect ('Rend Lake') in Southern Illinois, USA; the entry cost to the Company relates to 20% of back-costs.

ii) Additions relate to exploration activities carried out on the West Klondike Prospect, Fusselman Well and Rend Lake Prospect (acquired during the period, refer (i) above).

iii) Tamaska and its JV partner's entered into an agreement which involved an expansion of the AMI with Black Swan. The transaction price is based on the land values established by a Duvernay land sale on adjacent leases on 25 July 2012 and results in a net cash injection to Tamaska of C$157,972. As a result of this transaction Tamaska now holds a 1.6% carried interest in the Duvernay rights across 48 sections within the AMI area, and a 3.2% carried interest in the Rock Creek rights. During the year ended 30 June 2012, the Company completed two Alberta acreage sales.

iv) In the previous year, an impairment loss was recognised following the Company's agreement to sell their Alberta Joint Venture interests to CPO for a cash consideration of approximately $3.6 million (note 5), as well as a portion to Black Swan Energy Limited (note 5).

NOTE 8. PAYABLES AND BORROWINGS

8a: Payables	Consolidated	
	Half year 31 December 2013 $	Year ended 30 June 2013 $
Trade creditors	574,243	639,011
Other payables	674,051	251,763
Current tax liabilities (i)	-	122,302
	1,248,294	**1,013,076**

8b: Short term borrowings	Consolidated	
	Half year 31 December 2013 $	Year ended 30 June 2013 $
Accrued interest and fees	11,559	5,274
Borrowing from related party (ii)	-	100,000
Borrowing from third party (iii)	-	100,000
Convertible notes (iv)	600,000	-
	611,559	**205,274**

(i) Other current tax liabilities relates to tax payable in Canada in relation to the acreage sales completed during the year ended 30 June 2012. The tax payable was paid during the half-year period.

(ii) This loan is a short term loan from a company associated with a director. This loan is to be used to fund the company's short term working capital requirement and has an interest of 10% per annum. On 26 September 2013, this short term loan was converted to convertible notes (refer (iv) below).

(iii) 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 requirement and has an interest of 10% per annum. On 26 September 2013, this short term loan was converted to convertible notes (refer (iv) below).

(iv) 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 $0.0005 per share.

NOTE 9. ISSUED CAPITAL

9a: Issued share capital	Consolidated	
	Half year 31-December-2013 $	Year ended 30-June-2013 $
6,396,006,280 fully paid ordinary shares (June 2013: 6,396,006,280)	**24,636,662**	**24,636,662**
Movements in share on issue		
Beginning of the period	24,636,662	24,636,662
Shares options issued during the period		
Nil	-	-
Total share issued	**24,636,662**	**24,636,662**
Less: options issued cost	-	-
End of period	**24,636,662**	**24,636,662**

9b: Issued share options	Consolidated	
	Half year 31-December-2013 $	Year ended 30-June-2013 $
3,560,000,000 options issued (June 2013: 3,260,000,000)	**298,890**	**298,890**
Movements in options issue		
Beginning of the period	298,890	848,828
Shares options issued during the period		
300,000,000 options issues (note 10)	-	-
481,398,748 options expired(1)	-	(549,938)
Total share options issued	**298,890**	**298,890**
Less: options issued cost	-	-
End of period	**298,890**	**298,890**

(1) On 30 June 2012, 481,398,748 listed options, with an exercise price of $0.05, expired. The Board resolved to cancel these options on 27 September 2012, following the passing of their expiry date.

NOTE 10. SHARE BASED PAYMENTS

Share options were issued to the Chief Executive Officer on 3 October 2013.

The fair value of the share options, at grant date is determined using a binomial option 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.

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

	Consolidated	
	Half year	Year ended
	31-December-2013	30-June-2013
	$	$
Share based payment reserve	**74,903**	**42,900**
Movement in share based payment reserve		
Beginning of the period	42,900	32,542
Movement during the period		
Share based payment expense	32,003	10,358
End of year	**74,903**	**42,900**

NOTE 11. RELATED PARTY TRANSACTIONS

(a) Transactions with 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 with related parties including amounts accrued but unpaid at the end of the year are as follows:

			Consolidated			
			Transactions		Balances	
Entity	**Relationship**	**Nature of transactions**	**Half year 31 December 2013 $**	**Half year 31 December 2012 $**	**Half year 31 December 2013 $**	**Half year 31 December 2012 $**
Transerv Energy Ltd and subsidiaries	(i)	Cost recoveries in relation to Warren Energy	(101,461)	1,636	(106,642)	905
Citation Resources Ltd	(ii)	Reimbursement for corporate administration costs	(1,348)	(1,447)	1,579	1,060
Perity Oil & Gas Ltd	(iii)	Sales proceeds from acreage sales	646,680	114,362	-	-
Jupiter Oil & Gas Inc	(iv)	Acquisition and additions of Rend Lake Prospect (note 7)	(505,936)	-	(505,936)	-
Seaspin Pty Ltd	(v)	Convertible note (note 8b(iv))	(300,000)	-	(300,000)	-
Seaspin Pty Ltd	(vi)	Borrowing interest payable (note 8b)	(3,260)	-	(3,397)	-

(i) Transerv Energy Ltd ("TSV") is a company associated with Mr Brett Mitchell, who resigned from the non-executive director position on 20 August 2013.

(ii) Citation Resources Limited ("CTR") is a company associated with Mr Brett Mitchell, of which he is currently a director.

(iii) Perity Oil & Gas Pty Ltd ("Perity") is a company controlled by the Warren Energy vendors, of which Mr Charles Morgan and Mr Brett Mitchell are shareholders; the Company made distributions from the acreage sale proceeds to Perity for their interest in the Duvernay asset, which was held on trust by the Company (note 5).

(iv) Jupiter Oil & Gas Inc ("Jupiter") is a company associated with Mr Charles Morgan, of which he is a Director; on 26 September 2013, the company announced it had executed a sales and purchase agreement with Jupiter to acquire a 20% working interest in the Rend Lake Oil Prospect.

(v) Seaspin Pty Ltd ("Seaspin") is an entity controlled by Mr Charles Morgan, who resigned from the executive Chairman position of the Company on 17 February 2014; the short term loan was converted into convertible notes on 26 September 2013 (refer 8b(iv)).

(vi) During the period the short term loan for the Group's working capital requirements from Seaspin incurred interest of 10% per annum before it was converted to convertible notes.

(b) Transactions with related subsidiaries

At the end of the half year ended 31 December 2013, the following loans were owed by wholly owned subsidiaries of the Company:

Entity	Amount Owed (to) / by $	Relationship
Tamaska Energy LLC	2,004,492	A wholly owned subsidiary
Tamaska Oil & Gas Inc	222,466	A wholly owned subsidiary
Warren Energy Limited	(184,999)	A wholly owned subsidiary

Loans between entities in the wholly owned group are denominated in US and Canadian dollar; they are 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

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

Specified Director/Officer	Nature of transactions	Half year 31 December 2013 $	Half year 31 December 2012 $
Brian Ayers (i)	Directors fees	13,751	11,999
Brett Mitchell (ii)	Non-executive Chairman	12,500	72,500
Charles Morgan (iii)	Executive Chairman	50,000	50,000
Alex Parks (iv)	Managing Director	122,003	-

(i) Mr Brian Ayers is paid Director's fees of US$25,000 per annum.

(ii) Mr Brett Mitchell is paid Director's fees of $25,000 per annum; as of 17 February 2014 Mr Brett Mitchell was appointed as a Non-executive Director.

(iii) Mr Charles Morgan is paid Chairman's fees of $100,000 per annum; as of 17 February 2014 Mr Charles Morgan resigned as Executive Chairman.

(iv) Mr Alex Parks was appointed as CEO on 21 February 2013; Mr Alex Parks is on an annual salary of $180,000 per annum and on 3 October 2013 was issued 300 million share options (note 10). As of 17 February 2014 Mr Alex Parks was appointed as the Managing Director of the Company.

NOTE 12. COMMITMENTS AND CONTINGENT LIABILITIES

There were no contingent assets or liabilities during the half year period to 31 December 2013.

NOTE 13. EVENTS SUBSEQUENT TO BALANCE SHEET DATE

Mr Alexander Parks was appointed Managing Director on 17 February 2014, following Mr Parks joining Tamaska as CEO in February 2013. The Board also advised the resignation of Board member Mr Charles Morgan as Chairman effective 17 February 2014; with the resignation of Mr Morgan, Mr Brett Mitchell was appointed Non-Executive Chairman.

The Company converted 14,000 Convertible Performance Shares into Fully Paid Ordinary Shares on 10 February 2014 following completion of the performance conditions.

On 19 February 2014 the Company lodged a Notice of Meeting including a 100:1 consolidation of capital resolution. The General Meeting will be held Friday 21 March 2014.

DIRECTORS DECLARATION

FOR THE HALF YEAR ENDED 31 DECEMBER 2013

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 2013 and it's 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

Brett Mitchell
Chairman
Perth, W.A.
7 March 2014

Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Tamaska Oil & Gas Ltd

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Tamaska Oil & Gas Ltd, which comprises the consolidated statement of financial position as at 31 December 2013, 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 2013 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 & Gas Ltd, 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 & Gas Ltd, 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 & Gas Ltd 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 2013 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.*

Emphasis of Matter

Without modifying our conclusion, we draw attention to Note 2 in the financial report, which indicates that the ability of the consolidated entity to continue as a going concern is dependent upon the future successful raising of necessary funding through equity, successful exploration and subsequent exploitation of the consolidated entity's tenements, and/or sale of non-core assets. These conditions, along with other matters as set out in Note 2, indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

BDO Audit (WA) Pty Ltd

BDO

Peter Toll

Director

Perth, 7 March 2014