TAMASKA
OIL & GAS LIMITED

FINANCIAL REPORT
For the year ended 30 June 2012

CONTENTS

CORPORATE DIRECTORY

Chairman	Charles Morgan – *appointed 1 August 2011*
Executive Director	Brett Mitchell – *appointed 1 August 2011*
Non-Executive Director	Brian Ayers Gordon Sklenka – *resigned 22 August 2011* Anthony Short – *resigned 1 August 2011*
Company Secretary	Rachel Jelleff – *appointed 1 August 2011* David Ballantyne – *resigned 1 August 2011*
Registered & Principal Office	Level 21, Allendale Square 77 St Georges Tce PERTH WA 6000 Telephone: + 61 8 9389 2000 Facsimile: + 61 8 9389 2099
Postal Address	PO Box Z5446 St Georges Tce PERTH WA 6831
Auditors	BDO Audit (WA) Pty Ltd 38 Station St SUBIACO WA 6008
Solicitors	Hardy Bowen Level 1, 28 Ord St West Perth WA 6005
Website Address	www.tamaskaoilandgas.com.au
Stock Exchange Listings	Tamaska Oil & Gas Ltd shares are listed on the Australian Stock Exchange under the code TMK and TMKOA
Share Registry	Advanced Share Registry 150 Stirling Highway Nedlands WA 6009 Telephone: +61 8 9389 8033 Facsimile: + 61 8 9389 7871

REVIEW OF OPERATIONS

Summary

- Acquisition of Warren Energy Limited and its Canadian oil and gas assets
- Completion of three Duvernay Shale and Rock Creek acreage sales during the year and farmouts for net $2.1m
- Tamaska now holds an 8% interest in 105 sections of the Duvernay Shale and a 16% interest in 113 sections Rock Creek projects
- Exploration activity by majors on Duvernay Shale play in Alberta Canada is increasing
- Recent exploration discoveries highlight significant economic potential of Duvernay, with a high liquid content
- West Klondike Exploration project expected to commence in December quarter
- Board continues to review new oil and gas investment opportunities

Warren Energy Acquisition: Duvernay Shale and Rock Creek Projects

In August 2011 Tamaska acquired Warren Energy Limited (Warren). This was a transformational event for the Company. It has delivered two substantial hydrocarbon resource assets in Alberta, Canada (the Duvernay Shale and Rock Creek Oil Projects, together the Alberta Projects), an experienced Board and management team and a pipeline of new project opportunities in the oil and gas sector.

Pursuant to settlement of the Acquisition of Warren Energy on 1 August 2011 the Company issued 2,200,000,000 Shares in consideration for the acquisition of Warren Energy (Vendor Shares) of which 1,000,000,000 were issued to a company associated with Mr Charles Morgan and 200,000,000 were issued to a company associated with Mr Brett Mitchell. The Vendor Shares were subject to voluntary escrow for a period of 12 months from the date of issue.

The Alberta Projects acquired through the Acquisition are subject to a crown royalty and additional gross royalty payments of 4.25% over the proceeds of the sale of oil and gas produced, which includes a 2.25% gross royalty payable to the Warren vendors.

A loan of $1.06m owed to the vendors by the Company for personally funding Warren Energy's original acreage acquisition was repaid by the Company in full during the year, out of the proceeds from its completed acreage sales in early 2012.

Alberta Projects

Tamaska through its subsidiary, Warren Energy, holds its Alberta Projects in joint venture (the Alberta Joint Venture or AJV) with Transerv Energy Ltd (ASX:TSV) and Mako Hydrocarbons Ltd (ASX:MKE). The Company holds a direct 8% interest in the Duvernay Shale Project and a 16% interest in the Rock Creek Oil Project. In addition, Warren holds an additional 8% interest in the Duvernay Shale Project under a trust arrangement for Perity Oil Ltd.

During the year and following the end of the period, Tamaska sold and farmed out interests in the Duvernay Shale and Rock Creek Projects for a net of $2.1m. It retains a direct 8% interest in 105 sections of the Duvernay Shale Project and a 16% interest in 113 sections Rock Creek project. It also retains a direct 1.6% carried interest in 48 sections of the Duvernay Shale Project with Operator Black Swan Energy over the joint venture AMI (with a 1.6% carried interest held on trust for Perity Oil Pty Ltd).

Duvernay Shale Project

Through the land acquisition and farm in agreement executed with Black Swan Energy, the Alberta Joint Venture partners will be free-carried through the first two wells drilled on the Duvernay. The first well will be a vertical well to be drilled in late 2012 at an estimated cost of C$5 million. The second well, an optional horizontal well, is to be drilled during the 2013 drilling season with the AJV carried for the first C$15 million of expenditure on the horizontal. The Joint Venture's total exposure to drilling costs on the horizontal well above C$15m is capped at $1m.

REVIEW OF OPERATIONS

Drilling activity on the Duvernay trend has increased significantly during 2012 and the results of completed wells by large operators in this emerging play are also becoming more readily available. Importantly for Tamaska, results of three recent wells in the Duvernay Shale have produced substantial amounts of liquids in the range of 70-300 bbl/mmcf (Figure 1).

Tamaska's neighbour Talisman Energy has also commenced drilling in an adjacent section and licenced areas for further drilling just to the south of Tamaska's land.

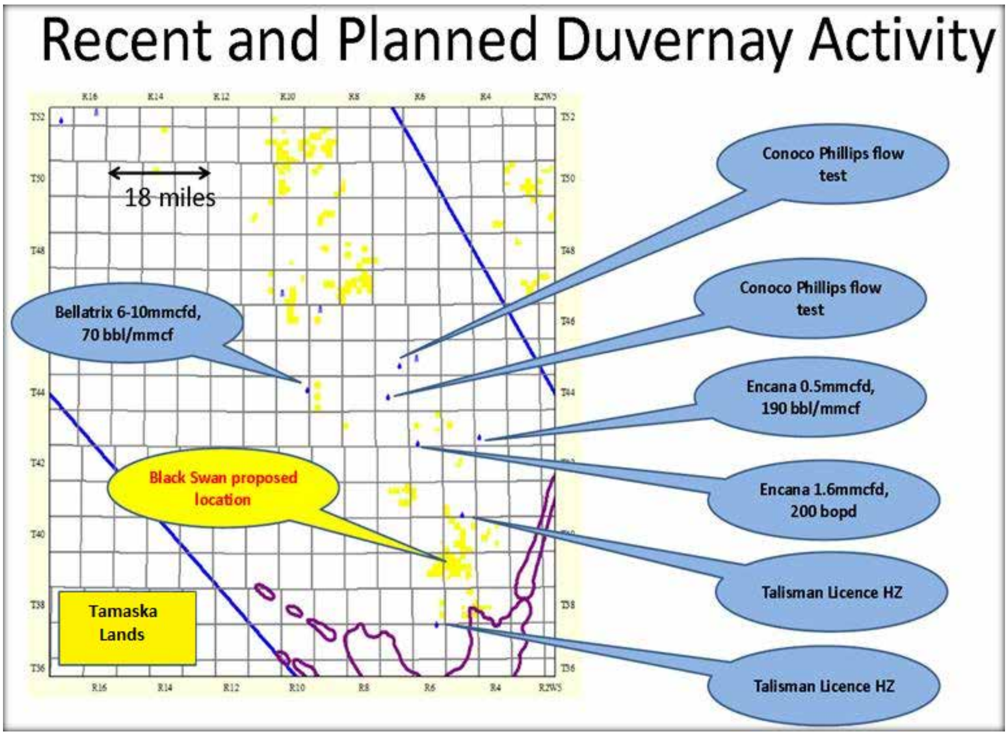

Figure 1

Duvernay Shale and Rock Creek Acreage Holding

During 2012 the Company completed 3 sales of parts of its Duvernay acreage. In January 2012 the Company announced that it had completed 2 acreage sales with net proceeds after costs of approximately $1.9m.

Following completion of these acreage sales, the Company as part of the AJV acquired an interest in a further 4.5 sections (2,880 acres; 1,152 hectares) of land prospective for Duvernay shale and Rock Creek rights at a Crown land sale. These lands adjoin the existing land holdings of the project area which was created following the first acreage sale and were acquired at a fraction of the value achieved from the sale transactions.

Following the end of the period, on 14 August 2012 the Company announced that it had reached agreement with Black Swan Energy Ltd, to expand the joint lands included under the existing joint venture arrangements.

This new agreement involves an expansion of the Area of Mutual Interest ("AMI") to include Tamaska's interest in 6.25 new sections and incorporate an additional 7.75 recently acquired sections. The transaction price is based on the land values established by a Duvernay land sale on adjacent leases on July 25, 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% interest in the Rock Creek rights.

REVIEW OF OPERATIONS

Tamaska's Duvernay Shale and Rock Creek Acreage

Tamaska	Duvernay Shale Acreage 8%	Rock Creek Acreage 16%
Retained Interest	5,376 acres	11,571 acres

Tamaska	Duvernay Shale Acreage 1.6%	Rock Creek Acreage 3.2%
Farm-in Acreage	492 acres	985 acres

The Company will continue to monitor the situation in the Duvernay Shale in particular with the aim of maximising its value and monitising or participating in drilling programs as it sees fit.

West Klondike

The West Klondike exploration prospect is now scheduled to be spudded in December 2012 quarter following the completion of access rights and commencement of location works by the Operator. The Company is earning a 10.2% working interest in the project through paying 13.5% of the initial well and leasing costs.

The West Klondike Prospect is a fault block closure which has been identified on 3D seismic data and is in close proximity to analogous offset production. The likely resource potential is 2 million barrels of oil (mmbbl) and 6 billion cubic feet of gas (bcf), with unrisked potential of 4.8 mmbbl and 17 bcf of gas. The Company's 13.5% share of the initial well's dry hole costs is estimated to be $350,000.

Corporate

Following settlement of the 2 acreage sale transactions in January 2012, the Company repaid the Warren Energy vendor loan of $1.06m out of its net sales receipts. This interest free loan formed part of the Warren Energy consideration paid by Tamaska and represented the cash cost incurred by the Warren vendors to acquire the original acreage position. The Company is now debt free following the loan repayment during the year.

The Alberta Projects acquired through the Warren Energy Acquisition are subject to a crown royalty and additional gross royalty payments of 4.25% over the proceeds of the sale of oil and gas produced, which includes a 2.25% gross royalty payable to the Warren vendors. The proceeds from the first two acreage sales have been used to settle the royalty obligations on the disposed acreage. Mr Charles Morgan, Chairman of the Company, is a royalty holder as a vendor of Warren Energy.

The Company also made distributions of acreage sale proceeds to Perity Oil and Gas Pty Ltd for Perity's 8% Duvernay interest, held on trust by the Company, which was disposed of as part of the two completed acreage sales in 2012. Perity Oil is a company controlled by the Warren Energy vendors, which includes Mr Charles Morgan and Mr Brett Mitchell.

DIRECTORS' REPORT

Your Directors present their report on the consolidated entity (Group) for the year ended 30 June 2012.

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.

C. Morgan (appointed – 01 August 2011)
B. Mitchell (appointed – 01 August 2011)
B. Ayers (appointed – 21 January 2008)

Resigned during the period
G. Sklenka (appointed – 26 September 2007, resigned – 29 August 2011)
A. Short (appointed – 26 September 2007, resigned – 01 August 2011)

Principal Activities

The principal continuing activities of the Group during the financial year was the acquisition and exploration 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 2012 after income tax amounted to $1,842,951 (2011: Loss $2,801,344).

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 3 of this financial report.

Significant Changes in the State of Affairs

During the year the Company undertook a significant corporate and asset restructuring as a result of the agreement to acquire Warren Energy Ltd (Warren) as detailed in the Review of Operations. Through this transaction, which settled on 1 August 2011, the Company acquired a 16% interest in the Rock Creek Oil project, an unconventional oil and condensate play, and an 8% interest in the strategic Duvernay Shale Project, both projects located in central Alberta, Canada. The Company also holds an 8% interest in the Duvernay Shale project on trust for Perity Oil Limited, a company controlled by the Warren Energy vendors.

As part of the acquisition of Warren Energy, the Company completed capital raisings of more than $1.8m before costs, appointed Mr Charles Morgan and Mr Brett Mitchell to the Board as new Directors and Ms Rachel Jelleff as Company Secretary.

DIRECTORS' REPORT

Events Subsequent to Reporting Date

New Acreage sale

Subsequent to year end, the Company announced that it has reached agreement with Black Swan Energy Ltd, and its other joint venture partners, to expand the joint lands included under their existing joint venture arrangements as announced on 13 August 2012.

Expiration of listed options

On 30 June 2012, 481,398,748 listed share options, with an exercise price of $0.05 expired of these options 15,874,718 were held by previous directors.

Current listed options

The following 0.5c listed options (ASX: TMKOA) are held by Directors (expiring 17/08/2015)

Holder	Held at beginning of the year	Granted/Purchased during the year	Sold	Balance at the date of report
Brian Ayers[i] - Direct	-	30,000,000	-	30,000,000
Gordon Sklenka[ii] - Indirect	-	200,000,000	-	200,000,000
Anthony Short - Indirect	-	-	-	-
Charles Morgan[ii] - Direct/Indirect	-	550,000,000	-	550,000,000
Brett Mitchell[ii]- Direct/Indirect	-	130,000,000	-	130,000,000

[i] Share options were issued to Mr Ayers (Refer to the remuneration report for further details).

[ii] Share options purchased by Directors.

Likely Developments

The consolidated entity will continue to pursue activities within its corporate objectives. Further 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.

DIRECTORS' REPORT

Information on Directors and Secretary

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

Charles Morgan (appointed – 01 August 2011)
Chairman

Mr Morgan is an experienced resources executive who has successfully identified early stage opportunities, acquiring strategic assets and positions, partnering with regional and technology experts, securing teams of appropriate Executives and to develop those positions.

Mr Morgan has extensive experience in equity capital markets and has been involved with numerous projects over a 20 year period. The bulk of these were in the resources/oil & gas industries and in the technology sector.

Current Directorships and date of appointment:
Alcyone Resources Limited (appointed 19 January 2006), Grand Gulf Energy Ltd (appointed 21 August 2009)

Other Directorships within the last three years:
None

Brett Mitchell, B Ec (appointed – 01 August 2011)
Executive Director

Mr Mitchell has worked for both private and publicly listed entities for the past 20 years as a corporate finance executive. Mr Mitchell holds a Bachelor of Economics degree from the University of Western Australia and has specific experience in the financial markets and resources sectors and is a member of the Australian Institute of Company Directors (ACID).

Current Directorship and date of appointment:

Citation Resources Ltd (November 2011 – present), Transerv Energy Limited (July 2006 - present), Wildhorse Energy Limited (April 2009 – present) and Quest Petroleum NL (May 2007 - present).

Other Directorships within the last three years:

XState Resources Limited (Aug 2009 – April 2011) and Acacia Coal Limited previously Newland Resources Ltd (Oct 2009 – November 2010).

Brian Ayers, B.Geophs, MBA
Non-Executive Director

Mr. Ayers is an E&P Executive with over 32 years of experience in the US oil and gas industry. Mr Ayers began his career as a geophysicist with Texaco USA in New Orleans, Louisiana then became an exploration geologist with Coastal Oil and Gas (pipeline, marketing, exploration and production company) where he rose to Vice President, Domestic Exploration over an 18-year tenure.

Mr Ayers was Vice President and Houston Division Manager for Samson Resources, a large, private oil and gas Company based in Oklahoma, then was President and CEO of Centurion Exploration Company, a private, US Gulf Coast explorer, for four years. Mr Ayers is currently Vice President Geology and Land at Tema Oil and Gas Company. Mr Ayers has wide-ranging technical experience in the Gulf Coast, Permian Basin and Midcontinent arenas and has successfully managed several integrated oil and gas exploration and production teams.

DIRECTORS' REPORT

Information on Directors and Secretary (continued)

Current Directorship and date of appointment:
None

Other Directorships within the last three years:
None

Rachel Jelleff (appointed 01 August 2011)
Company Secretary

Miss Jelleff has 4 years' experience in administrating public companies and is also Company Secretary of Erin Resources Limited.

Meetings of Directors

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

Director	Board meetings held	Board meetings attended
B. Ayers	4	4
C. Morgan	4	3
B. Mitchell	4	4

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	Acquired	Sold/Dispose	Converted from CPS	Balance at the date of report
Brian Ayers - Direct	-	-	-	-	-
Gordon Sklenka [i] -Direct/Indirect	120,000,001	-	-	-	120,000,001[i]
Anthony Short [ii] - Direct/Indirect	118,547,181	-	-	-	118,547,181[ii]
Charles Morgan - Direct/Indirect	-	1,212,500,000	-	-	1,212,500,000
Brett Mitchell - Direct/Indirect	-	250,000,000	-	-	250,000,000
	238,547,182	**1,462,500,000**	**-**	**-**	**1,701,047,182**

[i] Shares held as at resignation date 30 August 2011
[ii] Shares held as at resignation date 1 August 2011

DIRECTORS' REPORT

Securities held and controlled by Directors (continued)

Converting Performance shares (CPS)

Holder	Held at beginning of the year	Acquired	Sold	Converted to shares	Balance at the date of report
Brian Ayers - Direct	2,000	-	-	-	2,000
Gordon Sklenka [i] - Indirect	2,000	-	-	-	2,000
Anthony Short [ii] - Indirect	2,000	-	-	-	2,000
	6,000	**-**	**-**	**-**	**6,000**

[i] Shares held as at resignation date 30 August 2011
[ii] Shares held as at resignation date 1 August 2011

Options- expiring 30/06/2012

Holder	Held at beginning of the year	Granted during the year	Sold	Expired	Balance at the date of report
Brian Ayers - Direct	-	-	-	-	-
Gordon Sklenka[i] - Indirect	8,000,000	-	-	8,000,000	-
Anthony Short[ii] - Indirect	7,854,718	-	-	7,854,718	-
Charles Morgan - Direct/Indirect	-	-	-	-	-
Brett Mitchell - Direct/Indirect	-	-	-	-	-
	15,854,718	**-**	**-**	**15,854,718**	**-**

[i] Options held as at resignation date 30 August 2011
[ii] Options held as at resignation date 1 August 2011

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.

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (continued)

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.

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.

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (continued)

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.

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:

Directors

Mr C Morgan, Chairman
- Agreement commenced 16 September 2011, no termination date;
- Directors' fees for the year ended 30 June 2012 of $100,000 per annum.

Mr B Mitchell, Executive Director
- Agreement commenced 16 September 2011, no termination date;
- Executive services for the year ended 30 June 2012 of $120,000 per annum;
- Directors' fees for the year ended 30 June 2012 of $25,000 per annum.

Mr B Ayers, Exploration Director, Non-Executive Director
- A new agreement commenced 16 September 2011, no termination date;
- Consulting fees (including directors' fees) for the year ended 30 June 2012 of USD$25,000 per annum.

Mr G Sklenka, Non-Executive Director
- Resigned 22 August 2011.

Mr A Short, Non-Executive Director
- Resigned 1 August 2011.

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 2012 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.

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (continued)

Nature and amount of remuneration for the year ended 30 June 2012 and 2011:

		Short-term employee benefits		Post - employment benefits	Equity based payment	
		Salary, consulting fees AU$	**Bonus AU$**	**Superannuation AU$**	**Share based payments AU$**	**Total AU$**
Executive directors						
B Mitchell	2012	145,000	-	-	-	**145,000**
	2011	-	-	-	-	**-**
A Short[i]	2012	-	-	-	-	**-**
	2011	75,000	-	-	-	**75,000**
Non-executive Directors						
C Morgan	2012	83,333	-	-	-	**83,333**
	2011	-	-	-	-	**-**
B Ayers*	2012	24,694	-	-	15,655	**40,349**
	2011	24,171	-	-	-	**24,171**
G Sklenka[ii]	2012	-	-	-	-	**-**
	2011	75,000	-	-	-	**75,000**
Total directors' compensation	2012	253,027	-	-	15,655	**268,682**
	2011	174,171	-	-	-	**174,171**
Other key management personnel						
D Ballantyne[iii]	2012	-	-	-	-	**-**
(Company Secretary)	2011	-	-	-	-	**-**
Total other key management compensation	2012	-	-	-	-	**-**
	2011	-	-	-	-	**-**
TOTAL COMPENSATION	**2012**	**253,027**	**-**	**-**	**15,655**	**268,682**
	2011	**174,171**	**-**	**-**	**-**	**174,171**

*The percentage of Mr Ayers remuneration that consists of shares options is 39%.

[i] Mr Short resigned as a Director on 1 August 2011.

[ii] Mr Sklenka resigned as a Director on 30 August 2011.

[iii] Consulting fees for Mr Ballantyne is based upon actual hours worked but not to exceed $60,000. Due to low activity Mr Ballantyne has not charged any consulting fees to the Company. Mr Ballantyne resigned on 1 August 2011.

D. Share-based Compensation

Options

During the year ended 30 June 2012, 30 million options (2011: nil) were issued to Mr Ayers.

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.

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (continued)

Options (continued)

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 2012
18 January 2012	15,000,000	18 January 2012	0.005	0.00071	17-Aug-15	10,650
18 January 2012	15,000,000	1 January 2013	0.005	0.00071	17-Aug-15	5,005
	30,000,000					15,655

There are no other performance conditions related to these shares. Half of the share options vested immediately on grant date. The final 15 million will vest on 1 January 2013. None of these options have been exercised.

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:

	04-Nov-11	18 -Jan- 2012
Dividend yield (%)	Nil	Nil
Expected volatility (%)	150%	150%
Risk-free interest rate (%)	3.64%	3.25%
Expected life of option (years)	3.8	3.6
Option exercise price ($)	$0.005	$0.005
Weighted average share price at grant date ($)	$0.001	$0.001
Performance conditions	No	No

E. 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:

- Ø All non-audit services have been reviewed by the Board to ensure they do not impact the impartiality and objectivity of the auditor; and
- Ø 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, the following fees were paid or payable for non-audit services by BDO (WA) Pty Ltd and its related practices:

Other assurance services	Group	
	2012	**2011**
BDO Corporate Finance (WA) Pty Ltd	**$**	**$**
- Professional services	6,140	-
Total Remuneration	6,140	-

DIRECTORS' REPORT

Auditors' independence declaration

The Auditor's Independence Declaration, as required under Section 307c of the Corporations Act 2001, for the financial year ended 30 June 2012 has been received and can be found on page 17.

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

Brett Mitchell
Executive Director
Perth, W.A.
27 September 2012

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Australia

27 September 2012

The Directors
Tamaska Oil and Gas Limited
Level 21, Allendale Square,
77 St Georges Terrace,
PERTH WA 6000

Dear Sirs,

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

As lead auditor of Tamaska Oil and Gas Limited for the year ended 30 June 2012, 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 audit; and
- any applicable code of professional conduct in relation to the audit.

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

Peter Toll
Director

BDO Audit (WA) Pty Ltd
Perth, Western Australia

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2012

		Consolidated	
		YTD	**YTD**
		30-Jun-12	**30-Jun-11**
	Notes	**$**	**$**
Revenue	5	17,703	22,807
Accounting and audit		(80,243)	(91,877)
Directors' fees		(253,705)	-
Professional and consultancy fees		(147,752)	245,483
Share base payment expense	16	(32,542)	-
Travel expenses		(2,630)	(38,745)
Legal fees		(77,722)	(67,290)
Regulatory expenses		(47,806)	(44,711)
Exploration and evaluation expenditure written off	11	(933,306)	(431)
Office and administrative expenses	6	(166,313)	(184,536)
Loss from operating activities		**(1,724,316)**	**(159,300)**
Finance cost		-	(7,087)
Foreign exchange gains/(losses)		2,239	-
Loss before tax		**(1,722,077)**	**(166,387)**
Income tax (expense)/benefit	7	(120,874)	-
Loss from continuing operations		**(1,842,951)**	**(166,387)**
Loss from discontinued operations	12	-	(2,634,957)
Loss for the year		**(1,842,951)**	**(2,801,344)**
Other comprehensive income for the year			
Exchange differences on the translation of foreign operations		82,585	136,101
Other comprehensive income/(loss) for the year, net of tax		**82,585**	**136,101**
Total comprehensive loss for the year		**(1,760,366)**	**(2,665,243)**
Loss attributed to:			
Owners of Tamaska Oil and Gas Limited		**(1,842,951)**	**(2,801,344)**
Total comprehensive loss for the year attributable to:			
Owners of Tamaska Oil and Gas Limited		**(1,760,366)**	**(2,665,243)**
Earnings 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)	19	**(0.03)**	**(0.2)**

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2012

		Consolidated	
	Notes	YTD 30-Jun-12 $	YTD 30-Jun-11 $
Current assets			
Cash and cash equivalents	8	1,484,913	319,748
Receivables	9	27,369	-
Total Current Assets		**1,512,282**	**319,748**
Non-current assets			
Property, plant and equipment	10	-	-
Oil and Gas properties	11	5,780,567	105,647
Total Non-current assets		**5,780,567**	**105,647**
Total assets		**7,292,849**	**425,395**
Current liabilities			
Payables	13	319,922	108,054
Total liabilities		**319,922**	**108,054**
Net assets		**6,972,927**	**317,341**
Equity			
Issued share capital	15a	24,636,662	16,552,142
Issued options	15b	848,828	549,938
Share based payment reserve	16	32,542	-
Other reserves	16	82,665	80
Accumulated losses	18	(18,627,770)	(16,784,819)
TOTAL EQUITY		**6,972,927**	**317,341**

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

CONSOLIDATED AT 30 June 2012	Issued Share capital	Issued Options	Accumulated losses	Equity Reserve	Foreign Currency Translation Reserve	Share Based Payment Reserve	Total Reserves	Total
30 June 2012	$	$	$	$	$	$	$	$
Balance at beginning of year (1 July 2011)	**16,552,142**	**549,938**	**(16,784,819)**	**80**	**-**	**-**	80	**317,341**
Total comprehensive income/(loss) for the year	-	-	(1,842,951)	-	82,585	-	82,585	**(1,760,366)**
Transactions with equity holders in their capacity as equity holders								
Issues of share capital	8,100,000	-	-	-	-	-	-	**8,100,000**
Cost of issuing shares and options	-	(21,110)	-	-	-	-	-	**(21,110)**
Capital Raising costs	(15,480)		-	-	-	-	-	**(15,480)**
Options Issued	-	320,000	-	-	-	32,542	32,542	**352,542**
Balance at the end of the year (30 June 2012)	**24,636,662**	**848,828**	**(18,627,770)**	**80**	**82,585**	**32,542**	**115,207**	**6,972,927**

CONSOLIDATED AT 30 June 2011	Issued share capital	Issued options	Accumulated losses	Equity Reserve	Foreign Currency Translation Reserve	Share Based Payment Reserve	Total Reserves	Total
30 June 2011	$	$	$	$	$	$	$	$
Balance at beginning of year (1 July 2010)	**14,354,527**	**550,000**	**(13,983,475)**	**80**	**(136,101)**	**-**	(136,021)	**785,031**
Total comprehensive income/(loss) for the year	-	-	(2,801,344)	-	136,101	-	136,101	**(2,665,243)**
Transactions with equity holders in their capacity as equity holders								
Issues of share capital	2,222,468	-	-	-	-	-	-	**2,222,468**
Costs of issuing shares	(24,853)	-	-	-	-	-	-	**(24,853)**
Options exercised	-	(62)	-	-	-	-	-	**(62)**
Balance at the end of the year (30 June 2011)	**16,552,142**	**549,938**	**(16,784,819)**	**80**	**-**	**-**	**80**	**317,341**

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 2012

		Consolidated	
	Notes	YTD 30-Jun-12 $	YTD 30-Jun-11 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		138,853	-
Interest received/(paid)		17,703	22,807
Payments to suppliers and employees (inclusive of GST)		(763,445)	(407,898)
Net cash & cash equivalents outflow from operating activities	21	**(606,889)**	**(385,091)**
Cash flows from investing activities			
Exploration costs on oil and gas activities		(1,642,742)	(105,652)
Proceeds from oil and gas exploration assets sold		2,679,250	-
Cash disposed from the disposal of subsidiary		-	(153,973)
Net cash & cash equivalents inflow/(outflows) from investing activities		**1,036,508**	**(259,625)**
Cash flows from financing activities			
Proceeds from issue of shares and options		1,820,000	2,222,458
Capital raising costs		(36,590)	(24,906)
Loan repaid to the vendors of Warren Energy Limited		(1,061,808)	(1,257,587)
Borrowing costs		-	(7,086)
Net cash & cash equivalents inflow from financing activities		**721,602**	**932,879**
Net increase/(decrease) in cash held		1,151,221	288,163
Cash and cash equivalents at beginning of financial year		319,748	31,585
Foreign exchange movement on cash		13,944	-
Cash and cash equivalents at end of financial year	8	**1,484,913**	**319,748**

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2012

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 "Consolidated Group" or "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.

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 2012.

(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 2012 and the results of all subsidiaries for the year then ended.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2012

(b) *Principles of Consolidation (continued)*

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated 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 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 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.

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 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2012

(d) *Foreign Currency Translation (continued)*

Foreign exchange gains and losses that relate to borrowings are presented in the statement of 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:

- Ø 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;
- Ø Income and expenses for each Statement of 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
- Ø 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 FINANCIAL STATEMENTS

For the year ended 30 June 2012

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2012

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

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.

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 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 derecognition.

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. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the Statement of Financial Position.

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 result of discontinued operations are presented separately in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2012

(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.

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 Report (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(h).

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2012

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

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(h).

(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 options granted are set out in note 17.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2012

(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:

Ø 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
Ø 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:

Ø 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
Ø 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 comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2012

(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 authority 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2012

(u) *New Accounting Standards and Interpretations*

i) New Accounting Standards and Interpretations not yet Adopted

The following new accounting standards and interpretations have been issued or amended and are applicable to the annual financial statements of the Group, but are not yet effective.

- Ø AASB 9 - 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. Adoption of AASB 9 is only mandatory for the year ending 30 June 2016. The Group has not yet made an assessment of the impact of these amendments. The application date is 1 July 2015.

- Ø AASB 10 - Consolidated Financial Statements: Introduces a single 'control model' for all entities, including special purpose entities (SPEs), whereby all of the following conditions must be present:

  - Power over investee (whether or not power used in practice);
  - Exposure, or rights, to variable returns from investee;
  - Ability to use power over investee to affect the Tamaska's returns from investee; and
  - Introduces the concept of 'defacto' control for entities with less than 50% ownership interest in an entity, but which have a large shareholding compared to other shareholders. This could result in more instances of control and more entities being consolidated.

  The Group has not yet made an assessment of the impact of these amendments. The application date is 1 July 2013.

- Ø AASB 11 - Joint arrangements: Joint arrangements will be classified as either 'joint operations' (where parties with joint control have rights to assets and obligations for liabilities) or 'joint ventures' (where parties with joint control have rights to the net assets of the arrangement). The Group has not yet made an assessment of the impact of these amendments. The application date is 1 July 2013.

- Ø AASB 12 - Disclosure of Interests in Other Entities. Combines existing disclosures from AASB 127 Consolidated and Separate Financial Statements, AASB 128 Investments in Associates and AASB 131 Interests in Joint Ventures. Introduces new disclosure requirements for interests in associates and joint arrangements, as well as new requirements for unconsolidated structured entities.). The Group has not yet made an assessment of the impact of these amendments. The application date is 1 July 2013.

- Ø AASB 13 - Fair value measurement. AASB 13 establishes a single framework for measuring fair value of financial and non-financial items recognised at fair value in the statement of financial position or disclosed in the notes in the financial statements. Additional disclosures required for items measured at fair value in the statement of financial position, as well as items merely disclosed at fair value in the notes to the financial statements. Extensive additional disclosure requirements for items measured at fair value that are 'level 3' valuations in the fair value hierarchy that are not financial instruments. The Group has not yet made an assessment of the impact of these amendments. The application date is 1 July 2013.

- Ø AASB 119 - Employee Benefits. Employee benefits expected to be settled (as opposed to due to 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 12 months of end of reporting period will in future be discounted when calculating leave liability. The Group has not yet made an assessment of the impact of these amendments. The application date is 1 July 2013.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2012

(u) *New Accounting Standards and Interpretations (continued)*

- AASB 2010-8 - Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets (AASB 112). For investment property measured using the fair value model, deferred tax assets and liabilities will be calculated on the basis of a rebuttable presumption that the carrying amount of the investment property will be recovered through sale. The Group has not yet made an assessment of the impact of these amendments. The application date is 1 July 2012.

  AASB 2011-4 - Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements. Amendments to remove individual key management personnel (KMP) disclosure requirements from AASB 124 to eliminate duplicated information required under the Corporation Act 2001. The Group has not yet made an assessment of the impact of these amendments. The application date is 1 July 2013.

- AASB 2011-9 - Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income. Amendments to align the presentation of items of other comprehensive income (OCI) with US GAAP. The Group has not yet made an assessment of the impact of these amendments. The application date is 1 July 2012.

- AASB 2012-5 - Annual Improvements to Australian Accounting Standards 2009-2011 Cycle. Non-urgent but necessary changes to IFRSs (IAS1, IAS 16 & IAS 32). The Group has not yet made an assessment of the impact of these amendments. The application date is 1 July 2013.

- AASB 2010-7 – Amendments to the Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4. 5, 7, 101, 102,108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and interpretations 2, 5, 10, 12, 19 & 127]. This Standard makes numerous amendments to Australian Accounting Standards and Interpretations listed above as a result of the amendments to AASB 9.

- IFRS - Mandatory Effective Date of IFRS 9 and Transition Disclosures. Entities are no longer required to restate comparatives on first time adoption. Instead, additional disclosures on the effects of transition are required. The Group has not yet made an assessment of the impact of these amendments. The application date is 1 July 2015.

The Group does not anticipate early adoption of any of the above accounting standards.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2012

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.

The Group holds the following financial instruments:

	2012	2011
Financial Assets		
Cash and cash equivalents	1,484,913	319,748
Financial Liabilities		
Trade and other payables	319,922	108,054

(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 assesses the risk to foreign currency exposure as minimal.

ii) **Price Risk**

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

iii) **Cash Flow and Fair Value Interest Rate Risk**

At reporting date, the Group does not have long term borrowings and its exposure to interest rate risk is assessed as minimal.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2012

iii) **Cash Flow and Fair Value Interest Rate Risk (continued)**

The consolidated 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:

2012	Floating interest rate	Non-interest bearing	1 Year or less	Over 1 to 5 years	Total
	$	$	$	$	$
Financial assets					
Cash and cash equivalents	262,313	1,222,600	1,484,913	-	1,484,913
	262,313	1,222,600	1,484,913	-	1,484,913

2011	Floating interest rate	Non-interest bearing	1 Year or less	Over 1 to 5 years	Total
	$	$	$	$	$
Financial assets					
Cash and cash equivalents	319,748	-	319,748	-	319,748
	319,748	-	319,748	-	319,748

(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 $1,484,913 is held in one institution with a AA credit rating.

(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 2012	Less than 6 months	6-12 months	Between 1-5 years	Total	carrying value
Financial Liabilities					
Trade and other payables	319,922	-	-	319,922	319,922

Contractual maturities of financial liabilities 30 June 2011	Less than 6 months	6-12 months	Between 1-5 years	Total	carrying value
Financial Liabilities					
Trade and other payables	108,054	-	-	108,054	108,054

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2012

(d) *Fair Value Estimation*

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

Fair values are in accordance with values carried in the Statement of Financial Position.

The fair value of financial instruments that are traded in active markets is based on quoted market prices at the end of the reporting period. The fair value of financial instruments that are not traded in an active market are determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date.

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 (l). 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2012

(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:

Geographical segment	2012 $				2011 $		
	Canada	**USA**	**Australia**	**Consolidated**	**USA**	**Australia**	**Consolidated**
Revenues	384	-	17,319	17,703	-	22,807	22,807
Segment result (Loss)	797,669	(881,925)	(1,584,562)	(1,668,818)	(431)	(165,956)	(166,387)
Total segment assets	959,490	60,460	7,217,327	8,237,278	105,648	425,825	531,473
Total segment liabilities	(244,739)	(970,052)	(68,167)	(1,282,958)	(106,078)	(108,056)	(214,134)

1) Segment Revenue

Segment revenue reconciles to total revenue from the continuing operations as follows:

	Consolidated	
	2012	**2011**
	$	**$**
Total segment revenue	17,703	22,807
Other revenue	-	-
Total revenue from continuing operations (Note 5)	17,703	22,807

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2012

4. SEGMENT REPORTING (continued)

2) Segment Results

Segment result reconciles to total comprehensive income as follows:

	Consolidated	
	2012	2011
	$	$
Total segment result	(1,668,818)	(166,387)
Intersegment eliminations	(174,133)	-
Loss before income tax	(1,842,951)	(166,387)

3) Segment Assets

The amounts provided to the Board with respect to total assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

Reportable segments' assets are reconciled to total assets as follows:

	Consolidated	
	2012	2011
	$	$
Total segment assets	8,237,278	531,473
Intersegment eliminations	(944,429)	(106,078)
Total assets	7,292,849	425,395

4) Segment Liabilities

The amounts provided to the Board with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment and the physical location of the asset.

Reportable segments' liabilities are reconciled to total liabilities as follows:

	Consolidated	
	2012	2011
	$	$
Total segment liabilities	(1,282,958)	(214,134)
Intersegment eliminations	963,036	106,080
Total liabilities	(319,922)	(108,054)

5. REVENUE

	Consolidated	
	2012	2011
	$	$
Interest Received	17,703	22,807
	17,703	22,807

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2012

6. LOSS FOR THE YEAR

	Consolidated	
	2012	**2011**
	$	**$**
The loss from continuing operations includes the following specific expenses:		
OFFICE AND ADMINISTRATION EXPENSES		
Occupancy expense	(16,594)	-
IT costs	(12,208)	-
Wages and salaries	(94,980)	-
Employee benefits	(10,129)	-
Others administrative expenses	(32,402)	(184,536)
Total office and administration expenses	(166,313)	(184,536)

7. INCOME TAX

Income tax recognised in Statement of Comprehensive Income	Consolidated	
	2012	**2011**
	$	**$**
Tax expense/(income) comprises:		
Current tax expense/(income) in respect of the current year	120,874	-
Deferred tax expense/(income) relating to the origination and reversal of temporary differences	-	-
Total tax expense/(income)	**120,874**	**-**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2012

7. INCOME TAX (continued)

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	
	2012	2011
	$	$
Loss from continuing operations	(1,722,077)	(166,387)
Loss from discontinuing operations	-	(2,634,957)
	(1,722,077)	(2,801,344)
Income tax expense/(income) calculated at 30%	(516,623)	(840,403)
Effect of expenses that are not deductible in determining taxable profit	289,038	151,335
Effect of unused tax losses and tax offsets not recognised as deferred tax assets	538,261	449,764
Effect of disposal of foreign assets	120,874	-
Effect of different tax rates of subsidiaries operating in other jurisdictions	-	313,792
Other	(552,424)	(74,488)
	120,874	-

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	
	2012	2011
	$	$
Deferred tax assets/(liabilities) un-recognised:		
Tax losses:		
Australian tax losses – revenue	1,640,219	1,089,184
Temporary differences:		
Australian - Other	(6,534)	33,729
Capitalised exploration and evaluation	(1,515,317)	65
Unrecognised deferred tax assets	**118,368**	**1,122,978**

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 FINANCIAL STATEMENTS

For the year ended 30 June 2012

8. CASH AND CASH EQUIVALENTS

	Consolidated	
	2012	2011
	$	$
Cash at bank	1,484,913	319,748

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	
	2012	2011
	$	$
Current		
Trade receivables	1,038	-
GST Receivable	14,560	-
Prepayment - insurance	11,771	-
	27,369	**-**

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. PROPERTY, PLANT AND EQUIPMENT

	Consolidated	
	2012	2011
	$	$
Plant and equipment – cost	-	-
Less accumulated depreciation	-	-
	-	**-**
Movements in carrying amounts are reconciled as follows:		
Balance at the beginning of period	-	8,518
Additions	-	-
Disposals	-	(8,518)
Depreciation expense	-	-
	-	**-**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 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	
	2012	2011
	$	$
Oil and gas properties – cost	5,780,567	105,647
	5,780,567	**105,647**
Movements in carrying amounts are reconciled as follows:		
Opening balance	105,647	2,890,184
Acquired during the period at fair value (i)	7,405,143	-
Additions during period (ii)	1,495,384	105,647
Depreciation expense	-	-
Disposal/Write off during period (iii)	(3,315,758)	(2,890,184)
Foreign currency movement	90,151	-
	5,780,567	**105,647**

i) The acquisition relates to the interest acquired in the Alberta Joint Venture through the acquisition of Warren Energy Ltd for an amount of $729,509 and the fair value amounting of $6,675,633.

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

iii) During the period Tamaska disposed of a 5% working interest in the Lyons Prospect, to Grand Gulf Limited for $471,256 as the proportion share of pre-paid drilling costs. Following drilling of the well in November 2011 the remaining balance for the well costs of $933,306 held by the Company for its 10% working interest, was written off after the well was plugged and abandoned.

During the year the Company also completed two Alberta Acreage sales of certain petroleum rights in 38 sections. The Group’s share of the net sale proceeds is $1,911,196 for its interests held in the acreage disposed, which is net of the 8% Duvernay interest held on trust for Perity Oil Ltd, and extinguished royalties on sold acres.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2012

12. DISPOSAL OF SUBSIDIARIES

30 June 2012

No Subsidiaries were disposed of during the year ended 30 June 2012.

30 June 2011

1) On 1 June 2011, the controlled entity sold two fully owned subsidiaries called Kilgore Exploration Inc and Jet Strike Pty Ltd. Effective from 1 June 2011, the subsidiaries disposed are reported in these financial statements as a discontinued operation.

   The financial comparative information presented in these financial statements has been represented to reflect the impact of the discontinued operation.

2) The financial performance and cash flow information presented are for eleven months ended 30 June 2011 for Kilgore Exploration Inc and Jet strike Pty Ltd.

Financial performance and cash flow:	Kilgore Exploration Inc and Jet Strike Pty Ltd
	2011
Revenue	556,494
Expenses	(1,064,236)
Profit/(loss) before income tax	(507,742)
Income tax	-
Loss after income tax of discontinued operations	(507,742)
Gain/(loss) on sale of division before income tax	(2,127,215)
Income tax	-
Gain/(loss) on sale of division after income tax	(2,127,215)
Loss from discontinued operations	(2,634,957)
Net cash inflow from operating activities	259,623
Net cash outflow from investing activities	(153,978)
Net cash outflow from financing activities	-
Net increase in cash & cash equivalents generated by the division	105,645
Details of the sale of subsidiaries :	
Details of Sale:	
Consideration received	-
Total consideration	-
Carrying amount of net assets/(liabilities) sold	2,127,215
Loss on sale before income tax	(2,127,215)
Income tax	-
Loss on sale after income tax	(2,127,215)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2012

13. TRADE AND OTHER PAYABLES

	Consolidated	
	2012	2011
TRADE AND OTHER PAYABLES	$	$
Trade creditors	165,498	108,054
Other payables	33,550	-
Current tax liabilities	120,874	-
	319,922	**108,054**

During the year a loan to the vendors of Warren Energy Limited was repaid in full during the year from the proceeds of the first of its completed acreage sales.

14. ACQUISITION OF WARREN ENERGY LIMITED

On 1 August 2011 the Company completed the acquisition of Warren Energy Limited (“Warren”). Warren holds a 16% interest in the Rock Creek Project, an unconventional oil and condensate play, and an 8% interest in the strategic Duvernay Shale Project located in central Alberta, Canada.

The purchase of Warren was completed for a purchase consideration of $6,600,000 comprising 2,200,000,000 ordinary shares of the company at a share price of $0.003 being spot share price on 31 July 2011.

The acquisition of Warren has been accounted for as an asset acquisition as Warren does not meet the definition of a business under the Australian Accounting Standard AASB 3 "Business Combinations".

The purchase price allocation is as follows:	31-Jul-11 $
Identifiable assets acquired and liabilities assumed:	
Sundry debtors	176,964
Exploration and evaluation expenditure	7,440,866
Loan - CIB Family Trust (i)	(253,266)
Loan - Seaspin Pty Ltd (i)	(756,471)
Trade creditors	(8,093)
Total	6,600,000
Consideration paid:	
2,200,000,000 ordinary shares at $0.003	6,600,000
Total	6,600,000

(i) The loans arising on the acquisition of Warren were settled in the year.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2012

15. ISSUED CAPITAL

15a. Ordinary Shares

Ordinary shares	Consolidated	
	2012	**2011**
	$	**$**
6,396,006,280 fully paid ordinary shares(2011: 2,696,006,280)	24,636,662	16,552,142
Movements in shares on issue		
Beginning of year	**16,552,142**	**14,354,527**
Shares issued during the year		
2,200,000,000 shares issued @ $0.003 to Vendors of Warren Energy Ltd (1)	6,600,000	-
1,500,000,000 Placement shares issued at 0.01 (2)	1,500,000	-
5,000,000 shares issued to Odin Energy Ltd for loan repayment	-	50,000
1,630,344,344 shares issued @ $0.001	-	1,630,344
1,250 options exercised @$0.05	-	62
464,060,680 shares issued @$0.001	-	464,061
78,000,000 shares issued @$0.001	-	78,000
Total shares issued	**8,100,000**	**2,222,468**
Less: capital raising costs	(15,480)	(24,853)
End of the year	**24,636,662**	**16,552,142**

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

(1) On 1 August 2011the Company completed the acquisition of Warren Energy Limited ("Warren"). The acquisition was completed for a purchase consideration of $6,600,000 comprising 2,200,000,000 ordinary shares of the company at a share price of $0.0003 being the spot share price on 31 July 2011. Refer to note 14 for further details of the acquisition.

(2) On 2 August 2011, the company completed a placement of 1,500,000,000 fully paid ordinary shares at $0.001each to raise $1,500,000.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2012

15. ISSUED CAPITAL (continued)

15b. Shares options

Options issued	Consolidated 2012 $	2011 $
3,741,398,748 options issued(2011: 481,398,748)		
Movements in options issued		
Beginning of year	549,938	550,000
Options issued during the year		
3,200,000,000 options issued @ $0.0001 [(1)]	320,000	-
60,000,000 employee options issued (refer note 17) [(2)]	-	-
1,250 options exercised	-	(62)
Total options issued	**869,938**	**549,938**
Less: options issued costs	(21,110)	**-**
End of the year	**848,828**	**549,938**

[(1)] On 19 August 2011, the company completed a placement, and issued 3,200,000,000 listed options at $0.0001, to raise $320,000. The options are exercisable at $0.5 and expire on 17 August 2015.

[(2)] Employee share options were issued, these have been included in the share based payment reserve. Refer to Note 16 for further details.

On 30 June 2012, 481,398,748 listed options expired, the movement in reserve will be accounted for subsequent to year end upon a directors resolution.

15c. Converting Performance Shares

During the period there was no movement in converting performance shares.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2012

16. RESERVES

	Consolidated	
	2012	2011
	$	$
Foreign currency translation reserve (1)	82,585	-
Equity reserve (2)	80	80
Other reserves	82,665	80
Share based payment reserve (3)	32,542	-
Total reserve	**115,207**	**80**
(1) Foreign currency translation		
Opening balance	-	(136,101)
Currency translation differences arising during the year	82,585	136,101
	82,585	**-**
(2) Equity reserve		
Opening balance	80	80
Movement during the year	-	-
	80	**80**
(3) Share based payment reserve		
Opening balance	**-**	**-**
Share based payment movement during the year	32,542	-
	32,542	**-**

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 17 for more details)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2012

17. SHARE BASED PAYMENT EXPENSE

On 4 November 2011, a total of 30 million share options were issued as incentives to key management personnel of the Company. On 18 January 2012, a further 30 million share options were issued to a Director of the Company, Brian Ayers. The share options were granted on the following terms:

Date	Number of options	Exercise price $	Option value $	Expiry date
4 November 2011	30,000,000	0.005	0.00072	17-Aug-15
18 January 2012	30,000,000	0.005	0.00071	17-Aug-15
Total share options granted during the period	60,000,000			

On 1 January 2012, 15 million share options granted to key management personnel vested. On 18 January 2012, a further 15 million vested and the final 30 million will vest on 1 January 2013.

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:

	04-Nov-11	18 -Jan- 2012
Dividend yield (%)	Nil	Nil
Expected volatility (%)	150%	150%
Risk-free interest rate (%)	3.64%	3.25%
Expected life of option (years)	3.8	3.6
Option exercise price ($)	$0.005	$0.005
Weighted average share price at grant date ($)	$0.001	$0.001
Performance conditions	No	No

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

Tranche	Grant date	Number of options	Vesting date $	Option value $	Share based payment expense at 30 June 2012
1	4 November 2011	15,000,000	1 January 2012	0.00072	10,800
2	4 November 2011	15,000,000	1 January 2013	0.00072	6,088
3	18 January 2012	15,000,000	18 January 2012	0.00071	10,650
4	18 January 2012	15,000,000	1 January 2013	0.00071	5,005
Total		**60,000,000**			**32,543**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2012

18. ACCUMULATED LOSSES

	Consolidated	
	2012	2011
	$	$
Accumulated losses at the beginning of the year	(16,784,819)	(13,983,475)
Net loss attributable to the members of the parent entity	(1,842,951)	(2,801,344)
Accumulated losses at the end of the financial year	**(18,627,770)**	**(16,784,819)**

19. LOSS PER SHARE

	Consolidated	
	2012	2011
	$	$
Reconciliation of earnings to net loss		
Loss used in calculating basic and diluted EPS	(1,842,951)	(2,801,344)
From continuing operations	(1,842,951)	(166,387)
From discontinuing operations	-	(2,634,957)
Basic and dilutive EPS (cents per share)	(0.03)	(0.2)
Weighted average number of ordinary shares outstanding during the year used in calculation of basic and dilutive EPS	**Number**	**Number**
	6,071,622,718	1,536,245,075

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 were antidilutive. The Convertible performance shares have not been included in the calculation of dilutive EPS.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2012

20. 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	
	2012	**2011**
	$	**$**
Current Assets	597,647	319,748
Non Current Assets	6,619,680	106,077
Total Assets	7,217,327	425,825
Current Liabilities	68,449	108,054
Total Liabilities	68,167	108,054
Issued Capital	24,636,662	16,552,142
Options Issued	848,828	549,938
Accumulated Losses	(18,368,951)	(16,784,389)
Equity Reserves	32,622	-
Other Reserves	-	80
Total Equity	7,149,161	317,771
Loss for the Year	(1,584,562)	(937,715)
Other Comprehensive income for the year	-	-
Total Comprehensive loss for the year	(1,584,562)	(937,715)

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2012

21. CASH FLOW INFORMATION

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

	Group	
	2012	**2011**
	$	**$**
Loss after income tax	(1,842,951)	(2,801,344)
Non cash flows in loss		
Exploration Write off	933,305	-
Exploration offset against loan payables	36,535	-
Impairment Loss	-	431
Loss on discontinued operations	-	2,634,957
Foreign currency movements	81,723	-
Changes in assets and liabilities		
Increase/(decrease) in trade creditors and accruals	211,868	(203,173)
(Increase)/decrease in trade and other receivables	(27,369)	(15,962)
(Increase)/decrease in other assets	-	-
Cash flows from (used in) operations	**(606,889)**	**(385,091)**

22. SUBSIDIARIES

The Company has the following subsidiaries.

Name of Subsidiary	Place of Incorporation	Percentage held 2012	Percentage held 2011
Tamaska Energy LLC[1]	Louisiana USA	100%	100%
Warren Energy Ltd[2]	Alberta Canada	100%	0%

(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. Refer to Note 14 for further details.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2012

23. 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-12 $	Full year 30-Jun-11 $	Full year 30-Jun-12 $	Full year 30-Jun-11 $
Transerv Energy Limited	(i)	Cost recoveries in relation to Warren	(86,789)	-	(90,277)	-
Wildhorse Energy Limited	(ii)	Cost recoveries in relation to shared corporate overhead	(86,711)	-	-	-
Seaspin Pty Ltd	(iii)	Vendor loan payable arising on acquisition of Warren Energy Ltd	-	-	-	-
Seaspin Pty Ltd	(iv)	Royalty settlement from acreage sales	(132,341)	-	-	-
Grand Gulf Energy Limited	(v)	Cost recoveries in relation to the Lyons Point prospect.	(8,000)	-	-	-
Citation Resources Limited	(vi)	Reimbursement to CTR for corporate administration costs.	(2,467)	-	(1,896)	-
Perity Oil and Gas Limited	(vii)	Sales proceeds from acreage sales	(1,465,043)	-	-	-

(i) Transerv Energy Limited (TSV) is a joint venture partner in the Alberta Joint Venture. Brett Mitchell is a Director of TSV.

(ii) Wildhorse Energy Limited ("WHE") is a company associated with Brett Mitchell, who is currently a director of WHE.

(iii) Seaspin Pty Ltd (Seaspin) is a controlled entity of Charles Morgan, who is the Chairman of the Company. The Warren vendor loan for the acreage acquisition costs of $756,471 that was outstanding, to Seaspin, in December 2011 was fully repaid, in February 2012.

(iv) The Alberta Projects acquired through Warren Energy acquisition are subject to a crown royalty and additional royalty payments of 4.25% over the proceeds of the sale of oil and gas produced, which includes a 2.25% gross royalty payable to the Warren vendors. The proceeds from the first two acreage sales have been repaid to the royalty holders. Charles Morgan is a royalty holder

(v) Grand Gulf Energy Limited (“Grand Gulf”) is a company associated with Charles Morgan who is the Executive Chairman of the Company. On 29 August 2011 the Company announced a working interest swap with Grand Gulf Energy, with Tamaska swapping a 5% working interest (6.67% pay interest) in Lyons Point for a 5% working interest in the West Klondike prospect. Through this deal, the Company was refunded $471,933 by Grand Gulf in October 2011 of the prepaid $1.168m Lyons Point drilling costs.

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

(vii) The Company made distributions of acreage sale proceeds to Perity Oil and Gas Pty Ltd (“Perity”) of $1,465,043 for Perity’s 8% Duvernay interest, held on trust by the Company, 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 FINANCIAL STATEMENTS

For the year ended 30 June 2012

23. 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-12 $	Amount owed 30-Jun-11 $
Tamaska Energy LLC	A wholly owned subsidiary (1)	943,355	106,077
Warren Energy Ltd	A wholly owned subsidiary acquired during the year	19,680	-

[1]During the year, the loan receivable of $943,355 in the parent entity was 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 22.

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	2012 $	2011 $
Brian Ayers (i)	Director fees	24,694	24,171
Brett Mitchell (ii)	Executive Director fees	145,000	-
Charles Morgan (iii)	Director fees	83,333	-
Gordon Sklenka	Consulting fees	-	75,000
Anthony Short	Consulting	-	75,000
		253,027	**174,171**

(i) Brian 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 $0.005, 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.

(ii) On the acquisition of Warren Energy Limited, a total of 200,000,000 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 Director of the Company on 1 August 2011. He is paid executive service fees of $120,000 per annum. The fees payable are subject to annual review by the Board. As a Board member, Mr Brett Mitchell is also entitled to standard director's fees of $25,000 per annum.

(iii) On the acquisition of Warren Energy Limited, a total of 1,000,000,000 ordinary shares were issued to Falcore Pty Ltd, an entity controlled by Mr Charles Morgan, a Director of the Company.

Mr Charles Morgan was appointed the Chairman of the Company on 1 August 2011. He is paid fees of $100,000 per annum. The fees payable are subject to annual review by the Board.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2012

24. 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 2012 $	Summary for consulting 2011 $
Mr B Mitchell	Sibella Capital Pty Ltd	Director	145,000	-
Mr B Ayers[2]	-	Director	24,694	24,171
Mr C Morgan	Seaspin Pty Ltd	Chairman	83,333	-
Mr D Ballantyne[1]	Sandgropers Pty Ltd	Company Secretary	-	-
Mr G Sklenka[1]	Formaine Pty Ltd	Chairman	-	75,000
Mr A Short[1]	Cumberland Investments Pty Ltd	Managing Director	-	75,000
			253,027	174,171

No post employment, long term or termination benefits were paid in year 2012 and 2011. Share base payments are explained in note 17.

[1] KMP resigned in the year.
[2] This does not include the share based payment of 30 million options valued at $15,655

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

Ordinary shares:

Holder		Held at beginning of period	Acquired	Sold/dispose	Converted CPS	Balance at end of period
Brett Mitchell -	2012	-	250,000,000	-	-	250,000,000
	2011	-	-	-	-	-
Charles Morgan -	2012	-	1,212,500,000	-	-	1,212,500,000
	2011	-	-	-	-	-
Brian Ayers –Direct	2012	-	-		-	-
	2011	3,000,000	-	(3,000,000)	-	-
David Ballantyne[i] - Direct/Indirect	2012	20,958,000	-	-	-	20,958,000
	2011	6,389,500	14,568,500	-	-	20,958,000
Gordon Sklenka[ii] - Indirect	2012	120,000,001	-	-	-	120,000,001
	2011	24,000,001	96,000,000	-	-	120,000,001
Anthony Short[iii]- Indirect	2012	118,547,181	-	-	-	118,547,181
	2011	23,709,437	94,837,744	-	-	118,547,181
	2012	**259,505,182**	**1,462,500,000**	**-**	**-**	**1,722,005,182**
	2011	**57,098,938**	**205,406,244**	**(3,000,000)**	**-**	**259,505,182**

[i] Resigned on 1 August 2011
[ii] Resigned on 30 August 2011
[iii] Resigned on 1 August 2011

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2012

24. KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

Options issued:

Holder		Held at beginning of period	Purchased	Issued as share based payment	Sold/expired	Converted to shares	Balance at end of period
Brett Mitchell - Indirect	2012	-	130,000,000	-	-	-	130,000,000
	2011	-	-	-	-	-	-
Charles Morgan - Indirect	2012	-	550,000,000	-			550,000,000
	2011	-	-	-	-	-	-
Brian Ayers-Direct	2012	-	-	30,000,000	-	-	30,000,000
	2011	-	-	-	-	-	-
David Ballantyne(i)	2012	3,094,750	-	-	(3,094,750)	-	-
-Direct/Indirect	2011	3,094,750	-	-	-	-	3,094,750
Gordon Sklenka(ii)- Indirect	2012	8,000,000	200,000,000	-	(8,000,000)	-	200,000,000
	2011	8,000,000	-	-	-	-	8,000,000
Anthony Short(iii)- Indirect	2012	7,854,718	-		(7,854,718)	-	-
	2011	7,854,718	-		-	-	7,854,718
	2012	**18,949,468**	**880,000,00**	**30,000,000**	**(18,949,468)**	**-**	**910,000,00**
	2011	**18,949,468**	**-**	**-**	**-**	**-**	**18,949,468**

Converting performance shares:

CPS Holder		Held at beginning of period	Acquired	Sold	Converted to shares	Balance at end of period
Brian Ayers-Direct	2012	2,000	-	-	-	2,000
	2011	2,000	-	-	-	2,000
David Ballantyne(i)	2012	-	-	-	-	-
-Direct/Indirect	2011	-	-	-	-	-
Gordon Sklenka(ii) - Indirect	2012	2,000	-	-	-	2,000
	2011	2,000	-	-	-	2,000
Anthony Short(iii) - Indirect	2012	2,000	-	-	-	2,000
	2011	2,000	-	-	-	2,000
	2012	**6,000**	**-**	**-**	**-**	**6,000**
	2011	**6,000**	**-**	**-**	**-**	**6,000**

[i] Resigned on 1 August 2011
[ii] Resigned on 30 August 2011
[iii] Resigned on 1 August 2011

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2012

25. REMUNERATION OF AUDITORS

	Consolidated	
	2012	2011
	$	$
Amounts received or due and receivable by BDO Audit (WA) Pty Ltd for:		
Audit and audit review services of periodic financial reports	47,077	65,541
Tax and other services	6,140	-
	53,217	**65,541**

26. DIVIDENDS

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

27. COMMITMENTS

The company had no commitments at 30 June 2012. (2011: nil)

28. CONTINGENCIES

The consolidated entity holds a 10.2% working interest in the West Klondike exploration prospect through funding 13.5% of the initial well and completion costs which is due to be drilled in the last quarter of 2012. If the well is successful the Company's share of completion costs are estimated to be a further US$80,000. (2011: nil)

29. JOINT VENTURE OPERATIONS

The Company's current Joint Venture interests are set out in detail in the Directors Report on page 6.

30. EVENTS SUBSEQUENT TO REPORTING DATE

Acreage Sale

Subsequent to year end, the Company announced that it has reached agreement with Black Swan Energy Ltd, and its other joint venture partners, to expand the joint lands included under their existing joint venture arrangements as announced on 13 August 2012. In addition, Black Swan are preparing to drill their first earn-in Duvernay well in the December quarter on the Alberta Joint Venture lands as announced.

Expiration of Listed Options

On 30 June 2012, 481,398,748 listed share options, with an exercise price of $0.05 expired. The share option reserve will be reversed upon the resolution of directors.

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1) The financial statements and notes, as set out on pages 18 to 55, 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 2012 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.

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

Brett Mitchell
Executive Director
Perth, Western Australia
27 September 2012

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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 2012, the consolidated statement of 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 2012 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 2012. 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 2012 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO

Peter Toll
Director

Perth, Western Australia
Dated this 27th day of September 2012

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.tamaskaoilandgas.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.

CORPORATE GOVERNANCE

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.

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
Charles Morgan	Chairman	1 year and 1 month
Brett Mitchell	Executive Director	1 year and 1 month
Brian Ayers	Non-Executive Director	4 years and 8 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.

CORPORATE GOVERNANCE

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:
  - 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.

CORPORATE GOVERNANCE

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 have two (2) female employees/executives:
- its Company Secretary; and
- its Chief Financial Officer

which represent approximately 40% 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.

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.

CORPORATE GOVERNANCE

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 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:

CORPORATE GOVERNANCE

(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.

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;

CORPORATE GOVERNANCE

- 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.

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.

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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
  - -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.

CORPORATE GOVERNANCE

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 14 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.