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Please see important Analyst Certification and Disclosure information on the last page of this report.

January 17, 2012

Update Report

Additional Information:

Investment Research:
www.sism.com

**Tamm Oil and Gas Corp.
(OTCBB: TAMO)**

www.tammoilandgas.com

Stock Price and Share Data

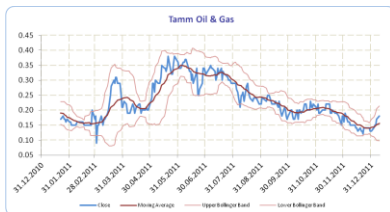
Trading symbol: TAMO
Exchange: OTCBB
Recent price: US\$0.21
Market Cap US\$ 19.4MM
52-week range: US\$0.09-0.38
Avg. volume: 49,443 shares
Shares outstanding: 92.582MM
Float: 57.8 MM shares
Fiscal year ends: March 31

Balance Sheet Summary

(Millions; September 30, 2011)

Cash & equivalents	US\$	0.001
Working capital		(634)
Long-term liabilities		0.00
Shareholders' equity		13.395M
Book Value per share		\$0.14

12-Month Price Charts



**TAMM OIL & GAS CORP.
(OTCBB: TAMO)**

TAMM Laid The Groundwork To Unlock Its Giant 2.7 Billion Barrel Accumulation Of Oil From The Carbonate Formations

Summary

TAMM Oil and Gas is a pure Alberta, Canada carbonate junior exploration company and is focusing on the exploration and development of the carbonate-hosted bitumen resources in the Manning area in Peace River, Alberta. The Company offers investors the opportunity to participate in a business concept that now revolutionized an industry -- and make investors a fortune. Here we go. The bitumen carbonates are Alberta's next big resource play and unlocking the resources could make Canada number one in the world. Technology has unlocked the conventional oilsands and it sounds like technology is continuing to unlock the extension of the oilsands into the new carbonate resource. Very encouraging, in May 2011 privately held Laricina Energy founded in 2005 with a market cap of over \$3 billion today, reported to be successful in production testing from the Grosmont carbonate formation. Laricina Energy and Osum Oil Sands (privately held \$2 billion market cap today, and a 40% JV-Partner in the project) are expecting oil production from carbonates in 2013-2014. It is interesting to note, Laricina newest update showed a total of 11 billion barrels Petroleum Initially in Place (PIIP) while Osum Oil Sands report to have a total of approximately 12 billion barrels of PIIP. We also know that Tamm Oil has a total of 2.7 billion barrels total PIIP which refers to an estimate of all the bitumen contained under the lease. It is surprisingly to see that Tamm's shares are trading just a bit higher than book value at only \$19.4 million market cap despite a whopping owned 2.7 billion barrels of PIIP stored also in the carbonate formation. Tamm Oil is now there, where Laricina was five years ago and backed with sufficient working capital, the stock could significantly increase its value over the next few years. Tamm Oil laid the groundwork for unlocking its 2.7 billion barrels PIIP by entering into a farm-in deal with a private UK Corporation (see press release dated November 30, 2011). The farm-in partner will start to drill its first well, testing the cold flow opportunities of the Manning area in 2012. An independent economic analysis calculated Net Asset Value at \$130 million or \$1.40/share for a four-section block which represent only 7% of the entire project. So far, juniors in the oil sands have not developed projects on their own; they have proven up their assets and then sold to deep pocket large oil producers. We believe that emerging oil sands companies are an attractive investment opportunity in the near, medium, and longer term, and very importantly, we believe TAMM's Manning Project has a very good asset quality and the Company will have now the ability to execute the project.

Key Investment Points

TAMM's Manning carbonate assets are de-risked; privately held Laricina Energy Ltd. just recently reported a breakthrough in extracting heavy oil from carbonate formations and is now selling oil to the market. Five years ago, nobody in the industry believed that a technology could work in extracting oil from carbonate-hosted formations. However, we found that the nature of TAMM's Project geology is very favourable for carbonate commercialization when compared with data from Laricina. TAMM's reservoir depth is much deeper, representing higher resident pressure and temperature, which means less heating may be required to cause the bitumen to flow. The bitumen has lower viscosity, which allows for better flow and easier recovery, and it has high oil saturation and lateral permeability, which provides steady flow during production. Tamm's farm-in partner will begin a drilling program in 2012, targeting cold production. If successful, this could lead to a major revaluation of TAMM's project.

In 2008 TAMM Oil began to acquire substantial heavy oil resources in the Manning area in Peace River, Alberta at a time when not a lot of interest existed in Canada's carbonate-hosted bitumen deposits. TAMM now controls a 100% working interest on fifty-five sections (35,200 acres) of oil and gas rights in the Peace River Oil Sands area of northwestern Alberta. The carbonate-hosted bitumen resources of Alberta are the next frontier in the North American oil industry. The carbonates represent an enormous and relatively untapped petroleum resource.

A feasibility study from Chapman Petroleum Engineering, Ltd. in Calgary clearly indicates that the potential of the Manning project is of sufficient merit to justify the work program, and Chapman supports an exploration and development program. The heavy oil in place was determined on the TAMM lands for the two most significant potential carbonate reservoir zones in the area, the Elkton and the Lower Debolt formations, and it amounted to more than 2.7 billion barrels of oil. Planimetry results showed an average heavy oil reservoir thickness of fifty-one feet in the Elkton and thirty-two feet in the Lower Debolt.

Chapman also conducted a "Prospective" Resources assessment that was based on a four-section block for the Elkton and Debolt intervals and resulted in an estimated "Prospective" Resource of 30.897 million barrels of oil on a "Best Estimate," using a recovery factor of fifteen percent. The net risk-adjusted present value, discounted at 10%, amounted to \$130M million, representing seven percent of the play. If the entire project is successful, we are talking about a \$1+ billion heavy oil project.

The current market appears hesitant to pay for TAMM's growth and we believe a re-valuation is in the early stages as we also believe that TAMM will soon see a reclassification from "Prospective" Resources to "Contingent" Resources. Chapman valued the play at \$130 million or approx. \$1.40 per share for only four sections out of fifty-five. We also believe that positive news from drilling and development activities starting in 2012 will be a game changer for the Company. Emerging oil sands companies like TAMM are an attractive investment opportunity in the near, medium, and longer term, but investors must understand the industry and must be patient. If the assets can be proven up, juniors are always exposed to acquisition targets.

New Technology Unlocks Previously Untapped Unconventional Carbonates in Alberta, Canada

As North America tries to obtain energy security it will have to rely on more unconventional resources to fulfill its energy needs over the next decades –



and one of the largest unconventional resources in North America is the oil sands of Alberta. To date, energy companies have largely concentrated on producing crude from Alberta's oil sands. Until now, almost all of the oil sands production in Alberta has come from the clastics (sand) or sandstone formations. Of the 1.8 trillion barrels of bitumen estimated to be in place in northern Alberta, only about 170 billion barrels, all in the clastics, are considered to be recoverable using present technology. But emerging plays in the province are heating up, especially in the Carbonate Triangle in northern Alberta, where early movers are targeting previously untapped bitumen reservoirs and squeezing oil from stones. Alberta's four bitumen-bearing carbonate formations hold a combined total of nearly 450 billion barrels of original oil

in place, according to the Energy Resources Conservation Board (ERCB). The Grosmont formation (318 billion barrels in place) underlies the western part of the Athabasca Oil Sands deposit and is situated east of the Peace River Oil Sands. Other bitumen resources within the carbonate trend are hosted within the Nisku formation (65 billion barrels in place), which also underlies the Athabasca deposit, as well as the Debolt and Shunda formations (65 billion barrels in place), which underlie the Peace River deposit.

Emerging plays in the carbonates are also heating up and moving their focus to the Peace River/Manning area where TAMM has locked in fifty-five sections of carbonate land. Companies who want to gain access to the carbonates must now pay hard dollars to accumulate sizeable land bases that target the Debolt carbonate formation immediately beneath the Bluesky reservoir. Encouraging news from the technology breakthroughs in the Grosmont formation drives the appetite for land acquisition further, to less developed areas. The Province of Alberta set an all-time calendar year record for land sale bonus revenue. As of December 1, 2011 land sales reached \$3.439 billion eclipsing the previous watermark of \$3.433 billion.

How the Alberta Carbonate Play Started Five Years Ago

In the 1970s and '80s, a handful of pilot tests on the bitumen carbonates yielded mixed results and were eventually terminated due to unfavorable economic conditions. The play was largely off industry's radar until 2006 when more than a few eyebrows were raised in mid-year when a subsidiary of Royal Dutch/Shell plc bought, through a government lease sale, 88,576 hectares of land in the Grosmont carbonates in the Alberta Carbonate Triangle for an astounding price of \$464.7 million, or an average of \$5,246 a hectare. This sale marked the starting point for the next wave of oil sands development and commercialization in northern Alberta. Surprisingly, in May 2011, Shell divested its non-core assets in a strategy to manage only its core asset heavy oil portfolio and sold the property to Osum Oil Sands Corp. Royal Dutch drilled five core holes on the lands, and the resource estimate was expected to become more defined with additional drilling. In contrast, the pace for commercialization in the Grosmont carbonates quickened in 2005 when a number of companies—led by Husky Energy Inc. (TSX: HSE) and Laricina Energy Ltd. – began to acquire carbonate leaseholds and look for economic extraction. Laricina and its partner, Osum Oil Sands Corp., which are both privately held, are the largest leaseholders in the Grosmont carbonates.

Five Years Later..... New Extraction Technology Marks A Breakthrough, and Bitumen Production Begins In the Grosmont Formation

In late December of 2010, Laricina Energy Ltd. commenced the injection of steam into the Grosmont carbonate formation at its Saleski pilot project, which is licensed to produce up to a capacity of 1,800 barrels per day and is forty percent owned by Osum Oil Sands Corp. This project is the world's first steam-assisted gravity drainage (SAGD) project targeting the Grosmont carbonate formation. In January 2011, Laricina applied for approval of a commercial phase that would take Saleski's output to 12,500 bpd. In May 2011, Laricina Energy reported it was transitioning from steaming to production testing in two well pairs at its pilot project as it is now producing from those wells and the company is now selling bitumen in the market. According to Laricina, the pilot project has exceeded expectations on energy efficiency, measured by how much steam it takes to produce a barrel of oil, and the reservoir to date is responding very efficiently and using conventional SAGD. A recovery rate of thirty-nine percent is estimated. Detailed production information has been withheld for proprietary reasons. Laricina is moving its bitumen resources toward commercialization, and it expects an ultimate production potential of 500,000 net barrels of bitumen per day. During the second and third quarter of 2011, Laricina Energy raised \$520 million by selling common shares. It has a capital budget for 2012 between \$500 and \$600 million.

All Good News For TAMM Oil, Its Carbonate Assets Are De-risked As First Commercial Production From The Carbonates Comes On Line

In a press release dated May 14, 2011, privately owned Laricina Energy Ltd. of Calgary reported that oil sands production has begun in the previously untapped Grosmont carbonate formation west of Fort McMurray. Laricina's Saleski pilot project, licensed to produce up to 1,800 barrels per day, uses steam and solvents to extract bitumen from the earth, and produced the first oil in May using thermal (steam) recovery methods. The company is now transitioning from steaming to production testing in two well pairs at its Saleski pilot project, and commercialization is well underway through the pilot plant. The opening of carbonate formation as a source for bitumen extraction is significant, but still more proof is needed before development can be economically attractive. However, we are encouraged by the fact that Laricina applied, in January of 2011, for approval of a commercial phase that would take Saleski's output to 12,500 barrels per day.

Technology has unlocked the conventional oil sands, and it sounds like technology is continuing to unlock the extension of the oil sands into this new carbonate resource related to Laricina's Grosmont success. For TAMM Oil and Gas investors, this is great news, as the technology breakthrough de-risks TAMM's Manning Project. Based on the new feasibility studies and "Prospective" Resource report prepared by Chapman Petroleum Engineering Ltd., total heavy oil in place for the Manning Project was determined to be more than 2.7 billion barrels of oil. Chapman expects a 15° API for the oil gravity, and used a recovery factor of fifteen percent for its "Best Estimate" in the feasibility study. Based on this number, TAMM Oil is sitting on 405 million recoverable barrels of oil. But there is more good news for TAMM in respect to the recovery factor. Chapman uses a "Best Estimate" recovery factor of fifteen percent, while Strata Oil & Gas Inc., who also has a carbonate asset in the Peace River area, uses a recovery rate of twenty-six percent, while Laricina, using proven SAGD technology, has an estimated recovery rate of thirty-nine percent. This means TAMM's recoverable barrels of oil could exceed 800 million, if a recovery rate of thirty percent is achieved.

The Recovery Factor, Using SAGD Technology, Is Improving Dramatically

Technology innovation and recovery process enhancements are important tools to increase bitumen recovery and maximize the economics of *in situ* oil sands projects. Laricina estimates a thirty-nine percent recovery factor from its carbonate reservoir at Saleski, using conventional SAGD technology. Norwest, a geological and petroleum engineering consulting firm from Calgary, prepared a resource reclassification for Strata Oil & Gas in 2010. Norwest did an extensive literature search on several pilot projects that were developed in Alberta in bitumen bearing carbonate hosts that were operated for many years. A literature review has been conducted to date in publications concerning pilot projects carried out in the carbonate of the Grosmont Formation to better understand the potential behaviour of similar carbonates in the Debolt Formation that TAMM is targeting for bitumen extraction.

Based on Norwest report the following was observed:

- *The fluid and rock properties are very similar in both the Grosmont and the Debolt Formations, with a tendency to be more desirable in the Debolt because of the somewhat higher reservoir pressure temperature;*
- *Both the Grosmont and Debolt Formations are reported to have “heterogeneous” characteristics that provide high lateral permeability inside ore zones with very high oil saturation. “Breccia zones” or “Bitumen Breccia” are reported in both cases;*
- *Laboratory tests show high recovery factors with thermal processes, but other methods are also being extensively tested. The most promising appear to be those using solvents.*

Norwest conducted a literature review of projects operating in the Alberta Oil Sands in 2008, utilizing high pressure CSS in horizontal wells to obtain a broader spectrum of recovery factors applicable to the Debolt Formation. Three companies in Alberta were observed using Cyclic Steam Stimulation (CSS), two of which are located in the Cold Lake area. Imperial Oil at the Cold Lake Project, Canadian Natural Resources Limited (CNRL) at Wolf Lake, and Primrose Projects and Shell in the Peace River area. Shell presents recovery factors between seventeen and twenty-two percent, while Imperial Oil predicted ultimate recoveries of twenty-six percent, and CNRL estimated recoveries between twenty and twenty-five percent. Imperial further states that predicted ultimate recoveries will be thirty-eight percent of effective OBIP, which is fifty percent higher than the twenty-six percent recovery factor based on gross OBIP. Norwest estimates that the gross OBIP would be roughly fifty percent higher than the current effective OBIP estimate. Based on the analogy method, with an adjustment for difference between gross and effective OBIP calculations, Norwest estimated the following recovery factors for application to the effective OBIP deterministic cases:

- seventeen percent for the “Low” estimate
- twenty-six percent for the “Most Likely” estimate, and
- thirty-eight percent for the “High” estimate.

More information was available on pilot projects testing the carbonates in the 1980s, according to information found in the Norwest report dated April 2010. We also learned that the Alberta Provincial Government funded pilot projects that had been administered by AOSTRA, the Alberta Oil Sands Research and Technology Authority. *“The work on the pilots was undertaken by Unocal at two principal sites referred to as Buffalo Creek and McLean, addressing Grosmont Formation carbonate in both cases. The Buffalo Creek 10A Pilot commenced operation in 1980 and testing continued until 1987. The scale of this pilot can be judged by the fact that the combined expenditures for this project alone from 1980 to 1986 are reported to be \$14 million for that period of time. Once the early results from the Buffalo Creek pilot were judged to be successful, a new and expanded pilot was constructed by Unocal, fairly close to the Buffalo Creek site. This was referred to as the McLean Pilot, and it commenced operation in 1982. Once again, the field testing effort was very extensive, and the expenditures for this pilot are reported to be approx. \$20 million for the period from 1982 to 1986. The production test results that AOSTRA reported for Buffalo Creek included a bitumen production rate of as much as 440 bbls/d and for McLean, the highest bitumen production rate was 940 bbls/d. AOSTRA described the Buffalo Creek pilot as being successful. They also considered McLean to be a success but with more erratic results.”*

The physical properties of the bitumen and the bitumen reservoirs for the Grosmont and Debolt Formations are compared on table below, which demonstrates the similarity of various carbonate reservoirs.

Comparison of Physical Properties

Grosmont Formation (Buffalo Creek) (Saleski) vs. Debolt Formation (TAMM Oil and Gas and Strata Oil & Gas)

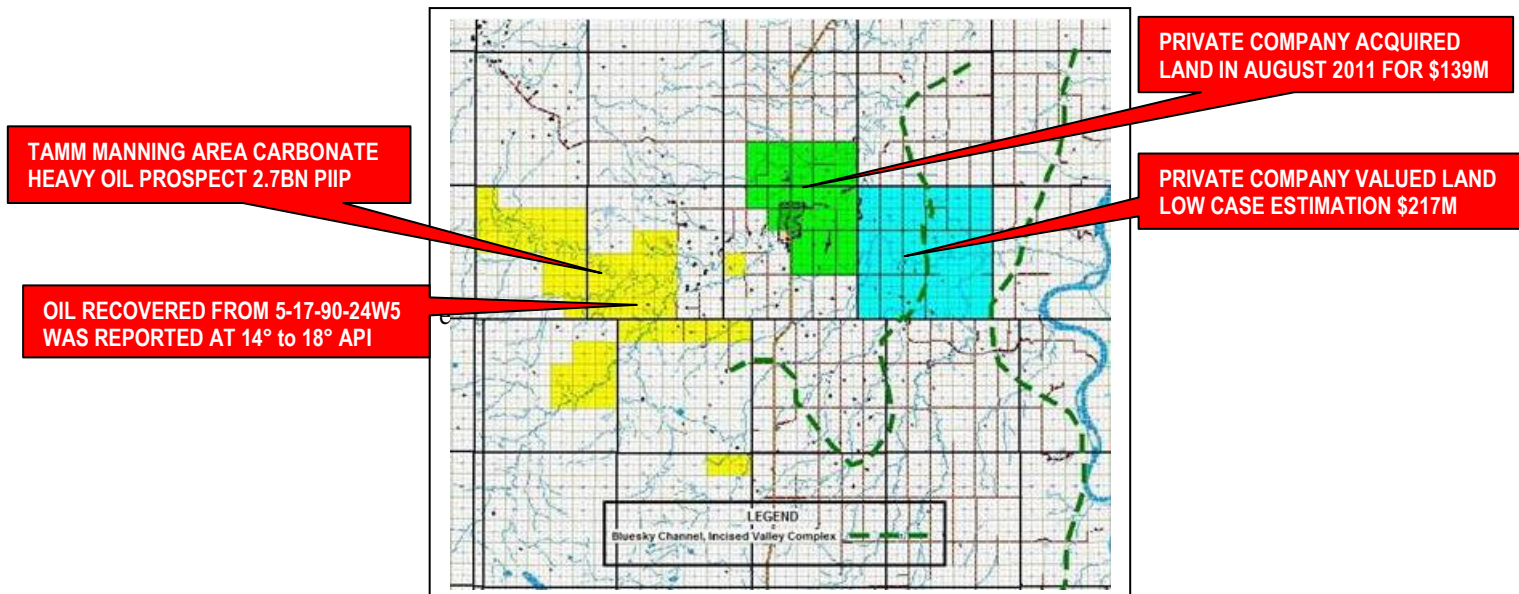
Property	Upper Grosmont	Laricina Grosmont	Cadotte Debolt	Manning Debolt
Depth of Top Zone (m)	285	325	451 - 597	662 - 696
Zone thickness (m)	30 - 34	40	27 - 29	32
Net Pay Thickness (m)	12	15 - 25	10 - 19	10 - 16
Average Porosity (%)	19	23	24	20
Average Horizontal Permeability (mD)	400	N/A	500	N/A
Average Water Saturation (%)	25	15	7-37	22
Average Oil Saturation (%)	75	85	67 - 93	78
Original Formation Pressure (kPA)	1400	N/A	4100	1005
Original Formation Temperature (C)	10 - 11	N/A	17 - 20	21
Bitumen Gravity (API)	7	8	9	15
Bitumen Density (kg/m ³)	1,037	N/A	1,007	N/A
Bitumen Viscosity at Res. Temp (cp)	1,800,000	N/A	640,000 - 1,770,000	N/A

The Nature of TAMM's Manning Project Geology Is Very Favorable For Carbonate Commercialization

Reservoir quality is defined by the amount and types of porosity and permeability within the rock. Porosity is the amount of space within the rock that can contain fluid, and is expressed as a percentage of the total volume. Grosmont's porosity at the successful Saleski Project ranges from twelve percent to forty percent and averages approximately twenty-three percent compared to roughly twenty percent for TAMM's Manning Project. Twenty percent and above is an exceptionally high value in a carbonate reservoir. Permeability indicates the ability of fluid to move through a reservoir – very roughly, this is analogous to how quickly a soaked sponge might release water when squeezed – and is critical to all oil and natural gas production. Grosmont's permeability at Saleski ranges from 2 Darcys to 20-plus Darcys, the industry's standard unit of permeability. TAMM's Elkton Debolt permeability is not available at the time of this writing.

TAMM's oil reservoir has characteristics that are considered by many to be more favorable than those of the Grosmont Formation (see table previous page). Reservoir depth is much lower, representing higher resident pressure and temperature, which means less heating may be required to cause the bitumen to flow. The bitumen has lower viscosity, which allows for better flow and easier recovery, and it has high oil saturation and lateral permeability, which provides steady flow during production.

The Manning Project



The heavy oil reservoir lies in the two thickest zones of Tamm's Manning Project, the Elkton Formation and the Lower Debolt Formation, and both formations are saturated with heavy oil. Excellent reservoir parameters are to be found, including good porosity and high resistivity in both pay zones. This has been documented on log analysis of a well known as 6-34-90-24W5M. This well is on TAMM's property and was drilled in 1988 to below the base of the Elkton Formation and logged with a complete modern logging suite before being abandoned.

The total heavy oil in place was determined on TAMM's land for the two most significant potential carbonate reservoir zones in the area, the Elkton and Lower Debolt Formations, and it amounted to more than 2.7 billion barrels of oil, based on volumetric calculations using the detailed net oil reservoir mapping zones. The Elkton Formation showed fifty-one feet of reservoir thickness and the Lower Debolt showed thirty-two feet. Other reservoir parameters were determined from petrophysical analysis of a typical well, the above-mentioned 24W5M well. Total petroleum initially in place (heavy oil) was determined to be 1.264 billion barrels of oil for the Elkton and 1.449 billion barrels of oil for the Lower Debolt Formation.

TAMM's Resources Are Classified "Prospective," It's Our Belief a Re-Classification Will Come Soon

Prospective resources are potentially recoverable from undiscovered accumulations by the application of future development projects. The resources have both an associated chance of discovery and a chance of development. It must be noted that there is no certainty that any portion of the resource will be discovered. If discovered, there is no certainty that it will be commercially viable and will produce any portion of the resources.

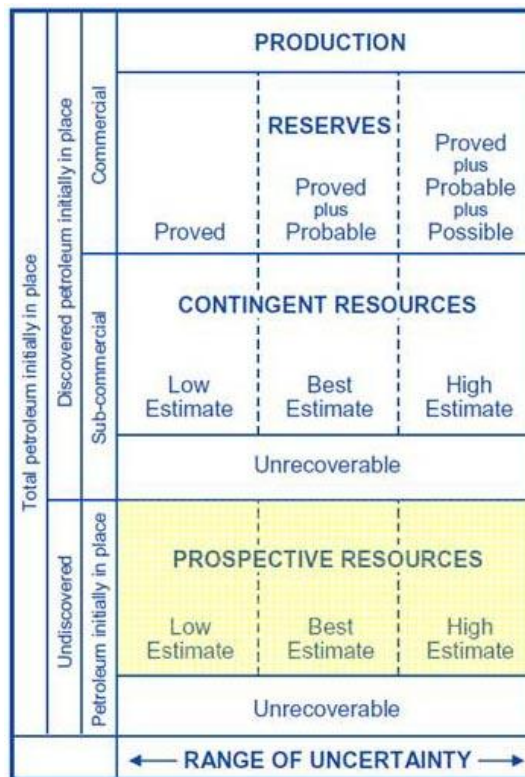
Based on Chapman's technical report, performed during the month of February 2010 and updated in April 2011, the oil gravity in the Manning carbonate deposits is anticipated to be about 15° API, based on oil analyses from the Elkton zones in well 6-34-90-24W5, which is located in the southern portion of this accumulation. It is anticipated that this heavy oil will only be recoverable through continuous steam injection. The assessment of the prospective resources on the Manning Project covered a typical four-section block for both the Elkton and the Debolt intervals. Chapman classified TAMM's resources to be "Prospective" Resources, as all requirements for classification of recovered bitumen as a "Contingent" Resource have not yet been met. We believe there is enough proven industry data for TAMM's bitumen resource to be reclassified as "Contingent" Resources and upgraded to "Discovered PIIP." In addition a re-classification will be met by drilling, coring and testing wells which is scheduled for 2012. The argument for this reclassification is as follows:

The major factor is that, at present, there is no pilot project that is applying in-situ recovery methods to bitumen in a hardrock carbonate host that can be used as a demonstration of recoverability. This means that existing pilot projects in clastic hosts, which have different physical characteristics from carbonates, have to be used for performance prediction.

Based on our research, Laricina is moving forward to commercialization and clearly demonstrates the recoverability from such a formation. We also know that the fluid and rock properties are very similar in both the Grosmont and the Debolt formations, with a tendency to be more desirable in the Debolt because of the somewhat higher reservoir pressure temperature. In addition, pilot projects testing the carbonates in the 1980s, and mentioned in this report, were successful. Strata Oil and Gas, targeting the Debolt formation in the Peace River area, was upgraded by Norwest Corporation in 2010 from “Prospective” Resources to “Contingent” Resources as Norwest stated that there was sufficient data available to classify it as “Discovered PIIP.” Based on Strata’s case, the following important data requirements regarding TAMM’s bitumen resource, when met/achieved, will allow for the re-classification from “Prospective” to “Contingent” Resources:

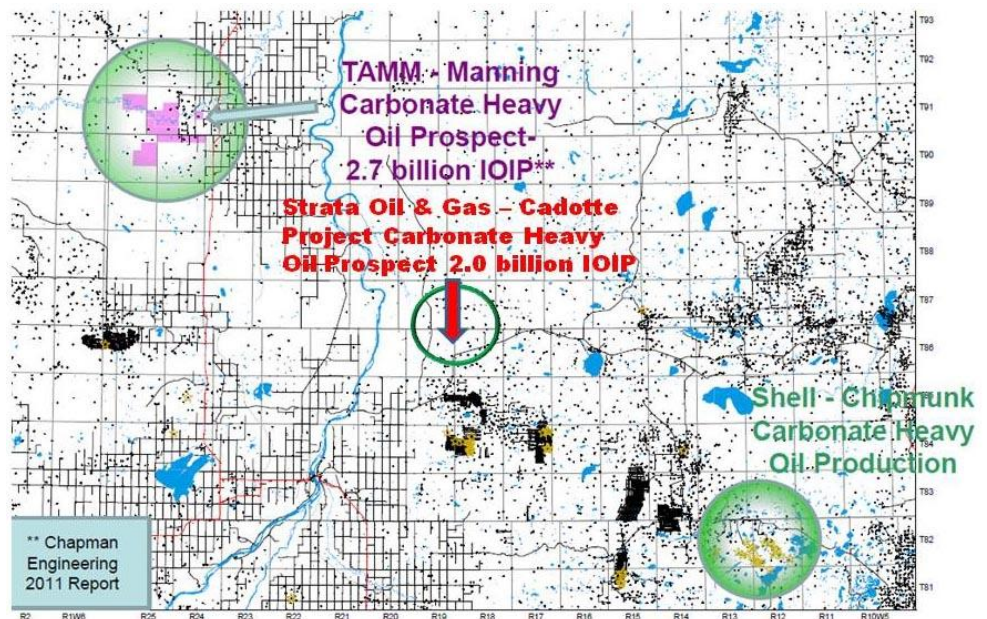
1. A cost estimate for the full-field development and operation of a bitumen recovery and upgrading project;
2. Permeability data for the target zones; and
3. More geologic and reservoir data samples for the target zones.

We strongly believe that the major breakthrough from Laricina in the Grosmont will also have a positive impact on the future evaluation of TAMM’s resources, which we believe could be re-classified from “Prospective” to “Contingent” resources soon and put TAMM’s bitumen resources into a sub-commercial category.

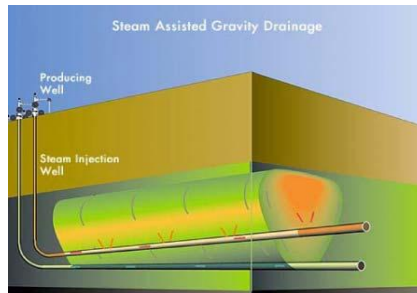


The Manning Development Program Is Underway

TAMM's farm-in partner will perform a \$2.5 million working program during 2012 to earn 30 percent working interest in the Tamm's heavy oil prospect. The subsequent year programs calls for a \$6.5 million work program to earn an additional 20 percent working interest. The work program will focus on defining the Elkton and Debolt heavy oil prospects and will consist of the following operations; A multi-well coring program targets the Elkton and Lower Debolt formation which have been mapped in the Manning area as a result of the numerous deeper conventional wells drilling through the heavy oil prospects. With some areas of the TAMM lands having over 30m of potential oil pay, the core data will provide the foundation of the future development research. The coring program will consist of three to five core holes being drilled to gather Elkton and Debolt samples. The targets for the cores will be designed from a seismic program review. Thereafter the goal is to obtain the permission for drilling a heavy oil well. The primary objective of the well is to test the cold flow production potential from an identified "sweet spot" of the Elkton and Debolt reservoirs. The preserved core that will be recovered will provide key reservoir information, including oil and water saturations and oil viscosity. The company will also be able to use samples of the core to test the effectiveness of various thermal and solvent treatments that may be utilized throughout the farm-in lands. We will monitor the progress very carefully during the next month, and if cold production is confirmed, the economics of the play will be huge for both TAMM and the farm-in shareholders.



As mentioned before, the exploitation of heavy oil deposits in carbonate reservoirs is in its early stage in the WCSB. Several schemes are currently under investigation and preliminary development, but this is going to change quickly based on public information. Laricina is moving forward and has applied for a license to produce up to 12,500 barrels per day. Carbonate reservoirs offer some unsolved challenges for the efficient recovery of oil, which are not present in the more conventional unconsolidated sands. For the most part, the reservoirs are not as homogeneous as conventional sands, and therefore are less predictable for temperature distribution and productivity.



The steam-assisted gravity drainage process uses a pair of horizontal wells. Steam is injected through the upper well to transfer heat to the bitumen. The heated bitumen drains to the lower well where it is withdrawn.

Oil recovery at Manning needs steam injection and involves horizontal producers extending between vertical steam injectors distributed on a pattern. The horizontal producers help ensure maximum wellbore exposure to the reservoir, which may have irregular permeability distribution due to secondary porosity and fractures. The vertical steam injectors, which are configured in a pattern, are meant to provide uniform distribution of heat to the reservoir, and both the Elkton and Debolt zones could be exploited at the same time.

Productivity Estimates

For the “Best Estimate” case, it is expected that each well will commence producing at an initial rate of 100 barrels per day from the two zones, doubling to 200 barrels per day the following year and 300 barrels per day for the next consecutive four years, then commencing a gradual decline to economic limits.

Capital Expenditures

Total capital expenditures for the fully developed project have been estimated by Chapman to be approx. \$251 million. It has been estimated that each dual-leg horizontal producing well would cost \$2.5 million to drill and complete, while each vertical steam injector would cost \$450,000.

Operating Costs

The operating costs have been estimated at \$240,000 per year for each pair of producers to operate steam generators, plus \$20,000 per producing well per month, plus a cost-per-barrel-produced that was escalated from \$2.25 to \$3.00 per barrel to reflect the anticipated increase in natural gas prices over the project years. The cost of steam generation was based on a 3:1 ratio of barrels of steam to barrels of oil produced.

How Shareholder Value Can Be Created In The Manning Play – The Development Of In Situ Oil Sands

Tamm Oil and Gas secured a large oil sands land base back in 2008 by acquiring twenty-one sections of land in the Manning area. In April of 2008, Chapman Petroleum Engineering Ltd. confirmed **1.4 billion barrels of total heavy oil in place**. In mid-June 2008, Tamm acquired another fourteen sections of Crown land and expanded the Company's lease holding in the area to approximately 22,400 acres. Also in mid-June of 2008, the Company received an updated report from Chapman, and this petroleum engineering firm, based in Calgary, determined that all thirty-five sections of land together contain **2.33 billion barrels of original total heavy oil in place**. Due to the financial crisis and depressed oil prices in the latter half of 2008, a development plan has been put on hold.

In May of 2009, Tamm Oil acquired an additional 7,860 acres for shares. The new lands acquired are contiguous to the lands already owned in the Manning region. In June of 2009, TAMM acquired an additional 5,120 acres of oil sands leases in the Manning area to bring its ownership to a total of 35,380 acres. In November 2009, TAMM Oil and Gas received an updated report from Chapman Petroleum Engineering Ltd. and the qualified independent petroleum consulting firm estimated **3.14 billion barrels of original heavy oil in place**, and increased its estimate of bitumen resources almost thirty-five percent compared to 2008. During 2009, TAMM acquired 1,280 acres of land and performed an internal review on technical information to determine optimum test well locations for the initial drilling program. The Company's geologists identified promising rock characteristics in previously drilled boreholes and are reviewing exploration potential for possible conventional and light-heavy oil prospects and "cold flow" drilling targets. The initial direction of the exploration efforts will be to evaluate possible light oil targets, since such reserves would have a great impact on overall project economics and future development. The possible presence of light oil reserves on site would facilitate easy and inexpensive recovery of the known heavy oil reserves in place and thus maximize profitability. TAMM Oil also investigated various recovery technologies to determine their suitability for possible implementation in its focus area at Manning.

In 2010, TAMM engaged Chapman Petroleum to evaluate heavy oil exploitation strategies and commercial viability on its fifty-five sections, or 35,200 acres, of leasehold in the Manning area.

In 2011, TAMM Oil received an updated Chapman "Prospective Resource" report, which included a feasibility study for a four-section thermal production project. The independent analysis resulted in an estimated risked NPV@10% gross value of \$130 million for an arbitrary four (4) section block of land. The new Chapman report estimates **2.7 billion barrels of heavy oil initially in place**. The farm-in partner intends to drill one well in 2012 that should provide key information in the planning and development of this area. The primary objective of the well is to test the cold flow production potential from an identified "sweet spot" of the reservoir. The preserved core that will be recovered will provide key reservoir information including oil and water saturations and oil viscosity. Samples of the core will be used to test the effectiveness of various thermal and solvent treatments that may be utilized throughout the farm-in lands. TAMM Oil's total land expenditure was \$11.4 million, establishing the 405 million best-case (15% recovery rate) barrels at approximately \$0.028 per recoverable barrel. The Company will learn more from the upcoming drilling, log analysis, research studies, lab tests, and field work.

We believe TAMM's understanding of Manning will grow immensely, due to information obtained from its first drilling program, special core studies, lab tests, and ongoing simulation and modelling work, all of which provide a clear description of the reservoir. This knowledge base places TAMM Oil at the forefront of Debolt/Elkton carbonate exploration and development in the area.

TAMM Oil and Gas benefits from a substantial resource position among emerging oil sands companies in the area. At the end of 2009, TAMM's OOIP reached 3.14 billion barrels original heavy oil in place, a 125% increase over 2008. Drillings at the development property, increased acreage, and improved reservoir understanding at Manning will prove up growing resource estimates. Revisions to resource estimates can occur from the results of future drilling, testing, production levels, and economics of recovery. We expect TAMM to increase recoverable bitumen once reservoir understanding is established. According to our findings, a fifteen percent recovery factor is at the low end of estimates. Based on our analysis, the following recovery factors for applications to carbonate reservoirs in Alberta have been estimated: seventeen percent for the "Low" estimate; twenty-six percent for the "Most Likely" estimate; and thirty-eight percent for the "High" estimate.

"Prospective" Resources for a Four Section Block Only From Fifty-Five Sections, Total

(mmbbls)	Low	Best	High
Elkton/Debolt	21.247	30.897	50.212

TAMM Oil's most recent economic evaluation was provided by Chapman and has a net present value (before tax, discounted at ten percent) of \$130 million. This figure does not include future economic upside driven by TAMM's developing technologies.

The Share Price Trades Slightly Above Book Value, In Our View, a Re-Valuation of the Stock Is In The Early Stages

The current market appears hesitant to pay for TAMM's growth. The share price trades at a premium to the Company's Net Asset Value, assuming US\$69/Bbl long-term WTI oil prices. We looked at the potential proceeds that TAMM, as a micro-cap company, yields (based on a blue sky case) if they were to try to sell assets in today's potentially heated asset market. Our analysis is based on TAMM's estimated recoverable bitumen resources and heavy oil acreage positions.

We valued the contingent resource for carbonates and assigned a value of \$0.25/bbl to the carbonate resource. Given the earlier stage of understanding and thus the higher degree of risk associated with bitumen carbonate reservoirs, commercial development of these reservoirs will likely take longer, and therefore, \$0.25/bbl is a fair valuation. As a comparison, contingent resources in sand formations are valued at \$0.50/bbl. During 2010, market transactions for sand formations varied based on several factors, ranging from a low of \$0.14/bbl to a high of \$1.84/bbl.

Dollar Per Acreage Analysis (\$/share)

	Low Case	High Case
Net Oil Sands Land Acreages	35,200	35,200
Possible Land Consideration	\$2,500	\$7,500
Potential Proceed (\$mm)	\$88.0	\$264.0
Shares Issued (in million)	92.6	92.6
Potential proceeds per share	\$0.95	\$2.85

Potential proceeds of oil sands acreage on a dollar/acre basis at \$2,500 to \$7,500 per acre implies that TAMM Oil and Gas could yield total potential proceeds of \$88 million to \$264 million or \$0.95 to \$2.85/share. This analysis should be viewed as an unrisks, blue sky case. This analysis does not take into account the potential prospectivity of the Company's full acreage position.

Dollar Per Bbl Analysis (\$/share)

	Low Case	Mid Case	High Case
Estimated Recoverable (MMBls)	270	405	675
Possible Consideration (\$/BBL)	\$0.25	\$0.25	\$0.25
Potential Proceed (\$mm)	\$67.5	\$101.2	168.7
Shares Issued (in million)	92.6	92.6	92.6
Potential proceeds per share	\$0.73	\$1.09	\$1.82

Valuation and Recommendation

TAMM Oil and Gas is a pure Alberta, Canada carbonate junior exploration company focusing on the exploration and development of the next frontier in the North American oil industry, the carbonate-hosted bitumen resources in the Peace River area of Alberta. Three years ago, TAMM positioned itself to become a major player in the Manning area and acquired 35,200 acres of petroleum, natural gas, and oil sands leases. At that time there was no economic way to produce oil from the Alberta carbonate-hosted bitumen deposits. Laricina just recently reported its tremendous success with its new SAGD advanced technology that is unlocking the extension of the oil sands in the new carbonate resource. The carbonates haven't been tackled before because the formations, made of limestone and dolomite rock, are more complex and technologies have not worked as well as in the clastics. This is great news for TAMM Oil, as it seems that a way has been found to produce bitumen from the carbonates, as Laricina's Grosmont formation is similar the Debolt formation in the Peace River area. The technology will be further improved with the goal of generating new, cheaper, and faster ways of developing oil sands assets. We also believe that because of Laricina's "Carbonate Success" a rush of new players are entering the Carbonates in Alberta, and hundreds of billions of dollars will be invested in the Carbonate Triangle in the next decade. The carbonate play is huge and it's only a matter of time before the world's major petroleum companies targets this area.

We think we will see an exciting development process in the Manning area. During 2012 the farm-in partner will drill one well to test the cold flow production potential from an identified "sweet spot" of the Elkton and Debolt reservoirs. The preserved core that will be recovered will provide key reservoir information, including oil and water saturations and oil viscosity. Samples from the core will be used to test the effectiveness of various thermal and solvent treatments that may be utilized throughout the TAMM farm-in lands. If test are successful, the entire story in the Manning carbonates will change tremendously, as cold production will change the economics of the play significantly.

Chapman's calculated Net Asset Value, discounted at 10%/year for the four-section block, amounts to \$130 million \$1.40/share, assuming a \$69.47/Bbl, long-term oil price. If the entire play is productive, we are talking about a potential \$1+ billion project. The current market appears hesitant to pay for TAMM's growth as the shares trades a bit higher than book value. We believe a re-valuation is in the early stages, and we also believe that TAMM will see a reclassification from "Prospective" Resources to "Contingent" Resources in 2012. In addition, positive news from drilling and development activities is a game changer for the Company. We are bullish with respect to the oil sands sector and see decades of growth in this sector, much of which is in the control of the emerging companies. We believe that emerging oil sands companies like TAMM Oil and Gas are an attractive investment opportunity in the near, medium, and longer term, but investors must understand the industry and must be patient. If the assets can be proven up further, juniors are always exposed to acquisition targets.

Risk to Valuation

The primary risk to TAMM's valuation, and the achievement of a price target, is the geological risk within the plays, as there is not adequate data and more exploration work must be performed. In addition, the ability to raise enough capital to execute the business plan is always in question with micro-cap companies. Commodity prices play a very important role, and our price assumption is based on \$69 per barrel of oil. The oil sands industry is a long-term one. Investors should understand that catalysts are few and far between (operational performance, capital raises, technological discoveries/improvements, which are five years in the making, and non-company specific events like regulatory changes, inflation, and oil prices), so owners must be patient. Lead time is long from concept to production – for SAGD projects, 1-2 years for regulatory approval, with most larger projects taking longer, ~2 years to build and 1-2 years to ramp up production.

Analyst Certification

I, Ernest C. Schlotter, research analyst and the author of this report, hereby certify that all of the views expressed in this research report accurately reflect my personal views regarding the subject issuers and securities. I also certify that no part of my compensation was, is, or will be directly or indirectly related to the specific views expressed in this report.

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The Analyst

Ernest C. Schlotter has been an analyst in the energy field since 1998. He is a securities analyst covering energy with SISM Research & Investment Services, Zurich, Switzerland. His areas of focus have included all energy and mining industry sub-sectors, with a focus on independent companies in exploration/production. According to the tracking firm StarMine based in San Francisco, Ernest C. Schlotter is a four out of five star analyst for EPS estimate accuracy and stock target price projection

Disclosure

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