



Research & Investment Services

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INDUSTRY: OIL & GAS EXPLORATION & PRODUCTION TAMM OIL AND GAS US\$0.68

TAMM'S MANNING PROJECT CONTAINS 2.3 BILLION BARRELS OF OIL

Tamm Oil and Gas Corp. (OTC BB:TAMO) engaged Calgary based Chapman Petroleum Engineering Ltd. to conduct an independent evaluation of heavy oil originally in place on the Company's Manning leases, which cover an area of 35 sections (approx. 22,400 acres) in the Peace River region of Alberta. Analysis has included a review of the available technical data including the geological interpretation, the ownership terms, and information from relevant nearby wells or analogous reservoirs and geological mapping of the area. Total heavy oil originally in place was determined on Manning Project for the two most significant potential carbonate reservoir zones in the area, the Elkton and Lower Debolt formations, and amounted to more than 2.3 billion barrels of oil. The Manning Project is within the carbonate trend that is known to host a significant heavy oil resource. The carbonates are the next frontier in the Alberta oil industry. Like oil sands two decades ago, carbonates represent an enormous and relatively untapped petroleum resource. The prospective heavy oil reserves at Manning, and the indications of deeper conventional oil potential justify an aggressive, continued lease acquisition, coupled with seismic studies and exploration drilling programs by the Company. Currently Tamm is valued at \$0.02 per barrel based on Chapman's oil originally in place (OOIP) assessment of 2.3 billion barrels.

Tamm Oil and Gas Corp.

Reserves and EV Calculation based on Pre-Production			
Reserves*	Original Oil in Place (STB/ac-ft)	Reservoir Rock Volume (ac-ft)	Heavy Oil in Place (MSTB)
Elkton	1,159.9	1,120,000	1,299,088
Lower Debolt	1,159.9	896,000	1,039,270
Total Heavy Oil in Place			2,338,358
Enterprise Value**	OBIP	Price/Barrel	EV
Pre-production	2,338,358,000	0.10	\$233,835,800
Recoverable 35%	818,425,000	0.20	\$245,527,500
	Acreages	\$/acre	
Acreage Value	22,400	4,000	\$89,600,000
Average			\$568,963,300
EV per share (62,780,000 shares outstanding)			\$3.02

Reserves* Heavy oil determination conducted by Chapman Petroleum Engineering, Calgary on June 1, 2008. Enterprise Value** Pre-production: average prices paid in 2007, Recoverable barrel: discounted 30% on what has been paid in 2007. Acreage valuation based on 2007 prices

Financial Data

FY 2009	Ends March 31, 2009
Market Capitalization	US\$ 42.7 million
Shares outstanding (February 10, 2009)	62,780,000
Book Value/ Share (December 31, 2008)	\$0.07
Price/Book Ratio	9.7 x
Est. 5 Year Earning Growth	N/A

Stock Data's

52-Week Low-High	\$0.30 - \$3.14
Avg. Daily Trading Volume (90-day)	52,500

Stock Data's



INVESTMENT HIGHLIGHTS:

- Based on the completed independent evaluation of heavy oil originally in place resources by Chapman Petroleum Engineering, Tamm Oil and Gas is sitting on more than 2.3 billion barrels of heavy oil originally in place resources on its Manning Project. The Company will target the two most significant potential carbonate reservoir zones in the area, the Elkton and Lower Debolt formations. The analysis was based on a review of the available technical data, including the geological interpretation, information from relevant nearby wells or analogous reservoirs, and geological mapping of the area.
- The primary focus for Tamm is to develop the Manning Project that lies within the carbonate trend and is known to host one of the Company's significant heavy oil resources. The carbonates are the next frontier in the Alberta oil industry. Like oil sands two decades ago, carbonates represent an enormous and relatively untapped petroleum resource. Heavy oil originally in place and heavy oil carbonates comprise 26% of the 1.7 trillion barrel resource in Alberta. This resource is somewhat deeper than the shallower cretaceous oil sands. The Company is already in the process of acquiring all of the data necessary to begin exploring this prospect. Tamm is working to acquire trade data seismic for the adjoining properties in an effort to analyze them for potentially later acquisitions as well as to optimize its planned drilling/coring program. Tamm intends to execute a three- to five-well coring program, with an additional 20 to 30 kilometer seismic program to supplement that coring data over the winter season of 2009/2010 in order to quantify the potential resource.
- One well has been drilled by Mobil Oil in 1985 and one well by Primewest in 2002 on Tamm's Manning Prospect. On the Mobil well logs, excellent porosity is shown and the high resistivity on the induction log indicates hydrocarbons. The second well drilled showed remarkable similarity compared to the Mobil well. The Chipmunk project of 2005, which is near Tamm's Manning prospect, became the first sustained high-volume commercial producer of heavy oil from carbonate rocks in Canada.
- Tamm Oil has created a significant amount of value over the last two years by acquiring substantial heavy oil resources in the Manning Area in Peace River. Most of this value is not yet recognized in the share price. Currently, the Company is valued at half of its landholding, which should be worth \$89.6 million or \$1.43 per share. The current EV ratio on 2.33 billion barrels of heavy oil originally in place is only \$0.02, and on estimated recoverable resources \$0.057. Further, established and developed oil sands companies are trading at an EV ratio of \$1.0. Resources locked in carbonate rock like Tamm's are more analogous to oil shale for which there is a substantial discount relative to oil sands resources. Therefore, an EV ratio for Tamm of \$0.75 is appropriate. We have been using three different metrics to assess the value of Tamm Oil, which included a pre-production assessment on 2.33 billion OOIP at \$0.10 per barrel, a 35% recovery rate on 2.33 billion OOIP at \$0.20 per barrel, and value for land based on an average of what has already been paid for. Based on our findings using three different valuation metrics, we believe today's value for Tamm shares should be \$3.02. Long-term, using an EV ratio of \$0.75 instead of \$1.00, and assuming a 35% recoverable rate of heavy oil, the Tamm Manning Prospect is worth \$9.80 per share. We acknowledge that the risk profile may be more than some investors are comfortable with, and therefore we recommend the stock be purchased only by investors who can tolerate above average risk.

COMPANY OVERVIEW

Tamm Oil and Gas Corporation (OTC BB:TAMO), based in Calgary, Alberta, Canada, is an early-stage oil sands company founded in 2007 and focused of heavy oil carbonate fields in the Carbonate Triangle in the Peace River region of Alberta. The



Company is a junior, pure-heavy oil development company, whose current principle asset is a one hundred percent Working Interest in thirty-five sections, or 22,400 acres, of P&NG and oil

sands leases in the Manning Prospect. The Company owns fourteen sections of Petroleum and Natural Gas (P&NG) leases, with an expiration date of May 28, 2013. In addition, Tamm Oil acquired oil sands leases that cover twenty-one sections and will expire on January 9, 2023. The rights cover all zones from the top of the Cretaceous Peace River Formation to the base of the Mississippian age Pekisko Formation. In June of 2008, Chapman Petroleum Engineering Ltd., based in Calgary, conducted an independent evaluation of OOIP on Tamm's Manning leases that amounted to more than 2.33 billion barrels of original total heavy oil-in-place in the Mississippian-aged Lower Debolt and Elkton member zones.

Tamm's Manning Prospect has an excellent existing infrastructure that contains roads, highways, and pipelines. The Prospect is located in the same area as the prolific Shell Cadotte Fields, BlackRock, Penn Seal, and West Slave Fields. There is a potential for five pay zones in the Cretaceous Bluesky, Gething sands, Permian Belloy, and Mississippian Debolt & Elkton at shallow depth. The recovered product could be a light end of "heavy" API crude oil (e.g., 14° to 18° API). It is estimated that the potential in the general Manning area is 25 to 30 billion barrels of original heavy oil-in-place. Heavy oil upgrades by Shell and Peace River Oil are planned, and will reduce Tamm's transportation costs. During the next twelve months, the Company plans a three- to five-well coring program and an additional 20 to 30 km seismic program to supplement the coring data. It will continue to quantify the potential resource.

ALBERTA'S CARBONATE TRIANGLE

The world now knows about Alberta's vast oil sands resource, but many are unaware that a heavy oil resource of similar magnitude is locked in carbonate rock. According to a report by the Petroleum Technology Alliance Canada (PTAC), twenty-six percent of Alberta's resources are contained in carbonate rather than sand formations.



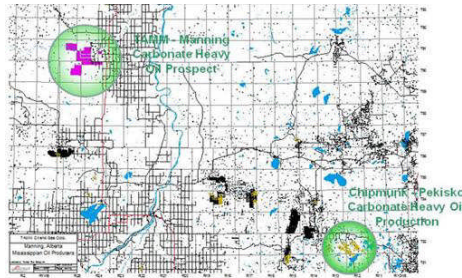
One northern Alberta carbonate formation — the Devonian age Grosmont complex — alone has heavy oil volumes in-place that are comparable to the huge Athabasca oil sands deposit. Pilot

projects tested Alberta's heavy oil carbonates more than twenty years ago. The resource received serious attention during a series of pilot

tests running in the Grosmont formation in the 1980s. Three production pilots were conducted, however they had mixed success and efforts to recover heavy oil from the Grosmont Formation were subsequently abandoned. Also, at that time, oil prices fell and funding was cut. The problems encountered twenty years ago, however, during the pilot trials, could be solvable today. The industry now has drilling technologies, such as horizontal wells, and well completion technologies, which could increase the likelihood of successful recovery of heavy oil from carbonates.

THE CARBONATES ARE THE NEXT FRONTIER IN THE ALBERTA OIL INDUSTRY

In March 2005, BlackRock Ventures (now Shell plc) made a new heavy oil discovery at Chipmunk, in the Peace River oilsands deposit near Manning. BlackRock, and partner Talisman Energy, successfully completed three vertical wells, producing a combined 960 barrels of 11 degree API oil per day from three separate reef-like structures in the Mississippian formation. *Chipmunk became the first sustained high-volume commercial producer of heavy oil from carbonate rocks in Canada.*



With 447 billion barrels of original heavy oil originally in place, the Carbonate Triangle will likely be a major focus in the future. In early February 2006, SURE Northern Energy Ltd., a wholly-owned

subsidiary of Royal Dutch Shell plc., paid an astounding price of \$464.7 million for 88,576 hectares, an average of \$5,246 a hectare, in a government lease sale. Shell made waves across the industry with its carbonate land grab, buying into a region of the triangle that represents an enormous and relatively untapped petroleum resource. Alberta's heavy oil-bearing carbonate formations were forgotten to most of the industry before Shell's acquisition, although Husky Energy Inc. has also been doing intensive evaluations over the years. Husky's 72,261-hectare Saleski property is just east of Shell's heavy oil carbonate acreage. Although to date much of the interest in carbonates has focused on the Grosmont formation, which underlies the Athabasca oilsands, producers are currently targeting the resource in other areas.

THE FUNDAMENTALS OF THE CARBONATE RESERVOIR

Carbonates are sedimentary rocks deposited in marine environments with clear, shallow, warm waters, and are mostly of biological origin. They are made up of fragments of marine organisms, skeletons, coral, algae, and precipitation, and consist mostly of calcium carbonate, which is chemically active compared to the sand that comprises sandstone. Another key difference between clastic and carbonate rocks is the distance between the site where the sediment was created and where it was deposited. While sand and silt may travel hundreds of miles down river systems before deposition and lithification, the grains that comprise carbonate sediments are usually deposited very close to the place where they were created. This local deposition contributes significantly to the heterogeneity of carbonate grains. Once carbonate rock is formed, a range of chemical and physical processes begins to alter the rock structure changing fundamental characteristics such as porosity and permeability. This is known as diagenesis. At deposition, carbonate sediments often have very high porosities (35%–75%) but this decreases sharply as the sediment is altered and buried to reservoir depths. As a result, carbonate reservoirs exhibit large and abrupt variations in rock type distribution.

COMPLEX STRUCTURES

The porosity of carbonate rocks can be grouped into three types: connected porosity, existing between the carbonate grains; vugs, which are unconnected pores resulting from the dissolution of calcite by water during diagenesis (a chemical, physical, or biological change undergone by a sediment); and fracture porosity which is caused by various stresses following deposition. Diagenesis can create stylolite structures that form horizontal flow barriers, sometimes extending over kilometers within the reservoir and having a dramatic effect on field performance. Fractures can be responsible for water breakthrough, gas coning, and drilling problems such as heavy mud losses and stuck pipe. Together, these three forms of porosity create a very complex path for fluids and directly affect well productivity. This heterogeneity also has an impact on the response of logging measurements and therefore on the determination of oil-in-place.

THE CHALLENGE TO DRILL A CARBONATE RESERVOIR

The carbonate reservoirs are the future of world oil and gas production. However, there are significant challenges in terms of recovery due to the highly complex internal structure and specificity of carbonate reservoirs. A large part of the challenge in drilling a carbonate reservoir is the heterogeneity of the reservoir, itself. It is not uniform in heavy oil accumulation. Saturation is very high, which leads to problems with permeability. The carbonates are also characterized by a dual porosity system, where tunnels or "vugs" as large as ten centimeters in diameter are present, and the heavy oil is found within the matrix itself. The vugs present a challenge for drilling operations, at times causing the drill bit to drop when passing through. The irregular network of vugs can lead to a loss of mud circulation while drilling. In addition, there also exists a challenge in placing wells. It is difficult to bond the well in place with cement. Although the vugs have the potential to make drilling and well constructions difficult, if the reservoir characteristics are well understood, the issue could be managed. In addition, natural fractures are going to play a key role, but today's technology now allows fractures to be extensively examined, looking at characteristics like spacing, filling, and aperture. Because the reservoirs are so heterogeneous, monitoring will also likely have to be used for effective production, which will inevitably involve the injection of a solvent or steam. The average recovery factor—the ratio of recoverable oil to the volume of oil originally in place—for all reservoirs is about thirty-five percent.

OVERVIEW REGARDING INTERNATIONAL HEAVY OIL PRODUCTION FROM CARBONATE FORMATIONS

In the late 1990's, Scimitar Hydrocarbons began efforts to develop the Issaran Heavy Oil Carbonates in Egypt by in-situ application of heat and steam. This project was initially viewed with considerable cynicism, but was ultimately a highly successful venture for Scimitar's successor, Rally Energy, who sold its interest in the field back to the Egyptian Government last year for \$900 million.

Heavy oil is being produced from fractured porous carbonate reservoirs in the Bashkir Romashkino oil field in Tatarstan using an improved microbial oil recovery consisting of the application of molasses and bacteria. This application appears to be more effective with carbonates than with sand reservoirs since carbonates neutralize generated organic acids, which intensifies the formation of microbial bacteria, and therefore increasing permeability.

In May 2007, Petroleum Development Oman awarded two major engineering, procurement, and construction contracts for the Qarn Alam (16 API) steam-injection project. This project includes drilling some 150 wells and installing facilities to treat water and generate approx. 18,000 tons per day of steam. The EOR recovery process being applied is TAGOGD (thermally assisted gas/oil gravity

drainage), and is based on injecting steam into the formation's fractures to heat the low-permeability oil-bearing rock. It is expected that this technology will result in an increase of recoverability from 4% to approx. 35%. Petroleum Development Oman is owned by the Government of Oman (60%), the Shell Group (34%), Total (4%), and ParTex (2%).

MANNING PROSPECT – GEOLOGY

The Manning area contains the updip edge of a number of shallowing upward carbonate cycles in the Debolt and Elkton formations of Mississippian Age. These formations were deposited on a carbonate rich shallow passive continental margin. The clean upper portions of each cycle have been preserved as porous limestone with abundant crinoids for the most part, though dolomitization has often occurred at the erosional unconformity. The Elkton and Lower Debolt cycles have appreciably thicker and better quality heavy oil reservoirs than the thinner cycles of the Upper Debolt. The entire Mississippian section dips gently to the southwest. During the continued development of the Peace River embayment, the Permian Belloy Formation was deposited in this area, and its updip edge can locally form smaller heavy oil reservoirs in the appropriate facies of this formation. These porous heavy oil reservoirs have been sealed by the Lower Cretaceous shales of the Bullhead Group, whose southward transgression commenced by the deposition of the marine clastics of the Bluesky Formation.

The heavy oil reservoirs of the two thickest zones in the heavy oil saturated Mississippian rock have been mapped. The Elkton Formation and the Lower Debolt Formation, both show Tamm Oil's property to be located in the proximity of the erosional updip edge of both formations. There is a regional downdip water line for both zones, but it is not present on this map area as both the Elkton and Lower Debolt formations, in this same area, are saturated with heavy oil. The isopach mapping of these heavy oil reservoirs excluded the transitional zones of appreciably less porosity in the lower parts of each unit so that only the highest quality heavy oil reservoir has been mapped. The excellent reservoir parameters include good porosity and high resistivity of both zones, and is illustrated on both the cross-section and the pay zones as shown on log analysis.

ORIGINAL HEAVY OIL IN PLACE DETERMINATION

Total heavy oil originally in place was determined on the Company's lands for the two most significant potential carbonate reservoir zones in the area, the Elkton and Lower Debolt formations, and amounted to more than 2.33 billion barrels of oil. This was based on volumetric calculations using the detailed net oil reservoir mapping of both zones. Planimetry of these maps results in an average heavy oil reservoir thickness of fifty feet in the Elkton and forty feet in the Lower Debolt.

Other reservoir parameters were determined from petrophysical analysis of well data, which is located on the Tamm property and was drilled in 1988 to basement and logged with a complete modern logging suite before being abandoned. A log analysis of the heavy oil saturated Debolt to Elkton interval clearly identified two major heavy oil reservoirs, the Elkton and Lower Debolt formations. Heavy oil is also present in the upper Debolt M2, M3, and M4 units, but these units have appreciably less heavy oil reservoir thickness. Porosity and water saturation for both formations were very close, and as a result, the average porosity value of twenty percent, and the average water saturation value of twenty-three percent, determined from both zones, was used in the heavy heavy oil originally in place determination. Using these parameters results in a heavy heavy oil originally in place determination of 1,299,088 MSTB for the Elkton, and 1,039,270 MSTB for the Lower Debolt, based on volumetric calculations. *Recoverable heavy oil volumes are not addressed in this calculation because no estimate of the recovery factor is yet available.*

**Summary of Gross OOIP
June 1, 2008**

Manning Area, Alberta

Description		Original Oil in Place (STB/ac-ft)	Reservoir Rock Volume (ac-ft)	Heavy Oil in Place (MSTB)
Heavy Oil				
Oil in Place				
Tamm Property	Elkton	1,159.9	1,120,000	1,299,088
Tamm Property	Lower Debolt	1,159.9	896,000	1,039,270
Total Heavy Oil in Place				2,338,358

**SUMMARY OF GROSS RESOURCE ESTIAE AND RESERVOIR
PARAMETERS
June 1, 2008**

Possible MANNING ELKTON (1)

RESERVOIR PARAMETERS

Reservoir Pressure, psia	1,005
Reservoir Temperature, deg F	70
Average Porosity, %	20.0
Average Water Saturation, %	23.0
Formation Volume Factor, RB/STB	1,030
Original Oil in Place, STB/ac. ft	1,159.9
Recovery Factor, %	N/A

RESERVES

Net Pay, ft	50.0
Area, acres	22,400
Original Oil in Place, STB	1,299,088,000

Average net pay determined by planimentering.

**SUMMARY OF GROSS RESOURCE ESTIMATE AND RESERVOIR
PARAMETERS
APRIL 1, 2008**

Possible MANNING LOWER
DEBOLT (1)

RESERVOIR PARAMETERS

Reservoir Pressure, psia	1,005
Reservoir Temperature, deg F	70
Average Porosity, %	20.0
Average Water Saturation, %	23.0
Formation Volume Factor, RB/STB	1,030
Original Oil in Place, STB/ac. ft	1,159.9
Recovery Factor, %	N/A

RESERVES

Net Pay, ft	40.0
Area, acres	22,400
Original Oil in Place, STB	1,039,270,400

Average net pay determined by planimentering.

MANNING PROSPECT – DEVELOPMENT PLAN

Based on the completed independent evaluation of in-place heavy oil resources by Chapman Petroleum, total heavy oil originally in place for the two most significant potential carbonate reservoir zones in the area, the Elkton and Lower Debolt formations, amounts to more than 2.3 billion barrels of oil. The current plan for the 2009/2010 winter season would be a three- to five-well coring program, including an additional twenty to thirty km seismic program to supplement the coring data and thus continue to quantify the resource potential. Work is currently ongoing to acquire seismic and to map the adjoining lands for other potential acquisitions as well as to optimize the drilling/coring program. Subsequent plans might include the building of a sufficient year-round access infrastructure to support increased development, ongoing coring and seismic, and to more fully define the reserve. A test pilot of a one- or two-well production program to test for optimum methods of recovery – CCS – either vertical or horizontal or both, SAGD type enhanced recovery, cold flow, TIDE or some other typical model, is indicated. Current average cost for these types of production methods, at the commercial pilot stage, is approx. \$40/bbl, and thus a good return for initial production, aiming at an eighteen percent primary recovery, with cyclic steam at a thirty percent recovery. As production in this area is still in the early stages, the anticipated recovery rates may increase as experience in the sands increases. Based on the results of the initial testing, secondary testing might include a full-scale pilot of between 5,000 and 8,000 Bbls/d and could potentially begin in 2012. The property has a good infrastructure with roads and highways, pipelines adjacent to the properties, and a heavy oil upgrader planned for the Shell Peace River location, thus reducing transportation costs to the market.

During August of 2008, Mr. Donald W. Hryhor joined Tamm Oil as a new member of its Board of Directors. He has more than thirty-five years of hands-on experience in various disciplines of the oil exploration industry and was involved in major oilfield discoveries throughout the world. This included the first major pools in the British North Sea, U.K., Rainbow Lake, Zama, South Ricinus, and several other fields throughout Western Canada, the US Gulf Coast, and Texas. Mr. Hryhor was instrumental in TAMM identifying and acquiring Alberta Crown Oilsands and P&NG leases in Manning in the Peace River, Alberta region.

TWO WELLS HAVE BEEN DRILLED BY MOBIL OIL AND PANWEST ON THE MANNING PROSPECT

Mobil Oil drilled the first, Well #08-09 in 1985 to a depth of 2,055m, into the pre-Cambrian zone. Abundant testing was conducted over the Debolt to the Shunda interval, with excellent porosity shown on the sonic and density logs. High resistivity on the induction logs indicated the presence of hydrocarbons. These are the key requirements for a zone capable of oil production. Cores were cut and the zones were tested and completions were conducted. Tamm Oil will conduct research to find all relevant data associated with this well from the EUB.

Primewest drilled the second well, Well #11-02 in 2002 to a depth of 1,988m. It is remarkably similar to the previous well at #08-09, though it is structurally higher and was untested. The high porosity and high resistivity indicate that the Debolt formation, in the Manning area, is completely saturated with oil. At present, it is unknown what porosities and permeabilities will be required, and which completion method should be used in order to economically produce this resources.

VALUATION OF LAND

Tamm's land position in Alberta adds value to its shares. There are several metrics used to assess the value of Tamm Oil. Currently, the Company's shares may be valued based upon land values or estimated original-barrels-of-heavy oil originally in place (OBIP). The Company controls a total of 22,400 acres of land. Land sales in Alberta's Athabasca and Peace River have averaged more than \$4,800 per acre in 2007. Using these numbers reflects approx. the same commodity prices today. Tamm's landholding is strategic and should command similar price levels. Tamm's acreage, based upon \$4,000 an acre, is \$89.6 million or approx. \$1.43 per share.

VALUATION METRICS IN THE OIL SANDS, TAMM'S EV/RECOVERABLE BARRELS

Enterprise value is based upon Tamm's market capitalization minus cash and book value of capital expenditures on property, plant and equipment (PP&E), plus any debt. It is widely used as a takeover metric. The valuation ratio is derived by dividing the EV by an estimate of recoverable barrels of heavy oil. The EV ratio represents the dollars of enterprise value per recoverable barrel. Proved and probable heavy oil and barrels in development or production will carry higher EV multiples. Producing companies will carry a higher EV valuation, developers have lower EV multiples. For example proven reserves carry an EV multiple of approx. \$6 (per barrel) and approx. \$1.50 for recoverable resources. Developers' EV multiples are between \$1.00 and \$2.00. Tamm's EV multiple is \$0.05, based on an EV of \$41.16 million and an estimated 815.5 million recoverable barrels, which is significantly below the market average. The reason for this huge discount includes that fact that the Company is in early-stage of development and has not yet started to drill; resources are locked in carbonate rock and there exists uncertainty about the availability of funds to develop the project.

Oil Sands historical precedent transaction includes a value of \$6.13 for proven reserves that Total S.A. purchased in August 2005. The Korea National Oil Corp valued Newmont's Black Gold deposit at an EV ratio of \$1.01. Shell Canada paid \$3.34 per barrel for Black Rock Ventures.

The EV/Reserve ratio appears to be increasing over time for a given discovery class. Given the security, dependability, and current infrastructure of the Canadian oil sands, EV ratios for new discoveries will quite likely appreciate to between \$2 and \$3 for each barrel of recoverable heavy oil. In other words, the Canadian oil sands appear significantly undervalued in today's world.

LONG TERM TAMM SHARE VALUE MAY REACH: \$9.80

Using an EV ratio of \$0.75 instead of \$1.00, and assuming a 35% recoverable rate of heavy oil, the Tamm Manning Prospect is worth \$9.80 per share. Oil sands structured reservoirs can be valued at \$1 for recoverable heavy oil originally in place, but Tamm's resources are locked in carbonate rock for which there is not a lot known about extraction technology at this time. Resources locked in carbonate rock are more analogous to oil shale for which there is a substantial discount relative to oil sands resources. We therefore used an EV ratio of \$0.75

The estimated 2.33 billion OOIP yield an EV valuation ratio of \$0.02 at Tamm's current market price per share. We assumed that 35% of the entire resource is recoverable, which would amount to 815.5 million barrels of heavy oil. When Tamm starts its drilling program in 2009/2010, the Company will place heavy oil in the recoverable category and increase the EV ratio substantially. Higher EV ratios and additional discoveries will increase the valuation level accordingly.

CONCLUSION: VALUING TAMM OIL

Tamm Oil has created a significant amount of value over the last two years by acquiring substantial heavy oil resources in the Manning Area in Peace River, Alberta. Most of this value is not yet recognized in the share price. It is highly likely that the Company will discover recoverable resources of between 800 million and 900 million barrels of heavy oil originally in place on its initial discovery. Currently, the Company is valued at half of its landholding, which should be worth \$89.6 million or \$1.43 per share. The current EV ratio on 2.33 billion barrels of heavy oil originally in place is only \$0.02 and on estimated recoverable resources is \$0.057. Further established and developed oil sands companies are trading at an EV ratio of \$1.0. Resources locked in carbonate rock like Tamm's are more analogous to oil shale for which there is a substantial discount relative to oil sands resources. Therefore an EV ratio for Tamm of \$0.75 is appropriate. We have been using three different metrics to assess the value of Tamm Oil, which included a pre-production assessment on 2.33 billion OOIP at \$0.10 per barrel, a 35% recovery rate on 2.33 billion OOIP at \$0.20 per barrel, and value for land based on an average of what has already been paid for. Based on our findings using three different valuation metrics, we believe Tamm shares should be valued today at \$3.02.

ANALYST DISCLOSURE

Analyst: Ernest C. Schlotter

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 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.

Analyst Certification:

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