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TAMM Oil and Gas Corp – Project Update

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Forward-looking Statements: The information that is contained in this newsletter may have "forward looking statements" about our exploration, including estimates of future production, cash flows and reserves, business plans for drilling and exploration, the estimated amounts and timing of capital expenditures, the assumptions upon which estimates are based and related sensitivity analyses, and other expectations, beliefs, plans, objectives, assumptions or statements about future events or performance (often, but not always, using words or phrases such as "expects" or "does not expect", "is expected", "anticipates" or "does not anticipate", "plans", "estimated" or "intends", or stating that certain actions, events or results "may", "could", "would", "might" or "will", "multiply" be taken, occur or be achieved). Forward-looking statements are based on current expectations, estimates and projections that involve a number of risks and uncertainties, which could cause actual results to differ materially from those reflected in the statements. Forward-looking statements are based on the estimates and opinions of the Company's management at the time the statements are made. These statements are not guarantees of future performance, involve certain risks, uncertainties, and assumptions that are difficult to predict, and are based upon assumptions as to future events that may not prove accurate. The Company assumes no obligation to update forward-looking statements should circumstances or management's estimates or opinions change.

Among the factors that could cause actual outcomes and results to differ materially are changes in petroleum prices; changes in refining and marketing margins; potential failure to achieve, and potential delays in achieving, expected reserve or production levels from existing and future oil and gas development projects due to operating hazards, drilling risks, and the inherent uncertainties in interpreting engineering data relating to underground accumulations of oil and gas; unsuccessful exploratory drilling activities; unexpected delays or difficulties in constructing company facilities; general domestic and international economic and political conditions; the ability to meet government regulations; potential disruption or interruption of the Company's facilities due to accidents or political events and other matters detailed in our publicly available filings with the Securities and Exchange Commission.

In addition the Corporation's business is subject to various other risks and uncertainties, which may be described in its corporate filings (www.sec.gov and www.sedar.com). Statements made herein are as of the date of this publication and should not be relied upon as of any subsequent date. The Corporation cautions readers not to place reliance on such statements. TAMM undertakes no obligation to update or publicly revise forward looking statements or information unless so required by applicable securities laws.

Please read this letter in conjunction with our filed Annual Report on Form 10K, our Quarterly Reports on Form 10Q and periodic material events Report 8K's) as to specifics.



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To our Shareholders;

We are pleased to provide this Carbonate overview and Manning Project Update.

The Western Canada Carbonate Triangle – the biggest untapped bitumen deposit in the world and the largest unexploited hydrocarbon deposit known, is seeing dramatic increase in developments and capital infusions over the past 3-5 years but especially the last 24 months. From the most recent \$500 million of financing announced by Osum Corporation late in 2011 for their projects <http://www.osumcorp.com/media/press> - and over \$720 million raised for Laricina ongoing work on their projects and the positive news on the SAGD results to date and the recent application for a 12,500 bbl/d commercial operation <http://www.laricinaenergy.com/news/68/84/SAGD-Continues-To-Work-Well-In-Bitumen-Carbonate-Pilot-At-Saleski-Laricina.html>. The other major players in the Grosmont Husky (who bought their leases quietly when no one was looking) and Shell (who paid \$500 million for their leases) have announced winter of 2011/2012 work programs on their Carbonate Grosmont Heavy Oil Properties. The last land sale of 2011, had Laricina and Sunshine Oilsands buying up additional lands on the Grosmont Carbonate trend.

Financing for the Projects – aside from the majors who are internally funded, the majority of this investment capital has been generated from institutional support in Canada, Europe and direct industry investment from Asia with only nominal amounts allocated from conventional US markets. This may explain the depressed share prices for many of the junior and midsize heavy oil companies which trade on US markets, as Wall Street does not seem to fully understand the projects, the scale of the upside or do not like the timelines to commercial operations. The major USA based Oil and Gas E&P companies have already bought up large land blocks and are well down the path to development either in mining or SAGD type developments. Thus most junior and midsize companies are spending their time in Europe, Asia and SE Asia when looking for investment or partners for heavy oil projects.

The following table summarizes some of those transactions with carbonates influences:

- **2011**- Laricina projects move from Demonstration Pilot to applications for Commercial developments -- project has moved from demonstration pilot to full commercial operations with application made for 30,000 bbl/d projects – with stated targets of two 200,000+ bbl/d projects.
- **2011** – North American Dover Project - Application made for commercial development – expected approval Q4 2011. – multiple scalable projects



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- **2010** – PTTEP – acquires 40% of Stat Oil (North American) Projects for \$2,323 mill @ \$1.57 to \$2.32/ bbl recoverable
- **2010**- Korean Investment Corp invests \$50 mill in Laricina Grosmont projects – Canada Pension Plan invests \$250 mill - 4.6 billion barrels recoverable contingent..
- **2010** – China Investment Corp – invests \$702 mill to purchase 45% interest in Penn West Peace River Seal – 900 mill bbls recoverable @\$0.74/bbl – development underway.
- **2010** – Athabasca Oil sands Corp – acquires Excelsior Energy \$89 mill @ \$.52/bbl recoverable
- **2010** Petro China invests \$1.9 bill to purchase 60% interest in Makay and Dover projects of North American – 3 billion bbl recoverable @ \$.63/bbl.

The above summary information is from corporate filings and is not meant to be an exclusive or inclusive list.

On a go forward basis, as virtually all the identified oilsands leases have now been bought up in western Canada, growth for the majors beyond what they already hold, may only be available through acquisition of juniors. There are some junior companies working on land blocks as small as 5 sections with goals of commercial operations.

Although the majority of recent publically announced investment of capital to date has been on the Grosmont, the April and July land sales saw a dramatic increase in activity and prices paid for the Peace River Carbonate Oil Sands with most if not all of the available mineral leases were picked up. And quietly Shell, Husky, Murphy, Baytex and PennWest continue to develop aggressively their Peace River oil sands leases.

Technology is moving quickly, and resulting in dramatic improvements in the **economics** of SAGD developments in all types of heavy oil recovery. What was experimental 10 years ago in the Athabasca Oil Sands is now common place and very commercial with hundreds of millions of dollars spent each year on development and production ramping up monthly from these projects. The scale of the projects has reached the point where operating costs have been lowered to those approaching medium to light crude cost to produce.

We are seeing signs of the same type of results from the early stage carbonate developments like Laricina and their joint venture partner Osum and it is obvious that Husky and Shell are ramping up their operations on the Grosmont projects also. Husky



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is already projecting that this will be their largest enhanced oil project dwarfing their other heavy oil SAGD projects.

Optimization of SAGD is both increasing recovery rates and reducing operating costs. One of the primary methods is reducing steam to oil ratios – a key element in the overall economics - which in turn reduces fuel costs and the amounts of produced water which are recycled many times to produce steam. Use of solvents and other forms of enhancements is really starting to add to the opportunities, economics.

Much as long horizontals have revolutionized the Balkan and other previously undeveloped oil and tight oil projects – those same drilling techniques are improving recovery rates, lowering costs and improving economics on most or all the heavy oil projects in western Canada and are expected to show similar results in the Peace River Block. Baytex is dramatically scaling up their Peace River Operations with some of the best net backs in the business – primarily due to application of the multilateral long horizontal drilling.

All of these lower the environment foot print in multiple ways – specifically smaller surface development foot print, lower water consumption, maximized water recycle, lower fuel consumption compared to the oil produced – this can be read as less energy in, more energy out.

Couple all the above with rising oil prices which are stabilizing over \$90/bbl, lowered operating costs for commercial scaled SAGD (less than \$25/bbl), much better pricing for bitumen as the difference between the different crude prices tightens - the industry has been taking up the challenges associated with the Carbonate Developments in Western Canada with enthusiasm

What does all the above means for the TAMM Project?

The Peace River Carbonates is coming in to its own for development, as technology and operations is optimized to bring the best return on capital, while oil prices continue to climb – this carbonate project will be moved forward on similar timelines as the other projects and with similar results expected.

TAMM has a third party independent reserve estimate of 2.7 billion barrels petroleum initially-in-place (PIIP). This is based on excellent well control over the area, well defined Elkton and Debolt reservoir mapping. That same analysis reviewed a SAGD development on 4 sections of the 55 section block and using initial \$69 oil price



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(forecast pricing model) came up with an NPV discounted 10% of \$130 mill for that project.

We are moving forward with our Joint Venture/Partnership recently announced with Cougar Oil and Gas Canada Inc. providing technical and operational expertise, while a private UK Oil Company partner from provides the capital requirements to develop the TAMM lands in conjunction with their 61 sections of oilsands leases adjacent to the TAMM 55 sections.

The geologic review has progressed substantially to the point where we have identified 3 project areas on the combined lands held in the Manning area with our partners. The projects now include Elkton/lower Debolt project, the erosional updip edge of both, and a Bluesky/Gething Channel oilsands project.

The partners have decided to drill, core and test the erosional edge and the adjacent Bluesky Gething channel in the first 3 well drill program planned for Q2/Q3 of 2012. Those results along will be used to upgrade reserve reports by moving to contingent resources -with an expected upgrade in NPV of those resources.

Based on both internal and third party mapping, petrophysical evaluation, drilling cutting report review and core evaluation of similar Peace River Carbonate projects on the same geological trends, we believe that results will be similar to or better than the Grosmont Carbonates.

William S. Tighe
Chief Executive Officer