TMK MONTNEY LIMITED

ABN 42 607 112 710

INTERIM REPORT

FOR THE PERIOD ENDED

30 JUNE 2016

TMK MONTNEY LTD
ABN 42 607 112 710

CONTENTS

DIRECTORS' REPORT

Your directors submit the financial report of the consolidated entity for the period ended 30 June 2016.

DIRECTORS

The names of directors who held office during or since the end of the period are:

Alexander Parks – Managing Director ***(Appointed 16 July 2015)***

Mr Parks is an Executive with over 18 years' experience in the oil industry. Prior to joining TMK Montney (TMKM) he has held the positions of Managing Director at Tamaska Oil and Gas Limited (Tamaska), Chief Commercial Officer at Cue Energy Resources Ltd, CEO of Mosaic Oil NL, CEO of Otto Energy Ltd and Technical Director at RPS Energy. Mr Parks has extensive experience in Australia, SE Asia, New Zealand, Europe, North America, FSU and North Africa. Projects have included onshore and offshore exploration and development and significant new ventures and transaction experience.

Mr Parks has a Master of Engineering, Petroleum Engineering degree from the Imperial College London, is a member of the Society of Petroleum Engineers (SPE), is a Member of the Petroleum Exploration Society of Australia (PESA) a Graduate of the Australian Institute of Company Directors (GAICD), and was awarded Young Petroleum Engineer of the Year (SE Asia) by the SPE in 2005.

Current Directorship and date of appointment:
Tamaska Oil and Gas Limited (appointed 17 February 2014)
Sun Resources NL (appointed 18 February 2016)

Justin Norris – Non–Executive Director ***(Appointed 16 July 2015)***

Mr Norris has over 16 years' experience in the oil industry and is one of the founding partners of Havoc Partners LLP (Havoc). Havoc is a natural resources investment partnership focused primarily on the oil and gas sector.

Mr Norris began his professional career with Schlumberger Oilfield Services working on several assignments within Nigeria, Yemen, Australia, Myanmar, PNG and New Zealand. He has extensive experience throughout Africa having previously held senior management positions with Fusion Oil & Gas NL and Ophir Energy plc. Mr Norris has a Bachelor of Science from Curtin University and is a member of the Society of Exploration Geophysics (SEG), Petroleum Exploration Society of Great Britain (PESGB), European Association of Geoscientists and Engineers (EAGE) and the American Association of Petroleum Geologists (AAPG).

Current Directorship and date of appointment:
Tamaska Oil and Gas Limited (appointed 23 October 2014)

Brett Lawrence – Executive Director (part time) ***(Appointed 16 July 2015)***

Mr Brett Lawrence has 11 years of diverse experience in the oil and gas industry. Mr Lawrence worked with Apache Energy for over eight years, performing roles in drilling engineering, reservoir engineering, project development and commercial management before seeking new venture opportunities with ASX listed companies. Mr Lawrence was recently the Managing Director of ASX listed Macro Energy Limited. Brett holds a Master of Petroleum Engineering, a Bachelor of Engineering (Mining) and Bachelor of Commerce (Finance) from Curtin University in Western Australia.

Current Directorship and date of appointment:
Xponova Pty Limited (appointed September 2014)
Tamaska Oil and Gas Limited (appointed 1 February 2015)
Acacia Coal Limited (Appointed 2 August 2016)

Sylvia Moss - *Company Secretary (Appointed 16 July 2015)*

Ms Sylvia Moss has been appointed as Company Secretary effective 16 July 2015, Ms Moss is a qualified Accountant with over 12 years' experience in the resources sector in Australia and overseas and holds a Bachelor of Accounting degree from University of South Africa.

Principal activity

The principal continuing activities of the Group during the period were the acquisition, exploration and development of oil and gas properties.

There has been no significant change in the nature of these activities during the period.

Operating results

The net operating loss of the consolidated entity from continuing operations for the period ended 30 June 2016 after income tax amounted to $767,158.

During the financial period the consolidated entity entered in exploration and development activities as set out below.

Review of operations
Montney Project, British Columbia - (TMK 40% WI)

On 20 October 2015, Tamaska announced completion of the demerger of its Canadian assets via an in-specie distribution of one TMK Montney Ltd share for every ten Tamaska Shares held. As of the demerger, Tamaska had acquired a total of 24,745 net acres at a cost of approximately A$3.7 million (~A$147/acre).

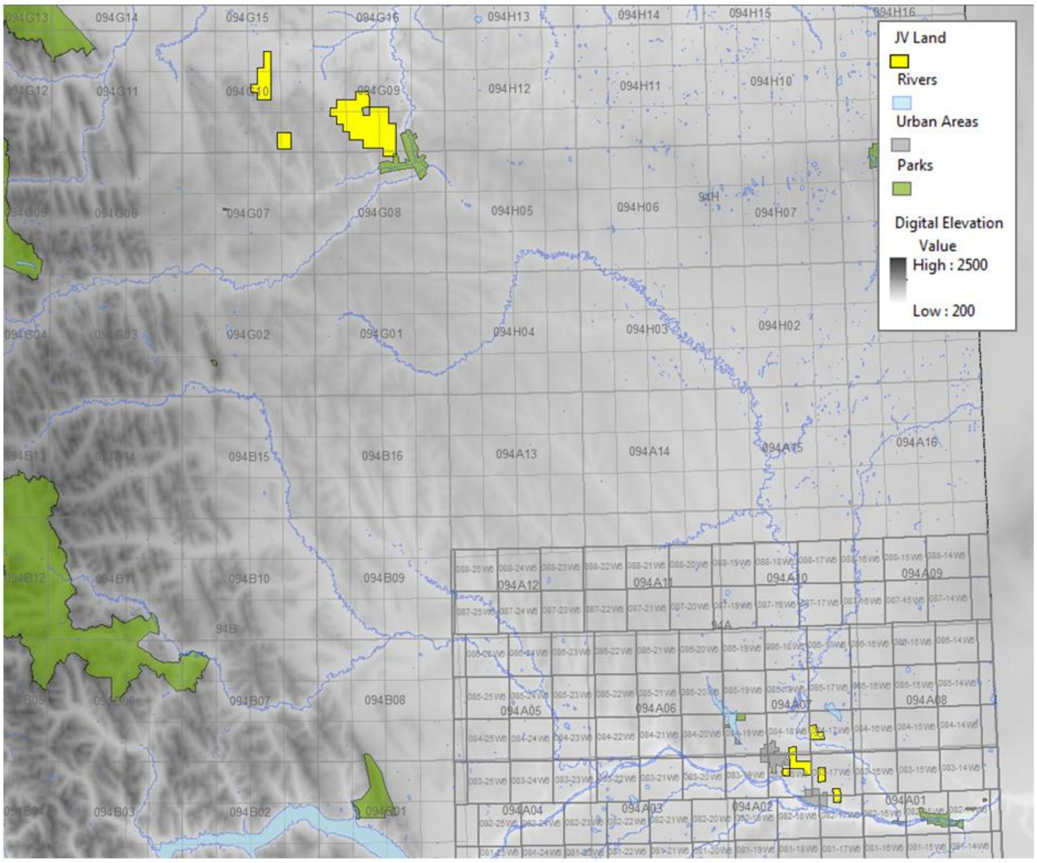
Whilst the Montney Resource Play is generally regarded as one of the most economically robust in North America, the Directors resolved that given the current market conditions and commodity prices the project would be better able to progress in a private company.

The Directors are of the view that the following advantages made the demerger attractive:

- Shareholders retain their current shareholding in Tamaska and also received a proportional share holding in TMKM with a book value of 0.68 cents per Tamaska Share held;
- Tamaska will be free to pursue new business opportunities likely to achieve greater recognition on the ASX, without diluting Shareholder's interests in the Montney Asset; and
- In an unlisted structure, the underlying value of the Montney Asset can be unlocked over time and with low overheads and minimal dilution to shareholders. In particular TMKM is better positioned to be able to attract a partner to fund drilling and appraisal.

The company has been marketing the Inga land position to local operators which has resulted in a sale of its interests for net proceeds of CA$700,000 in July 2016. These funds will ensure the Company can maintain its solvency whilst the Market recovers The Company is pleased to advise that the Caribou area land has been de-risked through nearby third party drilling and in-house geoscience work.

Map of Acreage



Duvernay Shale and Rock Creek Update

The remaining land was demerged with the Montney project to TMKM. The land is in its final lease year and will revert to the Crown as it expires.

Corporate

Cash Position at 30 June 2016

The Company had a closing cash balance of A$181,639 at 30 June 2016.

Changes in State of affairs

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

Events subsequent to reporting date

On 21 July 2016, 18 Sections of Land in the Inga Area British Columbia, Canada was sold to Kelt Exploration Ltd for a gross consideration of CA$1.75 million (AU$1.81 million). TMK Montney Ltd holds a 40% working interest through subsidiary Warren Energy Ltd and received CA$700,000 (AU$725,802).

No other matter or circumstance has arisen since 30 June 2016 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments

The consolidated entity will continue to pursue its principal activities.

Auditor's Declaration

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 7 of the financial statements for the period ended 30 June 2016.

This report is signed in accordance with a resolution of the Board of Directors.

Alexander Parks
Managing Director
Perth, W.A.
13 September 2016

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DECLARATION OF INDEPENDENCE BY JARRAD PRUE TO THE DIRECTORS OF TMK MONTNEY LIMITED

As lead auditor for the review of TMK Montney Limited for the period ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of TMK Montney Limited and the entity it controlled during the period.

Jarrad Prue

Director

BDO Audit (WA) Pty Ltd

Perth, 13 September 2016

TMK MONTNEY LTD
ABN 42 607 112 710

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2016

	Note	Consolidated For the period of 16 July 2015 to 30-Jun-16 $
Other Income		
Other Income		176,545
Expenses		
Employee benefits expense		(73,553)
Professional and statutory fees		(102,240)
Corporate office expenses		(108,831)
Impairment of Assets held for sale	8	(159,797)
Impairment of capitalised oil & gas expenditure	10	(503,046)
Foreign exchange gain/(loss)		(3,923)
Other Expenses		7,687
Loss before income tax		(767,158)
Income tax benefit/(expense)		-
Loss for the period		(767,158)
Other Comprehensive Income		
Exchange differences on translation of foreign entities		(147,983)
Total comprehensive loss for the period		(915,141)
		Cents
Earnings/(Loss) per share		
Basic and diluted loss per share		(0.01)

The Consolidated Statement of Profit or Loss and other Comprehensive Income is to be read in conjunction with the notes to the Consolidated Statements set out on pages 12 to 30.

TMK MONTNEY LTD
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

		Consolidated
	Note	**30-Jun-16** **$**
ASSETS		
Current Assets		
Cash and cash equivalents		181,639
Trade and other receivables	7	4,484
Assets held for sale	8	725,802
Total Current Assets		911,925
Non-Current Assets		
Capitalised exploration expenditure	10	3,137,960
Total Non-Current Assets		3,137,960
Total Assets		4,049,885
LIABILITIES		
Current Liabilities		
Trade and other payables		210,761
Total Current Liabilities		210,761
Total Liabilities		210,761
Net Assets		3,839,124
EQUITY		
Contributed equity	5	4,855,200
Reserves	6	(248,918)
Accumulated losses		(767,158)
Total Equity		3,839,124

The Consolidated Statement of Financial Position is to be read in conjunction with the notes to the Consolidated Financial Statements set out on pages 12 to 30.

TMK MONTNEY LTD
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2016

	Contributed Equity	Acquisition Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total Equity
	$	$	$	$	$
Balance at incorporation (16 July 2015)	-	-	-	-	-
Total loss for the period	-	-	-	(767,158)	(767,158)
Other Comprehensive Income					
Exchange differences on translation of foreign operations	-	-	(147,983)	-	(147,983)
Total comprehensive income for the period	-	-	(147,983)	(767,158)	(915,141)
Transactions with owners in their capacity as owners:					
Shares Issued	4,855,200	-	-	-	4,855,200
Acquisition of commonly controlled entities	-	(100,935)	-	-	(100,935)
Balance at 30 June 2016	**4,855,200**	**(100,935)**	**(147,983)**	**(767,158)**	**3,839,124**

The Consolidated Statement of Changes in Equity is to be read in conjunction with the notes to the Consolidated Financial Statements set out in pages 12 to 30.

TMK MONTNEY LTD
ABN 42 607 112 710

CONSOLIDATED STATEMENT OF CASHFLOWS
FOR THE PERIOD ENDED 30 JUNE 2016

	Consolidated
	For the period of 16 July 2015 to 30-Jun-16
	$
Cash Flows From Operating Activities	
Payments to suppliers and employees	(174,493)
Tax Refund	176,545
Net cash inflow from operating activities	2,052
Cash Flows From Investing Activities	
Proceeds from Demerger	223,269
Payments for exploration and evaluation	(39,023)
Net cash outflow from investing activities	184,246
Cash Flows from financing activities	
Net cash inflow from financing activities	-
Net increase in cash held	186,298
Cash and cash equivalents held at beginning of financial period	-
Effect of exchange rate changes on cash and cash equivalents	(4,659)
Cash and cash equivalents at end of the period	181,639

The Consolidated Statement of Cash Flows is to be read in conjunction with the notes to the Consolidated Financial Statements set out on pages 12 to 30.

1. BASIS OF PREPARATION OF PERIOD END FINANCIAL REPORT

(a) Reporting entity

TMK Montney Limited ("TMKM" or the "Company") is an unlisted company limited by shares, incorporated in Australia.

The consolidated financial statements of the Company as at, and for the 11 months ended 30 June 2016, comprise TMKM and its subsidiaries (together referred to as the "consolidated entity" or "group"). The financial report of the consolidated entity for the period ended 30 June 2016 was authorised for issue in accordance with a resolution of the directors on 13 September 2016.

(b) Statement of Compliance

These consolidated interim financial statements have been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards including AASB 134: Interim Financial Reporting.

These consolidated interim financial statements were approved by the Board of Directors 13 September 2016.

(c) 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. TMKM is an unlisted company limited by shares, incorporated in Australia.

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 period reporting period beginning July 2015.

v) Comparatives
Comparative balances for the Company are not available as it was incorporated during the financial period on 16 July 2015.

1. BASIS OF PREPARATION OF PERIOD END FINANCIAL REPORT (Continued)

(d) Principles of Consolidation

i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of TMKM (the "parent entity") as at 30 June 2016 and the results of all subsidiaries for the period then ended.

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated 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.

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.

(e) Acquisition of entities under common control

The group adopts the pooling of interest method to account for acquisition of entities under common control.

The pooling of interest method involves the following:

Any difference between the consideration paid/transferred (including liabilities assumed) and the entity "acquired" is reflected within equity.

No adjustments are made to reflect fair values, or recognise any new assets or liabilities that would otherwise be done under the acquisition method. The only adjustments that are made are to harmonise the accounting policies. Any difference between the consideration paid/transferred (including liabilities assumed) and the entity "acquired" is reflected within equity.

The Consolidated Statement of Profit or Loss and Other Comprehensive Income reflects the result of the combining entities from the date that the combination occurred. Financial information for the periods prior to the date the combination occurred is not restated.

(f) Segment Reporting

Operating segments e 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.

1. BASIS OF PREPARATION OF PERIOD END FINANCIAL REPORT (Continued)

(g) 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 subsidiaries functional currency is CAD. The consolidated financial statements are presented in Australian dollars, which is the parent 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 profit or loss and other 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.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss and other comprehensive income, within finance costs.

All other foreign exchange gains and losses are presented in the Statement of Profit and Loss and Other comprehensive income 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:

- 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;
- Income and expenses for each Statement of profit or loss and other 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
- 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.

1. BASIS OF PREPARATION OF PERIOD END FINANCIAL REPORT (Continued)

(h) 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.

(i) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions and short-term deposits.

(j) 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.

(k) 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.

1. BASIS OF PREPARATION OF PERIOD END FINANCIAL REPORT (Continued)

(l) 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.

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 profit or loss and other 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.

(m) 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 de-recognition.

1. BASIS OF PREPARATION OF PERIOD END FINANCIAL REPORT (Continued)

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 as current assets. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position as current liabilities.

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 results of discontinued operations are presented separately in the statement of profit or loss and other comprehensive income.

(n) 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 position (note 7).

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.

(o) Exploration, Evaluation and Development Expenditure

Exploration and evaluation 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 amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

1. BASIS OF PREPARATION OF PERIOD END FINANCIAL REPORT (Continued)

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.

(p) 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.

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.

(q) 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.

(r) 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 may be provided to employees.

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.

1. BASIS OF PREPARATION OF PERIOD END FINANCIAL REPORT (Continued)

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs are allocated to share capital.

(s) 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.

(t) 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:

- 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
- 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:

- 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
- 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 profit or loss and other comprehensive income.

1. BASIS OF PREPARATION OF PERIOD END FINANCIAL REPORT (Continued)

(u) 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 authorities 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.

(v) 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:

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- 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.
- Acquisition reserve which comprises the difference between the nest asset acquired via acquisition of entities under common control and the value of shares issued.

(w) 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.

(x) New Accounting Standards and Interpretations

i) New Accounting Standards and Interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the period ended 30 June 2016 reporting periods and have not been early adopted by the Company. The Company's assessment of the impact of these new standards and interpretations is set out below:

Reference and Title	Summary	Application date of standard	**Impact on 30 June 2016 financial statements**
AASB 9 - Financial Instruments	*AASB 9 (December 2014) is a new Principal standard which replaces AASB 139. This new Principal version supersedes AASB 9 issued in December 2009 (as amended) and AASB 9 (issued in December 2010) and includes a model for classification and measurement, a single, forward-looking expected loss' impairment model and a substantially-reformed approach to hedge accounting.* *AASB 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early application*	*Annual reporting periods commencing on or after 1 January 2018*	*When this standard is first adopted from 1 July 2018, there will be no impact on transactions and balances recognised in the financial statements.*
AASB 15 – Revenue from Contracts with Customers	*An entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This means that revenue will be recognised when control of goods or services is transferred, rather than on transfer of risks and rewards as is currently the case under IAS 18 Revenue.*	*Annual reporting periods beginning on or after 1 January 2017*	*When this standard is first adopted from 1 July 2017, this standard will not significant impact transactions and balances recognised in the financial statements.*
AASB 16 (issued February 2016) Leases	*AASB 16 eliminates the operating and finance lease classifications for lessees currently accounted for under AASB 117 Leases. It instead requires an entity to bring most leases onto its balance sheet in a similar way to how existing finance leases are treated under AASB 117. An entity will be required to recognise a lease liability and a right of use asset in its balance sheet for most leases. There are some optional exemptions for leases with a period of 12 months or less and for low value leases.* *Lessor accounting remains largely unchanged from AASB 117.*	*Annual reporting periods beginning on or after 1 January 2019.*	*When this standard is first adopted from 1 July 2018, there will be minimal impact on transactions and balances recognised in the financial statements.*

AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle	*The subjects of the principal amendments to the Standards are set out below: AASB 119 Employee Benefits Discount rate: regional market issue – clarifies that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability. Further it clarifies that the depth of the market for high quality corporate bonds should be assessed at the currency level.*	*Annual reporting periods commencing on or after 1 January 2016*	*There will be no impact on the financial statements when these amendments are first adopted because they apply prospectively to share-based payment transactions for which the grant date is on or after 1 January 2016.*
AASB 201 Amendments To Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101	*The Standard makes amendments to AASB 101 Presentation of Financial Statements arising from the IASB's Disclosure Initiative project. The amendments are designed to further encourage companies to apply professional judgement in determining what information to disclose in the financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. The amendments also clarify that companies should use professional judgement in determining where and in what order information is present in the financial disclosures.*	*Annual reporting periods commencing on or after 1 January 2016*	*There will be no impact on the financial statements when these amendments are first adopted because this is a disclosure standard only.*

2. 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) 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.

(ii) 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.

3. FINANCIAL RISK MANAGEMENT

The Group's policies with regard to financial risk management are clearly defined and consistently applied. They are a fundamental part of the Group's long term strategy covering areas such as foreign exchange risk, interest rate risk, commodity price risk, credit risk and liquidity risk and capital management. The Group does not issue derivative financial instruments, nor does it believe that it has exposure to such trading or speculative holdings through its investments in wholly owned subsidiaries. Risk management is carried out by the Board as a whole, which provides written principles for overall risk management, as well as policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk and liquidity risk. The group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and aging analysis for credit risk.

(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 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.

(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 has no long term borrowings and its exposure to interest rate risk is assessed as minimal.

Interest rate risk relates to the statement of financial position values of the consolidated cash at bank at 30 June 2016. Due to the majority of the Company funds held in CAD and the CAD interest rates being less than 0.25% the materiality of any sensitivity movements would be immaterial.

(b) Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is not significantly exposed to credit risk from its operating activities, however the Board constantly monitors customer receivables. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial asset. The Group does not hold collateral as security. No material exposure is considered to exist by virtue of the possible non-performance of the counterparties to financial instruments and cash deposits. Credit rating of cash is A+; all funds are held by Frost Bank and NAB which have government guarantees on deposits.

The maximum exposure to credit risk at the reporting date is the carrying amount of the assets as summarised below, none of which are impaired or past due.

	CARRYING AMOUNT
	30-Jun-16
	$
Cash and cash equivalents	181,639
Trade and other receivables	4,484

(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 2016	Less than 6 months $	6-12 months $	Between 1-5 years $	Total $	Carrying Value $
Financial Liabilities					
Trade and other payables	210,761	-	-	210,761	210,761
	210,761	-	-	210,761	210,761

(d) Fair Value Estimation

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

(e) Fair value hierarchy

AASB 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the assets or liability, either directly or indirectly; and
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

At period ended 30 June 2016 the Group did not have any financial instruments that are subject to recurring or non-recurring fair value measurements.

The following table presents the Group's financial assets measured and recognised at fair value at 30 June 2016 on a recurring basis:

Year to 30 June 2016	Level 1 $	Level 2 $	Level 3 $	Total $
Financial assets at fair value through profit or loss:				
Assets classified as held for sale (note 8) – Level 2	-	725,802	-	**725,802**

(f) Valuation techniques used to derive level 2 fair values

The fair values of financial instruments that are not traded in an active market are determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value and instruments are observable, the instrument is included in level 2.

All of the resulting fair value estimates are included in level 2.

(g) Fair values of other financial instruments

Due to their short-term nature, the carrying amounts of the current receivables and current trade and other payables is assumed to equal their fair value.

The following methods and assumptions are used to determine the net fair value of financial assets and liabilities:

- Cash assets, borrowings and financial assets are carried at amounts approximating fair value because of their short term nature to maturity.

Receivables and payables are carried at amounts approximating fair value.

(h) 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.

4. SEGMENT REPORTING

Management has determined, based on reports reviewed by the Board of Directors that are used to make strategic decisions, that the Group has one reportable segment being oil and gas production and exploration.

The Board of Directors review internal management reports on a regular basis which reflect the information provided in the period ended 30 June 2016 financial statements.

5. CONTRIBUTED EQUITY

	Consolidated	
	30-Jun-16	**30-Jun-16**
	No.	**$**
Balance brought forward at the beginning of the period	-	-
Shares issued during the period	71,399,990	4,855,200
Balance carried forward at the end of the period	**71,399,990**	**4,855,200**

Unlisted Options issued during the period

18,000,000 unlisted options issued @$0.09 with expiry date 31/03/2019

6. RESERVES

	Consolidated
	30-Jun-16
	$
Acquisition Reserve	(100,935)
Foreign currency translation	(147,983)
	(248,918)

7. TRADE AND OTHER RECEIVABLES AND OTHER CURRENT ASSETS

	Consolidated
	30-Jun-16
	$
Current	
Trade and other receivables	4,484
	4,484

Other receivables include amounts outstanding for goods & services tax (GST). GST amounts are non-interest bearing and have repayment terms applicable under the relevant government authorities.

8. ASSETS CLASSIFIED AS HELD FOR SALE

Following assets held for sales movement during the period:

	Consolidated
	30-Jun -16
	$
Assets held for sale – cost	725,802
Acquired by in specie distribution	159,797
Transfer from Exploration Expenditure	725,802
Impairment	(159,797)
	725,802

On 21 July 2016, 18 Sections of Land in the Inga Area British Columbia, Canada was sold to Kelt Exploration Ltd during July 2016 for a gross consideration of CA$1.75 million (AU$1.81 million). TMK Montney Ltd holds a 40% working interest through subsidiary Warren Energy Ltd and received CA$700,000 (AU$725,802).

9. ACQUISITION OF COMMONLY CONTROLLED ENTITIES

On 20 October 2015, Tamaska Oil and Gas Ltd and its subsidiaries, demergered from Warren Energy Ltd (now a subsidiary of TMK Montney Ltd (TMKM)). The demerger transaction comprised of $4,754,265. The following transactions occurred for the demerger transaction to complete on 20 October 2015 :

- Tamaska capitalised the amount of the loan from Tamaska to Warren at the date of completion into fully paid ordinary shares in Warren;
- Tamaska sold and TMK Montney purchased 100% of the Warren Shares for consideration of 71,399,999 shares in TMK Montney with a paid up value in aggregate equal to the fair market value of the Warren Assets, being 6.8 cents per TMK Montney Share or A$4,855,200;
- On completion, Tamaska nominated that the TMK Montney Shares were issued directly to the Shareholders of Tamaska, as part of an in specie distribution of 100% of the TMK Montney Shares held by Tamaska; and
- TMK Montney made an offer to each existing holder of Tamaska Options to issue 1 TMK Montney Option (for no consideration) for every 10 Tamaska Options held. The TMK Montney Options will be exercisable at 9 cents each on or before 31 March 2019.

As a result of the transactions described above, the summarised financial information as at 20 October 2015 for the acquired entity is provided below :

	20 October 2015
	$
ASSETS	
Current Assets	
Cash and cash equivalents	81,599
Trade and other receivables	164,207
Assets held for sale	159,794
Total Current Assets	405,600

	20 October 2015 $
Non-Current Assets	
Capitalised exploration expenditure	4,431,015
Total Non-Current Assets	4,431,015
Total Assets	4,836,615
LIABILITIES	
Current Liabilities	
Trade and other payables	82,350
Total Current Liabilities	82,350
Total Liabilities	82,350
Net Assets	4,754,265
Equity	
Contributed equity	4,855,200
Reserves	(100,935)
Total Equity	4,754,265

10. CAPITALISED EXPLORATION EXPENDITURE

The balance of exploration expenditure represents capitalised exploration expenditure regarding areas of interest where either exploration activities are ongoing or where recoupment of exploration costs is expected. The carry forward of exploration and evaluation costs is dependent on the successful recoupment of these costs through commercial exploitation, or alternatively, the sale of the group's area of interest.

	Consolidated
Exploration, evaluation and expenditure – cost	**30-Jun-16** **$**
Acquired by in specie distribution	4,431,015
Expenditure during the period	65,590
Less transferred to Assets held for sale	(725,802)
Impairment	(503,046)
Foreign currency movement	(129,797)
Carrying amount at end of period	3,137, 960

The ultimate recoupment of costs carried forward for capitalised expenditure is dependent on either the sale or successful development and commercial exploitation of lease acreage. Impairments of capitalised expenditure relate to costs associated with General Project costs and residual Montney costs.

11. COMMITMENTS AND CONTINGENT LIABILITIES

Operating Leases	30-Jun -16 $
Not later than one year	27,813

There were no contingent assets or liabilities as at 30 June 2016.

12. EVENTS SUBSEQUENT TO REPORTING DATE

On 21 July 2016, 18 Sections of Land in the Inga Area British Columbia, Canada was sold to Kelt Exploration Ltd for a gross consideration of CA$1.75 million. TMK Montney Ltd holds a 40% working interest through subsidiary Warren Energy Ltd and received CA$700,000.

No other matter or circumstance has arisen since 30 June 2016 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

13. DIVIDENDS

No dividends have been paid or proposed during the financial period.

14. SUBSIDIARIES

The Company has the following subsidiaries.

Name of Subsidiary	Place of Incorporation	Percentage owned 2016
Warren Energy Ltd	Alberta Canada	100%

15. RELATED PARTY TRANSACTIONS

(a) Parent Entity

The ultimate parent entity that exercises control over the Group is TMKM, which is an unlisted company incorporated in Australia.

(b) Subsidiaries

Details of interests in wholly owned controlled entities are set out in Note 14.

(c) 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.

Entity	Nature of transactions	Consolidated 2016 $
Amounts recognised as Assets and Liabilities.		
Carnaby Energy Limited(i)	Exploration cost	31,629
Amounts recognised as expense		
Carnaby Energy Limited(i)	Land rent and consultants fees	38,830
Payables at 30 June 2016		
Carnaby Energy Limited(i)		49,191

(i) During the period Warren Energy Ltd (100% subsidiary) executed a Joint Venture agreement with Carnaby Energy with respect to the 40%:60% Montney project. Scott Alanen was a Director of both Warren and Carnaby.

(d) Transactions with key management personnel

The totals of remuneration paid to KMP of the company and the Group during the period are as follows:

	Consolidated
	30-Jun -16
	$
Short-term employee benefits	
Alex Parks	59,990
Brett Lawrence	6,000
Justin Norris	6,000
Sylvia Moss	25,706
Total KMP compensation	**97,696**

(e) Loan to/from related parties:

There were no loans to or from related parties during the period.

DIRECTORS' DECLARATION

The directors of the consolidated entity declare that:

1. The financial statements and notes, as set out on pages 8 to 30 are in accordance with the Corporations Act 2001:

    a. give a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the period ended on that date; and

    b. comply with Accounting Standard *AASB 134 Interim Financial Reporting*, *Corporations Regulations 2001 and* other mandatory professional reporting requirements

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.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s.303(5) of the *Corporations Act 2001*.

On behalf of the Directors

Alexander Parks
Managing Director

Perth, 13 September 2016

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of TMK Montney Limited

Report on the Interim Financial Report

We have reviewed the accompanying interim financial report of TMK Montney Limited, which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the period ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entity it controlled at the period end or from time to time during the period.

Directors' Responsibility for the Interim Financial Report

The directors of the company are responsible for the preparation of the interim 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 interim financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and its performance for the period ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of TMK Montney Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of TMK Montney Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of TMK Montney Limited is not in accordance with the Corporations Act 2001 including:

(a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the period ended on that date; and

(b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

BDO Audit (WA) Pty Ltd

BDO

JPrue

Jarrad Prue

Director

Perth, 13 September 2016