SAMSON

OIL & GAS LIMITED

SAMSON OIL & GAS LIMITED

ABN 25 009 069 005

INTERIM FINANCIAL REPORT

31 December 2019

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SAMSON OIL & GAS LIMITED

CORPORATE INFORMATION

DIRECTORS
P. Hill (Chairman)
T. Barr (Managing Director)
G. Channon*
N. Ong*

SECRETARY
N. Ong*

* denotes Australian resident.

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AUSTRALIAN COMPANY NUMBER
009 069 005

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SOLICITORS
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152-158 St Georges Terrace
Perth, WA, 6000

AUDITORS
RSM Australia Partners
Level 32, Exchange Tower
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Perth WA 6000

STOCK EXCHANGE
Australian Stock Exchange Limited
Code: SSN

OTC
Code: SSNYY

AUSTRALIAN BUSINESS NUMBER
25 009 069 005

Your directors submit their report on Samson Oil & Gas Limited and its consolidated entities (the "Consolidated Entity" or "Group") for the half-year ended 31 December 2019. All amounts are in United States Dollars (US$), unless otherwise indicated.

DIRECTORS

The names of the Consolidated Entity's directors in office during the half-year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Mr Terence Maxwell Barr – Managing Director
Dr Peter Hill – Chairman
Mr Greg Channon*
Mr Nicholas Ong*
* denotes Australian resident

PRINCIPAL ACTIVITIES

We are an independent energy company whose business plan is to acquire, explore and develop oil, natural gas and natural gas liquids ("NGL's") in the United States, primarily with a focus in Montana and North Dakota. Due to our limited capital and low commodity prices, we have not been able to execute on our business plan. Our long-term strategy is to seek to deliver net asset value per share growth to our investors via attractive investments within the oil and gas industry. In the event we are able to obtain sufficient additional capital we expect to seek properties that offer profit potential from overlooked and by-passed reserves of oil and natural gas, which may include shut-in wells, in-field development, stripper wells, re-completion and re-working projects.

REVIEW AND RESULTS OF OPERATIONS

Our financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activities and the realization of assets and settlement of liabilities in the normal course of business. We incurred net losses of $7.2 million and $8.1 million and had net cash outflows from operating activities of $35,278 and $5.3 million for the half-year period ended 31 December 2019, and fiscal year ended 30 June 2019, respectively.

On 9 April 2019, we closed a $33.5 million refinancing with AEP I FINCO LLC ("Lender"), as administrative agent, and certain other financial institutions (the "Credit Agreement"). The proceeds of the Credit Agreement were used to retire our previous credit facility of $23.9 million, repay outstanding creditors, royalty and working interest owners and provide working capital to pursue our infill development drilling program. In conjunction with the closing of the Credit Agreement, we paid $1.4 million in deferred borrowing costs.

The Credit Agreement is secured by our oil and gas properties and has a 5-year term with a maturity date on 9 April 2024. Interest on the Credit Facility accrues at a rate equal to LIBOR plus a margin of 10.5% and is payable on the last day of each interest period. The effective interest rate for the half-year period ended 31 December 2019, was approximately 12.5%. At 31 December 2019, we were not in compliance with certain financial covenants under the Credit Agreement. The total outstanding amount of the Credit Agreement was, therefore, categorized as a current liability. Previously, at 30 June 2019, when we were not in compliance with certain financial covenants, the total outstanding amount of the Credit Agreement was categorized as a current liability and the deferred financing fees in the amount of $1.4 million, previously recorded as a debt discount, were written off to interest expense. Due to our breaches of the Credit Agreement, the Lender may declare an event of default and foreclose on some or all of our assets and/or accelerate the full amount of the $33.5 million loan plus all accrued and unpaid interest, prepayment penalties, fees and other lender costs and expenses.

On 4 September 2019, we received notice of an administrative action brought by the Commission under North Dakota Century Code Chapters 38-08 and 28-32 ("NDIC). The notice makes claim to the status of certain shut-in wells and other location items operated by us. We submitted a formal response in September 2019, and met with the NDIC concerning this matter and presented our plan to address the administrative action. No final resolution or settlement has been entered into as of the filing of this report, however, we can reasonably estimate the amount of penalties and fees that may be assessed against us at 31 December 2019, therefore, an accrual for $2.1 million for potential contingent liabilities has been included in our financial statements as an item within general and administrative expenses.

For the half year ended 31 December 2019, the Group incurred a net loss of $7.2 million and cash out flows from operating and investing activities of $35 thousand and $20 thousand respectively. As at that date, the Group had net current liabilities and net liabilities of $45.5 million and $17 million respectively.

As at 31 December 2019, the Group was in breach of several of its covenants related to the Credit Agreement (defined in Note 8. Borrowings), resulting in borrowings payable of $33.5 million being classified as current liabilities. The Group's ability to continue as a going concern is dependent on the re-negotiation of its Credit Agreement and/or raising further capital.

These factors raise substantial doubt over the Group's ability to continue as a going concern and therefore whether it will realize its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The Directors believe that it is reasonably foreseeable that the Group will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report. The Directors are currently re-negotiating the terms of the Credit Agreement in an effort to obtain a waiver for the breach.

The Group is currently negotiating with a prospective party for a farm-in to its oil and gas assets in order to continue to execute on its drilling and development plan.

The Directors are confident they will be able to successfully re-negotiate the Credit Agreement and receive additional working capital through the farm-in to its oil and gas assets.

Operations

Foreman Butte Project, North Dakota and Montana

In March 2016, the Consolidated Entity closed on an acquisition (the "Foreman Butte Acquisition") of certain assets located in North Dakota and Montana, which are referred to as the "Foreman Butte Project," for a purchase price of $16 million.

The acquired assets were comprised of producing oil and gas wells, shut in wells and associated facilities. The wells are located in the Madison and Ratcliffe formations. The majority of these wells are operated by the Consolidated Entity, however a number of non-operated wells were also included in this package. The Consolidated Entity is continuing to concentrate it's efforts on the operations of this field and the development of the PUD ("Proved Undeveloped") drilling program in the Home Run field. The development efforts are currently constrained, however, by the Consolidated Entity's lack of access to capital to fund any development activities. The Consolidated Entity has four current drilling permits for the Home Run field and anticipate that the first PUD well will be drilled as soon as the Consolidated Entity obtains the necessary funding through a refinance of the credit facility through there can be no assurance this will be possible.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Consolidated Entity during the financial half-year.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 19.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

T. M. Barr
Director

Denver, Colorado
26 March 2020

CONSOLIDATED STATEMENT OF NET LOSS AND OTHER COMPREHENSIVE LOSS
for the half-year ended 31 December 2019

	NOTE	Half-year ended 31 December 2019 $	2018 $
Revenue from continuing operations			
Sale of oil and gas	3(a)	7,137,526	6,606,422
Total revenue		**7,137,526**	**6,606,422**
Cost of sales	3 (a)	(8,612,321)	(6,756,038)
Gross (loss) / profit		**(1,474,795)**	**(149,616)**
Other income	3(a)	147,142	1,435,794
Finance expenses	3 (c)	(2,415,153)	(1,010,581)
Gain on derivative instruments		134,508	-
Abandonment expense		(25,416)	-
Exploration expense		-	(39,311)
General and administration expenses	3 (b)	(3,574,210)	(1,800,057)
Loss before income tax		(7,207,924)	(1,563,771)
Income tax benefit		-	-
Net loss after income tax for the year attributable to owners of Samson Oil & Gas Limited		**(7,207,924)**	**(1,563,771)**
Other comprehensive expense			
Items that may be reclassified to profit and loss			
Net foreign currency translation differences		(11,327)	29,272
Total comprehensive loss for the period attributable to equity holders of the parent		**(7,219,251)**	**(1,534,499)**
Basic loss per share (cents) from continuing operations attributable to ordinary equity holders of the Consolidated Entity			
Basic and diluted loss per share (cents)		$ (2.20)	$ (0.48)

The above Consolidated Statement of Net Loss and Other Comprehensive Loss should be read in conjunction with the accompanying notes.

CONSOLIDATED BALANCE SHEET

	NOTE	31-Dec-19 $	30-Jun-19 $
Current assets			
Cash and cash equivalents		616,350	685,737
Restricted cash		2,088,750	2,088,750
Trade and other receivables		1,789,541	1,982,123
Prepayments		60,719	-
Total current assets		**4,555,360**	**4,756,610**
Non-current assets			
Restricted cash		450,000	450,000
Trade and other receivables		109,199	109,722
Derivative instruments	6	455,639	365,542
Right of use asset		128,068	-
Plant and equipment		130,131	174,931
Oil and gas properties	5	29,169,830	30,174,859
Deferred tax asset		780,000	780,000
Total non-current assets		**31,222,867**	**32,055,054**
Total assets		**35,778,227**	**36,811,664**
Current liabilities			
Trade and other payables		14,336,165	9,421,402
Provisions		1,580,837	274,404
Current portion of lease liability		98,253	-
Derivative Instruments	6	507,969	150,703
Current portion of borrowings	8	33,532,143	33,500,000
Total current liabilities		**50,055,367**	**43,346,509**
Non-current liabilities			
Provisions		2,631,774	3,304,987
Lease liability		61,347	-
Borrowings	8	125,891	-
Total non-current liabilities		**2,819,012**	**3,304,987**
Total Liabilities		**52,874,379**	**46,651,496**
Net liabilities		**(17,096,152)**	**(9,839,832)**
Shareholders' Equity			
Contributed equity		99,643,104	99,643,104
Accumulated losses		(123,744,497)	(116,499,504)
Reserves		7,005,241	7,016,568
Total deficit		**(17,096,152)**	**(9,839,832)**

The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Half-year ended 31 December 2019 $	Half-year ended 31 December 2018 $
Cash flows from operating activities		
Receipts from customers and debtors	7,330,108	8,686,752
Payments to suppliers and employees	(5,671,211)	(7,192,326)
Receipts from (payments for) derivative instruments	134,508	(775,449)
Prepayments for rent and insurance policies	(80,240)	-
Proceeds received from insurance settlements and other income	394,802	-
Interest paid	(2,162,754)	(756,138)
Interest received	19,509	449
Net cash inflows from operating activities	**(35,278)**	**(36,712)**
Cash flows from investing activities		
Proceeds of sale of oil and gas properties	-	700,000
Cash paid for oil and gas properties and development	(20,271)	(256,925)
Payments for exploration and evaluation	-	(39,310)
Net cash inflows/(outflows) used in investing activities	**(20,271)**	**403,765**
Cash flows from financing activities		
Repayments of borrowings	(2,679)	-
Net cash outflows from financing activities	**(2,679)**	**-**
Net increase/(decrease) in cash and cash equivalents held	(58,228)	367,053
Effects of foreign exchange on cash balances	(11,159)	(5,927)
Cash and cash equivalents at beginning of period	685,737	1,376,676
Cash and cash equivalents at end of period	**616,350**	**1,737,802**

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (DEFICIT)
for the half-year ended 31 December 2019

	Contributed Equity	*Accumulated Losses*	*Foreign Currency Translation Reserve*	*Share Based Payments Reserve*	*Equity Reserves*	*Total*
	$	*$*	*$*	*$*	*$*	*$*
At 1 July 2018	**99,643,104**	**(108,427,085)**	**1,944,338**	**6,181,162**	**(1,097,780)**	**(1,756,261)**
Loss for the period	-	(1,563,771)	-	-	-	(1,563,771)
Other comprehensive expense	-	-	29,272	-	-	29,272
Total comprehensive expense for the period	-	(1,563,771)	29,272	-	-	(1,534,499)
Share based payments	-	-	-	-	-	-
At 31 December 2018	**99,643,104**	**(109,990,856)**	**1,973,610**	**6,181,162**	**(1,097,780)**	**(3,290,760)**
At 1 July 2019	**99,643,104**	**(116,499,504)**	**1,933,186**	**6,181,162**	**(1,097,780)**	**(9,839,832)**
Adjustment for change in accounting policy	-	(37,069)	-	-	-	(37,069)
Balance at 1 July 2019 - restated	**99,643,104**	**(116,536,573)**	**1,933,186**	**6,181,162**	**(1,097,780)**	**(9,876,901)**
Loss for the period	-	(7,207,924)	-	-	-	(7,207,924)
Other comprehensive expense	-	-	(11,327)	-	-	(11,327)
Total comprehensive expense for the period	-	(7,244,993)	(11,327)	-	-	(7,256,710)
Share based payments	-	-	-	-	-	-
At 31 December 2019	**99,643,104**	**(123,744,497)**	**1,921,859**	**6,181,162**	**(1,097,780)**	**(17,096,152)**

The above Consolidated Statement of Changes in Equity (Deficit) should be read in conjunction with the accompanying notes.

1. CORPORATE INFORMATION

The condensed consolidated interim financial report of Samson Oil & Gas Limited ("the Consolidated Entity") and its controlled entities together, the "Consolidated Entity" for the half-year ended 31 December 2019 was authorised for issue in accordance with a resolution of the directors on 25 March 2020.

Samson Oil & Gas Limited is a Consolidated Entity incorporated in Australia and limited by shares, which are publicly traded on the Australian Stock Exchange (ASX code "SSN").

The Consolidated Entity trades its American Depositary Shares ("ADS's") on the Over the Counter Exchange OTC QB under the symbol "SSNYY".

2. BASIS OF PREPARATION OF HALF-YEAR REPORT

The half-year consolidated financial report has been prepared in accordance with the requirements of the *Corporations Act 2001* and Accounting Standard AASB 134 *Interim Financial Reporting.*

The half-year financial report does not include all notes of the type normally included within the annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2019 and any public announcements by Samson Oil & Gas Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial reporting year and corresponding interim reporting period.

The financial report is presented in United States Dollars (US$).

New, Revised or Amending Accounting Standards and Interpretations adopted

The Consolidated Entity has adopted all of the new and revised Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The adoption of these new and revised Accounting Standards and Interpretations has not resulted in a significant or material change to the Consolidated Entity's accounting policies.

Any new, revised or amending Accounting standards or Interpretations that are not yet mandatory have not been adopted.

The following Accounting Standards and Interpretations are most relevant to the Consolidated Entity:

AASB 16 Leases

The Group has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classification of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a deprecation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and deprecation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

Impact of adoption

AASB 16 was adopted using the modified retrospective approach and as such comparatives have not been restated.

The impact of adoption on opening accumulated losses as at 1 July 2019 was as follows:

	1 July 2019
Operating lease commitments as at 1 July 2019 (AASB 117)	219,644
Operating lease commitments discounted based on the weighted average incremental borrowing rate of 6.25% (AASB 16)	(205,571)
Right-of-use assets (AASB 16)	168,502
Lease liabilities – current (AASB 16)	(93,658)
Lease liabilities – non-current (AASB 16)	(111,913)
Impact on opening accumulated losses as at 1 July 2019	37,069

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over the estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Going concern

These financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

As disclosed in the financial statements, for the half year ended 31 December 2019, the Group incurred a net loss of $7.2 million and cash out flows from operating and investing activities of $35 thousand and $20 thousand respectively. As at that date, the Group had net current liabilities and net liabilities of $45.5 million and $17 million respectively.

As at 31 December 2019, the Group was in breach of several of its covenants related to the Credit Agreement (defined in Note 8. Borrowings), resulting in borrowings payable of $33.5 million being classified as current liabilities. The Group's ability to continue as a going concern is dependent on the re-negotiation of its Credit Agreement and/or raising further capital.

These factors raise substantial doubt over the Group's ability to continue as a going concern and therefore whether it will realize its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The Directors believe that it is reasonably foreseeable that the Group will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report. The Directors are currently re-negotiating the terms of the Credit Agreement in an effort to obtain a waiver for the breaches.

The Group is currently negotiating with a prospective party for a farm-in to its oil and gas assets in order to continue to execute on its drilling and development plan.

The Directors are confident they will be able to successfully re-negotiate the Credit Agreement and receive additional working capital through the farm-in to its oil and gas assets.

Accordingly, the Directors believe that the Group will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the Consolidated Entity does not continue as a going concern.

3. REVENUE, INCOME AND EXPENSES

	Half-year ended 31 December	
	2019	**2018**
Revenue, income and expenses from operations	**$**	**$**
(a) Revenue		
Sale of oil and gas		
Oil sales	7,083,055	6,454,848
Gas sales	52,029	142,741
Other	2,442	8,833
	7,137,526	6,606,422
Cost of sales		
Lease operating expenses	6,496,813	5,492,427
Depletion of oil and gas properties	2,115,508	1,263,611
	8,612,321	6,756,038
Other Income		
Finance revenue	19,509	449
Loss on movement in derivative instruments	(267,169)	435,345
Other	394,802	1,000,000
	147,142	1,435,794

For the periods ended 31 December 2019 and 2018, all revenue was recognised when the good or service transferred at a point in time.

Full amount of the Consolidated Entity revenue originates in the United States.

	Half-year ended 31 December	
	2019	**2018**
(b) General and administration expenses	**$**	**$**
Employee entitlement	433,943	565,012
Depreciation	44,765	22,188
Consultants fees	141,941	100,039
Lease payments	-	79,276
Office expense	34,805	-
Travel and accommodation	342	30,687
Insurance	81,330	184,889
Assurance and Advisory	324,688	276,035
Investor Relations	40,337	65,395
Legal fees	186,101	234,831
Filing fees, penalties, fines and contingent losses	2,123,867	12,032
Other	162,091	229,673
Total	3,574,210	1,800,057

(c) Finance Expenses

Interest expense	2,162,754	756,138
Refinancing and borrowing costs	252,399	254,443
	2,415,153	1,010,581

4. EXPLORATION AND EVALUATION ASSETS

There are no exploration and evaluation costs at 31 December 2019 and 30 June 2019.

5. OIL AND GAS PROPERTIES

	31-Dec-19	***30-Jun-19***
	$	***$***
Non Current Assets		
Oil and gas properties	47,525,523	46,705,452
Accumulated depletion	(10,657,165)	(8,832,065)
Accumulated impairment	(7,698,528)	(7,698,528)
	29,169,830	30,174,859

6. DERIVATIVES

The Group utilizes swap and collar option contracts to hedge the effect of price changes on a portion of its future oil and natural gas production. The objective of the Group's hedging activities and the use of derivative financial instruments is to achieve more predictable cash flows. While the use of these derivative instruments limits the downside risk of adverse price movements, they also may limit future revenues from favorable price movements. The Group may, from time to time, opportunistically restructure existing derivative contracts or enter into new transactions to effectively modify the terms of current contracts in order to improve the pricing parameters in existing contracts or realize the current value of the Group's existing positions. The Group may use the proceeds from such transactions to secure additional contracts for periods in which the Group believes it has additional unmitigated commodity price risk.

The use of derivatives involves the risk that the counterparties to such instruments will be unable to meet the financial terms of such contracts. The Group's derivative contracts are with a single multinational entity with no history of default with the Group. The derivative contracts may be terminated by a non-defaulting party in the event of default by one of the parties to the agreement. Previously, collateral under the revolving credit facility supported the Group's collateral obligations under the Group's derivative contracts. Therefore, the Group is not required to post additional collateral when the Group is in a derivative liability position.

The Group has elected not to apply hedge accounting to any of its derivative transactions and, consequently, the Group recognizes mark-to-market gains and losses in earnings currently, rather than deferring such amounts in accumulated other comprehensive income for those commodity derivatives that would qualify as cash flow hedges.

Collar-Collars contain a fixed floor price (put) and fixed ceiling price (call). If the market price exceeds the call strike price or falls below the put strike price, the Consolidated Entity receives the fixed price and pays the market price. If the market price is between the call and the put strike price, no payments are due from the either party.

Fixed price swap -The Consolidated Entity receives a fixed price for the contract and pays a floating market price to the counterparty over a specified period for a contracted volume.

All of the Consolidated Entity's derivative contracts are with the same counterparty and are shown on a net basis on the Balance Sheet. The Consolidated Entity's counterparty has entered into an inter-creditor agreement with the provider of the Consolidated Entity's Credit Agreement, as such, no additional collateral is required by the counterparty.

Fair value is defined as the price that would be received in the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). The Consolidated Entity utilizes market data or assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable. The Consolidated Entity classifies fair value balances based on the observability of those inputs. There is an established fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurement).

The three levels of the fair value hierarchy are as follows:

Level 1—Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2—Pricing inputs are other than quoted prices in active markets included in level 1, but are either directly or indirectly observable as of the reported date and for substantially the full term of the instrument. Inputs may include quoted prices for similar assets and liabilities. Level 2 includes those financial instruments that are valued using models or other valuation methodologies.

Level 3—Pricing inputs include significant inputs that are generally less observable from objective sources. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value.

	Fair Value at 31 December 2019				
	Level 1	**Level 2**	**Level 3**	**Netting (1)**	**Total**
Assets					
Current assets	-	21,760	-	(21,760)	-
Non-current assets		473,815	-	(18,176)	455,639
Liabilities					
Current liabilities	-	(529,729)	-	21,760	(507,969)
Non-current liabilities	-	(18,176)	-	18,176	-

Fair Value at 30 June 2019

	Level 1	Level 2	Level 3	Netting (1)	Total
Assets					
Current assets	-	16,889	-	(16,889)	-
Non-current assets	-	377,845	-	(12,303)	365,542
Liabilities					
Current liabilities	-	(167,592)	-	16,889	(150,703)
Non-current liabilities	-	(12,303)	-	12,303	-

(1) Financial assets and liabilities are offset and the net amount reported in the balance sheet where the Consolidated Entity currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Agreements with derivative counterparties are based on an ISDA Master Agreement. Under the terms of these arrangements, only where certain credit events occur (such as default), the net position owing/ receivable to a single counterparty in the same currency will be taken as owing and all the relevant arrangements terminated.

7. DIVIDENDS PAID AND PROPOSED

No dividends have been paid or declared by the Consolidated Entity during the half-year or to the date of this report (half-year ended 31 December 2018: Nil).

8. BORROWINGS

	31-Dec-19	*30-Jun-19*
	$	*$*
Credit Facility with Mutual of Omaha	33,500,000	33,500,000
Royalty installment agreement	158,034	-
	33,658,034	33,500,000
Less current portion	(33,532,143)	(33,500,000)
Total noncurrent portion of borrowings	125,891	-

On 9 April 2019, the Group closed a $33.5 million refinancing with AEP I FINCO LLC ("Lender"), as administrative agent, and certain other financial institutions (the "Credit Agreement"). The proceeds of the Credit Agreement were used to retire the Group's previous credit facility of $23.9 million, repay outstanding creditors, royalty and working interest owners and provide working capital to pursue its infill development drilling program. In conjunction with the closing of the Credit Agreement, the Group paid $1.4 million in deferred borrowing costs.

The Credit Agreement is secured by the Group's oil and gas properties and has a 5-year term with a maturity date on 9 April 2024. Interest on the Credit Facility accrues at a rate equal to LIBOR plus a margin of 10.5% and is payable on the last day of each interest period. The effective interest rate at for the half-year period ended December 31, 2019, was approximately 12.5%.

At 31 December 2019, the Group was not in compliance with certain financial covenants under the Credit Agreement. The total outstanding amount of the Credit Agreement was, therefore, categorized as a current liability.

At 30 June 2019, the Group was not in compliance with certain financial covenants of the Credit Agreement. The total outstanding amount of the Credit Agreement was, therefore, categorized as a current liability and the deferred financing fees in the amount of $1.4 million, previously recorded as a debt discount, were written-off to interest expense.

Due to the Group's recent breaches of the Credit Agreement, the Lender may declare an event of default and foreclose on some or all of the Group's assets and/or accelerate the full amount of the $33.5 million loan plus all accrued and unpaid interest, prepayment penalties, fees and other lender costs and expenses.

On 8 November 2019, the Group entered into an Installment Agreement with the Office of Natural Resources Revenue ("ONRR") in the amount of $160,713, payable over 60 equal monthly installments of $2,678, for payment of Federal royalties action.

9. CONTINGENCIES AND COMMITMENTS

Contingencies

There are no unrecorded contingent assets or liabilities in place for the Consolidated Entity at balance date (2018: $nil).

10. CONTRIBUTED EQUITY

Issued and paid up capital

	31-Dec-19	*30-Jun-19*
	$	$
328,300,044 ordinary fully paid shares including shares to be issued (2018 – 328,300,044 ordinary fully paid shares including shares to be	99,643,104	99,643,104

	31-Dec-19		30-Jun-19	
Movements in contributed equity for the	**No.**	**$**	**No.**	**$**
Opening balance	328,300,544	99,643,104	328,300,544	99,643,104
Shares issued	-	-	-	-
Shares on issue at balance date	*328,300,544*	*99,643,104*	*328,300,544*	*99,643,104*
Shares to be issued as part of Kestrel	6,500	-	6,500	-
Closing Balance	**328,307,044**	**99,643,104**	**328,307,044**	**99,643,104**

(i) *In prior years, shares were issued to Kestrel shareholders as part of the offer to non-US resident shareholders whereby they received five Samson shares for every one Kestrel share held. The Samson share price on the acceptance date of the offer was deemed to be the fair value of the share. As at balance date acceptances had been received for 6,500 (2019: 6,500) shares which have not yet been issued. These shares will be issued upon the presentation of Kestrel Share Certificates by the owner of the shares.*

Following shareholder approval, the Consolidated Entity completed a share consolidation on a 1 for 10 basis to reduce the amount of shares outstanding. Options outstanding have also been consolidated. Prior period comparatives have been adjusted to reflect this consolidation.

At the end of the half-year there were 31,450,000 (June 2019: 31,450,000) unissued ordinary shares in respect of which options were outstanding. Option holders do not have any right by virtue of the option to participate in any share issue of the Consolidated Entity or any related body corporate.

11. EVENTS AFTER THE BALANCE SHEET DATE

In light of the escalating COVID-19 pandemic, Samson needs to prioritize the health and safety of its employees, customers, partners and affiliates over and above all other considerations. Samson is closely monitoring reports from government and healthcare leaders across the globe and is working with colleagues in the business community to minimize the spread and impact of the virus. The full extent of how this may affect Samson is unknown at this time. As of the filing date of this report Samson has not experienced any negative impact directly related to COVID-19, however, given the uncertainty of the full effect of this global situation Samson could be negatively impacted and its business seriously curtailed if certain aspects of its operations become unavailable and Samson is unable to continue producing oil and gas. As of the filing date of this report, oil prices have decreased to approximately $23.00 per barrel a drop of approximately 54% from the average realized price for the fiscal quarter ended December 31, 2019. The impact of this would be a decrease in our unhedged sales of approximately 54% or approximately $0.3 million.

The directors are not aware of any other matters or circumstances not otherwise dealt with in the report or financial statements that have, or may significantly affect the operations, the results of the operations, or the state of affairs of the Consolidated Entity in the subsequent financial year.

SAMSON OIL & GAS LIMITED
DIRECTORS' DECLARATION
31 DECEMBER 2018

In the directors' opinion:

- The attached financial statements and notes thereto comply with the Corporations Act 2001, Accounting Standard AASB 134 'Interim Financial Reporting', and the Corporations Regulations 2001 mandatory professional reporting requirements;
- The attached financial statements and notes thereto give a true and fair view of the Consolidated Entity's financial position as at 31 December 2019 and of its performance for the financial half-year ended on that date; and
- There are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

T. M. Barr
Director

Denver, Colorado
26 March 2020

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Samson Oil & Gas Limited for the half-year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

RSM
RSM AUSTRALIA PARTNERS

A Whyte

Perth, WA
Dated: 25 March 2020

A WHYTE
Partner

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INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
SAMSON OIL & GAS LIMITED

We have reviewed the accompanying half-year financial report of Samson Oil & Gas Limited, which comprises the consolidated balance sheet as at 31 December 2019, the consolidated statement of net loss and other comprehensive loss, consolidated statement of changes in equity (deficit) and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year 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 half-year financial report based on conducting the review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. However, because of the matters described in the Basis for Disclaimer of Conclusion section of our report, we were not able to obtain sufficient appropriate evidence to provide a basis for a review conclusion on the half-year financial report.

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 Samson Oil & Gas Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Basis for Disclaimer of Conclusion

Going concern

We draw attention to Note 2 in the half-year financial report, which indicates that the consolidated entity incurred a net loss of $7,207,924 for the half-year ended 31 December 2019. As at that date, the consolidated entity had net current liabilities of $45,500,007 and net liabilities of $17,096,152.

As disclosed in Note 2 and Note 8 to the financial statements, as at 31 December 2019, the Group was not in compliance with certain financial covenants under the credit agreement with its lender. As a result of specified defaults of the credit agreement between the Group and its lender, the lender has the discretion to exercise its rights and remedies under the agreement to recover the debt. The Group is currently re-negotiating the terms of the credit agreement with the lender in an effort to obtain a waiver for the breaches. However, we have not been able to obtain sufficient appropriate audit evidence as to whether the Group will be able to successfully re-negotiate the terms of the credit agreement. As a result, we have been unable to determine whether the going concern basis of preparation is appropriate, and therefore whether the assets and liabilities of the Group can be realised at the amounts stated in the financial report.

Disclaimer of Conclusion

We do not express a conclusion on the half-year financial report of Samson Oil & Gas Limited. Because of the significance of the matters described in the Basis for Disclaimer of Conclusion section of our report, we have not been able to obtain sufficient appropriate evidence to provide a basis for a review conclusion on this half-year financial report.

RSM

RSM AUSTRALIA PARTNERS

A Whyte

A WHYTE
Partner

Perth, WA
Dated: 26 March 2020