



SAMSON OIL & GAS LIMITED LODGES FORM 10-Q FOR THE QUARTER ENDED DECEMBER 31, 2017

Denver February 15th, 2018, Perth February 16th 2018

Samson Oil & Gas Limited (ASX: SSN, OTCQB: SSNYY) advises that it has filed its Form 10-Q for the quarter ended December 31, 2017. The report is now available on the Company's website:

www.samsonoilandgas.com

SAMSON OIL & GAS LIMITED

TERRY BARR

Managing Director

For further information please contact,
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303 296 3994 (US office)

Statements made in this press release that are not historical facts may be forward looking statements, including but not limited to statements using words like "may", "believe", "expect", "anticipate", "should" or "will." Actual results may differ materially from those projected in any forward-looking statement. There are a number of important factors that could cause actual results to differ materially from those anticipated or estimated by any forward looking information, including the risks that the anticipated sales transaction will not close or that the purchase price will be materially reduced on account of potential liabilities uncovered during due diligence as well as uncertainties inherent in estimating the methods, timing and results of exploration activities. A description of the risks and uncertainties that are generally attendant to Samson and its industry, as well as other factors that could affect Samson's financial results, are included in the prospectus and prospectus supplement for its recent Rights Offering as well as the Company's report to the U.S. Securities and Exchange Commission on Form 10-K, which are available at www.sec.gov/edgar/searchedgar/webusers.htm.

www.samsonoilandgas.com.au

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended December 31, 2017
OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number: 001-33578

Samson Oil & Gas Limited

(Exact Name of Registrant as Specified in its Charter)

Australia

(State or Other Jurisdiction of Incorporation or Organization)

N/A

(I.R.S. Employer Identification No.)

**Level 16, AMP Building,
140 St Georges Terrace
Perth, Western Australia 6000**
(Address Of Principal Executive Offices)

(Zip Code)

+61 8 9220 9830

(Registrant's Telephone Number, Including Area Code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See definition of "accelerated filer," "large accelerated filer" and "emerging growth company" in Rule 12b-2 of the Exchange Act (Check one):

Large accelerated filer ☐

Accelerated filer ☐

Non-accelerated filer ☐
(Do not check if a smaller reporting company)

Smaller reporting company ☒

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

There were 3,283,000,444 ordinary shares outstanding as of February 9, 2018.

SAMSON OIL & GAS LIMITED
FORM 10-Q
QUARTER ENDED December 31, 2017

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FORWARD-LOOKING STATEMENTS

Written forward-looking statements may appear in documents filed with the Securities and Exchange Commission (“SEC”), including this quarterly report, documents incorporated by reference, reports to shareholders and other communications.

The U.S. Private Securities Litigation Reform Act of 1995 provides a “safe harbor” for forward-looking information to encourage companies to provide prospective information about themselves without fear of litigation so long as the information is identified as forward looking and is accompanied by meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those projected in the information. Samson relies on this safe harbor in making forward-looking statements.

Forward-looking statements appear in a number of places in this quarterly report and include but are not limited to management’s comments regarding business strategy, exploration and development drilling prospects and activities at our Foreman Butte and other properties, oil and gas pipeline availability and capacity, natural gas and oil reserves and production, our intentions and prospects with respect to our credit facility, our potential asset sale and refinancing efforts, meeting our capital raising targets and the use of proceeds, our plans, our ability to and methods by which we may raise additional capital, production and future operating results, and the objectives outlined under the section “Looking Ahead” below.

In this quarterly report, the use of words such as “anticipate,” “continue,” “could,” “estimate,” “expect,” “likely,” “may,” “will,” “project,” “should,” “believe” and similar expressions are intended to identify uncertainties. While we believe that the expectations reflected in those forward-looking statements are reasonable, we cannot assure you that these expectations will prove to be correct. Our actual results could differ materially from those anticipated in these forward-looking statements. The differences between actual results and those predicted by the forward-looking statements could be material. Forward-looking statements are based upon our expectations relating to, among other things:

- our future financial position, including cash flow, debt levels and anticipated liquidity;
- the timing, effects and success of our exploration and development activities;
- uncertainties in the estimation of proved reserves and in the projection of future rates of production;
- timing, amount, and marketability of production;
- third party operational curtailment, processing plant or pipeline capacity constraints beyond our control;
- our ability to acquire and dispose of oil and gas properties at favorable prices;
- our ability to market, develop and produce new properties;
- declines in the values of our properties that may result in write-downs;
- effectiveness of management strategies and decisions;
- oil and natural gas prices and demand;
- unanticipated recovery or production problems, including cratering, explosions, fires;
- the strength and financial resources of our competitors;
- our entrance into transactions in commodity derivative instruments;
- climatic conditions; and
- effectiveness of management strategies and decisions

Many of these factors are beyond our ability to control or predict. Neither these factors nor those included in the “Risk Factors” section of this quarterly report, if any, represent a complete list of the factors that may affect us. We do not undertake to update the forward-looking statements made in this report.

Part I — Financial Information

Item 1. Financial Statements.

**SAMSON OIL & GAS LIMITED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)**

	31-Dec-17	30-Jun-17
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 834,717	\$ 628,778
Accounts receivable	1,620,095	1,550,438
Prepayments	141,419	54,519
Oil inventory	219,288	219,288
Total current assets	<u>2,815,519</u>	<u>2,453,023</u>
PROPERTY, PLANT AND EQUIPMENT, AT COST		
Oil and gas properties, successful efforts method of accounting, less accumulated depreciation, depletion and impairment of \$15,327,943 and \$14,474,391 at December 31, 2017 and June 30, 2017, respectively	30,658,325	31,497,273
Other property and equipment, net of accumulated depreciation and amortization of \$737,776 and \$693,945 at December 31, 2017 and June 30, 2017, respectively	280,275	296,077
Net property, plant and equipment	<u>30,938,600</u>	<u>31,793,350</u>
OTHER NON CURRENT ASSETS		
Fair value of derivative instrument	-	99,603
Undeveloped capitalized acreage	-	271,078
Restricted cash - bonding	450,000	450,000
Other	270,036	291,181
TOTAL ASSETS	<u><u>\$ 34,474,155</u></u>	<u><u>\$ 35,358,235</u></u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 5,100,535	\$ 4,287,955
Accruals	191,024	821,319
Fair value of derivative instruments	1,367,650	363,960
Credit facility	23,869,749	23,419,749
Provision for annual leave	289,835	249,060
Total current liabilities	<u>30,818,793</u>	<u>29,142,043</u>
NON CURRENT LIABILITIES		
Asset retirement obligations	3,472,420	3,156,236
TOTAL LIABILITIES	<u>34,291,213</u>	<u>32,298,279</u>
STOCKHOLDERS' EQUITY – nil par value		
3,283,000,444 (equivalent to 16,415,002 ADR's) and 3,283,000,444 (equivalent to 16,415,002 ADR's) ordinary shares issued and outstanding at December 31, 2017 and June 30, 2017, respectively	106,758,667	106,390,864
Accumulated other comprehensive income	885,898	892,017
Accumulated deficit	(107,461,623)	(104,222,925)
Total stockholders' equity	<u>182,942</u>	<u>3,059,956</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u><u>\$ 34,474,155</u></u>	<u><u>\$ 35,358,235</u></u>

See accompanying Notes to Consolidated Financial Statements.

SAMSON OIL & GAS LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
(Unaudited)

	Three months ended		Six months ended	
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
REVENUES AND OTHER INCOME:				
Oil sales	\$ 2,621,994	\$ 3,161,515	\$ 5,206,515	\$ 6,747,723
Gas sales	36,033	65,752	85,290	208,278
Other liquids	1,601	11,540	3,180	26,573
Interest income	54	161	113	276
Other	-	1,634,174	178,657	1,800,117
TOTAL REVENUE AND OTHER INCOME	2,659,682	4,873,142	5,473,755	8,782,967
EXPENSES:				
Lease operating expense	(1,249,052)	(2,887,532)	(2,901,004)	(5,060,846)
Depletion, depreciation and amortization	(420,107)	(514,049)	(898,165)	(1,033,932)
Impairment expense	-	-	-	(244,480)
Abandonment expense	(25,820)	-	(66,676)	-
Exploration and evaluation expenditure	(279,340)	(18,490)	(282,513)	(24,545)
Accretion of asset retirement obligations	(79,715)	(76,841)	(159,886)	(156,028)
Amortization of borrowing costs	(28,949)	(66,849)	(57,899)	(133,698)
Interest expense	(331,184)	(343,256)	(578,874)	(966,649)
Loss on derivative instruments	(901,471)	(1,488,504)	(1,568,866)	(1,045,148)
General and administrative	(839,282)	(1,314,104)	(2,198,570)	(2,466,671)
TOTAL EXPENSES	(4,154,920)	(6,709,625)	(8,712,453)	(11,131,997)
Loss from operations	(1,495,238)	(1,836,483)	(3,238,698)	(2,349,030)
Income tax benefit	-	-	-	-
Net loss	(1,495,238)	(1,836,483)	(3,238,698)	(2,349,030)
OTHER COMPREHENSIVE LOSS				
Foreign currency translation loss	(4,891)	(24,089)	(6,119)	(10,276)
Total comprehensive gain/(loss) for the period	\$ (1,500,129)	\$ (1,860,572)	\$ (3,244,817)	\$ (2,359,306)
Net loss per ordinary share from operations:				
Basic – cents per share	(0.05)	(0.06)	(0.10)	(0.07)
Diluted – cents per share	(0.05)	(0.06)	(0.10)	(0.07)
Weighted average ordinary shares outstanding:				
Basic	3,283,000,444	3,247,516,688	3,283,000,444	3,231,877,779
Diluted	3,283,000,444	3,247,516,688	3,283,000,444	3,231,877,779

See accompanying Notes to Consolidated Financial Statements.

SAMSON OIL & GAS LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' (DEFICIT)/EQUITY
(Unaudited)

	Ordinary Shares	(Accumulated Deficit)	Accumulated Other Comprehensive Income/(Loss)	Total Stockholders Deficit
Balance at June 30, 2017	\$ 106,390,864	\$ (104,222,925)	\$ 892,017	\$ 3,059,956
Net loss	-	(3,238,698)	-	(3,238,698)
Foreign currency translation loss, net of tax of nil	-	-	(6,119)	(6,119)
Total comprehensive loss for the period	-	(3,238,698)	(6,119)	(3,244,817)
Share based payments	367,803	-	-	367,803
Balance at December 31, 2017	<u>\$ 106,758,667</u>	<u>\$ (107,461,623)</u>	<u>\$ 885,898</u>	<u>\$ 182,942</u>

See accompanying Notes to Consolidated Financial Statements.

SAMSON OIL & GAS LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Six months ended	
	31-Dec-17	31-Dec-16
Cash flows used in operating activities		
Receipts from customers	\$ 6,112,950	\$ 6,752,951
Payments to suppliers & employees	(5,134,649)	(6,628,656)
Interest received	112	276
Payments on derivative instruments	(465,573)	(699,606)
Interest paid	(578,874)	(954,923)
Net cash flows used in operating activities	(66,034)	(1,529,958)
Cash flows (used in)/provided by investing activities		
Proceeds from sale of oil and gas properties	-	14,101,512
Payments for plant & equipment	(27,689)	(87,172)
Payments for exploration and evaluation	(11,435)	(64,945)
Payments for oil and gas properties	(131,037)	(1,920,048)
Net cash flows (used in)/provided by investing activities	(170,161)	12,029,347
Cash flows (used in)/provided by financing activities		
Proceeds from borrowings	450,000	-
Repayment of borrowings	-	(11,597,443)
Net cash flows (used in)/provided by financing activities	450,000	(11,597,443)
Net (decrease) in cash and cash equivalents	213,805	(1,098,054)
Cash and cash equivalents at the beginning of the fiscal period	628,778	2,654,812
Effects of exchange rate changes on cash and cash equivalents	(7,866)	(2,306)
Cash and cash equivalents at end of fiscal period	\$ 834,717	\$ 1,554,452

See accompanying Notes to Consolidated Financial Statements

SAMSON OIL & GAS LIMITED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Basis of Presentation

These Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) for interim financial reporting. All adjustments which are normal and recurring by nature, in the opinion of management, necessary for fair statement of Samson Oil & Gas Limited's (the "Company") Consolidated Financial Statements have been included herein. Interim results are not necessarily indicative of expected annual results because of the impact of fluctuations in prices received for oil and natural gas, as well as other factors. In the course of preparing the Consolidated Financial Statements, management makes various assumptions, judgments and estimates to determine the reported amounts of assets, liabilities, revenues and expenses, and in the disclosures of commitments and contingencies. Changes in these assumptions, judgments and estimates will occur as a result of the passage of time and the occurrence of future events, and, accordingly, actual results could differ from amounts previously established.

The Company's Consolidated Financial Statements have been prepared on a basis consistent with the accounting principles and policies reflected in the Company's audited financial statements as of and for the year ended June 30, 2017. The year-end Consolidated Balance Sheet presented herein was derived from audited Consolidated Financial Statements, but does not include all disclosures required by GAAP.

It is suggested that these financial statements be read in conjunction with the financial statements and the notes thereto included in the Company's latest annual report ("Form 10-K").

Accruals. Accrued liabilities at June 30, 2017 and December 31, 2017 consist primarily of estimates for goods and services received but not yet invoiced.

Prepayments. Prepayments at June 30, 2017 and December 31, 2017 include tubing and chemicals and other subscription costs paid in advance for the year.

Comparatives. Changes have been made to the classification of certain prior period comparatives in order to remain consistent with the current period presentation. These changes have had no material impact on the financial statements.

Liquidity

These 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.

As disclosed in the financial statements, we incurred losses of \$3.2 million for the six months ended December 31, 2017 and had cash outflows from operations of (\$0.1 million). As at December 31, 2017 we had net current liabilities of \$28 million. Our ability to continue as a going concern is dependent on the renegotiation of our finance facilities to permit additional development of our oil and gas properties or a monetization of some or all of those properties. We are engaged in discussions with a non-bank lender with respect to refinancing our current credit facility. We have reached an agreement with Mutual of Omaha Bank which requires us to provide it, on or before March 31, 2018 with (a) an executed purchase and sale agreement evidencing the sale of Samson and its subsidiaries or our respective businesses and assets, or (b) a fully-executed letter of intent or other form of commitment letter from a credible lender or other third party reflecting a proposed refinance or payment of Samson's outstanding obligations. The sale or refinance must be completed by May 31, 2018 under such circumstances that allows Mutual of Omaha Bank to be fully repaid. Should we fail to meet these deadlines, Mutual of Omaha Bank may start foreclosure proceedings or seek alternative remedies to being repaid including the sale of the outstanding loan. All covenant breaches are waived during the period the agreement is in place. We have engaged PLS, an energy advisory group to market our assets. Based on our current financial position we may be required to accept terms less favorable than would otherwise be available to us. There also can be no assurances that we will be successful in renegotiation or refinancing of our debt or our efforts explore the sale of some or all of our assets. These factors indicate there is substantial doubt about our ability to continue as a going concern.

Recent Accounting Standards

In August 2014, the FASB issued Accounting Standards Update ("ASU") No. 2014-15, *Presentation of Financial Statements – Going Concern* ("ASU 2014-15"). The objective of ASU 2014-15 is to provide guidance on management's responsibility to evaluate whether there is substantial doubt about a company's ability to continue as a going concern and to provide related footnote disclosures. ASU 2014-15 is effective for fiscal years ending after December 15, 2016 and annual and interim periods thereafter. This standard has been adopted by the Company and additional disclosures were made in the Form 10-K for the period ended June 30, 2017.

In May 2014, the FASB issued Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers* (Topic 606), which amends the existing accounting standards for revenue recognition. The standard requires an entity to recognize revenue in a manner that depicts the transfer of goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance in ASU 2014-09 is now effective for annual reporting periods beginning after December 15, 2017, including interim periods therein, as a result of the FASB's recent decision to defer the effective date by one year. We are currently evaluating the method of adoption and impact this standard will have on our consolidated financial statements and related disclosures.

2. Income Taxes

The Company has cumulative net operating losses (“NOLs”) that may be carried forward to reduce taxable income in future years. The Tax Reform Act of 1986 contains provisions that limit the utilization of NOLs if there has been a change in ownership as described in Internal Revenue Code Section 382. The Company’s prior year NOLs are limited by IRC Section 382.

ASC Topic 740 requires that a valuation allowance be provided if it is more likely than not that some portion or all deferred tax assets will not be realized. The Company’s ability to realize the benefits of its deferred tax assets will depend on the generation of future taxable income through profitable operations. Due to the Company’s history of losses and the uncertainty of future profitable operations, the Company has recorded a full valuation allowance against its deferred tax assets.

3. Earnings Per Share

Basic earnings (loss) per share is calculated by dividing net earnings (loss) attributable to ordinary shares by the weighted average number of shares outstanding for the period. Under the treasury stock method, diluted earnings per share is calculated by dividing net earnings (loss) by the weighted average number of shares outstanding including all potentially dilutive ordinary shares (which in Samson’s case consists of unexercised stock options). In the event of a net loss, however no potential ordinary shares are included in the calculation of shares outstanding since the impact would be anti-dilutive.

The following table details the weighted average dilutive and anti-dilutive securities outstanding, which consist of transferable options to purchase ordinary shares which are tradeable on the ASX (“options”), for the periods presented:

	Three months ended		Six months ended	
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
Dilutive	-	-	-	-
Anti-dilutive	407,033,426	471,824,277	407,033,426	395,859,022

The following tables set forth the calculation of basic and diluted loss per share:

	Three months ended		Six months ended	
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
Net income (loss)	\$ (1,495,238)	\$ (1,836,483)	\$ (3,238,698)	\$ (2,349,030)
Basic weighted average ordinary shares outstanding	3,283,000,444	3,247,516,688	3,283,000,444	3,231,877,779
Basic earnings/(loss) per ordinary share – cents per share	(0.05)	(0.06)	(0.10)	(0.07)
Diluted earnings/(loss) per ordinary share – cents per share	(0.05)	(0.06)	(0.10)	(0.07)

4. Asset Retirement Obligations

The Company's asset retirement obligations primarily represent the estimated present value of the amounts expected to be incurred to plug, abandon and remediate producing and shut-in properties at the end of their productive lives in accordance with applicable state and federal laws. The Company determines the estimated fair value of its asset retirement obligations by calculating the present value of estimated cash flows related to those obligations. The significant inputs used to calculate such liabilities include estimates of costs to be incurred, the Company's credit adjusted discount rates, inflation rates and estimated dates of abandonment. The asset retirement liability is accreted to its present value each period and the capitalized asset retirement cost is depleted using the units-of-production method.

In the current year, the liabilities settled relate to wells plugged and abandoned in our Sabretooth project in Texas. Disposition of properties relate to the sale of certain wells in Wyoming.

Liabilities settled during the prior period relate to wells in our Hawk Springs project area in Goshen County, Wyoming which were plugged and abandoned during the period ended December 31, 2016. Disposition of properties in the prior year relates to the sale of our North Stockyard project in North Dakota, which also closed during the period ended December 31, 2016.

The following table summarizes the activities for the Company's asset retirement obligations for the six months ended December 31, 2017 and 2016:

	Six months ended	
	31-Dec-17	31-Dec-16
Asset retirement obligations at beginning of period	\$ 3,456,236	\$ 3,750,245
Liabilities incurred or acquired	-	-
Liabilities settled	(12,500)	(134,688)
Disposition of properties	(131,202)	(378,119)
Accretion expense	159,886	156,028
Asset retirement obligations at end of period	3,472,420	3,393,466
Less: current asset retirement obligations (classified with accounts payable and accrued liabilities)	-	-
Long-term asset retirement obligations	\$ 3,472,420	\$ 3,393,466

5. Fair Value Measurements

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 Company 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 Company classifies fair value balances based on the observability of those inputs. The FASB has established a 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 unobservable from objective sources. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value.

Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels. The following table sets forth by level within the fair value hierarchy the Company's financial assets and liabilities that were accounted for at fair value as of December 31, 2017 and June 30, 2017.

	Carrying value at December 31, 2017	Level 1	Level 2	Level 3	Netting ⁽¹⁾	Fair Value at December 31, 2017
Current Assets:						
Cash and cash equivalents	\$ 834,717	\$ 834,717	\$ -	\$ -	\$ -	\$ 834,717
Derivative Instruments	-	-	78,512	-	(78,512)	-
Non Current Assets						
Derivative Instruments	-	-	-	-	-	-
Current Liabilities						
Derivative instruments	1,367,650	-	1,446,162	-	(78,512)	1,367,650
Non Current Liabilities						
Derivative Instruments	-	-	-	-	-	-
	Carrying value at June 30, 2017	Level 1	Level 2	Level 3	Netting ⁽¹⁾	Fair Value at June 30, 2017
Current Assets:						
Cash and cash equivalents	\$ 628,778	\$ 628,778	\$ -	\$ -	\$ -	\$ 628,778
Derivative Instruments	-	-	167,307	-	(167,307)	-
Non Current Assets						
Derivative Instruments	99,603	-	370,494	-	(270,891)	99,603
Current Liabilities						
Derivative instruments	363,960	-	531,267	-	(167,307)	363,960
Non Current Liabilities						
Derivative Instruments	-	-	270,891	-	(270,891)	-

(1) **Netting** In accordance with the Company's standard practice, its commodity derivatives are subject to counterparty netting under agreements governing such derivatives and therefore the risk of loss is somewhat mitigated.

The following methods and assumptions were used to estimate the fair value of the assets and liabilities in the table above:

Level 1 Fair value Measurements

Fair Value of Financial Instruments. The Company's financial instruments consist primarily of cash and cash equivalents, restricted cash, accounts receivable and payable and derivatives (discussed below). The carrying values of cash equivalents and accounts receivable and payable are representative of their fair values due to their short-term maturities.

Level 2 Fair Measurements

Derivative Contracts. The Company's derivative contracts consist of oil collars and oil call options. The fair value of these contracts are based on inputs that are either readily available in the public market, such as oil future prices or inputs that can be corroborated from active markets. Fair value is determined through the use of a discounted cash model using applicable inputs discussed above.

Other fair value measurements

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis.

The Company also applies fair value accounting guidance to measure non-financial assets and liabilities such as business acquisitions, proved oil and gas properties, and asset retirement obligations. These assets and liabilities are subject to fair value adjustments only in certain circumstances and are not subject to recurring revaluations. These items are primarily valued using the present value of estimated future cash inflows and/or outflows. Given the unobservable nature of these inputs, they are deemed to be Level 3.

6. Commitments and Contingencies

The Company has no accrued environmental liabilities for its sites, including sites in which governmental agencies have designated the Company as a potentially responsible party, because it is not probable that a loss will be incurred and the minimum cost and/or amount of loss cannot be reasonably estimated. However, due to uncertainties associated with environmental assessment and remediation activities, future expense to remediate the currently identified sites, and sites identified in the future, if any, could be incurred. Management believes, based upon current site assessments, that the ultimate resolution of any such matters will not materially affect our results of operations or cash flows.

From time to time, we are involved in various legal proceedings through the ordinary course of business. While the ultimate outcome is not known, management believes that any resolution will not materially impact the financial statements.

7. Capitalized Exploration Expense

We use the successful efforts method of accounting for exploration and evaluation expenditure in respect of each area of interest. The application of this policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular the assessment of whether economic quantities of reserves have been found. Any such estimates and assumptions may change as new information becomes available.

Exploration and evaluation assets are assessed for impairment when facts and circumstances indicate that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. When assessing for impairment consideration is given to but not limited to the following:

- the period for which Samson has the right to explore;
- planned and budgeted future exploration expenditure;
- activities incurred during the year; and
- activities planned for future periods.

If, after having capitalized expenditures under our policy, we conclude that we are unlikely to recover the expenditures through future exploitation, then the relevant capitalized amount will be written off to expense.

As of December 31, 2017, we had capitalized exploration expenditures of \$nil, having written off the expense previously capitalized associated relating to the Cane Creek project in Utah. Our option to acquire leasehold lands in this project, expired unexercised.

Exploration or divestment activities are continuing in all exploration areas. The outcome of these activities remains uncertain and may result in write offs in future periods if the related efforts prove unsuccessful.

8. Share Capital

Issue of Share Capital

No shares were issued during the six months ended December 31, 2017.

During the six months ended December 31, 2016 the company issued 67,005,600 ordinary shares to employees and Directors of the Company. These shares were issued in lieu of cash salaries for employees and directors during the period from August 1, 2015 to August 31, 2016. The share price on the grant was US\$0.0035 per ordinary share.

Issue of Warrants

During the year ended June 30, 2017 we issued 272,000,000 warrants at no cost to employees and Directors of the Company. The warrants have an exercise price of AUD\$0.0055 and an expiry date of November 17, 2026. The options vested on November 17, 2017. The warrants have been valued at AUD\$0.0038 using a binomial option pricing model. We also issued 48,000,000 warrants to Australian based employees and directors of the Company. These warrants have an exercise price of AUD\$0.007 and vested on November 17, 2017 and expire on November 27, 2026. The expense related to both sets of warrant grants was recognized over the vesting period. For the six months ended December 31, 2017 share-based payment expense of \$0.3 million has been recognized. No further amounts need to be recognized in future periods as the warrants have vested.

9. Cash Flow Statement

Reconciliation of loss after tax to the net cash flows from operations:

	Six months ended	
	31-Dec-17	31-Dec-16
Net loss	\$ (3,238,698)	\$ (2,349,030)
Depletion, depreciation and amortization	898,165	1,033,932
Accretion of asset retirement obligation	159,886	156,028
Impairment expense	-	244,480
Exploration and evaluation expenditure	282,513	24,545
Amortization borrowing costs	57,899	133,698
Abandonment expense	66,676	-
Non cash (gain)/loss on derivative instruments	1,103,293	91,185
Net gain from sale of assets	(178,657)	(1,634,174)
Share based payments	367,803	354,558
<i>Changes in assets and liabilities:</i>		
Increase in receivables	(69,657)	(593,005)
Increase in provision for annual leave	40,775	35,078
Increase in payables	443,968	972,747
NET CASH FLOWS USED IN OPERATING ACTIVITIES	\$ (66,034)	\$ (1,529,958)

10. Credit Facility

	Six months ended	
	31-Dec-17	31-Dec-16
Credit facility at beginning of period	\$ 23,419,749	\$ 30,500,000
Cash advanced under facility	450,000	-
Cash committed to be advanced under facility	-	-
Repayments	-	(11,597,442)
Credit facility at end of period ⁽¹⁾	<u>\$ 23,869,749</u>	<u>\$ 18,902,558</u>
Less amount of credit facility currently due for repayment within a year, recorded separately in Current Liabilities for prior year	\$ (23,869,749)	-
Total non current credit facility at end of period	<u>-</u>	<u>18,902,558</u>
Funds available for drawdown under the facility	-	1,097,442

(1) The credit facility is recognized as a current liability due the Company's continued breach of the covenants in the facility. The loan is due October 2018.

In January 2014, we entered into a \$25.0 million credit facility with our primary lender, Mutual of Omaha Bank, with an initial borrowing base of \$8.0 million, which was increased to \$15.5 million in June 2014. In November 2014, the borrowing base was increased to \$19.0 million, which was fully drawn prior to the closing of the Foreman Butte Acquisition (as defined below). In March 2016, our credit facility was amended to increase the borrowing base to \$30.5 million to partially fund the Foreman Butte Acquisition. An additional \$4 million in financing was also provided by the seller. This promissory note was paid off in May 2017. We were required under the amended credit agreement to repay Mutual of Omaha \$10 million by June 30, 2016. This was ultimately increased to \$11.5 million and extended to October 31, 2016. The pay down was achieved through the sale of our North Stockyard property for \$14.95 million on October 28, 2016 and was made on October 31, 2016.

In May 2017, Mutual of Omaha Bank agreed to repay our outstanding promissory note to the seller of the Foreman Butte Acquisition through a term note in addition to our current facility. This closed on May 5, 2017. Samson paid \$0.45 million in interest from existing cash reserves, while Mutual of Omaha Bank paid \$4.0 million in principal.

As a result of this amendment to the credit facility the interest changed from being based on LIBOR to the Wall Street Journal published Prime Rate ("Prime"). The interest rate on the term loan is Prime plus 2.5% or approximately 6.5% and the credit facility is Prime plus 1.0% or 5%.

In June 2017, Samson and Mutual of Omaha Bank agreed to extend both the \$4 million term loan and our \$19.45 million reserve base facility until October 2018. The previous maturity date was October 31, 2017.

Following multiple covenant breaches, on February 9, 2018 we entered into an agreement (the "Agreement") with Mutual of Omaha Bank. Under the Agreement we are required to provide Mutual of Omaha Bank, on or before March 31, 2018, with either (a) an executed purchase and sale agreement evidencing the sale of Samson and its subsidiaries or its respective businesses and assets, or (b) a fully-executed letter of intent or other form of commitment letter from a credible lender or other financing source reflecting a proposed refinance or payment of Samson's outstanding obligations. The sale or refinance must be completed by May 31, 2018 and must provide for the full repayment of our current loan facility. Should we fail to meet these deadlines, Mutual of Omaha Bank may start foreclosure proceedings or pursue alternative repayment methods, including the sale of the outstanding loan to a third party. All new covenant breaches are waived during the period the agreement is in place.

The current borrowing base is \$24.0 million and the balance of the drawn facility is \$23.9 million.

The borrowing base under our credit facility may be increased (up to the credit facility maximum of \$50.0 million, which would require syndication of the loan) or decreased in the future depending on the value of our reserves. Borrowing base redeterminations are performed by the lender every six months based on our June and December reserve reports. We also have the ability to request a borrowing base redetermination at another time, once a year, although under the Agreement, the determination of the borrowing base as of October 31, 2017 will be postponed until approximately March 31, 2018.

In March 2016, the facility was extended to \$30.5 million to partly fund the Foreman Butte Acquisition. As a result of this amendment to the facility agreement, the following changes were made to the original facility agreement:

- The addition of more restrictive financial covenants (including the debt to EBITDA ratio and the minimum liquidity requirement);
- Increases in the interest rate and unused facility fee;
- The addition of a minimum hedging requirement of 75% of forecasted production;
- A requirement to reduce our general and administrative costs from \$6 million per year to \$3 million per year;
- A requirement to raise \$5 million in equity on or before September 30, 2016, which deadline was extended and the condition was subsequently satisfied;
- A requirement to pay down at least \$10 million of the loan by June 30, 2016, which total was increased to \$11.5 million and extended to October 31, 2016, and the condition was satisfied on October 31, 2016; and
- The addition of a monthly cash flow sweep whereby 50% of cash operating income will be used to repay outstanding borrowings under the Credit Agreement. To date, \$0.1 million in repayments have been repaid under this covenant.

The credit facility includes the following covenants, tested on a quarterly basis:

- Current ratio greater than 1
- Debt to EBITDAX (annualized) ratio no greater than 4.00 for the quarter ended September 30, 2017 and thereafter
- Senior leverage ratio of no greater than 3.75 for the quarter ending December 31, 2016 and thereafter
- Interest coverage ratio minimum of between 2.5 and 1.0

As at December 31, 2017 we were in breach of all four covenants.

If the current pricing environment for oil and gas does not improve, and if our efforts to sell certain assets under the Agreement are unsuccessful, it will be difficult for the Company to re-attain compliance with these covenants based on our current debt levels. If we are not in compliance with these covenants in the credit facility, we do not receive a further waiver from the lender, then the due date of our debt could be accelerated by the lender. In addition, any failure to comply with these covenants adversely affects our ability to fund ongoing operations. We also must continue to improve our operations to address our working capital deficit.

We incurred \$0.6 million in borrowing costs (including legal fees and bank fees) in connection with the establishment of this facility. These costs have been deferred and are being amortized over the life of the facility.

11. Derivatives

The Company has not designated any of its derivative contracts as hedges for accounting purposes. The Company records all derivative contracts at fair value. Changes in derivative contracts are recognized in earnings. Changes in settlements and valuation gains and losses are included in loss/(gain) on derivative instruments in the Statement of Operations. These contracts are settled on a monthly basis. Derivative assets and liabilities arising from the Company's derivative contracts with the same counterparty that provide for net settlement are reported on a net basis in the Balance Sheet.

The Company is exposed to commodity price risk, which impacts the predictability of its cash flows from the sale of oil. The Company seeks to manage this risk through the use of commodity derivative contracts. These derivative contracts allow the Company to limit its exposure to commodity price volatility on a portion of its forecasted oil sales. At December 31, 2017, the Company's commodity derivative contracts consisted of collars and fixed price swaps, which are described below:

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 Company 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 Company 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 Company's derivative contracts are with the same counterparty (a large multinational oil company) and are shown on a net basis on the Balance Sheet. The Company's counterparty has entered into an inter-creditor agreement with the Company's primary lender, and as such, no additional collateral is required by the counterparty.

During the six months ended December 31, 2017 we recognized \$1,568,866 in loss on derivative instruments in the Statement of Operations. \$0.5 million was realized during the quarter, while the remaining \$1.1 million was unrealized.

At December 31, 2017, the Company's open derivative contracts consisted of the following:

Collars

Product	Start Date	End Date	Volume (BO/Mmbtu)	Floor	Ceiling
WTI	1-Oct-17	30-Apr-18	24,558	41.50	63.00
WTI	1-May-18	31-Dec-18	107,800	45.00	56.00
Henry Hub	1-Nov-17	30-Apr-18	64,774	2.80	3.60
Henry Hub	1-May-18	31-Dec-18	80,850	2.65	2.90

Costless Swaps

Product	Start	End	Volume (BO)	Swap
WTI	1-Oct-17	31-Dec-17	47,214	44.09
WTI	1-Jan-18	30-Apr-18	39,720	45.55

12. Subsequent Events

There are no subsequent events or material contingencies, other than as noted in this Quarterly Report on Form 10-Q.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following is management's discussion and analysis of certain significant factors that have affected aspects of our financial position and the results of operations during the periods included in the accompanying Condensed Financial Statements. You should read this in conjunction with the discussion under "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the audited Financial Statements for the year ended June 30, 2017, included in our Annual Report on Form 10-K and the Consolidated Financial Statements included elsewhere herein.

Throughout this report, a barrel of oil or "Bbl" means a stock tank barrel ("STB") and a thousand cubic feet of gas or "Mcf" means a thousand standard cubic feet of gas ("Mscf").

Overview

We are an independent energy company primarily engaged in the acquisition, exploration, exploitation and development of oil and natural gas properties. Our principal business is the exploration and development of oil and natural gas properties in the United States.

In March 2016 we closed on an acquisition (the "Foreman Butte Acquisition") of certain assets located in North Dakota and Montana, which we refer 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 us, however a number of non-operated wells were also included in this package. We continue to concentrate our efforts on the operations of this field. Due to financial constraints we have not made substantial progress on the development of the PUD drilling program in the Home Run field. Our development efforts are currently constrained by our lack of access to capital to fund any development activities. We have four current drilling permits for our Home Run field and anticipate drilling our first PUD well as soon as we obtain the necessary funding through a refinance of our credit facility or through the partial sale of our North Dakota and Montana assets, through there can be no assurance this will be possible.

Fiscal quarter overview

Our net oil production was 50,846 barrels of oil for the quarter ended December 31, 2017, compared to 76,784 barrels of oil for the quarter ended December 31, 2016. Production was higher during the period ended December 31, 2016 due to increased production from a number of wells that were worked over towards the end of June 2016 and into the first quarter of the 2017 fiscal year. Subsequent production has generally decreased in line with the expected decline curves. In light of recent weakness and volatility in the oil price and our lack of access to capital, we have discontinued workovers on marginally economical wells that continued to halt production during the period ended December 31, 2017. In addition, during the period ended December 31, 2017 production at two of our more significant wells was halted for a period of time due to surface facility issues. In particular, the R Field did not produce for 16 days during the current quarter and the Evans well was shut in for 13 days.

Our net gas production was 7,729 Mcf for the quarter ended December 31, 2017, compared to 15,186 Mcf for the quarter ended December 31, 2016. Coupled with the decrease in natural gas production following our North Stockyard sale, one of our significant gas wells, the Davis Bintliff well, has been down since October 2016 while undergoing workover operations. These workover operations were not successful and, as a result, this well was plugged and abandoned. Associated gas produced in the Foreman Butte project area is not as significant as it was in the oil and gas properties previously owned by the Company, therefore the increased gas production from the acquisition has not offset the decline from the sale.

Lease operating expenses ("LOE") decreased from \$2.9 million for the quarter ended December 31, 2016, to \$1.2 million for the quarter ended December 31, 2017 due to lower production. Costs per BOE, excluding the impact of the workovers and production taxes were \$18.91 a barrel. Costs have decreased from \$32.50 for the quarter ended December 31, 2016 due to decreased salt water disposal costs in our Foreman Butte project area and shutting in wells that are uneconomic. The wells in the Foreman Butte project area are also older wells than those we have previously owned and require additional fresh water and hot oil cleanouts which may increase operating costs of the wells. We are continuing to review our lease operating expenses and will shut wells in that are not economic to produce in the current oil pricing environment.

During the quarter ended December 31, 2017 we commenced our water flood project for the Home Run field and successfully injected 7,700 barrels of water. The waterflood project utilizes an existing wellbore, the Mays 1-20H, which is located on the flank of the field and is uneconomic to produce for oil. The water flood is being used to add pressure to the reservoir which is expected to enhance the recovery of oil as well as lower salt water disposal costs although we can make no assurances as to whether it will be successful.

For the three months ended December 31, 2017 and December 31, 2016, we reported a net loss of \$1.5 million and a net loss of \$1.8 million, respectively. The loss in the current period reflects \$0.4 million in depletion and amortization, \$0.9 million in loss on derivative instruments and \$0.3 million in exploration written off.

Fiscal year to date overview

Our net oil production was 104,644 barrels of oil for the six months ended December 31, 2017 compared to 167,602 barrels of oil for the six months ended December 31, 2016. Production has decreased as result of the sale of our North Stockyard property, which closed on October 29, 2016. Production has also decreased due to our decision to discontinue workovers on marginally economical wells that ceased production during the six-month period ended December 31, 2017 due to our lack of access to capital.

Our net gas production was 12,190 Mcf for the six months ended December 31, 2017, compared to 59,565 Mcf for the six months ended December 31, 2016. As discussed above, coupled with the decrease in natural gas production following our North Stockyard sale, one of our significant gas wells, the Davis Bintliff well, has been down since October 2016 while undergoing workover operations. These workover operations were not successful and, as a result, this well was plugged and abandoned. Associated gas produced in the Foreman Butte project area is not as significant as it was in the oil and gas properties previously owned by the Company, therefore the increased gas production from the acquisition has not offset the decline from the sale.

LOE decreased from \$5.1 million for the six months ending December 31, 2016 to \$2.9 million for the six months ending December 31, 2017. Costs reduction is primarily due to tighter cost controls enforced in the field including shutting in wells that are uneconomic to produce in the current climate.

Our ability to continue as a going concern is dependent on the renegotiation of our finance facilities to permit additional development of our oil and gas properties or a monetization of some or all of those properties. We are engaged in discussions with a non-bank lender with respect to refinancing our current credit facility. We are engaged in discussions with a non-bank lender with respect to refinancing our current credit facility. We have reached an agreement with Mutual of Omaha Bank which requires us to provide it, on or before March 31, 2018, with (a) an executed purchase and sale agreement evidencing the sale of Samson and its subsidiaries or our respective businesses and assets, or (b) a fully-executed letter of intent or other form of commitment letter from a credible lender or other third party reflecting a proposed refinance or payment of Samson's outstanding obligations. The sale or refinance must be completed by May 31, 2018 under such circumstances that allows Mutual of Omaha Bank to be fully repaid. Should we fail to meet these deadlines, Mutual of Omaha Bank may start foreclosure proceedings or seek alternative remedies to being repaid including the sale of the outstanding loan. All covenant breaches are waived during the period the agreement is in place. We have engaged PLS, an energy advisory group to market the assets. Based on our current financial position we may be required to accept terms less favorable than would otherwise be available to us. There also can be no assurances that we will be successful in renegotiation or refinancing of our debt or our efforts explore the sale of some or all of our assets. These factors indicate there is substantial doubt about our ability to continue as a going concern.

See "Results of Operations" below.

In the execution of our strategy, our management is principally focused on economically developing additional reserves of oil and on maximizing production levels through exploration, exploitation and development activities on a cost-effective basis.

Notable Activities and Status of Material Properties during the Quarter Ended December 31, 2017 and Current Activities

Acquisition: Producing Properties

Foreman Butte Project, McKenzie County, North Dakota

Mississippian Madison Formation, Williston Basin

Samson 87% Operated Average Working Interest

We averaged a gross 560 BOEPD from our operated wells in the Foreman Butte Project this quarter. The production has reduced by 250 BOEPD from the previous quarter due to capital constraints leading to a decrease in well workovers. Well recompletions and optimizations are scheduled to resume for the upcoming quarter, using the workover rig we acquired through an exchange of unused pumping units.

During the quarter, we commenced our water flood pilot project for the Home Run Field by successfully injecting over 7,700 barrels of water. The waterflood pilot project utilizes an existing wellbore, the Mays 1-20H, which is located on the flank of the field and is non-economic to produce for oil. The water flood is being used to add pressure to the reservoir which is expected to enhance the recovery of oil. The well performance in the offsetting wells will be monitored to establish the viability of the flood. The water being used is produced formation water so that there is no chemical compatibility issue. In essence the water is being returned to the reservoir from which it originated. This water will be trucked to the injector from the existing producing wells. We anticipate this water flood will allow us to resume production at certain wells that have been shut-in for the past 2 years. These shut-in wells were previously uneconomic to produce due to high water disposal costs. We cannot make assurances regarding the success of the water flood operation.

The Home Run Field (also known as the Foreman Butte Field) is the largest areal oil field in our portfolio. It was developed on a 640-acre spacing pattern and our engineering and geologic analyses have determined that only 3.2% of the original oil in place has been recovered to date. Given that oil fields can recover up to 20% of their oil in place, there would appear to be significant un-developed oil to be recovered from this field.

Accordingly, we are planning to drill our first development well this year, should we be able to access the necessary capital to allow us to fund the drilling cost. The first lateral will test the Ratcliffe Formation of the Mississippian Madison Group. Currently 26 Ratcliffe PUD ("proved undeveloped drilling") locations have been identified. The second lateral will test an undeveloped reservoir in the Mission Canyon Formation of the Mississippian Madison Group. This lateral could prove up a new oil field with the potential for many additional well locations (up to 20 vertical wells or 8 drill-out laterals, although we can make no assurances regarding the success of this lateral). A 3,500 acre 4-way structural closure has been mapped from an abundance of existing well control in the area. In 2004, the Banks 1-18H well was planned to be drilled as a dual lateral in both the Ratcliffe and Mission Canyon reservoirs. The Mission Canyon lateral produced hundreds of barrels of oil while the lateral was being drilled. However, the well was completed as just a single lateral in the Ratcliffe zone due to the operator being unable to remove a stuck whipstock that was set above the Mission Canyon lateral in order to drill the Ratcliffe lateral. This stuck whipstock prevented the completion of the Mission Canyon lateral.

Several new PUDs in the Foreman Butte Project were identified during the quarter. This has brought the total PUD count up to a total of 61 wells plus an additional 20 probable locations within the Foreman Butte Project. Assuming we obtain financing to drill, this history makes the Company optimistic about the prospects for the currently planned Mission Canyon lateral.

Undeveloped Properties: Exploration Activities

Hawk Springs Project, Goshen County, Wyoming
Permo-Penn Project, Northern D-J Basin
Samson 37.5% working interest

Following a delay due to bad weather in the latter part of 2016, the recompletion of the Bluff #1-11 well has been further delayed due to our current focus on more capital efficient projects in the Foreman Butte project area. The Jurassic Canyon Springs Formation will be perforated and flow tested first. If this is unsuccessful, the Cretaceous Dakota Formation will subsequently be perforated and flow tested. This well will be plugged and abandoned should these two operations be unsuccessful.

Cane Creek Project, Grand & San Juan Counties, Utah
Pennsylvanian Paradox Formation, Paradox Basin
Samson 100% Working Interest

Our option to lease 8,080 net acres with Utah SITLA (Utah School and Institutional Trust Lands Administration) at a cost of \$75 per acre expired on November 30, 2017, unexercised. \$0.3 million in undeveloped capitalized costs was written off in the three months ended December 31, 2017.

Developed Properties: Drilling Activities

Rainbow Project, Williams County, North Dakota
Mississippian Bakken Formation, Williston Basin
Samson 23% and 52% working interest

Kraken Operating, LLC, the operator of the Gladys 1-20H well, has been producing this well at an average rate of 45 BOPD and 54 MCFPD during the quarter.

Results of Operations

For the three months ended December 31, 2017, we reported a net loss of \$1.4 million compared to a net loss of \$1.8 million for the same period in 2016.

For the six months ended December 31, 2017, we reported a net loss of \$3.2 million compared to a net loss of \$2.4 million for the same period in 2016.

The following tables set forth selected operating data for the three and six months ended:

	Three months ended	
	31-Dec-17	31-Dec-16
Production Volume		
Oil (Bbls)	50,846	76,784
Natural gas (Mcf)	7,279	15,186
BOE (Barrels of oil equivalent - based on one barrel of oil to six Mcf of natural gas)	52,059	79,315
Sales Price		
Realized Oil (\$/Bbls)	\$ 51.57	\$ 41.17
Impact of settled derivative instruments	\$ (6.64)	\$ (8.93)
Derivative adjusted price	<u>\$ 44.92</u>	<u>\$ 32.24</u>
Realized Gas (\$/Mcf)	\$ 4.95	\$ 4.33
Expense per BOE:		
Lease operating expenses	\$ 18.91	\$ 32.50
Production and property taxes	\$ 5.07	\$ 3.90
Depletion, depreciation and amortization	\$ 8.07	\$ 6.48
General and administrative expense	\$ 16.12	\$ 16.57

	Six months ended	
	31-Dec-17	31-Dec-16
Production Volume		
Oil (Bbls)	104,644	167,602
Natural gas (Mcf)	12,190	59,565
BOE	106,676	177,530
Sales Price		
Realized Oil (\$/Bbls)	\$ 49.75	\$ 40.26
Impact of settled derivative instruments	\$ (4.45)	\$ (5.69)
	<u>\$ 45.30</u>	<u>\$ 34.57</u>
Realized Gas (\$/Mcf)	\$ 7.00	\$ 3.50
Expense per BOE:		
Lease operating expenses	\$ 22.94	\$ 24.81
Production and property taxes	\$ 4.25	\$ 3.70
Depletion, depreciation and amortization	\$ 8.42	\$ 5.82
General and administrative expense	\$ 20.61	\$ 13.89

The following table sets forth results of operations for the following periods:

	Three months ended			Three months ended	
	31-Dec-17	31-Dec-16	2Q17 to 2Q16	30-Sep-17	2Q17 to 1Q17
Oil sales	\$ 2,621,994	\$ 3,161,515	\$ (539,521)	\$ 2,584,521	\$ 37,473
Gas sales	36,033	65,752	(29,719)	49,257	(13,224)
Other liquids	1,601	11,540	(9,939)	1,579	22
Interest income	54	161	(107)	58	(4)
Other	-	1,634,174	(1,634,174)	178,658	(178,658)
Lease operating expense	(1,249,052)	(2,887,532)	(1,638,480)	(1,651,677)	(402,625)
Depletion, depreciation and amortization	(420,107)	(514,049)	(93,942)	(478,058)	(57,951)
Abandonment	(25,820)	-	25,820	(40,856)	(15,036)
Exploration and evaluation expenditure	(279,340)	(18,490)	260,850	(3,173)	276,167
Accretion of asset retirement obligations	(79,715)	(76,841)	2,874	(80,171)	(456)
Interest expense	(331,184)	(343,256)	(12,072)	(247,690)	83,494
Loss on derivative instruments	(901,471)	(1,488,504)	(587,033)	(667,395)	234,076
Amortization of borrowing costs	(28,949)	(66,849)	(37,900)	(28,950)	(1)
General and administrative	(839,282)	(1,314,104)	(474,822)	(1,359,287)	(520,005)
Net loss	<u>\$ (1,495,238)</u>	<u>\$ (1,836,483)</u>	<u>\$ (341,245)</u>	<u>\$ (1,743,184)</u>	<u>\$ (247,946)</u>

Comparison of Quarter Ended December 31, 2017 to Quarter Ended December 31, 2016 and the six months ended December 31, 2017 to the six months ended December 31, 2016.

Oil and gas revenues

Oil revenues decreased from \$3.2 million for the three months ended December 31, 2016 to \$2.6 million for the three months ended December 31, 2017, as a result of the decrease in oil production. Oil production decreased from 76,784 barrels for the three months ended December 31, 2016 to 50,846 barrels for the three months ended December 31, 2017. Production was higher during the period ended December 31, 2016, due to flush production from a number of wells that were worked over towards the end of June 2016. Subsequent production has generally decreased in line with the expected decline curves. In light of recent weakness and volatility in the oil price and our lack of access to capital, we have discontinued workovers on marginally economical wells that stopped production during the period ended December 31, 2017. In addition, during the period ended December 31, 2017, production at two of our more significant wells was halted for a period of time due to surface facility issues. In particular, the R Field did not produce for 16 days during the current quarter and the Evans well was shut in for 13 days.

The realized oil price increased from \$41.17 per Bbl for the three months ended December 31, 2016 to \$51.57 per Bbl (excluding the impact of derivatives) for the three months ended December 31, 2017 following a recovery in the global oil price.

Gas revenues decreased from \$0.1 million for the three months ended December 31, 2016 to \$0.05 million for the three months ended December 31, 2017. This decrease was due to a decrease in production.

Oil revenues decreased from \$6.7 million for the six months ended December 31, 2016 to \$5.2 million for the six months ended December 31, 2017, as a result of the decrease in oil production. Oil production decreased from 167,602 barrels for the six months ended December 31, 2016 to 104,644 barrels for the six months ended December 31, 2017. Production was higher during the period ended December 31, 2016, due to flush production from a number of wells that were worked over towards the end of June 2016. Subsequent production has generally decreased in line with the expected decline curves. In light of recent weakness and volatility in the oil price and our lack of access to capital, we have discontinued workovers on marginally economical wells that stopped production during the period ended December 31, 2017. In addition, during the period ended December 31, 2017, two of our more significant wells were shut in with surface facility issues. In particular, the R Field did not produce for 44 days during the six months ended December 31, 2017 and the Evans well was shut in for 21 days during the same period.

Gas revenues decreased from \$0.2 million for the six months ended December 31, 2016 to \$0.1 million for the six months ended December 31, 2017. This decrease was due to a decrease in production.

Sale of Assets

For the six months ended December 31, 2017 we recognized \$0.2 million in profit on the sale of our working interest in a number of non operated wells in Wyoming. The wells were sold for the value of the current accounts payable owed to the operator and the plugging liability.

During the six months ended December 31, 2016 we recognized \$1.8 million in income from the sale of assets as result of the sale of our North Stockyard in North Dakota.

Exploration expense

Excluding deferred exploration costs written off, exploration expenditures for the quarter and six months ended December 31, 2017 and December 31, 2016 were less than \$20,000 for either quarter. \$0.3 million in previously capitalized undeveloped acreage costs were written off during the three months ended December 31, 2017 following the expiration of our option to lease acreage in the Cane Creek project area in Utah.

Impairment expense

We did not recognize any impairment expense during the three months and six months ended December 31, 2017 or the three months and six months ended December 31, 2016.

Lease operating expense

Lease operating expenses ("LOE") decreased from \$2.9 million for the quarter ended December 31, 2016, to \$1.2 million for the quarter ended December 31, 2017 due to lower production. Costs per BOE, excluding the impact of the workovers and production taxes were \$18.91 a barrel. Costs have decreased from \$32.50 for the quarter ended December 31, 2016 due to decreased salt water disposal costs in our Foreman Butte project area and shutting in wells that are uneconomic. The wells in the Foreman Butte project area are also older wells than those we have previously owned and require additional fresh water and hot oil cleanouts which may increase operating costs of the wells. We are continuing to review our lease operating expenses and will shut wells in that are not economic to produce in the current oil pricing environment.

During the quarter ended December 31, 2017 we commenced our water flood project for the Home Run field and successfully injected 7,700 barrels of water. The waterflood project utilizes an existing wellbore, the Mays 1-20H, which is located on the flank of the field and is uneconomic to produce for oil. The water flood is being used to add pressure to the reservoir which is expected to enhance the recovery of oil as well as lower salt water disposal costs although we can make no assurances as to whether it will be successful.

LOE decreased from \$5.1 million for the six months ending December 31, 2016 to \$2.9 million for the six months ending December 31, 2017. Costs reduction is primarily due to tighter cost controls enforced in the field including shutting in wells that are uneconomic to produce in the current climate.

Depletion, depreciation and amortization expense

Depletion, depreciation and amortization expense decreased slightly from \$0.5 million for the quarter ended December 31, 2016 to \$0.4 million for the quarter ended December 31, 2017. The decrease is due to a decrease in production.

Depletion, depreciation and amortization expense decreased slightly from \$1.0 million for the six months ended December 31, 2016 to \$0.9 million for the six months ended December 31, 2017. The decrease is due to a decrease in production.

General and administrative expense

General and administrative expense decreased from \$1.3 million for the quarter ended December 31, 2016 to \$0.8 million for the quarter ended December 31, 2017. We have been actively trying to reduce our general and administrative costs in recent periods. Effective October 1, 2017, all staff and directors took 25% pay cuts in order to reduce salary costs. The cost of a number of consultants have also been reduced.

General and administrative expense decreased from \$2.5 million for the six months ended December 31, 2016 to \$2.2 million for the six months ended December 31, 2017. This is primarily due to the reduced salary costs following staff pay cuts and tighter cost control.

Cash Flows

The table below shows cash flows for the following periods:

	Six months ended	
	31-Dec-17	31-Dec-16
Cash used in operating activities	\$ (66,034)	\$ (1,529,958)
Cash (used in)/provided by investing activities	(170,161)	12,029,347
Cash provided by/(used in) financing activities	450,000	(11,597,443)

Cash used in operations decreased from a net outflow of \$1.5 million for the six months ended December 31, 2016, to a net outflow of \$0.1 million for the six months ended December 31, 2017. Cash receipts from customers decreased from \$6.8 million for the six months ended December 31, 2016 to \$6.1 million for the six months ended December 31, 2017, with an increase in price offset by a decrease in production. Payments to suppliers and employees decreased from \$6.6 million for the six months ended December 31, 2016 to \$5.1 million for the six months ended December 31, 2017. Payments for derivative instruments decreased slightly from \$0.7 million for the six months ended December 31, 2016 to \$0.5 million for the six months ended December 31, 2017. Interest expense decreased from \$1.0 million for the six months ended December 31, 2016 to \$0.6 million for the six months ended December 31, 2017. An increase in interest rate was offset by a decrease in the carrying value of the credit facility.

Cash used in investing activities decreased from an inflow of \$12.0 million for the six months ended December 31, 2016 (which included the sale of the North Stockyard project for \$14.0 million in cash proceeds) to an outflow of \$0.2 million for the six months ended December 31, 2017 following a cessation of significant activity in our Foreman Butte project, while we secure the additional capital needed to exploit the PUD locations in this field.

Cash provided by financing activities increased from a cash outflow of \$11.6 million for the six months ended December 31, 2016 (including a repayment to Mutual of Omaha Bank) to cash inflow of \$0.5 million for the six months ended December 31, 2017, following the drawdown of funds under our Mutual of Omaha Bank credit facility.

All options outstanding as at December 31, 2017 are currently out of the money.

Liquidity, Capital Resources and Capital Expenditures

Our primary use of capital has been acquiring, developing and exploring oil and natural gas properties. While we are planning for this to be our primary use of capital during the remainder of fiscal 2017-2018, we cannot conduct any further development activities until we secure additional funding. There can be no guarantee we will be able to secure this funding.

In January 2014, we entered into a \$25.0 million credit facility with our primary lender, Mutual of Omaha Bank, with an initial borrowing base of \$8.0 million, which was increased to \$15.5 million in June 2014. In November 2014, the borrowing base was increased to \$19.0 million, which was fully drawn prior to the closing of the Foreman Butte Acquisition. In March 2016, our credit facility was amended to increase the borrowing base to \$30.5 million to partially fund the Foreman Butte Acquisition. An additional \$4 million in financing was also provided by the seller. This promissory note was paid off in May 2017. We were required under the amended credit agreement to repay Mutual of Omaha \$10 million by June 30, 2016. This was ultimately increased to \$11.5 million and extended to October 31, 2016. The pay down was achieved through the sale of our North Stockyard property for \$14.95 million on October 28, 2016 and was made on October 31, 2016.

In May 2017, Mutual of Omaha Bank agreed to repay our outstanding promissory note to the seller of the Foreman Butte Acquisition through a term note in addition to our current facility. This closed on May 5, 2017. Samson paid \$0.45 million in interest from existing cash reserves, while Mutual of Omaha Bank paid \$4.0 million in principal.

As a result of this amendment to the credit facility the interest changed from being based on LIBOR to the Wall Street Journal published Prime Rate ("Prime"). The interest rate on the term loan is Prime plus 2.5% or approximately 6.5% and the credit facility is Prime plus 1.0% or 5%.

In June 2017, Samson and Mutual of Omaha Bank agreed to extend both the \$4 million term loan and our \$19.45 million reserve base facility until October 2018. The previous maturity date was October 31, 2017.

The current borrowing base is \$24.0 million and the balance of the drawn facility is \$23.9 million.

The borrowing base under our credit facility may be increased (up to the credit facility maximum of \$50.0 million, which would require syndication of the loan) or decreased in the future depending on the value of our reserves. Borrowing base redeterminations are performed by the lender every six months based on our June and December reserve reports. We also have the ability to request a borrowing base redetermination at another time, once a year. However, under the Agreement entered into between the Company and Mutual of Omaha Bank on February 9, 2018 (as described below), the determination of the borrowing base as of October 31, 2017 has been postponed until March 31, 2018.

In March 2016, the facility was extended to \$30.5 million to partly fund the Foreman Butte Acquisition. As a result of this amendment to the facility agreement, the following changes were made to the original facility agreement:

- The addition of more restrictive financial covenants (including the debt to EBITDA ratio and the minimum liquidity requirement);
- Increases in the interest rate and unused facility fee;
- The addition of a minimum hedging requirement of 75% of forecasted production;
- A requirement to reduce our general and administrative costs from \$6 million per year to \$3 million per year;
- A requirement to raise \$5 million in equity on or before September 30, 2016, which deadline was extended and the condition was subsequently satisfied;
- A requirement to pay down at least \$10 million of the loan by June 30, 2016, which total was increased to \$11.5 million and extended to October 31, 2016, and the condition was satisfied on October 31, 2016; and
- The addition of a monthly cash flow sweep whereby 50% of cash operating income will be used to repay outstanding borrowings under the Credit Agreement. To date, \$0.1 million in repayments have been made under this covenant.

The credit facility includes the following covenants, tested on a quarterly basis:

- Current ratio greater than 1
- Debt to EBITDAX (annualized) ratio no greater than 4.00 for the quarter ended September 30, 2017 and thereafter
- Senior leverage ratio of no greater than 3.75 for the quarter ending December 31, 2016 and thereafter
- Interest coverage ratio minimum of between 2.5 and 1.0

As at December 31, 2017 we are in breach of all four of these covenants.

On February 9, 2018 we entered into an agreement (the "Agreement") with Mutual of Omaha Bank. Under the Agreement we are required to provide Mutual of Omaha Bank, on or before March 31, 2018, with either (a) an executed purchase and sale agreement evidencing the sale of Samson and its subsidiaries or its respective businesses and assets, or (b) a fully-executed letter of intent or other form of commitment letter from a credible lender or other financing source reflecting a proposed refinance or payment of Samson's outstanding obligations.

Our credit facility has been recorded as a current liability and is due for repayment October 2018. Upon termination of the Agreement, if we still do not meet the credit facility covenants, the due date of our debt could be accelerated by the lender. In addition, in the interim, our continued failure to comply with these covenants under our credit facility would adversely affect our ability to fund ongoing operations.

The funds drawn from our credit facility were previously used to fund drilling in our North Stockyard project in North Dakota and, more recently, to partially fund the Foreman Butte acquisition.

The uncertainties surrounding our capital resources and requirements are further exacerbated by the variable results of our exploration and drilling program and changes in oil and natural gas prices, either of which could lead us to accelerate or decelerate exploration and drilling activities. The aggregate levels of capital expenditures for our fiscal year ending June 30, 2018, and the allocation of those expenditures, are dependent on a variety of factors, including the availability of capital resources to fund those expenditures and changes in our business assessments as to where our capital can be most profitably employed. Accordingly, the actual levels of capital resources and expenditures and the allocation of those expenditures may vary materially from our estimates.

We are continually monitoring the capital resources available to us to meet our future financial obligations, planned capital expenditure activities and liquidity. Our future success in growing our proved reserves and production will be highly dependent on capital resources available to us and our success in finding or acquiring such additional productive reserves.

Our main source of liquidity during the three months ended December 31, 2017 was cash on hand.

During the prior four fiscal years, our three main sources of liquidity were (i) borrowings under our credit facility, (ii) equity issued to raise \$21.4 million and (iii) our tax refund of \$5.6 million from the Internal Revenue Service, received in February 2013. During the years prior to the fiscal year ended June 30, 2012, our primary sources of liquidity were the sale of acreage and other oil and gas assets.

Our cash position as of December 31, 2017 increased slightly from June 30, 2017 largely due an increase in our accounts payable balance.

In October 2016, we closed on the sale of our North Stockyard project for \$15.05 million. \$11.5 million of the proceeds of the sale were used to pay down our credit facility with Mutual of Omaha Bank. \$0.2 million was used to close out a portion of our hedge positions to balance our hedge book following the sale of production. The remaining \$3.35 million, including the \$1.0 million deposit paid in June 2016, was used for future working capital.

In April 2016, we issued 378,020,400 ordinary shares at \$0.0037 per ordinary share to raise gross proceeds of \$1,398,675.

In April 2016, we also received cash of \$725,000 from Halliburton following the settlement of our legal dispute with them.

If future production rates are less than anticipated, and/or the oil price continues to deteriorate for an extended period, the value of our position in affected areas will decline, our results of operations, financial condition and liquidity will be adversely impacted and we could incur material write-downs of oil and gas properties. Our ability to continue operations could also be adversely affected. See the risk factors in our Annual Report on Form 10-K for the fiscal year ended June 30, 2017. See also Part II, Item 1A of this report below.

Off-Balance Sheet Arrangements

Since our inception, we have not engaged in any off-balance sheet arrangements, including the use of structured finance, special purpose entities or variable interest entities.

Looking Ahead

We plan to focus on the following objectives in the coming 12 months:

- Achieving the sale of our business or assets, or a refinancing of our debt, under the terms of the Agreement;
- Continued focus on cost savings and efficiency across all aspects of the Company, including lease operating costs and general and administrative costs;
- Strengthening the balance sheet through diligent capital management;
- The successful integration of the properties and assets acquired in the Foreman Butte Acquisition, and the review and workover of such assets as capital becomes available; and
- Renegotiation of our credit facility and extend its term.

Our ability to meet these objectives, depends on our success in raising additional capital to fund the planned development of our oil and gas properties.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Not applicable.

Item 4. Controls and Procedures.

Control weakness – Accounts Payable processing

The Company took over operatorship of the Foreman Butte field in May and June of 2016. This change necessitated a review of our accounts payable procedures. During this review we noted that the design of one of processes was not sufficient to adequately capture all invoices in a timely fashion. The impact of this was stated in Note 2 to our Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on May 15, 2017. At that time, we concluded that this control was not operating effectively for the quarter ended March 31, 2017. We have since revised and redesigned our accounts payable procedures and controls, with particular emphasis on ensuring the accuracy and completeness of our Annual Report on Form 10-K and this Quarterly Report on Form 10-Q. We have implemented these new controls however they have not been in place long enough to fully assess their control design and effectiveness.

As of December 31, 2017, we have carried out an evaluation under the supervision of, and with the participation of, our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Rule 13a-15 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”).

Our Chief Executive Officer and Chief Financial Officer have concluded that, as of December 31, 2017, because of the deficiency noted above, our disclosure controls and procedures were not effective to ensure that the information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and that information required to be disclosed by us in such reports is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

Other than disclosed above, there were no changes in our internal control over financial reporting that occurred during the three months ended December 31, 2017, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. We may make changes in our internal control procedures from time to time in the future.

Part II — Other Information

Item 1. Legal Proceedings.

In the ordinary course of our business we are named from time to time as a defendant in various legal proceedings. We maintain liability insurance and believe that our coverage is reasonable in view of the legal risks to which our business ordinarily is subject. There are no material pending legal proceedings to which the Company is a party or of which our property is the subject.

Item 1A. Risk Factors.

If we cannot sell our business or refinance our current obligations under our credit agreement by March 31, 2018, our primary lender may begin foreclosure proceedings.

On February 9, 2018, we entered into an agreement (the “Agreement”) with our primary lender pursuant to which we are required to provide our primary lender, on or before March 31, 2018, with either (a) an executed purchase and sale agreement evidencing the sale of the company and its subsidiaries or its respective businesses and assets, or (b) a fully-executed letter of intent or other form of commitment letter from a credible lender or other financing source reflecting a proposed refinance or payment of our outstanding obligations. The sale or refinance must be completed by May 31, 2018 and must provide for the full repayment of our current loan facility. Should we fail to meet these deadlines, our primary lender may start foreclosure proceedings or pursue alternative repayment methods, including the sale of the outstanding loan to a third party. All new covenant breaches are waived during the period the Agreement is in place. We can provide no assurance we will be able to enter into a purchase and sale agreement or refinance our outstanding debt on satisfactory terms or at all in advance of these deadlines. As a result of the Agreement and our financial position, we may be required to accept terms for such transactions that are less favorable than we otherwise would be able to obtain. Under the Agreement, the redetermination of our borrowing base as of October 31, 2017 has been postponed to on or about March 31, 2018, and while we continue to make payments, we are no longer permitted to borrow additional funds.

In addition to other information set forth in this Quarterly Report on Form 10-Q, you should carefully consider the factors discussed in Part I, Item 1A. “Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended June 30, 2017. The risks disclosed herein and in our Annual Report on Form 10-K could materially affect our business, financial condition or future results. The risks described herein and in our Annual Report on Form 10-K are not the only risks facing us. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially adversely affect our business, financial condition or operating results in the future.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None

Item 3. Defaults Upon Senior Securities.

Not applicable.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

On February 9, 2018, Samson Oil and Gas Limited (the “Company”), the Company’s primary lender, Mutual of Omaha Bank and certain affiliates of the Company, including Samson Oil and Gas USA, Inc. (“Samson”) and Samson Oil and Gas USA Montana, Inc., entered into an Agreement pursuant to which Mutual of Omaha Bank and other lenders under the Credit Agreement dated as of January 27, 2014, as amended (the “Credit Agreement”) have agreed to forbear from exercising their rights and remedies under the Credit Agreement, including the right to accelerate the repayment date for Samson’s outstanding debt, until May 31, 2018 (the “Forbearance Termination Date”), subject to acceleration under certain conditions. The Forbearance Termination Date may be accelerated in the event of a breach of the conditions of the Agreement or the occurrence of further conditions of default under the Credit Agreement or other loan documents (other than those conditions of default specified in the Agreement), among other conditions. Samson will pay Mutual of Omaha Bank a fee of \$120,000, payable upon the payoff of the Samson’s obligations, Samson’s receipt of an earnest money deposit for the sale of assets under a purchase and sale agreement, or the end of the period of forbearance. Additionally, Samson agrees to work to solicit and finalize offers for the sale of Samson and any subsidiaries or their respective businesses and assets (a “Sale”) or, as an alternative, to refinance or otherwise pay all outstanding obligations under the Credit Agreement and related documents (a “Refinancing”). Samson must deliver Mutual of Omaha Bank an executed purchase and sale agreement with respect to a Sale or a letter of intent from a credible third party reflecting a proposed Refinancing by March 31, 2018, each reflecting a closing of such transactions by May 31, 2018, and meet other conditions. Mutual of Omaha Bank agreed not to assign its rights or obligations under the Credit Agreement to any other party until March 31, 2018 or the end of the forbearance period. The parties further agreed that the determination of Samson’s borrowing base as of October 31, 2017 will be postponed until on or about March 31, 2018.

The foregoing description of the terms of the Agreement is not complete and is subject in its entirety by reference to the terms of the Agreement, a copy of which is attached as Exhibit 10.1 hereto.

Item 6. Exhibits.

Exhibit No.	Title of Exhibit
<u>3.1</u>	<u>Constitution of Samson Oil & Gas Limited dated November 30, 2017</u>
<u>10.1</u>	<u>Agreement, dated as of February 9, 2018, between Samson Oil and Gas, USA, Inc., Samson Oil & Gas Limited, Samson Oil and Gas USA Montana, Inc., and Mutual of Omaha Bank.</u>
<u>10.2</u>	<u>Amended & Restated Employment Agreement dated as of January 1, 2018 between Samson Oil and Gas USA, Inc. and Terence M. Barr (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the Securities and Exchange Commission on February 5, 2018)+</u>
<u>31.1</u>	<u>Certification of the Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>
<u>31.2</u>	<u>Certification of the Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>
<u>32.1</u>	<u>Certifications of the Principal Executive Officer and Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*</u>
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
	*Furnished herewith
	+ Management contract or compensatory plan or arrangement

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SAMSON OIL & GAS LIMITED

Date: February 14, 2018

By: /s/ Terry Barr

Terence M. Barr
Managing Director, President and Chief Executive Officer (Principal
Executive Officer)

Date: February 14, 2018

By: /s/ Robyn Lamont

Robyn Lamont
Chief Financial Officer (Principal Financial Officer)



DATED

30 November 2017

SAMSON OIL & GAS LIMITED (ACN 009 069 005)
CONSTITUTION

I certify this to be the Constitution of Samson Oil & Gas Limited adopted at the Annual General Meeting of the Company held on Thursday 30 November 2017.

/s/ Gregory Channon

GREGORY CHANNON

Chairman

Squire Patton Boggs (AU)
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Australia
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AGREED TERMS

1 DEFINED TERMS AND INTERPRETATION

1.1 Definitions

In this Constitution unless the contrary intention appears:

Alternate Director means a person appointed as an alternate director under article 15.10.

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited or Australian Securities Exchange as the context requires.

Board means the Directors acting collectively under this Constitution.

Business Day means Monday to Friday (inclusive), except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Committee means a committee of Directors constituted under article 15.19.

Company means Samson Oil & Gas Limited (ACN 009 069 005), as that name may be changed from time to time.

Constitution means this constitution as amended from time to time, and a reference to an article is a reference to an article of this Constitution.

Corporations Act means the *Corporations Act 2001* (Cth).

CS Facility has the same meaning as prescribed CS facility in the Corporations Act.

CS Facility Operator means the operator of a CS Facility.

Director means a person holding office as a director of the Company, and where appropriate includes an Alternate Director.

Directors means all or some of the Directors acting as a board.

Disposed has the same meaning as prescribed in the Listing Rules.

Escrow Period has the same meaning as prescribed in the Listing Rules.

Executive Director means a person appointed as an executive director under article 14.1.

Issuer Sponsored Holding means a holding on an electronic sub-register maintained by the Company in accordance with the Listing Rules.

Listing Rules means the Listing Rules of ASX and any other rules of ASX which are applicable to the Company while the Company is admitted to the official list of ASX, each as amended or replaced from time to time, except to the extent of any express written waiver by ASX.

Managing Director means a person appointed as a managing director under article 14.1.

Member means a person entered in the Register as a holder of one or more shares in the capital of the Company.

Operating Rules means the operating rules of a CS Facility regulating the settlement, clearing and registration of uncertificated shares as amended, varied or waived (whether in respect of the Company or generally) from time to time.

Prescribed Interest Rate means the rate determined by the Directors for the purpose of this Constitution, and in the absence of a determination means the rate 4% per annum above the 60 day Bank Bill Swap Reference Rate last published on or before that day in The Australian Financial Review (or if that rate has not been published, another rate set by the Directors in good faith).

Register means the register of Members of the Company under the Corporations Act and, if appropriate, includes a branch register.

Registered Office means the registered office of the Company_

Representative means a person appointed to represent a corporate Member at a general meeting of the Company in accordance with the Corporations Act.

Restricted Securities has the same meaning as prescribed in the Listing Rules.

Restriction Agreement means a restriction agreement within the meaning and for the purposes of the Listing Rules.

Secretary means a person appointed under article 17.1 as a secretary of the Company and where appropriate includes an acting secretary and a person appointed by the Directors to perform all or any of the duties of a secretary of the Company.

Special Resolution means a resolution that has been passed by at least 75% of the votes cast by Members entitled to vote on the resolution.

1.2 Interpretation

Headings are for convenience only and do not affect interpretation.

In this Constitution unless the contrary intention appears:

- (a) words importing any gender include all other genders;
- (b) the word 'person' includes an individual, a firm, a body corporate, a partnership, a joint venture, an unincorporated body or association or an authority;
- (c) a document, including this Constitution, includes any variation or replacement of it;
- (d) the singular includes the plural and vice versa;

- (e) a reference to legislation includes regulations and other instruments under it and any variation or replacement of any of them;
- (f) a power, an authority or a discretion given to a Director, the Directors, the Company in general meeting or a Member may be exercised at any time and from time to time;
- (g) a reference to an amount paid on a share includes an amount credited as paid on that share;
- (h) 'writing' and 'written' includes printing, typing and other modes of reproducing words in a visible form including, without limitation, any representation of words in a physical document or in an electronic communication or form or otherwise; and
- (i) a reference to dollars, A\$ or \$ is a reference to the lawful currency of Australia.

1.3 Corporations Act

In this Constitution unless the contrary intention appears:

- (a) a word or expression defined or used in the Corporations Act has the same meaning when used in this Constitution in a similar context; and
- (b) 'section' means a section of the Corporations Act.

1.4 Replaceable rules not to apply

The provisions of the Corporations Act that apply as replaceable rules are displaced by this Constitution and do not apply to the Company.

1.5 Currency

The Directors may:

- (a) differentiate between Members as to the currency in which any amount payable to a Member is paid (whether by way of or on account of dividends, repayment of capital, participation in surplus property of the Company or otherwise);
- (b) determine to pay a distribution in a currency other than Australian dollars and the amount payable will be converted from Australian dollars in any manner, at any time and at any exchange rate as the Directors think fit; and
- (c) in deciding the currency in which a payment is to be made to a Member, have regard to the registered address of the Member, the register on which a Member's shares are registered and any other matters as the Directors consider appropriate.

Payment in another currency of an amount converted under this article is as between the Company and a Member adequate and proper payment of the amount payable.

1.6 Application of Listing Rules

In this Constitution a reference to the Listing Rules only applies while the Company is on the official list of ASX.

While the Company is on the official list of ASX:

- (a) despite anything contained in this Constitution, if the Listing Rules prohibit an act being done, the act must not be done;
- (b) nothing contained in this Constitution prevents an act being done that the Listing Rules require to be done;
- (c) if the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done as the case may be;
- (d) if the Listing Rules require this Constitution to contain a provision and it does not contain such a provision, this Constitution is taken to contain that provision;
- (e) if the Listing Rules require this Constitution not to contain a provision and it contains such a provision, this Constitution is taken not to contain that provision; and
- (f) if any provision of this Constitution is or becomes inconsistent with the Listing Rules, this Constitution is taken not to contain that provision to the extent of the inconsistency.

1.7 Previous Constitution

- (a) This Constitution supersedes the constitution of the Company (if any) in force immediately prior to the adoption of this Constitution.
- (b) The adoption of this Constitution does not affect the validity or effect of anything done under any previous constitution of the Company, so that (without limitation):
 - (i) every Director and Secretary of the Company in office immediately prior to adoption of this Constitution is taken to have been appointed, and will continue in office, under this Constitution; and
 - (ii) any seal properly adopted by the Company prior to the adoption of this Constitution is taken to be a seal properly adopted under this Constitution.

2 SHARE CAPITAL

2.1 Directors to issue shares

The issue of shares in the Company is under the control of the Directors who may:

- (a) issue and cancel shares in the Company;
- (b) grant options over unissued shares in the Company; and

- (c) settle the manner in which fractions of a share, however arising, are to be dealt with,

subject to the Corporations Act, the Listing Rules and any special rights conferred on the holders of any shares or class of shares.

2.2 Preference shares

- (a) The Company may issue preference shares and issued shares may be converted into preference shares provided that the rights of the holders of the preference shares with respect to the repayment of capital, participation in surplus assets and profits, cumulative or non-cumulative dividends, voting and priority of payment of capital and dividends in relation to other shares or other classes of preference shares are:
- (i) as set out in Schedule 1; or
 - (ii) as approved by a resolution of the Company in accordance with the Corporations Act.
- (b) The rights of holders of preference shares issued by the Company other than pursuant to Schedule 1, but in accordance with the Corporations Act, are determined by the terms of issue of those preference shares and the relevant resolution of the Company, and are not determined by or affected by the rights set out in Schedule 1.
- (c) Subject to the Corporations Act and the Listing Rules, the Company may issue preference shares which are, or are at the option of the Company to be liable, to be redeemed or to be converted into other shares on such conditions and in such a manner as the Directors decide under the terms of issue of the preference shares.
- (d) Subject to the Corporations Act and the Listing Rules, the Company may issue any combination of fully paid, partly paid or unpaid preference shares.
- (e) Despite this article 2.2 and Schedule 1, the Company may not issue a preference share that confers on the holder rights that are inconsistent with those specified in the Listing Rules, except to the extent of any waiver or modification of the Listing Rules by ASX.

2.3 Class meetings

The provisions of this Constitution relating to general meetings apply so far as they are capable of application and with any necessary changes to every separate meeting of the holders of a class of shares except that a quorum is constituted by at least two persons who, between them, hold or represent one-third of the issued shares of the class (unless only one person holds all of the shares of the class, in which case that person constitutes a quorum).

2.4 Non-recognition of interests

Except as required by law, the Company is not required to recognise:

- (a) a person as holding a share on any trust; or
- (b) any other interest in any share or any other right in respect of a share except an absolute right of ownership in the registered holder, whether or not it has notice of the trust, interest or right.

2.5 Joint holders of shares

Where two or more persons are registered as the joint holders of shares then they are taken to hold the shares as joint tenants with rights of survivorship, but the Company is not bound:

- (a) to register more than three persons as joint holders of a share; or
- (b) to issue more than one certificate or holding statement in respect of shares jointly held.

2.6 Commission and brokerage

- (a) The Company may make payments by way of brokerage or commission to a person in consideration for the person subscribing or agreeing to subscribe, whether absolutely or conditionally, for shares or options or procuring or agreeing to procure subscriptions, whether absolute or conditional, for shares or options.
- (b) The brokerage or commission may be satisfied by payment in cash, by allotment of fully or partly paid shares, by issue of debentures or a combination of all or any of such ways.

3 REDUCTION OF CAPITAL

The Company may, subject to the Corporations Act, reduce its share capital in any way including, but not limited to, distributing securities of any other body corporate to Members and for the Members to be bound by the constitution of that body corporate.

4 LIEN

4.1 Lien on share

To the extent permitted by law, the Company has a first and paramount lien on every share for:

- (a) all due and unpaid calls and instalments in respect of that share;
- (b) all money which the Company is required by law to pay, and has paid, in respect of that share;
- (c) reasonable interest on the amount due from the date it becomes due until payment; and
- (d) reasonable expenses of the Company in respect of the default on payment.

4.2 Lien on loans under employee incentive schemes

The Company also has a first and paramount lien on each share registered in the name of the Member for all money payable to the Company by the Member under loans made under an employee incentive scheme.

4.3 Lien on distributions

A lien on a share under article 4.1 or 4.2 extends to all distributions in respect of that share, including dividends.

4.4 Exemption from article 4.1 or 4.2

The Directors may at any time exempt a share wholly or in part from the provisions of article 4.1 or 4.2.

4.5 Extinguishment of lien

The Company's lien on a share is extinguished if a transfer of the share is registered without the Company giving notice of the lien to the transferee.

4.6 Company's rights to recover payments

- (a) A Member must reimburse the Company on demand in writing for all payments the Company makes to a government or taxing authority in respect of the Member, the death of a Member or the Member's shares or any distributions on the Member's shares, including dividends, where the Company is either:
 - (i) required by law to make the relevant payment; or
 - (ii) advised by a lawyer qualified to practice in the jurisdiction of the relevant government or taxing authority that the Company is required by law to make the relevant payment.
- (b) The Company is not obliged to advise the Member in advance of its intention to make the payment.

4.7 Reimbursement is a debt due

The obligation of the Member to reimburse the Company is a debt due to the Company as if it were a call on all the Member's shares, duly made at the time when the written demand for reimbursement is given by the Company to the Member. The provisions of this Constitution relating to non-payment of calls, including payment of interest and sale of the Member's shares under lien, apply to the debt.

4.8 Sale under lien

Subject to article 4.9, the Company may sell, in any manner the Directors think fit, any share on which the Company has a lien.

4.9 Limitations on sale under lien

A share on which the Company has a lien may not be sold by the Company unless:

- (a) an amount in respect of which the lien exists is presently payable; and
- (b) the Company has, not less than 14 days before the date of sale, given to the registered holder of the share or the person entitled to the share by reason of the death, bankruptcy or insolvency of the registered holder, a notice in writing setting out, and demanding payment of, the amount which is presently payable in respect of which the lien exists.

4.10 Transfer on sale under lien

For the purpose of giving effect to a sale under article 4.8, the Company may receive the proceeds, if any, given for the share so sold and may execute a transfer of the share sold in favour of the purchaser of the share, or do all such other things as may be necessary or appropriate for it to do to effect the transfer. The purchaser is not bound to see to the application of the purchase money.

4.11 Irregularity or invalidity

The title of the purchaser to the share is not affected by any irregularity or invalidity in connection with the sale of the share under article 4.8.

4.12 Proceeds of sale

The proceeds of a sale under article 4.8 must be applied by the Company in payment of the amount in respect of which the lien exists under article 4.1 as is presently payable, and the residue, if any, must be paid to the person entitled to the share immediately before the sale.

5 CALLS ON SHARES

5.1 Directors to make calls

The Directors may:

- (a) make calls on a Member in respect of any money unpaid on the shares of that Member, if the money is not by the terms of issue of those shares made payable at fixed times;
- (b) make a call payable by instalments; and
- (c) revoke or postpone a call.

5.2 Time of call

A call is taken to be made at the time when the resolution of the Directors authorising the call is passed.

5.3 Members' liability

Upon receiving not less than 30 business days' notice specifying the time or times and place of payment, each Member must pay to the Company by the time or times, and at the place, specified in the notice the amount called on that Member's shares.

5.4 Joint holders' liability

The joint holders of a share are jointly and severally liable to pay all calls in respect of the share.

5.5 Non-receipt of notice

The non-receipt of a notice of any call by, or the accidental omission to give notice of a call to, a Member does not invalidate the call.

5.6 Interest on default

If a sum called in respect of a share is not paid before or on the day appointed for payment of the sum, the person from whom the sum is due must pay interest on the sum from the day it is due to the time of actual payment at the Prescribed Interest Rate. The Directors may waive payment of that interest wholly or in part.

5.7 Fixed Installments

Subject to any notice requirements under the Listing Rules, if the terms of a share make a sum payable on issue of the share or at a fixed date, this is taken to be a call duly made and payable on the date on which by the terms of issue the sum becomes payable. In the case of non-payment, all the relevant provisions of this Constitution as to payment of interest and expenses, forfeiture or otherwise apply as if the sum had become payable by virtue of a call duly made and notified.

5.8 Differentiation between holders as to calls

The Directors may, on the issue of shares, differentiate between the holders of the shares as to the amount of calls to be paid and the times of payment.

5.9 Prepayment of calls and interest

The Directors may:

- (a) accept from a Member the whole or a part of the amount unpaid on a share even if no part of that amount has been called; and
- (b) authorise payment by the Company of interest on the whole or any part of an amount so accepted, until the amount becomes payable, at such rate, not exceeding the Prescribed Interest Rate, as is agreed between the Directors and the Member paying the sum.

6 FORFEITURE OF SHARES

6.1 Notice requiring payment of call

If a Member fails to pay a call or instalments of a call on the day appointed for payment of the call or instalments, the Directors may, at any time afterwards during such time as any part of the call or instalments remains unpaid, give a notice to the Member requiring payment of so much of the call or instalments as is unpaid, together with any interest that has accrued and all costs and expenses that may have been incurred by the Company by reason of that non-payment.

6.2 Contents of notice

The notice must name a further day, which is at least 14 days from the date of service of the notice, on or before which the payment required by the notice is to be made and must state that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

6.3 Forfeiture for failure to comply with notice

If a notice under article 6.1 has not been complied with by the date specified in the notice, the Directors may by resolution forfeit the relevant share, at any time before the payment required by the notice has been made.

6.4 Dividends and distributions included in forfeiture

A forfeiture under article 6.3 includes all dividends and other distributions to be made in respect of the forfeited shares which have not been paid or distributed before the forfeiture.

6.5 Sale or re-issue of forfeited shares

Subject to the Corporations Act, a share forfeited under article 6.3 may be sold, re issued or otherwise disposed of to such person and on such terms as the Directors think fit.

6.6 Notice of forfeiture

If any share is forfeited under article 6.3, notice of the forfeiture must be given to the Member holding the share immediately before the forfeiture and an entry of the forfeiture and its date must be made in the Register. Any failure to give notice or enter the forfeiture in the Register does not invalidate the forfeiture.

6.7 Surrender instead of forfeiture

The Directors may accept the surrender of any share which they are entitled to forfeit on any terms they think fit and any share so surrendered is taken to be a forfeited share.

6.8 Cancellation of forfeiture

At any time before a sale, re-issue or disposal of a share under article 6.5, the forfeiture of that share may be cancelled on such terms as the Directors think fit.

6.9 Effect of forfeiture on former holder's liability

A person whose share has been forfeited:

- (a) ceases to be a Member in respect of the forfeited share; and
- (b) remains liable to pay the Company all money that, at the date of forfeiture, was payable by that person to the Company in respect of the share, plus interest at the Prescribed Interest Rate from the date of forfeiture and the expenses paid or payable in connection with the sale of the share, until the Company receives payment in full of all money (including interest and expenses) so payable in respect of the shares.

6.10 Evidence of forfeiture

A statement in writing declaring that the person making the statement is a Director or a Secretary, and that a share in the Company has been forfeited in accordance with this Constitution on the date declared in the statement, is prima facie evidence of the facts in the statement as against all persons claiming to be entitled to the share.

6.11 Transfer of forfeited share

The Company may receive any consideration given for a forfeited share on any sale, re issue or disposal of the share under article 6.5 and may execute or effect a transfer of the share in favour of the person to whom the share is sold, re-issued or disposed.

6.12 Registration of transferee

On the execution of the transfer, the transferee must be registered as the holder of the share and is not bound to see to the application of any money paid as consideration.

6.13 Irregularity or invalidity

The title of the transferee to the share is not affected by any irregularity or invalidity in connection with the forfeiture, sale, re-issue or disposal of the share.

7 TRANSFER OF SHARES

7.1 Forms of instrument of transfer

Subject to this Constitution and the Listing Rules, a share in the Company is transferable:

- (a) as provided by the Operating Rules of a CS Facility if applicable; or
- (b) by any other method of transfer which is required or permitted by the Corporations Act and Listing Rules.

7.2 Execution and delivery of transfer

If a duly completed instrument of transfer:

- (a) is used to transfer a share in accordance with article 7.1(b); and
- (b) is left for registration at the share registry of the Company, accompanied by any information that the Directors properly require to show the right of the transferor to make the transfer,

the Company must, subject to the powers vested in the Directors by this Constitution, register the transferee as the holder of the share.

7.3 Effect of registration

Except as provided by any applicable Operating Rules of a CS Facility, a transferor of a share remains the holder of the share transferred until the transfer is registered and the name of the transferee is entered in the Register in respect of the share.

7.4 Company to register forms without charge

The Company must register all registrable transfer forms, split certificates, renunciations and transfers, issue certificates and transmission receipts and mark or note transfer forms without imposing a charge except where a charge is permitted by the Listing Rules.

7.5 Power to refuse to register

If permitted by the Listing Rules, the Directors may:

- (a) request any applicable CS Facility Operator to apply a holding lock to prevent a transfer of shares in the Company from being registered on the CS Facility's sub register; or
- (b) refuse to register a transfer of shares in the Company to which paragraph (a) does not apply.

7.6 Obligation to refuse to register

The Directors must:

- (a) request any applicable CS Facility Operator to apply a holding lock to prevent transfer of shares in the Company from being registered on the CS Facility's sub register; or
- (b) refuse to register any transfer of shares in the Company to which paragraph (a) does not apply,
if:
 - (c) the Listing Rules require the Company to do so; or
 - (d) the transfer is in breach of the Listing Rules or a Restriction Agreement.

7.7 Written notice to security holder

If in the exercise of their rights under articles 7.5 and 7.6 the Directors request application of a holding lock to prevent a transfer of shares in the Company or refuse to register a transfer of shares they must give written notice of the request or refusal to the holder of the shares, the transferee and any broker lodging the transfer. Failure to give notice does not invalidate the decision of the Directors.

7.8 Company to retain instrument of transfer

The Company must retain every instrument of transfer which is registered for the period required by any applicable law.

8 TRANSMISSION OF SHARES

8.1 Transmission of shares on death

If a Member, who does not hold shares jointly, dies, the Company will recognise only the personal representative of the Member as being entitled to the Member's interest in the shares.

8.2 Information given by personal representative

- (a) If the personal representative gives the Directors the information they reasonably require to establish the representative's entitlement to be registered as a holder of the shares:
 - (i) the personal representative may:
 - (A) by giving a written and signed notice to the Company, elect to be registered as the holder of the shares; or
 - (B) by giving a completed transfer form to the Company, transfer the shares to another person; and
 - (ii) the personal representative is entitled, whether or not registered as the holder of the shares, to the same rights as the Member.
- (b) On receiving an election under article 8.2(a)(i)(A), the Company must register the personal representative as the holder of the shares.
- (c) A transfer under article 8.2(a)(i)(B) is subject to the articles that apply to transfers generally.

8.3 Death of joint owner

If a Member, who holds shares jointly, dies, the Company will recognise only the survivor as being entitled to the Member's interest in the shares. The estate of the Member is not released from any liability in respect of the shares.

8.4 Transmission of shares on bankruptcy

- (a) If a person entitled to shares because of the bankruptcy of a Member gives the Directors the information they reasonably require to establish the person's entitlement to be registered as the holder of the shares, the person may:
 - (i) by giving a written and signed notice to the Company, elect to be registered as the holder of the shares; or
 - (ii) by giving a completed transfer form to the Company, transfer the shares to another person.
- (b) On receiving an election under article 8.4(a)(i), the Company must register the person as the holder of the shares.
- (c) A transfer under article 8.4(a)(ii) is subject to the articles that apply to transfers generally.
- (d) This article 8.4 has effect subject to the *Bankruptcy Act 1966* (Cth).

8.5 Transmission of shares on mental incapacity

- (a) If a person entitled to shares because of the mental incapacity of a Member gives the Directors the information they reasonably require to establish the person's entitlement to be registered as the holder of the shares:
 - (i) the person may:
 - (A) by giving a written and signed notice to the Company, elect to be registered as the holder of the shares; or
 - (B) by giving a completed transfer form to the Company, transfer the shares to another person; and
 - (ii) the person is entitled, whether or not registered as the holder of the shares, to the same rights as the Member.
- (b) On receiving an election under article 8.5(a)(i)(A), the Company must register the person as the holder of the shares.
- (c) A transfer under article 8.5(a)(i)(B) is subject to the articles that apply to transfers generally.

9 PROCEDURE TO APPROVE PROPORTIONAL TAKEOVER BID

9.1 Definitions

In this article:

Approving Resolution means a resolution to approve the Proportional Takeover Bid;

Approving Resolution Deadline means the day that is 14 days before the last day of the bid period during which offers under the Proportional Takeover Bid remain open or a later day allowed by ASIC;

Eligible Member has the meaning given in article 9.2(a)(iii); and

Proportional Takeover Bid has the meaning given in the Corporations Act.

9.2 Resolution to approve Proportional Takeover Bids

- (a) Where offers have been made under a Proportional Takeover Bid in respect of Securities:
 - (i) the registration of a transfer giving effect to a takeover contract for the Proportional Takeover Bid is prohibited unless and until an Approving Resolution is passed or is taken to have been passed in accordance with this article;
 - (ii) the Approving Resolution must be voted on in either of the following ways as determined by the Directors:
 - (A) at a meeting; or
 - (B) by means of a postal ballot;
 - (iii) a person (other than the bidder or an associate of the bidder) who, as at the end of the day on which the first offer under the Proportional Takeover Bid was made, held bid class securities (**Eligible Member**) is entitled to vote on the Approving Resolution;

- (iv) an Approving Resolution that has been voted on is taken to have been passed if the proportion that the number of votes in favour of the resolution bears to the total number of votes on the resolution is 50% or more, and otherwise is taken to have been rejected; and
 - (v) the Directors must ensure that the Approving Resolution is voted on in accordance with this article 9.2 before the Approval Resolution Deadline.
- (b) If the Directors determine that the Approving Resolution will be voted on at a meeting, then the provisions of this Constitution that apply to a general meeting of the Company will apply with such modifications as the circumstances require as if the meeting were a general meeting of the Company.
- (c) If the Directors determine that the Approving Resolution will be voted on by means of a postal ballot:
 - (i) the Directors must dispatch to Eligible Members:
 - (A) a notice proposing the Approving Resolution;
 - (B) a ballot paper for the purpose of voting on the Approving Resolution;
 - (C) a statement setting out the details of the Proportional Takeover Bid; and
 - (D) a memorandum explaining the postal ballot procedure which is to govern voting in respect of the Approving Resolution;
 - (ii) a vote recorded on a ballot paper will not be counted for the purposes of determining whether or not the Approving Resolution is passed, unless the ballot paper is:
 - (A) correctly completed and signed under the hand of the Eligible Member or that person's attorney duly authorised in writing or if the Eligible Member is a body corporate, in a manner set out in section 127(1) or (2) of the Corporations Act or under the hand of its attorney so authorised; and
 - (B) received at the Registered Office on or before the time and date specified for its return in the notice proposing the Approving Resolution, such date to be not less than 18 days before the end of the period during which offers under the Proportional Takeover Bid remain open; and
 - (iii) on the date specified for the return of ballot papers in the notice proposing the Approving Resolution or the Business Days following that date, the Directors will arrange for a count of the ballot papers returned and determine whether the Approving Resolution has been passed or rejected and will upon completion of counting disclose the results of the ballot and the Approving Resolution will accordingly be deemed to have been voted on upon the date of such declaration.

- (d) Subject to article 9.2(f), to be effective, an Approving Resolution must be passed before the Approving Resolution Deadline.
- (e) Where a resolution to approve the Proportional Takeover Bid is voted on before the Approving Resolution Deadline in accordance with this article 9.2, the Company must, on or before the Approving Resolution Deadline, give:
 - (i) the bidder; and
 - (ii) if the Company is listed - each relevant financial market,a written notice stating that a resolution to approve the Proportional Takeover Bid has been voted on and whether the resolution has been passed or rejected.
- (f) Where, as at the end of the day before the Approving Resolution Deadline, no Approving Resolution has been voted on in accordance with this article 9.2, a resolution to approve the Proportional Takeover Bid is taken to have been passed on the Approving Resolution Deadline in accordance with this article 9.2.
- (g) If an Approving Resolution is voted on before the Approving Resolution Deadline in accordance with this article 9.2 and is rejected,
 - (i) despite section 652A of the Corporations Act:
 - (A) all offers under the Proportional Takeover Bid that have not been accepted as at the end of the Approving Resolution Deadline; and
 - (B) all offers under the Proportional Takeover Bid that have been accepted, and from whose acceptance binding contracts have not resulted, as at the end of the Approving Resolution Deadline, are taken to be withdrawn at the end of the Approving Resolution Deadline;
 - (ii) as soon as practicable after the Approving Resolution Deadline, the bidder must return to each person who has accepted an offer referred to in article 9.2(g)(i)(B), any documents that the person sent the bidder with the acceptance of the offer;
 - (iii) the bidder:
 - (A) is entitled to rescind; and
 - (B) must rescind as soon as practicable after the Approving Resolution Deadline,each binding takeover contract for the Proportional Takeover Bid; and
 - (iv) a person who has accepted an offer made under the Proportional Takeover Bid is entitled to rescind the takeover contract between such person and the bidder.

9.3 Sunset

Articles 9.1 and 9.2 cease to have effect on the third anniversary of the later of the date of their adoption or, if those articles have been renewed in accordance with the Corporations Act, the third anniversary of the date of their last renewal.

10 GENERAL MEETINGS

10.1 Annual general meeting

Annual general meetings of the Company are to be held in accordance with the Corporations Act.

10.2 Convening a general meeting

The Directors may convene and arrange to hold a general meeting of the Company whenever they think fit and must do so if required to do so under the Corporations Act.

10.3 Use of technology at general meetings

The Company may hold a meeting of its members at two or more venues using any technology that gives the members as a whole a reasonable opportunity to participate.

10.4 Notice of general meeting

Notice of a general meeting must be given in accordance with article 23, the Corporations Act and the Listing Rules.

10.5 Calculation of period of notice

In computing the period of notice under article 10.4, both the day on which the notice to Members is given or taken to be given and the day of the meeting convened by it are to be disregarded.

10.6 Cancellation or postponement of a meeting

- (a) Where a general meeting (including an annual general meeting) is convened by the Directors they may by notice, whenever they think fit, cancel the meeting or postpone the holding of the meeting to a date and time determined by them or change the place for the meeting.
- (b) This article 10.6 does not apply to a meeting convened in accordance with the Corporations Act by a single Director, by Members, by the Directors on the request of Members or to a meeting convened by a court.

10.7 Notice of cancellation or postponement of a meeting

Notice of cancellation or postponement or change of place of a general meeting must state the reason for cancellation or postponement and be:

- (a) published in a daily newspaper circulating in Australia; or
- (b) subject to the Corporations Act and the Listing Rules, given in any other manner determined by the Directors.

10.8 Contents of notice of postponement of meeting

A notice of postponement of a general meeting must specify:

- (a) the postponed date and time for the holding of the meeting;
- (b) a place for the holding of the meeting which may be either the same as or different from the place specified in the notice convening the meeting; and
- (c) if the meeting is to be held in two or more places, the technology that will be used to facilitate the holding of the meeting in that manner.

10.9 Number of clear days for postponement of meeting

The number of clear days from the giving of a notice postponing the holding of a general meeting to the date specified in that notice for the holding of the postponed meeting must not be less than the number of clear days' notice of the general meeting required to be given by the Corporations Act.

10.10 Business at postponed meeting

The only business that may be transacted at a general meeting the holding of which is postponed is the business specified in the original notice convening the meeting.

10.11 Proxy, attorney or Representative at postponed meeting

Where by the terms of an instrument appointing a proxy or attorney or an appointment of a Representative:

- (a) the appointed person is authorised to attend and vote at a general meeting or general meetings to be held on or before a specified date; and
- (b) the date for holding the meeting is postponed to a date later than the date specified in the instrument of proxy, power of attorney or appointment of Representative, then, by force of this article, that later date is substituted for and applies to the exclusion of the date specified in the instrument of proxy, power of attorney or appointment of Representative unless the Member appointing the proxy, attorney or Representative gives to the Company at its Registered Office notice in writing to the contrary not less than 48 hours before the time to which the holding of the meeting has been postponed.

10.12 Non-receipt of notice

The non-receipt of notice of a general meeting or cancellation or postponement of a general meeting by, or the accidental omission to give notice of a general meeting or cancellation or postponement of a general meeting to, a person entitled to receive notice does not invalidate any resolution passed at the general meeting or at a postponed meeting or the cancellation or postponement of a meeting.

10.13 Director entitled to notice of meeting

A Director is entitled to receive notice of and to attend all general meetings and all separate meetings of the holders of any class of shares in the capital of the Company and is entitled to speak at those meetings.

11 PROCEEDINGS AT GENERAL MEETINGS

11.1 Membership at a specified time

The Directors may determine, for the purposes of a particular general meeting that all the shares that are quoted on ASX at a specified time before the meeting are taken to be held at the time of the meeting by the persons who hold them at the specified time. The determination must be made and published in accordance with the Corporations Act.

11.2 Number for a quorum

Subject to article 11.5, two Members present in person or by proxy, attorney or Representative are a quorum at a general meeting. In determining whether a quorum is present, each individual attending as a proxy, attorney or Representative is to be counted, except that:

- (a) where a Member has appointed more than one proxy, attorney or Representative, only one is to be counted; and
- (b) where an individual is attending both as a Member and as a proxy, attorney or Representative, that individual is to be counted only once.

11.3 Requirement for a quorum

An item of business may not be transacted at a general meeting unless a quorum is present when the meeting proceeds to consider it. If a quorum is present at the time the first item of business is transacted, it is taken to be present when the meeting proceeds to consider each subsequent item of business unless the chairman of the meeting (on the chairman's own motion or at the request of a Member, proxy, attorney or Representative who is present) declares otherwise.

11.4 If quorum not present

If within 15 minutes after the time appointed for a meeting a quorum is not present, the meeting:

- (a) if convened by a Director, or at the request of Members, is dissolved; and
- (b) in any other case, stands adjourned to the same day in the next week and the same time and place, or to such other day, time and place as the Directors appoint by notice to the Members and others entitled to notice of the meeting.

11.5 Adjourned meeting

At a meeting adjourned under article 11.4(b), two persons each being a Member, proxy, attorney or Representative present at the meeting are a quorum and, if a quorum is not present within 15 minutes after the time appointed for the adjourned meeting, the meeting is dissolved.

11.6 Appointment of chairman of general meeting

If the Directors have elected one of their number as chairman of their meetings, that person is entitled to preside as chairman at a general meeting.

11.7 Absence of chairman at general meeting

If a general meeting is held and:

- (a) a chairman has not been elected by the Directors; or
- (b) the elected chairman is not present within 15 minutes after the time appointed for the holding of the meeting or is unable or unwilling to act, the following may preside as chairman of the meeting (in order of precedence):
- (c) any deputy chairman;
- (d) a Director chosen by a majority of the Directors present;
- (e) the only Director present; or
- (f) a Member chosen by a majority of the Members present in person or by proxy, attorney or Representative.

11.8 Conduct of general meetings

The chairman of a general meeting:

- (a) has charge of the general conduct of the meeting and the procedures to be adopted at the meeting;
- (b) may require the adoption of any procedure which is in the chairman's opinion necessary or desirable for proper and orderly debate or discussion and the proper and orderly casting or recording of votes at the general meeting; and
- (c) may, having regard where necessary to the Corporations Act, terminate discussion or debate on any matter whenever the chairman considers it necessary or desirable for the proper conduct of the meeting, and a decision by the chairman under this article is final.

11.9 Disruption and termination of general meeting

- (a) The chairman may require any person who wishes to attend the general meeting to comply with searches, restrictions or other security arrangements as the chairman considers appropriate. The chairman may refuse entry to any person who does not comply with the arrangements, any person who possesses a recording or broadcasting device without the consent of the chairman or any person who possesses an article which the chairman considers to be dangerous, offensive or liable to cause disruption.
- (b) If any general meeting becomes so unruly or disorderly, whether or not accompanied by any violence or threats of violence, that in the opinion of the chairman the business of the general meeting cannot be conducted in a proper and orderly manner, the chairman may in the chairman's sole and absolute discretion and without giving any reason for doing so either adjourn or terminate the general meeting. If any general meeting is, in the opinion of the chairman, unduly protracted, the chairman may in the chairman's sole and absolute discretion and without giving any reason for doing so, implement such procedural rules as the chairman deems appropriate or adjourn the general meeting.
- (c) If any general meeting is to be terminated by the chairman under article 11.9(b), the chairman must put any incomplete items of business of which notice was given in the notice convening the general meeting and which required a vote at that general meeting, to the vote by poll either without discussion then and there or at such other time, at such place and in such manner as the chairman directs. The results of any such poll on each such item of business is deemed for all purposes to be a resolution or Special Resolution (as the case may be) of the general meeting and be recorded in the minutes of that general meeting accordingly.
- (d) After the chairman of a general meeting declares the meeting to be adjourned, terminated or over, no business or question may be brought forward, discussed or decided.

11.10 Adjournment of general meeting

- (a) The chairman of a general meeting may at any time during the meeting adjourn the meeting or any business, motion, question, resolution, debate or discussion being considered or remaining to be considered by the meeting either to a later time at the same meeting or to an adjourned meeting at any time and place, but:
 - (i) in exercising the discretion to do so, the chairman may, but need not, seek the approval of the Members present in person or by proxy, attorney or Representative; and
 - (ii) only unfinished business is to be transacted at a meeting resumed after an adjournment.
- (b) Unless required by the chairman, a vote may not be taken or demanded by the Members present in person or by proxy, attorney or Representative in respect of any adjournment.

11.11 Notice of adjourned meeting

It is not necessary to give any notice of an adjournment or of the business to be transacted at any adjourned meeting unless a meeting is adjourned for one month or more. In that case, notice of the adjourned meeting must be given as in the case of an original meeting.

11.12 Questions decided by majority

Subject to the requirements of the Corporations Act, a resolution is taken to be carried if a simple majority of the votes cast on the resolution are in favour of it.

11.13 No casting vote for chairman

If there is an equality of votes, either on a show of hands or on a poll, the chairman of the general meeting is not entitled to a casting vote, in addition to any votes to which the chairman is entitled as a Member or proxy or attorney or Representative.

11.14 Voting on show of hands

At any general meeting a resolution put to the vote of the meeting must be decided on a show of hands unless a poll is effectively demanded and the demand is not withdrawn. A declaration by the chairman that a resolution has on a show of hands been carried or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book containing the minutes of the proceedings of the Company, is conclusive evidence of the fact. Neither the chairman nor the minutes need state, and it is not necessary to prove, the number or proportion of the votes recorded in favour of or against the resolution.

11.15 Poll

If a poll is effectively demanded:

- (a) it must be taken in the manner and at the date and time directed by the chairman and the result of the poll is a resolution of the meeting at which the poll was demanded;
- (b) on the election of a chairman or on a question of adjournment, it must be taken immediately;
- (c) the demand may be withdrawn; and
- (d) the demand does not prevent the continuance of the meeting for the transaction of any business other than the question on which the poll has been demanded.

11.16 Entitlement to vote

- (a) Subject to any rights or restrictions for the time being attached to any class or classes of shares and to this Constitution:
 - (i) on a show of hands, each Member present in person and each other person present as a proxy, attorney or Representative of a Member has one vote; and
 - (ii) on a poll:
 - (A) each Member present in person has one vote for each fully paid share held by the Member and each person present as proxy, attorney or Representative of a Member has one vote for each fully paid share held by the Member that the person represents;
 - (B) each Member present has a fraction of a vote for each partly paid share equivalent to the proportion which the amount paid (not credited) of the total amounts paid and payable (excluding amounts credited) on the share. Amounts paid in advance in relation to a call will be ignored when calculating the proportion.
- (b) A Member is not entitled to vote at a general meeting in respect of shares which are the subject of a current Restriction Agreement for so long as any breach of that agreement subsists.

11.17 Joint shareholders' vote

If a share is held jointly and more than one Member votes in respect of that share, only the vote of the Member whose name appears first in the Register counts.

11.18 Effect of unpaid call

A Member is not entitled at a general meeting to cast a vote attached to a share or be counted in a quorum on which a call is due and payable and has not been paid.

11.19 Validity of vote in certain circumstances

Unless the Company has received written notice of the matter before the start or resumption of the meeting at which a person votes as a proxy, attorney or Representative, a vote cast by that person is valid even if, before the person votes:

- (a) the appointing Member dies;
- (b) the Member is mentally incapacitated;
- (c) the Member revokes the appointment or authority;
- (d) the Member revokes the authority under which the appointment was made by a third party; or
- (e) the Member transfers the share in respect of which the appointment or authority was given.

11.20 Objection to voting qualification

An objection to the right of a person to attend or vote at the meeting or adjourned meeting:

- (a) may not be raised except at that meeting or adjourned meeting; and
- (b) must be referred to the chairman of the meeting, whose decision is final. A vote not disallowed under the objection is valid for all purposes.

12 THE DIRECTORS

12.1 Number of Directors

Unless otherwise determined by the Company in general meeting, the number of Directors is to be not less than three nor more than:

- (a) eight; or
- (b) any lesser number than eight determined by the Directors (but the number must not be less than the number of Directors in office at the time the determination takes effect).

The Directors in office at the time of adoption of this Constitution continue in office subject to this Constitution.

12.2 Change of number of Directors

The Company in general meeting may by resolution increase or reduce the minimum or maximum number of Directors.

12.3 Retirement and election of Directors

- (a) A Director must not hold office without re-election:
 - (i) past the third annual general meeting following the Director's appointment or last election; or
 - (ii) for more than three years,whichever is the longer.
- (b) There must be an election of Directors at each annual general meeting of the Company. This can be satisfied by one or more of the following so long as the maximum number of Directors under article 12.1 is not exceeded:
 - (i) a person standing for election as a new Director having nominated in accordance with article 12.6;
 - (ii) any Director who was appointed under article 12.7 standing for election as a Director;
 - (iii) any Director who is retiring at the end of the annual general meeting due to the tenure limitation in article 12.3(a), standing for re-election; or
 - (iv) if no person or Director is standing for election or re-election in accordance with paragraphs (i), (ii) or (iii), then the Director who has been a Director the longest without re-election must retire and stand for re election. If two or more Directors have been a Director the longest and an equal time without re-election, then in default of agreement, the Director to retire will be determined by ballot.
- (c) This article does not apply to one Managing Director who is exempt from retirement and re-election in accordance with article 14.3.

12.4 Office held until conclusion of meeting

A retiring Director holds office until the conclusion of the meeting at which that Director retires but is eligible for re-election.

12.5 Director elected at general meeting

The Company may, at a general meeting at which a Director retires or otherwise vacates office, by resolution fill the vacated office by electing a person to that office.

12.6 Eligibility for election as Director

Except for:

- (a) a person who is eligible for election or re-election under article 12.3, 12.7; or
- (b) a person recommended for election by the Directors,

a person is not eligible for election as a Director at a general meeting of the Company unless a consent to nomination signed by the person has been lodged at the Registered Office at least:

- (c) in the case of a meeting that members have requested the Directors to call, 30 business days before the general meeting; and
- (d) in any other case, 35 business days before the general meeting,

but, in each case, no more than 90 business days before the meeting.

12.7 Casual vacancy or additional Director

- (a) The Directors may at any time appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors, provided the total number of Directors does not exceed the maximum number in accordance with article 12.1.
- (b) A Director appointed under article 12.7(a) holds office until the conclusion of the next annual general meeting of the Company but is eligible for election at that meeting. This provision does not apply to one Managing Director nominated by the Directors under article 14.3.

12.8 Remuneration of Directors

- (a) The Directors are to be remunerated for their services as Directors as follows:
 - (i) the amount of the remuneration of the Directors is:
 - (A) a yearly sum not exceeding \$500,000; or
 - (B) any other sum determined by the Company in general meeting from time to time.
 - (ii) the notice convening the meeting must include any proposal to increase the Directors' remuneration and specify both the amount of any increase and the new yearly sum proposed for determination;
 - (iii) the amount of the remuneration of the Directors is to be divided among them in the proportion and manner they agree or, in default of agreement, among them equally;

- (iv) the remuneration is to be provided wholly in cash unless the Directors, with the agreement of the Director concerned, determine that part is to be satisfied in the form of non-cash benefits, including the issue or purchase of shares in the Company or the grant of options or rights to subscribe for such shares. The sum determined by the Company in general meeting under article 12.8(a)(i) does not include remuneration in the form of share, option or other equity plans approved separately by the Company in general meeting;
 - (v) in making a determination under paragraph (iv), the Directors may fix the value of any non-cash benefit; and
 - (vi) the Directors' remuneration accrues from day to day, except for any non cash benefit which is taken to accrue at the time the benefit is provided, subject to the terms on which the benefit is provided.
- (b) This article does not apply to the remuneration of the Managing Director or any other Executive Director appointed under article 14.1.

12.9 Superannuation contributions

The Company may make contributions to a fund for the purpose of making provision for or obtaining superannuation benefits for a Director. Any such contribution is in addition to, and not regarded as part of, the remuneration approved by Members under this Constitution.

12.10 Additional or special duties

If a Director at the request of the Directors performs additional or special duties for the Company, the Company may remunerate that Director as determined by the Directors and that remuneration may be either in addition to or in substitution for that Director's remuneration under article 12.8.

12.11 Retirement benefit

Subject to the Listing Rules and Corporations Act, the Company may pay a former Director, or the personal representative of a Director who dies in office, a retirement benefit in recognition of past services of an amount determined by the Directors. The Company may also enter into a contract with a Director providing for payment of a retirement benefit. A retirement benefit paid under this article is not remuneration to which article 12.8 applies.

12.12 Expenses

A Director is entitled to be reimbursed out of the funds of the Company such reasonable travelling, accommodation and other expenses as the Director may incur when travelling to or from meetings of the Directors or a Committee or when otherwise engaged on the business of the Company.

12.13 Director's interests

- (a) Subject to complying with the Corporations Act regarding disclosure of and voting on matters involving material personal interests, a Director may:

- (i) hold any office or place of profit in the Company, except that of auditor;
- (ii) hold any office or place of profit in any other company, body corporate, trust or entity promoted by the Company or in which it has an interest of any kind;
- (iii) enter into any contract or arrangement with the Company;
- (iv) participate in any association, institution, fund, trust or scheme for past or present employees of the Company or Directors or persons dependent on or connected with them;
- (v) act in a professional capacity (or be a member of a firm which acts in a professional capacity) for the Company, except as auditor;
- (vi) participate in, vote on and be counted in a quorum for any meeting, resolution or decision of the Directors and may be present at any meeting where any matter is being considered by the Directors;
- (vii) sign or participate in the execution of a document by or on behalf of the Company;
- (viii) do any of the above despite the fiduciary relationship of the Director's office:
 - (A) without any liability to account to the Company for any direct or indirect benefit accruing to the Director; and
 - (B) without affecting the validity of any contract or arrangement; and
- (ix) exercise the voting power conferred by securities in any entity held by the Company, as they determine including in circumstances where a Director may be interested in the exercise, such as a resolution appointing a Director as an officer of the entity or providing for the payment of remuneration to officers of the entity.
 - (a) A reference to the Company in this article 12.13 is also a reference to each related body corporate of the Company.

12.14 Vacation of office of Director

In addition to the circumstances in which the office of a Director becomes vacant under the Corporations Act, the office of a Director becomes vacant if the Director:

- (a) becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under the law relating to mental health;
- (b) resigns from the office by notice in writing to the Company; or
- (c) is not present personally or by Alternate Director at meetings of the Directors for a continuous period of three months without leave of absence from the Directors provided that written notice has been provided to that Director requiring his attendance at the next Directors meeting after that period and the Director fails to attend at that meeting either personally or by Alternate Director; or
- (d) is removed from office by resolution under section 203D of the Corporations Act, but without depriving the Director of any compensation or damages payable to the Director in respect of the termination of the Director's appointment as a Director or of an appointment terminating with that appointment.

13 POWERS AND DUTIES OF DIRECTORS

13.1 Directors to manage Company

The business of the Company is to be managed by the Directors, who may exercise all such powers of the Company as are not, by the Corporations Act or by this Constitution, required to be exercised by the Company in general meeting.

13.2 Specific powers of Directors

Without limiting the generality of article 13.1, the Directors may exercise all the powers of the Company to borrow or raise money, to charge any property or business of the Company or all or any of its uncalled capital and to issue debentures or give any other security for a debt, liability or obligation of the Company or of any other person.

13.3 Appointment of attorney

The Directors may, by power of attorney, appoint any person or persons to be the attorney or attorneys of the Company for the purposes and with the powers, authorities and discretions vested in or exercisable by the Directors for such period and subject to such conditions as they think fit.

13.4 Provisions in power of attorney

A power of attorney granted under article 13.3 may contain such provisions for the protection and convenience of persons dealing with the attorney as the Directors think fit and may also authorise the attorney to delegate (including by way of appointment of a substitute attorney) all or any of the powers, authorities and discretions vested in the attorney.

13.5 Signing of cheques

The Directors may determine the manner in which and persons by whom cheques, promissory notes, bankers' drafts, bills of exchange and other negotiable instruments, and receipts for money paid to the Company, may be signed, drawn, accepted, endorsed or otherwise executed.

13.6 Delegation of Directors' powers

- (a) The Directors may delegate any of their powers, to the extent permitted by law, to any persons they select for any period, to be exercised for any objects and purposes on any terms and subject to any conditions and restrictions as they think fit, and may revoke, withdraw, alter or vary the delegation of any of those powers.
- (b) The powers of delegation expressly or impliedly conferred by this Constitution on the Directors are conferred in substitution for, and to the exclusion of, the power conferred by section 198D of the Corporations Act.

14 MANAGING DIRECTORS AND EXECUTIVE OFFICERS

14.1 Appointment of Managing and Executive Directors

The Directors may at any time appoint one or more of their body to be Managing Director (or Managing Directors) or to some other executive office of the Company for the period, at the remuneration and on the conditions the Directors decide.

14.2 Ceasing to be a Managing or Executive Director

- (a) Subject to article 14.3, a Managing Director or Executive Director appointed under article 14.1 is subject to re-election as Director in accordance with article 12.3.
- (b) Unless the Directors decide otherwise, a Managing Director's or other Executive Director's employment terminates if the Managing Director or other Executive Director ceases to be a Director.
- (c) Unless the Directors decide differently, the office of a Director who is employed by the Company or by a subsidiary of the Company automatically becomes vacant if the Director ceases to be so employed.

14.3 One Managing Director exempt

The Managing Director or if a Managing Director is not appointed then an Executive Director, nominated by the Directors, is, while holding that office, exempt from retirement by rotation under article 12.3.

14.4 Remuneration of Managing and Executive Directors

The remuneration of a Managing Director or an Executive Director may be fixed by the Directors and may be by way of salary or commission or participation in profits or by all or any of those modes, but may not be by a commission on or percentage of operating revenue.

14.5 Powers of Managing and Executive Directors

The Directors may:

- (a) confer on a Managing Director or an Executive Director such of the powers exercisable by them, on such terms and conditions and with such restrictions, as they think fit; and
- (b) withdraw or vary any of the powers conferred on a Managing Director or an Executive Director.

15 PROCEEDINGS OF DIRECTORS

15.1 Directors' meetings

The Directors may meet together for the dispatch of business and adjourn and otherwise regulate their meetings as they think fit.

15.2 Director may convene a meeting

A Director may at any time, and the Secretary must on the written request of a Director, convene a meeting of the Directors. Unless agreed to by a majority of Directors entitled to attend at a meeting of Directors, not less than 48 hours' notice of a meeting of Directors must be given to each Director either by personal telephone contact or in writing (whether electronic or otherwise) by the convenor of the meeting. An accidental omission to send a notice of a meeting to Directors to any Director or the non-receipt of such a notice by any Director does not invalidate the proceedings, or any resolution passed at the meeting.

15.3 Quorum for Directors' meeting

A quorum for a meeting of the Directors is 2 Directors and the quorum must be present at all times during the meeting. For this purpose a temporary absence of a Director, through either disconnection of technology or leaving the room, is disregarded.

15.4 Use of technology for Directors' meetings

A Directors' meeting may be called or held using any technology consented to by all the Directors. The consent may be a standing one. A Director may only withdraw their consent within a reasonable period of time before the meeting (being not less than 7 days before the meeting).

15.5 Questions decided by majority

A question arising at a meeting of Directors is to be decided by a majority of votes of Directors present and entitled to vote and that decision is for all purposes a decision of the Directors.

15.6 Alternate Director and voting

A person who is present at a meeting of Directors as an Alternate Director has one vote for each absent Director who would be entitled to vote if present at the meeting and for whom that person is an Alternate Director and, if that person is also a Director, has one vote as a Director in that capacity.

15.7 Chairman of Directors

The Directors may elect one of their number as chairman of their meetings and may also determine the period for which the person elected as chairman is to hold office.

15.8 Absence of chairman at Directors' meeting

If a Directors' meeting is held and:

- (a) a chairman has not been elected under article 15.7; or
 - (b) the chairman is not present within 10 minutes after the time appointed for the holding of the meeting or is unable or unwilling to act,
- the Directors present must elect one of their number to be a chairman of the meeting.

15.9 Chairman's casting vote at Directors' meetings

If there are an equal number of votes for and against a question, the chairman of the Director's meeting has a casting vote, unless only two Directors are present and entitled to vote on the question.

15.10 Appointment of Alternate Director

Subject to the Corporations Act, a Director may appoint a person approved by a majority of the other Directors to be an Alternate Director in the Director's place during such period as the Director thinks fit, however, a Director may only appoint one alternate Director at a time.

15.11 Alternate Director and meetings

An Alternate Director is entitled to notice of all meetings of the Directors and, if the appointer does not attend the meeting (or part of it), the Alternate Director is entitled to participate and vote in the appointer's place.

15.12 Alternate Director's powers

An Alternate Director may exercise all the powers of the appointer except the power to appoint an Alternate Director and, subject to the Corporations Act, may perform all the duties of the appointer except to the extent that the appointer has exercised or performed them.

15.13 Alternate Director responsible for own acts and defaults

While acting as a Director, an Alternate Director:

- (a) is an officer of the Company and not the agent of the appointer; and
- (b) is responsible to the exclusion of the appointer for the Alternate Director's own acts and defaults.

15.14 Alternate Director and remuneration

An Alternate Director is not entitled to receive from the Company any remuneration or benefit under article 12.9 or 12.11.

15.15 Termination of appointment of Alternate Director

The appointment of an Alternate Director may be terminated at any time by the appointer even if the period of the appointment of the Alternate Director has not expired, and terminates in any event if the appointer ceases to be a Director for any reason.

15.16 Appointment or termination in writing

Subject to article 15.10, an appointment, or the termination of an appointment, of an Alternate Director must be effected by a notice in writing signed by the Director who makes or made the appointment and delivered to the Company.

15.17 Alternate Director and number of Directors

An Alternate Director is not to be taken into account separately from the appointer in determining the number of Directors.

15.18 Continuing Directors may act

The continuing Directors may act despite a vacancy in their number. If their number is reduced below the minimum fixed by article 12.1, the continuing Directors may, except in an emergency, act only for the purpose of filling vacancies to the extent necessary to bring their number up to that minimum or to convene a general meeting.

15.19 Delegation of powers to Committees

The Directors may (and if required to do so by the Listing Rules, must) by Resolution or by power of attorney, delegate any of their powers to Committees consisting of such Directors or Members or persons as the Directors think fit to act either in Australia or elsewhere. Any Committee so formed or person or persons so appointed must, in the exercise of the power so delegated, conform to any regulations that may from time to time be imposed by the Directors. Any such delegation must be recorded in the minute book of meetings of Directors.

15.20 Chairman of Committee

The members of a Committee may elect one of their number as chairman of their meetings. If a meeting of a Committee is held and:

- (a) a chairman has not been elected; or
 - (b) the chairman is not present within 10 minutes after the time appointed for the holding of the meeting or is unable or unwilling to act,
- the members involved may elect one of their number to be chairman of the meeting.

15.21 Meetings of Committee

The meetings and proceedings of any Committee are governed by the provisions of this Constitution regulating the meetings and proceedings of the Directors so far as they are applicable.

15.22 Determination of questions

- (a) Questions arising at a meeting of a Committee are to be determined by a majority of votes of the members of the Committee present and voting.
- (b) If there are an equal number of votes for and against a question, the chairman of the meeting has a casting vote, unless only two members of the Committee are present and entitled to vote on the question.

15.23 Validity of acts of Directors

All acts done at a meeting of the Directors or of a Committee, or by a person acting as a Director are, even if it is afterwards discovered that:

- (a) there was a defect in the appointment or continuance in office of a person as a Director or of the person so acting; or
- (b) a person acting as a Director was disqualified or was not entitled to vote,

as valid as if the relevant person had been duly appointed or had duly continued in office and was qualified and entitled to vote.

16 CIRCULATING RESOLUTION OF DIRECTORS

16.1 Written resolution signed by a majority of eligible Directors

If all Directors for the time being (or their respective Alternate Director), excluding those Directors who would not be entitled to vote on the resolution, have signed a document containing a statement that they are in favour of a resolution of the Directors in terms set out in the document, a resolution in those terms is treated as having been passed at a meeting of the Directors held on the day on which the document was signed or, if the Directors sign the documents on different days, on the day on which the document was last signed by a Director unless the document, by its terms, is said to take effect from an earlier date.

16.2 Signing of circulating resolution

- (a) Each Director, other than one not entitled to vote on the resolution, may sign the document.
- (b) If an individual who is not entitled to vote on the resolution signs the document, it does not invalidate the resolution if it is otherwise valid.
- (c) If there is only one eligible Director, he or she may sign the document and it then takes effect under article 16.1.
- (d) An electronic transmission purporting to be signed by a Director or Alternate Director is treated as being in writing signed by such individual.
- (e) Two or more separate documents containing statements in identical terms each of which is signed by one or more Directors are together treated as constituting one document containing a statement in those terms signed by those Directors on the respective days on which they signed the separate documents.

16.3 Deemed minute

The document or documents referred to in articles 16.1 and 16.2 are treated as constituting a minute of that meeting and must be entered in books kept for that purpose.

17 SECRETARY

17.1 Appointment of Secretary

The Company must have at least one Secretary who is to be appointed by the Directors.

17.2 Suspension and removal of Secretary

The Directors may suspend or remove a Secretary from that office.

17.3 Powers, duties and authorities of Secretary

A Secretary holds office on the terms and conditions (including as to remuneration) and with the powers, duties and authorities, as determined by the Directors. The exercise of those powers and authorities and the performance of those duties by a Secretary is subject at all times to the control of the Directors.

18 MINUTES

18.1 Minutes to be entered into books

The Directors must cause minutes to be duly entered in books provided for the purpose of recording:

- (a) all appointments of Directors and Secretaries;
- (b) the names of the Directors present at each meeting of the Directors and committees;
- (c) all orders, resolutions, Special Resolutions and proceedings of meetings of the Company and the Directors and of meetings of committees;
and
- (d) such matters as are required by the Corporations Act to be contained in such books.

18.2 Minutes to be signed by chairman

Any minutes purporting to be signed by any person purporting to be the chairman of a meeting or to be the chairman of the next succeeding meeting may be received in evidence without any further proof, as sufficient evidence:

- (a) that the matters and things recorded by or appearing in such minutes actually took place or happened as recorded or appearing; and
- (b) of the regularity of such matters and things in all respects and that the same took place at a meeting duly convened and held.

19 SEALS

19.1 Safe custody of common seals

The Directors must provide for the safe custody of any seal of the Company.

19.2 Use of common seal

If the Company has a common seal or duplicate common seal:

- (a) it may be used only by the authority of the Directors, or of a Committee authorised by the Directors to authorise its use; and
- (b) every document to which it is affixed must be signed by a Director and be countersigned by another Director, a Secretary or another person appointed by the Directors to countersign that document or a class of documents in which that document is included.

20 INSPECTION OF RECORDS

20.1 Inspection by Members

Subject to the Corporations Act, the Directors may determine whether and to what extent, and at what time and places and under what conditions, the accounting records and other documents of the Company or any of them will be open to the inspection of Members (other than Directors).

20.2 Right of a Member to inspect

A Member (other than a Director) does not have the right to inspect any document of the Company except as provided by law or authorised by the Directors or by the Company in general meeting.

21 DIVIDENDS AND RESERVES

21.1 Payment of dividend

Subject to the Corporations Act, the Listing Rules, this Constitution and the rights of any person entitled to shares with special rights to dividend, the Directors may determine that a dividend is payable, fix the amount and the time for payment and authorise the payment or crediting by the Company to, or at the direction of, each Member entitled to that dividend.

21.2 No interest on dividends

Interest is not payable by the Company on a dividend.

21.3 Reserves and profits carried forward

- (a) Subject to the Corporations Act, the Directors may:
 - (i) before paying any dividend, set aside such sums as they think proper as a reserve, to be applied, at the discretion of the Directors, for any purpose for which such sums may be properly applied; and
 - (ii) carry forward so much of the profits that are not included in the sums set aside under article 21.3(a)(i) without transferring those profits to a reserve.
- (b) Pending application, any sum set aside as a reserve may, at the discretion of the Directors, be used in the business of the Company or be invested as the Directors think fit.

21.4 Calculation and apportionment of dividends

- (a) Subject to the rights of any persons entitled to shares with special rights as to dividend and to the terms of issue of any shares to the contrary, all sums that the Company determines are to be distributed among Members as dividends are divisible among the Members so that, on each occasion on which a dividend is paid:
 - (i) the same sum is paid on each share on which all amounts payable have been paid; and
 - (ii) the sum paid on a share on which all amounts payable have not been paid is the proportion of the sum referred to in paragraph (a) that the amount paid on the shares bears to the total of the amounts paid and payable on the share.
- (b) To determine the amount paid on a share, exclude any amount:
 - (i) paid or credited as paid in advance of a call; and
 - (ii) credited as paid on a share to the extent that it exceeds the value (ascertained at the time of issue of the share) of the consideration received for the issue of the share.
- (c) (c) All dividends are to be apportioned and paid proportionately to the amounts paid on the shares during any portion or portions of the period in respect of which the dividend is paid, but, if any share is issued on terms providing that it will rank for dividend as from a particular date, that share ranks for dividend accordingly.

21.5 Deductions from dividends

The Directors may deduct from any dividend payable to, or at the direction of, a Member any sums presently payable by that Member to the Company on account of calls or otherwise in relation to shares in the Company.

21.6 Distribution of specific assets

- (a) When resolving to pay a dividend, the Directors may:
 - (i) resolve that the dividend be satisfied either wholly or partly by the distribution of specific assets to some or all of the persons entitled to the dividend, including fully paid shares in or debentures of the Company or fully paid shares in or debentures of any other body corporate; and
 - (ii) direct that the dividend payable in respect of any particular shares be satisfied wholly or partly by such a distribution and that the dividend payable in respect of other shares be paid in cash.
- (b) Where a dividend is to be paid wholly or partly by the distribution of shares or other securities of another body corporate:
 - (i) the members are deemed to have agreed to become members of that body corporate and to be bound by the constitution of that body corporate; and
 - (ii) each member appoints each Director as its agent to execute any transfer of shares or other securities, or any other document required to give effect to the distribution of shares or other securities to that member.

21.7 Resolution of distribution difficulties

- (a) If a difficulty arises in regard to a distribution under article 21.6, the Directors may:
 - (i) settle the matter as they consider expedient;
 - (ii) fix the value for distribution of the specific assets or any part of those assets;
 - (iii) determine that cash payments will be made to, or at the direction of, any Members on the basis of the value so fixed in order to adjust the rights of all parties; and
 - (iv) vest any such specific assets in trustees as the Directors consider expedient.
- (b) If a distribution of specific assets to, or at the direction of, a particular Member or Members is illegal or, in the Directors' opinion, impracticable the Directors may make a cash payment to the Member or Members on the basis of the cash amount of the dividend instead of the distribution of specific assets.

21.8 Payments in respect of shares

A dividend, interest or other money payable in cash in respect of shares may be paid using any payment method chosen by the Company, including:

- (a) by cheque sent through the post directed to the address in the Register of the holder or, in the case of joint holders, to the address of the joint holder first named in the Register;
- (b) by cheque sent through the post directed to such other address as the holder or joint holder in writing directs; or
- (c) by some other method of direct credit determined by the Directors to the holder or holders shown on the Register or to such person or place directed by them.

21.9 Effectual receipt from one joint holder

Any one of two or more joint holders may give an effectual receipt for any dividend, interest or other money payable in respect of the shares held by them as joint holders.

21.10 Election to reinvest dividend

Subject to the Listing Rules, the Directors may grant to Members or any class of Members the right to elect to reinvest cash dividends paid by the Company by subscribing for shares in the Company on such terms and conditions as the Directors think fit.

21.11 Election to accept shares instead of dividends

Subject to the Listing Rules, the Directors may determine in respect of any dividend which it is proposed to pay on any shares of the Company that holders of the shares may elect:

- (a) to forego the right to share in the proposed dividend or part of such proposed dividend; and
- (b) to receive instead an issue of shares credited as fully paid on such terms as the Directors think fit.

21.12 Unclaimed dividends

Unclaimed dividends may be invested by the Directors as they think fit for the benefit of the Company until claimed or until required to be dealt with in accordance with any law relating to unclaimed moneys.

22 CAPITALISATION OF PROFITS

22.1 Capitalisation of reserves and profits

The Directors:

- (a) may resolve to capitalise any sum, being the whole or a part of the amount for the time being standing to the credit of any reserve account or the profit and loss account or otherwise available for distribution to Members; and
- (b) may, but need not, resolve to apply the sum in any of the ways mentioned in article 22.2, for the benefit of Members in the proportions to which those Members would have been entitled in a distribution of that sum by way of dividend.

22.2 Applying a sum for the benefit of Members

The ways in which a sum may be applied for the benefit of Members under article 22.1 are:

- (a) in paying up any amounts unpaid on shares held by Members;
- (b) in paying up in full unissued shares or debentures to be issued to Members as fully paid; or
- (c) partly as mentioned in paragraph (a) and partly as mentioned in paragraph (b).

22.3 Implementing the resolution

The Directors may do all things necessary to give effect to the resolution under article 22.1 and, in particular, to the extent necessary to adjust the rights of the Members among themselves, may:

- (a) make cash payments in cases where shares or debentures become issuable in fractions;
- (b) authorise any person to make, on behalf of all or any of the Members entitled to any further shares or debentures on the capitalisation, an agreement with the Company providing for:
 - (i) the issue to them, credited as fully paid up, of any further shares or debentures; or
 - (ii) the payment by the Company on their behalf of the amounts or any part of the amounts remaining unpaid on their existing shares by the application of their respective proportions of the sum resolved to be capitalised,and any agreement so made is effective and binding on all the Members concerned;
- (c) fix the value of specified assets; or
- (d) vest property in trustees.

23 SERVICE OF DOCUMENTS

23.1 Document includes notice

In article 23, a reference to a document includes a notice and a notification by electronic means.

23.2 Methods of service

The Company may give a document to a Member:

- (a) personally;
- (b) by delivering it or sending it by post to the address for the Member in the Register or an alternative address nominated by the Member;
- (c) by sending it to a fax number or electronic address or by other electronic means nominated by the Member; or
- (d) subject to the requirements of the relevant law or the Listing Rules, by making it available on the Company's website.

23.3 Post

A document sent by post:

- (a) if sent to an address in Australia , may be sent by ordinary post; and
- (b) if sent to an address outside Australia, must be sent by airmail,

and, in either case, is taken to have been given and received on the day after the day of its posting.

23.4 Fax or other electronic means

A document sent or given by fax or other electronic means:

- (a) is taken to be effected by properly addressing and transmitting the fax or other electronic transmission; and
- (b) is taken to have been given and received on the day of its transmission except if transmitted after 5.00pm in which case is taken to be served on the next Business Day.

23.5 Evidence of service

A certificate in writing signed by a Director or a Secretary stating that a document was sent, delivered or given to a Member personally, by post, fax or other electronic means on a particular date is prima facie evidence that the document was sent, delivered or given on that date and by that means.

23.6 Joint holders

A document may be given by the Company to the joint holders of a share by giving it to the joint holder first named in the Register in respect of the share.

23.7 Persons entitled to shares

A person who by operation of law, transfer or other means whatsoever becomes entitled to any share is absolutely bound by every document given in accordance with this article 23 to the person from whom that person derives title prior to registration of that person's title in the Register.

24 WINDING UP

24.1 Distribution of assets

If the Company is wound up, the liquidator may, with the sanction of a Special Resolution of the Company, divide among the Members in specie or in kind the whole or any part of the property of the Company and may for that purpose set such value as the liquidator considers fair on any property to be so divided and may determine how the division is to be carried out as between the Members or different classes of Members.

24.2 Powers of liquidator to vest property

The liquidator may, with the sanction of a Special Resolution of the Company, vest the whole or any part of any such property in trustees on such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Member is compelled to accept any shares or other securities in respect of which there is any liability.

24.3 Shares issued on special terms

Articles 24.1 and 24.2 do not prejudice or affect the rights of a Member holding shares issued on special terms and conditions.

25 INDEMNITY AND INSURANCE

25.1 Indemnity

To the maximum extent permitted by law, the Company must indemnify any current or former Director or Secretary or officer or senior manager of the Company or a subsidiary of the Company out of the property of the Company against:

- (a) any liability incurred by the person in that capacity (except a liability for legal costs);
- (b) legal costs incurred in defending or resisting (or otherwise in connection with) proceedings, whether civil or criminal or of an administrative or investigatory nature, in which the person becomes involved because of that capacity; and
- (c) legal costs incurred in good faith in obtaining legal advice on issues relevant to the performance of their functions and discharge of their duties as an officer of the Company or a subsidiary, if that expenditure has been approved in accordance with the Company's policy,

except to the extent that:

- (d) the Company is forbidden by law to indemnify the person against the liability or legal costs; or
- (e) an indemnity by the Company of the person against the liability or legal costs, if given, would be made void by law.

25.2 Insurance

The Company may pay or agree to pay, whether directly or through an interposed entity, a premium for a contract insuring a person who is or has been a Director or Secretary or officer or senior manager of the Company or of a subsidiary of the Company against liability incurred by the person in that capacity, including a liability for legal costs, unless:

- (a) the Company is forbidden by law to pay or agree to pay the premium; or
- (b) the contract would, if the Company paid the premium, be made void by law.

25.3 Contract

The Company may enter into an agreement with a person referred to in articles 25.1 and 25.2 with respect to the matters covered by those articles. An agreement entered into pursuant to this article may include provisions relating to rights of access to the books of the Company conferred by the Corporations Act or otherwise by law.

26 RESTRICTED SECURITIES

26.1 Disposal during Escrow Period

- (a) Restricted Securities cannot be disposed of during the Escrow Period except as permitted by the Listing Rules or ASX.
- (b) The Company must not acknowledge a disposal (including by registering a transfer) of Restricted Securities during the Escrow Period except as permitted by the Listing Rules or ASX.

26.2 Breach of Restriction Agreement or Listing Rules

During a breach of the Listing Rules relating to Restricted Securities, or a breach of a Restriction Agreement, the holder of the Restricted Securities is not entitled to any dividend or distribution, or voting rights, in respect of the Restricted Securities.

27 UNMARKETABLE PARCELS

27.1 Definitions

In this article 27:

Share means shares in the Company; and

Sale Share means a Share which is sold or disposed of in accordance with the article 27.

27.2 Power to sell existing unmarketable parcels

- (a) Subject to the Applicable Law, the Company may sell the Shares of a Member if:
 - (i) the total number of Shares of a particular class held by that Member is less than a marketable parcel;
 - (ii) the Company gives that Member notice in writing stating that the Shares are liable to be sold or disposed of by the Company;
 - (iii) that Member does not give notice in writing to the Company, by the date specified in the notice of the Company (being not less than 42 days after the date of the Company giving that notice), stating that all or some of those Shares are not to be sold or disposed of.
- (b) The Company may only exercise the powers under article 27.2(a), in respect of one or more Members, once in any 12 month period.
- (c) The power of the Company under article 27.2(a) lapses following the announcement of a takeover bid. However, the procedure may be started again after the close of the offers made under the takeover bid.

27.3 Power to sell new unmarketable parcels

- (a) Subject to the Corporations Act and Listing Rules, the Company may sell the Shares of a Member if the Shares of a particular class held by that Member are in a new holding created by a transfer on or after 1 September 1999 of a number of Shares of that class that was less than a marketable parcel at the time the transfer was lodged.
- (b) The Company may give a Member referred to in article 27.3(a) notice in writing stating that the Company intends to sell or dispose of the Shares.

27.4 Extinguishment of interests and claims

The exercise by the Company of its powers under articles 27.2 or 27.3 extinguishes, subject to this article 27:

- (a) all interests in the Sale Shares of the former Member; and
- (b) all claims against the Company in respect of the Sale Shares by that Member, including all dividends determined to be paid in respect of those Shares and not actually paid.

27.5 Manner of sale

- (a) Subject to the Corporations Act and Listing Rules, the Company may sell or dispose of any Shares under articles 27.2 or 27.3 at any time:
 - (i) using a financial services licensee on the basis that person obtains the highest possible price for the sale of the Shares; or
 - (ii) in any other manner and on any terms as the Directors resolve.
- (b) The Company may:
 - (i) exercise any powers permitted under the Corporations Act and Listing Rules to enable the sale or disposal of Shares under this article 27;
 - (ii) receive the purchase money or consideration for Sale Shares;
 - (iii) appoint a person to sign a transfer of Sale Shares; and
 - (iv) enter in the Register the name of the person to whom Sale Shares are sold or disposed.
- (c) The person to whom a Sale Share is sold or disposed need not enquire whether the Company:
 - (i) properly exercised its powers under this article 27 in respect of that Share; or
 - (ii) properly applied the proceeds of sale or disposal of those Shares, and the title of that person is not affected by those matters.
- (d) The remedy of any person aggrieved by a sale or disposal of Sale Shares is in damages only and against the Company exclusively.
- (e) A certificate in writing from the Company signed by a Director or Secretary that a Share was sold or disposed of in accordance with this article 27 is sufficient evidence of those matters.

27.6 Application of proceeds

- (a) If the Company exercises the powers under article 27.2, either the Company or the person to whom a Sale Share is sold or disposed of must pay the expenses of the sale or disposal.
- (b) The Company must apply the proceeds of any sale or disposal of any Sale Shares in the following order:
 - (i) in the case of an exercise of the powers under article 27.3, the expenses of the sale or disposal;
 - (ii) the amounts due and unpaid in respect of those Shares; and
 - (iii) the balance (if any) to the former Member or the former Member's personal representative, on the Company receiving the certificate (if any) for those Shares or other evidence satisfactory to the Company regarding the ownership of those Shares.

27.7 Voting and dividend rights pending sale

- (a) If the Company is entitled to exercise the powers under article 27.3, the Company may by resolution of the Directors remove or change either or both:
 - (i) the right to vote; and
 - (ii) the right to receive dividends,of the relevant Member in respect of some or all of the Shares liable to be sold or disposed of.
- (b) After the sale of the relevant Sale Shares, the Company must pay to the person entitled any Dividends that have been withheld under article 27.7(a).

SCHEDULE 1 - TERMS OF PREFERENCE SHARES

The Company may issue preference shares under article 2.2 on the following terms.

1 DIVIDEND RIGHTS AND PRIORITY OF PAYMENT

- (a) Each preference share confers on the holder a right to receive a dividend (**Dividend**) at the rate or in the amount and on the conditions decided by the Directors under the terms of issue unless, and to the extent that, the Directors decide under the terms of issue that there is no right to receive a Dividend.
- (b) Without limiting the conditions which, under the terms of issue, the Directors may impose upon any right to receive a Dividend, the Directors may under the terms of issue, impose conditions upon the right to receive a Dividend which may be changed or reset at certain times or upon certain events and in the manner and to the extent the Directors decide under the terms of issue.
- (c) Any Dividend:
 - (i) is non-cumulative unless, and to the extent that, the Directors decide otherwise under the terms of issue; and
 - (ii) will rank for payment:
 - (A) in priority to ordinary shares unless, and to the extent that, the Directors decide otherwise under the terms of issue;
 - (B) in priority to shares in any other class of shares or class of preference shares expressed under the terms of issue to rank behind for the payment of dividends;
 - (C) equally with shares in any other class of shares or class of preference shares expressed under the terms of issue to rank equally for the payment of dividends; and
 - (D) behind shares in any other class of shares or class of preference shares expressed under the terms of issue to rank in priority for the payment of dividends.
- (d) If, and to the extent that, the Directors decide under the terms of issue, each preference share may, in addition to any right to receive a Dividend, participate equally with the ordinary shares in sums available for distribution as dividends.
- (e) Each preference share confers on its holder:
 - (i) if, and to the extent that the Dividend is cumulative, the right in a winding up or on redemption to payment of the amount of any Dividend accrued but unpaid on the share at the commencement of the winding up or the date of redemption, whether earned or determined or not;
 - (ii) if, and to the extent that the Dividend is non-cumulative, and if, and to the extent that, the Directors decide under the terms of issue, the right in a winding up or on redemption to payment of the amount of any Dividend accrued but unpaid for the period commencing on the dividend payment date which has then most recently occurred and ending on the commencement of the winding up or the date of redemption, whether earned or determined or not,

with the same priority in relation to each other class of shares as the priority that applies in relation to the payment of the Dividend.

2 ENTITLEMENT TO PAYMENT OF CAPITAL SUM

- (a) Each preference share confers on its holder the right in a winding up or on a redemption to payment of:
- (i) any amount paid on the share, or any amount fixed by the Directors under the terms of issue or capable of determination pursuant to a mechanism adopted by the Directors under the terms of issue; and
 - (ii) a further amount out of the surplus assets or profits of the Company or sums available for distribution as dividend on the conditions decided by the Directors under the terms of issue unless, and to the extent that, the Directors decide under the terms of issue that there is no right to any payment of a further amount out of the surplus assets or profits of the Company or sums available for distribution as dividend,
- in priority to ordinary shares and, unless the Directors decide otherwise under the terms of issue, in priority to shares in any other class of shares or class of preference shares expressed to rank behind on a winding up, equally with shares in any other class of shares or class of preference shares expressed to rank equally on a winding up, and behind shares in any other class of shares or class of preference shares expressed to rank in priority on a winding up.
- (b) Unless otherwise decided by the Directors under the terms of issue, a preference share does not confer on its holder any right to participate in the profits or property of the Company except as set out in this schedule 1.

3 BONUS ISSUES AND CAPITALISATION OF PROFITS

If, and to the extent that the Directors decide under the terms of issue, a preference share may confer a right to a bonus issue or capitalisation of profits in favour of holders of those shares only.

4 VOTING RIGHTS

- (a) A preference share does not entitle its holder to vote at any general meeting of the Company except on the questions, proposals or resolutions or during periods of time or in circumstances identified by the Directors in the terms of issue, which, unless the Directors decide otherwise under the terms of issue, are as follows:
- (i) a proposal:
 - (A) to reduce the share capital of the Company;
 - (B) that affects rights attached to the share;
 - (C) to wind up the Company; or
 - (D) for the disposal of the whole of the property, business and undertaking of the Company;
 - (ii) a resolution to approve the terms of a buy-back agreement;
 - (iii) during a period in which a Dividend or part of a Dividend on the share is in arrears;
 - (iv) during the winding up of the Company.
- (b) Each holder of a preference share who has a right to vote on a resolution is entitled to the number of votes specified in article 11.16 of the Constitution.

5 MEETING

Each preference share confers on its holder the same rights as those conferred by the Constitution upon the holders of ordinary shares in relation to receiving notices (including notices of general meetings), reports, balance sheets and audited accounts and of attending and being heard at all general meetings of the Company.

6 FOREIGN CURRENCY

Where any amount is payable by the Company to the holder of a preference share in a currency other than Australian dollars, and the amount is not paid when due or the Company has commenced winding up, the holder may give notice to the Company requiring payment of an amount in Australian dollars equal to the foreign currency amount calculated by applying the reference rate on the date of payment for the sale of the currency in which the payment is to be made for Australian dollars. Reference rate means the rate applicable in the market and at the time determined by the Directors before allotment of those preference shares and specified in the terms of issue for those preference shares.

7 CONVERSION TO ORDINARY SHARES

Subject to the Corporations Act, any other applicable laws and the terms of issue of a preference share as determined by the Directors:

- (a) a preference share which may be converted into an ordinary share in accordance with its terms of issue, at the time of conversion and without any further act:
 - (i) has the same rights as a fully paid ordinary share; and
 - (ii) ranks equally with other fully paid ordinary shares on issue,however, the terms of issue of the preference share may provide otherwise including for the issue of additional ordinary shares on conversion as determined by the Directors; and
- (b) the conversion does not constitute a cancellation, redemption or termination of the preference share or the issue, allotment or creation of new shares, but has the effect of varying the status of, and the rights attaching to, the preference share so that it becomes an ordinary share.

8 AMENDMENT TO THE TERMS

Subject to complying with all applicable laws, the Company may, without the consent of preference shareholders, amend or add to the terms of the preference shares if, in the opinion of the Company, the amendment or addition is:

- (a) of a formal, minor or technical nature;
- (b) to correct a manifest error;
- (c) made to comply with any applicable law, Listing Rule or requirement of ASX;
- (d) convenient for the purpose of obtaining or maintaining the listing of the Company or quotation of the preference shares; or
- (e) is not likely to be or become materially prejudicial to the preference shareholders.

9 VARIATION OF RIGHTS

Subject to item 8 of this Schedule 1 and the terms of issue of a preference share as determined by the Directors, the rights attaching to a preference share may only be varied or cancelled by a Special Resolution of the Company and:

- (a) by a Special Resolution passed at a meeting of preference shareholders entitled to vote and holding shares in that class; or
- (b) with the written consent of holders of at least 75% of the issued shares of that class.

10 FURTHER ISSUE OF SHARES

If the Company issues new preference shares that rank equally with existing preference shares, the issue will not be taken to vary the rights attached to the existing preference shares unless otherwise determined by the Directors in the terms of issue of the existing shares.

AGREEMENT

THIS AGREEMENT (this “*Agreement*”), dated as of February 9, 2018, is among SAMSON OIL AND GAS USA, INC., a Colorado corporation (“*Borrower*”), SAMSON OIL & GAS LIMITED, an Australian public company (the “*Parent*”), SAMSON OIL AND GAS USA MONTANA, INC., a Colorado corporation (“*Samson Montana*”, and together with the Parent, collectively, the “*Guarantors*”, and each, individually, a “*Guarantor*”), the Lenders party hereto, and MUTUAL OF OMAHA BANK, as Administrative Agent for the Lenders (in such capacity, “*Administrative Agent*”) and as L/C Issuer.

RECITALS

A. Borrower, the financial institutions party thereto, and Administrative Agent are parties to that certain Credit Agreement, dated as of January 27, 2014, as amended by (i) that certain First Amendment to Credit Agreement dated as of November 24, 2014, (ii) that certain Second Amendment to Credit Agreement dated as of May 13, 2015, (iii) that certain Third Amendment to Credit Agreement dated as of March 31, 2016, (iv) that certain Fourth Amendment to Credit Agreement dated as of June 30, 2016, (v) that certain Fifth Amendment to Credit Agreement dated as of September 29, 2016, (vi) that certain Sixth Amendment to Credit Agreement dated as of May 5, 2017, and (vii) that certain Seventh Amendment to Credit Agreement dated as of July 14, 2017 (such Credit Agreement, as so amended, the “*Credit Agreement*”).

B. The Existing Defaults (as hereinafter defined) have occurred under the Credit Agreement as a result of the failure by the Borrower to comply with certain provisions thereof.

C. The Borrower and the Guarantors have requested that the Administrative Agent, the L/C Issuer and the Lenders agree to forbear from the exercise of their respective rights and remedies as a result of the Specified Defaults (as hereinafter defined). The Administrative Agent, the L/C Issuer and the Lenders, subject to the terms and conditions herein, have agreed to forbear from the exercise of their respective rights and remedies as a result of the Specified Defaults to the limited extent as hereinafter provided.

NOW, THEREFORE, in consideration of these premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Same Terms.** All terms used herein which are defined in the Credit Agreement shall have the same meanings when used herein, unless the context hereof otherwise requires or provides. In addition, (a) all references in the Loan Documents to the “Credit Agreement” or the “Agreement” shall mean the Credit Agreement, as the same shall hereafter be amended from time to time, and (b) all references in the Loan Documents to the “Loan Documents” shall mean the Loan Documents, as the same shall hereafter be amended from time to time. In addition, the following terms have the meanings set forth below:

“*Credit Agreement*” has the meaning set forth in Recital A.

“*Effective Date*” means the date when (a) all Lenders have executed this Agreement, and (b) the conditions set forth in Section 2 of this Agreement have been complied with to the satisfaction of the Administrative Agent, unless waived in writing by the Administrative Agent.

“Existing Defaults” means, collectively, (a) the failure by the Borrower to maintain the minimum Current Ratio required pursuant Section 7.12(a) of the Credit Agreement for each of the fiscal quarters ending June 30, 2017 and September 30, 2017, each of which is an Event of Default under Section 9.01(b) of the Credit Agreement; (b) the failure by the Borrower to maintain the Leverage Ratio required pursuant Section 7.12(b) of the Credit Agreement for each of the Test Periods ending June 30, 2017 and September 30, 2017, each of which is an Event of Default under Section 9.01(b) of the Credit Agreement; (c) the failure by the Borrower to maintain the minimum Interest Coverage Ratio required pursuant Section 7.12(c) of the Credit Agreement for each of the Test Periods ending June 30, 2017 and September 30, 2017, each of which is an Event of Default under Section 9.01(b) of the Credit Agreement; (d) the failure by the Borrower to maintain the minimum Liquidity required pursuant Section 7.12(d) of the Credit Agreement for the calendar months ending June 30, 2017 and September 30, 2017, each of which is an Event of Default under Section 9.01(b) of the Credit Agreement; (e) the failure by the Borrower to comply with Section 8.07 of the Credit Agreement, whereby Borrower was required to limit general and administrative expenses to an amount not more than the amount set forth therein, for the 12-month periods ending June 30, 2017 and September 30, 2017, each of which is an Event of Default under Section 9.01(b) of the Credit Agreement; (f) the failure by the Borrower to deliver the 13-Week Budget and other information required to be delivered pursuant to Section 7.02(n) of the Credit Agreement for each of the calendar weeks ending November 17, 2017 and each calendar week thereafter through the Effective Date, each which is an Event of Default under Section 9.01(b) of the Credit Agreement; (g) the failure by the Borrower to deliver the monthly financial statements required to be delivered pursuant to Section 7.01(b) of the Credit Agreement for the calendar months ending October 31, 2017 and November 30, 2017, each of which is an Event of Default under Section 9.01(b) of the Credit Agreement; and (h) the failure by the Borrower to deliver the Excess Cash Flow Report required to be delivered pursuant to Section 7.02(m) of the Credit Agreement for the calendar months ending October 31, 2017 and November 30, 2017, each of which is an Event of Default under Section 9.01(b) of the Credit Agreement.

“Forbearance Modification Date” means March 31, 2018, solely to the extent that the Borrower has failed to satisfy at least one of the following conditions on such date: (a) the Borrower has delivered to the Administrative Agent a PSA or a Refinance Commitment in strict accordance with the requirements set forth in Section 5(d)(ii) of this Agreement, or (b) to the extent that the Borrower has failed to satisfy the requirements set forth in Section 5(d)(ii) of this Agreement on such date, the Borrower has delivered evidence, in form and substance satisfactory to the Administrative Agent in its sole discretion, that during the period from the Effective Date to March 31, 2018, the Borrower has received one or more equity contributions or proceeds of subordinated debt (the terms of which subordinated debt are satisfactory to the Administrative Agent in its sole discretion) for the purpose of funding capital expenditures, which equity contributions and/or subordinated debt have resulted in net cash proceeds to the Borrower of not less than \$2,000,000.

“Forbearance Termination Date” means May 31, 2018; provided, however, if the Forbearance Modification Date occurs, the Forbearance Termination Date shall be April 15, 2018.

“Specified Defaults” means, collectively, the Existing Defaults and the anticipated failure by the Borrower to comply with the covenants set forth in Section 7.12 of the Credit Agreement during the Forbearance Period.

2. **Conditions Precedent.** The obligations, agreements and forbearance of the Administrative Agent, L/C Issuer and the Lenders as set forth in this Agreement are subject to the satisfaction (in the opinion of Administrative Agent), unless waived in writing by Administrative Agent, of each of the following conditions (and upon such satisfaction, this Agreement shall be deemed to be effective as of the Effective Date):

- (a) Forbearance Agreement. This Agreement shall be in full force and effect.

(b) Fees and Expenses. Administrative Agent shall have received payment of all out-of-pocket fees and expenses (including reasonable attorneys' fees and expenses) incurred by Administrative Agent in connection with the preparation, negotiation and execution of this Agreement.

3. Postponement of Fall 2017 Determination of the Borrowing Base. Section 4.02 of the Credit Agreement requires the Lenders to determine the Borrowing Base as of April 30 and October 31 of each year. Notwithstanding anything in the Credit Agreement to the contrary, including Sections 4.02 and 7.02(c) thereof, the parties hereto acknowledge and agree that: (a) the determination of the Borrowing Base as of October 31, 2017 pursuant to Section 4.02 of the Credit Agreement shall be postponed until on or about March 31, 2018; and (b) on or before February 28, 2018, the Borrower shall deliver the Reserve Report and other information required to be delivered in connection with such redetermination pursuant to Section 7.02(c) of the Credit Agreement; provided, however, so long as the Forbearance Period has not been terminated or expired, then notwithstanding anything set forth in Section 7.02(c) of the Credit Agreement to the contrary, such Reserve Report may be prepared by the Borrower's own engineers.

4. Forbearance.

(a) Forbearance Period. Unless the Forbearance Period (as hereinafter defined) is sooner terminated as provided in Section 4(f) below, the Administrative Agent, the L/C Issuer, and the Lenders hereby agree to forbear from the exercise of any of their rights and remedies under the Credit Agreement, the other Loan Documents and/or applicable law as a result of the Specified Defaults for a period (the "**Forbearance Period**") beginning effective as of the Effective Date through and including the Forbearance Termination Date, subject to the terms and conditions set forth herein.

(b) Forbearance Limited to Specified Defaults. The Administrative Agent's, the L/C Issuer's and the Lenders' forbearance shall be limited solely to the exercise of their rights and remedies arising under the Loan Documents or otherwise as a result of the Specified Defaults, and the Administrative Agent, the L/C Issuer and the Lenders shall not be deemed to have waived any rights or remedies they may have with respect to any other existing breach or Default occurring thereunder during the Forbearance Period, or any breach of this Agreement.

(c) Notice Requirements Satisfied. Each of the Borrower and the Guarantors acknowledges that all notice requirements embodied in the Loan Documents and imposed by the Loan Documents upon the Administrative Agent, the L/C Issuer, or any Lender in connection with the Specified Defaults, and the exercise of rights and remedies therefor (together with all applicable cure and/or grace periods) have been satisfied (or shall be deemed to have been satisfied by this Agreement) without exception, and that upon the expiration or earlier termination of the Forbearance Period, the Administrative Agent, the L/C Issuer and the Lenders shall have the full right and power to exercise all rights and remedies granted to them without further notice to the Borrower or any other Loan Party and subject to no other conditions precedent.

(d) Agreement in the Nature of Forbearance Only; Reservation of Rights. Each Loan Party hereby acknowledges that the Administrative Agent's, the L/C Issuer's and the Lenders' obligations under this Agreement are in the nature of a conditional forbearance only, and that the Administrative Agent, the L/C Issuer, and the Lenders have not made any agreement or commitment to modify or extend the Loan Documents beyond the Forbearance Period, and that, upon the expiration or earlier termination of the Forbearance Period, the Administrative Agent, the L/C Issuer, and the Lenders shall have the immediate and unconditional right to exercise their rights and remedies under the Loan Documents, and the Loan Parties will not take any action to inhibit or otherwise interfere with any such exercise of rights and remedies. In accordance with the terms of this Agreement, the Administrative Agent, the L/C Issuer, and the Lenders hereby reserve all rights and remedies available to them.

(e) No New Loans or Letters of Credit. Each Loan Party acknowledges that (i) the Lenders have, and shall have, no further commitment or obligation to make any further Loans or provide any further financing or loans to the Borrower, and (ii) the L/C Issuer has no further commitment or obligation to issue any Letters of Credit for the benefit of any Loan Party.

(f) Termination of the Forbearance Period. The Forbearance Period shall end on the first to occur of the following:

- (i) the occurrence of the Forbearance Termination Date;
- (ii) a breach by the Loan Parties, or any one of them, of any of the conditions, covenants, agreements, terms, representations and/or warranties set forth in this Agreement (other than any breach by a Loan Party under Section 5(d)(ii) of this Agreement, solely to the extent that the Forbearance Modification Date does not occur);
- (iii) the occurrence of any Event of Default under the Loan Documents, other than the Specified Defaults;
- (iv) any creditor(s) of any Loan Party take(s) any enforcement action against any of the Loan Parties which, in the Administrative Agent's judgment, would materially interfere with the operation of the Loan Parties' business or the Administrative Agent's ability to collect the Obligations under the Loan Documents;
- (v) a proceeding shall be commenced by or against any of the Loan Parties seeking liquidation, reorganization, bankruptcy or other relief with respect to its debts under the Bankruptcy Code or any other reorganization, arrangement, adjustment of debt, relief of debtors, dissolution, insolvency, administration or liquidation or similar law of any jurisdiction whether now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian, or other similar official with respect to any of the Loan Parties or any of their respective assets;
- (vi) any Loan Party initiates any judicial, administrative or arbitration proceeding against the Administrative Agent, the L/C Issuer, or any Lender.

Upon the termination of the Forbearance Period, the Administrative Agent's, the L/C Issuer's, and the Lenders' agreement hereunder to forbear shall terminate automatically without further act or action by the Administrative Agent, the L/C Issuer, or any Lender, and the Administrative Agent, the L/C Issuer and the Lenders shall be entitled to exercise any and all rights and remedies available under the Loan Documents and this Agreement, at law, in equity, or otherwise, without any further lapse of time, expiration of applicable grace periods, or requirements of notice, all of which are hereby expressly waived by each Loan Party.

5. Conditions of Forbearance. The agreement by the Administrative Agent, the L/C Issuer and the Lenders to forbear from exercising any of their remedies as a result of the Specified Defaults during the Forbearance Period shall be subject to and conditioned upon each of the following:

(a) Forbearance Fee. As consideration for the forbearance and agreements contained herein, the Borrower shall pay the Administrative Agent, for the benefit of the Lenders, a forbearance fee of \$120,000, which fee shall be fully earned on the Effective Date and shall be due and payable on the earliest to occur of (i) the date on which the Obligations are fully and finally paid, (ii) any payment being required pursuant to Section 5(c), and (iii) the expiration or earlier termination of the Forbearance Period, including as a result of the occurrence of the Forbearance Modification Date.

(b) Reporting. Notwithstanding the agreement by the Administrative Agent, the L/C Issuer and the Lender to forbear from exercising their respective rights and remedies as a result of any default under Section 7.12 of the Credit Agreement during the Forbearance Period, each of the Borrower and the Guarantors acknowledges and agrees that it shall deliver all financial and other reporting required pursuant to the Credit Agreement within the time periods specified therein.

(c) Payment of Interest. Borrower shall continue to make regular interest payments as provided in Section 2.07 of the Credit Agreement.

(d) Sale or Refinance.

(i) The Borrower shall continue to work to solicit and finalize offers for the sale of the Borrower and its Subsidiaries or their respective businesses and assets, in their entirety, in one or a series of transactions (collectively, a “**Sale**”). As an alternative to a Sale, the Borrower shall continue to work on efforts to refinance or otherwise pay all Obligations under the Loan Documents in full (collectively, a “**Refinance**”).

(ii) On or before March 31, 2018, the Borrower shall deliver to the Administrative Agent copies of either (x) a fully-executed purchase and sale agreement evidencing a Sale (a “**PSA**”) or (y) a fully-executed letter of intent or other form of commitment letter from a credible lender or other third party reflecting a proposed Refinance (a “**Refinance Commitment**”), which PSA or Refinance Commitment shall, in each case, (A) be conditioned only upon satisfactory documentation and customary closing conditions, (B) result in net cash proceeds to the Borrower in an amount not less than the amount necessary to repay the Obligations in full on the Forbearance Termination Date, (C) provide for the closing of the transactions contemplated thereby to occur on or before May 31, 2018, (D) have terms and conditions that are reasonably capable of being met by the Loan Parties given the Loan Parties’ current asset base and current financial condition, current market conditions and other current circumstances, and (E) be on terms which are otherwise acceptable and be in form and substance satisfactory to the Administrative Agent and the Lenders in their sole discretion.

(iii) If requested by the Administrative Agent, the Borrower (and/or any investment bank or other Person that the Borrower has engaged to assist with a Sale or Refinance) shall participate in telephone conference calls with the Administrative Agent and its professionals to provide status updates on the efforts to effect a Sale or Refinance.

(iv) The Borrower shall, promptly upon the Borrower’s receipt of any Sale or Refinance offer, provide to the Administrative Agent all information regarding such offers or the amendment or modification of such offers.

(e) Application of Escrow Deposit in the Event of a Sale. To the extent that (x) the Borrower enters into a PSA, and (y) in connection with such PSA and the Sale contemplated thereby, the buyer thereunder is required to make an earnest money or other deposit in connection with the transactions contemplated therein (such earnest money or other deposit, the “**Buyer Deposit**”), then the following provisions shall apply:

(i) immediately upon receipt of the Buyer Deposit, the Borrower shall, or shall cause such other Loan Party to, deposit all such amounts received from the buyer under such PSA in a blocked account maintained with the Administrative Agent over which none of the Loan Parties shall have any control;

(ii) if and to the extent that, prior to consummation of the contemplated Sale, the prospective buyer's right to a return of the Buyer Deposit under such PSA has expired or been terminated, whether by the passage of time or otherwise, the Borrower may request in writing that the Administrative Agent transfer a portion of the Buyer Deposit to the Borrower for the purpose of maintaining and repairing the Borrower's oil and gas properties;

(iii) upon the Administrative Agent's receipt of a written request pursuant to clause (ii) above, together with such additional information as the Administrative Agent may request, in each case in form and substance satisfactory to the Administrative Agent, the Administrative Agent shall transfer the requested portion of the Buyer Deposit to a deposit account of the Borrower as designated by the Borrower; and

(iv) if (A) the transaction contemplated by such PSA is not consummated and such PSA is terminated and (B) under the terms of such PSA, the Borrower is entitled to retain all or a portion of the Buyer Deposit and any portion of the Buyer Deposit has not been made available to the Borrower pursuant to clauses (ii) and (iii) above (such portion of the Buyer Deposit, the "**Retained Portion**"), then the Administrative Agent shall apply the Retained Portion first, to the payment of the forbearance fee described Section 5(a) above and second, to the outstanding Obligations.

6. **Covenant of Lenders Not to Assign Prior to March 31, 2018.** The provisions of Section 11.06(b) of the Credit Agreement notwithstanding, each of the Lenders covenants and agrees with Borrower that, without the consent of Borrower (such consent not to be unreasonably withheld, delayed or conditioned), such Person will not assign all or any portion of its rights and obligations under the Credit Agreement to any Person prior to the earlier to occur of (a) March 31, 2018 and (b) the expiration or termination of the Forbearance Period. This covenant shall expire and be of no further force or effect upon the earlier to occur of (i) the end of the Forbearance Period and (ii) the close of business on March 31, 2018.

7. **Certain Representations.** Each of Borrower and Guarantors represents and warrants that, as of the Effective Date: (a) each Loan Party has full power and authority to execute this Agreement, and this Agreement constitutes the legal, valid and binding obligation of such Loan Party enforceable against such Loan Party in accordance with its terms, except as enforceability may be limited by general principles of equity and applicable bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting the enforcement of creditors' rights generally; and (b) no authorization, approval, consent or other action by, notice to, or filing with, any Governmental Authority or other Person is required for the execution, delivery and performance by any Loan Party of this Agreement. In addition, each of Borrower and Guarantors represents that after giving effect to this Agreement, all representations and warranties contained in the Credit Agreement and the other Loan Documents to which such Person is a party are true and correct in all material respects (provided that any such representations or warranties that are, by their terms, qualified by reference to materiality or a Material Adverse Effect shall be true and correct in all respects) on and as of the Effective Date as if made on and as of such date, except to the extent that any such representation or warranty expressly relates solely to an earlier date, in which case such representation or warranty is true and correct in all material respects (or, with respect to any such representations or warranties that are, by the terms, qualified by reference to materiality or a Material Adverse Effect, are true and correct in all respects) as of such earlier date.

8. **No Further Amendments**. Except as previously amended in writing or as amended hereby, the Credit Agreement shall remain unchanged and all provisions shall remain fully effective between the parties hereto.

9. **Acknowledgments and Agreements**. Each of Borrower and Guarantors (a) acknowledges that on the date hereof all outstanding Obligations are payable in accordance with their terms, and (b) waives any defense, offset, counterclaim or recoupment with respect thereto. Borrower, Guarantors, Administrative Agent, L/C Issuer and each Lender do hereby adopt, ratify and confirm the Credit Agreement, as previously amended in writing and as amended hereby, and acknowledge and agree that the Credit Agreement is and remains in full force and effect. Each of Borrower and Guarantors acknowledges and agrees that its liabilities and obligations under the Credit Agreement and under the other Loan Documents are not impaired in any respect by this Agreement. Any breach of any representations, warranties and covenants under this Agreement shall be a Default or an Event of Default, as applicable, under the Credit Agreement.

10. **Limitation on Agreements**. The modifications set forth herein are limited precisely as written and shall not be deemed (a) to be a consent under or a waiver of or an amendment to any other term or condition in the Credit Agreement or any of the other Loan Documents, or (b) to prejudice any right or rights that Administrative Agent now has or may have in the future under or in connection with the Credit Agreement and the other Loan Documents or any of the other documents referred to herein or therein. This Agreement shall constitute a Loan Document for all purposes.

11. **Confirmation of Security**. Each of Borrower and Guarantors hereby confirms and agrees that all of the Collateral Documents that presently secure the Obligations shall continue to secure, in the same manner and to the same extent provided therein, the payment and performance of the Obligations.

12. **Counterparts**. This Agreement may be executed in any number of counterparts, each of which when executed and delivered shall be deemed an original, but all of which constitute one instrument. In making proof of this Agreement, it shall not be necessary to produce or account for more than one counterpart thereof signed by each of the parties hereto. Delivery of an executed counterpart of this Agreement by facsimile or other electronic means shall be deemed effective as delivery of a manually executed counterpart.

13. **Incorporation of Certain Provisions by Reference**. The provisions of Section 11.15 of the Credit Agreement captioned "Governing Law, Jurisdiction; Etc." and Section 11.16 of the Credit Agreement captioned "Waiver of Right to Trial by Jury" are incorporated herein by reference for all purposes.

14. **Release**. In consideration of the agreements set forth in this Agreement, each of Borrower and Guarantors represents and warrants that as of the date of this Agreement, there are no claims, offsets, defenses or counterclaims to the obligations of such Person under the Loan Documents to which it is a party, and in accordance therewith, each of Borrower and Guarantors:

(a) waives any and all such claims, offsets, defenses or counterclaims, whether known or unknown, arising under the Loan Documents prior to the Effective Date; and

(b) releases and discharges each of the Administrative Agent and the Lenders and their respective officers, directors, employees, agents, shareholders, affiliates and attorneys (the “**Released Parties**”) from any and all obligations, indebtedness, liabilities, claims, rights, causes of action or other demands whatsoever, whether known or unknown, suspected or unsuspected, in law or equity, which such Person ever had, now has or claims to have or may have against any Released Party arising prior to the Effective Date and from or in connection with the Loan Documents or the transactions contemplated thereby, except, with respect to any Released Party, those resulting from the gross negligence or willful misconduct of such Released Party, as determined by a court of competent jurisdiction by a final and non-appealable judgment.

15. **Entirety, Etc.** This Agreement and all of the other Loan Documents embody the entire agreement between the parties. THIS AGREEMENT AND ALL OF THE OTHER LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT AMONG THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES.

[This space is left intentionally blank. Signature pages follow.]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement to be effective as of the date and year first above written.

BORROWER:

SAMSON OIL AND GAS USA, INC.

By: /s/ Terry Barr
Terry Barr
President, Treasurer and CEO

GUARANTORS:

SAMSON OIL & GAS LIMITED

By: /s/ Terry Barr
Terry Barr
Managing Director, CEO & President

SAMSON OIL AND GAS USA MONTANA, INC.

By: /s/ Terry Barr
Terry Barr
President, Treasurer and CEO

ADMINISTRATIVE AGENT:

MUTUAL OF OMAHA BANK,
as Administrative Agent

By: /s/ J. Keith Miller
J. Keith Miller
Senior Energy Lender

LENDERS:

MUTUAL OF OMAHA BANK

By: /s/ J. Keith Miller
J. Keith Miller
Senior Energy Lender

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Terence M. Barr, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Samson Oil & Gas Limited;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the company's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

/s/ Terry Barr
Terence M. Barr
Managing Director, President and Chief Executive Officer
February 14, 2018

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Robyn Lamont, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Samson Oil & Gas Limited;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the company's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

/s/ Robyn Lamont
Robyn Lamont
Chief Financial Officer
February 14, 2018

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), the undersigned officers of Samson Oil & Gas Limited (the "Company"), do hereby certify, to such officer's knowledge, that:

- (1) The Quarterly Report on Form 10-Q for the quarter ended December 31, 2017 (the "Report") fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Terry Barr

Terence M. Barr
President, Chief Executive Officer and Managing
Director
February 14, 2018

/s/ Robyn Lamont

Robyn Lamont
Chief Financial Officer
February 14, 2018
