SAMSON
OIL & GAS LIMITED

SAMSON OIL & GAS LIMITED

ABN 25 009 069 005

INTERIM FINANCIAL REPORT

31 December 2013

SAMSON OIL & GAS LIMITED

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SAMSON OIL & GAS LIMITED

CORPORATE INFORMATION

DIRECTORS
V. Rudenno (Chairman)*
T. Barr (Managing Director)
D.Craig
K. Skipper*
G. McColley (Appointed 15 November 2013)

SECRETARY
D.I. Rakich*

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AUSTRALIAN COMPANY NUMBER
009 069 005

BANKERS
Bank of New Zealand Australia
Perth, WA, 6000

Bank of the West
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Frisco, CO 80443

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

AUDITORS
PwC
Brookfield Place
125 St Georges Terrace
Perth, WA, 6000

STOCK EXCHANGE
Australian Stock Exchange Limited
Code: SSN

NYSE Mkt US
Code: SSN

AUSTRALIAN BUSINESS NUMBER
25 009 069 005

* denotes Australian resident.

Your directors submit their report on Samson Oil & Gas Limited and its consolidated entities (the "Consolidated Entity" or "Samson") for the half-year ended 31 December 2013. All amounts are in United States Dollars (US$), unless otherwise indicated.

DIRECTORS

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

Mr Terence Maxwell Barr – Managing Director
Dr Victor Rudenno* - Chairman
Mr Keith Skipper*
Dr DeAnn Craig
Mr Gene McColley (appointed 15 November 2013)

* denotes Australian resident

PRINCIPAL ACTIVITIES

The principal continuing activities during the half-year of entities within the Consolidated Entity were oil and gas exploration, development and production in the United States of America.

REVIEW AND RESULTS OF OPERATIONS

The consolidated entity's net loss after tax for the half-year was $584,860 compared to a loss of $1,046,932 for the half-year ended 31 December 2012. Excluding the impact of the gain on the sale of assets during the period, net loss decreased primarily due to lower cost of sales which was driven by lower production in the period. Offsetting the decrease in cost of sales was an increase in impairment charges and administration costs. Impairment expense of $299,120 (2012: $221,629) was recognised in the current period due to poor well performance from the Abercrombie well in our Roosevelt project and a decrease in well performance in our State GC field in New Mexico. General and administration costs increased due to various legal and consultants' fee associated with the Company's pursuit of acquiring additional external capital.

Operational

North Stockyard Oilfield

Development operations continued during the half year in our North Stockyard field. During the six months ended 31 December 2013 the Sail and Anchor well was drilled and completed. The highest 24 hour production rate recorded during the flowback operations was 1,426 BOPD on a 16/64" choke setting.

Four additional wells, Little Creature, Coopers, Toohey's and Blackdog were also drilled during the half year. Little Creature, Coopers and Toohey's were also fracture stimulated during the half year, with production expected from these wells during the first quarter of the 2014 calendar year. Fracture stimulation commenced at the end of January 2014 and production is also expected to commence during the first quarter of calendar 2014 year on Blackdog.

Sale of Assets

On 15 August 2013, the Company divested half its equity position in the undeveloped acreage in the North Stockyard project to Slawson Exploration Company Inc. ("Slawson") for $5.562 million in cash, while retaining our full interest in the currently producing wells in the North Stockyard field. $0.9 million of the purchase price is subject to the delivery of a useable well bore in the Billabong well, which is currently undergoing work over operations. $4.2 million in consideration was transferred into an escrow account at sale date in accordance with the terms of the agreement. The remaining $0.4 million was transferred to Slawson as it related to cash calls from other non-operator parties received by Samson prior to the sale. As at 31 December 2013 $3.5 million in sale funds has been released from the escrow account. The remaining

$0.7 million is recorded as Restricted Cash on the Balance Sheet at December 2013 and is expected to be released to Samson prior to the end of February 2014.

As a consequence of the transaction the rig contract with Frontier was also terminated, with no penalty payment or additional liability to Samson. Slawson are now the operator of the project going forward for the development of the undeveloped acreage.

Along with the undeveloped acreage for which a gain on sale was recognized in the Income Statement of $2.52 million, we have also transferred 25% working interest in the drilled but not completed, at the time of the sale, Sail and Anchor well, as well as a 25% working interest in the salt water disposal well drilled in the prior year in the North Stockyard project for $2.92 million, recognized as a reimbursement in the capitalized costs for these assets in the Balance Sheet.

Exploration

Hawk Springs Project, Goshen County, Wyoming

Bluff #1-11 well

Samson 41.67% BPO Working Interest in the 1st Bluff Prospect well

The Bluff #1-11 has been drilled to a depth of 1037 feet with an air-drill rig and surface casing has been set. A larger top-drive rig will drill the remainder of the well when it becomes available to the Company. The well will test a four-way dip structural closure in the Permian and Pennsylvanian age rocks to a depth of approximately 8,550 feet. The well is located three miles to the northwest of the Spirit of America US34 #2-29 well (SOA #2) and more than 2000' shallower in depth. The Company is currently in the process of farming out approximately one third of this prospect and thus its working interest when the well is completed may vary.

AUDITOR'S INDEPENDENCE DECLARATION

The independence declaration received from the auditor of Samson Oil & Gas Limited is set out on page 18 and forms part of this Directors' Report for the half-year ended 31 December 2013.

Signed in accordance with a resolution of the directors.

Terry Barr

T. M. Barr
Director

Denver, Colorado
11 February 2014

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the half-year ended 31 December 2013

	NOTE	***Half-year ended 31 December***	
		2013 ***$***	***2012*** ***$***
Revenue from continuing operations			
Sale of oil and gas	3(a)	2,684,375	3,272,881
Total revenue		2,684,375	3,272,881
Cost of sales	3 (a)	(1,929,637)	(3,119,694)
Gross profit		**754, 738**	**153187**
Other income	3(a)	2,625,893	238,260
Finance costs	3 (c)	(22,369)	(21,428)
Impairment expense		(299,110)	(221,629)
Exploration expense		(305,745)	(400,950)
General and administration expenses	3 (b)	(3,338,267)	(2,829,308)
Loss before income tax		(584,860)	(3,081,868)
Income tax benefit	4	-	2,034,936
Net loss after income tax for the year attributable to owners of Samson Oil & Gas Limited		**(584,860)**	**(1,046,932)**
Other comprehensive income/(expense)			
Items that may be reclassified to profit and loss			
Net foreign currency translation differences		(578,054)	89,068
Total comprehensive (expense) for the period attributable to equity holders of the parent		**(1,162,914)**	**(957,864)**
Loss per share (cents) from continuing operations attributable to ordinary equity holders of the Company			
Basic loss per share (cents)		(0.02)	(0.06)
Diluted loss per share (cents)		(0.02)	(0.06)

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

SAMSON OIL & GAS LIMITED

CONSOLIDATED BALANCE SHEET
As at 31 December 2013

	NOTE	31-Dec-13	30-Jun-13
		$	$
Current assets			
Cash and cash equivalents		5,902,559	13,170,627
Restricted Cash		722,680	-
Trade and other receivables		2,735,034	3,081,011
Pipe inventory		-	78,943
Tax receivable		778,175	777,804
Prepayments	5	5,103,646	411,113
Total current assets		15,242,094	17,519,498
Non-current assets			
Other receivables		75,202	79,490
Plant and equipment		336,506	367,657
Exploration and evaluation assets	6	15,141,206	14,831,749
Oil and gas properties	7	24,253,966	18,801,422
Total non-current assets		39,806,880	34,080,318
Total assets		**55,048,974**	**51,599,816**
Current liabilities			
Trade and other payables		4,501,435	6,918,144
Total current liabilities		4,501,435	6,918,144
Non-current liabilities			
Provisions	8	1,499,385	1,333,095
Total non-current liabilities		1,499,385	1,333,095
Total Liabilities		**6,000,820**	**8,251,239**
Net assets		**49,048,154**	**43,348,577**
Equity			
Contributed equity	12	93,384,501	86,608,255
Accumulated losses		(51,013,414)	(50,428,555)
Reserves		6,677,067	7,168,877
Total equity		**49,048,154**	**43,348,577**

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

CONSOLIDATED STATEMENT OF CASH FLOWS
For the half-year ended 31 December 2013

	Half-year ended 31 December	
	2013	***2012***
	$	***$***
Cash flows from operating activities		
Receipts from customers and debtors	2,504,828	3,487,463
Payments to suppliers and employees	(4,207,411)	(4,464,796)
Interest received	102,019	138,544
Tax paid	-	(100)
Net cash outflows used in operating activities	(1,600,564)	(838,889)
Cash flows from investing activities		
Proceeds from sale of assets	3,547,409	-
Cash paid for acquisition of office equipment	(25,041)	(10,392)
Cash paid for oil and gas properties and development	(15,144,169)	(1,140,341)
Payments for exploration and evaluation	(240,945)	(10,371,563)
Net cash outflows used in investing activities	(11,862,746)	(11,522,296)
Cash flows from financing activities		
Proceeds from the issue of share capital	7,337,137	-
Proceeds from exercise of options	348	3,132,420
Payments associated with issue of share capital	(561,239)	-
Net cash inflows from financing activities	6,776,246	3,132,420
Net (decrease)/increase in cash and cash equivalents held	(6,687,064)	(9,228,765)
Effects of foreign exchange on cash balances	(581,004)	108,033
Cash and cash equivalents at beginning of period	13,170,627	18,845,894
Cash and cash equivalents at end of period	5,902,559	9,725,162

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

SAMSON OIL & GAS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the half-year ended 31 December 2013

	Contributed Equity	*Accumulated Losses*	*Foreign Currency Translation Reserve*	*Share Based Payments Reserve*	*Equity Reserves*	*Total*
	$	*$*	*$*	*$*	*$*	*$*
At 1 July 2012	**77,557,896**	**(38,590,929)**	**3,870,539**	**5,028,634**	**(1,097,780)**	**46,768,360**
Loss for the period	-	(1,046,932)	-	-	-	(1,046,932)
Other comprehensive expense	-	-	89,068	-	-	89,068
Total comprehensive expense for the period	-	(1,046,932)	89,068	-	-	(957,864)
Share based payments	-	-	-	114,618	-	114,618
Issue of share capital	3,342,911	-	-	-	-	3,342,911
At 31 December 2012	**80,900,807**	**(39,637,861)**	**3,959,607**	**5,143,252**	**(1,097,780)**	**49,268,025**
At 1 July 2013	**86,608,255**	**(50,428,555)**	**3,076,029**	**5,190,628**	**(1,097,780)**	**43,348,577**
(Loss) for the period	-	(584,860)	-	-	-	(584,860)
Other comprehensive income	-	-	(578,054)	-	-	(578,054)
Total comprehensive (expense)/income for the period	-	(584,860)	(578,054)	-	-	(1,162,914)
Share based payments	-	-	-	86,244	-	86,244
Issue of share capital	7,337,485					7,337,485
Costs associated with issue of share capital	(561,239)	-	-	-	-	(561,239)
At 31 December 2013	**93,384,501**	**(51,013,415)**	**2,497,975**	**5,276,872**	**(1,097,780)**	**49,048,153**

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

1. CORPORATE INFORMATION

The condensed consolidated interim financial report of Samson Oil & Gas Limited ("the Company") and its controlled entities together, the "Consolidated Entity" for the half-year ended 31 December 2013 was authorised for issue in accordance with a resolution of the directors on 11 February 2014.

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

On 7 January 2008 the Company commenced trading of its American Depositary Shares ("ADS's") on the NYSE Mkt (previously known as NYSE Amex). Each ADS represents 20 ordinary Samson shares.

2. BASIS OF PREPARATION OF HALF-YEAR REPORT

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

The half-year financial report does not include all notes of the type normally included within the annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2013 and any public announcements by Samson Oil & Gas Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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

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

Our current budget for exploration, exploitation and development capital expenditures in fiscal 2014 is $27.6 million, of which we incurred approximately $15.3 million during the first six months of the fiscal year. We were able to make these expenditures, which were required to participate in the drilling and completion of the first five wells in our North Stockyard infill development program, by using the proceeds from our recent registered direct offering and our sale of development acreage to Slawson. The remaining $12.3 million in planned capital expenditures, some of which depends upon obtaining additional financing relates to the drilling and completion of three additional wells in our North Stockyard infill project.

In January 2014, we entered into a $25 million credit facility with Mutual of Omaha Bank to fund drilling in our North Stockyard project (refer to Note 13).

Uncertainties relating to our capital resources and requirements include the effects of results from 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. Accordingly the consolidated financial statements have been prepared on a going concern basis in the belief that the Consolidated Entity will realise its assets and settle its liabilities and commitments in the normal course of business and for at least the amounts stated, for a period not less than one year from the date of signing the financial report.

New and amended standards adopted by the group

The group has applied the following standards and amendments for first time in their annual reporting period commencing 1 July 2013:

AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities, AASB 127 Separate Financial Statements and AASB 13 Fair Value Measurement.

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2013 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

3. REVENUE, INCOME AND EXPENSES

	Half-year ended 31 December	
	2013	**2012**
Revenue, income and expenses from operations	**$**	**$**
(a) Revenue		
Sale of oil and gas		
Oil sales	2,339,144	2,903,775
Gas sales	344,604	364,907
Other	627	4,199
	2,684,375	3,272,881
Total Revenue	2,684,375	3,272,881
Cost of sales		
Lease operating expenses	1,231,676	1,853,750
Depletion of oil and gas properties	697,961	1,265,944
	1,929,637	3,119,694
Other Income		
Finance revenue	101,298	126,779
Other	184	111,481
Gain on sale of development acreage and oil and gas assets	2,524,411	-
	2,625,893	238,260

	Half-year ended 31 December	
	2013	**2012**
	$	**$**
(b) Expenses		
Employee Entitlements	1,463,111	1,320,747
Depreciation	56,158	47,638
Consultants fees	265,555	179,101
Lease payments	27,673	121,983
Travel and accommodation	143,923	133,226
Insurance	222,484	182,009
Assurance and Advisory	372,080	266,560
Investor Relations	123,744	82,169
Legal fees	464,204	246,020
Filing and listing fees	31,917	33,048
Other	167,418	216,807
Total	3,338,267	2,829,308

3. REVENUE, INCOME AND EXPENSES (cont)

	2013 *$*	*2012* *$*
(c) Finance Costs		
Accretion of asset retirement obligation	22,369	21,428
	22,369	21,428

4. INCOME TAX

	Half-year ended 31 December	
	2013 ***$***	***2012*** ***$***
Profit/(Loss) before income tax from continuing operations	**(584,860)**	**(3,081,868)**
At the Australian statutory income tax rate of 30% (2012: 30%)	175,458	924,560
Expenditure not allowable for income tax purposes	(51,419)	(3,004)
Effect of US tax rate differential	7,154	128,435
Deferred tax assets not brought to account as realisation is not regarded as probable	(131,193)	(1,049,991)
Overprovision in prior year *	-	2,034,936
Income tax benefit reported in the statement of comprehensive income	-	**2,034,936**

* Overprovision relates to an income tax receivable resulting from the ability to use carryback losses incurred in prior periods to offset tax liability previously paid.

The Consolidated Entity has estimated unbooked tax losses carried forward arising in Australia of $10,693,494 (As of 30 June 2013: $10,298,250). The benefit of these losses of $3,208,048 (as of 30 June 2013: $3,089,475) will only be obtained in future years if:

i. the Consolidated Entity and the Parent Entity derive future assessable income of a nature and an amount sufficient to enable the benefit from the deduction for the losses to be realised; and

ii. the Consolidated Entity and the Parent Entity have complied and continue to comply with the conditions for deductibility imposed by law; and

iii. no changes in tax legislation adversely affect the Consolidated Entity and the Parent Entity in realising the benefit from deduction for the losses.

The Consolidated Entity has estimated available Federal net operating tax losses in the United States of approximately $28,999,008 (As at 30 June 2013: $28,164,751). The utilisation of approximately $9,209,603 (As at 30 June 2013: $9,209,603) is limited to an estimated $403,194 (As at 30 June 2013: $403,194) per year as a result of a change in ownership of the one of the subsidiaries which occurred in January 2005. If not utilised, the tax net operating losses will expire during the period from June 2019 to June 2025. Of the $9,209,603, NOL subject to limitation as a result of the ownership change $3,967,177 will never be utilised and will expire by June 2025.

In addition to the above mentioned Federal carried forward losses in the United States, the Consolidated Entity also has approximately $21,971,176 (As at 30 June 2013: $21,954,028) of State carried forward tax losses, with expiry dates between June 2014 and June 2034. A deferred income tax asset in relation to these losses has not been recognised as realisation of the benefit is not regarded as probable.

Samson has recognized tax receivable of $778,175 (30 June 2013: $777,804) in current assets on the Balance Sheet. This is expected to be received within the next 12 months.

The deferred tax benefit the Consolidated Entity will ultimately realise is dependent both upon the loss recoupment legislation in the United States and taxable income at the time recoupment.

The Consolidated Entity does not meet the definition of a group for the purposes of applying tax consolidation.

5. PREPAYMENTS

	31-Dec-13 ***$***	***30-Jun-13*** ***$***
Prepaid drilling expenses	4,959,130	-
Other prepayments	144,516	411,113
	5,103,646	411,113

Prepaid drilling expenses includes cash advanced to the operator of the North Stockyard field for the drilling of development wells currently being undertaken.

6. EXPLORATION AND EVALUATION ASSETS

	31-Dec-13 ***$***	***30-Jun-13*** ***$***
Balance at beginning of period	14,831,749	16,380,277
Costs capitalised during the period	309,457	6,256,718
Costs expensed during the period	-	(7,805,246)
Balance at the end of the period	15,141,206	14,831,749

The exploration and evaluation costs capitalised relates to expenditure incurred in relation to the Consolidated Entity’s three main exploration projects – Hawk Springs Project in Goshen County, Wyoming, Roosevelt Project in Roosevelt County, Montana and South Prairie Project in Renville and Ward Counties, North Dakota.

In December 2013, we entered into a seismic and drilling agreement with Momentus Energy Corp, a Canadian exploration and development company based in Calgary to further exploration on our Roosevelt Project. Momentus has committed to acquire approximately 20 squares of 3-D seismic data at no cost to us.

Following the acquisition of the seismic data, Momentus have the option to drill a horizontal Bakken well on our acreage at 100% its own cost. Upon Momentus drilling this well, they will have earned the right to 50% of the test well and 50% of our acreage in the Roosevelt project. The program, consisting of 3-D seismic acquisition and the cost of drilling the Bakken well is valued at approximately $10 million. This farm out is expected to be finalized by March 2014, with the acquisition of the 3-D seismic data to commence shortly after that.

Exploration or divestment activities are continuing in all exploration areas. The recoverability of the carrying value of deferred exploration and evaluation expenditure is dependent on the successful exploitation, or alternatively sale, of the respective areas of interest.

7. OIL AND GAS PROPERTIES

	31-Dec-13	30-Jun-13
	$	$
Oil and Gas Properties	30,324,241	26,406,227
Work in Progress	8,984,377	6,344,041
Accumulated Depletion and Impairment	(15,054,652)	(13,948,846)
	24,253,966	18,801,422

Additions to oil and gas properties and work in progress consists of development wells drilled in the North Stockyard project.

Impairment of oil and gas properties

At 31 December 2013, the Consolidated Entity reviewed the carrying value of its oil and gas properties for impairment. An independent review by the Consolidated Entity's reserve engineers, Ryder Scott Company was performed to assess the recoverable amount based on the net present value of the Consolidated Entity's assets (by cash generating unit). The discount rate used to assess the recoverable amount (based on the value in use) was 10% (2012: 10%). The value in use has been based on the expected useful lives of the respective fields. The effect of future income taxes on discounted cashflows has not been considered in relation to the value of the current properties due the entity's considerable tax losses and other tax deductions available to the Consolidated Entity.

The value of oil and gas properties was reviewed on a field by field basis and has resulted in net impairment expense of $299,110 (2012:$221,629).

8. PROVISIONS

	31-Dec-13	30-Jun-13
	$	$
Provision for Restoration	1,499,385	1,333,095
	1,499,385	1,333,095

During the six months ended 31 December 2013, we recorded an out-of-period adjustment to increase our asset retirement obligations by $0.15 million, capitalised asset retirement costs by $0.085 million, and expense by $0.065 million. Based upon our evaluation of relevant factors, we concluded that this error was not material to any previously issued and current consolidated financial statements.

9. DIVIDENDS PAID AND PROPOSED

No dividends have been paid or declared by the Company during the half-year or to the date of this report (half-year ended 31 December 2012: Nil).

10. SEGMENT INFORMATION

Operating Segments

Operating segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the Board of Directors.

The group operates in one operating segment being oil and gas exploration, development and production.

The following table presents revenue and loss information regarding geographic segments for the half-year periods ended 31 December 2013 and 31 December 2012 as presented to the Board of Directors.

10. SEGMENT INFORMATION (cont)

	United States of America					
	Continuing Operations		**Unallocated**		**Consolidated**	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**
	$	**$**	**$**	**$**	**$**	**$**
Segment revenue from external customers	2,686,730	3,277,724	98,943	121,936	2,785,673	3,399,660
Segment result before amortisation and impairment	863,612	(1,043,218)	(395,244)	(503,439)	468,368	(1,546,657)
Depreciation, amortisation and impairment	(1,053,228)	(1,535,211)	-	-	(1,053,228)	(1,535,211)
Segment result	(189,616)	(2,578,429)	(395,244)	(503,439)	(584,860)	(3,081,868)
Segment assets	49,574,307	44,140,683	5,474,667	8,838,072	55,048,974	52,978,755

11. CONTINGENCIES

There are no unrecorded contingent assets or liabilities in place for the Consolidated Entity at balance date (2012: $Nil).

12. CONTRIBUTED EQUITY

Issued and paid up capital

	31-Dec-13	***30-Jun-13***
	$	**$**
Ordinary fully paid shares	93,384,501	86,608,255

	Six months ending			
Movements in contributed equity for the year	**31-Dec-13**		**31-Dec-12**	
	No. of shares	***$***	**No. of shares**	***$***
Opening balance	2,229,165,163	86,608,255	1,771,891,827	77,557,896
Shares issued upon exercise of options *(i)*	9,864	348	136,191,202	3,342,911
Shares issued *(ii)*	318,452,166	7,337,137	-	-
Transaction costs incurred	-	(561,239)	-	-
Shares on issue at balance date	*2,547,627,193*	*93,384,501*	*1,908,083,029*	*80,900,807*
Shares to be issued upon exercise of options	-	-	77,813,442	-
Shares to be issued as part of Kestrel acquisition *(iii)*	65,000	-	65,000	-
Closing Balance	**2,547,692,193**	**93,384,501**	**1,985,961,471**	**80,900,807**

(i) *During the six months ended 31 December 2013 the Company issued 9,864 ordinary shares upon the exercise of 9,864 options. The exercise price of these options was A$ 3.8 cents per share / US$ 3.5 cents per share (average price based on the exchange rate on the date of exercise) to raise US$348.*

During the six months ended 31 December 2012 the Company issued 136,191,202 ordinary shares upon the exercise of 136,191,202 options. The exercise price of these options was A$ 1.5 cents per share / US$ 1.6 cents per share (average price based on the exchange rate on the date of exercise) to raise US$3,342,911. Cash was received in relation to the exercise of 77,813,442 options prior to *year end (by Samson or its share registry) however these shares were not issued until January 2013.*

(ii) During the six months ended 31 December 2013 the Company issued 318,452,166 ordinary shares to raise $7,337,137. The issue price was A$ 2.5 cents per share/US$ 2.3 cents per shares (average price based on the exchange rate on the date of issue). The ordinary shares were issued to a number of investors in the US and Australia

(iii) In prior years, shares were issued to Kestrel shareholders as part of the offer to non-US resident shareholders whereby they received five Samson shares for every one Kestrel share held. The Samson share price on the acceptance date of the offer was deemed to be the fair value of the share. As at balance date acceptances had been received for 65,000 (2012:65,000) shares which have not yet been issued. These shares will be issued upon the presentation of Kestrel Share Certificates by the owner of the shares.

Share issue costs of $561,239 were incurred (half-year ended 31 December 2012:$nil).

At the end of the half-year there were 302,178,528 (June 2013: 166,807,526) unissued ordinary shares in respect of which options were outstanding. Option holders do not have any right by virtue of the option to participate in any share issue of the Company or any related body corporate.

13. EVENTS AFTER THE BALANCE SHEET DATE

In January 2014, the Company entered into a $25 million credit facility with Mutual of Omaha Bank, with an initial borrowing base (funds available to drawdown) of $8 million. $4 million has been drawn down with the remaining $4 million in borrowing base to be drawn down on an as needed basis. Additional increased in the borrowing base, up to the credit facility maximum of $25 million, may be made available to the Company in the future based on the value of the Company's future reserves. Borrowing base redeterminations are performed by Mutual of Omaha every six months at June and December. The Company also has the ability to request a borrowing base redetermination at another period, once a year.

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

- Current ratio greater than 1
- Debt to EBITDAX (annualized) ratio no greater than 3.5
- Interest coverage ratio minimum 2.50 to 1.0

While we expect to be in compliance with these covenants based on our current $4 million drawdown, if we are not in compliance with the financial covenants in the credit facility, or if we do not receive a waiver from Mutual of Omaha, our debt could become due and payable upon acceleration by Mutual of Omaha. In addition, failure to comply with any of the covenants under our credit facility could adversely affect our ability to fund ongoing operations.

These funds will be used to fund drilling in our North Stockyard project in North Dakota. We expect to fund our remaining capital expenditures for the fiscal year ending 30 June 2014 with cash on hand and cash flow from operations, though we may obtain additional capital via equity finance raisings, further drawdowns of our credit facility (if possible) or another capital raising program or asset sales.

Since the end of the half-year, the directors are not aware of any other matters or circumstances not otherwise dealt with in the report or financial statements that have, or may significantly affect the operations, the results of the operations, or the state of affairs of the Company or the Group in the subsequent financial year.

DIRECTORS' DECLARATION
31 DECEMBER 2013

In the directors' opinion:

(a) the financial statements and notes set out on pages 4 to 15 are in accordance with the *Corporations Act 2001,* including:

(i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

(ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date;

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

T. M. Barr
Director

Denver, Colorado
11 February 2014

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Auditor's Independence Declaration

As lead auditor for the review of Samson Oil & Gas Limited for the half-year ended 31 December 2013, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Samson Oil & Gas Limited and the entities it controlled during the period.

Craig Heatley
Partner
PricewaterhouseCoopers

Perth
11 February 2014

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Independent auditor's review report to the members of Samson Oil & Gas Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Samson Oil & Gas Limited, which comprises the balance sheet as at 31 December 2013, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for Samson Oil & Gas Limited Group (the consolidated entity). The consolidated entity comprises both Samson Oil & Gas Limited (the company) and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Samson Oil & Gas Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

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Independent auditor's review report to the members of Samson Oil & Gas Limited (continued)

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Samson Oil & Gas Limited is not in accordance with the *Corporations Act 2001* including:

a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date;

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

PricewaterhouseCoopers

PricewaterhouseCoopers

Craig Heatley
Partner

Perth
11 February 2014