



SAMSON OIL & GAS TO REPAY VENDOR NOTE

Denver 1600 hours May 1st, 2017, Perth 0700 hours May 2nd 2017

Vendor Note

Samson has informed the vendor holding its outstanding \$4 million promissory note due May 1st that it will be paying that note in full. Samson expects to fund the repayment of the vendor note this week with a new term loan from Mutual of Omaha Bank, which will be in addition to its current \$20 million revolving line with Mutual of Omaha Bank. The revolving line credit agreement remains substantially unchanged, although the interest rate has been amended to Prime (rather than LIBOR) plus 1%. The new term loan has an interest rate of Prime plus 2.5%. Both the term loan and the revolving debt facility mature in October 2017.

Samson is pursuing several avenues to address the October 2017 maturity, including but not limited to:

- 1) A refinancing with Mutual of Omaha Bank
- 2) A partial or full sale of Foreman Butte or
- 3) A refinancing with an alternate lender

The Company is confident that it will be able to pay off or refinance the facility because of its significant progress in enhancing its asset base through the acquisition and development of its Foreman Butte properties. This progress is amply demonstrated by Samson's March 31st estimated oil and gas reserves detailed below.

March 31st Reserves

Samson has completed its internal report estimating its reserves as of March 31st, 2017. It has been our practice to utilize Netherland Sewell & Associates for our June and December reports and internal estimates for the March and September quarterly reports. The non NSAI reports generally follow the decline curves of the prior report adjusted for any performance variances seen in the interim. The March 31st 2017 estimate is as follows;

March 31st 2017

	OIL MBBL	GAS MMCF	NPV ₁₀ MM
PDP	3,704	2,433	\$51.844
PDNP	372	548	\$5,435
PUD	2,787	1,951	\$46,692
TOTAL PROVED	6,863	4,932	\$103.971

This estimate assumes that the NDIC approves an application to be filed by Samson seeking authority to commence a test water flood program in the Foreman Butte field. The objective of this operation is to increase the reservoir pressure and hence the primary recovery by injecting produced water from the Field into an existing well located on the flank of the Field. As a side benefit, Samson's disposal cost for produced water would be reduced in addition to the anticipated increase in the PDP reserve value.



The estimate of proved undeveloped reserves has decreased from December 2016 due to an engineering re-design of the development wells. As described in greater detail below, the current plan is to drill two new lateral wells out of the existing Foreman Butte wells. This plan drastically reduces the capital cost to \$0.25 million per lateral compared to \$2.8 million for a conventional new well. While the capital efficiency of this plan is enhanced, the overall recovery of oil is lower because the laterals are shorter and correspondingly the total NPV of the PUD program is reduced. However this plan still allows for significant increases in PDP without an increase in our debt facility or any other new capital.

By way of comparison the December 31st, 2016 estimate (completed by NSAI) was as follows;

December 31st 2016

	OIL MBBL	GAS MMCF	NPV ₁₀ MM
PDP	3,052	1,853	\$44.198
PDNP	245	486	\$3.638
PUD	5,409	3,787	\$55.329
TOTAL PROVED	8,707	6,126	\$103.165

Oil Price

The WTI oil price used as March 31st compared to that used in the December 31st estimate is as follows and has been adjusted for local differentials:

Period Ending	March 31 st Oil Price (\$/Barrel)	December 31 st Oil Price (\$/Barrel)
December 2017	51.11	56.59
December 2018	51.90	56.10
December 2019	51.37	56.05
December 2020	51.38	56.21
Thereafter	55.67	

Oil differential

The current estimate uses an oil differential of \$4.95 reflecting contracts that Samson has entered into with third party marketers.

Production costs

Production costs have been adjusted in this estimate to reflect the near term cost experience.

Pump efficiency

Samson has completed pump configuration changes on four wells and this has increased these individual well fluid rates by around 40% in line with our expectation, following a project wide fluid level study and pump configuration engineering design.



Infill Development Planning

As noted above, Samson has designed a drilling method for its first Ratcliffe Formation PUD by drilling a new deviated well bore from an existing zero value well. This operation is expected to commence in the next sixty days and will involve a work over rig using slim hole directional drilling tools from the casing shoe of the existing wellbore.

Current planning includes a second lateral, being drilled into the underlying Nesson Formation which has proven productive in an offsetting well. This operation will then be able to use existing surface facilities. The total cost of both short laterals (5,000 feet) is currently estimated to be around \$250,000 compared to a new well cost of around \$2.8 million.

Recompletions

The Davidson 1 well has been recompleted with approximately 34' of additional perforations added to the Ratcliffe Formation after isolating the depleted Nesson interval of the Mission Canyon Formation. The initial rate on this well was around 60 BOPD per day but was not maintained due to a well bore blockage. This well is due to be worked over in the near term to remove that blockage.

Samson's Ordinary Shares are traded on the Australian Securities Exchange under the symbol "SSN". Samson's American Depository Shares (ADSs) are traded on the New York Stock Exchange MKT under the symbol "SSN". Each ADS represents 200 fully paid Ordinary Shares of Samson. Samson has a total of 3,283 million ordinary shares issued and outstanding, which would be the equivalent of 16.41 million ADSs. Accordingly, based on the NYSE MKT closing price of US\$0.51 per ADS on May 1st, 2017, the Company has a current market capitalization of approximately US\$8.4 million. Correspondingly, based on the ASX closing price of A\$0.003 for ordinary shares on May 1st, 2017, the Company has a current market capitalization of approximately A\$9.8 million.



Competent Person Statement

The December 2016 reserves quoted in this announcement were estimated by Netherland Sewell & Associates, an independent petroleum reserve engineering consulting firm based on the definitions and disclosures guidelines contained in the Society of Petroleum Engineers, World Petroleum Council, Association of Petroleum Geologists and Society of Petroleum Evaluation Engineers Petroleum Resources Management Systems.

Information in this announcement relating to hydrocarbon reserves is the responsibility of the CEO of Samson Oil and Gas Ltd., Mr. T.M Barr a petroleum geologist who holds an Associateship in Applied Geology and who has 40 years of relevant experience in the oil and gas industry.

SAMSON OIL & GAS LIMITED

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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 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.