



SAMSON
OIL & GAS LIMITED

SAMSON OIL & GAS AGREES TO ACQUIRE WILLISTON BASIN PROPERTIES

Denver 1600 hours January 5th, 2015, Perth 0700 hours January 6th, 2015

Samson Oil and Gas USA Inc (a wholly owned subsidiary of Samson Oil and Gas Limited) (Samson) has entered into a contract to acquire a parcel of oil and gas leases, producing oil and gas wells, currently shut-in wells and associated facilities in North Dakota and Montana for a cash price of \$16.5 million.

The properties to be acquired produce approximately 720 BOPD from 41 net producing wells.

Netherland Sewell & Associates have estimated that the properties contain Proved Reserves of 8.5 million barrels with a Net Present Value of \$84.9 million, as at October 1st 2015, the effective date of the transaction.

	Oil (MBO)	Gas (MMCF)	NPV₁₀ (M\$)
Proved Developed Producing (PDP)	1,712.7	808.0	22,166.7
Proved Developed Non-producing (PDNP)	413.8	730.6	2,902.0
Proved Undeveloped (PUD)	6,394.5	4,476.1	59,914.9
Total Proved	8,521.0	6,014.7	84,983.6

Oil pricing used in this estimate represents NYMEX WTI prices as at October 1st, adjusted for quality, transportation fees, and market differentials. Gas pricing is based on NYMEX Henry Hub prices as at October 1st, adjusted for energy content, transportation fees, and market differentials. Prices, before adjustments, are as follows:

Period Ending	Oil Price (\$/Barrel)	Gas Price (\$/MMBTU)
December 2015	46.97	2.79
December 2016	51.07	2.95
December 2017	54.49	3.11
December 2018	56.24	3.18
December 2019	58.12	3.25
Thereafter	59.53	3.35

As is customary for transactions of this nature, the reserve report was completed as at the effective date of the transaction, and therefore follows the future prices of oil and gas determined as at that date. However, the oil price continues to be volatile and has depreciated since the effective date. Samson has run a more current price strip which drops the WTI oil price by between \$6 and \$10 per barrel compared to the reserve report. This reduces the PDP to \$15.5 million, the PDNP to \$1 million, the PUD to \$35 million and the total proved reserve to \$51 million. It is important to note that these estimates are internal and do not constitute a formal reserve report.

To be able to designate a PUD reserve, Samson has tested whether it will have the capacity to fund the drilling of these wells. Samson's internal cash flow analysis determines that the PUD value can be funded and the wells drilled in a 5 year time frame, as required by the US regulatory regime.

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The 51,305 net acres of petroleum leases being acquired include the right to exploit hydrocarbons down to the top of the Bakken Formation. For a portion of the leases, Samson is also acquiring the rights to the deeper geologic section below the Bakken pool.

The transaction is conditional, amongst other things, on Samson being able to use its existing \$50 million debt facility which has a current borrowing base of \$19 million. Closing is expected February 1st, subject to the completion of due diligence and financing approval.

The properties have been in production for several years and represent production from various geologic horizons above the Bakken Formation, including the Ratcliffe and Mission Canyon intervals of the Mississippian Madison Formation which provide conventional oil and gas accumulations in this region. The properties have largely been developed using 640 acre horizontal wells or 40 acre vertical wells. With the current lower oil service costs, Samson envisages development of the acquired PUD Reserves by using longer laterals, infilling the historical 640 acre wells or developing 40 acre infills adjacent to existing or known production.

Samson's immediate focus, however, will be on the 17 wells in the PDNP category, since the Company expects that these wells can be bought back on line with minimal capital expenditure. Samson also sees additional upside using an acid-based stimulation of the existing PDP and PDNP wells in light of the reservoir's calcium carbonate-based architecture. No stimulation of these reservoirs has ever been undertaken but this style of stimulation treatment has resulted in a 3 to 4-fold uplift in production rates in other wells in the region.

Samson believes that the larger upside in the acquired properties resides in the PUD category, which will be realized through infill drilling development.

The transaction also includes the acquisition of two saltwater disposal facilities and the right to use existing disposal facilities at a prescribed rate per barrel. Certainty on that significant operating cost has thus been achieved as part of the transaction.



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 2,837 million Ordinary Shares outstanding (including 230 million options exercisable at AUD 3.8 cents), which would be the equivalent of 14.185 million ADSs. Accordingly, based on the NYSE MKT closing price of US\$0.39 per ADS on December 31st, 2015, the Company has a current market capitalization of approximately US\$5.6 million (the options have been valued at an exchange rate of 0.7306). Correspondingly, based on the ASX closing price of A\$0.003 for ordinary shares and a closing price of A\$0.001 for the 2017 options, on December 31st, 2015, the Company has a current market capitalization of approximately A\$7.3 million.

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.

Competent Person's Statement

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

Information contained in this announcement relating to hydrocarbon reserves was compiled by the Managing Director of Samson Oil & Gas Ltd., T M Barr a geologist who holds an Associateship in Applied Geology and is a fellow of the Australian Institute of Mining and Metallurgy who has 35 years' relevant experience in the oil & gas industry.