



18 May 2010

Dear Shareholder

## SHARE PURCHASE PLAN

On 3 May 2010 Samson Oil & Gas Limited ("**Samson**" or "**Company**") announced it would undertake a Share Purchase Plan ("**SPP**") for all eligible shareholders.

On behalf of your Board, I am pleased to offer you the opportunity to increase your investment in Samson through participation in the Samson SPP to purchase up to AU\$15,000 worth of fully paid ordinary shares in the Company at a price of 3.4 cents per share, with no associated costs, subject to the terms and conditions of the SSP set out in this letter.

### Background & Purpose

Funds raised by the SPP will be used to fund a drilling program on the Company's properties in the U.S. and to provide general working capital. The immediate Bakken drilling program in the Williston Basin, North Dakota will include three wells including the Gary #1-24H (SSN 37%) which is expected to spud on May 25<sup>th</sup> and will be followed by the the Earl #1-13H (SSN 31%) in September and the Rodney #1-14H (SSN 26.3%) in November 2010. In addition it is expected that the work over of the existing London Flats well and the drilling of the offset to that well will be undertaken in the next six months which will be the start of the evaluation of the company's Niobrara acreage holding.

The planned accelerated drilling and development program is to be partially funded by the recent placement to professional investors at 3.4 cents per share ("**Placement**").

Samson has decided to raise the additional required funds by way of an SPP in order to provide existing shareholders with the opportunity to acquire new Samson shares at a discounted price ahead of the further exploration and development activity detailed in the enclosed Exploration and Development Update Report.

The Board is now pleased to offer this SPP opportunity to eligible shareholders at the same price per share as the Placement. The issue price represents a 5.5% discount to the closing price for Samson shares on the ASX on 3 May 2010 being the date that this offer was announced.

### Share Purchase Plan Details

The SPP enables all shareholders, irrespective of the size of their shareholdings to purchase between \$1,020 and \$15,000 worth of shares in the Company at a price per share of 3.4 cents, with no associated costs. The SPP provides shareholders with a convenient means of obtaining additional shares at a discount to the market and without brokerage fees or stamp duty. If you currently hold an unmarketable parcel of shares (being less than \$500 worth of shares) this is a means by which you can top up your shareholding so that you then have enough shares to be able to trade your shares on the ASX.

Shares issued under this SPP will rank equally with all issued ordinary shares of Samson.

The offer to participate under the SPP is non-renounceable and therefore you are not permitted to transfer your right to subscribe for shares under the SPP. Participation in the plan is entirely optional and is subject to the terms and conditions specified in this letter and contained in the attached Application Form.

This offer is open to all shareholders who are registered as holders of fully paid shares in the Company at 5.00pm Western Standard Time on Tuesday 18 May 2010 ("**Record Date**") and



whose address, as recorded in the register of members of the Company is in Australia or New Zealand or in any other jurisdiction within which it is lawful and (in the opinion of the Company) practical for the Company to offer shares under the SPP.

The offer is also open to holders of SSN options who exercise their options and become registered as shareholders by the Record Date. However, if you are both a shareholder and a holder of SSN options, you will only be entitled to participate in the SPP once.

You are eligible to participate in the SPP as you were deemed to be an eligible shareholder on the Record Date.

The shares offered under the SPP are a speculative investment. The market price of the Company's shares may increase or decrease between the date of this offer and the date of the issue of shares under the SPP. Accordingly, the price you pay for the shares under the SPP may exceed or be less than, the market price of the Company's shares at the time of issue.

#### ***How much can be invested?***

Eligible shareholders may apply for shares to a value of any one of the following amounts:

Offer A	-	\$15,000 for 441,176 shares (maximum amount)
Offer B	-	\$10,200 for 300,000 shares
Offer C	-	\$5,100 for 150,000 shares
Offer D	-	\$1,020 for 30,000 shares (minimum amount)

Subject to the Board resolving otherwise, the SPP will be conducted on the basis that the funds raised shall not exceed \$4.2 million. Accordingly, a maximum of 123,529,411 shares may be issued under the SPP (**Authorized Maximum**). If the Board subsequently resolves to increase the Authorized Maximum, then to obtain the benefit of the exemption in Listing Rule 7.2, the revised Authorized Maximum shall not be greater than 30% of the fully paid ordinary shares on issue. If the Company receives applications under the SPP which exceed the Authorized Maximum, the Company may issue to any shareholder fewer shares than the number applied for. In such circumstances, each shareholder who applied for shares under the SPP will be taken to have applied for a number of shares equal to the Authorized Maximum multiplied by the proportion that its acceptance of shares under the SPP bears to the total of all share acceptances under the SPP.

#### ***Underwriting arrangements***

The Company entered into an underwriting agreement with Patersons on 3 May 2010, pursuant to which Patersons agreed to underwrite the SPP offer to the extent of A\$2,000,000. Patersons will be remunerated for providing these services at market rates.

#### ***How to Participate in this Offer***

This offer is not a prospectus and does not require disclosure for the purposes of Chapter 6D of the Corporation Act 2001 (*Cth*). You must rely on your knowledge of previous disclosures made by Samson to the ASX and if necessary consult your professional adviser when deciding whether or not to accept the offer and participate in the SPP.



In order to apply for shares under the offer, complete the enclosed application form in accordance with the instructions and forward, together with your cheque, to Samson's share registry in the reply-paid envelope provided. The option is also available to pay by BPay. Completed application forms and full payment must be received by Samson's share registry, Security Transfer Registrar Pty Ltd, no later than 5.00pm Western Standard Time on Thursday, 10 June 2010.

***Other terms of the offer***

If two or more persons are recorded in the register of members of Samson as jointly holding shares in Samson they are taken to be a single shareholder and a certification by any of them for the purposes of the certification required is taken to be a certification by all of them.

Where a member is expressly noted on the register of members as a trustee or nominee on account of another person ("Beneficiary") the Beneficiary will be deemed to be the eligible shareholder in regard to those shares and any application for the issue of shares under the SPP or as certification by and any issue of shares to the trustee or nominee is taken to be an application or certification by, or issue to, the Beneficiary.

By returning the application form the eligible shareholder certifies that the aggregate subscription amount for:

- (a) the shares the subject of the application; and
  - (b) any other shares in the class applied for by the eligible shareholder under the SPP or any similar plan in the previous 12 months,
- does not exceed \$15,000.

If an eligible shareholder subscribes for an amount which is not exactly divisible by the issue price for the shares, in calculating the number of shares to be issued all fractional entitlements will be rounded down to the nearest whole number and the balance of the subscription amount will be retained by Samson.

Samson may issue to any person fewer shares than the number the person subscribed for under this SPP (or none at all) if Samson believes that the issue of those shares would contravene this SPP, any law or ASX Listing Rule.

Following Samson receiving valid acceptances of offers made under this SPP, Samson will:

- (a) issue the accepted shares as soon as reasonably practical after the closing date of the offer;
- (b) apply for those shares to be quoted on the stock market of ASX within the period required by the ASX Listing Rules; and
- (c) send the relevant shareholder a holding statement in respect of the shares issued to him under the SPP within the period required by the ASX Listing Rules.

Samson may in its discretion amend, suspend or terminate the SPP at any time and adopt any administrative procedures it thinks appropriate in relation to the SPP.



Samson may in its discretion settle any difficulties, anomalies or disputes which may arise under or in connection with the operation of the SPP, whether generally or in relation to any shareholder or class of shareholders and the decision of Samson will be conclusive and binding on all shareholders and other persons to whom the determination relates.

Samson reserves the right to waive compliance with any provision of the SPP.

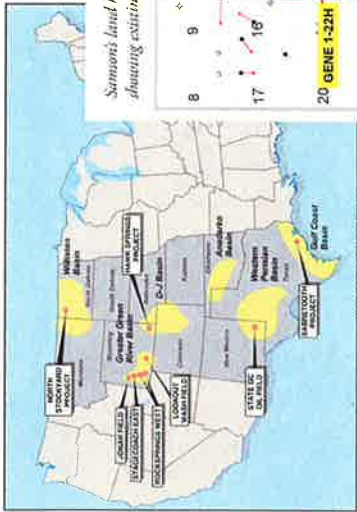
**Timetable**

Notice to SSNO option-holders of the SPP	Monday, 3 May 2010
Record date under the SPP for existing shareholders	Tuesday, 18 May 2010
Dispatch of SPP documentation to existing shareholders	Wednesday, 19 May 2010
Opening date of SPP	Thursday, 20 May 2010
Closing date of SPP	Thursday, 10 June 2010
Allotment of SPP shares and dispatch of holding statements	Wednesday, 16 June 2010

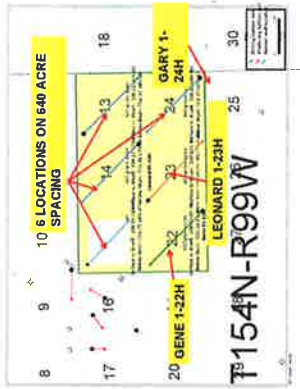
Should you have any questions or require further information regarding the SPP, please contact Denis Rakich, Company Secretary on +61 8 9220 9830.

Yours sincerely  
**SAMSON OIL & GAS LIMITED**

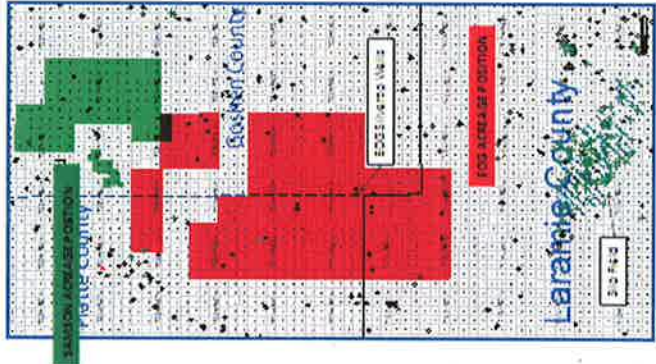
**TERRY BARR**  
Managing Director



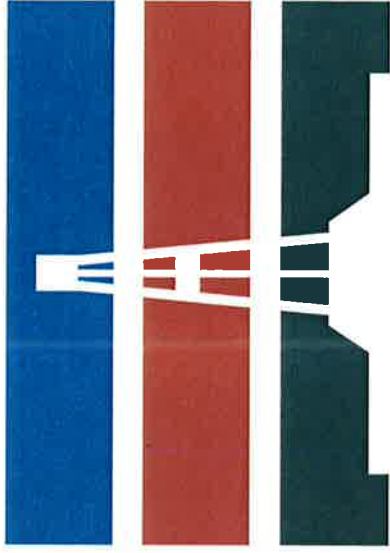
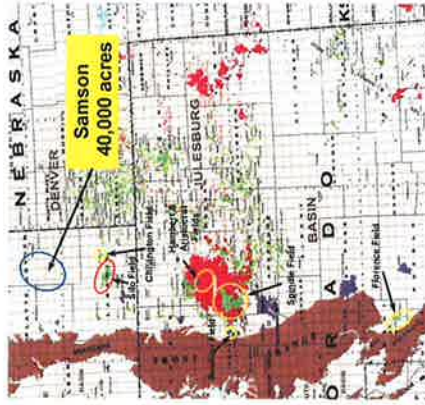
Samson's land holding in the North Stockyard Field showing existing well locations and those planned.



Map showing generic location of Samson's acreage holding and that of EOG Resources



Regional map showing the Denver-Julesburg Basin and Samson's acreage



# SAMSON

## OIL & GAS LIMITED

**Terry Barr**  
 President and CEO  
 1726 Cole Blvd Suite 210  
 Lakewood, CO 80401  
 Office 303-296-3994  
 Cell 970-389-5047  
[Terry.barr@samsonoilandgas.com](mailto:Terry.barr@samsonoilandgas.com)



**SAMSON**  
 OIL & GAS LIMITED

Dear Shareholders,

Samson is embarking on a very interesting period in its development having endured a severe downturn in its share price which declined as a result of the industrial recession in the US and the resulting slide in natural gas prices.

Fortunately, Samson has two significant oil assets which will be developed with the cash that is being raised through a placement and its share purchase plan.

This document attempts to set out the opportunities which Samson will be focused on. Fundamental to the investment philosophy is the comparative price of oil versus natural gas. Unfortunately the US industrial recession and the growth of the natural gas supply side through the abundance of shale gas has meant that natural gas prices in the US remain weak and offer no real opportunity for growth in the near term. Contrasting this is the relative strength of the oil price which has for some months been at or around US\$80 per barrel. Given that oil is a world commodity its price is to some extent not directly tied to the fortunes of the US economy which sets it apart from natural gas the price of which is dictated by domestic supply and demand pressure.

THE BAKKEN FORMATION

The Bakken Formation in the Williston Basin (See the Project Location Map overlay) has emerged in the last two years as an extremely important oil producing horizon, and has come about from the application of petroleum engineering technology. The horizon and its oil producing capabilities are not new, it has been established as a producer for decades, however the method of developing these reserves has emerged through the use of two technologies, firstly through the use of an external casing packer, this has achieved two objectives, being able to mechanically isolate many zones in a horizontal well bore without the use of cement. Cement inevitably cements the natural fractures that contribute to the productive capacity of low permeable rocks. Secondly, as they are designed to swell in the well bore by absorbing fluid and permanently expanding, has meant that the casing is run with a relatively thin profile which enables it to run into the hole without difficulty.

The next development came with the adaptation of the use of wire line set plugs that could isolate each zone and enable a zone to be perforated with several opening within a zone. This enabled frac fluids to create several frac swarms with a particular zone.

These developments accompanied by the ability to drill long horizontal wells has enabled 5,500 to 9,900 feet horizontal wells to be drilled, cased and fractured stimulated with very satisfactory results.

Samson has a small but yet very effective acreage holding in what appears to be developing as the prime acreage in the Bakken Formation. The Company has equity in 6 Sections within Williams County, North Dakota and now has two producing wells with the ability to drill 4 more using a 640 acre spacing and with regulatory approval an additional 4 which would take the total well count to 10 wells. (See the North-Stockyard map overlay)

The recent Gene 1-22H well has demonstrated the ability of the Bakken to produce with a 2,900 bopd established as a rate in the first 8 hours following a successful clean out of the wellbore subsequent to the completion of the fracture stimulation. The frac design is large, with 2 million pounds of proppant being placed using 90,000 barrels of fluid.

THE NIOBRARA FORMATION

The Upper Cretaceous Niobrara Formation within the Denver Julesburg Basin (See the regional map overlay) in southeast Wyoming consists of cyclical layers of calcareous chalk, shale, and marl. The formation is known to be oil productive however has yet to be developed using the horizontal drilling and multi stage fracture stimulation techniques that have been so successful in the Bakken. This is largely because the technology that has been utilized in the Bakken Formation is relatively new.

The Niobrara has all the geologic characteristics of becoming the next big unconventional oil play.

Those characteristics are:

- 1) A high total organic content
- 2) Is thermally mature
- 3) Has moderate clay content (brittle rock) and/or presence of natural fractures
- 4) Has a high net thickness
- 5) Has a well bonded seal, and
- 6) Is hydrocarbon saturated

These same characteristics can be found in the Barnett, Marcellus, Bakken, Haynesville, Woodford, and Eagleford shale plays in the continental U.S.

Samson initiated leasing activity in the play several years ago recognizing that the rock had a merit for an unconventional oil play. (See the acreage holding map overlay) Unfortunately the first well that was drilled failed for technical reasons to perform. The basic error was that the pre-perforated liner that was run into the objective horizon prevented a frac being initiated because it is necessary in these cases to perforate the rock such that the hydraulic power can be concentrated into a point source.

Expert advice has been provided that suggests that the London Flats well should be perforated and stimulated. This operation would be followed with a new drill which would be designed in line with Samson's experience in the Bakken Formation.

Industry activity in the play has been intense and land values have dramatically increased. Anecdotal evidence suggest that land values were sitting at \$100 per acre 6 months ago and have now reached \$1,000 per acre in response to the success being demonstrated by a competitor with three producers having initial production of between 500 and 1,700 boepd.

Samson's acreage was carefully selected on the basis of a maximum resistivity map. This map demonstrates the incident of the Silo Oil field which is productive from the Niobrara Formation. The mapping technique depends on the resistivity tool recognizing oil filled natural fractures. The Platte River lineament which is located just to the north east of Samson's acreage suggests that this area has been subjected to a regional stress field. Indeed this conclusion was confirmed by the FMI log which is a logging tool that can determine natural fractures in a bore hole. The fractures observed in the vertical pilot hole of the London Flats well are consistent in direction to the Platte River lineament.



Fracture stimulation operations at the Gene #1-22H well



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