



# FLAHERTY FINANCIAL NEWS NEW YORK

**AUGUST 2007**

## **CONTACT DETAILS**

TERRY BARR, CEO

OFFICE: 303 296 3994

CELL: 970 389 5047

Email: [terry.barr@samsonoilandgas.com](mailto:terry.barr@samsonoilandgas.com)

# WHY THE USA



- **Deal Flow**
- **Prolific Basins**
- **Gas price**
- **Access to best technical practice**
- **Access to equipment and services**
- **Efficient regulatory regime**
- **Short time frame to production**

# COMPETITIVE ENVIRONMENT

- **30 plus ASX companies operating in the US**
- **Two distinct classes**
  - Producers
  - Explorers
- **Immense valuation differences**
  - Using a market value to production multiple
  - Values range from A\$480,000 per mcf per day (most expensive) to A\$5,500 per mcf per day

# US LISTING



- **Form 20F completed and filed with the SEC**
- **Trading expected to commence end of September**
- **American Exchange, ADR 20 to 1 ratio**
- **SSN ticker code**

# OVERVIEW

- **Samson's business strategy is to create value by focusing exclusively on the U.S. energy sector, specifically in the exploration and production of natural gas**
  - Entry into the U.S. in late 2004 through acquisition of Kestrel Energy
  - Rocky Mountain focus (Denver Julesburg & Greater Green River Basins)
  - Footprint also includes production from New Mexico and Oklahoma (Anadarko Basin)
- **Balanced Strategy**
  - Existing production of 3.7 mmcfe per day
  - Inventory of proved undeveloped reserves
  - Large exploration potential from significant acreage holdings in the Rockies – 42,000 net acres in the Greater Green River Basin
  - Disciplined acquisitions enhancing production profile
- **Solid production growth with 385 mmcfe for the quarter ending September 30, 2006, up 312% from last year**
- **Cash Flow currently A\$1 million per month**

# OVERVIEW

- **Under-followed company**
    - Australian and American Stock Exchange: Symbol SSN
    - Recent Price: A\$0.19 and Market Cap: A\$38 million
  - **Undervalued stock**
    - discount to peer group on several metrics
    - Strong acreage position for exploration not being recognized
  - **Conservative leverage on the balance sheet**
    - Cash: A\$3.6 million
    - Debt: A\$23.5 million
    - Debt / Book Capitalization: 38%
- Major shareholders**
- |                           |       |
|---------------------------|-------|
| – Harbinger Capital       | 18.9% |
| – Persistency             | 12.0% |
| – Golden Prospect PLC     | 8.3%  |
| – Victoria Petroleum N.L. | 5.4%  |
| – Southpoint              | 4.0%  |

# MANAGEMENT

- **CEO and PRESIDENT, TERRY BARR**
  - Petroleum Geologist, graduated 1975, career spanning 35 years
  - Cooper Basin Exploration Manager for Santos
  - Discovered and developed significant volumes of tight gas and oil
  - Experienced in start ups
  - Australian citizen, Permanent USA resident
- **CFO, ROBYN LAMONT**
  - Chartered Accountant
  - Arthur Anderson trained
  - Competent across Australian and US GAPP
  - Australian citizen, USA resident

# SHARE PRICE PERFORMANCE





# SAMSON VALUATION



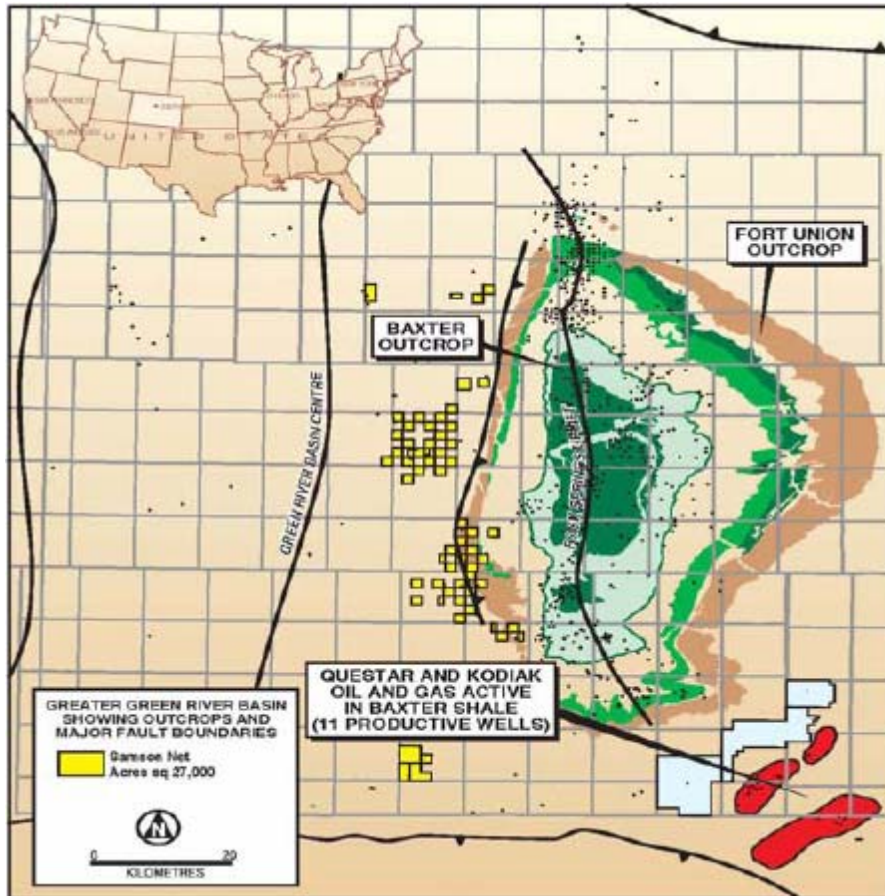
- Current valuation multiples for Samson's Rocky Mountain peer group imply a Samson stock price of U.S.\$0.21-\$0.40
- Samson is targeting production of 2,100 mmcfe for 2007

	Reserves (Bcfe)	NPV 10 (\$ Million)
<b>Samson</b>	<b>23.2</b>	<b>\$57.00</b>
<b>Peer Group Multiple</b>	<b>\$3.89</b>	<b>1.8x</b>
<b>Implied Value (Millions)</b>	<b>\$76.97</b>	<b>\$88.14</b>
<b>Implied Value Per Share</b>	<b>\$0.40</b>	<b>\$0.46</b>
<b>Implied Discount to Current Price</b>	<b>45%</b>	<b>48%</b>

# SAMSON NET ASSET VALUE

Reserve Value	US\$ NPV <sub>10</sub>	
Proved	\$ 56,871	100%
Proable	\$ 15,632	50%
	\$ 72,503	
New Mexico Extension	\$ 12,000	50% of NPV <sub>10</sub>
North Stockyard	\$ 4,800	at \$50 per acre
Green River Undeveloped	\$ 2,094	at \$50 per acre
Hawk Springs	\$ 6,500	at \$ 50 per acre
Option Conversion	\$ 3,287	
Cash	\$ 3,200	
Debt	\$ (20,000)	
	\$ 84,384	
Diluted Shares	213,545	
Per Share US\$	\$ 0.40	
<b>Per Share A\$</b>	<b>\$ 0.46</b>	

# GREATER GREEN RIVER BASIN, WYOMING



- Major gas producing region within the U.S.
- Baxter / Frontier / Muddy / Dakota formations represent emerging gas play with large potential
- Activity by Questar and Kodiak improves outlook in the region
  - Questar has 17 wells producing from Baxter Shale and deeper zones
  - Most recent well IP at 9 mmcfpd
  - Questar has lodged an EIS to develop 4,000 wells
- Samson has several prospects from a large land position of 41,800 net acres
  - Recent technical development has determined that fracture sets can be detected seismically.
  - Next well will be located using this technique and will be a horizontal.
- Acreage is located near existing, known production
- Recent frac establishes productive capacity

# BAXTER SHALE OPTION VALUE



	KOG	SSN
Acreage	49,427	41,873
Spacing	40	40
Gross Well Locations	1,236	1,047
Net	61%	85%
Net Well Locations	748	890
Reserve Per Well (bcf)	3.0	3.0
Total Reserves (bcf)	2,243	2,669
Net of Royalty (18%) (bcf)	1,839	2,189
Valued at US \$/mcf	\$1.00	\$1.00
Option Value (mil)	\$1,839	\$2,189
Option Value Per Share	\$23.08	\$11.40
Estimated Success Rate	20%	20%
Risked Option Value	\$4.62	\$2.28
Current Stock Price	\$4.35	\$0.16

# RESERVES



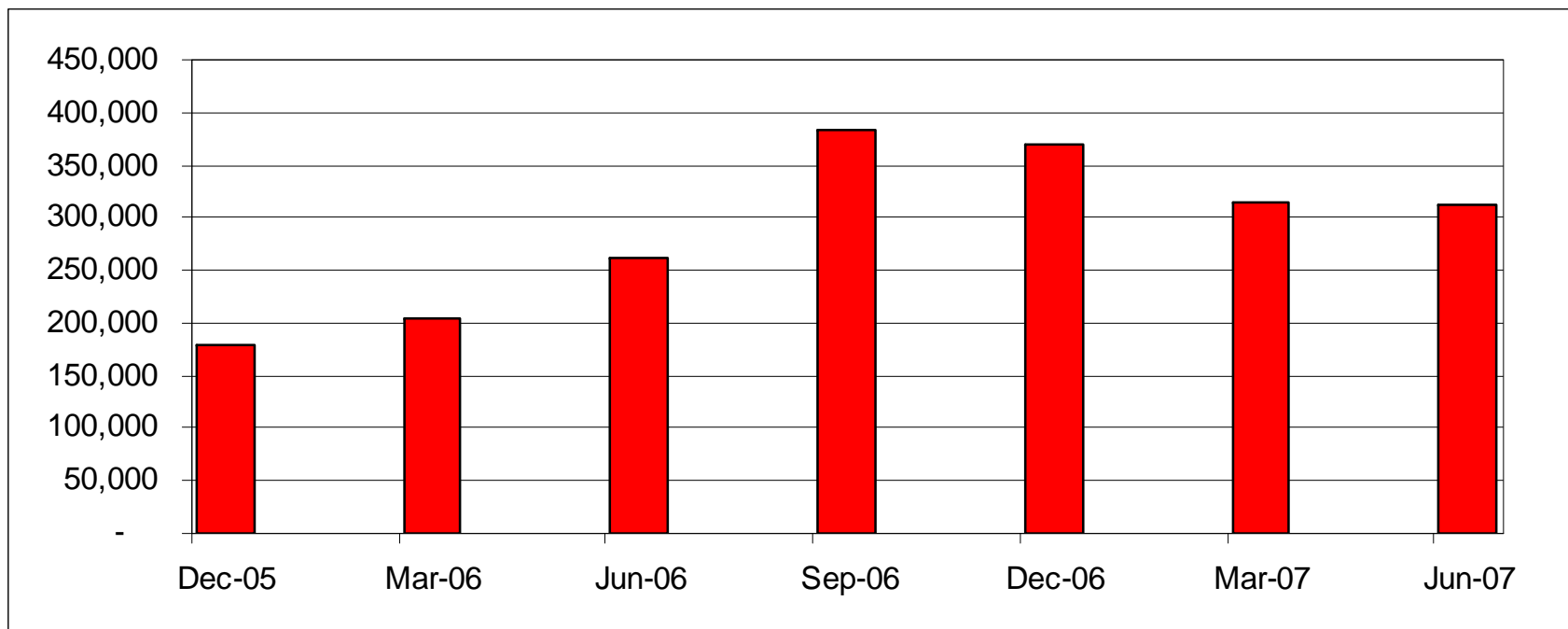
- Reserve report: 23.2 bcfe in proved reserves as of September 1, 2006 – PV-10 of A\$72 million (US\$55 million)
  - Conservative valuation– report based on NYMEX forward curve as at September 1, a seasonally low pricing period, with 20% regional differential assumed
  - Acquisition of Stanley Energy assets added 16.6 bcfe to proved reserves
  - Probable reserves attractively located in the Greater Green River Basin

Category	Crude Oil (MBbls)	Natural Gas (MMcf)	Total (MMcfe)	PV - 10 (US\$ Million)
Proved	485	20,313	23,224	\$57.0
Probable	14	18,410	18,492	\$31.3
Total	499	38,723	41,716	\$88.3

# PRODUCTION

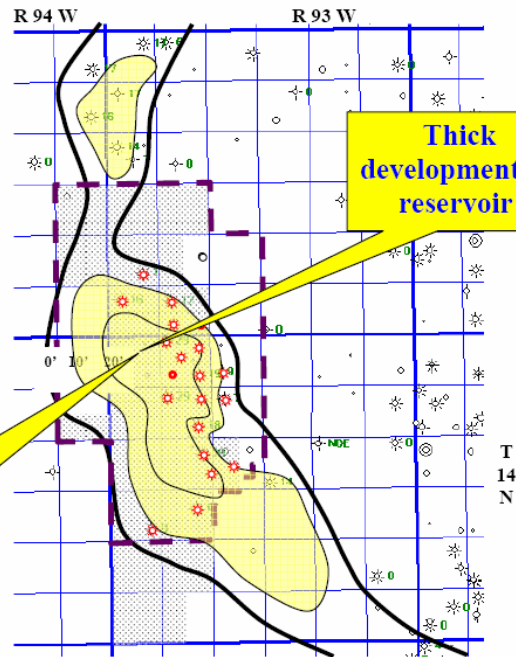
- **Samson Quarterly Production**

- **Delays in development drilling due to soft gas price in the Rockies.**
- **Development drilling in the fall/winter of 2007 will accelerate growth.**



# LOOK OUT WASH FIELD, WYOMING

**Lookout  
Wash Field**



**Thick  
development of  
reservoir**

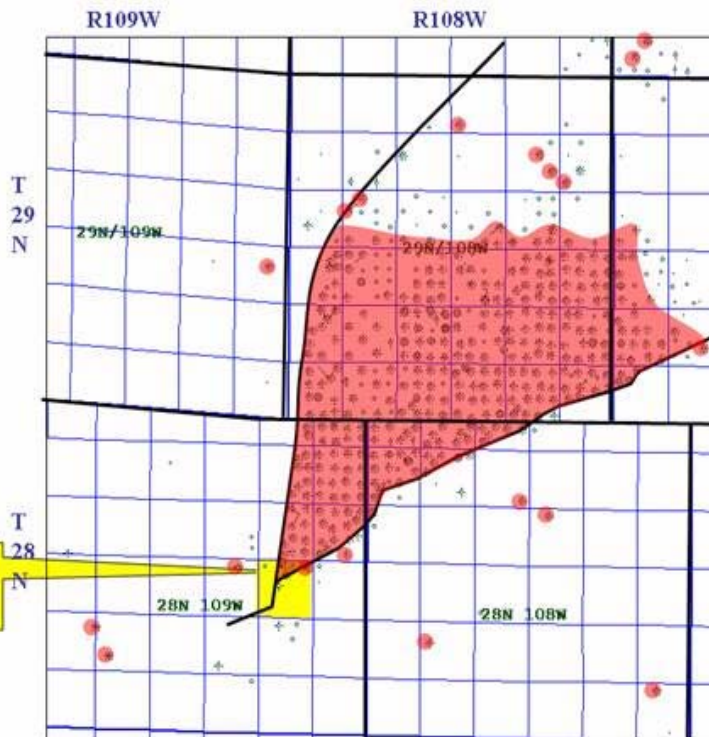
**Two  
development  
wells scheduled  
for Dec/Jan**

- Washakie Basin – 2,200 net acres / 18.2% working interest (Stanley acquisition)
- Field currently produces from 20 wells principally from the Almond Bar located in the Washakie Basin, which is part of the Greater Green River Basin
- Installation of field compression equipment in September 2006 yielded a 26% increase in gross production from 7.8 mmcf per day to 9.7 mmcf per day
- Two additional development wells to be drilled targeting thicker reservoir to the west of existing development

# JONAH FIELD, WYOMING

## Jonah Field Sublette County, Wyoming

showing wells and  
bounding/sealing  
faults

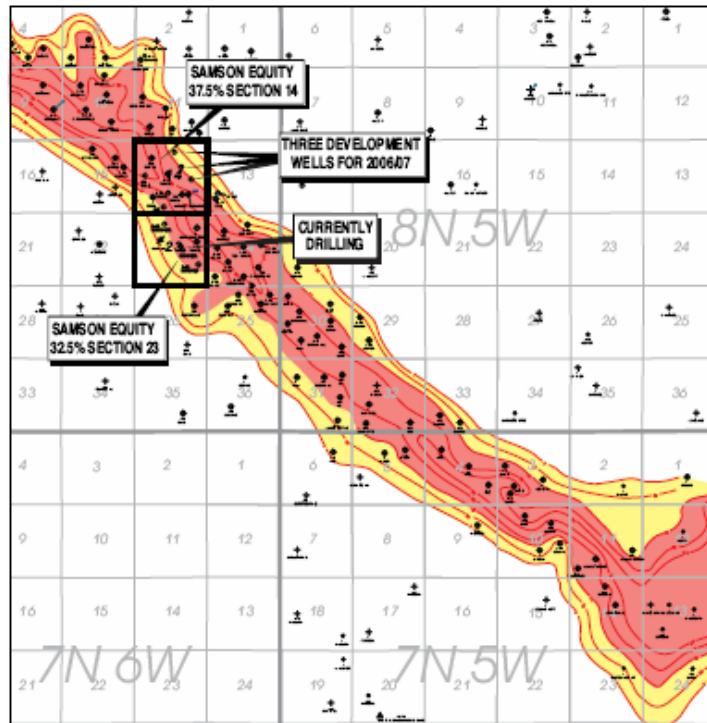


Part Section 23  
Samson interest

- Northern Green River Basin - field has produced over 1.5 Tcf of gas since 1992 from the Mesaverde and Lance formations.
- 21% working interest in 250 acres, or 51 net acres. (Stanley acquisition)
- Infill development – approval granted for 10 acre spacing
- 2 development wells to be drilled this summer.
- Operator: Forest Oil



# SE AMBER GAS FIELD, OKLAHOMA

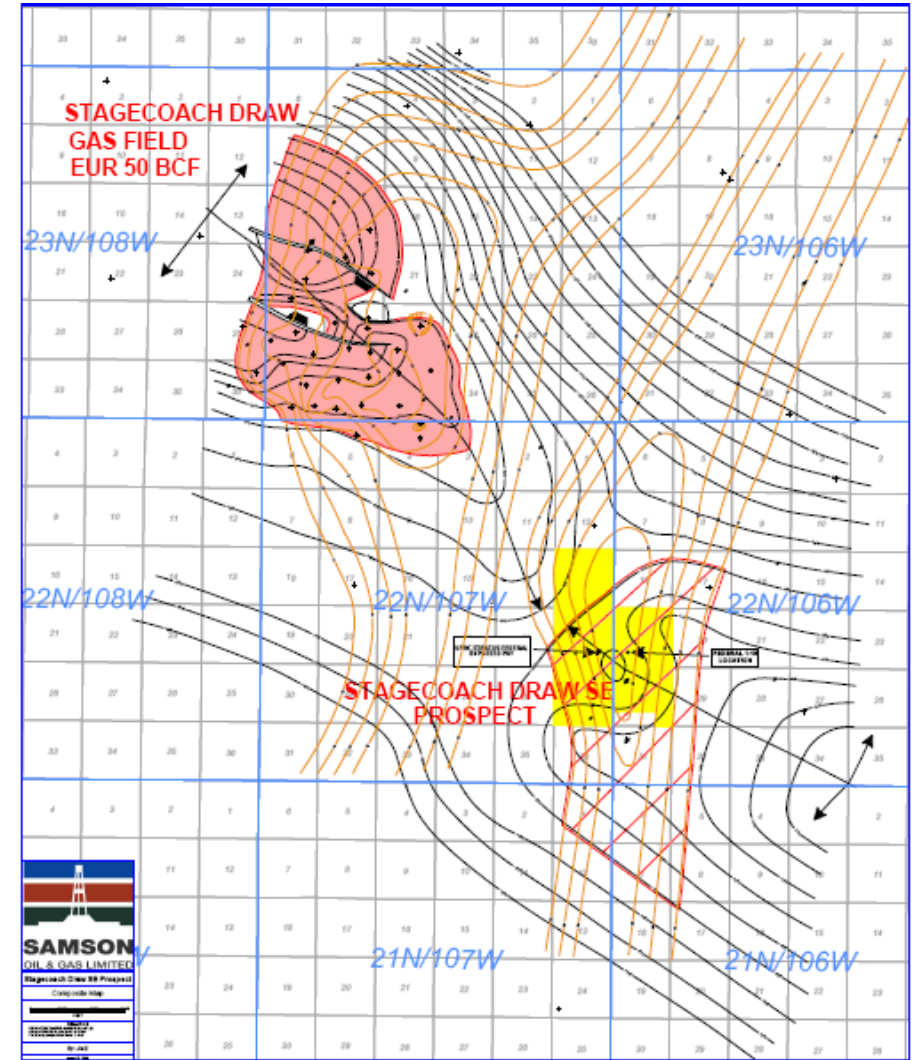


AMBER GAS FIELD, OKLAHOMA

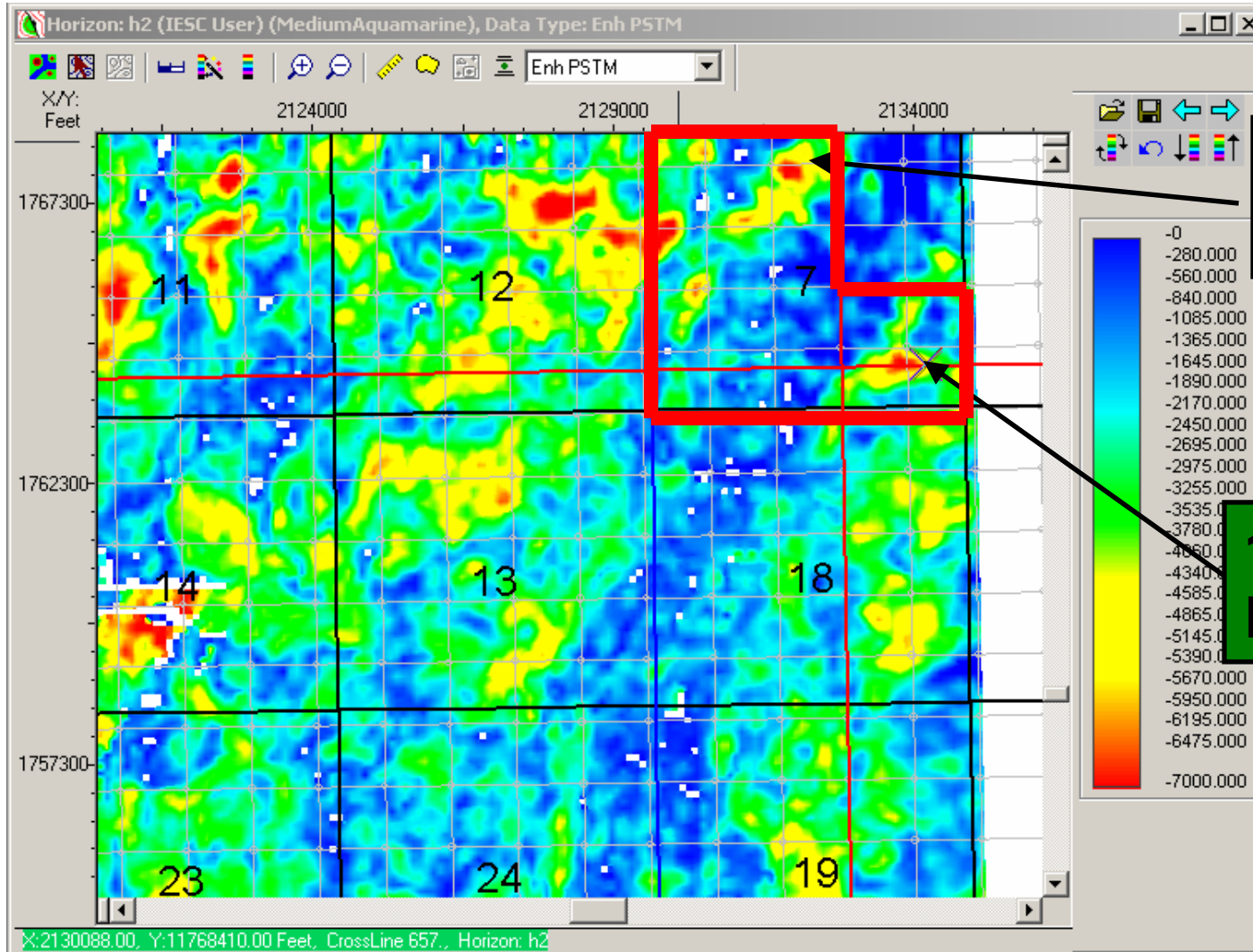
- Anadarko Basin, Oklahoma – 451 net acres; 37.5% & 32.5% working interests
- Long-lived; field was originally discovered in 1970 with continuous production
- Successful infill development program; low risk reserve additions; Samson has an interest in 9 wells producing 3,700 mcf per day (884 mcf per day net to Samson)
- 14 well drilling program, 5 wells completed in FY2006, 3 additional drilling locations planned
- Hightower 2-23 well to add ~230 mcf per day; Hightower 3-23 drilled and stimulated

# STAGE COACH EAST, WYOMING

- Stage Coach Field controlled by a thin isopach of Almond Sandstone draped across a plunging nose.
- Vintage well finds pay at the same stratigraphic level.
- 58 BCF recoverable mapped as the potential for this trap.
- Additional leases acquired.



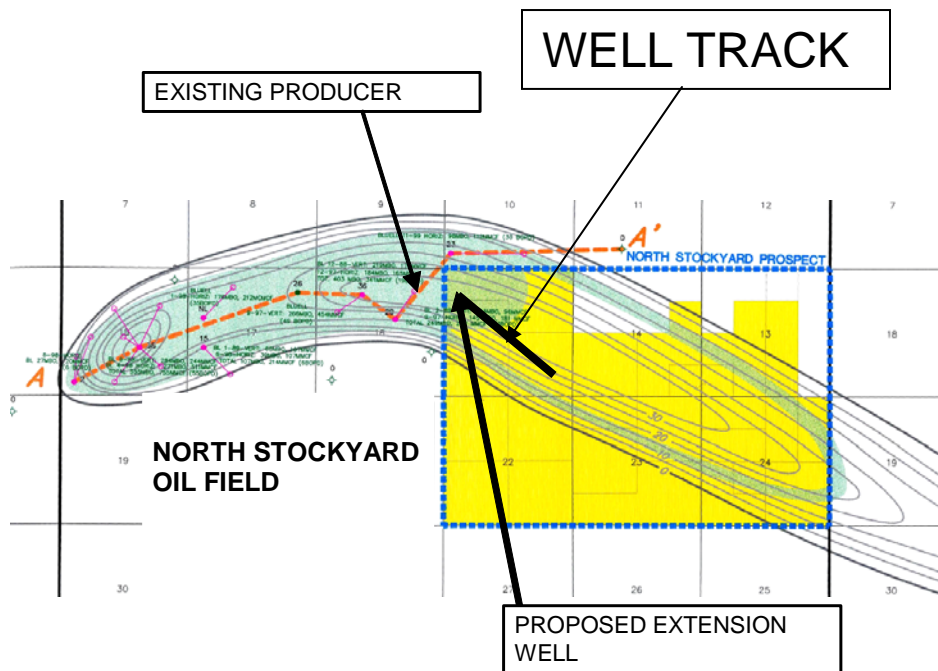
# STATE GC OIL FIELD & EXTENSION, NEW MEXICO



**Extension well**

**1 Million Barrel EUR**

# NORTH STOCKYARD OIL FIELD, NORTH DAKOTA



- North Dakota – 3,314 net acres, 34.5% working interest
- Extension of an existing oil field
- Typical wells have EURs of 500,000 barrels
- 5 Locations available
- Gross potential recoverable of 5.4 mmctb
- SSN net is 1.7 mmstb
- First well completed at 100 BOPD, pre frac
- Drilled 4,680 feet of horizontal section all in shows

# DRILLING and DEVELOPMENT PROGRAM



- August                      Stimulation of Harstad well
- September                Stage Coach East
- October                    State GC extension
- November                Sue Federal Baxter
- October                    Jonah development
- November                Lookout Wash development

# COMPARATIVE VALUATION



- **Oil and Gas News publishes quarterly revenue data gathered from public sources.**
- **Revenue translated to gas equivalent daily production.**
- **Resultant A\$ per market per mcf per day is a measure of value.**
- **Samson is the second best value in it's peer group.**

# VALUE COMPARISON

## Market capitalization A\$ per mcfe per day



<b>Least Expensive</b>	<b>5,468</b>
<b>Samson</b>	<b>6,966</b>
	<b>7,522</b>
	<b>10,345</b>
	<b>33,453</b>
	<b>74,670</b>
	<b>75,918</b>
	<b>121,217</b>
	<b>125,521</b>
	<b>148,682</b>
	<b>194,695</b>
	<b>223,949</b>
	<b>348,397</b>
	<b>349,224</b>
<b>Most Expensive</b>	<b>481,096</b>

# SUMMARY

- **Producing company**
- **Competitively priced compared to both Australian and USA peer group**
- **Oil growth strategy**
- **Organic Growth**
  - **State GC**
  - **North Stockyard**
  - **Enormous exposure to emerging Baxter Shale**