



## QUARTERLY REPORT for the period ended 30 September 2008

### HIGHLIGHTS

#### FINANCIAL

- Cash reserves increased from previous quarter by AUD 0.7 million to AUD 3.5 million
- Cash receipts from sales for the quarter, AUD 2.8 million
- Quarterly production of 233,000 Mcfe essentially flat compared to previous quarter (242,000 Mcfe)

#### OPERATIONAL

- Sabretooth Prospect, (onshore Gulf Coast Basin, Brazoria County Texas): the Davis Bintliff #1 tested at 6.2 MMcfd and 74 bopd constrained by a small choke size from a Middle Oligocene Trans-Vicksburg sand.
- North Harstad Oil Field (Williston Basin, Wyoming): the Leonard #1-23H deepened to investigate the Upper Devonian-Lower Mississippian Bakken Formation following the unsuccessful Mississippian Bluell Formation penetration.
- The Rubicon 3D (Greater Green River Basin, Wyoming) seismic processing is progressing, with delivery expected in November. Devon drills its first deep test adjacent to Samson's acreage and stakes a second test well.
- Jackrabbit prospect staked for drilling in West Permian Basin, New Mexico.

### DRILLING PROGRAMME 2008

#### Texas – Onshore Gulf Coast Basin - Sabretooth Prospect

##### **Samson 12.5% Working Interest**

The Davis Bintliff #1 drilling was successfully completed and tested at 6.2 MMcfd and 74 bopd. Proved recoverable reserve estimates indicate 12 to 17 gross Bcfe.

#### North Dakota – Williston Basin - North Stockyard Project – North Harstad Oil Field - the Leonard #1-23H Well - Bluell Formation

##### **Samson 25% Working Interest**

The Leonard #1-23H well targeted the Mississippian Bluell Formation, which is currently producing about 100 bopd from the Harstad #1-15H well. The Leonard #1-23H well was drilled vertically to the Bluell at a depth of 10,137 feet and was logged but the Bluell porosity was not developed sufficiently to justify a horizontal lateral. The joint venture determined to deepen the well to investigate the Upper Devonian-Lower Mississippian Bakken Formation.

#### North Dakota – Williston Basin - North Stockyard Project – North Harstad Oil Field - the Leonard #1-23H Well - Bakken Formation

##### **Samson 10% Working Interest**

To stay within budget, Samson elected to take a smaller working interest in a deepening exercise whilst retaining its current 37% equity in the Bakken Formation in the balance of the acreage. The well will be deepened and a horizontal lateral drilled into the Middle Bakken, This well would then be stimulated using state of the art

technology, which will include external casing packers such that the well is stimulated along its entire horizontal length.

#### **New Mexico – Western Permian Basin - State GC Oil and Gas Field Extension**

##### ***Samson 100% Working Interest***

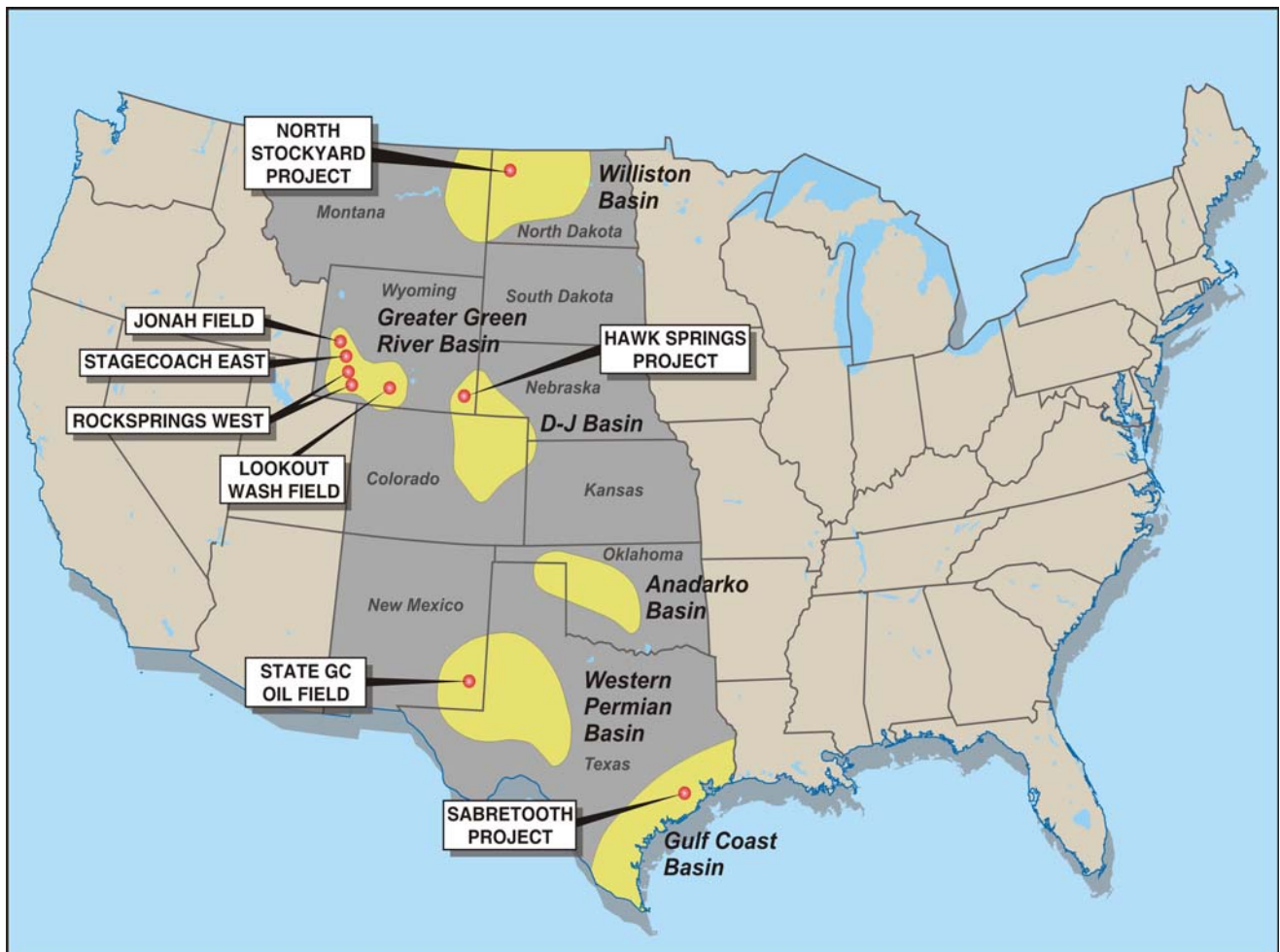
The Jackrabbit Prospect has been mapped and indicates credible amplitude anomalies at both the Permian Lower Leonard and Lower Pennsylvanian Morrow Formations. A location has been surveyed and drilling is expected to begin in March 2009 following the farmout of a 50% equity position.

#### **Wyoming – Greater Green River Basin - Jonah Field (southern portion)**

##### ***Samson 21% Working Interest in 240 acres***

The two additional developments wells, which were being planned by the operator Forest Oil Corporation for the summer of 2008, have been deferred by the operator due to a pending sale of Forest's Rocky Mountain portfolio.

## **PROJECTS**



**PROJECT LOCATION MAP**

## TEXAS – ONSHORE GULF COAST BASIN

### **Sabretooth - Project**

#### ***Samson 12.5% Working Interest***

The Davis Bintliff #1 well in Brazoria County, Texas was completed and flow tested on October 22nd and 23rd. The well was perforated from 14,341' to 14,359' and 14,354' to 14,368'. The well flow tested 6.2 MMcfd and 74 bopd at 9738 psig flowing tubing pressure on a 13/64th surface choke setting.

The well flow was constrained by a relatively small choke size to ensure that the production casing was not subjected to mechanical stress, which could have compromised its structural integrity.

Given the reservoir pressure calculated from the results of the test (11,634 psig), this flow rate is expected to be maintained over the producing life of the well subject to the absence of any mechanical difficulties associated with the wellbore.

Over the next four weeks additional well completion activity is anticipated in conjunction with the construction of surface and pipeline facilities. When this activity is completed the Davis Bintliff #1 will begin commercial production.

The test result is consistent with the Company's expectation based on both the drilling data and the electronic logging information gathered during the drilling process. The test result has added a significant value to Samson's proved developed assets. The gas produced will be sold at Henry Hub prices, which currently stand at around US\$6.90 per MMBTU. Along with the condensate produced and at prevailing prices, it is expected the well will generate a net income to Samson of US\$ 160,000 per month.

Calculated gross mean proven reserves are 10 Bcfe with an upside potential (the P10 reserve case) of 22 Bcfe gross.

## NORTH DAKOTA –WILLISTON BASIN

### **North Stockyard Project**

#### ***Samson various Working Interest***

Samson has a 34.5% working interest in the Harstad #1-15H well which continues to produce at expected rates of around 100 bopd from the Bluell Formation.

This well was drilled with a 4,800 foot horizontal leg and was fracture stimulated in open hole. Since that well was completed, advances in stimulation technology have been made and the second development well being drilled currently will use this advance stimulation technology.

The Leonard #1-23H well spudded on October 12th and has a surface location adjacent to the producing Harstad #1-15H well. The Leonard #1-23H targeted the Bluell Formation,

The Leonard #1-23H well was drilled vertically to the Bluell at 10,137' but section did not exhibit sufficient porosity to justify the planned horizontal section. The joint venture elected to deepen the well and drill a horizontal lateral into the middle Bakken Formation which has been proven to be productive in the region. To keep within the drilling budget for the well, Samson elected to reduce its working interest to 10% in the Bakken Formation of this well, whilst maintaining a 37.5% equity in the Bakken Formation for the balance of the acreage. Thus Samson has therefore been able to achieve an evaluation of the Bakken in this well bore at a modest exposure whilst retaining significant equity in the balance of the acreage which would be developed if this initial Bakken well is successful.

The Bakken Formation will be stimulated using state of the art technology, which will include external casing packers such that the well is stimulated along its entire horizontal length. This completion design is expected to enhance the production performance of the new well.

## NEW MEXICO - WESTERN PERMIAN BASIN

### **State GC Oil and Gas Field**

#### ***Samson 27% Working Interest***

The State GC oil and gas field located in Lea County, New Mexico, was discovered in 1980 and covers approximately 600 acres. The field currently has one well that has produced 552,597 barrels of oil and 0.771 Bcf of gas.

The State GC #2 well has been drilled as an extension to his field and has been fracture stimulated in the lowest oil saturated zone and the middle zone has been perforated. The middle zone is scheduled to be stimulated in December, 2008 which may take the current rate of around 10 bopd to 50 bopd.

The upper productive Bone Spring zone has yet to be perforated but will be added to the completion in due course.

### **State GC Oil and Gas Field Extension**

#### ***Samson 100% Working Interest***

Mapping of the existing 3D seismic has indicated amplitude anomalies in the Morrow, which are indicative of porosity development. This is consistent with offsetting wells where the Lower Pennsylvanian Morrow has produced an average of 6-7 Bcf per section. Amplitude anomalies define the Jackrabbit Prospect, located in Lea County, New Mexico. The prospect offsets a 1.7 Bcf Morrow producer and two Lower Leonard oil producers.

Above the Morrow is the Permian Lower Leonard reservoir. This reservoir also displays amplitude anomalies that are closely correlated with hydrocarbon production. The depositional environment of the Lower Leonard is a carbonate-slope debris flow deposit. This is characterized by the channelized and apron-like shapes of the amplitude anomalies (which indicate porosity and the presence of hydrocarbons).

## WYOMING- GREATER GREEN RIVER BASIN

The Greater Green River Basin in Wyoming hosts a number of world class gas fields and has grown in importance as a major gas producing region within continental USA. Samson holds a significant tenure position in the Basin both in terms of conventional tight gas reservoirs and an emerging shale gas play located within the Baxter Shale.

### **Rock Springs West Project**

Samson holds 41,000 acres in an area west of the town of Rock Springs. Within this acreage holding there are several discreet sub-projects the most active currently is the Rubicon and the Greens Canyon areas.

#### **Rubicon**

##### ***Samson 50% Working Interest***

In the Rubicon area Samson holds 6,400 acres and has executed an Exploration Agreement with Devon Energy Production Company. The agreement covers these leases which are located on the western flank of the Vermillion Basin in Sweetwater County, Wyoming. This area contains a 3,500 foot section of Upper Cretaceous Baxter Shale which was drilled in the 1970's and recovered a significant flow of gas from an unstimulated Baxter Shale. Since that time there has been significant development of the Baxter Shale in the Vermillion region 40 miles east of Samson's acreage, where our competitors have expended significant funds that have resulted in flows of up to 9 MMcfd from the Baxter Shale.

In the southern part of this project area, an exploratory Unit (the Rubicon Unit) has been formed, which enables the underlying leases to be maintained in good standing whilst a drilling program is undertaken. To initiate the Unit, Devon has drilled a 16,000 foot test at their sole cost. Samson acreage surrounds this location on three sides. The well was spudded at the end of July and will enable the 3D seismic data that has been acquired this summer to be calibrated such that fracture identification analysis will be more accurate.

This survey is currently in processing with an expected delivery in November. The acquisition of 3D seismic is a necessary step in the evaluation process such that naturally occurring fractures systems can be identified before drilling. This appears to be one of several technical keys to the successful flow rates seen to date in the Vermillion region.

Samson will hold a 50% interest in the leasehold block unless Samson permits a third party to complete the second farm-in well in the Greens Canyon area and earn an 18% equity stake in Samson's leases. In that circumstance, Samson would retain a 32% equity interest in these leases.

### **Greens Canyon**

#### ***Samson 72% Working Interest***

In the Greens Canyon area processing of pre-existing seismic data to determine the vertical and area extent of over-pressuring has been completed. Over-pressuring of the Baxter Shale section is considered to be an important ingredient in the successful completion of this zone. Over-pressuring has been indicated and appears to be associated with the sand-rich Airport Sandstone facies within the Baxter Shale. Experience by competitors in this play within the Basin indicates that the Airport Sandstone provides an effective conduit for gas production.

Fracture identification analysis has been completed and has determined a number of areas within the Greens Canyon 3D seismic area which contain fracture systems.

Stimulation of the Baxter Shale is planned in the existing GC29-2 well as a low cost method of testing the Baxter Shale viability in the Green's Canyon area. This opportunity has been made available to industry participants.

### **Lookout Wash Field**

#### ***Samson 18.2% Working Interest***

The Lookout Wash Field is located in the Washakie Basin, which is also part of the Greater Green River Basin and currently produces from 20 wells.

This field produces principally from the Cretaceous Almond Bar sandstone, which is a stratigraphic trap. Recent geologic mapping has suggested that this unit will be developed as a thick porous reservoir to the west of the existing well development.

June, 2008 production volumes have continued to show a recovery from the extended winter shut-in period for the months of January, February and first week of March, 2008. May and June 2008 production volumes are meeting internal company forecasts and are at historical production levels. The average gross production from the field is 3.5 MMcfd. Cabot Oil and Gas operates the field with Samson owning an 18% working interest in the asset.

### **Jonah Field (part only)**

#### ***Samson 21% Working Interest in 240 acres***

The Jonah Field is located in the northern part of the Green River Basin and is one of the largest discoveries in recent decades in continental USA having produced in excess of 1.0 trillion cubic feet of gas since commencing production in 1992. Development of this field has resulted from the application of advanced fracture stimulation techniques. The field has undergone several iterations of development with some sections of the field currently being developed on a 10 acre well spacing. The current well spacing is around 20 acres.

The field produces from a series of stacked reservoirs within the Cretaceous Mesaverde and Lance Formations. The field is trapped between two faults forming a wedge shaped field.

Approval has been granted to develop this part of the Jonah Field to 10 acres, hence five Proved Undeveloped locations (PUD's) have been identified in the central part of the field. A new Operator has yet to advise their intention as to the further development of the field although Samson was advised by the previous Operator that it intended to drill two of these locations during the 2Q of 2008.

## WYOMING – DENVER JULESBURG BASIN

### Hawk Springs Project

#### Samson 50% Working Interest

A farmin offer has been received to drill a well to evaluate the Cretaceous “J Sand” in Samson’s holding in the northern Denver Julesburg Basin. The “J” sand is one of the primary objectives in the basin. Detailed drafting of a farmin agreement failed to meet the company’s expectation and therefore those negotiations have been put on hold for now. However an alternate industry participant has shown interest in the area and negotiations are proceeding with that party.

## PRODUCTION

September Quarterly Production and Cashflow:

	GAS Mcf	GAS AUD	OIL Bbls	OIL AUD	TOTAL AUD
June 2008 Quarter*	197,263	1,880,061	7,548	923,495	2,803,556
September 2008 Quarter**	191,738	1,298,762	6,943	818,638	2,117,400

In some cases revenue is yet to be received and is therefore an estimate

\* Exchange Rate June Qtr AUD: USD 0.94

\*\* Exchange Rate for Sept Qtr is AUD:USD 0.89

Average commodity prices:

	GAS USD/Mcf	OIL USD/Bbl
June 2008 Quarter	\$8.96	\$115.01
September 2008 Quarter	\$6.03	\$104.92

## OTHER ACTIVITIES

### Interests in Listed Companies

Samson holds shares in a number of listed companies. These investments will continue to be realised during the coming quarters.

## FINANCIAL

### Convertible Note Facility

The Convertible note facility that is in place is denominated in US\$ and the current amount outstanding is US\$17.06 million following the sale of the Amber Field. The A\$ equivalent is calculated with reference to the spot AUD: USD foreign currency conversion rate applicable at the end of the quarter. The table below shows the applicable foreign currency exchange rates and the A\$ equivalent as reported in the current and previous quarterly. Given that Samson conducts all of its energy business in the United States and hence its revenues and expenditures are substantially all in US dollars the variation in the amount outstanding in Australian dollars due to exchange rate fluctuation is immaterial.

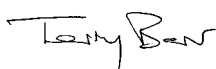
Date	USD Balance	Spot Rate (AUD:USD)	AUD Equivalent
30 June 2008	17,060,000	0.9615	17,743,110
30 September 2008	17,060,000	0.8211	20,777,006

### Cash and Current Investments

The Company's cash and current investments at 30 September 2008 were as follows:

	<b>AUD</b>
Cash at bank and on deposit	: \$3,509,462
Current investments - <i>Shares in listed companies valued at market</i>	: \$151,469
<b>Total</b>	<u>\$3,660,931</u>

For and on behalf of the Board of  
**SAMSON OIL & GAS LIMITED**



**TERRY BARR**  
Managing Director

30 October 2008

**For further information please contact  
Denis Rakich, Company Secretary, on 08 9220 9882**

*Information contained in this report 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 30 years relevant experience in the oil & gas industry.*

## Appendix 5B

### Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

Samson Oil & Gas Limited

ABN

25 009 069 005

Quarter ended ("current quarter")

30 September 2008

#### Consolidated statement of cash flows

<b>Cash flows related to operating activities</b>		Current quarter AUD \$'000	Year to date (three months) AUD \$'000
1.1	Receipts from product sales and related debtors	2,813	2,813
1.2	Payments for (a) exploration and evaluation (b) development (c) production (d) administration	(31) (822) (372) (896)	(31) (822) (372) (896)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	8	8
1.5	Interest and other costs of finance paid	(498)	(498)
1.6	Income taxes paid	(182)	(182)
1.7	Other (provide details if material) Cash received from fixed forward gas swap Re-imbursment of certain costs and incentive fee payment from Bank Of New York Mellon in regard to ADR program	56 63 168	56 63 168
<b>Net Operating Cash Flows</b>		<b>307</b>	<b>307</b>
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of: (a)prospects (b)equity investments (c) other fixed assets	- (42) (60)	- (42) (60)
1.9	Proceeds from sale of: (a)prospects (b)equity investments (c)other fixed assets	- - -	- - -
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
<b>Net investing cash flows</b>		<b>(102)</b>	<b>(102)</b>
1.13	Total operating and investing cash flows (carried forward)	205	205
1.13	Total operating and investing cash flows (brought forward)	205	205
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (costs associated with issue of shares)	-	-

ABN 25 009 069 005

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Ph: +618 9220 9830 Fax: +618 9220 9820 Web: www.samsonoilandgas.com.au ASX/AMEX Code: SSN



<b>Net financing cash flows</b>	-	-
<b>Net increase (decrease) in cash held</b>	205	205
1.20 Cash at beginning of quarter/year to date	2,777	2,777
1.21 Exchange rate adjustments to item 1.20	527	527
1.22 <b>Cash at end of quarter</b>	3,509	3,509

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

		Current quarter AUD \$'000
1.23	Aggregate amount of payments to the parties included in item 1.2	118
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Monies paid to Directors for salary and fees.

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

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**Financing facilities available**

Add notes as necessary for an understanding of the position.

		Amount available AUD \$'000	Amount used AUD \$'000
3.1	Loan facilities	20,777	20,777
3.2	Credit standby arrangements	-	-

Loan from Macquarie Bank Limited denominated in USD

**Estimated cash outflows for next quarter**

		AUD \$'000
4.1	Exploration and evaluation	160
4.2	Development	437
<b>Total</b>		<b>597</b>

**Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

		Current quarter AUD \$'000	Previous quarter AUD \$'000
5.1	Cash on hand and at bank	2,018	1,504

5.2	Deposits at call	1,491	1,273
5.3	Bank overdraft		
5.4	Other (provide details)		
<b>Total: cash at end of quarter</b> (item 1.22)		<b>3,509</b>	<b>2,777</b>

#### Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			

#### Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	<b>Preference</b>			
	<b>*securities</b>			
	<i>(description)</i>			
7.2	Changes during quarter			
	(a) Increases through issues			
	(b) Decreases through returns of capital, buy-backs, redemptions			
7.3	<b>*Ordinary securities</b>	209,094,216	209,094,216	
7.4	Changes during quarter			
	(a) Increases through issues			
	(b) Decreases through returns of capital, buy-backs			

7.5	<b>*Convertible debt securities</b> <i>(description)</i>				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	<b>Options</b> <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry date</i>
		10,216,688	-	25c	31.12.2009
		8,500,000	-	45c	31.05.2011
		6,060,000	-		
		11,000,000	-		
		3,121,650	-	42c	31.05.2009
		3,000,000	-	45c	31.10.2009
		7,379,077	-	30c	10.10.2012
		600,000	-	25c	11.05.2013
7.8	Issued during quarter	-	-	-	-
7.9	Exercised during quarter	-	-	-	-
7.10	Expired during quarter	-	-	-	-
7.11	<b>Debentures</b> <i>(totals only)</i>				
7.12	<b>Unsecured notes</b> <i>(totals only)</i>				

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: ..... Date: 30 October 2008  
Company Secretary

Print name: Denis Rakich

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities.** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.