



**SAMSON**  
OIL & GAS LIMITED

## SAMSON OIL & GAS ANNOUNCES DECEMBER 31<sup>ST</sup> ESTIMATED RESERVES

Denver 1600 hours February 15th, 2017, Perth 0700 hours February 16th 2017

### December 31<sup>st</sup> Reserves

Netherland, Sewell & Associates, Inc. has completed its report estimating Samson's oil and gas reserves as of December 31, 2016:

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

These estimates utilize the NYMEX strip price, adjusted for delivery and quality differentials.

The current estimate of US\$103 million in proved reserves can be compared to the June 30, 2016 estimate, adjusted to exclude the North Stockyard field that was sold in November 2016:

	OIL MBBL	GAS MMCF	NPV <sub>10</sub> MM
PDP	3,342	2,286	\$47.242
PDNP	1,230	2,252	\$16.196
PUD	5,400	3,780	\$47.283
<b>TOTAL PROVED</b>	<b>9,971</b>	<b>8,318</b>	<b>\$110.720</b>

The decrease from June 30 to December 31 is due to production roll off and the temporary shut in, for various mechanical reasons, of some producing wells. Substantially all of the shut in wells have been returned to production since December 31.

In addition, the proved developed non-producing (PDNP) category has been reduced due to a decision not to reflect the results of potential workovers (such as fresh water clean outs and acid jobs) until all work has been completed.

The proved undeveloped (PUD) category has seen an increase because of increased oil prices.

The estimate uses variables particular to each well, based on historical data. For Samson's recently acquired Foreman Butte project, which constitutes the bulk of the reserves, the variables generally adhere to the following parameters:

- a) A PUD well cost at \$2.8 million.
- b) The PUD wells use a type curve that generates an average EUR of 380,000 bbls.
- c) A realized oil price differential of \$6.61 to WTI.
- d) A fixed operating cost of \$3,400 per month per well.
- e) A salt water disposal cost of \$1.50 per barrel
- f) Negligible value attributed to gas sales.

[www.samsonoilandgas.com.au](http://www.samsonoilandgas.com.au)

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### Oil Price

The oil price used as December 31<sup>st</sup> compared to that used in the June 30<sup>th</sup> estimate is as follows:

Period Ending	June 30 <sup>th</sup> Oil Price (\$/Barrel)	December 31 <sup>st</sup> Oil Price (\$/Barrel)
December 2016	49.42	55.86
December 2017	52.17	56.59
December 2018	53.69	56.10
December 2019	54.60	56.05
Thereafter	55.43	56.21

### Differentials

Samson is seeing increased competition in the provision of oil marketing services due to expected additional pipeline capacity in the Williston Basin. The December 31<sup>st</sup> 2016 estimate utilizes the prior 12 months average, which is around \$6.50 per barrel. We are currently seeing contracts being offered that are closer to \$5 a barrel, which may be reflected in future estimates, positively affecting reserve value.

### Production costs

The current estimate reflects an increase in our production costs based on the actual field experience since taking over operatorship in May and June of 2016. Management is concentrating its efforts on actively reducing these costs, which are dominated by salt water disposal fees. Management presently expects to reduce production costs in the near future by achieving greater efficiencies in salt water disposal.

### Pump efficiency

Samson has conducted a project wide fluid level study with the aim of that study to determine whether the existing pump configuration is maximizing the drawdown pressure on the reservoir. As a result of this study Samson has selected 10 priority wells where adjustments will be made to stroke length, stroke rate or pump diameter. It is expected that an additional 350 BOPD of production would be realized from this activity. If achieved, this would result in a higher PDP reserve value in the future.



### **Infill Development Planning**

In order to achieve a cost effective way of developing the proved undeveloped acreage in the Foreman Butte Field, 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 spring and will involve a work over rig using slim hole directional drilling tools from the casing shoe of the existing wellbore. It is expected to cost around \$375,000 per lateral.

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) estimated at \$750,000 is competitive compared to a new well cost of around \$2.8 million.

### **Recompletions**

Well recompletions scheduled for this Spring to test behind-pipe pay zones include the Davidson 1, the Karst 13-5, and USA Salsbury D-20 wells.

In the Davidson 1 well approximately 34' of perforations will be added to the Ratcliffe Formation after isolating the depleted Nesson interval of the Mission Canyon Formation. A success in the Davidson 1 well recompletion could potentially prove up a new oil field in the Ratcliffe Formation.

In the Karst 13-5 well, perforations will be added in Ratcliffe interval where 27' of net pay has been identified through log analysis. This well is currently shut-in and was a poor producer in the Nesson.

The USA Salsbury D-20 is currently a shut-in well that previously produced from the Red River Formation. The well will test the uphole behind-pipe pay in the Ratcliffe Formation where approximately 25' of net pay has been identified on the electric logs.

These operations continue Samson's operational philosophy of bringing on additional production in the most cost effective manner available.

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 3,282 million ordinary shares issued and outstanding (including 230 million options exercisable at AUD 3.8 cents), which would be the equivalent of 16.41 million ADSs. Accordingly, based on the NYSE MKT closing price of US\$0.57 per ADS on February 15<sup>th</sup>, 2017, the Company has a current market capitalization of approximately US\$9.4 million (the options have been valued at an exchange rate of 0.77). Correspondingly, based on the ASX closing price of A\$0.004 for ordinary shares and a closing price of A\$0.001 for the 2017 options, on February 15<sup>th</sup>, 2017, the Company has a current market capitalization of approximately A\$13.1 million.



### **Competent Person Statement**

The 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**

**TERRY BARR**  
Managing Director

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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](http://www.sec.gov/edgar/searchedgar/webusers.htm).