



3 May 2010

Dear Option Holder

OFFER OF SHARES UNDER SHARE PURCHASE PLAN

The Directors of Samson Oil & Gas Limited ("**Samson**") today announced the introduction of a Share Purchase Plan ("**SPP**"). The SPP will enable eligible shareholders in Samson, irrespective of the size of their shareholding, to participate in offers to purchase up to AU\$15,000 of fully paid ordinary shares in Samson at a discounted price of 3.4 cents each, free of all brokerage and commission costs ("**Offer**").

To participate in the Offer you will need to be registered as a shareholder of Samson on the record date, being 5:00pm WST on Tuesday 18 May 2010 ("**Record Date**").

As an option holder, unless you also own shares in Samson on the Record Date there will be no entitlement to participate in the Offer. In those circumstances, if you wish to participate in the Offer you must exercise at least a portion of your options and be entered onto the register as a shareholder on or before the Record Date.

To do so, you should complete a Notice of Exercise of Options and lodge the Notice with the Company, together with your payment for the number of shares you wish to take up. If payment for the exercise of options is not received before the Record Date, you will not be able to participate in the Offer. You do not need to exercise all of your options to become an eligible shareholder.

A Notice of Exercise of Options is enclosed for your convenience.

If you do not wish to participate in the SPP (in respect of your options) you do not need to take any action. Before deciding whether to exercise any or all of your options, you should consult with your professional adviser.

If you require further information, please contact Denis Rakich, Company Secretary on (08) 9220 9830.

Yours sincerely

SAMSON OIL & GAS LIMITED

A handwritten signature in black ink, appearing to read "Denis Rakich", written in a cursive style.

DENIS RAKICH
Company Secretary

SAMSON OIL & GAS LTD (SSNO)

ABN 25 009 069 005

TERMS AND CONDITIONS OF OPTIONS EXPIRING 31 DECEMBER 2012 AT \$0.015

The rights and liabilities attaching to the New Options are as follows:

- (a) Each New Option entitles the holder to subscribe for and be allotted one ordinary share in the capital of the company.
- (b) The New Options are exercisable at any time on or prior to 5.00pm (Perth time) on 31 December 2012 (the "EXPIRY DATE"), by notice in writing to the Directors accompanied by payment of the Exercise Price.
- (c) The New Option exercise price is 1.5 cents per New Option (the "EXERCISE PRICE").
- (d) The New Options are transferable and an application will be made to the ASX for Official Quotation of the New Options.
- (e) Shares will be allotted and issued pursuant to the exercise of New Options not more than ten (10) days after receipt of a properly executed notice of exercise and payment of the requisite application moneys.
- (f) Shares issued upon exercise of the New Options will rank pari passu in all respects with the Company's fully paid ordinary shares. The Company will apply for Official Quotation by ASX of all shares issued upon the exercise of New Options within 3 Business Days after the date of allotment of those shares.
- (g) There are no participating rights or entitlements inherent in the New Options and holders will not be entitled to participate in new issues of capital offered or made to the shareholders during the currency of the New Options. However, the Company will send a notice to each optionholder at least ten (10) business days prior to and inclusive of the record date (to determine entitlements to the issue) to exercise the New Option.
- (h) There are no rights to a change in the exercise price, or in the number of shares over which the New Options can be exercised, in the event of a bonus issue by the Company prior to the exercise of any New Options.
- (i) In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company, all rights of the New Option holder will be changed to the extent necessary to comply with the Listing Rules applying to the reconstruction of capital at the time of the reconstruction.
- (j) The Company will, at least 20 Business Days before the Expiry Date, send notices to the optionholders stating the name of the optionholder, the number of New Options held, the exercise price, and the consequences of non-payment.

NOTICE OF EXERCISE OF OPTIONS

To
The Directors
Samson Oil & Gas Ltd
Level 36 Exchange Plaza
2 The Esplanade
PERTH WA 6000

Share Registry:
Security Transfer Registrars Pty Ltd
PO Box 535
APPLECROSS WA 6953
Email: registrar@securitytransfer.com.au
Website: www.securitytransfer.com.au
Ph: (618) 9315 2333 Fax: (618) 9315 2233

I/We..... Shareholder Number:

Of

Being the registered holder of Options hereby exercise such Options to subscribe for Ordinary fully paid shares at \$0.015 per option.

I/We enclose application money of \$ and authorise you to register me/us as the holder of the shares to be allotted to me/us and /we agree to accept such shares subject to the Rules of the Constitution of the Company

Individual or Holder 1

Director

Contact Name

Securityholder 2

Director/Secretary

Contact Telephone Number

Securityholder

Sole Director/Secretary

Date:

Day / Month / Year

This application, with application money in Australian Currency, should be lodged at the Company's Share Registry on or before the Expiry Date.

NOTE: Cheque should be made payable to **SAMSON OIL & GAS LTD** and forwarded to Security Transfer Registrars Pty Ltd.