SAMSON OIL & GAS LIMITED

ABN 25 009 069 005

INTERIM FINANCIAL REPORT

31 December 2014

SAMSON OIL & GAS LIMITED

TABLE OF CONTENTS

SAMSON OIL & GAS LIMITED

CORPORATE INFORMATION

DIRECTORS
V. Rudenno (Chairman)*
T. Barr (Managing Director)
D.Craig
K. Skipper*
G. McColley

SECRETARY
D.I. Rakich*

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AUSTRALIAN COMPANY NUMBER
009 069 005

BANKERS
Bank of New Zealand Australia
Perth, WA, 6000

Bank of the West
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Frisco, CO 80443

SOLICITORS
Squire Sanders
152-158 St Georges Terrace
Perth, WA, 6000

AUDITORS
RSM Bird Cameron Partners
8 St Georges Terrace
Perth, WA, 6000

STOCK EXCHANGE
Australian Stock Exchange Limited
Code: SSN

NYSE Mkt US
Code: SSN

AUSTRALIAN BUSINESS NUMBER
25 009 069 005

* denotes Australian resident.

Your directors submit their report on Samson Oil & Gas Limited and its consolidated entities (the "Consolidated Entity" or "Samson") for the half-year ended 31 December 2014. All amounts are in United States Dollars (US$), unless otherwise indicated.

DIRECTORS

The names of the company's directors in office during the half-year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Mr Terence Maxwell Barr – Managing Director
Dr Victor Rudenno* - Chairman
Mr Keith Skipper*
Dr DeAnn Craig
Mr Gene McColley
* denotes Australian resident

PRINCIPAL ACTIVITIES

The principal continuing activities during the half-year of entities within the Consolidated Entity were oil and gas exploration, development and production in the United States of America.

REVIEW AND RESULTS OF OPERATIONS

The consolidated entity's net loss after tax for the half-year was $18,043,177 compared to a loss of $584,860 for the half-year ended 31 December 2013. The net loss in the current year relates in part to exploration expense, which includes exploration written off of $11.5 million. The exploration expense written off relates to costs previously capitalised in relation to our Roosevelt field in Montana. This acreage was subject to sale; however the contracted party failed to meet key deadlines contained within the sales contract, therefore the value previously capitalised was expensed.

During the period, the Consolidated Entity also recognised impairment expense of $6.9 million. $3.8 million in impairment relates to the North Stockyard field and $2.9 million to the Rainbow field, both in North Dakota. The remaining $0.2 million relates to other fields in Wyoming. The impairment is primarily as a result of the significant decline in the global oil price. The North Stockyard and Rainbow fields, continue to meet production expectations.

Operational

North Stockyard Oilfield

Development operations continued during the half year in our North Stockyard field. During the six months ended 31 December 2014 9 wells were drilled and 3 wells were completed. 6 wells are currently in the process of being fracture stimulated subsequent to 31 December 2014. Production from the North Stockyard field was 65,519 barrels of oil and 31,719 mcf of gas during the six months ended 31 December 2014.

Total production for the six months ended 31 December 2014, from all properties was 78,517 barrels of oil and 85,588 mcf of gas.

Exploration

Hawk Springs Project, Goshen County, Wyoming

Bluff #1-11 well

Samson 37.5% BPO Working Interest in the 1st Bluff Prospect well

The Bluff Prospect, in Samson's Hawk Spring project in Goshen County, Wyoming commenced drilling June 2014 to test multiple targets in the Permian and Pennsylvanian sections. The well reached a total depth of 9,000 feet after intersecting the pre-Cambrian basement. Various oil shows were observed in the Cretaceous, Jurassic, Permian and Pennsylvanian intervals while drilling. However, the well produced nitrogen and has yet to produce oil. The presence of nitrogen in the Permian target zone validates the trap in the Bluff prospect and has the potential to host an oil leg below the gas cap. Further analysis is being performed on a variety of data collected during the drilling and testing of this well in order to determine the next steps to be taken. This work is expected to be completed during the six months ending 30 June 2015, and may involve drilling another well down-dip from the Bluff location.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 21.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

T. M. Barr
Director

Denver, Colorado
10 February 2015

SAMSON OIL & GAS LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the half-year ended 31 December 2014

	NOTE	*Half-year ended 31 December*	
		2014	***2013***
		$	***$***
Revenue from continuing operations			
Sale of oil and gas	3(a)	5,945,248	2,684,375
Total revenue		5,945,248	2,684,375
Cost of sales	3 (a)	(5,640,188)	(1,929,637)
Gross profit		**305,060**	**754,738**
Other income	3(a)	3,114,000	2,625,893
Finance costs	3 (c)	(326,500)	(22,369)
Impairment expense	4	(6,905,701)	(299,110)
Abandonment expense		(222,905)	-
Exploration expense		(11,465,956)	(305,745)
General and administration expenses	3 (b)	(2,541,175)	(3,338,267)
Loss before income tax		(18,043,177)	(584,860)
Income tax benefit		-	-
Net loss after income tax for the year attributable to owners of Samson Oil & Gas Limited		(18,043,177)	(584,860)
Other comprehensive expense			
Items that may be reclassified to profit and loss			
Net foreign currency translation differences		(226,398)	(578,054)
Total comprehensive expense for the period attributable to equity holders of the parent		(18,269,575)	(1,162,914)
Basic loss per share (cents) from continuing operations attributable to ordinary equity holders of the Company			
Basic loss per share (cents)		(0.64)	(0.02)
Diluted loss per share (cents)		(0.64)	(0.02)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

SAMSON OIL & GAS LIMITED
CONSOLIDATED BALANCE SHEET
As at 31 December 2014

	NOTE	31-Dec-14	30-Jun-14
		$	$
Current assets			
Cash and cash equivalents		3,881,138	6,846,394
Trade and other receivables		3,388,282	5,533,444
Derivative Instruments		1,949,350	-
Tax receivable		20,301	-
Prepayments	5	1,202,115	5,388,428
Total current assets		10,441,186	17,768,266
Non-current assets			
Other receivables		56,677	140,885
Plant and equipment		317,766	365,566
Derivative Instruments		256,940	-
Exploration and evaluation assets	6	4,890,959	15,732,416
Oil and gas properties	7	40,191,549	32,261,936
Total non-current assets		45,713,891	48,500,803
Total assets		**56,155,077**	**66,269,069**
Current liabilities			
Trade and other payables		6,651,788	6,939,186
Provisions		-	1,044,228
Derivative Instruments		-	284,376
Total current liabilities		6,651,788	8,267,790
Non-current liabilities			
Derivative instruments		-	128,998
Borrowings	10	15,209,568	5,681,716
Provisions		1,381,451	964,600
Total non-current liabilities		16,591,019	6,775,314
Total Liabilities		**23,242,807**	**15,043,104**
Net assets		**32,912,270**	**51,225,965**
Equity			
Contributed equity	13	98,296,001	98,340,121
Accumulated losses		(71,736,301)	(53,693,124)
Reserves		6,352,570	6,578,968
Total equity		**32,912,270**	**51,225,965**

The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes.

SAMSON OIL & GAS LIMITED

CONSOLIDATED CASH FLOW STATEMENT
for the half-year ended 31 December 2014

	Half-year ended 31 December	
	2014	***2013***
	$	***$***
Cash flows from operating activities		
Receipts from customers and debtors	7,010,394	2,504,828
Payments to suppliers and employees	(6,349,789)	(4,207,411)
Proceeds from derivative instruments	228,837	-
Interest received	19,499	102,019
Tax paid	(107,135)	-
Net cash outflows from/(used in) operating activities	801,806	(1,600,564)
Cash flows from investing activities		
Proceeds from sale of assets	-	3,547,409
Cash paid for acquisition of office equipment	(21,427)	(25,041)
Cash paid for oil and gas properties and development	(11,313,174)	(15,144,169)
Payments for exploration and evaluation	(1,399,142)	(240,945)
Net cash flows outflows used in investing activities	(12,733,743)	(11,862,746)
Cash flows from financing activities		
Proceeds from the issue of share capital	-	7,337,137
Proceeds from exercise of options	880	348
Proceeds from borrowings	9,500,000	-
Borrowing costs	(83,690)	-
Interest paid	(172,917)	-
Payments associated with issue of share capital	(45,000)	(561,239)
Net cash inflows from financing activities	9,199,273	6,776,246
Net decrease in cash and cash equivalents held	(2,732,664)	(6,687,064)
Effects of foreign exchange on cash balances	(232,592)	(581,004)
Cash and cash equivalents at beginning of period	6,846,394	13,170,627
Cash and cash equivalents at end of period	3,881,138	5,902,559

The above Consolidated Cash Flow Statement should be read in conjunction with the accompanying notes.

SAMSON OIL & GAS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the half-year ended 31 December 2014

	Contributed Equity	Accumulated Losses	Foreign Currency Translation Reserve	Share Based Payments Reserve	Equity Reserves	Total
	$	$	$	$	$	$
At 1 July 2013	**86,608,255**	**(50,428,555)**	**3,076,029**	**5,190,628**	**(1,097,780)**	**43,348,577**
Loss for the period	-	(584,860)	-	-	-	(584,860)
Other comprehensive expense	-	-	(578,054)	-	-	(578,054)
Total comprehensive expense for the period	-	(584,860)	(578,054)	-	-	(1,162,914)
Share based payments	-	-	-	86,244	-	86,244
Issue of share capital	7,337,485	-	-	-	-	7,337,485
Costs associated with issue of share capital	(561,239)	-	-	-	-	(561,239)
At 31 December 2013	**93,384,501**	**(51,013,415)**	**2,497,975**	**5,276,872**	**(1,097,780)**	**49,048,153**
At 1 July 2014	**98,340,121**	**(53,693,124)**	**2,399,876**	**5,276,872**	**(1,097,780)**	**51,225,965**
(Loss) for the period	-	(18,043,177)	-	-	-	(18,043,177)
Other comprehensive income	-	-	(226,398)	-	-	(226,398)
Total comprehensive (expense)/income for the period	-	(18,043,177)	(226,398)	-	-	(18,269,575)
Share based payments	-	-	-	-	-	-
Issue of share capital	880	-	-	-	-	880
Costs associated with issue of share capital	(45,000)	-	-	-	-	(45,000)
At 31 December 2014	**98,296,001**	**(71,736,301)**	**2,173,478**	**5,276,872**	**(1,097,780)**	**32,912,270**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

1. CORPORATE INFORMATION

The condensed consolidated interim financial report of Samson Oil & Gas Limited ("the Company") and its controlled entities together, the "Consolidated Entity" for the half-year ended 31 December 2014 was authorised for issue in accordance with a resolution of the directors on 10 February 2014.

Samson Oil & Gas Limited is a company incorporated in Australia and limited by shares, which are publicly traded on the Australian Stock Exchange (ASX code "SSN").

On 7 January 2008 the Company commenced trading of its American Depositary Shares ("ADS's") on the NYSE Mkt (previously known as NYSE Amex). Each ADS represents 20 ordinary Samson shares.

2. BASIS OF PREPARATION OF HALF-YEAR REPORT

The half-year consolidated financial report has been prepared in accordance with the requirements of the *Corporations Act 2001* and Accounting Standard AASB 134 *Interim Financial Reporting.*

The half-year financial report does not include all notes of the type normally included within the annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2014 and any public announcements by Samson Oil & Gas Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial reporting year and corresponding interim reporting period.

The financial report is presented in United States Dollars (US$).

New and amended standards adopted by the group

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. Any significant impact on the accounting policies of the consolidated entity from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 2014-1 Amendments to Australian Accounting Standards (Parts A to C)
The consolidated entity has applied Parts A to C of AASB 2014-1 from 1 July 2014. These amendments affect the following standards: AASB 2 'Share-based Payment': clarifies the definition of 'vesting condition' by separately defining a 'performance condition' and a 'service condition' and amends the definition of 'market condition'; AASB 3 'Business Combinations': clarifies that contingent consideration in a business combination is subsequently measured at fair value with changes in fair value recognised in profit or loss irrespective of whether the contingent consideration is within the scope of AASB 9; AASB 8 'Operating Segments': amended to require disclosures of judgements made in applying the aggregation criteria and clarifies that a reconciliation of the total reportable segment assets to the entity's assets is required only if segment assets are reported regularly to the chief operating decision maker; AASB 13 'Fair Value Measurement': clarifies that the portfolio exemption applies to the valuation of contracts within the scope of AASB 9 and AASB 139; AASB 116 'Property, Plant and Equipment' and AASB 138 'Intangible Assets': clarifies that on revaluation, restatement of accumulated depreciation will not necessarily be in the same proportion to the change in the gross carrying value of the asset; AASB 124 'Related Party Disclosures': extends the definition of 'related party' to include a management entity that provides KMP services to the entity or its parent and requires disclosure of the fees paid to the management entity; AASB 140 'Investment Property': clarifies that the acquisition of an investment property may constitute a business combination.

3. REVENUE, INCOME AND EXPENSES

	Half-year ended 31 December	
	2014	***2013***
Revenue, income and expenses from operations	***$***	***$***
(a) Revenue		
Sale of oil and gas		
Oil sales	5,541,245	2,339,144
Gas sales	404,003	344,604
Other	-	627
	5,945,248	2,684,375
Total Revenue	5,945,248	2,684,375
Cost of sales		
Lease operating expenses	2,972,117	1,231,676
Depletion of oil and gas properties	2,668,071	697,961
	5,640,188	1,929,637
Other Income		
Finance revenue	19,523	101,298
Other	29,012	184
Gain on movement in derivative instruments	3,065,465	-
Gain on sale of development acreage and oil and gas assets	-	2,524,411
	3,114,000	2,625,893

(b) Expenses		
Employee Entitlements	1,405,370	1,463,111
Depreciation	69,101	56,158
Consultants fees	127,541	265,555
Lease payments	84,528	27,673
Travel and accommodation	107,121	143,923
Insurance	135,784	222,484
Assurance and Advisory	197,963	372,080
Investor Relations	184,422	123,744
Legal fees	107,391	464,204
Filing and listing fees	5,092	31,917
Other	116,862	167,418
Total	2,541,175	3,338,267

3. REVENUE, INCOME AND EXPENSES (cont)

	Half-year ended 31 December	
	2014	*2013*
	$	*$*
(c) Finance Costs		
Interest expense	231,285	-
Amortisation of borrowing costs	65,132	-
Accretion of asset retirement obligation	30,083	22,369
	326,500	22,369

4. IMPAIRMENT

	2014	*2013*
	$	*$*
Impairment expense	6,905,701	299,110

During the period, the Consolidated Entity recognised impairment expense of $6.9 million. $3.8 million in impairment relates to the North Stockyard field and $2.9 million to the Rainbow field, both in North Dakota. The remaining $0.2 million relates to other fields in Wyoming. The impairment is primarily as a result of the significant decline in the global oil price. The North Stockyard and Rainbow fields, continue to meet production expectations.

An independent review by the Consolidated Entity's reserve engineers, Ryder Scott Company was performed to assess the recoverable amount based on the net present value of the Consolidated Entity's assets on a field by field basis (by cash generating unit). The factors used to determine net present value include, but are not limited to, recent sales prices of comparable properties, the present value of future cash flows, net of estimated operating and development costs using estimates of reserves, future commodity pricing, future production estimates, anticipated capital expenditures and various discount rates commensurate with the risk associated with realizing the projected cash flows. The discount rate used to assess the recoverable amount (based on the fair value less cost of disposal) was 10%. Samson's current cost of debt is 3.48%, which is calculated as the LIBOR rate plus 3.25%.

Ryder Scott Company is an independent reserve engineering view with significant experience in the United States.

5. PREPAYMENTS

	31-Dec-14	*30-Jun-14*
	$	*$*
Prepaid drilling expenses	1,026,485	5,163,708
Other prepayments	175,630	224,720
	1,202,115	5,388,428

Prepaid drilling expenses includes cash advanced to the operator of the North Stockyard field for the drilling of development wells currently being undertaken.

6. EXPLORATION AND EVALUATION ASSETS

	31-Dec-14 $	*30-Jun-14* $
Balance at beginning of period	15,732,416	14,831,749
Costs capitalised during the period	272,762	1,087,521
Costs expensed during the period	(11,114,219)	(186,854)
Balance at the end of the period	4,890,959	15,732,416

The exploration and evaluation costs capitalised relates to expenditure incurred in relation to the Consolidated Entity's main exploration project – Hawk Springs Project in Goshen County, Wyoming, during the period, Samson continued operations on the Bluff Federal well in the Hawk Springs Project. Costs have been capitalized in relation to the drilling of this well. This well is expected to be completed by June 2015, at which time, depending on the results of the well, costs will transferred to oil and gas properties or expensed to the Income Statement.

During the period, $8.1 million of previously deferred costs relating to the Roosevelt Project in Roosevelt County, Montana were expensed to the Income Statement. This project was subject to a sales contract, however the counterparty, failed to drill the earn in well, required under the sales contract by 31 December 2014. An extension to this contract has been granted to 15 March 2015, subject to the payment of a $100,000 extension fee. Given the significant decrease in the oil price and the exploratory nature of the project, Samson believes there is significant doubt of the counter-party's ability to drill the earn in well and therefore expensed the costs of the project to the Income Statement.

During the period, Samson drilled the York 3-9 well in its South Prairie project in North Dakota. This was the Consolidated Entity's second dry hole in the project area and no further drilling is planned in the immediate future. $2.5 million of exploration and evaluation costs were written off to the Income Statement in relation to this project. This included seismic and lease acquisition costs.

$0.3 million was also written off with respect to the value of lease expirations in our Hawk Springs project area.

Other costs capitalised include acquisitions costs for 3D seismic shoots, leasehold acquisition costs, well location permitting and building in relation to the Hawk Springs project area in Goshen County, Wyoming.

The recoverability of the carrying value of deferred exploration and evaluation expenditure is dependent on the successful exploitation, or alternatively sale, of the respective areas of interest.

7. OIL AND GAS PROPERTIES

	31-Dec-14	*30-Jun-14*
	$	*$*
Oil and Gas Properties	56,179,975	43,790,310
Work in Progress	10,713,473	6,308,468
Accumulated Depletion and Impairment	(26,701,899)	(17,836,842)
	40,191,549	32,261,936

Additions to oil and gas properties and work in progress consists of development wells drilled in the North Stockyard project and Rainbow project, both in North Dakota.

8. DERIVATIVES

The Company enters into derivative contracts, primarily collars, swaps and option contracts, to hedge future crude oil and natural gas production in order to mitigate the risk of market price fluctuations. All derivative instruments are recorded on the balance sheet at fair value. The Company has elected not to apply hedge accounting to any of its derivative transactions and consequently, the Company recognizes mark-to-market gains and losses in earnings currently, rather than deferring such amounts in other comprehensive income for those commodity derivatives that qualify as cash flow hedges.

At 31 December 2014, the Company's commodity derivative contracts consisted of collars and fixed price swaps, which are described below:

Collar Collars contain a fixed floor price (put) and fixed ceiling price (call). If the market price exceeds the call strike price or falls below the put strike price, the Company receives the fixed price and pays the market price. If the market price is between the call and the put strike price, no payments are due from the either party.

Fixed price swap The Company receives a fixed price for the contract and pays a floating market price to the counterparty over a specified period for a contracted volume.

All of the Company's derivative contracts are with the same counterparty and are shown on a net basis on the Balance Sheet. The Company's counterparty has entered into an inter-creditor agreement with Mutual of Omaha Bank, the provider of the Company's credit facility, as such, no additional collateral is required by the counterparty.

Fair value is defined as the price that would be received in the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). The Company utilizes market data or assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable. The Company classifies fair value balances based on the observability of those inputs. There is an established fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurement).

The three levels of the fair value hierarchy are as follows:

Level 1—Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

8. DERIVATIVES (CONT)

Level 2—Pricing inputs are other than quoted prices in active markets included in level 1, but are either directly or indirectly observable as of the reported date and for substantially the full term of the instrument. Inputs may include quoted prices for similar assets and liabilities. Level 2 includes those financial instruments that are valued using models or other valuation methodologies.

Level 3—Pricing inputs include significant inputs that are generally less observable from objective sources. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value.

Fair Value at 31 December 2014

	Level 1	**Level 2**	**Level 3**	**Netting (1)**	**Total**
Current Assets					
Derivative instruments	-	1,960,723	-	(11,373)	1,949,350
Non Current Assets					
Derivative instruments	-	722,491	-	(465,551)	256,940
Current Liability					
Derivative instruments	-	11,373	-	(11,373)	-
Non Current Liability					
Derivative instruments	-	465,551	-	(465,551)	-

Fair Value at 30 June 2014

	Level 1	**Level 2**	**Level 3**	**Netting (1)**	**Total**
Current Assets					
Derivative instruments	-	56,380	-	(56,380)	-
Non Current Assets					
Derivative instruments	-	61,493	-	(61,493)	-
Current Liability					
Derivative instruments	-	340,756	-	(56,380)	284,376
Non Current Liability					
Derivative instruments	-	190,491	-	(61,493)	128,998

(1) Financial assets and liabilities are offset and the net amount reported in the balance sheet where the Consolidated Entity currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Agreements with derivative counterparties are based on an ISDA Master Agreement. Under the terms of these arrangements, only where certain credit events occur (such as default), the net position owing/ receivable to a single counterparty in the same currency will be taken as owing and all the relevant arrangements terminated.

9. DIVIDENDS PAID AND PROPOSED

No dividends have been paid or declared by the Company during the half-year or to the date of this report (half-year ended 31 December 2013: Nil).

10. BORROWINGS

	31-Dec-14	30-Jun-14
Non current liability	$	$
Credit Facility with Mutual of Omaha	15,500,000	6,000,000
less deferred borrowing costs	(290,432)	(318,284)
	15,209,568	5,681,716

In January 2014, the Consolidated Entity entered into a $25 million credit facility with Mutual of Omaha Bank. In November 2014, the credit facility was increased to $50 million with the borrowing base as at 31 December 2014, of $19 million of which $15.5 million was drawdown. An additional $2.0 million was drawdown in January 2015. The facility matures 28 January 2017. The interest rate is LIBOR plus 3.75% or approximately 3.98% for the half year ended 31 December 2014. In November 2014, the interest rate was decreased to LIBOR plus 3.25%.

All of our assets are pledged as collateral under this facility.

The credit facility includes the following covenants, tested on a quarterly basis:

- Current ratio greater than 1
- Debt to EBITDAX (annualized) ratio no greater than 3.5
- Interest coverage ratio minimum of between 2.5 and 1.0

The credit facility also includes an annual cap on general and administrative expenditure of $6.0 million per calendar year.

As at 31 December 2014, the Consolidated Entity breached its Debt to EBITDAX covenant which is set at a ratio of no greater than 3.5. The actual value was 4.21. Mutual of Omaha have granted us a waiver of this breach at 31 December 2014.

The Consolidated Entity was in compliance with all other covenants at 31 December 2014.

While the Consolidated Entity expect to be in compliance with these covenants based on the current debt levels, if the Consolidated Entity is not in compliance with the financial covenants in the credit facility, or the Consolidated Entity does not receive a waiver from the lender, and if the Consolidated Entity fails to cure any such noncompliance during the applicable cure period, the due date of the debt could be accelerated by the lender. In addition, failure to comply with any of the covenants under the credit facility could adversely affect the Consolidated Entity's ability to fund ongoing operations.

The Consolidated Entity incurred $0.3 million in borrowing costs which have been deferred and will be amortized over the life of the facility using the effective interest rate method.

11. SEGMENT INFORMATION

Operating Segments

Operating segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the Board of Directors.

The group operates in one operating segment being oil and gas exploration, development and production.

The following table presents revenue and loss information regarding geographic segments for the half-year periods ended 31 December 2014 and 31 December 2013 as presented to the Board of Directors.

11. SEGMENT INFORMATION (continued)

	United States of America Continuing Operations		Unallocated		Consolidated	
	2014 **$**	**2013** **$**	**2014** **$**	**2013** **$**	**2014** **$**	**2013** **$**
Segment revenue from external customers	5,945,248	2,684,375	-	-	5,945,248	2,684,375
Segment result before amortisation and impairment	(8,098,636)	863,612	(301,669)	(395,244)	(8,400,305)	468,368
Depreciation, amortisation and impairment	(9,642,873)	(1,053,228)	-	-	(9,642,873)	(1,053,228)
Segment result	(17,741,509)	(189,616)	(301,669)	(395,244)	(18,043,178)	(584,860)
Segment assets	54,597,804	49,574,307	1,557,273	5,474,667	56,155,077	55,048,974

12. CONTINGENCIES AND COMMITMENTS

Commitments
As at 31 December 2014, the Consolidated Entity has committed to approximately $1.6 million in capital expenditure in relation to the completion costs of the final two wells in the current North Stockyard drilling program, Ironbank 6 and Ironbank 7. This expenditure was not recorded as a liability as at 31 December 2014.

Contingencies

Halliburton Dispute
Halliburton Energy Services, Inc., a co-participant in the Company's Hawk Springs project, has filed a complaint in Harris County, Texas District Court against Samson USA seeking unpaid oil revenue attributable to its ownership interest in the Hawk Springs Project, which was approximately $126,000 as of June 5, 2013, and has since increased to approximately $168,000. Samson USA has answered the complaint and has filed counterclaims against Halliburton arising out of Samson USA's engagement of Halliburton's Project Management group in May of 2011 to provide services in connection with its drilling program in Roosevelt County, Montana. In its counterclaims, Samson USA claims approximately $336,000 from Halliburton on account of Halliburton's refusal to pay an invoice for demobilization of the drilling rig used in the Roosevelt project. Samson USA has also asked for a judicial accounting with respect to Halliburton's fees and expenses charged to Samson in connection with the Spirit of America well in Goshen County, Wyoming, and the Australia II, well in Roosevelt County, Wyoming, because of Samson's discovery of self-dealing and bill padding by Halliburton's onsite project manager there. Halliburton has not yet filed an answer to Samson's counterclaims but the parties are commencing discovery efforts in the lawsuit. While Samson believes that its counterclaims are meritorious and is confident that Samson will obtain a net positive recovery from the lawsuit, there can be no assurance as to the ultimate outcome of this litigation.

There are no other unrecorded contingent assets or liabilities in place for the Consolidated Entity at balance date (2013: $Nil).

13. CONTRIBUTED EQUITY

Issued and paid up capital

	31-Dec-14	***30-Jun-14***
	$	**$**
Ordinary fully paid shares	98,296,001	98,340,121

13. CONTRIBUTED EQUITY (CONT)

	Six months ending			
Movements in contributed equity for the year	**31-Dec-14**		**31-Dec-13**	
	No. of shares	**$**	**No. of shares**	**$**
Opening balance	2,837,756,933	98,340,121	2,229,165,163	86,608,255
Shares issued upon exercise of options *(i)*	25,089	880	9,864	348
Shares issued *(ii)*	-	-	318,452,166	7,337,137
Transaction costs incurred	-	(45,000)	-	(561,239)
Shares on issue at balance date	*2,837,782,022*	*98,296,001*	*2,547,627,193*	*93,384,501*
Shares to be issued upon exercise of options	-	-	-	-
Shares to be issued as part of Kestrel acquisition *(iii)*	65,000	-	65,000 -	
Closing Balance	**2,837,847,022**	**98,296,001**	**2,547,692,193**	**93,384,501**

(i) *During the six months ended 31 December 2014 the Company issued 25,089 ordinary shares upon the exercise of 25,089 options. The exercise price of these options was A$ 3.8 cents per share / US$ 3.5 cents per share (average price based on the exchange rate on the date of exercise) to raise US$880.*

During the six months ended 31 December 2013 the Company issued 9,864 ordinary shares upon the exercise of 9,864 options. The exercise price of these options was A$ 3.8 cents per share / US$ 3.5 cents per share (average price based on the exchange rate on the date of exercise) to raise US$348.

(ii) *During the six months ended 31 December 2013 the Company issued 318,452,166 ordinary shares to raise $7,337,137. The issue price was A$ 2.5 cents per share/US$ 2.3 cents per shares (average price based on the exchange rate on the date of issue). The ordinary shares were issued to a number of investors in the US and Australia*

(iii) *In prior years, shares were issued to Kestrel shareholders as part of the offer to non-US resident shareholders whereby they received five Samson shares for every one Kestrel share held. The Samson share price on the acceptance date of the offer was deemed to be the fair value of the share. As at balance date acceptances had been received for 65,000 (2012:65,000) shares which have not yet been issued. These shares will be issued upon the presentation of Kestrel Share Certificates by the owner of the shares.*

Share issue costs of $45,000 were incurred (half-year ended 31 December 2013:$561,239).

At the end of the half-year there were 324,667,765 (June 2014: 389,192,854) unissued ordinary shares in respect of which options were outstanding. Option holders do not have any right by virtue of the option to participate in any share issue of the Company or any related body corporate. During the six months ended 31 December 2014, 64,500,000 options expired unexercised.

14. EVENTS AFTER THE BALANCE SHEET DATE

Since the end of the half-year, the directors are not aware of any other matters or circumstances not otherwise dealt with in the report or financial statements that have, or may significantly affect the operations, the results of the operations, or the state of affairs of the Company or the Group in the subsequent financial year.

SAMSON OIL & GAS LIMITED
DIRECTORS' DECLARATION
31 DECEMBER 2014

In the directors' opinion:

- The attached financial statements and notes thereto comply with the Corporations Act 2001, Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 mandatory professional reporting requirements;
- The attached financial statements and notes thereto give a true and fair view of the Consolidated Entity's financial position as at 31 December 2014 and of its performance for the financial half-year ended on that date; and
- There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

T. M. Barr
Director

Denver, Colorado
10 February 2015

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Samson Oil & Gas Limited for the half year ended 31 December 2014, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS

Perth, WA
Dated: 10 February 2015

J A KOMNINOS
Partner

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INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF

SAMSON OIL & GAS LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Samson Oil & Gas Limited which comprises the consolidated statement of financial position as at 31 December 2014, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Samson Oil & Gas Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

RSM Bird Cameron Partners

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations act 2001*, which has been given to the directors of Samson Oil & Gas Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Samson Oil & Gas Limited is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS

Perth, WA
Dated: 10 February 2015

J A KOMNINOS
Partner