



2 September 2019

Mr. Dale Allen
Senior Adviser, Listings Compliance (Perth)
ASX Limited
Level 40, Central Park,
152-158 St George's Terrace
Perth WA 6000

Dear Dale,

Response to Appendix 5B Query

I refer to your letter dated 1 August 2019 ("ASX Letter") and provide the following responses to the questions raised in the letter. We have responded to your questions as numbered in your letter.

1. Does SSN expect that it will continue to have negative operating cash flows for the time being and, if not, why not?

Samson anticipates it will have negative operating cash flows for the next two quarters, thereafter, we expect to see positive cash flows for the following reasons:

- 1) SSN successfully refinanced its debt with AEP I FINCO LLC during the 4th quarter. The new facility is for \$33.5 million and has a five year term and an interest rate of LIBOR plus 10.5% (approximately 12.2% at 30 June 2019).
- 2) As a result of this refinancing Samson paid down royalties and trade payables to mineral owners and suppliers that had accumulated over the previous months. Approximately \$3.0 million were for royalty payments, which represent a one time catch-up payment that will not be repeated in future.
- 3) Cash receipts from our wells during the quarter were \$4.04 million, which represents approximately \$3.0 million to our interest.

We have cash on hand from the refinancing that will serve to finance our working capital needs in order to offset the anticipated negative operating cash flows for the subsequent 2 quarters.

Current 30-day production rate (as at July 2019), is averaging 1,090 BOPD (on a gross Operated basis) and approximately 780 BOPD net to Samson. This increase from June quarter is due to weather improvements which brought wells, previously shut in due to weather conditions, back on line. This will improve cash flow to the Company at current market prices and resulting sales revenue assumptions, which will be reflected in the September 2019 quarter.

2. Has SSN taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

The estimated cash outflow for the September quarter of \$4.4 million does not include revenue from oil sales which will offset a significant part of the costs. Notwithstanding, the cash flow forecast remains dependent on forecast prices of oil and gas, amongst other things, which the Company does not control.

The Directors believe there are sufficient funds to meet the SSN's working capital requirements and the Company does not have any immediate plan to raise further cash to fund its operations.

However, any significant change in the current assumptions, such as a rapid decline in market prices for oil and gas could have a material impact on the Company's ability to generate positive cash flow. Should this occur, then the Company considers it will be able to successfully:

- work with its financier to extend credit terms; and/or
- secure additional funds through debt or equity issues, if and when required.

3. Does SSN expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

The Company does expect to be able to continue its operations and meet its business objectives on the basis of being successful in lifting its production as outlined above.

4. Please confirm that SSN is complying with Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that rule that has not already been released to the market.

We confirm that the Company is in compliance with ASX Listing Rule 3.1 and there is no information that should be given to ASX about its financial condition in accordance with that Rule that has not already been released to the market.

5. Please confirm that SSN's responses to the questions have been authorized and approved under its published continuous disclosure policy or otherwise by its board or an officer of SSN with delegated authority from the board to respond to ASX on disclosure matters.

We confirm that the Company's responses to the questions set out in the ASX Letter have been authorised and approved by the Board of Directors of the Company.

The Company will be submitting a revised Appendix 5B report. The original Appendix 5B combined the payment of royalties against cash receipts, resulting in a negative cash receipts number. To provide better transparency to the users of these filings, the cash outflow related to these royalty payments have been bifurcated from the cash receipts and presented under 1.8 Other – Hedging, abandonment costs and payments to outside owners.

Should you have any further questions, please do not hesitate to contact us.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Nicholas Ong', written in a cursive style.

Nicholas Ong
Company Secretary

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1 August 2019

Reference: 04780

Mr Nicholas Ong
Samson Oil & Gas Limited

By email:

Dear Mr Ong

Samson Oil & Gas Limited ('SSN'): Appendix 5B Query

ASX refers to SSN's Appendix 5B quarterly report for the period ended 30 June 2019 lodged with ASX Market Announcements Platform on 31 July 2019 (the 'Appendix 5B').

ASX notes that SSN has reported:

- negative net operating cash flows for the quarter of \$5,265,000;
- cash at the end of the quarter of \$3,238,000; and
- estimated cash outflows for the next quarter of \$3,750,000.

It is possible to conclude, based on the information in the Appendix 5B that if SSN were to continue to expend cash at the rate indicated by the Appendix 5B, SSN may not have sufficient cash to continue funding its operations.

In view of that, ASX asks SSN to respond separately to each of the following questions and requests for information:

1. Does SSN expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has SSN taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
3. Does SSN expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Please confirm that SSN is complying with Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that rule that has not already been released to the market.
5. Please confirm that SSN's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of SSN with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **3:00 PM AWST Tuesday, 6 August 2019**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in SSN's securities under Listing Rule 17.3. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, SSN's obligation is to

disclose the information “immediately”. This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at ListingsCompliancePerth@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1 and Listing Rule 3.1A

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity’s securities. Exceptions to this requirement are set out in Listing Rule 3.1A. In responding to this letter, you should have regard to SSN’s obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that SSN’s obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in SSN’s securities under Listing Rule 17.1. If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Enquiries

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

Dale Allen
Principal Adviser, Listings Compliance (Perth)