UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended December 31, 2018
OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number: 001-33578

Samson Oil & Gas Limited

(Exact Name of Registrant as Specified in its Charter)

Australia	**N/A**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

Level 16, AMP Building, **140 St Georges Terrace** **Perth, Western Australia 6000**	
(Address Of Principal Executive Offices)	(Zip Code)

+61 8 9220 9830
(Registrant's Telephone Number, Including Area Code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically, if any, every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).
Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definition of "accelerated filer," "large accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☒	Smaller reporting company ☒
	Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

There were 328,300,044 ordinary shares outstanding as of February 12, 2019.

SAMSON OIL & GAS LIMITED
FORM 10-Q
QUARTER ENDED December 31, 2018

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FORWARD-LOOKING STATEMENTS

Written forward–looking statements may appear in documents filed with the Securities and Exchange Commission ("SEC"), including this quarterly report, documents incorporated by reference, reports to shareholders and other communications.

The U.S. Private Securities Litigation Reform Act of 1995 provides a "safe harbor" for forward–looking information to encourage companies to provide prospective information about themselves without fear of litigation so long as the information is identified as forward looking and is accompanied by meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those projected in the information. Samson relies on this safe harbor in making forward–looking statements.

Forward–looking statements appear in a number of places in this quarterly report and include but are not limited to management's comments regarding business strategy, exploration and development drilling prospects and activities at our Foreman Butte and other properties, oil and gas pipeline availability and capacity, natural gas and oil reserves and production, our intentions and prospects with respect to our credit facility, our potential asset sale and refinancing efforts, meeting our capital raising targets and the use of proceeds, our plans, our ability to and methods by which we may raise additional capital, production and future operating results, and the objectives outlined under the section "Looking Ahead" below.

In this quarterly report, the use of words such as "anticipate," "continue," "could," "estimate," "expect," "likely," "may," "will," "project," "should," "believe" and similar expressions are intended to identify uncertainties. While we believe that the expectations reflected in those forward–looking statements are reasonable, we cannot assure you that these expectations will prove to be correct. Our actual results could differ materially from those anticipated in these forward–looking statements. The differences between actual results and those predicted by the forward–looking statements could be material. Forward-looking statements are based upon our expectations relating to, among other things:

- our future financial position, including cash flow, debt levels and anticipated liquidity;
- the timing, effects and success of our exploration and development activities;
- uncertainties in the estimation of proved reserves and in the projection of future rates of production;
- timing, amount, and marketability of production;
- third party operational curtailment, processing plant or pipeline capacity constraints beyond our control;
- our ability to acquire and dispose of oil and gas properties at favorable prices;
- our ability to market, develop and produce new properties;
- declines in the values of our properties that may result in write-downs;
- effectiveness of management strategies and decisions;
- oil and natural gas prices and demand;
- unanticipated recovery or production problems, including cratering, explosions, fires;
- the strength and financial resources of our competitors;
- our entrance into transactions in commodity derivative instruments;
- climatic conditions; and
- effectiveness of management strategies and decisions

Many of these factors are beyond our ability to control or predict. Neither these factors nor those included in the "Risk Factors" section of this quarterly report, if any, represent a complete list of the factors that may affect us. We do not undertake to update the forward–looking statements made in this report.

Part I — Financial Information

Item 1. Financial Statements.

SAMSON OIL & GAS LIMITED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

	31-Dec-18	30-Jun-18
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 1,737,802	$ 1,376,676
Accounts receivable	1,755,793	1,759,461
Prepayments	262,744	137,342
Oil inventory	219,288	219,288
Oil and gas properties held for sale	-	28,675,890
Total current assets	3,975,627	32,168,657
PROPERTY, PLANT AND EQUIPMENT, AT COST		
Oil and gas properties, successful efforts method of accounting, less accumulated depreciation, depletion and impairment of $16,667,527 and $12,606,491 at December 31, 2018 and June 30, 2018, respectively	29,510,226	1,744,951
Other property and equipment, net of accumulated depreciation and amortization of $747,639 and $758,803 at December 31, 2018 and June 30, 2018, respectively	182,648	242,822
Net property, plant and equipment	29,692,874	1,987,773
OTHER NON CURRENT ASSETS		
Restricted cash - bonding	450,000	450,000
Deferred tax asset	732,056	732,056
Other	132,319	134,644
TOTAL ASSETS	$ 34,982,876	$ 35,473,130
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
CURRENT LIABILITIES		
Accounts payable	$ 10,713,238	$ 8,383,570
Accruals	576,786	1,088,338
Fair value of derivative instruments	-	1,210,795
Asset retirement obligations associated with assets for sale	-	2,509,981
Credit facility	23,834,749	23,867,557
Provision for annual leave	243,155	250,826
	35,367,928	37,311,067
NON CURRENT LIABILITIES		
Asset retirement obligations	3,608,503	834,131
TOTAL LIABILITIES	38,976,431	38,145,198
STOCKHOLDERS'EQUITY (DEFICIT) – nil par value		
328,300,044 (equivalent to 16,415,002 ADR's) and 328,300,044 (equivalent to 16,415,002 ADR's) ordinary shares issued and outstanding at December 31, 2018 and June 30, 2018, respectively	106,743,167	106,743,167
Accumulated other comprehensive income	875,829	846,556
Accumulated deficit	(111,612,551)	(110,261,791)
Total stockholders' equity (deficit)	(3,993,555)	(2,672,068)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	$ 34,982,876	$ 35,473,130

See accompanying Notes to Consolidated Financial Statements.

SAMSON OIL & GAS LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
(Unaudited)

	Three months ended		Six months ended	
	31-Dec-18	**31-Dec-17**	**31-Dec-18**	**31-Dec-17**
REVENUES AND OTHER INCOME:				
Oil sales	$ 2,919,607	$ 2,621,994	$ 6,454,848	$ 5,206,515
Gas sales	105,464	36,033	142,741	85,290
Other liquids	4,964	1,601	8,833	3,180
Interest income	32	54	450	113
Gain on derivative instruments	462,324	-	435,345	-
Other	-	-	1,000,000	178,657
TOTAL REVENUE AND OTHER INCOME	3,492,391	2,659,682	8,042,217	5,473,755
EXPENSES:				
Lease operating expense	(3,307,215)	(1,249,052)	(5,480,332)	(2,901,004)
Depletion, depreciation and amortization	(1,033,928)	(420,107)	(1,061,971)	(898,165)
Abandonment expense	-	(25,820)	-	(66,676)
Exploration and evaluation expenditure	(10,532)	(279,340)	(39,310)	(282,513)
Accretion of asset retirement obligations	(268,835)	(79,715)	(277,356)	(159,886)
Amortization of borrowing costs	-	(28,949)	-	(57,899)
Interest expense	(481,728)	(331,184)	(756,138)	(578,874)
Loss on derivative instruments	-	(901,471)	-	(1,568,866)
General and administrative	(941,567)	(839,282)	(1,777,870)	(2,198,570)
TOTAL EXPENSES	(6,043,805)	(4,154,920)	(9,392,977)	(8,712,453)
Loss from operations	(2,551,414)	(1,495,238)	(1,350,760)	(3,238,698)
Income tax benefit	-	-	-	-
Net (loss) from continuing operations	(2,551,414)	(1,495,238)	(1,350,760)	(3,238,698)
Gain from discontinued operations				
Net income/(loss)	(2,551,414)	(1,495,238)	(1,350,760)	(3,238,698)
OTHER COMPREHENSIVE INCOME/(LOSS)				
Foreign currency translation gain/(loss)	(588)	(4,891)	29,273	(6,119)
Total comprehensive income/(loss) for the period	$ (2,552,002)	$ (1,500,129)	$ (1,321,487)	$ (3,244,817)
Net loss per ordinary share from continuing operations:				
Basic – cents per share	(0.78)	(0.46)	(0.41)	(1.00)
Diluted – cents per share	(0.78)	(0.46)	(0.41)	(1.00)
Weighted average ordinary shares outstanding:				
Basic	328,300,044	328,300,044	328,300,044	324,862,438
Diluted	328,300,044	328,300,044	328,300,044	324,862,438

See accompanying Notes to Consolidated Financial Statements.

SAMSON OIL & GAS LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' (DEFICIT)/EQUITY
(Unaudited)

	Ordinary Shares	(Accumulated Deficit)	Accumulated Other Other Comprehensive Income/(Loss)	Total Stockholders Equity (Deficit)
Balance at July 1, 2018	$ 106,743,167	$ (110,261,791)	$ 846,556	$ (2,672,068)
Net loss	-	(1,350,760)	-	(1,350,760)
Foreign currency translation gain, net of tax of nil	-	-	29,273	29,273
Total comprehensive income (loss) for the period	-	(1,350,760)	29,273	(1,321,487)
Balance at December 31, 2018	$ 106,743,167	$ (111,612,551)	$ 875,829	$ (3,993,555)

See accompanying Notes to Consolidated Financial Statements.

SAMSON OIL & GAS LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Six months ended	
	31-Dec-18	**31-Dec-17**
Cash flows provided by/(used in) operating activities		
Receipts from customers	$ 8,686,752	$ 6,112,950
Payments to suppliers & employees	(7,192,326)	(5,134,649)
Interest received	449	112
Payments on derivative instruments	(775,449)	(465,573)
Interest paid	(756,138)	(578,874)
Net cash flows provided by/(used in) operating activities	(36,712)	(66,034)
Cash flows (used in)/provided by investing activities		
Proceeds from sale of oil and gas properties	700,000	-
Payments for plant & equipment	-	(27,689)
Payments for exploration and evaluation	(39,310)	(11,435)
Payments for oil and gas properties	(256,925)	(131,037)
Net cash flows (used in)/provided by investing activities	403,765	(170,161)
Cash flows (used in)/provided by financing activities		
Proceeds from the exercise of options	-	-
Proceeds from borrowings	-	450,000
Repayment of borrowings	-	-
Share issuance costs	-	-
Net cash flows (used in)/provided by financing activities	-	450,000
Net increase/(decrease) in cash and cash equivalents	367,053	213,805
Cash and cash equivalents at the beginning of the quarter period	1,376,676	628,778
Effects of exchange rate changes on cash and cash equivalents	(5,927)	(7,866)
Cash and cash equivalents at end of the quarter period	$ 1,737,802	$ 834,717

See accompanying Notes to Consolidated Financial Statements

SAMSON OIL & GAS LIMITED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Basis of Presentation

These Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) for interim financial reporting. All adjustments which are normal and recurring by nature, in the opinion of management, necessary for fair statement of Samson Oil & Gas Limited's (the "Company") Consolidated Financial Statements have been included herein. Interim results are not necessarily indicative of expected annual results because of the impact of fluctuations in prices received for oil and natural gas, as well as other factors. In the course of preparing the Consolidated Financial Statements, management makes various assumptions, judgments and estimates to determine the reported amounts of assets, liabilities, revenues and expenses, and in the disclosures of commitments and contingencies. Changes in these assumptions, judgments and estimates will occur as a result of the passage of time and the occurrence of future events, and, accordingly, actual results could differ from amounts previously established.

The Company's Consolidated Financial Statements have been prepared on a basis consistent with the accounting principles and policies reflected in the Company's audited financial statements as of and for the year ended June 30, 2018. The year-end Consolidated Balance Sheet presented herein was derived from audited Consolidated Financial Statements, but does not include all disclosures required by GAAP.

It is suggested that these financial statements be read in conjunction with the financial statements and the notes thereto included in the Company's latest annual report ("Form 10-K").

Accruals. Accrued liabilities at June 30, 2018 and December 31, 2018 consist primarily of estimates for goods and services received but not yet invoiced.

Prepayments. Prepayments at June 30, 2018 and December 31, 2018 include tubing and chemicals and other subscription costs paid in advance for the year.

Comparatives. Changes have been made to the classification of certain prior period comparatives in order to remain consistent with the current period presentation. In Form 10-Q for the period ended September 30, 2018 comparatives were changed to show the impact of certain assets being held for sale. During the current quarter these assets were no longer deemed to be held for sale and therefore comparatives have not been changed. See the Discontinued Operations note below.

Liquidity and Going Concern
These financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activities and the realization of assets and settlement of liabilities in the normal course of business.

As disclosed in the financial statements, we incurred a net loss from continuing operations of $1.4 million for the six months ended December 31, 2018, and as at that date, we had $35.4 million in current liabilities, including $10.7 million in accounts payable, and approximately $4.0 million in current assets. As at December 31, 2018, we had net current liabilities of $31.4 million. Our ability to continue as a going concern is dependent on refinancing our $24 million bank debt or the sale of our oil and gas properties to repay that debt.

We are engaged in ongoing discussions with a non-bank lender with respect to refinancing our current $24 million credit facility, which expired October 31, 2018, and is now due and payable. Due diligence has commenced with respect to this facility. PLS Energy Advisory Group are also continuing to market our assets, however no viable offers are currently under consideration.

Based on our current financial position, in both cases we may be required to accept terms less favorable than would otherwise be available to us, and there can be no assurances we will be able to comply with the conditions that are imposed upon us by any future financing arrangements. There also can be no assurances that we will be successful in refinancing of our debt or to sell substantially all of our assets. These factors indicate there is substantial doubt about our ability to continue as a going concern.

Discontinued Operations
As at June 30, 2018 and September 30, 2018 the majority of our assets in the Foreman Butte project were held for sale and were recognized as discontinued operations during those periods. Following repeated failures by the contracted buyer to close a sale of our Foreman Butte assets, we have pursued discussions with a new lender with a view to refinancing our current Mutual of Omaha Bank credit facility. Due diligence has commenced with respect to the land title of the assets being sold and to the environmental condition of the wells and associated facilities. As such the assets are no longer held for sale in the Balance Sheet for the six months ended December 31, 2018 or included as discontinued operations in the Income Statement.

The refinance of the existing facility is expected to be completed prior to March 31, 2019, however there can be no assurance that it will be completed at that time or at all.

Recent Accounting Standards

Revenue Recognition
On July 1, 2018, we adopted Accounting Standards Codification ("ASC") Topic 606 "Revenue from Contracts with Customers" ("ASC 606") using the modified retrospective approach, which only applies to contracts that were not completed as of the date of the application. The adoption did not require an adjustment to the opening retained deficit for the cumulative effect adjustment and does not have a material impact on our ongoing consolidated balance sheet, statement of operations, statement of stockholders' equity or statement of cash flows.

We recognize revenues from the sales of oil, natural gas and natural gas liquids ("NGL") to our customers in accordance with the five-step revenue recognition model prescribed in ASC 606. Specifically, revenue is recognized when our performance obligations under contracts with customers (purchasers) are satisfied, which generally occurs with the transfer of control of the products to the purchasers. Control is generally considered transferred when the following criteria are met: (i) transfer of physical custody, (ii) transfer of title, (iii) transfer of risk of loss and (iv) relinquishment of any repurchase rights or other similar rights. Given the nature of our sales, revenue is recognized at a point in time based on the amount of consideration we expect to receive in accordance with the price specified in the contracts.

Consideration under the marketing contracts is typically received from the purchaser one to two months after production and, as a result, the Company is required to estimate the amount of production that was delivered to the purchaser and the price that will be received for the sale of the product. We record the differences between estimates and the actual amounts received for product sales once payment is received from the purchaser. Such differences have historically not been significant as we use knowledge of our properties and their historical performance, spot market prices and other factors as the basis for these estimates. At December 31, 2018, the Company had receivables related to contracts with customers of $1.3 million.

There was no impact on previously recognized revenue and no changes to what we would have recognized under the previous revenue recognition standard, ASC Topic 605 Revenue Recognition

Leasing
Accounting Standards Codification 842 ("ASC 842") Leases is effective for fiscal years beginning after December 15, 2018. Although the impacts of the standard are still being reviewed, due to minimal leasing activity undertaken by the us, we expect this statement to have little impact on the Financial Statements.

2. Income Taxes

The Company has cumulative net operating losses ("NOLs") that may be carried forward to reduce taxable income in future years. The Tax Reform Act of 1986 contains provisions that limit the utilization of NOLs if there has been a change in ownership as described in Internal Revenue Code Section 382. The Company's prior year NOLs are limited by IRC Section 382.

ASC Topic 740 requires that a valuation allowance be provided if it is more likely than not that some portion or all deferred tax assets will not be realized. The Company's ability to realize the benefits of its deferred tax assets will depend on the generation of future taxable income through profitable operations. Due to the Company's history of losses and the uncertainty of future profitable operations, the Company has recorded a full valuation allowance against its deferred tax assets.

3. Earnings Per Share

Basic earnings (loss) per share is calculated by dividing net earnings (loss) attributable to ordinary shares by the weighted average number of shares outstanding for the period. Under the treasury stock method, diluted earnings per share is calculated by dividing net earnings (loss) by the weighted average number of shares outstanding including all potentially dilutive ordinary shares (which in Samson's case consists of unexercised stock options). In the event of a net loss, however no potential ordinary shares are included in the calculation of shares outstanding since the impact would be anti-dilutive.

During the quarter ended December 31, 2018, following receipt of share holder approval, we consolidated our outstanding ordinary shares by a factor of 10 to 1, reducing the number of ordinary shares outstanding. Prior year shares outstanding has been adjusted to reflect this change as if it had happened at the beginning of the period presented.

The following table details the weighted average dilutive and anti-dilutive securities outstanding, which consist of transferable options to purchase ordinary shares which are tradeable on the ASX ("options"), for the periods presented:

	Six months ended	
	31-Dec-18	**31-Dec-17**
Dilutive	-	-
Anti–dilutive	31,450,000	31,450,000

The following tables set forth the calculation of basic and diluted loss per share:

	Three months ended		Six months ended	
	31-Dec-18	**31-Dec-17**	**31-Dec-18**	**31-Dec-17**
Net income (loss) from continuing operations	$ (2,551,414)	$ (1,495,238)	$ (1,350,760)	$ (3,238,698)
Basic weighted average ordinary shares outstanding	328,300,044	328,300,044	328,300,044	324,862,438
Add: dilutive effect of stock options	-	-	-	-
Diluted weighted average ordinary shares outstanding	328,300,044	328,300,044	328,300,044	324,862,438
Basic earnings/(loss) from operations per ordinary share – cents per share	(0.78)	(0.46)	(0.41)	(1.00)
Diluted earnings/(loss) fom operations per ordinary share – cents per share	(0.78)	(0.46)	(0.41)	(1.00)

4. Asset Retirement Obligations

The Company's asset retirement obligations primarily represent the estimated present value of the amounts expected to be incurred to plug, abandon and remediate producing and shut–in properties at the end of their productive lives in accordance with applicable state and federal laws. The Company determines the estimated fair value of its asset retirement obligations by calculating the present value of estimated cash flows related to those obligations. The significant inputs used to calculate such liabilities include estimates of costs to be incurred, the Company's credit adjusted discount rates, inflation rates and estimated dates of abandonment. The asset retirement liability is accreted to its present value each period and the capitalized asset retirement cost is depleted using the units–of–production method.

The value of asset retirement obligation held related to asset held for disposal as at June 30, 2018 relates to the retirement obligation associated with certain properties held for sale relating to our Foreman Butte project in North Dakota and Montana. These wells are no longer held for sale and the liability related to their asset retirement is held as a non-current liability.

In the prior year, the liabilities settled relate to wells plugged and abandoned in our Sabretooth project in Texas. Disposition of properties relate to the sale of certain wells in Wyoming.

The following table summarizes the activities for the Company's asset retirement obligations for the six months ended December 31, 2018 and 2017:

	Six months ended	
	31-Dec-18	31-Dec-17
Asset retirement obligations at beginning of period	$ 3,344,112	$ 3,456,236
Liabilities incurred or acquired	-	-
Liabilities settled	(12,965)	(12,500)
Disposition of properties	-	(131,202)
Accretion expense	277,356	159,886
Asset retirement obligations at end of period	3,608,503	3,472,420
Less: current asset retirement obligations (classified with accounts payable and accrued liabilities)	-	-
Long-term asset retirement obligations	$ 3,608,503	$ 3,472,420

5. Fair Value Measurements

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. The FASB has established a 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.

- 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 unobservable from objective sources. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value.

Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels. The following table sets forth by level within the fair value hierarchy the Company's financial assets and liabilities that were accounted for at fair value as of December 31, 2018 and June 30, 2018.

	Carrying value at December 31, 2018	Level 1	Level 2	Level 3	Netting [1]	Fair Value at December 31, 2018
Current Assets:						
Cash and cash equivalents	$ 1,737,802	$ 1,737,802	$ -	$ -	$ -	$ 1,737,802
Derivative Instruments	-	-	-	-	-	-

	Carrying value at June 30, 2018	Level 1	Level 2	Level 3	Netting [1]	Fair Value at June 30, 2018
Current Assets:						
Cash and cash equivalents	$ 1,376,676	$ 1,376,676	$ -	$ -	$ -	$ 1,376,676
Derivative Instruments	-	-	4,218	-	(4,218)	-
Non Current Assets						
Derivative Instruments	-	-	-	-	-	-
Current Liabilities						
Derivative instruments	1,210,795	-	1,215,013	-	(4,218)	1,210,795
Non Current Liabilities						
Derivative Instruments	-	-	-	-	-	-

(1) **Netting** In accordance with the Company's standard practice, its commodity derivatives are subject to counterparty netting under agreements governing such derivatives and therefore the risk of loss is somewhat mitigated.

The following methods and assumptions were used to estimate the fair value of the assets and liabilities in the table above:

Level 1 Fair value Measurements
Fair Value of Financial Instruments. The Company's financial instruments consist primarily of cash and cash equivalents, restricted cash, accounts receivable and payable and derivatives (discussed below). The carrying values of cash equivalents and accounts receivable and payable are representative of their fair values due to their short–term maturities.

Level 2 Fair Measurements
Derivative Contracts. The Company's derivative contracts consist of oil collars and oil call options. The fair value of these contracts are based on inputs that are either readily available in the public market, such as oil future prices or inputs that can be corroborated from active markets. Fair value is determined through the use of a discounted cash model using applicable inputs discussed above.

Other fair value measurements
Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis.
The Company also applies fair value accounting guidance to measure non–financial assets and liabilities such as business acquisitions, proved oil and gas properties, and the initial recognition of asset retirement obligations. These assets and liabilities are subject to fair value adjustments only in certain circumstances and are not subject to recurring revaluations. These items are primarily valued using the present value of estimated future cash inflows and/or outflows. Given the unobservable nature of these inputs, they are deemed to be Level 3.

6. Commitments and Contingencies

The Company has no accrued environmental liabilities for its sites, including sites in which governmental agencies have designated the Company as a potentially responsible party, because it is not probable that a loss will be incurred and the minimum cost and/or amount of loss cannot be reasonably estimated. However, due to uncertainties associated with environmental assessment and remediation activities, future expense to remediate the currently identified sites, and sites identified in the future, if any, could be incurred. Management believes, based upon current site assessments, that the ultimate resolution of any such matters will not materially affect our results of operations or cash flows.

From time to time, we are involved in various legal proceedings through the ordinary course of business. While the ultimate outcome is not known, management believes that any resolution will not materially impact the financial statements.

7. Capitalized Exploration Expense

We use the successful efforts method of accounting for exploration and evaluation expenditure in respect of each area of interest. The application of this policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular the assessment of whether economic quantities of reserves have been found. Any such estimates and assumptions may change as new information becomes available.

Exploration and evaluation assets are assessed for impairment when facts and circumstances indicate that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. When assessing for impairment consideration is given to but not limited to the following:

- the period for which Samson has the right to explore;
- planned and budgeted future exploration expenditure;
- activities incurred during the year; and
- activities planned for future periods.

If, after having capitalized expenditures under our policy, we conclude that we are unlikely to recover the expenditures through future exploitation, then the relevant capitalized amount will be written off to expense.

As of December 31, 2018 we had capitalized exploration expenditures of $nil, having written off the expense previously capitalized associated relating to the Cane Creek project in Utah. Our option to acquire leasehold lands in this project, expired unexercised.

Exploration or divestment activities are continuing in all exploration areas. The outcome of these activities remains uncertain and may result in write offs in future periods if the related efforts prove unsuccessful.

8. Share Capital

Issue of Share Capital
No shares were issued during the six months ended December 31, 2018. During the quarter ended December 31, 2018, following receipt of shareholder approval, we consolidated our outstanding ordinary shares by a factor of 10 to 1, reducing the number of ordinary shares outstanding. Prior year shares outstanding has been adjusted to reflect this change as if it had happened at the beginning of the period presented.

9. Cash Flow Statement

Reconciliation of loss after tax to the net cash flows from operations:

	Six months ended	
	31-Dec-18	**31-Dec-17**
Net loss	$ (1,350,760)	$ (3,238,698)
Depletion, depreciation and amortization	1,061,971	898,165
Accretion of asset retirement obligation	277,356	159,886
Impairment expense	-	-
Exploration and evaluation expenditure	39,310	282,513
Amortization borrowing costs	-	57,899
Abandonment expense	-	66,676
Non cash (gain)/loss on derivative instruments	(1,210,795)	1,103,293
Net gain from sale of assets	(1,000,000)	(178,657)
Share based payments	-	367,803
Changes in assets and liabilities:		
Increase in receivables	3,668	(69,657)
Increase in provision for annual leave	(7,671)	40,775
Increase in payables	2,150,209	443,968
NET CASH FLOWS PROVIDED BY/(USED IN) OPERATING ACTIVITIES	$ (36,712)	$ (66,034)

10. Credit Facility

	Six months ended	
	31-Dec-18	31-Dec-17
Credit facility at beginning of period	$ 23,867,557	$ 23,419,719
Cash advanced under facility	-	450,000
Cash committed to be advanced under facility	-	-
Repayments	-	-
Credit facility at end of period (1)	$ 23,867,557	$ 23,869,719
Funds available for drawdown under the facility	-	97,443

(1) The credit facility is recognized as a current liability due the Company's continued breach of the covenants in the facility. The loan is due and payable.

In January 2014, we entered into a $25.0 million credit facility with our primary lender, Mutual of Omaha Bank, with an initial borrowing base of $8.0 million, which was increased to $15.5 million in June 2014. In November 2014, the borrowing base was increased to $19.0 million, which was fully drawn prior to the closing of the Foreman Butte Acquisition (as defined below). In March 2016, our credit facility was amended to increase the borrowing base to $30.5 million to partially fund the Foreman Butte Acquisition. An additional $4 million in financing was also provided by the seller. This promissory note was paid off in May 2017. We were required under the amended credit agreement to repay Mutual of Omaha $10 million by June 30, 2016. This was ultimately increased to $11.5 million and extended to October 31, 2016. The pay down was achieved through the sale of our North Stockyard property for $14.95 million on October 28, 2016 and was made on October 31, 2016.

In March 2016, the facility was extended to $30.5 million to partly fund the Foreman Butte Acquisition. In connection with this amendment to the facility agreement, the following covenants, tested on a quarterly basis, were included:

- Current ratio greater than 1
- Debt to EBITDAX (annualized) ratio no greater than 4.00 for the quarter ended September 30, 2017 and thereafter
- Senior leverage ratio of no greater than 3.75 for the quarter ending December 31, 2016 and thereafter
- Interest coverage ratio minimum of between 2.5 and 1.0

Following multiple covenant breaches, on June 14, 2018 we entered into a forbearance agreement with Mutual of Omaha Bank pursuant to which Mutual of Omaha Bank agreed to forbear on exercising its remedies under the credit facility contingent upon the success of our effort to sell the Foreman Butte asset. This agreement, as amended, terminated in accordance with its terms on October 15, 2018. The $23.9 million outstanding under our credit facility was due for repayment October 31, 2018 but we did not repay it by that deadline. Mutual of Omaha Bank may issue a notice of default and seek repayment of the facility or pursue alternative repayment methods, including the sale of the outstanding loan to a third party, at any time.

We incurred $0.6 million in borrowing costs (including legal fees and bank fees) in connection with the establishment of this facility. These costs were written off in total during the year ended June 30, 2018.

11. Derivatives

The Company has not designated any of its derivative contracts as hedges for accounting purposes. The Company records all derivative contracts at fair value. Changes in derivative contracts are recognized in earnings. Changes in settlements and valuation gains and losses are included in loss/(gain) on derivative instruments in the Statement of Operations. These contracts are settled on a monthly basis. Derivative assets and liabilities arising from the Company's derivative contracts with the same counterparty that provide for net settlement are reported on a net basis in the Balance Sheet.

The Company is exposed to commodity price risk, which impacts the predictability of its cash flows from the sale of oil. The Company seeks to manage this risk through the use of commodity derivative contracts These derivative contracts allow the Company to limit its exposure to commodity price volatility on a portion of its forecasted oil sales. At December 31, 2018 the Company's commodity derivative contracts had all expired with no additional derivative contracts put in place through the date of this report.

All of the Company's previous derivative contracts were with the same counterparty (a large multinational oil company) and were shown on a net basis on the Balance Sheet. The Company's counterparty has entered into an inter-creditor agreement with the Company's primary lender, and as such, no additional collateral is required by the counterparty.

During the six months ended December 31, 2018 we recognized $0.4 million in gain on derivative instruments in the Statement of Operations.

12. Subsequent Events

There are no subsequent events or material contingencies other than events as noted in this Quarterly Report on Form 10-Q.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following is management's discussion and analysis of certain significant factors that have affected aspects of our financial position and the results of operations during the periods included in the accompanying Condensed Financial Statements. You should read this in conjunction with the discussion under "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the audited Financial Statements for the year ended June 30, 2018, included in our Annual Report on Form 10-K and the Consolidated Financial Statements included elsewhere herein.

Throughout this report, a barrel of oil or "Bbl" means a stock tank barrel ("STB") and a thousand cubic feet of gas or "Mcf" means a thousand standard cubic feet of gas ("Mscf").

Overview

We are an independent energy company primarily engaged in the acquisition, exploration, exploitation and development of oil and natural gas properties. Our principal business is the exploration and development of oil and natural gas properties in the United States.

In June 2018 we signed a purchase and sale agreement for the sale of the majority of our working interest in the Foreman Butte project in Montana and North Dakota for $40 million. This sale was expected to close on October 15, 2018 however the buyer failed to close. A non-refundable $1 million deposit placed into escrow by the buyer was released to us and as such we have included it in "other income". Following the failure of the buyer to close, we are no longer holding the assets for sale in our balance sheet although efforts to sell the assets continue. We have terminated the purchase and sale agreement with the buyer and have engaged PLS Energy Advisors Group to remarket the asset. To the date of this report, we have not received any viable offers for the purchase of the assets and as such we have continued our discussions with a non-bank lender to consider refinancing our current Mutual of Omaha Bank credit facility. Due diligence has commenced with respect to this refinancing effort. Although we are confident the refinance will close, we can make no assurances that it will, or that we will be able to meet the requirements imposed upon us by such refinancing.

Foreman Butte Project

In March 2016 we closed on an acquisition of certain producing and nonproducing oil and gas assets in North Dakota and Montana (the "Foreman Butte Project") for a purchase price of $16 million (the "Foreman Butte Acquisition"). The acquired assets were comprised of producing oil and gas wells, shut in wells and associated facilities. The wells are located in the Madison and Ratcliffe formations. The majority of these wells are now operated by us; however, a number of non-operated wells were also included in this package.

We continue to concentrate our efforts on the operations of this field. Due to financial constraints we have not made substantial progress on the development of the PUD drilling program in the Home Run Field. Our development efforts are currently constrained by our lack of access to capital to fund any development activities. We have four current drilling permits for Home Run Field, the most promising non-producing area within the Foreman Butte Project. We would anticipate the drilling of one or more PUD wells if we obtain the necessary funding through a refinance of our credit facility or if we retain an interest in the field as part of any future sale of the Foreman Butte Project. There can be no assurance, however, that either possibility will come to fruition.

Fiscal quarter overview

Our net oil production was 63,618 barrels of oil for the quarter ended December 31, 2018, compared to 50,846 barrels of oil for the quarter ended December 31, 2017. Production was higher during the quarter ended December 31, 2018 due to the impact of a number of workovers completed during the current quarter.

Our net gas production was 10,583 Mcf for the quarter ended December 31, 2018 compared to 7,729 Mcf for the quarter ended December 31, 2017. The increase in the oil price has meant that some of the more liquid rich gas has been produced rather than flared. This value is immaterial to us.

Lease operating expenses ("LOE") increased to $3.0 million for the quarter ended December 31, 2018, from $1.2 million for the quarter ended December 31, 2017 due to general operating expense increases in the field following an increase in the oil price and an increase in demand for oil field services.

For the three months ended December 31, 2018 and December 31, 2017 we reported a net loss of $2.3 million from continuing operations and a net loss of $1.5 million from operations, respectively.

Our ability to continue as a going concern is dependent on obtaining the capital necessary to permit additional development of our oil and gas properties or a monetization of some or all of those properties. We are engaged in discussions with a non-bank lender with respect to refinancing our current credit facility. We are also continuing to market our major asset for sale after the buyer failed to close on the sale contemplated by the purchase and sale agreement for the Foreman Butte Project executed in June 2018. Mutual of Omaha Bank currently has the right to issue a notice of default on account of the expiration of the $24 million credit facility, however, to the date of this report, the bank has not exercised that right.

In addition to pursuing a refinancing of our debt, we have re-engaged PLS Energy Advisors Group to remarket the Foreman Butte Project following the failure of the previously contracted buyer to close a $40 million purchase. Based on our current financial position, in both cases, we may now be required to accept terms less favorable than would otherwise be available to us. There also can be no assurance that we will be successful in refinancing our debt or the sale of the Foreman Butte Project, with or without a retained interest. These factors indicate there is substantial doubt about our ability to continue as a going concern.

See "Results of Operations" below.

Notable Activities and Status of Material Properties during the Quarter Ended December 31, 2018 and Current Activities

Producing Properties
Foreman Butte Project, McKenzie County, North Dakota
Mississippian Madison Formation, Williston Basin
Samson 87% Operated Average Working Interest

We averaged a gross 1,043 BOEPD from our operated wells in the Foreman Butte Project this quarter.

During the quarter, we continued our water flood pilot project for the Home Run Field. The waterflood pilot project utilizes an existing wellbore, the Mays 1-20H, which is located on the flank of the field and is non-economic to produce for oil. The water flood is being used to add pressure to the reservoir which is expected to enhance the recovery of oil. The well performance in the offsetting wells will be monitored to establish the viability of the flood. The water being used is produced formation water so that there is no chemical compatibility issue. In essence the water is being returned to the reservoir from which it originated. This water is trucked to the injector from the existing producing wells. The water flood allowed us to resume production at certain wells that have been shut-in for the past 3 years. These shut-in wells were previously uneconomic to produce due to high water disposal costs. We cannot make assurances regarding the success of the water flood operation.

The Home Run Field (also known as the Foreman Butte Field) is the largest areal oil field in the Foreman Butte Project. It was developed on a 640-acre spacing pattern and our engineering and geologic analyses have determined that only 3.2% of the original oil in place has been recovered to date. Given that oil fields can recover up to 20% of their oil in place, there would appear to be significant un-developed oil to be recovered from this field.

Undeveloped Properties: Exploration Activities

Hawk Springs Project, Goshen County, Wyoming
Permo-Penn Project, Northern D-J Basin
Samson 37.5% working interest

All wells within this project have been plugged and abandoned with the final work expected to be completed during the quarter.

Cane Creek Project, Grand & San Juan Counties, Utah
Pennsylvanian Paradox Formation, Paradox Basin
Samson 100% Working Interest

Our option to lease 8,080 net acres with Utah SITLA (Utah School and Institutional Trust Lands Administration) at a cost of $75 per acre expired on November 30, 2017, unexercised. $0.3 million in undeveloped capitalized costs was written off in the three months ended December 31, 2017.

Developed Properties: Drilling Activities

Rainbow Project, Williams County, North Dakota
Mississippian Bakken Formation, Williston Basin
Samson 23% and 52% working interest

Kraken Operating, LLC, the operator of the Gladys 1-20H well, has been producing this well at an average rate of 146 BOPD and 172 MCFPD during the quarter.

Results of Operations

For the three months ended December 31, 2018 we reported a net loss of $2.6 million compared to a net loss of $1.4 million for the same period in 2017.

For the six months ended December 31, 2018 we reported a net loss of $1.4 million compared to a net loss of $3.2 million for the same period in 2017.

The following tables set forth selected operating data for the three months ended:

	Three months ended	
	31-Dec-18	**31-Dec-17**
Production Volume		
Oil (Bbls)	63,618	50,846
Natural gas (Mcf)	10,583	7,729
BOE (Barrels of oil equivalent - based on one barrel of oil to six Mcf of natural gas)	65,382	52,134
Sales Price		
Realized Oil ($/Bbls)	$ 45.89	$ 51.57
Impact of settled derivative instruments	$ (3.61)	$ (6.64)
Derivative adjusted price	$ 42.28	$ 44.93
Expense per BOE:		
Lease operating expenses	$ 45.98	$ 18.91
Production and property taxes	$ 4.60	$ 5.07
Depletion, depreciation and amortization	$ 15.81	$ 8.07
General and administrative expense	$ 14.40	$ 16.12

	Six months ended	
	31-Dec-18	31-Dec-17
Production Volume		
Oil (Bbls)	118,397	104,644
Natural gas (Mcf)	22,424	12,190
BOE	122,134	106,676
Sales Price		
Realized Oil ($/Bbls)	$ 54.52	$ 49.75
Impact of settled derivative instruments	$ (6.55)	$ (4.45)
	$ 47.97	$ 45.30
Expense per BOE:		
Lease operating expenses	$ 40.45	$ 22.94
Production and property taxes	$ 4.42	$ 4.25
Depletion, depreciation and amortization	$ 8.70	$ 8.42
General and administrative expense	$ 14.56	$ 20.61

The following table sets forth results of operations for the following periods:

	Three months ended		
	31-Dec-18	31-Dec-17	2Q19 to 2Q18 change
Oil sales	$ 2,919,607	$ 2,621,994	$ 297,613
Gas sales	105,464	36,033	69,431
Other liquids	4,964	1,601	3,363
Interest income	32	54	(22)
Gain on derivative instruments	462,324	-	462,324
Lease operating expense	(3,307,215)	(1,249,052)	2,058,163
Depletion, depreciation and amortization	(1,033,928)	(420,107)	613,821
Abandonment	-	(25,820)	(25,820)
Exploration and evaluation expenditure	(10,532)	(279,340)	(268,808)
Accretion of asset retirement obligations	(268,835)	(79,715)	189,120
Interest expense	(481,728)	(331,184)	150,544
Loss on derivative instruments	-	(901,471)	(901,471)
Amortization of borrowing costs	-	(28,949)	(28,949)
General and administrative	(941,567)	(839,282)	102,285
Net income/(loss)	$ (2,551,414)	$ (1,495,238)	$ 1,056,176

	Six months ended		
	31-Dec-18	31-Dec-17	2Q18 to 2Q17
Oil sales	$ 6,454,848	$ 5,206,515	1,248,333
Gas sales	142,741	85,290	57,451
Other liquids	8,833	3,180	5,653
Interest income	450	113	337
Gain on derivative instruments	435,345	-	435,345
Other	1,000,000	178,657	821,343
Lease operating expense	(5,480,332)	(2,901,004)	(2,579,328)
Depletion, depreciation and amortization	(1,061,971)	(898,165)	(163,806)
Abandonment Expense	-	(66,676)	66,676
Exploration and evaluation expenditure	(39,310)	(282,513)	243,203
Accretion of asset retirement obligations	(277,356)	(159,886)	(117,470)
Interest expense	(756,138)	(578,874)	(177,264)
Loss on derivative instruments	-	(1,568,866)	1,568,866
Amortization of borrowing costs	-	(57,899)	57,899
General and administrative	(1,777,870)	(2,198,570)	420,700
Net loss	$ (1,350,760)	$ (3,238,698)	1,887,938

Comparison of three months and six months ended December 31, 2018 to three months and six months ended December 31, 2017

Oil and gas revenues

Oil revenues increased from $2.6 million for the three months ended December 31, 2017 to $0.3 million for the three months ended December 31, 2018, as a result of the increase in oil production. Oil production increased from 50,846 barrels for the three months ended December 31, 2017 to 63,618 barrels for the three months ended December 31, 2018.

The realized oil price decreased from $51.57 per Bbl for the three months ended December 31, 2017 to $45.89 per Bbl (excluding the impact of derivatives) for the three months ended December 31, 2018 following a recent decline in the global oil price. Also contributing to the decrease in the realized oil price during the quarter ended December 31, 2018 was the increase in the differential (the difference between WTI and local pricing) increased from the usual $5.00 to $7.00 per barrel to $21 per barrel in December 2018 as a result of additional Canadian crude being available. The differential in January and February has returned to more normal levels as a result of several factors including mandatory production curtailment by the State of Alberta and additional demand for oil barrels at the Gulf Coast.

Gas revenues increased from $0.04 million for the three months ended December 31, 2017 to $0.1 million for the three months ended December 31, 2018 as a result of increased production.

Oil revenues increased from $5.2 million for the six months ended December 31, 2017 to $6.4 million for the six months ended December 31, 2018. The increase in revenue is a result of the increase in production from 104,644 for the six months ended December 31, 2017 to 118,397 for the six months ended December 31, 2018.

Gas revenues remained consistent at $0.1 million for the six months ended December 31, 2018 and 2017.

Sale of Assets

No sales of assets were recorded in the three months ended December 31, 2018 or 2017.

For the six months ended December 31, 2018 we recognized $1.0 million in profit on the partial proposed sale of the Foreman Butte project. At the signing of the purchase and sale agreement in June 2018 a deposit of $1 million was placed into escrow by the purchaser. Following the failure of the buyer to close on the transaction in September 2018, the escrow was released to the Company.

For the six months ended December 31, 2017 we recognized $0.2 million in profit on the sale of our working interest in a number of non operated wells in Wyoming. The wells were sold for the value of the current accounts payable owed to the operator and the plugging liability. No such sales were recognized in the current quarter and six month period.

Exploration expense

Excluding deferred exploration costs written off, exploration expenditures for the quarter and six months ended December 31, 2018 and December 31, 2017 were less than $30,000 for either quarter.

In the quarter ended December 31, 2017, $0.3 million in previously deferred expenditure were written off to the income statement following the expiration of the option for us to lease acreage in the Cane Creek area in Utah.

Lease operating expense

Lease operating expenses ("LOE") increased from $1.2 million for the quarter ended December 31, 2017, to $3.3 million for the quarter ended December 31, 2018 due to increased prices following an increase in the demand for oil field services in conjunction with the increase in the oil price. The wells in the Foreman Butte project area, and in the Home Run Field are also older wells than those we have previously owned and require additional fresh water and hot oil cleanouts which may increase operating costs of the wells. We are continuing to review our lease operating expenses and will shut wells in that are not economic to produce in the current oil pricing environment. We also performed a number of workovers at a cost of $0.8 million (included in LOE) during the quarter to increase and maintain production during the quarter. Workovers will likely need to completed from time to time. It is expected that these workovers will be completed, if possible, using our rig.

Lease operating expense increased from $2.9 million for the six months ended December 31, 2017 to $5.5 million for six months ended December 31, 2018. This increase was due to an increase in production and an increase in oil field costs. Also included in lease operating expense is $1.5 million in workover costs. As the field is an older field, workovers are required from time to time. It is expected that workovers will be completed using the rig we own.

Depletion, depreciation and amortization expense

Depletion, depreciation and amortization increased from $0.4 million for the quarter ended December 31, 2017 to $1.0 million for the quarter ended December 31, 2018. Following the change in status from assets held for sale to remaining in continuing operations, depletion, depreciation and amortization expense has been calculated since the assets were initially held for sale. Depletion, depreciation and amortization booked in the current quarter covers the period from April 2018 to December 2018.

Depletion, depreciation and amortization expense increased from $0.9 million for the six months ended December 31, 2017 to $1.1 million for the six months ended December 31, 2018 following an increase in production.

General and administrative expense

General and administrative expense increased slightly from $0.8 million for the quarter ended December 31, 2017 to $0.9 million for the quarter ended December 31, 2018. We have been actively trying to reduce our general and administrative costs in recent periods. Effective October 1, 2017, all staff and directors took 25% pay cuts in order to reduce salary costs. The cost of a number of consultants have also been reduced.

General and administrative expense decreased from $2.2 million for the six months ended December 31, 2017 to $1.7 million for the six months ended December 31, 2018.

Cash Flows

The table below shows cash flows for the following periods:

	Six months ended	
	31-Dec-18	**31-Dec-17**
Cash provided by/(used in) operating activities	$ (36,712)	$ (66,034)
Cash (used in)/provided by investing activities	403,765	(170,161)
Cash provided by/(used in) financing activities	-	450,000

Cash used in operations increased from a net outflow of $0.1 million for the six months ended December 31, 2017, to a net outflow of $0.04 million for the six months ended December 31, 2018. Cash receipts from customers increased from $6.1 million for the six months ended December 31, 2017 to $8.7 million for the six months ended December 31, 2018 following an increase in production.

Payments to suppliers and employees increased from $5.1 million for the six months ended December 31, 2017 to $7.2 million for the six months ended December 31, 2018. Payments for derivative instruments increased from $0.5 million for the six months ended December 31, 2017 to $0.8 million for the six months ended December 31, 2018.

Cash used in investing activities increased from an outflow of $0.2 million for the six months ended December 31, 2017 to an inflow of $0.4 million for the six months ended December 31, 2018 following the receipt of previously escrowed funds relating to the sale of assets that failed to closed.

All options outstanding as at December 31, 2018 are currently out of the money.

Liquidity, Capital Resources and Capital Expenditures

Our primary use of capital has been acquiring, developing and exploring oil and natural gas properties. While we are planning for this to be our primary use of capital during fiscal year 2018-2019, we cannot conduct any further acquisition, development or exploration activities until we secure additional funding. There can be no guarantee we will be able to secure this funding.

In January 2014, we entered into a $25.0 million credit facility with our primary lender, Mutual of Omaha Bank, with an initial borrowing base of $8.0 million, which was increased to $15.5 million in June 2014. In November 2014, the borrowing base was increased to $19.0 million, which was fully drawn prior to the closing of the Foreman Butte Acquisition. In March 2016, our credit facility was amended to increase the borrowing base to $30.5 million to partially fund the Foreman Butte Acquisition. An additional $4 million in financing was also provided by the seller. This promissory note was paid off in May 2017. We were required under the amended credit agreement to repay Mutual of Omaha $10 million by June 30, 2016. This was ultimately increased to $11.5 million and extended to October 31, 2016. The pay down was achieved through the sale of our North Stockyard property for $14.95 million on October 28, 2016 and was made on October 31, 2016.

In March 2016, the facility was extended to $30.5 million to partly fund the Foreman Butte Acquisition. As a result of this amendment to the facility agreement, the following changes were made to the original facility agreement:

- The addition of more restrictive financial covenants (including the debt to EBITDA ratio and the minimum liquidity requirement);
- Increases in the interest rate and unused facility fee;
- The addition of a minimum hedging requirement of 75% of forecasted production;
- A requirement to reduce our general and administrative costs from $6 million per year to $3 million per year;
- A requirement to raise $5 million in equity on or before September 30, 2016, which deadline was extended and the condition was subsequently satisfied;
- A requirement to pay down at least $10 million of the loan by June 30, 2016, which total was increased to $11.5 million and extended to October 31, 2016, and the condition was satisfied on October 31, 2016; and
- The addition of a monthly cash flow sweep whereby 50% of cash operating income will be used to repay outstanding borrowings under the Credit Agreement. To date, $0.1 million in repayments have been made under this covenant.

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

- Current ratio greater than 1
- Debt to EBITDAX (annualized) ratio no greater than 4.00 for the quarter ended September 30, 2017 and thereafter
- Senior leverage ratio of no greater than 3.75 for the quarter ending December 31, 2016 and thereafter
- Interest coverage ratio minimum of between 2.5 and 1.0

In May 2017, Mutual of Omaha Bank agreed to repay our outstanding promissory note to the seller of the Foreman Butte Acquisition through a term note in addition to our current facility. This closed on May 5, 2017. Samson paid $0.45 million in interest from existing cash reserves, while Mutual of Omaha Bank paid $4.0 million in principal.

As a result of this amendment to the credit facility the interest changed from being based on LIBOR to the Wall Street Journal published Prime Rate (“Prime”). The interest rate on the term loan became Prime plus 2.5% or approximately 7.75% and the credit facility became Prime plus 1.0% or 6.25%.

In June 2017, Samson and Mutual of Omaha Bank agreed to extend both the $4 million term loan and our $19.45 million reserve base facility until October 2018.

On February 9, 2018 we entered into an agreement (the “Agreement”) with Mutual of Omaha Bank. Under the Agreement we were required to provide Mutual of Omaha Bank, on or before March 31, 2018, with either (a) an executed purchase and sale agreement evidencing the sale of Samson and its subsidiaries or its respective businesses and assets, or (b) a fully-executed letter of intent or other form of commitment letter from a credible lender or other financing source reflecting a proposed refinance or payment of Samson’s outstanding obligations. Following our breach of the Agreement and multiple breaches of the covenants in the amended credit facility, on June 14, 2018 we entered into a forbearance agreement with Mutual of Omaha Bank pursuant to which the Bank agreed to forbear on exercising its remedies under the credit facility contingent upon the success of our effort to sell the Foreman Butte Project. This agreement, as amended, terminated in accordance with its terms on October 15, 2018. The $23.9 million outstanding under our credit facility was due for repayment October 31, 2018 but we did not repay it by that deadline. As a result, Mutual of Omaha Bank may issue a notice of default and seek repayment of the facility or pursue alternative repayment methods, including the sale of the outstanding loan to a third party, at any time.

It was our intention to repay the outstanding credit facility with the proceeds from the contracted sale after closing on October 15, 2018, however this sale failed to close. Mutual of Omaha Bank has the right to issue us with a notice of default in relation to the facility, however they have yet to do so.

The current balance due under the facility is $23.9 million and was due for repayment October 31, 2018.

On account of our breaches of the Agreement and the loan facility covenants, our credit facility has been recorded as a current liability and was due for repayment October 2018.

The uncertainties surrounding our capital resources and requirements are further exacerbated by the variable results of our exploration and drilling program and changes in oil and natural gas prices, either of which could lead us to accelerate or decelerate exploration and drilling activities, as funding permits. The aggregate levels of capital expenditures for our fiscal year ending June 30, 2018, and the allocation of those expenditures, are dependent on a variety of factors, including the availability of capital resources to fund those expenditures and changes in our business assessments as to where our capital can be most profitably employed. Accordingly, the actual levels of capital resources and expenditures and the allocation of those expenditures may vary materially from our estimates.

We are continually monitoring the capital resources available to us to meet our future financial obligations, planned capital expenditure activities and liquidity. Our future success in growing our proved reserves and production will be highly dependent on capital resources available to us and our success in finding or acquiring such additional productive reserves.

Our main source of liquidity during the three months ended December 31, 2018 was cash on hand and the release of escrow funds from the terminated sale of assets.

During the prior four fiscal years, our three main sources of liquidity were (i) borrowings under our credit facility, (ii) equity issued to raise $21.4 million and (iii) our tax refund of $5.6 million from the Internal Revenue Service, received in February 2013. During the years prior to the fiscal year ended June 30, 2012, our primary sources of liquidity were the sale of acreage and other oil and gas assets.

Our cash position as of December 31, 2018 increased slightly from June 30, 2018 largely due an increase in our accounts payable balance and the release of escrow funds from the termination of the purchase agreement for our Foreman Butte assets.

If future production rates are less than anticipated, and/or the oil price deteriorates for an extended period, the value of our position in affected areas will decline, our results of operations, financial condition and liquidity will be adversely impacted and we could incur material write-downs of oil and gas properties. Our ability to continue operations could also be adversely affected. See the risk factors in our Annual Report on Form 10-K for the fiscal year ended June 30, 2018. See also Part II, Item 1A of this report below.

Off-Balance Sheet Arrangements

Since our inception, we have not engaged in any off-balance sheet arrangements, including the use of structured finance, special purpose entities or variable interest entities.

Looking Ahead

We plan to focus on the following objectives in the coming 12 months:

- Achieving the sale of our business or assets, or a refinancing of our debt;
- Continued focus on cost savings and efficiency across all aspects of the Company, including lease operating costs and general and administrative costs; and
- Strengthening the balance sheet through diligent capital management.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Not applicable.

Item 4. Controls and Procedures.

Control weakness – Accounts Payable processing

The Company took over operatorship of the Foreman Butte field in May and June of 2016. This change necessitated a review of our accounts payable procedures. During this review we noted that the design of one of processes was not sufficient to adequately capture all invoices in a timely fashion. The impact of this was stated in Note 2 to our Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on May 15, 2017. At that time, we concluded that this control was not operating effectively for the quarter ended March 31, 2017. We have since revised and redesigned our accounts payable procedures and controls, with particular emphasis on ensuring the accuracy and completeness of our Annual Report on Form 10-K and this Quarterly Report on Form 10-Q. We have implemented these new controls however they have not been in place long enough to fully assess their control design and effectiveness.

As of December 31, 2018, we have carried out an evaluation under the supervision of, and with the participation of, our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Rule 13a-15 under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

Our Chief Executive Officer and Chief Financial Officer have concluded that, as of December 31, 2018, because of the deficiency noted above, our disclosure controls and procedures were not effective to ensure that the information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and that information required to be disclosed by us in such reports is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

Other than disclosed above, there were no changes in our internal control over financial reporting that occurred during the three months ended December 31, 2018, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. We may make changes in our internal control procedures from time to time in the future.

Part II — Other Information

Item 1. Legal Proceedings.

In the ordinary course of our business we are named from time to time as a defendant in various legal proceedings. We maintain liability insurance and believe that our coverage is reasonable in view of the legal risks to which our business ordinarily is subject. There are no material pending legal proceedings to which the Company is a party or of which our property is the subject.

Item 1A. Risk Factors.

We did not repay our debt by its maturity date of October 31, 2018, we are in breach of multiple covenants under our credit agreement, and our lender is no longer under any agreement to forebear from the exercise of its rights under the credit facility.

The maturity date for the $23.9 million we have borrowed under our credit facility was October 31, 2018. We did not repay the facility by that date. Additionally, we remain in breach of multiple covenants under our credit agreement with Mutual of Omaha Bank. Our prior agreements with Mutual of Omaha Bank to forebear from exercising its rights under the credit facility have terminated. There is no assurance that the bank will not declare a default and seek immediate repayment of the entire debt borrowed under the facility because of these breaches.

We may be forced to accept refinancing terms that are unfavorable or contain conditions that will be difficult to satisfy.

Following the buyer's failure to close on the acquisition of our Foreman Butte assets in October 2018, and unless we find a new buyer for those assets, we have limited options remaining to satisfy the conditions of our credit facility except to attempt to refinance our existing debt. To the extent we are successful in our efforts to refinance our debt, we may be forced to accept terms that are less favorable to us. Additionally, given our financial position, we may be forced to accept conditions that will be difficult to satisfy, which would increase the risk of a subsequent default and foreclosure on our assets. We can provide no assurances we will be successful in our refinancing efforts or that, if we are successful, we will be able to avoid defaulting on the financial conditions imposed by the refinancing agreement.

In addition to other information set forth in this Quarterly Report on Form 10-Q, you should carefully consider the factors discussed in Part I, Item 1A. "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended June 30, 2018. The risks disclosed herein and in our Annual Report on Form 10-K could materially affect our business, financial condition or future results. The risks described herein and in our Annual Report on Form 10-K are not the only risks facing us. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially adversely affect our business, financial condition or operating results in the future.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None

Item 3. Defaults Upon Senior Securities.

The description of our non-compliance with the terms and covenants of our credit facility included in "Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity, Capital Resources and Capital Expenditures" is incorporated herein by reference.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None

Item 6. Exhibits.

Exhibit No.	Title of Exhibit
31.1	Certification of the Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of the Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certifications of the Principal Executive Officer and Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*
101.1NS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definitions Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
	*Furnished herewith

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

	SAMSON OIL & GAS LIMITED
Date: February 14, 2019	By: /s/ Terry Barr Terence M. Barr Managing Director, President and Chief Executive Officer (Principal Executive Officer)
Date: February 14, 2019	By: /s/ Robyn Lamont Robyn Lamont Chief Financial Officer (Principal Financial Officer)

EXHIBIT 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Terence M. Barr, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Samson Oil & Gas Limited;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the company's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

/s/ Terry Barr
Terence M. Barr
Managing Director, President and Chief Executive Officer
February 14, 2019

EXHIBIT 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Robyn Lamont, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Samson Oil & Gas Limited;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the company's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

/s/ Robyn Lamont
Robyn Lamont
Chief Financial Officer
February 14, 2019

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), the undersigned officers of Samson Oil & Gas Limited (the "Company"), do hereby certify, to such officer's knowledge, that:

(1) The Quarterly Report on Form 10-Q for the quarter ended December 31, 2018 (the "Report") fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Terry Barr
Terence M. Barr
President, Chief Executive Officer and Managing Director
February 14, 2019

/s/ Robyn Lamont
Robyn Lamont
Chief Financial Officer
February 14, 2019