SAMSON OIL & GAS LIMITED (SSN-AMEX, ASX, $2.35)

Recommendation: Overweight; Target: $6.00

Samson Oil & Gas Limited			
SSN (AMEX, ASX)			**$2.35**
Rating			**Overweight**
Risk			**Above Average**
Target Price			**$6.00**
Projected Total Return			**155.3%**
Market Data			
52-Week Trading Range			$1.09-$4.75
ADSs Outstanding, Diluted (mm)			99.8
Market Capitalization (mm)			$234.5
Net debt FY11/Q4 (mm)			$0.0
Enterprise value (mm)			$234.5
Forecasts			
FYE: June	**2010A**	**2011**	**2012E**
Production (Boe)	142	135	309
% Liquids	22%	48%	90%
EBITDAX (mm)	($1.2)	$69.3	$10.7
Capex (mm)	$5.9	$10.1	$25.0
Net Debt (mm)	$5.4	($58.5)	($44.2)
Per Share ($)			
EPS (fd)	($0.01)	$0.03	$0.00
DCFPS (fd)	($0.02)	($0.11)	$0.11
Current Valuation			
EV/EBITDAX	N/A	3.4	21.9
P/DCFPS	N/A	N/A	21.4
WTI US$/bbl	$75.30	$89.42	$85.00
Henry Hub US$/mcf	$4.09	$4.15	$5.00
Target Valuation			
NAV			

Philip Juskowicz, CFA
Managing Director, Supervisory Analyst
(212) 798-1309
pjuskowicz@casimircapital.com

All figures in US$ unless noted otherwise

Initial Niobrara Well Looking Good; Increasing Price Target

Potentially Good Oil Shows and "Fraccability"

Samson Oil & Gas Limited's (SSN) first horizontal well in the **Niobrara oil shale** play, experienced high resistivity and brittleness.

This increases our confidence in the successful development of the Niobrara, where Samson now holds 17.5K net acres.

Additionally, leading E&P companies announced with 2Q results that they were increasing activity in the play as we've noted elsewhere.

Finally, the company has the confidence of **Halliburton**, which has farmed-in to this well. Halliburton is one of the most experienced fraccing companies in the world.

Halliburton anticipates fraccing the well at the end of October.

Rig now mobilizing to drill well with two conventional targets supported by 3D.

Other Catalysts

The recent filing of its first 10K, and addition of the shares to the S&P/ASX 300 may expose Samson to a much broader investor base.

Valuation/Conclusion

We are increasing our NAV-based price target to $6.00 from $5.00, primarily based on recently acquired acreage positions.

We see our NAV as conservative for various reasons mentioned herein.

Initial Niobrara Well Looking Good; Increasing Price Target

Potentially Good Oil Shows and "Fraccability"

Defender US, Samson's first horizontal well into the **Niobrara oil shale** (southeastern Wyoming) reached TD of 11K feet, and experienced high resistivity (>100 ohms) throughout the majority of the hole. (High resistivity may indicate significant oil saturation).

The company also stated that open hole logs and core samples showed that the rocks were very brittle, thus increasing the likelihood of a successful frac job. Halliburton anticipates fraccing the well at the end of October.

Separately, we remind investors that **Halliburton** is carrying all well costs in order to earn a 25% interest in the well, indicating the bullishness by one of the most experienced fraccing companies in the world on SSN's Niobrara position. Moreover, Halliburton will be performing the frac job. Samson has a 37.5% working interest (WI) in the Defender well.

The rig is now being mobilized to drill the second portion of **Spirit of America** (100% WI), an 11K-foot vertical well testing multiple conventional targets supported by 3D. These targets consist of a Permian stratigraphic trap and a Pennsylvanian structural trap.

Increased Confidence in our NAV Estimates

We are increasing our price target to $6.00 from $5.00. Our target is still derived from the average of two separate spacing assumptions for the Niobrara (Exhibit 1).

The increase primarily reflects recently acquired acreage positions in both the Niobrara (Goshen County, Wyoming) and **Bakken** (Roosevelt County, Montana) plays, as well as a closer look at our Bakken NAV estimates (though the Bakken only accounts for 10%-20% of our companywide NAV estimate).

Notably, we continue to assert that our price target is conservative; in addition to the reasons mentioned in our June 6th initiation report (including EUR and IP assumptions, and the exclusion of deeper Bakken formations):

1. the above-mentioned positive results from SSN's initial Niobrara well and positive Niobrara announcements by industry with 2Q results increases the likelihood of the more aggressive development scenario ("Case I" below); and
2. our Bakken valuation includes just $5mm for the newly acquired Roosevelt acreage, or $250/acre despite the potential prospectivity of that area (see our July 5th and Aug. 11th notes).

Exhibit 1: Samson Oil & Gas- Est. NAV

	CASE I				CASE II				AVERAGE (PRICE TARGET)
	Bakken		**Niobrara**		**Bakken**		**Niobrara**		
NAV Per Well	$9,690,000		$6,340,000		$9,690,000		$6,340,000		
Well Spacing	**640s and 320s**		**160**		**640s and 320s**		**320**		
Total Well Count	9		109		9		55		
Total NAV(1)	$87,210,000		$693,001,625		$87,210,000		$346,500,813		
NAV/ADS	**$0.87**	+	**$6.94**	= **$7.82**	**$0.87**	+	**$3.47**	= **$4.35**	**~$6.00**

(1) Bakken Total NAV includes $5mm est. purchase price of Roosevelt acreage

Source: Casimir Capital L.P. and company reports

Other Catalysts

Two recent catalysts that may expose the company to a much broader shareholder base and increase the stock price:

1. the recently filed 10K marks Samson's initial status as a full-fledged U.S. filer; and
2. the shares were recently added to the S&P/ASX 300, a highly liquid index that covers large, mid and small-cap companies.

Our financial forecasts, which are shown in Appendix I and incorporate information from the recently filed 10K, are essentially unchanged. The company's *current* NAV (Appendix II) is also virtually unchanged from our initiation report.

APPENDIX I

	FY11	FY12					FY13				
	30-Jun-11	1Q	2Q	3Q	4Q	FY12	1Q	2Q	3Q	4Q	FY13
Production											
Oil (Bbls)	64,405	49,864	49,864	75,780	103,922	279,430	132,664	139,297	143,082	151,906	566,950
Gas (mcf)	423,077	48,208	45,798	42,562	40,883	177,451	39,266	37,302	34,667	33,300	144,535
Total (Boe)	134,918	57,899	57,497	82,874	110,736	309,005	139,208	145,514	148,860	157,456	591,039
Oil (Bbls/d)	176	542	542	842	1,142	767	1,442	1,514	1,590	1,669	1,554
Gas (mcf/d)	1,159	524	498	473	449	486	427	405	385	366	396
Total (Boe/d)	370	629	625	921	1,217	848	1,513	1,582	1,654	1,730	1,620
Realized Price											
Oil ($/bbl)	90.90	76.50	76.50	76.50	76.50	76.50	76.50	76.50	76.50	76.50	76.50
Gas ($/mcf)	4.41	4.28	5.23	4.75	4.75	4.75	4.75	4.75	4.75	4.75	4.75
Lease operating expense ($/boe)	12.44	14.00	14.00	14.00	14.00	14.00	13.00	13.00	13.00	13.00	13.00
DD&A ($/boe)	13.58	12.00	12.00	12.00	12.00	12.00	11.00	11.00	11.00	11.00	11.00
(US$)											
Income Statement (US$)											
Oil sales	5,038,446	3,814,596	3,814,596	5,797,170	7,950,033	21,376,395	10,148,796	10,656,236	10,945,807	11,620,799	43,371,638
Gas sales	930,330	206,089	239,292	202,169	194,195	841,745	186,512	177,187	164,668	158,173	686,539
Interest income	368,251	68,750	68,750	68,750	68,750	275,000	68,750	68,750	68,750	68,750	275,000
Gain on sale of exploration acreage	73,199,687	0	0	0	0	0	0	0	0	0	0
Other	2,245	0	0	0	0	0	0	0	0	0	0
Total revenues	79,538,959	4,089,435	4,122,638	6,068,089	8,212,978	22,493,140	10,404,058	10,902,172	11,179,225	11,847,722	44,333,177
Lease operating expense	1,678,510	810,581	804,957	1,160,231	1,550,302	4,326,071	1,809,708	1,891,686	1,935,184	2,046,925	7,683,502
DD&A	1,832,558	694,784	689,963	994,484	1,328,830	3,708,061	1,531,291	1,600,657	1,637,463	1,732,014	6,501,425
Exploration expense	404,031	1,250,000	1,250,000	1,250,000	1,250,000	5,000,000	1,250,000	1,250,000	1,250,000	1,250,000	5,000,000
SG&A	8,561,734	1,875,000	1,875,000	1,875,000	1,875,000	7,500,000	2,000,000	2,000,000	2,000,000	2,000,000	8,000,000
Impairment expense	0	0	0	0	0	0	0	0	0	0	0
Accretion of asset retirement obligatio	23,909	0	0	0	0	0	0	0	0	0	0
Interest expense	906,838	0	0	0	0	0	0	0	0	0	0
Subtotal	13,407,580	4,630,365	4,619,920	5,279,715	6,004,132	20,534,132	6,590,999	6,742,343	6,822,647	7,028,939	27,184,927
Pretax income	66,131,379	(540,930)	(497,282)	788,374	2,208,846	1,959,008	3,813,059	4,159,830	4,356,579	4,818,783	17,148,251
EBITDAX	**69,298,715**	**1,403,854**	**1,442,681**	**3,032,858**	**4,787,676**	**10,667,069**	**6,594,350**	**7,010,487**	**7,244,042**	**7,800,796**	**28,649,675**
Taxes (benefit)	14,695,544	0	0	0	0	0	0	0	0	0	0
Net income	51,435,835	(540,930)	(497,282)	788,374	2,208,846	1,959,008	3,813,059	4,159,830	4,356,579	4,818,783	17,148,251
EPS	0.03	(0.00)	(0.00)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01
DCF per ADS	**(0.11)**	**0.01**	**0.01**	**0.03**	**0.05**	**0.11**	**0.07**	**0.07**	**0.07**	**0.08**	**0.29**
Shares outstanding- diluted	1,968,053,691	1,996,000,000	1,996,000,000	1,996,000,000	1,996,000,000	1,996,000,000	1,996,000,000	1,996,000,000	1,996,000,000	1,996,000,000	1,996,000,000
ADSs	98,402,685	99,800,000	99,800,000	99,800,000	99,800,000	99,800,000	99,800,000	99,800,000	99,800,000	99,800,000	99,800,000
Cash Flow Statement ($US)											
Receipts from customers and related	6,281,825	4,020,685	4,053,888	5,999,339	8,144,228	22,218,140	10,335,308	10,833,422	11,110,475	11,778,972	44,058,177
Cash received from hedges	152,171	20,115	20,115	0	0	40,231	0	0	0	0	0
Payments to suppliers and employees	(7,073,109)	(2,685,581)	(2,679,957)	(3,035,231)	(3,425,302)	(11,826,071)	(3,809,708)	(3,891,686)	(3,935,184)	(4,046,925)	(15,683,502)
Income taxes	(9,360,000)	0	0	0	0	0	0	0	0	0	0
Interest income	368,251	68,750	68,750	68,750	68,750	275,000	68,750	68,750	68,750	68,750	275,000
Interest costs	(878,528)	0	0	0	0	0	0	0	0	0	0
CFO	**(10,509,390)**	**1,423,969**	**1,462,797**	**3,032,858**	**4,787,676**	**10,707,299**	**6,594,350**	**7,010,487**	**7,244,042**	**7,800,796**	**28,649,675**
Sale of listed shares	49,040	0	0	0	0	0	0	0	0	0	0
Sale of exploration acreage	73,199,687										
Sale of other O&G assets	6,262,374										
Capex- PP&E	(1,528,606)	(6,250,000)	(6,250,000)	(6,250,000)	(6,250,000)	(25,000,000)	(8,750,000)	(8,750,000)	(8,750,000)	(8,750,000)	(35,000,000)
Capex- exploration and evaluation	(3,751,769)										
Capex- O&G properties	(4,792,620)	0	0	0	0	0	0	0	0	0	0
CFI	**69,438,106**	**(6,250,000)**	**(6,250,000)**	**(6,250,000)**	**(6,250,000)**	**(25,000,000)**	**(8,750,000)**	**(8,750,000)**	**(8,750,000)**	**(8,750,000)**	**(35,000,000)**
Share issuance	3,969,374	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in bank debt	(11,386,247)	0	0	0	0	0	0	0	0	0	0
Payments for costs assoc. w/ capital r	(244,282)	0	0	0	0	0	0	0	0	0	0
CFF	**(7,661,155)**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Net change in cash	51,267,561	(4,826,031)	(4,787,203)	(3,217,142)	(1,462,324)	(14,292,701)	(2,155,650)	(1,739,513)	(1,505,958)	(949,204)	(6,350,325)
Effects of FX changes	1,295,181	0	0	0	0	0	0	0	0	0	0
Cash	**58,448,477**	**53,622,446**	**48,835,243**	**45,618,101**	**44,155,776**	**44,155,776**	**42,000,127**	**40,260,614**	**38,754,656**	**37,805,452**	**37,805,452**
Bank Debt	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Equity	**77,926,665**	**77,385,735**	**76,888,453**	**77,676,827**	**79,885,673**	**79,885,673**	**83,698,732**	**87,858,562**	**92,215,141**	**97,033,923**	**97,033,923**

APPENDIX II

Current NAV	
NPV10	$14,723,000
Acreage	56,850,000
Cash	58,448,477
Total NPV	130,021,477
NPV/ADS	**$1.30**

NPV10 and cash as of June 30, 2011

Acreage includes est. purchase price of Roosevelt acreage of $5mm

Source: Casimir Capital and company reports

ANALYST CERTIFICATION

All of the views expressed in this report accurately reflect the personal views of the responsible individual(s) about any and all of the subject securities or issuers. No part of the compensation of the responsible individual (s) named herein is, or will be, directly or indirectly, related to the specific recommendations or views expressed by the responsible individual(s) in this report.

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Our rating system attempts to incorporate industry, company and/or overall market risk and volatility. Consequently, at any given point in time, our investment rating on a stock and its implied price movement may not correspond to the stated 12-month price target. Casimir Capital L.P. employs a rating system based on the following:

- **Overweight**: A security, which at the time the rating is instituted and or reiterated, indicates an expectation of outperformance relative to the market by at least 10% over the next 12 months.
- **Equalweight**: A security, which at the time the rating is instituted and or reiterated, indicates an expectation of a total return relative to the market of between negative 10% and 10% over the next 12 months.
- **Underweight**: A security, which at the time the rating is instituted and or reiterated, indicates that we expect it to underperform the market by at least 10% over the next 12 months.
- **Not Rated**: A security which at the time the rating is instituted and or reiterated, indicates that we have no opinion or expectations as to the price of the security over the next 12 months.
- **Not Covered**: Casimir Capital L.P. does not have an opinion about this security.

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We utilize a three tier risk rating system: High, Average and Low. The system attempts to evaluate risk relative to a company's industrial sector. In addition to sector-specific criteria, quantitative and qualitative criteria are also utilized in choosing a rating. The criteria include predictability of financial results, share price volatility, credit ratings, share liquidity and balance sheet quality. Casimir Capital L.P. employs a risk rating system based on the following:

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- **Average:** A security, which at the time the rating is instituted and or reiterated, entails average risk due to its: financial leverage operating leverage, operating earnings and industry fundamental.
- **Low:** A security, which at the time the rating is instituted and or reiterated, entails below average risk due to its low: financial leverage, operating leverage, strong operating earnings and/or strong industry fundamentals.

RECEIPT OF COMPENSATION

Casimir Capital L.P. and its affiliate Casimir Capital Ltd. intend to seek compensation for investment banking services from Samson Oil & Gas Ltd. during the next 3 months.

PERCENTAGE OF ALL SECURITIES RATED

Overweight: 77.27% (35.29% of which are investment banking clients), Equalweight: 18.18% (0% of which are investment banking clients), Underweight: 0%, Not Rated: 4.55% (100% of which are investment banking clients).

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