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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 March 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**

(State or Other Jurisdiction of Incorporation or Organization)

**N/A**

(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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes  No

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a 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 3,283,000,444 ordinary shares outstanding as of May 9, 2018.

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**SAMSON OIL & GAS LIMITED**  
**FORM 10-Q**  
**QUARTER ENDED March 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-Mar-18	30-Jun-17
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 892,373	\$ 628,778
Accounts receivable	1,433,591	1,550,438
Prepayments	162,522	54,519
Oil inventory	219,288	219,288
Total current assets	<u>2,707,774</u>	<u>2,453,023</u>
<b>PROPERTY, PLANT AND EQUIPMENT, AT COST</b>		
Oil and gas properties, successful efforts method of accounting, less accumulated depreciation, depletion and impairment of \$15,627,744 and \$14,474,391 at March 31, 2018 and June 30, 2017, respectively	30,375,817	31,497,273
Other property and equipment, net of accumulated depreciation and amortization of \$758,803 and \$693,945 at March 31, 2018 and June 30, 2017, respectively	258,964	296,077
Net property, plant and equipment	<u>30,634,781</u>	<u>31,793,350</u>
<b>OTHER NON CURRENT ASSETS</b>		
Fair value of derivative instrument	-	99,603
Undeveloped capitalized acreage	-	271,078
Restricted cash - bonding	450,000	450,000
Other	136,558	291,181
<b>TOTAL ASSETS</b>	<u>\$ 33,929,113</u>	<u>\$ 35,358,235</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 6,348,949	\$ 4,287,955
Accruals	430,050	821,319
Fair value of derivative instruments	1,281,724	363,960
Credit facility	23,834,749	23,419,749
Provision for annual leave	284,377	249,060
	<u>32,179,849</u>	<u>29,142,043</u>
<b>NON CURRENT LIABILITIES</b>		
Asset retirement obligations	3,537,226	3,156,236
<b>TOTAL LIABILITIES</b>	<u>35,717,075</u>	<u>32,298,279</u>
<b>STOCKHOLDERS' EQUITY (deficit) – nil par value</b>		
3,283,000,444 (equivalent to 16,415,002 ADR's) and 3,283,000,444 (equivalent to 16,415,002 ADR's) ordinary shares issued and outstanding at March 31, 2018 and June 30, 2017, respectively	106,758,667	106,390,864
Accumulated other comprehensive income	880,969	892,017
Accumulated deficit	(109,427,597)	(104,222,925)
Total stockholders' equity (deficit)	<u>(1,787,961)</u>	<u>3,059,956</u>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (deficit)</b>	<u>\$ 33,929,114</u>	<u>\$ 35,358,235</u>

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		Nine months ended	
	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
<b>REVENUES AND OTHER INCOME:</b>				
Oil sales	\$ 1,856,904	\$ 2,942,564	\$ 7,063,419	\$ 9,690,287
Gas sales	20,424	136,430	105,714	344,708
Other liquids	2,938	9,987	6,118	36,560
Interest income	89	75	202	352
Gain on derivative instruments	-	1,424,590	-	379,442
Other	-	-	178,657	1,800,117
<b>TOTAL REVENUE AND OTHER INCOME</b>	<b>1,880,355</b>	<b>4,513,646</b>	<b>7,354,110</b>	<b>12,251,466</b>
<b>EXPENSES:</b>				
Lease operating expense	(1,505,990)	(1,986,860)	(4,406,993)	(7,563,746)
Depletion, depreciation and amortization	(321,561)	(404,893)	(1,219,726)	(1,492,214)
Impairment expense	-	-	-	(244,480)
Abandonment expense	(59,536)	-	(126,212)	-
Exploration and evaluation expenditure	(14,030)	(12,360)	(296,543)	(36,905)
Accretion of asset retirement obligations	(79,307)	(79,320)	(239,193)	(235,381)
Amortization of borrowing costs	(132,535)	(66,849)	(190,434)	(200,547)
Interest expense	(337,472)	(309,143)	(916,346)	(1,275,791)
Loss on derivative instruments	(461,395)	-	(2,030,261)	-
Acquisition costs	-	(174,923)	-	(174,923)
General and administrative	(934,504)	(1,284,076)	(3,133,074)	(3,750,748)
<b>TOTAL EXPENSES</b>	<b>(3,846,330)</b>	<b>(4,318,424)</b>	<b>(12,558,782)</b>	<b>(14,974,735)</b>
Income/(loss) from operations	(1,965,975)	195,222	(5,204,672)	(2,723,269)
Income tax benefit	-	-	-	-
Net Income/(loss)	(1,965,975)	195,222	(5,204,672)	(2,723,269)
<b>OTHER COMPREHENSIVE LOSS</b>				
Foreign currency translation loss	(4,929)	(39,535)	(11,048)	(49,811)
<b>Total comprehensive income/(loss) for the period</b>	<b>\$ (1,970,904)</b>	<b>\$ 155,687</b>	<b>\$ (5,215,720)</b>	<b>\$ (2,773,080)</b>
<b>Net loss per ordinary share from operations:</b>				
Basic – cents per share	(0.06)	0.01	(0.16)	(0.08)
Diluted – cents per share	(0.06)	0.01	(0.16)	(0.08)
<b>Weighted average ordinary shares outstanding:</b>				
Basic	3,283,000,444	3,282,861,876	3,283,000,444	3,248,624,375
Diluted	3,283,000,444	3,282,861,876	3,283,000,444	3,248,624,375

See accompanying Notes to Consolidated Financial Statements.

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

	<b>Ordinary Shares</b>	<b>(Accumulated Deficit)</b>	<b>Accumulated Other Other Comprehensive Income/(Loss)</b>	<b>Total Stockholders Deficit</b>
Balance at June 30, 2017	\$ 106,390,864	\$ (104,222,925)	\$ 892,017	\$ 3,059,956
Net loss	-	(5,204,672)	-	(5,204,672)
Foreign currency translation loss, net of tax of nil	-	-	(11,048)	(11,048)
Total comprehensive loss for the period	-	(5,204,672)	(11,048)	(5,215,720)
Share based payments	367,803	-	-	367,803
Balance at March 31, 2018	<u>\$ 106,758,667</u>	<u>\$ (109,427,597)</u>	<u>\$ 880,969</u>	<u>\$ (1,787,961)</u>

See accompanying Notes to Consolidated Financial Statements.

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

	Nine months ended	
	31-Mar-18	31-Mar-17
Cash flows provided by/(used in) operating activities		
Receipts from customers	\$ 8,594,855	\$ 11,065,372
Payments to suppliers & employees	(6,082,899)	(9,912,808)
Interest received	199	347
Payments on derivative instruments	(1,012,894)	(1,102,289)
Interest paid	(991,788)	(1,501,096)
Net cash flows provided by/(used in) operating activities	<u>507,473</u>	<u>(1,450,474)</u>
Cash flows (used in)/provided by investing activities		
Proceeds from sale of oil and gas properties	-	13,932,512
Payments for plant & equipment	(27,830)	(114,296)
Payments for exploration and evaluation	(25,451)	(86,963)
Payments for oil and gas properties	(591,650)	(2,216,713)
Net cash flows (used in)/provided by investing activities	<u>(644,931)</u>	<u>11,514,540</u>
Cash flows (used in)/provided by financing activities		
Proceeds from the exercise of options	-	3,811
Proceeds from borrowings	450,000	1,000,000
Repayment of borrowings	(35,157)	(11,597,443)
Share issuance costs	-	(37,235)
Net cash flows (used in)/provided by financing activities	<u>414,843</u>	<u>(10,630,867)</u>
Net increase/(decrease) in cash and cash equivalents	277,385	(566,801)
Cash and cash equivalents at the beginning of the fiscal period	628,778	2,654,812
Effects of exchange rate changes on cash and cash equivalents	(13,790)	(4,784)
Cash and cash equivalents at end of fiscal period	<u>\$ 892,373</u>	<u>\$ 2,083,227</u>

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, 2017. 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, 2017 and March 31, 2018 consist primarily of estimates for goods and services received but not yet invoiced.

**Prepayments.** Prepayments at June 30, 2017 and March 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. These changes have had no material impact on the financial statements.

***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 losses of \$5.2 million for the nine months ended March 31, 2018 and had cash outflows from operations of \$0.5 million. As at March 31, 2018 we had net current liabilities of \$32 million. Our ability to continue as a going concern is dependent on the renegotiation of our finance facilities to permit additional development of our oil and gas properties or a monetization of some or all of those properties.

On February 9, 2018, we entered into an agreement (the "Agreement") with our principal lender, Mutual of Omaha Bank (the "Bank") that amended and supplemented our loan agreement with the Bank (the "Loan Agreement"). Under the Agreement, we were required to provide the Bank, on or before March 31, 2018, with either (a) an executed 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 to the Bank, in each case providing for the full repayment of the Bank on or before May 31, 2018. Upon a failure to meet these deadlines, the Bank has the right to commence foreclosure proceedings or pursue alternative repayment methods, including sale of the loan. Despite our best efforts, we were unable to meet the Agreement's March 31, 2018, deadlines.

On March 31, 2018, the Company entered into a subscription agreement with a private equity firm calling for a \$5.5 million debt and equity investment in the Company in multiple installments (the "Securities Purchase"). The Company subsequently obtained a loan commitment from an institutional lender to replace the Bank, which by its terms is contingent upon the Company successfully closing the Securities Purchase. The Company also sought a number of necessary changes to that loan commitment, which changes have not yet been made. Finally, none of the scheduled installment purchases required by the subscription agreement for the Securities Purchases has yet to occur.

As a result, the Company has refocused its efforts on seeking an outright sale of all or substantially all of the Foreman Butte Project assets in order to repay the Bank. The Company has been discussing such a sale with a number of interested potential purchasers. The Company has advised the Bank of these developments. While the Bank may have the right to declare a default under the Loan Agreement and pursue the remedies described above, it has not yet done so.

Based on our current financial position we may be required to accept terms less favorable than would otherwise be available to us. There also can be no assurances that we will be successful in renegotiation or refinancing of our debt or our efforts explore the sale of some or all of our assets. These factors indicate there is substantial doubt about our ability to continue as a going concern.



### Recent Accounting Standards

In August 2014, the FASB issued Accounting Standards Update (“ASU”) No. 2014-15, *Presentation of Financial Statements – Going Concern* (“ASU 2014-15”). The objective of ASU 2014-15 is to provide guidance on management’s responsibility to evaluate whether there is substantial doubt about a company’s ability to continue as a going concern and to provide related footnote disclosures. ASU 2014-15 is effective for fiscal years ending after December 15, 2016 and annual and interim periods thereafter. This standard has been adopted by the Company and additional disclosures were made in the Form 10-K for the period ended June 30, 2017.

In May 2014, the FASB issued Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers* (Topic 606), which amends the existing accounting standards for revenue recognition. The standard requires an entity to recognize revenue in a manner that depicts the transfer of goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance in ASU 2014-09 is now effective for annual reporting periods beginning after December 15, 2017, including interim periods therein, as a result of the FASB’s recent decision to defer the effective date by one year. We are currently evaluating the method of adoption and impact this standard will have on our consolidated financial statements and related disclosures.

### 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.

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:

	Three months ended		Nine months ended	
	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
Dilutive	-	-	-	-
Anti-dilutive	407,033,246	322,400,133	407,033,246	246,930,682

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

	Three months ended		Nine months ended	
	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
Net income (loss)	\$ (1,965,975)	\$ 195,222	\$ (5,204,672)	\$ (2,723,269)
Basic weighted average ordinary shares outstanding	3,283,000,444	3,282,861,876	3,283,000,444	3,248,624,375
Basic earnings/(loss) per ordinary share – cents per share	(0.06)	0.01	(0.16)	(0.08)
Diluted earnings/(loss) per ordinary share – cents per share	(0.06)	0.01	(0.16)	(0.08)

#### 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.

In the current year, the liabilities settled relate to wells plugged and abandoned in our Sabretooth project in Texas and two wells in our Foreman Butte project in North Dakota. Disposition of properties relate to the sale of certain wells in Wyoming.

Liabilities settled during the prior period relate to wells in our Hawk Springs project area in Goshen County, Wyoming which were plugged and abandoned during the period ended March 31, 2017. Disposition of properties in the prior year relates to the sale of our North Stockyard project in North Dakota, which also closed during the period ended March 31, 2017.

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

	Nine months ended	
	31-Mar-18	31-Mar-17
Asset retirement obligations at beginning of period	\$ 3,456,236	\$ 3,750,245
Liabilities incurred or acquired	-	-
Liabilities settled	(27,001)	(134,721)
Disposition of properties	(131,202)	(378,119)
Accretion expense	239,193	235,381
Asset retirement obligations at end of period	3,537,226	3,472,786
Less: current asset retirement obligations (classified with accounts payable and accrued liabilities)	-	-
Long-term asset retirement obligations	\$ 3,537,226	\$ 3,472,786

#### 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 March 31, 2018 and June 30, 2017.

	Carrying value at March 31, 2018	Level 1	Level 2	Level 3	Netting <sup>(1)</sup>	Fair Value at March 31, 2018
<b>Current Assets:</b>						
Cash and cash equivalents	\$ 892,373	\$ 892,373	\$ -	\$ -	\$ -	\$ 892,373
Derivative Instruments	-	-	33,016	-	(33,016)	-
<b>Non Current Assets</b>						
Derivative Instruments	-	-	-	-	-	-
<b>Current Liabilities</b>						
Derivative instruments	1,281,724	-	1,314,740	-	(33,016)	1,281,724
<b>Non Current Liabilities</b>						
Derivative Instruments	-	-	-	-	-	-
	Carrying value at June 30, 2017	Level 1	Level 2	Level 3	Netting <sup>(1)</sup>	Fair Value at June 30, 2017
<b>Current Assets:</b>						
Cash and cash equivalents	\$ 628,778	\$ 628,778	\$ -	\$ -	\$ -	\$ 628,778
Derivative Instruments	-	-	167,307	-	(167,307)	-
<b>Non Current Assets</b>						
Derivative Instruments	99,603	-	370,494	-	(270,891)	99,603
<b>Current Liabilities</b>						
Derivative instruments	363,960	-	531,267	-	(167,307)	363,960
<b>Non Current Liabilities</b>						
Derivative Instruments	-	-	270,891	-	(270,891)	-

(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 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 March 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 nine months ended March 31, 2018.

During the three months and nine months ended March 31, 2017 140,143 options with an exercise price of AUD\$0.038 per ordinary share were exercised for net proceeds of AUD\$5,325/US\$3,811. On March 31, 2017 229,442,097 unexercised options expired. All options exercised were issued in a public rights offering conducted in June 2013.

During the nine months ended March 31, 2017 the company issued 67,005,600 ordinary shares to employees and Directors of the Company. These shares were issued in lieu of cash salaries for employees and directors during the period from August 1, 2015 to August 31, 2016. The share price on the grant was US\$0.0035 per ordinary share.

### *Issue of Warrants*

During the year ended June 30, 2017 we issued 272,000,000 warrants at no cost to employees and Directors of the Company. The warrants have an exercise price of AUD\$0.0055 and an expiry date of November 17, 2026. The options vested on November 17, 2017. The warrants have been valued at AUD\$0.0038 using a binomial option pricing model. We also issued 48,000,000 warrants to Australian based employees and directors of the Company. These warrants have an exercise price of AUD\$0.007 and vested on November 17, 2017 and expire on November 27, 2026. The expense related to both sets of warrant grants was recognized over the vesting period. For the nine months ended March 31, 2018 share-based payment expense of \$0.3 million has been recognized. No further amounts need to be recognized in future periods as the warrants have vested.

## 9. Cash Flow Statement

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

	<b>Nine months ended</b>	
	<b>31-Mar-18</b>	<b>31-Mar-17</b>
Net loss	\$ (5,204,672)	\$ (2,723,269)
Depletion, depreciation and amortization	1,219,726	1,492,214
Accretion of asset retirement obligation	239,193	235,381
Impairment expense	-	244,480
Exploration and evaluation expenditure	296,543	36,905
Amortization borrowing costs	190,434	200,547
Abandonment expense	126,212	-
Non cash (gain)/loss on derivative instruments	1,017,367	(1,481,731)
Acquisition costs	-	174,923
Net gain from sale of assets	(178,657)	(1,800,117)
Share based payments	367,803	560,607
<i>Changes in assets and liabilities:</i>		
Increase in receivables	116,847	401,956
Increase in provision for annual leave	35,317	55,707
Increase in payables	2,281,360	1,151,923
<b>NET CASH FLOWS PROVIDED BY/(USED IN) OPERATING ACTIVITIES</b>	<b>\$ 507,473</b>	<b>\$ (1,450,474)</b>

## 10. Credit Facility

	Nine months ended	
	31-Mar-18	31-Mar-17
Credit facility at beginning of period	\$ 23,419,749	\$ 30,500,000
Cash advanced under facility	450,000	1,000,000
Cash committed to be advanced under facility	-	-
Repayments	-	(11,597,442)
Credit facility at end of period <sup>(1)</sup>	<u>\$ 23,869,749</u>	<u>\$ 19,902,558</u>
Less amount of credit facility currently due for repayment within a year, recorded separately in Current Liabilities for prior year	<u>\$ (23,869,749)</u>	<u>-</u>
Total non current credit facility at end of period	<u>-</u>	<u>19,902,558</u>
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 October 2018.

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 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 is Prime plus 2.5% or approximately 6.5% and the credit facility is Prime plus 1.0% or 5%.

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. The previous maturity date was October 31, 2017.

Following multiple covenant breaches, on February 9, 2018, we entered into an agreement (the "Agreement") with our principal lender, Mutual of Omaha Bank (the "Bank") that amended and supplemented our loan agreement with the Bank (the "Loan Agreement"). Under the Agreement, we were required to provide the Bank, on or before March 31, 2018, with either (a) an executed 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 to the Bank, in each case providing for the full repayment of the Bank on or before May 31, 2018. Upon a failure to meet these deadlines, the Bank has the right to commence foreclosure proceedings or pursue alternative repayment methods, including sale of the loan. Despite our best efforts, we were unable to meet the Agreement's March 31, 2018, deadlines.

On March 31, 2018, the Company entered into a subscription agreement with a private equity firm calling for a \$5.5 million debt and equity investment in the Company in multiple installments (the "Securities Purchase"). The Company subsequently obtained a loan commitment from an institutional lender to replace the Bank, which by its terms is contingent upon the Company successfully closing the Securities Purchase. The Company also sought a number of necessary changes to that loan commitment, which changes have not yet been made. Finally, none of the scheduled installment purchases required by the subscription agreement for the Securities Purchases has yet to occur.

As a result, the Company has refocused its efforts on seeking an outright sale of all or substantially all of the Foreman Butte Project assets in order to repay the Bank. The Company has been discussing such a sale with a number of interested potential purchasers. The Company has advised the Bank of these developments. While the Bank may have the right to declare a default under the Loan Agreement and pursue the remedies described above, it has not yet done so.

The current borrowing base is \$24.0 million and the balance of the drawn facility is \$23.9 million. No additional amounts are available for drawdown under the facility.

The borrowing base under our credit facility may be increased (up to the credit facility maximum of \$50.0 million, which would require syndication of the loan) or decreased in the future depending on the value of our reserves. Borrowing base redeterminations are performed by the lender every six months based on our June and December reserve reports. We also have the ability to request a borrowing base redetermination at another time, once a year, although under the Agreement, the determination of the borrowing base as of October 31, 2017 will be postponed.

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 repaid under this covenant.

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

- Current ratio greater than 1
- Debt to EBITDAX (annualized) ratio no greater than 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

As at March 31, 2018 we were in breach of all four covenants.

If the current pricing environment for oil and gas does not improve, and if our efforts to sell certain assets under the Agreement are unsuccessful, it will be difficult for the Company to re-attain compliance with these covenants based on our current debt levels. If we are not in compliance with these covenants in the credit facility, we do not receive a further waiver from the lender, then the due date of our debt could be accelerated by the lender. In addition, any failure to comply with these covenants adversely affects our ability to fund ongoing operations. We also must continue to improve our operations to address our working capital deficit.

We incurred \$0.6 million in borrowing costs (including legal fees and bank fees) in connection with the establishment of this facility. The remaining unamortized costs have been expensed this quarter due to the nature of the loan.

## 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 March 31, 2018, the Company's commodity derivative contracts consisted of collars and fixed price swaps, which are described below:

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

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

All of the Company's derivative contracts are with the same counterparty (a large multinational oil company) and are 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 nine months ended March 31, 2018 we recognized \$2.1 million in loss on derivative instruments in the Statement of Operations. \$1.0 million was realized during the period, while the remaining \$1.1 million was unrealized.

At March 31, 2018, the Company's open derivative contracts consisted of the following:

#### *Collars*

<b>Product</b>	<b>Start Date</b>	<b>End Date</b>	<b>Volume (BO/Mmbtu)</b>	<b>Floor</b>	<b>Ceiling</b>
WTI	1-Apr-18	30-Apr-18	3,761	41.50	63.00
WTI	1-May-18	31-Dec-18	107,800	45.00	56.00
Henry Hub	1-May-18	31-Dec-18	80,850	2.65	2.90

#### **12. Subsequent Events**

There are no subsequent events or material contingencies, other than 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, 2017, 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 March 2016 we closed on an acquisition (the "Foreman Butte Acquisition") of certain assets located in North Dakota and Montana, which we refer to as the "Foreman Butte Project," for a purchase price of \$16 million. 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 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 our Home Run field and anticipate drilling our first PUD well as soon as we obtain the necessary funding through a refinance of our credit facility or through the partial sale of our North Dakota and Montana assets, through there can be no assurance this will be possible.

Based on our current financial position we may be required to accept terms less favorable than would otherwise be available to us. There also can be no assurances that we will be successful in renegotiation or refinancing of our debt or our efforts explore the sale of some or all of our assets. These factors indicate there is substantial doubt about our ability to continue as a going concern

#### *Fiscal quarter overview*

Our net oil production was 34,450 barrels of oil for the quarter ended March 31, 2018, compared to 64,632 barrels of oil for the quarter ended March 31, 2017. Production was lower during the period ended March 31, 2018 due to the impact of severe weather that was experienced in the Williston Basin. This weather caused several problems including freeze off, road closures and shut ins mandated by the North Dakotan authorities. By way of example during the period ended March 31, 2018 production at two of our more significant wells was halted for a period of time due to weather related production restrictions. In particular, the R Field did not produce for 24 days during the current quarter as it is located in a mandatory flood watch zone and has been shut in. The Evans well was shut in for 62 days due to the lack of road access to transport produced oil due to weather conditions, however this is expected to be returned to production during May 2018. Samson however employed its workover rig to service wells during the quarter and as a result the company's operated production has increased dramatically in the current quarter were we are seeing production rates that have effectively doubled compared that observed in the March quarter.

Our net gas production was 2,067 Mcf for the quarter ended March 31, 2018, compared to 58,209 Mcf for the quarter ended March 31, 2017. Coupled with the decrease in natural gas production following our North Stockyard sale, one of our significant gas wells, the Davis Bintliff well, has been down since October 2016 while undergoing workover operations. These workover operations were not successful and, as a result, this well was plugged and abandoned. Associated gas produced in the Foreman Butte project area is not as significant as it was in the oil and gas properties previously owned by the Company, therefore the increased gas production from the acquisition has not offset the decline from the sale.



Lease operating expenses ("LOE") decreased from \$1.9 million for the quarter ended March 31, 2017, to \$1.5 million for the quarter ended March 31, 2018 due to lower production. Costs per BOE, excluding the impact of the workovers and production taxes were \$29.44 a barrel. Costs have increased from \$16.56 for the quarter ended March 31, 2017 due to lower production. The wells in the Foreman Butte project area 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.

During the quarter ended March 31, 2018 we continued with our water flood project for the Home Run field and successfully injected 5,720 barrels of water. The waterflood project utilizes an existing wellbore, the Mays 1-20H, which is located on the flank of the field and is uneconomic 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 as well as lower salt water disposal costs although we can make no assurances as to whether it will be successful.

For the three months ended March 31, 2018 and March 31, 2017, we reported a net loss of \$2.0 million and a net gain of \$0.2 million, respectively. The loss in the current period reflects \$0.3 million in depletion and amortization, \$0.5 million in loss on derivative instruments and \$1.5 million in lease operating expense (including workover expenses).

#### *Fiscal year to date overview*

Our net oil production was 134,366 barrels of oil for the nine months ended March 31, 2018 compared to 230,756 barrels of oil for the nine months ended March 31, 2017. Production has decreased as result of the sale of our North Stockyard property, which closed on October 29, 2016. Production has also decreased to weather related issues as mentioned above. We have re-commenced workovers and are seeing a positive impact on production subsequent to March 2018.

Our net gas production was 13,217 Mcf for the nine months ended March 31, 2018, compared to 93,526 Mcf for the nine months ended March 31, 2017. As discussed above, coupled with the decrease in natural gas production following our North Stockyard sale, one of our significant gas wells, the Davis Bintliff well, has been down since October 2016 while undergoing workover operations. These workover operations were not successful and, as a result, this well was plugged and abandoned. Associated gas produced in the Foreman Butte project area is not as significant as it was in the oil and gas properties previously owned by the Company, therefore the increased gas production from the acquisition has not offset the decline from the sale.

LOE decreased from \$7.6 million for the nine months ending March 31, 2017 to \$4.4 million for the nine months ending March 31, 2018. Costs reduction is primarily due to tighter cost controls enforced in the field including shutting in wells that are uneconomic to produce and lower production.

Our ability to continue as a going concern is dependent on the renegotiation of our finance facilities to permit additional development of our oil and gas properties or a monetization of some or all of those properties.

On February 9, 2018, we entered into an agreement (the "Agreement") with our principal lender, Mutual of Omaha Bank (the "Bank") that amended and supplemented our loan agreement with the Bank (the "Loan Agreement"). Under the Agreement, we were required to provide the Bank, on or before March 31, 2018, with either (a) an executed 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 to the Bank, in each case providing for the full repayment of the Bank on or before May 31, 2018. Upon a failure to meet these deadlines, the Bank has the right to commence foreclosure proceedings or pursue alternative repayment methods, including sale of the loan. Despite our best efforts, we were unable to meet the Agreement's March 31, 2018, deadlines.

On March 31, 2018, the Company did enter into a subscription agreement with a private equity firm calling for a \$5.5 million debt and equity investment in the Company in multiple installments (the "Securities Purchase"). The Company subsequently obtained a loan commitment from an institutional lender to replace the Bank, which by its terms is contingent upon the Company successfully closing the Securities Purchase. The Company also sought a number of necessary changes to that loan commitment, which changes have not yet been made. Finally, none of the scheduled installment purchases required by the subscription agreement for the Securities Purchases has yet to occur.

As a result, the Company has refocused its efforts on seeking an outright sale of all or substantially all of the Foreman Butte Project assets in order to repay the Bank. The Company is currently discussing such a sale with a number of interested potential purchasers. The Company has advised the Bank of these developments. While the Bank may have the right to declare a default under the Loan Agreement and pursue the remedies described above, it has not yet done so.

See “Results of Operations” below.

In the execution of our strategy, our management is principally focused on economically developing additional reserves of oil and on maximizing production levels through exploration, exploitation and development activities on a cost-effective basis.

#### **Notable Activities and Status of Material Properties during the Quarter Ended March 31, 2018 and Current Activities**

##### **Acquisition: Producing Properties**

**Foreman Butte Project, McKenzie County, North Dakota**

**Mississippian Madison Formation, Williston Basin**

***Samson 87% Operated Average Working Interest***

We averaged a gross 520 BOEPD from our operated wells in the Foreman Butte Project this quarter. The production has reduced from the previous quarter due to capital constraints leading to a decrease in well workovers and weather related restrictions requiring us to temporarily shut a number of wells in. Well recompletions and optimizations are scheduled to resume for the upcoming quarter, using the workover rig we acquired through an exchange of unused pumping units.

During the quarter, we continued our water flood pilot project for the Home Run Field by successfully injecting over 5,270 barrels of water. 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 will be trucked to the injector from the existing producing wells. We anticipate this water flood will allow us to resume production at certain wells that have been shut-in for the past 2 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 our portfolio. 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.

Accordingly, we are planning to drill our first development well this year, should we be able to access the necessary capital to allow us to fund the drilling cost. The first lateral will test the Ratcliffe Formation of the Mississippian Madison Group. Currently 26 Ratcliffe PUD (“proved undeveloped drilling”) locations have been identified. The second lateral will test an undeveloped reservoir in the Mission Canyon Formation of the Mississippian Madison Group. This lateral could prove up a new oil field with the potential for many additional well locations (up to 20 vertical wells or 8 drill-out laterals, although we can make no assurances regarding the success of this lateral). A 3,500 acre 4-way structural closure has been mapped from an abundance of existing well control in the area. In 2004, the Banks 1-18H well was planned to be drilled as a dual lateral in both the Ratcliffe and Mission Canyon reservoirs. The Mission Canyon lateral produced hundreds of barrels of oil while the lateral was being drilled. However, the well was completed as just a single lateral in the Ratcliffe zone due to the operator being unable to remove a stuck whipstock that was set above the Mission Canyon lateral in order to drill the Ratcliffe lateral. This stuck whipstock prevented the completion of the Mission Canyon lateral.

##### **Undeveloped Properties: Exploration Activities**

**Hawk Springs Project, Goshen County, Wyoming**

**Permo-Penn Project, Northern D-J Basin**

***Samson 37.5% working interest***

Following a delay due to bad weather in the latter part of 2016, the recompletion of the Bluff #1-11 well has been further delayed due to our current focus on more capital efficient projects in the Foreman Butte project area. The Jurassic Canyon Springs Formation will be perforated and flow tested first. If this is unsuccessful, the Cretaceous Dakota Formation will subsequently be perforated and flow tested. This well will be plugged and abandoned should these two operations be unsuccessful.

**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 44 BOPD and 52 MCFPD during the quarter.

## Results of Operations

For the three months ended March 31, 2018, we reported a net loss of \$2.0 million compared to a net gain of \$0.2 million for the same period in 2017.

For the nine months ended March 31, 2018, we reported a net loss of \$5.2 million compared to a net loss of \$2.7 million for the same period in 2017.

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

	Three months ended	
	31-Mar-18	31-Mar-17
<b>Production Volume</b>		
Oil (Bbls)	34,450	64,632
Natural gas (Mcf)	2,067	58,209
BOE (Barrels of oil equivalent - based on one barrel of oil to six Mcf of natural gas)	34,795	74,334
<b>Sales Price</b>		
Realized Oil (\$/Bbls)	\$ 53.90	\$ 45.53
Impact of settled derivative instruments	\$ (15.89)	\$ (2.29)
Derivative adjusted price	<u>\$ 38.01</u>	<u>\$ 43.24</u>
<b>Expense per BOE:</b>		
Lease operating expenses	\$ 37.77	\$ 22.93
Production and property taxes	\$ 5.51	\$ 3.80
Depletion, depreciation and amortization	\$ 9.24	\$ 5.45
General and administrative expense	\$ 26.86	\$ 17.27

	Nine months ended	
	31-Mar-18	31-Mar-17
<b>Production Volume</b>		
Oil (Bbls)	134,366	230,756
Natural gas (Mcf)	13,217	93,526
BOE	136,569	246,344
<b>Sales Price</b>		
Realized Oil (\$/Bbls)	\$ 52.57	\$ 41.99
Impact of settled derivative instruments	\$ (7.54)	\$ (4.78)
	<u>\$ 45.03</u>	<u>\$ 37.21</u>
<b>Expense per BOE:</b>		
Lease operating expenses	\$ 27.54	\$ 26.89
Production and property taxes	\$ 4.73	\$ 3.81
Depletion, depreciation and amortization	\$ 8.93	\$ 6.06
General and administrative expense	\$ 22.94	\$ 15.23

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

	Three months ended			Three months ended	
	31-Mar-18	31-Mar-17	3Q18 to 3Q17 change	31-Dec-17	3Q17 to 2Q17 Change
Oil sales	\$ 1,856,904	\$ 2,942,564	\$ (1,085,660)	\$ 2,621,994	\$ (765,090)
Gas sales	20,424	136,430	(116,006)	36,033	(15,609)
Other liquids	2,938	9,987	(7,049)	1,601	1,337
Interest income	89	75	14	54	35
Gain on derivative instruments	-	1,424,590	(1,424,590)	-	-
Lease operating expense	(1,505,990)	(1,986,860)	(480,870)	(1,249,052)	(256,938)
Depletion, depreciation and amortization	(321,561)	(404,893)	(83,332)	(420,107)	98,546
Abandonment	(59,536)	-	59,536	(25,820)	(33,716)
Exploration and evaluation expenditure	(14,030)	(12,360)	1,670	(279,340)	265,310
Accretion of asset retirement obligations	(79,307)	(79,320)	(13)	(79,715)	408
Interest expense	(337,472)	(309,143)	28,329	(331,184)	(6,288)
Loss on derivative instruments	(461,395)	-	461,395	(901,471)	440,076
Amortization of borrowing costs	(132,535)	(66,849)	65,686	(28,949)	(103,586)
Acquisition costs	-	(174,923)	(174,923)	-	-
General and administrative	(934,504)	(1,284,076)	(349,572)	(839,282)	(95,222)
Net income/(loss)	\$ (1,965,975)	\$ 195,222	\$ 2,161,197	\$ (1,495,238)	\$ (470,737)

**Comparison of Quarter Ended March 31, 2018 to Quarter Ended March 31, 2017 and the nine months ended March 31, 2018 to the nine months ended March 31, 2017.**

*Oil and gas revenues*

Our net oil production was 34,450 barrels of oil for the quarter ended March 31, 2018, compared to 64,632 barrels of oil for the quarter ended March 31, 2017. Production was lower during the period ended March 31, 2018 due to the impact of severe weather that was experienced in the Williston Basin. This weather caused several problems including freeze off, road closures and shut ins mandated by the North Dakotan authorities. By way of example during the period ended March 31, 2018 production at two of our more significant wells was halted for a period of time due to weather related production restrictions. In particular, the R Field did not produce for 24 days during the current quarter as it is located in a mandatory flood watch zone and has been shut in. The Evans well was shut in for 62 days due to the lack of road access to transport produced oil due to weather conditions, however this is expected to be returned to production during May 2018. Samson however employed its workover rig to service wells during the quarter and as a result the company's operated production has increased dramatically in the current quarter were we are seeing production rates that have effectively doubled compared that observed in the March quarter.

The realized oil price increased from \$45.53 per Bbl for the three months ended March 31, 2017 to \$53.90 per Bbl (excluding the impact of derivatives) for the three months ended March 31, 2018 following a recovery in the global oil price.

Gas revenues decreased from \$0.1 million for the three months ended March 31, 2017 to \$0.02 million for the three months ended March 31, 2018. This decrease was due to a decrease in production.

Oil revenues decreased from \$9.7 million for the nine months ended March 31, 2017 to \$7.1 million for the nine months ended March 31, 2018, as a result of the decrease in oil production. Oil production decreased from 230,756 barrels for the nine months ended March 31, 2017 to 134,366 barrels for the nine months ended March 31, 2018. Production was higher during the period ended March 31, 2017, due to flush production from a number of wells that were worked over towards the end of June 2016. In addition, during the period ended March 31, 2018, two of our more significant wells were shut in with weather related delays. In particular, the R Field did not produce for 68 days during the nine months ended March 31, 2018 and the Evans well was shut in for 83 days during the same period.

Gas revenues decreased from \$0.3 million for the nine months ended March 31, 2017 to \$0.1 million for the nine months ended March 31, 2017. This decrease was due to a decrease in production.

### *Sale of Assets*

For the nine months ended March 31, 2018 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.

During the nine months ended March 31, 2017 we recognized \$1.6 million in income from the sale of assets as result of the sale of our North Stockyard in North Dakota.

### *Exploration expense*

Excluding deferred exploration costs written off, exploration expenditures for the quarter and nine months ended March 31, 2018 and March 31, 2017 were less than \$20,000 for either quarter.

\$0.3 million in previously capitalized undeveloped acreage costs were written off during the nine months ended March 31, 2018 following the expiration of our option to lease acreage in the Cane Creek project area in Utah.

### *Impairment expense*

We did not recognize any impairment expense during the three months and nine months ended March 31, 2018 or the three months and nine months ended March 31, 2017.

### *Lease operating expense*

Lease operating expenses ("LOE") decreased from \$2.0 million for the quarter ended March 31, 2017, to \$1.5 million for the quarter ended March 31, 2018 due to lower production. Costs per BOE, excluding the impact of the workovers and production taxes were \$29.44 a barrel. Costs have increased from \$16.56 per BOE for the quarter ended March 31, 2017 due to lower production. The wells in the Foreman Butte project area 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. We also undertook several workover projects this period to return previously non producing wells to production at a cost of \$0.3 million, which is included in the LOE costs disclosed above. These costs were estimated at approximately \$8.32 per BOE.

During the quarter ended March 31, 2018 we continued our water flood project for the Home Run field and successfully injected 5,270 barrels of water. The waterflood project utilizes an existing wellbore, the Mays 1-20H, which is located on the flank of the field and is uneconomic 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 as well as lower salt water disposal costs although we can make no assurances as to whether it will be successful.

LOE decreased from \$7.6 million for the nine months ending March 31, 2018 to \$4.4 million for the nine months ending March 31, 2018. Costs reduction is primarily due to tighter cost controls enforced in the field including shutting in wells that are uneconomic to produce in the current climate and lower production. LOE per BOE increased slightly as a result of lower production over which to account for fixed costs.

### *Depletion, depreciation and amortization expense*

Depletion, depreciation and amortization expense decreased slightly from \$0.4 million for the quarter ended March 31, 2017 to \$0.3 million for the quarter ended March 31, 2018. The decrease is due to a decrease in production.

Depletion, depreciation and amortization expense decreased slightly from \$1.5 million for the nine months ended March 31, 2017 to \$1.2 million for the nine months ended March 31, 2018. The decrease is due to a decrease in production.

### *General and administrative expense*

General and administrative expense decreased from \$1.3 million for the quarter ended March 31, 2017 to \$0.9 million for the quarter ended March 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 \$3.7 million for the nine months ended March 31, 2017 to \$3.1 million for the nine months ended March 31, 2018. This is primarily due to the reduced salary costs following staff pay cuts and tighter cost control.

## Cash Flows

The table below shows cash flows for the following periods:

	Nine months ended	
	31-Mar-18	31-Mar-17
Cash provided by/(used in) operating activities	\$ 507,473	\$ (1,450,474)
Cash (used in)/provided by investing activities	(644,931)	11,514,540
Cash provided by/(used in) financing activities	414,843	(10,630,867)

Cash used in operations decreased from a net outflow of \$1.5 million for the nine months ended March 31, 2017, to a net inflow of \$0.5 million for the nine months ended March 31, 2018. Cash receipts from customers decreased from \$11.1 million for the nine months ended March 31, 2017 to \$8.6 million for the nine months ended March 31, 2018, with an increase in price offset by a decrease in production. Payments to suppliers and employees decreased from \$9.9 million for the nine months ended March 31, 2017 to \$6.1 million for the nine months ended March 31, 2018. Payments for derivative instruments remained consistent at \$1.1 million for the nine months ended March 31, 2017 and \$1.1 million for the nine months ended March 31, 2018. Interest expense decreased from \$1.5 million for the nine months ended March 31, 2017 to \$1.0 million for the nine months ended March 31, 2018. An increase in interest rate was offset by a decrease in the carrying value of the credit facility.

Cash used in investing activities decreased from an inflow of \$11.5 million for the nine months ended March 31, 2017 (which included the sale of the North Stockyard project for \$14.0 million in cash proceeds) to an outflow of \$0.6 million for the nine months ended March 31, 2018 following a cessation of significant activity in our Foreman Butte project, while we secure the additional capital needed to exploit the PUD locations in this field.

Cash provided by financing activities increased from a cash outflow of \$10.6 million for the nine months ended March 31, 2017 (including a repayment to Mutual of Omaha Bank) to cash inflow of \$0.4 million for the nine months ended March 31, 2018, following the drawdown of funds under our Mutual of Omaha Bank credit facility.

All options outstanding as at March 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 the remainder of fiscal 2018, we cannot conduct any further development 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 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 is Prime plus 2.5% or approximately 6.5% and the credit facility is Prime plus 1.0% or 5%.

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. The previous maturity date was October 31, 2017.

The current borrowing base is \$24.0 million and the balance of the drawn facility is \$23.9 million. No additional funds are available for drawdown under the facility.

The borrowing base under our credit facility may be increased (up to the credit facility maximum of \$50.0 million, which would require syndication of the loan) or decreased in the future depending on the value of our reserves. Borrowing base redeterminations are performed by the lender every six months based on our June and December reserve reports. We also have the ability to request a borrowing base redetermination at another time, once a year. However, under the Agreement entered into between the Company and Mutual of Omaha Bank on February 9, 2018 (as described below), the determination of the borrowing base as of October 31, 2017 has been postponed.

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 credit facility includes 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

As at March 31, 2018 we are in breach of all four of these covenants.

On February 9, 2018, we entered into an agreement (the "Agreement") with our principal lender, Mutual of Omaha Bank (the "Bank") that amended and supplemented our loan agreement with the Bank (the "Loan Agreement"). Under the Agreement, we were required to provide the Bank, on or before March 31, 2018, with either (a) an executed 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 to the Bank, in each case providing for the full repayment of the Bank on or before May 31, 2018. Upon a failure to meet these deadlines, the Bank has the right to commence foreclosure proceedings or pursue alternative repayment methods, including sale of the loan. Despite our best efforts, we were unable to meet the Agreement's March 31, 2018, deadlines.

On March 31, 2018, the Company did enter into a subscription agreement with a private equity firm calling for a \$5.5 million debt and equity investment in the Company in multiple installments (the "Securities Purchase"). The Company subsequently obtained a loan commitment from an institutional lender to replace the Bank, which by its terms is contingent upon the Company successfully closing the Securities Purchase. The Company also sought a number of necessary changes to that loan commitment, which changes have not yet been made. Finally, none of the scheduled installment purchases required by the subscription agreement for the Securities Purchases has yet to occur.

As a result, the Company has refocused its efforts on seeking an outright sale of all or substantially all of the Foreman Butte Project assets in order to repay the Bank. The Company has been discussing such a sale with a number of interested potential purchasers. The Company has advised the Bank of these developments. While the Bank may have the right to declare a default under the Loan Agreement and pursue the remedies described above, it has not yet done so.

Our credit facility has been recorded as a current liability and is due for repayment October 2018. Upon termination of the Agreement, if we still do not meet the credit facility covenants, the due date of our debt could be accelerated by the lender. In addition, in the interim, our continued failure to comply with these covenants under our credit facility would adversely affect our ability to fund ongoing operations.

The funds drawn from our credit facility were previously used to fund drilling in our North Stockyard project in North Dakota and, more recently, to partially fund the Foreman Butte acquisition.

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. 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 March 31, 2018 was cash on hand.

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 March 31, 2018 increased slightly from June 30, 2017 largely due an increase in our accounts payable balance.

In October 2016, we closed on the sale of our North Stockyard project for \$15.05 million. \$11.5 million of the proceeds of the sale were used to pay down our credit facility with Mutual of Omaha Bank. \$0.2 million was used to close out a portion of our hedge positions to balance our hedge book following the sale of production. The remaining \$3.35 million, including the \$1.0 million deposit paid in June 2016, was used for future working capital.

In April 2016, we issued 378,020,400 ordinary shares at \$0.0037 per ordinary share to raise gross proceeds of \$1,398,675.

In April 2016, we also received cash of \$725,000 from Halliburton following the settlement of our legal dispute with them.

If future production rates are less than anticipated, and/or the oil price continues to deteriorate 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, 2017. 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, under the terms of the Agreement;
- Continued focus on cost savings and efficiency across all aspects of the Company, including lease operating costs and general and administrative costs;
- Strengthening the balance sheet through diligent capital management;
- The successful integration of the properties and assets acquired in the Foreman Butte Acquisition, and the review and workover of such assets as capital becomes available; and
- Renegotiation of our credit facility and extending its term.

Our ability to meet these objectives, depends on our success in raising additional capital to fund the planned development of our oil and gas properties.

### **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 March 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 March 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 March 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 may be deemed to be in default on our credit agreement. If we cannot sell our business or refinance our current obligations under our credit agreement, our primary lender may begin foreclosure proceedings.*

On February 9, 2018, we entered into an agreement (the "Agreement") with our principal lender, Mutual of Omaha Bank (the "Bank") that amended and supplemented our loan agreement with the Bank (the "Loan Agreement"). Under the Agreement, we were required to provide the Bank, on or before March 31, 2018, with either (a) an executed 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 to the Bank, in each case providing for the full repayment of the Bank on or before May 31, 2018. Upon a failure to meet these deadlines, the Bank has the right to commence foreclosure proceedings or pursue alternative repayment methods, including sale of the loan. Despite our best efforts, we were unable to meet the Agreement's March 31, 2018, deadlines.

As a result, the Company has refocused its efforts on seeking an outright sale of all or substantially all of the Foreman Butte Project assets in order to repay the Bank. The Company is currently discussing such a sale with a number of interested potential purchasers. The Company has advised the Bank of these developments. While the Bank may have the right to declare a default under the Loan Agreement and pursue the remedies described above, it has not yet done so.

We can provide no assurance we will be able to enter into a purchase and sale agreement or refinance our outstanding debt on satisfactory terms or at all in advance of these deadlines. As a result of the Agreement and our financial position, we may be required to accept terms for such transactions that are less favorable than we otherwise would be able to obtain. Under the Agreement, the redetermination of our borrowing base as of October 31, 2017 has been postponed, and while we continue to make payments, we are no longer permitted to borrow additional funds.

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, 2017. 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.

Not applicable.

### Item 4. Mine Safety Disclosures.

Not applicable.

**Item 5. Other Information.**

None

**Item 6. Exhibits.**

<u>Exhibit No.</u>	<u>Title of Exhibit</u>
<a href="#"><u>10.1</u></a>	<a href="#"><u>Subscription Agreement dated March 30, 2018 between the Company and DynEvolve Capital, LLC (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the Securities and Exchange Commission on April 5, 2018).</u></a>
<a href="#"><u>10.2</u></a>	<a href="#"><u>Stockholders Agreement dated March 30, 2018 between the Company, DynEvolve Capital Group and future stockholders party thereto (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed with the Securities and Exchange Commission on April 5, 2018).</u></a>
<a href="#"><u>31.1</u></a>	<a href="#"><u>Certification of the Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u></a>
<a href="#"><u>31.2</u></a>	<a href="#"><u>Certification of the Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u></a>
<a href="#"><u>32.1</u></a>	<a href="#"><u>Certifications of the Principal Executive Officer and Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*</u></a>
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition 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: May 15, 2018

By: /s/ Terry Barr  
Terence M. Barr  
Managing Director, President and Chief Executive  
Officer (Principal Executive Officer)

Date: May 15, 2018

By: /s/ Robyn Lamont  
Robyn Lamont  
Chief Financial Officer (Principal Financial Officer)

**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*

May 15, 2018

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**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*

May 15, 2018

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**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 March 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

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Terence M. Barr  
Managing Director, President and Chief Executive Officer  
May 15, 2018

/s/ Robyn Lamont

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Robyn Lamont  
Chief Financial Officer  
May 15, 2018

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