

8 December 2015

**Mosman Oil and Gas Limited**  
("Mosman" or the "Company")

**Final Results**

Mosman Oil and Gas Limited (AIM: MSMN) the New Zealand and Australia focussed oil exploration and development company, announces its final results for the year ended 30 June 2015.

Like many companies in the oil and gas sector, the year ended 30 June 2015 was a challenging year. Mosman made good progress in building the permit base of the Company whilst development did not advance as quickly as anticipated. The Board has dealt with both a decreasing oil price and a difficult capital market, but has vigorously pursued its objectives.

Post year end, the Company has made good progress towards first production in 2016 with the proposed strategic acquisition of the South Taranaki Energy Project ('STEP'), in order to deliver on its objective of building a sustainable mid-size oil company. Since the financial year end, Mosman has strengthened the balance sheet and currently has over AUD 5.4 million cash in the bank.

**Key highlights in FY2015**

- Satisfying the work program at Petroleum Creek by drilling two wells to earn 100% of that project. Three wells were drilled with no Health Safety or Environment issues, demonstrating Operator capability. The third well drilled also satisfied the work program for 2015-2016 permit year
- Acquired Trident Energy Limited, to secure oil and gas exploration permits in Australia
- Acquired OilCo Pty Ltd to secure the Amadeus Basin Permits
- Awarded three additional permits in the 2014 New Zealand Government Block Offer
- Completed extensive seismic at Petroleum Creek
- Continued exploration on all other permits and met all permit requirements
- Established a maiden Prospective Resource at the Murchison Permit
- Identified the acquisition opportunity at STEP and achieved preferred bidder status
- Evaluation work and planning underway for drilling at Murchison; In excess of AUD4.5 million of new capital was raised and some AUD5.5 million was spent on exploration during the year, a considerable achievement given Mosman was only admitted to AIM in early 2014,

- and the overall market conditions
- Appointed SP Angel as new NOMAD and Broker

**John W Barr, Chairman of Mosman commented:** "Without doubt, this has been a tough 12 months. During the year, management raised in excess of AUD4.5 million of new capital and some AUD5.5 million was spent on exploration, a considerable achievement given the overall market conditions.

"Of course there were also disappointments with the failed takeover of MEO Australia Limited, the lack of commercial oil flows at Petroleum Creek, and more recently the sell out by certain shareholders. In hindsight mistakes were made, but we believe these have been clearly overridden by the level of exploration activity, and the potential offered by the STEP acquisition which has now reached the stage where Government approvals are awaited."

### **Post Year End and Financial Position**

Mosman's cash position was AUD1.12 million at 30 June 2015. As at the date of this announcement, Mosman has over AUD5.4 million cash in the bank.

The Company has incurred some costs in relation to the acquisition of 70% of the STEP production project which include transition costs and costs to develop the 12 projects which have been identified to increase production. These costs are in addition to the company's settlement obligation of NZD 7 million which will be due throughout calendar year 2016.

Since the financial year end, Mosman has made good progress with regard to key steps in order to conclude the acquisition and the associated funding required to improve the production from the assets:

- Raised AUD 6.47 million (before costs)
- Royalty agreement signed with Ridge Royalty Corp. to sell a 2% royalty on the STEP production project for (NZD 4 million)
- Signed a participation agreement with High Peak Royalties (ASX:HPR) for the remaining 30% interest in the STEP production project to be acquired by Joint Venture ('JV') partner

HPR has paid AUD 150,000 in past costs and will also fund 30% of all future costs.

As a result of the key initiatives completed since the financial year end, Mosman now has over AUD5.40 million cash, before the payment for STEP, and also before the royalty agreement funding and JV partner payments outlined above.

Looking forward to 2016, our priorities remain the anticipated completion of the STEP acquisition early in 2016, and drilling at Murchison. In the light of market conditions and given the number of advanced projects that are available from distressed sellers on attractive terms, we continue to review opportunities that can help us accelerate our strategic growth objective. In parallel, we monitor and regularly review the suitability of our existing exploration portfolio against appropriate criteria.

Our achievements in 2015 and since the financial year end were significant and have only been accomplished with the considerable determination and hard

work from our employees, consultants and advisers. In particular, we would also like to thank our shareholders for their continued support. The Board would like to express its appreciation to all of the above.

The Board is conscious that both the upstream oil environment and the equity market for junior oil and gas companies remains challenging but looks forward to 2016 with some confidence.

## **Enquiries**

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Updates on the Company's activities are regularly posted on its website [www.mosmanoilandgas.com](http://www.mosmanoilandgas.com)

## **About Mosman**

Mosman (AIM: MSMN) is an Australia and New Zealand focused oil exploration and development company with a strategy to build a sustainable mid-tier oil and gas business by acquisition and organic growth. Currently, prior to the STEP acquisition being completed, Mosman has an interest in ten permits or accepted permit applications.

### **Production**

Mosman is proceeding with the acquisition of 70% of STEP, located onshore NZ. The acquisition is expected to complete after all approvals are secured.

STEP currently produces oil, condensate, gas, LPG and electricity, which deliver several revenue streams with payments being received in both US\$ and NZ\$.

The Project will be operated under a joint operating agreement and Mosman will be the operator. The assets being acquired include the Rimu Production Station and two petroleum mining permits.

### **Exploration**

#### **Petroleum Creek Project, New Zealand**

Mosman owns 100% of permit PEP 38526, the Petroleum Creek Project, which is a 143 sq. km low cost onshore exploration project located near Greymouth on the South Island in the southern extension of the proven Taranaki oil system.

#### **Taramakau, Murchison and East Coast Permits, New Zealand**

These permits were granted to Mosman on in 2014 as part of the 2014 Block

Offer. At Murchison a 13 TCF contingent resource has been identified.

### **Officer Basin Project, Australia (Application)**

Mosman has a 25% investment in the Officer Basin Project, a 22,527 sq. km large land holding with exploration potential, which lies in one of the more explored parts of the Basin with road access. The project area is in the Western Australian part of the Officer Basin and offers both conventional and unconventional potential with hydrocarbon shows reported and all elements of a petroleum system are present.

### **Amadeus Basin Projects, Australia**

Mosman owns 100% of two granted permits and one application in the Amadeus Basin in Central Australia which total of 5,458 sq. km. The Amadeus Basin is considered one of the most prospective onshore areas in the Northern Territory of Australia for both conventional and unconventional oil and gas, and hosts the producing Mereenie, Palm Valley and Surprise fields.

### **Otway Basin Project, (Australia)**

Mosman owns 30% of VIC/P62 in the Otway Basin. The permit was recently renewed and is in relatively shallow water. The 70% permit holder funded a 3D seismic survey in 2013. The results of the 3D seismic survey are now being integrated into a geological model to allow identification and ranking of drilling targets. Within the Otway Basin there is commercial production both onshore and offshore.

## **Consolidated Statement of Profit or Loss and Other Comprehensive Income**

**Year Ended 30 June 2015**

*All amounts are in Australian Dollars*

	<b>Notes</b>	<b>Consolidated 2015 \$</b>	<b>Consolidated 2014 \$</b>
Interest income		2,772	2,524
Other income		4,029	-
Administrative expenses		(644,749)	(57,155)
Corporate expenses		(1,739,349)	(1,385,595)
Exploration write off		(4,450)	(3,015)
Employee benefits expense		(228,873)	(52,276)
Share based payments expense	23	(646,987)	(328,522)
Gain/(Loss) on foreign exchange		20,443	(36,983)
Depreciation expense		(18,868)	(2,130)
Finance expense		(20,541)	-
Impairment expense		(112,728)	-
<b>Loss from ordinary activities before income tax expense</b>	2	<b>(3,389,301)</b>	<b>(1,863,152)</b>
Income tax expense	3	-	-
<b>Net loss for the year</b>		<b>(3,389,301)</b>	<b>(1,863,152)</b>
<b>Other comprehensive loss</b>		<b>(282,655)</b>	<b>-</b>
<b>Total comprehensive income attributable to members of the entity</b>		<b>(3,671,956)</b>	<b>(1,863,152)</b>
Basic earnings/(loss) per share (cents per share)	16	<i>(3.12) cents</i>	<i>(4.55) cents</i>
Diluted earnings/(loss) per share (cents per share)	16	<i>(3.12) cents</i>	<i>(4.55) cents</i>

**Consolidated Statement of Financial Position**  
**As at 30 June 2015**  
*All amounts are in Australian Dollars*

	Notes	Consolidated 30 June 2015	Consolidated 30 June 2014
		\$	\$
<b>Current Assets</b>			
Cash and cash equivalents	5	1,117,855	6,289,921
Trade and other receivables	6	389,762	266,788
<b>Total Current Assets</b>		<b>1,507,617</b>	<b>6,556,709</b>
<b>Non-Current Assets</b>			
Other financial assets		274,806	-
Property, plant & equipment	7	222,514	3,573
Capitalised oil and gas exploration expenditure	8	11,733,041	3,986,591
<b>Total Non-Current Assets</b>		<b>12,230,361</b>	<b>3,990,164</b>
<b>Total Assets</b>		<b>13,737,978</b>	<b>10,546,873</b>
<b>Current Liabilities</b>			
Trade and other payables	9	619,119	1,005,936
Provisions		9,307	4,692
Share application monies received in advance		-	15,000
<b>Total Current Liabilities</b>		<b>628,426</b>	<b>1,025,628</b>
<b>Net Assets</b>		<b>13,109,552</b>	<b>9,521,245</b>
<b>Shareholders' Equity</b>			
Contributed equity	10	18,585,595	11,972,319
Reserves	11	780,785	16,453
Accumulated losses	12	(6,256,828)	(2,867,527)
<b>Total Shareholders' Equity</b>		<b>13,109,552</b>	<b>9,521,245</b>

**Consolidated Statement of Changes in Equity**  
**Year Ended 30 June 2015**  
*All amounts are in Australian Dollars*

	Accumulated Losses	Contributed Equity	Reserves	Total
	\$	\$	\$	\$
<b>Balance at 1 July 2013</b>	<b>(1,004,375)</b>	<b>1,585,000</b>	<b>-</b>	<b>580,625</b>
Comprehensive income				
Loss for the year	(1,863,152)	-	-	(1,863,152)
Other comprehensive income for the year	-	-	-	-
<b>Total comprehensive loss for the year</b>	<b>(1,863,152)</b>	<b>-</b>	<b>-</b>	<b>(1,863,152)</b>
Transactions with owners, in their capacity as owners, and other transfers:				
Shares issued to shareholders	-	10,921,853	-	10,921,853
Capital raising costs	-	(534,534)	-	(534,534)
Options issued	-	-	416,453	416,453
Total transactions with owners and other transfers	-	10,387,319	416,453	10,803,772
<b>Balance at 1 July 2014</b>	<b>(2,867,527)</b>	<b>11,972,319</b>	<b>416,453</b>	<b>9,521,245</b>
Comprehensive income				
Loss for the year	(3,389,301)	-	-	(3,389,301)

Other comprehensive loss for the year	-	-	(282,655)	(282,655)
<b>Total comprehensive loss for the year</b>	<b>(3,389,301)</b>	-	<b>(282,655)</b>	<b>(3,671,956)</b>
Transactions with owners, in their capacity as owners, and other transfers:				
Shares issued to shareholders	-	7,168,272	-	7,168,272
Capital raising costs	-	(554,996)	-	(554,996)
Options issued	-	-	646,987	646,987
Total transactions with owners and other transfers	-	6,613,276	646,987	7,260,263
<b>Balance at 30 June 2015</b>	<b>(6,256,828)</b>	<b>18,585,595</b>	<b>780,785</b>	<b>13,109,552</b>

## Consolidated Statement of Cash Flows Year Ended 30 June 2015

*All amounts are in Australian Dollars*

	Notes	Consolidated 2015 \$	Consolidated 2014 \$
<b>Cash flows from operating activities</b>			
Interest received & other income		6,800	2,524
Payments to suppliers and employees		(3,100,575)	(1,607,485)
<b>Interest paid</b>		(57,104)	-
<b>Net cash outflow from operating activities</b>	17	<b>(3,150,879)</b>	<b>(1,604,961)</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant & equipment		(235,938)	-
Payments for exploration and evaluation		(5,784,628)	(1,246,664)
<b>Acquisition of subsidiary (net of cash acquired)</b>		35,043	-
<b>Net cash outflow from investing activities</b>		<b>(5,985,523)</b>	<b>(1,246,664)</b>
<b>Cash flows from financing activities</b>			
Proceeds from shares issued	10	4,519,332	8,949,576
Payments for costs of capital		(554,996)	(250,696)
Proceeds from share subscriptions received in advance		-	15,000
<b>Net cash inflow from financial activities</b>		<b>3,964,336</b>	<b>8,713,880</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(5,172,066)</b>	<b>5,862,255</b>
<b>Cash and cash equivalents at the beginning of the financial year</b>		<b>6,289,921</b>	<b>427,666</b>
<b>Cash and cash equivalents at the end of the financial year</b>	5	<b>1,117,855</b>	<b>6,289,921</b>

## Notes to the Financial Statements 30 June 2015

*All amounts are Australian Dollars*

### 1 Statement of Accounting Policies

The principal accounting policies adopted in preparing the financial report of Mosman Oil and Gas Limited (or "the Company") and Controlled Entities ("Consolidated entity" or "Group"), are stated to assist in a general understanding of the financial report. These policies have been consistently applied to all the years presented, unless otherwise indicated.

Mosman Oil and Gas Limited is a Company limited by shares incorporated and domiciled in Australia.

#### (a) Basis of Preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards (including Australian Interpretations) adopted by the Australian

Accounting Standards Board and the Corporations Act 2001. Compliance with Australian Accounting Standards ensures that the financial statements also comply with International Financial Reporting Standards.

The financial report has been prepared on the basis of historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets.

The financial report was authorised for issue by the Directors on 8 December 2015

#### **(b) Principles of Consolidation**

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Mosman Oil and Gas Limited at the end of the reporting period. A controlled entity is any entity over which Mosman Oil and Gas Limited has the ability and right to govern the financial and operating policies so as to obtain benefits from the entity's activities.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities is included only for the period of the year that they were controlled. Details of Controlled and Associated entities are contained in Notes 20 and 21 to the financial statements.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated group have been eliminated in full on consolidation.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are reported separately within the equity section of the consolidated statement of financial position and statement of comprehensive income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date

#### **(c) Use of Estimates and Judgements**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

##### *Critical Accounting Estimates and Judgements*

#### **Impairment**

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined.

#### **Taxation**

Balances disclosed in the financial statements and the notes related to taxation, are based on the best estimates of directors and take into account the financial performance and position of the Group as they pertain to current income tax legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current tax position represents the best estimate, pending assessment by the tax authorities.

## **Exploration and evaluation assets**

The accounting policy for exploration and evaluation expenditure results in expenditure being capitalised for an area of interest where it is considered likely to be recoverable by future exploitation or sale or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves.

This policy requires management to make certain estimates as to future events and circumstances. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised the expenditure under the policy, a judgement is made that the recovery of the expenditure is unlikely, the relevant capitalised amount will be written off to profit and loss.

## **Share based payments**

Equity-settled transactions are measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of options granted is measured using the Black-Scholes option pricing model, taking into account the terms and conditions set out within note 24.

### **(d) Income Tax**

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amounts are those that are enacted or substantively enacted at the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilized;

The carrying amount of deferred income tax assets is reviewed at each balance sheet date reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Unrecognized deferred income tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognized directly in equity are recognized in equity and not in the income statement.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

### **(e) Goods and Services Tax**

Revenues, expenses and assets are recognized net of the amount of GST except:

- (i)** Where the GST incurred on a purchase of goods and services is not



recoverable from the taxation authority, in which case the GST is recognized as part of the cost of acquisition of the asset, or as part of the expense item as applicable;

- (ii) Receivables and payables are stated with the amount of GST included;
- (iii) The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position;
- (iv) Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows; and
- (v) Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

#### **(f) Property, Plant and Equipment**

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognized either in profit or loss, or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(o) for details of impairment).

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

#### **Depreciation**

The depreciable amount of all fixed assets is depreciated on a straight-line basis over the asset's useful life to the consolidated group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

#### **(g) Exploration and Evaluation Assets**

Mineral exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest and is subject to impairment testing. These costs are carried forward only if they relate to an area of interest for which rights of tenure are current and in respect of which:

Such costs are expected to be recouped through the successful development and exploitation of the area of interest, or alternatively by its sale; or

Exploration and/or evaluation activities in the area have not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active or significant operations in, or in relation to, the area of interest are continuing.

In the event that an area of interest is abandoned accumulated costs carried forward are written off in the year in which that assessment is made. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Where a resource has been identified and where it is expected that future expenditures will be recovered by future exploitation or sale, the impairment of the exploration and evaluation is written back and transferred to development costs. Once production commences, the accumulated costs for the relevant area of interest are amortized over the life of the area according to the rate of depletion of the economically recoverable reserves.

Costs of site restoration and rehabilitation are recognized when the Company has a present obligation, the future sacrifice of economic benefits is probable and the amount of the provision can be reliably estimated.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Exploration and evaluation assets are assessed for impairment if facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

For the purpose of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest.

#### **(h) Accounts Payable**

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

#### **(i) Contributed Equity**

##### ***Issued Capital***

Incremental costs directly attributable to issue of ordinary shares and share options are recognised as a deduction from equity, net of any related income tax benefit.

#### **(j) Earnings Per Share**

Basic earnings per share ("EPS") are calculated based upon the net loss divided by the weighted average number of shares. Diluted EPS are calculated as the net loss divided by the weighted average number of shares and dilutive potential shares.

#### **(k) Share-Based Payment Transactions**

The Group provides benefits to Directors KMP and consultants of the Group in the form of share-based payment transactions, whereby employees and consultants render services in exchange for shares or rights over shares ("Equity-settled transactions").

The value of equity settled securities is recognised, together with a corresponding increase in equity.

Where the Group acquires some form of interest in an exploration tenement or an exploration area of interest and the consideration comprises share-based payment transactions, the fair value of the assets acquired are measured at grant date. The value is recognised within capitalised mineral exploration and evaluation expenditure, together with a corresponding increase in equity.

#### **(l) Comparative Figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

#### **(m) Financial Risk Management**

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework, to identify and analyse the risks faced by the Group. These risks include credit risk, liquidity risk and market risk from the use of financial instruments. The Group has only limited use of financial instruments through its cash holdings being

invested in short term interest bearing securities. The Group has no debt, and working capital is maintained at its highest level possible and regularly reviewed by the full board.

## **(n) Financial Instruments**

### **Recognition and Initial Measurement**

Financial instruments, incorporating financial assets and financial liabilities, are recognized when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as a fair value through profit or loss. Transaction costs related to instruments classified as a fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

### **Derecognition**

Financial assets are derecognized where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity is no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognized where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognized in profit or loss.

### **Classification and Subsequent Measurement**

#### **i. Financial assets at fair value through profit or loss**

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a Group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realized and unrealized gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

#### **ii. Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost using the effective interest rate method.

#### **iii. Held-to-maturity investments**

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortized cost using the effective interest rate method.

#### **iv. Available-for-sale financial assets**

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

v. Financial Liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost using the effective interest rate method.

vi. Impairment

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognized in the income statement.

**(o) Impairment of Assets**

At each reporting date, the Group reviews the carrying values of its tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement. Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

**(p) Employee Entitlements**

Liabilities for wages and salaries, annual leave and other current employee entitlements expected to be settled within 12 months of the reporting date are recognized in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognized when the leave is taken and measured at the rates paid or payable.

Contributions to employee superannuation plans are charged as an expense as the contributions are paid or become payable.

**(q) Provisions**

Provisions are recognized when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outlay can be reliably measured.

**(r) Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 3 months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

**(s) Revenue and Other Income**

Interest revenue is recognized using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument.

**(t) Acquisition of Subsidiary Not Deemed a Business Combination**

When an acquisition of assets does not constitute a business combination, the assets and liabilities are assigned a carrying amount based on their relative fair values in an asset purchase transaction and no deferred tax will arise in relation to the acquired assets and assumed liabilities as the initial exemption for deferred tax under AASB 12 applies. No goodwill will arise on the acquisition and transaction costs of the acquisition will be included in the capitalised cost of the asset.

## (u) New standards and interpretations

### Account Standard and Interpretation

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. These changes do not materially impact on this financial report.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been adopted early. Adoption would not materially impact on this financial report.

	<b>Consolidated 2015 \$</b>	<b>Consolidated 2014 \$</b>
<b>2 Expenses include:</b>		
Contributions to employees superannuation plans	-	5,550
Pre-AIM admission costs	-	684,890
Listing and share register maintenance costs	272,801	-
MEO bid costs	226,125	-
Trident acquisition related costs	82,994	-

### 3 Income Tax

No income tax is payable by the Group as it has incurred losses for income tax purposes for the year, therefore current tax, deferred tax and tax expense is \$Nil (2014 - Nil).

#### (a) Numerical reconciliation of income tax expense to prima facie tax payable

	<b>Consolidated 2015 \$</b>	<b>Consolidated 2014 \$</b>
Loss before tax	(3,389,301)	(1,863,152)
Income tax calculated at 30% (2014: 30%)	(1,016,790)	(558,946)
Tax effect of amounts which are deductible/non-deductible In calculating taxable income:		
Share based payments	194,096	98,557
Capital raising costs	160,285	162,778
Impairment expense	13,028	-
Upfront exploration expenditure claimed	(1,393,689)	-
Other	62,468	3,508
Effects of unused tax losses and tax offsets not recognized as deferred tax assets	1,980,602	294,103
Income tax expense attributable to operating profit	<b>NIL</b>	<b>NIL</b>

#### (b) Tax Losses

As at 30 June 2015 the company had Australian tax losses of \$4,516,907 (2014: \$2,126,102). The benefit of deferred tax assets not brought to account will only be realized

if:

- Future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realized; and
- The conditions for deductibility imposed by tax legislation continue to be complied with and no changes in tax legislation adversely affect the Company in realizing the benefit.

#### (b) Unbooked Deferred Tax Assets and Liabilities

Unbooked deferred tax assets comprise:

Capital Raising Costs	474,435	167,160
Provisions/Accruals/Other	33,971	5,008
Tax losses available for offset against future taxable income	2,561,607	581,005
	<b>3,070,013</b>	<b>753,173</b>

	<b>Consolidated 2015</b>	<b>Consolidated 2014</b>
	<b>\$</b>	<b>\$</b>

#### 4 Auditors Remuneration

*Audit - Somes Cooke*

Audit of the financial statements	28,500	16,000
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#### 5 Cash and Cash Equivalents

Cash at Bank (i)	<b>1,117,855</b>	<b>6,289,921</b>
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(i) Includes restricted cash of \$710,273 relating to the placing and subscription of 16 million ordinary shares on 24 June 2015 (Note 11). As at 30 June 2015, the funds were held in trust, payable to the Group. The funds were released to the Group 1 July 2015.

#### 6 Trade and Other Receivables

Deposits	195,834	-
GST receivable	126,637	243,598
Prepayments	43,082	23,190
Other receivable	24,209	-
	<b>389,762</b>	<b>266,788</b>

#### 7 Other financial assets

Available for sale financial asset - shares in listed entity	<b>274,806</b>	-
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#### 8 Property, Plant and Equipment

	<b>Land and Buildings</b>	<b>Office Equipment and Furniture</b>	<b>Vehicles</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Cost</b>				
Balance at 1 July 2014	-	6,456	-	6,456
Acquisition of subsidiary	-	99,914	-	99,914
Additions	171,904	48,798	24,239	244,941
Disposals	-	-	-	-
Effective movement in exchange rates	(8,090)	-	(1,141)	(9,231)
<b>Balance at 30 June 2015</b>	<b>163,814</b>	<b>155,168</b>	<b>23,098</b>	<b>342,080</b>
<b>Depreciation</b>				
Balance at 1 July 2014	-	2,883	-	2,883
Acquisition of subsidiary	-	98,042	-	98,042
Depreciation for the year	425	14,034	4,409	18,868
Disposals	-	-	-	-
Effective movement in exchange rates	(20)	-	(207)	(227)
<b>Balance at 30 June 2015</b>	<b>405</b>	<b>114,959</b>	<b>4,202</b>	<b>119,566</b>
<b>Carrying amounts</b>				
Balance at 30 June 2014	-	3,573	-	3,573
<b>Balance at 30 June 2015</b>	<b>163,409</b>	<b>40,209</b>	<b>18,896</b>	<b>222,514</b>

<b>9 Capitalised Oil and Gas Exploration Expenditure</b>	<b>Consolidated 2015 \$</b>	<b>Consolidated 2014 \$</b>
Cost brought forward	3,986,591	183,973
Acquisition of PEP 38526	-	836,370
Acquisition of Petroleum Portfolio Pty Ltd	-	900,000
Acquisition of Trident Group Limited (Note 22)	3,227,550	-
Exploration costs incurred during the year	4,912,160	2,069,263
Exploration expenditure written off	(69,302)	(3,015)
FX movement	(323,958)	-
Carrying value at end of year (i)	<b>11,733,041</b>	<b>3,986,591</b>

(i) The recoupment of costs carried forward is dependent on the successful development and/or commercial exploitation or alternatively sale of the respective areas of interest.

(ii) Included in the carrying value of capitalized oil and gas exploration expenditure as at 30 June 2015 is \$900,000 relating to the application for petroleum exploration permit L12-4 in Western Australia. The issue of the license is pending satisfactory conclusion of ongoing land access negotiations. The Directors have no reason to believe that the license will not be issued. However, if the license is not issued by 2017, the Company has a legal remedy to recover the consideration paid.

#### **10 Trade and Other Payables**

Trade creditors	549,073	977,939
Other creditors and accruals	70,046	27,997
	<b>619,119</b>	<b>1,005,936</b>

Included within trade and other creditors and accruals is an amount of \$159,950 (2014- \$825,561) relating to exploration expenditure.

#### **11 Contributed Equity**

##### **Ordinary Shares :**

<b>Value of Ordinary Shares fully paid Movement in Contributed Equity</b>	<b>18,585,595 Number of shares</b>	<b>11,972,319 Contributed Equity \$</b>
Balance as at 1 July 2013:	21,350,001	1,585,000
Shares issued 27/11/13 at \$0.10	3,920,000	392,000
Shares issued 20/12/13 at \$0.10	8,363,700	836,370
Shares issued 15/1/14 at \$0.10	9,000,000	900,000
Shares issued 20/3/14 at \$0.146	18,750,000	2,739,014
Shares issued 27/5/14 at \$0.181	3,500,000	632,599
Shares issued 20/6/14 at \$0.416	13,043,474	5,421,870
Capital raising costs	-	(534,534)
Balance as at 1 July 2014:	<b>77,927,175</b>	<b>11,972,319</b>
Exercise of options 14/07/14 at \$0.20 (i)	1,000,000	200,000
Exercise of options 14/07/14 at \$0.15 (ii)	100,000	15,000
Exercise of options 16/07/14 at \$0.05 (iii)	2,000,000	100,000
Shares issued 15/09/14 at \$0.377 (iv)	6,250,000	2,356,250
Shares issued 14/10/14 at \$0.401 (v)	2,796,440	1,120,108
Exercise of options 06/11/14 at \$0.1473 (vi)	368,302	54,249
Shares issued 10/11/14 at \$0.236 (vii)	96,533	22,829

#### **11 Contributed Equity (Continued)**

	<b>Number of Shares</b>	<b>Contributed Equity \$</b>
Shares issued 10/11/14 at \$0.50 (viii)	265,858	132,929
Shares issued 17/12/14 at \$0.50 (ix)	1,000,000	500,000
Shares issued 02/04/15 at \$0.0975 (x)	10,000,000	975,000
Shares issued 05/06/15 at \$0.0901 (xi)	3,057,155	275,482
Shares issued 15/06/15 at \$0.0704 (xii)	606,919	42,750
Shares issued 24/06/05 at \$0.0512 (xiii)	16,000,000	818,833
Shares issued 30/06/15 at \$0.50 (xiv)	1,109,684	554,842
Capital raisings costs	-	(554,996)
Balance at end of year	<b>122,578,066</b>	<b>18,585,595</b>

- (i) Exercise of options by former Non-Executive Director M Bowen
- (ii) Exercise of options by employee of the Group
- (iii) Exercise of options by consultant, Santana Limited
- (iv) Capital raising
- (v) Shares issued represent consideration shares for Trident acquisition after 96.99% of the Trident shareholders accepted the offer (Note 22)

(vi)	Exercise of options by consultants from the UK AIM IPO
(vii)	Shares issued represent the remaining Trident shares of 3.34% relating to the acquisition (Note 22)
(viii)	Shares issued to settle Trade payables of Trident in lieu of amounts owed to creditors
(ix)	Shares issued to directors of Trident in lieu of director and consulting fees owed to them prior to the acquisition
(x)	Capital raising
(xi)	Shares issued to MEO shareholders who accepted Mosman's takeover offer of MEO
(xii)	Shares issued to MEO shareholders who accepted Mosman's takeover offer of MEO
(xiii)	Capital raising
(xiv)	Shares issued to directors of Trident in lieu of director and consulting fees owed to them prior to the acquisition.

	<b>Consolidated 2015 \$</b>	<b>Consolidated 2014 \$</b>
<b>12 Reserves</b>		
Options reserve	1,063,440	416,453
Foreign currency translation reserve	(282,655)	-
	<b>780,785</b>	<b>416,453</b>

### Options Reserve

#### *Nature and purpose of the Option reserve*

The options reserve represents the fair value of equity instruments issued to employees as compensation and issued to external parties for the receipt of goods and services. This reserve will be reversed against issued capital when the underlying shares are converted and reversed against retained earnings when they are allowed to lapse.

#### *Movement in Options Reserve*

	<b>Consolidated 2015 \$</b>	<b>Consolidated 2014 \$</b>
<b>Balance at 1 July 2014</b>	416,453	-
UK AIM IPO Consultants Options	-	107,601
Consideration paid for the issue of 3,300,000 Options @ \$0.0001 per option	-	330
Option related Share Based Payments	-	308,522
Incentive options issued to KMP's (i)	459,702	-
Options related to other holders (i)	187,285	-
<b>Balance at 30 June 2015</b>	<b>1,063,440</b>	<b>416,453</b>

(i) See Note 24 for details of the Black & Scholes valuation of these options.

### Foreign Currency Translation Reserve

#### *Nature and purpose of the Foreign Currency Translation Reserve*

Functional currency balances are translated into the presentation currency using the exchange rates at the balance sheet date. Value differences arising from movements in the exchange rate is recognised in the Foreign Currency Translation Reserve.

#### *Movement in Foreign Currency Translation Reserve*

<b>Balance at 1 July 2014</b>	-	-
Current year movement	(282,655)	-
<b>Balance at 30 June 2015</b>	<b>(282,655)</b>	-

### 13 Accumulated Losses

Accumulated losses at the beginning of the year	2,867,527	1,004,375
Net loss attributable to members	3,389,301	1,863,152
Accumulated losses at the end of the year	<b>6,256,828</b>	<b>2,867,527</b>



## 14 Related Party Transactions

### Key Management Personnel Remuneration

Short term employee benefits	950,839	720,928
Share-based payments (i)	459,702	106,742
Total	<b>1,410,541</b>	<b>827,670</b>

- I. During the year to 30 June 2015, Mr. Carroll received 1,500,000 incentive options valued at \$255,390. Mr. John W Barr and Mr. Young both received 500,000 incentive options, each valued at \$85,130 for a total of \$170,260. Mr. Lewis received 200,000 incentive options valued at \$34,052 (Note 24 - Share Based Payments).

### Movement in Shares and Options

The aggregate numbers of shares and options of the Company held directly, indirectly or beneficially by Key Management Personnel of the Company or their personally-related entities are fully detailed in the Directors' Report.

### Amounts owing to the Company from subsidiaries:

#### *Petroleum Creek Limited*

At 30 June 2015 the Company's 100% owned subsidiary, Petroleum Creek Limited (PCL), owed Mosman Oil and Gas Limited \$6,440,398 (2014: \$2,059,954). The Company has executed a Loan Agreement with PCL covering amounts up to \$2,000,000 bearing interest at 7% pa and secured by a Fixed and Floating charge over the assets of PCL, as registered with the NZ Ministry of Economic Development Companies Office on 17 April, 2014.

#### *Mosman Oil and Gas (NZ) Limited*

At 30 June 2015 the Company's 100% owned subsidiary, Mosman Oil and Gas (NZ) Limited, owed Mosman Oil and Gas Limited \$95,803 (2014: \$-).

#### *Trident Energy Limited*

At 30 June 2015 the Company's 100% owned subsidiary, Trident Energy Limited, owed Mosman Oil and Gas Limited \$2,148,655 (2014: \$-).

#### *OilCo Pty Ltd*

At 30 June 2015 the Company's 100% owned subsidiary, OilCo Pty Ltd (OilCo), owed Mosman Oil and Gas Limited \$497,641 (2014: Nil).

## 15 Expenditure Commitments

### (a) Exploration

The Company has certain obligations to perform minimum exploration work on Oil and Gas tenements held. These obligations may vary over time, depending on the Company's exploration programs and priorities. At 30 June 2015, total exploration expenditure commitments are as follows;

Entity	Tenement	2015 \$	2014 \$
Petroleum Creek Limited	PEP385326	265,628	1,080,000
Trident Energy Limited	EP145	343,013	-
Oilco Pty Ltd	EPA155	-	-
Oilco Pty Ltd	EP 156	-	-

Mosman Oil and Gas (NZ) Ltd	PEP 57067	544,398	44,582
Mosman Oil and Gas (NZ) Ltd	PEP 57068	226,832	44,582
Mosman Oil and Gas (NZ) Ltd	PEP 57058	90,733	44,582
		<b>1,470,604</b>	<b>1,213,746</b>

These obligations are subject to variations by farm-out arrangements, sale of the relevant tenements or seeking expenditure exemption for previous year's expenditure. The Company has the option to elect to not carry out the minimum work program commitments pertaining to a specific permit, in which case the Company will relinquish its interest in the relevant permit, or in the case of the Officer Basin Permit, once issued, accept a dilution in its 25% shareholding in Australian Petroleum properties Limited

## (b) Capital Commitments

The Company had no capital commitments at 30 June 2015 (2014 - \$Nil).

## 16 Segment Information

The Group has identified its operating segments based on the internal reports that are reviewed and used by the board to make decisions about resources to be allocated to the segments and assess their performance.

Operating segments are identified by the board based on the Oil and Gas projects in Australia, and New Zealand. Discrete financial information about each project is reported to the board on a regular basis.

The reportable segments are based on aggregated operating segments determined by the similarity of the economic characteristics, the nature of the activities and the regulatory environment in which those segments operate.

The Group has two reportable segments based on the geographical areas of the mineral resource and exploration activities in Australia, New Zealand and in the prior year, Papua New Guinea. Unallocated results, assets and liabilities represent corporate amounts that are not core to the reportable segments.

### (i) Segment performance

	New Zealand \$	Australia \$	Total \$
<b>Year ended 30 June 2015</b>			
<b>Revenue</b>			
Interest revenue	137	2,635	2,772
Other income	-	4,029	4,029
Total segment revenue	137	6,664	6,801
Segment revenue from continuing operations before tax	<b>137</b>	<b>6,664</b>	<b>6,801</b>
<b>Segment Result</b>			
Loss			
Allocated			
- Corporate Costs	(85,165)	(1,654,186)	(1,739,351)
- Administrative Costs	(42,546)	(606,651)	(649,197)
- Depreciation	(4,835)	(14,033)	(18,868)
- Foreign Exchange Loss gain/ (loss)	138	20,305	20,443
<i>Reconciliation of segment result to net loss before tax</i>			
Amounts not included in segment result but reviewed by the Board			
- Exploration expenditure written off	-	(69,302)	(69,302)
Unallocated items			
- Employee Benefits Expense	-	-	(228,873)
- Share based payments	-	-	(646,987)
- Impairment	-	-	(43,426)
- Finance	-	-	(20,541)

Net Loss before tax from continuing operations **(3,389,301)**

**Year ended 30 June 2014**

**Revenue**

Interest revenue	14	2,510	2,524
Total segment revenue	14	2,510	2,524
Segment net profit/(loss) before tax	<b>14</b>	<b>2,510</b>	<b>2,524</b>

*Reconciliation of segment result to net loss before tax*

Amounts not included in segment result but reviewed by the Board

- Exploration expenditure written off	-	(3,015)	(3,015)
Unallocated items			
- Corporate Costs	-	-	(1,385,595)
- Employee Benefits Expense	-	-	(52,276)
- Administrative Costs	-	-	(57,155)
- Share based payments	-	-	(328,522)
Depreciation			(2,130)
Foreign Exchange Loss			(36,983)
Net loss before tax from continuing operations			<b>(1,863,152)</b>

**16 Segment Information (Continued)**

**(ii) Segment assets**

	<b>New Zealand \$</b>	<b>Australia \$</b>	<b>Total \$</b>
<b>As at 30 June 2015</b>			
Segment assets as at 1 July 2014	3,017,931	968,660	3,986,591
Segment asset increases for the year			
- Exploration and evaluation	3,673,966	4,072,484	7,746,450
	<b>6,691,897</b>	<b>5,041,144</b>	<b>11,733,041</b>

*Reconciliation of segment assets to total assets:*

Other assets	359,892	1,645,045	2,004,937
Total assets from continuing operations	<b>7,051,789</b>	<b>6,686,189</b>	<b>13,737,978</b>

**As at 30 June 2014**

Segment assets as at 1 July 2013	183,972	-	183,972
Segment asset increases for the year			
- Exploration and evaluation	2,833,959	968,660	3,802,619
	<b>3,017,931</b>	<b>968,660</b>	<b>3,986,591</b>

*Reconciliation of segment assets to total assets:*

Other assets	-	6,560,282	6,560,282
Total assets from continuing operations	<b>3,017,931</b>	<b>7,528,942</b>	<b>10,546,873</b>

**(iii) Segment liabilities**

	<b>New Zealand \$</b>	<b>Australia \$</b>	<b>Total \$</b>
<b>As at 30 June 2015</b>			
Segment liabilities as at 1 July 2014	798,334	227,294	1,025,628
Segment liability increases/(decreases) for the year	(689,439)	292,237	(397,202)
	<b>108,895</b>	<b>519,531</b>	<b>628,426</b>

*Reconciliation of segment liabilities to total liabilities:*

Other liabilities	-	-	-
Total liabilities from continuing operations	<b>108,895</b>	<b>519,531</b>	<b>628,426</b>

**As at 30 June 2014**

Segment liabilities as at 1 July 2013	9,676	49,389	59,065
Segment liability increases/(decreases) for the year	788,658	177,905	966,563
	<b>798,334</b>	<b>227,294</b>	<b>1,025,628</b>

*Reconciliation of segment liabilities to total liabilities:*

Other liabilities	-	-	-
Total liabilities from continuing operations	<b>798,334</b>	<b>227,294</b>	<b>1,025,628</b>

<b>17</b>	<b>Earnings/ (Loss) per shares</b>	<b>Consolidated 2015 \$</b>	<b>Consolidated 2014 \$</b>
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The following reflects the loss and share data used in the calculations of basic and diluted earnings/ (loss) per share:

Earnings/ (loss) used in calculating basic and diluted earnings/ (loss) per share	<b>(3,389,301)</b>	<b>(1,863,152)</b>
	<b>Number of shares 2015</b>	<b>Number of shares 2014</b>
Weighted average number of ordinary shares used in calculating basic earnings/(loss) per share:	108,580,362	40,935,782
Basic loss per share (cents per share)	3.12	4.55

## 18 Notes to the statement of cash flows

Reconciliation of loss from ordinary activities after income tax to net cash outflow from operating activities:	<b>Consolidated 2015 \$</b>	<b>Consolidated 2014 \$</b>
(Loss) from ordinary activities after related income tax	(3,389,301)	(1,863,152)
Exploration expenses written off	4,450	3,015
Depreciation	18,868	2,130
Impairment	112,728	-
Share based payments	646,987	328,522
Decrease / (Increase) in trade and other receivables	(110,869)	(244,440)
(Decrease) / Increase in trade and other payables relating to operating activities	(433,742)	168,964
Net cash outflow from operating activities	<b>(3,150,879)</b>	<b>(1,604,961)</b>

### Non-cash investing and financing activities:

Non-cash investing and financing activities are outlined at Notes 9 and 11.

## 19 Financial Instruments

The Company's activities expose it to a variety of financial and market risks. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company.

### 1. Interest Rate Risk

The Company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market, interest rates and the effective weighted average interest rates on those financial assets, is as follows:

<b>Consolidated 2015</b>	<b>Note</b>	<b>Weighted Average Effective Interest %</b>	<b>Funds Available at a Floating Interest Rate \$</b>	<b>Fixed Interest Rate \$</b>	<b>Assets/ (Liabilities) Non Interest Bearing \$</b>	<b>Total \$</b>
Financial Assets						
Cash and Cash Equivalents	5	<b>0.3%</b>	1,117,855	-	-	1,117,855
Other Receivables	6		-	-	389,762	389,762
Total Financial Assets			<b>1,117,855</b>	<b>-</b>	<b>389,762</b>	<b>1,507,617</b>
Financial Liabilities						
Payables	10		-	-	(628,427)	(628,427)
Total Financial Liabilities			<b>-</b>	<b>-</b>	<b>(628,427)</b>	<b>(628,427)</b>

Net Financial Assets			<b>1,117,855</b>		<b>(238,665)</b>	<b>879,190</b>
<b>Consolidated 2014</b>						
Financial Assets						
Cash and Cash Equivalents	5	<b>2.4%</b>	6,289,921	-	-	6,289,921
Other Receivables	6		-	-	266,788	266,788
Total Financial Assets			<b>6,289,921</b>	-	<b>266,788</b>	<b>6,556,709</b>
Financial Liabilities						
Payables	10		-	-	(1,025,628)	(1,025,628)
Total Financial Liabilities			-	-	<b>(1,025,628)</b>	<b>(1,025,628)</b>
Net Financial Assets			<b>6,289,921</b>		<b>(758,840)</b>	<b>5,531,081</b>

## 2. Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date, is the carrying amount, net of any provisions for doubtful debts, as disclosed in the balance sheet and in the notes to the financial statements. The Company does not have any material credit risk exposure to any single debtor or group of debtors, under financial instruments entered into by it.

## 19 Financial Instruments (Continued)

### (c) Commodity Price Risk and Liquidity Risk

At the present state of the Company's operations it has minimal commodity price risk and limited liquidity risk due to the level of payables and cash reserves held. The Company's objective is to maintain a balance between continuity of exploration funding and flexibility through the use of available cash reserves.

### (d) Net Fair Values

For assets and other liabilities, the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form. The Company has no financial assets where the carrying amount exceeds net fair values at balance date.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the balance sheet and in the notes to the financial statements.

## 20 Contingent Liabilities

There were no material contingent liabilities not provided for in the financial statements of the Company as at 30 June 2015.

## 21 Mosman Oil and Gas Limited - Parent Entity Disclosures

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Financial position		
Assets		
Current Assets	1,240,479	5,854,806
Non-Current Assets	10,578,083	3,908,481
<b>Total Assets</b>	<b>11,818,562</b>	<b>9,763,287</b>
Liabilities		
Current Liabilities	447,228	227,293

<b>Total Liabilities</b>	<b>447,228</b>	<b>227,293</b>
<b>Net Assets</b>	<b>11,371,334</b>	<b>9,535,994</b>
Equity		
Contributed equity	18,585,595	11,972,319
Reserves	1,063,440	416,453
Accumulated losses	(8,277,701)	(2,852,778)
<b>Total Equity</b>	<b>11,371,334</b>	<b>9,535,994</b>
Financial Performance		
Loss for the year	(5,424,923)	(1,839,258)
Other comprehensive income	-	-
<b>Total comprehensive income</b>	<b>(5,424,923)</b>	<b>(1,839,258)</b>

## 22 Controlled Entities

Investments in group entities comprise:

Name	Principal activities	Incorporation	Beneficial percentage held by economic entity	
			2015	2014
			%	%
Mosman Oil and Gas Limited	Parent entity	Australia		
Wholly owned and controlled entities:				
Petroleum Creek Limited	Oil & Gas exploration	New Zealand	100	100
Mosman Oil and Gas (NZ) Limited	Oil & Gas exploration	New Zealand	100	100
Petroleum Portfolio Pty. Ltd	Oil & Gas exploration	Australia	100	100
OilCo Pty Limited	Oil & Gas exploration	Australia	100	-
Trident Energy Ltd.	Oil & Gas exploration	Australia	100	-

Mosman Oil and Gas Limited is the Parent Company of the Group, which includes all of the controlled entities. See also Note 25 Subsequent Events for additional corporate activity in progress subsequent to the 30 June 2015 year end.

### Trident Energy Limited

During the year ended 30 June 2015, the Group obtained control of Trident Energy Limited, an oil and gas exploration entity, by acquiring 100% of Trident's shares from existing shareholders.

The acquisition of Trident Energy Limited was assessed by the Board in the current period and it was determined that the acquisition was an asset acquisition, rather than a business combination as the substance and intent of the acquisition was for the Group to acquire the exploration and evaluation assets of Trident Energy Limited for the purpose of expanding the Groups overall resource base.

The deemed fair value of net assets acquired at the date of acquisition were as follows:	\$
Cash and cash equivalents	35,043
Trade and other receivables	12,105
Property, plant and equipment	1,872
Exploration and evaluation assets	3,227,550
Trade and other payables	(798,152)
Borrowings	(1,015,481)
Net assets acquired	<b>1,462,937</b>
<b>Acquisition consideration:</b>	
Shares issued (2,796,440 shares at \$0.256), at fair value	1,120,108
Shares issued (96,533 shares at \$0.238), at fair value	22,829
Acquisition costs	320,000
<b>Total purchase consideration</b>	<b>1,462,937</b>

### OilCo Pty Ltd

On 27 August 2014, the Group obtained control of OilCo Pty Ltd, an oil and gas exploration

entity by acquiring 100% of OilCo Pty Ltd's shares from existing shareholders.

The acquisition of OilCo Pty Ltd was assessed by the Board in the current period and it was determined that the acquisition was an asset acquisition, rather than a business combination.

<b>The deemed fair value of net assets acquired at the date of acquisition were as follows:</b>	<b>\$</b>
Fair value of net assets acquired	Nil
<b>Acquisition consideration:</b>	
Overriding 2% royalty on production	Nil
The Board reviewed the royalty payable to OilCo Pty Ltd's previous shareholders and at this point in time a reliable and quantitative value cannot be established	

## 23 Associated Entity

Name	Principal activities	Incorporation	Beneficial percentage held by Group	
			2015	2014
			%	%
Australasian Petroleum Portfolio Pty. Ltd.	Holds interest in Officer Basin Licence Application - Oil & Gas exploration	Australia	25	25

Australasian Petroleum Portfolio Pty Ltd ('APPPL') holds a 100% interest in the Officer Basin License Application and is 25% owned by Petroleum Portfolio Pty. Ltd., itself a 100% owned subsidiary of the Group as detailed in Note 22. The carrying value of assets and liabilities accounted for in APPPL is not material to the Group. There are currently nil commitments associated with the Officer Basin License.

## 24 Share Based Payments Expense

Basic loss per share (cents per share)	3.12	4.55
	<b>Consolidated 2015</b>	<b>Consolidated 2014</b>
	<b>\$</b>	<b>\$</b>
Black & Scholes Option Valuation (See second table below)	646,987	308,522
Services Provide in Lieu of Cash	-	20,000
Share Based Payments Expense	<b>646,987</b>	<b>328,522</b>

The following share based payment arrangements existed at 30 June 2015:

Each of the four classes of unlisted options detailed below entitle the holder to acquire one Ordinary share of the Company on the terms disclosed, but do not entitle the holder to participate in any share issue or dividends of the Company and are not transferable. All options vested on the grant date and were therefore not dependent on performance. Options do not lapse on a Director leaving the Company.

- (1) On 11 April 2011, 3,000,000 Options were issued to Directors to take up ordinary shares of the Company at an exercise price of \$0.20 each. The options are exercisable on or before 31 March, 2016. During the year ended 30 June 2015, 1,000,000 options were exercised. 2,000,000 options still remain outstanding.
- (2) On 15 January 2014, 800,000 Options were issued to consultants, an employee and others to take up ordinary shares of the Company at an exercise price of \$0.15 each. The options are exercisable on or before 13 January, 2019. During the year ended 30 June 2015, 100,000 options were exercised. 700,000 options still remain outstanding.
- (3) On 15 January 2014, 2,500,000 Options were issued to KMP to take up ordinary shares of the Company at an exercise price of \$0.15 each. The options are exercisable on or before 13 January, 2019.
- (4) On 20 March 2014, 1,227,674 Options were issued to UK consultants involved in the AIM IPO to take up ordinary shares of the Company at

an exercise price of \$0.146 (8 GB pence) each. The options are exercisable on or before 20 March, 2019. During the year ended 30 June 2015, 368,302 options were exercised. 859,372 options still remain outstanding.

- (5) On 28 November 2014, 3,800,000 Options were issued to Directors, employee & consultants to take up ordinary shares of the Company at an exercise price of \$0.58 each. The options are exercisable on or before 28 November 2017.

A summary of the movements of all company option issues to 30 June, 2015 is as follows:

<b>Company Options</b>	<b>2015 Number of Options</b>	<b>2014 Number of Options</b>	<b>2015 Weighted Average Exercise Price</b>	<b>2014 Weighted Average Exercise Price</b>
Outstanding at the beginning of the year	9,527,674	3,000,000	\$0.14	\$0.20
Granted (see Table below)	3,800,000	6,527,674	\$0.58	\$0.12
Forfeited	-	-	-	-
Exercised (Note 11)	(3,468,302)	-	-	-
Expired	-	-	-	-
Outstanding at the end of the year	9,859,372	9,527,674	\$0.11	\$0.14
Exercisable at the end of the year	9,859,372	9,527,674	\$0.33	\$0.14

## **24 Share Based Payments Expense (Continued)**

The weighted average remaining contractual life of the 9,859,372 options exercisable at 30 June 2015 was 2 years and 7 months (2014 - 5 years 10 months). The exercise price of the options ranged from \$0.15 to \$0.58.

The Company uses the Black and Scholes (B&S) method of valuing the cost of options issued during the current financial year, which is expensed as Share Based Payments, or debited against Contributed Equity, if they relate to capital raising costs, and credited to Shareholders Equity. Inputs and assumptions included in B&S valuation model are listed in the last five columns of the following table. In addition, the expected dividend yield used in the B&S calculation was nil. The weighted average B&S value of Options issued during the year was \$0.06 and the Weighted Average Exercise price was \$0.12.

Options Granted during the year ended 30 June 2015 and expensed to Share Based Payments:

Options Granted During the Current Year	Number Issued	Black & Scholes Valuation	Stock Price	Exercise Price	Risk-free rate	Option Life	Expected Volatility
A R Carroll	1,500,000	\$255,390	\$0.36	\$0.58	2.72%	3 years	90%
J W Barr	500,000	\$85,130	\$0.36	\$0.58	2.72%	3 years	90%
J A Young	500,000	\$85,130	\$0.36	\$0.58	2.72%	3 years	90%
Z R Lewis	200,000	\$34,052	\$0.36	\$0.58	2.72%	3 years	90%
Other Holders	1,100,000	\$187,285	\$0.36	\$0.58	2.72%	3 years	90%
Sub-Total Black & Scholes Option Valuation	3,800,000	\$646,987					
Total Options Granted during the year	3,800,000	\$646,987		Weighted Average Exercise Price \$0.58			

## **25 Subsequent Events**

Material transactions arising since 30 June 2015 which will significantly affect the operations of the Company, the results of those operations, or the state affairs of the Company in subsequent financial periods are:



#### 1. Share Placement

On 28 July 2015 the Company completed a placement of 22,857,143 fully paid ordinary shares raising \$0.8 million (£400,000) in the UK. The placement was undertaken in order to advance potential acquisition of producing assets.

#### 2. Signed Sale and Purchase Agreement (SPA)

On 3 September 2015 the Company announced to market a conditional SPA agreement to acquire onshore NZ producing oil and gas assets for \$NZ10 million had been executed.

#### 3. STEP NZ\$4 million Royalty Funding

On 15 September 2015 the Company announced they had signed an agreement in respect of Mosman's proposed acquisition of 70% interest in the South Taranaki Energy Project ("STEP") assets in New Zealand by selling a 2% royalty to Canadian based Rige Royalty Corp for NZ \$4 million.

#### 4. Share Placement

On 22 September the Company completed a placement of 33,333,333 fully paid ordinary shares raising \$2.9 million (£1.5 million) in the UK. The placement was undertaken to enable Mosman to progress the acquisition of the proposed 70% interest "STEP".

#### 5. Share Placement

On 30 October the Company completed a placement of 36,822,466 fully paid ordinary shares raising \$2.8 million (£1.47 million) in the US. In addition to issuance of shares, the institutional investors were granted one warrant, with the option of being converted on or before the 5<sup>th</sup> year anniversary from the date of allotment. The placement was undertaken to enable Mosman to progress of the "STEP" acquisition.

#### 6. VIC/P62 Joint Venture

In December 2015, the Company submitted a notice to its JV partner to withdraw from the VIC/P62. The Company has decided to withdraw from the JV as part of its rationalisation of its exploration activities following review of its asset portfolio and recent permit acquisitions.

At 30 June 2015, the Company had capitalised costs of \$487,022 for VIC/P62 on the Consolidated Statement of Financial Position. These costs have not been impaired as the Company has not yet received formal acceptance by the JV partner and is still committed to the JV at the date of this report.

Once formal acceptance for withdrawal is received, the Company will recognise an impairment expense of \$487,022 for the capitalised costs of VIC/P62.

#### *Murchison Permit*

The LIDAR survey to assist in identifying the location of structural "faults" should be completed within 60 days.

#### *Amadeus Basin Permits*

Mosman has recently completed field studies which were encouraging and the results are currently being incorporated in to the geological models as the next stage of exploration is being planned.

Mosman is pleased to note that the Northern Territory Government is progressing on the development of a gas pipeline and has selected Jemena Northern Gas Pipeline Pty Ltd to construct and operate the

North East Gas Interconnector (NEGI) Pipeline to connect NT gas to the eastern gas markets ( see <https://onshoregas.nt.gov.au/new-gas-pipeline>; this website includes information on the Amadeus Basin and the relevant map includes the location of three wells in Mosman permits, namely Mount Winter-1, West Walker-1 and Tent Hill-1). This infrastructure development will provide access from NT to Eastern Australian gas markets including three LNG export terminals, and has already spurred petroleum industry activity including the recent development of Dingo Gas Field by Central Petroleum CTP:ASX and large farm-in deals by a US company ref Armour Energy ref AJQ:ASX and EEG:ASX.

#### *Petroleum Creek and Taramakau Permits*

The West Coast Operations Supervisor has been planning Seismic Acquisition (scheduled for 2016, and subject to funding) at both the Petroleum Creek and Taramakau permits. The purpose is to better define drilling targets in those permits.

#### *Canning and Otway Basin Permits*

The Operator advised that they do not plan to drill a well and Mosman has agreed to terminate the farm-in option.

Costs incurred on this project has been expensed.

The Board advises that it is considering its investment position in respect to the Otway Basin permit in light of the STEP Acquisition and other exploration priorities.

### **Directors' Declaration**

The Directors of the Company declare that:

1. The financial statements and notes are in accordance with the Australian Corporations Act 2001:
  - (a) comply with Accounting Standards, which, as stated in Note 1 - Statement of Accounting Policies to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
  - (b) give a true and fair view of the financial position as at 30 June 2015 and of the performance for the year ended on that date of the Group.
2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed by authority for and on behalf of the Directors by:

**John W Barr**  
**Executive Chairman**

Dated this 8 December 2015

This information is provided by RNS

The company news service from the London Stock Exchange

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Anonymous (not verified)

Final Results

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Results and Trading Reports

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