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Mosman Oil and Gas Limited
01 November 2019

1 November 2019

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

**Final Results for the Year ended 30 June 2019**

Mosman Oil and Gas Limited (AIM: MSMN) the oil exploration, development and production company, announces its final results for the year ended 30 June 2019.

**Overview of the 2019 financial year**

At the conclusion of the 2018 Financial Year, I commented on the challenging outlook for junior oil and gas companies, and not withstanding this how Mosman was now in a position to look forward with greater optimism as a result of the established production base and that plans for increasing production were in place.

The established production base has continued to grow and Mosman's strategic objectives remained unchanged; to identify opportunities which will provide operating cash flow and have development upside, in conjunction with progressing exploration of existing exploration permits.

Briefly expressed, this is being delivered by increasing production and cashflow in the USA; and ongoing exploration in the Amadeus Basin in Australia. Since the oil price dropped in 2014-15 Mosman has continued as explorer whilst gradually building a sustainable company with a sound production and revenue base. The task is by no means complete, but it is well underway. With some satisfaction I can report that in the 2019 Financial Year Net Production attributable to Mosman was 18,216 boe, compared to 10,367 in 2018. This is an increase of some 75%.

Sales increased by some $365,242 (c.50%) but this does not reflect the ongoing position as the first two Stanley wells only commenced production during the year, and Stanley-3 not until the first quarter in the current financial year, and the Strawn project was sold just prior to year end.

The Board is now also focussed on becoming cashflow positive on a Company level. This is an increasingly achievable objective given the recent results from Stanley 1, 2 and 3; combined with further drilling which is currently being planned. The gross profit of $285,095 (2018: $234,430) reflects Mosman's working interest share of production income after production costs and after royalty payments. Included in the costs are several one off expenses that produced a lower result than the Board finds acceptable, including funds spent at Welch on repairs and initial costs at Stanley that have been expensed.

Overall, in the year to 30 June 2019, the Company made a loss of $1,208,836 which is a significant improvement compared to the 2018 loss of $4,102,231.

Of significance, some $1,679,371 was spent on investing activities on assets in the portfolio during the year. That clearly reflects the strategy adopted where available funds are invested into assets.

This, together with the remaining cash at bank, represents a large portion of the net proceeds of funds raised during the year of approximately $2.12 Million.

Overhead costs continue to be tightly controlled with reductions in many areas including for the third year in a row Director costs. Mosman continues to operate with a very small number of Employees and Consultants. The Company operates in three countries and in four-time zones, and the role played by the Employees and Consultants is vital in achieving Mosman's strategic objective. Accordingly, I again express my profound gratitude for everyone's efforts in the year .

The Board fully appreciates shareholder disappointment with the share price. Two of the Company executive Directors are heavily invested in Mosman and are also cognisant of the underperformance of the share price. Our aim is to continue to deliver growth through developing our current projects and further acquisitions, and we look forward to our achievements being more realistically reflected in the share price.

## United States

**PRODUCTION IN THE 2019 FINANCIAL YEAR**

| | **Gross Project Production[2] BOE[1]** | **Net Production to Mosman[3] BOE[1]** |
|---|---|---|
| **Stanley** | 20,224 | 3,355 |
| **Strawn** | 1,026 | 821 |
| **Welch** | 11,347 | 8,697 |
| **Arkoma** | 22,911 | 5,343 |
| **Total Production** | **55,508** | **18,216** |

*1 BOE/boe - barrels of oil equivalent*

*2 Gross Project Production - means the production of BOE at a total project level (100% basis) before royalties (where Mosman is the Operator) and where Mosman is not the operator the total gross production for the project*

*3 Net Production - Net to Mosman's Working interest after royalties*

All projects produced a gross profit apart from the Strawn asset. Strawn's performance since acquisition had failed to meet expectations, which led to its divestment at the end of the period as announced on 1 July 2019.

*Stanley*

The Stanley wells have low lifting costs and are particularly attractive. Further production increases are expected as the full production for the year at all Stanley wells is not included in the 2018 numbers. Additional improvements are anticipated as improvements are made to surface equipment and adjustments made to optimise flow rates.

During the Financial year two wells at Stanley were placed on production, and over a period of time the flowrates improved due to recompletions and surface equipment additions.

*Welch*

Performance at Welch in the year was sound, and that is anticipated to continue

*Arkoma*

At Arkoma, Mosman owns a 27% interest in wells as part of a three-way joint venture. The project recorded record production in the first quarter of calendar 2019, but subsequently that fell for various operational reasons. The Mosman Board met the operator recently and repairs and workovers are planned.

*Other opportunities*

Mosman in conjunction with its strategic partner, Baja Oil and Gas Inc., has for some time been reviewing potential additional production opportunities utilising the proven technique of Seismic followed by drilling on older but partially developed leases. This was the approach adopted at the Stanley project and the concept is considered fundamentally sound for transition to other potential projects.

Currently this is work in progress, and if an opportunity crystallises, then shareholders will be informed.

**Australia**

Mosman has continued to complete technical work on its Central Australian exploration projects, focussed on the 100% owned EP-145, in the Amadeus Basin. Native title issues to allow ground access are being progressively dealt with, and that will enable the planned Seismic survey to proceed. The short-term objective is to progress technical work and to secure a joint venture partner to fund the planned seismic and the first well.

As a note of interest, the Dukas well drilled nearby has confirmed hydrocarbons below the salt seal. This activity has drawn market attention to the very large potential of the Amadeus Basin, and we look forward to the Dukas well being completed and results announced.

Infrastructure in the Northern Territory (NT) continues to improve, specifically, the Northern Gas Pipeline has now been completed and this provides potential access for NT gas that is now being supplied to the Eastern States gas market.

Mosman is awaiting Ministerial consent for the next licence year, but this has not stopped current activity which includes finalising the Seismic Survey plans, negotiating with the Traditional Owners for the access to complete the seismic work, and at the request of the Government, presenting the project to potential joint venture partners in China very recently.

**Matters subsequent to the reporting period**

Production has continued to improve subsequent to the period end. Gross Production for the quarter ending 30 September 2019 was a total of 24,141 boe and Net Production was 6,265 boe. This represents another increase in production.

*Stanley*
Production at Stanley continues. The Stanley project gross production currently exceeds 250 BOPD. This number is currently curtailed as at Stanley 1 a new separator is required and this has caused a loss of daily production over the last few weeks. It is planned that this will occur in November 2019.

Stanley 3 commenced production during September 2019 and represents another significant addition to production.

Planning for the next well, Stanley 4, has begun and a well location identified. The well is expected to be drilled in the next 90 days.

The Stanley project should increasingly become the backbone of Mosman's production base.

*Welch*
Production and revenue at the Welch project remain fairly steady, but this project does require periodic workovers and upgrading of older equipment.

*Arkoma*
As noted above, production at Arkoma fell due to various operational matters. The Company looks forward to seeing the benefit of the planned repairs and workovers recently discussed with the operator.

*Falcon*
At the Falcon prospect, the participants are considering re-use of an existing well to reduce drilling costs. To utilise this well an agreement must be concluded with the owner and then work performed on the well to check it is suitable. This is essential work, and the most economic management of resources.

Drilling is anticipated to take place in 2020 and remains subject to various matters including funding.

**Other Matters**

Very recently the relisting of GEM International Resources Inc ("GEM") was achieved, and the GEM Board are now seeking to recapitalise the Company with a share placing, and subsequently secure operational activity by acquiring an interest in a new project.

Mosman has a AUD119,034 loan to GEM, and also a shareholding of approximately 600,000 shares (after the recent share roll back). Mosman has previously expensed its investment in GEM, so a recovery would be advantageous. In the opinion of Mosman the relisting increases the potential of recovery of the loan, and a recovery of a portion of the cost of the shareholding.

**Outlook**

Mosman's focus remains delivering on its strategic objective. We have made considerable progress in acquiring projects and building production however this is only the start of this next phase of growth and we remain focussed on sustainable production and identifying projects that meet our strict criteria.

**John W Barr**
Chairman
1 November 2019

**Report and accounts posting**

The Company's Annual Report has been dispatched to shareholders today and will shortly be available from the Company's website www.mosmanoilandgas.com.

**Competent Person's Statement**

The information contained in this announcement has been reviewed and approved by Andy Carroll, Technical Director for Mosman, who has over 35 years of relevant experience in the oil industry. Mr Carroll is a member of the Society of Petroleum Engineers.

**Market Abuse Regulation (MAR) Disclosure**
Certain information contained in this announcement would have been deemed inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 until the release of this announcement.

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Updates on the Company's activities are regularly posted on its website www.mosmanoilandgas.com

**Consolidated Statement of Financial Performance**
**Year Ended 30 June 2019**

**All amounts are in Australian Dollars**

| | Notes | Consolidated 2019 $ | Consolidated 2018 $ |
|---|---|---|---|
| Revenue | | 1,106,095 | 740,853 |
| Cost of sales | 2 | (821,000) | (483,975) |
| Gross profit | | **285,095** | **256,878** |
| Interest income | | 39,715 | 8,112 |
| Other income | | 43,320 | 25,628 |
| Administrative expenses | | (180,688) | (166,518) |
| Corporate expenses | 3 | (771,506) | (793,546) |
| Directors fees | | (120,000) | (120,000) |
| Exploration expenses incurred, not capitalised | | (8,125) | - |
| Employee benefits expense | | (69,392) | (93,189) |
| Evaluation and due diligence | | (162,447) | (239,522) |
| Finance costs | | (2,250) | - |
| Loss on foreign exchange | | (3,953) | - |
| Loss on sale of joint venture assets | | (156,105) | - |
| Loss on sale of FVOCI assets | | - | (76,443) |
| Amortisation expense | | (82,958) | (22,448) |
| Depreciation expense | | (5,765) | (10,005) |
| Cost of abandoned projects | 4 | (13,777) | - |
| Pre-acquisition costs | | - | (44,775) |
| Capitalised costs written off | 14 | - | (2,752,115) |
| Share of net (loss)/profit from joint operation | | - | (33,721) |
| Share based payments | | - | (40,567) |
| **Loss from ordinary activities before income tax expense** | | (1,208,836) | (4,102,231) |
| Income tax expense | 6 | - | - |
| **Net loss for the year** | | **(1,208,836)** | **(4,102,231)** |
| **Other comprehensive loss** | | | |
| Items that may be reclassified to profit or loss: | | | |
| - Loss on financial assets at fair value through other comprehensive income (FVOCI) | 5 | - | (186,618) |
| - Foreign currency gain | 5 | 109,977 | 140,974 |
| **Total comprehensive income attributable to members of the entity** | | **(1,098,859)** | **(4,147,875)** |
| Basic loss per share (cents per share) | 24 | *(0.20) cents* | *(1.33) cents* |
| Diluted loss per share (cents per share) | 24 | *(0.20) cents* | *(1.33) cents* |

The accompanying notes form part of these financial statements.

## Consolidated Statement of Financial Position
## As at 30 June 2019
## All amounts are in Australian Dollars

| | Notes | Consolidated 30 June 2019 $ | Consolidated 30 June 2018 $ |
|---|---|---|---|
| **Current Assets** | | | |
| Cash and cash equivalents | 8 | 823,959 | 1,323,084 |
| Trade and other receivables | 9 | 330,160 | 161,814 |
| Inventory | | 77,961 | 106,633 |
| Other assets | 10 | 35,756 | 5,944 |
| Total Current Assets | | 1,267,836 | 1,597,475 |

| | | | |
|---|---|---|---|
| **Non-Current Assets** | | | |
| Property, plant & equipment | 12 | 14,034 | 19,799 |
| Oil and gas assets | 13 | 3,905,106 | 2,592,814 |
| Loans receivable | 11 | 337,201 | 276,999 |
| Other receivables | | 50,000 | 50,000 |
| Capitalised oil and gas exploration | 14 | 1,615,956 | 1,491,019 |
| Total Non-Current Assets | | 5,922,297 | 4,430,631 |
| Total Assets | | 7,190,133 | 6,028,106 |
| **Current Liabilities** | | | |
| Trade and other payables | 15 | 569,234 | 436,586 |
| Provisions | 16 | 27,170 | 19,000 |
| Total Current Liabilities | | 596,404 | 455,586 |
| Total Liabilities | | 596,404 | 455,586 |
| **Net Assets** | | **6,593,729** | **5,572,520** |
| **Shareholders' Equity** | | | |
| Contributed equity | 17 | 30,164,872 | 28,044,804 |
| Reserves | 18 | 530,837 | 420,860 |
| Accumulated losses | 19 | (24,101,980) | (22,921,464) |
| Equity attributable to shareholders | | **6,593,729** | **5,606,241** |
| Non-controlling interest | | - | 28,320 |
| **Total Shareholders' Equity** | | **6,593,729** | **5,572,520** |

The accompanying notes form part of these financial statements.

## Consolidated Statement of Changes in Equity
## Year Ended 30 June 2019
## All amounts are in Australian Dollars

| | **Accumulated Losses** $ | **Contributed Equity** $ | **Reserves** $ | **Non-Controlling Interest** $ | **Total** $ |
|---|---|---|---|---|---|
| **Balance at 1 July 2018** | **(22,921,464)** | **28,044,804** | **420,860** | **28,320** | **5,572,520** |
| *Comprehensive income* | | | | | |
| Loss for the period | (1,180,516) | - | - | (28,320) | (1,208,836) |
| Other comprehensive loss for the period | - | - | 109,977 | - | 109,977 |
| **Total comprehensive loss for the period** | **(1,180,516)** | **-** | **109,977** | **(28,320)** | **(1,098,859)** |
| *Transactions with owners, in their capacity as owners, and other transfers:* | | | | | |
| New shares issued | - | 2,266,306 | - | - | 2,266,306 |
| Cost of raising equity | - | (146,238) | - | - | (146,238) |
| Options issued | - | - | - | - | - |
| Reallocation of ARR reserve | - | - | - | - | - |
| Total transactions with owners and other transfers | - | 2,120,068 | - | - | 2,120,068 |
| **Balance at 30 June 2019** | **(24,101,980)** | **30,164,872** | **530,837** | **-** | **6,593,729** |
| **Balance at 1 July 2017** | **(19,499,941)** | **25,286,313** | **1,058,126** | **62,041** | **6,906,539** |
| *Comprehensive income* | | | | | |
| Loss for the year | (4,068,510) | - | - | (33,721) | (4,102,231) |
| Other comprehensive income for the period | - | - | (45,644) | - | (45,644) |
| **Total comprehensive loss for the period** | **(4,068,510)** | **-** | **(45,644)** | **(33,721)** | **(4,147,875)** |

| | | | | | |
|---|---|---|---|---|---|
| *Transactions with owners, in their capacity as owners, and other transfers:* | | | | | |
| New shares issued | - | 2,967,331 | - | - | 2,967,331 |
| Cost of raising equity | - | (208,840) | - | - | (208,840) |
| Options issued | - | - | 55,365 | - | 55,365 |
| Options expired | 646,987 | - | (646,987) | - | - |
| Total transactions with owners and other transfers | 646,987 | 2,758,491 | (591,622) | - | 2,813,856 |
| **Balance at 30 June 2018** | **(22,921,464)** | **28,044,804** | **420,860** | **28,320** | **5,572,520** |

These accompanying notes form part of these financial statements.

## Consolidated Statement of Cash Flows
## Year Ended 30 June 2019
## All amounts are in Australian Dollars

| | Notes | Consolidated 2019 $ | Consolidated 2018 $ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Receipts from customers | | 1,134,767 | 793,579 |
| Interest received & other income | | 83,034 | 33,739 |
| Payments to suppliers and employees | | (2,166,978) | (1,421,822) |
| Bonds refunded | | 71,807 | 67,043 |
| Interest paid | | (2,249) | - |
| **Net cash outflow from operating activities** | 25 | **(879,619)** | **(527,461)** |
| **Cash flows from investing activities** | | | |
| Sale of property, plant & equipment | | - | 180,849 |
| Proceeds from sale of joint venture assets | | 106,944 | |
| Payments for oil and gas assets | | (777,586) | (599,515) |
| Payments for exploration and evaluation | | (124,937) | (545,013) |
| Deposit paid for acquisition | | (641) | - |
| Acquisition of oil and gas production projects | | (883,151) | (1,323,357) |
| **Net cash outflow from investing activities** | | **(1,679,371)** | **(2,287,036)** |
| **Cash flows from financing activities** | | | |
| Proceeds from shares issued | | 2,266,306 | 2,982,130 |
| Payments for costs of capital | | (146,238) | (208,840) |
| Transactions with non-controlling interests | | - | (33,721) |
| Loans to third parties | | (60,201) | (264,571) |
| **Net cash inflow from financial activities** | | **2,059,867** | **2,474,998** |
| **Net decrease in cash and cash equivalents** | | **(499,123)** | **(339,499)** |
| Effects of exchange rate changes on cash and cash equivalents | | (2) | (3,556) |
| Cash and cash equivalents at the beginning of the financial year | | 1,323,084 | 1,666,139 |
| **Cash and cash equivalents at the end of the financial year** | 8 | **823,959** | **1,323,084** |

The accompanying notes from part of these financial statements.'

## Notes to the Financial Statements
## Year Ended 30 June 2019
## 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.

*Going Concern*

The Group recognises that its ability to continue as a going concern to meet its debts when they fall due is dependent on the Group raising funds as required to pay its debts as and when they fall due. The directors have reviewed the business outlook and are of the opinion that the use of the going concern basis of accounting is appropriate as they believe the Group will achieve this.

However, the conditions outlined above create uncertainty that may cast significant doubt as to whether the Group will continue as a going concern and, therefore whether the Group will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in these financial statements. This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that may be necessary should the Group be unable to continue as a going concern.

The financial report was authorised for issue by the Directors on 31 October 2019.

**(b) Principles of Consolidation and Equity Accounting**

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 29 and 30 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.

Under AASB 11 *Joint Arrangements*, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. Mosman Oil and Gas Limited has a joint venture.

*Joint ventures*

Joint operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Group's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements.

Interests in joint ventures are accounted for using the equity method (see below), after initially being recognised at cost in the consolidated balance sheet.

*Equity method*

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit or loss, and the group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 1(q).

**(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 of Exploration and Evaluation Assets**

The ultimate recoupment of the value of exploration and evaluation assets, is dependent on the successful development and commercial exploitation, or alternatively, sale, of the exploration and evaluation assets.

Impairment tests are carried out when there are indicators of impairment in order to identify whether the asset carrying values exceed their recoverable amounts. There is significant estimation and judgement in determining the inputs and assumptions used in determining the recoverable amounts.

The key areas of judgement and estimation include:

- Recent exploration and evaluation results and resource estimates;
- Environmental issues that may impact on the underlying tenements;
- Fundamental economic factors that have an impact on the operations and carrying values of assets and liabilities.

**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.

**(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 recognised for all taxable temporary differences.

Deferred income tax assets are recognised 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 utilised;

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 utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised 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 realised 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 recognised directly in equity are recognised 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 recognised 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 recognised 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 recognised 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(q) 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.

**(g) 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.

**(h) 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 is 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 amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

Costs of site restoration and rehabilitation are recognised 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 recognised 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.

**(i) 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.

**(j) 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.

**(k) 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.

**(l) 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.

**(m) Comparative Figures**

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

**(n) 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.

**(o) Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Company determines the classification of its financial instruments at initial recognition.

**Financial assets**
From 1 July 2018, financial assets are classified at initial recognition a (i) subsequently measured at amortised cost, (ii) fair value through other comprehensive income (OCI) or (iii) fair value through profit or loss. The classification depends on the purpose for which the financial assets were acquired.

***Financial assets at fair value through profit or loss***
Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designed upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the Income Statement within finance costs. Transaction costs arising on initial recognition are expensed in the Income Statement.

***Financial assets at fair value through other comprehensive income***
The financial asset is held for both collecting contractual cash flows and selling the financial asset. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest rate method.

The Company's financial assets at fair value through other comprehensive income include it's investment in listed equities.

***Financial assets at amortised cost***
Financial asset at amortised costs are non-derivative financial assets with fixed or determinable payments that re not quoted in an active market.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gain and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost include 'trade and other receivables' and "cash and equivalents' in the Balance Sheet.

***Financial liabilities***
Financial liabilities are classified at initial recognition as (i) financial liabilities at fair value through profit or, (ii) loans and borrowings, (iii) payables or (iv) derivatives designated as hedging instruments, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net directly attributable

transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings. These are subsequently measured at amortised cost using the effective interest method. Gain and losses are recognised in the Income Statement when the liabilities are derecognised. Amortisation is included as finance costs in the Income Statement.

***Fair Value***

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models. The expression "fair value" - and derivatives thereof - wherever used in this report bears the meaning ascribed to that expression by the Australian Accounting Standards Board.

***Impairment***

At each reporting date, the Company 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 recognised in the profit or loss.

**(p) Oil and gas assets**

The cost of oil and gas producing assets and capitalised expenditure on oil and gas assets under development are accounted for separately and are stated at cost less accumulated amortisation and impairment losses. Costs include expenditure that is directly attributable to the acquisition or construction of the item as well as past exploration and evaluation costs.

When an oil and gas asset commences production, costs carried forward are amortised on a units of production basis over the life of the economically recoverable reserves. Changes in factors such as estimates of economically recoverable reserves that affect amortisation calculations do not give rise to prior financial period adjustments and are dealt with on a prospective basis.

**(q) 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 until to which the asset belongs.

**(r) 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 recognised 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 recognised 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.

**(r) Provisions**

Provisions are recognised 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 be the result and that outlay can be reliably measured.

### (s) 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.

### (t) Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue from Joint Operations is recognised based on its share of the sale by joint operation.

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

### (u) 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.

### (v) Foreign Currency Translation

*Functional currency*
Items included in the financial statements of the Group's operations are measured using the currency of the primary economic environment in which it operates ('the functional currency').

The functional currency of the Company and controlled entities registered in Australia is Australian dollars (AU$).

The functional currency of the controlled entities registered in the US is United States dollars (US$).

Foreign currency transactions are translated into the functional currency using the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the end of the reporting period. Foreign exchange gains and losses resulting from settling foreign currency transactions, as well as from restating foreign currency denominated monetary assets and liabilities, are recognised in profit or loss, except when they are deferred in other comprehensive income as qualifying cash flow hedges or where they relate to differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined.

*Presentation currency*
The financial statements are presented in Australian dollars, which is the Group's presentation currency.

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 statement of comprehensive income.

### (w) New standards and interpretations

**Account Standard and Interpretation**

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

**AASB 9 Financial Instruments**
The consolidated entity has adopted AASB 9 from 1 July 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest.

A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value.

All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI').

Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch).

New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available. The Group has not recognised an ECL in the current period as the group has not recognised a bad debts expense since operations began. This can be attributed to the Group's customer profile and credit policies in place.

AASB 9 was adopted using the modified retrospective approach and as such comparatives were not restated.

**AASB 15 Revenue from Contracts with Customers**
The consolidated entity has adopted AASB 15 from 1 July 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised 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 standard introduced a new contract based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

The consolidated entity's main source of income is royalties, where the adoption of AASB 15 has been determined to not have a significant impact on the consolidated entity's accounting policies or the amounts recognised in the financial statements. There is therefore no impact on opening retained profits as at 1 July 2018.

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.

| | Consolidated 2019 $ | Consolidated 2018 $ |
|---|---|---|
| **2 Cost of sales** | | |
| Cost of sales | 254,132 | 153,225 |
| Lease operating expenses | 566,868 | 330,750 |
| | **821,000** | **483,975** |
| **3 Corporate Costs** | | |
| Accounting, Company Secretary and Audit fees | 224,884 | 189,475 |
| Consulting fees - board | 348,750 | 427,012 |
| Consulting fees - other | 109,549 | 101,317 |
| Legal and compliance fees | 88,323 | 75,742 |
| | **771,506** | **793,546** |
| **4 Costs associated with abandoned projects** | | |
| Costs incurred | 13,777 | - |
| | **13,777** | **-** |
| **5 Other comprehensive (profit)/loss** | | |
| Loss on shares at fair value through other comprehensive income | - | 186,618 |
| Foreign currency (gain) | (109,977) | (140,974) |
| | **(109,977)** | **45,644** |

**6 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 (2018 - $NIL).

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

| | Consolidated 2019 $ | Consolidated 2018 $ |
|---|---|---|
| Loss before tax | (1,208,836) | (4,068,512) |
| Income tax calculated at 27.5% (2018: 27.5%) | (332,429) | (1,118,841) |
| Tax effect of amounts which are deductible/non-deductible In calculating taxable income: | | |
| JV share of profit | (6,399) | (9,457) |
| Legal and consulting expenses | - | 4,080 |
| Impairment expense | - | - |
| Upfront exploration expenditure claimed | (34,358) | (50,859) |
| Other | (137,518) | (183,003) |
| Effects of unused tax losses and tax offsets not recognised as deferred tax assets | 510,704 | 773,488 |
| Income tax expense attributable to operating profit | **NIL** | **NIL** |

## (b) Tax Losses

As at 30 June 2019 the Company had Australian tax losses of $10,875,861 (2018: $9,271,146). The benefit of deferred tax assets not brought to account will only be realised if:

- Future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised; 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 realising the benefit.

**(c) Unbooked Deferred Tax Assets and Liabilities**

| | Consolidated 2019 | Consolidated 2018 |
|---|---|---|
| | $ | $ |
| Unbooked deferred tax assets comprise: | | |
| Capital Raising Costs | 130,607 | 254,595 |
| Provisions/Accruals/Other | 31,482 | 26,821 |
| Tax losses available for offset against future taxable income | 2,990,862 | 2,549,565 |
| | **3,152,951** | **2,830,981** |

**7 Auditors Remuneration**

| | | |
|---|---|---|
| *Audit - Greenwich & Co Audit Pty Ltd* | | |
| Audit of the financial statements | 31,000 | 27,000 |
| | **31,000** | **27,000** |

**8 Cash and Cash Equivalents**

| | | |
|---|---|---|
| Cash at Bank | **823,959** | **1,323,084** |

**9 Trade and Other Receivables**

| | | |
|---|---|---|
| Deposits | 10,642 | 81,808 |
| GST receivable | 18,002 | 32,574 |
| Cash calls receivable | 208,791 | 47,432 |
| Accrued Revenue | 84,516 | - |
| Other receivables | 8,209 | - |
| | **330,160** | **161,814** |

**10 Other assets**

| | | |
|---|---|---|
| Prepayments | 35,756 | 5,944 |
| | **35,756** | **5,944** |

**11 Loans receivable**

| | | |
|---|---|---|
| Loan to GEM International Resources Inc | 119,034 | 100,826 |
| Loan to Blackstone Oil and Gas, Inc | 210,210 | 168,216 |
| Other loans | 7,957 | 7,957 |
| | **337,201** | **276,999** |

**12 Property, Plant and Equipment**

| | Land and Buildings | Office Equipment and Furniture | Vehicles | Total |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| **Cost** | | | | |
| Balance at 1 July 2018 | - | 165,713 | - | 165,713 |
| Additions | - | - | - | - |
| Disposals | - | - | - | - |
| Effective movement in exchange rates | - | - | - | - |
| **Balance at 30 June 2019** | **-** | **165,713** | **-** | **165,713** |

**Depreciation**

| | | | | |
|---|---|---|---|---|
| Balance at 1 July 2018 | - | 145,914 | - | 145,914 |
| Depreciation for the year | - | 5,765 | - | 5,765 |
| Disposals | - | - | - | - |
| Effective movement in exchange rates | - | - | - | - |
| **Balance at 30 June 2019** | **-** | **151,679** | **-** | **151,679** |
| **Carrying amounts** | | | | |
| Balance at 30 June 2018 | - | 19,799 | - | 19,799 |
| **Balance at 30 June 2019** | **-** | **14,034** | **-** | **14,034** |

## 13 Oil and Gas Assets

| | Consolidated 2019 $ | Consolidated 2018 $ |
|---|---|---|
| Cost brought forward | **2,592,814** | 749,619 |
| Acquisition of oil and gas assets during the year | 883,151 | 1,278,583 |
| Disposal of oil and gas assets on sale during the year | (133,503) | - |
| Capitalised equipment workovers during the year | 645,602 | 587,060 |
| Amortisation for the year | (82,958) | (22,448) |
| Carrying value at end of year | **3,905,106** | **2,592,814** |

## 14 Capitalised Oil and Gas Expenditure

| | Consolidated 2019 $ | Consolidated 2018 $ |
|---|---|---|
| Cost brought forward | **1,491,019** | 4,073,115 |
| Exploration costs incurred during the year | 124,937 | 144,316 |
| Exploration expenditure previously capitalised, written off in financial year | - | (2,752,115) |
| FX movement | - | 25,703 |
| Carrying value at end of year | **1,615,956** | **1,491,019** |

## 15 Trade and Other Payables

| | Consolidated 2019 $ | Consolidated 2018 $ |
|---|---|---|
| Trade creditors | 503,470 | 273,844 |
| Other creditors and accruals | 65,764 | 162,742 |
| | **569,234** | **436,586** |

## 16 Provisions

| | Consolidated 2019 $ | Consolidated 2018 $ |
|---|---|---|
| Employee provisions | 27,170 | 19,000 |
| | **27,170** | **19,000** |

## 17 Contributed Equity

**Ordinary Shares:**

Value of Ordinary Shares fully paid

| **Movement in Contributed Equity** | | | **Number of shares** | **Contributed Equity $** |
|---|---|---|---|---|
| Balance as at 1 July 2017: | | | 249,448,848 | 25,286,313 |
| *Date* | *Nature of Transaction* | *Issue Price* | | |
| 05/10/2017 | Shares issued | $0.0205 | 49,999,333 | 1,026,486 |
| 22/02/2018 | Shares issued (i) | $0.0196 | 45,454,545 | 890,790 |
| 29/05/2018 | Shares issued (i) | $0.0097 | 109,090,091 | 1,050,055 |
| Capital raising costs | | | - | (208,840) |
| Balance as at 1 July 2018: | | | **453,992,787** | **28,044,804** |
| 15/11/2018 | Shares issued (i) | $0.00486 | 41,090,908 | 199,717 |
| 23/11/2018 | Shares issued (i) | $0.00486 | 100,727,273 | 489,659 |
| 08/12/2018 | Shares issued (i) | $0.00495 | 40,000,000 | 198,000 |
| 20/05/2019 | Shares issued (i) | $0.00552 | 250,000,000 | 1,378,930 |
| Capital raisings costs | | | - | (146,238) |
| **Balance at end of year** | | | **885,810,968** | **30,164,872** |

(i) Placements via capital raising as announced

## 18 Reserves

| | Consolidated 2019 $ | Consolidated 2018 $ |
|---|---|---|
| Options reserve | 471,818 | 471,818 |
| Asset revaluation reserve | (402,412) | (402,411) |
| Foreign currency translation reserve | 461,431 | 351,453 |
| | **530,837** | **420,860** |

### 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* | Consolidated 2019 $ | Consolidated 2018 $ |
|---|---|---|
| Options Reserve at the beginning of the year | **471,818** | 1,063,440 |
| Options issued | - | 55,365 |
| Options expired | - | (646,987) |
| Options Reserve at the end of the year | **471,818** | **471,818** |

### 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* | Consolidated 2019 $ | Consolidated 2018 $ |
|---|---|---|
| Foreign Currency Translation Reserve at the beginning of the year | 351,454 | 210,480 |
| Current year movement | 109,977 | 140,974 |
| Foreign Currency Translation Reserve at the end of the year | **461,431** | **351,454** |

### Asset Revaluation Reserve

Changes in the fair value of investments classified as fair value through other comprehensive income (FVOCI) financial assets are taken to the available-for-sale investments revaluation reserve.

| *Movement in Asset Revaluation Reserve* | Consolidated 2019 $ | Consolidated 2018 $ |
|---|---|---|
| Asset Revaluation Reserve at the beginning of the year | - | (215,794) |
| Revaluation of FVOCI shares | | (186,618) |
| Reallocation of Asset Revaluation Reserve to Retained Earnings | - | - |
| Asset Revaluation Reserve at the end of the year | **(402,412)**[1] | **(402,412)** |

1. *The asset revaluation reserve balance related to the accumulated loss on the investment in GEM International Resources Inc recorded in FY2017 and FY2018.*

| **19 Accumulated Losses** | **Consolidated 2019 $** | **Consolidated 2018 $** |
|---|---|---|
| Accumulated losses at the beginning of the year | **22,921,464** | **19,499,941** |
| Net loss attributable to members | 1,180,516 | 4,068,510 |
| Reallocation of Asset Revaluation Reserve to Retained Earnings | 402,412 | - |
| Options expired during the year | - | (646,987) |
| Accumulated losses at the end of the year | **24,504,392** | **22,921,464** |

## 20 Related Party Transactions

| | **Consolidated 2019 $** | **Consolidated 2018 $** |
|---|---|---|
| **Key Management Personnel Remuneration** | | |
| Cash Payments to Directors and Management (i) | 549,173 | 633,089 |
| Total | **549,173** | **633,089** |

I. During the year to 30 June 2019:

a. Directors fees of $60,000 and consulting fees of $160,750 were paid and payable to Kensington Advisory Services Pty Ltd;
b. Director fees of $ 30,000 and consulting fees of $188,000 were paid and payable to Australasian Energy Pty Ltd;
c. Directors fees of $30,000 were paid to J A Young;
d. CFO, Company Secretary and Consulting Fees totalling $80,423 were paid and payable to J T White's accounting firm, Traverse Accountants Pty Ltd.

**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:**

*Trident Energy Pty Ltd*

At 30 June 2019 the Company's 100% owned subsidiary, Trident Energy Pty Ltd, owed Mosman Oil and Gas Limited $2,883,384 (2018: $2,808,467).

*OilCo Pty Ltd*

At 30 June 2019 the Company's 100% owned subsidiary, OilCo Pty Ltd (OilCo), owed Mosman Oil and Gas Limited $776,412 (2018: $778,717).

*Mosman Oil USA, Inc*

At 30 June 2019 the Company's 100% owned subsidiary, Mosman Oil USA, Inc, owed Mosman Oil and Gas Limited $3,838,805 (2018: $2,643,885).

## 21 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 2019, total exploration expenditure commitments for the next 12 months are as follows:

| Entity | Tenement | 2019 $ | 2018 $ |
|---|---|---|---|
| Trident Energy Pty Ltd | EP145[1] | - | 121,500 |
| Oilco Pty Ltd | EPA155 | - | - |
| | | **-** | **121,500** |

1. *EP145 is currently under renewal application, therefore there are no committed expenditures as of the date of this report.*

### (b) Capital Commitments

The Company had no capital commitments at 30 June 2019 (2018: $NIL).

## 22 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, New Zealand and the USA. 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 three reportable segments based on the geographical areas of the mineral resource and exploration activities in Australia, New Zealand and the USA. Unallocated results, assets and liabilities represent corporate amounts that are not core to the reportable segments.

## 22 Segment Information (continued)

**(i) Segment performance**

| | New Zealand $ | United States $ | Australia $ | Total $ |
|---|---|---|---|---|
| **Year ended 30 June 2019** | | | | |
| ***Revenue*** | | | | |
| Revenue | - | 1,106,095 | - | 1,106,095 |
| Interest income | - | 32,270 | 7,445 | 39,715 |
| Gain on sale of non-current assets | 937 | - | - | 937 |
| Other income | - | 425 | 41,958 | 42,383 |
| **Segment revenue** | **937** | **1,138,790** | **49,403** | **1,189,130** |
| | | | | |
| **Segment Result** | | | | |
| Loss | | | | |
| Allocated | | | | |
| - Corporate costs | - | (29,348) | (742,158) | (771,506) |
| - Administrative costs | - | (65,836) | (114,852) | (180,688) |
| - Lease operating expenses | - | (566,868) | - | (566,868) |
| - Cost of sales | - | (254,132) | - | (254,132) |
| - Share of net loss of joint operation | - | - | - | - |
| Segment net profit (loss) before tax | **937** | **222,606** | **(807,607)** | **(584,064)** |
| | | | | |
| *Reconciliation of segment result to net loss before tax* | | | | |
| Amounts not included in segment result but reviewed by the Board | | | | |
| - Exploration expenditure previously capitalised, written off in financial year | (8,125) | - | - | (8,125) |
| - Evaluation and due diligence | - | - | (162,447) | (162,447) |
| - Amortisation | - | (82,958) | - | (82,958) |
| - Projects abandoned | (6,645) | - | (7,132) | (13,777) |
| - Loss on sale of available-for-sale assets | - | (156,105) | - | (156,105) |
| Unallocated items | | | | |
| - Employee benefits expense | | | | (189,392) |
| - Foreign exchange loss | | | | (3,953) |
| - Depreciation | | | | (5,765) |
| - Finance costs | | | | (2,250) |
| Net Loss before tax from continuing operations | | | | **(1,208,836)** |

## 22 Segment Information (continued)

### (i) Segment performance (continued)

| | New Zealand $ | United States $ | Australia $ | Total $ |
|---|---|---|---|---|
| **Year ended 30 June 2018** | | | | |
| ***Revenue*** | | | | |
| Revenue | - | 701,944 | 38,909 | 740,853 |
| Interest income | - | 7,196 | 916 | 8,112 |
| Foreign exchange gain | - | - | 17,124 | 17,124 |
| Gain on sale of non-current assets | 3,697 | - | - | 3,697 |
| Other income | 19,732 | - | - | 19,732 |
| **Segment revenue** | **23,429** | **709,140** | **56,949** | **789,518** |
| | | | | |
| **Segment Result** | | | | |
| Loss | | | | |
| Allocated | | | | |
| - Corporate costs | - | (1,194) | (792,352) | (793,546) |
| - Administrative costs | (6,624) | (29,385) | (130,509) | (166,518) |
| - Lease operating expenses | - | (330,750) | - | (330,750) |
| - Cost of sales | - | (153,225) | - | (153,225) |
| - Share of net loss of joint operation | - | (33,721) | - | (33,721) |
| Segment net (loss)/profit before tax | **16,805** | **160,865** | **(865,912)** | **(688,242)** |
| | | | | |
| *Reconciliation of segment result to net loss before tax* | | | | |
| Amounts not included in segment result but reviewed by the Board | | | | |
| - Exploration expenditure previously capitalised, written off in financial year | - | - | (2,767,040) | (2,767,040) |
| - Evaluation and due diligence | - | (9,867) | (229,655) | (239,522) |
| - Amortisation | - | (22,448) | - | (22,448) |
| - Pre acquisition costs | - | - | (44,775) | (44,775) |
| - Loss on sale of available-for-sale assets | - | - | (76,443) | (76,443) |
| Unallocated items | | | | |
| - Employee benefits expense | | | | (213,189) |
| - Share based payments | | | | (40,567) |
| - Depreciation | | | | (10,005) |
| Net Loss before tax from continuing operations | | | | **(4,102,231)** |

## 22 Segment Information (continued)

### (ii) Segment assets

| | New Zealand $ | United States $ | Australia $ | Total $ |
|---|---|---|---|---|
| **Total assets as at 1 July 2018** | 60,911 | 3,098,906 | 2,868,289 | 6,028,106 |
| Segment asset balances at end of year | | | | |
| - Exploration and evaluation | - | - | 1,615,956 | 1,615,956 |
| - Capitalised Oil and Gas Assets | - | 4,126,703 | - | 4,126,703 |
| - Less: Amortisation | - | (88,094) | - | (88,094) |
| - Less: Expenditure previously capitalised, written off in financial year | - | (133,503) | - | (133,503) |
| | **-** | **3,905,106** | **1,615,956** | **5,521,062** |
| | | | | |
| *Reconciliation of segment assets to total assets:* | | | | |
| Other assets | - | 713,510 | 955,561 | 1,669,071 |
| Total assets from continuing operations **As at 30 June 2019** | **-** | **4,618,616** | **2,571,517** | **7,190,133** |

| | New Zealand $ | United States $ | Australia $ | Total $ |
|---|---|---|---|---|
| **Total assets as at 1 July 2017** | 392,510 | 953,669 | 6,072,294 | 7,418,473 |
| Segment asset balances at end of year | | | | |
| - Exploration and evaluation | - | - | 4,243,134 | 4,243,134 |
| - Capitalised Oil and Gas Assets | - | 2,623,251 | - | 2,623,251 |
| - Less: Amortisation | - | (30,437) | - | (30,437) |
| - Less: Expenditure previously capitalised, written off in financial year | - | - | (2,752,115) | (2,752,115) |
| | **-** | **2,592,814** | **1,491,019** | **4,083,833** |
| *Reconciliation of segment assets to total assets:* | | | | |
| Other assets | 60,911 | 506,092 | 1,377,270 | 1,944,273 |
| Total assets from continuing operations **As at 30 June 2018** | **60,911** | **3,098,906** | **2,868,289** | **6,028,106** |

## 22 Segment Information (continued)

### (iii) Segment liabilities

| | New Zealand $ | United States $ | Australia $ | Total $ |
|---|---|---|---|---|
| **Segment liabilities as at 1 July 2018** | 146,071 | 136,374 | 173,141 | 455,586 |
| Segment liability increases (decreases) for the year | (146,071) | 179,818 | 107,071 | 140,818 |
| | **-** | **316,192** | **280,212** | **596,404** |
| *Reconciliation of segment liabilities to total liabilities:* | | | | |
| Other liabilities | **-** | **-** | **-** | **-** |
| Total liabilities from continuing operations **As at 30 June 2019** | **-** | **316,192** | **280,212** | **596,404** |

| | New Zealand $ | United States $ | Australia $ | Total $ |
|---|---|---|---|---|
| **Segment liabilities as at 1 July 2017** | 162,478 | 69,679 | 279,777 | 511,934 |
| Segment liability increases (decreases) for the year | (16,407) | 66,695 | (106,636) | (56,348) |
| | **146,071** | **136,374** | **173,141** | **455,586** |
| *Reconciliation of segment liabilities to total liabilities:* | | | | |
| Other liabilities | **-** | **-** | **-** | **-** |
| Total liabilities from continuing operations **As at 30 June 2018** | **146,071** | **136,374** | **173,141** | **455,586** |

## 23 Producing assets

The Group currently has 3 (previously 4) producing assets, which the Board monitors as separate items to the geographical and operating segments. The Arkoma, Stanley, Strawn and Welch are Oil and Gas producing assets in the United States.

It should be noted that the Strawn Project was a 50% joint operation and as a result the amounts below are only the apportionment of the Mosman ownership right. As noted elsewhere in this report the Strawn project was divested throughout the year due to its poor performance.

Project performance is monitored by the line items below.

**Project performance**

| | Arkoma $ | Stanley $ | Strawn $ | Welch $ | Total $ |
|---|---|---|---|---|---|
| **Year Ended 30 June 2019** | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| *Revenue* | | | | | |
| Oil and gas project related revenue | 39,342 | 128,687 | 56,310 | 881,756 | 1,106,095 |
| Producing assets revenue | **39,342** | **128,687** | **56,310** | **881,756** | **1,106,095** |
| | | | | | |
| *Project-related expenses* | | | | | |
| - Cost of sales | 1,307 | 6,408 | 21,014 | 225,403 | 254,132 |
| - Lease operating expenses | (8,335) | 26,513 | 58,566 | 490,124 | 566,868 |
| Project cost of sales | **(7,028)** | **32,921** | **79,580** | **715,527** | **821,000** |
| | | | | | |
| *Project gross profit* | | | | | |
| Gross profit/(loss) | **46,370** | **95,766** | **(23,270)** | **166,229** | **285,095** |

**23 Producing assets (continued)**

**Project performance**

| | **Arkoma $** | **Stanley $** | **Strawn $** | **Welch $** | **Total $** |
|---|---|---|---|---|---|
| **Year Ended 30 June 2018** | | | | | |
| *Revenue* | | | | | |
| Oil and gas project related revenue | 33,098 | - | 147,934 | 520,912 | 701,944 |
| Cash call revenue | - | - | 29,385 | - | 29,385 |
| Producing assets revenue | **33,098** | **-** | **177,319** | **520,912** | **731,329** |
| | | | | | |
| *Project-related expenses* | | | | | |
| - Cost of sales | - | - | 27,951 | 125,273 | 153,225 |
| - Lease operating expenses | 17,045 | - | 159,418 | 192,174 | 368,637 |
| Project cost of sales | **17,045** | **-** | **187,369** | **317,447** | **521,862** |
| | | | | | |
| *Project gross profit* | | | | | |
| Gross profit/(loss) | **16,053** | **-** | **(10,051)** | **203,465** | **209,467** |
| | | | | | |
| *Overhead costs* | | | | | |
| - Administrative costs | **-** | **-** | 806 | - | 806 |
| - Employee benefits | - | - | 23,531 | - | 23,531 |
| **Project net profit/(loss) before tax** | **16,053** | **-** | **(34,388)** | **203,465** | **185,130** |

## 24 Earnings/ (Loss) per shares

| | **Consolidated 2019 $** | **Consolidated 2018 $** |
|---|---|---|
| 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 | **(1,208,836)** | **(4,147,875)** |
| | **Number of shares 2019** | **Number of shares 2018** |
| Weighted average number of ordinary shares used in calculating basic earnings/(loss) per share: | 590,422,674 | 311,116,999 |
| Basic loss per share (cents per share) | 0.20 | 1.33 |

## 25 Notes to the statement of cash flows

| Reconciliation of loss from ordinary activities after income tax to net cash outflow from operating activities: | **Consolidated 2019** | **Consolidated 2018** |
|---|---|---|
| | **$** | **$** |
| Loss from ordinary activities after related income tax | (1,218,985) | (4,102,231) |
| | | |
| Share based payments | 10,149 | 40,567 |
| Depreciation and amortisation | 88,722 | 32,163 |
| Previously capitalised expenses, written off | - | 2,767,040 |
| Fixed assets disposed of during the year | 156,105 | 181,529 |
| Share of loss of joint operations | - | 33,721 |
| Fair value loss on available-for-sale assets | - | 76,442 |
| Decrease in other assets | - | 318,034 |
| Decrease/(increase) in trade and other receivables | (197,519) | 182,792 |
| Increase in inventory | 28,672 | (106,633) |
| Change in value of NCI | - | 95,762 |
| Increase in trade and other payables | 140,818 | (46,647) |
| Unrealised FX | 112,419 | - |
| Net cash outflow from operating activities | **(879,619)** | **(527,461)** |

## 26 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.*

### (i) 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:

| **Consolidated 2019** | **Note** | **Weighted Average Effective Interest %** | **Funds Available at a Floating Interest Rate $** | **Fixed Interest Rate $** | **Assets/ Liabilities Non Interest Bearing $** | **Total $** |
|---|---|---|---|---|---|---|
| Financial Assets | | | | | | |
| Cash and Cash Equivalents | 8 | **3.80%** | 823,959 | - | - | 823,959 |
| Trade and other Receivables | 9 | | - | - | 330,160 | 330,160 |
| Other assets | 10 | | - | - | 35,756 | 35,756 |
| Total Financial Assets | | | **823,959** | **-** | **365,916** | **1,189,875** |
| | | | | | | |
| Financial Liabilities | | | | | | |
| Trade and other Payables | 15 | | - | - | 569,234 | 569,234 |
| Provisions | 16 | | - | - | 27,170 | 27,170 |
| Total Financial Liabilities | | | **-** | **-** | **596,404** | **596,404** |
| Net Financial Assets/(Liabilities) | | | **823,959** | **-** | **(230,488)** | **593,471** |

| **Consolidated 2018** | **Note** | **Weighted Average Effective Interest %** | **Funds Available at a Floating Interest Rate $** | **Fixed Interest Rate $** | **Assets/ (Liabilities) Non Interest Bearing $** | **Total $** |
|---|---|---|---|---|---|---|
| Financial Assets | | | | | | |
| Cash and Cash Equivalents | 8 | **0.5%** | 1,323,084 | - | - | 1,323,084 |
| Trade and other Receivables | 9 | | - | - | 161,814 | 161,814 |
| Other assets | 10 | | - | - | 5,944 | 5,944 |

| | | | | | |
|---|---|---|---|---|---|
| Total Financial Assets | | **1,323,084** | **-** | **167,758** | **1,490,842** |
| Financial Liabilities | | | | | |
| Trade and other Payables | 15 | - | - | 436,586 | 436,586 |
| Provisions | 16 | - | - | 19,000 | 19,000 |
| Total Financial Liabilities | | **-** | **-** | **455,586** | **455,586** |
| Net Financial Assets/(Liabilities) | | **1,323,084** | **-** | **(287,828)** | **1,035,255** |

**(ii) 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.

**(iii) 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.

**(iv) 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.

## 27 Contingent Liabilities

There were no material contingent liabilities not provided for in the financial statements of the Company as at 30 June 2019.

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

| | 2019<br>$ | 2018<br>$ |
|---|---|---|
| Financial position | | |
| Assets | | |
| Current assets | 837,100 | 1,224,198 |
| Non-current assets | 15,157,158 | 13,853,962 |
| **Total assets** | **15,994,258** | **15,078,160** |
| Liabilities | | |
| Current liabilities | 233,970 | 310,716 |
| **Total liabilities** | **233,970** | **310,716** |
| **Net assets** | **15,760,288** | **14,767,444** |
| Equity | | |
| Contributed equity | 30,164,205 | 28,044,137 |
| Reserves | 69,408 | 69,408 |
| Accumulated losses | (14,473,325) | (13,346,101) |
| **Total Equity** | **15,760,288** | **14,767,444** |

| | | |
|---|---|---|
| Financial Performance | | |
| Loss for the year | (1,127,224) | (1,414,170) |
| Other comprehensive income | - | - |
| **Total comprehensive loss** | **(1,127,224)** | **(1,414,170)** |

## 29 Controlled Entities

Investments in group entities comprise:

| Name | Principal activities | Incorporation | Beneficial percentage held by economic entity 2019 % | 2018 % |
|---|---|---|---|---|
| Mosman Oil and Gas Limited | Parent entity | Australia | | |
| Wholly owned and controlled entities: | | | | |
| Mosman Oil & Gas Limited | Oil & Gas exploration | New Zealand | **100** | **100** |
| Mosman Oil and Gas (NZ) Limited | Oil & Gas exploration | New Zealand | **100** | **100** |
| OilCo Pty Limited | Oil & Gas exploration | Australia | **100** | **100** |
| Trident Energy Pty Ltd | Oil & Gas exploration | Australia | **100** | **100** |
| Mosman Oil USA, INC. | Oil & Gas operations | U.S.A. | **100** | **100** |
| Mosman Texas, LLC | Oil & Gas operations | U.S.A. | **100** | **100** |
| Mosman Operating, LLC | Oil & Gas operations | U.S.A. | **100** | **100** |

Mosman Oil and Gas Limited is the Parent Company of the Group, which includes all of the controlled entities. See also Note 31 Subsequent Events for additional corporate activity in progress subsequent to the 30 June 2019 year end.

Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the group. The amounts disclosed are for the Strawn project in Mosman Operating, LLC and are before inter-company eliminations.

| **Summarised Statement of Financial Position** | **2019** **$** | **2018** **$** |
|---|---|---|
| **Current Assets** | | |
| Cash and cash equivalents | 108,663 | 4,769 |
| Trade and other receivables | 209,433 | 168,535 |
| Inventory | - | 63,392 |
| **Total Current Assets** | **318,096** | **236,696** |
| **Total Assets** | **318,096** | **236,696** |
| **Current Liabilities** | | |
| Trade and other payables | 119,470 | 160,114 |
| **Total Current Liabilities** | **119,470** | **160,114** |
| **Non-Current Liabilities** | | |
| Loan to related party | 190,990 | 24,279 |
| **Total Non-Current Liabilities** | **190,990** | **24,279** |
| **Total Liabilities** | **310,460** | **184,393** |
| **Net Assets** | **7,636** | **52,303** |
| **Equity** | | |
| Contributed equity | 1,335 | 1,335 |
| Reserves | (2,280) | (3,007) |
| Retained earnings | 8,581 | 53,975 |

| | | |
|---|---|---|
| **Total Equity** | **7,636** | **52,303** |
| **Accumulated Non-Controlling Interest** | **-** | **26,151** |

| **Summarised Statement of Comprehensive Income** | **2019**<br>**$** | **2018**<br>**$** |
|---|---|---|
| Revenue | 112,620 | 295,867 |
| Cost of sales | (42,028) | (55,902) |
| Gross profit | **70,592** | **239,965** |
| Other income | 215,854 | 58,770 |
| Lease operating expenses | (332,986) | (320,449) |
| Employee benefits expense | - | (47,063) |
| **(Loss)/profit from ordinary activities before income tax expense** | (46,540) | (68,777) |
| Income tax expense | - | - |
| **Net loss for the year** | **(46,540)** | **(68,777)** |
| Total comprehensive profit for the year is attributable to: | | |
| Shareholders | - | - |
| Non-controlling interest | - | - |
| **Total comprehensive loss attributable to member of the entity** | **(46,540)** | **(68,777)** |
| **(Loss)/profit allocated to non-controlling interest** | **(23,270)** | **(34,388)** |

| **Summarised Statement of Cash Flows** | **2019**<br>**$** | **2018**<br>**$** |
|---|---|---|
| Cash flows from operating activities | (62,816) | (131,480) |
| Cash flows from investing activities | - | 10,721 |
| Cash flows from financing activities | 166,710 | - |
| **Net increase/(decrease) in cash and cash equivalents** | **(103,895)** | **(120,759)** |

## 30 Share Based Payments

| | **Consolidated**<br>**2019**<br>**$** | **Consolidated**<br>**2018**<br>**$** |
|---|---|---|
| Basic loss per share (cents per share) | 0.20 | 1.33 |

The following share based payment arrangements existed at 30 June 2019:

Each of the three 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 18 December 2017, 10,000,000 Options were issued to KMP to take up ordinary shares of the Company at an exercise price of 2 GB pence each. The options are exercisable on or before 15 December 2020.

(2) On 15 February 2018, 750,000 Options were issued to UK consultants involved in the AIM IPO to take up ordinary shares of the Company at an exercise price of 2 GB pence each. The options are exercisable on or before 15 February 2021.

A summary of the movements of all company option issues to 30 June 2019 is as follows:

| **Company Options** | **2019 Number of Options** | **2018 Number of Options** | **2019 Weighted Average Exercise Price** | **2018 Weighted Average Exercise Price** |
|---|---|---|---|---|
| Outstanding at the beginning of the year | 14,809,372 | 7,859,372 | $0.0516 | $0.1500 |
| Expired | (4,059,372) | (3,800,000) | | |
| Granted | 90,909,091 | 10,750,000 | $0.0040 | $0.0020 |
| Outstanding at the end of the year | 101,659,091 | 14,809,372 | $0.0057 | $0.0516 |
| Exercisable at the end of the year | 101,659,091 | 14,809,372 | $0.0057 | $0.0516 |

## 31 Events Subsequent to the End of the Financial Year

Subsequent to balance date the company notes the following material developments to the group:

- The sale of Strawn was formally announced to AIM on 1 July 2019. The sale had concluded but for the final signing of documents in the last week of the 30 June 2019 financial year meaning that all net losses and items associated with Strawn are reflected in the accounts to 30 June 2019;
- Mosman is awaiting Ministerial consent for the next licence year for the EP 145 project;
- Stanley-2 well that was drilled in March 2019 was successfully placed into regular production in July 2019;
- Stanley-3 well was spudded in August 2019. The well was successfully developed and completed. The company reports in September that during flow testing the stabilised rate of the well was 192 bopd which was updated in October to be an average of 115 bopd and expected to settled over the coming months;

The Company's next investment plans as announced over the coming months was to focus on Stanley-4 and the Champion project;

- Noted that GEM International Resources Inc has subsequently delisted from the TSX-V and applied successfully for listing on the Canadian NEX exchange. This asset has been 100% impaired on Mosman's balance sheet in previous financial periods so the relisting of GEM would provide a favourable variance to Mosman's balance sheet and working capital position.
- Noted that there is also an AUD100,000 loan owed by GEM to Mosman that will have a higher probability of repayment assuming the successful relisting of GEM leads to additional capital being raised by GEM.

In the opinion of the Directors there were no other significant changes in the state of affairs of the Company that occurred during the financial year under review.

There have been no significant events subsequent to reporting date other than stated above.

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Final Results
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