RNS Number : 4086G
Mosman Oil and Gas Limited
25 November 2020

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

Final Results

Mosman Oil and Gas Limited (AIM: MSMN) the oil exploration, development, and production company, announces its final results for the year ended 30 June 2020.

Summary

- Revenue increased c35% to $1.49m
- Gross Profit increased 86% to £0.71m
- Net loss for the year of $4.8m, primarily attributed to a $4.1m Impairment on the carrying value of assets following the demise of the oil price in 2020
- Gross Project Production increased 50% to 92,170 BOE[1]
- Net Production to Mosman increased 24% to 23,117 BOE[1]

[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

Post period US highlights

- Stanley-4 drilled and placed on production in September 2020.
- Increasing to five producing projects with the Falcon-1 well at Champion completed in November, which is expected to significantly increase production.

The Company expects to publish its annual report later this week which will be posted and made available on the Company's website at www.mosmanoilandgas.com/financial-reports.

John W Barr, Chairman of Mosman commented: "Whilst 2020 has undoubtedly been challenging, Mosman remains resolute in delivering on its strategic objectives to build our production base with a clear focus on increasing production and cashflow whilst also being in a position to evaluate further acquisition targets.

"The small team is nimble and working with our partners and we are building stronger foundations from which we plan to build more robust scale in the year ahead.

"We acknowledge it has been a turbulent year for shareholders and would like to take this opportunity to thank them for their continued support whilst reassuring them of our confidence to achieve growth in both production and value for the business."

Enquiries:

Mosman Oil & Gas Limited
John W Barr, Executive Chairman
Andy Carroll, Technical Director
jwbarr@mosmanoilandgas.com
acarroll@mosmanoilandgas.com

NOMAD and Joint Broker
SP Angel Corporate Finance LLP
Stuart Gledhill / Richard Hail / Adam Cowl
+44 (0) 20 3470 0470

Alma PR
Justine James
+44 (0) 20 3405 0205
+44 (0) 7525 324431
mosman@almapr.co.uk

Joint Broker
Monecor (London) Ltd
trading as ETX Capital
Thomas Smith
+44 (0) 20 7392 1432

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

Chairman's Letter

Overview of the 2020 financial year

Looking back at my closing remarks for the last Financial Year, I outlined how Mosman's focus for the year ahead was to deliver on the strategic objectives the Board had set out, building on the progress made through project acquisitions to increase production and how we were excited by the opportunity this presented for the next phase of growth. Nothing at that time could have predicted the 2020 year that lay before us all. It has proven to be one of the most difficult on record with the Global Pandemic affecting most aspects of our lives.

This has been a very challenging year for junior oil and gas companies, with turbulent markets and commodity fluctuations, navigating lock downs and the broader implications on many aspects of both day to day life and business. Mosman takes its Health and Safety requirements very seriously and to date we are not aware of any health or wellbeing issues in our small team.

As we stand today, Mosman can now look forward with greater optimism. We have secured an established production base, and continue to build on this, with further project acquisitions and acquisition targets with a clear plan for the drilling programme to increase production in 2021.

Mosman's strategic objectives remain consistent: to identify opportunities which will provide operating cash flow and have development upside, in conjunction with progressing exploration of existing exploration permits.

This is being delivered by increasing production and gross profit in the USA, and exploration in the Amadeus Basin in Australia.

USA

In the United States, Mosman currently has four producing projects, with a fifth expected shortly at the Falcon-1 well on the Champion project.

In March 2020, Mosman conducted a full review of all operations with the objective to reduce costs and protect income. Cost reductions were implemented and production continued with an emphasis on margin rather than volume to mitigate against the challenges of the pandemic, whilst at the same time ensuring production continued on the four initial projects.

Net Production attributable to Mosman in the full year to 30 June 2020 was 23,143 boe (barrels of oil equivalent), compared to 18,216 in 2019. This modest increase in production volumes was suppressed mainly due to the pandemic, as operations were curtailed as the oil price drastically fell.

Production

	Gross Project Production[2] BOE[1]	**Net Production to Mosman[3] BOE[1]**
Stanley	70,808	11,359
Greater Stanley	485	97
Welch	13,420	10,287

Arkoma	7,457	1,374
Total Production	**92,170**	**23,117**

[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*

Notwithstanding the smaller than expected rise in production volumes, sales increased by \$387,569 (c.35%) to \$1,493,664. Importantly, partially because of the swift action by the Board in the third quarter of the year, with gross profit increased to over \$710,000, which sets us in good stead for the year ahead.

The focus in East Texas includes the Stanley, Greater Stanley, Champion and Challenger projects:

Stanley

The Stanley Project has provided valuable experience at a modest working interest. The natural flowing wells have low lifting costs. Stanley-3 is still producing from the original completion zone. On two wells, work-overs have been undertaken to improve production rates, with mixed success. Stanley-2 is shut-in waiting on artificial lift to be installed, and Stanley-1 is currently shut-in following an unsuccessful workover. In September 2020, a new well was drilled at Stanley-4 and was immediately placed on production.

Greater Stanley

The interest in Greater Stanley was acquired in 2020, as part of the plan to focus on the East Texas area. The Duff lease, is Held By Production as there are two wells and nominal production. The first activity will be to workover one existing well.

Champion

The Falcon-1 well was successfully drilled and cased in September 2020. The wireline logs indicate good porosity and hydrocarbons in the primary and secondary Frio sandstone target zones interbedded with shale between circa 7100 to 7550 feet TVD. The mud logs also showed hydrocarbons in these zones with an increase in mud gas readings from a background of circa 30 units to over 3000 units in the primary zone.

Oil and gas were produced at rates up to 80 bopd and 2.78 mmcfd (c463 boepd) equating to a combined total of c543 boepd. The well is now shut in to obtain more pressure data.

The Company is now planning the next well at Champion.

Challenger

The Cinnabar Lease is "Held By Production". Two wells drilled in the Lease have produced significant quantities of oil but are now usually shut-in. Mosman will become the Operator of the Cinnabar Lease, will review operations and the possible workover of one or both of the wells to increase production. There are four development drilling locations identified using 3D seismic on the Cinnabar Lease. Contract operator services will be provided by a Contour Exploration and Production LLC who has the right to acquire a 12% WI in the Lease.

Welch

Performance at Welch in the year was sound. This asset remains for sale at an appropriate price. The sale of the asset will continue the shift in the Company's focus to East Texas operations.

A sale was agreed in May 2020, however, the purchaser failed to complete the purchase, and the buyer forfeited the US\$90,000 deposit. In the current year, US\$60,000 was received, with US\$30,000 post year end. The purchaser is now seeking the return of the deposit and the matter is scheduled to be heard in Court in due course.

Arkoma
At Arkoma, Mosman owns a 27% interest in wells as part of a three-way joint venture. The asset has been disappointing in 2020.

Other Matters

Currently there is evaluation work in progress on potential additions to the portfolio and if an opportunity crystalizes then shareholders will be informed.

Australia

Mosman has continued to conduct technical work on its Central Australian exploration projects, focused on the 100% owned EP-145, in the Amadeus Basin.

Due to the pandemic all non-essential access was refused and therefore the team has been unable to make progress. Mosman understands the rationale for the action and is monitoring the position as to when the team will be able to gain access.

Given the lack of access the progress on any joint venture has been slow, as any potential partner would
seek to visit the ground.

Given the access constraints an extension of the exploration permit was granted.
In May 2020, Mosman agreed a Farmout on EPA 155, with Westmarket Oil & Gas Pty Ltd, which will undertake technical work to earn a 70% WI interest in the permit and will takes responsibility for Native Title negotiations.

Infrastructure in the Northern Territory (NT) continues to improve, specifically, the Northern Gas Pipeline which has now been completed, and now a second pipeline is under consideration to allow NT gas to supply to the Eastern States gas market.

CORPORATE

Financial Report

Overall, the Company loss for the year increased, which was principally due to the Board taking a conservative approach and impairing the value of many of the oil and gas assets. This was previously reflected in the six monthly financial period to 31 December 2019 which reported a loss after the impairments.

Thus, in the 2021 year, whilst remaining prudent on expenditure we have already made several key decisions and proceeded with drilling new wells and workovers funded by recent capital raisings and the proposed sale of assets.

The Board continues to focus on achieving a cash flow positive position on a Company level. Given the current financial position, the results of recent drilling and the ongoing focus to control costs, this is now becoming an increasingly achievable objective.

Overall, in the year to 30 June 2020, the Company made a loss of $4,837,410 after impairments of $4,142,876.

Of significance, some $706,215 was spent on investing activities on assets in the portfolio during the year, continuing to reflect the Group's growth strategy. Furthermore, the Board has deferred payment of both Directors fees for the 2020 financial year, as well as 50% of consulting fees for the period of March to August 2020, collectively totaling $225,000 (with $191,000 accrued to 30 June 2020), and reflects the practical decisions made in a difficult year.

The net proceeds of funds raised during the year was $585,139.

Overhead costs continue to be tightly controlled. 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.

Matters subsequent to the reporting period

Other Matters

Norseman Silver Inc (previously named GEM International Resources Inc)

After the year end Mosman sold shares in this Company and realized cash of in excess of $258,000. Mosman still holds 510,000 shares and will dispose of those shares in due course. As of the date of this report, the market value of the shares on hand is approximately $133,000.

Conversion of unpaid Directors Fees and Consulting Fees to Shares

Further to previous announcements, the Directors are proposing to convert a total of $225,000 of Director's fees and consulting fees to shares, and will seek approval at the 2020 AGM.

Outlook

Whilst 2020 has undoubtedly been challenging, Mosman remains resolute in delivering on its strategic objectives to build our production base with a clear focus on increasing production and cash flow whilst also being in a position to evaluate further acquisition targets.

The small team is nimble and working with our partners and we are building stronger foundations from which we plan to build more robust scale in the year ahead.

We acknowledge it has been a turbulent year for shareholders and would like to take this opportunity to thank them for their continued support whilst reassuring them of our confidence to achieve growth in both production and value for the business.

Yours truly,

John W. Barr
Executive Chairman
24 November 2020

Operations Overview

A summary of the current oil and gas projects as at today is below:

MAJOR USA PROJECTS

Asset/ Project	Mosman Interest[1]	Location	Status
Arkoma	27%	Oklahoma	Producing
Welch	100%	Texas	Producing
Stanley	16.5%	Texas	Producing
Greater Stanley -1 and 2	20% & 25%	Texas	Producing
Challenger	85.0% (net)	Texas	Planning
Champion	50.0%	Texas	Drilled recently

AUSTRALIAN EXPLORATION PROJECTS

Asset/Project	Mosman Interest[1]	Location	Status	Permit Number	Licence Renewal Date	Comments

Australia, Amadeus Basin	100%	NT	Exploration	EP 145	21st August 2021	Extension to year 3 approved due to access restrictions as a result of Covid-19
Australia, Amadeus Basin	30%	NT	Application	EPA 155	Application	70% of Working Interest farmed out to Westmarket Oil & Gas Pty Ltd, June 2020

1. *Mosman's ownership is working interest before royalties. The interest shown is approximate, as there are small variations on individual wells*

Consolidated Statement of Financial Performance

Year Ended 30 June 2020
All amounts are in Australian Dollars

	Notes	Consolidated 2020 $	Consolidated 2019 $
Revenue		1,493,664	1,106,095
Cost of sales	2	(782,727)	(821,000)
Gross profit		**710,937**	**285,095**
Interest income		28,447	39,715
Other income		152,809	43,320
Administrative expenses		(173,552)	(180,688)
Corporate expenses	3	(901,576)	(771,506)
Directors fees		(120,000)	(120,000)
Exploration expenses incurred, not capitalised		(71,604)	(8,125)
Employee benefits expense		(55,064)	(69,392)
Evaluation and due diligence		(153,493)	(162,447)
Finance costs		(5,177)	(2,250)
Loss on foreign exchange		-	(3,953)
Loss on sale of joint venture assets		-	(156,105)
Amortisation expense		(102,222)	(82,958)
Depreciation expense		(4,039)	(5,765)
Impairment expense	12 & 13	(4,142,876)	-
Costs associated with abandoned acquisitions		-	(13,777)
Loss from ordinary activities before income tax expense		**(4,837,410)**	**(1,208,836)**
Income tax expense	5	-	-
Net loss for the year		**(4,837,410)**	**(1,208,836)**
Other comprehensive profit			
Items that may be reclassified to profit or loss:			
- Gain on financial assets at fair value through other comprehensive income (FVOCI)	4	38,887	-
- Foreign currency gain	4	142,410	109,977
Total comprehensive income attributable to members of the entity		**(4,656,113)**	**(1,098,859)**
Basic loss per share (cents per share)	25	*(0.50) cents*	*(0.20) cents*
Diluted loss per share (cents per share)	25	*(0.50) cents*	*(0.20) cents*

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

As at 30 June 2020
All amounts are in Australian Dollars

	Notes	Consolidated 30 June 2020	Consolidated 30 June 2019
		$	**$**
Current Assets			
Cash and cash equivalents	7	372,479	823,959
Trade and other receivables	8	78,719	330,160
Inventory		44,508	77,961
Other financial assets	9 & 32	93,748	-
Other assets	10	16,959	35,756
Total Current Assets		606,413	1,267,836
Non-Current Assets			
Property, plant & equipment	12	9,995	14,034
Oil and gas assets	13	2,061,131	3,905,106
Loans receivable	11	-	337,201
Other receivables		54,820	50,000
Capitalised oil and gas exploration	14	301,242	1,615,956
Total Non-Current Assets		2,427,188	5,922,297
Total Assets		3,033,601	7,190,133
Current Liabilities			
Trade and other payables	15	358,091	569,234
Equity settled liabilities	16	191,000	
Provisions	17	20,269	27,170
Total Current Liabilities		569,360	596,404
Total Liabilities		569,360	596,404
Net Assets		**2,464,241**	**6,593,729**
Shareholders' Equity			
Contributed equity	18	30,691,497	30,164,872
Reserves	19	712,134	530,837
Accumulated losses	20	(28,939,390)	(24,101,980)
Total Shareholders' Equity		**2,464,241**	**6,593,729**

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

Year Ended 30 June 2020
All amounts are in Australian Dollars

	Accumulated Losses $	Contributed Equity $	Reserves $	Non-Controlling Interest $	Total $
Balance at 1 July 2019	**(24,101,980)**	**30,164,872**	**530,837**	**-**	**6,593,729**
Comprehensive income					
Loss for the period	(4,837,410)	-	-	-	(4,837,410)
Other comprehensive income for the period	-	-	181,297	-	181,297
Total comprehensive loss for the period	**(4,837,410)**	**-**	**181,297**	**-**	**(4,656,113)**

Transactions with owners, in their capacity as owners, and other transfers:					
New shares issued	-	585,139	-	-	585,139
Cost of raising equity	-	(58,514)	-	-	(58,514)
Total transactions with owners and other transfers	-	526,625	-	-	526,625
Balance at 30 June 2020	**(28,939,390)**	**30,691,497**	**712,134**	**-**	**2,464,241**
Balance at 1 July 2018	**(22,921,464)**	**28,044,804**	**420,860**	**28,320**	**5,572,520**
Comprehensive income					
Loss for the year	(1,180,516)	-	-	(28,320)	(1,208,836)
Other comprehensive income 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)
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**

These accompanying notes form part of these financial statements

Consolidated Statement of Cash Flows

Year Ended 30 June 2020
All amounts are in Australian Dollars

	Notes	Consolidated 2020 $	Consolidated 2019 $
Cash flows from operating activities			
Receipts from customers		1,557,395	1,134,767
Interest received & other income		114,439	83,034
Payments to suppliers and employees		(2,157,505)	(2,166,978)
Bonds refunded		10,000	71,807
Interest paid		(5,177)	(2,249)
Net cash outflow from operating activities	26	**(480,848)**	**(879,619)**
Cash flows from investing activities			
Proceeds from sale of joint venture assets		-	106,944
Payments for oil and gas assets		(469,432)	(777,586)
Payments for exploration and evaluation		-	(124,937)
Deposit paid for acquisition		-	(641)
Acquisition of oil and gas production projects		(236,783)	(883,151)
Net cash outflow from investing activities		**(706,215)**	**(1,679,371)**
Cash flows from financing activities			
Proceeds from shares issued		585,138	2,266,306
Payments for costs of capital		(58,514)	(146,238)
Transactions with non-controlling interests		-	-
Proceeds from third party loans		67,064	(60,201)
Net cash inflow from financial activities		**593,688**	**2,059,867**
Net decrease in cash and cash equivalents		**(593,375)**	**(499,123)**
Effects of exchange rate changes on cash and cash equivalents		5	(2)
Cash and cash equivalents at the beginning of the financial year		823,959	1,323,084
Cash and cash equivalents at the end of the financial year	7	**230,589**	**823,959**

The accompanying notes from part of these financial statements

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, and the continuation of production which results in a gross profit 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.

Further to the above, the Group have shown its ability to raise capital, with an additional $2,366,000 raised subsequent to year end.

The carrying value of all oil and gas assets was reviewed in early 2020, and as a result a significant impairment provision was created, given the background of the pandemic and the collapse of the oil price at the time. The Board has not reversed the impairment provision given the pandemic has not as yet reached its conclusion.

Other than the matters above, 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 24 November 2020.

(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) Joint operations

A joint arrangement in which the Group has direct rights to underlying assets and obligations for underlying liabilities is classified as a joint operation.

Interests in joint operations are accounted for by recognising the Group's assets (including its share of any assets held jointly), its liabilities (including its share of any liabilities incurred jointly), its revenue from the sale of its share of the output arising from the joint operation, its share of the revenue from the sale of the output by the joint operation and its expenses (including its share of any expenses incurred jointly).

(x) New standards and interpretations

Account Standard and Interpretation

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

	Consolidated 2020	Consolidated 2019
	$	**$**
2 Cost of sales		
Cost of sales	253,271	254,132
Lease operating expenses	529,456	566,868
	782,727	**821,000**
3 Corporate Costs		
Accounting, Company Secretary and Audit fees	193,841	224,884
Consulting fees - board	325,000	348,750
Consulting fees - other	116,024	109,549
Investor relations & marketing	81,297	-
Legal and compliance fees	185,414	88,323
	901,576	**771,506**
4 Other comprehensive profit		
Gain on shares at fair value through other comprehensive income (FVOCI)	38,887	-
Foreign currency gain	142,410	109,977
	181,297	**109,977**

5 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 (2019 - $NIL).

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

	Consolidated 2020 $	Consolidated 2019 $
Loss before tax	(4,837,410)	(1,208,836)
Income tax calculated at 27.5% (2019: 27.5%)	(1,330,287)	(332,429)
Tax effect of amounts which are deductible/non-deductible In calculating taxable income:		
JV share of profit	-	(6,399)
Legal and consulting expenses	-	-
Impairment expense	744,811	-
Upfront exploration expenditure claimed	(18,310)	(34,358)
Other	(64,170)	(137,518)
Effects of unused tax losses and tax offsets not recognised as deferred tax assets	667,956	510,704
Income tax expense attributable to operating profit	**NIL**	**NIL**

5 Income Tax (continued)

(b) Tax Losses

As at 30 June 2020 the Company had Australian tax losses of $11,719,814 (2019: $10,875,861). 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 2020 $	Consolidated 2019 $
Unbooked deferred tax assets comprise:		
Capital Raising Costs	60,354	130,607
Provisions/Accruals/Other	51,797	31,482
Tax losses available for offset against future taxable income	3,349,052	2,990,862
	3,461,203	**3,152,951**

6 Auditors Remuneration

Audit - Elderton Audit Pty Ltd		
Audit of the financial statements	31,500	31,000
	31,500	**31,000**

7 Cash and Cash Equivalents

Cash at Bank	230,589	823,959
Funds at call[1]	141,890	-
	372,479	**823,959**

1. *Funds received into trust from Blackstone Oil and Gas, Inc and subsequently deposited into the Group's bank account on 7 July 2020.*

8 Trade and Other Receivables

Deposits	-	10,642

GST receivable	20,112	18,002
Cash calls receivable	-	208,791
Accrued Revenue	54,235	84,516
Other receivables	4,372	8,209
	78,719	**330,160**

9 Other financial assets

Shares in Norseman Silver Inc[2]	93,748	-
	93,748	**-**

2. *Valued at fair value with gain/loss recorded through other comprehensive income.*

10 Other assets

Prepayments	16,959	35,756
	16,959	**35,756**

11 Loans receivable

Loan to GEM International Resources Inc[1]	-	119,034
Loan to Blackstone Oil and Gas, Inc[2]	-	210,210
Other loans[3]	-	7,957
	-	**337,201**

1. *This loan was fully settled during the financial year.*
2. *This loan was partially recovered following legal action resulting in a US$107,500 settlement during the year, and the balance of the loan subsequently written off.*
3. *This loan was written off during the year.*

12 Property, Plant and Equipment

	Office Equipment and Furniture $	**Total $**
Cost		
Balance at 1 July 2019	165,713	165,713
Additions	-	-
Disposals	-	-
Effective movement in exchange rates	-	-
Balance at 30 June 2020	**165,713**	**165,713**
Depreciation		
Balance at 1 July 2019	151,679	151,679
Depreciation for the year	4,039	4,039
Disposals	-	-
Effective movement in exchange rates	-	-
Balance at 30 June 2020	**155,718**	**155,718**
Carrying amounts		
Balance at 30 June 2019	14,034	14,034
Balance at 30 June 2020	**9,995**	**9,995**

13 Oil and Gas Assets

	Consolidated 2020 $	**Consolidated 2019 $**
Cost brought forward	**3,905,106**	**2,592,814**
Acquisition of oil and gas assets during the year	236,783	883,151
Disposal of oil and gas assets on sale during the year	-	(133,503)
Capitalised equipment workovers during the year	402,901	645,602
Amortisation for the year	(103,616)	(82,958)
Impairment of oil and gas assets	(2,380,043)	

Carrying value at end of year	**2,061,131**	**3,905,106**

14 Capitalised Oil and Gas Expenditure

Cost brought forward	**1,615,956**	**1,491,019**
Exploration costs incurred during the year	66,582	124,937
Impairment of oil and gas expenditure	(1,381,296)	-
Carrying value at end of year	**301,242**	**1,615,956**

	Consolidated 2020 $	Consolidated 2019 $
15 Trade and Other Payables		
Trade creditors	331,972	503,470
Other creditors and accruals	26,119	65,764
	358,091	**569,234**

16 Equity Settled Liabilities

Unpaid Directors fees and Directors consulting fees	191,000	-
	191,000	**-**

The amount of $191,000 was outstanding as at 30 June 2020, as the Directors had agreed to not draw on Directors fees, and only half of the contracted amount of Consultancy fees were paid. It is proposed that the amount of $191,000 will be settled by the issue of shares. The matter will be placed before shareholders at the Annual General Meeting. If shareholders do not approve the payments by the issue of shares, then the amount will remain payable and will be paid from the Company's funds.

	Consolidated 2020 $	Consolidated 2019 $
17 Provisions		
Employee provisions	20,269	27,170
	20,269	**27,170**

18 Contributed Equity

Ordinary Shares:

Value of Ordinary Shares fully paid

Movement in Contributed Equity			**Number of shares**	**Contributed Equity $**
Balance as at 1 July 2018:			453,992,787	28,044,804
Date	*Nature of Transaction*	*Issue Price*		
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 raising costs			-	(146,238)
Balance as at 1 July 2019:			**885,810,968**	**30,164,872**
14/02/2020	Shares issued (i)	$0.00293	200,000,000	585,139
Capital raisings costs			-	(58,514)
Balance at end of year			**1,085,810,968**	**30,691,497**

(i) Placements via capital raising as announced

19 Reserves

	Consolidated 2020 $	Consolidated 2019 $
Options reserve	471,818	471,818
Asset revaluation reserve	(363,525)	(402,412)
Foreign currency translation reserve	603,841	461,431
	712,134	**530,837**

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 2020 $	Consolidated 2019 $
Options Reserve at the beginning of the year	**471,818**	**471,818**
Options issued	-	-
Options expired	-	-
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 2020 $	Consolidated 2019 $
Foreign Currency Translation Reserve at the beginning of the year	461,431	351,454
Current year movement	142,410	109,977
Foreign Currency Translation Reserve at the end of the year	**603,841**	**461,431**

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 2020 $	Consolidated 2019 $
Asset Revaluation Reserve at the beginning of the year	(402,412)	(402,412)
Revaluation of FVOCI shares	38,887	-
Asset Revaluation Reserve at the end of the year	**(363,525)**[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.*

20 Accumulated Losses	Consolidated 2020 $	Consolidated 2019 $
Accumulated losses at the beginning of the year	**24,101,980**	**22,921,464**
Net loss attributable to members	4,837,410	1,180,516
Accumulated losses at the end of the year	**28,939,390**	**24,101,980**

21 Related Party Transactions

	Consolidated 2020 $	Consolidated 2019 $
Key Management Personnel Remuneration		
Cash Payments to Directors and Management (i)	511,000	549,173
Total	**511,000**	**549,173**

i. During the year to 30 June 2020:

a. Directors fees of $60,000 and consulting fees of $177,000 were paid or are payable to Kensington Advisory Services Pty Ltd;
b. Director fees of $30,000 and consulting fees of $148,000 were paid or are payable to Australasian Energy Pty Ltd;
c. Directors fees of $30,000 were paid or are payable to J A Young;
d. CFO, Company Secretary and Consulting Fees totalling $66,000 were paid or are payable to J T White's accounting firm, Traverse Accountants Pty Ltd;
e. Norseman Silver Inc was admitted to trade on the NEX Board of the Toronto Stock Exchange (TSX). Furthermore, the Group's loan to Norseman Silver Inc was fully settled, with a total of $81,183 received in cash, and $54,861 via the issue of 1,000,000 shares. As at 30 June 2020 the Group held shares in Norseman Silver Inc to the value of $93,748. Since balance date, the share price appreciated, and approximately $258,000 was received in cash for the sales of shares, and the value on hand as of the date of this report is $133,000.

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 2020 the Company's 100% owned subsidiary, Trident Energy Pty Ltd, owed Mosman Oil and Gas Limited $2,901,011 (2019: $2,883,384).

OilCo Pty Ltd

At 30 June 2020 the Company's 100% owned subsidiary, OilCo Pty Ltd (OilCo), owed Mosman Oil and Gas Limited $776,879 (2019: $776,412).

Mosman Oil USA, Inc

At 30 June 2020 the Company's 100% owned subsidiary, Mosman Oil USA, Inc, owed Mosman Oil and Gas Limited $4,423,121 (2019: $3,751,440).

22 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 2020, total exploration expenditure commitments for the next 12 months are as follows:

Entity	Tenement	2020 $	2019 $
Trident Energy Pty Ltd	EP145[1]	-	-
Oilco Pty Ltd	EPA155	-	-
		-	**-**

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 other capital commitments at 30 June 2020 (2019: $NIL).

23 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 the USA (and previously New Zealand until 2019). 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 and the USA. Unallocated results, assets and liabilities represent corporate amounts that are not core to the reportable segments.

23 Segment Information (continued)

(i) Segment performance

	United States $	Australia $	Total $
Year ended 30 June 2020			
Revenue			
Revenue	1,493,664	-	1,493,664
Interest income	20,578	7,869	28,447
Other income	119,773	33,036	152,809
Segment revenue	**1,634,015**	**40,905**	**1,674,920**
Segment Result			
Loss			
Allocated			
- Corporate costs	(146,873)	(754,703)	(901,576)
- Administrative costs	(32,876)	(140,676)	(173,552)
- Lease operating expenses	(529,456)	-	(529,456)
- Cost of sales	(253,271)	-	(253,271)
Segment net profit (loss) before tax	**671,539**	**(854,474)**	**(182,935)**
Reconciliation of segment result to net loss before tax			
Amounts not included in segment result but reviewed by the Board			
- Exploration expenses incurred not capitalised	-	(71,604)	(71,604)
- Evaluation and due diligence	(84,790)	(68,703)	(153,493)
- Amortisation	(102,222)	-	(102,222)
- Impairment	(2,761,580)	(1,381,296)	(4,142,876)
Unallocated items			
- Employee benefits expense			(175,064)

- Depreciation	(4,039)
- Finance costs	(5,177)
Net Loss before tax from continuing operations	**(4,837,410)**

23 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)**

23 Segment Information (continued)

(ii) Segment assets

	United States $	Australia $	Total $
Total assets as at 1 July 2019	4,618,616	2,571,517	7,190,133
Segment asset balances at end of year			
- Exploration and evaluation	-	7,482,160	7,482,160
- Capitalised Oil and Gas Assets	4,632,884	-	4,632,884
- Less: Amortisation	(191,710)	-	(191,710)
- Less: Impairment	(2,380,043)	(7,180,918)	(9,560,961)
	2,061,131	**301,242**	**2,362,373**
Reconciliation of segment assets to total assets:			
Other assets	289,433	381,795	671,228
Total assets from continuing operations **As at 30 June 2020**	**2,350,564**	**683,037**	**3,033,601**

	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**

23 Segment Information (continued)

(iii) Segment liabilities

	United States $	Australia $	Total $
Segment liabilities as at 1 July 2019	316,192	280,212	596,404
Segment liability increases (decreases) for the year	(228,706)	201,662	(27,044)
	87,486	**481,874**	**569,360**
Reconciliation of segment liabilities to total liabilities:			
Other liabilities	**-**	**-**	**-**
Total liabilities from continuing operations **As at 30 June 2020**	**87,486**	**481,874**	**569,360**

	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**

24 Producing assets

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

Project performance is monitored by the line items below.

Project performance

	Arkoma $	Stanley $	Welch $	Other Projects $	Total $
Year Ended 30 June 2020					
Revenue					
Oil and gas project related revenue	17,350	635,288	841,026	-	1,493,664
Producing assets revenue	**17,350**	**635,288**	**841,026**	**-**	**1,493,664**
Project-related expenses					
- Cost of sales	(897)	(29,278)	(223,096)	-	(253,271)
- Lease operating expenses	(10,769)	(102,880)	(389,626)	(26,181)	(529,456)
Project cost of sales	**(11,666)**	**(132,158)**	**(612,722)**	**(26,181)**	**(782,727)**
Project gross profit					
Gross profit/(loss)	**5,684**	**503,130**	**228,304**	**(26,181)**	**710,937**

24 Producing assets (continued)

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**

25 Earnings/ (Loss) per shares

	Consolidated 2020 $	Consolidated 2019 $
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	**(4,837,410)**	**(1,208,836)**
	Number of shares 2020	**Number of shares 2019**
Weighted average number of ordinary shares used in calculating basic earnings/(loss) per share:	960,879,461	590,422,674
Basic loss per share (cents per share)	0.50	0.20

26 Notes to the statement of cash flows

Reconciliation of loss from ordinary activities after income tax to net cash outflow from operating activities:	Consolidated 2020 $	Consolidated 2019 $
Loss from ordinary activities after related income tax	(4,837,410)	(1,218,985)
Share based payments	-	10,149
Depreciation and amortisation	106,261	88,722
Impairment	4,142,876	
Previously capitalised expenses, written off	-	-
Fixed assets disposed of during the year	-	156,105
Share of loss of joint operations	-	-
Fair value loss on available-for-sale assets	-	-
Decrease in other assets	-	-
Decrease/(increase) in trade and other receivables	104,090	(197,519)
Increase in inventory	33,452	28,672
Change in value of NCI	-	-
Increase/(decrease) in trade and other payables	(7,606)	140,818
Unrealised FX	(22,511)	112,419
Net cash outflow from operating activities	**(480,848)**	**(879,619)**

27 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:

27 Financial Instruments (continued)

Consolidated 2020	**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	7	**3.80%**	372,479	-	-	372,479
Trade and other Receivables	8		-	-	78,719	78,719
Other Financial Assets	9				93,748	93,748
Other assets	10		-	-	16,959	16,959
Total Financial Assets			**372,479**	**-**	**189,426**	**561,905**
Financial Liabilities						
Trade and other Payables	15		-	-	358,091	358,091
Equity Settled Liabilities	16				191,000	191,000
Provisions	17		-	-	20,269	20,269
Total Financial Liabilities			**-**	**-**	**569,360**	**569,360**
Net Financial Assets/(Liabilities)			**372,479**	**-**	**(379,934)**	**(7,455)**

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	7	**3.80%**	823,959	-	-	823,959
Trade and other Receivables	8		-	-	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	16		-	-	569,234	569,234
Provisions	17		-	-	27,170	27,170
Total Financial Liabilities			**-**	**-**	**596,404**	**596,404**
Net Financial Assets/(Liabilities)			**823,959**	**-**	**(230,488)**	**593,471**

27 Financial Instruments (continued)

(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.

28 Contingent Liabilities

Mosman entered into contract to sell the Welch project in West Texas for US$300,000. Total deposits were received of US$90,000. The acquirer did not pay the balance, and thus the deposit was forfeited and Mosman has banked those funds.

The acquirer is seeking to have the funds returned, which Mosman is disputing, and legal representation has been secured.

The Directors estimate the contingent liability to be in the range of US$45,000 - $60,000.

There were no other material contingent liabilities not provided for in the financial statements of the Company as at 30 June 2020.

29 Mosman Oil and Gas Limited - Parent Entity Disclosures

	2020	**2019**
	$	**$**
Financial position		
Assets		
Current assets	292,130	837,100
Non-current assets	6,180,398	15,157,158
Total assets	**6,472,528**	**15,994,258**
Liabilities		
Current liabilities	380,276	233,970
Total liabilities	**380,276**	**233,970**
Net assets	**6,092,252**	**15,760,288**
Equity		
Contributed equity	30,690,829	30,164,205
Reserves	108,295	69,408
Accumulated losses	(24,706,872)	(14,473,325)
Total Equity	**6,092,252**	**15,760,288**

Financial Performance		
Loss for the year	(1,197,064)	(1,127,224)
Other comprehensive income		-
Total comprehensive loss	**(1,197,064)**	**(1,127,224)**

30 Controlled Entities

Investments in group entities comprise:

Name	**Principal activities**	**Incorporation**	**Beneficial percentage held by economic entity**	
			2020	**2019**
			%	**%**
Mosman Oil and Gas Limited	Parent entity	Australia		
Wholly owned and controlled entities:				
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 32 Subsequent Events for additional corporate activity in progress subsequent to the 30 June 2020 year end.

31 Share Based Payments

	Consolidated 2020 $	**Consolidated 2019 $**
Basic loss per share (cents per share)	0.50	0.20

The following share based payment arrangements existed at 30 June 2020:

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 2020 is as follows:

Company Options	**2020 Number of Options**	**2019 Number of Options**	**2020 Weighted Average Exercise Price**	**2019 Weighted Average Exercise Price**
Outstanding at the beginning of the year	101,659,091	14,809,372	$0.0103	$0.0516
Expired	-	(4,059,372)		
Granted	200,000,000	90,909,091	$0.0041	$0.0072

Outstanding at the end of the year	301,659,091	101,659,091	$0.0062	$0.0103
Exercisable at the end of the year	301,659,091	101,659,091	$0.0062	$0.0103

32 Events Subsequent to the End of the Financial Year

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

1. The Stanley-4 well was drilled and has been placed on production;
2. The Stanley-1 and 2 wells were worked over;
3. The Falcon-1 well was drilled. Oil and gas were produced at rates up to 80 bopd and 2.78 mmcfd (c463 boepd) equating to a combined total of c543 boepd;
4. Planning for a workover at Greater Stanley was planned;
5. Shares that were held in the Canadian Company, Norseman Silver Inc (formerly Gem International Resources Inc) were partially sold releasing some $258,000 back into treasury;
6. A placement was completed in July 2020 and $721,000 raised;
7. Warrants to the value of $505,000 were exercised with the funds being added to treasury;
8. A further placement was completed in October 2020 and $1,645,000 raised;
9. An additional 80.83% interest was acquired in the Cinnabar Lease, bringing the Group's interest up to 97%. The lease will be operated by Mosman Operating, LLC, a wholly owned subsidiary of Mosman Oil and Gas Limited.

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

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 2020 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
24 November 2020

END

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Anonymous (not verified)
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