MOSMAN OIL AND GAS LIMITED

ACN 150 287 111

ANNUAL REPORT 30 JUNE 2017

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Company Directory

Directors

John W Barr
Andy R Carroll
John A Young

Company Secretary

Jarrod White

Head Office

C/-Traverse Accountants Pty Ltd
Suite 305 Level 3, 35 Lime Street
Sydney NSW Australia NSW 2000

Registered Office

C/-Traverse Accountants Pty Ltd
Suite 305 Level 3, 35 Lime Street
Sydney NSW Australia NSW 2000

Stock Exchange

AIM Market of the London
Stock Exchange plc (AIM)
Stock Symbol: LON: MSMN

Auditors

Greenwich & Audit Co Pty Ltd - Chartered Accountants

Nominated Adviser & Broker

SP Angel Corporate Finance LLP

Registrars

In Australia:
Computershare Investor Services Pty Ltd
Level 2, 45 St Georges Terrace
Perth Western Australia 6000

In the UK:
Computershare Investor Services plc
The Pavilions
Bridgewater Road
Bristol BS99 6ZY

Company Website

www.mosmanoilandgas.com

Bankers

In Australia:
National Australia Bank

In New Zealand:
Bank of New Zealand

Lawyers

As to English law
Ronaldsons LLP

As to New Zealand law
Graeme Alexander

As to Australian law
DLA Piper

Chairman's Letter

Overview of the financial year

Mosman's strategic objective remains to identify opportunities which will provide operating cash flow and have development upside, in conjunction with progressing exploration of existing exploration permits. Mosman operates with a small number of Employees and Consultants. This is designed to minimize unnecessary costs. Given the Company now operates in several countries and in four-time zones, it is most important that I recognise the efforts of all those people in 2017, a year which has seen a solid change to producer status.

During the year the Company has been successful in slightly reducing operational and corporate costs as it looks to meet its strategic objective. This reduction comes after an even bigger reduction in 2016, and increases in activity in the United States.

The activity in the USA led to the evaluation of a number of producing oil projects and in the last quarter of the financial year to 30 June 2017 the objective of becoming a producer was achieved. This has expanded with Mosman now having interests in three producing projects.

United States

Throughout the year the Company evaluated a number of projects in the US.

As previously announced the Pine Mills acquisition from Cue Energy (ASX.CUE) which was initiated in October 2016 was subsequently abandoned in November 2016 due to a pre-emptive right being exercised by another party.

Subsequent to this in partnering through strategic alliances with Blackstone Oil and Gas Inc and other local commercial partners the Company has established a local US network capable of sourcing and transacting on deals that provided opportunities to Mosman.

The Strawn acquisition announced in April 2017 was the first such acquisition and was important for Mosman for a number of reasons:

1. Established the US presence and locally controlled Mosman operatorship;
2. First opportunity to work through strategic alliance with Blackstone Oil and Gas (BOG) and establish a jointly funded project;
3. Gave the Company 'producer' status.

Following the acquisition of Strawn the Board continued to examine other projects to expand in the US and gain cost efficiencies from the local presence. This led to the announcement of the Arkoma Stacked Pay, in which a 10% direct interest was acquired in May 2017. It also meant a second transaction with BOG who purchased a 45% option alongside Mosman who also purchased two options totalling a further 45% option over the project.

In recognition of Mosman's efforts and costs in sourcing the Arkoma project BOG paid a cost contribution of US$100,000.

Recently Mosman secured the Welch project, resulting in three producing projects.

Australia

Throughout the year the Company also completed technical work on its exploration projects in Australia and reviewed the scope of further work programs in 2018 whilst conserving cash commitments.

New Zealand

On the Murchison Permit after several weather delays, the LIDAR survey was completed in July 2016. In the interests of also reducing cash committed to exploration Mosman also applied throughout the year for a Change of Condition application in December 2016 on its Murchison permit to defer the work program to allow a measured pace of exploration based on work to date. This Change of Condition was not granted and recently the necessary but reluctant decision to surrender the project was made and NZP&M notified of the Company's surrender of the permit during November 2017.

The Company also announced that it planned to plug and abandon the three wells on Petroleum Creek. Planning and securing a rig to carry out the works was a key focus during the year as the return of the bonds and sale proceeds from local NZ assets following completion would yield a cash flow surplus following surrender of the permit.

Post Year End Events

The Board has continued the search for projects that meet the strategic objectives of the board.

Subsequent to the end of year the Company announced and completed the acquisition of the Welch project.

The Project is located in the Permian Basin, in and around the Welch Township in Dawson County, West Texas, approximately 550 km west of Dallas. It consists of 653 acres of leases (held by production) with 10 producing wells, 7 injector wells, and 10 shut-in wells. The acquisition included production equipment and facilities.

Mosman has started workovers and the production optimisation process, which is already making good progress. Sales for October 2017 were 843 barrels (gross).

To assist in funding the Welch acquisition and upcoming Arkoma option the Company successfully completed a capital raise in September 2017 for £600,000 by way of a placing and subscription of 50,000,000 new ordinary shares of no par value in the capital of the Company at 1.2p per share.

During November 2017 two directors travelled to the US to discuss the First Option to acquire an additional 20% of the Arkoma project, as well as meetings with banks to discuss potential debt facilities.

The outcome was a deferral of Mosman's first option over the Arkoma project to 1 April 2018. At the same time Mosman also agreed to fund the cost of three targeted production enhancement initiatives for US$125,000. The funds would be credited against Mosman's first option exercise which would therefore become US$875,000 rather than US$1,000,000 and the three well recompletions would not only increase production but also provide further technical data for Mosman to evaluate further investment into the project and the exercise of future options.

In November 2017 the Company announced its 2017 Annual general Meeting will be held on 18 December 2017.

Outlook

The future is not yet radiant and life for junior oil and gas companies is still challenging; but we again look forward with cautious optimism and the further expansion of production increasing initiatives in the Company's production assets. The ongoing work on the Australian permits will continue.

Yours Truly,

John W. Barr
Executive Chairman
24 November 2017

Directors' Report

Your Directors provide their report as to the results and state of affairs of the Mosman Oil and Gas Limited Group of Companies, being the Company (hereafter referred to as "Mosman" or "the Company"). and its controlled and associated entities, for the year ended 30 June 2017. Please note that all amounts quoted are Australian Dollars, unless otherwise stated.

Operations Overview

Summary of Oil & Gas Permits at year end:

Asset	Mosman Interest	Status	Licence Expiry Date	Area
New Zealand, Murchison	100%	Exploration	31 March 2025	517 km^2
Australia, Amadeus Basin	100%	Exploration	15 August 2019	818 km^2
Australia, Amadeus Basin	100%	Application	N/A	378 km^2
Australia, Amadeus Basin	100%	Exploration	6 November 2018	4,164 km^2
USA, Arkoma	10%	Operation	N/A	400 acres
USA, Strawn	50%	Operation	N/A	1,300 acres

Recently, the Directors made the decision to write off previously capitalised costs for the New Zealand assets. The write offs amounted to $6,708,673 for Petroleum Creek and $719,769 for Taramakau and Murchison respectively.

Mosman has endeavored to rationalise costs where possible, and satisfy work obligations on existing permits including Directors fees which also decreased by over $80,000 over the 2017 year when compared to 2016.

Murchison Permit, South Island New Zealand (100%)

The potential of a joint venture at Murchison was considered, however no realistic offers were received and accordingly the Company announced in November 2017 its decision to surrender this permit.

Petroleum Creek Permit, South Island New Zealand (100%)

Mosman continues planning the timing of the plug and abandonment of the three wells drilled on the Petroleum Creek permit in 2014. No further exploration activity is currently planned for this permit. Activity may be scheduled when other nearby wells are abandoned to minimise costs and is likely to occur during first quarter 2018.

EP 145, EP 156 and EPA 155 (Application), Northern Territory, Australia (100%)

The Northern Territory Government announced a gas pipeline connection from the existing NT pipelines to the gas market in Eastern Australia, which is stimulating acquisitions and gas exploration in the wider region. The pipeline is now under construction.

In this context, EP 145 is well placed, adjacent to the Mereenie producing oil and gas field.

An airborne magnetic survey occurred over EP 156. The results of that work are currently being incorporated into the geological model.

The third permit area, EPA 155, is adjacent to an existing oil field, but is currently in native title moratorium. Discussions were continuing with Central Land Council (CLC) and subsequent to the Company's financial year end a two year extension on consideration of the application was granted to allow further meetings to discuss land access and evaluation of the application.

Corporate Information

Mosman is an Australian incorporated public company which is admitted to trade its shares on the AIM market of the London Stock Exchange.

At 30 June 2017, Mosman has eight wholly owned Subsidiaries:

1. Mosman Oil & Gas Limited (a New Zealand incorporated company);
2. Petroleum Portfolio Pty Limited (an Australian incorporated company) (PPPL);
3. Mosman Oil and Gas (NZ) Limited (a New Zealand incorporated company);
4. OilCo Pty Ltd;
5. Trident Energy Pty Ltd;
6. Mosman Oil USA, Inc; (a USA incorporated company);
7. Mosman Texas, LLC; (a USA incorporated company); and
8. Mosman Operating, LLC; (a USA incorporated company); .[1]

[1] Mosman Operating, LLC is a 100% owned subsidiary of Mosman Oil & Gas Limited. It is noted that this subsidiary is the operating entity for a joint operation with Blackstone Oil and Gas, Inc. which Mosman shares the production revenues and operating costs of 50:50. Subsequent to balance date Mosman Operating, LLC also being the operator for the 100% owned and operated Welch acquisition.

Details of these Controlled Entities and an Associated Entity are contained in Notes 25 and 26 to the Financial Statements.

Directors

The names of the Directors of the Company in office during the year and as at the date of this report are as follows:

John W Barr Executive Chairman (since Incorporation)
Andy R Carroll Technical Director (appointed 2013)
John A Young Non-Executive Director (since Incorporation)

Directors Meetings

The number of meetings held and number of meetings attended by each of the directors of the Company during the financial period are:

Director	Number of meetings held during the time the director held office	Number of meetings attended
J W Barr	11	11
A R Carroll	11	11
J A Young	11	8

Principal Activities

The principal activities of the Company during the financial year were oil exploration, development and production.

Corporate Financial Position

As at 30 June 2017 the Company had current assets of $2,384,723 (2016: $4,398,773).

Results of Operations

The net loss of the Company for the year ended 30 June 2017 was $9,186,307 (2016: $4,894,765) principally as a result of a non-cash write off of previously capitalised assets of $7,428,444 (2016: $1,456,942).

The Company has been successful in reducing operational and corporate costs overall.

Future Developments, Prospects and Business Strategies

The Company proposes to continue its focus on its strategic objective to identify opportunities which will provide operating cash flow and have development upside, in conjunction with exploration of existing exploration permits.

Significant Changes

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.

Events Subsequent to the End of the Financial Period

Material transactions arising since 30 June 2017 which will significantly affect the operations of the Company, the results of those operations, or the state affairs of the Company in subsequent financial periods are:

Welch Permian Basin Project Acquisition – West Texas

On 11 September 2017, the Company purchased several oil and gas leases that comprise the Welch Permian Basin Project for USD$310,000. The project consists of 653 acres of leases, with 10 producing wells, 7 injector wells and 10 shut-in wells.

Issue of Equity to Fund Expansion

On 29 September 2017, the Company issued 50,000,000 new ordinary shares at a price of 1.2p per share, raising £600,000. Proceeds from the share issue will allow the Company to concentrate on expansion opportunities, further development of its USA assets and providing for working capital requirements.

Murchison Permit Surrender

Mosman has been advised previously by NZPAM that the Change of Condition application made in December 2016 had been declined. Mosman's application was to defer the work program to allow a measured pace of exploration based on work to date However, the length of time taken to get a decision on this and a prior application left Mosman in a position whereby the Company had to make a decision to acquire seismic and drill two wells prior to April 2018, or surrender the permit.

Since the application for the licence in 2014, the decision by NZPAM should be seen in the light of the significant drop in the oil price, with the result investor appetite for expenditure on long term frontier exploration has changed significantly. Whilst the exploration potential remains untested, the commercial position of a discovery in the South Island of NZ remains challenging, as there are significant capital and operating costs of transporting any oil or gas to market. Furthermore, there are currently no NZ approved drilling rigs on the South Island of NZ.

Given the short lead time associated with the work commitments and significant cost obligations imposed between now and April 2018, the Board has had to make a difficult decision based on the best interests of shareholders and has, regretfully, decided to surrender the permit.

Petroleum Creek Update

The Company is planning to plug and abandon the three wells on the site. The freehold property has been placed for sale and the sale proceeds are expected to cover the costs associated with abandonment.

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

Arkoma Option Extension

On 15 November 2017, the Company announced a deferral of Mosman's second option over the Arkoma acreage to 1 April 2018 in exchange for US$125,000. The funds would be credited against Mosman's first option exercise which would therefore become US$875,000 rather than US$1,000,000 and there was a requirement for the funds to be invested into three well recompletions that were targeted at increasing production and providing further technical data for Mosman to evaluate further investment into the project.

Annual General Meeting

On 20 November, the Company announced it's 2017 annual general meeting to be held on 18 December 2017.

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

Dividends

No amounts were paid by way of dividends since the end of the previous financial period and the Directors do not recommend a payment of a dividend.

Environmental Regulations

The Board believes that the Company has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the company.

Information on Directors

Director	**Qualifications, experience & special responsibilities**
J W Barr	**CA FAICD** **Executive Chairman** Mr. John W Barr is a Chartered Accountant and Fellow of the Australian Institute of Company Directors and has acted as Director of listed and unlisted companies for over thirty years. He has extensive Australian and international experience with exposure to manufacturing, mining and mineral exploration and development in respect to several commodities. Mr. Barr specializes in the management of private and public companies including advice on capital raisings, mergers and acquisitions, negotiating onshore and offshore acquisitions and joint ventures, negotiating commodity based funding, and compliance with corporate and stock exchange requirements.
A R Carroll	**MA, BA** **Technical Director** Mr. Carroll has over 30 years of oil industry experience, from permit applications and initial exploration operations including drilling, to development, production and marketing of oil and gas. Initially worked at BP and led the E&P division of InterOil Corporation from applying for Permits to discovery of a new petroleum system in Papua New Guinea (PNG) that is now being developed for LNG exports. International experience includes UK, Canada, Australia, NZ and PNG. Currently founder and Managing Director of Australasian Energy Pty Ltd and Director of ASX listed High Peak Royalties Ltd. Previous roles include Executive Chairman of Ausam Resources and Managing Director of ASX listed Great Artesian Oil and Gas.
J A Young	**B App Sc (Geol), Grad Dip Tech Management, MAUSIMM** **Non-Executive Director** Mr. Young is a geologist with 25 years' experience in resource project management and corporate management. He is a Member of the Australian Institute of Mining and Metallurgy and has worked on a wide variety of mineral and resource projects throughout Australia and overseas. In addition, Mr. Young has held senior management and operational positions. He is currently a non Executive Director of Pilbara Minerals Limited and Managing Director of Spitfire Materials Limited.

Information on Company Secretary & Chief Financial Officer

J T White Bachelor of Business, CA & CTA

Mr. White is a Chartered Accountant and founding Director of Traverse Accountants Pty Ltd, a Corporate Advisory and Chartered Accounting Firm. In conjunction with his Corporate Advisory roles at Traverse Mr. White has been appointed Company Secretary and Chief Financial Officer of several other listed entities that operate on the Australian Stock Exchange and has a sound knowledge of corporate governance and compliance. Jarrod has also been an advisor to a wide range of capital raisings, IPO’s and reverse takeover transactions and has a focus on working with growing Companies in the exploration, technology and biotech space.

Indemnification and Insurance of Officers

During the period, the Company participated in Deeds of Indemnity, Insurance and Access with officers of the Company.

REMUNERATION REPORT

1. Principles of Remuneration

This report details the amount and nature of remuneration of each Key Management Person ('KMP') of the Company. The KMP have authority and responsibility for planning and controlling the activities of the Company.

Board Members' Remuneration Policy

The remuneration policy is to provide a fixed directors fee component (non-executive Directors receive an annual fee, of $30,000, and the Chairman receives an annual fee of $60,000); and a consulting fee component based on actual days worked. The Board believes that this remuneration policy is appropriate given the stage of development of the Company and the activities which it undertakes and is appropriate in aligning director objectives with shareholder and business objectives.

2. Board of Director's Remuneration Arrangements

At Admission, the Board established a Remuneration Committee responsible for making recommendations to the Board on remuneration arrangements for Directors and executives of the Company.

- J W Barr – Executive Chairman – All fees have been paid to Kensington Advisory Services Pty Ltd.
- A R Carroll – Technical Director – All fees have been paid to Australasian Energy Pty Ltd.
- J A Young – Non-Executive Director – All fees have been paid to Metallon Resources Pty Ltd.
- J T White – Company Secretary – All fees have been paid to Traverse Accountants Pty Ltd.

KMP Fees and Consulting Fees Paid	Year to 30 June 2017	Year to 30 June 2016
J W Barr – Executive Chairman	$287,500[1]	$295,000
A R Carroll – Technical Director	$290,000[2]	$346,000
J A Young – Non-Executive Director	$30,000[3]	$30,000
J T White – Company Secretary	$101,038[4]	$114,605
Z R Lewis – Company Secretary	-	$3,411[5]
Totals	**$708,538**	**$789,016**

1. Directors fees of $60,000 and consulting fees of $227,500 were paid and payable to Kensington Advisory Services Pty Ltd;

2. Director fees of $30,000 and consulting fees of $260,000 were paid and payable to Australasian Energy Pty Ltd;

3. Directors fees of $30,000 were paid to Metallon Resources Pty Ltd; and

4. CFO, Company Secretary and Consulting Fees totaling $101,038 were paid and payable to J T White's accounting firm, Traverse Accountants Pty Ltd.

5. Mr Lewis resigned 24 July 2015 and was remunerated to that date.

Options

No options were issued to Directors during the financial year ending 30 June 2017.

There is no direct link between remuneration paid to any of the KMP and corporate performance such as bonus payments for achievements of key performance indicators.

In the notice of meeting issued 20 November 2017 the Company put forward a package of 9,250,000 options to be approved by shareholders in the 2017 AGM to be held 18 December 2017.

This was in light of no remuneration increases since the Company listed. In the interests of conserving cash and not increasing cash remuneration the Options policy was a generally accepted and commercial remuneration.

Also noted that a significant tranche of Options expires on 28 November 2017 (before the planned shareholder meeting), the remaining Options on issue are well out of the money;

If approved the options issued would be issued on the following basis and the Directors and management of the Company would result in the follow net options issued post issue:

Name	Position	Number of New Share Options to be Granted	Existing exercisable options on issue at notice date directly and indirectly held/controlled	Current Issued Share Options Held Currently	Total Options Held if AGM Resolutions Passed
Mr John Barr	Executive Chairman	3,000,000	1,500,000	(500,000)	4,000,000
Mr Andrew Carroll	Technical Director	3,000,000	2,500,000	(1,500,000)	4,000,000
Mr John Young	Non-Executive Director	1,500,000	500,000	(500,000)	1,500,000
Mr Jarrod White	CFO	1,000,000	-	-	1,000,000
Howard McLaughlin	US Operations Manager	750,000	-	-	750,000
Total		**9,250,000**	**4,500,000**	**(2,500,000)**	11,250,000

Service Agreements

The Executive Chairman, Mr. John W Barr

J W Barr is employed under a contract for services with Kensington Advisory Services Pty Ltd. The Agreement commenced on 16 January 2015.

Under the terms of the present contract:

- Mr Barr's services as an executive are contracted pursuant to an agreement between Mosman and Mr Barr's nominee, Kensington Advisory Services Pty Ltd (Kensington) dated 16 January 2015;
- Mosman or Kensington may terminate the agreement for any reason by providing six months written notice to the other;
- In accordance with that agreement, Mr Barr must provide a minimum of 12 days per month of service to Mosman for a retainer of A$15,000 per month. In addition, if required, additional services will be provided at a daily rate of A$1,250 per day.

The Technical Director, Mr. Andrew R Carroll

A R Carroll is employed under a contract for services with Australasian Energy Pty Ltd. The Agreement commenced on 19 Jan 2015.

Under the terms of the present contract:

- Mr Carroll's services as an executive are contracted pursuant to an agreement between Mosman and Mr Carroll's nominee, Australasian Energy Pty Ltd (Australasian Energy) dated 19 January 2015;
- Mosman or Australasian Energy may terminate the agreement for any reason by providing six months written notice to the other;
- In accordance with that agreement, Mr Carroll must provide a minimum of five days per month of service to Mosman for a retainer of A$10,000 per month. In addition, if required, additional services will be provided at a daily rate of A$2,000 per day.

The Non-Executive Director, Mr. John A Young

J A Young is employed under a contract for services with Metallon Resources Pty Ltd.

Under the terms of the present contract:

- Mr. Young provides consultancy services to Mosman pursuant to a consultancy agreement between the Company, Mr Young's nominee, Metallon Resources Pty Ltd (Metallon), and Mr Young dated 25 May 2014'

- In accordance with that agreement, Mr Young will be paid for services as a Director by retainer of $30,000 per annum, and where required up to eight days per month of service to the Company for a retainer of $100 per hour to a maximum of $1,000 per day. Throughout the 2017 year Mr Young provided no additional services to his retainer as a Director;
- This agreement commenced on 1 June 2014 and continues until terminated by either Mosman or Metallon by giving not less than 3 months written notice.

The Company Secretary, Mr. Jarrod T White

J T White is employed under a contract for services with Traverse Accountants Pty Ltd.

Under the terms of the contract:

- Mr. White's provides services to Mosman are pursuant to a consultancy agreement between the Company and Mr White's nominee, Traverse Accountants Pty Ltd. In accordance with the engagement, Mr White provides Company Secretarial and CFO services for a fee of $3,750 and $750 per month respectively and any additional amounts are invoiced on a time cost basis.

Board of Directors' Dealings in Company Securities

As more fully disclosed in the Financial Statements (Note 14 – Contributed Equity), at 30 June, 2017, the Company had issued 249,448,818 Ordinary Shares (as at the date of this report the Company had on issue 299,448,151 Ordinary Shares) (2016 – 206,591,008).

The Directors (and their related entities) owned the following shares and options of the Company as at 30 June 2017, representing 5.83% of the undiluted issued capital of Mosman at that:

Director	Title	Directors' Interest in Ordinary Shares	Company Ownership	Directors' Interest in Unlisted Options
John W Barr	Executive Chairman	10,450,001	3.99%	1,500,000 [1]
Andrew R Carroll	Technical Director	1,876,500	1.29%	2,000,000 [2]
John A Young	Non-Executive Director	1,150,000	0.55%	500,000 [3]
Total Director Holdings		13,476,501	5.83%	4,000,000

1. Comprises of:
    a. 1,000,000 Mosman Options with an exercise price of $0.15 and an expiry date of 13 January 2019 issued in the 2014 financial year; and
    b. 500,000 Mosman Options with an exercise price of $0.58 and an expiry date of 28 November 2017.

2. Comprises of:
    a. 500,000 Mosman Options with an exercise price of $0.15 and an expiry date of 13 January 2019 issued in the 2014 financial year; and
    b. 1,500,000 Mosman Options with an exercise price of $0.58 and an expiry date of 28 November 2017.

3. Comprises of:
    a. 500,000 Mosman Options having an exercise price of $0.58 and an expiry date of 28 November 2017.

At the date of this report, the Company had 299,448,151 issued shares and the Board's diluted ownership of the Company had reduced to 5.83% as a result of equity issues throughout the year and the share buyback of shares owned and controlled by A Carroll.

Mosman Locked-In Shares

At the date of this report, no shares held by directors or key management personnel are escrowed.

KMP Share Holdings

The number of **shares** in Mosman Oil and Gas Limited held by each KMP of the Group during the financial year is as follows:

ORDINARY SHARES	30 June 2016 Balance	Issued on Exercise of Options during the Year	Other Changes during the Year	30 June 2017 Balance
Mr J W Barr	10,450,001	-	-	10,450,001
Mr A Carroll	10,876,500	-	(9,000,000)	1,876,500
Mr J Young	1,150,000	-	-	1,150,000
Totals	**22,476,501**	**-**	**(9,000,000)**	**13,476,501**

ORDINARY SHARES	30 June 2015 Balance	Issued on Exercise of Options during the Year	Other Changes during the Year	30 June 2016 Balance
Mr J W Barr	10,450,001	-	-	10,450,001
Mr A Carroll	10,876,500	-	-	10,876,500
Mr J Young	1,150,000	-	-	1,150,000
Totals	**22,476,501**	**-**	**-**	**22,476,501**

KMP Option Holdings

The number of **options** in Mosman Oil and Gas Limited held by each KMP of the Group during the financial year is as follows:

OPTIONS	30 June 2016 Balance	Granted as Remuneration during the Year	Exercised during the Year	Options lapsed during the year	30 June 2017 Balance	Vested and Exercisable
Mr J W Barr	1,500,000	-	-	-	1,500,000	1,500,000
Mr A Carroll	2,500,000	-	-	(500,000)	2,000,000	2,000,000
Mr J Young	500,000	-	-	-	500,000	500,000
Totals	**4,500,000**	**-**	**-**	**(500,000)**	**4,000,000**	**4,000,000**

OPTIONS	30 June 2015 Balance	Granted as Remuneration during the Year	Exercised during the Year	Options lapsed during the year	30 June 2016 Balance	Vested and Exercisable
Mr J W Barr	2,500,000	-	-	(1,000,000)	1,500,000	1,500,000
Mr A Carroll	2,500,000	-	-	-	2,500,000	2,500,000
Mr J Young	1,500,000	-	-	(1,000,000)	500,000	500,000
Totals	**6,500,000**	**-**	**-**	**(2,000,000)**	**4,500,000**	**4,500,000**

Options

As of the date of signing this report, unissued options of the Company under option were:

Grant Date	*Number of Options on Issue*	*Exercise Price*	*Expiry Date*
15 January 2014	3,200,000	15 cents each	13 January 2019
20 March 2014	859,372	8 Great British Pence	20 March 2019
28 November 2014	3,800,000	58 cents each	28 November 2017
Total Unlisted Options	**7,859,372**		

The above options represent unissued ordinary shares of the Company under option as at the date of this report. These unlisted options do not entitle the holder to participate in any share issue of the Company. The holders of unlisted options are not entitled to any voting rights until the options are exercised into ordinary shares.

Since 30 June 2017 and up until the date of this report, no options have been exercised.

No person entitled to exercise any option has or had, by virtue of the option, a right to participate in any share issue of any other body corporate.

Warrants

As of the date of signing this report, unissued ordinary shares of the Company under option were:

Grant Date	*Number of Warrants on Issue*	*Exercise Price*	*Expiry Date*
30 October 2015	18,411,233	5 Great British Pence	30 October 2020
Total Unlisted Warrants	**18,411,233**		

Amounts Outstanding from Related Parties

Petroleum Creek Limited

At 30 June 2017 the Company's 100% owned subsidiary, Petroleum Creek Limited (PCL), owed Mosman Oil and Gas Limited $7,949,054 (2016: $7,660,930). The Company has executed a Loan Agreement with PCL covering amounts up to $2,000,000 bearing interest at 7% pa and secured by a Fixed and Floating charge over the assets of PCL, as registered with the NZ Ministry of Economic Development Companies Office on 17 April 2014.

Mosman Oil and Gas (NZ) Limited

At 30 June 2017 the Company's 100% owned subsidiary, Mosman Oil and Gas (NZ) Limited, owed Mosman Oil and Gas Limited $197,847 (2016: $169,128).

Trident Energy Pty Ltd

At 30 June 2017 the Company's 100% owned subsidiary, Trident Energy Pty Ltd, owed Mosman Oil and Gas Limited $2,675,440 (2016: $2,453,911).

OilCo Pty Ltd

At 30 June 2017 the Company's 100% owned subsidiary, OilCo Pty Ltd (OilCo), owed Mosman Oil and Gas Limited $688,851 (2016: $607,878).

Mosman Oil USA Inc

At 30 June 2017 the Company's 100% owned subsidiary, Mosman Oil USA Inc, owed Mosman Oil and Gas Limited $890,271 (2016: $NIL).

Other Related Party Transactions

Since the last financial year, no director of the Company has received or become entitled to receive a benefit included (other than a benefit in the aggregated amount of emoluments, received or due and receivable by directors shown in the accounts) by reason of a contract made by the Company with the director or with a firm of which he is a member, or with an entity in which he has a substantial financial interest

Non-Audit Services

The Board of Directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: *Code of Ethics for Professional Accountants* set by the Accounting Professional and Ethical Standards Board.

No fees were paid or payable to Greenwich & Co Audit Pty Ltd for non-audit services provided during the year ended 30 June 2017 (2016: $NIL).

Proceedings On Behalf Of the Company

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purposes of taking responsibility on behalf of the Company for all or any part of the proceedings.

The Company was not party to any such proceeding during the year.

Auditor Independence Declaration

The auditor's independence declaration as required under s307c of the Corp Act 2001 is included in the financial report and forms part of the financial report for the financial year ended 30 June 2017.

Signed in accordance with a resolution of the Directors.

John W. Barr
Executive Chairman
24 November 2017

CORPORATE GOVERNANCE STATEMENT

CORPORATE GOVERNANCE

The Company will not be subject to the UK Corporate Governance Code applicable to companies listed on the Official List of the London Stock Exchange plc. The Company does, however, in so far as is practicable, given the size and nature of the Company and the constitution of the Board, to comply with the QCA Corporate Governance Code for Small and Mid-size Quoted Companies (the ''QCA Code'') as published by the Quoted Companies Alliance (the ''QCA'').

The Company has made the necessary disclosures to comply with the QCA Code and the Company's annual corporate governance statement has set out how it achieves good governance and the challenges it faces in so doing.

The QCA Code was devised by the QCA, in consultation with a number of significant institutional small company investors, as an alternative corporate governance code applicable to AIM companies. An alternative code was proposed because the QCA considered the UK Corporate Governance Code to be inappropriate to many AIM companies.

The QCA Code sets out a code of best practice for AIM companies. Those principles are discussed below:

Setting out the Vision and Strategy

The Board should express a shared view of the Company's vision and strategy.

For details on the Company's objectives, please refer to the Company's website (http://mosmanoilandgas.com/company-overview.)

Managing and Communication Risk and Implementing Internal Control

The Board is responsible for putting in place and communicating a sound system to manage risk and implement.

Management determines the Company's risk profile and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control. The Company's process of risk management and internal compliance and control includes:

(a) establishing the Company's goals and objectives, and implementing and monitoring strategies and policies to achieve these goals and objectives;

(b) continuously identifying and reacting to risks that might impact upon the achievement of the Company's goals and objectives, and monitoring the environment for emerging factors and trends that affect these risks;

(c) formulating risk management strategies to manage identified risks and designing and implementing appropriate risk management policies and internal controls; and

(d) monitoring the performance of, and continuously improving the effectiveness of, risk management systems and internal compliance and controls, including an ongoing assessment of the effectiveness of risk management and internal compliance and control.

Within the identified risk profile of the Company, comprehensive practices are in place that are directed towards achieving the following objectives:

(a) effectiveness and efficiency in the use of the Company's resources;

(b) compliance with applicable laws and regulations; and

(c) preparation of reliable published financial information.

The Board oversees an ongoing assessment of the effectiveness of risk management and internal compliance and control.

The responsibility for undertaking and assessing risk management and internal control effectiveness is delegated to management. Management is required by the Board to report back on the efficiency and effectiveness of risk management, inter alia, by benchmarking the Company's performance against industry standards.

The risk profile of the Company contains both financial and non-financial factors including material risks arising from pricing, competitive position, currency movements, operational efficiency, fuel prices, ground water flows, reserve recovery, investments in new projects. To mitigate these risks, the Company has in place a broad range of risk management policies and procedures including specialised sales contracts, competent management in all disciplines, a comprehensive management information system, an experienced Board, regular Board meetings, financial and internal audits, rigorous appraisal of new investments, advisers familiar with the Company and an internal audit function.

Management is responsible for the ongoing management of risk with standing instructions to appraise the Board of changing circumstances within the Company and within the international business environment.

This policy is reviewed every two years.

Articulating Strategy through Corporate Communication and Investor Relations

A healthy dialogue should exist between the board and shareholders to enable shareholders to come to informed disclosures decisions about the company.

The Company recognises the value of providing current and relevant information to its shareholders. The CEO and Company Secretary have the primary responsibility for communication with shareholders.

Information is communicated to shareholders through:

(a) continuous disclosure to relevant stock markets of all material information;

(b) periodic disclosure through the annual report (or concise annual report), half year financial report and quarterly reporting of exploration, production and corporate activities (if required);

(c) notices of meetings and explanatory material;

(d) the annual general meeting;

(e) periodic newsletters or letters from the Chairman or CEO; and

(f) the Company's web-site.

The Company is committed to the promotion of investor confidence by ensuring that trading in the Company's securities takes place in an efficient, competitive and informed market.

Meeting the Needs and Objectives of Shareholders

Directors should develop a good understanding of the needs and expectations of the Company's shareholders, as well as the motivations behind shareholder voting decisions.

The Company strives to maintain an opening line of communication with Shareholders at all times. Detailed corporate directory, directory of Directors and Management, as well and current and historical notices to shareholders are available on the Company's website.

Annual General Meeting

The Company recognises the rights of shareholders and encourages the effective exercise of those rights through the following means:

(a) notices of meetings are distributed to shareholders in accordance with the provisions of the Corporations Act;

(b) notices of meeting and other meeting material are drafted in concise and clear language;

(c) shareholders are encouraged to use their attendance at meetings to ask questions on any relevant matter, with time being specifically set aside for shareholder questions;

(d) notices of meetings encourage participation in voting on proposed resolutions by lodgement of proxies, if shareholders are unable to attend the meeting;

(e) it is general practice for a presentation on the Company's activities to be made to shareholders at each annual general meeting; and

(f) it is both the Company's policy and the policy of the Company's auditor for the lead engagement partner to be present at the annual general meeting and to answer any questions regarding the conduct of the audit and the preparation and content of the auditors' report.

This policy is reviewed annually.

Meeting Stakeholder and Social Responsibilities

Good governance includes the Board considering the Company's impact on society, the community and the environment.

The Board recognises that the primary stakeholders in the Company are its shareholders. Other legitimate stakeholders in the Company include employees, potential customers and the general community.

The Company's primary objective is to create shareholder wealth through capital growth and dividends by the continued development and commercialisation of its assets.

The Company is committed to conducting all its operations in a manner which:

(a) protects the health and safety of all Employees, contractors and community members;

(b) recognises, values and rewards the individual contribution of each employee;

(c) achieves a balance between economic development, maintenance of the environment and social responsibility;

(d) maintains good relationships with suppliers and the local community; and

(e) is honest, lawful and moral.

All Employees (including directors) are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.

This policy is reviewed annually.

Using Cost Effective and Value-Added Arrangements

The Board periodically reviews its corporate governance policies to ensure its governance arrangements allows for clear and efficient decision-making processes.

The risk management processes outlined above highlights the key risks faced by the Company and facilitates a clear understanding of how value is enhanced and abuses prevented through the governance policies and processes.

Developing Structures and Processes

The Board's corporate governance policies helps ensure that there are appropriate reporting systems and controls in place to assure the Board that proper operational, financial, compliance, and internal control processes are in place and functioning appropriately.

These processes are regularly implemented at the Meetings of Directors as set out in the Directors' Report and are updated as necessary based on:

- Corporate Culture;
- Size;
- The capacity and appetite for risk and the tolerances of the company; and
- Business complexity.

Being Responsible and Accountable

Responsibility for corporate governance lies with the Chairman and the Board has a collective responsibility and legal obligation to promote the long term success of the Company.

Role of the Board and Management

The Board's primary role is the protection and enhancement of medium to long term shareholder value. To fulfil this role, the Board is responsible for the overall Corporate Governance of the Company including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

The Board has sole responsibility for the following:

- Appointing and removing executive directors and approving their remuneration;
- Appointing and removing the Company Secretary and approving their remuneration;
- Determining the strategic direction of the Company and measuring performance of management against approved strategies;
- Reviewing the adequacy of resources for management to properly carry out approved strategies and business plans;
- Adopting operating and capital expenditure budgets at the commencement of each financial period and monitoring the progress by both financial and non-financial key performance indicators;
- Monitoring the Company's medium term capital and cash flow requirements;
- Approving and monitoring financial and other reporting to regulatory bodies, shareholders and other organisations;
- Determining that satisfactory arrangements are in place for auditing the Company's financial affairs;
- Reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and compliance with legislative requirements; and
- Ensuring that policies and compliance systems consistent with the Company's objectives and best practice are in place and that the Company and its officers act legally, ethically and responsibly on all matters.

The Board's role and the Company's corporate governance practices are being continually reviewed and improved as the Company's business develops.

Having Balance on the Board

The Board consists of two Executive Directors, being John W Barr, the Executive Chairman, and Andrew Carroll, the Technical Director, and one non-executive Director being John A Young. Major corporate decisions of the Company are subject to Board approval.

The Company's Constitution provides that the number of Directors shall not be less than three and not more than ten. There is no requirement for any shareholding qualification.

The Board considers that J A Young is an Independent Director of the Company.

The Company notes that the role of the Chair being discharged by an Executive Director is not in line with QCA guidance however is considered appropriate given Mosman's relative early stage of development. The Board does keep this role and compliance with QCA guidelines under close review and the appointment of future potential non-executives however to date none have been identified.

Having Appropriate Skills and Capabilities on the Board

Details of the directors, including their qualifications, experience and date of appointment are set out in the Directors' Report.

An audit committee, comprising John W Barr and John A Young has been established to operate with effect from Admission. The audit committee will determine the application of financial reporting and internal control principles, including reviewing the effectiveness of the Group's financial reporting, internal control and risk management procedures and the scope, quality and results of the external audit. The audit committee will be chaired by John W Barr.

At Admission, the Board established a Remuneration Committee responsible for making recommendations to the Board on remuneration arrangements for Directors and executives of the Company. It will review the performance of the Executive Directors and will set their remuneration, determine the payment of bonuses to Executive Directors and consider bonus and option schemes. Each of the Executive Directors will take no part in discussions concerning their own remuneration. The remuneration of all Directors will be reviewed by the Board. The remuneration committee will be chaired by John A Young.

Evaluation Board Performance and Development

As part of the annual review of the performance of the Board, the appropriate size, composition and terms and conditions of appointment to and retirement from the Board are considered. The level of remuneration for non-executive directors is considered with regard to practices of other public companies and the aggregate amount of fees approved by shareholders. The Board also reviews the appropriate criteria for Board membership collectively.

The Board has established formal processes to review its own performance and the performance of individual directors and the committees of the Board, annually.

Board

A process has been established to annually review and evaluate the performance of the Board. The annual review includes consideration of the following measures:

(a) comparison of the performance of the Board against the requirements of the Board charter;

(b) assessment of the performance of the Board over the previous twelve months having regard to the corporate strategies, operating plans and the annual budget;

(c) review the Board's interaction with management;

(d) identification of any particular goals and objectives of the Board for the next year;

(e) review the type and timing of information provided to the directors; and

(f) identification of any necessary or desirable improvements to Board or committee charters.

The method and scope of the performance evaluation will be set by the Board and which may include a Board self-assessment checklist to be completed by each director. The Board may also use an independent adviser to assist in the review.

Committees

Similar procedures to those for the Board review are applied to evaluate the performance of each of the Board committees.

An assessment will be made of the performance of each committee against each charter and areas identified where improvements can be made.

Non-executive Directors

The Chairman will have primary responsibility for conducting performance appraisals of non-executive directors in conjunction with them, having particular regard to:

(a) contribution to Board discussion and function;

(b) degree of independence including relevance of any conflicts of interest;

(c) availability for and attendance at Board meetings and other relevant events;

(d) contribution to Company strategy;

(e) membership of and contribution to any Board committees; and

(f) suitability to Board structure and composition.

Where the Chairman, following a performance appraisal, considers that action must be taken in relation to a director's performance, the Chairman must consult with the remainder of the Board regarding whether a director should be counselled to resign, not seek re-election, or in exceptional circumstances, whether a resolution for the removal of a director be put to shareholders.

Senior Executives

The Executive Chairman is responsible for assessing the performance of the key executives within the Company. This is to be performed through a formal process involving a formal meeting with each senior executive. The basis of evaluation of senior executives will be on agreed performance measures.

This policy is reviewed annually.

Providing Information and Support

Each director has the right to seek independent professional advice on matters relating to his position as a director of the Company at the Company's expense, subject to the prior approval of the Chairman, which shall not be unreasonably withheld.

Non-executive directors are provided with access to all information they require and are authorised to engage external advisors as necessary.

Nominated Advisor

In accordance with the AIM Rules for Companies, SP Angel Corporate Finance LLP has been assigned to advise the Board of the Company on an ongoing basis. This role is referred to as the NOMAD, or Nominated Advisor, whose responsibility is to ensure the interests of AIM and the Company's shareholders are protected.

Greenwich & Co

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Auditor's Independence Declaration

To Mosman Oil and Gas Limited

As auditor for the audit of Mosman Oil and Gas Limited for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been:

i. no contraventions of the independence requirements of the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

Greenwich & Co Audit Pty Ltd

Greenwich & Co Audit Pty Ltd

Nicholas Hollens

Nicholas Hollens

Managing Director

Perth

24 November 2017

Greenwich & Co

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Independent Audit Report to the members of Mosman Oil and Gas Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Mosman Oil and Gas Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described as in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Capitalised Exploration Expenditure
Refer to Note 11, Deferred exploration expenditure and accounting policy Notes 1(c) ,1(h) and 1(p).

Key Audit Matter	How our audit addressed the matter
During the year ended 30 June 2017, the Group impaired its capitalised exploration costs, resulting in an impairment expense of $7,428,444. As the impairment expense comprised a significant portion of the Groups loss for the year, we considered it necessary to assess the facts and circumstances associated with the expense.	Our audit work included, but was not restricted to, the following: • Obtaining evidence as to whether the Group has valid rights to explore the areas represented by the previously capitalised exploration costs; • Understanding and assessing managements assumptions and analysis of their impairment assessment of capitalised exploration costs; and • Enquiring with management, reviewing the Groups AIM announcements, and reviewing minutes of Board meetings.

Other Information

The directors are responsible for the other information. The other information obtained at the date if this auditor's report is included in Directors' Report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included on pages 11 to 16 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Mosman Oil and Gas Limited, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Greenwich & Co Audit Pty Ltd

Greenwich & Co Audit Pty Ltd

Nicholas Hollens

Nicholas Hollens
Managing Director
Perth
24 November 2017

Consolidated Statement of Profit or Loss and Other Comprehensive Income
Year Ended 30 June 2017
All amounts are in Australian Dollars

	Notes	Consolidated 2017 $	Consolidated 2016 $
Revenue		16,037	-
Interest income		2,550	6,623
Other income		31,854	9,923
Administrative expenses		(253,313)	(322,118)
Corporate expenses	2	(1,152,665)	(1,184,225)
Exploration expenses		-	(37,181)
Employee benefits expense		(79,250)	(188,539)
Loss on foreign exchange		(50,832)	(300,354)
Depreciation expense		(13,203)	(18,171)
Finance expense		-	(3,383)
Cost of abandoned projects	3	(280,762)	(1,293,295)
Loss on financial assets		-	(89,674)
Pre acquisition costs		(40,320)	-
Capitalised costs written off		(7,428,444)	(1,456,942)
Loans to associated entities forgiven		-	(17,429)
Share of net profit from joint operation		62,041	-
Loss from ordinary activities before income tax expense		(9,186,307)	(4,894,765)
Income tax expense	4	-	-
Net loss for the year		**(9,186,307)**	**(4,894,765)**
Other comprehensive loss			
Items that may be reclassified to profit or loss:			
- Exchange differences arising on translation of foreign operations		(246,484)	523,825
Total comprehensive income attributable to members of the entity		**(9,432,791)**	**(4,370,940)**
Basic loss per share (cents per share)	20	*(4.46) cents*	*(2.53) cents*
Diluted loss per share (cents per share)	20	*(4.46) cents*	*(2.53) cents*

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position
As at 30 June 2017
All amounts are in Australian Dollars

	Notes	Consolidated 30 June 2017	Consolidated 30 June 2016
		$	$
Current Assets			
Cash and cash equivalents	6	1,666,139	3,758,556
Trade and other receivables	7	394,605	194,115
Other assets	8	35,690	446,095
Other financial assets	9	288,288	7
Total Current Assets		2,384,722	4,398,773
Non-Current Assets			
Property, plant & equipment	10	211,016	224,448
Capitalised formation and acquisition costs		749,620	-
Capitalised oil and gas exploration	11	4,073,115	10,955,203
Total Non-Current Assets		5,033,751	11,179,651
Total Assets		7,418,473	15,578,424
Current Liabilities			
Trade and other payables	12	353,769	177,692
Provisions	13	158,165	11,846
Total Current Liabilities		511,934	189,538
Total Liabilities		511,934	189,538
Net Assets		**6,906,539**	**15,388,886**
Shareholders' Equity			
Contributed equity	14	25,286,313	25,235,869
Reserves	15	1,058,126	1,304,610
Accumulated losses	16	(19,499,941)	(11,151,593)
Equity attributable to shareholders		**6,844,498**	**15,388,886**
Non-Controlling interest		62,041	-
Total Shareholders' Equity		**6,906,539**	**15,388,886**

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity
Year Ended 30 June 2017
All amounts are in Australian Dollars

	Accumulated Losses $	Contributed Equity $	Reserves $	Total $
Balance at 1 July 2015	**(6,256,828)**	**18,585,595**	**780,785**	**13,109,552**
Comprehensive income				
Loss for the year	(4,894,765)	-	-	(4,894,765)
Other comprehensive income for the year	-	-	523,825	523,825
Total comprehensive loss for the year	**(4,894,765)**	**-**	**523,825**	**(4,370,940)**
Transactions with owners, in their capacity as owners, and other transfers:				
Shares issued to shareholders	**-**	7,242,293	-	7,242,293
Capital raising costs	**-**	(592,019)	-	(592,019)
Total transactions with owners and other transfers	**-**	**6,650,274**	**-**	**6,650,274**
Balance at 30 June 2016	**(11,151,593)**	**25,235,869**	**1,304,610**	**15,388,886**
Balance at 1 July 2016	**(11,151,593)**	**25,235,869**	**1,304,610**	**15,388,886**
Comprehensive income				
Loss for the year	(9,186,307)	-	-	(9,186,307)
Other comprehensive loss for the year	-	-	(246,484)	(246,484)
Total comprehensive loss for the year	**(9,186,307)**	**-**	**(246,484)**	**(9,432,791)**
Transactions with owners, in their capacity as owners, and other transfers:				
Cancellation of shares on selective share buyback	900,000	(900,000)	-	-
Shares issued to shareholders	-	1,006,536	-	1,006,536
Capital raising costs	-	(56,759)	-	(56,759)
Non-controlling interests on acquisition	-	667	-	667
Total transactions with owners and other transfers	**900,000**	**50,444**	**-**	**950,444**
Balance at 30 June 2017	**(19,437,900)**	**25,286,313**	**1,058,126**	**6,906,539**

These accompanying notes form part of these financial statements

Consolidated Statement of Cash Flows
Year Ended 30 June 2017
All amounts are in Australian Dollars

	Notes	Consolidated 2017 $	Consolidated 2016 $
Cash flows from operating activities			
Receipts from customers		4,333	-
Interest received & other income		34,565	16,546
Payments to suppliers and employees		(1,536,854)	(2,507,041)
Interest paid		-	(3,383)
Net cash outflow from operating activities	21	**(1,497,956)**	**(2,493,878)**
Cash flows from investing activities			
Bonds refunded		-	45,300
Disposal of MEO shares		-	185,125
Payments for property, plant & equipment		-	(6,304)
Payments for exploration and evaluation		(546,356)	(1,717,319)
Payment for Shares in GEM International Limited		(504,081)	(423,549)
Acquisition of subsidiary, net of cash acquired		(789,937)	-
Payments for abandoned projects		(137,904)	-
Net cash outflow from investing activities		**(1,978,278)**	**(1,916,747)**
Cash flows from financing activities			
Proceeds from shares issued		1,426,852	7,242,293
Transactions with non-controlling interests		62,041	-
Repayment of borrowings		(48,317)	-
Payments for costs of capital		(56,759)	(592,019)
Net cash inflow from financial activities		**1,383,817**	**6,650,274**
Net (decrease)/increase in cash and cash equivalents		**(2,092,417)**	**2,239,649**
Exchange rate adjustment		**-**	**401,052**
Cash and cash equivalents at the beginning of the financial year		**3,758,556**	**1,117,855**
Cash and cash equivalents at the end of the financial year	6	**1,666,139**	**3,758,556**

The accompanying notes from part of these financial statements

Notes to the Financial Statements
Year Ended 30 June 2017
All amounts are Australian Dollars

1 Statement of Accounting Policies

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

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

(a) Basis of Preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards (including Australian Interpretations) adopted by the Australian Accounting Standards Board and the Corporations Act 2001. Compliance with Australian Accounting Standards ensures that the financial statements also comply with International Financial Reporting Standards.

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

The financial report was authorised for issue by the Directors on 24 November 2017.

(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 25 and 26 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

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.

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

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(p).

(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.

(d) Income Tax (continued)

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

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

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

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

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

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

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

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

(e) Goods and Services Tax

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

(i) Where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognized as part of the cost of acquisition of the asset, or as part of the expense item as applicable;

(ii) Receivables and payables are stated with the amount of GST included;

(iii) The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position;

(iv) Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows; and

(v) Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(f) Property, Plant and Equipment

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

(f) Property, Plant and Equipment (continued)

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 are continuing.

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

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

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

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

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

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

(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

Recognition and Initial Measurement

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

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

(o) Financial Instruments (continued)

Derecognition

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

Classification and Subsequent Measurement

i. Financial assets at fair value through profit or loss

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

ii. Loans and receivables

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

iii. Held-to-maturity investments

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

iv. Available-for-sale financial assets

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

v. Financial Liabilities

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

vi. Impairment

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

(p) 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.

(q) Employee Entitlements

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

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

(q) Provisions

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

(r) Cash and Cash Equivalents

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

(s) Revenue and Other Income

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

(t) Acquisition of Subsidiary Not Deemed a Business Combination

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

(u) New standards and interpretations

Account Standard and Interpretation

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

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

	Consolidated 2017 $	Consolidated 2016 $
2 Corporate Costs		
Accounting, Company Secretary and Audit fees	198,034	153,010
Director fees	120,000	120,000
Consulting fees	707,809	779,501
Legal and compliance fees	126,822	131,714
	1,152,665	**1,184,225**

3 Costs associated with projects		
Costs incurred	417,687	1,555,284
Reimbursements	(136,925)	(261,989)
	280,762	**1,293,295**

4 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 (2016 - NIL).

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

	Consolidated 2017 $	Consolidated 2016 $
Loss before tax	(9,186,307)	(4,894,765)
Income tax calculated at 27.5% (2016: 30%)	(2,526,234)	(1,468,429)
Tax effect of amounts which are deductible/non-deductible		
In calculating taxable income:		
JV share of profit	16,878	-
Project abandonment costs	-	128,733
Legal and consulting expenses	15,885	-
Capital raising costs	-	86,788
Impairment expense	2,079,964	442,311
Upfront exploration expenditure claimed	(152,894)	(177,804)
Other	(207,087)	(178,665)
Effects of unused tax losses and tax offsets not recognized as deferred tax assets	773,488	1,167,066
Income tax expense attributable to operating profit	**NIL**	**NIL**

(b) Tax Losses

As at 30 June 2017 the Company had Australian tax losses of $6,804,870 (2016: $3,899,473). The benefit of deferred tax assets not brought to account will only be realized if:

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

4 Income Tax (continued)

(b) Unbooked Deferred Tax Assets and Liabilities

	Consolidated 2017 $	Consolidated 2016 $
Unbooked deferred tax assets comprise:		
Capital Raising Costs	256,270	486,874
Provisions/Accruals/Other	20,561	36,329
Tax losses available for offset against future taxable income	1,935,955	3,899,473
	2,212,786	**4,922,676**

5 Auditors Remuneration

Audit – Somes Cooke		
Audit of the financial statements	-	7,000
Audit – Greenwich & Co Audit Pty Ltd		
Audit of the financial statements	27,000	18,000
	27,000	**25,000**

6 Cash and Cash Equivalents

Cash at Bank	**1,666,139**	**3,758,556**

7 Trade and Other Receivables

Deposits	198,851	150,533
GST receivable	44,197	43,419
Other receivables	151,557	163
	394,605	**194,115**

8 Other assets

Prepayments	23,985	22,546
Accrued income	11,705	-
Share applications	-	423,549
	35,690	**446,095**

9 Other financial assets

Shares in a listed entity	**288,288**	**7**

10 Property, Plant and Equipment

	Land and Buildings $	Office Equipment and Furniture $	Vehicles $	Total $
Cost				
Balance at 1 July 2016	176,387	161,472	24,871	362,730
Additions	-	-	-	-
Effective movement in exchange rates	(186)	-	(24)	(210)
Balance at 30 June 2017	**176,201**	**161,472**	**24,847**	**362,520**
Depreciation				
Balance at 1 July 2016	908	128,325	9,049	138,282
Depreciation for the year	450	9,785	2,968	13,203
Effective movement in exchange rates	4	-	15	19
Balance at 30 June 2017	**1,362**	**138,110**	**12,032**	**151,504**
Carrying amounts				
Balance at 30 June 2016	175,479	33,147	15,822	224,448
Balance at 30 June 2017	**174,839**	**23,362**	**12,815**	**211,016**

11 Capitalised Oil and Gas Expenditure

	Consolidated 2017 $	Consolidated 2016 $
Cost brought forward	**10,955,203**	11,733,041
Exploration costs incurred during the year	552,550	1,480,667
Exploration expenditure previously capitalised, written off in financial year	(7,428,444)	(1,456,942)
Costs related to terminated acquisitions (i)	-	(1,293,295)
FX movement	(6,194)	491,732
Carrying value at end of year	**4,073,115**	**10,955,203**

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

(i) On 1 February 2016, the Company cancelled the Sale and Purchase Agreement with Origin Energy Limited ("Origin") to acquire the South Taranaki Project ("STEP"). As a result all costs associated with the transaction were written off.

12 Trade and Other Payables

Trade creditors	279,582	66,448
Unearned revenue	11,867	-
Other creditors and accruals	62,320	111,244
	353,769	**177,692**

Included within trade and other creditors and accruals is an amount of $NIL (2016 $13,842) relating to exploration expenditure.

13 Provisions

	Consolidated 2017 $	Consolidated 2016 $
Employee provisions	15,308	11,846
Provision for abandonment	142,857	-
	158,165	**11,846**

14 Contributed Equity

Ordinary Shares :

Value of Ordinary Shares fully paid

Movement in Contributed Equity				**Number of shares**	**Contributed Equity $**
Balance as at 1 July 2015:				122,578,066	18,585,595
	Date	*Nature of Transaction*	*Issue Price*		
	28/07/2015	Shares issued (i)	$0.0377	22,857,143	857,143
	22/09/2015	Shares issued (i)	$0.0980	33,333,333	3,261,018
	30/10/2015	Shares issued (i)	$0.0848	36,822,466	3,124,132
Capital raising costs				-	(592,019)
Balance as at 1 July 2016:				**215,591,008**	**25,235,869**
	02/08/2016	Share buy-back (ii)	$0.1000	(9,000,000)	(900,000)
	21/06/2017	Shares issued (i)	$0.0234	42,857,143	1,006,536
	04/05/2017	Acquisition of joint operations (iii)	$1.0000	667	667
Capital raisings costs				-	(156,759)
Balance at end of year				**249,448,818**	**25,286,313**

(i) Placements via capital raising as announced
(ii) Selective share buy-back as announced
(iii) Acquisition of joint operations equity as announced. Refer to Note 25.

15 Reserves

	Consolidated 2017 $	Consolidated 2016 $
Options reserve	1,063,440	1,063,440
Asset revaluation reserve	(215,793)	-
Foreign currency translation reserve	210,479	(241,170)
	1,058,126	**1,304,610**

15 Reserves (continued)

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 2017** $	**Consolidated 2016** $
Options Reserve at the beginning of the year	1,063,440	1,063,440
Options Reserve at the end of the year	**1,063,440**	**1,063,440**

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 2017** $	**Consolidated 2016** $
Foreign Currency Translation Reserve at the beginning of the year	241,170	(282,655)
Current year movement	(30,691)	523,825
Foreign Currency Translation Reserve at the end of the year	**210,479**	**241,170**

16 Accumulated Losses

Accumulated losses at the beginning of the year	**11,151,593**	6,256,828
Net loss attributable to members	9,186,307	4,894,765
Cancellation of shares on selective buy-back	(900,000)	-
Profit associated with non-controlling interest	62,041	-
Accumulated losses at the end of the year	**19,437,900**	**11,151,593**

17 Related Party Transactions

Key Management Personnel Remuneration

Cash Payments to Directors and Management (i)	708,538	789,016
Total	**708,538**	**789,016**

17 Related Party Transactions (continued)

i. During the year to 30 June 2017:

   a. Directors fees of $60,000 and consulting fees of $227,500 were paid and payable to Kensington Advisory Services Pty Ltd;
   b. Director fees of $30,000 and consulting fees of $260,000 were paid and payable to Australasian Energy Pty Ltd;
   c. Directors fees of $30,000 were paid to Metallon Resources Pty Ltd;
   d. CFO, Company Secretary and Consulting Fees totaling $101,038 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:

Petroleum Creek Limited

At 30 June 2017 the Company's 100% owned subsidiary, Petroleum Creek Limited (PCL), owed Mosman Oil and Gas Limited $7,949,054 (2016: $7,660,930). The Company has executed a Loan Agreement with PCL covering amounts up to $2,000,000 bearing interest at 7% pa and secured by a Fixed and Floating charge over the assets of PCL, as registered with the NZ Ministry of Economic Development Companies Office on 17 April, 2014.

Mosman Oil and Gas (NZ) Limited

At 30 June 2017 the Company's 100% owned subsidiary, Mosman Oil and Gas (NZ) Limited, owed Mosman Oil and Gas Limited $197,847 (2016: $169,128).

Trident Energy Pty Ltd

At 30 June 2017 the Company's 100% owned subsidiary, Trident Energy Pty Ltd, owed Mosman Oil and Gas Limited $2,675,440 (2016: $2,453,911).

OilCo Pty Ltd

At 30 June 2017 the Company's 100% owned subsidiary, OilCo Pty Ltd (OilCo), owed Mosman Oil and Gas Limited $688,851 (2016: $607,878).

Mosman Oil USA, Inc

At 30 June 2017 the Company's 100% owned subsidiary, Mosman Oil USA, Inc, owed Mosman Oil and Gas Limited $863,968 (2016: $NIL).

Mosman Texas, LLC

At 30 June 2017 the Company's 100% owned subsidiary, Mosman Texas, LLC, owed Mosman Oil and Gas Limited $NIL (2016: $NIL).

18 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 2017, total exploration expenditure commitments for the next 12 months are as follows:

		2017	2016
Entity	**Tenement**	**$**	**$**
Mosman Oil & Gas Limited	PEP385326	572,028	572,028
Trident Energy Pty Ltd	EP145	121,500	121,500
Oilco Pty Ltd	EPA155	10,000	10,000
Oilco Pty Ltd	EP 156	155,000	155,000
Mosman Oil and Gas (NZ) Ltd	PEP 57067	-	-
Mosman Oil and Gas (NZ) Ltd	PEP 57068	-	1,239,394
Mosman Oil and Gas (NZ) Ltd	PEP 57058	-	-
		858,528	**2,097,922**

At the date of report the Company had resolved to abandon New Zealand related projects and the commitments as at 30 June 2017 (particularly for PEP385326) are not considered to be obligations.

These obligations are subject to variations by farm-out arrangements, sale of the relevant tenements or seeking expenditure exemption for previous year's expenditure. The Company has the option to elect to not carry out the minimum work program commitments pertaining to a specific permit, in which case the Company will relinquish its interest in the relevant permit.

(b) Capital Commitments

The Company had no capital commitments at 30 June 2017 (2016 - $NIL).

19 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.

(i) Segment performance

	New Zealand $	United States $	Australia $	Total $
Year ended 30 June 2017				
Revenue				
Revenue	-	2,825	13,212	16,037
Interest income	-	-	2,550	2,550
Share of net profit of joint operation	-	62,043	-	62,043
Other income	2,095	20,018	9,741	31,854
Segment revenue	**2,095**	**84,886**	**25,503**	**112,484**
Segment Result				
Loss				
Allocated				
- Corporate Costs	(70,343)	(10,816)	(1,071,506)	(1,152,665)
- Administrative Costs	(48,655)	(41,117)	(163,541)	(253,313)
- Foreign Exchange Loss gain/ (loss)	-	-	(50,834)	(50,834)
Segment net loss before tax	**(116,903)**	**32,953**	**(1,260,378)**	**(1,344,328)**
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	(7,428,444)	-	-	(7,428,444)
- Costs of projects abandoned	(149,293)	-	(131,470)	(280,763)
- Pre acquisition costs	-	-	(40,320)	(40,320)
Unallocated items				
- Employee Benefits Expense				(79,250)
- Depreciation				(13,202)
Net Loss before tax from continuing operations				**(9,186,307)**

19 Segment Information (continued)

(i) Segment performance (continued)

	New Zealand $	United States $	Australia $	Total $
Year ended 30 June 2016				
Revenue				
Interest income	6	-	6,616	6,622
Other income	6,000	-	3,924	9,924
Segment revenue	**6,006**	**-**	**10,540**	**16,546**
Segment Result				
Loss				
Allocated				
- Corporate Costs	(108,617)	-	(1,075,608)	(1,184,225)
- Administrative Costs	(29,754)	-	(310,535)	(340,289)
- Exploration expenses	-	-	(37,181)	(37,181)
- Foreign Exchange Loss gain/ (loss)	386	-	(300,740)	(300,354)
Segment net loss before tax	**(131,979)**	**-**	**(1,713,524)**	**(1,845,503)**
Reconciliation of segment result to net loss before tax				
Amounts not included in segment result but reviewed by the Board				
- Exploration expenditure written off	(1,031,306)	-	(261,989)	(1,293,295)
- Exploration expenditure impaired	-	-	(1,456,942)	(1,456,942)
- Loans to associated entities forgiven	-	-	(17,429)	(17,429)
Unallocated items				
- Employee Benefits Expense				(188,539)
- Loss on financial assets				(89,674)
- Finance costs				(3,383)
Net Loss before tax from continuing operations				**(4,894,765)**

19 Segment Information (continued)

(ii) Segment assets

	New Zealand $	United States $	Australia $	Total $
As at 30 June 2017				
Segment assets as at 1 July 2016	7,332,986	-	3,622,217	10,955,203
Segment asset increases/(decreases) for the year				
- Exploration and evaluation	101,650	-	450,898	552,548
- Foreign exchange impact	(6,193)	-	-	(6,193)
- Exploration expenditure previously capitalised, written off in financial year	(7,428,443)	-	-	(7,428,443)
	-	**-**	**4,073,115**	**4,073,115**
Reconciliation of segment assets to total assets:				
Other assets	392,510	953,669	1,999,178	3,345,357
Total assets from continuing operations	**392,510**	**953,669**	**6,072,293**	**7,418,472**
As at 30 June 2016				
Segment assets as at 1 July 2015	6,691,897	-	5,041,144	11,733,041
Segment asset increases for the year				
- Exploration and evaluation	641,089	-	(1,418,927)	(777,838)
	7,332,986	**-**	**3,622,217**	**10,955,203**
Reconciliation of segment assets to total assets:				
Other assets	273,460	-	4,349,761	4,623,221
Total assets from continuing operations	**7,606,446**	**-**	**7,971,978**	**15,578,424**

19 Segment Information (continued)

(iii) Segment liabilities

	New Zealand $	United States $	Australia $	Total $
As at 30 June 2017				
Segment liabilities as at 1 July 2016	9,154	-	180,384	189,538
Segment liability (decreases) for the year	153,324	69,679	99,393	322,396
	162,478	**69,679**	**279,777**	**511,934**
Reconciliation of segment liabilities to total liabilities:				
Other liabilities	**-**	**-**	**-**	**-**
Total liabilities from continuing operations	**162,478**	**69,679**	**279,777**	**511,934**
As at 30 June 2016				
Segment liabilities as at 1 July 2015	108,895	-	519,531	628,426
Segment liability (decreases) for the year	(99,741)	-	(339,147)	(438,888)
	9,154	**-**	**180,384**	**189,538**
Reconciliation of segment liabilities to total liabilities:				
Other liabilities	**-**	**-**	**-**	**-**
Total liabilities from continuing operations	**9,154**	**-**	**180,384**	**189,538**

20 Earnings/ (Loss) per shares

	Consolidated 2017 $	Consolidated 2016 $
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	**(9,432,791)**	**(4,894,765)**
	Number of shares 2017	**Number of shares 2016**
Weighted average number of ordinary shares used in calculating basic earnings/(loss) per share:	208,461,458	193,534,581
Basic loss per share (cents per share)	4.46	2.53

21 Notes to the statement of cash flows

Reconciliation of loss from ordinary activities after income tax to net cash outflow from operating activities:	Consolidated 2017 $	Consolidated 2016 $
Loss from ordinary activities after related income tax	(9,186,307)	(4,894,765)
Exploration expenses written off	-	1,293,295
Depreciation	13,203	18,171
Previously capitalised expenses, written off	7,428,444	1,456,942
Loss on financial assets	-	89,674
Decrease in other assets	157,814	20,536
(Increase)/decrease in trade and other receivables	(236,180)	107,265
Increase/(decrease) in trade and other payables	325,071	(584,996)
Net cash outflow from operating activities	**(1,497,956)**	**(2,493,878)**

22 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 2017

	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	6	**0.1%**	1,666,139	-	-	1,666,139
Trade and other Receivables	7		-	-	394,605	394,605
Other assets	8		-	-	35,690	35,690
Other financial assets	9		-	-	288,288	288,288
Total Financial Assets			**1,666,139**	**-**	**718,583**	**2,384,722**
Financial Liabilities						
Trade and other Payables	12		-	-	353,769	353,769
Provisions	13		-	-	158,165	158,165
Total Financial Liabilities			**-**	**-**	**511,934**	**511,934**
Net Financial Assets			**1,666,139**	**-**	**206,649**	**1,872,788**

22 Financial Instruments (continued)

Consolidated 2016						
Financial Assets						
Cash and Cash Equivalents	6	**0.2%**	3,758,556	-	-	3,758,556
Trade and other Receivables	7		-	-	194,115	194,115
Other assets	8		-	-	446,095	446,095
Other financial assets	9		-	-	7	7
Total Financial Assets			**3,758,556**	**-**	**640,217**	**4,398,773**
Financial Liabilities						
Trade and other Payables	12		-	-	177,692	177,692
Provisions	13		-	-	11,846	11,846
Total Financial Liabilities			**-**	**-**	**189,538**	**189,538**
Net Financial Assets			**3,758,556**	**-**	**450,679**	**4,209,235**

(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.

23 Contingent Liabilities

There were no material contingent liabilities not provided for in the financial statements of the Company as at 30 June 2017.

24 Mosman Oil and Gas Limited - Parent Entity Disclosures

	2017 $	2016 $
Financial position		
Assets		
Current Assets	1,723,088	3,836,354
Non-Current Assets	12,073,612	11,555,969
Total Assets	**13,796,700**	**15,392,323**
Liabilities		
Current Liabilities	242,332	180,382
Total Liabilities	**242,332**	**180,382**
Net Assets	**13,554,368**	**15,211,941**
Equity		
Contributed equity	25,285,646	25,235,869
Reserves	847,647	1,063,440
Accumulated losses	(12,578,925)	(11,087,368)
Total Equity	**13,554,368**	**15,211,941**
Financial Performance		
Loss for the year	(1,508,985)	(2,890,667)
Other comprehensive income	-	-
Total comprehensive income	**(1,508,985)**	**(2,890,667)**

25 Controlled Entities

Investments in group entities comprise:

Name	**Principal activities**	**Incorporation**	**Beneficial percentage held by economic entity**	
			2017 %	**2016 %**
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**
Petroleum Portfolio Pty. Ltd	Oil & Gas exploration	Australia	**-**	**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**	**-**
Mosman Texas, LLC	Oil & Gas operations	U.S.A.	**100**	**-**
Mosman Operating, LLC	Oil & Gas operations	U.S.A.	**100**	**-**

Mosman Oil and Gas Limited is the Parent Company of the Group, which includes all of the controlled entities. See also Note 27 Subsequent Events for additional corporate activity in progress subsequent to the 30 June 2017 year end.

25 Controlled Entities (continued)

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 Mosman Operating, LLC and are before inter-company eliminations.

Summarised Statement of Financial Position	**2017**	**2016**
	$	**$**
Current Assets		
Cash and cash equivalents	125,527	-
Trade and other receivables	78,593	-
Total Current Assets	**204,120**	**-**
Total Assets	**204,120**	**-**
Current Liabilities		
Trade and other payables	69,679	-
Total Current Liabilities	**69,679**	**-**
Non-Current Liabilities		
Loan to Joint Operator – Mosman Oil USA Inc.	13,558	**-**
Total Non-Current Liabilities	**13,558**	**-**
Net Assets	**120,883**	**-**
Equity		
Contributed equity	1,335	-
Reserves	(3,204)	-
Retained earnings	122,752	-
Total Equity	**120,883**	**-**
Accumulated Non-controlling interest	**60,442**	**-**

25 Controlled Entities (continued)

Summarised Statement of Comprehensive Income	**2017 $**	**2016 $**
Revenue	198,313	-
Other income	40,035	-
Administrative expenses	(82,233)	-
Corporate expenses	(13,345)	-
Employee benefits expense	(20,018)	-
Profit from ordinary activities before income tax expense	122,752	-
Income tax expense	-	-
Net profit for the year	**122,752**	**-**
Total comprehensive profit for the year is attributable to:		
Shareholders	-	-
Non-controlling interest	-	-
Total comprehensive profit attributable to member of the entity	**122,752**	**-**
Profit allocated to non-controlling interest	**61,376**	**-**

Summarised Statement of Cash Flows	**2017 $**	**2016 $**
Cash flows from operating activities	92,303	-
Cash flows from investing activities	33,224	-
Cash flows from financing activities	-	-
Net increase in cash and cash equivalents	**125,527**	**-**

26 Associated Entity

Name	**Principal activities**	**Incorporation**	**Beneficial percentage held by Group**	
			2017	**2016**
Australasian Petroleum Portfolio Pty. Ltd.	Holds interest in Officer Basin Licence Application - Oil & Gas exploration	Australia	-	25

Throughout the year the Company transferred its interest in Petroleum Portfolio Pty. Ltd. (a 100% owned subsidiary) to Andrew Carroll in exchange for the return and cancellation of 9,000,000 shares in the Company via the selective share buyback approved by shareholders on 2 August 2016. Petroleum Portfolio Pty Ltd held a 25% interest in Australasian Petroleum Portfolio Pty Ltd ('APPPL') which owned a 100% interest in the Officer Basin License Application. From 2 August 2016 APPPL therefore ceased to be an associated entity.

27 Share Based Payments

	Consolidated 2017 $	Consolidated 2016 $
Basic loss per share (cents per share)	4.46	2.53

The following share based payment arrangements existed at 30 June 2017:

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 15 January 2014, 800,000 Options were issued to consultants, an employee and others to take up ordinary shares of the Company at an exercise price of $0.15 each. The options are exercisable on or before 13 January, 2019. As at 30 June 2017 700,000 options still remain outstanding.

(2) On 15 January 2014, 2,500,000 Options were issued to KMP to take up ordinary shares of the Company at an exercise price of $0.15 each. The options are exercisable on or before 13 January, 2019.

(3) On 20 March 2014, 1,227,674 Options were issued to UK consultants involved in the AIM IPO to take up ordinary shares of the Company at an exercise price of $0.146 (8 GB pence) each. The options are exercisable on or before 20 March, 2019. At 30 June 2017 859,372 options still remain outstanding.

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

A summary of the movements of all company option issues to 30 June, 2017 is as follows:

Company Options	2017 Number of Options	2016 Number of Options	2017 Weighted Average Exercise Price	2016 Weighted Average Exercise Price
Outstanding at the beginning of the year	7,859,372	9,859,372	$0.31	$0.31
Granted	-	-	-	-
Exercised	-	-	-	-
Expired	-	(2,000,000)	$0.58	$0.58
Outstanding at the end of the year	7,859,372	7,859,372	$0.24	$0.24
Exercisable at the end of the year	7,859,372	7,859,372	$0.24	$0.24

No Options Granted were granted during the financial year ended 30 June 2017.

28 Subsequent Events

Material transactions arising since 30 June 2017 which will significantly affect the operations of the Company, the results of those operations, or the state affairs of the Company in subsequent financial periods are:

Welch Permian Basin Project Acquisition – West Texas

On 11 September 2017, the Company purchased several oil and gas leases that comprise the Welch Permian Basin Project for USD$310,000. The project consists of 653 acres of leases, with 10 producing well, 7 injector wells and 10 shut-in wells.

Issue of Equity to Fund Expansion

On 29 September 2017, the Company issued 50,000,000 new ordinary shares at a price of 1.2p per share, raising £600,000. Proceeds from the share issue will allow the Company to concentrate on expansion opportunities, further development of its USA assets and providing for working capital requirements.

Murchison Permit Surrender

Mosman has been advised previously by NZPAM that the Change of Condition application made in December 2016 had been declined. Mosman's application was to defer the work program to allow a measured pace of exploration based on work to date. However, the length of time taken to get a decision on this and a prior application left Mosman in a position whereby the Company had to make a decision to acquire seismic and drill two wells prior to April 2018, or surrender the permit.

Since the application for the licence in 2014, the decision by NZPAM should be seen in the light of the significant drop in the oil price, with the result investor appetite for expenditure on long term frontier exploration has changed significantly. Whilst the exploration potential remains untested, the commercial position of a discovery in the South Island of NZ remains challenging, as there are significant capital and operating costs of transporting any oil or gas to market. Furthermore, there are currently no NZ approved drilling rigs on the South Island of NZ.

Given the short lead time associated with the work commitments and significant cost obligations imposed between now and April 2018, the Board has had to make a difficult decision based on the best interests of shareholders and has, regretfully, decided to surrender the permit.

Petroleum Creek Update

The Company is planning to plug and abandon the three wells on the site. The freehold property has been placed for sale and the sale proceeds are expected to cover the costs associated with abandonment.

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

Arkoma Option Extension

On 15 November 2017, the Company announced a deferral of Mosman's second option over the Arkoma acreage to 1 April 2018 in exchange for US$125,000. The funds would be credited against Mosman's first option exercise which would therefore become US$875,000 rather than US$1,000,000 and there was a requirement for the funds to be invested into three well recompletions that were targeted at increasing production and providing further technical data for Mosman to evaluate further investment into the project.

Annual General Meeting

On 20 November, the Company announced its 2017 annual general meeting to be held on 18 December 2017.

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, as set out on pages 26-54, 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 2017 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 2017