MOSMAN OIL AND GAS

LIMITED

ACN 150 287 111

CONDENSED CONSOLIDATED HALF YEAR FINANCIAL REPORT 31 DECEMBER 2019

Operations Review

Strategy

Mosman's 2019 objective was to identify opportunities which will provide operating cash flow and have further development upside, in conjunction with adding value to the Company's existing exploration permits. The practical aspects of that strategy were updated with the decision to focus on the East Texas region, with emphasis on the Stanley and Greater Stanley projects, and disposing of the Arkoma and Welch projects once there is more certainty in the markets. The Company has steadily increased production and is positioned for growth. However, events of early 2020 mean that growth objectives will now have to be constrained to manage cash flow, and costs have been further reduced. With current oil prices, the outlook for the next year will be challenging particularly if the oil price remains low as the likely financial impact on Mosman will be significant. Accordingly, the Board has been conservative in the impairment tests and reduced the book value of certain assets.

Results

The unaudited results for the six months reflect the earlier decisions of the Board and it is pleasing to see revenue almost double to $998,369 and Gross Profit increased almost eight-fold to $571,937 compared to the previous December six monthly period.

Mosman has been working hard to become cash flow positive at an overall corporate level and also become profitable. Mosman was close to achieving its objectives recording a loss for the period before impairment costs of $178,782.

Including impairment costs of $4,142,016, the loss for the period was $4,320,798.

Post 31 December Events

Despite the pleasing financial result to 31 December, Mosman cannot operate in a vacuum and very recent events associated with COVID-19, as well as the collapse in the oil price have caused extreme market turbulence and will fundamentally affect ongoing operations. Accordingly, the Directors have acted quickly and have implemented several steps designed to further reduce costs and secure the Company's long-term future.

Part of that review was examining the carrying value of all assets, and that led directly to the $4,142,016 Impairment Expense. The USA production assets were impaired by $2,760,720, and the Australian exploration assets were impaired by $1,381,296. The impairment is designed to reflect a potential change in the assets carrying value due to the oil price collapse.

Producing Projects in USA

Mosman has Working Interests in onshore producing projects located in the USA. These projects and Mosman's working interests before royalties (WI) are:

Project	Location	Working Interest
Stanley Polk County	Texas	14.85 to 16.50%
Welch Permian Basin	Texas	100.00%
Arkoma Stacked Pay	Oklahoma	27.00%

Production Summary for the six months ending 31 December 2019

Net Production attributable to Mosman for the six months was 13,253 boe, an increase of c13% which follows the c81% increase in the six months to June 2019.

Production Details

Further details are outlined below:

	6 Months to 31 December 2019	6 Months to 31 December 2019	6 Months to 30 June 2019	6 Months to 30 June 2019
	Total Project	Net Attributable	Total Project	Net Attributable
	Gross boe	Net boe	Gross boe	Net boe
Stanley	42,268	6,877	14,153	2,353
Welch	6,851	5,252	6,210	4,760
Arkoma	5,868*	1,124*	16,945	4,227
Strawn **	-	-	503	402
Total boe	**54,987**	**13,253**	**37,811**	**11,742**

** Figures for five months of the period only as Mosman is awaiting December figures for Arkoma*
***Strawn project was sold in June 2019*

Additional Prospective Projects in USA

In addition, a Working Interest is owned in additional projects, including Challenger, Champion and the Greater Stanley area that was recently acquired and has some production.

Acquisition and Development

A total of $510,526 was expended on acquisition costs and development expenditure during the period. Development expenditure during the period included workovers and repairs that were identified to increase production and develop individual assets.

Australian Exploration

Up until recently Mosman was continuing to progress the exploration portfolio in Australia and maintains its interest in the 100% owned granted permits EP 145 and one application (EPA 155).

On ground activities have recently been restricted.

Corporate

Funding

Mosman will continue to raise funds as required to expand its operations and production and support its current operations, within the limits of the capital markets.

There were no shares issued during the period. On 14 February 2020, the Company announced an equity placing and a subscription which is disclosed in Subsequent Events below.

Norseman Capital Ltd ("Norseman") (previously Gem International Resources Inc)

Mosman continues to hold its shareholding in Norseman and notes that it is now admitted to trade on the NEX Board of the Toronto Stock Exchange (TSX).

The current Board of Norseman (which includes Mosman's Executive Chairman) have recently overseen the relisting, a small capital raising and the settlement of most creditors.

Norseman is considering potential business opportunities, but in the current climate it is extremely difficult to predict the chance of completion, or the timetable.

Blackstone Oil and Gas LLC ('Blackstone')

Blackstone was previously Mosman's strategic partner and a co-investor in the Strawn and Arkoma projects. That arrangement has now ceased. Blackstone became indebted to Mosman for certain amounts due in respect of those projects. Payment has not been forthcoming despite various commitments made by Blackstone.

Mosman commenced legal action against Blackstone to recover amounts due under a promissory note. Mosman has now successfully obtained a Court judgement of c USD 171,000. The next step is for Blackstone's assets to be auctioned off with Mosman receiving the proceeds of the asset sales. The amount received will be dependent on the auction proceeds. Mosman will evaluate its alternatives for recovery of the balance of funds due from Blackstone (c USD 146,000 in addition to the promissory note).

Due to the uncertainty caused by recent events amounts owing by Blackstone have been substantially impaired

Subsequent Events

In February 2020, the Company raised $585,138 (before expenses) by placing 200,000,000 shares at a price of 0.15p per share, together with one warrant to subscribe for one share at an exercise price of 0.23p with a term of 12 months per placing share.

In addition, two Directors of Mosman, John Barr and Andy Carrol indicated their intent to subscribe for $120,000 on the same terms and conditions.

Subsequent to the end of the period, the combined global events of a collapse in the oil price and the spread of Covid-19, have affected all stock markets and most countries. It is extremely difficult to predict the outcome of these matters. The Company has taken action to reduce costs, and all operations have been reviewed. These matters were announced on 24 March 2020 and included a focus on reducing operating costs and preserving the Company's cash resources.

Other than the above, there were no significant events subsequent to the date of statement of financial position.

Company Directory

Directors

John W Barr
Andy R Carroll
John A Young

Company Secretary

Jarrod White

Head and 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

Elderton Audit Pty Ltd

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

Joint Broker

Monecor (London) Ltd trading as ETX Capital

Lawyers

As to English law
Druces LLP

As to Australian law
DLA Piper

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For The Half Year Ended 31 December 2019
All amounts are in Australian Dollars

	Notes	Consolidated 6 months to 31 December 2019 $	Consolidated 6 months to 31 December 2018 $
Revenue		998,369	521,326
Cost of sales	2	(426,432)	(435,273)
Gross profit		**571,937**	**86,053**
Interest income		23,228	15,001
Other income		39,893	8,546
Administrative expenses		(95,766)	(94,095)
Corporate expenses	3	(433,166)	(417,494)
Directors fees		(60,000)	(60,000)
Exploration expenses incurred not capitalised		-	(7,987)
Employee benefits expense		(34,004)	(46,093)
Evaluation and due diligence		(140,430)	(100,020)
Non-cash share based payments expense		-	(10,149)
Finance costs		(5,177)	(2,250)
Amortisation expense		(43,089)	(47,576)
Depreciation expense		(2,208)	(3,135)
Impairment expense		(4,142,016)	-
Costs associated with abandoned acquisitions	4	-	(40,214)
Share of net loss from joint operation		-	(11,354)
Loss from ordinary activities before income tax expense		**(4,320,798)**	**(730,767)**
Income tax expense		-	-
Net loss for the period		**(4,320,798)**	**(730,767)**
Other comprehensive income			
Items that may be reclassified to profit or loss			
Gain on financial assets at fair value through other comprehensive income (FVOCI)	5	60,626	-
Foreign currency (loss)/gain	5	(12,023)	60,330
Other comprehensive income for the period, net of tax		**48,603**	**60,330**
Total comprehensive loss attributable to members of the entity		**(4,272,195)**	**(670,437)**
Basic and diluted loss per share		*(0.73) cents*	*(0.14) cents*

The accompanying notes form part of these consolidated financial statements.

Condensed Consolidated Statement of Financial Position
As at 31 December 2019
All amounts are in Australian Dollars

	Notes	Consolidated Balance as at 31 December 2019	Consolidated Balance as at 30 June 2019
		$	$
Current Assets			
Cash and cash equivalents		124,024	823,959
Trade and other receivables	6	180,702	330,160
Inventory		66,203	77,961
Other assets	7	67,545	35,756
Other financial assets		115,485	-
Total current assets		553,959	1,267,836
Non-Current Assets			
Property, plant & equipment		11,827	14,034
Oil and gas assets	9	1,992,622	3,905,106
Loans receivable	8	96,445	337,201
Other receivables		50,000	50,000
Capitalised oil and gas exploration expenditure	10	250,000	1,615,956
Total non-current assets		2,400,894	5,922,297
Total Assets		**2,954,853**	**7,190,133**
Current Liabilities			
Trade and other payables	11	609,473	569,234
Provisions		23,846	27,170
Total current liabilities		633,319	596,404
Total Liabilities		**633,319**	**596,404**
Net Assets		**2,321,534**	**6,593,729**
Shareholders' Equity			
Contributed equity	12 a)	30,164,872	30,164,872
Reserves	13	579,440	530,837
Accumulated losses		(28,422,778)	(24,101,980)
Equity attributable to shareholders		**2,321,534**	**6,593,729**
Non-controlling interest		-	**-**
Total Shareholders' Equity		**2,321,534**	**6,593,729**

The accompanying notes form part of these consolidated financial statements.

Condensed Consolidated Statement of Changes in Equity
For the Half Year Ended 31 December 2019
All amounts are in Australian Dollars

	Accumulated Losses	Contributed Equity	Reserves	Non-Controlling Interest	Total
	$	$	$	$	$
Balance at 1 July 2019	**(24,101,980)**	**30,164,872**	**530,837**	**-**	**6,593,729**
Comprehensive income					
Loss for the period	(4,320,798)	-	-	-	(4,320,798)
Other comprehensive loss for the period	-	-	48,603	-	48,603
Total comprehensive loss for the period	**(4,320,798)**	**-**	**48,603**	**-**	**(4,272,195)**
Transactions with owners, in their capacity as owners, and other transfers:					
New shares issued	-	-	-	-	-
Cost of raising equity	-	-	-	-	-
Total transactions with owners and other transfers	-	-	-	-	-
Balance at 31 December 2019	**(28,422,778)**	**30,164,872**	**579,440**	**-**	**2,321,534**
Balance at 1 July 2018	**(22,921,464)**	**28,044,804**	**420,860**	**28,320**	**5,572,520**
Comprehensive income					
Loss for the period	(719,413)	-	-	(11,354)	(730,767)
Other comprehensive loss for the period	-	-	60,330	-	60,330
Total comprehensive loss for the period	**(719,413)**	**-**	**60,330**	**(11,354)**	**(670,437)**
Transactions with owners, in their capacity as owners, and other transfers:					
New shares issued	-	887,377	-	-	887,377
Cost of raising equity	-	(62,808)	-	-	(62,808)
Total transactions with owners and other transfers	-	824,569	-	-	824,569
Balance at 31 December 2018	**(23,640,877)**	**28,869,373**	**481,190**	**16,966**	**5,726,652**

These accompanying notes form part of these consolidated financial statements

Condensed Consolidated Statement of Cash Flows
For the Half Year Ended 31 December 2019
All amounts are in Australian Dollars

	Consolidated 6 months to 31 December 2019 $	Consolidated 6 months to 31 December 2018 $
Cash flows from operating activities		
Receipts from customers	1,010,125	540,201
Interest received & other income	-	23,546
Payments to suppliers and employees	(1,257,973)	(1,087,329)
Bonds refunded	10,000	66,735
Interest paid	(5,177)	(2,249)
Net cash used in operating activities	**(243,025)**	**(459,096)**
Cash flows from investing activities		
Payments for exploration and evaluation	(15,340)	(174,280)
Deposits paid for acquisition	-	(136,735)
Costs associated with abandoned acquisitions	-	(40,214)
Payments for oil and gas acquisitions	(162,009)	(690,449)
Payments for oil and gas assets	(332,411)	(171,311)
Net cash used in investing activities	**(509,760)**	**(1,212,989)**
Cash flows from financing activities		
Proceeds from shares issued	-	887,376
Payments for costs of capital	-	(62,808)
Payments for loans to third parties	52,850	(33,870)
Transactions with non-controlling interest	-	(100,769)
Net cash provided by financial activities	**52,850**	**689,929**
Net decrease in cash and cash equivalents	**(699,935)**	**(982,156)**
Cash and cash equivalents at the beginning of the financial period	**823,959**	**1,323,084**
Cash and cash equivalents at the end of the financial period	**124,024**	**340,928**

The accompanying notes from part of these consolidated financial statements

Condensed Notes to the Financial Statements
For the Half-Year Ended 31 December 2019
All amounts are Australian Dollars

1. Summary of Significant Accounting Policies

Statement of Compliance

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS34 'Interim Financial Reporting'. The half-year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report.

Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Group's 2019 annual financial report for the financial year ended 30 June 2019, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards (IFRS).

Going Concern

The condensed consolidated financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the discharge of liabilities in the normal course of business.

The directors have considered the funding and operational status of the business in arriving at their assessment of going concern and believe that the going concern basis of preparation is appropriate, based upon the following:

- Current cash and cash equivalents on hand;
- The ability to further vary cash flow depending upon the achievement of certain milestones within the business plan and;
- The ability of the Company to obtain funding through various sources, including debt and equity.

Exploration and Evaluation Costs

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are carried forward in respect of an area for which the rights to tenure are current and that has not at reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or relating to, the area of interest are continuing.

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.

Condensed Notes to the Financial Statements
For the Half-Year Ended 31 December 2019
All amounts are Australian Dollars

1. Summary of Significant Accounting Policies (Continued)

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; and
- Fundamental economic factors that have an impact on the operations and carrying values of assets and liabilities.

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

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

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

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

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

Segment Reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance.

New standards and interpretations

AASB 16: Leases
The consolidated group has adopted AASB 16 from 1 July 2019.

The adoption of this new Standard has resulted in the Group recognising a right-of-use asset and related lease liability in connection with all current leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application.

On 31 December 2019, the Group did not have any non-low value operating leases with lease terms longer than 12 months. As a result, the adoption of AASB 16 did not have any effect on the Group's opening balances at 1 July 2019.

Condensed Notes to the Financial Statements
For the Half-Year Ended 31 December 2019
All amounts are Australian Dollars

	Consolidated 6 months to 31 December 2019 $	Consolidated 6 months to 31 December 2018 $
2. Cost of sales		
Cost of sales	165,843	129,846
Lease operating expenses	260,589	305,427
	426,432	**435,273**
3. Corporate costs		
Accounting, Company Secretary and Audit fees	96,537	92,933
Consulting fees – Board	161,000	221,750
Consulting fees – Other	82,963	56,538
Legal and compliance fees	92,666	46,273
	433,166	**417,494**
4. Costs associated with abandoned acquisitions		
Costs Incurred	-	40,214
		40,214
5. Other comprehensive income		
Gain on financial assets at fair value through other comprehensive income (FVOCI)	60,626	-
Foreign currency (loss)/gain	(12,023)	60,330
	48,603	**60,330**

	Consolidated Balance as at 31 December 2019 $	Consolidated Balance as at 30 June 2019 $
6. Trade and other receivables		
Deposits	-	10,642
GST receivable	24,247	18,002
Cash calls receivable[1]	-	208,791
Accrued revenue	148,238	84,516
Other receivables	8,217	8,209
	180,702	**330,160**

1. The $208,791 decrease in the receivable comprises of $209,000 impairment of the loan, less $209 of foreign exchange gains.

Condensed Notes to the Financial Statements
For the Half-Year Ended 31 December 2019
All amounts are Australian Dollars

	Consolidated Balance as at 31 December 2019 $	Consolidated Balance as at 30 June 2019 $
7. Other assets		
Prepayments	67,545	35,756
	67,545	**35,756**

	Consolidated Balance as at 31 December 2019 $	Consolidated Balance as at 30 June 2019 $
8. Loans receivable		
Loan to GEM International Resources Inc[1]	17,121	119,034
Loan to joint ventures[2]	71,367	210,210
Other loans	7,957	7,957
	96,445	**337,201**

1. This loan was repaid in full in February 2020;
2. The $138,843 decrease in the receivable comprises of $187,904 impairment of the loan, less $49,061 of interest and reimbursements due.

	Consolidated Balance as at 31 December 2019 $	Consolidated Balance as at 30 June 2019 $
9. Oil and gas assets		
Cost brought forward	3,905,106	2,592,814
Acquisition of oil and gas assets during the period	162,009	883,151
Disposal of oil and gas assets on sale during the period	-	(133,503)
Capitalised equipment workovers	333,177	645,602
Amortisation for the year	(43,854)	(82,958)
Impairment of oil and gas assets[3]	(2,363,816)	-
Carrying value at end of the period	**1,992,622**	**3,905,106**

3. Impairment of $2,363,816 comprises of $1,475,395 relating to the Arkoma project, and $888,421 relating to the Welch project.

	Consolidated Balance as at 31 December 2019 $	Consolidated Balance as at 30 June 2019 $
10. Capitalised oil and gas expenditure		
Costs brought forward	1,615,956	1,491,019
Exploration costs incurred during the period	15,340	124,937
Impairment of oil and gas expenditure[4]	(1,381,296)	-
Carrying value at the end of the period	**250,000**	**1,615,956**

4. Relates to impairment of exploration expenditure in the Amadeus Basin.

	Consolidated Balance as at 31 December 2019 $	Consolidated Balance as at 30 June 2019 $
11. Trade and other payables		
Trade creditors	521,533	503,470
Other creditors and accruals	87,940	65,764
	609,473	**569,234**

Condensed Notes to the Financial Statements
For the Half-Year Ended 31 December 2019
All amounts are Australian Dollars

12. Contributed Equity

Ordinary Shares

Total shares at 31 December 2019: 885,810,968 (30 June 2019: 885,810,968) ordinary shares fully paid	**885,810,968**	**885,810,968**

a) Shares movements during the half-year	**Value of shares $**	**No. of shares**
Balance at 30 June 2019	30,164,872	885,810,968
Shares issued	-	-
Cost of issued shares	-	-
Balance at 31 December 2019	**30,164,872**	**885,810,968**

13. Reserves	**Consolidated Balance as at 31 December 2019**	**Consolidated Balance as at 30 June 2019**
Options reserve	471,818	471,818
Asset revaluation reserve	(341,786)	(402,412)
Foreign currency translation reserve	449,408	461,431
	579,440	**530,837**

a) Options Reserve

Options Reserve at the beginning of the period	471,818	471,818
Options Reserve at the end of the period	**471,818**	**471,818**

b) Asset Revaluation Reserve

Asset Revaluation Reserve at the beginning of the period	(402,412)	(402,412)
Revaluation of FVOCI shares	60,626	-
Asset Revaluation Reserve at the end of the period	**(341,786)**	**(402,412)**

c) Foreign Currency Translation Reserve

Foreign Currency Translation Reserve at the beginning of the period	461,431	351,454
Current movement in the period	(12,023)	109,977
Foreign Currency Translation Reserve at the end of the period	**449,408**	**461,431**

Condensed Notes to the Financial Statements
For the Half-Year Ended 31 December 2019
All amounts are Australian Dollars

14 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 the United States. 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, the United States. 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 $
Period ended 31 December 2019				
Revenue				
Revenue	-	998,369	-	998,369
Interest income	-	20,179	3,049	23,228
Other income	-	29,811	10,082	39,893
Segment revenue	**-**	**1,048,359**	**13,131**	**1,061,490**
Segment Result				
Loss				
Allocated				
- Corporate costs	-	(99,313)	(333,853)	(433,166)
- Administrative costs	-	(23,020)	(72,746)	(95,766)
- Lease operating expenses	-	(260,589)	-	(260,589)
- Cost of sales	-	(165,843)	-	(165,843)
Segment net profit/(loss) before tax	**-**	**499,594**	**(393,468)**	**106,126**
Reconciliation of segment result to net loss before tax				
Amounts not included in segment result but reviewed by the Board				
- Evaluation and due diligence	-	(47,542)	(92,888)	(140,430)
- Amortisation	-	(43,089)	-	(43,089)
- Impairment	-	(2,760,720)	(1,381,296)	(4,142,016)
Unallocated items				
- Employee benefits expense				(94,004)
- Finance costs				(5,177)
- Depreciation				(2,208)
Net Loss before tax from continuing operations				**(4,320,798)**

Condensed Notes to the Financial Statements
For the Half-Year Ended 31 December 2019
All amounts are Australian Dollars

(i) Segment performance (continued)

	New Zealand $	United States $	Australia $	Total $
Period ended 31 December 2018				
Revenue				
Revenue	-	500,503	20,823	521,326
Interest income	-	14,524	477	15,001
Other income	924	-	7,622	8,546
Segment revenue	**924**	**515,027**	**28,922**	**544,873**
Segment Result				
Loss				
Allocated				
- Corporate costs	-	(11,178)	(406,316)	(417,494)
- Administrative costs	(469)	(43,621)	(50,005)	(94,095)
- Lease operating expenses	-	(305,427)	-	(305,427)
- Cost of sales	-	(129,846)	-	(129,846)
- Share of net loss of joint operation	-	(11,354)	-	(11,354)
Segment net profit/(loss) before tax	**455**	**(13,601)**	**(427,399)**	**(413,343)**
Reconciliation of segment result to net loss before tax				
Amounts not included in segment result but reviewed by the Board				
- Exploration expenditure incurred not capitalised	(7,987)	-	-	(7,987)
- Evaluation and due diligence	-	-	(100,020)	(100,020)
- Projects abandoned	(1,930)	-	(38,284)	(40,214)
- Amortisation	-	(47,576)	-	(47,576)
Unallocated items				
- Employee benefits expense				(106,093)
- Share based payments				(10,149)
- Finance costs				(2,250)
- Depreciation				(3,135)
Net Loss before tax from continuing operations				**(730,767)**

Condensed Notes to the Financial Statements
For the Half-Year Ended 31 December 2019
All amounts are Australian Dollars

14 Segment Information (continued)

(ii) Segment assets

	New Zealand $	United States $	Australia $	Total $
As at 31 December 2019				
Segment assets as at 1 July 2019	-	4,618,616	2,571,517	7,190,133
Segment asset balances at end of period				
- Exploration and evaluation	-	-	15,050,298	15,050,298
- Capitalised Oil and Gas Assets	-	4,488,389	-	4,488,389
- Less: Amortisation	-	(131,950)	-	(131,950)
- Less: Impairment	-	(2,363,817)	(14,800,298)	(17,164,115)
	-	**1,992,622**	**250,000**	**2,242,622**
Reconciliation of segment assets to total assets:				
Other assets	-	305,387	406,844	712,231
Total assets from continuing operations	**-**	**2,298,009**	**656,844**	**2,954,853**

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

Condensed Notes to the Financial Statements
For the Half-Year Ended 31 December 2019
All amounts are Australian Dollars

14 Segment Information (continued)

(iii) Segment liabilities

	New Zealand $	United States $	Australia $	Total $
As at 31 December 2019				
Segment liabilities as at 1 July 2019	-	316,192	280,212	596,404
Segment liability (decreases) for the year	-	(118,525)	155,440	36,915
		197,667	**435,652**	**633,319**
Reconciliation of segment liabilities to total liabilities:				
Other liabilities	**-**	**-**	**-**	**-**
Total liabilities from continuing operations	**-**	**197,667**	**435,652**	**633,319**
As at 30 June 2019				
Segment liabilities as at 1 July 2018	146,071	136,374	173,141	455,586
Segment liability (decreases) for the year	(146,071)	179,818	107,071	140,818
	-	**316,192**	**280,212**	**596,404**
Reconciliation of segment liabilities to total liabilities:				
Other liabilities	**-**	**-**	**-**	**-**
Total liabilities from continuing operations	**-**	**316,192**	**280,212**	**596,404**

Condensed Notes to the Financial Statements
For the Half-Year Ended 31 December 2019
All amounts are Australian Dollars

15 Producing assets

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

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

Project performance is monitored by the line items below.

(i) Project performance

	Arkoma $	Stanley $	Welch $	Other Projects $	Total $
Half-Year Ended 31 December 2019					
Revenue					
Oil and gas project related revenue	9,564	365,396	623,409	-	998,369
Producing assets revenue	**9,564**	**365,396**	**623,409**	**-**	**998,369**
Project-related expenses					
- Cost of sales	880	20,474	144,489	-	165,843
- Lease operating expenses	10,560	15,401	214,301	20,327	260,589
Project cost of sales	**11,440**	**35,875**	**358,790**	**20,327**	**426,432**
Project gross profit					
Gross profit	(1,876)	329,521	264,619	(20,327)	571,937

Condensed Notes to the Financial Statements
For the Half-Year Ended 31 December 2019
All amounts are Australian Dollars

15 Producing assets (continued)

(i) Project performance

	Arkoma $	Stanley $	Strawn $	Welch $	Total $
Half-Year Ended 31 December 2018					
Revenue					
Oil and gas project related revenue	41,621	8,223	55,667	415,815	521,326
Producing assets revenue	**41,621**	**8,223**	**55,667**	**415,815**	**521,326**
Project-related expenses					
- Cost of sales	-	-	14,738	115,108	129,846
- Lease operating expenses	39,336	4,490	48,927	212,674	305,427
Project cost of sales	**39,336**	**4,490**	**63,665**	**327,782**	**435,273**
Project gross profit					
Gross profit	2,285	3,733	(7,998)	88,033	86,053

Condensed Notes to the Financial Statements
For the Half-Year Ended 31 December 2019
All amounts are Australian Dollars

16 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 31 December 2019, the Company has estimated the monetary value of the total exploration commitments for the next 12 months are as follows:

Entity	Tenement	$
Trident Energy Limited[1]	EP 145	-
Oilco Pty Ltd	EPA155	-
		-

[1] An extension to the work program condition has been granted until 21 August 2020, when there will be a commitment for completion of 100km of 2D seismic surveys, seismic processing and interpretation and well planning. If the Company has not fulfilled the above obligations, a negotiation with the Northern Territory Department of Primary Industry and Resources may be commenced to extend the period for completion, or the permit relinquished. There can be no certainty that an extension may be granted.

(b) Capital Commitments

The Company had no capital commitments at 31 December 2019 (2018 - $Nil).

17 Subsequent Events

In February 2020 the Company raised $585,138 (before expenses) by placing 200,000,000 shares at a price of 0.15p per share, together with one warrant to subscribe for one share at an exercise price of 0.23p with a term of 12 months per placing share.

In addition, two Directors indicated their intent to subscribe for $120,000 on the same terms and conditions.

Subsequent to the end of the period the global events of a collapse in the oil price and the spread of Covid-19 have affected most countries. It is extremely difficult to predict the outcome of these matters. The company has taken action to reduce costs, and all operations have been reviewed. These matters were announced on 24 March 2020.

Other than the above, there were no significant events subsequent to the date of statement of financial position.

18 Dividends

No dividends have been paid or proposed during the half year ended 31 December 2019.

Directors' Declaration

The Directors of the Consolidated Group declare that:

1. The financial statements and notes, as set out on pages 6-21, 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 consolidated financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and

   (b) give a true and fair view of the consolidated financial position as at 31 December 2019 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 Group will be able to pay its debts as and when they become due and payable.

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

John W Barr
Executive Chairman

Dated this **31 March 2020**

Auditor's Independence Declaration

To those charged with the governance of Mosman Oil and Gas Limited

As auditor for the review of Mosman Oil and Gas Limited for the half-year ended 31 December 2019, 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 review; and

(ii) no contraventions of any applicable code of professional conduct in relation to the review.

Elderton Audit Pty Ltd

Elderton Audit Pty Ltd

Rafay Nabeel
Audit Director

31 March 2020
Perth

Independent Auditor's Review Report

To the members of Mosman Oil and Gas Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Mosman Oil and Gas Limited and it's controlled entities ("the Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2019, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2019 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*. As the auditor of Mosman Oil and Gas Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. 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 review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Mosman Oil and Gas Limited is not in accordance with the *Corporations Act 2001* including:

- giving a true and fair view of the company's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and
- complying with Accounting Standard AASB 134 *Interim Financial Reporting and Corporations Regulations 2001*.

Elderton Audit Pty Ltd

Elderton Audit Pty Ltd

Rafay Nabeel
Audit Director

31 March 2020
Perth