



MOSMAN OIL AND GAS
LIMITED

ACN 150 287 111

CONDENSED CONSOLIDATED HALF YEAR
FINANCIAL REPORT
31 DECEMBER 2015

Company Directory

Directors

John W Barr
Andy R Carroll
John A Young

Company Secretary

Zane Lewis (resigned 27 July 2015)
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

Somes Cooke - 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.au

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

**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for
The Half Year Ended 31 December 2015
All amounts are in Australian Dollars**

	Notes	Consolidated 31 December 2015 \$	Consolidated 31 December 2014 \$
Interest income		664	3,060
Other income		1,931	-
Administrative expenses		(167,600)	(155,359)
Corporate expenses	2	(693,285)	(998,074)
Exploration expenses incurred not capitalised		(28,823)	(4,450)
Employee benefits expense		(33,381)	(45,271)
Share based payments expense		-	(681,039)
Loss on foreign exchange		(135,915)	(3,275)
Depreciation expense		(7,785)	(7,391)
Finance expense		(432)	(20,541)
Costs associated with STEP acquisition	3	(1,161,446)	-
Impairment expense	5	(1,456,942)	-
Loss from ordinary activities before income tax expense		(3,683,014)	(1,912,340)
Income tax expense		-	-
Net loss for the year		(3,683,014)	(1,912,340)
Other comprehensive income		300,804	264,975
Total comprehensive income attributable to members of the entity		(3,382,210)	(1,647,365)
Basic and diluted earnings/(loss) per share		<i>(2.14) cents</i>	<i>(2.01) cents</i>

The accompanying notes form part of these financial statements.

**Condensed Consolidated Statement of Financial Position
As at 31 December 2015
All amounts are in Australian Dollars**

	Notes	Consolidated 31 December 2015 \$	Consolidated 30 June 2015 \$
Current Assets			
Cash and cash equivalents		4,960,524	1,117,855
Other assets	4	834,904	389,762
Total Current Assets		<u>5,795,428</u>	<u>1,507,617</u>
Non-Current Assets			
Other financial assets		183,204	274,806
Property, plant & equipment		231,687	222,514
Capitalised oil and gas exploration expenditure	5	10,621,859	11,733,041
Total Non-Current Assets		<u>11,036,750</u>	<u>12,230,361</u>
Total Assets		<u>16,832,178</u>	<u>13,737,978</u>
Current Liabilities			
Trade and other payables	6	422,539	619,119
Provisions		9,539	9,307
Total Current Liabilities		<u>432,078</u>	<u>628,426</u>
Net Assets		<u>16,400,100</u>	<u>13,109,552</u>
Shareholders' Equity			
Contributed equity	7	25,258,353	18,585,595
Reserves		1,081,589	780,785
Accumulated losses		(9,939,842)	(6,256,828)
Total Shareholders' Equity		<u>16,400,100</u>	<u>13,109,552</u>

The accompanying notes form part of these financial statements.

**Condensed Consolidated Statement of Changes in Equity
for the Half Year Ended 31 December 2015
All amounts are in Australian Dollars**

	Accumulated Losses \$	Contributed Equity \$	Reserves \$	Total \$
Balance at 1 July 2014	(2,867,527)	11,972,319	416,453	9,521,245
Comprehensive income				
Loss for the year	(1,912,340)	-	-	(1,912,340)
Other comprehensive income for the year	-	-	264,975	264,975
Total comprehensive loss for the year	(1,912,340)	-	264,975	(1,647,365)
Transactions with owners, in their capacity as owners, and other transfers:				
Shares issued to shareholders	-	4,006,696	-	4,006,696
Capital raising costs	-	(115,495)	-	(115,495)
Options issued	-	-	681,039	681,039
Total transactions with owners and other transfers	-	3,891,201	681,039	4,572,240
Balance at 31 December 2014	(4,779,867)	15,863,520	1,362,467	12,446,120
Balance at 1 July 2015	(6,256,828)	18,585,595	780,785	13,109,552
Comprehensive income				
Loss for the year	(3,683,014)	-	-	(3,683,014)
Other comprehensive income for the year	-	-	300,804	300,804
Total comprehensive loss for the year	(3,683,014)	-	300,804	(3,382,210)
Transactions with owners, in their capacity as owners, and other transfers:				
Shares issued to shareholders	-	7,242,293	-	7,242,293
Capital raising costs	-	(569,535)	-	(569,535)
Options issued	-	-	-	-
Total transactions with owners and other transfers	-	6,672,758	-	6,672,758
Balance at 31 December 2015	(9,939,842)	25,258,353	1,081,589	16,400,100

These accompanying notes form part of these financial statements

**Condensed Consolidated Statement of Cash Flows
for the Half Year Ended 31 December 2015
All amounts are in Australian Dollars**

	Consolidated 31 December 2015 \$	Consolidated 31 December 2014 \$
Cash flows from operating activities		
Interest received & other income	2,595	3,060
Payments to suppliers and employees	(1,152,439)	(1,306,085)
Interest paid	(432)	(77,645)
Net cash outflow from operating activities	(1,150,276)	(1,380,670)
Cash flows from investing activities		
Payments for property, plant & equipment	(16,958)	(282,522)
Proceeds from/(payments) for exploration and evaluation	11,230	(4,770,225)
Acquisition of subsidiary (net of cash acquired)	-	35,043
Costs associated with STEP acquisition	(1,251,446)	-
Deposits associated with STEP acquisition (see Note 4)	(468,735)	-
Bonds refunded	46,096	-
Net cash outflow from investing activities	(1,679,813)	(5,017,704)
Cash flows from financing activities		
Proceeds from shares issued	7,242,293	2,715,829
Payments for costs of capital	(569,535)	(115,465)
Borrowings paid	-	(301,825)
Net cash inflow from financial activities	6,672,758	2,298,539
Net increase/ (decrease) in cash and cash equivalents	3,842,669	(4,099,835)
Cash and cash equivalents at the beginning of the financial year	1,117,855	6,289,921
Cash and cash equivalents at the end of the financial year	4,960,524	2,190,086

The accompanying notes from part of these financial statements

**Condensed Notes to the Financial Statements
for the Half-Year Ended 31 December 2015
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 Company's 2015 annual financial report for the financial year ended 30 June 2015, 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.

Adoption of new or revised accounting standards and interpretations

The Group has adopted all of the new and revised standards and interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year. The Group has not early adopted any accounting standards or interpretations.

The adoption of all new and revised standards and interpretations has not resulted in any changes to the Group's accounting policies and has no effect on the amounts reported for the current or prior half-years.

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 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.

**Condensed Notes to the Financial Statements
for the Half-Year Ended 31 December 2015
All amounts are Australian Dollars**

1. Summary of Significant Accounting Policies (Continued)

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.

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.

**Condensed Notes to the Financial Statements
for the Half-Year Ended 31 December 2015
All amounts are Australian Dollars**

	Consolidated 31 December 2015 \$	Consolidated 31 December 2014 \$
2. Corporate Costs		
Accounting, Company Secretary and Audit fees	157,051	214,583
Director fees	60,000	77,500
Consulting fees	391,661	438,517
Travel fees	15,074	150,250
Legal fees	69,499	117,224
	693,285	998,074

	Consolidated 31 December 2015 \$	Consolidated 31 December 2014 \$
3. Costs Associated with STEP acquisition		
Opening Balance	-	-
Costs Incurred	1,405,370	-
Reimbursement from Joint Participation Agreement*	(243,924)	-
	1,161,446	-

**Reimbursement of costs relate to the contributions received from High Peak Royalties Limited (ASX.HPR) under the Joint Participation Agreement. Throughout the financial period \$150,000 was received from HPR as contribution to prior costs incurred and a further accrued reimbursement of \$90,000 has been included which was received after balance date.*

	Consolidated 31 December 2015 \$	Consolidated 30 June 2015 \$
4. Other Assets		
Deposits	149,738	195,834
GST receivable	83,571	126,637
Prepayments	25,685	43,082
Deposits Receivable - STEP Deposits and Reimbursements*	558,735	-
Bonds	17,175	24,209
	834,904	389,762

**These amounts relate to the refundable deposit and accrued reimbursement of costs from Origin and High Peak Royalties Limited (ASX.HPR) respectively. These funds have been received after 31 December 2015. The accrued reimbursement has been included and applied against "Costs associated with STEP acquisition" as reconciled in 'Reimbursement from Joint Participation Agreement' at Note 3.*

**Condensed Notes to the Financial Statements
for the Half-Year Ended 31 December 2015
All amounts are Australian Dollars**

	Consolidated 31 December 2015
5. Capitalised mineral exploration expenditure	\$
Costs brought forward	11,733,041
Acquisition of Trident Energy Limited	-
Expenditure incurred during the year	407,321
Expenditure impaired*	(1,456,942)
FX movement	(61,561)
Carrying value at the end of the period	10,621,859

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.

**Expenditure impaired relate to the impairment of all capitalised costs associated with:*

- 1. VIC/P62 for the amount of \$487,022 as a result of the withdrawal and termination of the Group's 30% Joint Venture;*
- 2. STP-EPA-0071 of the Group's 25% interest in the Officer Basin for the amount of \$969,920 due to expiry of its application as the Native Title Act requirements were not met.*

Both events occurred subsequent to balance date; however the Group decided to impair these costs as at 31 December 2015. (Refer to Note 10)

	Consolidated 31 December 2015	Consolidated 30 June 2015
6. Trade and other payables	\$	\$
Trade creditors	341,193	549,073
Other creditors and accruals	81,346	70,046
	422,539	619,119

	Consolidated 31 December 2015	Consolidated 30 June 2015
7. Contributed Equity	\$	\$
Ordinary Shares		
Total shares at 31 Dec 15 215,591,008 (30 June 2015: 122,578,066) ordinary shares fully paid	25,258,353	18,585,595

	Value of shares	No. of shares
a) Shares movements during the half-year		
Balance at 30 June 2015	18,585,595	122,578,066
Shares issued 28/07/15 at \$0.0377 (i)	857,143	22,857,143
Shares issued 22/09/15 at \$0.0980 (i)	3,261,018	33,333,333
Shares issued 30/10/15 at \$0.0848 (i)	3,124,132	36,822,466
Capital raisings costs	(569,535)	-
Balance at 31 December 2015	25,258,353	215,591,008

(i) Placements via capital raising as announced

**Condensed Notes to the Financial Statements
for the Half-Year Ended 31 December 2015
All amounts are Australian Dollars**

	Consolidated 31 December 2015 No. of Options	Consolidated 30 June 2015 No. of Options
7. Contributed Equity (Continued)		
Options		
During the period no options were issued:	<u>9,859,372</u>	<u>9,859,372</u>

Of the 9,859,372 options on issue as at 31 December 2015, the following are held by directors of the Company:

J W Barr	2,500,000
A Carroll	2,500,000
J Young	1,500,000

Option details

Number of options	Exercise date	Exercise price (\$)
2,000,000	30 March 2016	0.20
3,800,000	28 November 2017	0.58
3,200,000	13 January 2019	0.15
859,372	20 March 2019	0.08 Great British pence
<u>9,859,372</u>		

8 Segment Information

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

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

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

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

**Condensed Notes to the Financial Statements
for the Half-Year Ended 31 December 2015
All amounts are Australian Dollars**

8 Segment Information (Continued)

(i) Segment performance

	New Zealand	Australia	Total
	\$	\$	\$
Half-Year Ended 31 December 2015			
Revenue			
Segment revenue – Interest	1,931	664	2,595
Segment expenses	-	(28,823)	(28,823)
Segment net profit/(loss) before tax	1,931	(28,159)	(26,228)

Reconciliation of segment result to net loss before tax

Amounts not included in segment result but reviewed by the Board

- Exploration expenditure impaired	-	(1,456,942)	(1,456,942)
- Costs associated with STEP acquisition	(855,594)	(305,851)	(1,161,446)
Unallocated items			
- Foreign exchange gain/(loss)			(135,915)
- Corporate Costs			(693,285)
- Administrative Costs			(167,600)
- Depreciation			(7,785)
- Employee benefits			(33,381)
- Finance			(432)
Net Loss before tax from continuing operations			(3,683,014)

	New Zealand	Australia	Total
	\$	\$	\$
Half-Year Ended 31 December 2014			
Revenue			
Segment revenue – Interest	134	2,926	3,060
Segment expenses	(29,272)	-	(29,272)
Segment net profit/(loss) before tax	(29,138)	2,926	(26,212)

Reconciliation of segment result to net loss before tax

Amounts not included in segment result but reviewed by the Board

- Exploration expenditure written off	-	(4,450)	(4,450)
Unallocated items			
- Corporate Costs			(978,066)
- Employee Benefits Expense			(45,271)
- Administrative Costs			(148,255)
- Share based payments			(681,039)
Depreciation			(5,231)
Foreign Exchange Loss			(3,275)
Net loss before tax from continuing operations			(1,912,340)

**Condensed Notes to the Financial Statements
for the Half-Year Ended 31 December 2015
All amounts are Australian Dollars**

8 Segment Information (Continued)

(ii) Segment assets

As at 31 December 2015

Segment assets as at 1 July 2015	6,691,897	5,041,144	11,733,041
Segment asset increases for the year			
- Capitalised Exploration and evaluation	320,063	87,258	407,321
- FX movement Exploration and evaluation	(61,561)	-	(61,561)
- Impairment of Exploration and evaluation	-	(1,456,942)	(1,456,942)
	6,950,399	3,671,460	10,621,859
<i>Reconciliation of segment assets to total assets:</i>			
Other assets	466,831	5,743,488	6,210,319
Total assets from continuing operations	7,417,230	9,414,948	16,832,178

(iii) Segment liabilities

As at 31 December 2015

Segment liabilities as at 1 July 2015	108,895	519,531	628,426
Segment liability increases/(decreases) for the year	46,148	(242,496)	(196,348)
	155,043	277,035	432,078
<i>Reconciliation of segment liabilities to total liabilities:</i>			
Other liabilities	-	-	-
Total liabilities from continuing operations	155,043	277,035	432,078

9 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 2015, total exploration expenditure commitments for the next 12 months are as follows:

Entity	Tenement	Consolidated 31 December 2015 \$	Consolidated 30 June 2015 \$
Petroleum Creek Limited	PEP 38526	265,628	265,628
Trident Energy Limited	EP 145	141,370	343,013
Oilco Pty Ltd	EPA 155	-	-
Oilco Pty Ltd	EP 156	-	-
Mosman Oil and Gas (NZ) Ltd	PEP 57067	272,199	544,398
Mosman Oil and Gas (NZ) Ltd	PEP 57068	113,416	226,832
Mosman Oil and Gas (NZ) Ltd	PEP 57058	45,366	90,733
		837,979	1,470,604

**Condensed Notes to the Financial Statements
for the Half-Year Ended 31 December 2015
All amounts are Australian Dollars**

9 Expenditure Commitments (Continued)

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 31 December 2015 (2014 - \$Nil).

10 Subsequent Events

Material transactions arising since 31 December 2015 which will significantly affect the operations of the Company, the results of those operations, or the state affairs of the Company in subsequent financial periods are as follows:

Expiry of agreement with Australian Petroleum Portfolio Pty Ltd

As announced on 18 January 2016 the Company's 25% interest in the Officer Basin onshore application STP-EPA-0071 which is an early stage exploration project has expired as the Native Title Act requirements were not met. As a result Mosman has withdrawn from the application and seek to cancel its involvement in the project.

As set out in the Company's Admission document, Mosman acquired the interest in the application by acquiring the shares of Petroleum Portfolio Pty Ltd ("PPL"), which had rights to 25% of the application from Mr A Carroll (Technical Director of Mosman) for the issue of 9 million Ordinary Shares in the Company, ("Consideration Shares"). Under the terms of that agreement Mr Carroll has 90 days (approximately 15 April 2016) to advise Mosman whether he will acquire the Consideration Shares for AUD900,000; or relinquish the Consideration Shares back for a nominal consideration of AUD1.

At the date of signing Mr Carroll is within the 90 day notice period (from 15 January 2016) and if this is the eventual outcome the issued number of shares would reduce from 215,591,008 to 206,591,008 by the cancellation of 9 million shares held by Mr Carroll, with Mosman's shares in PPL reverting to Mr. Carroll on the cancellation of the Consideration Shares.

Cancelled Sale and Purchase Agreement (SPA) South Taranaki Energy Project "STEP" Transaction and Related Agreements

On 1 February 2016, the Company cancelled the Sale and Purchase Agreement with Origin Energy Limited ("Origin") to acquire the South Taranaki Energy Project ("STEP") pursuant to which on 4 February Origin repaid the initial deposit of NZD500,000.

The Board determined that whilst STEP remains a good project with long term development potential, the STEP Acquisition no longer met Mosman's investment criteria at current oil and gas prices and as a result the Sale and Purchase Agreement was cancelled.

**Condensed Notes to the Financial Statements
for the Half-Year Ended 31 December 2015
All amounts are Australian Dollars**

10 Subsequent Events (Continued)

Subsequent to balance date the STEP Participation Agreement and joint venture operating agreement with High Peak Royalties Limited (HPR) were terminated on 1 February 2016. HPR has reimbursed the Company of its agreed share of costs, in accordance with the contractual terms of the agreement, with the final payment of AUD90,000 being settled on the 1st of February 2016.

The Ridge Royalty Limited royalty agreement was also terminated following notice of termination from Origin.

Murchison Permit

On 18 February 2016 the company received approval from NZPAM to carry out the LiDAR survey. The NZPAM approval was for a Change of Condition whereby LiDAR replaced a license condition to acquire magnetic and gravity data. The Company will now proceed to carry out that survey that will assist in firming up the structural geology interpretation on the Permit.

Amadeus Basin Project Update

On 14 March 2016 the Company provided an update on its Amadeus Basin project in the Northern Territory of Australia.

The company engaged with SRK Consulting (Australia) to undertake services in relation to the prospective resources contained in EP 145. The findings in the report highlighted the potential for both conventional oil and gas resources in proven reservoirs within the West Walker Anticline and unconventional gas resources in the Horn Valley Siltstone.

The Company has been granted the approval of a 12 month Suspension and Extension period for both EP 145 and EP 156 which will enable the Company to review exploration priorities and plan the next phase of activity in the permits.

The application for EPA 155 was acknowledged by the relevant Northern Territory government agency recently and will now follow the normal negotiation process with the CLC prior to grant of an exploration licence.

Termination of Vic P62 Joint Venture

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

The Company received formal acceptance for the withdrawal, with the Deed of Termination signed on the 14th of March 2016 and as a result all capitalised costs of VIC/P62 have been impaired as at 31 December 2015.

The Group will compensate an agreed amount of \$15,000 as a final contribution to cover the residual costs attributed to the Joint Venture termination, legal costs and associated with formalising the transfer with NOPTA.

**Condensed Notes to the Financial Statements
for the Half-Year Ended 31 December 2015
All amounts are Australian Dollars**

10 Subsequent Events (Continued)

Corporate Review and Cost Rationalisation

Following the termination of the STEP transaction the Company has reviewed its operating budget and terminated all non-necessary contracts. Prudently the majority of supplier and employment agreements in relation to STEP were fixed term and their renewal/continuance subject to the progress of the STEP transaction. As a result there were only incidental costs to terminating and ceasing ongoing cash outflows in relation to the STEP acquisition.

Following the terminations the Board further reviewed and has rationalized its costs across the company with particular attention to corporate costs and other New Zealand commitments.

11 Dividends

No dividends have been paid or proposed during the half year ended 31 December 2015.

Directors' Declaration

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 3-16, 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 31 December 2015 and of the performance for the year ended on that date of the Group.
2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



John W Barr
Executive Chairman

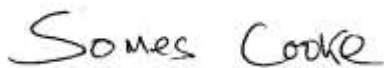
Dated this **24 March 2016**

Auditor's Independence Declaration

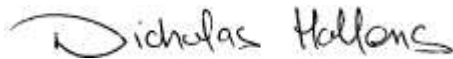
To those charged with the governance of Mosman Oil and Gas Limited

As auditor for the review of Mosman Oil and Gas Limited for the half-year ended 31 December 2015, 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.



Somes Cooke



Nicholas Hollens
Partner

Perth

24 March 2016

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, which comprises the condensed consolidated statement of financial position as at 31 December 2015, and the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity, and 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 Mosman Oil and Gas Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) 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 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 Mosman Oil and Gas Limited's financial position as at 31 December 2015 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.

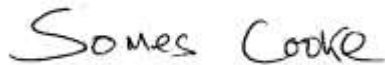
Independence

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

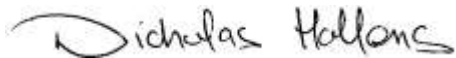
Conclusion

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:

- (a) giving a true and fair view of Mosman Oil and Gas Limited's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



Somes Cooke



Nicholas Hollens
Partner

Perth

24 March 2016