MOSMAN OIL AND GAS

LIMITED

ACN 150 287 111

ANNUAL REPORT
30 JUNE 2018

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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

Greenwich & Co 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

SVS Securities Plc

Lawyers

As to English law
Druces LLP

As to Australian law
DLA Piper

Chairman's Letter

Overview of the 2018 financial year

During 2018, Mosman's strategic objective remained to identify opportunities which will provide operating cash flow and have development upside, in conjunction with progressing exploration of existing exploration permits.

This approach has been fundamental in the transition from the Company's previous higher-risk exploration portfolio to the current position; with four producing projects and up to five potential new wells planned to be drilled in 2018/19. At the same time Mosman has maintained its core exploration permits in the Amadeus Basin in central Australia.

Accordingly, the financials reflect a strong increase in gross sales and for the first year a gross profit. The gross profit of $234,430 reflects Mosman's working interest share of production income after production costs and after royalty payments.

Overall, in the year ending 30 June 2018, the Company made a loss of $4,102,231. (2017: $9,186,307). This loss includes expensing $2,752,115 (2017: $7,428,444) in previous costs that were capitalised.

Overhead costs have been tightly controlled with reductions in many areas including Board renumeration. Mosman continues to operate with a very small number of Employees and Consultants. The Company operates in three countries and in four-time zones, and the role played by the Employees and Consultants is vital in achieving Mosman's strategic objective. Accordingly, I express my profound gratitude for everyone's efforts in 2018. In particular, the efforts of the Technical Director, and the US based Operations manager, should each be singled out.

Significantly, some $607,794 was expended on acquisitions and a further $545,013 on developing assets in the portfolio.

United States

In the previous year, time was spent establishing Mosman's credentials and partnering through strategic alliances, gaining operator status as well as establishing other local commercial partners. The Company also successfully established a local US network capable of sourcing and transacting on services and properties.

The activity in the USA led to the steady increase in the number of projects; production and revenue. The Stanley-1 well which forms part of the Baja Strategic Alliance was drilled after the year end and was immediately placed on production. This increased the number of producing projects to four.

Stanley-1 is averaging the equivalent of 90 boepd[2] (gross, Mosman holds a 16.5% Working Interest). Stanley-2 will be drilled shortly and Mosman has already planned to participate in Stanley-3 and 4.

Production in the Financial year was as below.

	Gross Production BOE[1]	Net Production[3] BOE[1]
Strawn	2,515	1,006
Welch	11,202	8,586
Arkoma	12,206	775
Total Production	**25,923**	**10,367**

[1]BOE – barrels of oil equivalents
[2]boepd – barrels of oil equivalents per day
[3]Net Production – Net to Mosman's Working interest after royalties

Australia

Throughout the year the Company completed technical work on its Central Australian exploration projects specifically undertaking reviews of previous seismic surveys and completing the reinterpretation of those surveys. The results are technically significant and reviewed the scope of further work programs in 2018 whilst conserving cash commitments.

A recent major milestone for the region has been reached on the Northern Gas Pipeline (NGP) with leading energy infrastructure company Jemena announcing that construction of the 622km pipeline is complete.

New Zealand

The Company completed its responsibilities to plug and abandon the wells.

Other Matters

Included in the loss for 2018 was the expensing of the investment in GEM International Inc. of $76,443. This investment decision was made based on representations by the then Directors and the business plans provided. Neither the representations nor the business plan was followed and Mosman moved in early 2018 to remove the Board and seek a new direction for that Company. Although the investment has been expensed, it is planned that a revitalisation will occur in 2019. Mosman is unable to estimate the likelihood of success at present as there remain several key conditions that require to be satisfied, however, Mosman's objective remains to recover its investment and loan.

Outlook

The outlook for junior oil and gas companies is still very challenging, especially in the light of recent oil price movements; but Mosman looks forward to 2019 and 2020 with greater optimism now that a firm production base has been established and plans for increasing production are in place. The potential of projects within the Baja Strategic Alliance are significant and immediate focus will be on those assets.

Yours Truly,

John W. Barr
Executive Chairman
27 November 2018

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 2018. Please note that all amounts quoted are in Australian Dollars, unless otherwise stated.

Operations Overview

Summary of Oil & Gas Permits at year end:

Asset	Status	Permit Number	Licence Expiry Date	Area
Australia, Amadeus Basin	Exploration	EP 145	15 August 2019	818 km^2
Australia, Amadeus Basin	Application	EPA 155	N/A	378 km^2
Australia, Amadeus Basin[1]	Exploration	EP 156	N/A	4,164 km^2
USA, Arkoma	Producing	N/A	N/A	400 acres
USA, Strawn	Producing	N/A	N/A	1,300 acres
USA, Welch	Producing	N/A	N/A	653 acres

On 17 July 2018, Mosman entered into a Strategic Alliance with Baja. Baja has interests in several leases in Texas. And Mosman will own an interest as a result of that agreement and direct purchases, such as Stanley, Challenger and Champion leases.

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

A milestone for the region has been reached on the Northern Gas Pipeline with the announcement that construction of the 622km pipeline is complete.

The pipeline is a connection from the existing NT pipelines to the gas market in Eastern Australia, which is stimulating acquisitions and gas exploration in the wider region.

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

On 6 November 2018, the Company decided to relinquish EP 156.

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 was admitted to trade its shares on the AIM market of the London Stock Exchange on 20 March 2014.

At 30 June 2018, 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.

Details of these Controlled Entities and an Associated Entity are contained in Notes 28 and 29 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 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	7	7
A R Carroll	7	6
J A Young	7	7

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 2018 the Company had current assets of $1,597,475 (2017: $2,384,722).

Results of Operations

The net loss of the Company for the year ended 30 June 2018 was $4,102,231 (2017: $9,186,307).

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. In 2018/19 several development wells are, subject to funding, expected to be drilled at projects where the Company holds a working interest.

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 Year

Material transactions arising since 30 June 2018 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:

Baja Strategic Alliance

On 18 July 2018, the Company entered into a Strategic Alliance with Baja Oil and Gas, LLC for the exploitation and development of oil and gas reserves located onshore Texas, USA. Baja owns an existing inventory of oil and gas development projects and is continuing to add projects to the inventory. Under

the umbrella of the Strategic Alliance, Mosman will participate in the evaluation of future projects and will have the ability to invest in the development of existing projects. The first project agreed upon was to drill the Stanley well located in the Livingston Oilfield, Polk County, Texas.

The Stanley Development Project is supported by Baja's interpretation of 3D seismic data, integrated with substantial sub-surface well control, and legacy production information.

Mosman has acquired a 16.5% Working Interest by agreeing to pay 22% of the cost of the well, and some prior costs.

Mosman has also acquired a direct interest in the Challenger and Champion projects.

Issue of Equity to Fund Expansion

On 9 November 2018, the Company raised £390,000 (before expenses) by way of a placing of 141,818,182 new ordinary shares of no par value in the capital of the Company ("Fundraising or Placing Shares") at 0.275p per share plus a 1 for 2 warrant exercisable at 0.4p per share (the "Warrants"). The Warrants being exercisable within 24 months of issue.

In addition to the Fundraising, two Directors indicated their intent, to subscribe for up to £110,000 (approximately AUD 198,000) (the "Proposed Subscription") on the same terms and conditions as the Placees to demonstrate their ongoing commitment to the Company. The Directors were unable to participate in the Fundraising as the Company was in a closed period by virtue of the imminent publication of the 2018 Annual Report.

The Proposed Subscription, and the final terms of the Proposed Subscription, which would be subject to AIM Rule 13 Related Party Transactions, will be conditional upon completion of all necessary regulatory approvals. Assuming those approvals are received this would lead to the issuance of a further 40,000,000 shares plus a 1 for 2 warrant exercisable on the same terms.

Assuming the Proposed Subscription proceeds, that would result in the total funds raised of £500,000 (approximately AUD 900,000) before costs.

A further announcement in respect of the Directors' participation is expected to be notified shortly.

Arkoma Option Extension

On 25 July 2018, the Company obtained an extension to the date of the option of acquiring an additional interest in the project.

On 28 September 2018, the Company announced that it would not proceed to exercise the additional working interest option.

EP 156 Impairment

On 6 November 2018, the Company made the decision to relinquish EP 156. As a result of the relinquishment, the asset was fully impaired as at 30 June 2018.

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 specialises 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 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.

KMP Fees and Consulting Fees Paid	Year to 30 June 2018	Year to 30 June 2017
J W Barr – Executive Chairman	$246,625[1]	$287,500
A R Carroll – Technical Director	$270,000[2]	$290,000
J A Young – Non-Executive Director	$30,000[3]	$30,000
J T White – Company Secretary	$86,464[4]	$101,038
Total	**$633,089**	**$708,538**

1. Directors fees of $60,000 and consulting fees of $186,625 were paid and payable to Kensington Advisory Services Pty Ltd;

2. Director fees of $30,000 and consulting fees of $240,000 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 totalling $86,464 were paid and payable to J T White's accounting firm, Traverse Accountants Pty Ltd.

Options

Other than disclosed below, no options were issued to Directors during the financial year ending 30 June 2018.

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.

Options issued to the Directors and management of the Company are as follows:

Name	Position	Number of New Share Options Granted	Existing exercisable options on issue directly and indirectly held	Total Options Held
Mr John W Barr	Executive Chairman	3,000,000	1,000,000	**4,000,000**
Mr Andrew Carroll	Technical Director	3,000,000	1,000,000	**4,000,000**
Mr John Young	Non-Executive Director	1,500,000	-	**1,500,000**
Mr Jarrod White	CFO	1,000,000	-	**1,000,000**
Mr Howard McLaughlin	US Operations Manager	750,000	-	**750,000**
Total		**9,250,000**	**2,000,000**	**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);
- 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);
- 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 2018 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 2018, the Company had issued 453,399,787 Ordinary Shares (as at the date of this report the Company had on issue 495,083,695 Ordinary Shares) (2017 – 299,448,151).

The Directors (and their related entities) owned the following shares and options of the Company as at 30 June 2018, representing 2.87% 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	10,100,001	2.23%	4,000,000 [1]
Andrew R Carroll	Technical Director	1,876,500	0.41%	4,000,000 [2]
John A Young	Non-Executive Director	1,050,000	0.23%	1,500,000 [3]
Total Director Holdings		13,026,501	2.87%	9,500,000

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. 3,000,000 Mosman Options with an exercise price of 2 Great British Pence and an expiry date of 18 December 2020.

2. 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. 3,000,000 Mosman Options with an exercise price of 2 Great British Pence and an expiry date of 18 December 2020.

3. Comprises of:
    a. 1,500,000 Mosman Options having an exercise price of 2 Great British Pence and an expiry date of 18 December 2020.

At the date of this report, the Company had 595,810,968 issued shares and the Board's diluted ownership of the Company had reduced to 2.19% as a result of an equity issue.

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 held by each KMP of the Group during the financial year is as follows:

ORDINARY SHARES	30 June 2017 Balance	Issued on Exercise of Options during the Year	Other Changes during the Year	30 June 2018 Balance
J W Barr	10,100,001	-	-	10,100,001
A Carroll	1,876,500	-	-	1,876,500
J Young	1,050,000	-	-	1,050,000
Totals	**13,026,501**	**-**	**-**	**13,026,501**

ORDINARY SHARES	30 June 2016 Balance	Issued on Exercise of Options during the Year	Other Changes during the Year	30 June 2017 Balance
J W Barr	10,100,001	-	-	10,100,001
A Carroll	10,876,500	-	(9,000,000)	1,876,500
J Young	1,050,000	-	-	1,050,000
Totals	**22,026,501**	**-**	**(9,000,000)**	**13,026,501**

KMP Option Holdings

The number of options held by each KMP of the Group during the financial year is as follows:

OPTIONS	30 June 2017 Balance	Granted as Remuneration during the Year	Exercised during the Year	Options lapsed during the year	30 June 2018 Balance	Vested and Exercisable
J W Barr	1,500,000	3,000,000	-	(500,000)	4,000,000	4,000,000
A Carroll	2,000,000	3,000,000	-	(1,000,000)	4,000,000	4,000,000
J Young	500,000	1,500,000	-	(500,000)	1,500,000	1,500,000
Totals	**4,000,000**	**7,500,000**	**-**	**(2,000,000)**	**9,500,000**	**9,500,000**

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
J W Barr	1,500,000	-	-	-	1,500,000	1,500,000
A Carroll	2,500,000	-	-	(500,000)	2,000,000	2,000,000
J Young	500,000	-	-	-	500,000	500,000
Totals	**4,500,000**	**-**	**-**	**(500,000)**	**4,000,000**	**4,000,000**

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
18 December 2017	10,000,000	2 Great British Pence	18 December 2020
14 February 2018	750,000	2 Great British Pence	14 February 2023
Total Unlisted Options	**14,809,372**		

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 2018 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 Subsidiaries

Mosman Oil & Gas Limited (nee Petroleum Creek Limited)

At 30 June 2018 the Company's 100% owned subsidiary, Mosman Oil & Gas Limited (nee Petroleum Creek Limited (PCL)), owed parent entity Mosman Oil and Gas Limited $7,903,402 (2017: $7,949,054). 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.

These amounts have been expensed in the consolidated financial statements as the company's impairment and relinquishment of these tenements the recovery of these amounts by the parent entity is unlikely.

Mosman Oil and Gas (NZ) Limited

At 30 June 2018 the Company's 100% owned subsidiary, Mosman Oil and Gas (NZ) Limited, owed Mosman Oil and Gas Limited $198,847 (2017: $197,847).

These amounts have been expensed in the consolidated financial statements as the company's impairment and relinquishment of these tenements the recovery of these amounts by the parent entity is unlikely.

Trident Energy Pty Ltd

At 30 June 2018 the Company's 100% owned subsidiary, Trident Energy Pty Ltd, owed Mosman Oil and Gas Limited $2,808,467 (2017: $2,675,440).

OilCo Pty Ltd
At 30 June 2018 the Company's 100% owned subsidiary, OilCo Pty Ltd (OilCo), owed Mosman Oil and Gas Limited $778,717 (2017: $688,851).

Mosman Oil USA, Inc
At 30 June 2018 the Company's 100% owned subsidiary, Mosman Oil USA, Inc, owed Mosman Oil and Gas Limited $2,643,885 (2017: $863,968).

Mosman Texas, LLC
At 30 June 2018 the Company's 100% owned subsidiary, Mosman Texas, LLC, owed Mosman Oil and Gas Limited $NIL (2017: $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 2018 (2017: $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 2018.

Signed in accordance with a resolution of the Directors.

John W. Barr
Executive Chairman
27 November 2018

CORPORATE GOVERNANCE STATEMENT

CORPORATE GOVERNANCE

In formulating the Company's corporate governance procedures, the Board of Directors takes due regard of the principles of good governance as set out in the UK Corporate Governance Code issued by the Financial Reporting Council.

Taking into account the size, the industry that the Company operates in, the nature of the Group's operations and the stage of development of the Company, the Board underwrites best practice in corporate governance as appropriate. As a public company listed on AIM the Board acknowledges that it is responsible and accountable to all stakeholders, shareholders, suppliers, staff, clients, customers and contractors.

The Board adopted the principles of the 2018 Quoted Companies Alliance Corporate Governance Code – ("the QCA Code") to support the Company's governance framework. The Directors acknowledge the importance of the ten principles set out in the QCA Code and the table available on the Company's website (http://mosmanoilandgas.com/corporate_governance) illustrates the Company's compliance or explanation where not fully compliant.

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

	QCA Code Recommendation	***Application by the Company***
1.	**Principle 1** **Establish a strategy and business model which promote long-term value for shareholders**	Mosman strategic objective remains to identify opportunities which will provide operating cash flow and have development upside, in conjunction with exploration of existing exploration permits. Australian projects are focused on early stage exploration and the identification of new potential production assets.
2.	**Principle 2** **Seek to understand and meet shareholder needs and expectations**	Mosman keeps its shareholder base up to date via the Regulatory News Service (RNS) of the London Stock Exchange, as well as investor presentations and interviews, in an effort to communicate more information to shareholders. The Company attempts to maintain regular news flow and includes contact details on all its news releases to enhance the information it shares and to ensure ongoing dialogue with shareholders. The Board views the Annual General Meeting as a forum for communication between the Company and all its shareholders and encourages and welcomes their participation in its agenda. The Directors attend the Annual General Meeting and are available to answer questions. The combination of these two avenues has increased the information flow to investors and increased the visibility of the vision of Mosman to shareholders. The Chairman takes a proactive approach to providing production data to the market to provide stakeholders with timely information. Increased shareholder engagement with the Company has been sought by the dissemination of, in particular, production rates of the producing assets that are held by the Company.

		The Directors maintain regular contact with significant shareholders and the Company works with its Broker in London as a point of contact for all shareholders, in order to gauge the needs and expectations of shareholders in the Company. The company website is monitored and regularly updated to be a source of information to stakeholders.
3.	**Principle 3** **Take into account wider stakeholder and social responsibilities and their implications for long-term success**	The Company's business model and strategy are clearly laid out in the Annual Report. The Chairman reaches out to the Company's stakeholders by regular communication via the publication of announcements on the RNS, as well as through roadshows. Other than shareholders, the Board has identified the Company's stakeholders to include staff, suppliers, customers, landowners, local governments and the wider community. The Company uses its local agents to liaise and work closely with all operational stakeholders in the business including suppliers, landowners, government authorities and workers. Through Mosman Oil USA Inc, Mosman Operating LLC and Mosman Texas USA works with the local Texas Rail Road authorities to ensure compliance with local laws and regulations with respect to operated oil and gas production assets. Wholly owned Mosman Oil & Gas Limited (NZ Company) has worked with the New Zealand Petroleum & Mining department to ensure compliance with local laws and regulations with respect to exploration and production permits held in NZ. Through wholly owned Trident Energy Pty Ltd the group has also ensured good relations with the Northern Territory Department of Mines and Energy including compliance with annual reporting and expenditure obligations on permits owned by Trident. The requirement to work with traditional owners in the indigenous community to coordinate rights of access and working with the indigenous community generally is also acknowledged as a key responsibility of the Company. The entire group across all jurisdictions seeks to apply best practices for the protection of the environment and for the benefit of the local community. In addition to the above, the Company monitors social media platforms and blogging community websites regularly to identify the concerns raised by shareholders. As a result, the Chairman proactively engages with stakeholders and works to address any feedback in a timely manner while remaining vigilant of the Market Abuse Regulations' restrictions on inside information and the AIM Rules for Companies.

4.	**Principle 4** **Embed effective risk management, considering both opportunities and threats, throughout the organisation**	The Company and its directors have identified and keep under consideration the risks facing the Company and its subsidiaries ("the Group"). In view of the current position of the Company and its activities these are limited. 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 (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.
5.	**Principle 5** **Maintain the board as a well-functioning, balanced team led by the chair**	In view of the size of the Company and limited activities and available management resourcing/responsibilities of the company, there is currently only one NED on the Board of Mosman, Mr John Young.

		Currently the balance of non-executive to executive directors does not comply with the QCA recommendations however the Board reviews the size and scale of company operations and requirements under review to ensure that this is appropriate for operations at the time. It is the intention of the Board to add further NED's as the complexity of operations increases. The Company has one employee meaning that the available internal resources outside of the Board are limited. The Executive Chairman Mr John Barr and Technical Director Mr Andy Carroll play an active role in the business taking on management and operational responsibilities as a result. In addition, the Group retains an outsourced Company Secretary/CFO who provides a level of independent review and added management and financial capability to assist the Board. Remuneration for Director fees is separate to remuneration for additional consulting services performed, meaning that Directors have the time and motivation to discharge their duties. An audit committee, comprising John W Barr and John Young has been established to operate with effect from Admission. The audit committee determines 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 is chaired by John W Barr. A remuneration committee, comprising John Young and Andrew Carroll has also been established to operate with effect from Admission. It reviews the performance of the executive directors and sets their remuneration, determines the payment of bonuses to executive directors and considers bonus and option schemes. Each of the executive directors takes no part in discussions concerning their remuneration. The remuneration committee is chaired by John Young. The remuneration of all directors is reviewed by the board. Given the size of the Company the Board has agreed that appointments to the Board should be made by the Board as a whole, so Mosman has not created a nominations committee.
6.	**Principle 6** **Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities**	The existing board of directors brings a balance of skills and experience to the Company, including legal, financial, mining, petroleum engineering and market expertise. Details of each director are given in the biographies of each director in the annual report and within the Company's web site below:

		http://mosmanoilandgas.com/directors Where the Board requires additional skills and experience to effectively perform their roles as directors the Company seeks input from professional and strategic advisors. All directors and external adviser information can be found within the Information on Directors section of the 2018 Annual Report page 9. All directors attend external training as required by their positions within the Board or professional membership requirements. The Company continues to monitor the need to bring additional skills onto the board as appropriate as the Company grows and evolves, including the appointment of a second non-executive director.
7.	**Principle 7** **Evaluate board performance based on clear and relevant objectives, seeking continuous improvement**	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. Throughout the year the Directors reviewed remuneration based on their attendance and contributions to meetings of the Board, level of operational input and working hours, and the relevance of their experience to the operations and decisions of the plan as it executes its objectives. Additionally, one third of the Directors under the Company constitution are required to stand for election annually offering shareholders the ability to consider the performance of that particular Director throughout their last term as a Director. Shareholders are encouraged to attend Members Annual General Meetings. The Company has also kept an active presence through services such as ProActive Investors and Gable Media who assist in the coordination of various communications and Director interviews that are publishes. The Company has also attended industry forums to assist in the engagement and promotion of the company.

8.	**Principle 8** **Promote a corporate culture that is based on ethical values and behaviours**	The Board is aware that the tone and culture set by the Board will greatly impact all aspects of the Company as a whole and the way that employees behave. The Chairman and the Board promote a strong governance and ethical culture which in turn used to portray and promote the Group's business and other dealings with identified stakeholders across all jurisdictions that the Group operates. A large part of the Company's activities are centred upon what needs to be an open and respectful dialogue with employees, clients and other stakeholders. The Company has adopted, with effect from the date on which its shares were admitted to AIM, a code for Directors' and employees' dealings in securities which is appropriate for a company whose securities are traded on AIM and is in accordance with AIM Rule 21 the requirements of the Market Abuse Regulation which came into effect in 2016. In view of the current position of the Company, and that there is no formal workplace and staff, there are no formal documents or principles of corporate culture yet to be developed. The Company uses the QCA guidelines as a guiding principle in promoting an ethical and open environment.
9.	**Principle 9** **Maintain governance structures and processes that are fit for purpose and support good decision-making by the board**	The Board's corporate governance policies help 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. The Executive Chairman, Mr John W Barr, is responsible for the governance and oversight of the Company's operation, and Technical Director, Mr Andrew Carroll, plays an active role in the business taking on management and operational responsibilities. Non-Executive Director Mr John Young acts as a relevant non-executive member of the Board to enhance the governance structure of the Board and provide an increased level of independent review of Board decisions and strategy. All Directors receive regular and timely information on the Group's operational and financial performance. Relevant information is circulated to the Directors in advance of meetings.
10.	**Principle 10** **Communicate how the company is governed and is performing by**	The Company communicates with shareholders through the Annual Report and Accounts, full-year and half-year announcements, the Annual General

	maintaining a dialogue with shareholders and other relevant stakeholders	Meeting (AGM) and one-to-one meetings with large existing or potential new shareholders. A range of corporate information (including all Company announcements and presentations) is also available to shareholders, investors and the public on the Company's corporate website http://mosmanoilandgas.com The Annual Report details the work of the Board, Management and various committees that are utilised throughout the year. The outcome of each vote in the AGM is always reported to shareholders and released as an RNS on the market announcements platform. It can also be obtained on the company's website.

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. There was no such requirement for external advisors in FY18.

Nominated Advisor

In accordance with the AIM Rules for Companies, SP Angel Corporate Finance LLP has been appointed to advise the Board as its Nominated Advisor. A Nominated Advisor's responsibility is to the Exchange for assessing the appropriateness of an applicant for AIM, or an existing AIM company when appointed its Nominated Adviser, and for advising and guiding an AIM company on its responsibilities under the AIM Rules for Companies.

Audit Committee Report

An important part of the role of the Audit Committee is its responsibility for reviewing the effectiveness of the Group's financial reporting, internal control policies, and procedures for the identification, assessment and reporting of risk. The latter two areas are integral to the Group's core management processes and the Committee devotes significant time to their review.

One of the key governance requirements of the Group's financial statements is for the report and accounts to be fair, balanced and understandable. The co-ordination and review of the Group-wide input into the Annual Report and Accounts is a sizeable exercise performed within an exacting time- frame. It runs alongside the formal audit process undertaken by external Auditors and is designed to arrive at a position where initially the Audit Committee, and then the Board, is satisfied with the overall fairness, balance and clarity of the document is underpinned by the following:

- detailed guidance issued to contributors at operational levels;
- a verification process dealing with the factual content of the reports;
- thorough review undertaken at different levels that aim to ensure consistency and overall balance; and
- comprehensive review by the senior management team.

The Audit Committee has also sought to remove any duplication and has sequenced information in as logical a manner as possible without compromising compliance with UK regulatory and accounting requirements.

An essential part of the integrity of the financial statements are the key assumptions and estimates or judgments that have to be made. The Committee reviews key judgments prior to publication of the financial statements at the full and half year, as well as considering significant issues throughout the year. In particular, this includes reviewing any materially subjective assumptions within the Group's activities to enable an appropriate determination of asset valuation and provisioning. The Committee reviewed and was satisfied that the judgments exercised by management on material items contained within the Annual Report were reasonable.

Additionally, the Committee also considered management's assessment of going concern with respect to the Group's cash position and its commitments for the next 12 months. In this respect, the Committee refers to the Going concern section in the Directors' Report.

The Audit Committee has considered the Group's internal control and risk management policies and systems, their effectiveness and the requirements for an internal audit function in the context of the Group's overall risk management system. The Committee is satisfied that the Group does not currently require an internal audit function.

John W Barr
Chairman of the Audit Committee
27 November 2018

Audit Committee Members

This committee comprises:

- John W Barr (Chairman)
- John Young

Summary of responsibilities of the Audit Committee

- Reviewing the effectiveness of the Group's financial reporting, internal control policies and procedures for the identification, assessment and reporting of risk;
- monitoring the integrity of the Group's financial statements;
- monitoring the effectiveness of the internal control environment;
- making recommendations to the Board on the appointment of the Auditors;
- agreeing the scope of the Auditors' annual audit programme and reviewing the output;
- keeping the relationship with the Auditors under review;
- assessing the effectiveness of the audit process; and
- developing and implementing policy on the engagement of the Auditors to supply non-audit services.

The external Auditors have unrestricted access to the Chairman of the Audit Committee. Audit Committee meetings are also attended by the external Auditor where appropriate and, by invitation, the Chairman and any other Directors and senior management.

Remuneration Committee Report

The Remuneration Committee ("Committee") convened once during the year and has been engaged on all matters of corporate remuneration. Over the past year, the Committee has considered the following matters:

- Director remuneration; and
- Consultancy status and terms for individuals serving the group on a non-exclusive basis.

Given Mosman's focus on capital-required new project acquisitions subsequent to balance date, it was decided that no bonus should be paid in cash to employees or Directors despite their significant efforts during the year.

Directors, employees and certain consultants are only eligible to participate in the Group bonus or equity incentive schemes at the absolute discretion of the Board, with recommendations from the Remuneration Committee. There is no formal bonus scheme in place and it is the policy of the Remuneration Committee that any material bonus be put to shareholders for formal ratification and approval.

The Committee, when reviewing base remuneration, consider matters of retention, motivation, the economic climate, and the challenges facing the business and the wider sector; they also consider appropriate industry benchmarks. The annual remuneration levels for the executive Director is noted in the Directors' report.

John Young
Chairman of the Remuneration Committee
27 November 2018

Remuneration Committee Members

This committee comprises:

- John Young (Chairman)
- Andrew Carroll

Summary of responsibilities of the Remuneration Committee

- Agreeing a policy for the remuneration of the Chairman, executive Directors, non-executive Directors and other senior executives;
- Within the agreed policy, determining individual remuneration packages for the Chairman, executive Directors, non-executive Directors and other senior executives;
- Agreeing the policy on terms and conditions to be included in service agreements for the Chairman, executive Directors, non-executive Directors and other senior executives, including termination payments and compensation commitments, where applicable; and
- Approving any employee incentive schemes and the performance conditions to be used for such schemes including share performance targets.

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 2018, 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

27 November 2018

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 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year ended, 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 2018 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.

Emphasis of Matter – Inherent uncertainty regarding continuation as a going concern

Without modifying our opinion, we draw attention to Note 1, which outlines that the going concern basis is dependent upon the ability to secure additional funding through either the issue of further shares and/or options and convertible notes.

As a result, there is material uncertainty related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern, and therefore whether it will realise its asset and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

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 14, 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 2018, the Group impaired its capitalised exploration costs, resulting in an impairment expense of $2,752,115. 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.

Oil and Gas Asset
Refer to Note 13, 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 2018, the Group capitalised $2,592,814 which was a significant portion of the Groups assets for the year, we considered it necessary to assess the facts and circumstances associated with the asset.	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 Oil and Gas costs; • Understanding and assessing managements assumptions and analysis of their impairment assessment of the Oil and Gas Asset; and • Enquiring with management, reviewing the Groups AIM announcements, and reviewing minutes of Board meetings.

Joint Ventures and Equity Accounting
Refer to the accounting policy Notes 1(b)

Key Audit Matter	How our audit addressed the matter
An arrangement was made for a Joint Venture and the way they have accounted for this is through Equity Accounting. This is a significant portion of the Group's revenue and we have considered it necessary to assess the facts and circumstances associated with the Joint Venture.	Our audit work included, but was not restricted to, the following: • Obtaining evidence as to whether the Group has prepared there accounts in accordance to the Joint Venture standards. • Understanding and assessing managements assumptions and analysis of the Joint Venture; 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 2018.

In our opinion, the Remuneration Report of Mosman Oil and Gas Limited, for the year ended 30 June 2018, 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
27 November 2018

Consolidated Statement of Financial Performance
Year Ended 30 June 2018
All amounts are in Australian Dollars

	Notes	Consolidated 2018 $	Consolidated 2017 $
Revenue		740,853	16,037
Cost of sales	2	(506,423)	-
Gross profit		**234,430**	**16,037**
Interest income		8,112	2,550
Other income		25,628	31,854
Administrative expenses		(166,518)	(253,313)
Corporate expenses	3	(793,546)	(1,032,665)
Directors fees		(120,000)	(120,000)
Employee benefits expense		(93,189)	(79,250)
Evaluation and due diligence		(239,522)	-
Loss on foreign exchange		-	(50,832)
Loss on sale of AFS assets		(76,443)	-
Depreciation expense		(10,005)	(13,203)
Cost of abandoned projects	4	-	(280,762)
Pre-acquisition costs		(44,775)	(40,320)
Capitalised costs written off	14	(2,752,115)	(7,428,444)
Share of net (loss)/profit from joint operation		(33,721)	62,041
Share based payments		(40,567)	-
Loss from ordinary activities before income tax expense		(4,102,231)	(9,186,307)
Income tax expense	6	-	-
Net loss for the year		**(4,102,231)**	**(9,186,307)**
Other comprehensive loss			
Items that may be reclassified to profit or loss:			
- Fair value loss on available-for-sale financial assets	5	(186,618)	(215,793)
- Foreign currency gain/(loss)	5	140,974	(30,690)
Total comprehensive income attributable to members of the entity		**(4,147,875)**	**(9,432,790)**
Basic loss per share (cents per share)	24	*(1.33) cents*	*(4.46) cents*
Diluted loss per share (cents per share)	24	*(1.33) cents*	*(4.46) cents*

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position
As at 30 June 2018
All amounts are in Australian Dollars

	Notes	Consolidated 30 June 2018	Consolidated 30 June 2017
		$	$
Current Assets			
Cash and cash equivalents	8	1,323,084	1,666,139
Trade and other receivables	9	161,814	394,605
Inventory		106,633	-
Other assets	10	5,944	35,690
Other financial assets	11	-	288,288
Total Current Assets		1,597,475	2,384,722
Non-Current Assets			
Property, plant & equipment	12	19,799	211,016
Oil and gas assets	13	2,592,814	749,620
Loans receivable		276,999	-
Other receivables		50,000	-
Capitalised oil and gas exploration	14	1,491,019	4,073,115
Total Non-Current Assets		4,430,631	5,033,751
Total Assets		6,028,106	7,418,473
Current Liabilities			
Trade and other payables	15	436,586	353,769
Provisions	16	19,000	158,165
Total Current Liabilities		455,586	511,934
Total Liabilities		455,586	511,934
Net Assets		**5,572,520**	**6,906,539**
Shareholders' Equity			
Contributed equity	17	28,044,804	25,286,313
Reserves	18	420,860	1,058,126
Accumulated losses	19	(22,921,464)	(19,499,941)
Equity attributable to shareholders		**5,606,241**	**6,844,498**
Non-Controlling interest		28,320	62,041
Total Shareholders' Equity		**5,572,520**	**6,906,539**

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity
Year Ended 30 June 2018
All amounts are in Australian Dollars

	Accumulated Losses	Contributed Equity	Reserves	Non-Controlling Interest	Total
	$	$	$	$	$
Balance at 1 July 2016	**(11,151,593)**	**25,235,869**	**1,304,610**	**-**	**15,388,886**
Comprehensive income					
Loss for the year	(9,248,348)	-	-	62,041	(9,186,307)
Other comprehensive income for the period	-	-	(246,484)	-	(246,484)
Total comprehensive loss for the period	**(9,248,348)**	**-**	**(246,484)**	**62,041**	**(9,432,791)**
Transactions with owners, in their capacity as owners, and other transfers:					
New shares issued	-	1,006,536	-	-	1,006,536
Cost of raising equity	-	(56,759)	-	-	(56,759)
Non-controlling interests on acquisition	-	667	-	-	667
Cancellation of shares on selective share buyback	900,000	(900,000)	-	-	-
Total transactions with owners and other transfers	900,000	50,444	-	-	950,444
Balance at 30 June 2017	**(19,499,941)**	**25,286,313**	**1,058,126**	**62,041**	**6,906,539**
Balance at 1 July 2017	**(19,499,941)**	**25,286,313**	**1,058,126**	**62,041**	**6,906,539**
Comprehensive income					
Loss for the period	(4,068,510)	-	-	(33,721)	(4,102,231)
Other comprehensive loss for the period	-	-	(45,644)	-	(45,644)
Total comprehensive loss for the period	**(4,068,510)**	**-**	**(45,644)**	**(33,721)**	**(4,147,875)**
Transactions with owners, in their capacity as owners, and other transfers:					
New shares issued	-	2,967,331	-	-	2,967,331
Cost of raising equity	-	(208,840)	-	-	(208,840)
Options issued	-	-	55,365	-	55,365
Options expired	646,987	-	(646,987)	-	-
Total transactions with owners and other transfers	646,987	2,758,491	(591,622)	-	2,813,856
Balance at 30 June 2018	**(22,921,464)**	**28,044,804**	**420,860**	**28,320**	**5,572,520**

These accompanying notes form part of these financial statements

Consolidated Statement of Cash Flows
Year Ended 30 June 2018
All amounts are in Australian Dollars

	Notes	Consolidated 2018 $	Consolidated 2017 $
Cash flows from operating activities			
Receipts from customers		793,579	4,333
Interest received & other income		33,739	34,565
Payments to suppliers and employees		(1,413,543)	(1,536,854)
Bonds refunded		67,043	-
Net cash outflow from operating activities	25	**(519,182)**	**(1,497,956)**
Cash flows from investing activities			
Sale of property, plant & equipment		180,849	-
Payments for oil and gas assets		(607,794)	-
Payments for exploration and evaluation		(545,013)	(546,356)
Payment for Shares in GEM International Limited		-	(504,081)
Acquisition of oil and gas production projects		(1,323,357)	(789,937)
Payments for abandoned projects		-	(137,904)
Net cash outflow from investing activities		**(2,295,315)**	**(1,978,278)**
Cash flows from financing activities			
Proceeds from shares issued		2,982,130	1,426,852
Transactions with non-controlling interests		(33,721)	62,041
Repayment of borrowings		-	(48,317)
Loans to third parties		(264,571)	-
Payments for costs of capital		(208,840)	(56,759)
Net cash inflow from financial activities		**2,474,998**	**1,383,817**
Net decrease in cash and cash equivalents		**(339,499)**	**(2,092,417)**
Effects of exchange rate changes on cash and cash equivalents		(3,556)	-
Cash and cash equivalents at the beginning of the financial year		1,666,139	3,758,556
Cash and cash equivalents at the end of the financial year	8	**1,323,084**	**1,666,139**

The accompanying notes from part of these financial statements

Notes to the Financial Statements
Year Ended 30 June 2018
All amounts are Australian Dollars

1 Statement of Accounting Policies

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

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

(a) Basis of Preparation

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

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

Going Concern

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

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

The financial report was authorised for issue by the Directors on 27 November 2018.

(b) Principles of Consolidation and Equity Accounting

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Mosman Oil and Gas Limited at the end of the reporting period. A controlled entity is any entity over which Mosman Oil and Gas Limited has the ability and right to govern the financial and operating policies so as to obtain benefits from the entity's activities.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities is included only for the period of the year that they were controlled. Details of Controlled and Associated entities are contained in Notes 29 and 30 to the financial statements.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated group have been eliminated in full on consolidation.

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

Joint ventures

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

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

Equity method

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

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

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

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

Exploration and Evaluation Assets (continued)

This policy requires management to make certain estimates as to future events and circumstances. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised the expenditure under the policy, a judgement is made that the recovery of the expenditure is unlikely, the relevant capitalised amount will be written off to profit and loss.

(d) Income Tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amounts are those that are enacted or substantively enacted at the balance sheet date.

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

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

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

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

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

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

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

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

(e) Goods and Services Tax

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

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

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

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

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

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

(f) Property, Plant and Equipment

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

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

(g) Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over the asset's useful life to the consolidated group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

(h) Exploration and Evaluation Assets

Mineral exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest and is subject to impairment testing. These costs are carried forward only if they relate to an area of interest for which rights of tenure are current and in respect of which:

Such costs are expected to be recouped through the successful development and exploitation of the area of interest, or alternatively by its sale; or

Exploration and/or evaluation activities in the area have not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active or significant operations in, or in relation to, the area of interest 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 amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

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

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

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

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

(i) Accounts Payable

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(j) Contributed Equity

Issued Capital

Incremental costs directly attributable to issue of ordinary shares and share options are recognised as a deduction from equity, net of any related income tax benefit.

(k) Earnings Per Share

Basic earnings per share ("EPS") are calculated based upon the net loss divided by the weighted average number of shares. Diluted EPS are calculated as the net loss divided by the weighted average number of shares and dilutive potential shares.

(l) Share-Based Payment Transactions

The Group provides benefits to Directors KMP and consultants of the Group in the form of share-based payment transactions, whereby employees and consultants render services in exchange for shares or rights over shares ("Equity–settled transactions").

The value of equity settled securities is recognised, together with a corresponding increase in equity.

Where the Group acquires some form of interest in an exploration tenement or an exploration area of interest and the consideration comprises share-based payment transactions, the fair value of the assets acquired are measured at grant date. The value is recognised within capitalised mineral exploration and evaluation expenditure, together with a corresponding increase in equity.

(m) Comparative Figures

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

(n) Financial Risk Management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework, to identify and analyse the risks faced by the Group. These risks include credit risk, liquidity risk and market risk from the use of financial instruments. The Group has only limited use of financial instruments through its cash holdings being invested in short term interest bearing securities. The Group has no debt, and working capital is maintained at its highest level possible and regularly reviewed by the full board.

(o) Financial Instruments

Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised 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 derecognised 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 derecognised 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 recognised in profit or loss.

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.

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. Realised and unrealised 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 amortised 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 amortised 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 amortised 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 recognised 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 recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

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

(q) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result 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

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

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

Revenue from Joint Operations is recognised via the Equity Method as described in Note 1 (b).

Interest revenue is recognised 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 2018 $	Consolidated 2017 $
2 Cost of sales		
Cost of sales	153,225	-
Oil and gas assets amortisation charge	22,448	-
Lease operating expenses	330,750	-
	506,423	**-**
3 Corporate Costs		
Accounting, Company Secretary and Audit fees	189,475	198,034
Consulting fees	528,329	707,809
Legal and compliance fees	75,742	126,822
	793,546	**1,032,665**
4 Costs associated with abandoned projects		
Costs incurred	-	417,687
Reimbursements	-	(136,925)
	-	**280,762**
5 Other comprehensive loss		
Fair value loss on AFS shares	186,618	215,793
Foreign currency (loss)/gain	(140,974)	30,690
	45,644	**246,483**

6 Income Tax

No income tax is payable by the Group as it has incurred losses for income tax purposes for the year, therefore current tax, deferred tax and tax expense is $NIL (2017 - $NIL).

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

	Consolidated 2018 $	Consolidated 2017 $
Loss before tax	(4,068,512)	(9,186,307)
Income tax calculated at 27.5% (2017: 27.5%)	(1,118,841)	(2,526,234)
Tax effect of amounts which are deductible/non-deductible		
In calculating taxable income:		
JV share of profit	(9,457)	16,878
Legal and consulting expenses	4,080	15,885
Impairment expense	-	2,079,964
Upfront exploration expenditure claimed	(50,859)	(152,894)
Other	(183,003)	(207,087)
Effects of unused tax losses and tax offsets not recognised as deferred tax assets	1,358,080	773,488
Income tax expense attributable to operating profit	**NIL**	**NIL**

(b) Tax Losses

As at 30 June 2018 the Company had Australian tax losses of $9,271,146 (2017: $6,804,870). The benefit of deferred tax assets not brought to account will only be realised if:

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

(c) Unbooked Deferred Tax Assets and Liabilities

	Consolidated 2018 $	Consolidated 2017 $
Unbooked deferred tax assets comprise:		
Capital Raising Costs	254,595	256,270
Provisions/Accruals/Other	26,821	20,561
Tax losses available for offset against future taxable income	2,549,565	1,935,955
	2,830,981	**2,212,786**

7 Auditors Remuneration

Audit – Greenwich & Co Audit Pty Ltd		
Audit of the financial statements	27,000	27,000
	27,000	**27,000**

8 Cash and Cash Equivalents

Cash at Bank	**1,323,084**	**1,666,139**

9 Trade and Other Receivables

Deposits	81,808	198,851
GST receivable	32,574	44,197
Cash calls receivable	47,432	-
Other receivables	-	151,558
	161,814	**394,605**

10 Other assets

Prepayments	5,944	23,985
Accrued income	-	11,705
	5,944	**35,690**

11 Other financial assets

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

12 Property, Plant and Equipment

	Land and Buildings $	Office Equipment and Furniture $	Vehicles $	Total $
Cost				
Balance at 1 July 2017	176,201	161,472	24,847	362,520
Additions	-	4,241	-	4,241
Disposals	(176,201)	-	(24,847)	(201,048)
Effective movement in exchange rates	-	-	-	-
Balance at 30 June 2018	**-**	**165,713**	**-**	**165,713**
Depreciation				
Balance at 1 July 2017	1,362	138,110	12,032	151,504
Depreciation for the year	191	7,811	533	8,535
Disposals	(1,487)	-	(12,035)	(13,522)
Effective movement in exchange rates	(66)	(7)	(530)	(603)
Balance at 30 June 2018	**-**	**145,914**	**-**	**145,914**
Carrying amounts				
Balance at 30 June 2017	174,839	23,362	12,815	211,016
Balance at 30 June 2018	**-**	**19,799**	**-**	**19,799**

13 Oil and Gas Assets

	Consolidated 2018 $	Consolidated 2017 $
Cost brought forward	749,619	-
Acquisition of oil and gas assets	1,278,583	749,619
Capitalised equipment workovers	587,060	-
Amortisation	(22,448)	-
Carrying value at end of year	**2,589,814**	**749,619**

14 Capitalised Oil and Gas Expenditure

	Consolidated 2018 $	Consolidated 2017 $
Cost brought forward	**4,073,115**	10,955,203
Exploration costs incurred during the year	144,316	552,549
Exploration expenditure previously capitalised, written off in financial year	(2,752,115)	(7,428,444)
FX movement	25,703	(6,194)
Carrying value at end of year	**1,491,019**	**4,073,115**

15 Trade and Other Payables

	Consolidated 2018 $	Consolidated 2017 $
Trade creditors	273,844	279,582
Unearned revenue	-	11,867
Other creditors and accruals	162,742	62,320
	436,586	**353,769**

16 Provisions

	Consolidated 2018 $	Consolidated 2017 $
Employee provisions	19,000	15,308
Provision for abandonment	-	142,857
	19,000	**158,165**

17 Contributed Equity

Ordinary Shares:

Value of Ordinary Shares fully paid

Movement in Contributed Equity			**Number of shares**	**Contributed Equity $**
Balance as at 1 July 2016:			215,591,008	25,235,869
Date	*Nature of Transaction*	*Issue Price*		
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 raising costs			-	(156,759)
Balance as at 1 July 2017:			**249,448,818**	**25,186,313**
05/10/2017	Shares issued	$0.0205	49,999,333	1,026,486
22/02/2018	Shares issued (i)	$0.0196	45,454,545	890,790
29/05/2018	Shares issued (i)	$0.0097	109,090,091	1,050,055
Capital raisings costs			-	(208,840)
Balance at end of year			**453,992,787**	**28,044,804**

(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 29.

18 Reserves

	Consolidated 2018 $	Consolidated 2017 $
Options reserve	471,818	1,063,440
Asset revaluation reserve	(402,411)	(215,793)
Foreign currency translation reserve	351,453	210,479
	420,860	**1,058,126**

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 2018 $	Consolidated 2017 $
Options Reserve at the beginning of the year	1,063,440	1,063,440
Options issued	55,365	-
Options expired	(646,987)	-
Options Reserve at the end of the year	**471,818**	**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 2018 $	Consolidated 2017 $
Foreign Currency Translation Reserve at the beginning of the year	210,479	241,170
Current year movement	140,974	(30,691)
Foreign Currency Translation Reserve at the end of the year	**351,453**	**210,479**

Asset Revaluation Reserve

Changes in the fair value of investments classified as available-for-sale financial assets are taken to the available-for-sale investments revaluation reserve. Amounts are recognised in profit and loss when the associated assets are sold or impaired.

Movement in Asset Revaluation Reserve	**Consolidated 2018 $**	**Consolidated 2017 $**
Asset Revaluation Reserve at the beginning of the year	(215,793)	-
Revaluation of AFS shares	(186,618)	(215,793)
Asset Revaluation Reserve at the end of the year	**(402,411)**	**(215,793)**

19 Accumulated Losses

Accumulated losses at the beginning of the year	**19,437,900**	11,151,593
Net loss attributable to members	4,068,510	9,186,307
Cancellation of shares on selective buy-back	-	(900,000)
Options expired during the year	(646,987)	-
Accumulated losses at the end of the year	**22,859,423**	**19,499,941**

20 Related Party Transactions

Key Management Personnel Remuneration	**Consolidated 2018 $**	**Consolidated 2017 $**
Cash Payments to Directors and Management (i)	633,089	708,538
Total	**633,089**	**708,538**

i. During the year to 30 June 2018:

a. Directors fees of $60,000 and consulting fees of $186,625 were paid and payable to Kensington Advisory Services Pty Ltd;
b. Director fees of $30,000 and consulting fees of $240,000 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 $86,464 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:

Mosman Oil & Gas Limited (nee Petroleum Creek Limited)

At 30 June 2018 the Company's 100% owned subsidiary, Mosman Oil & Gas Limited (nee Petroleum Creek Limited (PCL)), owed parent entity Mosman Oil and Gas Limited $7,903,402 (2017: $7,949,054). 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.

These amounts have been expensed in the consolidated financial statements as the company's impairment and relinquishment of these tenements the recovery of these amounts by the parent entity is unlikely.

Mosman Oil and Gas (NZ) Limited

At 30 June 2018 the Company's 100% owned subsidiary, Mosman Oil and Gas (NZ) Limited, owed Mosman Oil and Gas Limited $198,847 (2017: $197,847).

These amounts have been expensed in the consolidated financial statements as the company's impairment and relinquishment of these tenements the recovery of these amounts by the parent entity is unlikely.

Trident Energy Pty Ltd

At 30 June 2018 the Company's 100% owned subsidiary, Trident Energy Pty Ltd, owed Mosman Oil and Gas Limited $2,808,467 (2017: $2,675,440).

OilCo Pty Ltd

At 30 June 2018 the Company's 100% owned subsidiary, OilCo Pty Ltd (OilCo), owed Mosman Oil and Gas Limited $778,717 (2017: $688,851).

Mosman Oil USA, Inc

At 30 June 2018 the Company's 100% owned subsidiary, Mosman Oil USA, Inc, owed Mosman Oil and Gas Limited $2,643,885 (2017: $863,968).

Mosman Texas, LLC

At 30 June 2018 the Company's 100% owned subsidiary, Mosman Texas, LLC, owed Mosman Oil and Gas Limited $NIL (2017: $NIL).

21 Expenditure Commitments

(a) Exploration

The Company has certain obligations to perform minimum exploration work on Oil and Gas tenements held. These obligations may vary over time, depending on the Company's exploration programs and priorities. At 30 June 2018, total exploration expenditure commitments for the next 12 months are as follows:

Entity	Tenement	2018 $	2017 $
Mosman Oil & Gas Limited	PEP385326	-	572,028
Trident Energy Pty Ltd	EP145	121,500	121,500
Oilco Pty Ltd	EPA155	-	10,000
Oilco Pty Ltd	EP 156	-	155,000
Mosman Oil and Gas (NZ) Ltd	PEP 57067	-	-
Mosman Oil and Gas (NZ) Ltd	PEP 57068	-	-
Mosman Oil and Gas (NZ) Ltd	PEP 57058	-	-
		121,500	**858,528**

In 2017, the Company resolved to relinquish the New Zealand projects.

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 2018 (2017 - $NIL).

22 Segment Information

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

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

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

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

(i) Segment performance

	New Zealand $	United States $	Australia $	Total $
Year ended 30 June 2018				
Revenue				
Revenue	-	701,944	38,909	740,853
Interest income	-	7,196	916	8,112
Foreign exchange gain	-	-	17,124	17,124
Gain on sale of non-current assets	3,697	-	-	3,697
Other income	19,732	-	-	19,732
Segment revenue	**23,429**	**709,140**	**56,949**	**789,518**
Segment Result				
Loss				
Allocated				
- Corporate costs	-	(1,194)	(792,352)	(793,546)
- Administrative costs	(6,624)	(29,385)	(130,509)	(166,518)
- Lease operating expenses	-	(353,198)	-	(353,198)
- Cost of sales	-	(153,225)	-	(153,225)
- Share of net loss of joint operation	-	(33,721)	-	(33,721)
Segment net loss before tax	**16,805**	**138,417**	**(865,912)**	**(710,690)**
Reconciliation of segment result to net loss before tax				
Amounts not included in segment result but reviewed by the Board				
- Exploration expenditure previously capitalised, written off in financial year	-	-	(2,767,040)	(2,767,040)
- Evaluation and due diligence	-	(9,867)	(229,655)	(239,522)
- Pre acquisition costs	-	-	(44,775)	(44,775)
- Loss on sale of available-for-sale assets	-	-	(76,443)	(76,443)
Unallocated items				
- Employee benefits expense				(213,189)
- Share based payments				(40,567)
- Depreciation				(10,005)
Net Loss before tax from continuing operations				**(4,102,231)**

22 Segment Information (continued)

(i) Segment performance (continued)

	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	-	-	(50,834)	(50,834)
Segment net (loss)/profit 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 abandoned projects	(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)**

22 Segment Information (continued)

(ii) Segment assets

	New Zealand $	United States $	Australia $	Total $
As at 30 June 2018				
Segment assets as at 1 July 2017	392,510	953,669	6,072,294	7,418,472
Segment asset increases/(decreases) for the year				
- Exploration and evaluation	(418,211)	(953,669)	466,623	(905,257)
- Foreign exchange impact	25,701	-	-	25,701
- Exploration expenditure previously capitalised, written off in financial year	-	-	(5,047,898)	(5,047,898)
	-	**-**	**1,491,019**	**1,491,019**
Reconciliation of segment assets to total assets:				
Other assets	197,020	2,831,215	1,508,852	4,537,087
Total assets from continuing operations	**197,020**	**2,831,215**	**2,999,871**	**6,028,106**

	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**

22 Segment Information (continued)

(iii) Segment liabilities

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

23 Producing assets

At year end the Group had 3 producing assets, which the Board monitors as a separate item to the geographical and operating segments. The Arkoma, Strawn and Welch are Oil and Gas producing assets in the United States. It should be noted that the amounts below are only the apportionment of the Mosman ownership right. Project performance, assets and liabilities and acquisition costs are all monitored by the line items below.

(i) Project performance	**Arkoma $**	**Strawn $**	**Welch $**	**Total $**
Year Ended 30 June 2018				
Revenue				
Oil and gas project related revenue	33,098	147,934	520,912	701,944
Cash call revenue	-	29,385	-	29,385
Segment revenue	**33,098**	**177,319**	**520,912**	**731,329**
Project-related expenses				
- Cost of sales	-	27,951	125,273	153,225
- Lease operating expenses	17,045	159,418	192,174	368,637
Project cost of sales	**17,045**	**187,369**	**317,447**	**521,862**
Project gross profit				
Gross profit	**16,053**	**(10,051)**	**203,465**	**209,467**
Overhead costs				
- Administrative costs	-	806	-	806
- Employee benefits	-	23,531	-	23,531
Project net profit/(loss) before tax	**16,053**	**(34,388)**	**203,465**	**185,130**
Year Ended 30 June 2017				
Revenue				
Oil and gas project related revenue	-	5,651	-	5,651
Cash call revenue	-	232,697	-	232,697
Segment revenue	**-**	**238,348**	**-**	**238,348**
Project-related expenses				
- Cost of sales	-	7,032	-	7,032
- Lease operating expenses	-	87,546	-	87,546
Project cost of sales	**-**	**94,578**	**-**	**94,578**
Project gross profit				
Gross profit	**-**	**143,771**	**-**	**143,771**
Overhead costs				
- Administrative costs	-	1,001	-	1,001
- Employee benefits	-	20,018	-	20,18
Project net profit before tax	**-**	**122,752**	**-**	**122,752**

23 Producing assets (continued)

(ii) Project assets	Arkoma $	Strawn $	Welch $	Total $
As at 30 June 2018				
Project assets as at 1 July 2017	-	204,119	-	204,119
Project assets for the year				
- Cash	283	2,384	140,249	142,916
- Cash calls receivable	-	83,963	-	83,963
- Loans receivable	19,141	8,909	154,865	182,915
- Inventory	-	31,696	74,937	106,633
- Bonds receivable	-	304	-	304
	19,424	**127,256**	**370,051**	**516,731**
Unallocated assets				
- Other assets				1,353
Total project assets				**518,084**
As at 30 June 2017				
Project assets as at 1 July 2016	-	-	-	-
Project assets for the year				
- Cash	-	125,527	-	125,527
- Cash calls receivable	-	13,005	-	13,005
- Bonds receivable	-	65,588	-	65,588
	-	**204,120**	**-**	**204,120**
Unallocated assets				
- Other assets				1,870
Total project assets				**205,990**

(iii) Project liabilities

As at 30 June 2018				
Project liabilities as at 1 July 2017	-	83,217	-	83,217
Project liabilities for the year				
- Accounts payable	-	80,057	115,897	195,954
- Loans payable	2,584	21,048	40,711	64,343
	2,584	**101,105**	**156,608**	**260,297**
Unallocated liabilities				
- Other liabilities				-
Total project liabilities				**260,297**
As at 30 June 2017				
Project liabilities as at 1 July 2016	-	-	-	-
Project liabilities for the year				
- Accounts payable	-	51,634	-	51,634
- Accrued expenses	-	18,054	-	18,054
- Loans payable	-	13,558	-	13,558
	-	**83,246**	**-**	**83,246**
Unallocated liabilities				
- Other liabilities				-
Total project liabilities				**83,246**

24 Earnings/ (Loss) per shares

	Consolidated 2018 $	Consolidated 2017 $
The following reflects the loss and share data used in the calculations of basic and diluted earnings/ (loss) per share:		
Earnings/ (loss) used in calculating basic and diluted earnings/ (loss) per share	**(4,147,875)**	**(9,432,790)**
	Number of shares 2018	**Number of shares 2017**
Weighted average number of ordinary shares used in calculating basic earnings/(loss) per share:	311,116,999	208,461,458
Basic loss per share (cents per share)	1.33	4.46

25 Notes to the statement of cash flows

Reconciliation of loss from ordinary activities after income tax to net cash outflow from operating activities:	Consolidated 2018 $	Consolidated 2017 $
Loss from ordinary activities after related income tax	(4,102,231)	(9,186,307)
Share based payments	40,567	-
Depreciation	40,442	13,203
Previously capitalised expenses, written off	2,767,040	7,428,444
Fixed assets disposed of during the year	181,529	-
Share of loss of joint operations	33,721	-
Fair value loss on available-for-sale assets	76,442	-
Decrease in other assets	318,034	157,814
Decrease/(increase) in trade and other receivables	182,792	(236,180)
Increase in inventory	(106,633)	-
Change in value of NCI	95,762	-
Increase in trade and other payables	(46,647)	325,070
Net cash outflow from operating activities	**(519,182)**	**(1,497,956)**

26 Financial Instruments

The Company's activities expose it to a variety of financial and market risks. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company.

(i) Interest Rate Risk

The Company’s exposure to interest rate risk, which is the risk that a financial instrument’s value will fluctuate as a result of changes in market, interest rates and the effective weighted average interest rates on those financial assets, is as follows:

26 Financial Instruments (continued)

Consolidated 2018	Note	Weighted Average Effective Interest %	Funds Available at a Floating Interest Rate $	Fixed Interest Rate $	Assets/ Liabilities Non Interest Bearing $	Total $
Financial Assets						
Cash and Cash Equivalents	8	**0.5%**	1,323,084	-	-	1,323,084
Trade and other Receivables	9		-	-	161,814	161,814
Other assets	10		-	-	5,944	5,944
Total Financial Assets			**1,323,084**	**-**	**167,758**	**1,490,842**
Financial Liabilities						
Trade and other Payables	15		-	-	436,586	436,586
Provisions	16		-	-	19,000	19,000
Total Financial Liabilities			**-**	**-**	**455,586**	**455,586**
Net Financial Assets			**1,323,084**	**-**	**(287,828)**	**1,035,255**

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	8	**0.1%**	1,666,139	-	-	1,666,139
Trade and other Receivables	9		-	-	394,605	394,605
Other assets	10		-	-	35,690	35,690
Other financial assets	11		-	-	288,288	288,288
Total Financial Assets			**1,666,139**	**-**	**718,583**	**2,384,722**
Financial Liabilities						
Trade and other Payables	15		-	-	353,769	353,769
Provisions	16		-	-	158,165	158,165
Total Financial Liabilities			**-**	**-**	**511,934**	**511,934**
Net Financial Assets			**1,666,139**	**-**	**206,649**	**1,872,788**

26 Financial Instruments (continued)

(ii) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date, is the carrying amount, net of any provisions for doubtful debts, as disclosed in the balance sheet and in the notes to the financial statements. The Company does not have any material credit risk exposure to any single debtor or group of debtors, under financial instruments entered into by it.

(iii) Commodity Price Risk and Liquidity Risk

At the present state of the Company's operations it has minimal commodity price risk and limited liquidity risk due to the level of payables and cash reserves held. The Company's objective is to maintain a balance between continuity of exploration funding and flexibility through the use of available cash reserves.

(iv) Net Fair Values

For assets and other liabilities, the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form. The Company has no financial assets where the carrying amount exceeds net fair values at balance date.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the balance sheet and in the notes to the financial statements.

27 Contingent Liabilities

There were no material contingent liabilities not provided for in the financial statements of the Company as at 30 June 2018.

28 Mosman Oil and Gas Limited - Parent Entity Disclosures

	2018 $	2017 $
Financial position		
Assets		
Current assets	1,224,198	1,723,088
Non-current assets	13,853,962	12,073,612
Total assets	**15,078,160**	**13,796,700**
Liabilities		
Current liabilities	310,716	242,332
Total liabilities	**310,716**	**242,332**
Net assets	**14,767,444**	**13,554,368**
Equity		
Contributed equity	28,044,137	25,285,646
Reserves	69,408	847,647
Accumulated losses	(13,346,101)	(12,578,925)
Total Equity	**14,767,444**	**13,554,368**
Financial Performance		
Loss for the year	(1,414,170)	(1,508,985)
Other comprehensive income	-	-
Total comprehensive income	**(1,414,170)**	**(1,508,985)**

29 Controlled Entities

Investments in group entities comprise:

Name	Principal activities	Incorporation	Beneficial percentage held by economic entity	
			2018 %	**2017 %**
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	**-**	**-**
OilCo Pty Limited	Oil & Gas exploration	Australia	**100**	**100**
Trident Energy Pty Ltd	Oil & Gas exploration	Australia	**100**	**100**
Mosman Oil USA, INC.	Oil & Gas operations	U.S.A.	**100**	**100**
Mosman Texas, LLC	Oil & Gas operations	U.S.A.	**100**	**100**
Mosman Operating, LLC	Oil & Gas operations	U.S.A.	**100**	**100**

Mosman Oil and Gas Limited is the Parent Company of the Group, which includes all of the controlled entities. See also Note 32 Subsequent Events for additional corporate activity in progress subsequent to the 30 June 2018 year end.

29 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	2018 $	2017 $
Current Assets		
Cash and cash equivalents	4,769	125,527
Trade and other receivables	168,535	78,593
Inventory	63,392	-
Total Current Assets	**236,696**	**204,120**
Total Assets	**236,696**	**204,120**
Current Liabilities		
Trade and other payables	160,114	69,679
Total Current Liabilities	**160,114**	**69,679**
Non-Current Liabilities		
Loan to Joint Operator – Mosman Oil USA Inc.	24,279	**-**
Total Non-Current Liabilities	**24,279**	**13,558**
Total Liabilities	**184,393**	**83,237**
Net Assets	**52,303**	**120,883**
Equity		
Contributed equity	1,335	1,335
Reserves	(3,007)	(3,204)
Retained earnings	53,975	122,752
Total Equity	**52,303**	**120,883**
Accumulated Non-controlling interest	**26,151**	**60,442**

29 Controlled Entities (continued)

Summarised Statement of Comprehensive Income	2018 $	2017 $
Revenue	295,867	198,313
Cost of sales	(55,902)	-
Gross profit	**239,965**	**198,313**
Other income	58,770	40,035
Administrative expenses	-	(82,233)
Corporate expenses	-	(13,345)
Lease operating expenses	(320,449)	-
Employee benefits expense	(47,063)	(20,018)
(Loss)/profit from ordinary activities before income tax expense	(68,777)	122,752
Income tax expense	-	-
Net (loss)/profit for the year	**(68,777)**	**122,752**
Total comprehensive profit for the year is attributable to:		
Shareholders	-	-
Non-controlling interest	-	-
Total comprehensive profit attributable to member of the entity	**(68,777)**	**122,752**
(Loss)/profit allocated to non-controlling interest	**(34,388)**	**61,376**

Summarised Statement of Cash Flows	2018 $	2017 $
Cash flows from operating activities	(131,480)	92,303
Cash flows from investing activities	10,721	33,224
Cash flows from financing activities	-	-
Net (decrease)/increase in cash and cash equivalents	**(120,759)**	**125,527**

30 Associated Entity

Name	Principal activities	Incorporation	Beneficial percentage held by Group 2018	2017
Australasian Petroleum Portfolio Pty. Ltd.	Holds interest in Officer Basin Licence Application - Oil & Gas exploration	Australia	-	-

31 Share Based Payments

	Consolidated 2018 $	Consolidated 2017 $
Basic loss per share (cents per share)	1.33	4.46

The following share based payment arrangements existed at 30 June 2018:

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 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 2018 859,372 options are still outstanding.

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

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

A summary of the movements of all company option issues to 30 June 2018 is as follows:

Company Options	2018 Number of Options	2017 Number of Options	2018 Weighted Average Exercise Price	2017 Weighted Average Exercise Price
Outstanding at the beginning of the year	7,859,372	7,859,372	$0.1500	$0.2400
Expired	(3,800,000)	-		
Granted	10,750,000	-	$0.0022	-
Outstanding at the end of the year	14,809,372	7,859,372	$0.1595	$0.2400
Exercisable at the end of the year	14,809,372	7,859,372	$0.1595	$0.2400

32 Events Subsequent to the End of the Financial Year

Material transactions arising since 30 June 2018 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:

Baja Strategic Alliance

On 18 July 2018, the Company entered into a Strategic Alliance with Baja Oil and Gas, LLC for the exploitation and development of oil and gas reserves located onshore Texas, USA. Baja owns an existing inventory of oil and gas development projects and is continuing to add projects to the inventory. Under

the umbrella of the Strategic Alliance, Mosman will participate in the evaluation of future projects and will have the ability to invest in the development of existing projects. The first project agreed upon was to drill the Stanley well located in the Livingston Oilfield, Polk County, Texas.

The Stanley Development Project is supported by Baja's interpretation of 3D seismic data, integrated with substantial sub-surface well control, and legacy production information.

Mosman has acquired a 16.5% Working Interest by agreeing to pay 22% of the cost of the well, and some prior costs.

Mosman has also acquired a direct interest in the Challenger and Champion projects.

Issue of Equity to Fund Expansion

On 9 November 2018, the Company raised £390,000 (before expenses) by way of a placing of 141,818,182 new ordinary shares of no par value in the capital of the Company ("Fundraising or Placing Shares") at 0.275p per share plus a 1 for 2 warrant exercisable at 0.4p per share (the "Warrants"). The Warrants being exercisable within 24 months of issue.

In addition to the Fundraising, two Directors indicated their intent, to subscribe for up to £110,000 (approximately AUD 198,000) (the "Proposed Subscription") on the same terms and conditions as the Placees to demonstrate their ongoing commitment to the Company. The Directors were unable to participate in the Fundraising as the Company was in a closed period by virtue of the imminent publication of the 2018 Annual Report.

The Proposed Subscription, and the final terms of the Proposed Subscription, which would be subject to AIM Rule 13 Related Party Transactions, will be conditional upon completion of all necessary regulatory approvals. Assuming those approvals are received this would lead to the issuance of a further 40,000,000 shares plus a 1 for 2 warrant exercisable on the same terms.

Assuming the Proposed Subscription proceeds, that would result in the total funds raised of £500,000 (approximately AUD 900,000) before costs.

A further announcement in respect of the Directors' participation is expected to be notified shortly.

Arkoma Option Extension

On 25 July 2018, the Company obtained an extension to the date of the option of acquiring an additional interest in the project.

On 28 September 2018, the Company announced that it would not proceed to exercise the additional working interest option.

EP 156 Impairment

On 6 November 2018, the Company made the decision to relinquish EP 156. As a result of the relinquishment, the asset was fully impaired as at 30 June 2018.

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 31-62, 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 2018 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

27 November 2018