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MOSMAN OIL AND GAS  
LIMITED

ACN 150 287 111

CONDENSED CONSOLIDATED HALF YEAR  
FINANCIAL REPORT  
31 DECEMBER 2020

## Company Directory

### Directors

John W Barr  
Andy R Carroll  
John A Young

### Company Secretary

Jarrold White

### Head and Registered Office

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

### Stock Exchange

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

### Auditors

Elderton Audit Pty Ltd

### Nominated Adviser & Broker

SP Angel Corporate Finance LLP

### Registrars

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

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

### Company Website

[www.mosmanoilandgas.com](http://www.mosmanoilandgas.com)

### Bankers

In Australia:  
National Australia Bank

### Joint Broker

Monecor (London) Ltd trading as ETX Capital

### Lawyers

As to English law  
Druces LLP

As to Australian law  
Thomson Geer

## **Operations Review**

### **Strategy**

Mosman's objective remains to identify opportunities which will provide operating cash flow and have further development upside, in conjunction with adding value to the Company's existing exploration permits. To that end the Company is effectively operating in two divisions with onshore oil and gas production with further potential growth in the USA, and exploration for oil, gas, helium and hydrogen in Central Australia.

Whilst the strategy remains intact, short term adjustments were necessary as a result of global events, oil price movements and the COVID19 pandemic that has affected the world. The Board took action to ensure the company survived, and we are pleased that it has not only survived but is well placed for the economic recovery.

With lower oil prices, the decision was made to focus on the higher margin USA operations in East Texas and to dispose of other projects where possible. This led to the sale of the Welch project and sale of the shares in other companies. Proceeds were subsequently applied to drilling, completing, and installing production facilities at Falcon and workovers at Stanley and Greater Stanley.

In Central Australia, the original plan was to progress exploration by conducting seismic acquisition. As a result of COVID19, approvals for on ground activity were delayed. An airborne gravity survey is now planned to obtain geophysical data over the whole permit, while approval is sought for the seismic acquisition. Those activities are now fully funded with an equity placing announced in March 2021.

### **Results**

The unaudited results for the six months to 31 December 2020 reflect the seriousness of the economic uncertainty in the second half of 2020 coupled with production issues, particularly at Stanley, where a number of workovers have been completed. Revenue fell to \$383,138 and Gross Profit decreased to \$56,828.

On top of the fall in production, oil prices ranged between US\$39 in July 2020 to US\$48 in December 2020. This has recently risen to over US\$60. These prices were better than the first half of the 2020 calendar year, but did effect the gross revenue. Arkoma was again disappointing and the Company is still reviewing options for this non-core asset. Falcon Production began in December 2020, although sales and the recognition of revenue did not commence until January 2021.

Expenses increased slightly during the period due to the appointment of a second broker, increased amortisation costs and currency movements.

The pandemic has restricted travel by the Board since early 2020 and thus the Company has become increasingly dependent on consultants at operational levels. The Company is effectively operating in two Countries, and clear divisions of duties have been implemented.

Operationally a number of activities occurred with the drilling of Falcon-1, the drilling of Stanley-4, the sale of Welch, and various workovers. From a corporate perspective there was strong activity with a number of presentations, a capital raising, and the sale of shares in Canada.

The ability to raise funds on the capital markets was important with over \$1.6 million spent on exploration, development, and acquisitions during the six months. The Company raised GBP0.9m gross before expenses in an equity placing during the period in October 2020 and, in a post balance sheet date event, it raised a further GBP1.5 million gross before expenses in March 2021.

Today, the Company is well funded with a cash balance of AUD3.5 million as at the end of March 2021 and has an aggressive exploration and development plan on its existing projects for the remainder of 2021 that are expected to benefit from the recovery in energy prices and the economy while continuing to evaluate new acquisition opportunities that fit its investment criteria.

**Projects**

Mosman has Working Interests in onshore producing projects located in the USA. These projects and Mosman's working interests before royalties as at 31 December 2020 are:

**Producing Projects in USA**

| <b>PRODUCING</b>   |                 |   |
|--------------------|-----------------|---|
| <b>Project</b>     | <b>Location</b> | <b>Approx Working Interest (before royalties)</b> |
| Falcon             | Texas           | 50%   |
| Stanley            | Texas           | 18.5% to 14.85%                                   |
| Greater Stanley    | Texas           | 40%   |
| Arkoma Stacked Pay | Oklahoma        | 27% (Held for sale)                               |

| <b>UNDEVELOPED</b> |                 |   |
|--------------------|-----------------|---|
| <b>Project</b>     | <b>Location</b> | <b>Approx Working Interest (before royalties)</b> |
| Galaxie            | Texas           | 60%   |
| Cinnabar           | Texas           | 85% (after JV farmout)                            |

Mosman also has interests in two projects in Central Australia:

| <b>Project</b> | <b>Location</b>               | <b>Approx Working Interest (before royalties)</b>          |
|----------------|-------------------------------|--|
| Amadeus Basin  | Northern Territory, Australia | 100% (EP145)<br>30% (EPA 155 - 70% was farmed out in 2020) |

**Production Summary for the six months ending 31 December 2020**

Net Production attributable to Mosman for the six months was 9,871 boe.

**Production Details**

Further details are outlined below:

|                  | <b>6 Months to<br/>31 December 2020</b> |                     | <b>6 Months to<br/>31 December 2019</b> |                  |
|------------------|---|---------------------|---|------------------|
|                  | Total Project                           | Net<br>Attributable | Total Project                           | Net Attributable |
|                  | Gross boe                               | Net boe             | Gross boe                               | Net boe          |
| Falcon*          | 2,191                                   | 1,096               | -                                       | -                |
| Stanley          | 24,982                                  | 3,984               | 42,268                                  | 6,877            |
| Greater Stanley  | 936                                     | 187                 | -                                       | -                |
| Arkoma           | 615                                     | 123                 | 5,868                                   | 1,124            |
| Welch**          | 5,845                                   | 4,481               | 6,851                                   | 5,252            |
| <b>Total boe</b> | <b>34,569</b>                           | <b>9,871</b>        | <b>54,987</b>                           | <b>13,253</b>    |

*Net production means net to Mosman's working interest before royalties*

*\*Falcon production commenced on 11 December 2020*

*\*\*Welch project has now been sold*

**Subsequent Events**

- In January 2021, the Company announced the sale of the remaining shares it owned in Norseman Silver Inc for AUD208,000;
- The sales of the Welch asset was completed in January 2021 and the amount of AUD546,611 shown as a receivable in the balance sheet of 31 December 2020 was received;
- In February 2021, warrants totalling AUD128,000 were exercised;
- In March 2021, the Company raised GBP1,500,000 to be used for Helium, Hydrogen and Hydrocarbon exploration on EP 145 in Central Australia;
- In April 2021, the Company announced it had acquired an additional 20% of the Greater Stanley (Duff lease). This increased Mosman's working interest in Duff to 40%.

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

**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income  
For The Half Year Ended 31 December 2020  
All amounts are in Australian Dollars**

|   | Notes | Consolidated<br>6 months to<br>31 December<br>2020<br>\$ | Consolidated<br>6 months to<br>31 December<br>2019<br>\$ |
|---|-------|--|--|
| Revenue   |       | 383,138  | 998,369  |
| Cost of sales   | 2     | (326,310)  | (426,432)  |
| Gross profit  |       | <b>56,828</b>  | <b>571,937</b>   |
| Interest income   |       | 37   | 23,228   |
| Gain on sale of oil and gas assets  |       | 122,000  | -  |
| Other income  |       | 51,512   | 39,893   |
| Administrative expenses   |       | (158,325)  | (95,766)   |
| Corporate expenses  | 3     | (440,477)  | (433,166)  |
| Directors fees  |       | (60,000)   | (60,000)   |
| Exploration expenses incurred not capitalised                                     |       | (10,090)   | -  |
| Employee benefits expense   |       | (29,337)   | (34,004)   |
| Evaluation and due diligence  |       | -  | (140,430)  |
| Finance costs   |       | (6,362)  | (5,177)  |
| Amortisation expense  |       | (63,297)   | (43,089)   |
| Depreciation expense  |       | (1,559)  | (2,208)  |
| Impairment expense  |       | -  | (4,142,016)  |
| Loss on foreign exchange  |       | (19,846)   | -  |
| Loss on sale of OCI financial assets  | 5     | (149,906)  | -  |
| <b>Loss from ordinary activities before income tax expense</b>                    |       | <b>(708,822)</b>   | <b>(4,320,798)</b>                                       |
| Income tax expense  |       | -  | -  |
| <b>Net loss for the period</b>  |       | <b>(708,822)</b>   | <b>(4,320,798)</b>                                       |
| <b>Other comprehensive income</b>   |       |  |  |
| <i>Items that may be reclassified to profit or loss</i>                           |       |  |  |
| Gain on financial assets at fair value through other comprehensive income (FVOCI) | 4     | 525,118  | 60,626   |
| Foreign currency (loss)/gain  | 4     | (354,035)  | (12,023)   |
| <b>Other comprehensive income for the period, net of tax</b>                      |       | <b>171,083</b>   | <b>48,603</b>  |
| <b>Total comprehensive loss attributable to members of the entity</b>             |       | <b>(537,739)</b>   | <b>(4,272,195)</b>                                       |
| Basic and diluted loss per share  |       | <i>(0.04) cents</i>                                      | <i>(0.73) cents</i>                                      |

The accompanying notes form part of these consolidated financial statements.

**Condensed Consolidated Statement of Financial Position**  
**As at 31 December 2020**  
**All amounts are in Australian Dollars**

|   | Notes | Consolidated<br>Balance as at<br>31 December<br>2020 | Consolidated<br>Balance as at<br>30 June<br>2020 |
|---|-------|--|--|
|   |       | \$   | \$   |
| <b>Current Assets</b>                           |       |  |  |
| Cash and cash equivalents                       |       | 776,549  | 372,479  |
| Trade and other receivables                     | 6     | 741,476  | 78,719   |
| Inventory                                       |       | -  | 44,508   |
| Other financial assets                          |       | 207,782  | 93,748   |
| Other assets                                    | 7     | 81,448   | 16,959   |
| Total current assets                            |       | <u>1,807,255</u>                                     | <u>606,413</u>                                   |
| <b>Non-Current Assets</b>                       |       |  |  |
| Property, plant & equipment                     |       | 8,436  | 9,995  |
| Oil and gas assets                              | 8     | 3,083,891  | 2,061,131  |
| Other receivables                               |       | -  | 54,820   |
| Capitalised oil and gas exploration expenditure | 9     | 383,601  | 301,242  |
| Total non-current assets                        |       | <u>3,475,928</u>                                     | <u>2,427,188</u>                                 |
| <b>Total Assets</b>                             |       | <b><u>5,283,183</u></b>                              | <b><u>3,033,601</u></b>                          |
| <b>Current Liabilities</b>                      |       |  |  |
| Trade and other payables                        | 10    | 380,848  | 358,091  |
| Equity settled liabilities                      |       | -  | 191,000  |
| Provisions                                      |       | 22,206   | 20,269   |
| Total current liabilities                       |       | <u>403,054</u>                                       | <u>569,360</u>                                   |
| <b>Total Liabilities</b>                        |       | <b><u>403,054</u></b>                                | <b><u>569,360</u></b>                            |
| <b>Net Assets</b>                               |       | <b><u>4,880,129</u></b>                              | <b><u>2,464,241</u></b>                          |
| <b>Shareholders' Equity</b>                     |       |  |  |
| Contributed equity                              | 11 a) | 33,645,124   | 30,691,497                                       |
| Reserves  | 12    | 883,217  | 712,134  |
| Accumulated losses                              |       | (29,648,212)   | (28,939,390)                                     |
| <b>Equity attributable to shareholders</b>      |       | <b><u>4,880,129</u></b>                              | <b><u>2,464,241</u></b>                          |
| <b>Total Shareholders' Equity</b>               |       | <b><u>4,880,129</u></b>                              | <b><u>2,464,241</u></b>                          |

The accompanying notes form part of these consolidated financial statements.

**Condensed Consolidated Statement of Changes in Equity  
For the Half Year Ended 31 December 2020  
All amounts are in Australian Dollars**

|   | Accumulated<br>Losses | Contributed<br>Equity | Reserves       | Non-<br>Controlling<br>Interest | Total              |
|---|-----------------------|-----------------------|----------------|---------------------------------|--------------------|
|   | \$                    | \$                    | \$             | \$                              | \$                 |
| <b>Balance at 1 July 2020</b>   | <b>(28,939,390)</b>   | <b>30,691,497</b>     | <b>712,134</b> | -                               | <b>2,464,241</b>   |
| <i>Comprehensive income</i>   |                       |                       |                |                                 |                    |
| Loss for the period   | (708,822)             | -                     | -              | -                               | (708,822)          |
| Other comprehensive loss for the period                                     | -                     | -                     | 171,083        | -                               | 171,083            |
| <b>Total comprehensive loss for the period</b>                              | <b>(708,822)</b>      | <b>-</b>              | <b>171,083</b> | <b>-</b>                        | <b>(537,739)</b>   |
| Transactions with owners, in their capacity as owners, and other transfers: |                       |                       |                |                                 |                    |
| New shares issued   | -                     | 3,095,575             | -              | -                               | 3,095,575          |
| Cost of raising equity  | -                     | (141,948)             | -              | -                               | (141,948)          |
| Total transactions with owners and other transfers                          | -                     | 2,953,627             | -              | -                               | 2,953,627          |
| <b>Balance at 31 December 2020</b>  | <b>(29,648,212)</b>   | <b>33,645,124</b>     | <b>883,217</b> | <b>-</b>                        | <b>4,880,129</b>   |
| <b>Balance at 1 July 2019</b>   | <b>(24,101,980)</b>   | <b>30,164,872</b>     | <b>530,837</b> | <b>-</b>                        | <b>6,593,729</b>   |
| <i>Comprehensive income</i>   |                       |                       |                |                                 |                    |
| Loss for the period   | (4,320,798)           | -                     | -              | -                               | (4,320,798)        |
| Other comprehensive loss for the period                                     | -                     | -                     | 48,603         | -                               | 48,603             |
| <b>Total comprehensive loss for the period</b>                              | <b>(4,320,798)</b>    | <b>-</b>              | <b>48,603</b>  | <b>-</b>                        | <b>(4,272,195)</b> |
| Transactions with owners, in their capacity as owners, and other transfers: |                       |                       |                |                                 |                    |
| New shares issued   | -                     | -                     | -              | -                               | -                  |
| Cost of raising equity  | -                     | -                     | -              | -                               | -                  |
| Total transactions with owners and other transfers                          | -                     | -                     | -              | -                               | -                  |
| <b>Balance at 31 December 2019</b>  | <b>(28,422,778)</b>   | <b>30,164,872</b>     | <b>579,440</b> | <b>-</b>                        | <b>2,321,534</b>   |

These accompanying notes form part of these consolidated financial statements



**Condensed Consolidated Statement of Cash Flows**  
**For the Half Year Ended 31 December 2020**  
**All amounts are in Australian Dollars**

|   | <b>Consolidated<br/>6 months to<br/>31 December<br/>2020<br/>\$</b> | <b>Consolidated<br/>6 months to<br/>31 December<br/>2019<br/>\$</b> |
|---|---|---|
| <b>Cash flows from operating activities</b>                               |   |   |
| Receipts from customers   | 387,356   | 1,010,125   |
| Interest received & other income  | 51,511  | -   |
| Payments to suppliers and employees                                       | (1,423,368)   | (1,257,973)   |
| Bonds refunded  | -   | 10,000  |
| Interest paid   | (6,361)   | (5,177)   |
| <b>Net cash used in operating activities</b>                              | <b>(990,862)</b>  | <b>(243,025)</b>  |
| <b>Cash flows from investing activities</b>                               |   |   |
| Payments for exploration and evaluation                                   | (82,359)  | (15,340)  |
| Deposits paid for acquisition   | (135,223)   | -   |
| Costs associated with abandoned acquisitions                              | -   | -   |
| Payments for oil and gas acquisitions                                     | -   | (162,009)   |
| Payments for oil and gas assets   | (1,602,290)   | (332,411)   |
| Proceeds from sale of assets  | 261,177   | -   |
| <b>Net cash used in investing activities</b>                              | <b>(1,558,695)</b>  | <b>(509,760)</b>  |
| <b>Cash flows from financing activities</b>                               |   |   |
| Proceeds from shares issued   | 3,095,575   | -   |
| Payments for costs of capital   | (141,948)   | -   |
| Payments for loans to third parties                                       | -   | 52,850  |
| Transactions with non-controlling interest                                | -   | -   |
| <b>Net cash provided by financial activities</b>                          | <b>2,953,627</b>  | <b>52,850</b>   |
| <b>Net decrease in cash and cash equivalents</b>                          | <b>404,070</b>  | <b>(699,935)</b>  |
| <b>Cash and cash equivalents at the beginning of the financial period</b> | <b>372,479</b>  | <b>823,959</b>  |
| <b>Cash and cash equivalents at the end of the financial period</b>       | <b>776,549</b>  | <b>124,024</b>  |

The accompanying notes form part of these consolidated financial statements

**Condensed Notes to the Financial Statements  
For the Half-Year Ended 31 December 2020  
All amounts are Australian Dollars**

**1. Summary of Significant Accounting Policies**

**Statement of Compliance**

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

**Basis of preparation**

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

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Group's 2020 annual financial report for the financial year ended 30 June 2020, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards (IFRS).

**Going Concern**

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

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

- Current cash and cash equivalents on hand and a further capital raise of GBP 1,500,000 in March 2021;
- The ability to further vary cash flow depending upon the achievement of certain milestones within the business plan and;
- The ability of the Company to obtain funding through various sources, including debt and equity.

**Exploration and Evaluation Costs**

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

**Impairment of Exploration and Evaluation Assets**

The ultimate recoupment of the value of exploration and evaluation assets is dependent on the successful development and commercial exploitation, or alternatively, sale, of the exploration and evaluation assets.

Impairment tests are carried out when there are indicators of impairment in order to identify whether the asset carrying values exceed their recoverable amounts. There is significant estimation and judgement in determining the inputs and assumptions used in determining the recoverable amounts.

**Condensed Notes to the Financial Statements  
For the Half-Year Ended 31 December 2020  
All amounts are Australian Dollars**

**1. Summary of Significant Accounting Policies (Continued)**

The key areas of judgement and estimation include:

- Recent exploration and evaluation results and resource estimates;
- Environmental issues that may impact on the underlying tenements; and
- Fundamental economic factors that have an impact on the operations and carrying values of assets and liabilities.

**Revenue Reporting**

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

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

Revenue from joint operations is recognised based on the Group's share of the sale by the joint operation.

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

**Oil and Gas assets**

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

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

**Segment Reporting**

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

**New standards and interpretations**

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

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

**Mosman Oil and Gas Limited Condensed Consolidated Half Year Financial Report 2021**

**Condensed Notes to the Financial Statements  
For the Half-Year Ended 31 December 2020  
All amounts are Australian Dollars**

|   | <b>Consolidated<br/>6 months to<br/>31 December<br/>2020<br/>\$</b> | <b>Consolidated<br/>6 months to<br/>31 December<br/>2019<br/>\$</b> |
|---|---|---|
| <b>2. Cost of sales</b>   |   |   |
| Cost of sales   | 70,571  | 165,843   |
| Lease operating expenses  | 255,739   | 260,589   |
|   | <b>326,310</b>  | <b>426,432</b>  |
| <b>3. Corporate costs</b>   |   |   |
| Accounting, Company Secretary and Audit fees                                      | 97,174  | 96,537  |
| Consulting fees – Board   | 166,000   | 161,000   |
| Consulting fees – Other   | 83,176  | 82,963  |
| Legal and compliance fees   | 94,127  | 92,666  |
|   | <b>440,477</b>  | <b>433,166</b>  |
| <b>4. Other comprehensive income</b>  |   |   |
| Gain on financial assets at fair value through other comprehensive income (FVOCI) | 525,118   | 60,626  |
| Foreign currency (loss)/gain  | (354,035)   | (12,023)  |
|   | <b>171,083</b>  | <b>48,603</b>   |
| <b>5. Loss on sale of OCI financial assets</b>                                    |   |   |
| Loss on sale of OCI financial assets  | 149,906   | -   |
|   | <b>149,906</b>  | <b>-</b>  |

The Group sold their remaining shares in Norseman Silver Inc in January 2021. Due to a significant increase in the share price, the \$149,906 loss booked on the sale of the OCI financial assets subsequently resulted in a year to date profit of \$11,314. The result is that the recorded figures in the 2021 annual report will more than offset the recorded loss in the interim results.

|  | <b>Consolidated<br/>Balance as at<br/>31 December<br/>2020<br/>\$</b> | <b>Consolidated<br/>Balance as at<br/>30 June<br/>2020<br/>\$</b> |
|--|---|---|
| <b>6. Trade and other receivables</b>        |   |   |
| Deposits                                     | 54,856  | -   |
| GST receivable                               | 42,887  | 20,112  |
| Accrued revenue                              | 94,526  | 54,235  |
| Settlement funds receivable on sale of asset | 546,611   | -   |
| Other receivables                            | 2,596   | 4,372   |
|  | <b>741,476</b>  | <b>78,719</b>   |

The sale of Welch was completed in December 2020 and the balance reflects the amount receivable from the purchaser. The funds were settled in January 2021.

**Condensed Notes to the Financial Statements  
For the Half-Year Ended 31 December 2020  
All amounts are Australian Dollars**

|  | <b>Consolidated<br/>Balance as at<br/>31 December<br/>2020<br/>\$</b> | <b>Consolidated<br/>Balance as at<br/>30 June<br/>2020<br/>\$</b> |
|--|---|---|
| <b>7. Other assets</b>   |   |   |
| Prepayments  | 81,448  | 16,959  |
|  | <b>81,448</b>   | <b>16,959</b>   |
| <b>8. Oil and gas assets</b>   |   |   |
| Cost brought forward   | <b>2,061,131</b>  | <b>3,905,106</b>  |
| Acquisition of oil and gas assets during the period  | 135,223   | 236,783   |
| Disposal of oil and gas assets on sale during the period <sup>1</sup>  | (445,606)   | -   |
| Capitalised equipment workovers <sup>2</sup>   | 1,602,290   | 402,901   |
| Amortisation for the year  | (63,297)  | (103,616)   |
| Impairment of oil and gas assets   | -   | (2,380,043)   |
| Impact of foreign exchange   | (205,850)   | -   |
| Carrying value at end of the period  | <b>3,083,891</b>  | <b>2,061,131</b>  |
| <p>1. Disposal relates to the sale of the Welch project during the period, of which a gain was recorded of \$122,000.</p> <p>2. Capitalised project drilling and workovers primarily for the Falcon project.</p> |   |   |
| <b>9. Capitalised oil and gas expenditure</b>  |   |   |
| Costs brought forward  | <b>301,242</b>  | <b>1,615,956</b>  |
| Exploration costs incurred during the period   | 82,359  | 66,582  |
| Impairment of oil and gas expenditure <sup>(i)</sup>   | -   | (1,381,296)   |
| Carrying value at the end of the period  | <b>383,601</b>  | <b>301,242</b>  |
| (i) Relates to impairment of exploration expenditure in the Amadeus Basin.   |   |   |
| <b>10. Trade and other payables</b>  |   |   |
| Trade creditors  | 304,508   | 331,972   |
| Other creditors and accruals   | 76,340  | 26,119  |
|  | <b>380,848</b>  | <b>358,091</b>  |

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**11. Contributed Equity**

**Ordinary Shares**

Total shares at 31 December 2020: 2,599,013,052 (30 June 2020: 1,085,810,968) ordinary shares fully paid.

|   | <b>Contributed<br/>Equity</b> | <b>No. of shares</b> |
|---|-------------------------------|----------------------|
|   | <b>\$</b>                     |                      |
| <b>a) Shares movements during the half-year</b> |                               |                      |
| Balance at 30 June 2020                         | 30,691,497                    | 1,085,810,968        |
| Shares issued                                   | 3,095,575                     | 1,513,202,084        |
| Cost of issued shares                           | (141,948)                     | -                    |
| Balance at 31 December 2020                     | <b>33,645,124</b>             | <b>2,599,013,052</b> |

|  | <b>Consolidated<br/>Balance as at<br/>31 December<br/>2020</b> | <b>Consolidated<br/>Balance as at<br/>30 June<br/>2020</b> |
|--|--|--|
|--|--|--|

**12. Reserves**

|                                      |                |                |
|--------------------------------------|----------------|----------------|
| Options reserve                      | 471,818        | 471,818        |
| Asset revaluation reserve            | 161,593        | (363,525)      |
| Foreign currency translation reserve | 249,806        | 603,841        |
|                                      | <b>883,217</b> | <b>712,134</b> |

**a) Options Reserve**

|  |                |                |
|--|----------------|----------------|
| Options Reserve at the beginning of the period | 471,818        | 471,818        |
| Options Reserve at the end of the period       | <b>471,818</b> | <b>471,818</b> |

**b) Asset Revaluation Reserve**

|  |                |                  |
|--|----------------|------------------|
| Asset Revaluation Reserve at the beginning of the period | (363,525)      | (402,412)        |
| Revaluation of FVOCI shares                              | 525,118        | 38,887           |
| Asset Revaluation Reserve at the end of the period       | <b>161,593</b> | <b>(363,525)</b> |

**c) Foreign Currency Translation Reserve**

|   |                |                |
|---|----------------|----------------|
| Foreign Currency Translation Reserve at the beginning of the period | 603,841        | 461,431        |
| Current movement in the period                                      | (354,035)      | 142,410        |
| Foreign Currency Translation Reserve at the end of the period       | <b>249,806</b> | <b>603,841</b> |

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**13. Segment Information**

The Group has identified its operating segments based on the internal reports that are reviewed and used by the board to make decisions about resources to be allocated to the segments and assess their performance. Operating segments are identified by the board based on the Oil and Gas projects in Australia the United States. Discrete financial information about each project is reported to the board on a regular basis.

The reportable segments are based on aggregated operating segments determined by the similarity of the economic characteristics, the nature of the activities and the regulatory environment in which those segments operate. The Group has two reportable segments based on the geographical areas of the mineral resource and exploration activities in Australia, the United States. Unallocated results, assets and liabilities represent corporate amounts that are not core to the reportable segments.

**(i) Segment performance**

|  | <b>United<br/>States</b> | <b>Australia</b> | <b>Total</b>     |
|--|--------------------------|------------------|------------------|
|  | <b>\$</b>                | <b>\$</b>        | <b>\$</b>        |
| <b>Period ended 31 December 2020</b>                             |                          |                  |                  |
| <b>Revenue</b>   |                          |                  |                  |
| Revenue  | 383,138                  | -                | 383,138          |
| Interest income  | -                        | 37               | 37               |
| Gain on sale of oil and gas assets                               | 122,000                  | -                | 122,000          |
| Other income   | 41,512                   | 10,000           | 51,512           |
| <b>Segment revenue</b>   | <b>546,650</b>           | <b>10,037</b>    | <b>556,687</b>   |
| <b>Segment Result</b>  |                          |                  |                  |
| Loss   |                          |                  |                  |
| Allocated  |                          |                  |                  |
| - Corporate costs  | (65,123)                 | (375,354)        | (440,477)        |
| - Administrative costs   | (93,693)                 | (64,632)         | (158,325)        |
| - Lease operating expenses                                       | (255,739)                | -                | (255,739)        |
| - Cost of sales  | (70,571)                 | -                | (70,571)         |
| - Loss on sale of OCI financial assets                           | (149,906)                | -                | (149,906)        |
| Segment net profit/(loss) before tax                             | <b>(88,382)</b>          | <b>(429,949)</b> | <b>(518,331)</b> |
| <i>Reconciliation of segment result to net loss before tax</i>   |                          |                  |                  |
| Amounts not included in segment result but reviewed by the Board |                          |                  |                  |
| - Evaluation expenses incurred not capitalised                   | -                        | (10,090)         | (10,090)         |
| - Amortisation   | (63,297)                 | -                | (63,297)         |
| - Impairment   | -                        | -                | -                |
| Unallocated items  |                          |                  |                  |
| - Employee benefits expense                                      |                          |                  | (89,337)         |
| - Finance costs  |                          |                  | (6,362)          |
| - Foreign exchange   |                          |                  | (19,846)         |
| - Depreciation   |                          |                  | (1,559)          |
| Net Loss before tax from continuing operations                   |                          |                  | <b>(708,822)</b> |

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**13. Segment Information (continued)**

**(i) Segment performance (continued)**

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



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**13. Segment Information (continued)**

**(ii) Segment assets**

|   | <b>United<br/>States<br/>\$</b> | <b>Australia<br/>\$</b> | <b>Total<br/>\$</b> |
|---|---------------------------------|-------------------------|---------------------|
| <b>As at 31 December 2020</b>           |                                 |                         |                     |
| Segment assets as at 1 July 2020        | 2,350,564                       | 683,037                 | 3,033,601           |
| Segment asset balances at end of period |                                 |                         |                     |
| - Exploration and evaluation            | -                               | 7,564,519               | 7,564,519           |
| - Capitalised Oil and Gas               | 4,497,478                       | -                       | 4,497,478           |
| - Less: Amortisation                    | (71,518)                        | -                       | (71,518)            |
| - Less: Impairment                      | (1,342,070)                     | (7,180,918)             | (8,522,988)         |
|   | <b>3,083,890</b>                | <b>383,601</b>          | <b>3,467,491</b>    |

*Reconciliation of segment assets to total assets:*

|   |                  |                  |                  |
|---|------------------|------------------|------------------|
| Other assets                            | 648,781          | 1,166,911        | 1,815,692        |
| Total assets from continuing operations | <b>3,732,671</b> | <b>1,550,512</b> | <b>5,283,183</b> |

|   | <b>United<br/>States<br/>\$</b> | <b>Australia<br/>\$</b> | <b>Total<br/>\$</b> |
|---|---------------------------------|-------------------------|---------------------|
| <b>As at 30 June 2020</b>   |                                 |                         |                     |
| Segment assets as at 1 July 2019                                    | 4,618,616                       | 2,571,517               | 7,190,133           |
| Segment asset balances at end of year                               |                                 |                         |                     |
| - Exploration and evaluation  | -                               | 7,482,160               | 7,482,160           |
| - Capitalised oil and gas assets                                    | 4,632,884                       | -                       | 4,632,884           |
| - Less: Amortisation  | (191,710)                       | -                       | (191,710)           |
| - Less: Expenditure previously capitalized, written off in the year | (2,380,043)                     | (7,180,918)             | (9,560,961)         |
|   | <b>2,061,131</b>                | <b>301,242</b>          | <b>2,362,373</b>    |

*Reconciliation of segment assets to total assets:*

|   |                  |                |                  |
|---|------------------|----------------|------------------|
| Other assets                            | 289,433          | 381,795        | 671,228          |
| Total assets from continuing operations | <b>2,350,564</b> | <b>683,037</b> | <b>3,033,601</b> |

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**13. Segment Information (continued)**

**(iii) Segment liabilities**

|  | <b>United States</b> | <b>Australia</b> | <b>Total</b>   |
|--|----------------------|------------------|----------------|
|  | <b>\$</b>            | <b>\$</b>        | <b>\$</b>      |
| <b>As at 31 December 2020</b>                                      |                      |                  |                |
| Segment liabilities as at 1 July 2020                              | 87,486               | 481,874          | 596,360        |
| Segment liability (decreases) for the year                         | (3,069)              | (163,237)        | (166,306)      |
|  | <b>84,417</b>        | <b>318,637</b>   | <b>403,054</b> |
| <i>Reconciliation of segment liabilities to total liabilities:</i> |                      |                  |                |
| Other liabilities  | -                    | -                | -              |
| Total liabilities from continuing operations                       | <b>84,417</b>        | <b>318,637</b>   | <b>403,054</b> |
| <b>As at 30 June 2020</b>  |                      |                  |                |
| Segment liabilities as at 1 July 2019                              | 316,192              | 280,212          | 596,404        |
| Segment liability (decreases) for the year                         | (228,706)            | 201,662          | (27,044)       |
|  | <b>87,486</b>        | <b>481,874</b>   | <b>569,360</b> |
| <i>Reconciliation of segment liabilities to total liabilities:</i> |                      |                  |                |
| Other liabilities  | -                    | -                | -              |
| Total liabilities from continuing operations                       | <b>87,486</b>        | <b>481,874</b>   | <b>569,360</b> |

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**14. Producing assets**

The Group currently has 3 producing assets, which the Board monitors as separate items to the geographical and operating segments. The Stanley and Welch are Oil and Gas producing assets in the United States along with some other projects.

Project performance is monitored by the line items below.

**(i) Project performance**

|   | <b>Arkoma</b> | <b>Stanley</b> | <b>Welch</b>   | <b>Other Projects</b> | <b>Total</b>   |
|---|---------------|----------------|----------------|-----------------------|----------------|
|   | \$            | \$             | \$             | \$                    | \$             |
| <b>Half-Year Ended 31 December 2020</b> |               |                |                |                       |                |
| <i>Revenue</i>                          |               |                |                |                       |                |
| Oil and gas project related revenue     | -             | 174,245        | 203,650        | 5,243                 | 383,138        |
| Producing assets revenue                | -             | <b>174,245</b> | <b>203,650</b> | <b>5,243</b>          | <b>383,138</b> |
| <i>Project-related expenses</i>         |               |                |                |                       |                |
| - Cost of sales                         | -             | 10,618         | 59,953         | -                     | 70,571         |
| - Lease operating expenses              | -             | 26,588         | 227,974        | 1,177                 | 255,739        |
| Project cost of sales                   | -             | <b>37,206</b>  | <b>287,927</b> | <b>1,177</b>          | <b>326,310</b> |
| <i>Project gross profit</i>             |               |                |                |                       |                |
| Gross profit                            | -             | 137,039        | (84,277)       | 4,066                 | 56,828         |

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**14. Producing assets (continued)**

**(i) Project performance**

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

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**15. Expenditure Commitments**

**(a) Exploration**

The Company has certain obligations to perform minimum exploration work on Oil and Gas tenements held. These obligations may vary over time, depending on the Company's exploration programs and priorities. At 31 December 2020, the Company has estimated the monetary value of the total exploration commitments for the next 12 months are as follows:

| <b>Entity</b>                       | <b>Tenement</b> | <b>\$</b> |
|-------------------------------------|-----------------|-----------|
| Trident Energy Limited <sup>1</sup> | EP 145          | -         |
| Oilco Pty Ltd                       | EPA155          | -         |
|                                     |                 | <hr/>     |
|                                     |                 | -         |

<sup>1</sup> An extension to the work program condition has been granted until 21 August 2021, when there will be a commitment for completion of 100km of 2D seismic surveys, seismic processing and interpretation and well planning. If the Company has not fulfilled the above obligations, a negotiation with the Northern Territory Department of Primary Industry and Resources may be commenced to extend the period for completion, or the permit relinquished. There can be no certainty that an extension may be granted.

**(b) Capital Commitments**

The Company had no capital commitments at 31 December 2020 (2019 - \$Nil).

**16. Subsequent Events**

- In January 2021, the Company announced the sale of the remaining shares it owned in Norseman Silver Inc for AUD208,000;
- The sales of the Welch asset was completed in January 2021 and the amount of AUD546,611 previously shown as a receivable was received;
- In February 2021 warrants totalling AUD128,000 were exercised by warrant holders;
- In March 2021 the Company raised GBP1,500,000 to be used for Helium, Hydrogen and Hydrocarbon exploration on EP 145 in Central Australia;
- In April 2021 the Company announced it had acquired an additional 20% of the Greater Stanley (Duff lease). This increases Mosman's working interest in Duff to 40%.

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

**17. Dividends**

No dividends have been paid or proposed during the half year ended 31 December 2020.

**Directors' Declaration**

The Directors of the Consolidated Group declare that:

1. The financial statements and notes, as set out on pages 5-20, are in accordance with the Australian Corporations Act 2001:
  - (a) comply with Accounting Standards, which, as stated in Note 1 - Statement of Accounting Policies to the consolidated financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
  - (b) give a true and fair view of the consolidated financial position as at 31 December 2020 and of the performance for the year ended on that date of the Group.
2. In the Directors' opinion there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

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



**John W Barr**  
**Executive Chairman**

Dated this **28 April 2021**

## Auditor's Independence Declaration

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

As auditor for the review of Mosman Oil and Gas Limited for the half-year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been:

- (i) no contraventions of the independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

Elderton Audit Pty Ltd  
Elderton Audit Pty Ltd



**Rafay Nabeel**  
Audit Director

28 April 2021  
Perth

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Mosman Oil and Gas Limited

### Report on the Half-Year Financial Report

#### *Conclusion*

We have reviewed the half-year financial report of Mosman Oil and Gas Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated condensed statement of financial position as at 31 December 2020, the consolidated condensed statement of financial performance, consolidated condensed statement of changes in equity and the consolidated condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the accompanying half-year financial report of Mosman Oil and Gas Limited does not comply with the *Corporations Act 2001* including:

- (i) giving a true and fair view of the Mosman Oil and Gas Limited 's financial position as at 31 December 2020 and of its financial performance for the half-year then ended; and
- (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### *Basis for Conclusion*

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the ethical requirements of the *Corporations Act 2001* and the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (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 review report.

#### *Responsibility of the Directors for the Financial Report*

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



*Auditor's Responsibility for the Review of the Financial Report*

Our responsibility is to express a conclusion on the financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020, and of its financial performance for the half-year ended on that date, and complying with Accounting Standards 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

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

Elderton Audit Pty Ltd  
**Elderton Audit Pty Ltd**



**Rafay Nabeel**

Audit Director

28 April 2021

Perth