2 December 2016

Mosman Oil and Gas Limited
("Mosman" or the "Company")

Final Results for the Year ended 30 June 2016

Mosman Oil and Gas Limited (AIM: MSMN) the New Zealand and Australia focussed oil exploration and development company, announces its final results for the year ended 30 June 2016.

Mosman recognised early that the fall in oil price would have a serious effect on global markets and adjusted the business model accordingly by pursuing production in priority to exploration.

The company has been successful in reducing operational and corporate costs overall as it looks to reposition into new projects and explore existing permits.

After reviewing a number of opportunities Mosman identified the South Taranaki Energy Project in New Zealand (the "STEP transaction"). A conditional Sales and Purchase Agreement was executed in September 2015, and for the following few months all focus was dedicated to proceeding with the acquisition.

The decision to acquire was made when the relevant oil price (Brent) was over USD50/bbl. The Company recognised the financial risk of a further fall in the oil price, and included in the contract a termination clause in the event the oil price went below USD 40/bbl for over 30 days. Most unfortunately, Brent Oil subsequently fell below USD 30/bbl. The Board reluctantly decided that whilst the long term potential was attractive, the forecast short term negative cash flow was not manageable and the acquisition was cancelled in January 2016.

The cancellation of the STEP transaction led to an immediate review of all expenditure and exploration activity. The Company took steps to manage staff and consultancy costs; all exploration permits were appraised; and all overhead costs were critically reviewed resulting in cost savings.
Actions taken at that time have ensured the survival of the Company, and those actions and subsequent investments have maintained the Company's cash and investment position.

Importantly, strategic and focussed exploration work on existing permits has continued, and in that respect over $630,705 was spent on exploration over the financial year.

Post Year End Events

The Board recognises that this is only part of the necessary action needed; and the search for sound production assets has continued.

The company has since made two strategic investments. In May 2016 the Company made an investment of CAD$400,000 in the TSX.V listed GEM International Resource Inc. (GEM.) which was shortly followed by a further CAD $380,000 cash investment in the TSX.V listed Hemisphere Energy Corporation. (HME) in July 2016.

As part of the rationalisation of permits Mosman withdrew from its interest in the Officer Basin application. The contract arrangement allowed the Company to buy back and cancel the shares issued as consideration for that asset, and this share buyback was approved by Shareholders resulting in the cancellation of 9 million shares at a cost of $1.

On 9 November 2016 the Company announced the proposed acquisition of an 80 per cent interest in the Pine Mills producing oil field located in Wood County, Texas, USA together with the acquisition of Buccaneer Operating LLC, the operating company for the Pine Mills oil field ("Buccaneer" or the "Operator"), 12 acres of freehold land and a workover rig (collectively the "Asset" or "Acquisition") from Cue Energy Resources Limited (ASX:CUE) ("Cue").

The purchase and sale agreement included notice of a 20 day pre-emptive rights period that commences when the Vendor gives notice to the remaining 20 per cent working interest holders. Acquisition was conditional on standard settlement issues that included the 20 day pre-emptive rights period, joint venture approvals as required, and verification of certain Vendor due diligence information identified by Mosman's due diligence undertaken.

On 29 November 2016 Mosman was advised by Cue that it will not close the acquisition with Mosman as the pre-emptive right had been exercised.

The matter has been referred to Mosman's lawyers who at the date of this report are currently reviewing the contractual validity of the purported pre-emption.

Outlook
The future is not yet radiant and life for junior oil and gas companies is still challenging; but we continue to look forward to 2017 with cautious optimism.

Report and accounts posting
The Company's Annual Report has been dispatched to shareholders today and will shortly be available from the Company's website www.mosmanoilandgas.com.

Competent Person's Statement
The information contained in this announcement has been reviewed and approved by Andy Carroll, Technical Director for Mosman, who has over 35 years of relevant experience in the oil industry. Mr Carroll is a member of the Society of Petroleum Engineers.

Market Abuse Regulation (MAR) Disclosure
Certain information contained in this announcement would have been deemed inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 until the release of this announcement.

Enquiries:

Mosman Oil & Gas Limited
John W Barr, Executive Chairman
Andy Carroll, Technical Director
jwbarr@mosmanoilandgas.com
acarroll@mosmanoilandgas.com

NOMAD and Broker
SP Angel Corporate Finance LLP
Stuart Gledhill / Richard Hail
+44 (0) 20 3470 0470

Gable Communications Limited
Justine James / John Bick
+44 (0) 20 7193 7463
mosman@gablecommunications.com

Updates on the Company's activities are regularly posted on its website
www.mosmanoilandgas.com

About Mosman
Mosman (AIM: MSMN) is an Australia and New Zealand focused oil exploration and development company with a strategy to build a sustainable oil and gas business by acquisition and organic growth. Current exploration projects include the following permits which are 100% owned.

Petroleum Creek Permit, New Zealand
The permit is a 143 sq. km project located near Greymouth on the South Island in the southern extension of the proven Taranaki oil system.

Taramakau Permit, New Zealand
The permit (990 sq. km onshore) surrounds the Petroleum Creek Permit and shares similar geological characteristics and shares similar prospective play types.

Murchison Permit, New Zealand
The permit (517 sq. km onshore) located approximately 100 kilometres north of Petroleum Creek has a 13 TCF prospective resource identified.

Amadeus Basin Projects, Australia
Mosman owns two granted permits and one application in Central Australia which total of 5,458 sq. km. The Amadeus Basin is considered one of the most prospective onshore areas in the Northern Territory of Australia for both conventional and unconventional oil and gas, and hosts the producing Mereenie, Palm Valley and Surprise fields.

Glossary of Oil and Gas Terms

%	per cent
API	American Petroleum institute gravity is a measure of how heavy or light a petroleum liquid is compared to water: if its API gravity is greater than 10, it is lighter and floats on water, if less than 10, it is heavier than water and sinks
bbl	barrel
bopd	barrels of oil per day
km	kilometre
m	metre
LPG	liquefied petroleum gas
Md or md	millidarcy
MMbbl	million barrels of oil
OOIP	Oil originally in place
Permeability	measure of the ease with which a fluid flows through a rock. The units are millidarcies or darcies
Porosity	measure of how much of a rock is open space. This space can be between grains or within cracks or cavities of the rock. Measured in %.

Consolidated Statement of Profit or Loss and Other Comprehensive Income
Year Ended 30 June 2016
All amounts are in Australian Dollars

	Notes	Consolidated 2016 $	Consolidated 2015 $
Interest income		6,623	2,772
Other income		9,923	4,029
Administrative expenses		(322,118)	(644,749)
Corporate expenses		(1,184,225)	(1,739,349)
Exploration expenses		(37,181)	(4,450)
Employee benefits expense		(188,539)	(228,873)
Share based payments expense		-	(646,987)
Gain/(Loss) on foreign exchange		(300,354)	20,443
Depreciation expense		(18,171)	(18,868)
Finance expense		(3,383)	(20,541)
Exploration written off (STEP costs)	2	(1,293,295)	-
Loss on financial assets		(89,674)	-
Impairment expense	2	(1,456,942)	(112,728)
Loans to associated entities forgiven	2	(17,429)	-
Loss from ordinary activities before income tax expense	3	(4,894,765)	(3,389,301)
Income tax expense	3	-	-
Net loss for the year		**(4,894,765)**	**(3,389,301)**
Other comprehensive loss			
Items that may be reclassified to profit or loss:			
- Exchange differences arising on translation of foreign operations		523,825	(282,655)
Total comprehensive income attributable to members of the entity		**(4,370,940)**	**(3,671,956)**
Basic earnings/(loss) per share (cents per share)	18	*(2.53) cents*	*(3.12) cents*
Diluted earnings/(loss) per share (cents per share)	18	*(2.53) cents*	*(3.12) cents*

Consolidated Statement of Financial Position
As at 30 June 2016
All amounts are in Australian Dollars

	Notes	Consolidated 30 June 2016	Consolidated 30 June 2015
		$	$
Current Assets			
Cash and cash equivalents	5	3,758,556	1,117,855
Trade and other receivables	6	194,115	346,680
Other assets	7	446,095	43,082
Other financial assets	8	7	-
Total Current Assets		4,398,773	1,507,617
Non-Current Assets			
Other financial assets	8	-	274,806
Property, plant & equipment	9	224,448	222,514
Capitalised oil and gas exploration	10	10,955,203	11,733,041
Total Non-Current Assets		11,179,651	12,230,361
Total Assets		15,578,424	13,737,978
Current Liabilities			
Trade and other payables	11	177,692	619,119
Provisions		11,846	9,307
Total Current Liabilities		189,538	628,426
Net Assets		**15,388,886**	**13,109,552**
Shareholders' Equity			
Contributed equity	12	25,235,869	18,585,595
Reserves	13	1,304,610	780,785
Accumulated losses	14	(11,151,593)	(6,256,828)
Total Shareholders' Equity		**15,388,886**	**13,109,552**

Consolidated Statement of Changes in Equity
Year Ended 30 June 2016
All amounts are in Australian Dollars

	Accumulated Losses	Contributed Equity	Reserves	Total
	$	$	$	$
Balance at 1 July 2014	**(2,867,527)**	**11,972,319**	**416,453**	**9,521,245**
Comprehensive income				
Loss for the year	(3,389,301)	-	-	(3,389,301)
Other comprehensive income for the year	-	-	(282,655)	(282,655)
Total comprehensive loss for the year	**(3,389,301)**	**-**	**(282,655)**	**(3,671,956)**
Transactions with owners, in their capacity as owners, and other transfers:				
Shares issued to shareholders	-	7,168,272	-	7,168,272
Capital raising costs	-	(554,996)	-	(554,996)
Options issued	-	-	646,987	646,987
Total transactions with owners and other transfers	-	6,613,276	646,987	7,260,263
Balance at 30 June 2015	**(6,256,828)**	**18,585,595**	**780,785**	**13,109,552**
Balance at 1 July 2015	**(6,256,828)**	**18,585,595**	**780,785**	**13,109,552**
Comprehensive income				
Loss for the year	(4,894,765)	-	-	(4,894,765)
Other comprehensive loss for the year	-	-	523,825	523,825
Total comprehensive loss for the year	**(4,894,765)**	**-**	**523,825**	**(4,370,940)**
Transactions with owners, in their capacity as owners, and other transfers:				
Shares issued to shareholders	-	7,242,293	-	7,242,293
Capital raising costs	-	(592,019)	-	(592,019)
Total transactions with owners and other transfers	-	6,650,274	-	6,650,274
Balance at 30 June 2016	**(11,151,593)**	**25,235,869**	**1,304,610**	**15,388,886**

Consolidated Statement of Cash Flows
Year Ended 30 June 2016
All amounts are in Australian Dollars

	Notes	Consolidated 2016 $	Consolidated 2015 $
Cash flows from operating activities			
Interest received & other income		16,546	6,800
Payments to suppliers and employees		(2,507,041)	(3,100,575)
Interest paid		(3,383)	(57,104)
Net cash outflow from operating activities	19	**(2,493,878)**	**(3,150,879)**
Cash flows from investing activities			
Bonds refunded		45,300	-
Disposal of MEO shares		185,125	-
Payments for property, plant & equipment		(6,304)	(235,938)
Payments for exploration and evaluation		(1,717,319)	(5,784,628)
Payment for Shares in GEM International Limited	7	(423,549)	-
Acquisition of subsidiary (net of cash acquired)		-	35,043
Net cash outflow from investing activities		**(1,916,747)**	**(5,985,523)**
Cash flows from financing activities			
Proceeds from shares issued	12	7,242,293	4,519,332
Payments for costs of capital		(592,019)	(554,996)
Net cash inflow from financial activities		**6,650,274**	**3,964,336**
Net increase/(decrease) in cash and cash equivalents		**2,239,649**	**(5,172,066)**
Exchange rate adjustment		**401,052**	**-**
Cash and cash equivalents at the beginning of the financial year		**1,117,855**	**6,289,921**
Cash and cash equivalents at the end of the financial year	5	**3,758,556**	**1,117,855**

1 Statement of Accounting Policies

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

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

(a) Basis of Preparation

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

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

The financial report was authorised for issue by the Directors on 2 December 2016.

(b) Principles of Consolidation

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 23 and 24 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.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are reported separately within the equity section of the consolidated statement of financial position and statement of comprehensive income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date

(c) Use of Estimates and Judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Critical Accounting Estimates and Judgements

Impairment of Exploration and Evaluation Assets

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

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

The key areas of judgement and estimation include:

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

Taxation

Balances disclosed in the financial statements and the notes related to taxation, are based on the best estimates of directors and take into account the financial performance and position of the Group as they pertain to current income tax legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current tax position represents the best estimate, pending assessment by the tax authorities.

Exploration and evaluation assets

The accounting policy for exploration and evaluation expenditure results in expenditure being capitalised for an area of interest where it is considered likely to be recoverable by future exploitation or sale or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves.

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

(d) Income Tax

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

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

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

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

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

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

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

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

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

(e) Goods and Services Tax

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

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

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

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

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

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

(f) Property, Plant and Equipment

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

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

(g) Depreciation

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

(h) Exploration and Evaluation Assets

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

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

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

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

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

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

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

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

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

(i) Accounts Payable

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

(j) Contributed Equity

Issued Capital

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

(k) Earnings Per Share

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

(l) Share-Based Payment Transactions

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

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

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

(m) Comparative Figures

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

(n) Financial Risk Management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework, to identify and analyse the risks faced by the Group. These risks include credit risk, liquidity risk and market risk from the use of financial instruments. The Group has only limited use of financial instruments through its cash holdings being invested in short term interest bearing

securities. The Group has no debt, and working capital is maintained at its highest level possible and regularly reviewed by the full board.

(o) Financial Instruments

Recognition and Initial Measurement

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

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

Derecognition

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

Classification and Subsequent Measurement

i. Financial assets at fair value through profit or loss

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

ii. Loans and receivables

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

iii. Held-to-maturity investments

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

iv. Available-for-sale financial assets

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

v. Financial Liabilities

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

vi. Impairment

   At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a

prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognized in the income statement.

(p) Impairment of Assets

At each reporting date, the Group reviews the carrying values of its tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement. Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating until to which the asset belongs.

(q) Employee Entitlements

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

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

(q) Provisions

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

Cash and Cash Equivalents

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

(s) Revenue and Other Income

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

(t) Acquisition of Subsidiary Not Deemed a Business Combination

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

(u) New standards and interpretations

Account Standard and Interpretation

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

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

	Consolidated 2016 $	Consolidated 2015 $
2 Expenses include:		
Listing and share register maintenance costs	389,471	272,801
MEO bid costs	-	226,125
Trident acquisition related costs	-	82,994
Impairment of exploration and evaluation assets (Note 10)	1,456,942	-
Loans to associated entities forgiven (i)	17,429	-
Exploration written off (Note 10b)	1,293,295	-

(i) Further to the Company's decision to withdraw its 25% interest in the Officer Basin Application the Board made a unanimous decision to write off all loans to APPPL "(Australasian Petroleum Portfolio Pty Ltd") (Refer to Note 24 for associated entities)

3 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 (2015 - Nil).

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

	Consolidated 2016 $	Consolidated 2015 $
Loss before tax	(4,894,765)	(3,389,301)
Income tax calculated at 30% (2015: 30%)	(1,468,429)	(1,016,790)
Tax effect of amounts which are deductible/non-deductible		
In calculating taxable income:		
Project abandonment costs	128,733	-
Share based payments	-	194,096
Capital raising costs	86,788	160,285
Impairment expense	442,311	13,028
Upfront exploration expenditure claimed	(177,804)	(1,393,689)
Other	(178,665)	62,468
Effects of unused tax losses and tax offsets not recognized as deferred tax assets	1,167,066	1,980,602
Income tax expense attributable to operating profit	**NIL**	**NIL**

(**b) Tax Losses**

As at 30 June 2016 the company had Australian tax losses of $3,899,473 (2015: $4,516,907). The benefit of deferred tax assets not brought to account will only be realized if:

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

(b) Unbooked Deferred Tax Assets and Liabilities

Unbooked deferred tax assets comprise:

Capital Raising Costs	486,874	474,435
Provisions/Accruals/Other	36,329	33,971
Tax losses available for offset against future taxable income	3,899,473	2,561,607
	4,422,676	**3,070,013**

		Consolidated 2016 $	Consolidated 2015 $
4	**Auditors Remuneration**		
	Audit – Somes Cooke		
	Audit of the financial statements	7,000	28,500
	Audit – Greenwich & Co Audit Pty Ltd		
	Audit of the financial statements	18,000	-
		25,000	**28,500**
5	**Cash and Cash Equivalents**		
	Cash at Bank	3,758,556	1,117,855
6	**Trade and Other Receivables**		
	Deposits	150,533	195,834
	GST receivable	43,419	126,637
	Other receivables	163	24,209
		194,115	**346,680**
7	**Other assets**		
	Prepayments	22,546	43,082
	Share Applications (i)	423,549	-
		446,095	**43,082**

(i) On 24 May 2016 the Group invested CAD$400,000 cash in TSXV listed GEM international Resource Inc. (GEM). Subsequent to balance date the Company was allotted shares in GEM for the equivalent amount. Refer to Note 26.

8	**Other financial assets**		
	Current		
	Shares in a listed entity	7	-
	Non-Current		
	Shares in a listed entity	-	274,806

9 Property, Plant and Equipment

	Land and Buildings $	Office Equipment and Furniture $	Vehicles $	Total $
Cost				
Balance at 1 July 2015	163,814	155,168	23,098	342,080
Additions	-	6,304	-	6,304
Effective movement in exchange rates	12,573	-	1,773	14,346
Balance at 30 June 2016	**176,387**	**161,472**	**24,871**	**362,730**
Depreciation				
Balance at 1 July 2015	405	114,959	4,202	119,566
Depreciation for the year	454	13,366	4,351	18,171
Effective movement in exchange rates	49	-	496	545

Balance at 30 June 2016	**908**	**128,325**	**9,049**	**138,282**
Carrying amounts				
Balance at 30 June 2015	163,409	40,209	18,896	222,514
Balance at 30 June 2016	**175,479**	**33,147**	**15,822**	**224,448**

	Consolidated 2016 $	**Consolidated 2015 $**
10 Capitalised Oil and Gas Expenditure		
Cost brought forward	**11,733,041**	3,986,591
Acquisition of Trident Group Limited (Note 23)	-	3,227,550
Exploration costs incurred during the year	1,480,667	4,912,160
Exploration expenditure impaired (i)	(1,456,942)	(69,302)
Exploration expenditure written off (ii)	(1,293,295)	-
FX movement	491,732	(323,958)
Carrying value at end of year	**10,955,202**	**11,733,041**

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

(i) Expenditure impaired relate to the impairment of all capitalised costs associated with:

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

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

11 Trade and Other Payables

Trade creditors	66,448	549,073
Other creditors and accruals	111,244	70,046
	177,692	**619,119**

Included within trade and other creditors and accruals is an amount of $13,842 (2015 $159,950) relating to exploration expenditure.

12 Contributed Equity

Ordinary Shares :

Value of Ordinary Shares fully paid

Movement in Contributed Equity			**Number of shares**	**Contributed Equity $**
Balance as at 1 July 2014:			77,927,175	11,972,319
Date	*Nature of Transaction*	*Issue Price*		
14/07/14	Exercise of options	$0.2000	1,000,000	200,000
14/07/14	Exercise of options	$0.1500	100,000	15,000
16/07/14	Exercise of options	$0.0500	2,000,000	100,000
15/09/14	Shares issued	$0.3770	6,250,000	2,356,250
14/10/14	Shares issued	$0.4010	2,796,440	1,120,108
06/11/14	Exercise of options	$0.1473	368,302	54,249
10/11/14	Shares issued	$0.2360	96,533	22,829
10/11/14	Shares issued	$0.5000	265,858	132,929

17/12/14	Shares issued	$0.5000	1,000,000	500,000
02/04/15	Shares issued	$0.0975	10,000,000	975,000
05/06/15	Shares issued	$0.0901	3,057,155	275,482
15/06/15	Shares issued	$0.0704	606,919	42,750
24/06/05	Shares issued	$0.0512	16,000,000	818,833
30/06/15	Shares issued	$0.5000	1,109,684	554,842
Capital raising costs			-	(554,996)
Balance as at 1 July 2015:			**122,578,066**	**18,585,595**
28/07/2015	Shares issued (i)	$0.0377	22,857,143	857,143
22/09/2015	Shares issued (i)	$0.0980	33,333,333	3,261,018
30/10/2015	Shares issued (i)	$0.0848	36,822,466	3,124,132
Capital raisings costs				(592,019)
Balance at end of year			**215,591,008**	**25,235,869**

(i) Placements via capital raising as announced

	Consolidated 2016 $	Consolidated 2015 $
13 Reserves		
Options reserve	1,063,440	1,063,440
Foreign currency translation reserve	241,170	(282,655)
	1,304,610	**780,785**

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 2016 $	Consolidated 2015 $
Options Reserve at the beginning of the year	1,063,440	416,453
Incentive options issued to KMP's	-	459,702
Options related to other holders	-	187,285
Options Reserve at the end of the year	**1,063,440**	**1,063,440**

Foreign Currency Translation Reserve

Nature and purpose of the Foreign Currency Translation Reserve

Functional currency balances are translated into the presentation currency using the exchange rates at the balance sheet date. Value differences arising from movements in the exchange rate is recognised in the Foreign Currency Translation Reserve.

Movement in Foreign Currency Translation Reserve	Consolidated 2016 $	Consolidated 2015 $

Foreign Currency Translation Reserve at the beginning of the year	(282,655)	-
Current year movement	523,825	(282,655)
Foreign Currency Translation Reserve at the end of the year	**241,170**	**(282,655)**

14 Accumulated Losses

Accumulated losses at the beginning of the year	6,256,828	2,867,527
Net loss attributable to members	4,894,765	3,389,301
Accumulated losses at the end of the year	**11,151,593**	**6,256,828**

Related Party Transactions

Key Management Personnel Remuneration	**Consolidated 2016** $	**Consolidated 2015** $
Short term employee benefits (i)	789,016	950,439
Share-based payments (ii)	**-**	459,702
Total	**789,016**	**1,410,141**

I. During the year to 30 June 2016:

a. Directors fees of $60,000 and consulting fees of $235,000 were paid and payable to Kensington Advisory Services Pty Ltd;
b. Director fees of $30,000 and consulting fees of $316,000 were paid and payable to Australasian Energy Pty Ltd;
c. Fees paid to AR Carroll include an amount of $196,000 for consulting services provided during the STEP transaction which took place in the first half of the 2016 year. Mr. Carroll's services were utilised rather than external operators.
d. Directors fees of $30,000 were paid to Metallon Resources Pty Ltd;
e. Mr Lewis resigned as Company Secretary on the 28th of July 2015 and was remunerated to that date;
f. CFO, Company Secretary and Consulting Fees totaling $114,605 were paid and payable to J T White's accounting firm, Traverse Accountants Pty Ltd.

II. For the period ending 30 June 2015, Mr. Carroll received 1,500,000 incentive options valued at $255,390. Mr. John W Barr and Mr. Young both received 500,000 incentive options, each valued at $85,130 for a total of $170,260. Mr. Lewis received 200,000 incentive options valued at $34,052.

Movement in Shares and Options

The aggregate numbers of shares and options of the Company held directly, indirectly or beneficially by Key Management Personnel of the Company or their personally-related entities are fully detailed in the Directors' Report.

Amounts owing to the Company from subsidiaries:

Petroleum Creek Limited

At 30 June 2016 the Company's 100% owned subsidiary, Petroleum Creek Limited (PCL), owed Mosman Oil and Gas Limited $7,660,930 (2015: $6,440,398). The Company has executed a Loan Agreement with PCL covering amounts up to $2,000,000 bearing interest at 7% pa and secured by a Fixed and Floating charge over the assets of PCL, as registered with the NZ Ministry of Economic Development Companies Office on 17 April, 2014.

Mosman Oil and Gas (NZ) Limited

At 30 June 2016 the Company's 100% owned subsidiary, Mosman Oil and Gas (NZ) Limited, owed Mosman Oil and Gas Limited $169,128 (2015: $95,803).

Trident Energy Pty Ltd

At 30 June 2016 the Company's 100% owned subsidiary, Trident Energy Pty Ltd, owed Mosman Oil and Gas Limited $2,453,911 (2015: $2,148,655).

OilCo Pty Ltd

At 30 June 2016 the Company's 100% owned subsidiary, OilCo Pty Ltd (OilCo), owed Mosman Oil and Gas Limited $607,878 (2015: $497,641).

Related Party Transactions

Key Management Personnel Remuneration	**Consolidated 2016** $	**Consolidated 2015** $
Short term employee benefits (i)	789,016	950,439
Share-based payments (ii)	-	459,702
Total	**789,016**	**1,410,141**

III. During the year to 30 June 2016:

g. Directors fees of $60,000 and consulting fees of $235,000 were paid and payable to Kensington Advisory Services Pty Ltd;
h. Director fees of $30,000 and consulting fees of $316,000 were paid and payable to Australasian Energy Pty Ltd;
i. Fees paid to AR Carroll include an amount of $196,000 for consulting services provided during the STEP transaction which took place in the first half of the 2016 year. Mr. Carroll's services were utilised rather than external operators.
j. Directors fees of $30,000 were paid to Metallon Resources Pty Ltd;
k. Mr Lewis resigned as Company Secretary on the 28th of July 2015 and was remunerated to that date;
l. CFO, Company Secretary and Consulting Fees totaling $114,605 were paid and payable to J T White's accounting firm, Traverse Accountants Pty Ltd.

IV. For the period ending 30 June 2015, Mr. Carroll received 1,500,000 incentive options valued at $255,390. Mr. John W Barr and Mr. Young both received 500,000 incentive options, each valued at $85,130 for a total of $170,260. Mr. Lewis received 200,000 incentive options valued at $34,052.

Movement in Shares and Options

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At 30 June 2016 the Company's 100% owned subsidiary, Trident Energy Pty Ltd, owed Mosman Oil and Gas Limited $2,453,911 (2015: $2,148,655).

OilCo Pty Ltd

At 30 June 2016 the Company's 100% owned subsidiary, OilCo Pty Ltd (OilCo), owed Mosman Oil and Gas Limited $607,878 (2015: $497,641).

17 Segment Information

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

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

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

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

(i) Segment performance

	New Zealand $	Australia $	Total $
Year ended 30 June 2016			
Revenue			
Interest revenue	6	6,616	6,623
Other income	6,000	3,924	9,923
Segment revenue	**6,006**	**10,540**	**16,546**
Segment Result			
Loss			
Allocated			
- Corporate Costs	(108,617)	(1,075,608)	(1,184,225)
- Administrative Costs	(24,949)	(297,169)	(322,118)
- Depreciation	(4,805)	(13,366)	(18,171)
- Exploration expenses	-	(37,181)	(37,181)
- Foreign Exchange Loss gain/ (loss)	386	(300,740)	(300,354)
Segment net loss before tax	**(137,985)**	**(1,724,064)**	**(1,862,049)**
Reconciliation of segment result to net loss before tax			
Amounts not included in segment result but reviewed by the Board			
- Exploration expenditure written off	(1,031,306)	(261,989)	(1,293,295)
- Exploration expenditure impaired	-	(1,456,942)	(1,456,942)
- Loans to associated entities forgiven	-	(17,429)	(17,429)
Unallocated items			
- Employee Benefits Expense	-	-	(188,539)
- Loss on financial assets	-	-	(89,674)
- Finance costs	-	-	(3,383)
Net Loss before tax from continuing operations			**(4,894,765)**

Year ended 30 June 2015			
Revenue			
Interest revenue	137	2,635	2,772
Other income	-	4,029	4,029
Segment revenue	**137**	**6,664**	**6,801**
Segment Result			
Loss			
Allocated			
- Corporate Costs	(85,165)	(1,654,184)	(1,739,349)
- Administrative Costs	(42,546)	(606,651)	(649,197)
- Depreciation	(4,835)	(14,033)	(18,868)
- Foreign Exchange Loss gain/ (loss)	138	20,305	20,443
Segment net loss before tax	**(132,408)**	**(2,254,563)**	**(2,386,971)**
Reconciliation of segment result to net loss before tax			
Amounts not included in segment result but reviewed by the Board			
- Exploration expenditure written off	-	(69,302)	(69,302)
Unallocated items			
- Employee Benefits Expense	-	-	(228,873)
- Share based payments	-	-	(646,987)
- Impairment	-	-	(43,426)
- Finance	-	-	(20,541)
Net Loss before tax from continuing operations			**(3,389,301)**

(ii) Segment assets

	New Zealand $	**Australia $**	**Total $**
As at 30 June 2016			
Segment assets as at 1 July 2015	6,691,897	5,041,144	11,733,041
Segment asset increases/(decreases) for the year			
- Exploration and evaluation	641,089	(1,418,927)	(777,838)
	7,332,986	**3,622,217**	**10,955,203**
Reconciliation of segment assets to total assets:			
Other assets	273,460	4,349,761	4,623,221
Total assets from continuing operations	**7,606,446**	**7,971,978**	**15,578,424**
As at 30 June 2015			
Segment assets as at 1 July 2014	3,017,931	968,660	3,986,591
Segment asset increases for the year			
- Exploration and evaluation	3,673,966	4,072,484	7,746,450
	6,691,897	**5,041,144**	**11,733,041**
Reconciliation of segment assets to total assets:			
Other assets	359,892	1,645,045	2,004,937
Total assets from continuing operations	**7,051,789**	**6,686,189**	**13,737,978**

(iii) Segment liabilities

	New Zealand $	**Australia $**	**Total $**

As at 30 June 2016			
Segment liabilities as at 1 July 2015	108,895	519,531	628,426
Segment liability (decreases) for the year	(99,741)	(339,147)	(438,888)
	9,154	**180,384**	**189,538**
Reconciliation of segment liabilities to total liabilities:			
Other liabilities	**-**	**-**	**-**
Total liabilities from continuing operations	**9,154**	**180,384**	**189,538**
As at 30 June 2015			
Segment liabilities as at 1 July 2014	798,334	227,294	1,025,628
Segment liability increases/(decreases) for the year	(689,439)	292,237	(397,202)
	108,895	**519,531**	**628,426**
Reconciliation of segment liabilities to total liabilities:			
Other liabilities	**-**	**-**	**-**
Total liabilities from continuing operations	**108,895**	**519,531**	**628,426**

18 Earnings/ (Loss) per shares

	Consolidated 2016 $	**Consolidated 2015 $**
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	**(4,894,765)**	**(3,389,301)**

	Number of shares 2016	**Number of shares 2015**
Weighted average number of ordinary shares used in calculating basic earnings/(loss) per share:	193,534,581	108,580,362
Basic loss per share (cents per share)	2.53	3.12

19 Notes to the statement of cash flows

Reconciliation of loss from ordinary activities after income tax to net cash outflow from operating activities:	**Consolidated 2016**	**Consolidated 2015**
	$	**$**
(Loss) from ordinary activities after related income tax	(4,894,765)	(3,389,301)
Exploration expenses written off	1,293,295	4,450
Depreciation	18,171	18,868
Impairment	1,456,942	112,728
Share based payments	-	646,987
Loss on financial assets	89,674	-
Decrease in other assets	20,536	
Decrease / (Increase) in trade and other receivables	107,265	(110,869)
(Decrease) in trade and other payables relating to operating activities	(587,535)	(433,742)
Increase in provisions	2,539	-
Net cash outflow from operating activities	**(2,493,878)**	**(3,150,879)**

20 Financial Instruments

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

(i) Interest Rate Risk

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

Consolidated 2016

	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	5	**0.2%**	3,758,556	-	-	3,758,556
Trade and other Receivables	6		-	-	194,115	194,115
Other assets	7		-	-	446,095	446,095
Other financial assets	8		-	-	7	7
Total Financial Assets			**3,758,556**	**-**	**640,217**	**4,398,773**
Financial Liabilities						
Trade and other Payables	11		-	-	177,692	177,692
Provisions			-	-	11,846	11,846
Total Financial Liabilities			**-**	**-**	**189,538**	**189,538**
Net Financial Assets			**3,758,556**	**-**	**428,126**	**4,186,682**

20 Financial Instruments (continued)

Consolidated 2015						
Financial Assets						
Cash and Cash Equivalents	5	**0.3%**	1,117,855	-	-	1,117,855
Trade and other Receivables	6		-	-	346,680	346,680
Other assets	7		-	-	43,082	43,082
Total Financial Assets			**1,117,855**	**-**	**389,762**	**1,507,617**
Financial Liabilities						
Trade and other Payables	11		-	-	(619,119)	(619,119)
Total Financial Liabilities			**-**	**-**	**(619,119)**	**(619,119)**
Net Financial Assets			**1,117,855**	**-**	**(229,357)**	**(888,498)**

(i) 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.

(ii) 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.

(iii) 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.

21 Contingent Liabilities

There were no material contingent liabilities not provided for in the financial statements of the Company as at 30 June 2016.

Mosman Oil and Gas Limited - Parent Entity Disclosures

	2016 $	2015 $
Financial position		
Assets		
Current Assets	3,836,354	1,240,479
Non-Current Assets	11,555,969	10,578,083
Total Assets	**15,392,323**	**11,818,562**
Liabilities		
Current Liabilities	180,382	447,228
Total Liabilities	**180,382**	**447,228**
Net Assets	**15,211,941**	**11,371,334**
Equity		
Contributed equity	25,235,869	18,585,595
Reserves	1,063,440	1,063,440
Accumulated losses	(11,087,368)	(8,277,701)
Total Equity	**15,211,941**	**11,371,334**
Financial Performance		
Loss for the year	(2,890,667)	(5,424,923)
Other comprehensive income	-	-
Total comprehensive income	**(2,890,667)**	**(5,424,923)**

23 Controlled Entities

Investments in group entities comprise:

Name	Principal activities	Incorporation	Beneficial percentage held by economic entity	
			2016 %	2015 %
Mosman Oil and Gas Limited	Parent entity	Australia		
Wholly owned and controlled entities:				
Mosman Oil & Gas Limited	Oil & Gas exploration	New Zealand	**100**	**100**
Mosman Oil and Gas (NZ) Limited	Oil & Gas exploration	New Zealand	**100**	**100**
Petroleum Portfolio Pty. Ltd	Oil & Gas exploration	Australia	**100**	**100**
OilCo Pty Limited	Oil & Gas exploration	Australia	**100**	**100**
Trident Energy Pty Ltd	Oil & Gas exploration	Australia	**100**	**100**

Mosman Oil and Gas Limited is the Parent Company of the Group, which includes all of the controlled entities. See also Note 26 Subsequent Events for additional corporate activity in progress subsequent to the 30 June 2016 year end.

23 Controlled Entities (continued)

30 June 2015

a) Trident Energy Pty Ltd

On 19 September 2014, the Group obtained control of Trident Energy Pty Ltd, an oil and gas exploration entity, by acquiring 100% of Trident's shares from existing shareholders.

The acquisition of Trident Energy Pty Ltd was assessed by the Board in the current period and it was determined that the acquisition was an asset acquisition, rather than a business combination as the substance and intent of the acquisition was for the Group to acquire the exploration and evaluation assets of Trident Energy Pty Ltd for the purpose of expanding the Groups overall resource base.

The deemed fair value of net assets acquired at the date of acquisition were as follows:	**$**
Cash and cash equivalents	35,043
Trade and other receivables	12,105
Property, plant and equipment	1,872
Exploration and evaluation assets	3,227,550
Trade and other payables	(798,152)
Borrowings	(1,015,481)
Net assets acquired	**1,462,937**
Acquisition consideration:	
Shares issued (2,796,440 shares at $0.256), at fair value	1,120,108
Shares issued (96,533 shares at $0.238), at fair value	22,829
Acquisition costs	320,000
Total purchase consideration	**1,462,937**

b) OilCo Pty Ltd

On 27 August 2014, the Group obtained control of OilCo Pty Ltd, an oil and gas exploration entity by acquiring 100% of OilCo Pty Ltd's shares from existing shareholders.

The acquisition of OilCo Pty Ltd was assessed by the Board in the current period and it was determined that the acquisition was an asset acquisition, rather than a business combination.

The deemed fair value of net assets acquired at the date of acquisition were as follows:	**$**
Fair value of net assets acquired	Nil
Acquisition consideration:	
Overriding 2% royalty on production	Nil

The Board reviewed the royalty payable to OilCo Pty Ltd's previous shareholders and at this point in time a reliable and quantitative value cannot be established

24 Associated Entity

Name	**Principal activities**	**Incorporation**	**Beneficial percentage held by Group**	
			2016	**2015**
Australasian Petroleum Portfolio Pty. Ltd.	Holds interest in Officer Basin Licence Application - Oil & Gas exploration	Australia	25	25

Australasian Petroleum Portfolio Pty Ltd ('APPPL') holds a 100% interest in the Officer Basin License Application and is 25% owned by Petroleum Portfolio Pty. Ltd., itself a 100% owned subsidiary of the Group as detailed in Note 23. The carrying value of assets and liabilities accounted for in APPPL is not material to the Group. There are currently nil commitments associated with the Officer Basin License.

25 Share Based Payments

	Consolidated 2016 $	Consolidated 2015 $
Basic loss per share (cents per share)	2.53	3.12

The following share based payment arrangements existed at 30 June 2016:

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 11 April 2011, 2,000,000 Options were issued to Directors to take up ordinary shares of the Company at an exercise price of $0.20 each. These options lapsed on 31 March, 2016.

(2) On 15 January 2014, 800,000 Options were issued to consultants, an employee and others to take up ordinary shares of the Company at an exercise price of $0.15 each. The options are exercisable on or before 13 January, 2019. As at 30 June 2016 700,000 options still remain outstanding.

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

(4) 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 2016 859,372 options still remain outstanding.

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

25 Share Based Payments (continued)

A summary of the movements of all company option issues to 30 June, 2016 is as follows:

Company Options	2016 Number of Options	2015 Number of Options	2016 Weighted Average Exercise Price	2015 Weighted Average Exercise Price
Outstanding at the beginning of the year	9,859,372	9,527,674	$0.31	$0.14
Granted	-	3,800,000	-	$0.58
Exercised	-	(3,468,302)	-	-
Expired	(2,000,000)	-	$0.58	-
Outstanding at the end of the year	7,859,372	9,859,372	$0.24	$0.11
Exercisable at the end of the year	7,859,372	9,859,372	$0.24	$0.33

No Options Granted were granted during the financial year ended 30 June 2016.

Subsequent Events

Material transactions arising since 30 June 2016 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:

Investment in Gem International Resource Inc. (TSX.V GEM)
On 24 May 2016 Note 6 the Company made a cash investment of CAD$400,000in the TSX.V listed GEM International Resource Inc. (GEM.) On 11 July 2016 the Company was allotted 8 million shares at CAD 5 cents and 8 million two year CAD 15 cents non-transferrable options.

Investment in Hemisphere Energy Corporation (TSX.V HME)
On 4 July 2016 the Company made a CAD$380,000 (AUD 394,000) cash investment in the TSX.V listed Hemisphere Energy Corporation. (HME), subscribing for two million shares at a price of CAD 19 cents per share.

The subscription was part of a larger 8 million share placing, with the funds to be used for drilling to further increase production. Following the transaction the Company's holding in HME will equate to approximately 2.4% of the enlarged issued share capital.

General Meeting Held – 2 August 2016

On 2 August 2016 The Company held its General meeting of shareholders. The meeting was held as a result of the Company's withdrawal 25% interest in the Officer Basin application, which occurred in January 2016.

All resolutions put forward to shareholders were passed which resulted in the cancellation of 9,000,000 selective buyback shares of. Further Mr. A Carroll, Technical Director of Mosman now has a beneficial interest in 2,076,500 Ordinary Shares representing approximately 1.01% of the total voting rights in the Company. The number of options held remain unchanged.

At the date of this report the Company has 206,591,008 ordinary shares of no par value each in issue.

Acquisition of producing oil asset in USA

On 9 November 2016 the Company announced the proposed acquisition of an 80 per cent interest in the Pine Mills producing oil field located in Wood County, Texas, USA together with the acquisition of Buccaneer Operating LLC, the operating company for the Pine Mills oil field ("Buccaneer" or the "Operator"), 12 acres of freehold land and a workover rig (collectively the "Asset" or "Acquisition") from Cue Energy Resources Limited (ASX:CUE) ("Cue").

The purchase and sale agreement included notice of a 20 day pre-emptive rights period that commences when the Vendor gives notice to the remaining 20 per cent working interest holders. Acquisition was conditional on standard settlement issues that included the 20 day pre-emptive rights period, joint venture approvals as required, and verification of certain Vendor due diligence information identified by Mosman's due diligence undertaken.

On 29 November 2016 Mosman was advised by Cue that it will not close the acquisition with Mosman as the pre-emptive right had been exercised.

The matter has been referred to Mosman's lawyers who at the date of this report are currently reviewing the contractual validity of the purported pre-emption.

There were no other events subsequent to balance date.