MOSMAN OIL AND GAS
LIMITED

ACN 150 287 111

ANNUAL REPORT
30 JUNE 2013

Company Particulars

Directors

John W Barr
Andy Carroll
John A Young

Company Secretary

Zane Lewis

Registered Office

Level 1
981 Wellington Street
West Perth WA 6005

Postal Address

PO Box 4034
Mosman Park
Western Australia 6912

Auditors

Somes Cooke

Lawyers

Australia:
Hardy Bowen

New Zealand:
Graeme Alexander

United Kingdom:
Ronaldsons LLP Solicitors

Corporate Governance Statement

Board of Directors

Role of the Board and Management

The Board's primary role is the protection and enhancement of medium to long term shareholder value. To fulfil this role, the Board is responsible for the overall Corporate Governance of Mosman Oil and Gas Limited ('the Company') including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

The Board has sole responsibility for the following:

- Appointing and removing executive directors and approving their remuneration;
- Appointing and removing the Company Secretary and approving their remuneration;
- Determining the strategic direction of the Company and measuring performance of management against approved strategies;
- Reviewing the adequacy of resources for management to properly carry out approved strategies and business plans;
- Adopting operating and capital expenditure budgets at the commencement of each financial period and monitoring the progress by both financial and non-financial key performance indicators;
- Monitoring the Company's medium term capital and cash flow requirements;
- Approving and monitoring financial and other reporting to regulatory bodies, shareholders and other organisations;
- Determining that satisfactory arrangements are in place for auditing the Company's financial affairs;
- Reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and compliance with legislative requirements; and
- Ensuring that policies and compliance systems consistent with the Company's objectives and best practice are in place and that the Company and its officers act legally, ethically and responsibly on all matters.

The Board's role and the Company's corporate governance practices are being continually reviewed and improved as the Company's business develops.

Composition of the Board and New Appointments

The Company currently has the following Board members:

J W Barr	Executive Chairman
A R Carroll	Technical Director
J A Young	Non-executive Director

Details of the directors, including their qualifications, experience and date of appointment are set out in the Directors' Report.

The Company's Constitution provides that the number of Directors shall not be less than three and not more than ten. There is no requirement for any share holding qualification.

The Board considers that J A Young is an Independent Director of the Company. Directors having a conflict of interest in relation to a particular item of business must absent themselves from the Board meeting before commencement of discussion on the topic.

The Board considers that its structure has been, and continues to be, appropriate in the context of the Company's history and the size and scale of operations. The Board believes that the individuals on the Board can make, and do make, quality and independent judgments in the best interests of the Company on all relevant issues. As the Company's activities increase in size, nature and scope, the size of the Board will be reviewed and the optimum number of Directors required for the Board to properly perform its responsibilities and functions assigned.

It is proposed that Mr D Biddlecombe will join the Board when the balance of the NZ tenement is acquired. Mr Biddlecombe is the chairman of the vendor Aorere Resources Limited.

Corporate Governance Statement

Composition of the Board and New Appointments (Cont)

The membership of the Board, its activities and composition is subject to periodic review. The criteria for determining the identification and appointment of a suitable candidate for the Board shall include quality of the individual, background of experience and achievement, compatibility with other Board members, credibility within the Company's scope of activities, intellectual ability to contribute to Board duties and physical ability to undertake Board duties and responsibilities.

Committees of the Board

The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the formation of separate or special committees at this time. The Board as a whole is able to address the governance aspects of the full scope of the Company's activities and to ensure that it adheres to appropriate ethical standards.

The Board has also established a framework for the management of the Group including a system of internal controls, a business risk management process and the establishment of appropriate ethical standards.

The full Board currently holds meetings at such times as may be necessary to address any general or specific matters as required.

If the Group's activities increase in size, scope and nature, the appointment of separate or special committees will be reviewed by the Board and implemented if appropriate.

Conflicts of Interest

In accordance with the *Corporations Act 2001* and the Company's Constitution, Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. Where the Board believes that a significant conflict exists the Director concerned is not present at the meeting whilst the item is considered.

Independent Professional Advice

The Board has determined that individual Directors have the right in connection with their duties and responsibilities as Directors, to seek independent professional advice at the Company's expense. The engagement of an outside adviser is subject to prior approval of the Chairman and this will not be withheld unreasonably. If appropriate, any advice so received will be made available to all Board members.

Ethical Standards

The Board acknowledges the need for continued maintenance of the highest standard of corporate governance practice and ethical conduct by all Directors and employees of the Company.

Code of Conduct for Directors

The Board has adopted a Code of Conduct for Directors to promote ethical and responsible decision-making by the Directors. The code is based on a code of conduct for Directors prepared by the Australian Institute of Company Directors.

The principles of the code are:

- A Director must act honestly, in good faith and in the best interests of the Company as a whole.
- A Director has a duty to use due care and diligence in fulfilling the functions of office and exercising the powers attached to that office.
- A Director must use the powers of office for a proper purpose, in the best interests of the Company as a whole.
- A Director must recognise that the primary responsibility is to the Company's shareholders as a whole but should, where appropriate, have regard for the interest of all stakeholders of the Company.

Corporate Governance Statement

Code of Conduct for Directors (Cont)

- A Director must not make improper use of information acquired as a director.
- A Director must not take improper advantage of the position of director.
- A Director must not allow personal interests, or the interests of any associated person, to conflict with the interests of the Company.
- A Director has an obligation to be independent in judgment and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions taken as a Board.
- Confidential information received by a director in the course of the exercise of directorial duties remains the property of the Company and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised by the Company, or the person from whom the information is provided, or is required by law.
- A Director should not engage in conduct likely to bring discredit upon the Company.
- A Director has an obligation at all times, to comply with the spirit, as well as the letter of the law and with the principles of the Code.

The principles are supported by guidelines as set out by the Australian Institute of Company Directors for their interpretation. Directors are also obliged to comply with the Company's Code of Ethics and Conduct, as outlined below.

Code of Ethics and Conduct

The Company has implemented a Code of Ethics and Conduct, which provides guidelines aimed at maintaining high ethical standards, corporate behaviour and accountability within the Company.

All employees and Directors are expected to:

- respect the law and act in accordance with it;
- respect confidentiality and not misuse Company information, assets or facilities;
- value and maintain professionalism;
- avoid real or perceived conflicts of interest;
- act in the best interests of shareholders;
- by their actions contribute to the Company's reputation as a good corporate citizen which seeks the respect of the community and environment in which it operates;
- perform their duties in ways that minimise environmental impacts and maximise workplace safety;
- exercise fairness, courtesy, respect, consideration and sensitivity in all dealings within their workplace and with customers, suppliers and the public generally; and
- act with honesty, integrity, decency and responsibility at all times.

Any director that breaches the Code of Ethics and Conduct may face disciplinary action. If a director suspects that a breach of the Code of Ethics and Conduct has occurred or will occur, he or she must report that breach to management. No employee will be disadvantaged or prejudiced if he or she reports in good faith a suspected breach. All reports will be acted upon and kept confidential.

Dealings in Company Securities

Directors (and their related entities) have an interest in the following shares and options of the Company:

	Shares	**Options**
J W Barr	7,500,001	1,000,000
A R Carroll	600,000	nil
J Young	1,000,000	1,000,000

Apart from the above, Directors have no shareholding or options in the Company.

Corporate Governance Statement

Communication with Shareholders

The Company places importance on effective communications with shareholders.

The Company's communication strategy requires communication with shareholders and other stakeholders in an open, regular and timely manner. Mechanisms employed include:

- Annual Report.
- Meetings with shareholders for briefings.

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and understanding of the Company's strategy and goals.

Risk Management

Identification of Risk

The Board is responsible for the oversight of the Company's risk management and control framework. Responsibility for control and risk management is undertaken by the full Board.

Strategic and operational risks are reviewed at least annually as part of the annual strategic planning, business planning, forecasting and budgeting process.

These risk areas are provided here to assist investors to understand better the nature of the risks faced by our Group and the industry in which the Group operates. They are not necessarily an exhaustive list.

Integrity of Financial Reporting

The Company's Chairman reports to the Board that:

- the financial statements of the Company for the full period present a true and fair view, in all material aspects, of the Company's financial condition and operational results and are in accordance with accounting standards;
- the above statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
- the Company's risk management and internal compliance and control framework is operating efficiently and effectively in all material respects.

Role of Auditor

The Company's practice is to invite the auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

Corporate Governance Statement

Remuneration Arrangements

The Board has not established a Remuneration Committee responsible for making recommendations to the Board on remuneration arrangements for Directors and executives of the Company, as the full Board makes such decisions at this time.

Commencing on 1 July 2013, non-executive Directors receive an annual fee, of $30,000 pa, and the Chairman receives an annual fee of $60,000 pa.

Fees Paid	Year to 30 June 2013 ($)	Year to 30 June 2012 ($)
JW Barr – Executive Chairman Kensington Advisory Services Pty Ltd (associated with John W Barr)	- 144,000[1]	60,000 -
AR Carroll – Technical Director Australasian Energy Pty Ltd (associated with Andy R Carroll)	- 75,000[2]	- -
JA Young – Non-Executive Director Metallon Resources Pty Ltd (associated with John A Young)	- 45,000[3]	- 30,000
MP Bowen – Non-Executive Director Hardy Bowen Lawyers (associated with Michael P Bowen)	- 44,811[4]	- 29,044

1 – Directors fees of $60,000 and consulting fees of $84,000 were paid to Kensington Advisory Services Pty Ltd
2 – Technical service fees of $75,000 were paid to Australasian Energy Pty Ltd
3 - Directors fees of $30,000 and consulting fees of $15,000 were paid to Metallon Resources Pty Ltd
4 – Legal fees of $44,811 were paid to Hardy Bowen Lawyers

No other fees were paid to Directors during the financial year under review.

There is no direct link between remuneration paid to any of the Directors and corporate performance such as bonus payments for achievements of key performance indicators.

The Executive Chairman, Mr John W Barr is employed under a contract for services with Kensington Advisory Services Pty Ltd. The Agreement commenced on 30 May 2013.

Under the terms of the present contract:

- The Agreement is for a period of date of commencing 30 May 2013 through to Listing on a recognized stock exchange, and thereafter one year after listing and can be terminated by either the Company or Kensington Advisory Services Pty Ltd by giving more than 1 months written notice. Should notice be given during the 12 months after listing, Kensington will be entitled to the balance of unpaid fees that would have been payable for that 12 months period.
- Kensington Advisory Services Pty Ltd will provide consulting services for which it will be remunerated $1,250 per day worked prior to Listing, and thereafter $1,250 a day subject to a minimum of $15,000/month.

The Technical Director, Mr Andrew Carroll is employed under a contract for services with Australasian Energy Pty Ltd. The Agreement commenced on 21 February 2013.

Under the terms of the present contract:

- The Agreement is for a period of date of commencing 21 Feb 2013 through to Listing on a recognized stock exchange, and thereafter one year after listing and can be terminated by either the Company or Australasian Energy Pty Ltd by giving more than 1 months written notice. Should notice be given during the 12 months after listing, Australasian will be entitled to the balance of unpaid fees that would have been payable for that 12 months period.
- Australasian Energy Pty Ltd will provide consulting services for which it will be remunerated $2,000 per day worked prior to Listing, and thereafter $2,000 a day subject to a minimum of $10,000/month.

Directors' Report

Your Directors provide hereunder their report as to the results and state of affairs of the Group, being the Company and its controlled entities, for the year ended 30 June 2013.

Directors

The names of the Directors of the Company in office during the year and as at the date of this report are as follows:

John W Barr	Executive Chairman
Andy Carroll	Technical Director (appointed 25/2/13)
John A Young	Non-Executive Director
Michael Bowen	Non-Executive Director (resigned 25/2/13)

Directors have been in office since the incorporation of the company to the date of this report.

Directors meetings

The number of meetings held and number of meetings attended by each of the directors of the Company during the financial period are:

Director	Number of meetings held during the time the director held office	Number of meetings attended
J W Barr	9	8
A R Carroll	5	2
J A Young	9	9
M P Bowen	4	3

Principal Activities

The principal activity of the Company during the financial year was to seek to acquire prospective resource projects.

Review of Operations

During the financial year the Company's focus has been examining and completing the acquisition of resource projects in the oil and gas sector.

In December 2012 Mosman entered into an Option Agreement with the owners of the PNG based PING (PNG) Limited, which represented that it would secure Petroleum Prospecting Licences (PPL) in PNG. Approximately $300,000 was expended on the Option and the evaluation of the identified PPLs, however, subsequently issues in respect to the certainty of title were identified as part of the due diligence process. To date, these matters have not been resolved although Mosman remains optimistic that in the fullness of time good title may be delivered. Acting conservatively, Mosman has decided to write off all costs associated with PNG until good title can be secured.

On 22 April 2013 Mosman entered into an Exclusive Option Agreement with Aorere Resources Limited (previously Widespread Investments Limited) to acquire an interest in the New Zealand Petroleum Exploration Permit (PEP) 38526. A option fee of NZ$50,000 was payable under the agreement, with a further $50,000 being due on signing a Farmin Agreement with Aorere.

On July 8, 2013 the Company entered into the Farmin Agreement with Aorere for PEP 38526. Under the terms of that Agreement Aorere will transfer the PEP to a new company, Petroleum Creek Limited which shall be 60% owned by Mosman and 40% owned by Aorere. Under the agreement Mosman is responsible for the work commitments of PEP 38526. The Company has an option over the remaining 40% which it can acquire for NZD 900,000 payable in cash or shares.

In September a change of condition was approved for PEP 38526 with NZPAM to vary future exploration expenditure requirements.

Directors' Report

Review of Operations (Cont)

Formal applications for the transfer of ownership and operatorship to Petroleum Creek Limited have now been lodged.

PEP 38526 is located just 40kms south of Greymouth on the south island of New Zealand and has good logistics and infrastructure links. There is historical exploration including drilling, seismic and 20kms of electric resistivity survey. At the Petroleum Creek Project (within the PEP) there are currently oil seeps and historic wells which demonstrate oil generation and flow. Mosman's plans include the drilling of two shallow wells in the first half of 2014.

On 1 October 2013 the Company signed a $300,000 loan facility with director John Barr. The company can draw down on this facility from this date forward. There is an interest rate of 8% that accrues monthly. Repayment terms are at the call of the director.

Mosman is also in the process of finalising and documenting an option to acquire 25% of L12-4 which is located in the Officer Basin of Western Australia. This project which covers some five million acres has historic exploration. This asset is currently owned by an entity controlled by a Director and therefore there are a number of conditions to be satisfied before settlement.

Mosman Directors are currently reviewing the Company's fiscal requirements and are optimistic that a Stock Exchange Listing will be secured in the first quarter of 2014.

Results of Operations

The net loss of the Company after the provision of income tax for the year ended 30 June 2013 was $712,336 (2012: $264,941). This was mainly due to the write off of exploration expenditure in PNG of $305,252 and AIM listing expenses of $137,155.

Corporate and Financial Position

As at 30 June 2013 the Company had cash reserves and other receivables of $450,014 (2012: $205,755)

Risk Management

The Board is responsible for the oversight of the Company's risk management and control framework. Responsibility for control and risk management is delegated to the appropriate level of management with the Non-Executive Chairman having ultimate responsibility to the Board for the risk management and control framework.

Areas of significant business risk to the Company are highlighted in the Business Plan presented to the Board by the Non-Executive Chairman Director each year.

Arrangements put in place by the Board to monitor risk management include monthly reporting to the Board in respect of operations and the financial position of the Company.

EMPLOYEES

The Company has 1 part time employee as at 30 June 2013 (2012: nil).

EARNINGS/LOSS PER SHARE	2013 Cents	2012 Cents
Basic loss per share	(4.89)	(2.41)

Directors' Report

Future Developments, Prospects and Business Strategies

The Company proposes to continue its current focus, particularly in respect to New Zealand and Australia. It is also planning a Stock Exchange listing to meet the Company's fiscal requirements.

Exploration Risk

Oil and gas exploration and development are high-risk undertakings, and there is no assurance that exploration will result in the discovery of an economic deposit. Even if an apparently viable deposit is identified there is no guarantee that it can be economically exploited.

The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to permitting requirements, availability of appropriate exploration equipment, exploration costs, seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents and many other factors beyond the control of the Company.

Dividends

No amounts were paid by way of dividends since the end of the previous financial period and the Directors do not recommend a payment of a dividend.

Environmental Regulations

The Board believes that the company has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the company.

Significant Changes

The significant changes were as follows:

On the 15 August 2012 the Company issued 1,000,000 Mosman Oil and Gas Limited shares at $0.1 per share to raise $100,000.

On the 6 February 2013 the Company issued 5,650,000 Mosman Oil and Gas Limited shares at $0.1 per share to raise $565,000.

On the 6 February 2013 the Company issued 500,000 Mosman Oil and Gas Limited shares at $0.1 per share to creditors in lieu of payment of outstanding expenses (refer note 9).

On the 9 May 2013 Petroleum Creek Limited was incorporated in New Zealand with 100% of its shareholdings being held by Mosman Oils and Gas Limited.

On the 30 May 2013 the Company issued 3,200,000 Mosman Oil and Gas Limited shares at $0.1 per share to raise $320,000.

In the opinion of the Directors there were no other significant changes in the state of affairs of the Company that occurred during the financial year under review.

Events Subsequent to the End of the Financial Period

There are no material matters or circumstances arising since 30 June 2013 which will significantly affect the operations of the Company, the results of those of those operations, or the state affairs of the Company in subsequent financial periods apart from:

On July 8, 2013 the Company entered into the Farmin Agreement with Aorere for PEP 38526. Under the terms of that Agreement Aorere will transfer the PEP to a new company, Petroleum Creek Limited which shall be 60% owned by Mosman and 40% owned by Aorere. Under the agreement Mosman is responsible for the work commitments of PEP 38526. The Company has an option over the remaining 40% which it can acquire for NZD 900,000 payable in cash or shares.

In September a change of condition was approved for PEP 38526 with NZPAM to vary future exploration expenditure requirements.

Directors' Report

Events Subsequent to the End of the Financial Period (Cont)

Mosman is also lodging the formal applications for the transfer of ownership and operatorship to Petroleum Creek.

PEP 38526 is located just 40kms south of Greymouth on the south island of New Zealand and has good logistics and infrastructure links. There is historical exploration including drilling, seismic and 20kms of electric resistivity survey. At the Petroleum Creek Project (within the PEP) there are currently oil seeps and historic wells which demonstrate oil generation and flow. Mosman's plans include the drilling of two shallow wells in the first half of 2014.

On 1 October 2013 the Company signed a $300,000 loan facility with director John Barr. The company can draw down on this facility from this date forward. There is an interest rate of 8% that accrues monthly. Repayment terms are at the call of the director.

Mosman is also in the process of finalising and documenting an option to acquire 25% of L12-4 which is located in the Officer Basin of Western Australia. This project which covers some five million acres has historic exploration. This asset is currently owned by an entity controlled by a Director and therefore there are a number of conditions to be satisfied before settlement.

Options

No options were issued during the financial year.

Since 30 June 2013 and up until the date of this report there have been no options issued

As at the date of this report unissued ordinary shares of the Company under option are:

Number of Options on Issue	***Exercise Price***	***Expiry Date***
3,000,000	20 cents each	31 March 2016

The above options represent unissued ordinary shares of the Company under option as at the date of this report. These unlisted options do not entitle the holder to participate in any share issue of the Company.

The holders of unlisted options are not entitled to any voting rights until the options are exercised into ordinary shares.

The names of all persons who currently hold options granted are entered in a register kept by the Company pursuant to Section 168(1) of the *Corporations Act 2001* and the register may be inspected free of charge.

No person entitled to exercise any option has or had, by virtue of the option, a right to participate in any share issue of any other body corporate.

Corporate Structure

Mosman Oil and Gas Limited (ACN 150 287 111) is a Company limited by shares that was incorporated on 6 April 2011 and is domiciled in Australia.

Environmental Regulation and Performance

So far as the Directors are aware there has been no known breach of the Company's licence conditions and all exploration activities comply with relevant environmental regulations

Directors' Report

Information on Directors

Director	Qualifications, experience & special responsibilities

J W Barr — **CA FAICD**
Executive Chairman

Mr John W Barr is a Chartered Accountant and Fellow of the Australian Institute of Company Directors and has acted as Director of listed and unlisted companies for over twenty five years. He has extensive Australian and international experience with exposure to manufacturing, mining and mineral exploration and development in respect to several commodities.

Mr Barr specialises in the management of private and public companies including advice on capital raisings, mergers and acquisitions, negotiating onshore and offshore acquisitions and joint ventures, negotiating commodity based funding, and compliance with corporate and stock exchange requirements.

A Carroll — ***MA, BA***
Technical Director

Currently founding Director/MD of Australasian Energy Pty Ltd and founding Director and former MD/CEO of Phoenix Oil and Gas (public unlisted company ready to IPO), Director of Discovery SA and Business Development Advisor to ASX listed Green Rock Energy. Previous roles include Executive Chairman of Ausam Resources, MD of ASX listed Great Artesian Oil and Gas, Director of Vermilion Oil and Gas Australia.

Expertise covers a wide range of the energy business, with particular expertise in oil and gas, from permit applications and initial exploration operations including drilling, to development, production and marketing of oil and gas. This includes taking InterOil from applying to licences to discovery of new petroleum system in PNG that is now being developed for LNG exports. Advised AGL in establishing an E&P business with acquisition and operations of CSM assets including Sydney Gas, and Moranbah. International experience includes UK, Canada, Australia, NZ and PNG.

Appointed 25 February 2013

J A Young — ***B App Sc (Geol), Grad Dip Tech Management, MAUSIMM, AICD***
Non Executive Director

Mr Young is a geologist with 25 years' experience in resource project management and corporate management. He is a Member of the Australian Institute of Mining and Metallurgy and the Australian Institute of Company Directors and has worked on wide variety of mineral and resource projects throughout Australia and overseas. In addition, Mr Young has held senior management and operational positions. He is currently Exploration Manager of Arunta Resources Limited and Principal Geological Consultant to Pilbara Minerals Limited and Sturt Resources Limited, both exploration companies listed on the ASX, the latter a company focused on gold exploration in Papua New Guinea.

M P Bowen — ***BJuris, LLB, B.Com***
Non Executive Director

Mr. Bowen is a partner of the Perth based law firm Hardy Bowen, which practices in corporate, securities, commercial and mining law. He has extensive commercial experience in merchant banking and accounting and is a director of several listed Australian Companies.

Resigned 25 February 2013.

Directors' Report

Company Secretary

Zane Lewis B.Comm (appointed 24 August 2012)

Zane Lewis has 20 years corporate experience in finance, management and M&A in the Resources and IT sectors. He is the founder of Smallcap Corporate, a Corporate Advisory services company. He is a Company Secretary and CFO for various unlisted public companies. Zane Lewis studied a Bachelor of Economics at the University of Western Australia and is a member of Chartered Secretaries Australia.

John W Barr (resigned 24 August 2012)

Indemnification and insurance of officers

During the period, the Company participated in Deeds of Indemnity, Insurance and Access with officers of the Company.

REMUNERATION REPORT

1. Principles of Remuneration

This report details the amount and nature of remuneration of each director of the Company.

The Directors have authority and responsibility for planning and controlling the activities of the Company.

Remuneration Policy

The remuneration policy is to provide a fixed directors fee remuneration component (non-executive Directors receive an annual fee, of $30,000 pa, and the Chairman receives an annual fee of $60,000 pa) and a consulting fee component based on days worked. The Board believes that this remuneration policy is appropriate given the stage of development of the Company and the activities which it undertakes and is appropriate in aligning director objectives with shareholder and business objectives.

The remuneration policy, setting the terms and conditions for the Directors and other executives has been developed by the Board after seeking professional advice and taking into account market conditions.

Service Agreement

The Executive Chairman, Mr John W Barr is employed under a contract for services with Kensington Advisory Services Pty Ltd. The Agreement commenced on 30 May 2013.

Under the terms of the present contract:

- The Agreement is for a period of date of commencing 30 May 2013 through to Listing on a recognized stock exchange, and thereafter one year after listing and can be terminated by either the Company or Kensington Advisory Services Pty Ltd by giving more than 1 months written notice. Should notice be given during the 12 months after listing, Kensington will be entitled to the balance of unpaid fees that would have been payable for that 12 months period.
- Kensington Advisory Services Pty Ltd will provide consulting services for which it will be remunerated $1,250 per day worked prior to Listing, and thereafter $1,250 a day subject to a minimum of $15,000/month.

The Technical Director, Mr Andrew Carroll is employed under a contract for services with Australasian Energy Pty Ltd. The Agreement commenced on 21 February 2013.

Under the terms of the present contract:

- The Agreement is for a period of date of commencing 21 Feb 2013 through to Listing on a recognized stock exchange, and thereafter one year after listing and can be terminated by either the Company or Australasian Energy Pty Ltd by giving more than 1 months written notice. Should notice be given during the 12 months after listing, Australasian will be entitled to the balance of unpaid fees that would have been payable for that 12 months period.
- Australasian Energy Pty Ltd will provide consulting services for which it will be remunerated $2,000 per day worked prior to Listing, and thereafter $2,000 a day subject to a minimum of $10,000/month.

Directors' Report

J W Barr – Executive Chairman

- All fees have been paid to Kensington Advisory Services Pty Ltd.

A R Carroll – Technical Director

- All fees have been paid to Australasian Energy Pty Ltd.

J A Young - Non-Executive Director

- All fees have been paid to Metallon Resources Pty Ltd.

M P Bowen - Non-Executive Director

- All fees have been paid to Hardy Bowen Lawyers.

2. Directors remuneration

Details of the nature and amount of each major element of remuneration of each director of the Company are:

Directors Remuneration for the period ended 30 June 2013

	Primary	Post Employment	Equity Compensation	
2012/2013	**Fees $**	**Superannuation Contributions $**	**Options $**	**Total $**
Directors				
J W Barr – Executive Chairman (i)	144,000	-	-	144,000
A Carroll – Technical Director (ii)	75,000	-	-	75,000
J Young – Non-Executive (iii)	45,000	-	-	45,000
M Bowen – Non-Executive (iv)	44,811	-	-	44,811
TOTAL	308,811	-	-	308,811

	Primary	Post Employment	Equity Compensation	
2011/2012	**Fees $**	**Superannuation Contributions $**	**Options $**	**Total $**
Directors				
J W Barr – Executive Chairman (i)	60,000	-	-	60,000
J Young – Non-Executive (iii)	30,000	-	-	30,000
M Bowen – Non-Executive (iv)	29,044	-	-	29,044
TOTAL	119,044	-	-	119,044

(i) Directors fees of $60,000 (2012: 60,000) and consulting fees of $84,000 (2012: nil) were paid to Kensington Advisory Services Pty Ltd.
(ii) Technical service fees of $75,000 (2012: nil) were paid to Australasian Energy Pty Ltd.
(iii) Directors fees of $30,000 (2012: 30,000) and consulting fees of $15,000 were paid to Metallon Resources Pty Ltd.
(iv) Legal fees of $44,811 (2012: 29,044) were paid to Hardy Bowen Lawyers.

Since the last financial year, no director of the Company has received or become entitled to receive a benefit included (other than a benefit in the aggregated amount of emoluments, received or due and receivable by directors shown in the accounts) by reason of a contract made by the Company with the director or with a firm of which he is a member, or with an entity in which he has a substantial financial interest.

Directors' Report

Commencing on 1 July 2013 non-executive Directors receive an annual fee of $30,000 pa, and the Chairman receives an annual fee of $60,000 pa.

Equity positions of directors of the company

As at the date of this report the Directors' interests in shares and unlisted options of the Company are as follows:

Director	Title	Directors' Interest in Ordinary Shares	Directors' Interest in Unlisted Options
John W Barr	Executive Chairman	7,500,001	1,000,000
Andrew Carroll	Technical Director	600,000	-
John Young	Non-Executive Director	1,000,000	1,000,000
Michael Bowen[1]	Independent Director	400,000	1,000,000

[1]- These shareholdings are as at the date of the director's resignation, not as at the date of this report.

ETHICAL STANDARDS

All Directors are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company. There is one employee.

Code of Conduct

This code of conduct sets out the standard which the Board, management and employees of the Company are encouraged to comply with when dealing with each other, shareholders and the broader community.

Commitment of the Board and Management to Corporate Code of Conduct

The Board approves and endorses this code of conduct and support the code and all it strives to achieve.

Responsibilities to Shareholders and the Financial Community generally

The Company aims:

To increase shareholder value within an appropriate framework which safeguards the rights and interests of the Company's shareholders and the financial community; and

To comply with systems of control and accountability, which the Company has in place as part of its corporate governance with openness and integrity.

Responsibilities to Clients, Customers and Consumers

The Company is to comply with all legislative and common law requirements which affect its business, in particular those in respect of occupational health and safety, the environment, native title and cultural heritage. Any transgression from the applicable legal rules is to be reported to the managing director as soon as a person becomes aware of such a transgression.

Employment Practices

The Company is to comply with all legislative requirements which affect its employee, in particular those in respect of occupational health and safety, taxation and superannuation requirements. Any transgression from the applicable legal rules is to be reported to the managing director as soon as a person becomes aware of such a transgression. There is one part time employee.

Responsibility to the Community

The Company will recognise, consider and respect environmental issues which arise in relation to the Company's activities and comply with all applicable legal requirements.

Directors' Report

Responsibility to the Individual

The Company recognises and respects the rights of individuals and to the best of its ability will comply with the applicable legal rules regarding privacy, privileges, private and confidential information.

Obligations Relative to Fair Trading and Dealing

The Company will deal with others in a way that is fair and will not engage in deceptive practices.

Conflicts of Interest

The Board, management and employees must not involve themselves in situations where there is a real or apparent conflict of interest between them as individuals and the interests of the Company. Where a real or apparent conflict of interest arises the matter should be brought to the attention of the Chairman, so that it may be considered and dealt with in an appropriate manner for all concerned.

Compliance with the Code

Any breach of compliance with this code is to be reported directly to the Chairman.

Periodic Review of Code

The Company will monitor compliance with the code periodically. Suggestions for improvements or amendments to the code can be made at any time by providing a written note to the Chairman.

Incorporation of Code of Conduct for executives

The Code of Conduct forms part of this Corporate Code of Conduct. It provides as follows:

All executives will:

1. Actively promote the highest standards of ethics and integrity in carrying out their duties for the Company.

2. Disclose any actual or perceived conflicts of interest of a direct or indirect nature of which they become aware and which they believe could compromise in any way the reputation or performance of the Company.

3. Respect confidentiality of all information of a confidential nature which is acquired in the course of the Company's business and not disclose or make improper use of such confidential information to any person unless specific authorisation is given for disclosure or disclosure is legally mandated.

4. Deal with the Company's customers, suppliers, competitors and each other with the highest level of honesty, fairness and integrity and to observe the rule and spirit of the legal and regulatory environment in which the Company operates.

5. Protect the assets of the Company to ensure availability for legitimate business purposes and ensure all corporate opportunities are enjoyed by the Company and that no property, information or position belonging to the Company or opportunity arising from these are used for personal gain or to compete with the Company.

6. Report any breach of this code of conduct to the chairperson, who will treat reports made in good faith of such violations with respect and in confidence.

Directors' Report

NON AUDIT SERVICES

The Board of Directors, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: *Code of Ethics for Professional Accountants* set by the Accounting Professional and Ethical Standards Board.

The following fees were paid or payable to Somes Cooke for non-audit services provided during the year ended 30 June 2013:

	2013 $	2012 $
Taxation services	1,000	600
Professional services[1]	5,000	-
	6,000	600

1- During the year Somes and Cooke provided professional services to Mosman for an AIM listing.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purposes of taking responsibility on behalf of the Company for all or any part of the proceedings.

AUDITOR INDEPENDENCE DECLARATION

The auditor's independence declaration as required under s307c of the Corp Act 2001 is included in the financial report and forms part of the financial report for the financial year ended 30 June 2013.

Signed in accordance with a resolution of the Directors.

J W BARR
EXECUTIVE CHAIRMAN

8th October 2013

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Profit from our Resources

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Chartered Accountants (Aus)
Business Consultants
Financial Advisors

AUDITOR'S INDEPENDENCE DECLARATION

To those charged with governance of Mosman Oil and Gas Ltd

As auditor for the audit of Mosman Oil and Gas Ltd for the year ended 30 June 2013, I declare that, to the best of my knowledge and belief, there have been:

a) No contraventions of the independence requirements of the *Corporations Act 2001* in relation to the audit; and
b) No contraventions of any applicable code of professional conduct in relation to the audit.

Somes Cooke

Somes Cooke

Kevin Somes

Kevin Somes
Perth
8 October 2013

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Chartered Accountants (Aus)
Business Consultants
Financial Advisors

Independent Auditor's Report
To the members of Mosman Oil and Gas Ltd

Report on the Financial Report

We have audited the accompanying financial report of Mosman Oil and Gas Ltd, which comprises the statement of financial position as at 30 June 2013, the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

Opinion

In our opinion:

(a) the financial report of Mosman Oil and Gas Ltd is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Emphasis of matter - Inherent uncertainty regarding continuation as a going concern

Without modifying our opinion, we draw attention to Note 1, which outlines that the financial statements have been prepared on the going concern basis. The going concern basis is dependent upon the Company raising sufficient capital required to pay its debts as and when they fall due.

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

Somes Cooke

Kevin Somes
8 October 2013
Perth

Consolidated Statement of Profit and Loss and Other Comprehensive Income
Year Ended to 30 June 2013

	Note	Consolidated 30 June 2013 $	Company 30 June 2012 $
Interest Income		**2,773**	**14,327**
Administrative costs		**(7,409)**	**(4,232)**
Corporate costs		**(326,009)**	**(153,000)**
Exploration write off		**(305,252)**	**(122,036)**
Employee Benefits expense		**(25,686)**	**-**
Share based payments	9	**(50,000)**	**-**
Depreciation	2	**(753)**	**-**
Loss from ordinary activities before income tax expense		**(712,336)**	**(264,941)**
Income tax expense	3	**-**	**-**
Net Loss for the year		**(712,336)**	**(264,941)**
Other Comprehensive Income		**-**	**-**
Total comprehensive income attributable to members of the entity		**(712,336)**	**(264,941)**
Basic earnings/(loss) per share (cents per share)	14	***(4.89) cents***	**(2.41) cents**
Diluted earnings/(loss) per share (cents per share)	14	***(4.89) cents***	**(2.41) cents**

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position
As at 30 June 2013

	Notes	Consolidated 2013 $	Company 2012 $
Current Assets			
Cash and cash equivalents	5	**427,666**	**205,755**
Trade and other receivables	6	**22,348**	**-**
Total Current Assets		**450,014**	**205,755**
Non-Current Assets			
Property, plant & equipment		**5,703**	**-**
Capitalised mineral exploration expenditure	7	**183,973**	**74,706**
Total Non-current Assets		**189,676**	**74,706**
Total Assets		**639,690**	**280,461**
Current Liabilities			
Trade and other payables	8	**59,065**	**22,500**
Total Current Liabilities		**59,065**	**22,500**
Total Liabilities		**59,065**	**22,500**
Net Assets		**580,625**	**257,961**
Shareholders' Equity			
Contributed equity	9	**1,585,000**	**550,000**
Accumulated losses		**(1,004,375)**	**(292,039)**
Total Shareholders' Equity		**580,625**	**257,961**

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity
Year Ended 30 June 2013

	Accumulated Losses $	Contributed Equity $	Total $
Balance at 1 July 2011	**(27,098)**	**550,000**	**522,902**
Comprehensive income			
Profit for the year	**(264,941)**	**-**	**(264,941)**
Other comprehensive income for the year	**-**	**-**	**-**
Total comprehensive income for the year	**(264,941)**	**-**	**(264,941)**
Transactions with owners, in their capacity as owners, and other transfers			
Shares issued to shareholders	**-**	**-**	**-**
Total transactions with owners and other transfers	**-**	**-**	**-**
Balance at 1 July 2012	**(292,039)**	**550,000**	**257,961**
Comprehensive income			
Profit for the year	**(712,336)**	**-**	**(712,336)**
Other comprehensive income for the year	**-**	**-**	**-**
Total comprehensive income for the year	**(712,336)**	**-**	**(712,336)**
Transactions with owners, in their capacity as owners, and other transfers			
Shares issued to shareholders	**-**	**1,035,000**	**1,035,000**
Total transactions with owners and other transfers	**-**	**1,035,000**	**1,035,000**
Balance at 1 July 2013	**(1,004,375)**	**1,585,000**	**580,625**

The accompanying notes form part of these financial statements

Consolidated Statement of Cash Flows
Year Ended 30 June 2013

	Notes	Consolidated 30 June 2013 $	Company 30 June 2012 $
Cash flows from operating activities			
Interest received		**2,773**	**14,327**
Payments to suppliers and employees		**(356,324)**	**(152,124)**
Net cash (outflow) from operating activities	15	**(353,551)**	**(137,797)**
Cash flows from investing activities			
Payments for Property, plant & equipment		**(6,456)**	**-**
Payments for exploration and evaluation assets		**(403,082)**	**(90,852)**
Net cash (outflow) from investing activities		**(409,538)**	**(90,852)**
Cash flows from financing activities			
Proceeds from shares issued		**985,000**	**-**
Net cash inflow from financial activities		**985,000**	-
Net (decrease) / increase in cash and cash equivalents		**221,911**	**(228,649)**
Cash and cash equivalents at the beginning of the financial period		**205,755**	**434,404**
Cash and cash equivalents at the end of the financial period	5	**427,666**	**205,755**

The accompanying notes from part of these financial statements.

Notes to the Financial Statements
30 June 2013

1 Statement of Accounting Policies

The principal accounting policies adopted in preparing the financial report of Mosman Oil and Gas Limited 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. The financial statements are presented in Australian dollars which is the Company's functional currency.

(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 8th October 2013.

Going Concern

The financial statements have been prepared on the going concern basis. As at the date of these financial statements the Company has $427,666 (2012: $205,755) cash and cash equivalents. On 1 October 2013 Mosman Oil and Gas signed a $300,000 loan facility with Director John Barr which the Company can draw on should it need. The going concern basis is dependent upon the Company raising sufficient capital required to pay its debts as and when they fall due. In the directors' opinion, at the date of signing the financial report, there are reasonable grounds to believe that this will be achieved, and have therefore prepared the financial statements on the going concern basis. Should this not be achieved, there would be significant uncertainty whether the Company will be able to continue as a going concern. The financial statements do not include any adjustments relating to the recoverability or classification of recorded assets or the amounts or reclassification of liabilities, which might be necessary should the Company not be able to continue as a going concern

(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. A list of controlled entities is contained in Note 20 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.

Notes to the Financial Statements
30 June 2013

1 Statement of Accounting Policies (Continued)

(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. None of the balances reported have been derived from estimates

Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current and economic data, obtained both externally and within the Company.

Key Estimates – Impairment

The Company assesses impairment at each reporting date by evaluating conditions specific to the Company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Key Estimates - Exploration and evaluation assets

Determining the recoverability of exploration and evaluation expenditure capitalised in accordance with the Group's accounting policy (refer Note 1(g)), requires estimates and assumptions as to future events and circumstances, in particular, whether successful development and commercial exploitation, or alternatively sale, of the respective areas of interest will be achieved. The Group applies the principles of AASB 6 and recognises exploration and evaluation assets when the rights of tenure of the area of interest are current, and the exploration and evaluation expenditures incurred are expected to be recouped through successful development and exploitation of the area. If, after having capitalised the expenditure under the Group's accounting policy in Note 1(g), a judgment is made that recovery of the carrying amount is unlikely, an impairment loss is recorded in profit or loss in accordance with the Group's accounting policy in Note 1(o). The carrying amounts of exploration and evaluation assets are set out in Note 7.

(d) Income tax

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

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

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

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

Notes to the Financial Statements
30 June 2013

1 Statement of Accounting Policies (Continued)

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

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

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

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

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

(e) Goods and services tax

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

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

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

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

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

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

(f) Property, Plant and Equipment

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

Notes to the Financial Statements
30 June 2013

1 Statement of Accounting Policies (Continued)

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, 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.

(g) 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 or if the Directors consider the expenditure to be of reduced value, accumulated costs carried forward are written off in the year in which that assessment is made. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

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

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

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

Exploration and evaluation assets are assessed for impairment if:

(i) sufficient data exists to determine technical feasibility and commercial viability, and
(ii) 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.

(h) Payables

These amounts represent liabilities for goods and services provided to the Company 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.

Notes to the Financial Statements
30 June 2013

1 Statement of Accounting Policies (Continued)

(i) 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.

(j) 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.

(k) Share-based payment transactions

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

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

Where the Company 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 equity instruments granted is measured at grant date. The cost of equity securities is recognised within capitalised mineral exploration and evaluation expenditure, together with a corresponding increase in equity.

(l) Comparative Figures

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

(m) 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 Company. These risks include credit risk, liquidity risk and market risk from the use of financial instruments. The Company has only limited use of financial instruments through its cash holdings being invested in short term interest bearing securities. The primary goal of this strategy is to maximise returns while minimising risk through the use of accredited Banks with a minimum credit rating of A1 from Standard & Poors. The Company has no debt, and working capital is maintained at its highest level possible and regularly reviewed by the full board.

(n) 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.

Notes to the Financial Statements
30 June 2013

1 Statement of Accounting Policies (Continued)

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 derecogonised 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 Company of financial assets is managed by key management personnel on a fair value basis in accordance with a document risk management or investment strategy. Realised 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 amortised cost using the effective interest rate method.

iii. Held-to-maturity investments

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

iv. Available-for-sale financial assets

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

v. Financial Liabilities

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

Impairment

At each reporting date, the Company 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.

Notes to the Financial Statements
30 June 2013

1 Statement of Accounting Policies (Continued)

(o) Impairment of assets

At each reporting date, the Company 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 Company estimates the recoverable amount of the cash-generating until to which the asset belongs.

(p) Employee Entitlements

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

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

(q) Provisions

Provisions are recognized when the Company 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.

(r) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 12 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. Dividend revenue is recognized when the right to receive a dividend has been established.

Notes to the Financial Statements
30 June 2013

1 Statement of Accounting Policies (Continued)

(t) Accounting Standards for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Group. The Group has decided not to early adopt any of the new and amended pronouncements. The Group's assessment of the new and amended pronouncements that are relevant to the Group but applicable in future reporting periods is set out below:

– AASB 9*: Financial Instruments* (December 2010) and AASB 2010–7: *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010).*

  These Standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments.

  The key changes made to accounting requirements include:

  - simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
  - simplifying the requirements for embedded derivatives;
  - removing the tainting rules associated with held-to-maturity assets;
  - removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
  - allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;
  - requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and
  - requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

  These Standards were mandatorily applicable for annual reporting periods commencing on or after 1 January 2013. However, AASB 2012–6*: Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures* (issued September 2012) defers the mandatory application date of AASB 9 from 1 January 2013 to 1 January 2015. In light of the change to the mandatory effective date, the Group is expected to adopt AASB 9 and AASB 2010–7 for the annual reporting period ending 31 December 2015. Although the directors anticipate that the adoption of AASB 9 and AASB 2010–7 may have a significant impact on the Group's financial instruments, it is impracticable at this stage to provide a reasonable estimate of such impact.

Notes to the Financial Statements
30 June 2013

1 Statement of Accounting Policies (Continued)

– AASB 10*: Consolidated Financial Statements*, AASB 11: *Joint Arrangements, AASB 12: Disclosure of Interests in Other Entities*, AASB 127: *Separate Financial Statements* (August 2011) and AASB 128: *Investments in Associates and Joint Ventures* (August 2011) (as amended by AASB 2012–10: *Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments*), and AASB 2011–7: *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards* (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 10 replaces parts of AASB 127: *Consolidated and Separate Financial Statements* (March 2008, as amended) and Interpretation 112: *Consolidation – Special Purpose Entities*. AASB 10 provides a revised definition of "control" and additional application guidance so that a single control model will apply to all investees. This Standard is not expected to significantly impact the Group's financial statements.

AASB 11 replaces AASB 131: *Interests in Joint Ventures* (July 2004, as amended). AASB 11 requires joint arrangements to be classified as either "joint operations" (where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities) or "joint ventures" (where the parties that have joint control of the arrangement have rights to the net assets of the arrangement).

AASB 12 contains the disclosure requirements applicable to entities that hold an interest in a subsidiary, joint venture, joint operation or associate. AASB 12 also introduces the concept of a "structured entity", replacing the "special purpose entity" concept currently used in Interpretation 112, and requires specific disclosures in respect of any investments in unconsolidated structured entities. This Standard will affect disclosures only and is not expected to significantly impact the Group's financial statements.

To facilitate the application of AASBs 10, 11 and 12, revised versions of AASB 127 and AASB 128 have also been issued. The revisions made to AASB 127 and AASB 128 are not expected to significantly impact the Group's financial statements.

– AASB 13: *Fair Value Measurement* and AASB 2011–8: *Amendments to Australian Accounting Standards arising from AASB 13* (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 13 defines fair value, sets out in a single Standard a framework for measuring fair value, and requires disclosures about fair value measurement.

AASB 13 requires:

- inputs to all fair value measurements to be categorised in accordance with a fair value hierarchy; and
- enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) to be measured at fair value.

These Standards are expected to result in more detailed fair value disclosures, but are not expected to significantly impact the amounts recognised in the Group's financial statements.

– AASB 2011–4: *Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements* (applicable for annual reporting periods beginning on or after 1 July 2013).

Notes to the Financial Statements
30 June 2013

1 Statement of Accounting Policies (Continued)

This Standard makes amendments to AASB 124: *Related Party Disclosures* to remove the individual key management personnel disclosure requirements (including paras Aus29.1 to Aus29.9.3). These amendments serve a number of purposes, including furthering trans-Tasman convergence, removing differences from IFRSs, and avoiding any potential confusion with the equivalent *Corporations Act 2001* disclosure requirements.

This Standard is not expected to significantly impact the Group's financial report as a whole because:

- some of the disclosures removed from AASB 124 will continue to be required under s 300A of the Corporations Act, which is applicable to the Group; and
- AASB 2011–4 does not affect the related party disclosure requirements in AASB 124 applicable to all reporting entities, and some of these requirements require similar disclosures to those removed by AASB 2011–4.

– AASB 119: *Employee Benefits* (September 2011) and AASB 2011–10: *Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)* (applicable for annual reporting periods commencing on or after 1 January 2013).

These Standards introduce a number of changes to the presentation and disclosure of defined benefit plans, including:

- removal of the "corridor" approach from AASB 119, thereby requiring entities to recognise all changes in a net defined benefit liability/(asset) when they occur; and
- disaggregation of changes in a net defined benefit liability/(asset) into service cost, net interest expense and remeasurements and recognition of:
  - (i) service cost and net interest expense in profit or loss; and
  - (ii) remeasurements in other comprehensive income.

AASB 119 (September 2011) also includes changes to the criteria for determining when termination benefits should be recognised as an obligation.

The directors anticipate that the application of the amendments to AASB 119 will not have an impact on the amounts reported in respect of the Group's defined benefit plans.

– AASB 2012–2: *Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities* (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 2012–2 principally amends AASB 7: *Financial Instruments: Disclosures* to require entities to include information that will enable users of their financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

This Standard is not expected to significantly impact the Group's financial statements.

– AASB 2012–3: *Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities* (applicable for annual reporting periods commencing on or after 1 January 2014).

Notes to the Financial Statements
30 June 2013

1 Statement of Accounting Policies (Continued)

This Standard adds application guidance to AASB 132: *Financial Instruments: Presentation* to address potential inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.

This Standard is not expected to significantly impact the Group's financial statements.

– AASB 2012–5: *Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011* (applicable for annual reporting periods commencing on or after 1 January 2013).

This Standard amends a number of Australian Accounting Standards as a consequence of the issuance of *Annual Improvements to IFRSs 2009–2011 Cycle* by the International Accounting Standards Board, including:

- AASB 1: *First-time Adoption of Australian Accounting Standards* to clarify the requirements in respect of the application of AASB 1 when an entity discontinues and then resumes applying Australian Accounting Standards;
- AASB 101: *Presentation of Financial Statements* and AASB 134: *Interim Financial Reporting* to clarify the requirements for presenting comparative information;
- AASB 116: *Property, Plant and Equipment* to clarify the accounting treatment of spare parts, stand-by equipment and servicing equipment;
- AASB 132 and Interpretation 2: *Members' Shares in Co-operative Entities and Similar Instruments* to clarify the accounting treatment of any tax effect of a distribution to holders of equity instruments; and
- AASB 134 to facilitate consistency between the measures of total assets and liabilities an entity reports for its segments in its interim and annual financial statements.

This Standard is not expected to significantly impact the Group's financial statements.

Notes to the Financial Statements
30 June 2013

	Consolidated 30 June 2013 $	Company 30 June 2012 $
2 Expenses		
Audit services	**5,000**	**6,000**
Contributions to employees superannuation plans	**1,581**	**-**
Pre-AIM listing costs incurred	**137,155**	**-**
Depreciation	**753**	**-**

3 Income Tax

No income tax is payable by the Company as it has incurred losses for income tax purposes for the year, therefore current tax, deferred tax and tax expense is $Nil (2012 - $Nil).

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

	Consolidated 2013 $	Company 2012 $
Loss before tax	**(712,336)**	**(264,941)**
Income tax calculated at 30% (2012: 30%)	**(213,701)**	**(79,482)**
Tax effect of amounts which are deductible in calculating taxable income:		
Temporary differences	**(1,998)**	**(9,686)**
Taxable losses not bought to account as a deferred tax asset	**215,699**	**89,168**
Income tax expense attributable to operating profit	**-**	**-**

(b) Tax Losses

As at 30 June 2013, the company had tax losses of $1,043,317 (2012: $324,323). The benefit of deferred tax assets not brought to account will only be realised if:

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

(c) Unbooked Deferred Tax Assets and Liabilities

Unbooked deferred tax assets comprise:

	Consolidated 2013 $	Company 2012 $
Provisions/Accruals/Other	**4,752**	**6,750**
Tax losses available for offset against future taxable income	**312,995**	**97,297**
	317,747	**104,047**

Notes to the Financial Statements
30 June 2013

3 Income Tax (Continued)

Unbooked deferred tax liabilities comprise:

	Consolidated 2013 $	Company 2012 $
Capitalised mineral exploration and evaluation expenditure	**55,192**	**22,412**
	55,192	**22,412**

(d) Franking credits balance

The Company has no franking credits available as at 30 June 2013 (2012: $Nil).

	Consolidated 2013 $	Company 2012 $
4 Auditors Remuneration		
Audit – Somes Cooke		
Audit of the financial statements	**5,000**	**6,000**
5 Cash and cash equivalents		
Cash at Bank	**427,666**	**205,755**
6 Trade and other receivables		
GST receivable	**22,348**	**-**

7 Capitalised mineral exploration expenditure

Non Current

In the exploration phase

Cost brought forward	**74,706**	**-**
Expenditure incurred during the year (at cost)	**414,519**	**196,742**
Exploration expenditure written off	**(305,252)**	**(122,036)**
	183,973	**74,706**

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.

8 Trade and other payables

Current (unsecured)

Trade creditors	**43,956**	**-**
Other creditors and accruals	**15,109**	**22,500**
	59,065	**22,500**

Included within trade and other creditors and accruals is an amount of $22,961 (2012- $nil) relating to exploration expenditure

Notes to the Financial Statements
30 June 2013

9 Contributed equity

	Consolidated 2013 $	Company 2012 $
Ordinary Shares		
21,350,001 (2012: 11,000,005) ordinary shares fully paid	**1,585,000**	**550,000**

Share movements during the year	**Number**	**Number**
Balance at the beginning of period	**11,000,001**	**11,000,001**
Shares issued 15/8/12 at $0.10	**1,000,000**	**-**
Shares issued 6/2/13 at $0.10	**6,150,000**	**-**
Shares issued 30/5/13 at $0.10	**3,200,000**	**-**
Balance at the end of the year	**21,350,001**	**11,000,001**

Options

During the financial year no options were granted. There are 3 million options on issue, which are all held by related parties (note 11).

Share based payments

380,000 shares with a value of $38,000 were issued on the 6 February 2013 in lieu of payment of corporate finance fees.
120,000 shares with a value of $12,000 were issued on the 6 February 2013 in lieu of payment of Company Secretary fees.

10 Accumulated losses

	Consolidated 2013 $	Company 2012 $
Accumulated losses at the beginning of the year	**292,039**	**27,098**
Net loss attributable to members	**712,336**	**264,941**
Accumulated losses at the end of the year	**1,004,375**	**292,039**

11 Related parties

	Consolidated 2013 $	Company 2012 $
Short-term employee benefits	**308,811**	**119,044**
Post-employment benefits	**-**	**-**
Share-based payments	**-**	**-**
Total	**308,811**	**119,044**

During the current financial year there were no loans made or outstanding at year end (2012 - Nil).

There were no other transactions with Key Management Personnel (KMP)

Movement in Shares and Options

The aggregate numbers of shares and options of the Company held directly, indirectly or beneficially by Directors and Executive Officers of the Company or their personally-related entities are as follows

Notes to the Financial Statements
30 June 2013

11 Related parties (Continued)

KMP Shareholdings

The number of ordinary shares in Mosman Oil and Gas Limited held by each KMP of the Group during the financial year is as follows:

30 June 2013	Balance at Beginning of Year	Granted as Remuneration during the Year	Issued on Exercise of Options during the Year	Other Changes during the Year	Balance at End of Year
Mr J W Barr	2,000,001	-	-	5,500,000	7,500,001
Mr A Carroll[1]	-	-	-	-	-
Mr J Young	1,000,000	-	-	-	1,000,000
Mr M Bowen[2]	400,000				400,000

30 June 2012	Balance at Beginning of Year	Granted as Remuneration during the Year	Issued on Exercise of Options during the Year	Other Changes during the Year	Balance at End of Year
Mr J W Barr	2,000,001	-	-	-	2,000,001
Mr A Carroll[1]	-	-	-	-	-
Mr J Young	1,000,000	-	-	-	1,000,000
Mr M Bowen[2]	400,000	-	-	-	400,000

KMP Option holdings

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

30 June 2013	Balance at Beginning of Year	Granted as Remuner-ation during the Year	Exercised during the Year	Other Changes during the Year	Balance at End of Year	Vested during the Year	Vested and Exer-ciseable	Vested and Unexer-cisable
Mr J W Barr	1,000,000	-	-	-	1,000,000	-	1,000,000	-
Mr A Carroll[1]	-	-	-	-	-	-	-	-
Mr J Young	1,000,000	-	-	-	1,000,000	-	1,000,000	-
Mr M Bowen[2]	1,000,000				1,000,000		1,000,000	

Notes to the Financial Statements
30 June 2013

11 Related parties (Continued)

30 June 2012	Balance at Beginning of Year	Granted as Remuner-ation during the Year	Exercised during the Year	Other Changes during the Year	Balance at End of Year	Vested during the Year	Vested and Exer-ciseable	Vested and Unexer-cisable
Mr J W Barr	1,000,000	-	-	-	1,000,000	-	1,000,000	-
Mr A Carroll[1]	-	-	-	-	-	-	-	-
Mr J Young	1,000,000	-	-	-	1,000,000	-	1,000,000	-
Mr M Bowen[2]	1,000,000	-	-	-	1,000,000	-	1,000,000	-

1 Mr Carroll was appointed Technical Director on 25 February 2013.
2 Mr Bowen resigned as Non-Executive director on 25 February 2013. Balances above are as at time of resignation.

Amounts outstanding from related parties:

At 30 June 2013 the subsidiary Petroleum Creek Limited owed Mosman Oil and Gas Limited $168,041.

12 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. As at balance date, total exploration expenditure commitments on tenements held by the Company have not been provided for in the financial statements and those which cover the following twelve month period amount to $780,000 (2012: $nil). These obligations are also subject to variations by farm-out arrangements, sale of the relevant tenements or seeking expenditure exemption for previous year's expenditure.

(b) Capital Commitments

The Company had no capital commitments at 30 June 2013 (2012 - $Nil).

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, New Zealand and Papua New Guinea. Discrete financial information about each project is reported to the board on a regular basis.

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

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

Notes to the Financial Statements
30 June 2013

13 Segment Information (Continued)

(i) Segment performance

	New Zealand $	PNG $	Australia $	Total $
Year ended 30 June 2013				
Revenue				
Interest revenue	-	-	2,773	2,773
Foreign exchange gain	-	-	-	-
Total segment revenue	-	-	2,773	2,773
Segment net profit/(loss) before tax	-	-	2,773	2,773
Reconciliation of segment result to net loss before tax				
Amounts not included in segment result but reviewed by the Board				
- Exploration expenditure written off	-	(305,252)	-	(305,252)
Unallocated items				
- Corporate Costs				(326,009)
- Employee Benefits Expense				(25,686)
- Administrative Costs				(7,409)
- Share based payments				(50,000)
Depreciation				(753)
Net loss before tax from continuing operations				(712,336)
Year ended 30 June 2012				
Revenue				
Interest revenue	-	-	14,327	14,327
Foreign exchange gain	-	-	-	-
Total segment revenue	-	-	14,327	14,327
Segment net profit/(loss) before tax	-	-	14,327	14,327
Reconciliation of segment result to net loss before tax				
Amounts not included in segment result but reviewed by the Board				
- Exploration expenditure written off	-	(122,036)	-	(122,036)
Unallocated items				
- Corporate Costs				(153,000)
- Employee Benefits Expense				-
- Administrative Costs				(4,232)
- Share based payments				-
				-
Net loss before tax from continuing operations				(264,941)

Notes to the Financial Statements
30 June 2013

13 Segment Information (Continued)

(ii) Segment assets

	New Zealand $	PNG $	Australia $	Total $
As at 30 June 2013				
Segment assets as at 1 July 2012	**-**	**74,706**	**-**	**74,706**
Segment asset increases/(decreases) for the year				
- Exploration and evaluation	**183,973**	**(74,706)**	**-**	**109,267**
	183,973	**-**	**-**	**183,973**
Reconciliation of segment assets to total assets:				
Other assets				**455,717**
Total assets from continuing operations				**639,690**
As at 30 June 2012				
Segment assets as at 1 July 2011	**-**	**-**	**-**	**-**
Segment asset increases/(decreases) for the year				
- Exploration and evaluation	**-**	**74,706**	**-**	**74,706**
	-	**74706**	**-**	**74,706**
Reconciliation of segment assets to total assets:				
Other assets				**205,755**
Total assets from continuing operations				**280,461**

(iii) Segment liabilities

As at 30 June 2013				
Segment liabilities as at 1 July 2012	**-**	**-**	**22,500**	**22,500**
Segment liability increases/(decreases) for the year	**9,676**	**-**	**26,889**	**36,565**
	9,676	**-**	**49,389**	**59,065**
Reconciliation of segment liabilities to total liabilities:				
Other liabilities				**-**
Total liabilities from continuing operations				**59,065**
As at 30 June 2012				
Segment liabilities as at 1 July 2011	**-**	**-**	**-**	**-**
Segment liability increases/(decreases) for the year	**-**	**-**	**22,500**	**22,500**
	-	**-**	**22,500**	**22,500**
Reconciliation of segment liabilities to total liabilities:				
Other liabilities				**-**
Total liabilities from continuing operations				**22,500**

Notes to the Financial Statements
30 June 2013

14 Earnings/ (Loss) per shares

	Consolidated 2013 $	Company 2012 $
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	**(712,336)**	**(264,941)**
	Number of shares 2013	**Number of shares 2012**
Weighted average number of ordinary shares used in calculating basic earnings/(loss) per share:	**14,572,056**	**11,000,001**
Basic loss per share (cents per share)	**4.89**	**2.41**

15 Notes to the statement of cash flows

Reconciliation of loss from ordinary activities after income tax to net cash outflow from operating activities:

	Consolidated 2013 $	Company 2012 $
(Loss) from ordinary activities after related income tax	**(712,336)**	**(264,941)**
Exploration expenses written off	**305,252**	**122,036**
Depreciation	**753**	**-**
Share based payments	**50,000**	**-**
Decrease / (Increase) in trade and other receivables	**(22,348)**	**5,884**
(Decrease) / Increase in trade and other payables	**25,128**	**(776)**
Net cash outflow from operating activities	**(353,551)**	**(137,797)**

16. Financial Instruments

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

(a) 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:

Notes to the Financial Statements
30 June 2013

16. Financial Instruments (Continued)

Consolidated 2013

	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	**2.6%**	**427,666**	**-**	**-**	**427,666**
Other receivables	6		**-**	**-**	**22,348**	**22,348**
Total Financial Assets			**427,666**		**22,348**	**450,014**
Financial Liabilities						
Payables	8		**-**	**-**	**59,065**	**59,065**
Total Financial Liabilities			**-**	**-**	**59,065**	**59,065**
Net Financial Assets			**427,666**	**-**	**(36,717)**	**390,949**

Company 2012

	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	**3.5%**	**205,755**	**-**	**-**	**205,755**
Other receivables	6		**-**	**-**	**-**	**-**
Total Financial Assets			**205,755**		**-**	**205,755**
Financial Liabilities						
Payables	8		**-**	**-**	**22,500**	**22,500**
Total Financial Liabilities			**-**	**-**	**22,500**	**22,500**
Net Financial Assets			**205,755**	**-**	**(22,500)**	**183,255**

(b) 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.

(c) 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.

Notes to the Financial Statements
30 June 2013

16. Financial Instruments (Continued)

(d) 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.

17. Contingent Liabilities

There were no material contingent liabilities not provided for in the financial statements of the Company as at 30 June 2013.

18 Subsequent events

There are no material matters or circumstances arising since 30 June 2013 which will significantly affect the operations of the Company, the results of those of those operations, or the state affairs of the Company in subsequent financial periods apart from:

On July 8, 2013 the Company entered into the Farmin Agreement with Aorere for PEP 38526. Under the terms of that Agreement Aorere will transfer the PEP to a new company, Petroleum Creek Limited which shall be 60% owned by Mosman and 40% owned by Aorere. Under the agreement Mosman is responsible for the work commitments of PEP 38526. The Company has an option over the remaining 40% which it can acquire for NZD 900,000 payable in cash or shares.

In September a change of condition was approved for PEP 38526 with NZPAM to vary future exploration expenditure requirements.

Mosman is also lodging the formal applications for the transfer of ownership and operatorship to Petroleum Creek.

PEP 38526 is located just 40kms south of Greymouth on the south island of New Zealand and has good logistics and infrastructure links. There is historical exploration including drilling, seismic and 20kms of electric resistivity survey. At the Petroleum Creek Project (within the PEP) there are currently oil seeps and historic wells which demonstrate oil generation and flow. Mosman's plans include the drilling of two shallow wells in the first half of 2014.

On 1 October 2013 the Company signed a $300,000 loan facility with director John Barr. The company can draw down on this facility from this date forward. There is an interest rate of 8% that accrues monthly. Repayment terms are at the call of the director.

Mosman is also in the process of finalising and documenting an option to acquire 25% of L12-4 which is located in the Officer Basin of Western Australia. This project which covers some five million acres has historic exploration. This asset is currently owned by an entity controlled by a Director and therefore there are a number of conditions to be satisfied before settlement.

Notes to the Financial Statements
30 June 2013

19. Parent Entity Disclosures

	2013 $	2012 $
Financial position		
Assets		
Current Assets	**615,166**	**205,755**
Non-Current Assets	**5,703**	**74,706**
Total Assets	**620,869**	**280,461**
Liabilities		
Current Liabilities	**49,389**	**22,500**
Total Liabilities	**49,389**	**22,500**
Equity		
Contributed equity	**1,585,000**	**550,000**
Accumulated losses	**(1,013,520)**	**(292,039)**
Total Equity	**571,480**	**257,961**
Financial Performance		
Loss for the year	**(721,481)**	**(264,941)**
Other comprehensive income	**-**	**-**
Total comprehensive income	**(721,481)**	**(264,941)**

20. Controlled Entities

Investments in controlled entities comprise:

Name	Principal activities	Beneficial percentage held by economic entity	
		2013 %	2012 %
Mosman Oil and Gas Limited	Parent entity		
Wholly owned controlled entities:			
Petroleum Creek Limited	Oil and Gas exploration	**100**	**-**

All controlled entities are incorporated in New Zealand. Mosman Oil and Gas Limited is the head entity of the consolidated group, which includes all of the controlled entities

Directors Declaration

The Directors of the Company declare that:

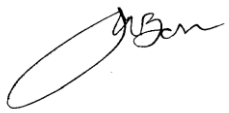
1. The financial statements and notes, as set out on pages 20 - 46, are in accordance with the Corporations Act 2001:

   (a) comply with Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and

   (b) give a true and fair view of the financial position as at 30 June 2013 and of the performance for the year ended on that date of the consolidated group.

2. In the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



John W Barr

Dated this 8th day of October 2013

The shareholder information set out below was applicable as at 15 September 2013.

Twenty Largest Holders of Ordinary Shares in Mosman Oil and Gas Limited

The names of the twenty largest holders of each class of ordinary shares are listed below:

Ordinary Shares

Name	No of Ordinary Shares Held	Percentage % of Issued Shares
Kensington Consulting Pty Ltd	6,000,000	28.10%
Santina Ltd	3,000,000	14.05%
Clariden Capital Ltd	2,000,000	9.37%
Alfriston Group Limited	1,500,000	7.03%
Kensington Capital Pty Ltd	1,000,000	4.68%
Finscan Investments Limited	1,000,000	4.68%
JA Young & CK Young	1,000,000	4.68%
George F Lee	1,000,000	4.68%
Edward Shirazi	1,000,000	4.68%
M J & HE Tuite	800,000	3.75%
Rae Carroll Nominees Pty Ltd	600,000	2.81%
Penally Management Limited	500,000	2.34%
Alfriston Australian Pty Ltd	500,000	2.34%
Bouchi Pty Ltd	400,000	1.87%
Zeus Capital Ltd	380,000	1.78%
John Tuite	200,000	0.94%
Lewis Smith	200,000	0.94%
Duncan Merrin	150,000	0.70%
Zane Lewis	120,000	0.56%
John W Barr	1	0.00%
Total Top 20	**21,350,001**	**100.00%**
Others	-	-%
Total Ordinary Shares on Issue	**21,350,001**	**100.00%**

Holders of Options in Mosman Oil and Gas Limited

Holder	Number
$0.20 Options Expiring 31 March 2016	
John W Barr	1,000,000
Michael Bowen	1,000,000
John Young	1,000,000
Total	3,000,000