RAWSON OIL AND GAS LIMITED
(Formerly Rawson Resources Limited)
ABN 69 082 752 985
and its controlled entities

ANNUAL REPORT
FOR THE YEAR ENDED
30 JUNE 2018

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Chairman's Letter

Dear Shareholder,

Rawson over the last year has continued to pursue its interests in the Otway and in Papua New Guinea. During the course of the year extensive efforts were made to secure the investment required to fund Rawson's contribution to the upcoming Nangwarry-1 exploration well. This process was particularly challenging, and without success, until Lakes Oil proposed a friendly takeover that was, in effect, a merger of equals. Lakes Oil's proposal, to create a company with the near term potential of Nangwarry and the longer term, massive potential of Lakes Oil's Victorian assets, was in the clear interests of both company's shareholders and was strongly supported by your Board. Lakes Oil's offer has now closed with Lakes owning over 89% of Rawson.

Otway Blocks

The Otway Basin in South Australia has continued to undergo a resurgence of interest after the South Australia government's funding support for gas exploration in the region. Together with our Joint Venture Partner, Vintage Energy Limited, we are now working towards drilling a very exciting exploration prospect, Nangwarry-1 in the South Australian Penola Trough. Well planning is underway and we hope to commence wellsite construction activities during Q3 of this year with drilling operations anticipated to commence in Q1 2019. The Board of Rawson is very excited by this opportunity to bring gas to the South Australian market and add substantial value for our shareholders.

Papua New Guinea

In Papua New Guinea we had regulatory challenges around exploration licence PPL560 a potentially world class gas field which would be a game changer to any company. We continue to defend our ownership of the license with the court proceedings and hope to have a successful resolution in the next 12 months.

As we have done in the past three years we continue to maintain fiscal discipline and scrutinise our expenditure carefully, constraining cash outflows where possible.

On behalf of the board, management and myself, we would like to thank all shareholders for your support.

Christopher Tonkin
Non-executive Chairman
Date: 28 September 2018

Operations Report

This last year has seen a resurgence in the exploration of the onshore Otway Basin in South Australia.

A State Energy Policy in South Australia aimed at improved increased energy security, the increasing cost of replacing declining offshore Otway gas production and the play-opening Sawpit Sandstone gas discovery at Haselgrove-3 have all helped build the onshore Otway Basin in South Australia into an attractive exploration location.

The award of $4.95M through the South Australian Government's PACE Gas Grant Program to the newly formed PEL 155 Joint Venture with Vintage Energy Limited and the significant gas discovery at Haselgrove-3 only a few kilometres away from our planned Nangwarry-1 well have been the catalysts in progressing Rawson's Otway Basin activity this year.

Going forward, the entry of Lakes Oil N.L., in making the takeover offer for Rawson builds the teams experience and portfolio in the south east of Australia.

Detailed planning is underway for Nangwarry-1 and rig options are being evaluated as the JV targets a spud date at the end of 2018 dependant on rig availability.

In Papua New Guinea, despite encouraging results from reprocessing seismic data in the Cape Vogel Basin, we have had to delay much of our forward exploration efforts as the focus has shifted to pursuing the judicial review of the Minister's decision in relation to PPL 560.

EXPLORATION HIGHLIGHTS

PEL 155 – Otway Basin, South Australia
(Rawson Oil and Gas Limited 50% - Operator; Vintage Energy Limited 50%)

The first half of this year saw the completion of an initial farm in by Vintage Energy for 25% of PEL 155.

The Rawson-Vintage PEL 155 Joint Venture (JV) subsequently made a successful application to the South Australian Government's PACE Gas Grant Program and was awarded $4.95M, funding up to 50% of the proposed new gas exploration well, Nangwarry-1.

On the successful PACE award Vintage elected to increase their interest in PEL 155 to 50% under the terms of the initial farm in agreement.

Planning for Nangwarry-1 began during the financial year as the JV targets spudding the well late 2018, depending on rig availability.

The Beach Energy Haselgrove-3 gas discovery in a permit adjacent to PEL 155 has opened up the Sawpit Sandstone as a new play concept in the central Penola Trough. The Haselgrove-3 well represents a 2C contingent resource of 15 MMboe equivalent[1].

[1] Beach Energy - Reserves and contingent resources statement - July 2018

The PEL 155 JV has mapped the presence of laterally equivalent sands at the Sawpit level and the Nangwarry-1 well is being designed to test both Sawpit and top Pretty Hill reservoir objectives.

With the new Sawpit objective independently assessed, Rawson and the PEL 155 JV announced the upgrade to the Nangwarry Prospect's Best Estimate Undiscovered Recoverable Resource of 57 Bcf[2], up from 33.1 Bcf previously. Rawson's net share of the Best Estimate Undiscovered Recoverable Resources is 28.5 Bcf.

PPL 560 – Cape Vogel Basin, Papua New Guinea (Rawson Oil and Gas Limited 93% - Operator; Moira Limited 7%)

Our seismic data reprocessing campaign, completed late-2017 over the Buna Structure in PPL 560 suggests the existence of a gas cap with a flat lying seismic anomaly. This is supported with amplitudes increasing with offset (AVO) over the structure.

While the overlying limestone section does not appear to be gas-charged, as interpreted by previous Operators, the deeper clastic reservoir units can be interpreted to be gas charged.

With planning completed for a field campaign to de-risk the reservoir-seal pairing Rawson received a Show Cause Notice and a subsequent Notice of Cancellation for PPL 560 from the PNG Minister for Petroleum (the Minister).

Rawson has been granted leave by the Courts of Papua New Guinea to pursue a judicial review of the Minister's purported cancellation of PPL 560 and is seeking to have the Minister's decision to cancel PPL 560 quashed.

Rawson intends to seek the earliest possible trial date at a directions hearing in November 2018 with a trial date in February or March 2019 being the most likely outcome.

Rawson has engaged experienced local PNG counsel to represent it at the trial and, as required, they will be supported by Australian counsel.

Rawson intend to vigorously pursue these proceedings.

At this stage Rawson is carefully considering its exploration efforts while the judicial review is in progress.

PPL 391 / APPL 622– Aitape Basin, Papua New Guinea (Rawson Oil and Gas Limited 93% - Operator; Moira Limited 7%)

Rawson surrendered PPL 391 and made a simultaneous top-file application over the same area (APPL 622) during the year.

[2] http://www.rawsonresources.com/irm/PDF/3007_0/NangwarryProspectiveResourceUpgrade

This was due to a long outstanding variation request to replace a seismic acquisition program with the drilling of two shallow slim-holes, twinning the historical Matapau well bores, not being granted by the Government before the expiry of PPL 391.

Rawson believes the best chance of developing an oil discovery rests on maximising the size of the play concept evident at Matapau. The area is, geologically speaking, relatively complex and thus a top file application gives the best chance to understand that complexity and complete a successful shallow slim hole drilling campaign at Matpau.

APPL 622 remains under consideration at the PNG Department of Petroleum and Energy.

PPL 549 – Aitape Basin, Papua New Guinea
(Rawson Resources 60% - Operator; PNG Investors 33%; Moira Limited 7%)

Our seismic interpretation has confirmed a mix of prognosed carbonate reefs, anticlinal leads and geomorphic anomalies across PPL 549.

And the three existing wells in the licence appear to confirm the presence of limestones and burial depth suitable for oil generation.

However, our regional well failure analysis shows the delineation of carbonates from surrounding volcanics has been the key risk to well failures in the North New Guinea Basin.

This same risk is present in PPL 549 when considering the carbonate targets interpreted on existing seismic in the licence.

Rawson has requested a variation to the PPL 549 work program, seeking to replace the acquisition of further seismic with airborne gravity gradiometry and magnetic (AGG) data to enable us to delineate the carbonates effectively from the volcanics.

The proximity to the coast, port facilities, relatively flat terrain and good road access are all favourable in terms of further work in the licence should AGG be acquired.

THE FUTURE

In the year ahead we will be focused on delivering Nangwarry-1 safely, on time and on budget. We will also be focused on maximising operational synergies as the post-takeover Lakes Oil-Rawson entity delivers opportunities to do so.

While PNG represents a different type of challenge in the year ahead, we remain excited by the potential on offer and we will be seeking a favourable outcome in respect of the PPL 560 judicial review currently underway.

Hamish White
General Manager

Directors' report

The Directors of Rawson Oil and Gas Limited submit herewith the annual report of the Company for the financial year ended 30 June 2018. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

Information about the Directors

The names and particulars of the Directors of the Company during and since the end of the financial year are:

Mr. Allister Richardson	*Appointed 23 August 2013.* Mr. Richardson was appointed Chairman on 15 July 2015, and stepped down as Chairman on 20 August 2018. Mr. Richardson has Masters of Science (Geophysics) and Masters of Business Administration (Technology Management) degrees and is a member of the Petroleum Exploration Society of Australia. He is a geophysicist with over 18 years of experience in the oil and gas industry. He has been an independent Consultant with experience in operational, asset and commercial management and has worked extensively in PNG, North Africa, Middle East, Australia and New Zealand. Mr. Richardson has also held senior positions providing strategic input to several private oil and gas companies. He has also held a variety of senior technical and management roles at Oil Search Ltd.
Mr. Richard D. Ash	*Appointed 14 December 2012* Mr. Ash is a Chartered Accountant and has a Bachelor of Economics degree with more than 25 years of experience in funds management and finance in Australia and Asia. Prior to forming AAP Capital, Mr. Ash was a Managing Director, Head of Asset Finance for Developed Asia and a member of the Australian executive team for Nomura Australia. He has also worked at Westpac, Macquarie Bank and KPMG.

Mr Michael McGowan	*Appointed 1 October 2015* Mr. McGowan has more than 30 years' experience in the oil and gas industry and holds a degree in engineering. He has held various corporate and management roles with British Petroleum PLC, Santos Ltd, Oil Search Ltd and more recently as the President and Chief Operating Officer of Eaglewood Energy Inc. Michael has extensive experience in PNG.
Mr. Christopher Tonkin	Appointed 20 August 2018 Mr. Tonkin was appointed Chairman on joining the Board on 20 August 2018. Mr. Tonkin is currently Chairman of Lakes Oil N.L. and a Non-Executive Director of Arafura Resources Limited. He has over 35 years experience as a senior business executive with an extensive industry background in business development and management, finance and strategy across all major industries sectors and particularly in natural resources as an advisor to the mining and metals and oil and gas industries.
Mr. Roland Sleeman	Appointed 20 August 2018 Mr. Sleeman is Chief Executive Officer of Lakes Oil N.L. He has over 30 years experience in oil and gas as well as utilities and infrastructure. He has served in various senior management roles within the oil and gas industry including with Eastern Star Gas Limited and Goldfields Gas Pipeline and has extensive engineering and business experience including negotiating gas sales agreements and commercialisation of new gas and power station opportunities.

Except as noted, the named persons held their current position for the whole of the financial year and since the end of the financial year.

Directorships of other listed companies

Directorships of other listed companies held by Directors in the 3 years immediately before the end of the financial year are included in Information about Directors above.

Directors' shareholdings

The following table sets out each Director's relevant interest in shares of the Company as at the date of this report:

	Rawson Oil and Gas Limited	
	Fully paid ordinary shares	Options
Directors	Number	Number
Mr. A. Richardson	0	0
Mr. R. D. Ash	0	0
Mr M. McGowan	0	0
Mr C. S. Tonkin	0	0
Mr. R. Sleeman	0	0

The directors have all accepted the Lakes Oil N.L. takeover offer and their shares will be transferred into Lakes Oil N. L. shares at the close of the offer period.

Remuneration of key management personnel

Information about the remuneration of key management personnel is set out in the remuneration report of this Directors' report, on pages 9 to 12. The term 'key management' personnel' refers to those persons having authority and responsibility for planning, directing and controlling the activities of the consolidated entity, directly or indirectly, including any Director (whether executive or otherwise) of the consolidated entity.

Share options granted to Directors

No share options have been granted to Directors in the current year. Since year end, all options have been converted to options in Lakes Oil N.L.

Company Secretary

Robert Mayberry is the current Company Secretary for Rawson Oil and Gas Limited. Robert is a Fellow of Chartered Accountants Australia and New Zealand and a graduate of the Australian Institute of Company Directors. Robert has been a partner with mid tier and big four firms of Chartered Accountants for over 30 years. Robert was appointed on 19 January 2018. Sarah Potter resigned as company secretary on 19 January 2018..

Principal activities

The principal activity of the Consolidated Entity during the course of the financial year was exploration for oil and gas in Australia and Papua New Guinea.

There were no significant changes in the nature of the Consolidated Entity's principal activity during the financial year.

Review of operations
The Consolidated Entity is currently continuing to explore for oil and gas in PNG and Australia.

Operating results
Total comprehensive income for the financial year ended 30 June 2018 and attributable to owners of the Company was $822,411 loss (2017: $386,504 loss).

Changes in state of affairs
No significant changes in the state of affairs of the Consolidated Entity occurred during the financial year.

Subsequent events
On 31 July 2018 Lakes Oil N.L. made an off market takeover offer for the Consolidated Entity and as at the date of this report 89.18% of shareholders have accepted the offer and it is the intention of Lakes Oil NL to delist the Company.

There are no other subsequent events that have not otherwise been disclosed elsewhere in this report.

Future developments
The Company will continue to work on its exploration permits and review new opportunities as and when they arise.

No further information is supplied in respect of likely developments, as disclosure of such information in this report may be prejudicial to the interest of the consolidated entity.

Dividends
There were no dividends or distributions paid to members since the end of the 2017 financial year, (2016: Nil).

There are no dividends or distributions recommended or declared for payment to members, for the financial year.

Indemnification of officers and auditors
During the financial year, the company paid a premium in respect of a contract insuring the directors of the company (as named above) and all executive officers of the company and of any related body corporate against a liability incurred as such a Director, Secretary or Executive Officer to the extent permitted by the *Corporations Act* 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The company has not, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer of the company or of any related body corporate against a liability incurred as such an officer or auditor.

Environmental issues

The Company's operations comply with the environmental regulation under the laws of the Commonwealth of Australia, Australian States or Territories and Papua New Guinea.

Directors' meetings

The following table sets out the number of Directors' meetings (including meetings of committees of Directors) held during the financial year and the number of meetings attended by each Director (while they were a Director or committee member). During the financial year, 4 board meetings and 2 audit committee meetings were held:

	Board of Directors		Audit committee	
Directors	**Held**	**Attended**	**Held**	**Attended**
Mr. A. Richardson[(1)]	4	3	2	2
Mr. R. D. Ash[(2)]	4	4	2	2
Mr. M McGowan[(3)]	4	4	2	2

[(1)] Appointed 23 August 2013, Chairman from 15 July 2015

[(2)] Appointed 14 December 2012 and is the Chairman of the Audit Committee

[(3)] Appointed 1 October 2015

Non-audit services

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 7 to the financial statements.

Auditor's independence declaration

The auditor's independence declaration is included on page 13 of the annual report and forms part of the Directors' Report for the financial year ended 30 June 2018.

Remuneration report - audited

This remuneration report, which forms part of the Directors' Report, sets out information about the remuneration of Rawson Oil and Gas Limited's key management personnel for the financial year ended 30 June 2018. The term 'key management personnel' refers to those persons having authority and responsibility for planning, directing and controlling the activities of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the consolidated entity. The prescribed details for each person covered by this report are detailed below.

Key management personnel

The Directors and other key management personnel of the consolidated entity during or since the end of the financial year were:

Directors		**Other comment**
Mr. A. Richardson	Chairman	Appointed 23 August 2013
Mr. R. D. Ash	Non-Executive Director	Appointed 14 December 2012
Mr. M. McGowan	Non-Executive Director	Appointed 1 October 2015
Mr. C. S. Tonkin	Non-Executive Director	Appointed 20 August 2018
Mr. R. Sleeman	Non-Executive Director	Appointed 20 August 2018
Mr. H.D. White	General Manager	Appointed 22 August 2015

Except as noted, the named persons held their current position for the whole of the financial year and since the end of the financial year.

Compensation practices

The Company's policy for determining the nature and amount of remuneration of Board members is as follows:

The remuneration structure for Directors is based on a number of factors including: length of service, particular experience of the individual concerned, and overall performance of the Company. Currently, due to the financial position of the Consolidated Entity and the Company's early stage position, the Directors are paid only a fixed remuneration component. The Board expects that performance based remunerations, which will more closely align the interests of the Board and the shareholders will be implemented as the operations of the Company become more solid.

At the Annual General Meeting of the Company on 2 December 2016, the Company granted and issued 5,000,000 options to Directors and employees. A further 400,000 options, that had prior Shareholder approval at the AGM on 5 November 2015, were issued to an employee on 19 July 2016 and another 400,000 on 20 April 2018. These options will now be converted to options in Lakes Oil N.L.

The remuneration for each Director, Chief Executive Officer and General Manager during the year was as follows:

	Salary and Directors fees	Superannuation Contributions	Consulting Fees	Equity Issued	Total
2018					
Mr. A. Richardson	48,000		7,594		**55,594**
Mr. R. D. Ash	24,000		2,850		**26,850**
Mr M. McGowan	24,000		26,391		**50,391**
Mr H. D. White*			109,051		**109,051**
Total	**96,000**		**145,886**		**241,886**

*General manager

	Salary and Directors fees	Superannuation Contributions	Consulting Fees	Equity Issued	Total
2017					
Mr. A. Richardson	48,000		16,007		**64,007**
Mr. R. D. Ash	24,000				**24,000**
Mr M. McGowan	24,000		4,950		**28,950**
Mr H. D. White*			91,596		**91,596**
Total	**96,000**		**112,553**		**208,553**

*General manager

No key management personnel appointed during the period received a payment as part of his consideration for agreeing to hold the position.

The table below sets out summary information about the consolidated entity's earnings and movements in Shareholder wealth for the five years to 30 June 2018:

	30 June 2018	30 June 2017	30 June 2016	30 June 2015	30 June 2014
	$	$	$	$	$
Revenue	44,544	643,044	13,230	32,637	206,234
Net (loss)/profit before tax	(829,386)	(366,454)	(628,428)	(902,335)	(3,423,542)
Net (loss)/profit after tax	(829,386)	(366,454)	(628,428)	(902,335)	(3,599,867)
Total comprehensive income	(822,411)	(386,504)	(628,497)	(905,097)	(2,076,029)

	30 June 2018	30 June 2017	30 June 2016	30 June 2015	30 June 2014
Share price at start of year(cps)	2.8	5.3	0.9	4.5	8.0
Share price at end of year (cps)	4.0	2.8	5.3	0.9	4.5
Interim dividend	-	-	-	-	-
Final dividend	-	-	-	-	-
Earnings per share	(0.8) cents	(0.4) cents	(0.6) cents	(0.9) cents	(3.9) cents

End of remuneration report.

The directors' report is signed in accordance with a resolution of Directors made pursuant to s.298(2) of the *Corporations Act* 2001.

On behalf of the Directors

Mr. C. Tonkin
Non-executive Chairman
Sydney, NSW
Date: 28th September 2018

Auditor's Independence Declaration under section 307C of the *Corporations Act 2001*

As lead audit partner for the audit of the financial statements of Rawson Oil and Gas Limited for the financial year ended 30 June 2018, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) any applicable code of professional conduct in relation to the audit.

Yours sincerely,

Nexia

Nexia Sydney Partnership

Andrew Hoffmann
Partner

Dated: 28 September 2018

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Nexia Australia

Independent Auditor's Report to the Members of Rawson Oil and Gas Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Rawson Oil and Gas Limited (the Company and its subsidiaries (the Group)), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

i) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year then ended; and

ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the 'auditor's responsibilities for the audit of the financial report' section of our report. We are independent of the Group in accordance with the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the Directors of the Company, would be in the same terms if given to the Directors as at the time of this auditor's report.

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

Material uncertainty related to going concern

We draw attention to Note 3.4 in the financial report, which indicates that the Group incurred a net loss of $829,386 during the year ended 30 June 2018 and, as of that date, the Group's current liabilities exceeded its current assets by $481,019. As stated in Note 3.4, these events or conditions, along with other matters as set forth in Note 3.4, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key audit matter	How our audit addressed the key audit matter
Exploration and evaluation expenditure ***Refer to note 12 (Exploration and evaluation assets)*** This is a key audit matter because the carrying value of the assets are material to the financial statements and the significant judgements applied in determining whether an indicator of impairment exists in relation to capitalised exploration and expenditure assets in accordance with Australian Accounting Standard AASB 6 *Exploration for and Evaluation of Mineral Resources.*	Our procedures included, amongst others: ▪ We confirmed the existence and tenure of the exploration permits in Australia and Papua New Guinea in which the Group has an interest by obtaining confirmation of title from the relevant government agency; ▪ Where the title was not valid the exploration cost capitalised was impaired; ▪ We obtained evidence of the future intention for the areas of interest, including reviewing future budgeted expenditure and related work programmes; and ▪ We tested a sample of additions of capitalised exploration expenditure to supporting documentation.
Accounting for the "Petroleum Joint Operating Agreement" ***Refer to Significant Accounting Policy 3.24 (Interest in joint operations)*** This is a key audit matter as accounting for joint arrangements is complex and involves judgement based on the terms of the contracted agreement assessed in accordance with Australian Accounting Standard AASB11- Joint Arrangements. Further judgment is needed to determine an appropriate accounting policy in respect of farm-out arrangements.	Our procedures included, amongst others: ▪ We assessed the terms of the 'Petroleum Joint Operating Agreement' executed between Otway Energy Pty Ltd and Vintage Energy Pty Ltd, to determine the classification of the arrangement under AASB11- Joint Arrangements ▪ We assessed whether the Group's accounting policy for the farm-out arrangements is appropriate and consistent with AASB108- Accounting Policies, Changes in Accounting Estimates and Errors and generally accepted practice. ▪ We tested a sample of the expenses incurred by the Joint Operation to supporting documents; and ▪ We considered whether the accounting policy and details of the Joint Operation were adequately disclosed in accordance with the relevant Accounting Standards.

Other information

The Directors are responsible for the other information. The other information comprises the information in Rawson Oil and Gas Limited's annual report for the year ended 30 June 2018, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information we are required to report that fact. We have nothing to report in this regard.

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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibility for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at The Australian Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_files/ar2.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 9 to 11 of the Directors' Report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Rawson Oil and Gas Limited for the year ended 30 June 2018, complies with section 300A of the Corporations Act 2001.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Nexia

Nexia Sydney Partnership
Sydney, Dated: 28 September 2018

Andrew Hoffmann
Partner

Directors' declaration

In the Directors' opinion:

1. The attached financial statements and accompanying notes set out on pages 18 to 56 are in accordance with the *Corporations Act 2001* and:
   (a) comply with Accounting Standards and the *Corporations Regulations 2001*; and
   (b) give a true and fair view of the economic entity's financial position as at 30 June 2018 and of its performance for the year ended on that date;

2. The attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 3.1 to the financial statements;

3. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

4. The remuneration disclosures included in pages 9 to 12 of the Directors' Report (as part of the audited Remuneration Report), for the year ended 30 June 2018, comply with section 300A of the *Corporations Act 2001*; and

5. The Directors have been given the declarations required by s295A of the *Corporations Act 2001.*

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

Mr. C. Tonkin
Non-Executive Chairman
Sydney,
Date: 28th September 2018

Consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2018

	Note	2018 $	2017 $
Revenue	4	-	134,978
Other income	5	44,544	508,066
		44,544	643,044
Expenses			
Administration expenses		(196,520)	(240,786)
Consulting fees		(129,176)	(103,048)
Depletion expense		-	(85,814)
Directors' remuneration expense		(96,000)	(99,900)
Exploration expenditure written off	6	(275,749)	(479,950)
Additional cost of option agreement with SSA	6	(176,485)	-
Total Expenses		(873,930)	(1,009,498)
(Loss) / Profit before income tax		(829,386)	(366,454)
Income tax (expense)/ benefit	18	-	-
Loss attributable to Group		**(829,386)**	**(366,454)**
Other comprehensive income			
Items that may be reclassified to profit or loss			
Foreign currency translation profit	20.1	6,975	(20,050)
		6,975	(20,050)
Total comprehensive income attributable to owners of the Company		**(822,411)**	**(386,504)**
Loss for the year attributed to:			
Non-controlling interest		(5,514)	(34,388)
Members of the parent		(823,872)	(332,066)
		(829,386)	**(366,454)**
Earnings per share		Cents	Cents
Basic and diluted loss per share attributable to ordinary equity holders	8	(0.8)	(0.4)

The accompanying notes form part of these financial statements.

Consolidated statement of financial position
as at 30 June 2018

	Note	2018 $	2017 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	9	2,651,975	804,720
Receivables	10	16,458	18,611
TOTAL CURRENT ASSETS		2,668,433	823,331
NON-CURRENT ASSETS			
Other financial assets	11	229,836	225,288
Exploration and evaluation assets	12	2,461,444	2,519,370
Plant and equipment	13	6,776	8,130
Other	14	14,644	17,097
TOTAL NON-CURRENT ASSETS		2,712,700	2,769,885
TOTAL ASSETS		5,381,133	3,593,216
CURRENT LIABILITIES			
Trade and other payables	15	104,725	127,325
Deferred government grant	16	2,456,444	-
Other financial liabilities	16	588,283	411,798
TOTAL CURRENT LIABILITIES		3,149,452	539,123
NON CURRENT LIABILITIES			
Provisions	17	250,000	250,000
TOTAL LIABILITIES		3,399,452	789,123
NET ASSETS		1,981,681	2,804,093
EQUITY			
Share capital	19	10,397,187	10,397,187
Non-controlling interest		(30,188)	(24,674)
Reserves	20	703,201	696,226
Accumulated losses	21	(9,088,519)	(8,264,646)
TOTAL EQUITY		1,981,681	2,804,093

The accompanying notes form part of these financial statements.

Consolidated Statement of changes in equity as at 30 June 2018

	Share Capital Ordinary	Foreign Exchange Reserve	Non Controlling Interests	Share Option Reserve	Other Reserve	Accumulated Losses	**Total Equity**
Balance at 30 June 2016	10,397,937	488,242	9,714	72,875	-	(7,932,580)	**3,036,188**
Shares repaid and issued	(750)	-	-	-	-	-	**(750)**
Share options issued	-	-	-	65,802	-	-	**65,802**
Foreign currency translation movement	-	(20,050)	-	-	-	-	**(20,050)**
Non-controlling interest in loss	-	-	(34,388)	-	-	-	**(34,388)**
Other movements	-	-	-	-	89,357	-	**89,357**
Loss for the year	-	-	-	-	-	(332,072)	**(332,072)**
Balance at 30 June 2017	10,397,187	468,192	(24,674)	138,677	89,357	(8,264,646)	**2,804,093**
Shares issued	-	-	-	-	-	-	**-**
Share options issued	-	-	-	-	-	-	**-**
Foreign currency translation movement	-	6,975	-	-	-	-	**6,975**
Non-controlling interest in loss	-	-	(5,514)	-	-	-	**(5,514)**
Other movements	-	-	-	-		-	**-**
Loss for the year	-	-	-	-	-	(823,872)	**(823,872)**
Balance as 30 June 2018	10,397,187	475,167	(30,188)	138,677	89,357	(9,088,519)	**1,981,681**

The accompanying notes form part of these financial statements.

Consolidated statement of cash flows
for the year ended 30 June 2018

	Note	2018 $	2017 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		18,579	6,632
Receipts from customers		11,450	134,978
Payments to suppliers		(718,127)	(405,499)
Net cash used in operating activities	22	(688,098)	(263,889)
CASH FLOWS FROM INVESTING ACTIVITIES			
PACE Grant Received		2,475,000	-
Sale of interest in Cooper Basin		-	500,000
Sale of interest in Otway Basin		100,000	-
Security Bond		-	(82,338)
Exploration costs		(39,647)	(338,514)
Net cash provided from/ (used in) investing activities		2,535,353	79,148
CASH FLOWS FROM FINANCING ACTIVITIES			
Issue of shares in Subsidiary Company		-	341,163
Net cash from financing activities		-	341,163
Net increase/(decrease) in cash held		1,847,255	156,422
Cash and cash equivalents at beginning of financial year		804,720	648,298
Cash and cash equivalents at end of financial year	9	2,651,975	804,720

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENT

1. REPORTING ENTITY

Rawson Oil and Gas Limited (the 'Company') is a limited company incorporated and domiciled in Australia. The address of its registered office and principal place of business are disclosed in the annual report at the corporate directory. The consolidated financial statements of the Company as at and for the year ended 30 June 2018 comprise the Company and its subsidiaries (the 'Group'). The Group is a for-profit entity and is primarily involved in exploration for oil and gas in Australia and Papua New Guinea as described in Note 23.

2. NEW AND AMENDED STANDARDS ADOPTED

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.
Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 2016-1 Amendments to Australian Accounting Standards - Recognition of Deferred Tax Assets for Unrealised Losses
The consolidated entity has adopted AASB 2016-1 from 1 July 2017. The amendments to AASB 112 'Income Taxes' clarify the requirements on recognition of deferred tax assets for unrealised losses on debt instruments measured at fair value.

AASB 2016-2 Amendments to Australian Accounting Standards - Statement of cash flows.
The consolidated entity has adopted AASB 2016-2 from 1 July 2017. The amendments to AASB 107 'Statement of Cash Flows' require the disclosure of changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

AASB 2017-2 Amendments to Australian Accounting Standards - Further Annual Improvements 2014-2016 Cycle
The consolidated entity has adopted AASB 2017-2 from 1 July 2017. The amendments to AASB 12 'Disclosure of Interests in Other Entities' clarify that the disclosure requirements of AASB

12 (other than the requirements for summarised information for subsidiaries, joint ventures and associates) apply to an entity's interests in other entities that are classified as held for sale, held for distribution to owners in their capacity as owners, or discontinued operations in accordance with AASB 5 'Non-current Assets Held for Sale and Discontinued Operations'.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and comply with other requirements of the law.

The financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity. Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the company and the Group comply with International Financial Reporting Standards ('IFRS').

The financial statements were authorised for issue by the Directors on 27 September 2018.

The Directors are satisfied that the Company would be able to continue on a going concern basis.

3.2 Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost, except for certain non-current assets and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, which is the Company's functional currency, unless otherwise noted.

The following significant accounting policies have been applied consistently to all periods presented in these consolidated financial statements:

3.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Income and expense of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

The consolidated financial statements comprise the financial statements of Rawson Oil and Gas Limited and its subsidiaries at 30 June each year ("the Group"). Subsidiaries are entities over which the Group has the power to govern the financial and operational policies generally accompanying a shareholding of more than one half of the voting rights. Potential voting rights that are currently exercisable or convertible are considered when assessing control. Consolidated financial statements include all subsidiaries from the date that control commences until the date that control ceases. The financial statements of subsidiaries are prepared for the same reporting period as the parent, using consistent accounting policies. All intercompany balances and transactions, including unrealised profits arising from intragroup transactions have been eliminated. Unrealised losses are also eliminated unless costs cannot be recovered.

Minority interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income and statement of financial position respectively.

Subsidiaries are accounted for in the parent entity at cost.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139 'Financial Instruments: Recognition and Measurement or when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

Rawson has entered into a Put and Call Share Agreement that makes it virtually certain there will be a transfer of James Sinton Spence and Associates shares held in Dondonald Limited for Rawson ASX listed shares in the specified time period agreed. In accordance with Australian Accounting Standards, Rawson has effective control of the shares held by James Sinton Spence and Associates in Dondonald Ltd through deemed ownership of this holding now.

3.4 Going concern

The consolidated entity incurred a net loss of $829,386 for the year ended 30 June 2018 (2017: $366,454) and as at that date the net current liabilities of the consolidated entity were $481,019 (2017: net current assets $284,208).

The consolidated entity is reliant on funding provided by Lakes Oil NL to continue its operations. These matters give rise to material uncertainty that may cast significant doubt upon the consolidated entity's ability to continue as a going concern.

The Directors have considered the following factors and believe that it is appropriate to prepare the financial statements on a going concern basis:

- The consolidated entity has unrestricted cash of $183,975 in the bank as at 30 June 2018.
- The consolidated entity has been acquired by Lakes Oil NL (ASX- LKO) post year end and will become a subsidiary of this listed entity.
- In conjunction with the BID, Lakes Oil has entered into a Secured Loan Facility Agreement of $750,000 at an interest rate of 10% with Rawson to meet Rawson's working capital requirements and to ensure that preparations for Drilling of the Nangwarry -1 well on PEL155 can proceed.

- Lakes Oil is also planning to raise funds from the equity market in the near future and plan to continue to fund Rawson for carrying on its activities on the PEL 155 in the Otway Basin area.
- The Directors have budgeted a cash flow forecast extending to December 2019 which has a positive cash flow to November 2019. This is dependent on drawing down the loan from Lakes Oil and an additional $2.5M funding from a capital raise done by Lakes Oil.

No adjustments have been made to the financial statements relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

3.5 Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments, a financial liability designated as a hedge of the net investment in a foreign operation or qualifying cash flow hedges, which are recognised in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Australian dollars, which is the Group's functional and presentation currency.

3.6 Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Australian dollars at exchange rates at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to Australian dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income. Since 1 July 2004, the Group's date of transition to AASBs, such differences have been recognised in the foreign currency translation reserve (translation reserve, or FCTR). When a foreign operation is disposed of, in part or in full, the relevant amount in the FCTR is transferred to profit or loss as part of the profit or loss on disposal.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented within equity in the FCTR.

3.7 Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus any directly attributable transaction costs, except as described below. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Consolidated Entity becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Consolidated Entity's contractual rights to the cash flows from the financial assets expire or if the Consolidated Entity transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e., the date that the Consolidated Entity commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Consolidated Entity's obligations specified in the contract expire or are discharged or cancelled.

Held-to-maturity investments

If the Consolidated Entity has the positive intent and ability to hold debt securities to maturity, then they are classified as held-to-maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method, less any impairment losses.

Share capital

Ordinary shares

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

3.8 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Consolidated Entity's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

3.9 Plant and Equipment

Recognition and measurement
Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Depreciation
All plant and equipment has limited useful lives and is depreciated using the diminishing value method over their estimated useful lives. Assets are depreciated from the date of acquisition. Depreciation rates and methods are reviewed annually for appropriateness. When changes are made, adjustments are reflected prospectively in current and future periods only. Depreciation is expensed.

The estimated useful lives for each class of assets are as follows for the current and preceding financial year.

		Depreciation method
Plant and equipment	3-4 Years	Diminishing value

3.10 Impairment

Financial Assets
A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. An

impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

Significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to profit or loss.

An impairment is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in the profit and loss. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

<u>Non Financial Assets</u>
The carrying amounts of the Consolidated Entity's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are recognised in profit or loss.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.11 Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered to balance date by employees. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

3.12 Revenue recognition

Revenues are recognised at fair value of the consideration received net of the amount of goods and services tax (GST). Exchanges of goods or services of the same nature and value without any cash consideration are not recognised as revenues.

Gas and liquids sales
The monthly calculation of gas a liquid sales for the Company's 10% interest in Udacha project, Cooper Basin up to June 2017 has been provided by the gas operator in arrears. The monthly sales have been accrued and paid in the following month.

Gain on Sale of Udacha
The Company sold its 10% interest in the Udacha project for $500,000 in June 2017. The net gain reflects the gross sale proceeds less the unamortised project costs and a selling legal expense.

Interest Revenue
Interest revenue is recognised as it accrues.

Other Income
Income from other sources is recognised when the fee in respect of other products or service provided is receivable or when financial liabilities are revalued in accordance with AASB 139 Financial Instruments: Recognition and Measurement.

Government Grants
Government grants are initially recognised as deferred income at fair value and when there is reasonable assurance that they will be received and that the company will comply with the conditions associated with the grant, they are then recognised in profit or loss as other

income on a systematic basis over the life of the asset. Grants that compensate the company for expenditure capitalised are recognised as a reduction in the carrying value of the asset and grants that compensate the company for expenditure recognised in profit or loss is recognised as government grant income.

3.13 Income tax

Income tax expense or benefit comprises current and deferred tax. Income tax expense or benefit is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

The charge or credit for current income tax expense or benefit is based on the result for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantially enacted by the reporting date.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

3.14 Goods and Services Tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the Australian Taxation Office (ATO) is included as a current asset or liability in the statement of financial position. Cash flows are included in the cash flow statement on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

3.15 Exploration & evaluation assets

Exploration incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit or loss in the year in which the decision to abandon the area is made.

When 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.

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.

3.16 Determination of fair values

A number of the Consolidated Entity’s accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

3.17 Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

3.18 Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

3.19 Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

3.20 Provisions

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. 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. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

3.21 Share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

3.22 Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Rawson Oil and Gas Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

3.23 Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.
When a group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

3.24 Critical accounting estimates and judgements

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

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

Impairment
The Company assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Company that may be indicative of impairment triggers. When required, recoverable amounts of relevant assets are reassessed using the higher of fair value less cost to sell and value in use calculations which incorporate various key assumptions.

Deferred Tax Assets
Deferred tax assets are recognised for deductible temporary differences and tax losses only when management considers that it is probable that future taxable profits will be available to utilise those temporary differences. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised. Based on the uncertainty of the timing of future profits management have not recognised any deferred tax assets.

Exploration and evaluation asset
As set out in Note 3.16 exploration and evaluation expenditure is capitalised for an area of interest for which it is considered likely to be recoverable from future exploitation or sale. The accounting policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular whether an economically viable extraction operation can be established. These estimates and assumptions may change as new information becomes available.

In respect of the expenditure recognised as an exploration and evaluation asset under AASB 6 'Exploration for and Evaluation of Mineral Resources', the Company has assessed that the exploration activities are not yet sufficiently advanced to make an assessment about the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to the area of interest are continuing.

Share based payment transactions
The company measures the cost of equity-settled transactions with employees, Directors or consultants by reference to the fair value of the equity instruments at the date on which they are granted. The fair value is determined using the Black Scholes option price model or market valuations. The related assumptions are detailed in Note 30. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

3.25 Farm-outs — in the exploration and evaluation phase

The Group does not record any expenditure made by the farmee on its account. It also does not recognise any gain or loss on its exploration and evaluation farm-out arrangements. Any cash consideration received directly from the farmee is credited against costs previously capitalised in relation to the whole interest with any excess accounted for by the farmor as a gain on disposal.

3.26 New Accounting Standards and interpretations not early adopted

The Group has not yet adopted the below list of standards and amendments on issue but not yet effective that were available for early adoption and were applicable to the Group. The reported results and financial position of the Group are not expected to change on adoption of any of the amendments to current standards listed below.

Effective date	New Standards or Amendments	Reference
1 January 2018	Revenue from Contracts with Customers	AASB 15
1 January 2018	Leases	AASB 16
1 January 2018	Financial Instruments and the relevant amending standards	AASB 9 (2014)
1 January 2018	Classification and Measurement of Share-based Payment transactions (Amendments to AASB2)	AASB 2016-5

AASB 9 Financial Instruments (2014)

AASB 9 published in July 2014, replaces the existing guidance in AASB 139 Financial Instruments: Recognition and Measurement. AASB 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and re-recognition of financial instruments from AASB139.

AASB 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The impact on the financial statements of the adoption of this standard is not expected to be material.

AASB 15 Revenue from Contracts with Customers

AASB 15 replaces AASB 118 Revenue, AASB 111 Construction Contracts and four Interpretations issued by the AASB and amends the principles for recognising revenue from contracts with customers. It applies to all contracts with customers except leases, financial instruments and insurance contracts. The Standard requires an entity to recognise revenue on a basis that depicts the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve that principle, an entity shall apply all of the following steps:

a) identify the contract with a customer;

b) identify the separate performance obligations in the contract;

c) determine the transaction price;

d) allocate the transaction price to the separate performance obligations in the contract; and

e) recognise revenue when (or as) the entity satisfies a performance obligation.

AASB 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The impact on the financial statements of the adoption of this standard is not expected to be material.

AASB 16 Leases

AASB 16 replaces AASB 117 Leases and sets out the principles for the recognition, measurement, presentation and disclosure of leases.

AASB 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligations to make lease payments. A lessee measures right-of-use asset similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows applying AASB 107 Statement of Cash Flows.

AASB 16 substantially carries forward the lessor accounting requirements in AASB 117 Leases. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

AASB 16 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The impact on the financial statements of the adoption of this standard is not expected to be material.

4 REVENUE

	2018	2017
	$	$
Sale of gas and liquids	-	134,978
Total Revenue	-	134,978

5 OTHER INCOME

	2018 $	2017 $
PACE Grant income	18,557	-
Consulting income	7,408	-
Interest received-other parties	18,579	6,631
Gain on option agreement with SSA	-	226,800
Gain on sale of interest in Udacha Cooper Basin	-	274,635
Other Income	44,544	508,066

6 EXPENSES

Exploration expenditure written off	275,749	479,950
Depreciation expense	1,353	1,353
Additional cost of option agreement with SSA (Note 16)	176,485	-

7 AUDITOR'S REMUNERATION

	2018 $	2017 $
Amounts paid/payable to Nexia Sydney Partnership for audit or review of the financial report for the entity or any entity in the Group	42,000	36,000
Amounts paid/payable to subsidiary auditors who are un-related to Nexia Sydney Partnership for audit or review of the financial report for the entity or any entity in the Group	3,993	5,048
Amounts paid/payable to subsidiary auditors who are un-related to Nexia Sydney Partnership for non-audit taxation services performed for the entity or any entity in the Group		-
Amounts paid/payable to Nexia Sydney Partnership for non-audit services performed for the entity or any entity in the Group	500	1,800
	46,493	42,848

8 BASIC AND DILUTED EARNINGS PER SHARE

	2018 $	2017 $
Loss for the year used to calculate basic and diluted earnings per share	(829,386)	(366,454)
Weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share.	98,047,150	98,047,150
	Cents per share	Cents per share
Basic and diluted loss per share.	(0.8)	(0.4)

9 CASH AND CASH EQUIVALENTS

For the purpose of the consolidated statement of cash flows, cash and cash equivalents include cash in banks and term deposits which can be utilised by giving short notice to the financial institution. Included in the figure for Cash at Bank is $2,468,000, being Rawson's 50% interest in the Joint Operation with Vintage Energy Pty Ltd. This amount is restricted to be used only in the Joint Operation. It is not available to be used for other uses within the Consolidated Entity. Cash and cash equivalents at the end of the reporting period as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated statement of financial position as follows:

	2018 $	2017 $
Cash at bank and on hand	2,651,975	804,720
	2,651,975	804,720

10 TRADE AND OTHER RECEIVABLES - CURRENT

Trade debtors	12,747	17,115
GST & Tax receivables	3,711	1,496
	16,458	18,611

11 OTHER FINANCIAL ASSETS – NON CURRENT

Held to maturity investments

Term deposits (1)	229,836	225,288
	229,836	225,228

(1)The term deposits are held as security for the bank guarantees required for the exploration leases and permits. Refer Note 23.

12 EXPLORATION AND EVALUATION ASSETS

	2018	2017
	$	$
Cost-Otway Basin	2,519,370	2,519,370
Less: Reduction on sale of 25% share of PEL155 under Farmin Agreement	(100,000)	-
Remaining cost of Otway Basin	2,419,370	2,519,370
Share of costs incurred in Joint Operation	42,074	-
	2,461,444	2,519,370

The Group has reviewed the results of the preliminary drilling program, seismic data and sample studies on the tenements held in Papua New Guinea. The results were not as positive as anticipated and as such the capitalised exploration costs have been fully impaired.

13 PLANT AND EQUIPMENT

	2018	2017
	$	$
At cost	23,124	23,124
Less: Accumulated depreciation	(16,348)	(14,994)
	6,776	8,130
Movement in carrying amount		
Plant & equipment:		
Balance at the beginning of the year	8,130	9,483
Acquisition of equipment	-	-
Depreciation expense	(1,354)	(1,353)
Balance at the end of the year	6,776	8,130

14 OTHER ASSETS - CURRENT

Other assets	12,931	14,820
Formation costs	2,934	2,934
Accumulated amortisation	(1,221)	(657)
	14,644	17,097

15 TRADE AND OTHER PAYABLES - CURRENT

Trade payables and accruals	104,725	127,325

16 OTHER LIABILITIES

Deferred Government Grant*	2,456,444	-
Redemption liability**	588,283	411,798
	3,044,727	411,798

*The Joint Operation with Vintage Energy Pty Ltd was awarded $4.95 million under the South Australian Government PACE gas scheme in December 2017. As at 30 June 2018, $87,907 had been spent. Rawson's share of the unexpended Grant is $2,456,444. This amount will be used in the exploration and evaluation activities of PEL155.

**The above redemption liability relates to the exercise price to be paid under the put and call option agreement and the share subscription agreement and amendments entered into between James Sinton Spence and Associates and Rawson Oil and Gas Limited.

As a result of entering these agreements, Rawson Oil and Gas Limited has gained an effective present ownership of shares held in Dondonald Limited by James Sinton Spence and Associates. As a result, no non-controlling interest for these shares has been recognised.

During the year an amount of $176,485 was recognised as an expense in the Statement of Profit or Loss and Other Comprehensive Income as a result of the re-measurement of the redemption liability in accordance with AASB 139 Financial Instruments: Recognition and Measurement. Subsequent to year end, Lakes Oil N. L. made an off-market takeover offer for all the shares in the Company. This was a trigger event in the option agreement, and the shares owned by James Sinton Spence and Associates in Dondonald have been transferred to the Company with James Sinton Spence and Associates being issued 14,707,072 shares in Rawson.

17 PROVISION-NON CURRENT

	2018	2017
	$	$
Provision for royalty	250,000	250,000

Recognition of a non-current liability of $250,000 representing fair value of a royalty that is payable once Otway Basin oil and gas production commences.

18 INCOME TAX

	2018 $	2017 $
Numerical reconciliation between tax benefit and pre-tax net loss		
(Loss) / profit before income tax	(829,386)	(366,454)
The prima facie tax on loss before income tax is reconciled to income tax expense as follows:		
Prima facie tax payable (benefit) on profit / (loss) before at 27.5% (2017: 27.5%)	(228,081)	(100,775)
Add tax effect of:		
Effect of tax rate differences in foreign jurisdictions	-	-
Unrealised foreign exchange (gain)/loss		
Non-assessable loss on revaluation of financial liability	48,533	(62,370)
Current year deferred tax asset not brought to account	179,548	163,145
Income tax expense	-	-
Deferred tax assets not bought to account, the benefits of which will only be realised if the conditions for deductibility set out in Note 3 occur:		
- tax losses:		
- operating losses	2,499,342	2,562,926

19 ISSUED CAPITAL

Rawson Oil and Gas Limited	2018 $	2017 $
98,047,150 fully paid ordinary shares	10,397,187	10,397,187
	10,397,187	10,397,187

Fully paid ordinary shares carry one vote per share and carry a right to a dividend.

20 RESERVES

	2018	**2017**
	$	**$**
Foreign currency translation	475,167	468,192
Share option reserve	138,677	138,677
Other reserves	89,357	89,357
	703,201	696,226

20.1 FOREIGN CURRENCY TRANSLATION RESERVE

Balance at the beginning of the year	468,192	488,242
Exchange differences arising on translating the foreign operations	6,975	(20,050)
Balance at end of year	475,167	468,192

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (Australian dollars) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve (in respect of translating both the net assets of foreign operations) are reclassified to profit and loss on the disposal of the foreign operation.

20.2 SHARE OPTION RESERVE

	2018	**2017**
	$	**$**
Balance at the beginning of the year	138,677	72,875
Options Issued	-	65,802
Balance at end of year	138,677	138,677

The share option reserve is used to recognise the fair value of options issued but not exercised.

20.3 OTHER RESERVE

	2018	**2017**
	$	**$**
Balance at the beginning of the year	89,357	-
Movement during the year	-	89,357
Balance at end of year	89,357	89,357

The other reserve reflects the difference between shares subscribed in Dondonald Limited by James Sinton Spence and Associates under the put and call option agreement and the share subscription agreement and amendments, and the face value of the redemption liability at the time of the respective share issues in Dondonald Limited. See Note 16 for further background details.

21 ACCUMULATED LOSSES

Balance at the beginning of the year	(8,264,646)	(7,932,580)
Loss attributable to owners of the Company	(823,873)	(332,066)
Balance at end of year	(9,088,519)	(8,264,646)

22 RECONCILIATION OF LOSS TO NET CASH USED IN OPERATING ACTIVITIES

Loss attributable to owners of the Company	(829,386)	(366,454)
Interest income	(18,579)	(6,632)
Movement on revaluation of redemption liability	176,485	(226,800)
Depreciation & amortisation expenses	1,917	2,010
Udacha Depletion expense	-	85,814
Translation loss	-	20,050
Unamortised cost of Udacha project	-	(223,853)
Exploration costs Udacha and PNG expensed	-	479,950
Movements in working capital		
(Increase) in trade and other receivables	2,153	(185,439)
(Decrease) / increase in payables	(22,600)	84,792
Increase / (decrease) in other liabilities	1,913	66,041
	(688,098)	(270,521)

23 COMMITMENTS FOR EXPENDITURE

Bank guarantees

	2018 $	2017 $
Westpac has bank guarantees given by the Company for exploration permits, as follows: -		
Guarantee in respect of PEL 154/155	100,000	100,000
Total	100,000	100,000
This guarantees is secured by Company term deposits totalling $100,000 (2017: $100,000)		
Guarantees in respect of PPL 549, PPL 391 and PPL 560 are secured by Dondonald Ltd term deposits in Kina.	127,650	125,288
	227,650	225,288

Exploration lease commitments

Material expenditure commitments existed in relation to exploration leases and permits granted. The commitments are tabulated below. The actual expenditure may be more or less than the amounts indicated and will depend on, amongst other factors, actual costs at the time the expenditure becomes payable, foreign exchange rates, any variations to the terms of exploration leases granted by the lessor, whether or not the entity relinquishes its right to hold any lease, any decrease in interest of the entity in any lease or the sale or farm-out of any lease. Failure to meet any or part of the expenditure commitments in relation to an exploration permit or lease is likely to result in the cancellation of the subject exploration permit or exploration lease.

	Interest	2018 $	2017 $
1. Otway Block PEL 155	50%		
Exploration costs payable with one year		2,500,000	-
Exploration costs payable after one year and no later than five years		-	
2. Otway Blocks PEL 154	100.0%		
Exploration costs payable with one year		-	40,000
Exploration costs payable after one year and no later than five years		8,000,000	8,040,000
3. PNG Block PPL 549	93.0%		
Exploration costs payable with one year		-	20,000
Exploration costs payable after one year and no later than five years		13,000,000	10,600,000
4. PNG Block PPL 560	93.0%		
Exploration costs payable with one year		50,000	-
Exploration costs payable after one year and no later than five years		5,000,000	15,000,000
		28,550,000	43,720,000
Total expenditure commitments:			
Exploration costs payable with one year		2,550,000	80,000
Exploration costs payable after one year and no later than five years		26,000,000	43,640,000
		28,550,000	43,720,000

24 SUBSIDIARIES

Details of the Group's subsidiaries at the end of the reporting period are as follows:

Company		Ownership by the Company		Place of incorporation	Date of Incorporation
		2018	2017		
		%	%		
Otway Energy Pty Limited	Subsidiary	**100**	100.0	Australia	16th March 2010
Rawson Taranaki Ltd	Subsidiary	**100**	100.0	New Zealand	13th May 2008
Dondonald Limited	Subsidiary	**93**	60.0	Papua New Guinea	26th July 2015
Moira Limited	Subsidiary	**93**	100.0	Papua New Guinea	Acquired 30 June 2016

Rawson Oil and Gas Limited is the head entity within the consolidated group.
Companies incorporated in Australia are part of the tax-consolidated group.

A calculated non-controlling interest shareholding in Dondonald Limited of 7.00% has been applied in these financial statements. As disclosed in Note 16, the 33% shareholding in Dondonald held by James Sinton Spence and Associates is not recognised as a non-controlling interest. Rawson Oil and Gas Limited and James Sinton Spence and Associates have entered into a put and call option agreement and share subscription agreement and amendments resulting in Rawson Oil and Gas Limited having a present ownership interest in those shares held by James Sinton Spence and Associates. Subsequent to year end, Lakes Oil N. L. made an off-market takeover offer for all the shares in Rawson Oil and Gas Limited. This was a trigger event in the option agreement, and the shares owned by James Sinton Spence and Associates in Dondonald have been transferred to the Company on 31 July 2018 with James Sinton Spence and Associates being issued 14,707,072 shares in Rawson. As a result, the Company now owns 93% of Dondonald.

25 RELATED PARTY DISCLOSURES

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties. The following transactions with related entities occurred during the financial year:

1. Consultancy fees totalling $7,594 (2017: $16,007) were paid to Explore Consulting Limited, a company controlled by Mr. A. Richardson.
2. Consultancy fees totalling $2,850 (2017: nil) were paid to Sari Holdings Pty Ltd, a company controlled by an associate of Mr. R. D. Ash
3. Consultancy fees totalling$ 26,391 (2017: 4,950) were paid to Arran Energy Pty Ltd, a company controlled by Mr. M McGowan.

Company	Transaction value 30 June		Balance outstanding 30 June	
	2018	2017	2018	2017
	$	$	$	$
Amounts payable to a wholly owned subsidiary:				
Rawson Taranaki Limited	-	-	605,015	605,015
Amounts receivable from a majority owned subsidiary:				
Otway Energy Pty Limited			74,887	74,887
	-	-	679,902	679,902

Terms of the Rawson Taranaki Ltd loan are:

(i) Principal $605,015 (2017: $605,015);
(ii) Unsecured;
(iii) Interest rate Nil %: (2017: Nil);
(iv) Payable on demand on or before the end of a 10 year period commencing 2009.

Terms of the loan to Otway Energy Pty Limited are:

(i) $74,887 (2017: $74,887);
(ii) Unsecured;
(iii) Interest rate Nil %: (2017: Nil)
(iv) Payable on demand

Individual Directors and Executives compensation disclosures
Information regarding individual Directors and Executives compensation disclosures as required by Corporation Regulation 2M.3.03 is provided in the remuneration report section of the Directors' Report.

Apart from the details disclosed in this note, no Director has entered into a material contract with the Group since the end of the previous financial year and there were no material contracts involving Directors interests existing at year-end.

26 CONTINGENT LIABILITIES

There are no contingent liabilities as at balance date.

27 SUBSEQUENT EVENTS

On 31 July 2018, Lakes Oil N.L., a company listed on the Australian Stock Exchange made an off market takeover offer for all the shares in Rawson Oil and Gas Limited. This bid triggered the Option Agreement with Sinton Spence and Associates for the 33% of Dondonald Limited, a PNG company with petroleum exploration licences in PNG, resulting in the issue of 14,707,072 shares in Rawson in return for the 33% equity in Dondonald so that Rawson now own 93% of Dondonald.

Close of Business on 24 September, Lakes Oil now hold 89.18% of Rawson. Lakes intend to acquire 100% of Rawson and delist the Company from the Australian Stock Exchange.

There are no other subsequent events that have not otherwise been disclosed elsewhere in this report.

28 FINANCIAL RISK MANAGEMENT

Financial Risk Management Policies

The Consolidated Entity's financial instruments consist mainly of deposits with banks and accounts payable.

Treasury Risk Management

The Board regularly analyses financial risk exposure and evaluates treasury management strategies in the context of prevailing economic conditions and forecasts. The overall risk management strategy seeks to maintain sufficient capital whilst minimising potential adverse effects on financial performance. Risk management issues are considered by the Board on a regular basis, including future cash flow requirements.

Financial Risks

The main risks the Consolidated Entity is exposed to through its financial instruments are interest rate risk and liquidity risk.

Risk management framework

The Board regularly analysis financial risk exposure and evaluates treasury management strategies in the context of prevailing economic conditions and forecasts. The overall risk management strategy seeks to maintain sufficient capital whilst minimizing potential adverse effects on financial performance. Risk management issues are considered by the Board on a regular basis including future cash flow requirements.

Interest rate risk
Interest rate risk arises from the potential for change in interest rates to have an adverse effect on the net earnings of the Consolidated Entity. The Consolidated Entity has no borrowings and monitors interest rates on its cash balances.

The Consolidated Entity's exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in Note 28. For interest rates applicable to each class of asset or liability, refer to individual notes to the financial statements. Exposures arise predominantly from assets and liabilities bearing variable interest rates as the Consolidated Entity intends to hold fixed rate assets and liabilities to maturity.

Liquidity risk
Liquidity risk is the risk that the Consolidated Entity will not be able to meet its financial obligations as they fall due.

The Consolidated Entity's approach to managing risk is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Consolidated Entity's reputation. The Consolidated Entity manages liquidity risk by monitoring forecast cash flows and ensuring that adequate cash and access to cash is maintained.

Market risk
Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices will affect the Consolidated Entity's income. The objective of the market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Foreign currency risk
The Consolidated Entity is exposed to fluctuations in foreign currencies arising from exploration costs in currencies other than the Consolidated Entity's measurement currency.

Capital management
The Boards policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of business.

Financial Instrument Composition and Maturity Analysis
The tables below reflect the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments.

	Weighted Average Effective Interest Rate		Floating Interest Rate		Fixed Interest – Maturing within one year		Non-interest Bearing		Total	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
	%	%	**$**	$	**$**	$	**$**	$	**$**	$
Financial Assets										
Cash and cash equivalents	0.01	0.62	2,651,975	804,720	-	-	-	-	2,651,975	804,720
Financial instruments	2.20	0.62	229,386	225,288	-	-	-	-	229,386	225,288
Financial Liabilities										
Trade and sundry creditors	-	-	-	-	-	-	32,177	539,123	32,177	539,123
Redemption Liability							588,283	411,798	588,283	411,798

Net Fair Values

The carrying amounts of all financial assets and financial liabilities approximate their fair value.

Sensitivity Analysis

The Consolidated Entity has performed sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current financial year results and equity which could result from a change in these risks. As at balance date, the estimated effect on loss and equity as a result of changes in the interest rate with all other variables remaining constant would be as follows:

	2018	**2017**
	$	**$**
Change in profit and loss		
Increase in interest rate by 1%	28,814	10,300
Decrease in interest rate by 1%	(28,814)	(10,300)
Change in equity		
Increase in interest rate by 1%	28,814	10,300
Decrease in interest rate by 1%	(28,814)	(10,300)

29 SEGMENT REPORTING

The consolidated entity is organised into one operating segment, being mining and exploration operations. This operating segment is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. The information reported to the CODM is at least on a monthly basis.

Types of products and services

The principal products and services of this operating segment are the mining and exploration operations predominantly in Australia, New Zealand and Papua New Guinea.

	Australia	New Zealand	Papua New Guinea	Total
2018	$	$	$	**$**
Other income	42,924	-	1,620	**44,544**
Total revenue	42,924	-	1,620	**44,544**
Administration expenses	289,226	46	36,424	**325,696**
Directors' remuneration expense	96,000	-	-	**96,000**
Exploration expenditure written off	52,151	-	223,598	**275,749**
Additional cost option agreement	176,485	-	-	**176,485**
Expenses	613,862	46	260,022	**873,930**
Profit/(loss) before income tax expense	(570,938)	(46)	(258,402)	**(829,386)**
Income tax expense	-	-	-	**-**
Net loss	(570,938)	(46)	(258,402)	**(829,386)**
Foreign currency translation profit	-	-	6,975	**6,975**
Non Controlling Interest	-	-	5,514	**5,514**
Total comprehensive loss attributable to owners of the Company	(570,938)	(46)	(245,913)	**(816,897)**

2018	$	$	$	**$**
Segment assets	5,229,071	91	151,971	**5,381,133**
Segment liabilities	3,384,828	-	14,624	**3,399,452**
Net Assets	1,844,243	91	137,347	**1,981,681**
Depreciation and amortisation of segment assets	1,353	-	564	**1,917**

2017	Australia	New Zealand	Papua New Guinea	Total
	$	$		$
Sale of gas and liquids	134,978	-	-	**134,978**
Gain on Sale of interest in Cooper Basin	274,635	-	-	**274,635**
Other income	230,272		3,159	**233,431**
Total revenue	639,885		3,159	**643,044**
Administration expenses	315,532	(269)	28,571	**343,834**
Directors' remuneration expense	99,900	-	-	**99,900**
Exploration expenditure written off	14,099	-	465,851	**479,950**
Depletion expense	85,814	-	-	**85,814**
Expenses	515,345	(269)	494,422	**1,009,498**
Profit/(loss) before income tax expense	124,540	269	(491,263)	**(366,454)**
Income tax expense	-	-	-	**-**
Net loss	124,540	269	(491,263)	**(366,454)**
Foreign currency translation loss	-	(2,601)	(17,449)	**(20,050)**
Non - Controlling interest	-	-	34,388	**34,388**
Total comprehensive loss attributable to owners of the Company	124,540	(2,332)	(474,324)	**(352,116)**
Segment assets	3,299,978	142	374,710	**3,674,830**
Segment liabilities	(368,111)	-	(73,380)	**(441,491)**
Net Assets	2,931,868	142	301,330	**3,233,339**
Depreciation and amortisation of segment assets	1,353	-	657	**2,010**

30 SHARE BASED PAYMENTS

At the Annual General Meeting of the Company on 2 December 2016, the Company granted and issued 5,000,000 options to Directors and employees. The details were:

Vested Number	Granted number	Grant Date	Value per option at grant date	Exercise Price $	Expiry Date
5,000,000	5,000,000	2 December 2016	$0	$0.10	1 December 2019

Grant Date share price	$0.05
Exercise Price	$0.10
Volatility	53%
Option Life	3 years
Dividend yield	zero
Risk –free interest rate	1.85%

The options issued above have been valued at the issue date as detailed above using the Black-Scholes option pricing model resulting in a cost of $47,002.

400,000 options, that had prior Shareholder approval at the AGM on 5 November 2015, were issued to an employee on 9 July 2016 and a further 400,000 were issued on 20 April 2017, the details were:

Vested Number	Granted number	Grant Date	Value per option at grant date	Exercise Price $	Expiry Date
400,000	400,000	19 July 2016	$0	$0.045	5 November 2018
400,000	400,000	11 April 2017	$0	$0.045	5 November 2018

Grant Date share price	$0.047
Exercise Price	$0.045
Volatility	50%
Option Life	1.57 years
Dividend yield	zero
Risk –free interest rate	1.39%

The options issued above have been valued at the issue date as detailed above using the Black-Scholes option pricing model resulting in a cost of $18,800, therefore $65,802 has been included in these Accounts to reflect this expense in the year to 30 June 2017.

As at the 30 June 2018 current Directors and staff held options over 7,500,000 unquoted options with an expiry date 1 December 2018 at $0.045 exercise price for each share subscribed for, 800,000 unquoted options an expiry date 5 November 2018 at $0.045 exercise price for each share subscribed for and 5,000,000 unquoted options with an expiry date 1 December 2019 at $0.10 exercise price for each share subscribed for.

31 PARENT ENTITY INFORMATION

The accounting policies of the parent entity, which have been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements. Refer to note 3 for a summary of the significant accounting policies relating to the Group.

Financial position	**2018**	**2017**
	$	**$**
Assets		
Current assets	271,777	757,567
Non-current assets	2,699,763	3,166,189
Total assets	2,971,540	3,923,756
Liabilities		
Current liabilities	649,958	529,908
Non-current liabilities	855,002	250,000
Total liabilities	1,504,960	779,908
Net assets	1,466,580	3,143,848
Equity		
Issued capital	10,397,181	10,397,181
Retained earnings	(9,158,635)	(7,481,367)
Reserves	228,034	228,034
	1,466,580	3,143,848

Financial performance	**Year ended 30 June 2018**	**Year ended 30 June 2017**
	$	**$**
Profit/(loss) for the year	593,521	133,866
Total comprehensive income	593,521	133,866

32 PRINCIPAL ACTIVITIES

The principal activity of the Consolidated Entity during the course of the financial year was exploration for oil and gas in Australia and PNG. There were no significant changes in the nature of the Consolidated Entity's principal activity during the financial year.

ADDITIONAL SECURITIES EXCHANGE INFORMATION AS AT 24 SEPTEMBER 2018

At 24 September 2018 issued capital was 112,754,222 fully paid ordinary shares held by 129 holders and 10 holders of options.

Subject to the Listing Rules, the Company's constitution and any special rights or restrictions attached to a share, at a meeting of shareholders:

(a) on a show of hands, each shareholder present (in person, by proxy, attorney or representative) has one vote; and
(b) on a poll, each shareholder present (in person, by proxy, attorney or representative) has:
   i one vote for each fully paid share they hold; and
   ii a fraction of a vote for each partly paid share they hold. The fraction must be equivalent to the proportion which the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited). Amounts paid in advance of a call are ignored.

20 Largest Holders of Ordinary Shares and their Holdings at 24 September 2018

		Shares held	%
1	Lakes Oil NL	91,038,652	80.74
2	Mr William Richard Treuren	3,119,300	2.77
3	Citicorp Nominees Pty Limited	1,530,853	1.36
4	Mr Kendall Joseph Grey	1,087,441	0.96
5	Mr William Treuren	1,000,000	0.89
6	Jerd Pty Ltd	1,000,000	0.89
7	Mrs Beverley Hopkins	850,000	0.75
8	Ms Nicola Gail Cummack	629,521	0.56
9	Mr Alexander Tran & Mrs Lee-Anne Tran	560,918	0.50
10	Mr Jason Allan McAlister	513,222	0.46
11	Allman Developments Pty Ltd	507,647	0.45
12	Abbawood Nominees Pty Ltd <Abbott Family S/F No 1 A/c>	500,000	0.44
13	Julian Fairlie & Christopher Rosser & Michael Dale <MO NGA Tamariki A/c>	489,877	0.43
14	J P Morgan Nominees Ltd <54840 A/c>	478,328	0.42
15	Empshore Limited	464,234	0.31
16	JBWere (NZ) Nominees Pty Ltd	350,000	0.31
17	Six Fingers Pty Ltd <Six Fingers Discretion A/c>	323,000	0.29
18	Burgess Investments	260,000	0.23
19	Mr Antonio Tassone & Mrs Caterina Tassone	250,000	0.22
20	Cravat Holdings Pty Ltd	250,000	0.22
	Sub-total	**105,203,093**	**93.30**
	Total	**112,754,222**	**100.0**

Distribution of Holders and Holdings at 24 September 2018

Holdings Ranges	Holders	Shares Held	% of Total
1-1,000	13	2,219	0.002
1,001-5,000	0	0	0.000
5,001-10,000	12	106,613	0.095
10,001-100,000	56	2,538,381	2.251
100,001+	48	110,107,009	97.652
Totals	**129**	**112,754,222**	**100.000**
Holders of less than a marketable parcel	12	1,221	0.0%

Substantial shareholders at 24 September 2018

	Shares Held	% of Total
Lakes Oil NL	92,294,059	87.47%

Unquoted Securities

There are 7,500,000 unquoted options with an expiry date 1 December 2017 at $0.045 exercise price for each share subscribed for, 800,000 unquoted options an expiry date 5 November 2018 at $0.045 exercise price for each share subscribed for and 5,000,000 unquoted options with an expiry date 1 December 2019 at $0.10 exercise price for each share subscribed for.

Holdings Ranges	Holders	Options Held	% of Total
100,001+	10	13,300,000	100.00
Totals	**10**	**13,300,000**	**100.0**

Securities Exchange Listing

The Company's fully paid ordinary shares are listed on the Australian Securities Exchange code RAW.

On-Market Buy Back

There is no on-market buy-back.

List of Tenements

The Company holds the following petroleum licenses:

	Interest %
Otway Basin, South Australia, PEL 154	100.0
Otway Basin, South Australia, PEL 155	50.0
North New Guinea Basin, PNG, PPL 549	60.0
Cape Vogel Basin, PNG, PPL 560	60.0
Papuan Basin, PNG, APPL* 550	60.0
North New Guinea Basin, PNG, APPL* 594 and APPL *622	60.0
Cape Vogel Basin, PNG, APPL * 633	60.0

*APPL denotes Application for Petroleum Prospecting Licence

**PEL 155-staged farm in by Vintage Energy for up to 50%. Binding Heads of Agreement announced 27 July 2018, subject to regulatory approval.

2018 RESERVES STATEMENT

HIGHLIGHTS

- Rawson Oil and Gas updated the best estimate prospective recoverable resource volume attributed to the Nangwarry prospect in PEL 155 to 57 Bcf from 33.1 Bcf on 24 May 2018.

PROSPECTIVE RESOURCES

At 1 July 2018 the Company's two exploration licences in the Otway Basin (PEL 154 and PEL 155) have a gross Best Estimate Recoverable Prospective Resource of 116.3 Bcf gas. Several additional leads within the two licence areas have not been included in this statement, but remain attractive follow-ups in the event of a discovery. Additional technical work will be undertaken to mature these leads to prospects, and will be included in future Resource Statements.

The Prospective Resources by asset are shown in Table 1 and by region in Table 2.

Table 1: Gross Prospective Resources by Asset (unrisked)[1,4]

License	Rawson Interest	Prospect	Petroleum Fluid	Low Estimate	Best Estimate	High Estimate	POGS[7]
PEL 154	100%	Benara	Gas (Bcf)	11.70	24.90	53.80	0.125
	100%	Benara East	Gas (Bcf)	6.10	15.00	30.80	0.10
PEL 155	100%	Nangwarry	Gas (Bcf)	11.20	57.00	159.9	0.25
	100%	South Salamander[9]	Gas (Bcf)	7.10	19.40	44.30	0.25

Table 2: Net to Rawson Oil and Gas Prospective Resources by Region (unrisked)[1,4]

Basin	Rawson Interest	Petroleum Fluid[5,6]	Low Estimate	Best Estimate	High Estimate
Otway Basin	100%	Gas (boe)	8,056,000	16,847,000	33,389,000
Prospective Resources at 30 June 2018[2]			8,056,000	16,847,500	33,389,000

RESERVES AND RESOURCES

This reserves statement:

- is based on, and fairly represents, information and supporting documentation prepared by a qualified petroleum reserves and resources evaluator or evaluators;
- is prepared in accordance with the Petroleum Resources Management System (PRMS) sponsored by the Society of Petroleum Engineers (SPE);
- applies a methodology were all volumes have been calculated probabilistically using estimated ranges for field area, gross pay, net to gross, shape factor, porosity, water saturation, gas and oil formation volume factor and estimates of hydrocarbon recovery factor;
- as a whole has been approved by a named qualified petroleum reserves and resources evaluator or evaluators (who may be different qualified petroleum reserves and resources evaluators to the ones referred to in the previous bullet point), as well as information about their employer and the professional organisation of which they are a member;
- is issued with the prior written consent of the named qualified reserves and resources evaluator or evaluators who have approved the reserves statement as a whole as to the form and context in which it appears in the annual report; and

  estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

RESERVES EVALUATOR

Stochastic Simulation Pty Ltd served as reserves evaluator on behalf of Rawson Oil and Gas. Stochastic Simulation officers and employees have no direct or other pecuniary interest in Rawson Oil and Gas. It is Stochastic Simulation's considered opinion that these estimates of petroleum resources and reserves as of 1 July 2017, are reasonable and have been prepared in accordance with the requirements of the ASX for reporting petroleum reserves and prospective resources in accordance with the SPE-PRMS.

The principal evaluator, Dr Wadsley received a B.Sc. (Hons), University Medal in Mathematics from the Australian National University in 1970, a M.Sc. from the University of Warwick (UK) in 1972, and a Ph.D. (Mathematics) from the University of Warwick (UK) in 1974. He has more than thirty-eight years' experience in the petroleum Industry, starting as a well-site petroleum engineer with Shell International in 1975, and is currently executive Chairman of Stochastic Simulation Limited, a Perth, Western Australia, based Oil and Gas Services Company. Dr Wadsley is a member of the Society of Petroleum Engineers, the European Association of Geoscientists and Engineers, and the Society for

Industrial and Applied Mathematics. The reserves and resources information in this statement has been issued with the prior written consent of Dr Wadsley in the context in which it appears.

Notes

1. Prospective Resources are estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.
2. Petroleum reserves and resources are aggregated by arithmetic summation by region and as a result, proved reserves may be a very conservative estimate due to the portfolio effects of arithmetic summation.
3. Volumes calculated probabilistically:
    - 1P = P90
    - 2P = P50
    - 3P = P10
4. Volumes calculated probabilistically:
    - Low Estimate = P90
    - Best Estimate = P50
    - High Estimate = P10
5. Dry gas volumes are converted to oil equivalent volumes via a constant conversion factor (see below). Oil and condensate are converted from bbl to boe on a 1:1 ratio.
6. Conversion factors:
    - Sales gas and ethane (1 PJ) = 171,937 boe
    - Gas (1 Bcf) = 1.06 PJ
    - Condensate (1 barrel) = 1 boe
    - Crude Oil (1 barrel) = 1 boe
7. POGS, probability of geological success and is expressed as a percentage.
8. Regarding PRL 26 (Udacha):
    - Sales gas quantities include LPGs. Gas sales through connection to nearby 3rd party operated gathering and processing facilities, as proposed by Operator.
    - Sales gas quantities include LPGs. Gas sales through connection to nearby 3rd party operated gathering and processing facilities, with the reference point taken as either a meter at the wellhead or at the inlet to the production facility as proposed by the Operator.
9. Regarding PEL155:
    - The South Salamander prospect straddles the boundary of PEL 155 with 55% of the prospect area is within PEL 155.

REPORTING OF PETROLEUM RESERVES AND RESOURCES FOR A MATERIAL PROJECT

PROSPECTIVE RESOURCES	
	PEL 154 and PEL 155
Licence Status	Petroleum Exploration Licence (PEL)
Basis on which the presepective resources are estimated	The development project is targeting the undeveloped reserves from exitsing discovery wells and onsite production equipment.
Further exploration activities, including studies, further data acquaition and evaluation work, and exploration drilling to be undertaken and the expected timing of these exploration activities	• Prospective Resources have been identified from the same oil/gas bearing stratigraphic levels in nearby discoveries and/or existing producing fields • A combination of geological modelling, field analogues and volumetric assessment have been used to estimate the Prospective Resources. • Several prospects are considered near-drill ready and the early stages of well planning have been initiated. Over the next three years additional geological and geophysical studies are likely to include seismic reprocessing and analyses of nearby wells to mature the existing leads inventory to drillable targets. Exploration drilling will likely commence in the next two years depending on approvals and rig availability.
Assessment of the chance of discovery and the chance of development	The chance of discovery is high as it is a proven oil and gas play and near to existing discoveries. There is a risk that there are insufficient volumes for a commercial development.
Explanation of how the estimates were adjusted for risk	The Prospective Resources have been risked according to the Probability for Geological Success (POGS). The process attempts to estimate the probability of making a discovery by considering the probability of the critical geological factors of reservoir, trap (including seal), and hydrocarbon charge. This is done through an internal review process.

Other ASX information

Share register

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Auditor

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Chartered Accountants
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Sydney NSW 2000

Telephone: +61 2 9251 4600

Facsimile: +61 2 9251 7138

Web site: www.nexia.com.au

Corporate governance statement

The Company is a small company with limited operations. Accordingly, the Board considers that many of the corporate governance guidelines intended to apply to larger companies are not practical for the Company.

ASX Principles/Recommendations	**Compliance**	**Details**	**Disclosure Requirement for Non Compliance**
Principle 1			
Principle 1 – Lay solid foundations for management and oversight. Companies should establish and disclose the respective roles and responsibilities of board and management.			
Recommendation 1.1: Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	Comply	The Board is accountable to shareholders for the performance of the Company and has overall responsibility for its operations. The Board's primary objective is to protect and enhance shareholder value within a defined, informed structure which protects the rights and interests of shareholders and other stakeholders by ensuring that the Company and its controlled entities are properly managed. The Board, together with senior management, is responsible to shareholders and other stakeholders for the Company's total business performance. Management of the business of the Company is conducted by the Chairman as designated by the Board and by officers and consultants to whom the management function is delegated by the Chairman.	Not Applicable
Recommendation 1.2: Companies should disclose the process for evaluating the performance of senior executives.	Comply	The Chairman reviews the performance of executives and consultants.	Not Applicable

ASX Principles/Recommendations	Compliance	Details	Disclosure Requirement for Non Compliance
Recommendation 1.3: Companies should provide the information indicated in the Guide to reporting on Principle 1.	Comply		Not Applicable
Principle 2			
Principle 2 – Structure the board to add value Companies should have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties.			
Recommendation 2.1: A majority of the board should be independent directors.	Comply	The Board is composed of three Directors who are all independent.	Not Applicable
Recommendation 2.2: The chair should be an independent director.	Comply	The Chairman is independent.	Not Applicable
Recommendation 2.3: The roles of chair and chief executive officer should not be exercised by the same individual.	Does not Comply		When operations increase this will be reviewed.
Recommendation 2.4: The board should establish a nomination committee.	Does not comply		The size of the Company does not warrant the formation of a Nomination or Remuneration Committee at this time. Appointments have been considered by the full Board.

ASX Principles/Recommendations	**Compliance**	**Details**	**Disclosure Requirement for Non Compliance**
Recommendation 2.5: Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	Does not Comply	Details of Directors' qualifications, experience, term of office and special responsibilities are in the Directors Report included in this Annual Report. Potential nominations to the Board are assessed by the full Board. The Board may appoint a nominations or remuneration committee. The Board undertakes self assessment of its collective performance. Individual performance is evaluated by the full Board.	Not Applicable
Recommendation 2.6: Companies should provide the information indicated in the Guide to reporting on Principle 2.	Comply		Not Applicable
Principle 3			
Principle 3 – Promote ethical and responsible decision-making. Companies should actively promote ethical and responsible decision-making.			
Recommendation 3.1: Companies should establish a code of conduct and disclose the code or a summary of the code as to: • the practices necessary to maintain confidence in the company's integrity • the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders • the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	Comply		Not Applicable

ASX Principles/Recommendations	Compliance	Details	Disclosure Requirement for Non Compliance
Recommendation 3.2: Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.	Comply	The Company intends to make each staff appointment after consideration of each candidate's qualifications, experience and proven competence, whilst conscientiously avoiding any discrimination on the basis of, but not limited to, race, creed, colour, gender, age, marital status, religion or physical impairment.	Not applicable
Recommendation 3.3: Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	Does not comply		The Company will apply its best endeavours to disclose in each annual report the measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them.
Recommendation 3.4: Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	Comply	The Company has one women employee.	Not Applicable
Recommendation 3.5: Companies should provide the information indicated in the Guide to reporting on Principle 3.	Comply		Not Applicable

Principle 4			
Principle 4 – Safeguard integrity in financial reporting Companies should have a structure to independently verify and safeguard the integrity of their financial reporting.			
Recommendation 4.1: The board should establish an audit committee.	Comply		Not Applicable
Recommendation 4.2: The audit committee should be structured so that it: • consists only of non-executive directors • consists of a majority of independent directors • is chaired by an independent chair, who is not chair of the board • has at least three members.	Does not comply	The Company is a small company with limited operations. Accordingly, the Board considers that maintaining an Audit Committee constituting two independent qualified directors is appropriate to the Company's size.	This Audit Committee structure is considered to be commercially cost effective.
Recommendation 4.3: The audit committee should have a formal charter.	Does not comply	The Company does not have a formal audit committee charter, reflecting the Company's small size and close interaction of the small number of individuals throughout the organisation.	The primary role of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities by monitoring and reviewing, on behalf of the Board, the effectiveness of the Company's control environment in the areas of operational risk, legal compliance, regulatory compliance and financial reporting.
Recommendation 4.4: Companies should provide the information indicated in the Guide to reporting on Principle 4.	Comply		Not Applicable

Principle 5			
Principle 5 – Make timely and balanced disclosure. Companies should promote timely and balanced disclosure of all material matters concerning the company.			
Recommendation 5.1: Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	Comply	The Board's policy is that shareholders are informed of all material developments that impact on the Company. Detailed continuous disclosure policy is intended to maintain the market integrity and market efficiency of the Company's shares listed on the ASX. This policy sets out the requirements to report to the Chairman, any matter that may require disclosure under the Company's continuous disclosure obligations. The Chairman is also required to report at each Board meeting on this issue. The continuous disclosure process ensures compliance with the Company's continuous disclosure and reporting obligations, consistent with the Australian Securities Exchange Listing Rules, and the Corporations Act 2001 *(Clth).*	Not Applicable
Recommendation 5.2: Companies should provide the information indicated in the Guide to reporting on Principle 5.	Comply		Not Applicable

Principle 6			
Principle 6 – Respect the rights of shareholders. Companies should respect the rights of shareholders and facilitate the effective exercise of those rights.			
Recommendation 6.1: Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	Comply	The Company aims to convey to its shareholders pertinent information in a detailed, regular, factual and timely manner. The Board ensures that the annual report includes relevant information about the operations of the Company during the year, and changes in the state of affairs of the Company, in addition to the other disclosures required by the Corporations Act 2001. Information is communicated to shareholders by the Company through: 1. Placement of market announcements on the Company's web-site http://www.rawsonresources.com; 2. The annual and interim financial reports (for those shareholders who have requested a copy); 3. Disclosures to the Australia Securities Exchange; 4. Notices and explanatory memoranda of annual general meetings; and 5. All Shareholders are invited to attend and raise questions at the Annual General Meeting. All shareholders are welcome to communicate directly with the Company.	Not Applicable
Recommendation 6.2: Companies should provide the information indicated in the Guide to reporting on Principle 6.	Comply		Not Applicable

Principle 7			
ASX Principles/Recommendations	**Compliance**	**Details**	**Disclosure Requirement for Non Compliance**
Principle 7 – Recognise and manage risk Companies should establish a sound system of risk oversight and management and internal control.			
Recommendation 7.1: Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Comply	The Board meets regularly to evaluate, control, review and implement the Company's operations and objectives. Regular controls established by the Board include: • Delegated authority to the Chairman to ensure approval of expenditure; and • Procedures allowing Directors to seek independent professional advice by utilising various external technical consultants. The Board recognises the need to identify areas of significant business risk and to develop and implement strategies to investigate these risks.	Not Applicable

ASX Principles/Recommendations	**Compliance**	**Details**	**Disclosure Requirement for Non Compliance**
Recommendation 7.2: The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	Comply	The Chairman manages the Company's material business risks and reports to the Board. **Materiality thresholds** The Company regularly reviews procedures, and ensures timely identification of disclosure material and materiality thresholds. Materiality judgments can only be made on a case by case basis, when all the facts are available. The Board would consider an amount which is: 1. Equal to or greater than 10 per cent of the appropriate base amount as material, unless there is evidence or convincing argument to the contrary; and 2. Equal to or less than 5 per cent of the appropriate base amount not to be material unless there is evidence, or convincing argument, to the contrary.	Not Applicable
Recommendation 7.3: The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act 2001 is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Comply	The Company requires that these statements are certified by the Chairman and chief financial officer.	Not Applicable

ASX Principles/Recommendations	**Compliance**	**Details**	**Disclosure Requirement for Non Compliance**
Recommendation 7.4: Companies should provide the information indicated in the Guide to reporting on Principle 7.	Comply		Not Applicable
Principle 8			
Principle 8 – Remunerate fairly and responsibly. Companies should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear.			
• Recommendation 8.1: The board should establish a remuneration committee.	Does not comply		The full Board would act as a Remuneration Committee, as required.
Recommendation 8.2: The remuneration committee should be structured so that it: • consists of a majority of independent directors • is chaired by an independent chair • has at least three members.	Does not comply		The Board would operate as a remuneration committee, as required. This structure is considered to be commercially cost effective, and appropriate to the Company's size and structure.

ASX Principles/Recommendations	**Compliance**	**Details**	**Disclosure Requirement for Non Compliance**
• Recommendation 8.3: Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	Comply	Non-executive Directors' fees are determined by the Board within the aggregate amount approved by shareholders. Any structure for equity based executive remuneration must be commercially cost effective, and appropriate to the Company's size and structure. The Board has regard in the performance of the duties set out herein to any published guidelines or recommendations regarding the remuneration of directors of listed companies and formation and operation of share option schemes which the Board considers relevant or appropriate. Fees for non-executive directors reflect the demands on and responsibilities of our Directors. Non-executive Directors are remunerated by way of base fees and statutory superannuation contributions and do not participate in schemes designed for the remuneration of executives. Non-executive directors do not receive any bonus payments nor are they provided with retirement benefits other than statutory superannuation. There are no schemes for retirement benefits, other than statutory superannuation, for non-executive directors.	Not Applicable
• Recommendation 8.4: Companies should provide the information indicated in the Guide to reporting on Principle 8.	Comply		Not Applicable