

14 May 2019

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

Champion drilling, fundraising and Stanley project update

Mosman Oil and Gas Limited (AIM: MSMN) the oil exploration, development and production company, is pleased to provide an update on its US projects Champion and Stanley and announces a Placing to raise £750,000 (the "Fundraising").

As part of the ongoing development programme, Mosman has agreed with its joint venture partners to commence drilling at two wells at the Champion project following evaluation of the 3D seismic. These two wells are expected to further increase Mosman's production and revenues, following the recent growth in the Group's production (as announced on 24 April 2019).

In addition, Mosman is pleased to provide an update on progress on the Stanley Project.

Details of the Fundraising

To fund the drilling at Champion, the Company has raised £750,000 (before expenses) by way of a placing of 250,000,000 new ordinary shares of no par value in the capital of the Company ("Placing Shares") at 0.3p per share.

Use of Proceeds

The major proposed use of proceeds for the Fundraising will be to fund Mosman's share of drilling costs for the proposed drilling of the Champion Project, containing the Falcon prospect ("Falcon") and the Galaxie prospect ("Galaxie").

Following the recent farm in to the Champion project by Xstate Resources Limited, it is expected that Mosman will hold a 35% working interest in the two Champion wells.

The first well is expected to be drilled in the third quarter of 2019 and Mosman's contribution to each well is expected to be approximately £235,000.

In addition, there are a number of other matters under consideration, including:

1. Baja, Mosman's strategic partner, has identified low cost opportunities to increase working interest in existing areas and extend existing leases. The capital raised may also be used to fund those type of "bolt-on" acquisitions;
2. At Welch, consideration is being given to further workovers to further increase production levels; and
3. Costs associated with preparing for the seismic work required at the Amadeus Basin project in NT, Australia.

The Fundraising will also provide working capital for the Company while it continues to build production and progress its strategic objectives.

Forward well programme

In addition to the Champion wells, the Board is evaluating the forward well programme which includes the potential Stanley 3 and 4 wells. Both these wells are subject to approval by the various owners, and that will not occur until Stanley-2 is in steady state production. Decisions in relation to the planning and ordering of the forward programme will be based on a continued assessment of the Company's inventory of opportunities and performance of the results of the Stanley 1 workover and Stanley-2 wells, other existing well priorities and will also be subject to various matters including the availability of funding.

Stanley project update

Further to the Company's announcements of 18 and 24 April 2019, permanent flow lines and upgraded production facilities for Stanley have now been installed to manage higher oil flow rates.

The Stanley-1 well continues to flow oil and is now constrained by appropriate choke settings selected by the Operator to enhance long term performance of the well. Mosman has been advised that the average daily oil production from 28 April to 12 May 2019 was 135 barrels of oil per day ("bopd") (gross). Since recompletion of the well, 2436 barrels of oil have been sold at a price of circa USD 67 per barrel (gross).

At Stanley-2, the production is primarily gas and constrained by gas infrastructure. As previously announced, this means the well may be recompleted in another zone to produce primarily oil. Further announcements will be made in due course.

Admission to AIM and Total Voting Rights

The Fundraising is conditional on, inter alia, the Placing Shares being admitted to trading on AIM. Application has been made to the London Stock Exchange for the Placing Shares, which will rank pari passu with the Company's existing issued ordinary shares, to be admitted to trading on AIM and dealings are expected to commence at 8:00 a.m. on 20 May 2019.

Following the issue of the Placing Shares, the Company's total issued share capital will comprise 885,810,969 Ordinary Shares. Following admission, the Company's share capital and total voting rights will comprise 885,810,969 Ordinary Shares and the Company does not hold any shares in treasury.

Consequently, the above figure may be used by shareholders in the Company as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in, the share capital of the Company under the Financial Conduct Authority's Disclosure and Transparency Rules.

John W Barr, Chairman, said: *"The Board of Mosman is continuing to actively seek and progress opportunities to build production in line with its stated strategy and is very pleased to have secured this additional funding to progress its well programme.*

"The Stanley-1 well has demonstrated a sound business plan to invest in production in the USA. The Stanley wells flow naturally and have a low operating cost. At current oil price and flow rates, the well costs are recovered quickly, and production is anticipated to continue for years. Additional proposed development drilling at Stanley will be considered by the joint owners once steady state production is achieved at Stanley-2.

"Drilling at Champion is now a priority and it is essential that this is properly funded. The decision is fundamental to Mosman's medium term objective of becoming profitable at a corporate level.

"Mosman remains fully supportive of its other projects in the portfolio, however, the low cost and strong economics of investing in these wells was a significant factor in prioritising the next step for the Company."

Competent Person's Statement

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

Market Abuse Regulation (MAR) Disclosure

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

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