

11 December 2018

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

Spudding of Stanley-2 and Increase in Working Interest

Mosman Oil and Gas Limited (AIM: MSMN) the oil exploration, development and production company, is pleased to announce that the spudding of the Stanley-2 well is due later this month. This well is located adjacent to Stanley-1 onshore Texas USA. In addition, Mosman is pleased to advise that it has slightly increased its participation in Stanley-2 to a total of 18.5%.

Stanley-2 is the next well to be drilled as part of the Strategic Alliance with the privately owned Baja Oil & Gas, LLC ("Baja"). It is the second recent well to be drilled at the Livingston Oilfield Polk County, Texas. The well is supported by information from Stanley-1 and Baja's interpretation of 3D seismic data, which is now integrated with subsurface well control and legacy production information.

Stanley-2 is set to penetrate its primary target being the Yegua Sands at c.3,800 feet. Additionally, several secondary targets will be tested similar to those that were tested in the Stanley-1 well.

Mosman currently has a 16.5% working interest on the lease which remains in place. It has increased its working interest in the Stanley-2 well to a total of 18.5% by funding an extra 2%.

The total cost (for all participants) of drilling Stanley-2 is estimated to be c.USD400,000 and if commercially successful, an additional amount of approximately USD150,000 will be required for completion. Mosman's commitments to fund the well will be funded from existing cash resources.

John W Barr, Chairman, said: "Given the significant results of Stanley-1, Mosman is very pleased that Stanley-2 is now ready to get underway.

"The clear intention is to increase production and thus cashflows as quickly as possible whilst taking into account operational and legislative requirements."

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