

RNS Number : 2735R
Mosman Oil and Gas Limited
10 September 2014

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

September Update

Mosman Oil & Gas Limited (AIM: MSMN), the Australia and New Zealand ("NZ") focussed oil exploration and development company, is pleased to provide the following update.

Summary

- Execution of strategy progressing in line with management's expectations
- Petroleum Creek entering next stage of drilling and flow testing programme commencing mid-September 2014
- Further seismic acquisition underway on Petroleum Creek asset
- NZ additional four permit applications to be lodged in October
- Trident Energy Limited ("Trident") acquisition update
- OilCo Pty Ltd ("OilCo") acquisition completed adding one granted permit and one application in the Amadeus Basin in Central Australia

John W Barr, Executive Chairman of Mosman commented: "In a short period of time Mosman has made significant progress with the execution of its strategy to build a portfolio of oil and gas assets, growing from two exploration areas at the time of the listing on AIM earlier this year, to four permits in three areas and pending the successful completion of the Trident acquisition, seven permits in five areas.

"As we expand the asset portfolio we are now building the core expertise required for this level of activity, and planning for further growth, without incurring unnecessary overheads. We now have multiple funding options, including farm-out or sale of assets, as well as the potential for cash flow from production.

"We look forward to reporting on the next stage of drilling at Petroleum Creek as we progress through the programme and continue to accumulate a more detailed appraisal of this asset."

Operational Update

Petroleum Creek, New Zealand

The cores taken from Cross Roads-1 and Crestal-1 have been transported to a laboratory and have been logged, photographed and analysed. Further work will include extraction of oil from the core and testing the extracted oil to assist the ongoing process of measuring reservoir parameters and using the resulting data to update source and migration assumptions in the geological model.

The results from the ongoing testing process will provide further valuable data for the team and the design of the testing equipment in order to advance the appraisal process to the next stage, which is due to commence in September with the drilling and testing of Crestal-2 followed by the flow testing of Cross Roads-1 and Crestal-1.

The Company has met the current term work obligations on the Petroleum Creek permit and committed to the work programme for the next Permit Year. Mosman is also preparing bids for the 2014 Block Offer.

Timetable

As previously advised Mosman has contracted Drill Force New Zealand Ltd to drill additional wells in 2014. It is anticipated that drilling of Crestal-2 will commence on 15 September. Preparation of the drill site has proceeded as planned and is complete, most of the supplies and equipment are now on site, and all necessary consultants are engaged.

It has been decided for operational reasons that flow testing of all three wells will be undertaken subsequent to the drilling of Crestal-2. This timetable is consistent with the Company's previous announced timetable, except the Crestal-2 drilling and flow testing has been brought forward prior to the flow testing of Crestal-1 and CrossRoads-1.

Mosman has recently reprocessed all existing seismic in the area, with good results. An additional programme of seismic is currently being acquired, and together these results will be evaluated and used to optimise the planned additional 2014 wells, and anticipated 2015 wells. This data will be incorporated, along with the data from the flow testing programme as it becomes available from each well, into a progressively updated geological model in due course.

Drilling of additional wells will be based on the combined accumulated data from drilling, testing and seismic results, with additional wells in 2014 anticipated to commence subsequent to the flow testing of Crestal-2, Crestal-1 and CrossRoads-1.

It is also now planned that an additional seismic campaign will start in February 2015. Completion of the current and planned seismic campaigns will technically meet the Company's permit obligations for the 2015 work year, and the drilling in 2014 and 2015 will significantly exceed the permit requirements.

Prospective Resource Update

Mosman appreciates that there has not been an update to the prospective resource contained in the CPR section of the Admission Document. Important data required includes drilling, testing, and seismic reprocessing, acquisition and processing and interpretation. An update has been commissioned, and is scheduled for delivery later in 2014 as part of the Company's ongoing appraisal work.

Other Stakeholders

Mosman continues to be engaged with local and regional stakeholders as part of its long term planning in the Greymouth area.

Additional Permits

As part of its longer-term planning Mosman (via its wholly owned NZ subsidiaries) has resolved to lodge applications for four additional permits in NZ. The applications are complete and will be lodged before the 9 October 2014 deadline. It is anticipated that the successful applicants will be notified in the second quarter of 2015.

Trident Energy Limited; Acquisition

Mosman is progressing with the acquisition of Trident, and recently lodged the Bidders Statement. Trident dispatched the Target Statement on 8 September 2014, and their directors have unanimously recommended that the Trident Shareholders accept the Offer, in the absence of a superior offer. The acquisition was subject to various conditions and with the recent grant of EP 145 all key conditions have now been satisfied. The offer closes on 17 October 2014.

As at 9 September acceptances for 47.2% of the issued capital of Trident have been received, including acceptances by all Trident directors of their respective holdings.

Planning for the three exploration permits located in the prospective Canning, Amadeus and Otway basins has already commenced. A meeting with the Joint Venture partner for the Otway Basin permit has been scheduled for late October 2014.

OilCo Acquisition Completed

The OilCo acquisition has now been completed, adding one granted permit and one application in the Amadeus Basin in Central Australia. Exploration will commence next month with a Gamma ray survey, Gamma ray logging, and Outcrop mapping and sampling.

To assist with this task Mosman has retained Mr. T Marshall the Principal Consultant of Vibrante Solutions Pty Ltd. Mr Marshall will also be assisting with planning and executing exploration of all other Australian permits.

Corporate capacity, Management and Sydney Office

Mosman has evolved considerably over the last year. The Company had two granted permits on admission to AIM in March 2014. Assuming completion of the relevant acquisitions, this will increase to seven

permits with another four applications underway. As part of managing the growing business, the Company has decided to establish an Advisory Panel. The members will include Australian based Jean-Pierre Hurel, who has had an exemplary career with Total, Dr Torey Marshall, who has wide range of international exploration experience, and Pam Sotiropoulis-Frigo, who has had financial markets experience with Goldman Sachs and Merrill Lynch. Pam is based in London.

The Company has recently opened an office at Suite 1, Gunshot Alley, Georges Head Precinct, Mosman, Sydney, NSW. The Company's Technical Director, Andy Carroll, will now be based at this office, together with a CFO, Senior Geoscientist, and an Office Manager. In 2015 Mosman expects to appoint a COO to be based at the office in Sydney.

The Registered Office of the Company will remain in West Perth and the Company's secretarial services will also continue to be based in Perth where the Executive Chairman is based.

United Kingdom Presentations

Mr John W Barr and Mr Andy Carroll will be in the United Kingdom in early November. It is planned that shareholder functions will be held, the first being on Sunday 9 November in Birmingham. Information about these events is available on the Company's web site and Shareholders can register using the subscribe to news function.

Enquiries

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

About Mosman

Mosman (AIM: MSMN) is an Australia and New Zealand focused oil exploration and development company with a strategy to build a sustainable mid-tier oil and gas business by acquisition and organic growth.

Currently, Mosman has a total of four permits in New Zealand and Australia. This number will increase to seven if the Trident bid is successful.

Petroleum Creek Project, New Zealand

The Petroleum Creek Project is a 143.6 sq. km low cost onshore exploration project located near Greymouth on the South Island in the southern extension of the proven Taranaki oil system. The project has a Mean Unrisked Recoverable Prospective Resource of 26.6 million barrels. In the first month of drilling, oil was discovered at Cross Roads-1 well which declared an Oil Discovery in June 2014 and at Crestal-1 which declared an Oil Discovery in July 2014. In H2 2014, the focus is on the appraisal of existing discoveries and additional exploration with both seismic and a multi-well drilling programme.

Officer Basin Project, Australia

Mosman has a 25% investment in the Officer Basin Project, a 22,527 sq. km large land holding with significant exploration potential, which lies in one of the more explored parts of the Basin with road access. The project area is in the Western Australian part of the Officer Basin and offers both conventional and unconventional potential with hydrocarbon shows reported and all elements of a petroleum system are present.

Amadeus Basin Projects, Australia

Mosman owns one granted Permit and one application in the Amadeus Basin in Central Australia. These permits are complimentary with Trident permit, EP145. Mosman's holdings will cover a total of 5,458 sq. km following the successful acquisition of Trident.

The Amadeus Basin is considered one of the most prospective onshore areas in the Northern Territory of Australia for both conventional and unconventional oil and gas, and hosts the producing Mereenie, Palm Valley and Surprise fields.

This information is provided by RNS
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Corporate Update

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Company Announcement - General

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