

1 December 2014

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

## **Issue of Incentive Options**

The Directors of Mosman oil and Gas Limited ("Mosman" or the "Company") (AIM: MSMN) the New Zealand and Australia focussed oil exploration and development company announced today that it has issued 4.0 million options ("Incentive Options") to the Directors, staff and consultants of the Company.

The issue of 2.5 million of Incentive Options to the Directors was approved by shareholders at the Annual General Meeting held on 28 November 2014.

In addition the board has granted 1,500,000 Incentive Options to staff and consultants. Details of the Incentive Options issued is outlined in Table 1.

These Incentive Options vest immediately and are exercisable at AUS\$0.58 (approximately 31.5p at the current exchange rate) on or before 28 November 2017. These Incentive Options are unlisted and have no voting rights.

**Table 1**

<b>Name</b>	<b>Position</b>	<b>Number of Incentive Options</b>
Mr John W Barr	Executive Chairman	500,000
Mr Andrew Carroll	Technical Director	1,500,000
Mr John Young	Non-executive Director	500,000
Mr Zane Lewis	Company Secretary	200,000
Mr Graeme Alexander	In Country Manager - NZ	300,000
Mr Torey Marshall	In Country Manager - Australia	200,000
Dr Murray Cave	Consultant	150,000
Mr Nick Whetter	Consultant	300,000
Ms Pam Frigo-Sotiropoulos	Investor Relations	200,000
Ms Julie Daws	Consultant	100,000
Ms Susy Pellegrini	Personal Assistant	50,000

The terms and conditions of the Incentive Options are as follows:

**1. Entitlement**

Each Incentive Option entitles the holder to subscribe for one Share on the exercise of the Incentive Option.

**2. Exercise Price**

The Board will fix the exercise price of an Incentive Option at the time when the holder is issued the Incentive Option, which must not, unless the Board determines otherwise, be less than 145% of the closing price of the Share the day prior to issue.

**3. Cashless exercise**

The Board may determine, in its sole and absolute discretion, that a holder will not be required to provide payment of the full amount of the exercise price to the Company for the number of Incentive Options (as specified in the option exercise notice) but that on exercise of the Incentive Options, the Company will issue the number of Shares equal in value to the difference between the average market value of the Shares (weighted by reference to volume) sold in the ordinary course of trading on AIM during the five trading days before the date on which the holder exercises its Incentive Options, and the exercise price otherwise payable in relation to the Incentive Options (with the number of Shares rounded down).

**4. Expiry Date**

The Directors have discretion to determine the expiry of the Incentive Options. However, unless the Board determines otherwise, the expiry date of the Incentive Options will be 3 years following the date of the issue of the Incentive Option.

**5. New Issues**

Holders may only participate in new issues of securities to holders of Shares in respect of an Incentive Option if that Incentive Option has been exercised, and Shares issued or transferred in respect of that Option, before a prescribed record date for determining entitlements of the new issue.

**6. Notice of Exercise**

Incentive Options may be exercised at any time prior to the expiry of the Incentive Option by notice in writing to the Company and payment of the prescribed exercise price for each Incentive Option being exercised. Any notice of exercise of an Incentive Option received by the Company will be deemed to be a notice of the exercise of that Incentive Option as at the date of receipt.

**7. Shares issued on exercise**

Shares issued on exercise of the Incentive Options rank equally with

the then issued Shares.

## **8. Adjustment for bonus issues of Shares**

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction, of dividends or by way of dividend reinvestment):

- (a) the number of Shares which must be issued on the exercise of an Incentive Option will be increased by the number of Shares which the holder would have received if the holder had exercised the Incentive Option before the record date prescribed for the bonus issue; and
- (b) no change will be made to the exercise price.

## **9. Adjustment for rights issue**

If the Company makes an issue of Shares pro rata to existing Shareholders (other than an issue in lieu of in satisfaction of dividends or by way of dividend reinvestment) the exercise price of an Incentive Option will be reduced according to the following formula:

$$\text{New exercise price} = O - E[P-(S+D)]/N+1$$

O = the old exercise price of the Incentive Option.

E = the number of underlying Shares into which one Incentive Option is exercisable.

P = average market price per Share weighted by reference to volume of the underlying Shares during the 5 trading days ending on the day before the ex rights date or ex entitlements date.

S = the subscription price of a Share under the pro rata issue.

D = the dividend due but not yet paid on the existing underlying Shares (except those to be issued under the pro rata issue).

N = the number of Shares with rights or entitlements that must be held to receive a right to one new Share.

## **10. Adjustments for reorganisation**

If there is any reconstruction of the issued share capital of the Company, the rights of the holders may be varied to comply with the provisions of the Corporations Act which apply to the reconstruction at the time of the reconstruction.

## **11. Transferability**

Subject to compliance with the Corporations Act, the Incentive Options are transferable.

## **Enquiries:**

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Updates on the Company's activities are regularly posted on its website  
[www.mosmanoilandgas.com](http://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 seven permits or accepted permit applications in New Zealand and Australia. In addition four new applications have been made in New Zealand as part of the recent 2014 Block Offer.

**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.

**Officer Basin Project, Australia (Application)**

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 two granted Permits and one application in the Amadeus Basin in Central Australia which total of 5,458 sq. km. 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.

**Otway Basin Project, Australia**

Mosman owns 30% of VIC/P62 in the Otway Basin. The permit was recently renewed and is in relatively shallow water. The 70% permit holder funded a 3D seismic survey in 2013.

Within the Otway Basin there is commercial production both onshore and offshore.

This information is provided by RNS  
The company news service from the London Stock Exchange

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<http://www.DigitalLook.com>

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Directors' Dealings

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