

28 July 2015

Mosman Oil and Gas Limited

("Mosman" or the "Company")

**Preferred Bidder on Potential Acquisition and Issue of
Equity
CFO Appointment**

Mosman Oil and Gas Limited (AIM: MSMN) the New Zealand ("NZ") and Australia focussed oil exploration and development company, has raised £400,000 before expenses by way of a Placing and subscription of 22,857,143 new ordinary shares (the "Placing") in the capital of the Company ("New Ordinary Shares") at 1.75p per share (AUD \$0.0375 per share) in order to advance the potential acquisition of producing assets.

Background

On 22 May 2015 and in subsequent announcements, the Board indicated it was actively evaluating potential acquisition opportunities. One particular opportunity that Mosman has completed detailed due diligence on over a three-month period has now progressed to an advanced stage, whereby Mosman has been designated as the preferred purchaser by the Vendor and been granted a period of exclusivity based on a total purchase consideration of approximately £4.2 million.

The proposed transaction fits Mosman's strategic objectives and would provide immediate production and cash flow on completion, which would clearly be transformational. The proposed acquisition would see Mosman become the operator of an existing project containing:

- Onshore oil and gas producing fields;
- Reserves and Resources of approximately 8 million barrels of oil equivalent ("boe") (gross 2P + 2C)*;
- Production averaged 556 boe/d in 2013 and 351 boe/d in 2014 (gross, year-ended 30 June)*
- Associated processing facilities and infrastructure.

* Source Vendor

Due to contractual confidentiality restrictions at this stage, the full project's details and the identity of the Vendor cannot be disclosed until a sale and purchase contract is formally signed by the relevant parties.

Mosman has been granted a period of exclusivity to finalise the sale and purchase agreement, which is already in final form, and to arrange finance to pay the 10% non-refundable cash deposit, which has now been raised. In parallel, Mosman is finalising an agreement to divest a significant percentage of the project while retaining operatorship and it currently being intended that Mosman will retain 40% of the project. The Mosman Board believes the sale and purchase contract will be signed in the coming weeks, and final payment and completion will occur in a few months.

The Chairman of Mosman, John W Barr, said: *"As significant investors in the Company ourselves, we are mindful of the challenges of the past months and we thank investors for their continuing support. We are focussed on progressing this acquisition on which we have been granted a period of exclusivity, as this would be a transformational deal for Mosman. Signing such a deal would be a key component in delivering Mosman's stated goal of becoming a sustainable mid-sized oil and gas company with production assets and cash flow. The Mosman Board believes it is well placed to move forward on the proposed transaction and the capital raise provides us with the funds to sign the contract and pay our share of the initial deposit. We will keep shareholders fully informed of progress over the coming weeks as work on the acquisition progresses."*

Completion of the proposed acquisition is not guaranteed and will be subject to, amongst other things, appropriate funding on signing and completion being provided by Mosman and its proposed joint venture partners, and government and other regulatory approvals that are normal for the transfer of petroleum permits of this kind. In addition to the purchase consideration, at completion the proposed acquisition will require initial working and development capital where, following completion, final amounts will be determined by the proposed joint venture.

The potential acquisition does not alter the previously announced operational plans for Mosman's extensive portfolio of existing exploration permits.

Use of Proceeds from the Placing

The net proceeds from the Placing will be utilised as follows:

- Ongoing work required to finalise the potential transaction and joint venture documentation;
- Payment of Mosman's share of the initial deposit should the transaction proceed;
- For general working capital purposes.

Details of the Placing

The Placing is conditional on, inter alia, the 22,857,143 New Ordinary Shares in the capital of the Company (the "Placing Shares") being

admitted to trading on AIM.

An 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 and dealings are expected to commence at 8:00 a.m. (BST) on 3 August 2015.

Following the issue of the Placing Shares the Company's total issued share capital will comprise 145,435,209 Ordinary Shares. In accordance with the Financial Conduct Authority Disclosure and Transparency Rules, the Company has 145,435,209 Ordinary Shares in issue, each share carrying the right to one vote. The Company does not hold any Ordinary Shares in Treasury.

The above figure of 145,435,209 Ordinary Shares 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.

Appointment of Chief Financial Officer and Company Secretary

Mosman further announces that Jarrod Travers White has been appointed as Chief Financial Officer and Company Secretary.

Mr White is a Chartered Accountant and Director of Traverse Accountants Pty Ltd, a Corporate Advisory and Chartered Accounting Firm. In conjunction with his Corporate Advisory roles at Traverse Mr White has been appointed Company Secretary and Chief Financial Officer of several other listed entities that operate on the Australian Stock Exchange and has good knowledge of corporate governance and compliance. Jarrod has also been an advisor to a wide range of capital raisings, IPO's and reverse takeover transactions and has a focus on working with growing Companies in the exploration, technology and biotech space.

Zane Lewis is stepping down from his role as Company Secretary and the Board would like to thank him very much for his contribution to the Company and wish him well for the future.

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.

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 ten permits or accepted permit applications in New Zealand and Australia.

Petroleum Creek Project, New Zealand

Mosman owns 100% of permit PEP 38526, the Petroleum Creek Project, which is a 143 sq. km low cost onshore exploration project located near Greymouth on the South Island in the southern extension of the proven Taranaki oil system.

Taramakau, Murchison and East Coast Permits, New Zealand

These permits were granted to Mosman on 9 December 2014 as part of the 2014 Block Offer, a sixteen-fold increase in the exploration area in NZ from 143 sq km to 2,317 sq km.

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 100% of 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. The results of the 3D seismic survey are now being integrated into a geological model to allow identification and ranking of drilling targets. 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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Company Announcement - General

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