

22 September 2015

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

**£1.5m Placing completes financing for 70% stake in STEP
Acquisition**

Mosman Oil and Gas Limited (AIM: MSMN) the New Zealand and Australia focussed oil exploration and development company, has today raised £1.5 million before expenses by way of an oversubscribed placing and subscription (the "Placing") of 33,333,333 new ordinary shares ("New Ordinary Shares") at 4.5p per ordinary share. The Placing will now enable Mosman to progress the acquisition of a proposed 70% interest in the South Taranaki Energy Project ("STEP") assets in New Zealand ("STEP Acquisition") when combined with the NZ\$4 million (approximately £1.68 million) royalty funding announced on 15 September 2015 ("STEP Royalty") and the 5% deposit paid by Mosman that was announced on 3 September 2015.

The total cash consideration for 100% of the STEP assets is NZ\$10 million (approximately £4.2 million) to be paid in two tranches. The cost to Mosman, based on 70% of the STEP Acquisition, will be NZ\$7 million (approximately £2.9 million) with the first tranche payable at completion being NZ\$4.9m (approximately £2.1m) and a second tranche that is payable six months following completion being NZ\$2.1m (approximately £0.9m).

Completion of the STEP Acquisition, details of which are set out in the sale and purchase agreement and in the announcement on 3 September 2015, is conditional upon a number of conditions precedent, including Mosman and its 30% JV partner providing reasonable financing assurance to Origin Energy by 30 September 2015.

The Chairman of Mosman, John W Barr, said: *"We are delighted with the ongoing support from shareholders and I would like to take this opportunity to welcome a number of new shareholders to our share register. With their backing we have been able to reach a major milestone in being able to fund a 70% interest in the STEP assets, a producing and cash flow generating project with significant upside potential. We are excited about this fantastic acquisition and the future*

prospects it offers Mosman."

Details of the Placing

The net proceeds from the Placing, along with the STEP Royalty, will be utilised by Mosman to pay for the balance of its 70% interest in both tranches of the STEP Acquisition and for general working capital purposes.

The Placing is conditional on, inter alia, the 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 on AIM and dealings are expected to commence at 8:00 a.m. (BST) on Friday 25 September 2015.

Following the issue of the Placing Shares the Company's total issued share capital will comprise 178,768,542 Ordinary Shares. In accordance with the Financial Conduct Authority Disclosure and Transparency Rules, the Company has 178,768,542 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 178,768,542 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.

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, (South Island 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.

Murchison Permit (South Island New Zealand)

Granted in December 2014 Murchison has become a focus after completion of an independent prospective resource report. Exploration is planned for the second half of 2015.

Taramakau, and East Coast Permits (South Island New Zealand)

These permits were granted in December 2014. Exploration is currently in the advanced planning stage.

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.

EP 478 Canning Basin, (Western Australia)

Mosman, via a wholly owned subsidiary, has the right to farm into 17.5% of exploration permit EP478, which is held by Buru Energy, by funding 25% of the first well pursuant to a farm-in agreement.

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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