

RNS Number : 4609P
Mosman Oil and Gas Limited
18 February 2016

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

Corporate and Operations Update

Mosman Oil and Gas Limited (AIM: MSMN) the New Zealand and Australia focussed oil exploration and development company, announces a Corporate and Operations update.

As announced on 1 February 2016, Mosman cancelled the Sale and Purchase Agreement with Origin Energy Limited ("Origin") to acquire the South Taranaki Energy Project ("STEP") , following which the Board has taken swift action and reviewed its 2016 budget and operational priorities with the objective of minimising short-term expenditure.

Staff and consultants no longer required have now been made redundant or had their contracts terminated, with only core staff retained who are required to operate the existing permits on a much reduced basis to meet Mosman's revised 2016 budget and operational requirements. Once specific operational tasks have been concluded during 2016, further reductions are anticipated. Whilst actively addressing the changes to the 2016 budget and operational priorities, reworking exploration plans, and also evaluating new business opportunities, the Executive Directors Mr Barr and Mr Carroll, have also agreed to cap the cost of their services at present.

Mosman remains in a sound financial position with in excess of AUD 5 million in cash, however, given ongoing uncertainties associated with the current oil price and equity markets, and the uncertainty surrounding how long oil prices may remain depressed, the Board also feels it has a responsibility to continue to monitor and evaluate the effectiveness of its revised business strategy and plans.

As a consequence, the Board has also determined that it will evaluate other suitable opportunities to enhance shareholder value as appropriate.

NEW ZEALAND

Last week, Mr Carroll visited the South Island permits and met with the two remaining NZ consultants. The budget for ongoing exploration for

2016 was reviewed, planned and prioritised. Several decisions were made including disposal of surplus equipment and maintenance of existing stock of materials such as casing and mud chemicals (long lead items required to drill). This equipment is critical for future drilling activities.

Mosman owns an existing freehold facility at Petroleum Creek which may be sold if it becomes surplus to requirements.

Murchison Permit

Mosman has very recently received approval from NZPAM to carry out the LiDAR survey. The NZPAM approval was for a Change of Condition whereby LiDAR replaced a licence condition to acquire magnetic and gravity data.

The Company will now proceed to carry out that survey that will assist in firming up the structural geology interpretation on the Permit.

Separately, three independent technical reports were completed recently with different objectives, including collating prior well wireline log data and identified various formation dips and indicators from previously drilled wells at Matiri-1 and Bounty-1. These reports and the LiDAR survey will be used to update existing geological models and assist in locating an optimum location for a future exploration well.

STEP

Subsequent to the decision to cancel the Sale and Purchase Agreement for STEP, all original data has been returned to Origin that has also repaid the cash deposit.

The joint venture arrangement and the royalty agreement have been officially cancelled. The joint venturer has paid its share of agreed costs as part of that cancellation.

Operationally, all STEP associated staff and consultants have been terminated, the office closed and sundry assets have either been sold or relocated to Mosman's head office.

Petroleum Creek and Taramakau Permits

Mosman has an obligation to plug and abandon the three wells drilled in 2014 on the Petroleum Creek Permit in accordance with permit requirements and site rehabilitation best practice. After the recent site visit, preparations to complete this task have been advanced. Although not urgent, the task will be scheduled by Mosman for completion in 2016 and the costs incurred will be significantly offset by existing bonds lodged with landowners.

Mosman is also reviewing additional cost reduction and exploration efficiency measures.

East Coast Permit

The Company has commissioned an independent geological assessment of the East Coast Permit and, depending on its conclusions, one of the alternatives open to Mosman will be for it to apply to NZPAM to surrender the Permit.

AUSTRALIA

Amadeus Basin Permits

Mosman owns two granted permits and one application in Central Australia which total of 5,458 sq. km. The two granted permits are considered to be prospective and Mosman's current exploration plans on this permit are being reviewed by a geological consultant with the objective of recommending future exploration activity on the permits.

SRK (Australia) is currently finalising a report into the prospective resources contained in permit EP 145. This report will greatly assist in confirming the permit's prospectively and in prioritising future exploration activity.

CORPORATE

Preparation of the half year results to 31 December 2015 are underway, and will be released before the end of March 2016. Further announcements in respect of the potential buyback of consideration shares from Mr. Carroll in relation to the Officer Basin application are expected to be made following the release of the interim results when the Company is not expected to be subject to restrictions on dealing in its own securities.

The website was recently updated to reflect current operations.

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. Current exploration projects include the following permits which are 100% owned;

Petroleum Creek Project, New Zealand

The project is a 143 sq. km project located near Greymouth on the South Island in the southern extension of the proven Taranaki oil system.

Taramakau Permits, New Zealand

The permit (990 sq. km onshore) surrounds the Petroleum Creek Project and shares similar geological characteristics and shares similar prospective play types.

Murchison Permit, New Zealand

The permit (517 sq. km onshore) located approximately 100 kilometres north of Petroleum Creek has a 13 TCF contingent resource identified.

Amadeus Basin Projects, Australia

Mosman owns two granted permits and one application 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.

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

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Thu, 02/18/2016 - 10:00

Company Announcement - General

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