

30 August 2016

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

Investment Update

Mosman Oil and Gas Limited (AIM: MSMN) the New Zealand and Australia focused oil exploration and development company, is pleased to note recent releases made by both Gem International Resources Inc. (TSX.V GI) ("GEM") and Hemisphere Energy Corporation (TSX.V HME) ("HME") in respect to their operations.

Gem International Resources Inc. (TSX.V GI)

As announced in May 2016, Mosman acquired 8 million shares and 8 million two year 15 cent (CAN) options in GEM at a price of 5 (CAN) cents. Mosman's investment currently represents just under 20 per cent. of GEM's issued share capital and the current share price is 12.5 (CAN) cents.

GEM recently released an update to the market in respect to the Dala Project, Lunda Sul Province, Angola. In that update GEM advised:

"Its operating partner Global Gems International ("GGI") has started the initial work program to begin evaluation and production of diamonds from high priority areas highlighted as favorable for hosting alluvial diamond deposits on the 3,000 sq. km. Dala alluvial mining license in Lunda Sul Province, Angola.

Dala is located in the heart of a highly prospective and productive diamond region of Angola, only 25 kilometres south of the world-class Catoca diamond mine, the world's fourth largest, and immediately adjacent to the regional centre of Saurimo. Dala is an early stage project with excellent potential for the discovery of both alluvial and kimberlite deposits. Two of the area's most productive alluvial diamond hosting rivers, Luachimo and Tchicapa flow northward through the license with over 100 km of combined drainage length, and there are numerous areas of currently active artisanal diamond production along these drainages and their tributaries.

Work Program

The Company and GGI have started the initial field and technical programs to prioritize startup areas for alluvial gravel testing. This includes establishment of a camp logistics base in Saurimo, as well as procurement of mining, diamond production and infrastructure equipment. Over 30 high priority areas have been identified where there are classic trap sites in active drainages and accumulations of river gravels preserved in old

meanders and terraces. Observation of the extensive active and historical artisanal work areas by local garimpeiros at Dala indicate that extensive areas of Calonda Formation may be present. The Calonda Formation is a regional basal gravel and sheet wash unit in the Lunda Provinces that is often very diamondiferous and productive.

Data Acquisition

The Company is in the process of reviewing an extensive database of information for both alluvial and kimberlite exploration by a previous operator at Dala with the objective of acquiring this information to assist the current work. With data for over 900 alluvial sample sites and extensive information from kimberlite exploration this database will speed up the ability to prioritize initial work areas. It is known that at least 5 new kimberlite pipes were located at Dala and numerous other untested kimberlite targets are known to be present. The alluvial diamonds currently being mined there are likely to have sources in diamond bearing kimberlites on the Dala License. GGI staff is also reviewing and have access to, all known technical data for Dala held by Endiama the Angolan state diamond organization. It is known that historical alluvial sampling data from over 900 sites on the license are available, as well as information filed by a previous company for their kimberlite exploration program. This information will be invaluable in determining high priority area to begin the work program.

A diamond recovery plant is being sourced will be installed on site later this season. The smaller volume gravel pumping operations will utilize jig type diamond recovery equipment using an x-ray recovery system on the concentrates and all tailings will be passed over diamond grease tables as a final recovery procedure. Oversize waste will be stockpiled for later processing. It is known that diamonds of over 40 carats in weight have been recovered at Dala from the artisanal operations and the recovery procedures will be set up to maximize the ability of the system to recover larger stones . A rigorous diamond security system will be implemented for all stages of the diamond recovery operations."

Mr. Lee Barker P.Eng, P. Geol., a (qualified person under the Canadian National Instrument 43-101) reviewed and approved the technical contents of the update.

Hemisphere Energy Corporation (TSX.V HME)

As announced in July 2016, Mosman acquired 2 million shares in HME at a price of 19 (CAN) cents. Mosman's investment represents less than 3 per cent of HME's issued share capital. The current share price is 19 (CAN) cents.

HME has released an update, in respect to its quarterly production and operations. HME identified the following highlights:

- "Averaged quarterly production of 492 boe/d (83% oil).
- Realized an operating netback of \$580,876, or \$12.97/boe, for a \$10.24/boe improvement over the first quarter of 2016 with an average WTI price of \$45.59 US/bbl.
- Attained aggregate funds flow from operations of \$159,894.
- Significantly decreased general and administration costs by 45% from the second quarter of 2015, resulting in G&A of \$6.35/boe.
- Announced and closed the first tranche of a private placement

financing with gross proceeds of \$1,041,435.

- Started injection at the third pilot well in the Atlee Buffalo Upper Mannville F pool, which has started to exhibit a positive production response.
- Confirmed credit facility of \$12.5 million."

A full copy of this update (including definitions and qualified parties) can be found at:

<http://www.hemisphereenergy.ca/sites/default/files/2016-08-25%20NR%20Q2%202016%20Results%20FINAL.pdf>

Mosman will keep Shareholders updated of developments in GEM and HME in accordance with its regulatory obligations under the AIM Rules for Companies and MAR, however certain announcements by GEM and HME may be deemed non-price sensitive events for a Mosman shareholder and therefore no notification will be made by Mosman. Mosman shareholders can find further information on the respective companies websites.

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014.

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

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Company Announcement - General

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