

RNS Number : 6746S
Mosman Oil and Gas Limited
22 December 2016

23 December 2016

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

Chairman's Address and Result of AGM

Mosman Oil and Gas Limited (AIM: MSMN) provides a copy of the Chairman's address made at the 2016 AGM held in Sydney this morning. All resolutions put to the AGM were passed.

Chairman's Address

"Strategy

Throughout the period of low commodity prices Mosman has sought to secure production and cash flow by acquisition and investment. From many projects considered, two suitable acquisitions were identified, and significant time was spent on due diligence and negotiations. However, often when there is great opportunity there is also a great challenge, or the deal would not be available, and the challenges surrounding both acquisition targets led to neither being completed. Other assets are under active review; however time is needed to allow for due diligence and to ensure such opportunities meet our commercial objectives.

Two major investments were made and the results so far are encouraging.

In respect to our existing permits Mosman has adopted a careful approach of progressing with technical work aimed at de-risking prospects, recognising the inherent risks of exploration, and the reduced market appetite to fund exploration risk particularly on non-producing permits. We continue to work with a business model that looks at commercial rationale for investment, which changes as commodity prices have fluctuated, although note that it has somewhat recovered. The global reduced investment in projects will, in time, result in commodity shortage and price increases.

Strong controls on cash and investments continue.

The Board is in advanced stages of planning exploration activities for 2017, and will continue today after this meeting.

Current Exploration Projects

Exploration work continues on all existing permits within restrictions implemented following the budget review earlier in 2016.

In New Zealand, on the Murchison block interpretation of the information from the LiDAR survey completed in July this year has generally confirmed the structural geological model and provided additional useful insights and will be used in selecting well locations.

Consideration is been given to a seismic data acquisition program in the first quarter of 2017.

The immediate objective at the Murchison permits to gather technical information in order to plan and execute an effective drilling program. Whilst there may be some shareholders that are impatient for drilling activity, it is a fundamental requirement to increase the possibility of drilling success by, where possible, de-risking the well. The current plan, subject to NZPAM approval, is to complete the seismic acquisition and processing prior to drilling the well to optimise that the location and determine the well target depth.

Technical work on the Taramakau permit has not been encouraging enough to warrant investment at the current oil price and Mosman will seek NZPAM approval to relinquish this permit.

In Australia, focus remains on the Amadeus Basin permits.

It is noted that work has begun on the Northern Gas Pipeline; Central Petroleum Limited, has received an unsolicited, indicative and non-binding proposal from Macquarie Group Limited. Whilst Santos Limited has recently announced details of their farm-in to CTP acreage and a commitment of AUD 10 million to fund another round of seismic following good results indicating the significant potential of the sub-salt prospects in the Amadeus Basin.

At EP 145, adjacent to the Mereenie oil and gas field, the recently reported field operations have concluded with a full report due in late January 2017. Reports from the site visit and review of core data suggest very useful insights and data acquired.

With EP 156, the planned airborne survey contract will take place once the aircraft is in the area. This permit has recently had its permit timetable extended to allow time for the survey to be completed and analysed before deciding the next phase of exploration. This permit has evidence of salt tectonics which can set up large prospects as demonstrated in the Gulf of Mexico.

The application area, EPA 155, was discussed at meetings with the Central Land Council ("CLC") as part of the normal land access negotiation process prior to grant of an exploration licence. On site meetings are scheduled for mid-2017.

I also add that consideration is being given by the Board in respect to farming out a portion of the risk of drilling at both Murchison and Amadeus by way of joint venture; however that will take time and requires collating data and plans.

Pine Mills Update

Mosman was advised on 29 November 2016 that the vendor would not close the acquisition with Mosman as a pre-emptive right held by a third party had been exercised.

Mosman referred this matter to its lawyers. It is considered unlikely that legal proceedings will be issued by Mosman at this time.

Investments

Gem International Resources Inc. Mosman owns 8 million shares and 8 million two year 15 cent (CAN) options in GEM which were bought at a combined price of 5 (CAN) cents. Gem is focussed on Diamond exploration in Africa, and has advised that it intends to carry out a private placement raising \$3,000,000. This placing was expected and essential to enable heavier equipment required for bulk sampling. Gem is currently trading at 5.5 cents Canadian.

Hemisphere Energy Corporation

Mosman owns two million shares in Hemisphere, which were bought at a price of CAD 19 cents a share. Hemisphere is an existing oil producer with assets in south east Alberta, Canada. The capital raise was to fund drilling of a production well that was successful.

HME is currently trading at 16 cents Canadian.

Other Matters

I take this opportunity to raise two other matters.

Firstly; I would like to reinforce the fact that the Board has acted decisively to control costs and to focus the Company's objectives. As the Annual Report shows Administrative costs were reduced by \$322,000 or some 50%; corporate expenses by \$555,000 or some 32%; and payments to key management personnel by \$161,000 or some 17%.

This is significant given some \$1.7 million was still spent on exploration and evaluation.

Secondly; I am forced to comment about the activities of bloggers. The Board spends considerable time and effort managing the Company and in particular complying with the many regulations under which it is governed. Directors make themselves available to answer enquiries both by email and phone where appropriate to do so.

The Board does not regularly read blogs and does not communicate via blogging or bulletin board sites. Shareholders with questions are recommended to contact us directly and, subject to regulatory and

commercial constraints, we will endeavour to answer them.

For the many bloggers that have some interest in Mosman, I do recommend that they consider the jurisdictions and environment that Mosman operates in and make some effort to actually understand the basic framework. It is simply not possible at certain times to answer detailed questions without breaching regulatory requirements and guidelines around the disclosure of information such as the Market Abuse Regulation.

I also recommend that shareholders read RNS's in their entirety. Mosman does recognise that it does not always get everything correct; but we do make every effort to do so.

We continue to work hard to grow Mosman and remain determined. Despite conditions, or even as a result of them, there are opportunities and we will continue to progress our existing portfolio as well as evaluate new projects, especially those with cash flow."

End of address.

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

Market Abuse Regulation (MAR) Disclosure

Certain information contained in this announcement would have been deemed inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 until the release of this announcement.

Enquiries

Mosman Oil & Gas Limited

John W Barr, Executive Chairman
Andy Carroll, Technical Director
jwbarr@mosmanoilandgas.com
acarroll@mosmanoilandgas.com

NOMAD and Broker

SP Angel Corporate Finance LLP
Stuart Gledhill / Richard Hail
+44 (0) 20 3470 0470

Gable Communications Limited

Justine James / John Bick
+44 (0) 20 7193 7463
mosman@gablecommunications.com

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 oil and gas business by acquisition and organic growth. Current exploration projects include the following permits which are 100% owned.

Petroleum Creek Permit, New Zealand

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

Taramakau Permit, New Zealand

The permit (990 sq. km onshore) surrounds the Petroleum Creek Permit 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 prospective 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

END

MSCAKBDPNBDBQBB

Anonymous (not verified)

Chairman's Address and Result of AGM

<http://www.DigitalLook.com>

25367914

A

Fri, 12/23/2016 - 07:00

Company Announcement - General

MSMN