

RNS Number : 9670E
Mosman Oil and Gas Limited
12 May 2017

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

Corporate Update

Mosman Oil and Gas Limited (AIM: MSMN) the oil exploration, development and production company, announces an update in respect to its current operations.

USA Projects

Mosman completed the acquisition of the Strawn Oil Project in Texas ('Strawn') at the beginning of May with its Strategic Alliance partner Blackstone Oil and Gas. This was the first acquisition to conclude as part of Mosman's growth strategy and the Company is continuing to evaluate oil and gas opportunities, of which a select number of potential opportunities remain under review.

At Strawn, the process of increasing production and implementing maintenance is underway. Once essential work, including repairs to pumping equipment and roads, are completed, well workovers will then commence. The Company's plan is to steadily build production and thus cash flow, which will initially be re-invested with a view to increasing production.

The Company's Technical Director will shortly return to North America to meet with the team and review progress at Strawn in addition to further evaluating other projects.

Mosman will provide an update at the appropriate time, should matters progress on any additional projects.

AUSTRALIA

Amadeus Basin Permits

Mosman owns and operates two granted permits (EP 145 & 156) and one application (EPA 155).

There is significant ongoing activity in the region, which appears to be fundamentally driven by the current domestic gas shortage on the East Coast of Australia. Mosman's permits are strategically located as they are surrounded by, or adjacent to several permits held by major energy suppliers. In particular EP 145 is adjacent to the Mereenie project on which the major Operator, Central Petroleum Limited, has received a takeover offer from Macquarie Bank Limited. The Northern Territory Government has granted approval to the NT Gas Pipeline that will take gas from NT to the East Coast markets. Santos continues the farmin work on permits adjacent to Mosman permits, and Origin Energy Limited has increased their interests in NT exploration acreage.

The fieldwork programme at EP145 was completed some time ago, but unfortunately

the key consultant has been seriously ill and the report is still being finalised.

In EP 156, the planned and approved airborne survey that was delayed due to weather is now expected to be flown very shortly.

For EPA 155, the next step is native title approval, with a site visit scheduled for later this year.

NEW ZEALAND

Murchison

In 2016 after a long delay Mosman received approval from NZPAM to modify the work program whereby LiDAR replaced a licence condition to acquire magnetic and gravity data. The analysis of the LiDAR survey was very useful. However it confirmed that the planned drilling location in the Blackwater Valley was not suitable due to multiple faults at that location. Further work indicates that the preferred well location may be the testing of a large anticline in the Te Wiriki area in the North West of the permit. Extensive planning of a seismic survey has subsequently taken place to provide an accurate location for the well. Prior to the survey commencing, the normal landowner and other consents have to be obtained, and the equipment mobilised. Mosman is in discussions with NZPAM regarding the timing of this work program, and has specifically requested a Change of Conditions for the permit from NZPAM as the drilling scheduled for early in 2017 will be delayed. This is not unusual in the industry; for example an extension was granted by the NT Government on both the Amadeus Permits in 2016.

Mosman continues to actively pursue farm-in investment to fund the drilling. The marketing currently is being conducted through industry consultants and a media agency that works with NZPAM and other companies in NZ.

Petroleum Creek

The lower oil price and flow test results indicate the wells are not commercial. The wells are being actively monitored and if circumstances do not change then the wells may be plugged and abandoned so that the permit can be relinquished.

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.

INVESTMENTS

Gem International Resources Inc. (TSX.V GI) (Gem)

Mosman owns 8,000,000 shares and eight million two year 15.0 cent (CAD) options acquired at a price of 5.0 (CAD) cents. GEM is currently trading at 5.0 (CAD) cents.

Gem is focussed on a diamond project in Angola, and has recently announced:

- The completion of a private placement raising CAD\$3,000,000.
- An extension of the existing Angolan option, wherein the potential kimberlite assets are now included with the current alluvial assets.
- An extension of the timetable in respect to the second raising and the Angolan option.

GEM's website can be found at: <http://gemdiamondmining.com>

Hemisphere Energy Corporation (TSX.V HME) (Hemisphere)

Mosman did own 2,000,000 shares in Hemisphere, acquired at a price of 19.0 (CAD) cents a share. HME is currently trading at 23.5 (CAD) cents.

Mosman recently sold down approximately 500,000 shares in Hemisphere, locking in a profit on that portion of the investment.

Hemisphere's website can be found at: www.hemisphereenergy.ca

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.

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

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

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Corporate Update

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Company Announcement - General

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