

3 October 2017

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

Arkoma Stacked Pay Project Update

Mosman Oil and Gas Limited (AIM: MSMN) the oil exploration, development and production company, is pleased to provide an update in respect to the Arkoma Stacked Pay Project (the "Project") in Oklahoma, USA.

As per in the Company's announcement of 23 May 2017, Mosman currently owns 10% of the Project and holds two options to increase its interest to 55%:

1. A first option to acquire a further 20% of the Inland Assets for USD\$1 million expiring on 10 October 2017 (the "First Option");
2. Subject to the First Option being exercised, a second option to acquire a further 25% of the Inland Assets for USD\$425,000 in March 2018 (the "Second Option").

Mosman's strategic alliance partner Blackstone Oil and Gas Limited has an option over 45% of the Project.

Agreement to Additional Work and Extension of First Option

Mosman and Inland Operating Company have agreed to amend the agreement in order to conduct additional work and to extend the First Option from 10 October 2017 to 15 November 2017. This will allow the recent encouraging results from the Cromwell zone and a test of the Union Valley zone to be included in the Reserve Report prior to a decision in November.

At Arkoma, production of oil and gas continues from the Wilcox sands and the Viola Limestone zones. This information, together with mapping of the zones based on the 3D Seismic survey, is sufficient for Reserves to be estimated by the independent expert, Moyes and Co, and this work is ongoing and expected to be completed early in November.

The flow test on the Woodford zone established hydrocarbons (including oil) and permeability due to natural fractures. The Woodford zone has potential for development as an unconventional shale resource as demonstrated by other operators in Oklahoma, such as Devon Energy Corp., and Calyx Energy LLC who are operating a few miles to the south of Arkoma.

In addition, the Cromwell zone was recently completed in the Wise 3-25 well and commenced flowing on 24 September 2017. Initial flow is oil and gas. This well is being brought onstream by steadily increasing choke size and hence flow rates. While additional time is required to determine the stable rates of oil and gas from this zone, initial results provide important evidence that the Arkoma project has "stacked pay". The development plan for stacked pay allows the most economic zones to be produced

first, such as the shallower oil and gas zones that do not require expensive high volume pumps and related water disposal.

Also discussed at the site visit by Andy Carroll last week was an enhanced work program and it was agreed with Inland Operating Company that a well should be completed in the Union Valley zone, so that this zone may also be included in the Reserves Report. The Union Valley zone is just above the Cromwell zone. Mosman will pay for this additional work at a cost of up to USD\$50,000.

This short but essential extension will allow:

- recompletion and flow test of one well in the Union Valley zone;
- stabilisation of the Cromwell zone flow rates;
- ongoing optimisation of the Wilcox and Viola production;
- integration of these results in the Moyes and Co Resource Report: and
- Board review of the results prior to a final a decision to proceed.

John W. Barr, Executive Chairman, said: "The strong flows from the new zone are encouraging and we look forward to reviewing the Reserves Report ahead of making a decision in November."

**a map highlighting the Wilcox Sands, Viola Limestone, Cromwell and Union Valley Zones can be found at www.mosmanoilandgas.com*

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.

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

The company news service from the London Stock Exchange

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