

2 July 2018

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

Arkoma Update

Mosman Oil and Gas Limited (AIM: MSMN) the oil exploration, development and production company, is pleased to provide the following update to operations at the Arkoma project which is operated by Inland Operating Company ("Inland").

Arkoma Stacked Pay Project (Oklahoma): 27% Working Interest with options to increase to 33.3%

The Operator recently installed electric submersible pumps ("ESPs") in two wells with the objective to produce simultaneously from several zones. Unfortunately, there were some initial delays due to the loss of working days caused by rain, and other operational matters. Then very recently the operator reported:

"On Monday June, 25, 2018 there was a pretty heavy storm in the area of Oklahoma where the lease is located. It dumped 7" of rain and the electrical storm caused a problem with the power supply for the SWD pump. Subsequently the SWD Pump went down and the wells shut down, however results are encouraging." (SWD Pump is the salt water disposal pump)

Mosman continues to monitor operations closely and the objective of establishing steady state production remains. The two wells have been producing initial flow rates with variable amounts of oil, gas and water produced. The wells have certainly not yet achieved a steady production state. Daily production has ranged between nil to over 80 bopd and 300 mcf of gas.

Mosman's Technical Director will conduct a full on site review in mid July. The recent storm damage is most frustrating but operations should be normalised once power supply is fully and consistently restored allowing steady state production to be achieved.

Steady state production remains a key benchmark for Mosman making a decision on exercise of the option to increase equity in Arkoma at the end July to 33.3%.

John W Barr, Chairman, said: *"The focus for Mosman at Arkoma is the 31 July decision point for exercising the option to increase ownership to 33.3%. The current electric storm delays and related damage are very unfortunate, but we believe the disruption is temporary."*

"Despite weather related delays, Mosman is hopeful that steady state production will be established in good time for the option exercise decision to be made."

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

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Arkoma Update

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Mon, 07/02/2018 - 07:00

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