

17 July 2018

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

July 2018 Operations Update

Mosman Oil and Gas Limited (AIM: MSMN) the oil exploration, development and production company, is pleased to provide the following update to operations.

Strategy

Mosman's strategic objective continues to be that of identifying opportunities which will provide operating cash flow and further development upside, in conjunction with adding value to the Company's existing exploration permits. Presently short term focus is on developing the existing production assets in the USA to deliver production increases and cash flow.

Summary

Total Gross Production across all of Mosman's underlying acreage on a Total Project Basis was 12,260 boe over the 6 months to 30 June 2018 representing a 28% increase over the previous 6 months Total Project Production of 9,604 boe.

Net Production Attributable to Mosman increased to 4,417 boe for the six months ended 30 June 2018. This is a 35% increase over the Net Production of 3,274 boe for the previous six months ended 31 December 2017.

Sales Revenue attributable to Mosman was \$534,500, a 191% increase over the previous six months reflecting Mosman's further investment into production assets, increases to production, and oil prices over the comparative period.

Production and sales are anticipated to continue strong growth due to rod replacements at Welch, the new ESP's at Arkoma, and the potential horizontal wells at Welch. Further details are outlined below and in the table at the end of this announcement.

Welch Permian Basin Project (Texas): 100% Working Interest and Operator

The property was acquired for both immediate production income and development potential. Oil Production for the six months ending June 2018 was 4,309 barrels (Net Attributable to Mosman: 3,303 barrels). This represents an increase of 39% over the previous six months.

Since June, three additional wells have now been repaired and restored to production (utilizing part of the recent placing funds). In addition, a recent resource Report was completed by Moyes & Co.

The development potential remains the drilling of horizontal wells that are expected to increase both Reserves and production. Mosman has commissioned a feasibility study to further define the project for an investment decision. Part of that process was the Report completed by Moyes & Co. Current work is to firm up the wells' design and cost estimates.

A final decision by the Board on a horizontal well is subject to completion of the Company's economic evaluation, a development plan, permitting, prevailing economic conditions and funding alternatives.

Currently, discussions are proceeding with the Texas Rail Road Commission to secure the well approvals. The feasibility remains on time and budget with an investment decision due later in 2018.

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

The property was acquired for both immediate production income and development potential. Oil Sales for the six months ending June 2018 was 6,434 barrels (Net Attributable to Mosman: 507 barrels). This represents an increase to Net Production Attributable to Mosman of 246% over the previous six months.

It is noted that Mosman increased its participation from 10% to 27% throughout this recent six month period so the net share of production attributable to Mosman would have been higher had the full 27% ownership been maintained for the entire 6 months.

A recent resource Report was completed by Moyes & Co.

The development potential is large as the area has potential for additional wells to be drilled to produce from multiple zones. The Operator recently installed electric submersible pumps ("ESPs") in two wells to produce simultaneously from several zones. This was initially disrupted by weather events, and in July water injection issues. Following upgrade work to water injection facilities, these wells will be brought on production. It may take some time to establish steady flow rates.

From Mosman's perspective the results are also important to enable the investment decision which is due by the end of July 2018.

Strawn (Texas): 50% Working Interest and Operator

The property was acquired for production income.

Total project production (100%) at Strawn for the 6 months to 30 June 2018 was 1,519 barrels.

Net Production Attributable to Mosman for the six months ending June 2018 was 608 barrels. This represents a decrease of 11.5% when compared to the previous six months.

No further workovers are planned in the short term and staff and other costs continue to be streamlined to maximise cash generation. Selected repairs will however be completed to maintain production levels.

Amadeus Basin in the Northern Territory (NT) of Australia.

Mosman has two granted leases and one application in the Amadeus region.

EP 145

This permit is near several oil and gas producing fields and key infrastructure, including a gas pipeline connecting the gas fields to Alice Springs and Darwin, and a pipeline being built to connect to gas markets in Eastern Australia.

Newly reprocessed legacy seismic data has greatly improved the imaging of the subsurface. Significant salt diapirism has been interpreted and subsalt horizons and structures have been mapped with a high level of confidence. The reprocessed seismic indicates similarities with seismic that of the Dukas prospect that Santos Limited plan to drill early in 2019.

This new information includes indications of a salt diapir that may provide the sort of trapping mechanism found in the Gulf of Mexico. Notably, the sub-salt has been penetrated by two wells, Magee-1 and Mount Kitty-1 that tested over 5% helium as well as Hydrocarbons. Helium is worth 10-12 times the value of hydrocarbon gas.

Given the success of stage one of the reprocessing Mosman has extended the work to Stage Two, including reprocessing the 1991 seismic data. Results from Stage Two are expected in the third quarter.

EP156

Processing and evaluation of newly acquired proprietary high resolution aeromagnetic data survey supports the presence of complex anticlinal structures within the prospective Neoproterozoic stratigraphy. The final report is due shortly.

EP(A) 155

A stakeholders meeting with the indigenous parties has now been called.

New Zealand (NZ)

Work has commenced on well sites to conclude operations in New Zealand, including plug and abandonment of three wells. The cost of this work is expected to be less than the sale proceeds from the recent sale of freehold property, sale of surplus equipment and return of bonds.

John W Barr, Chairman, said: " *If production at existing projects is maintained, and we achieve the planned success at Welch and Arkoma, production from could see a further significant increase over current levels. The task now is to continue to develop Mosman to achieve that success.*"

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

Production by Project

The below table is an unaudited summary of production by project for the financial period 1 July 2017 through 30 June 2018. The below figures are prepared by management using established industry practice.

	6 Months to 31 December 2017	6 Months to 31 December 2017
	Total Project Basis	Net Production Attributable to Mosman
	Gross BOE	Net BOE
Strawn	1,716	686
Welch	3,108	2,383
Arkoma	4,781	206
Total BOE	9,604	3,274
	6 Months to 30 June 2018	6 Months to 30 June 2018
	Total Project Basis	Net Production Attributable to Mosman
	Gross BOE	Net BOE
Strawn	1,519	608
Welch	4,309	3,303
Arkoma	6,434	507
Total BOE	12,262	4,417

Definitions

Sales

Net Sales

Gross

Production

Net Attributable to Mosman

Total Project Basis

Reference to sales is boe that has actually been sold throughout the period
Gross sales less royalties owed to leaseholders
Gross boe produced on the reference project throughout the period. Includes oil still held as inventory
Gross production of a project representative of Mosman's ownership percentage of that project. In Welch this is 100% of production, in Strawn 50%, in Arkoma it is representative of Mosman's ownership % at the time of production (currently 27%) less amounts to leaseholders and royalty holders.
Refers to performance of Sales or Production on a 100% basis of the identified projects that Mosman has invested in.

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Company Announcement - General

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