

25 July 2018

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

**Arkoma Stacked Pay Project:  
27% Working Interest with option to increase to 33.3%**

Mosman Oil and Gas Limited (AIM: MSMN) the oil exploration, development and production company, provides the following update in respect to the Arkoma Stacked Pay Project in Oklahoma.

The development potential is considered to be large as the area has potential for additional wells to be drilled to produce from multiple zones. As reported, the operator 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 gradually brought on production. Mosman further reported that it may take some time to establish steady flow rates.

Mosman is not yet satisfied that steady flow rates have been established and accordingly has sought and secured an extension of the exercise date of the second option ("Option") that would increase the working interest from 27% to 33% of the Inland assets. Inland has agreed to amend the Option expiry date until 30 September 2018, to allow time for at least 30 days of steady production, and also for the Arkoma Joint Venture parties to meet and discuss, among other matters:

- Field performance including July production results which are not yet available
- Production optimisation
- Operator arrangements going forward including a possible operator role for Mosman
- Field development
- Budgets

Mosman highlights that it is confident in the project, but until steady flow rates can be demonstrated over a period of time the decision to invest further funds must be cautiously approached, and considered in the context of alternative investments such as Welch horizontal wells and the development wells available through the Baja Strategic Alliance, as well as increasing production and strong oil prices providing strong cash flow.

**John W Barr, Chairman, said:** *"We remain upbeat about Arkoma, but as a Board we must monitor each project and make decisions based on the best and most complete information available, and we look forward to getting the data we need to make that*

decision as part of future plans for the Arkoma field."

**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](mailto:jwbarr@mosmanoilandgas.com)  
[acarroll@mosmanoilandgas.com](mailto:acarroll@mosmanoilandgas.com)

**NOMAD and Broker**

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

**Gable Communications Limited**

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

Updates on the Company's activities are regularly posted on its website [www.mosmanoilandgas.com](http://www.mosmanoilandgas.com)

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Anonymous (not verified)

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