

4 October 2018

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

Stanley First Sales and Planning of Stanley-2

Mosman Oil and Gas Limited (AIM: MSMN) the oil exploration, development and production company, is pleased to announce an update on the recently drilled Stanley-1 well and other USA projects.

First Sales from Stanley-1

The first sales of production happened in September. The first tanker load was 190 bbls, circa 7 million cubic feet of gas were sold. This does not represent all the volumes produced, as there is now inventory in the tanks.

The production from Stanley-1 well continues to be constrained as previously reported. The ratio of liquid hydrocarbons to gas has varied and this indicates a steady state has not yet been reached.

Stanley-2 Well

Stanley-2 is the next proposed well to be drilled as part of the Strategic Alliance with the privately owned, Texas based oil and gas company (Baja Oil & Gas, LLC, or "Baja"). The well design by Baja, with input from Mosman, incorporates information from the Stanley-1 well (which confirmed Baja's interpretation of 3D seismic data and provided additional information), integrated with nearby well data and production history.

Baja have now completed the planning for Stanley-2. In accordance with the Joint Operating Agreement, the owners will receive a formal proposal for the well and each owner then has 15 days to determine whether they wish to participate or not participate in the Stanley-2 proposed well. If an owner does not wish to participate then the other owners (including Mosman) may elect to fund that share of the well and therefore increase their interest in the proposed Stanley-2 well and oil produced from that well. It is anticipated that drilling will commence in November 2018.

Stanley-2 primary target is the Yegua sands, with other secondary targets.

Mosman has a 16.5% Working Interest in the lease.

Champion and Challenger projects

Mosman has now paid all required funds to Baja and documents will shortly be lodged to transfer the working interest to Mosman's USA subsidiary.

Mosman has a 60% Working Interest in Champion Project and 16% Working Interest in the Challenger Project.

John W Barr, Chairman, said:

"It is extremely pleasing that Stanley-1 has moved to a revenue generating project in a short period of time since the original investment decision. Following on from this, the Board is keen to move forward with the drilling of the Stanley-2 Well as quickly as possible, where drilling is expected to start November 2018."

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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