

26 October 2020

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

Cinnabar Lease Acquisition

Mosman Oil and Gas Limited (AIM: MSMN) the oil exploration, development, and production company, announces it has today executed contracts to acquire an additional 80.83% working interest ("WI") of the Cinnabar Lease in East Texas for a cash consideration of USD62,500, increasing Mosman's WI to 97%.

The Cinnabar Lease is a 348.83 acre lease Held By Production, which forms part of the Challenger Project in which Mosman has a 16.17% WI. The Challenger Project is located in East Texas, between Mosman's Stanley and the Champion Projects where drilling has just been completed at the Falcon-1 well.

Mosman acquired 32.33% WI from NADSOILCO LLC ("NADSOILCO"), 32.33% WI from Mr Clendon B. Claire and 16.17% from Baja Oil & Gas LLC ("Baja"). The remaining 3% WI is held by a third party and Baja is in the process of acquiring that 3% WI. Completion of that third party transaction is anticipated to take a few weeks.

There are four development drilling locations on the Cinnabar Lease identified using nearby wells and 3D seismic methods. These are the same methods used to identify the targets at Stanley and Falcon. There are two wells drilled in the Lease which have produced significant quantities of oil but are now shut-in. The current Operator, NADSOILCO, maintains the Lease as "Held By Production" by periodically opening one of these wells to produce a few barrels of oil. As a result, in recent years there has been no material production, profit or revenue from this Lease. Mosman will review operations and the possible workover of one or both of the wells to increase production.

Mosman will become the Operator of the Cinnabar Lease. Contract operator services will be provided by Contour Exploration and Production LLC ("Contour") a company owned by Mr Howard McLaughlin. Mosman already has an established and good working relationship with Mr McLaughlin and Contour, which provides contract operator services at Falcon-1 and manages the Welch Oil Field. In exchange for providing these services on the Cinnabar Lease, Contour may earn a 12% WI in the Lease when a well is drilled, carried by Mosman to a cap of USD 96,000.

This acquisition will enable Mosman to continue to build the Company's production base in Texas. In parallel, the immediate priorities are to bring the Falcon-1 well on production, to proceed with the workover at Duff and to plan and prepare for drilling the Galaxie well.

John W Barr, Chairman of Mosman commented: "This acquisition to increase our working interest in the Cinnabar Lease to 97% paves the way for the next stage of

growth for Mosman. With the highly encouraging drilling results at the Falcon-1 well on the Champion project, our move to higher equity in larger prospects accelerates our growth."

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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