

10 June 2021

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

USA Operations Update

Mosman Oil and Gas Limited (AIM: MSMN) the oil exploration, development and production company, announces an update on its Projects in East Texas, USA.

Falcon (50% working interest)

The Falcon-1 well has continued to produce gas and oil (condensate). The most recent sales numbers advised a gross flow rate of 548 mmbtu/day (circa 95 boepd). Whilst the workover conducted in May did not increase gas production, nor reduce water production, the well has today been recompleted in a new zone to determine if that zone will flow at a higher rate of oil and gas. This is one of two zones identified on wireline logs as hydrocarbon bearing sands. Producing this zone will increase the understanding of the reservoir at Falcon. This in turn will enable the Galaxie lease area geological model to be revised, and the potential Galaxie well ranked against alternative drilling prospects.

Gross Production from Falcon-1 in the quarter ended 31 March 2021 was 9,274 boe.

Stanley (15 to 19% working interest)

At the Stanley Project, several workovers have been performed to optimise oil production. These workovers are normal oilfield practice as part of an ongoing management plan to maintain production and maximize long term recoveries.

Stanley-1 has initially produced at 120 bopd. The well will require sand control, which will be installed in the near future. Stanley-2 continues to produce at 20-25 bopd. Stanley-3 is producing at circa 40 bopd, with flow rate temporarily restricted by paraffin wax build up in the flow line that occurred prior to this workover. This wax build up will be hot oil treated next week to enable the well to flow at higher rates. Stanley-4 has been recompleted in a zone that initially produced both oil and gas. The separator equipment required to produce this well has been bought and will be installed this week. The flow rates of each of these wells will be announced once stable production numbers are available.

Gross production for the quarter ended 31 March 2021 was 14,557 bbl.

Greater Stanley (40% working interest)

The Duff well re-completion of a shallow zone did not produce oil, and the Operator now plans to stimulate and re-complete the well in the deeper Sparta zone in June.

Cinnabar (Mosman 97% working interest)

Cinnabar is the project where Mosman has the highest working interest (97%) and Operatorship. Technical work continues to define locations for multiple development wells on a lease which has produced and is held by production from two existing wells. The required 3D seismic data has now been acquired and the contract awarded to reprocess this 3D seismic data.

Resolution of legal matter

In August 2020, Mosman advised that the party that failed to complete the contract to buy the Welch project had issued a claim for the return of the non-refundable deposit paid totaling USD90,000. This claim was considered by Mosman to be without merit (confirmed by Texas legal advice). Mosman can now advise that it has made a commercial decision to settle the claim at a total cost of USD27,500 to Mosman, so as not to incur any additional fees associated with the claim.

Drilling programme

With all recent activity focused on workovers to optimise near-term production from existing wells Mosman is still committed to participating in drilling several wells this year. The candidates include wells at Cinnabar, Stanley and/or Galaxie.

John W Barr, Chairman, said: "Whilst it makes sense to optimise production, the need for ongoing workover operations has delayed our plans to drill new wells. We are encouraged that higher oil price with WTI over USD 70/bbl means the economics of existing and new wells has improved compared to the challenging prices in 2020.

"We remain well funded with approximately AUD\$3.5 million cash in the bank as at 6 June 2021"

Qualified 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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Company Announcement - General
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