

23 June 2021

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

Acquisition of Production Assets in East Texas

Mosman Oil and Gas Limited (AIM: MSMN) the oil exploration, development and production company, has today acquired all of the issued shares in Nadsoilco LLC, ("Nadsoilco") for a cash consideration of US\$1.1 million, which will be paid from existing cash reserves (the "Acquisition").

Key Highlights

- 20% increase in working interest ("WI") in the Stanley Project from 15-19% to 35-39%
 - Net production increase from circa 27 to 60 bopd (based on prior quarter)
- 20% WI in the oil producing Livingston Leases
- 23.3% WI in oil producing Winters Lease with development well to be drilled
- Mosman becomes Operator of these leases, providing more control over day-to-day operations and drilling new wells

Acquisition Details

The Acquisition immediately increases Mosman's net production from the Stanley, Livingston, and Winters leases located in East Texas. This Acquisition includes extensive oil and gas infrastructure including the producing wells, separators, tanks, pump jacks and a water disposal well, as well as a gas pipeline and the associated infrastructure.

Nadsoilco has a 20% working interest in the lease and the four wells in the producing Stanley project as well as a 20% working interest in the Livingston Leases and 23.3% interest in the Winters Lease.

The **Stanley Lease** covers c160 acres and currently includes four projects where the working interest has increased by 20% to a range of 35 - 39%.

The **Livingston Lease** comprises two leases covering approximately 214 acres. The leases contain surface processing facilities which are adjacent and/or overlay the Stanley project.

The **Winters Lease** is held by production with one well currently producing and a development well planned to be drilled in July 2021. The lease is located near to Stanley with similar geology.

The initial consideration of US\$0.9m will be paid from existing cash reserves, with an

additional deferred payment of US\$0.2m That structure has eliminated the need to externally fund the Acquisition. The deferred cash payment consists of US\$100,000 one year from Acquisition, and a further US\$100,000 payable in two years from Acquisition.

Production

The Stanley Project produced 24,982 barrels of oil (gross) in the six months ended 31 December 2020, which was impacted by the decision to implement essential cost controls introduced due to lower oil prices as a result of the COVID19 pandemic. Gross production in the quarter ended March 2021 was 14,557 barrels of oil (gross). Future production rates will depend on the flow rates of these wells after recent workovers.

The Livingston Lease is Held By Production ("HBP") and produced circa 1,660 bbls of oil in the last 12 months. Mosman believes there is potential for significantly higher production with workovers and/or new development wells.

The Winters lease is HBP with nominal production from Winters-1 of circa 969 bbls of oil in the last 12 months. Once Mosman assumes Operatorship, it plans to drill Winters-2 as a development well targeting the Wilcox formation in the near future. A nearby Wilcox formation well is reported to have been producing at 190 bopd.

Planned Activity

The Operator has proposed two wells to be drilled as soon as a rig is available. The two wells are Winters-2 (in which Mosman will have at least 18.9% WI) and Stanley-5 (Mosman 35-39% WI).

Mosman has contracted a company owned by Howard McLaughlin, who has acted in this capacity in respect of other of the Company's US assets, to provide services for the new assets and who will continually work on optimising production with drilling, workovers and re-completions.

In parallel to this Acquisition, Mosman will continue to work on its other East Texas projects, namely Falcon, Galaxie and Cinnabar, in addition to the important developments at its Amadeus Basin exploration assets in Australia.

John W Barr, Chairman, said: *"The Board is delighted to complete the Acquisition of Nadsoilco that it has been working on for some months. This will immediately boost Mosman's production base and cash flow, and provide multiple near-term drilling and development activity.*

"We believe that increasing Mosman's interest in these projects is a fast-track to increasing production. The Operatorship is particularly important as Mosman can now drive the project forward with renewed vigor.

"From an economic perspective, development of the Polk County area is the priority with its low well costs, low operating costs and low risk, coupled with existing infrastructure.

"It is important to note the Acquisition will run alongside the other US producing assets, including the Falcon-1 project, and the ongoing work in Central Australia on EP-145 on helium / hydrogen exploration."

Ownership

Mosman working interests in leases and individual wells pre and post the Acquisition are (*):

Name	Current Working Interest %	New Working Interest %	Number of wells	Lease size (acres)
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Livingston Leases	0	20	8	c214
Winters Lease	0	23.3	1	c48
Stanley project includes:				c160
Stanley 1	16.5	36.5	1	
Stanley 2	19.06	39.06	1	
Stanley 3	15.51	35.51	1	
Stanley 4	16.5	36.5	1	

(*) All net working interest percentages to Mosman are before 25% wellhead royalties

Mosman will take over the operatorship of the operations associated with the above leases and wells.

There is not currently any independent report to quantify resources or reserves at any of the above leases or the Stanley area projects.

Livingston Leases

As part of the Acquisition, Mosman has also acquired a 20% interest in the Livingston Leases which overlay the Stanley project wells, which consist of two leases covering some 214 acres, containing oil and gas production infrastructure and surface processing facilities.

The Livingston Leases largely overlay the deeper Stanley project lease where Mosman has participated in drilling four successful wells. The existing infrastructure includes producing well, a water injection well, and other infrastructure such as tanks and pipelines.

Whilst the Livingstone wells are currently producing only a modest amount of oil, Mosman believes there is re-development potential in the various zones covered by the lease.

Similar to other East Texas projects there is a royalty of 25% and there are normal state severance taxes.

Winters Lease

As part of the Acquisition, Mosman has also acquired a 23.3% interest in the Winters Lease covering some c48 acres abutting the Greater Stanley project. The existing infrastructure includes one producing well.

Although current oil production at the Winters Lease is modest, Mosman believes there is workover and redevelopment potential. The Operator is planning a development well (in which Mosman will have at least 18.9% WI).

Timing of Settlement

The Acquisition is now only subject to normal settlement matters and registration which are expected to be satisfied within the next 30 days.

The effective date of the Acquisition is 1 July 2021.

Payment will be made from cash reserves. At 14 June 2021, Mosman had a cash reserve of approximately A\$3.6 million.

Nadsoilco previous financial information

Nadsoilco is a LLC and is owned by Mr. Bruce Reichert and Mr. Paul M. VanCleve, of Texas, and Mosman will acquire all of the shares in that company.

Based on the last available completed financial statements (May 2021), Nadsoil had no long term or secured debt, and had net assets of c US\$370,000.

Included in those numbers are c US\$170,000 in debtors which relate to operations and also c US\$96,000 in current liabilities all of which relate to operational activities.

The fixed assets include operation equipment and the accumulated capital cost of development of the oil and gas leases. These assets have been revalued to reflect their current value.

Nadsoilco estimated profit before tax for the year ended 31 December 2020 is approximately US\$60,000.

Nadsoilco historical production

Projects	Gross Project Production 12 Months to 31 December 2020 boe	Gross Project Production 3 Months to 31 March 2021 boe
Stanley	53,522	14,557
Livingston	1,660	654
Winters	962	206

1. BOE/boe - barrels of oil equivalent
2. Gross Project Production - means the production of BOE at a total project level (100% basis) before royalties for the project.

Similar to other East Texas projects, a wellhead royalty of 25% and normal state severance taxes apply.

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

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 ('MAR') which has been incorporated into UK law by the European Union (Withdrawal) Act 2018. Upon the publication of this announcement via Regulatory Information Service ('RIS'), this inside is now considered to be in the public domain.

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Updates on the Company's activities are regularly posted on its website:
www.mosmanoilandgas.com

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