



RNS Number : 9114K  
Mosman Oil and Gas Limited  
10 May 2022

10 May 2022

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

**Planned Cinnabar Development Drilling and Placing**

Mosman Oil and Gas Limited (AIM: MSMN) the oil exploration, development, and production company, announces a £1.1 million conditional placing to fund the drilling of the first re-development well in the Challenger Project in Texas, of which Mosman has a 97% working interest.

If the targeted production rates are achieved, Mosman Net Production could increase 88% from 130 boepd (as reported for quarter ending March 31, 2022) to circa 245 boepd.

**Placing**

In order to fund the planned drilling and anticipated completion costs at Cinnabar, the Company has raised £1.1m (before expenses) by way of a placing of 1,375,000,000 new ordinary shares of no par value in the capital of the Company ("Placing Shares") through the company's broker Monecor (London) Ltd, trading as ETX Capital, at a placing price of 0.08p per share (the "Placing Price") (the "Placing"). Investors are also receiving a one for two warrant exercisable at a price of 0.16p with a term of 24 months, 687,500,000 warrants are being issued in aggregate (the "Placing Warrants").

Based on current production rates and current oil and gas prices the Company is currently operating above cashflow breakeven (not including major capital costs such as EP145 seismic, larger workovers that are not yet planned, and other potential drilling at Cinnabar if the first well is a commercial success).

That situation will be further improved with a successful well at Cinnabar.

This means that the Placing will allow for the drilling and development at Cinnabar and, based on a successful well, is expected to provide sufficient working capital for the next 12 months.

### **The Challenger Project and Cinnabar Lease**

The Challenger Project is focused on the Cinnabar Lease, a 348-acre lease Held By Production. This area was originally drilled in 1989 by Ballard Exploration on Atlantic Richfield Company leases and has produced oil and gas from Wilcox sands since then. Mosman acquired 97% of the lease in 2020 and agreed to farmout 12% with Contour Exploration and Production LLC ("Contour"), in which Contour may earn a 12% working interest in the Cinnabar Lease when a well is drilled, in return for contract operator services. A recent technical review included reprocessing and interpreting 3D seismic. Updated geological mapping can now be used to optimize the location of development wells.

Cinnabar has the potential to be a transformational project for the Company. Mosman sees the potential for multiple development wells in the 348-acre Cinnabar lease as the standard Wilcox spacing is 40 acres per well. The economics to drill are compelling with the current oil and gas price.

Drilling the first well is planned for August-September 2022 and will be the next well drilled by Mosman. The location has been chosen based on geological mapping and selecting a location near existing roads and gas pipelines.

### **Cinnabar Reserves**

A Reserve Report completed in 2017 indicated the project has Reserves (100% working interest, net of royalties) as follows (thousands of barrels of oil equivalent "MBOE"):

<b>Proved Developed Producing</b>	<b>Proved Developed Behind Pipe</b>	<b>Proved Undeveloped</b>	<b>Total Proved</b>	<b>Total Probable</b>	<b>Total Proved Plus Probable</b>
2	49	614	665	184	849

This Reserves Report was prepared by an independent petroleum engineering firm in June 2017 and conforms to SPE-PRMS petroleum guidelines. Reserves are net of royalties, which are a standard 25%. The Report has not as yet been updated for the recent technical work.

Discussions with an independent engineer have indicated that based on prior production, the development well is estimated to produce at approximately 100 bopd and 200 Mcfd. Mosman considers that to be a reasonable target, however the

technical work completed will mean the well is being targeted at a crestal location and may perform better than the old wells.

**John W Barr, Chairman, said:** "Recent focus in respect to the USA projects has very much been about maximising production. That is reflected in the recent strong production rates in the March quarter.

"We are pleased that our early investment in Cinnabar has matured at a time of strong oil and gas prices, making this well a compelling investment and providing significant further growth potential."

### **Admission to AIM and Total Voting Rights**

The Placing is conditional on, inter alia, the Placing Shares being admitted to trading on AIM. Application has been made to the London Stock Exchange for the Placing Shares, which will rank pari passu with the Company's existing issued ordinary shares, to be admitted to trading on AIM and dealings are expected to commence at 8:00 a.m. on or about 17 May 2022.

Following the issue of the Placing Shares, the Company's share and total voting rights will comprise 5,220,138,052 Ordinary Shares of no par value and the Company does not hold any shares in treasury.

Consequently, the above figure may be used by shareholders in the Company as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in, the share capital of the Company under the Financial Conduct Authority's Disclosure and Transparency Rules.

### **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 information is now considered to be in the public domain.

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 / Adam Cowl  
+44 (0) 20 3470 0470

**Alma PR**  
Justine James / Joe Pederzoli  
+44 (0) 20 3405 0205  
+44 (0) 7525 324431  
[mosman@almapr.co.uk](mailto:mosman@almapr.co.uk)

**Joint Broker**  
Monecor (London) Ltd trading as ETX Capital Thomas  
Smith  
020 7392 1432

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

### **Notes to editors**

Mosman (AIM:MSMN) is an oil exploration, development, and production company with projects in the US and Australia.

Mosman's strategic objectives remain consistent: to identify opportunities which will provide operating cash flow and have development upside, in conjunction with progressing exploration of existing exploration permits.

The Company has seven projects in the US: Stanley, Greater Stanley, Livingston, Winters, Challenger and Champion in East Texas and Arkoma in Oklahoma in addition to exploration projects in the Amadeus Basin in Central Australia.

This information is provided by RNS, the news service of the London Stock Exchange. RNS is approved by the Financial Conduct Authority to act as a Primary Information Provider in the United Kingdom. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact [rns@lseg.com](mailto:rns@lseg.com) or visit [www.rns.com](http://www.rns.com).

RNS may use your IP address to confirm compliance with the terms and conditions, to analyse how you engage with the information contained in this communication, and to share such analysis on an anonymised basis with others as part of our commercial services. For further information about how RNS and the London Stock Exchange use the personal data you provide us, please see our [Privacy Policy](#).

END

MSCQBLBFLELBBBB

Anonymous (not verified)

Planned Cinnabar Development Drilling and Placing

<http://www.DigitalLook.com>

32663169

A

Tue, 05/10/2022 - 07:02

LSE RNS

Company Announcement - General

MSMN