



MOSMAN OIL AND GAS
LIMITED

6 October 2015

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

STEP Acquisition Conditions Satisfied

Mosman Oil and Gas Limited (AIM: MSMN) the New Zealand and Australia focussed oil exploration and development company, is pleased to provide an update on the proposed South Taranaki Energy Project acquisition ("STEP Acquisition"), having concluded the following important contractual milestones:

- Origin Energy Limited ("Origin") has confirmed that it is satisfied that Mosman has provided it with reasonable financial assurance and accepted Mosman's financial capacity and, as a result, the STEP Acquisition is now formally proceeding.
- In addition, a new participation agreement has been signed and executed with High Peak Royalties Ltd (ASX: HPR) for HPR's acquisition of a 30% interest in the STEP Acquisition. The prior participation agreement with WRDLS Pty Ltd has been cancelled.

Mosman can now progress its acquisition of a 70% interest in the STEP Acquisition to the next stage which is to secure the required Government approvals and then move to financial completion, which is anticipated by 31 December 2015. The final formal legal documents of the Company's royalty funding agreement with Ridge Royalty Corp. ("STEP Royalty") are expected to be completed shortly following the contractual milestones announced today, which satisfies a key conditions precedent as set out in the announcement of 15 September 2015.

The Chairman of Mosman, John W Barr, said: "We are delighted to be moving to the next stage in the STEP Acquisition process, seeking Government approvals: that will commence next week and is expected to take 60 to 90 days. At the same time detailed transition planning continues. We remain excited about this acquisition and the future prospects it offers Mosman and our partners Ridge and HPR.

"The funding Mosman obtained has been a major achievement and Mosman acknowledges the assistance of several parties who have been instrumental in completing those arrangements.

"In particular, securing the well-funded HPR as a 30% joint venture partner in the STEP Acquisition is significant. The new participation agreement with HPR is on the same fundamental terms and conditions as the previous WRDLS agreement and, with HPR's funding in place, it takes us a step forward to completing the STEP Acquisition. The joint owners can now proceed with confidence."

About HPR

High Peak Royalties LTD (ASX:"HPR") is building a portfolio of diversified high value resource royalties around the world. In the current climate, High Peak is looking to partner with capable operators to secure high value producing assets and leverage our capital and structuring expertise.

The CEO of HPR, Simon Fyfe, said: "In partnership with Mosman we are giving investors exposure to the kinds of exciting opportunities arising while commodity prices are under pressure. The STEP Acquisition is a welcome addition to our portfolio, and satisfies our objective by creating an avenue to create an excellent, long term royalty interest derived from the production interest."

Additional Information

Mr A Carroll is a director and shareholder of HPR, but does not control the company which is listed on the Australian Securities Exchange with six Directors. He currently owns 8,954,379 shares in HPR of an issued capital of 166,800,792 shares.

Mr J W Barr owns 100,000 shares in HPR through associated company which manages his superfund.

Mr JA Young owns no shares in HPR.

Mr J White is Company Secretary of both Mosman and HPR.

The Directors of Mosman, excluding Mr Carroll, have ensured that all appropriate related party considerations have been complied with in accordance with the Company's governance policies.

Enquiries

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Updates on the Company's activities are regularly posted on its website

www.mosmanoilandgas.com

About Mosman

Mosman (AIM: MSMN) is an Australia and New Zealand focused oil exploration and development company with a strategy to build a sustainable mid-tier oil and gas business by acquisition and organic growth. Currently, prior to the STEP acquisition being completed, Mosman has an interest in ten permits or accepted permit applications.

Production

Mosman is proceeding with the acquisition of 70% of STEP, located onshore NZ. The acquisition is expected to complete by the end of December 2015 after all approvals are secured.

STEP currently produces oil, condensate, gas, LPG and electricity, which deliver several revenue streams with payments being received in both US\$ and NZ\$.

The Project will be operated under a joint operating agreement and Mosman will be the operator. The assets being acquired include the Rimu Production Station and two petroleum mining permits.

The Project also includes:

2P reserves of 1.9 Bcf gas and 1.4 MMbbl oil

2C resources of 13.7 Bcf gas and 4.1 MMbbl oil

Prospective resources estimated at 179 Bcf and 166 MMbbl

Exploration

Petroleum Creek Project, New Zealand

Mosman owns 100% of permit PEP 38526, the Petroleum Creek Project, which is a 143 sq. km low cost onshore exploration project located near Greymouth on the South Island in the southern extension of the proven Taranaki oil system.

Taramakau, Murchison and East Coast Permits, New Zealand

These permits were granted to Mosman on in 2014 as part of the 2014 Block Offer. At Murchison a 13 TCF contingent resource has been identified and drilling planning is underway. Drilling will occur in late 2015, subject to funding.

Officer Basin Project, Australia (Application)

Mosman has a 25% investment in the Officer Basin Project, a 22,527 sq. km large land holding with exploration potential, which lies in one of the more explored parts of the Basin with road access. The project area is in the Western Australian part of the Officer Basin and offers both conventional and unconventional potential with hydrocarbon shows reported and all elements of a petroleum system are present.

Amadeus Basin Projects, Australia

Mosman owns 100% of two granted permits and one application in the Amadeus Basin in Central Australia which total of 5,458 sq. km. The Amadeus Basin is considered one of the most prospective onshore areas in the Northern Territory of Australia for both conventional and unconventional oil and gas, and hosts the producing Mereenie, Palm Valley and Surprise fields.

Otway Basin Project, Australia

Mosman owns 30% of VIC/P62 in the Otway Basin. The results of a previous 3D seismic survey are being integrated into a geological model to allow identification and ranking of drilling targets.

EP 478 Canning Basin, Western Australia

Mosman, via a wholly owned subsidiary, has the right to farm into 17.5% of exploration permit EP478, which is held by Buru Energy, by funding 25% of the first well pursuant to a farm-in agreement.