

8 May 2019

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

Farm-out of Champion Project

Mosman Oil and Gas Limited (AIM: MSMN) the oil exploration, development and production company, advises that it has today executed a Farm-out agreement for the Champion Project with the ASX listed Xstate Resources Limited ("Xstate") (ASX:XST).

Currently Mosman owns a 60% working interest in the Champion Project, containing the Falcon prospect ("Falcon") and the Galaxie prospect ("Galaxie").

Under the term of the Farm-out Xstate will earn:

1. A 25% interest in the first lease area drilled by paying USD 50,000 and 33% of the well cost to drill, complete and install production facilities (capped at 33% of USD 600,000, and 25% of any additional cost), and
2. A 25% interest in the second lease area by paying 33% of the well drilling cost (capped at 33% of USD 450,500, and 25% of any additional cost).

Therefore, should Xstate complete its obligations Mosman's working interest will be reduced from 60% to 35%.

This Farm-out agreement means Mosman will retain a material interest in these leases, whilst significantly reducing the cost and funding requirements to Mosman of drilling these two wells which are scheduled to be drilled in 2019.

Champion

Mosman currently has a 60% working interest in the Champion Project, located in East Texas. There is established oil and gas production and infrastructure in the area. Several prospects have been identified using 3D seismic, including Falcon and Galaxie.

Baja Oil and Gas LLC has a 40% interest in the Champion Project and remains as Operator.

John W Barr, Chairman, said: "The technical advantage of 3D seismic and directional drilling has been demonstrated at Stanley, and we look forward to applying this technology to drilling at Champion, as well as further development wells at Stanley and Challenger projects in due course."

Competent 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.



MOSMAN OIL AND GAS
LIMITED

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