

24 March 2020

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

Corporate and Operations Update

Mosman Oil and Gas Limited (AIM: MSMN) the oil exploration, development and production company, announces extensive cost cutting measures resulting from a corporate review and provides an update on current operations.

Recent Global Events and Corporate Review

As previously stated, Mosman's business is not immune to the recent exceptional external events including the collapse of the oil price from over USD 50/bbl to less than USD 25/bbl, third-party decisions, disruptions and depressed sentiment in the capital markets resulting from a number of factors, including the Covid-19 Pandemic, all of which have had a significant impact on revenue expectations and on our operations (see details below).

The Board has now concluded a review of all aspects of its operations, with decisive action confirmed including further cost cutting (see details below) as the Board endeavours to balance shareholder interests and cash flow constraints.

Cost Reductions

Mosman has over the past several years consistently reduced overheads, included closing the Sydney operations office and retaining only one part-time employee. All costs have again been reviewed and reduced to a minimum while still meeting existing contractual and regulatory obligations. This includes cancelling all travel and non-essential costs.

Mosman's two Executive Directors agreed at the time of the last capital raise to take shares in lieu of cash for director and services fees owing at that time and up to 30 June 2020. All Directors have now agreed to reduce the cash component of minimum monthly costs payable to them by 50% and are prepared to again receive shares for the balance of the contracted consultancy fees set at the time of Initial Public Offering and detailed in the Company's admission document. This contractual variation will be subject to regulatory approval including shareholder approval at a duly convened shareholders meeting, the date and location of which will be confirmed in due course.

Mosman had until recently been paying its Strategic Alliance Partner in the US, Baja Oil and Gas LLC. ("Baja"), a monthly fee for technical services, which included business development, advice on Stanley, operatorship of Greater Stanley and the other fields where Baja is acting as operator. Mosman has now terminated its service agreement and will pay Baja as operator and for other specific tasks as required. Since Mosman has less free cash flow and funding available for business development and drilling operations, a lower level of overall operational activity is now expected which will significantly reduce operational costs.

Mosman's US operations will continue to be managed effectively by Howard McLaughlin. This includes supervision and administration of Welch, sale and / or farmout of Welch, management oversight of Falcon, and other advisory roles.

Operations update

1. Production continues at Stanley

In January 2020, gross sales from Stanley were 6,225 bbls. In February 2020, gross sales were 6,125 bbls. As announced on 12 March 2020, Mosman has received notice that the operator at the Stanley project has deferred the drilling of the proposed Stanley-4 well. This will remain under review with a decision anticipated in the next few months. If the well is not drilled by 20 June 2020, then the operator intends, and will be obliged to return to Mosman, the money Mosman has paid, less some costs already incurred.

A workover has just been completed at Stanley-2 and an initial strong increase in oil flow was observed. The well will be returned to production in the next 48 hours.

The workover rig is now in the process of setting up at Stanley-1 to facilitate a workover at that well, with the objective of increasing production.

2. At Greater Stanley, the plan remains to increase production by workovers on the existing producing wells. The first workover may occur in the coming month(s) at a gross cost estimated to be USD 30,000 to USD 40,000. Mosman owns a 20% Working Interest in the lease.
3. At the Arkoma project, operations were shut in due to work required on the water injection well. The operator has recently advised the injection well is back in operation and production has now resumed. The objective is to work to make the operation break even at current oil prices. Mosman has not contributed significant additional cash to the Arkoma project for some time and does not anticipate the need to do so going forward.
4. The Welch Project has comparatively high operating costs with requirements for electricity to power the nodding donkeys and water injection pump, chemicals and field operations and supervision. Spending on periodic maintenance will only be considered based on the oil price. Current production is not significantly different from the previously reported 6 months production but may decline if periodic maintenance is deferred. Management will monitor closely to manage the field for the best economic outcome.

The Welch and Arkoma projects remain for sale but will only be sold if a suitable price is achieved.

Australian Exploration Properties

As advised, Mosman has signed a Memorandum of Agreement (MOA) and a Heads of Agreement (HOA) with parties in respect of the Amadeus project. Recent events in China and internationally have resulted in considerable upheaval and as a result it is impossible to determine the impact on, or the consequences for, this project.

Mosman has received correspondence from the Central Land Council ("CLC"), the body that represents Aboriginal people in Central Australia and supports them in managing their land, which states that all access permission to permits in the Northern Territory have been withdrawn. The NT government has separately advised it is formalising its response to the CLC decision in relation to this evolving situation as it impacts all NT tenure holders.

Clearly this brings to a halt all ground based work, and due diligence of potential partners.

Each month Mosman has been incurring modest operational and overhead costs on this project. The Board has immediately deferred all non-essential expenditure.

Current Financial Position

Mosman has current cash reserves of cA\$300,000, has pre-paid its share of Stanley-4 drilling costs (cA\$90,000) and current assets include oil inventories, receivables, and shares in Norseman Capital Ltd (previously called GEM) and confirms that creditors are being met within normal business timeframes. The Company has no long term or secured debt and will continue to receive monthly cash receipts from the sale of its net oil production.

Directors Shareholdings

Directors hold significant numbers of shares in Mosman and have done so since 2014 when the Company was admitted to trading on AIM.

On occasions, Directors have supported the Company by acquiring shares on market, and receiving shares as payment of fees, rather than cash.

As referred to above, it is planned (subject to shareholder approval), that Directors will receive further shares in lieu of fees in order to preserve cash resources.

Other Matters

The half year results for the period ending 31 December 2019 will be published shortly. Given the oil price, Mosman is reviewing the carrying costs of all projects, and where necessary impairment charges to existing asset values will be made. This will most likely result in a one-off non-cash expense in the consolidated statement of financial performance for the period.

John W Barr, Chairman of Mosman commented: "The Mosman Board has acted quickly and decisively in further reducing costs resulting from the recent exceptional external events with the main considerations for the Company. Operational expenditure, costs and overheads have been immediately curtailed. Despite difficult circumstances, the Board remains determined to deliver value to shareholders from its stated strategy and can confirm it has the full support of its staff and consultants to do so."

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.



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LIMITED

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

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