

25 April 2018

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

**Arkoma Project Proved Reserves**

Mosman Oil and Gas Limited (AIM: MSMN) the oil exploration, development and production company, is pleased to announce results of the Moyes & Co. Reserves Report at the Arkoma Stack Pay Project ("Arkoma") in Oklahoma ("Moyes Report" or the "Report").

**Highlights**

- Total Proved + Probable ("2P") Reserves of 336,000 barrels of oil equivalent ("BOE") gross.
- Contingent Resources of up to 2.4 million BOE (3C, High Case, gross).
- 2P Reserves net to Mosman of 64,000 BOE.
- 2P Reserves Net Present Value discounted at 10% of all forecast revenues net of all costs including royalties, capital costs and operating costs ("NPV10") of USD \$1.23 million net to Mosman. This NPV10 is based only on 2P Reserves and does not include any contribution from the value of Contingent Resources.

**Update on the Moyes & Co Reserves Report**

Following the Reserves Report for Welch, Mosman is pleased to announce that Moyes & Co. has now updated and finalised its Report on Arkoma.

Mosman currently holds a non-operated working interest in the Arkoma properties, which are operated by Inland Operating Company ("Inland"). To date, Mosman has purchased 27% of Inland's interest in the properties (ownership interest per well used in determination of reserves summarised below), with an option to increase to 33.3%.

Summary details of the Reserve and Contingent Resources at Arkoma are as follows:

	<b>Arkoma Reserves As of 1 April 2018*</b>						
	<b>Gross Reserves</b>			<b>Mosman Net Reserves based on 27% of Inland Interest</b>			
<b>Reserve Class/Category</b>	<b>Oil &amp; Condensate (BBL 000)</b>	<b>Natural Gas (MMcf)</b>	<b>boe (000)</b>	<b>Oil &amp; Condensate (000 BBL)</b>	<b>Natural Gas (MMcf)</b>	<b>boe (000)</b>	<b>NPV10 (US\$000)</b>
Proved Developed Producing	42	74	55	6	10	8	182
Proved Behind Pipe	77	319	130	15	64	26	311
Proved Shut-in	-	-	-	-	-	-	-
Proved Undeveloped	-	-	-	-	-	-	-
<b>Total Proved (1P)</b>	<b>119</b>	<b>393</b>	<b>185</b>	<b>22</b>	<b>74</b>	<b>34</b>	<b>494</b>
Probable Producing	-	-	-	-	-	-	-
Probable Behind Pipe	59	135	81	12	27	16	602
Probable Undeveloped	48	136	70	10	27	14	137
<b>Total Probable)</b>	<b>106</b>	<b>271</b>	<b>152</b>	<b>21</b>	<b>54</b>	<b>30</b>	<b>739</b>
<b>Total Proved and Probable (2P)</b>	<b>226</b>	<b>664</b>	<b>336</b>	<b>43</b>	<b>128</b>	<b>64</b>	<b>1,232</b>



**Arkoma Contingent Resources As of 1 April 2018\***

Product	Base case (2C)		High Case (3C)	
	Gross	Mosman Net	Gross	Mosman Net
Oil (BBL 000)	628	125	1,601	320
Gas (MMCF)	1,745	349	4,861	971
Total (BOE 000)	919	184	2,411	482

Notes (\*):

- i. Source: Moyes & Co. Reserves Report dated 24 April 2018.
- ii. Operator: Inland Operating Company Inc. ("Inland").
- iii. See summary of Company's Working Interest ("WI") below.
- iv. Company's Net Revenue Interest ("NRI"): is stated below after deduction of royalties.
- v. Net present value discount at 10% pa ("NPV10"): Price assumptions used are an unescalated oil price USD \$65 per barrel and an unescalated gas price of USD \$2.80 per MMBTU.
- vi. The estimates of proved reserves and future revenue in this report have been prepared in accordance with the SPE PRMS guidelines.
- vii. Values may not sum due to rounding.

The Moyes Report contains a full glossary and will shortly be available on the Company's website. A summary glossary of the key terms used in this announcement are set out below.

**John W Barr, Chairman, said:** "Arkoma continues to meet the stated strategy of delivering operating cash flow and having development upside.

"It is very encouraging to have Proved Reserves at this early stage of development. We have now funded the agreed operational upgrades and, in the coming months, will evaluate operational data following the installation and operation of Electric Submersible Pumps ("ESPs") planned for May 2018.

"We are also encouraged by an independent expert confirmation of the significant Probable Reserves and Resources that attracted us to this project in the first place. There is a lot of room for growth in this project.

"The Reserves Report at Arkoma, and subsequent field performance following the ESPs, are necessary data points ahead of the Board making a decision of whether it will increase our 27% of Inland's working interest to 33.3% by 31 July 2018."

**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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[www.mosmanoilandgas.com](http://www.mosmanoilandgas.com)

**Summary of current ownership interests by well used in this evaluation**

<b>Well</b>	<b>Inland Interest</b>	<b>Current Mosman Interest in Inland Participation</b>	<b>Current Mosman Working Interest</b>	<b>Current Mosman Net Revenue Interest</b>
Wise 1-25	20%	27%	5.40%	4.32%
Wise 3-25	92.5%	27%	24.98%	19.98%
Williamson 4-25	92.5%	27%	24.98%	19.98%
Crawley 2-36	92.5%	27%	24.98%	19.78%

**Glossary**

The following Glossary and definitions of oil and gas reserves is extracted from the Moyes & Co Reserves Report on the Arkoma Project dated 24 April 2018. All figure numbers and page references herein refer to that Report.

Adapted from the 2007 Petroleum Resources Management System (PRMS) Approved by the Society of Petroleum Engineers (SPE).

**Reserves** are those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions. Reserves must further satisfy four criteria: they must be discovered, recoverable, commercial, and remaining (as of the evaluation date) based on the development project(s) applied. Reserves are further categorized in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by development and production status.

For Reserves, the general cumulative terms low/best/high estimates are denoted as 1P/2P/3P, respectively. The associated incremental quantities are termed Proved, Probable and Possible.

**Contingent Resources** are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations, but the applied project(s) are not yet considered mature enough for commercial development due to one or more contingencies. Contingent Resources may include, for example, projects for which there are currently no viable



markets, or where commercial recovery is dependent on technology under development, or where evaluation of the accumulation is insufficient to clearly assess commerciality. Contingent Resources are further categorized in accordance with the level of certainty associated with the estimates and may be subclassified based on project maturity and/or characterized by their economic status.

For Contingent Resources, the general cumulative terms low/best/high estimates are denoted as 1C/2C/3C respectively.

**Proved Reserves** are those quantities of petroleum, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods, and government regulations. If deterministic methods are used, the term reasonable certainty is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90% probability that the quantities actually recovered will equal or exceed the estimate.

**Probable Reserves** are those additional Reserves which analysis of geoscience and engineering data indicate are less likely to be recovered than Proved Reserves but more certain to be recovered than Possible Reserves. It is equally likely that actual remaining quantities recovered will be greater than or less than the sum of the estimated Proved plus Probable Reserves (2P). In this context, when probabilistic methods are used, there should be at least a 50% probability that the actual quantities recovered will equal or exceed the 2P estimate.

**Barrels of oil equivalent** ("BOE"): gas converted at 6 MCF per BOE.

**CF**: cubic feet of gas.

**M**: thousand.

**MM**: million.

**BTU**: British Thermal Unit