

15 November 2017

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

**Arkoma Stacked Pay Project Update and Further Option Extension**

Mosman Oil and Gas Limited (AIM: MSMN) the oil exploration, development and production company, provides a further update in respect to the Arkoma Stacked Pay Project ("Arkoma" or the "Project") in Oklahoma, USA.

**Summary**

To date the focus has been to gather information to update the geological model and quantify reserves and resources. Additional flow tests and subsequent technical analysis is required in order for Mosman to complete this and as a result Mosman and the Operator have agreed to further extend the first option exercise date from 15 November 2017 to 28 February 2018. There is no change to the Second Option date of March 2018.

Additional work is still required to inform Mosman's investment decision and Mosman will fund an ongoing work program at a cost of USD\$125,000 with a corresponding reduction of the First Option exercise price from USD\$1 million to USD\$875,000. This schedule also allows the full investment decision to be made in the first quarter of 2018, with the benefit of a more complete data set as this significant investment requires the benefit of full technical due diligence and integration of the Moyes and Co reserves report currently being prepared.

**Details of the extension**

As per in the Company's announcement of 23 May 2017, Mosman currently owns 10% of the Project and holds two options to increase its interest to 55%:

1. A first option to acquire a further 20% of the Inland Assets for USD\$1 million expiring on 15 November 2017, having been extended from the original 10 October 2017 expiration (the "First Option");
2. Subject to the First Option being exercised, a second option to acquire a further 25% of the Inland Assets for USD\$425,000 in March 2018 (the "Second Option").

Mosman's strategic alliance partner Blackstone Oil and Gas Limited has an option over 45% of the Project.

The First Option to acquire 20% and increase ownership to 30% has now been extended to 28 February 2018. The Second Option to further increase ownership to 55% in to be made by 31 March 2018. There is no change to the Second Option date. This schedule will allow the full investment decision to be made in the first quarter of 2018.

As part of the agreement to extend the First Option date, Mosman will fund the ongoing work program at a cost of USD\$125,000 with a corresponding reduction of the First Option exercise price from USD\$1 million to USD\$875,000.

Meetings have been recently held in Dallas with Mosman Directors and technical staff; representatives of Moyes and Co, and the vendors.

The testing of the multi-zone stacked pay project is still in progress.

For a full reserves evaluation, flow tests would be required on all zones, and there are more than six prospective reservoir zones on this project, with five potential production wells. Extended flow tests are required to determine the optimal production rates and to estimate the reserves



and oil production rates and the main zones will be tested before an investment decision is made by Mosman.

So far, the Wilcox zone has been flow tested on four wells, and the Viola and Woodford zones on one well each. One shallow well testing the Booch gas zone produced water and was abandoned. However, these results alone are not yet sufficient to make a field development plan and for Mosman to make an investment decision. Mosman requested the Operator to flow test the Union Valley and Cromwell zones, and the initial re-completions were done in October, but initial results were inconclusive.

Mosman and the vendor have agreed an additional work program to further test the Union Valley zone, as this is one of the key potential oil producing zones. The Operator will also increase perforations on one Wilcox zone to establish optimal production rates. The development plan is becoming clearer and may involve the use of pump-jacks on shallow zones, in combination with Electrical Submersible pumps (ESPs), and multi-zone completions on some wells. The Wilcox production in the area normally contains both oil and water, and the project has a water disposal well on-site to manage water disposal, with pump design optimised to deal with fluid flow rates and associated costs.

The Woodford and Caney shales may be potential shale resources but Mosman does not currently plan to include this in the first stage development plan as full testing of these zones would require horizontal wells and fracking that would require significant time and capital and may be considered in due course.

Going forward Mosman does not plan to report the results on the individual testing elements, but will await the results of the whole testing programme. In this instance, this will be signified by the release of the Moyes and Co reserves report with details reported as appropriate. There can be no guarantee that Mosman will exercise its options.

**John W. Barr, Executive Chairman**, said: "Whilst Mosman was keen to conclude the decision at Arkoma, this is a significant fiscal decision and it must be based on the best and most complete information available. We had hoped the Wilcox oil alone would have been enough to make the option exercise decision, however we would like more detailed information to enable Moyes to conclude the report on which we will make our decisions and believe this is in the best interest of shareholders."

#### **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.

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 / Soltan Tagiev  
+44 (0) 20 3470 0470

#### **Gable Communications Limited**

Justine James / John Bick  
+44 (0) 20 7193 7463  
[mosman@gablecommunications.com](mailto:mosman@gablecommunications.com)

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