



15 July 2016

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

Investment and Operations Update

Mosman Oil and Gas Limited (AIM: MSMN) the New Zealand and Australia focussed oil exploration and development company, announces an update in respect to investments and current operational activities. This update will be reflected in an updated Corporate Presentation which will be published on the Company's website next week.

Investments

Mosman invested CAD\$400,000 (AUD 425,000) in the TSX.V listed GEM International Resource Inc. (GEM) (announced 24 May 2016), which consists of 8 million shares at CAD 5 cents and 8 million two year CAD 15 cents non-transferrable options. Mosman notes that the share price of GEM is currently CAD 14.5 cents.

The Chairman of Mosman met with the officers of GEM in Hong Kong last month to discuss planning for exploration including bulk mining sampling and other matters in respect to GEM. Initial exploration will commence in July 2016 with planning and logistics now underway.

Heavier equipment required for bulk sampling is expected onsite in the September quarter.

GEM's website has recently been updated and can be found at: <http://gemdiamondmining.com>

In addition, on 4 July 2016, Mosman announced it had subscribed for two million shares in the TSX.V listed Hemisphere Energy Corporation (TSX.V HME), at a cost of CAD 19 cents a share being CAD\$380,000 (AUD 0.394 M). HME is an existing oil producer with assets in south east Alberta, Canada, with average production in the first quarter 2016 of approximately 508 boe/d. Mosman notes that the share price of HME is currently CAD 21 cents.

The subscription is part of a larger 4.5 million shares placing by HME, which closed on 12 July 2016 raising CAD\$1.9 million, with the funds being used for drilling and development to further increase production.

HME's website can be found at: www.hemisphereenergy.ca

Both investments are subject to a short four month escrow which is usual in the TSX.V market. In addition to the investment cost, approximately AUD 0.1 m has been incurred on due diligence, travel and other costs in respect to the investments.

Other opportunities

In addition to its existing oil and gas projects Mosman continues to seek other opportunities.

Current Projects

Mosman remains in a sound financial position with resources of cash and market value of investments now total approximately AUD\$ 4.750 M. This cash is held in three currencies (GBP, AUD, and NZD) and the number takes into account recent unrealised FOREX losses of over AUD 0.250 M due to the volatility of the GBP.

Strategic and focussed exploration work continues on existing permits.

On the Murchison Permit in New Zealand, the LIDAR survey was completed on 10 July 2016. The next stage is to analyse and interpret the data acquired and update the geological model, in order that all the information available can be used to finalise the location of the first well.

At Petroleum Creek and the Taramakau permit areas, Mosman continues discussions with NZPAM regarding the work program. Mosman is seeking to defer certain existing work obligations.

Mosman continues planning to plug and abandon the three wells drilled on the Petroleum Creek permit in 2014. Activity may be scheduled when other nearby wells are abandoned to minimise costs.

In Australia, on the Amadeus Basin permits, an airborne survey contract has been awarded for EP 156 at an estimated cost of AUD\$60,000. That survey is expected to occur in the quarter commencing September 2016.

Discussions continue with the Central Land Council (CLC) regarding application area EPA 155, with an on-site meeting proposed in September 2016. This involves several parties including the CLC, indigenous landholders and Mosman representatives with the objective of negotiating access to the permit excluding sacred sites.

In EP 145, CLC has granted access for an on-site geological study later this year.

Shareholders Meeting

As announced in January 2016 Mosman has withdrawn from its interest in the Officer Basin application. On 28 June 2016 Mosman called a General Meeting for 2 August 2016 to consider the cancellation of 9 million shares that were issued for the acquisition.

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014.

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. Current exploration projects include the following permits which are 100% owned;

Petroleum Creek Permit, New Zealand

The permit is a 143 sq. km project located near Greymouth on the South Island in the southern extension of the proven Taranaki oil system.

Taramakau Permit, New Zealand

The permit (990 sq. km onshore) surrounds the Petroleum Creek Permit and shares similar geological characteristics and shares similar prospective play types.

Murchison Permit, New Zealand

The permit (517 sq. km onshore) located approximately 100 kilometres north of Petroleum Creek has a 13 TCF contingent resource identified.

Amadeus Basin Projects, Australia

Mosman owns two granted permits and one application 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.