

22 May 2015

## Mosman Oil and Gas Limited

### Operations Update

The Directors of Mosman Oil and Gas Limited (“Mosman” or the “Company”) (AIM: MSMN), the New Zealand and Australia focused oil exploration and development company is pleased to update shareholders in respect to several matters.

#### Corporate update

Mosman’s Board of Directors (“Board”) has previously set out goals for the Company regarding building a sustainable mid-size oil company. This includes organic growth, and also strategic growth including the acquisition of exploration opportunities and production assets with cash flow.

The Board has been actively evaluating a number of potential acquisition opportunities, some of which are in a more advanced stage than others, and the Board looks forward to providing further updates as appropriate.

The Board has also been evaluating financing options with its advisers in respect of the financing of potential acquisition opportunities as well as its drilling plans at Murchison.

#### Asset update - Petroleum Creek

Flow testing at Petroleum Creek continues and will be concluded in the next few weeks. The Company may use the full 90 days allowed under current statutory approvals. Further approvals are available upon request to NZPAM. Results will be incorporated into the geological model.

Flow tests have produced volumes of fluid up to 28 barrels per day, currently limited by pumping equipment. Recovered fluid is predominantly water, with varying amounts of oil. It is not known why the fluid is predominantly water despite visible oil in the core and on wireline tools at this zone (depth 242 – 245m) in the Cobden Limestone at the Cross Roads-1 well. Fluid recovery may include such issues as the relative viscosity of oil and water at the shallow reservoir temperature; the fluid path accessing the deeper water zones by natural vertical fractures; or physical issues (such as wax deposition inhibiting oil flow). Samples of produced oil have been sent to laboratories for analysis and technical studies will continue in an attempt to determine the reason for limited oil flow, how it may be resolved, and this may lead to additional work that may include further flow testing.

The Crestal area of the Petroleum Creek permit represents a relatively small portion of the identified Prospective Resources, and there are identified larger deeper targets. On other work on the permit, initial site visits have been conducted to review potential seismic line locations to define drilling locations.

#### Murchison

Further to the recent Prospective Resource announcement in respect to Murchison, a further field visit has now been completed. The Company team met with relevant land owners, and discussed particular well site locations. The potential drill rig contractor also attended the site visit and confirmed adequate access and site suitability. Drilling rig contract negotiations are underway.

There are a series of formalities and approvals to be completed prior to drilling, which is still anticipated in 2015, conditional on a number of matters including funding.

## **Taramakau**

The geological and geophysical studies continue. There are cost and operational synergies in conducting seismic at Taramakau at the same time as the adjacent Petroleum Creek permit, and this has raised related points for discussion that have been raised with NZPAM. Potential farm-in discussions continue with an interested party but both parties need to complete further technical work before any agreement can be finalised.

## **Northern Territory**

### **EP 145**

The Central Land Council ("CLC") heritage clearances were completed on time and without incident. Follow up work by the CLC, including preparation of the Sacred Site Clearance Certificate (SSCC), was completed in April 2015.

The Northern Territory Government approved a minor variation to the work programme being the change from a geochemical survey to fracture studies. All approvals are now obtained and on ground geological field will proceed.

### **EP 156**

The Company is awaiting the outcome of a minor work programme variation request.

## **Western Australia**

### **EP 478**

The Company has received the 2D seismic acquired by the Buru Joint Venture late last year and is in the process of interpreting it. A decision to participate (or not) will be made once the Joint Venture makes a decision to drill the well.

### **Officer Basin STP0071**

The Operator continues to negotiate land access.

## **Victoria - Otway Basin**

### **VIC P/62**

Consultants 3D Geo, on behalf of the Joint Venture, has completed a study of petroleum generation in the Torquay portion of the Otway Basin.

The Company intends to meet with its Joint Venture partner Loyz Energy Limited and discuss the most effective forward programme which may involve focusing on the creation of a leads and prospect inventory. That inventory can then be assessed in advance of final decisions being made on the future direction of the permit.

## **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.

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Updates on the Company's activities are regularly posted on its website [www.mosmanoilandgas.com](http://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. Currently, Mosman has a total of ten permits or accepted permit applications in New Zealand and Australia.

**Murchison Permit (New Zealand)**

Granted in December 2014 Murchison has become a focus after completion of an independent prospective resource report. Exploration is planned for the second half of 2015.

**Petroleum Creek Project, New Zealand**

Mosman owns 100% of permit PEP 38526, the Petroleum Creek Project, which is a 143 sq. km low cost onshore exploration project located near Greymouth on the South Island in the southern extension of the proven Taranaki oil system.

**Taramakau, and East Coast Permits (New Zealand)**

These permits were granted in December 2014. Exploration is currently in the advanced planning stage.

**Officer Basin Project, Australia (Application)**

Mosman has a 25% investment in the Officer Basin Project, a 22,527 sq. km large land holding with significant exploration potential, which lies in one of the more explored parts of the Basin with road access. The project area is in the Western Australian part of the Officer Basin and offers both conventional and unconventional potential with hydrocarbon shows reported and all elements of a petroleum system are present.

**Amadeus Basin Projects, Australia**

Mosman owns 100% of two granted permits and one application in the Amadeus Basin 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.

**Otway Basin Project, Australia**

Mosman owns 30% of VIC/P62 in the Otway Basin. The permit was recently renewed and is in relatively shallow water. The 70% permit holder funded a 3D seismic survey in 2013. The results of the 3D seismic survey are now being integrated into a geological model to allow identification and ranking of drilling targets. Within the Otway Basin there is commercial production both onshore and offshore.