

30 October 2015

**Mosman Oil and Gas Limited**

("Mosman" or the "Company")

**Update on STEP Acquisition  
£1.47m Financing with US Institutional Investors**

Mosman Oil and Gas Limited (AIM: MSMN), the New Zealand and Australia focussed oil exploration and development company, is pleased to provide an update on progress on the South Taranaki Energy Project ('STEP') in New Zealand along with an announcement of a £1.47 million financing with US institutional investors.

As outlined previously, Mosman has completed a strategic review on the STEP assets and identified 12 low cost value add projects that can be accelerated to increase production. The operations team continues preparation for drilling at Murchison, and will now start to identify and purchase long lead items.

The opportunity for Mosman to raise funds arose and it has entered into agreements with US institutional investors for the placement ("Placement") of 36,822,466 new ordinary shares ("New Ordinary Shares") at 4.00p per share. Additionally, for every two shares issued, the institutional investors will also be granted one warrant which may be converted on or before the five year anniversary of the issuance date into new ordinary shares at a price of 5.00 pence per share. The gross proceeds to Mosman from the sale of the ordinary shares and warrants will be £1.47 million (before expenses).

Rodman & Renshaw, a unit of H.C. Wainwright & Co., acted as the exclusive placement agent for the Placement. Kariba Capital, a division of Trump Securities Securities, LLC, acted as US financial adviser to Mosman for the Placements.

**STEP**

Following the announcement on 6 October Mosman has made good progress to the next stages in the STEP Acquisition process.

- The STEP team is now established in an office in New Plymouth. Andy Carroll has been appointed as STEP Chief Operating Officer to manage the project. The team includes Rhys Humphries as STEP Operations Manager responsible for managing the transition and implementing the development plan. Rhys is experienced in O&G design, execution and commissioning and is a key appointment.
- HSE, geology and engineering personnel have also been appointed.
- Documents to secure Government approvals have been finalised and lodged.
- Detailed transition planning continues with all tasks identified and actioned. This includes accounting systems, operation controls, etc with a focus on Health, Safety, and Environment;
- Detailed and specific planning of the 12 low cost projects, in order to increase production over the next few months is ongoing, and on ground work will be ready to commence immediately after acquisition;
- Meetings with the vendor and local stakeholders are now occurring regularly;
- Final legal documentation for all contracts including the Joint venture, royalty and other matters are all advancing on schedule.

As part of this process all staff and consultants recently met in Sydney to co-ordinate all activities.

## **Murchison Permit**

As part of the ongoing development work at Murchison, Mosman consultants have now recommended that prior to drilling the project, additional geophysical work should be conducted. Specifically a LIDAR survey will be completed to assist in identifying the location of fault zones. This information is important to ensure more accuracy in the drilling programme.

Funding of this work is included in the placement funds. A final drill decision is now expected Q1 2016, which remains subject to funding.

## **United States**

The engagement of Rodman & Renshaw, a unit of H.C. Wainwright & Co., as exclusive placement agent, and Kariba Capital, a division of Trump Securities, LLC, as US financial adviser, both of whom are based in New York, has provided Mosman with access to the United State's capital markets.

Chairman John W Barr and Technical Director Andy Carroll will be visiting New York in the coming week.

**The Chairman of Mosman, John W Barr**, said: *"We are delighted with the resounding support for the Company and welcome our new investors. The new capital introduces US based funds as shareholders who have provided funding to enable us achieve our targeted production improvements on the STEP assets and in addition, we will move ahead with the geophysical work at Murchison. The Board has prioritised funding available to increase production at STEP, and the decision has also been made to obtain further technical information at Murchison, prior to a final drill decision."*

## **Details of the Placement**

The Placement is conditional on, inter alia, the New Ordinary Shares in the capital of the Company (the "Placement Shares") being admitted to trading on AIM.

An application has been made to the London Stock Exchange for the Placement Shares, which will rank pari passu with the Company's existing issued Ordinary Shares, to be admitted to trading on AIM and dealings are expected to commence at 8:00 a.m. (BST) on 2 November 2015.

Following the issue of the Placement Shares the Company's total issued share capital will comprise 215,591,008 Ordinary Shares. In accordance with the Financial Conduct Authority Disclosure and Transparency Rules, the Company has 215,591,008 Ordinary Shares in issue, each share carrying the right to one vote. The Company does not hold any Ordinary Shares in Treasury.

The above figure of 215,591,008 Ordinary Shares may be used by shareholders in the Company as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in, the share capital of the Company under the Financial Conduct Authority's Disclosure and Transparency Rules.

## **Enquiries**

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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, prior to the STEP acquisition being completed, Mosman has an interest in ten permits or accepted permit applications.

### **Production**

Mosman is proceeding with the acquisition of 70% of STEP, located onshore NZ. The acquisition is expected to complete after all approvals are secured.

STEP currently produces oil, condensate, gas, LPG and electricity, which deliver several revenue streams with payments being received in both US\$ and NZ\$.

The Project will be operated under a joint operating agreement and Mosman will be the operator. The assets being acquired include the Rimu Production Station and two petroleum mining permits.

### **Exploration**

#### **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, Murchison and East Coast Permits, New Zealand**

These permits were granted to Mosman on in 2014 as part of the 2014 Block Offer. At Murchison a 13 TCF contingent resource has been identified.

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

Mosman has a 25% investment in the Officer Basin Project, a 22,527 sq. km large land holding with 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 results of a previous 3D seismic survey are being integrated into a geological model to allow identification and ranking of drilling targets.

