



MOSMAN OIL AND GAS
LIMITED

2 April 2015

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

**Accelerated Drilling Programme at Murchison NZ,
Corporate Update and Issue of Equity**

The Directors of Mosman Oil and Gas Limited (AIM: MSMN) the New Zealand ("NZ") and Australia focussed oil exploration and development company, are pleased to provide a corporate update and announce that it is accelerating its drilling programme on its Murchison permit in New Zealand. The Company has also raised £500,000 by way of a placing and subscription of 10,000,000 new ordinary shares in the capital of the Company ("New Ordinary Shares") at 5p per share (AUD 9.75 per share) by SP Angel Corporate Finance LLP (the "Placing").

Accelerated Drilling Programme at Murchison

At the Murchison permit in New Zealand, the potential for hydrocarbon resources has been reinforced by recent additional technical work conducted by the Company's technical team. Mosman has now engaged SRK Consulting (Australasia) Pty Ltd to independently review the project and opine on the potential resource number to quantify this target. Planning has commenced on all aspects of drilling and approvals will be sought from the landowners and relevant authorities once the final well location is selected. Commencement of site work and drilling the first well is scheduled for mid-2015.

Corporate Update

Petroleum Creek – New Zealand

As announced previously the Company has perforated the top of the Cobden Limestone zone at a depth of 242-245m, recompleted the well, and re-installed the downhole pump. The nodding donkey was installed on 2 March ready for flow testing.

Flow testing started shortly thereafter and the testing was planned to continue for approximately 60 days.

It is early days in the well testing programme and pumping has been deliberately conducted at intentionally low levels. Pumping has occurred on 15 days so far but, due to HSE reasons, pumping of the well has only occurred in daylight hours. Approximately 120 barrels of fluid has been pumped to surface to date and fluids recovered so far have been both oil and water. Although predominantly water, the Company believe this to be largely recovered drilling fluid as several hundred barrels of water based drilling fluid was "lost" in to the hole when drilled.

The next phase of well testing is intended to determine maximum reservoir flow and definitive reservoir fluid composition (oil and/or water) so pump rates will be increased in the next phase of flow testing scheduled to commence after Easter.

Given the work completed in 2014, it is important for Mosman to complete the flow test to understand the reservoir characteristics at the Crestal area at Petroleum Creek. That understanding is also important to assist in determining which reservoir zones to target in the drilling targets on the flanks of the permit.

Once completed, the flow test results will be incorporated into the geological model for the Petroleum Creek Permit, where SRK have estimated the P50 Prospective Resource of 114.5 million barrels Unrisked OOIP. Seismic acquisition will then be completed to fulfil the 2015 permit obligations and to explore larger, deeper drilling targets.

Taramakau – New Zealand

Technical work continues on this project and discussions with regard to a potential farm-in at the Taramakau permit remain ongoing. Seismic acquisition is being considered to firm-up several potential prospects.

Otway Basin VIC/P62 - Australia

A technical report has now been completed by independent consultants, 3D Geo, on this offshore permit. The next stage will be to quantify prospects and leads.

Amadeus Basin EP 145 - Australia

Mosman is currently finalising field work preparation on EP145. The Company continues to monitor the Northern Territory Government's proposals for the proposed construction of a gas pipeline connecting the region to the East Coast gas market. Mosman also notes the recent development of the producing Dingo gas field which is near to Mosman's EP156 permit. See link with further information regarding proposed pipeline infrastructure: <http://www.nt.gov.au/ntg/gaspipeline/>

Acquisition

In addition to the successfully completed acquisitions in 2014, Mosman is progressing with a takeover for MEO Australia Limited ("MEO"). Mosman has now served all required documents, and recently lodged an updated Substantial Shareholder Notice, which states that Mosman has now received acceptances from MEO shareholders for 12,443,878 shares which represent 1.658% of the MEO shares in issue.

As announced on 16 March 2015, Mosman has extended the closing date of the offer for MEO Australia by 45 days to 8 May 2015, to allow MEO shareholders further time to assess Mosman's offer. The Mosman Board remains confident that the combination of Mosman and MEO will make a strong, well-funded company.

John W Barr, Executive Chairman of Mosman commented: "We are delighted with the ongoing support from our shareholders that will allow us to advance the range of carefully planned activities we currently have underway and others that we expect to make progress on in the current year across our portfolio of assets. We are making good progress on the initial stage of flow testing at Petroleum Creek and will now step up pump rates to determine reservoir flow and reservoir fluid composition. We are also making excellent progress with our newly acquired permits where we look forward to commencing our wider exploration programme."

Details of the Placing

The Placing is conditional on, inter alia, the 10,000,000 New Ordinary Shares in the capital of the Company (the "Placing Shares") being admitted to trading on AIM.

An application has been made to the London Stock Exchange for the Placing Shares, which will rank pari passu with the Company's existing issued Ordinary Shares, to be admitted to trading and dealings are expected to commence at 8:00 a.m. (BST) on Thursday 9 April 2015.

The net proceeds from the Placing will provide funding for the Company to progress its exploration drilling at Murchison in New Zealand and exploration activities in the Amadeus Basin in Australia and for general working capital purposes.

Following the issue of the Placing Shares the Company's total issued share capital will comprise 101,804,308 Ordinary Shares. In accordance with the Financial Conduct Authority Disclosure and Transparency Rules, the Company has 101,804,308 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 101,804,308 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.

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.

This RNS announcement should not be utilised by the MEO shareholders in making any decision on whether or not to accept or decline the Offer and is solely being released for AIM disclosure purposes. MEO shareholders should read the replacement bidder's statement in its entirety before making any decision on whether to accept or reject the Offer, and should consult their financial or other professional advisers if they are in doubt.

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. Currently, Mosman has a total of ten permits or accepted permit applications in New Zealand and Australia.

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 9 December 2014 as part of the 2014 Block Offer, a sixteen-fold increase in the exploration area in NZ from 143 sq km to 2,317 sq km.

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.