

# Energy Flash Note

## Mosman Oil & Gas\*

MSMN LN

18 June 2024

### Stock Data

Ticker	MSMN LN
Share Price:	0.04p
Market Cap:	£5.0m

### Company description

Mosman is currently pivoting away from its legacy onshore US oil and gas operations to offer investors exposure to a portfolio of helium opportunities in both Australia and the USA.

### Price Chart



### Research

David Mirzai

+44 20 3470 0473

david.mirzai@spangel.co.uk

### Sales

Richard Parlons

+44 20 3470 0472

richard.parlons@spangel.co.uk

Grant Barker

+44 20 3470 0471

grant.barker@spangel.co.uk

Rob Rees

+44 20 3470 0535

rob.rees@spangel.co.uk

Abigail Wayne

+44 20 3470 0534

abigail.wayne@spangel.co.uk

## A differentiated Helium explorer

Mosman Oil & Gas is an AIM-listed small-cap E&P, which is currently pivoting its strategy to focus capital and management resources on the Company's existing helium interests in Australia and recently acquired interests in the USA.

Helium exploration activity on Mosman's Australian assets is fully carried by its farm-in partners, while the recent US entry has modest near-term drilling costs funded by the proposed sale of the majority of the Company's US oil and gas production assets.

The Mosman website ([link](#)) and corporate presentation ([link](#)) have been updated to highlight the Company's existing strong asset base and strategic helium expansion.

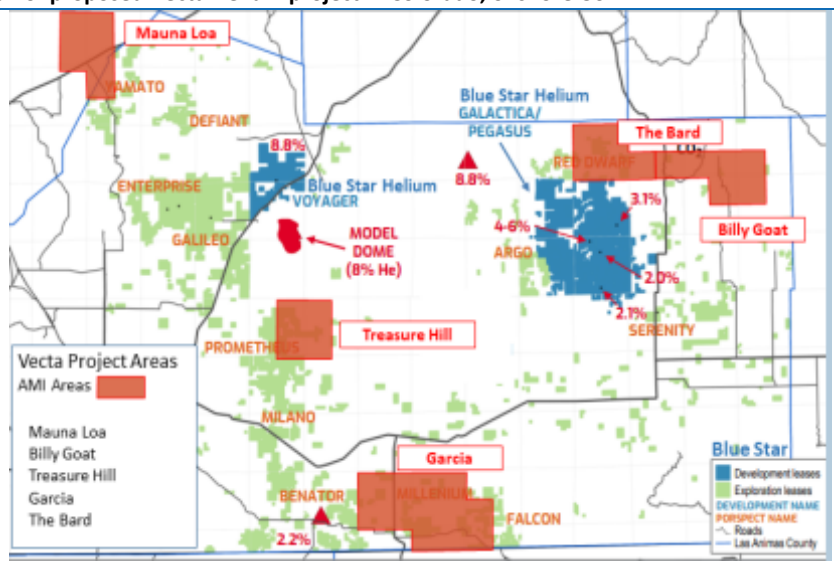
### Sale of US oil and gas production assets provides working capital

Last week, Mosman announced the sale to RCM Tech Solutions (private) of the majority of the Company's US production base for \$1m in cash and up to a further \$0.75m in potential contingent consideration over the next two years. The sale of the Company's working interest in Stanley, Greater Stanley and the Winters leases in Texas is expected to complete on 3 September and should free up management resources and working capital to focus on helium exploration. Mosman will retain its remaining oil and gas interests, primarily at Cinnabar where the Company believes that it can add value by stimulating the recently recompleted zone to optimise production rates.

### Vecta project broadens helium portfolio into US

Mosman announced plans to acquire a 10% interest in an onshore US helium project in Las Animas County, Colorado from Vecta Oil and Gas (private), which already has a track record of helium operations in Colorado. The Vecta Helium project targets drilling an exploration well in 2H24 on each of the five helium prospects identified on ~48,000 leased acres in Colorado, which are located in the vicinity of the historic Model Dome field in Las Animas County that recorded 7-11% helium content. The five exploration wells are each estimated to cost \$0.26m gross, with Mosman's \$0.13m net share of drilling all five wells resulting in a total investment outlay of \$0.63m in 2024.

### Location of proposed Vecta Helium project in Colorado, onshore US

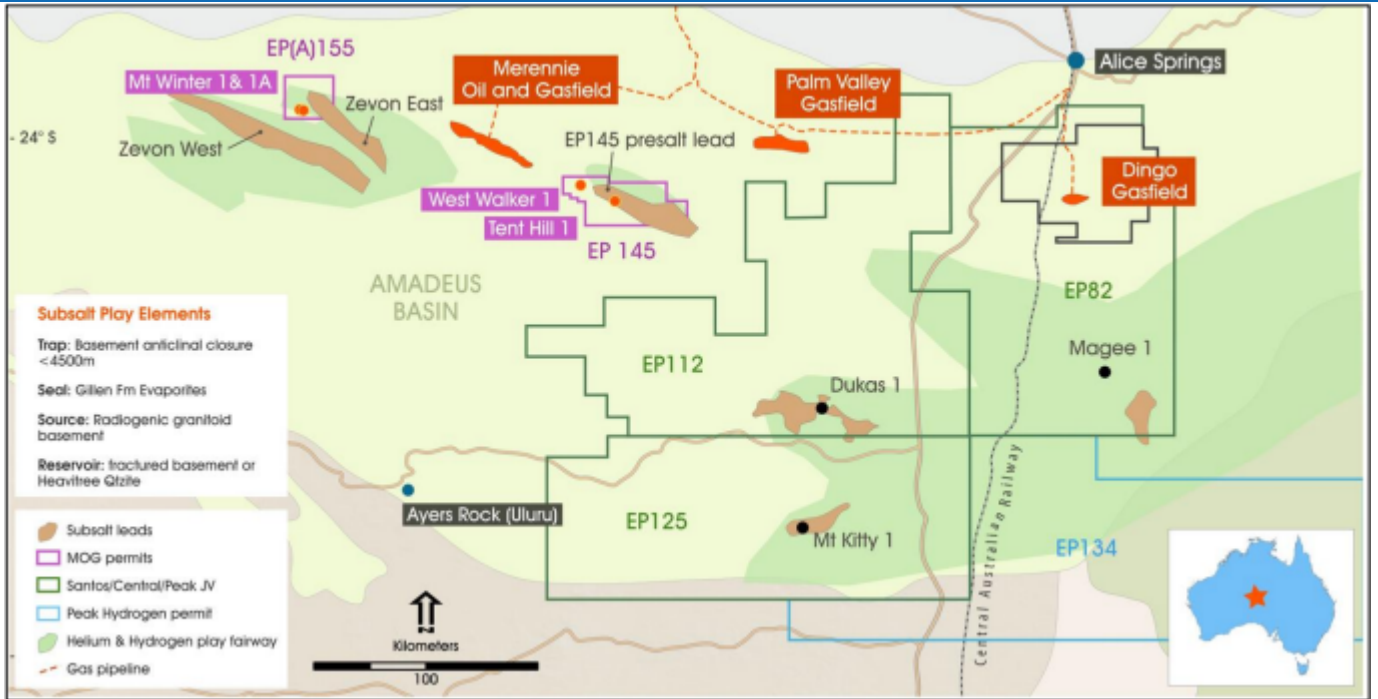


Source: Company presentation

**Australian licenses in Amadeus Basin enabled Helium expertise to develop**

The Amadeus Basin covers 170,000km<sup>2</sup> in the Northern Territory and has been producing oil and gas since the 1980's. However, wells in the Amadeus Basin also have some of the highest concentrations of helium in the world (up to 11% He grade), which led Mosman to focus on the potential for helium accumulations in EP145 (25% WI) sourced from the granitic rock basement. The recently completed farm-in by Greenvale Energy (75% WI) will deliver external funding for the forward exploration programme, which will include a seismic programme this year and drilling in 2025 targeting the estimated 26.4bcf of prospective helium resources on EP145.

**Location of Mosman's licence interests in the Amadeus Basin, onshore Australia**

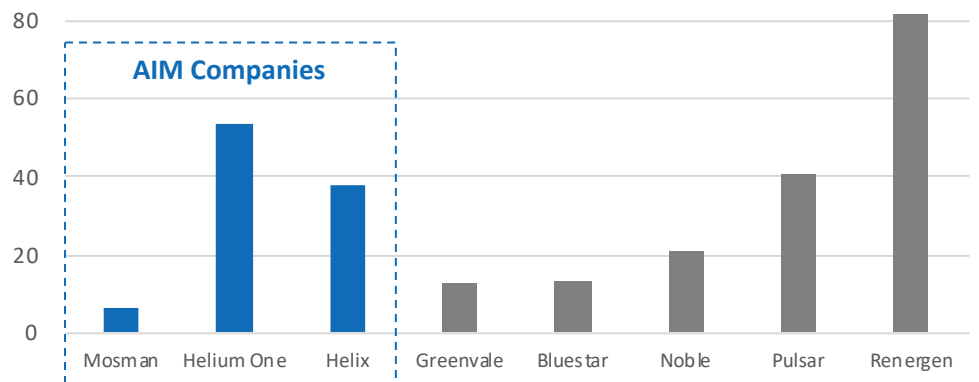


Source: Company presentation

**Corporate review repositions portfolio towards Helium opportunities**

Following a corporate review and refreshed executive, Mosman has acted to reposition the portfolio with a strategic focus on helium opportunities, where it has been able to leverage helium exploration expertise gained over several years in Australia to identify quality helium projects. In our view, Mosman is pursuing a differentiated strategy in building a portfolio of exploration opportunities in areas with proven high helium concentrations located in OECD countries with the necessary infrastructure. The Company believes it is relatively undervalued compared to internationally listed helium peers, and with a more diverse prospect portfolio.

**Relative market capitalisation (US\$m) of Mosman vs select Helium peers**



Source: Bloomberg data

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