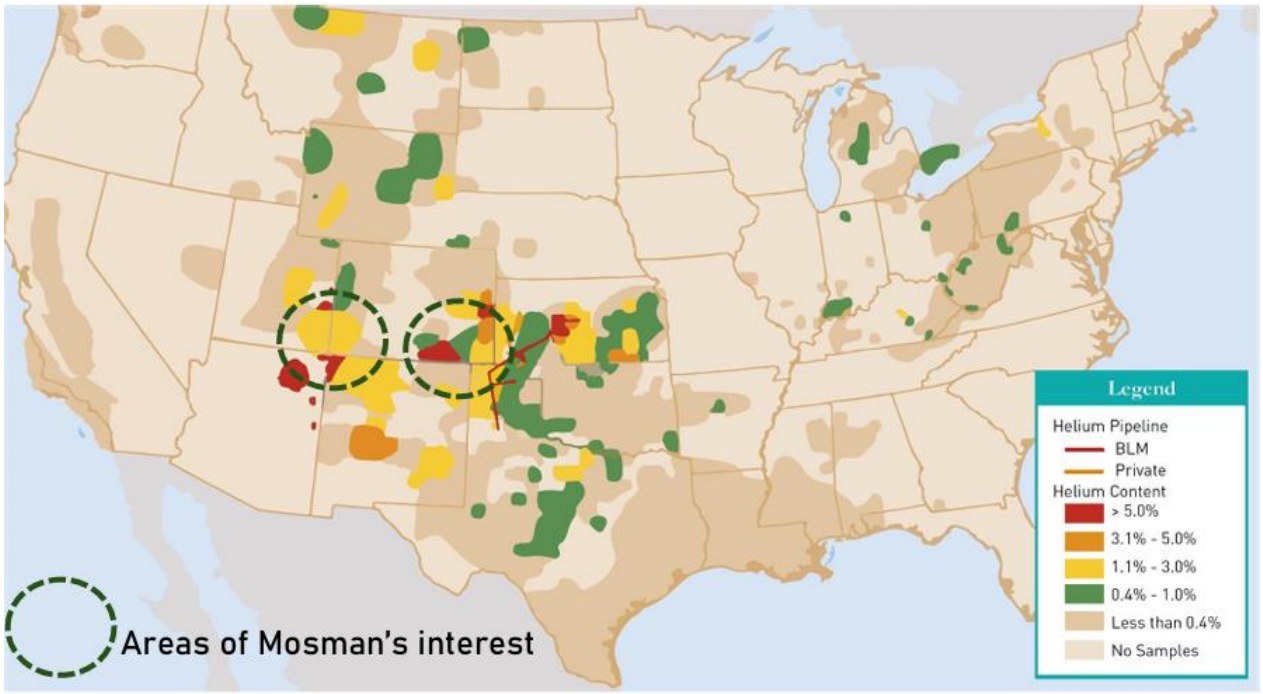
Energy Research

Mosman Oil & Gas Limited*

Exploring for Helium in American hot spot

2 April 2025

David Mirzai



Source: Mosman Oil & Gas

SP ANGEL

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***SP Angel acts as Nominated Advisor and Corporate Broker**

Energy Initiation Report

Mosman Oil & Gas*

MSMN LN **SPECULATIVE BUY**

TP 0.09p

2 April 2025

Stock Data

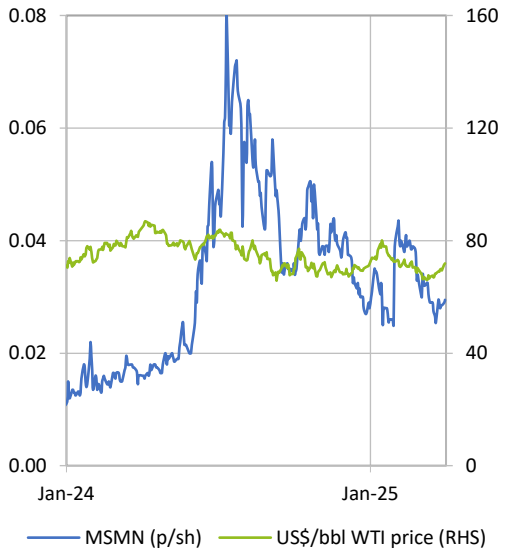
Ticker (AIM)	MSMN LN
Share Price	0.03p
Market Cap	£5.9m

Exploring for Helium in American hot spot

Mosman is an AIM-listed explorer, which has successfully pivoted its strategy in the last 12 months to focus capital and management resources on its recently acquired helium exploration portfolio in the USA.

The Company provides investors with exposure to developing helium resource plays in Colorado, as well as significant upside potential from confirming the extension of nearby discoveries onto its own acreage.

Price Chart



High Helium gas prices trigger sector expansion on AIM

Helium exploration plays have attracted increasing focus and valuations over the last year on the back of a recent global supply shortage that pushed spot prices above $500/mcf, more than 100x the price of natural gas in the USA. With rapid projected demand growth from high-tech sectors that use helium gas for everything from the production of semi-conductor chips to the purging of space rocket engines, there is good investor appetite on London's AIM market to support helium exploration and development companies.

Drilling on Vecta Helium project expected to confirm play extension

Mosman holds a 20% interest in the Vecta Helium project that has drilling locations and approvals in place to target low-cost exploration wells on each of five shallow helium prospects in southeastern Colorado, which is expected to start drilling in 2Q25. The acreage is located near the historic Model Dome field that recorded 7-11% helium content in Las Animas County, with nearby production at Red Rocks and development drilling on the Galactica project.

Newly acquired acreage provides significant helium prospectivity

Mosman is now the operator at the Sagebrush (82.5% WI) and Coyote Wash (100%) projects, which are located near many existing helium discoveries and developments in the Four Corners area of southwestern Colorado. The legacy seismic data indicates several large prospects, with plans for a $0.5m seismic acquisition and reprocessing programme to de-risk those prospects. The Company will initially high-grade dual exploration wells that target both oil and helium prospects, then look to fund drilling via a farm-out process.

Initiate with a Speculative Buy rating and a 12M TP of 0.09p/sh

We initiate coverage on Mosman as a Speculative Buy given the considerable potential value of commercial domestic helium resources discovered in the USA. We set a 0.09p/share 12-month target price, which is based on the Risked NAV assets and provides 200% potential upside to the current price. In our view, Mosman is pursuing a differentiated strategy in building a portfolio of US exploration opportunities in areas with proven high helium concentrations and access to existing drilling services and infrastructure.

US Helium sector activity in 2025 will de-risk commercial thresholds

Mosman offers investors attractive exposure to helium exploration and development in the US, which is expected to deliver several potential catalysts to the stock in 2025. Investors can look forward to potential exploration drilling to verify helium resources by Mosman, or peers located adjacent to its acreage, as well as ongoing helium developments by the sector to de-risk the minimum flow rates, helium grade and cost profiles required to pass the commerciality threshold for new projects in the USA.

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

CONTENTS

Exploring for Helium in American hot spot

Investment Summary 4

Ramp-up of activity in Colorado provides potential catalysts over next 12M 4

Investment Case 5

Vecta Helium project drilling anticipated in 2Q25 5
Sagebrush & Coyote Wash projects target both oil and helium 6
Single vs Dual test wells 7
Strategic pivot highlights commercial advantages of US opportunities 8

Valuation and Recommendation - (0.09p/share, Speculative Buy rating) 9

Helium development scenario 9
Valuation methodology 10
Recommendation and target price 11
Financials and SPA forecasts 12

A deeper dive into Helium 13

Why is Helium important? 13
Helium processing – a two-stage system 14
Demand overview – new technologies fuel growth 15
Supply dynamics – global shortages promote diversification 16

Appendices 17

Appendix 1 - Directors and Senior Management 17
Appendix 2 - Major shareholders 18
Appendix 3 - SPE Petroleum Resources Management System 19
Appendix 4 - Key Risks 21

Research Disclosures 23

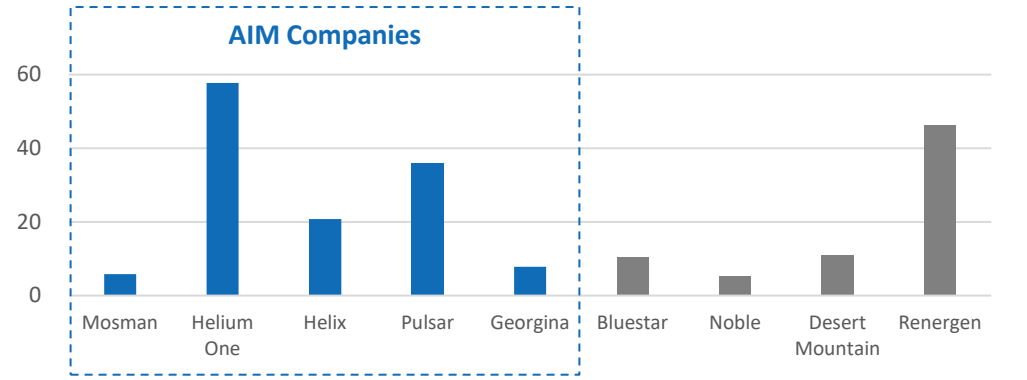
DISCLAIMER: Investment Research 23
SP Angel Contacts List 24

INVESTMENT SUMMARY

Ramp-up of Colorado activity provides potential catalysts over next 12M

Following a corporate review and refreshed executive, Mosman has acted in the last 12M to reposition the portfolio with a strategic focus on helium opportunities, where it has been able to leverage expertise gained over several years in Australia. The proposed sale of its Australian licences enables management to focus and facilitate capital allocation to lower cost exploration in the US, where there is proven high helium concentrations located near established helium infrastructure and growing markets. With no near-term funding requirements to develop and progress its portfolio, the management believes it is relatively undervalued compared to internationally listed helium peers, and with a more diverse prospect portfolio.

Helium E&P competitive landscape

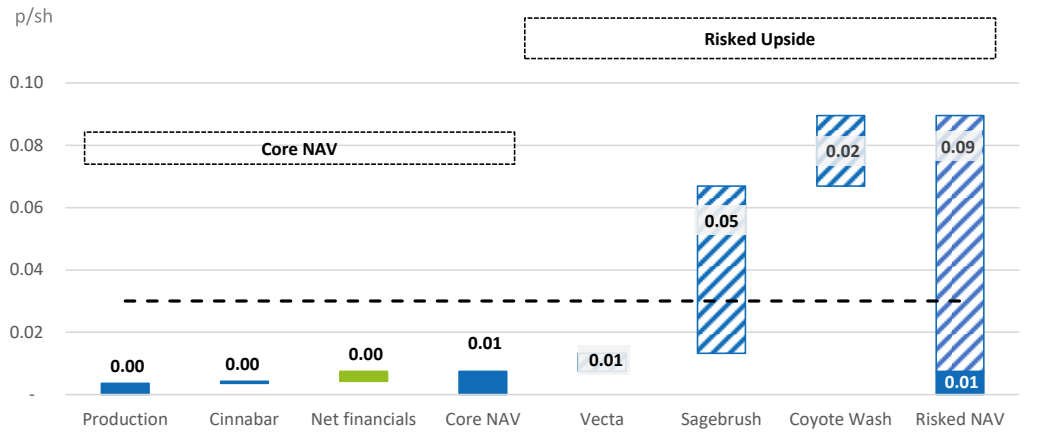


Source: Bloomberg

We expect spot helium prices to stabilise around the $450/mcf level (98% He content), driven by bespoke end users

Mosman provides investors with exposure to a US portfolio of helium exploration projects, which we expect to be derisked over the coming 12M by investment in seismic studies and drilling. We expect spot helium prices to stabilise around the $450/mcf level (98% He content) this year, driven by bespoke end users that are looking to secure helium supply to satisfy their own demand and at a premium to offtake prices available from traditional industrial gas buyers. Based on our standardised helium model, we estimates this delivers an NPV10 of ~$100/mcf.

Waterfall Chart for Mosman



Source: SP Angel estimates

Mosman management and in-house technical team will be attending the 2025 North American Helium & Hydrogen Conference in Denver next week (9-10 April) and will take this opportunity to meet with other industry participants, have technical discussions with its partners and advisers and conduct site visits. With the Red Rocks and Galactica projects de-risking the viability of helium development in Las Animas County, we expect drilling on the Vecta project from 2Q25 to establish the continuation of this trend onto Mosman's acreage and begin to drive the market's look-through valuation of the asset portfolio held by the Company.

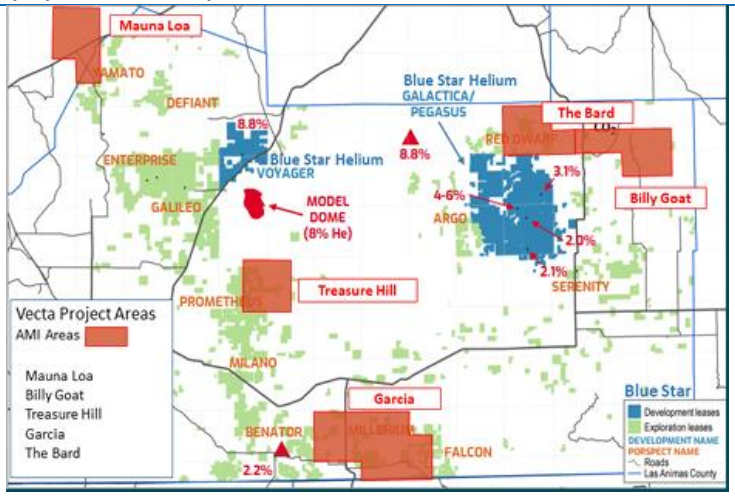
INVESTMENT CASE

Vecta Helium project drilling anticipated in 2Q25

The Vecta Helium project plans to drill five exploration wells in the vicinity of the Model Dome field

In June 2024, Mosman announced plans to spend $0.5m to acquire a 10% interest in an onshore US helium project in Las Animas County, Colorado from Vecta Oil and Gas (private), which already had a track record of helium operations in Colorado. The Vecta Helium project targets drilling low-cost exploration wells on each of the five shallow helium prospects identified on ~51,000 leased acres in southeastern Colorado, which are located in the vicinity of the historic Model Dome field in Las Animas County that recorded 7-11% helium content.

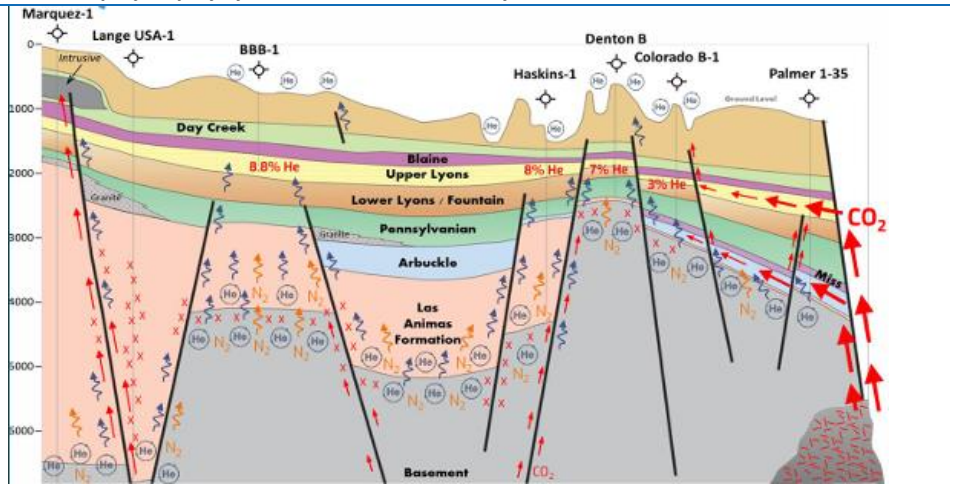
Vecta Helium project location map in southeastern Colorado



Source: Mosman Oil & Gas

In July 2024, Mosman issued 650m new shares to Vecta with a market value of ~$0.5m to acquire a further 10% interest in the Vecta Helium project. The project targets potential traps strategically located near key, underutilised infrastructure and downstream helium purification and consumers. Other companies active in the area include Desert Eagle Operating (private) producing helium at Red Rocks, as well as the Blue Star Helium (BNL AU) and Helium One (HE1 LN) joint venture, which is developing helium discoveries on the Galactica/Pegasus projects.

Vecta Helium project play system in Las Animas County, Colorado



Source: Mosman Oil & Gas

In late January 2025, the operator (Vecta) signed a drilling contract to drill five wells with Desert Eagle Drilling, which is the drilling arm of Desert Eagle Operating that has successfully drilled and is producing helium at the nearby Red Rock field wells in Las Animas County. The five shallow exploration wells are each estimated to cost $0.26m gross, with Mosman's net share of drilling all five wells estimated at $0.26m. The drilling contract is expected to commence later in 2Q25, with the Company encouraged by Blue Star's ongoing drilling results in the same area.

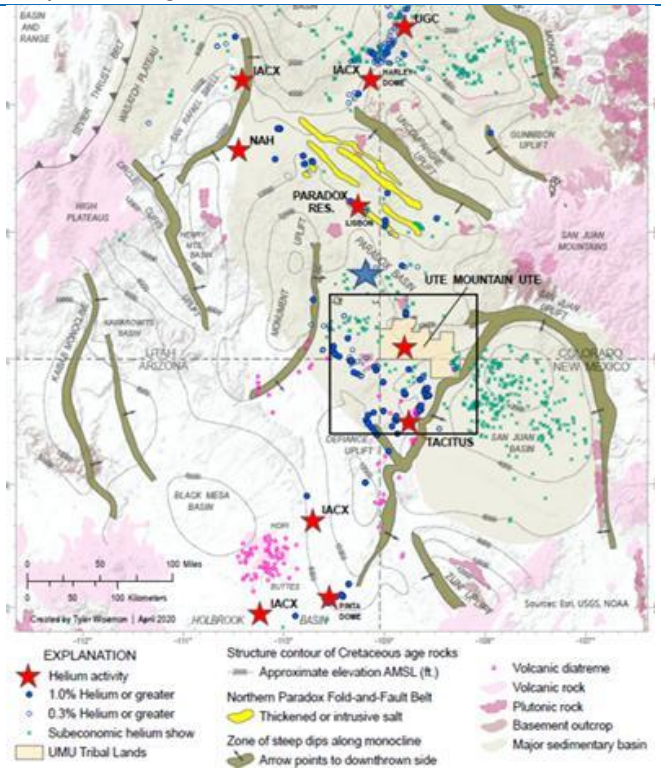
Sagebrush & Coyote Wash projects target both oil and helium

In late 2024 and early 2025, Mosman acquired additional exploration leases in southwestern Colorado as part of the Coyote Wash project and the Sagebrush project acquisitions, which are both located on Tribal Land administered by the Ute Mountain Ute Tribe. Following approval by the BIA (Bureau of Indian Affairs), the Company will pay the Tribe $130k for the right to explore the Coyote Wash project (100% WI) with an expected initial exploration period of three years. Mosman is also paying $630k to a local company to acquire its 82.5% interest in the Sagebrush project, which is held by current gross oil production of ~40b/d across several wells.

The southern areas of the Paradox Basin have a widespread salt formation that acts as an effective seal for helium gas

A radiometric igneous basement rock that is rich in uranium and thorium provides the source for the helium gas, which is proven by production in the surrounding area. The Leadville Formation acts as a significant reservoir for helium, with the underlying McCracken sandstone also providing a secondary reservoir target. The southern areas of the major geological feature in this area, the Paradox Basin, are covered by a widespread salt formation that overlays the Leadville and McCracken formations and acts as an excellent seal for helium and other gases.

Location map for acquired acreage in southwestern Colorado



Source: Mosman Oil & Gas

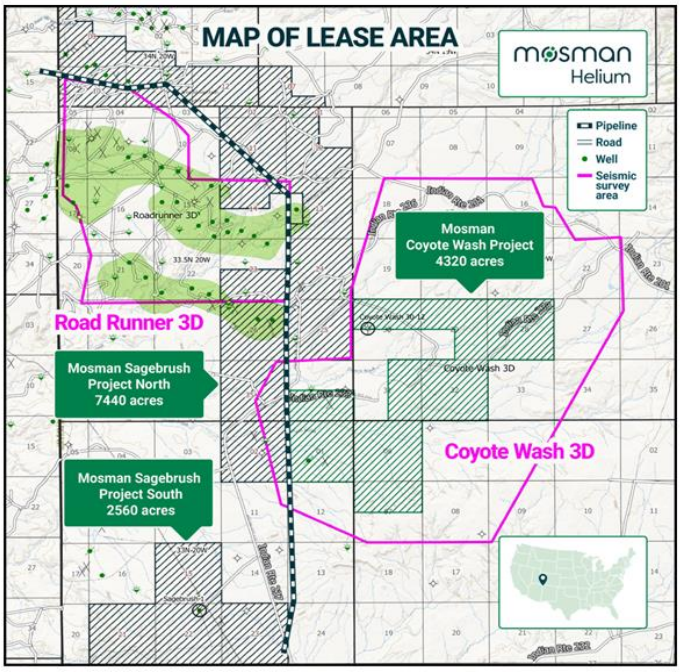
The 4,320-acre Coyote Wash project has a high-resolution 3D survey that is available through the Tribe and an earlier interpretation conducted by Mosman's commercial partner, Four Corners Helium. Several large undrilled structures have been mapped using the existing 3D seismic data over the Coyote Wash leases, which could potentially hold significant quantities of helium. In addition, seismic evidence from a large 2D swath survey has shown several undrilled structures in the Sagebrush area, which are likely to be equally prospective for helium gas.

The Sagebrush-1 well drilled in 1984 tested non-flammable gas (but was not tested for helium) below the salt layer and made an oil discovery above the salt layer. The well's initial production was in excess of 600b/d of oil and it has cumulatively produced over 0.3mb of oil (gross) since coming into production across nine wells, seven of which are producing at ~40-50b/d in aggregate and two of which are shut-in. The Company commented that oil revenue from the existing producing wells will help fund the ongoing exploration and development programme.

Mosman intends to review existing data on the 10,000-acre Sagebrush project to identify drilling prospects and potentially acquire additional low cost seismic to improve the chance of success (CoS) of a potential well. The Company may be able to design a future well that can target both oil and helium prospectivity, with a farm-out process providing a funding option for

drilling costs that are estimated at $2.5-3.5m per well depending on depth. However, as with the Coyote Wash project, there are no prescribed expenditure commitments on the leases.

Map of Sagebrush and Coyote Wash Projects

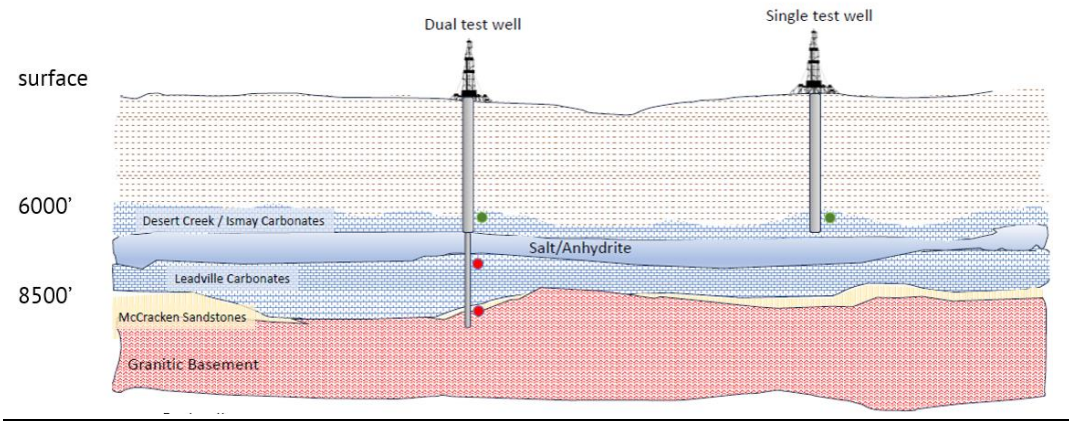


Source: Mosman Oil & Gas

Reprocessing and interpretation of seismic is planned ahead of a potential well targeted for drilling later in 2025

Nonetheless, planning is already underway for reprocessing of the 2D swath data covering both the Sagebrush and Coyote Wash project areas and selective areas of the Coyote Wash 3D data. The acquisition of 6-8 square miles of new 3D seismic in the most southern portion of the Sagebrush Project is also being planned. Mosman expects the combined cost of the 2D reprocessing and 3D acquisition and interpretation will be in the order of $0.5m, which can be funded from cash reserves, and will fast-track the permitting process for 3D acquisition (and drilling) beginning with the required environmental and historical preservation surveys.

Single (oil) vs Dual (oil & helium) test wells



Source: Mosman Oil & Gas

Several leads have been identified in the Ismay formation overlying the salt that is the production reservoir in Sagebrush and in the Roadrunner and Towac oil fields located to the west of Sagebrush, with additional large helium prospects in the subsalt Leadville formation. Recent technical work has identified an attractive Ismay oil prospect in the southwest part of the Coyote Wash project, where an historic well encountered oil and flowed 40b/d, which also has an untested deeper helium target in the Leadville presenting an opportunity for a dual target test of both oil and helium. The drilling approval process is expected to take several months and we expect Mosman to provide further clarity on timing during 2025.

Strategic pivot highlights commercial advantages of US opportunities

As part of Mosman's strategic shift to helium exploration and development, the Company is continuously reviewing the ranking of each project in the portfolio and where the team should focus. Subsequent to the acquisition of Coyote Wash and Sagebrush projects announced in December 2024, a review determined the best allocation of capital and management efforts was to focus capital allocation and future operational activities on its US projects.

Mosman is divesting its Australian licences to focus the Company's capital on the newly-acquired US portfolio

Mosman is in the process of disposing of its Australian licences in the Amadeus Basin and in doing so has managed to avoid the high capital costs of operating in Australia by converting them to royalty interests. The Company signed an agreement with Echelon Resources to sell EP145 (100% WI) for A$400k in cash and a 5% helium and hydrogen royalty, as well as a deal with Georgina Energy to sell its EPA155 (100% WI) rights for A$350k and a 2.5% royalty, which are both expected to complete in the coming months and remove material planned 2025 capex.

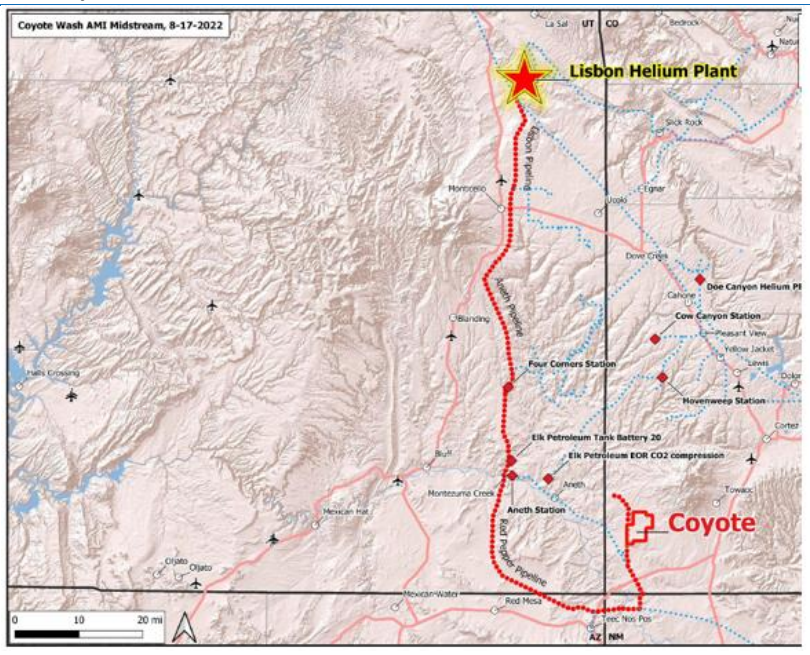
Ranking of projects in Mosman's US portfolio (January 2025)

Location	Project	WI	Operator	Status	Resource Type	Permit size	Prospective Potential
Colorado, USA	Sagebrush	83%	Y	Held by production	Oil production + helium	10,000 acres	High potential for helium and oil exploration; revenue from ongoing oil production
	Coyote Wash	100%	Y	New lease	Helium	4,320 acres	High potential for helium and oil exploration, based on offset wells in the basin
	Vecta	20%	N	Exploration	Helium	~51,000 acres	Good potential near old and new production
Texas, USA	Cinnabar	75%	Y	Held by production	Oil production	348 acres	Moderate potential through optimisation of oil production
	Arkoma	27%	N	Held by production	Oil and gas production	400 acres	Limited remaining oil potential

Source: Mosman Oil & Gas

As with other junior helium explorers with assets located outside of the USA, acquiring North American assets has enabled the Company to accelerate drilling activity that could potentially lead to near-term production and cash flow. The US also has the considerable commercial advantages of proven helium basins, lower drilling and operating costs, better availability of services, existing infrastructure and access to demand centres. With interests in acreage located in highly prospective sedimentary basins in both southeast and southwest Colorado, we think that Mosman is well placed with high potential for helium exploration.

Location of nearby Helium infrastructure in 'Four Corners' area



Source: Mosman Oil & Gas

VALUATION

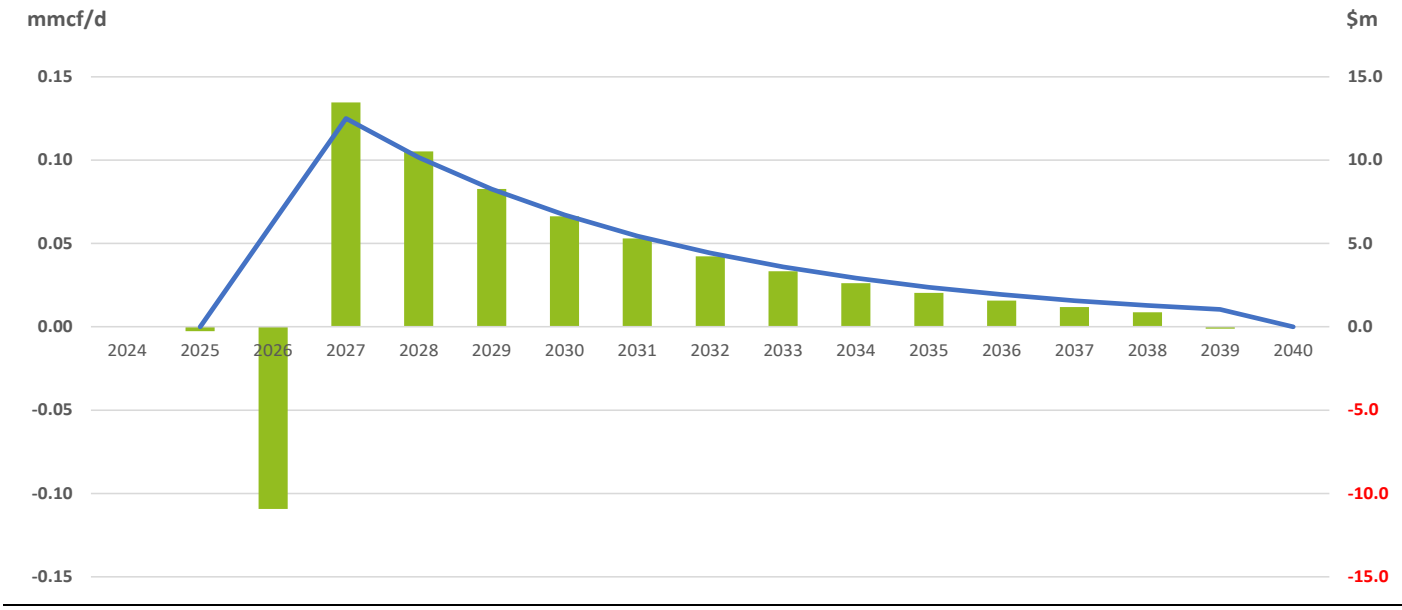
Helium development scenario

US helium reserves have been in significant decline over the last decade, which in combination with surging technology-driven demand has helped to drive up helium commodity prices well in excess of the reported USGS price and caused rationing in times of force majeure due to supply outages. Domestic helium explorers like Mosman engaged in exploration and resource development represent an opportunity for the wider sector to diversify the supply chain and therefore derisk it, providing optionality to bespoke end users involved in new technologies that require a steady supply of helium, such as semiconductor manufacturing and fibre optics.

We have reviewed the public information available from Mosman's peer universe of helium explorers and producers, as well as discussing at length with the Company's management on the standard development scenario that could be employed in the event of a commercial discovery on its acreage. Our scenario modelling assumes that a shallow well will deliver 0.5mmcf/d of raw gas containing 5% helium into a processing facility, which will be able to extract gas at a 98% helium concentration that is sold under a long-term flat price of $450/mcf.

We assume capex of $15m gross for a 50mmcf per annum helium gas processing plant, which can operate above a minimum raw gas throughput of 10mcf/d (3.6mmcf/y). Our scenario assumes five development wells costing $0.5m each to drill and tie-back will drain a 5bcf raw gas discovery, which will each come onstream at 0.5mmcf/d and display a decline curve based on a 10% annual decline rate. Operating costs consist of a $0.5m fixed cost for the facilities plus a processing cost of $50/mcf of 98% helium gas (total opex is equivalent to ~$4/mcf of raw gas).

Development scenario: 98% Helium content gas sales production (lhs) and revenues (rhs)



Source: SP Angel estimates

We estimate that a 5bcf gas discovery with a helium content of 5% would generate a project NPV10 of $25.8m.

In our financial modelling, we forecast an aggregate royalty of 20% on the sales revenue will be attributable to the State and landowners, with the Company's profits subject to a Colorado State tax rate of 4.4%. Based on upfront capex costs of $17.8m to first gas, we forecast a five well development on a 5bcf gas discovery with a helium content of 5% would generate a project NPV10 of $25.8m (unrisked), which implies a sales gas net present value (NPV10) of ~$100/mcf. We anticipate that the 98% Helium content sales gas would be trucked onwards to a helium liquefaction plant to upgrade the helium content to 99.999% purity (five-nines or 5.0 grade).

There are several moving parts in our standard scenario, with other high helium content fields showing significant variability in composition and development concept. Helix Exploration's Rudyard project is based on deeper $1.3m wells that are forecast to flow 2mmcf/d of raw gas at ~1% Helium content for five years before decline. In addition, Helix recently reduced upfront capex costs by acquiring a second-hand helium Pressure Swing Adsorption processing plant and equipment for $0.5m, a fraction of what the 48mmcf/yr capacity plant would cost new.

Valuation Methodology

In formulating our valuation assumptions, we have forecast constant benchmarks and apply these inputs into our DCF model. Our assumptions reflect a long-term helium price of $450/mcf (98% He content) and a $75/bbl Brent oil price ($3.5/bbl discount for WTI), as well as a US$1.30:£1.00 FX rate, discounted to 30 June 2025. We apply a standard 10% discount rate to Mosman's assets and incorporate the following assumptions into our financial model:

Metric	Assumption
Potential shares in issue (diluted millions)	20.7bn
LT exchange US$/£	US$1.30
LT Brent oil price	US$75/bbl
LT Helium gas price (98% He content)	US$450/mcf
NPV/boe Discount Rate	10%
Discount Effective Date	30/06/2025

Source: SP Angel estimates

We calculate a DCF-based valuation for Mosman's asset portfolio

We value Mosman using a similar approach to all of our Energy companies, with risk-adjusted net asset value of all of its key assets (Risked NAV) as the primary valuation metric. We typically do this by modelling a Discounted Cash Flow (DCF) of the key assets in detail, taking the Company's net effective interest and applying a risk factor. We think it is useful for investors to think of Mosman's asset base in terms of what can already be considered as commercial (e.g. producing oil reserves at Sagebrush) and what still has to be de-risked by further drilling (helium exploration portfolio). This gives us greater flexibility to 'upgrade' the individual risk factors and adjust each as appropriate on positive news flow and delivery of commercial milestones, and so better reflect the market's evolving view on the "worth" of the asset base.

Existing portfolio nominal valuation @ $75/bbl Brent & $450/mcf Helium (98% He content)

Asset	Region	Resource (bcfe)	Stage	Net WI	Net resource (bcfe)	NPV ($/mcfe)	Unrisked value (pps)	Risk factor	Net risked resources (bcfe)	Net risked value ($m)	Net risked value (£m)	Net risked value (pps)
Sagebrush oil production	USA	0.93	D	82.5%	0.77	1.3	0.004	100%	0.77	1.0	0.7	0.004
Production assets		**0.93**			**0.77**	1.3	**0.004**		**0.77**	**1.0**	**0.7**	**0.004**
Cinnabar	USA	0.57	D	75.0%	0.42	0.9	0.001	50%	0.21	0.2	0.1	0.001
Development assets		**0.57**			**0.42**	**0.9**	**0.001**		**0.21**	**0.2**	**0.1**	**0.001**
Cash @ FY25							0.006			1.7	1.3	0.006
G&A (2Yr)							-0.006			-1.7	-1.3	-0.006
2025 adj							0.003			0.8	0.6	0.003
Core NAV		**1.50**			**1.19**		**0.008**		**0.98**	**2.0**	**1.5**	**0.007**
Vecta well #1 (helium)	USA	0.10	E	20.0%	0.02	91.7	0.007	25%	0.01	0.5	0.4	0.002
Vecta wells x4 (helium)	USA	0.40	E	20.0%	0.08	91.7	0.027	15%	0.01	1.1	0.8	0.004
Sagebrush well #1 (helium)	USA	0.30	E	82.5%	0.25	101.7	0.094	20%	0.05	5.0	3.9	0.019
Sagebrush oil prospect	USA	0.60	E	82.5%	0.50	1.3	0.002	25%	0.12	0.2	0.1	0.001
Coyote Wash (helium)	USA	0.30	E	100.0%	0.30	101.7	0.114	20%	0.06	6.1	4.7	0.023
Sagebrush project (helium)	USA	2.20	E	82.5%	1.82	101.7	0.687	5%	0.09	9.2	7.1	0.034
Exploration NAV		**3.90**			**2.96**		**0.930**		**0.34**	**22.1**	**17.0**	**0.082**
Total Risked NAV		**5.40**					**0.939**		**1.32**	**24.1**	**18.5**	**0.090**

Source: SP Angel estimates

The above Risked NAV indicates Mosman's existing portfolio at current equity levels, with the Core NAV reflecting just the acquired oil production at Sagebrush and the legacy onshore Texas Cinnabar oil development project, which has had disappointing drilling results to-date.

There are no existing reserve or resource reports for the Sagebrush asset which, together with the Coyote Wash asset, have interpreted helium prospectivity supported by legacy seismic data and being located in a proven helium producing basin. The Total Risked NAV includes both a risk of discovery and development for the risk factor applied to the prospective resources.

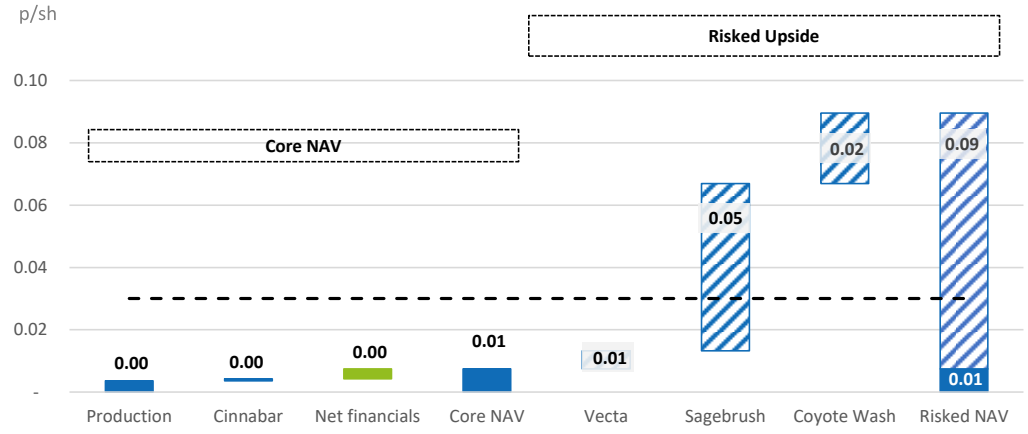
However, today's equity market capitalisation or market "worth" of the Company (based on a share price of 0.03p/sh) falls well short of and does not reflect our long-term risked valuation of all of the oil and gas projects and helium prospects in its portfolio, as represented by our Total Risked NAV of 0.09p/sh (implied £18.5m market valuation).

Recommendation and target price

Our 0.09p/sh target price is based on the estimated risked net asset value of the Company's US portfolio

We initiate coverage on Mosman as a Speculative Buy with an 0.09p/sh target price, which is based on the Risked NAV of the Company's US portfolio. In our view, Mosman offers investors attractive exposure to helium exploration and development in the US, which is expected to deliver several potential catalysts to the stock over the next 12 months. Investors can look forward to potential drilling by Mosman, or peers located adjacent to its acreage, to verify the scale of the helium resource base. The ongoing helium developments in the US by peers such as Helix, Helium One and Pulsar, are also expected to de-risk the minimum flow rates, helium grade and cost profiles required to pass the commerciality threshold for new projects.

Waterfall Chart for Mosman



Source: SP Angel estimates

Our target price provides 200% of 12-month potential upside for investors looking to speculate that Mosman will be able to de-risk its portfolio of helium prospects further through the planned exploration programme, potential well testing and the results of nearby peers. A rig has been contracted by the operator to drill five wells at the Vecta project commencing in 2Q25, with subsequent testing expected to give greater clarity on the initial flow rates, permeability, pressure communication and helium concentration in the target reservoirs. Analysis of the integrated results from the drilling campaign will also look to compare the test results to public information from the adjacent Red Rocks and Galactica development projects.

Mosman previously announced that Vecta, as the operator, had signed a drilling rig contract with Desert Eagle Drilling (DED) and that several matters needed to be resolved before drilling would start. The Company was advised that whilst DED personnel have been drilling helium production wells under Colorado State oil and gas regulations, different regulations govern water wells, and the current schedule of periodic tests suggests the qualification process cannot be completed until after mid-April. Mosman continues to seek more clarity on the drilling schedule from the operator in order to keep the market updated.

This is complemented by Mosman's much higher equity, operated interests at the Sagebrush and Coyote Wash projects located on Ute Mountain Ute tribal land in southwestern Colorado. The Company plans to spend $0.5m on reprocessing of the 2D swath data covering both project areas and selective areas of Coyote Wash 3D, as well as the acquisition of 6-8 sq miles of new 3D seismic in the most southern portion of the Sagebrush project. The permitting process for 3D acquisition and drilling will be fast-tracked beginning with the required environmental and historical preservation surveys, but the Company targets drilling a well later in 2025.

At both Sagebrush and Coyote Wash, we expect the Company to utilise the resultant updated seismic interpretation to de-risk drilling prospects across this acreage. Mosman then plans to potentially fund drilling of the deeper and more expensive $2.5-$3.5m exploration wells through the farm-out of part of its relatively high equity interest in return for a carry on well costs. Mosman expects the oil revenue from the producing wells at Sagebrush will help fund the ongoing exploration and development programme for both helium and hydrocarbon exploration, where the potential for exploration wells to test dual prospects of overlying oil and underlying helium targets also provides an additional element of risk mitigation on the wells.

Financials and SPA forecasts for Mosman Oil & Gas

In US$ (unless stated)		2020A	2021A	2022A	2023A	2024A	2025E	2026E	2027E	2028E
Avshare price (p)		**0.135**	**0.187**	**0.030**	**0.055**	**0.039**	**0.030**	**0.030**	**0.030**	**0.030**
Basic YE NOSH (m)		**1,086**	**3,768**	**5,220**	**6,954**	**12,821**	**19,537**	**19,537**	**19,537**	**19,537**
Av $/AUD		**0.67**	**0.75**	**0.73**	**0.67**	**0.66**	**0.65**	**0.65**	**0.65**	**0.65**
YE $/£		**1.28**	**1.35**	**1.29**	**1.24**	**1.25**	**1.30**	**1.30**	**1.30**	**1.30**
Market cap (£m)		**1**	**7**	**2**	**4**	**5**	**6**	**6**	**6**	**6**
Market cap ($m)		**2**	**9**	**2**	**5**	**6**	**8**	**8**	**8**	**8**
EV ($m)		**2**	**8**	**0**	**4**	**6**	**6**	**6**	**7**	**8**
Income Statement		**2020A**	**2021A**	**2022A**	**2023A**	**2024A**	**2025E**	**2026E**	**2027E**	**2028E**
Helium gas	$/mcf	250.0	250.0	350.0	450.0	450.0	450.0	450.0	450.0	450.0
WTI	$/bbl	47.0	51.9	87.7	81.0	79.6	72.2	71.5	71.5	71.5
HH natural gas	$/mcf	2.7	2.8	5.0	4.8	2.5	3.0	4.0	4.0	4.0
Revenue	$m	1.0	0.6	1.3	1.5	0.1	1.0	1.3	1.2	1.1
Opex	$m	-0.5	-0.4	-0.8	-1.1	-0.1	-0.6	-0.6	-0.6	-0.5
EBITDAX	$m	-0.5	-0.9	-0.4	-0.7	-0.9	-0.4	-0.3	-0.4	-0.6
Exploration W/O	$m	0.0	0.0	0.0	0.0	0.0	-0.1	0.0	0.0	0.0
EBITDA	$m	-3.3	-0.9	-1.6	-1.1	-0.9	-1.1	-0.3	-0.4	-0.6
DDA	$m	-0.1	-0.1	-0.2	-0.3	-0.1	-0.2	-0.2	-0.2	-0.1
EBIT	$m	-3.4	-1.1	-1.8	-1.4	-1.0	-1.3	-0.5	-0.6	-0.7
Exceptionals	$m	-2.8	0.0	-1.2	-0.4	0.0	-0.7	0.0	0.0	0.0
Net finance income	$m	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBT	$m	-3.2	-1.0	-1.8	-1.4	-1.0	-1.3	-0.5	-0.6	-0.7
Tax	$m	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income	$m	**-3.1**	**-0.9**	**-1.5**	**-1.3**	**-1.4**	**-1.4**	**-0.5**	**-0.6**	**-0.7**
EPS (basic)	Cents	-0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EPS (diluted)	Cents	-0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Balance Sheet		**2020A**	**2021A**	**2022A**	**2023A**	**2024A**	**2025E**	**2026E**	**2027E**	**2028E**
Cash	$m	0.2	1.7	1.7	0.4	0.6	1.7	1.2	0.5	-0.5
Debt	$m	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net debt/(cash) BV	$m	-0.1	-1.7	-1.7	-0.4	-0.6	-1.7	-1.2	-0.5	0.5
Total Assets	$m	2.0	5.8	6.2	5.8	6.2	6.6	6.2	5.6	4.8
Total Liabilities	$m	0.4	0.3	1.0	0.9	1.6	0.6	0.7	0.7	0.6
Net Assets	$m	1.7	5.5	5.3	4.9	4.6	5.9	5.4	4.9	4.1
Equity	$m	1.7	5.5	5.3	4.9	4.6	5.9	5.4	4.9	4.1
Cash Flow		**2020A**	**2021A**	**2022A**	**2023A**	**2024A**	**2025E**	**2026E**	**2027E**	**2028E**
Cash flow from Operations	$m	-0.3	-0.8	-0.4	-0.8	-0.3	-0.6	-0.2	-0.4	-0.6
Cash used in Investing	$m	-0.5	-2.2	-1.2	-1.7	-0.6	-0.5	-0.3	-0.3	-0.3
Cash used in Financing	$m	0.4	4.6	1.5	1.3	1.2	2.2	0.0	0.0	0.0
Change in cash	$m	-0.4	1.5	0.0	-1.2	0.2	1.1	-0.5	-0.8	-1.0
FCF	$m	-0.6	-2.4	-1.5	-2.4	-0.9	-2.1	-0.5	-0.7	-1.0
DACF	$m	-0.4	-1.0	-0.4	-0.9	-0.4	-0.7	-0.2	-0.4	-0.6
Production (WI)										
Oil production	kbo/d	0.06	0.06	0.10	0.04	0.04	0.04	0.05	0.04	0.04
Gas production	mmcf/d	0.00	0.00	0.00	0.04	0.01	0.02	0.05	0.04	0.03
Hydro production	kboe/d	0.06	0.06	0.10	0.05	0.04	0.04	0.05	0.05	0.04
Production growth	%	27%	-2%	67%	-51%	-24%	12%	25%	-5%	-13%
2P reserves	mboe	0.0	0.0	0.0	0.0					
Valuation										
Share price	(p)	0.14	0.19	0.03	0.06	0.04	0.03	0.03	0.03	0.03
Market cap	$m	1.9	9.5	2.0	4.7	6.2	7.6	7.6	7.6	7.6
EV	$m	1.8	7.8	0.3	4.4	5.7	5.9	6.4	7.1	8.1
P/E	(x)	-0.3	-3.7	-0.5	-1.6	-1.8	-2.2	-7.7	-6.6	-5.2
EV/DACF	(x)	-4.9	-7.6	-0.7	-5.0	-13.5	-8.8	-29.2	-16.9	-12.6
EV/2P	($/boe)	nm	nm	nm	nm	nm	nm	nm	nm	nm
EV/boe/d	$/bo/d	28	125	3.0	87.1	148.7	138.3	120.2	141.0	183.8
Div yield	(%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF yield	(%)	-34%	-25%	-75%	-51%	-15%	-27%	-7%	-10%	-13%
Net debt/EBITDA	(x)	0.0	1.8	1.1	0.3	0.7	1.5	4.1	1.2	-0.8
Net debt/Equity	(%)	-7%	-31%	-32%	-7%	-12%	-29%	-23%	-10%	12%
Net debt/EBITDAX	(x)	0.3	1.9	4.1	0.5	0.7	4.7	4.1	1.2	-0.8
EBITDAX/interest	(x)	3.9	14.2	-172.1	-209.2	-265.1	-32.7	-25.8	-53.6	-348.9
Interest cover	(x)	28.5	16.6	-731.9	-410.4	-309.5	-115.4	-40.8	-76.0	-437.2
ROACE	(%)	-2879%	-67%	-65%	-80%	-59%	-36%	-10%	-14%	-21%
EV/EBITDAX	(x)	-3.8	-8.5	-0.8	-6.0	-6.6	-16.0	-21.0	-17.8	-14.0

Source: SP Angel estimates

A DEEPER DIVE INTO HELIUM

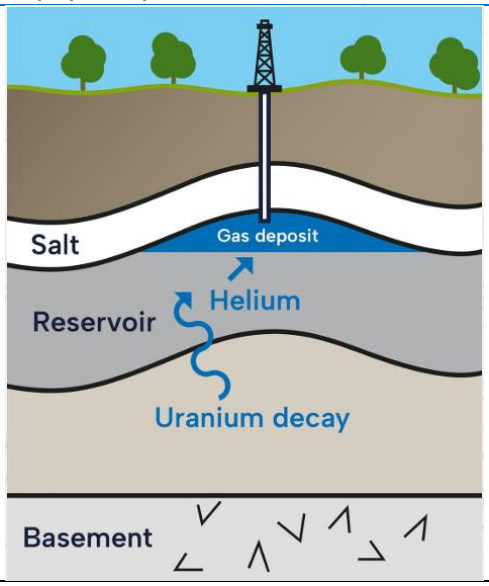
Why is Helium important?

Helium has the lowest melting and boiling points, which makes it useful in very low temperature cryogenics

Helium (He, atomic number 2) is the second most abundant element in the universe after hydrogen (H), and because it is the second lightest atom it is also difficult to capture. Helium is a colourless and odourless inert gas that has unique properties meaning it will not burn or react with other elements. Helium also has the lowest melting and boiling points, which makes it useful in a range of modern activities that make use of very low temperature cryogenics. Crucially, Helium currently trades in the US at over 100-times the cost of natural gas (methane).

Helium is predominantly created by the natural decay of heavy radioactive elements such as uranium and thorium, which can be found in the subsurface in basement igneous and metamorphic source rocks and cratons, as well as certain organic-rich black shales. The helium migrates out of the source rock during a degassing or hydrothermal event, which is often related to tectonic activity, such as rifting. The helium gas is buoyant so then freely migrates upward through the overlying faults, fractures and porous sedimentary rocks.

Simple schematic of helium play concept



Source: Georgina Energy (link)

Helium gas is typically discovered in association with larger concentrations of either Nitrogen (N), Methane (CH4) or Carbon Dioxide (CO2) gases. Because the helium atom is so small, the gas is typically only trapped by a very effective sealing rock layer such as a thick evaporite or shale. Trap destruction caused by exposure to surface erosion, sub-surface tectonic events or even a leaky seal will typically lead to the helium gas escaping from the geological trapping structure. However, with a seal in place, the helium gas can accumulate in situ to reach up to double-digit concentrations. Gas reserves can be classified based on their concentration levels, with those containing more than 0.1% He being regarded as 'helium-rich', though helium gas is generally only considered to be economically extractable above a concentration of 0.3%.

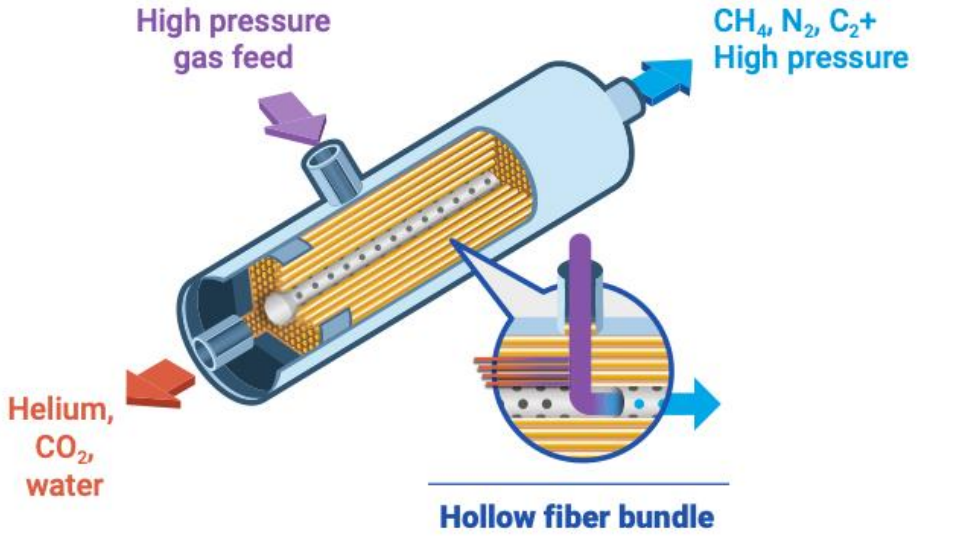
Helium is produced commercially via one of two routes: either extracting the helium gas from a larger flow of feed gas as a by-product to an already commercial gas stream, or where the gas is present in sufficiently high concentration to go into a helium-processing facility to purify it further. Therefore, one of the most important factors in a potential helium project's commercialisation is the composition of the feed gas, with the processing operations being designed to separate the helium from the other components in the feed gas stream.

Separation can be achieved by processing the raw gas stream through first membrane technology and then pressure swing adsorption (PSA) technology. The initial membrane system at a gas processing facility is able to remove the majority of the larger Nitrogen (N2) and Carbon-Dioxide (CO2) molecules from the feed gas, which are ~50% larger in diameter. The higher energy PSA system can then be employed to capitalise on the relatively small size and low boiling point of helium gas to further purify the feed gas into a higher helium content product.

Helium Processing – a two-stage system

Membranes systems are typically based on hollow fibre technology, which provides the most efficient means of selectively separating gases due to the high surface area available for gas permeation per unit volume. In a raw gas feed stream made up of methane, nitrogen, other impurities and helium, the raw gas is injected as a high-pressure stream and helium's very simple atomic structure allows it to selectively concentrate in the permeate stream, leaving behind a helium-depleted raw gas stream on the high pressure side. Over 95% of the N2 and CO2 in the feed gas stream can be removed by the membranes and sent to the vent stack, leaving a retained helium-rich gas stream composed of approximately 50% helium.

Schematic of membrane technology

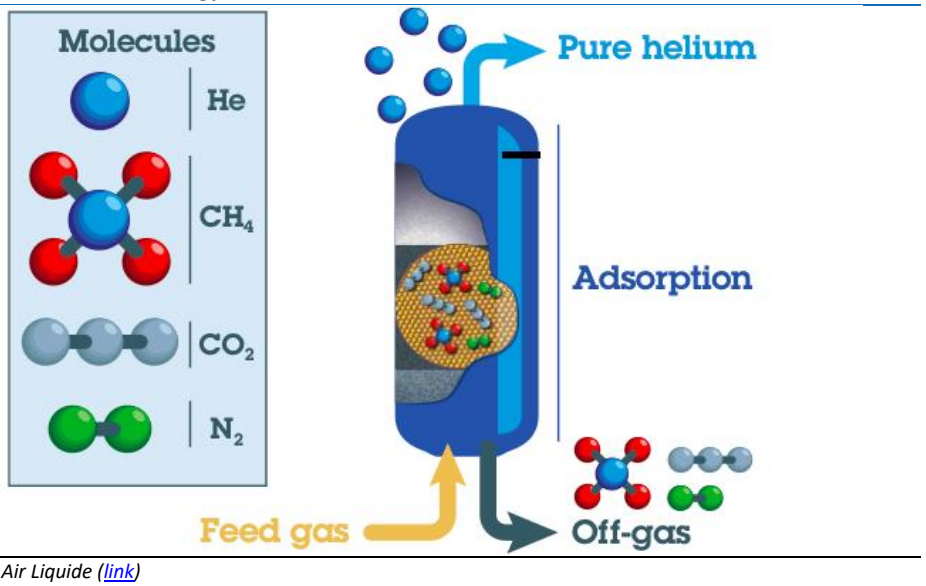


Source: Air Liquide (link)

The helium concentration can be enhanced by increasing the number of recycles through the system

After the membrane system, the substantially less voluminous helium rich stream enters the Pressure Swing Adsorption (PSA) system for further purification, which reduces the required capital costs at this stage as the level of gas throughput is much reduced. PSA technology is based on adsorbent layers, which are used to selectively adsorb most of the remaining non-helium impurities from the membranes. This process is called the production / adsorption phase. Multiple vessels filled with adsorbent are used while some vessels are in production, others are regenerating by fluctuating the pressure (hence the name "pressure swing"). The helium concentration of the final sales product can generally be enhanced by expanding the amount of adsorbent used or by increasing the number of recycles through the PSA system.

Schematic of PSA technology



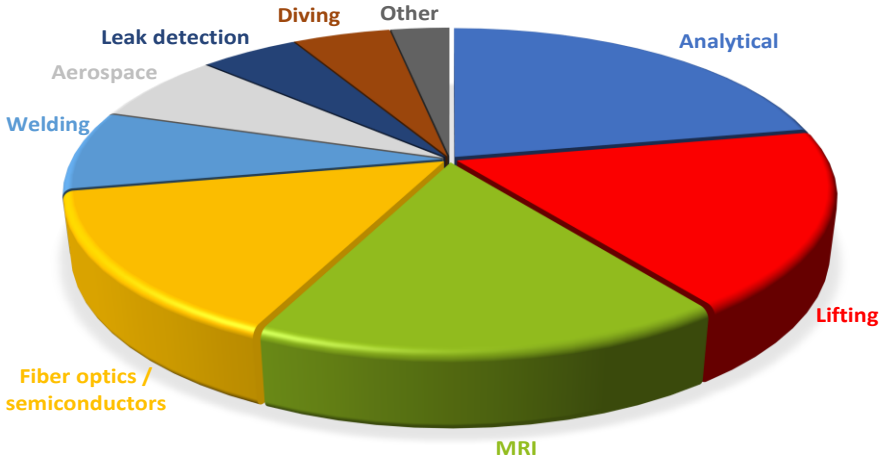
Source: Air Liquide (link)

Demand overview – new technologies fuel growth

While most people would associate helium use with just party balloons (lifting), the gas is a critical component in many fields and in some of these uses there are no adequate substitutes. NASA is believed to be the single largest helium buyer and is estimated to consume approximately 75mmcf of helium each year, primarily in purging and pressurising space rockets. However, the demand for helium is expected to rise largely from the growth of the semiconductor market, where the gas is used in the manufacture of computer chips.

The current number one use of helium globally is in the magnetic resonance imaging (MRI) machines used in medical facilities, which utilise a magnetic field that is produced by a superconducting magnet. These magnets generate an enormous amount of heat that require liquid helium as a cooling agent for regulating the temperature when in operation. Helium's low reactivity also makes it suitable for use in manufacturing and metallurgical processes, leak detection, growing crystals in chemical vapours and manufacturing optical fibres.

Estimated 2024 US consumption of helium by industry

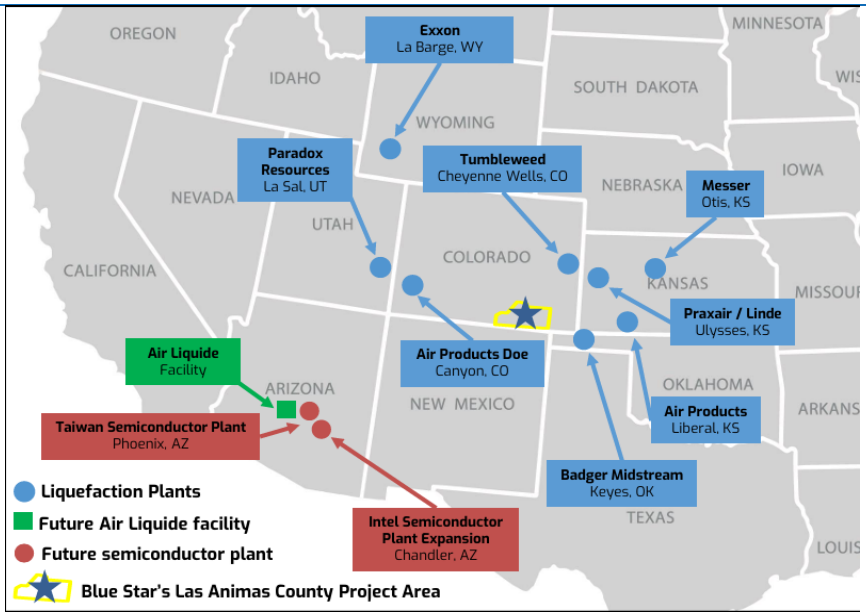


Source: USGS (link)

Arizona is expected to be a key growth centre for helium demand this decade fuelled by growth in AI

In the US, there is infrastructure and processing capacity available to junior producers that can concentrate the helium content to Grade-A or 99.995% purity, as well as cryogenically cool it into liquid form for shipment to buyers. Since 2020, the CHIPS and Science Act incentives have attracted over $100bn of planned semiconductor investment to Arizona, which is expected to be a key growth centre for helium demand this decade fuelled by growth in AI.

US distribution of Helium infrastructure and demand centres



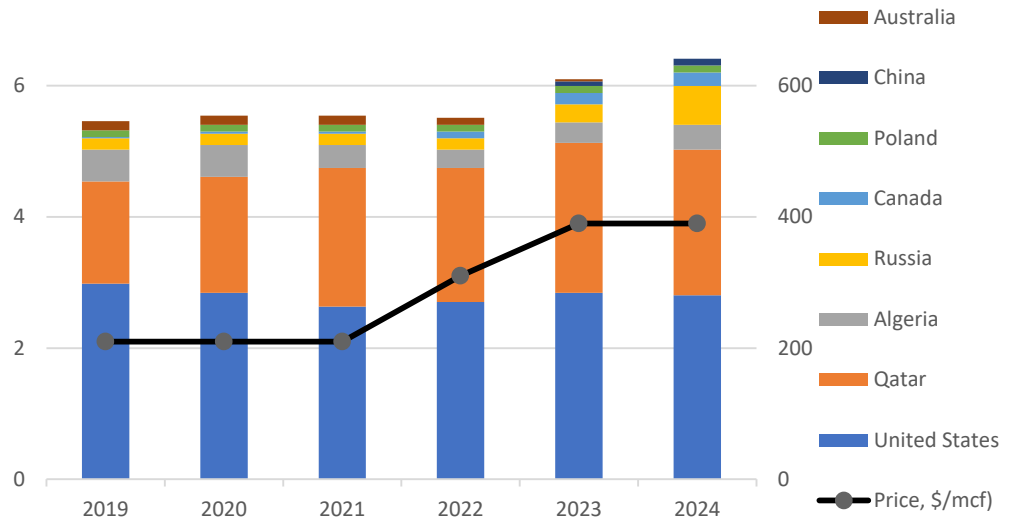
Source: Blue Star Helium (link)

Supply dynamics – global shortages promote diversification

Historically, the global helium market was relatively well supplied with the US acting as the dominant supplier due to the existence of the Federal Helium Reserve in Texas. Helium gas was predominantly extracted as a by-product of processing natural gas (methane) by oil and gas companies, which came from just a handful of fields including Ras Laffan's LNG facilities in Qatar and ExxonMobil's La Barge field in Wyoming. However, with demand on the up the impact of resource depletion (Australia), unplanned outages (Algeria) and/or sanctions (Russia) can have a significant effect on market dynamics due to the relatively limited number of global suppliers.

Four major global shortages have disrupted the helium sector in the last 20 years, including the most recent outages caused by a fire at Russia's Amur gas processing plant in 2021 that remained restricted due to EU and US sanctions after the invasion of Ukraine. At the same time, Algerian natural gas was diverted in mid-2022 into Europe-bound export pipelines to replace Russian volumes, which deprived the Arzew LNG terminal of part of the feedstock that helium is recovered from. Maintenance and outages in Qatar and the US added to the supply reduction.

Historic helium supply (bcf/yr, lhs) and USGS pricing ($/mcf, rhs)



Source: USGS

The USGS estimated the average Grade-A helium price almost doubled to $390/mcf during this period, colloquially known as Helium Shortage 4.0, but conceded that some producers were posting a surcharge to this price. A review of Mosman's peers and industry media indicates that certain helium cargos were being sold at spot prices above $1,000/mcf during this period. In addition, four of the world's five major helium suppliers (Air Liquide, Linde, Matheson and Messer) declared force majeure and implemented rationing for their contract customers.

The current helium market is well supplied due to the phased expansion of Gazprom's Amur gas processing facilities, which has commissioned the first of three planned 0.7bcf/yr helium plants and is located just over the Russia-China border. QatarEnergy also expects to commence operations by 2027 on the Helium 4 plant, as part of its North Field expansion project, with plans for a subsequent Helium 5 plant and each facility expected to add ~0.7bcf/yr of capacity. These two expansions will likely satisfy the bulk of future global helium demand growth.

Helium explorers like Mosman represent an opportunity for the sector to diversify the supply chain and therefore derisk it

Junior helium operators based in North America would likely find it difficult to compete on a cost-basis versus these international competitors, since the latter's helium output is merely a by-product of their LNG and export businesses. However, with over 75% of global helium supply being potentially derived from just three facilities, helium explorers like Mosman represent an opportunity for the wider sector to diversify the supply chain and therefore derisk it. We note that the prior price shock in 2017 was due to Saudi Arabia's three-year blockade of Qatar.

Operators with helium reservoirs dominated by CO2 may also be able take advantage of CO2 tax credits and sales to the beverage industry, while others plan to also target drilling locations that will test shallower hydrocarbon targets on the way down to the deeper helium reservoirs.

APPENDICES

Appendix 1: Directors and senior management

Andy Carroll, Chief Executive Officer and Executive Director

Andy is a mechanical engineer by background, who has spent his career in the oil industry, initially with BP. He is also founder and Managing Director of Australasian Energy Pty Ltd and Chairman of ASX listed High Peak Royalties Ltd.

Andy has extensive Board and management experience in the energy sector in the UK, Canada PNG and Australia, with particular expertise taking companies from permit applications and initial exploration operations, through to development, production and marketing.

Carl Dumbrell, Chairman & Non-executive Director

Carl has a Bachelor of Commerce and Master of Taxation Law degrees, a Chartered Accountant in both Australia and in England & Wales, as well as a Chartered Tax Advisor, Registered Company Auditor, Registered Self-Managed Superannuation Fund Auditor, and Member of the Australian Institute of Company Directors.

He was a partner in a Sydney accounting firm with 20 years' experience in taxation and assurance services in Australia and England, and has ongoing involvement in the raising of finance and the divestment of assets for listed companies. Carl is a Director and Company Secretary of Emperor Energy (EMP AU), and Chairman of the Kennedy Foundation.

Nigel Harvey, Non-executive Director

Nigel began his career as a business and finance journalist in London and the Middle East, before becoming an investment banker in Sydney for several decades primarily covering the Asia and Pacific regions for energy derivatives. He held roles with large banks including JP Morgan, Barclays and Macquarie.

Nigel is an experienced Director, currently also on the board of Emperor Energy (EMP AU), and he also Chairs a not for profit and holds a wholesale Australian Financial Services Licence. Nigel has a markets consulting practice predominantly on AFSL compliance.

Howard McLaughlin, US Operations

Howard is an experienced oil and gas operator and was formally a senior BHP executive involved in projects in a diverse range of countries and operations.

The exploration team has the capability and reach to provide a full range of exploration geoscience expertise and is fully integrated into the management team at Mosman Oil & Gas, where he provides asset management and new ventures high-grading capabilities.

Jarrod White, Chief Financial Officer and Company Secretary

Jarrod is a Chartered Accountant and Director of Traverse Accountants Pty Ltd, a Corporate Advisory and Chartered Accounting Firm.

In conjunction with his advisory roles at Traverse, he has been appointed Company Secretary and Chief Financial Officer of several other listed entities that operate on the Australian Stock Exchange and has a strong knowledge of corporate governance and compliance.

Julie Daws, Exploration Consultant

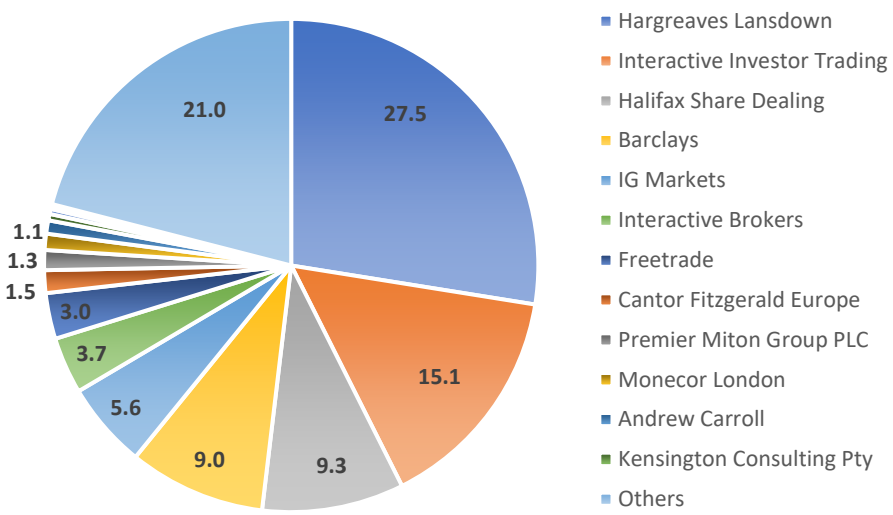
Julie has over 30 years of experience in the oil and gas industry, including acting in senior positions in exploration projects for independent oil and gas companies.

Appendix 2: Mosman Oil & Gas major shareholders

Mosman Oil & Gas was first admitted to trading on AIM (London Stock Exchange) in 2014, with an initial strategy to build a sustainable mid-tier oil and gas business, both organically and by acquisition. The Company originally focused on assets in Australia and New Zealand, before expanding its operations into the US. Following a corporate review and refreshed executive, Mosman has acted in the last 18M 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 the US.

In 2H24, Mosman completed an equity placing of £1.5m to fund the expansion of the Company's helium portfolio in the USA.

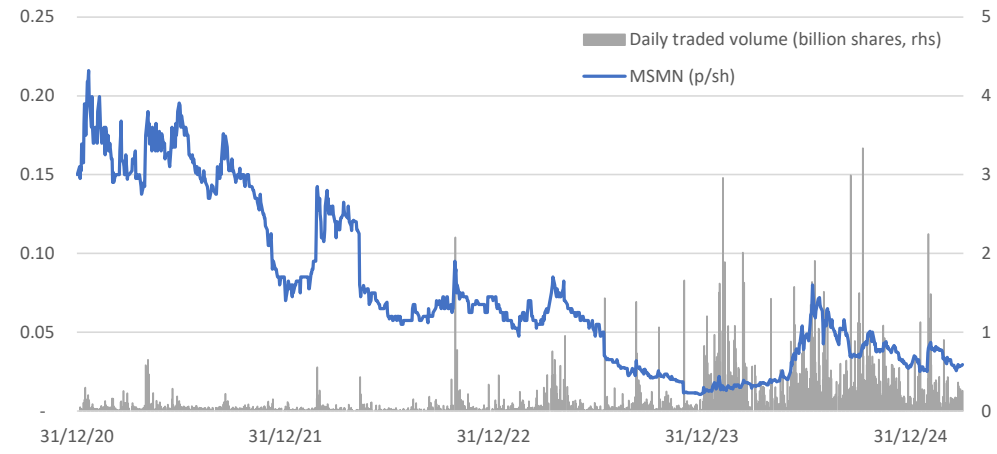
Top shareholders



Source: Bloomberg, Company

The majority of the issued ordinary shares of the Company are held by the public and therefore trading in Mosman shares exhibit a strong liquidity and turnover position.

Historic stock price and trading volumes

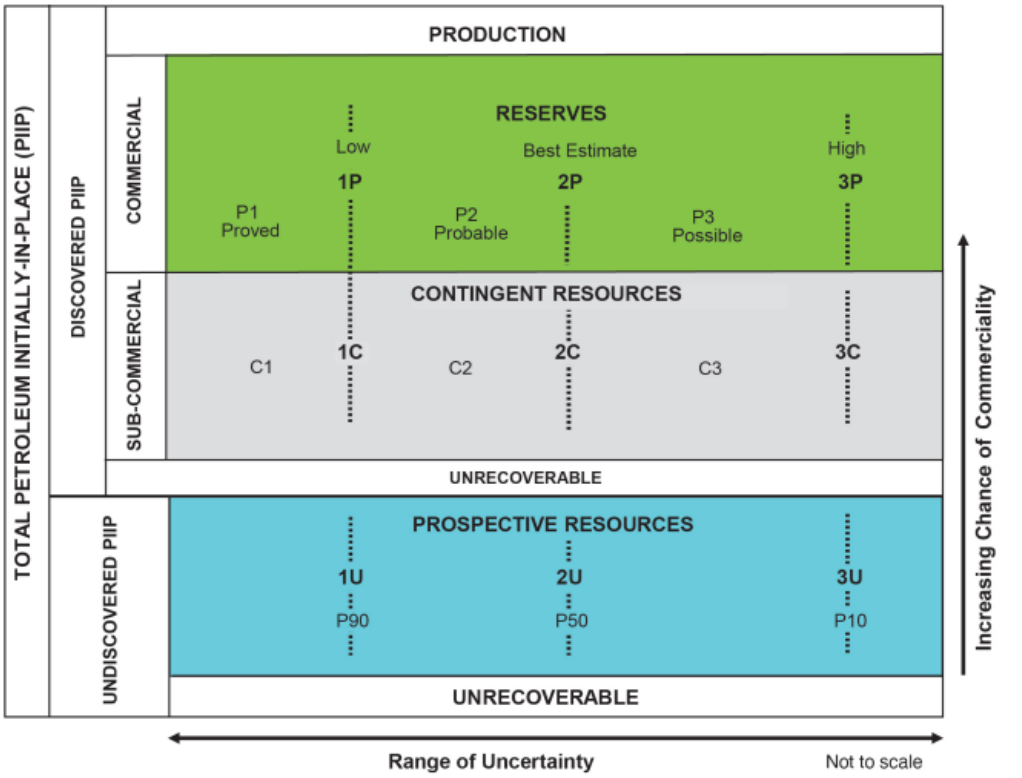


Source: Bloomberg

Appendix 3: SPE Petroleum Resources Management System (PRMS)

We think that helium gas reserves and resources can be evaluated under a similar classification system to the PRMS, simply by thinking in terms of helium rather than petroleum gas. The figure below graphically represents the PRMS resources classification system for oil and gas. The system classifies resources into discovered and undiscovered and defines the recoverable resources classes: Production, Reserves, Contingent Resources, and Prospective Resources, as well as Unrecoverable Resources. The horizontal axis reflects the range of uncertainty of estimated quantities potentially recoverable from an accumulation by a project, while the vertical axis represents the chance of commerciality (Pc), which is the chance that a project will be committed for development and reach commercial producing status.

Resources classification framework (SPE-PRMS)



Source: SPE

The following definitions apply to the major subdivisions within the resource's classification:

- **Total Petroleum Initially-In-Place (PIIP)** is all quantities of petroleum that are estimated to exist originally in naturally occurring accumulations, discovered and undiscovered, before production.
- **Discovered PIIP** is the quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations before production.
- **Production** is the cumulative quantities of petroleum that have been recovered at a given date.

When the range of uncertainty is represented by a probability distribution, a low, best, and high estimate shall be provided such that:

- There should be at least a 90% probability (**P90**) that the quantities actually recovered will equal or exceed the low estimate.
- There should be at least a 50% probability (**P50**) that the quantities actually recovered will equal or exceed the best estimate.
- There should be at least a 10 probability (**P10**) that the quantities actually recovered will equal or exceed the high estimate.

Multiple development projects may be applied to each known or unknown accumulation, and each project will be forecast to recover an estimated portion of the initially-in-place quantities. The projects shall be subdivided into commercial, sub-commercial, and undiscovered, with the estimated recoverable quantities being classified as reserves, contingent resources, or prospective resources respectively, as defined below.

Reserves are those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions. Reserves must satisfy four criteria: discovered, recoverable, commercial, and remaining (as of the evaluation's effective date) based on the development project(s) applied. Reserves are recommended as sales quantities as metered at the reference point. Where the entity also recognizes quantities consumed in operations (CiO), as Reserves these quantities must be recorded separately. Non-hydrocarbon quantities are recognized as Reserves only when sold together with hydrocarbons or CiO associated with petroleum production. If the non-hydrocarbon is separated before sales, it is excluded from reserves. Reserves are further categorized in accordance with the range of uncertainty and should be sub classified based on project maturity and/or characterized by development / production status.

Contingent Resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations, by the application of development project(s) not currently considered to be commercial owing to one or more contingencies. Contingent Resources have an associated chance of development. Contingent Resources may include, for example, projects for which there are currently no viable markets, or where commercial recovery is dependent on technology under development, or where evaluation of the accumulation is insufficient to clearly assess commerciality. Contingent Resources are further categorized in accordance with the range of uncertainty associated with the estimates and should be sub-classified based on project maturity and/or economic status.

Undiscovered PIIP is that quantity of petroleum estimated, as of a given date, to be contained within accumulations yet to be discovered.

Prospective Resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective Resources have both an associated chance of geologic discovery and a chance of development. Prospective Resources are further categorized in accordance with the range of uncertainty associated with recoverable estimates, assuming discovery and development, and may be sub-classified based on project maturity.

Unrecoverable Resources are that portion of either discovered or undiscovered PIIP evaluated, as of a given date, to be unrecoverable by the currently defined project(s). A portion of these quantities may become recoverable in the future as commercial circumstances change, technology is developed, or additional data are acquired. The remaining portion may never be recovered because of physical/chemical constraints represented by subsurface interaction of fluids and reservoir rocks.

The sum of reserves, contingent resources, and prospective resources may be referred to as "**remaining recoverable resources**." Importantly, these quantities should not be aggregated without due consideration of the technical and commercial risk involved with their classification. When such terms are used, each classification component of the summation must be provided. Other terms used in resource assessments include the following:

Estimated Ultimate Recovery (EUR) is not a resources category or class, but a term that can be applied to an accumulation or group of accumulations (discovered or undiscovered) to define those quantities of petroleum estimated, as of a given date, to be potentially recoverable plus those quantities already produced from the accumulation or group of accumulations. For clarity, EUR must reference the associated technical and commercial conditions for the resources; for example, proved EUR is Proved Reserves plus prior production.

Technically Recoverable Resources (TRR) are those quantities of petroleum producible using currently available technology and industry practices, regardless of commercial considerations. TRR may be used for specific projects or for groups of projects, or can be an undifferentiated estimate within an area (often basin-wide) of recovery potential.

Appendix 4: Key risks

Exploration and production risks

There is no assurance that Mosman' exploration and appraisal activities will be successful or, if they are successful, that commercial quantities of helium, oil and/or gas can be recovered from the Company's licensed areas. No assurance can be given that, if commercial reserves are discovered, the Company will be able to realise such reserves as intended. Negative results from exploration or drilling programmes may result in downgrading their prospectivity. An area may therefore be considered not to merit further investment and licences could be surrendered (subject to the approval of the licensing authority) prior to the drilling of any exploratory wells.

Regulatory changes

The Company's strategy has been formulated in the light of the current regulatory environment and likely future changes. The regulatory environment may change in the future and such changes may have a material adverse effect on Mosman.

Licences and contractual risks

Mosman' activities are dependent upon the grant and maintenance of appropriate licence concessions, leases, permits and regulatory consents which may not be granted or may be withdrawn or made subject to limitations. Unforeseen circumstances or circumstances beyond the control of the Company may lead to commitments given to licensing authorities not being discharged on time. Although the Company believes that the authorisations will be renewed following expiry or grant (as the case may be), there can be no assurance that such authorisations will be renewed or granted or as to the terms of such grants or renewals.

Operational and environmental risks

Drilling, appraisal, exploration, construction, development and production activities may involve significant risks and operational hazards and environmental, technical and logistical difficulties. These include, inter alia, the possibility of uncontrolled hydrocarbon emissions, fires, earthquake activity, extreme weather conditions, coastal erosion, explosions, blowouts, cratering, over-pressurised formations, unusual or unexpected geological conditions, unpredictable drilling-related problems, equipment failure, labour disputes and the absence of economically viable reserves. These hazards may result in delays or interruption to production, cost overruns, substantial losses and/or exposure to substantial environmental and other liabilities. Existing and possible future environmental legislation, regulations and actions could cause additional expense, capital expenditures, restrictions and delays in the activities of the Company, the extent of which cannot be predicted. No assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner, which could limit or curtail production or development.

Non-achievement of anticipated timetables

Drilling rigs or other equipment may not be available at the time envisaged (due to, for example, delays in making appropriate modifications, adverse weather conditions, insolvency of the owners or total loss) or may fail to perform in accordance with the Board's expectations in regard to the timetable. There is no guarantee that replacement equipment will be available on reasonable commercial terms or at all. Failure to meet the expected timetables may result in the Company being unable to generate cash from those assets. This would have a material adverse effect on the Company's business, prospects, financial condition and operations. The Company's anticipated timetables for all of its current and expected operations are Board estimates based on a number of variables not all of which are under the Company's direct control. The Company is dependent upon the operators of its assets to act in accordance with agreed plans in respect of each of the assets but the Company has no control over such persons save under contractual terms which may be costly and time consuming to enforce. If the timetable estimates prove to be wrong or the operators or any of them do not take the actions in relation to maintaining or developing the assets then it may lead to delays or further problems which may have a material adverse effect on the Company's business, prospects, financial condition and operations.

Early-stage helium exploration with no proven reserves

Certain of the operations in which Mosman has an interest are at an early stage of development and future success will depend on the Company's ability to successfully manage the current projects and to take advantage of further opportunities which may arise. There can be no guarantee that the Company can or will be able to, or that it will be commercially advantageous for the Company to, develop any acreage subject to any tenement, permits or licences in which the Company has or may acquire an interest.

Reserve and resource estimates

Any future reserve and/or resource figures for projects in which the Company may invest, or may acquire, will be estimates and there can be no assurance that the helium and hydrocarbons are present, will be recovered or that they can be brought into profitable production. Reserves and resources estimates may require revisions based on actual production experience. Furthermore, a decline in the market price for helium, or other gases found in association with it, that may be discovered could render reserves containing relatively low volumes of helium uneconomic to recover and may ultimately result in a restatement of reserves.

Environmental regulation

Environmental and safety legislation in jurisdictions in which the Company operates may change in a manner that may require stricter or additional standards than those now in effect, a heightened degree of responsibility for companies and their directors and employees, and more stringent enforcement of existing laws and regulations. There may also be unforeseen environmental liabilities resulting from helium, oil and gas activities, which may be costly to remedy. In particular, the acceptable level of pollution and the potential clean-up costs and obligations and liability for toxic or hazardous substances for which the Company may become liable as a result of its activities, may be impossible to assess against the current legal framework and current enforcement practices of the various jurisdictions in which the Company operates, or in which it may operate in the future.

Market risk

In the event of successful exploration and development of helium gas reserves, the marketing of the Company's prospective production of helium and other industrial gases from such reserves will be dependent on market fluctuations and the availability of processing and liquefaction facilities and transportation infrastructure, including access to ports, shipping facilities, pipelines and pipeline capacity at economic tariff rates, over which the Company may have limited or no control. Pipelines may be inadequately maintained and subject to capacity constraints and economic tariff rates may be increased with little or no notice and without taking into account producer concerns.

Increase in drilling and production costs, and availability of drilling equipment

The resource industry historically has experienced periods of rapid cost increases in the US. Increases in the cost of exploration, production and development would affect the Company's ability to invest in prospects and to purchase or hire equipment, supplies and services. In addition, the availability of drilling rigs and other equipment and services is affected by the level and location of drilling activity around the world.

Volatility of commodity prices

The demand for, and price of, helium gas and petroleum products is highly dependent on a variety of factors, including international supply and demand, weather conditions, the price and availability of alternative industrial gases, actions taken by governments and large stakeholders, and global economic and political developments. International helium gas prices have fluctuated widely in recent years and may continue to fluctuate significantly in the future.

Funding

Mosman does not currently generate sufficient cash flows from its operations to pay for all of its ongoing costs and remains reliant on the cash on its balance sheet, equity raisings and debt funding, as well as asset sales or farmouts, to fund its long-term commitments.

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***SP Angel acts as Nominated Advisor and Corporate Broker to Mosman Oil & Gas Limited**

SP Angel Contact List

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

SPANGEL

3rd Floor
Prince Frederick House
35-39 Maddox Street
London, W1S 2PP
United Kingdom

Tel: +44 20 3463 2260
Fax: +44 20 7629 1341
Web: **www.spangel.co.uk**