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Mosman Oil and Gas Limited
29 November 2023

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

Operations Update and Placing

Mosman Oil and Gas Limited (AIM: MSMN) the hydrocarbon, helium and hydrogen exploration, development, and production company, provides a project update on its US and Australian projects and confirms it has today raised £250,000 (before expenses) by way of a placing of 2,000,000,000 ordinary shares (the "Placing").

Review of Business Plan and Funding

The new Board has considered the business strategy and sees the way forward as adding value by continuing to selectively develop producing oil assets in the US, then monetising them, and maximising the helium, hydrogen and hydrocarbon opportunity at the exploration permits in Australia.

In Australia, the recent farmin agreement on EP145 with Greenvale Gold Pty Ltd ("Greenvale"), which remains subject to completion, provides a reference see through valuation of the EP 145 asset; based on the farmin expenditure of at least circa AUD7.5 million to earn a 75% interest in the lease indicates the Company's remaining 25% has significant value.

In the USA, the Cinnabar leases are held by production, have Reserves and significant value that can be realised with further technical work and investment. The Board considers that given the upside potential at Cinnabar, this should be the focus area in 2024.

At Stanley, jet pumps have demonstrated that higher flow rates are possible. The surface equipment has been modified and is now expected to be more reliable. Whilst it is too early to provide meaningful production data, the modified system should result in higher production with a target of 100 boepd (gross) .The two obvious ways to commercialise this asset are through ongoing cashflow, or through a future sale of this asset once production has been optimised. The Board believes there is currently strong local demand for oil production assets and based on general industry valuations of Texas assets based on boepd, the market value of Stanley (and associated leases) is potentially significant in the context of the current market

capitalisation of the Company. If a decision were taken on a future sale of Stanley, it has the potential to provide capital for re-investment in other growth projects, for example at Cinnabar.

Cost control remains a focus of the Board, and Australian overhead costs have been reduced by approximately 40% including the reduction from two Executive Directors to one.

Certain one-off costs in relation to the business re-structuring, as well as some unexpected costs at Stanley, have depleted cash reserves. While the EP 145 farmin agreement includes a cash payment of AUD160,000 upon Completion, this is subject to government approval, hence the timing is not within our control. In the meantime, there are value adding opportunities that have significant short-term upside, including workovers to increase production at Stanley and installing artificial lift at Cinnabar. The Board therefore resolved that this placing of shares was appropriate in order to take advantage of these opportunities.

Details of the Placing

The Company has raised £250,000 (before expenses) by way of a placing of 2,000,000,000 new ordinary shares of no-par value in the capital of the Company ("Placing Shares") through CMC Markets UK Plc, at a placing price of 0.0125p per share (the "Placing Price").

The net proceeds received from the Placing will be used for:

- Workover(s) at Stanley to optimise production and cash flow;
- Technical work and installation of artificial lift to optimise production at Cinnabar to increase understanding of the reservoir and production issues;
- EP145 operating costs until farmin Completion; and
- Working capital requirements.

Directors intention to participate

In addition to the Placing, two Directors have indicated their intent to subscribe for up to a further AUD30,000 (the "Director Subscription") on the same terms and conditions as the Placing to demonstrate their ongoing commitment to the Company. The proposed Director Subscription will be subject to disclosure as a Related Party Transaction in accordance with the AIM Rules for Companies and the requirements of the Australian Corporations Act which includes shareholder approval. A further announcement is expected to be made shortly.

Warrants

1,000,000,000 warrants have been granted by the Company on the basis of 1 warrant for every 2 Placing Shares, with an exercise price of 0.025p and two-year expiry, issued to the Placees.

Additionally, 120,000,000 broker warrants have been granted to CMC Markets UK Plc, exercisable at the Placing Price and with a two-year expiry.

Admission to AIM and Total Voting Rights

The Placing is conditional on, inter alia, the Placing Shares being admitted to trading on AIM. 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 on AIM and dealings are expected to commence at 8:00 a.m. on or about 5 December 2023.

Following the issue of the Placing Shares, the Company's share and total voting rights will comprise 9,811,047,141 Ordinary Shares of no par value and the Company does not hold any shares in treasury.

Consequently, the above figure 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 Company's Constitution

Andy Carroll, CEO of Mosman commented: "The business plan for the US is to focus management time on the significant upside at Cinnabar, and monetise producing assets by cash flow or sale. In Australia, we look forward to the completion of the Greenvalue farm in at EP145 which will put us in the position of funding for both permit/permit application being managed by farmin agreement."

US projects

Stanley (34.85% to 38.5% WI)

Positive progress has been made at Stanley to resolve the production challenges and the jet pump surface facility has been changed to use natural gas engines rather than diesel or natural gas fired electrical power generation and electric pumps. This change will result in lower operating costs due to reduced rental costs and no fuel costs since the wells produce sufficient associated gas to run the natural gas engines. Importantly, system downtime is expected to improve as the natural gas engines are direct drive to the pumps, eliminating the intermediate electrical power generation that had frequent shut-downs for various reasons, resulting in lower production.

There were two operations that took management time and incurred one-off costs. The water injection well failed a pressure test and required a workover to meet regulatory requirements. This had an adverse effect on production as this well is the primary means of water disposal, and hence the higher water producing wells were shut in. There was also a regulatory requirement to abandon one of the shut-in wells.

Now that the water injection well is back in service and the modified jet pump equipment is less susceptible to downtime, it is expected that target production of 100 boepd (gross) will be achieved in December.

Cinnabar (75% WI)

As previously announced, all three wells produce oil and gas but do not maintain continuous flow; once shut-in, pressure builds and then the wells will flow again. As is common in the USA, it seems that artificial lift is required. The most appropriate method for this situation is a modest investment in a traditional pump-jack. The cost of acquisition and installation is circa USD 50-70,000 per well. The economics are

compelling with short term payout of the investment. Importantly, this will provide more information on the reservoir and help to plan future development and production of the considerable Reserves.

Australian projects

EP 145

The farmin agreement with Greenvale Gold Pty Ltd ("Greenvale") signed in October 2023 will, subject to completion, deliver a strong Joint Venture partner to work with in Australia which will fund exploration and is validation of the helium, hydrogen and hydrocarbon potential of EP 145. The farmin will become effective from Completion at which point Greenvale will pay AUD160,000 and ongoing operating costs.

Documentation has been submitted and Northern Territory government approval is anticipated in the near future. The seismic acquisition programme is planned for the first half of 2024, with results due and a well location announced before end of Permit Year 3 in August 2024, followed by drilling in the following Permit Year.

Market Abuse Regulation (MAR) Disclosure

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 ('MAR') which has been incorporated into UK law by the European Union (Withdrawal) Act 2018. Upon the publication of this announcement via Regulatory Information Service ('RIS'), this information is now considered to be in the public domain.

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Updates on the Company's activities are regularly posted on its website:

www.mosmanoilandgas.com

Notes to editors

Mosman (AIM: MSMN) is an oil exploration, development, and production company with projects in the US and Australia. Mosman's strategic objectives remain consistent: to identify opportunities which will provide operating cash flow and have development upside, in conjunction with progressing exploration of existing exploration permits. The Company has several projects in the US, in addition to exploration projects in the Amadeus Basin in Central Australia.

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Company Announcement - General

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