18 July 2018

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

Particpation in the Stanley Development Drilling Project, Onshore Texas, USA

Mosman Oil and Gas Limited (AIM: MSMN) the oil exploration, development and production company, is pleased to announce participation in the Stanley Development Drilling Project, located onshore Texas, USA.

Mosman has agreed a new Strategic Alliance with a privately owned, Texas based oil and gas company (Baja Oil & Gas, LLC, or "Baja") for the exploitation and development of oil and gas reserves located onshore Texas, USA. Baja owns a substantial existing inventory of oil and gas development projects and is continuing to add projects to the inventory. Under the umbrella of the Strategic Alliance, Mosman will participate in the evaluation of future projects and will have the ability to invest in the development of existing projects. The first project agreed upon is to drill the Stanley well located in the Livingston Oilfield, Polk County, Texas. The well is scheduled to begin drilling during July and August 2018 with the primary objective of producing oil from the Eocene aged Wilcox sands found productive in the area.

The Stanley Development Project is supported by Baja's interpretation of 3D seismic data, integrated with substantial sub-surface well control, and legacy production information.

Mosman has acquired a 16.5% Working Interest by agreeing to pay 22% of the cost of the well, and some prior costs. Baja and other parties have committed to paying the remainder of the costs of the well.

The cost to Mosman of drilling the Stanley well is based on a fix cost drill contract and will be approximately $95,000 and if commercially successful, an additional $40,000 will be required for the completion and installation of production facilities.

Drilling is scheduled to commence later in July with results available in August. If successful, the Operator forecasts initial flow rates of approximately 150 bopd (gross).

John W Barr, Chairman, said: *"While the near term focus for Mosman remains its existing US production projects and Australian exploration portfolio, the opportunity with Baja could not be ignored given the low entry cost and potential production numbers. Baja management are a very experienced team, including time at BHP Petroleum when Mosman's US based operations manager Mr. Howard Mclaughlin was Head of Global Exploration."*

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.

Market Abuse Regulation (MAR) Disclosure
Certain information contained in this announcement would have been deemed inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 until the release of this announcement.

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Updates on the Company's activities are regularly posted on its website
www.mosmanoilandgas.com