

24 June 2020

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

Corporate and Operations Update

Mosman Oil and Gas Limited (AIM: MSMN) the oil exploration, development and production company, provides an update to current and planned operations.

Global Events and Corporate Review

As previously stated, Mosman's business is not immune to the recent exceptional external events including Covid-19 and the fluctuating oil price. Production, however, continues with a current emphasis on margins and cashflow, rather than maximising volumes at this point in time.

Growth opportunities including Stanley and Greater Stanley in Texas have been prioritised and all activities are being operated on the basis of minimising both operating and capital costs.

With the WTI oil price having recovered and currently around USD 40 per barrel, Mosman's operations are underpinned by low operating and development costs and the Board is now considering how best to grow the business over the next year given the improved oil price backdrop.

Business Plan

Mosman continues to pursue its Refocused Corporate Strategy detailed in the Company's announcement of 14 February 2020, which includes growth in core areas with potential for a near term increased production and the farmout or sale of other assets.

In furtherance of this strategy and as previously announced, Mosman has contracted to sell its Welch Project in Texas for USD 300,000 and has received a USD 60,000 non-refundable deposit. Completion is due in early July 2020.

Mosman also farmed out EPA 155 in NT, Australia, and has received the first payment of AUD 15,000.

In line with its strategy, the Company continues to pursue the sale of its other non-core assets while evaluating opportunities which fit its strategy and growth criteria.

Production Operations

Ahead of its six monthly production update for the period to 30 June 2020, Mosman provides the following update in respect of its principal projects and operations.

1. At Stanley the Operator's focus has been on minimising operational costs while oil prices were low. Stanley continues to produce positive cashflow at the operating level, and oil inventories and sales are being carefully managed including through the use of onsite storage tanks, as previously advised. The Operator at Stanley has advised that, in its opinion, recent operational improvements including to the central processing facilities and reworking and upgrading the salt-water disposal system, have materially lowered Stanley's operating costs

with the resultant low cost structure allowing Stanley to operate profitably with oil prices at the mid-teens.

Stanley-1 has been shut-in for several weeks pending recompletion of the well. An AFE for this workover has recently been issued, approved and paid for by Mosman. This temporary shut-in at Stanley-1 has resulted in a reduction in daily production until the well is back on production. The future production rate depends on the results of the Stanley-1 re-completion.

Mosman anticipates that once the Operator has completed the workover at Stanley-1 (expected July 2020), its attention will turn to drilling the proposed Stanley-4 well. With reduced drilling activity, more rigs are available, and this is expected to result in lower drilling costs.

2. At Greater Stanley, the plan remains to increase production by workovers on one of the the existing producing wells in the Duff lease. Based on experience in the adjacent Stanley lease, there may be potential to produce at higher rates from zones not yet produced in this lease. This workover is now planned and as soon approvals are obtained it should proceed with this currently expected to occur in July 2020.
3. At the Arkoma project in Oklahoma which has been identified as non-core, production operations continue. Mosman is awaiting full production information from the Operator. Mosman has not contributed any additional cash funding to the Arkoma project this year and does not anticipate the need to do so.
4. At the Welch Project, no equipment breakdowns or new workovers occurred during May, resulting in steady production. Daily average production for the six month period ending 30 June 2020 is expected to be broadly similar to the daily average for the 6 month period ended 31 December 2019. Mosman will receive all production at Welch up until the date the sale is concluded, including the oil inventory at that time.
5. In NT, Australia, ground operations are delayed due to the Covid-19 pandemic.

Whilst cost control and margins have been the main focus in recent months, future shorter term production rates will depend on the results of the already planned recompletions at Stanley-1 and at Greater Stanley in the Duff lease. Mosman also looks forward to the Operator at Stanley progressing renewed plans for the drilling at Stanley-4.

One of the additional growth opportunities being considered is drilling the Falcon well. Whilst oil and gas prices are lower than last year, rig costs are also lower, and the Falcon well has significant oil and gas potential. Any success would enhance the prospectively of similar targets in this lease, and the adjacent lease that includes the Galaxie well.

The drilling of a well at Falcon is currently subject to an ongoing in-house review, and any activity will be subject to funding.

Other Matters

The Legal action Mosman had instigated with the aim to recover funds from Blackstone Oil and Gas Inc remains ongoing but has been delayed by the Covid-19 pandemic.

Mosman owns shares in Norseman Capital Limited, which has recently announced a transaction in Canada. This should facilitate Norseman's shares moving to trading on the TSXV exchange. The Mosman Board considers these shares as an asset for sale and is reviewing the sale of the



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Norseman shares in an orderly manner. As part of that process Mosman's Chairman has recused himself from the sale process, as he is a Director and shareholder, of both companies.

John W Barr, Chairman of Mosman commented: "The Mosman Board acted quickly and decisively in March in order to manage costs. We are pleased to be able to move from a position of tight cashflow control to the careful consideration of growth options. We are now evaluating potential opportunities which include being involved in two workovers and one or two new wells in the coming months."

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

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