

13 May 2020

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

Operations Update

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

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.

In March, the Board concluded its review of all aspects of its operations and Mosman can now confirm that the cost reductions detailed in the announcement of 24 March 2020 have now been implemented. Production continues with an emphasis on margins rather than volumes.

Growth opportunities including Stanley and Greater Stanley in Texas are being retained at minimum cost.

Business Plan, Assets Sales and Cost Reductions

As announced on 11 May 2020, Mosman has signed a Farm-Out of EPA 155 in Central Australia. EP 145 is currently on hold due to the impact of the Covid-19 pandemic and an application has been made to suspend activities and extend the licence term.

Mosman continues to pursue its refocussed corporate strategy and as part of this Mosman is looking at options to sell its Welch Project in Texas, on the condition that a suitable price can be achieved. Proceeds will be allocated to fund projects with near term growth including Stanley and Greater Stanley.

Production Operations

1. Production continues at Stanley. Current flow rates are approximately 20% lower than the average daily production previously announced for the 6 month period ended 31 December 2019.

The Operator has advised that in their opinion: "We believe the greatest impact will be in the monthly oil price we receive in May. In response we have created on-lease temporary oil storage using rented frac tanks, allowing us to continue to produce the wells while mitigating adverse near-term pricing."

The tanks add circa 5,000 Bbls of storage and the additional tankage gives the Operator the option of exercising some control over the timing of sales, with the objective of obtaining a better sales price, albeit deferring cash flow.

The Operator also has advised that in their opinion: "Regarding operating costs, many of the projects that we have completed in the past twelve months, such as improvements to the central processing facilities and reworking and upgrading the salt-water disposal system have materially lowered

our operating cost. We believe our current cost structure will allow us to remain profitable with oil prices in the mid-teens.”

The funds paid in respect to the proposed Stanley-4 well, have now been returned, net of incurred costs including planning and onsite groundwork. The intention is to drill the well when oil prices have increased to a suitable level, thus timing remains unknown.

2. At Greater Stanley, the plan remains to increase production by workovers on the existing producing wells. Recent production of circa 160 Bbls of oil per month (gross) is sufficient to hold the lease. Technical work suggests there may be potential to produce at higher rates from the Yegua sands.
3. At the Arkoma project in Oklahoma, production operations continue. Volumes have reduced in the quarter ended 31 March 2020 as a result of a focus on profit margins given the current oil and gas prices, and deferring capital expenditure such as installing power lines for down hole pumps. Mosman has not contributed additional cash to the Arkoma project this year and does not anticipate the need to do so.
4. At the Welch Project no breakdowns or workovers occurred during April resulting in steady production. Daily production for April was not significantly different from the daily average for the 6 month period ended 31 December 2019.

Other Matters

The Legal action Mosman had instigated with the aim to recover funds from Blackstone Oil and Gas remains ongoing but has been stalled by the temporary closure of many Branches of Local Government due to the pandemic.

There is no update on the shareholding in Norseman Capital Limited, other than the Norseman Board has advised they are reviewing several potential acquisitions to revitalise that company.

John W Barr, Chairman of Mosman commented: “The Mosman Board acted quickly and decisively in March and matters remain in accordance with that plan.

“Completing the potential sale of Welch together with continuing to control costs are clearly the key objectives in the coming months. Despite difficult circumstances, the Board remains determined to deliver value to shareholders from its stated strategy.”

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.



MOSMAN OIL AND GAS
LIMITED

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

www.mosmanoilandgas.com