

13 July 2015

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

Operations Update

Mosman Oil and Gas (AIM: MSMN), the New Zealand and Australia focused oil exploration and development company is pleased to update shareholders in respect to its current operations. The short term objective has been to minimise expenditure whilst staying on schedule for drilling at Murchison in New Zealand later this year and maintaining the significant upside value in the portfolio.

Murchison Permit, South Island New Zealand

Land access agreements are progressing well with a resource consent submission now lodged with the local authority, the Tasman District Council. Geology and Engineering work continues and the well design is being finalised as a 1,200m vertical well. Rig selection and contracting continues, with some discussions on potential cost sharing with other Operators. There are a series of formalities and approvals to be completed before drilling, which is still anticipated in 2015, conditional on a number of matters including funding.

Petroleum Creek Permit, South Island New Zealand

The permit has significant potential, with the focus now on the larger deeper structures. The drilling and flow tests on the Crestal area demonstrated oil generation and migration. The core data provided valuable information on the Cobden Limestone, and confirmed the reservoir properties. Additional seismic is required to define the next drilling targets, some of which overlap in the adjacent Taramakau permit, and hence the seismic will be acquired in the two permits at the same time to facilitate a more cost effective survey.

Taramakau Permit, South Island New Zealand

The Taramakau permit surrounds Petroleum Creek and shares similar geological characteristics, and shares similar prospective play types. The permit is larger and includes additional leads and prospects that are identified on existing seismic and wells, and will be targeted in the next round of seismic acquisition scheduled for later this year or early next year.

The potential Joint Venture at Taramakau has not proceeded as suitable commercial terms could not be agreed between the parties.

EP 145, EP 156 and EPA 155, Northern Territory, Australia

The Northern Territory Government is supporting a gas pipeline connection from the existing NT pipelines to the gas market in Eastern Australia (North East Gas Interconnect ("NEGI") see http://dcm.nt.gov.au/territory_economy/north_east_gas_interconnector). This is stimulating acquisitions and gas exploration in the NT (see <http://www.centralpetroleum.com.au/IRM/content/default.aspx>)

In this context, EP 145 is well placed, adjacent to the Mereenie producing oil and gas field. A small exploration team, contracted by Mosman, is currently active in the permit area, targeting natural fractures and other data to focus the exploration efforts and add to the commercial value of the asset. Results from recent activity in EP 156 have identified significant potential in a formation which has not previously been considered, which has the potential to increase the prospectivity and hence the value of that permit. The third permit area, EPA 155, is adjacent to the Surprise oil field, but is

currently in native title moratorium until the end of this year, when land access negotiations will be required prior to award of that permit.

EP 478 Canning Basin, Western Australia

The Company has an option to farm-in, which means Mosman has access to all the data but do not have to pay joint venture costs at this stage. The Company recently received the Mt Rosamund 2D seismic survey results. In due course the joint venture parties will reach a conclusion on drilling a well and Mosman can then decide whether or not to participate.

VICP62 Otway Basin, Offshore Victoria Australia

The Joint Venture has completed additional geoscientific work on the Torquay Sub-basin. The work commitment for the next year is further technical studies.

STP-EPA-0071 Officer Basin, West Australia

The West Australian Department of Mines and Petroleum has referred the negotiations on land access to the National Native Title Tribunal for mediation assistance. The Company is optimistic this will facilitate the land access agreement required prior to the award of the permit. In the meantime, there is no material expenditure until the permit is awarded.

Commenting on progress, John W Barr, Chairman of Mosman said: *"We are very pleased to move towards drilling at Murchison, and to progress the remainder of the exploration portfolio at low cost. We are very committed to the development of Mosman and continue to work on multiple funding options to drill Murchison. Despite the difficult circumstances with a lower oil price, we are pleased to be building considerable forward momentum in key assets based on applying sound geoscience, internal capacity, strict expenditure limits and economic controls consistent with today's commodity price environment.*

"We are focused on generating shareholder value from our exploration activities and, combined with exciting inorganic opportunities we are currently reviewing, we believe they are capable of transforming Mosman and will be the basis for building a mid-tier oil and gas production company."

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.

A new corporate presentation will shortly be uploaded to Mosman's website, incorporating this and additional information on Murchison.

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

About Mosman

Mosman (AIM: MSMN) is an Australia and New Zealand focused oil exploration and development company with a strategy to build a sustainable mid-tier oil and gas business by acquisition and organic growth. Currently, Mosman has interests in a total of ten permits or accepted permit applications in New Zealand and Australia.

Petroleum Creek Project, (South Island New Zealand)

Mosman owns 100% of permit PEP 38526, the Petroleum Creek Project, which is a 143 sq. km low cost onshore exploration project located near Greymouth on the South Island in the southern extension of the proven Taranaki oil system.

Murchison Permit (South Island New Zealand)

Granted in December 2014 Murchison has become a focus after completion of an independent prospective resource report. Exploration is planned for the second half of 2015.

Taramakau, and East Coast Permits (South Island New Zealand)

These permits were granted in December 2014. Exploration is currently in the advanced planning stage.

Officer Basin Project, Australia (Application)

Mosman has a 25% investment in the Officer Basin Project, a 22,527 sq. km large land holding with significant exploration potential, which lies in one of the more explored parts of the Basin with road access. The project area is in the Western Australian part of the Officer Basin and offers both conventional and unconventional potential with hydrocarbon shows reported and all elements of a petroleum system are present.

Amadeus Basin Projects, (Australia)

Mosman owns 100% of two granted permits and one application in the Amadeus Basin in Central Australia which total of 5,458 sq. km. The Amadeus Basin is considered one of the most prospective onshore areas in the Northern Territory of Australia for both conventional and unconventional oil and gas, and hosts the producing Mereenie, Palm Valley and Surprise fields.

Otway Basin Project, (Australia)

Mosman owns 30% of VIC/P62 in the Otway Basin. The permit was recently renewed and is in relatively shallow water. The 70% permit holder funded a 3D seismic survey in 2013. The results of the 3D seismic survey are now being integrated into a geological model to allow identification and ranking of drilling targets. Within the Otway Basin there is commercial production both onshore and offshore.

EP 478 Canning Basin, (Western Australia)

Mosman, via a wholly owned subsidiary, has the right to farm into 17.5% of exploration permit EP478, which is held by Buru Energy, by funding 25% of the first well pursuant to a farm-in agreement.