

14 January 2015

Mosman Oil and Gas Limited

Corporate Update

The Directors of Mosman Oil and Gas Limited (“Mosman” or the “Company”) (AIM: MSMN) the New Zealand (“NZ”) and Australia focussed oil exploration and development company, announce a corporate update, following on from the very detailed update given on 18 December 2014.

- **Oil price** – The Directors view is that the current drop in oil price is not sustainable for an extended period of time, and the oil price will ultimately improve. In the near-term the oil price brings benefits such as cost reductions for exploration. The drop in oil company share prices and ongoing difficulties accessing fresh capital provides opportunities to acquire distressed assets and companies.
- **Acquisitions** – In addition to the successfully completed acquisitions in 2014, Mosman announced a takeover offer for MEO Australia Limited (“MEO”). Mosman recently met with the MEO Chairman and CEO. The bid documents are being prepared and will be lodged shortly. Public documents indicate MEO had approximately AUD10 million in cash in December 2014, and holds a series of mainly Australian and NZ exploration and production permits which can be progressed or relinquished.

The Mosman Board continues to believe the combination of Mosman and MEO will make a strong, well-funded company.

- **Organic Growth** - Mosman continues to actively explore its permits in Australia and New Zealand. Additional research is underway on the three new granted permits in NZ, which will facilitate ground work to commence once the formal permit start date of 1 April 2015 passes. The near-term planned work programs include:

- Flow Testing of the Cobden Limestone at Cross Roads-1 will start in February 2015;
- Selected seismic acquisition focused on finalising drilling locations for identified larger, deeper prospects in the Petroleum Creek and Taramakau permits;
- Drilling a well in the Murchison permit once the permit commences in April 2015 ; and
- Ongoing technical study work on the Australia permits.

Mosman is also planning to drill additional wells at Petroleum Creek and Taramakau in 2015 once the seismic acquisition is completed and accessed. The Company has received an unsolicited approach to farm into one of its NZ permits. Discussions are ongoing as the Directors consider that this may be a means of maintaining a strong level of activity, whilst preserving cash in the current market.

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.

John W Barr, Executive Chairman of Mosman commented:

“The current oil price brings both challenges and opportunities. We have taken appropriate action including shifting the exploration focus to larger oil prospects and the new Murchison permit. The Directors are very excited by the potential of this permit which includes both oil and gas/condensate potential demonstrated by seeps and discoveries. The Murchison project may be commercialised by gas fired power generation and supply to the South Island electricity market, which is not

affected by low oil prices. The MEO takeover is an additional step forward to our stated objective of building a sustainable mid-size oil company in 2 to 3 years."

Enquiries:

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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 a total of ten permits or accepted permit applications in New Zealand and Australia.

Petroleum Creek Project, 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.

Taramakau, Murchison and East Coast Permits New Zealand

These permits were granted to Mosman on 9 December 2014 as part of the 2014 Block Offer, a sixteen-fold increase in the exploration area in NZ from 143 sq. km to 2,317 sq. km.

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 in to a geological model to allow identification and ranking of drilling targets. Within the Otway Basin there is commercial production both onshore and offshore.