



22 December 2014

Mosman Oil and Gas Limited

**Update on takeover bid for
MEO Australia Limited**

The Directors of Mosman Oil and Gas Limited (“Mosman” or the “Company”) (AIM: MSMN), the New Zealand and Australia focussed oil exploration and development company is pleased to update shareholders in respect to the takeover for MEO Australia Limited (“MEO”).

Mosman has previously advised its intention to make a takeover offer for the entire issued share capital of MEO. Recently the Mosman Directors stated that they continued to believe that there was a strong possibility that the proposed merger between MEO and Neon Energy Limited (“Neon”) would not occur, and that the Mosman takeover bid affords the MEO shareholders a viable alternative.

Today MEO announced that late on 19 December 2014, Neon issued MEO with a notice that effectively terminated the proposed merger. Further, they stated that MEO considers the notice of termination is valid, subject to confirmation of receipt of a reimbursement fee of \$400,000.

As a result, MEO acknowledged that it expects Mosman to proceed with its intention to make a takeover bid for all of the shares in MEO as announced to the market on 11 December 2014.

The Board of MEO further advised it will consider its opinion on the Mosman Proposal in light of the termination of the merger. Shareholders were advised to take no action until they receive the MEO Directors’ formal recommendation.

John W Barr, Executive Chairman of Mosman commented: “The Mosman Directors remain of the belief that the Mosman takeover bid affords the MEO shareholders a viable alternative.”

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.