

MOSAIC OIL NL (ASX: MOS) UPDATE REGARDING AGL PROPOSAL

As previously announced, Mosaic Oil NL ("**Mosaic**") received an unsolicited proposal from AGL Energy Limited ("**AGL**") after the close of the market on 30 June 2010 ("**AGL Proposal**"). The AGL Proposal is for AGL to acquire all of the issued shares in Mosaic at a cash price of 15 cents per share with a scrip alternative. AGL has advised that the AGL Proposal is conditional upon Mosaic's entering into a Scheme of Arrangement ("**Scheme**") by execution of a Scheme Implementation Deed with AGL. AGL has expressly indicated that the AGL Proposal is incomplete and non-binding.

The Mosaic Board has appointed UBS Investment Bank and lawyers Chang, Pistilli & Simmons to advise Mosaic on various strategic matters including in respect of the AGL Proposal.

The Mosaic Board, with the assistance of its advisers, is considering the AGL Proposal and what it means for the shareholders of Mosaic.

The Mosaic Board is committed to acting in the best interest of all shareholders of Mosaic. It is listening to, and also consulting with shareholders to ascertain their views on the AGL Proposal.

The Mosaic Board intends that representatives of Mosaic meet with AGL to discuss the AGL Proposal. The Mosaic Board reminds shareholders that such discussions may or may not lead to an agreed transaction with AGL.

The Mosaic Board will keep shareholders informed as soon as any decisions are made with respect to the AGL Proposal and recommends that at this stage shareholders in Mosaic take no action with respect to their shares.

For further information:

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