

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003, 24/10/2005.

Name of entity

AGL Energy Limited (**AGL**)

ACN

115 061 375

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | |
|---|--|
| 1 +Class of +securities issued or to be issued | Fully paid ordinary shares (Shares) |
| 2 Number of +securities issued or to be issued (if known) or maximum number which may be issued | Up to approximately 8,948,052 Shares (New AGL Shares) may be issued under the scheme of arrangement between Mosaic Oil NL (Mosaic) and its shareholders (Scheme), as described in the Scheme Booklet lodged by Mosaic with ASX on 6 September 2010 (Scheme Booklet).

The exact number of New AGL Shares which may be issued by AGL will not be known until after the Scheme Record Date (18 October 2010). The Shares will only be issued if the Scheme becomes Effective and is implemented. |

- | | |
|--|--|
| <p>3 Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion)</p> | <p>The New AGL Shares issued under the Scheme will be on the same terms as existing Shares on issue.</p> |
| <p>4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment | <p>The New AGL Shares will rank equally with all existing Shares on issue.</p> |
| <p>5 Issue price or consideration</p> | <p>The New AGL Shares will be issued as satisfaction of payment of the Scheme Consideration to those Scheme Shareholders who validly elect to receive Scrip Consideration (although, in the case of an Ineligible Foreign Shareholder or an Unmarketable Parcel Shareholder, the New AGL Shares will be issued to the Sale Agent, as nominee for sale), on the terms and conditions described in the Scheme Booklet.</p> |
| <p>6 Purpose of the issue
(If issued as consideration for the acquisition of assets, clearly identify those assets)</p> | <p>The New AGL Shares are proposed to be issued as Scheme Consideration for the acquisition by AGL of all the issued shares in Mosaic to those Scheme Shareholders that validly elect to receive Scrip Consideration, as described in the Scheme Booklet.</p> |

+ See chapter 19 for defined terms.

7	Dates of entering ⁺ securities into uncertificated holdings or despatch of certificates	It is expected that the New AGL Shares will be issued on the Implementation Date (20 October 2010). Holding statements for the New AGL Shares will be despatched on the same day.					
8	Number and ⁺ class of all ⁺ securities quoted on ASX (including the securities in clause 2 if applicable)	<table border="1"> <thead> <tr> <th data-bbox="758 414 1050 448">Number</th> <th data-bbox="1050 414 1355 448">⁺Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="758 448 1050 689">Up to approximately 460,187,340 (being 451,239,288 plus the number identified in clause 2 above)</td> <td data-bbox="1050 448 1355 689">Shares</td> </tr> </tbody> </table>	Number	⁺ Class	Up to approximately 460,187,340 (being 451,239,288 plus the number identified in clause 2 above)	Shares	
Number	⁺ Class						
Up to approximately 460,187,340 (being 451,239,288 plus the number identified in clause 2 above)	Shares						
9	Number and ⁺ class of all ⁺ securities not quoted on ASX (including the securities in clause 2 if applicable)	<table border="1"> <thead> <tr> <th data-bbox="758 728 1050 761">Number</th> <th data-bbox="1050 728 1355 761">⁺Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="758 761 1050 996"></td> <td data-bbox="1050 761 1355 996"></td> </tr> </tbody> </table>	Number	⁺ Class			
Number	⁺ Class						
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	Same entitlement as apply to existing Shares.					

Part 2 - Bonus issue or pro rata issue

11	Is security holder approval required?	N/A
12	Is the issue renounceable or non-renounceable?	N/A
13	Ratio in which the ⁺ securities will be offered	N/A
14	⁺ Class of ⁺ securities to which the offer relates	N/A
15	⁺ Record date to determine entitlements	N/A
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	N/A

17	Policy for deciding entitlements in relation to fractions	N/A
18	Names of countries in which the entity has +security holders who will not be sent new issue documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	N/A
19	Closing date for receipt of acceptances or renunciations	N/A
20	Names of any underwriters	N/A
21	Amount of any underwriting fee or commission	N/A
22	Names of any brokers to the issue	N/A
23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders	N/A
25	If the issue is contingent on +security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	N/A
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	N/A
28	Date rights trading will begin (if applicable)	N/A

+ See chapter 19 for defined terms.

- 29 Date rights trading will end (if applicable)
- 30 How do +security holders sell their entitlements *in full* through a broker?
- 31 How do +security holders sell *part* of their entitlements through a broker and accept for the balance?
- 32 How do +security holders dispose of their entitlements (except by sale through a broker)?
- 33 +Despatch date

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

- 34 Type of securities
(tick one)
- (a) Securities described in Part 1
- (b) All other securities
Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

- 35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
- 36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
 1 - 1,000
 1,001 - 5,000

5,001 - 10,000
10,001 - 100,000
100,001 and over

37 A copy of any trust deed for the additional +securities

+ See chapter 19 for defined terms.

Entities that have ticked box 34(b)

38 Number of securities for which
+quotation is sought

N/A

39 Class of +securities for which
quotation is sought

N/A

40 Do the +securities rank equally in
all respects from the date of
allotment with an existing +class
of quoted +securities?

If the additional securities do not
rank equally, please state:

- the date from which they do
- the extent to which they
participate for the next
dividend, (in the case of a
trust, distribution) or interest
payment
- the extent to which they do
not rank equally, other than in
relation to the next dividend,
distribution or interest
payment

N/A

41 Reason for request for quotation
now

Example: In the case of restricted securities, end
of restriction period

(if issued upon conversion of
another security, clearly identify
that other security)

N/A

	Number	+Class
42 Number and +class of all +securities quoted on ASX (including the securities in clause 38)	N/A	

Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

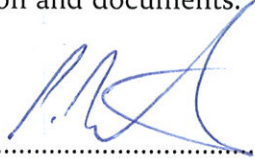
- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here: 
(Director/Company secretary)

Date: 7 October 2010

Print name: PAUL MCWILLIAMS

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+ See chapter 19 for defined terms.