



ASX Release

25 June 2010

## MOSAIC OIL SELLS PNG SUBSIDIARY FOR A MINIMUM AMOUNT OF US\$11 MILLION

Australian oil and gas producer, Mosaic Oil NL (ASX: MOS) is pleased to announce the sale of its wholly-owned PNG subsidiary company for US\$11 million in cash. The transaction will be effected by selling 100% of the shares in Mosaic Oil Niugini Limited. The primary asset held by the subsidiary is a 28.5714% interest in PRL08, which contains the Kimu gas discovery.

In addition to the cash payment, Mosaic will receive a contingent cash payment of either US\$0.10 per gigajoule for any proven plus probable (2P) reserve increases prior to 31 December 2012, or choose a firm, fixed amount of US\$2.7 million in cash at any time before the appraisal well is drilled.

Under the terms of the sale contract, the buyer will, at no cost to Mosaic, drill an appraisal well and undertake corresponding reserves certification work to determine the contingent reserves payment before 31 December 2012.

The sale is subject to pre-emption on the same terms by Mosaic's PRL08 joint venture partners. The buyer, a major international oil and gas company, wishes to remain undisclosed, at least until the pre-emption process has concluded. Completion of the sale is anticipated in late July / early August 2010.

"The PNG asset was identified as being non-core to the Company with an uncertain and very long-term commercial outcome if it were to proceed to development and production," said CEO Alex Parks. "The sale leaves Mosaic with a very solid cash position to fund activities in our Surat-Bowen, New Zealand and Cooper-Eromanga Basin acreage – opportunities which offer nearer-term potential value for shareholders."

**For further information:**

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