

Company Announcement

First Half FY 09 Results and Outlook

26 February 2009

Mosaic Oil strong interim results reflect a continuation of the Company's solid operational performance over the last 4 years

- **8% increase in total production to 229,299 BOE to pcip (previous corresponding period to December 2007)**
- **40% increase in revenue from ordinary activities to \$13.1m to pcip**
- **Record half-yearly EBITDA of \$5.3m**
- **39.4% increase in net profit after tax to \$3.1m to pcip**
- **Revenue for FY09 forecast to exceed FY08 by 15%**

Australian oil and gas producer, Mosaic Oil NL (ASX: MOS) today announced a record interim result for net profit after tax of \$3.117 million for the half year ended 31 December 2008, an increase of 39.4% on last year's result for the corresponding period. The favourable result was based on a continuation of the Company's solid operational performance over the last 4 years.

- **Total production of 229,299 BOE (1H FY08: 211,058)**
Production increased by 8% for the half-year to 31 December 2008 of 229,229 BOE (barrels of oil equivalent) compared to 211,058 BOE and 198,098 BOE for the previous half-years to 31 December 2007 and to 30 June 2008 respectively.

The half-year result reflects the higher production and sales of natural gas, LPG and oil/condensate from the Surat-Bowen Basin operations.

During the December 2008 half, the net production to Mosaic Oil from the Silver Springs/Waggamba area on a BOE basis increased by 43.3% on the previous corresponding period with contribution from successful wells of the 2008 drilling program, notably Taylor-19 and Waggamba-4H. Production from this area now represents 61.3% of Mosaic's total production and is offsetting natural production declines from the Churchie area, which has not had any new wells since 2007.



- **Revenue of \$13.117 M (1H FY08: \$9.36M)**

Revenue from ordinary activities for the half increased by 40.1 % to a record \$13.117 million compared to \$9.36 million for the December 2007 half. The strong half year result was driven by in oil (up 47%), LPG (up 52%) and services revenue (up 60% from increasing tolling and operating activities).

	Dec Half 2008 \$'000	Dec Half 2007 \$'000	Change %
Revenue from ordinary activities	13,117	9,360	40.1%
EBITDA	5,304	3,806	39.4%
Net margins %	44.5%	40.6%	9.6%
Net profit for the half	3,117	2,305	35.2%

- **Net Margins increase to 44.5% (1H FY08: 40.6%)**

Net margins have increased as a result of price increases for oil/condensate and LPG over the previous corresponding period. The Company recorded a record half-yearly EBITDA of \$5.3 million. Net profit after tax was also a record of \$3.1 million for the half (1H FY08: \$2.3 million).

Outlook

Mosaic Oil expects that production for FY09 is likely to be higher than FY08 but it is unlikely to reach the previous announced production target for the year of 520,000 BOE. Delays in bringing Waggamba 5H into production will adversely impact on the production. It is suspected that there are some blockages at the well bore preventing the Waggamba-5H well from flowing continuously. Remedial work is being undertaken in an attempt to bring the well into permanent production.

Mosaic Oil also anticipates a reduction in the price for LPG and oil which will result in lower revenue in the second half of FY2009. As is usual practice, the Company will be reviewing the carrying value of its exploration and development assets in the second half of FY2009.

Mosaic Oil announced in February that Managing Director Lan Nguyen had resigned and the Company anticipates that it will book a charge in the second half relating to his retirement.

Collectively, these factors are likely to impact adversely the Company's results for the second half of FY2009. However, the board and management are confident that the revenue from operating activities for the FY09 will exceed last year's by 15%.

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