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MOSAIC OIL EXTENDS GAS SUPPLY CONTRACT WITH CS ENERGY

Australian oil and gas producer, Mosaic Oil N.L. (ASX: MOS) is pleased to advise that an agreement has been executed with CS Energy to extend a key gas sales contract for a period of three years.

Mosaic Oil has extended its five year gas supply contract with Queensland power generator CS Energy for a further three years from 1 April 2010 at a rate of up to 4PJ per annum. Pricing arrangements remain linked to the original agreement and thus provide an assured revenue stream for Mosaic.

The majority of gas will be provided from the Waggamba and Taylor Fields located in PL202. As a partner in the Waggamba Field project, CS Energy has previously contributed to the costs of wells in the Waggamba Field, and has the right to participate in future drilling paying 50% of further well costs. As a result they are entitled to 50% of the gas production and 35% of the condensate production.

Mosaic's CEO Alex Parks said "We are pleased to have a firm gas contract in place for the next three years. The alignment of interests between CS Energy and Mosaic, due to their participation in the Waggamba Field project, has naturally supported the extension of this contract".

Under the terms of the contract, Mosaic Oil can provide up to 4PJ of gas per annum to CS Energy and this volume supports further development work in PL 202.

Elsewhere, Mosaic Oil and CS Energy are working towards the drilling and hydraulic fracture stimulation of one or two wells in the next 12 months on the Waggamba Field.

For further information contact:

Mosaic Oil: Alex Parks – CEO on +61 2 9247 9324
Media: Bill Kemmery – Fortbridge on + 61 (0)400 122 449

Mosaic Oil N.L.
ABN 56 003 329 084
6th Floor, 6-8 Underwood Street
Sydney NSW 2000 Australia

p + 61 2 9247 9324
f + 61 2 9241 1655
www.mosaicoil.com
website@mosaicoil.com