

Company Announcement

31 August 2009

Mosaic Oil announces record operating revenues and solid profit for FY2009

- production increased 18% to 481,345 BOE
- operating revenue increased 16% on previous year to a record \$23.8 million
- net profit after tax of \$2.6 million

Australian oil and gas producer, Mosaic Oil NL (ASX: MOS) today announced a net profit after tax of \$2.6 million for the year ended 30 June 2009 after allowing for impairment of \$2.5 million for exploration and development assets and a provision of \$1.7 million.

The solid financial result was based on a strong operational performance with increased production of gas, gas liquids and oil.

Operating revenue increased 16% to a record \$23.8 million (2008 \$20.5 million) for the year ended 30 June 2009. The record operating revenue was the result of higher production and higher service revenue despite falling prices for oil and LPG throughout the reporting period.

Financial Summary			
	FY2009	FY2008	Change
	\$'000	\$'000	%
Operating revenue	23,779	20,473	↑16%
Total Revenue	25,829	28,390	↓9%
EBITDA ¹	8,621	8,015	↑8%
Net profit after tax	2,610	4,135	↓37%
Exploration and development expenditure	15,617	14,499	↑8%
Cash and receivables	18,843	28,843	↓35%
Net margins % (cash costs)	52.0%	52.0%	-%
	BOE	BOE	
Production (BOE)	481,345	409,156	↑18%
Diluted earnings per share	0.41cps	0.73cps	↓44%

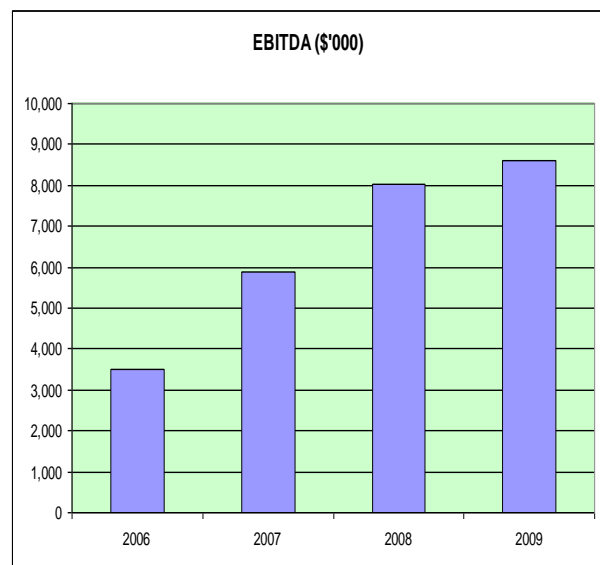
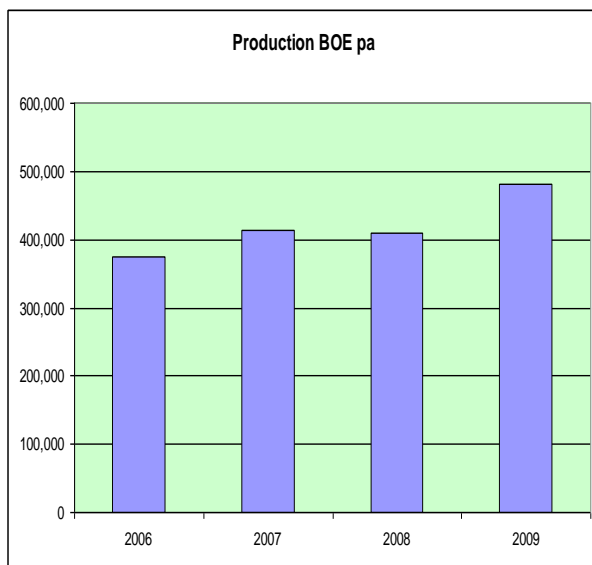
1. Earnings before interest, income tax, depreciation, amortisation, impairment and provisions.



Mosaic’s production increased 18 % to 481,345 BOE (barrels of oil equivalent) for the financial year compared to 409,156 BOE for last financial year. The net production from the Silver Springs area (including Waggamba) increased 37% making it the largest contributor to production for the 2009 financial year.

Product Revenue increased 11% to \$18.2 million for the year despite an approximately 50% reduction in the average price of oil received, with strong revenue increases recorded for gas (up 20%) and oil (up 8 %). Services revenue increased by 37% to \$5.6 millions. Margins, excluding non cash items of depreciation and amortisation remained steady at 52% (2008: 52%). Normalised cash cost of sales increased by to \$11.4 million (2008: \$9.4 million) for the year.

Total assets increased to \$98.6 million for the year ended 30 June 2009. A total of \$15.6 million (including \$1.1 million funding from CS Energy) was spent on exploration and development of the consolidated entity’s oil and gas interests during the year.



Mosaic Oil’s Chief Executive Officer, Mr Alex Parks said “Mosaic Oil had a solid year with underlying growth in its EBITDA in an environment of falling oil prices and turmoil in the global financial markets. During the year the company had a rewarding drilling campaign with the successful wells being brought onto production resulting in an 18% rise in production.



The recent drilling program achieved 100% success rate with successful wells at Taylor 20, Taylor 22, Waggamba 5H and Churchie 11. We believe this success will provide a good base to continue our growth as the new production comes online”.

Outlook

Production has been adversely effected in the current quarter due to shutdowns at one of Mosaic’s major customers in July. However, production has recovered now that the customer is again online and the company expects significantly higher production in the December quarter as the new Taylor wells, 20 and 22 are brought into production. Overall we forecast growth in production in FY2010.

Mosaic continues to progress the underground gas storage opportunity at Silver Springs. Detailed reservoir simulation and conceptual facilities design have been completed. The company has applied for a petroleum survey licence (PSL) covering the pipeline route from Silver Springs to the Wallumbilla gas hub. Mosaic Oil is now in discussion with potential customers of this asset.

Mr David Herlihy, Chairman of Mosaic Oil said: “This is another excellent financial performance in difficult economic circumstances and on behalf of Mosaic Oil, I would like to thank our staff, contractors, customers and shareholders for their efforts and their continued support.”

Yours faithfully,

David Herlihy
Chairman
Mosaic Oil NL

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