

14 July 2010

**MOSAIC OIL NL BOARD UNANIMOUSLY RECOMMENDS  
PROPOSED ACQUISITION BY AGL OF ALL THE SHARES IN  
MOSAIC OIL NL**

The Board of Mosaic Oil NL (“**Mosaic**”) is pleased to advise that Mosaic has entered into a scheme implementation deed with AGL Energy Limited (“**AGL**”) in relation to the proposed acquisition by AGL of all the issued shares<sup>1</sup> in Mosaic.

Under the proposed acquisition, Mosaic shareholders will receive consideration of:

- \$0.15 cash per fully paid share; or
- 1.01 AGL share for every 100 fully paid Mosaic shares.

This acquisition values the total issued shares in Mosaic at approximately A\$130 million. The cash consideration of \$0.15 per share represents premiums of:

- 92% to Mosaic’s closing price of \$0.078 per share on 30 June 2010, being the day prior to announcing receipt of the incomplete and non binding proposal from AGL; and
- 86% to the thirty day volume weighted average price of Mosaic shares to 30 June of \$0.081 per share.

Today’s announcement follows preliminary and non-binding discussions between Mosaic and AGL which occurred earlier in 2010. Following these discussions, AGL increased its offer terms to the level announced on 1 July 2010.

The proposed acquisition will be implemented via a scheme of arrangement (“**Scheme**”). The scheme implementation deed attached to this announcement sets out the other key elements of the proposed acquisition.

Under the scheme implementation deed, Mosaic retains flexibility to engage in discussions with third parties until 4 August 2010 in relation to possible competing proposals. After this time, customary exclusivity provisions will apply. A break fee of approximately A\$1.3 million would be payable to AGL but only where a competing proposal is completed within six months of announcing such proposal.

Chairman of Mosaic Mr David Herlihy said, “The proposed acquisition of Mosaic will enable shareholders to realise value for their Mosaic shares at a substantial premium to recent trading levels. The Board is pleased with this offer from AGL which we



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believe adequately reflects the fundamental value of the portfolio of oil and gas assets that Mosaic has put together over several years.”

“Further, Mosaic shareholders may be eligible for capital gains tax rollover relief if they choose the AGL scrip alternative. The Board has carefully considered all possible options, and consulted widely with our shareholders and advisers.”

The Board of Mosaic unanimously recommends that Mosaic shareholders vote in favour of the Scheme at the scheme meeting, and each Director intends to vote their shares in favour of the Scheme, in the absence of a superior proposal and subject to an independent expert concluding that the Scheme is in the best interests of Mosaic shareholders.

“The price offered represents a significant premium to Mosaic’s volume weighted average share price in the month leading up to the Proposal,” said Mosaic Chief Executive Officer Alex Parks. “This premium reflects how far Mosaic has come in building its value in a difficult economic climate, and is a testimony to the staff and management’s dedicated efforts.”

A scheme booklet containing information related to the proposed acquisition, details of the scheme meeting and reasons for the Directors’ recommendation is expected to be dispatched to Mosaic shareholders in early September. The shareholder meeting to approve the Scheme is expected to take place in early October.

Mosaic is being advised by UBS AG, Australia Branch as financial adviser and Chang, Pistilli & Simmons as legal adviser.

**For further information:**

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<sup>i</sup> Includes Mosaic fully paid ordinary shares, Mosaic partly paid ordinary shares and shares subject to the Taipan farmin arrangements (if issued).

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## Scheme Implementation Deed

**AGL Energy Limited**

**Mosaic Oil NL**

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Deutsche Bank Place  
Corner Hunter and Phillip Streets  
Sydney NSW 2000  
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<b>Date</b>	2010
<b>Parties</b>	<ol style="list-style-type: none"><li>1. <b>AGL Energy Limited</b> (ACN 115 061 375) of Level 22, 101 Miller St, North Sydney NSW 2060 (<i>AGL</i>); and</li><li>2. <b>Mosaic Oil NL</b> (ACN 003 329 084) of Level 6, 6-8 Underwood St, Sydney NSW 2000 (<i>Mosaic</i>).</li></ol>
<b>Recitals</b>	<p>A The parties have agreed that AGL will acquire Mosaic by means of a scheme of arrangement under Part 5.1 of the Corporations Act between Mosaic and its shareholders.</p> <p>B Mosaic has agreed to propose and implement, and AGL has agreed to assist Mosaic to propose and implement, the scheme of arrangement on the terms of this deed.</p>

**It is agreed** as follows.

## 1. Definitions and Interpretation

### 1.1 Definitions

The following definitions apply unless the context requires otherwise.

**Accounts** means:

- (a) the audited individual and consolidated accounts (including the financial statements, notes forming part of or intended to be read with the financial statements, directors' report and declaration, and auditor's report) of Mosaic at and for the year ended 30 June 2009; and
- (b) the reviewed consolidated accounts (including financial statements, notes forming part of or intended to be read with the financial statements, directors' report and declaration, and auditor's review report) of Mosaic at and for the half year ended 31 December 2009.

**Accounting Standards** means (in relation to any member of the Mosaic Group):

- (a) the accounting standards made by the Australian Accounting Standards Board (**AASB**) from time to time approved for the purposes of the Corporations Act;
- (b) the requirements of the Corporations Act in relation to the preparation and content of accounts; and



- (c) generally accepted accounting principles and practices in Australia consistently applied, except those principles and practices which are inconsistent with the standards or requirements referred to in paragraph (a) or (b).

**Adviser** means, in relation to an entity, a person who in the ordinary course of its business provides services as a financier, financial adviser, corporate adviser, legal adviser, or technical or other expert adviser or consultant and who has been engaged in that capacity in connection with the Transaction by the entity.

**AGL Group** means AGL and each of its subsidiaries (excluding, at any time, Mosaic and its subsidiaries to the extent that Mosaic and its subsidiaries are subsidiaries of AGL at that time). A reference to a *member of the AGL Group* is a reference to AGL or any such subsidiary.

**AGL Indemnified Parties** means the members of the AGL Group and their respective officers, employees and Advisers.

**AGL Information** means information about the AGL Group provided by AGL to Mosaic in writing for inclusion in the Scheme Booklet.

**AGL Material Adverse Change** means one or more changes, events, occurrences or matters occurs which (whether individually or when aggregated with all such changes, events, occurrences or matters of a like kind) has had or is reasonably likely to have a material adverse effect on the business, assets, liabilities, financial or trading position, profitability or prospects of the AGL Group, taken as a whole, other than a change, event, occurrence or matter:

- (a) resulting from changes in general economic, regulatory or political conditions or resulting from the securities, credit or financial markets in general;
- (b) resulting from changes in generally accepted accounting principles or the interpretation of them;
- (c) required to be undertaken or procured by the AGL Group pursuant to this deed or the Scheme; or
- (d) known to Mosaic prior to the date of this deed.

**AGL Prescribed Occurrence** means the occurrence of any of the events described in section 652C of the Corporations Act in relation to AGL, other than any of the following occurring after the date of this deed:

- (a) anything required to be undertaken or procured by the AGL Group pursuant to this deed or the Scheme);
- (b) any change in the capital of any wholly owned subsidiary of AGL where after the change the entity remains a wholly owned subsidiary of AGL;
- (c) any issue or agreement to issue any securities (including any shares, options or convertible notes) which is not material in the context of the capital of AGL (including, without limitation, the issue of securities under any employee or executive incentive plan or any shares in AGL upon exercise of employee or executive options);

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- (d) any disposal or agreement to dispose of business or property unless that disposal or agreement to dispose is material in the context of the AGL Group taken as a whole; or
- (e) any charging or agreement to charge any business or property.

**AGL Representations and Warranties** means the representations and warranties of AGL set out in schedule 1.

**AGL Share** means an ordinary share in the capital of AGL.

**AIFRS** means the International Financial Reporting Standards as adopted in Australia.

**ASIC** means the Australian Securities and Investments Commission.

**ASIC Regulatory Guides** means the regulatory guides published by ASIC from time to time.

**ASX** means ASX Limited (ABN 98 008 624 691) or, as the context requires, the financial market known as the Australian Securities Exchange operated by it.

**Break Fee** means \$1,300,000.

**Business Day** means a business day as defined in the Listing Rules.

**Cash Consideration** means:

- (a) for each Scheme Share which, at the Scheme Record Date, is a Mosaic fully paid ordinary share - \$0.15 cash (provided that in the event that Mosaic declares or determines to pay or provide any dividend or distribution after the date of this deed and prior to the Implementation Date, that amount will be reduced by the value of that dividend or distribution (as determined by AGL, acting reasonably, in the case of a non-cash dividend or distribution)); and
- (b) for each Scheme Share which, at the Scheme Record Date, is a Mosaic Ordinary Contributing Share - \$0.15 in cash (provided that in the event that Mosaic declares or determines to pay or provide any dividend or distribution after the date of this deed and prior to the Implementation Date, that amount will be reduced by the value of that dividend or distribution (as determined by AGL, acting reasonably, in the case of a non-cash dividend or distribution)), minus the unpaid amount (if any) on that partly paid share as at the Scheme Record Date, provided that if this results in no amount or a negative amount payable, the consideration offered for that partly paid share is \$0.001.

**Claim** means, in relation to a person, a demand, claim, action or proceeding made or brought by or against the person, however arising and whether present, unascertained, immediate, future or contingent.

**Competing Proposal** means any proposed transaction or arrangement (including any takeover bid, scheme of arrangement, share or asset sale, capital reduction or buy back, joint venture or dual listed company structure) under which a Third Party will or may, subject to satisfaction of conditions:

- (a) acquire control (as defined in section 50AA of the Corporations Act) of Mosaic;

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- (b) become a substantial holder (as defined in section 9 of the Corporations Act) in Mosaic;
- (c) acquire (whether directly or indirectly) or become the holder of, or otherwise acquire, have a right to acquire or have an economic interest in all or a substantial part of the assets or business of the Mosaic Group (which, for the avoidance of doubt, includes the Mosaic Silver Springs underground gas storage project and assets);
- (d) otherwise acquire or merge with Mosaic; or
- (e) enter into any agreement or understanding requiring Mosaic to abandon, or otherwise fail to proceed with, the Transaction.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Court** means the Federal Court of Australia, New South Wales Registry.

**Deed Poll** means a deed poll to be executed by AGL in favour of Scheme Shareholders substantially in the form of annexure B.

**Disclosure Letter** means the letter so entitled and provided by Mosaic to AGL prior to entry into this deed and countersigned by AGL.

**Effective** means the coming into effect under section 411(10) of the Corporations Act of the order of the Court made under section 411(4)(b) (and, if applicable section 411(6)) of the Corporations Act in relation to the Scheme.

**Effective Date** means the date on which the Scheme becomes Effective.

**Election Form** means a form which forms part of the Scheme Booklet and is to be completed by Mosaic Shareholders to record their election in relation to the Scheme Consideration.

**Employee Share Scheme Amendment Resolution** means a special resolution to approve for all purposes the amendment by the Mosaic Board of the terms of the Mosaic Employee Share Scheme to remove, subject to the Scheme becoming Effective and with effect from the Scheme Record Date, the restriction on transfer of Mosaic Ordinary Contributing Shares under that share scheme.

**End Date** means 30 November 2010.

**Excluded Shareholder** means any Mosaic Shareholder who is a member of the AGL Group.

**Exclusivity Period** means the period commencing at 8am on the date that is three weeks from the date of this deed to the earlier of:

- (a) the termination of this deed; and
- (b) the End Date.

**Finance Debt** means indebtedness (whether actual or contingent) in respect of money borrowed or raised or other financial accommodation. It includes indebtedness under or in respect of:

- (a) a guarantee of Finance Debt or a guarantee given to a financier;

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- (b) a finance lease;
  - (c) a swap, option, hedge, forward, futures or similar transaction;
  - (d) an acceptance, endorsement or discounting arrangement;
  - (e) a redeemable share or redeemable stock; or
  - (f) the deferred purchase price (for more than 90 days) of an asset or service,
- or an obligation to deliver assets or services paid for in advance by a financier or otherwise relating to a financing transaction.

**Government Agency** means any foreign or Australian government or any governmental, semi-governmental or judicial entity or authority. It also includes any self-regulatory organisation established under statute or any securities exchange.

**Implementation Date** means the fifth Business Day after the Scheme Record Date or such other date agreed to in writing between AGL and Mosaic.

**Independent Expert** means the independent expert in respect of the Scheme appointed by Mosaic in accordance with clause 5.1(c) to express an opinion on whether the Scheme is in the best interests of Mosaic Shareholders in accordance with the *Corporations Act* and ASIC policy and procedure.

**Independent Expert's Report** means the report from the Independent Expert commissioned by Mosaic for inclusion in the Scheme Booklet, including any update to such a report or any supplementary or replacement report, stating an opinion whether or not the Scheme is in the best interests of Mosaic Shareholders, and setting out its reasons for that opinion.

**Ineligible Foreign Holder** means a Scheme Shareholder whose address shown in the Mosaic Share Register at the Scheme Record Date is a place outside of Australia and its external territories or New Zealand unless AGL determines that it is lawful and not unduly onerous or impracticable to issue that Scheme Shareholder with New AGL Shares

**Insolvency Event** means, in the case of any entity:

- (a) it ceases, suspends, or threatens to cease or suspend the conduct of all or a substantial part of its business or disposes of or threatens to dispose of all or a substantial part of its assets;
- (b) it stops or suspends or threatens to stop or suspend payment of all or a class of its debts;
- (c) it is, or under legislation is presumed or taken to be, insolvent (other than as the result of a failure to pay a debt or Claim the subject of a good faith dispute);
- (d) it has an administrator, controller or similar officer appointed, or any step preliminary to the appointment of such an officer is taken;
- (e) an application or an order is made, proceedings are commenced, a resolution is passed or proposed in a notice of meeting, an application to a court or other steps are taken for:
  - (i) its winding up, dissolution or administration; or

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- (ii) it entering into an arrangement, compromise or composition with or assignment for the benefit of its creditors or a class of them, (other than frivolous or vexatious applications, orders, proceedings, notices or steps);
- (f)
  - (i) a receiver, receiver and manager, administrative receiver or similar officer is appointed to;
  - (ii) a security interest becomes enforceable or is enforced over; or
  - (iii) a distress, attachment or other execution is levied or enforced or applied for over,
 all or a substantial part of its assets; or
- (g) anything analogous to anything referred to in the above paragraphs, or which has substantially similar effect, occurs with respect to it, including under any foreign law.

**Listing Rules** means the official listing rules of ASX.

**Mosaic Board** means the board of directors of Mosaic.

**Mosaic Employee Incentive Plan** means the plan of that name established in respect of the Mosaic Employee Options.

**Mosaic Employee Options** means options to subscribe for fully paid ordinary shares in Mosaic, issued under the Mosaic Employee Incentive Plan.

**Mosaic Employee Share Scheme** means the Mosaic Employee Share Scheme established in 1992, as amended at the Mosaic General Meeting dated 28 November 2001.

**Mosaic Group** means Mosaic and each of its subsidiaries. A reference to a *member of the Mosaic Group* is a reference to Mosaic or any such subsidiary.

**Mosaic Indemnified Parties** means the members of the Mosaic Group and their respective officers, employees and Advisers.

**Mosaic Material Adverse Change** means one or more changes, events, occurrences or matters occurs which (whether individually or when aggregated with all such changes, events, occurrences or matters of a like kind) has had or is reasonably likely to have:

- (a) a material adverse effect on the business, assets, liabilities, financial or trading position, profitability or prospects of the Mosaic Group, taken as a whole; or
- (b) (without limitation to paragraph (a)) the effect of a diminution in the:
  - (i) consolidated net assets of the Mosaic Group (calculated on the basis of AIFRS), taken as a whole, of at least \$5,000,000; or
  - (ii) consolidated earnings before interest and tax (calculated on the basis of AIFRS but adjusted for any non-cash items (provided that such non-cash items are incorporated in the balance sheet test under paragraph (i)), in any financial year of Mosaic after the one ended 30 June 2009, taken as a whole, of at least \$1,000,000,

other than a change, event, occurrence or matter:

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- (c) resulting from changes in general economic, regulatory or political conditions or resulting from the hydrocarbon, securities, credit or financial markets in general;
- (d) resulting from changes in generally accepted accounting principles or the interpretation of them;
- (e) required to be undertaken or procured by the Mosaic Group pursuant to this deed or the Scheme; or
- (f) fairly disclosed by Mosaic to AGL in writing prior to the date of this deed in the Disclosure Letter.

**Mosaic Ordinary Contributing Shares** means partly paid ordinary shares in Mosaic issued under the Mosaic Employee Share Scheme.

**Mosaic Prescribed Occurrence** means, other than as required by this deed, as fairly disclosed by Mosaic to AGL in the Disclosure Letter or as approved by AGL in writing after the date of this deed, any of the occurrences set out in schedule 3.

**Mosaic Registry** means Registries Limited (ABN 14 003 209 836) or any replacement provider of share registry services to Mosaic.

**Mosaic Representations and Warranties** mean the representations and warranties of Mosaic set out in schedule 2.

**Mosaic Share** means:

- (a) a fully paid ordinary share in Mosaic; or
- (b) a Mosaic Ordinary Contributing Share.

**Mosaic Shareholder** means each person who is registered as the holder of Mosaic Shares from time to time.

**Mosaic Share Register** means the register of members of Mosaic maintained in accordance with the Corporations Act.

**New AGL Share** means an ordinary share in the capital of AGL to be issued as fully paid to Scheme Shareholders under the Scheme.

**Relevant AGL Representations and Warranties** means each of the AGL Representations and Warranties other than 10 (Pending or threatened litigation) and 11 (Tax).

**Relevant Mosaic Representation and Warranty** means each of the Mosaic Representations and Warranties other than 14 (Environmental Liabilities), 15 (Health and safety), 16 (Pending or threatened litigation) and 17 (Tax).

**Representative** means, in relation to a person:

- (a) a related body corporate of the person;
- (b) an officer of the person or any of the person's related bodies corporate; or
- (c) an Adviser to the person or any of the person's related bodies corporate.

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**Scheme** means the scheme of arrangement under Part 5.1 of the Corporations Act between Mosaic and the Scheme Shareholders in the form of annexure A (or such other form as may be agreed between Mosaic and AGL).

**Scheme Booklet** means the information described in clause 5.1(a) to be approved by the Court and despatched to Mosaic Shareholders (other than Excluded Shareholders) and which must include the Scheme, an explanatory statement complying with the requirements of the Corporations Act, the Independent Expert's Report, the Deed Poll, notice of the Scheme Meeting and proxy form for the Scheme Meeting.

**Scheme Consideration** means:

- (a) for each Scheme Shareholder who has not submitted a valid Election Form to the Mosaic Registry prior to the Scheme Record Date, Cash Consideration for each Scheme Share held by that Scheme Shareholder;
- (b) for each Scheme Shareholder who has not made a Scrip Election, Cash Consideration for each Scheme Share held by that Scheme Shareholder; and
- (c) for each Scheme Shareholder who has made a Scrip Election, Scrip Consideration for each Scheme Share held by that Scheme Shareholder.

**Scheme Meeting** means:

- (a) the meeting of Mosaic Shareholders (other than Excluded Shareholders) ordered by the Court to be convened under section 411(1) of the Corporations Act; and
- (b) where the context requires, the meeting of Mosaic Shareholders referred to in clause 3.1(b)(ii), which is to be held immediately following the meeting referred to in paragraph (a) above to consider and, if thought fit, pass the Employee Share Scheme Amendment Resolution.

**Scheme Record Date** means 7pm on the fifth Business Day after the Effective Date or such other date agreed to in writing between AGL and Mosaic or as may be required by ASX.

**Scheme Share** means a Mosaic Share held by a Scheme Shareholder.

**Scheme Shareholders** means Mosaic Shareholders (other than Excluded Shareholders) at the Scheme Record Date.

**Scrip Consideration** means:

- (a) for each Scheme Share which, at the Scheme Record Date, is a Mosaic fully paid ordinary share – 0.0101 New AGL Shares for every one Scheme Share (provided that in the event that Mosaic declares or determines to pay or provide any dividend or distribution after the date of this deed and prior to the Implementation Date, that number of New AGL Shares will be reduced by the proportion which the value of that dividend or distribution (as determined by AGL, acting reasonably, in the case of a non-cash dividend or distribution) bears to \$0.15); and
- (b) for each Scheme Share which, at the Scheme Record Date, is a Mosaic Ordinary Contributing Share, a number of New AGL Shares for every one Scheme Share determined in accordance with the following formula:

$$A = \frac{B}{C} \times D$$

where:

A = the number of New AGL Shares to be issued for every one such Scheme Share;

B = C, minus the unpaid amount (if any) on that partly paid share as at the Scheme Record Date, provided that if this results in no amount or a negative amount payable, then B is \$0.001;

C = 0.15 (provided that in the event that Mosaic declares or determines to pay or provide any dividend or distribution after the date of this deed and prior to the Implementation Date, that amount will be reduced by the value of that dividend or distribution (as determined by AGL, acting reasonably, in the case of a non-cash dividend or distribution)); and

D = the scrip ratio, 0.0101, provided that in the event that Mosaic declares or determines to pay or provide any dividend or distribution after the date of this deed and prior to the Implementation Date, that scrip ratio will be reduced by the proportion which the value of that dividend or distribution (as determined by AGL, acting reasonably, in the case of a non-cash dividend or distribution) bears to \$0.15).

**Scrip Election** means a valid election by way of Election Form by a Scheme Shareholder who is not an Ineligible Foreign Holder or Unmarketable Parcel Shareholder to receive Scrip Consideration for all of that Scheme Shareholder's Scheme Shares.

**Second Court Date** means the first day on which an application made to the Court for an order under section 411(4)(b) of the Corporations Act approving the Scheme is heard.

**Superior Proposal** means a bona fide Competing Proposal that the Mosaic Board determines, acting in good faith and in order to satisfy what the Mosaic Board considers to be its fiduciary or statutory duties (and after having taken written advice from its external financial and legal advisers):

- (a) is reasonably capable of being valued and implemented, taking into account all aspects of the Competing Proposal, including its conditions precedent; and
- (b) would, if completed substantially in accordance with its terms, be more favourable to Mosaic Shareholders than the Scheme, taking into account all the terms and conditions of the Competing Proposal,

after taking into account a qualitative assessment of the identity, reputation and financial standing of the party making the Competing Proposal.

**Taipan Disclosure Materials** means the documents in relation to the Taipan farmin transaction (including the Taipan Farmin Agreement) which were provided by Mosaic to AGL on 12 July 2010.

**Taipan Farmin Agreement** means Farmin Agreement ATP 1056P dated on or about 19 April 2010 between Mosaic, Continental Oil Pty Ltd, Discovery Geo Corporation, Tamark Pty Ltd and CG Operating, Inc.

**Taipan Farmin Scrip** means 45 million new Mosaic fully paid ordinary shares to be issued under the Taipán Farmin Agreement.

**Third Party** means a person other than an AGL Indemnified Party and their associates.

**Timetable** means the indicative timetable for the implementation of the Transaction set out in annexure 3.

**Transaction** means the acquisition of Mosaic by AGL through the implementation of the Scheme in accordance with the terms of this deed.

**Unmarketable Parcel** means a number of AGL Shares which is less than a "marketable parcel" under the market rules of the ASX (currently, a parcel of less than \$500), calculated based on the closing price for AGL Shares on the Scheme Record Date.

**Unmarketable Parcel Shareholder** means a Scheme Shareholder whose holding of Scheme Shares is such that, if they made a valid Scrip Election, the total number of AGL Shares which that shareholder would be entitled to receive as Scrip Consideration would be an Unmarketable Parcel.

## 1.2 Interpretation

Headings are for convenience only and do not affect interpretation. The following rules apply unless the context requires otherwise.

- (a) The singular includes the plural, and the converse also applies.
- (b) A gender includes all genders.
- (c) If a word or phrase is defined, its other grammatical forms have a corresponding meaning.
- (d) A reference to a person, corporation, trust, partnership, unincorporated body or other entity includes any of them.
- (e) A reference to a clause, schedule or annexure is a reference to a clause of, or schedule or annexure to, this deed.
- (f) A reference to an *agreement* or *document* (including a reference to this deed) is to the agreement or document as amended, supplemented, novated or replaced, except to the extent prohibited by this deed or that other agreement or document, and includes the recitals, schedules and annexures to that agreement or document.
- (g) A reference to a party to this deed or another agreement or document includes the party's successors, permitted substitutes and permitted assigns (and, where applicable, the party's legal personal representatives).
- (h) A reference to legislation or to a provision of legislation includes a modification or re-enactment of it, a legislative provision substituted for it and a regulation or statutory instrument issued under it.

- (i) A reference to conduct includes an omission, statement or undertaking, whether or not in writing.
- (j) A reference to an *agreement* includes any undertaking, deed, agreement and legally enforceable arrangement, whether or not in writing, and a reference to a *document* includes an agreement (as so defined) in writing and any certificate, notice, instrument and document of any kind.
- (k) A reference to *dollars* and \$ is to Australian currency.
- (l) All references to time are to Sydney, Australia time.
- (m) Mentioning anything after *includes, including, for example*, or similar expressions, does not limit what else might be included.
- (n) Nothing in this deed is to be interpreted against a party solely on the ground that the party put forward this deed or a relevant part of it.
- (o) A term or expression which is defined in the Corporations Act but is not defined in this deed, has the meaning given in the Corporations Act.

### 1.3 Business Day

Where the day on or by which any thing is to be done is not a Business Day, that thing must be done on or by the next Business Day.

### 1.4 Consents or approvals

If the doing of any act, matter or thing under this deed is dependent on the consent or approval of a party or is within the discretion of a party, the consent or approval may be given or the discretion may be exercised conditionally or unconditionally or withheld by the party in its absolute discretion unless expressly provided otherwise.

### 1.5 Listing requirements included as law

A listing rule or business rule of a financial market will be regarded as a *law*, and a reference to such a rule is to be taken to be subject to any waiver or exemption granted to a party in compliance with those rules.

## 2. Agreement to Proceed with Scheme

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### 2.1 Mosaic to propose the Scheme

Mosaic agrees to propose and implement the Scheme on and subject to the terms of this deed.

### 2.2 AGL to assist

AGL agrees to assist Mosaic to propose and implement the Scheme on and subject to the terms of this deed.

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### 3. Conditions Precedent and Pre-implementation Steps

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#### 3.1 Conditions precedent

Subject to this clause 3, the Scheme will not become Effective, and the obligations of AGL under clause 4.2 are not binding, unless each of the following conditions precedent is satisfied or waived in accordance with clauses 3.2 and 3.3:

##### Conditions precedent for the benefit of all parties

- (a) **(quotation approval for AGL Shares)** before 8am on the Second Court Date, ASX indicates that it will provide approval for the official quotation of the New AGL Shares to be issued pursuant to the Scheme, subject to any conditions that ASX may reasonably require, including customary pre-quotation conditions and conditions relating to the Scheme becoming Effective;
- (b) **(Mosaic Shareholder approval)** Mosaic Shareholders (other than Excluded Shareholders):
  - (i) approve the Scheme by the requisite majorities under section 411(4)(a)(ii) of the Corporations Act at the meeting of Mosaic Shareholders (other than Excluded Shareholders) ordered by the Court to be convened under section 411(1); and
  - (ii) approve the Employee Share Scheme Amendment Resolution at a meeting of Mosaic Shareholders to be held immediately following the meeting referred to in clause 3.1(b)(i);
- (c) **(No restraints)** no judgment, order, decree statute, law, ordinance, rule or regulation or other temporary restraining order, preliminary or permanent injunction, restraint or prohibition entered, enacted, promulgated, enforced or issued by any court or any Government Agency of competent jurisdiction is in effect at 8am on the Second Court Date that prohibits, materially restricts, makes illegal or restrains the completion of the Transaction;
- (d) **(Court approval)** the Court approves the Scheme in accordance with section 411(4)(b) of the Corporations Act;

##### Conditions precedent for the benefit of AGL only

- (e) **(No Mosaic Material Adverse Change)** no Mosaic Material Adverse Change is announced, or is otherwise discovered by AGL (whether or not it becomes public), between the date of this deed and 8am on the Second Court Date;
- (f) **(No Mosaic Prescribed Occurrence)** no Mosaic Prescribed Occurrence occurs between the date of this deed and 8am on the Second Court Date;
- (g) **(Mosaic Representations and Warranties)** each Mosaic Representation and Warranty is materially true and correct at 8am on the Second Court Date (or if only given on an earlier date, at that date);



**Conditions precedent for the benefit of Mosaic only**

- (h) **(AGL Representations and Warranties)** each AGL Representation and Warranty is materially true and correct at 8am on the Second Court Date;
- (i) **(Independent Expert's Report)** the Independent Expert provides the Independent Expert's Report to Mosaic, stating that in its opinion, the Scheme is in the best interests of Mosaic Shareholders and the Independent Expert does not change their opinion or withdraw the Independent Expert's Report by notice in writing to Mosaic prior to 8am on the Second Court Date;
- (j) **(No AGL Material Adverse Change)** no AGL Material Adverse Change is announced, or is otherwise discovered by Mosaic (whether or not it becomes public), between the date of this deed and 8am on the Second Court Date; and
- (k) **(No AGL Prescribed Occurrence)** no AGL Prescribed Occurrence occurs between the date of this deed and 8am on the Second Court Date.

**3.2 Satisfaction**

- (a) AGL and Mosaic must each use reasonable endeavours to procure that:
  - (i) the conditions precedent in clauses 3.1(b), 3.1(c) and 3.1(d) are satisfied; and
  - (ii) there is no occurrence within the control of a member of the AGL Group or Mosaic Group (as the context requires) that would prevent any condition precedent in clause 3.1 being satisfied.
- (b) Mosaic must ensure that no occurrence within the control of a member of the Mosaic Group takes place which would cause a Mosaic Prescribed Occurrence to occur on or before the End Date.
- (c) Mosaic must use reasonable endeavours to procure that the conditions precedent in clauses 3.1(e) to 3.1(g) (inclusive) and clause 3.1(i) are satisfied.
- (d) AGL must use reasonable endeavours to procure that the conditions precedent in clauses 3.1(a), 3.1(h), 3.1(j) and 3.1(k) are satisfied.
- (e) AGL and Mosaic must each:
  - (i) promptly notify the other if it becomes aware that any condition precedent has been satisfied; and
  - (ii) promptly notify the other of any failure to satisfy a condition precedent or of any fact or circumstance that will result in a condition precedent becoming incapable of being satisfied or that may result in a condition precedent not being satisfied in accordance with its terms (having regard to the obligations of the parties under this clause).
- (f) AGL and Mosaic must each:
  - (i) give the Court on the Second Court Date a certificate confirming (in respect of matters within its knowledge) whether or not the conditions

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precedent in clause 3.1 (other than 3.1(d)) have been satisfied or waived;  
and

- (ii) give the other a draft of its certificate by 5pm on the Business Day prior to the Second Court Date.

### **3.3 Waiver of conditions precedent**

- (a) The conditions precedent in clauses 3.1(a), 3.1(b) and 3.1(d) cannot be waived.
- (b) The condition precedent in clause 3.1(c) is for the benefit of AGL and Mosaic and may only be waived by both of them in writing.
- (c) The conditions precedent in clauses 3.1(e) to 3.1(g) (inclusive) are for the sole benefit of AGL and may only be waived by AGL in writing.
- (d) The condition precedents in clauses 3.1(h) to 3.1(k) (inclusive) are for the sole benefit of Mosaic and may only be waived by Mosaic in writing.
- (e) A party entitled to waive a condition precedent may do so conditionally or unconditionally in its absolute discretion.
- (f) If a party waives the breach or non-fulfilment of a condition precedent, that waiver will not preclude it from suing the other party for any breach of this deed that resulted from the breach or non-fulfilment of the condition precedent that was waived or arising from the same event which gave rise to the breach or non-fulfilment of the condition precedent.
- (g) Waiver of a breach or non-fulfilment in respect of a condition precedent does not constitute:
  - (i) a waiver of breach or non-fulfilment of any other condition precedent resulting from the same event; or
  - (ii) a waiver of breach or non-fulfilment of that condition precedent resulting from any other event.

### **3.4 Termination on failure of condition precedent**

- (a) If:
  - (i) the Scheme has not become Effective by the End Date; or
  - (ii) any event occurs which would, or in fact does, prevent a condition precedent being satisfied and that condition precedent is not waived by Mosaic or AGL or both (as applicable) in accordance with clause 3.3,then either party may terminate this deed without any liability to the other party because of that termination, unless the relevant occurrence, or the failure of the satisfaction of a condition precedent, or of the Scheme becoming Effective, arises out of a breach of this deed by the party seeking to terminate this deed.
- (b) Subject to any rights or obligations arising under or pursuant to clauses that are expressed to survive termination of this deed, on termination of this deed no party will have any rights against or obligations to any other party under this deed except for those rights and obligations which accrued prior to termination.

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## 4. Transaction Steps

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### 4.1 Scheme

Mosaic must propose a scheme of arrangement under which:

- (a) all of the Scheme Shares will be transferred to AGL; and
- (b) the Scheme Shareholders will be entitled to receive the Scheme Consideration.

### 4.2 Payment of Scheme Consideration

Subject to clause 4.3, AGL undertakes and warrants to Mosaic that in consideration of the transfer to AGL of each Scheme Share under the terms of the Scheme, on the Implementation Date AGL must:

- (a) accept that transfer; and
- (b) provide to each Scheme Shareholder the Scheme Consideration for each Scheme Share in accordance with the Scheme.

### 4.3 Scrip Consideration

Where the calculation of the number of AGL Shares to be issued to a particular Scheme Shareholder would result in the issue of a fraction of an AGL Share, the fractional entitlement will be rounded down to the nearest whole number of New AGL Shares. In relation to any such fractional entitlement which is lost through rounding down, AGL will pay the holder of that fractional entitlement a cash amount equal to the equivalent fractional amount of the Cash Consideration.

### 4.4 Ineligible Foreign Shareholders and Unmarketable Parcel Shareholders

- (a) AGL has no obligation to allot or issue New AGL Shares to any:
  - (i) Ineligible Foreign Shareholder; or
  - (ii) Unmarketable Parcel Shareholder, under the Scheme.
- (b) Any Election Form submitted by an Ineligible Foreign Shareholder or Unmarketable Parcel Shareholder which purports to be a Scrip Election is deemed to be an invalid election.

### 4.5 Shares to rank equally

AGL covenants in favour of Mosaic (in its own right and on behalf of the Scheme Shareholders) that:

- (a) the New AGL Shares will rank equally in all respects with all existing AGL Shares; and
- (b) on issue each New AGL Share will be fully paid and free from any mortgage, charge, lien, encumbrance or other security interest.

### 4.6 No amendment to the Scheme without consent

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Mosaic must not consent to any modification of, or amendment to, or the making or imposition by the Court of any condition in respect of, the Scheme without the prior written consent of AGL (not to be unreasonably withheld in the case of typographical or similar error).

## 5. Implementation

### 5.1 Mosaic's obligations

Mosaic must take all necessary steps to propose and implement the Scheme as soon as is reasonably practicable and, without limiting the foregoing, must use reasonable endeavours to ensure that each step in the Timetable is met by the date set out beside that step (and must consult with AGL at least on a weekly basis about its progress in that regard), including by doing any acts it is authorised and able to do on behalf of Mosaic Shareholders and each of the following.

- (a) **(Preparation of Scheme Booklet)** Prepare the Scheme Booklet so that it complies with all applicable laws, including the Corporations Act, ASIC Regulatory Guide 60 (and all other applicable ASIC Regulatory Guides) and the Listing Rules. The Scheme Booklet must include a statement that, other than the AGL Information, the Scheme Booklet has been prepared by Mosaic and is the responsibility of Mosaic, and that no AGL Indemnified Party assumes any responsibility for the accuracy or completeness of the Scheme Booklet (other than the AGL Information).
- (b) **(Consultation with AGL)** Consult with AGL as to the content and presentation of the Scheme Booklet, such consultation to include allowing AGL a reasonable opportunity to review and make comments on successive drafts of the Scheme Booklet prior to lodgement with ASIC, and obtaining AGL's consent to the inclusion of the AGL Information.
- (c) **(Independent Expert)** Promptly appoint the Independent Expert (which must be consented to by AGL) and provide all assistance and information reasonably requested by the Independent Expert to enable it to prepare its Independent Expert's Report for the Scheme Booklet as soon as practicable.
- (d) **(Section 411(17)(b) statement)** Apply to ASIC for the production of a statement under section 411(17)(b) of the Corporations Act stating that ASIC has no objection to the Scheme.
- (e) **(Court direction)** Apply to the Court for orders directing Mosaic to convene the Scheme Meeting, and consult with AGL as to the content of all relevant originating process, affidavits, submissions and draft minutes of Court orders.
- (f) **(ASIC registration)** Request ASIC to register the Scheme Booklet in the form approved by the Court.
- (g) **(Despatch)** Despatch the Scheme Booklet to Mosaic Shareholders in accordance with all applicable laws.



- (h) **(Update Scheme Booklet)** If it becomes aware of information after the despatch of the Scheme Booklet that is material for disclosure to Mosaic Shareholders in deciding whether to approve the Scheme or that is required to be disclosed to Mosaic Shareholders under any applicable law, inform Mosaic Shareholders of the information in an appropriate and timely manner, in accordance with applicable law, after consulting with AGL as to the content and presentation of that information.
- (i) **(Proxy reports)**
- (i) Cause the Mosaic Registry to report to it and AGL on the status of proxy forms received by Mosaic Registry for the Scheme Meeting, at 10 Business Days before the Scheme Meeting, at each subsequent Business Day up to the deadline for receipt of proxy forms and at such deadline.
  - (ii) Provide such other information as it may receive concerning the voting intentions of Mosaic Shareholders to AGL.
- (j) **(Scheme Meeting)** Convene the Scheme Meeting to approve the Scheme in accordance with any orders made by the Court.
- (k) **(Court approval)** Subject to all conditions precedent in clause 3.1 (other than that in clause 3.1(d)) being satisfied or waived in accordance with this deed, apply to the Court for orders approving the Scheme, and consult with AGL as to the content of all relevant affidavits, submissions and draft minutes of Court orders.
- (l) **(Court order)** Lodge with ASIC an office copy of any Court order approving the Scheme on the day such office copy is received (or such later date as the parties may agree in writing).
- (m) **(Implementation)** If the Scheme becomes Effective:
- (i) use reasonable endeavours to procure ASX to suspend trading in Mosaic Shares from the close of trading on the Effective Date;
  - (ii) close the Mosaic Share Register at the Scheme Record Date to determine the identity of Scheme Shareholders and their entitlements to the Scheme Consideration; and
  - (iii) subject to AGL satisfying its obligations under clause 4.2, execute proper instruments of transfer of the Scheme Shares on behalf of the Scheme Shareholders and register all transfers of Scheme Shares to AGL on the Implementation Date.
- (n) **(ASX and POMSOX listing)** Use reasonable endeavours to maintain Mosaic's admission to the official list of ASX (and POMSOX) and the quotation of Mosaic fully paid ordinary shares on ASX (and POMSOX) up to and including the Implementation Date.
- (o) **(Amendment of the Mosaic Employee Share Scheme)** Ensure that the Mosaic Board passes a resolution to amend the terms of the Mosaic Employee Share Scheme to remove, subject to the Scheme becoming Effective and with effect from

the Scheme Record Date, the restriction on transfer of Mosaic Ordinary Contributing Shares issued under that share scheme.

- (p) **(Mosaic Employee Options)** Use reasonable endeavours to procure that each holder of Mosaic Employee Options enters into a cancellation agreement with Mosaic under which the holder agrees to the cancellation of their Mosaic Employee Options on the Implementation Date in return for the payment to the holder of the intrinsic value of those options (to be paid or funded by AGL).
- (q) **(Government Agency)** Keep AGL fully informed of any matters raised by any Government Agency with Mosaic in relation to the Scheme and use all reasonable endeavours to co-operate with AGL to resolve any such matters, and generally must use its reasonable endeavours to obtain any regulatory approvals (including ASIC or ASX relief or waivers), and keep AGL informed of progress in obtaining any such regulatory approvals and must consult with AGL in relation to the foregoing.

## 5.2 AGL's obligations

AGL must take all necessary steps to implement the Scheme as soon as is reasonably practicable and, without limiting the foregoing, must use reasonable endeavours to ensure that the each step in the Timetable is met by the date set out beside that step (and must consult with Mosaic at least on a weekly basis about its progress in that regard), including by doing each of the following.

- (a) **(AGL Information)** Prepare and provide to Mosaic the AGL Information for inclusion in the Scheme Booklet.
- (b) **(Assistance)** Promptly provide all assistance and information reasonably required by the Independent Expert in connection with the preparation of the Independent Expert's Report.
- (c) **(Government Agency)** Keep Mosaic fully informed of any matters raised by any Government Agency with AGL in relation to the Scheme and use all reasonable endeavours to co-operate with Mosaic to resolve any such matters, and generally must use its reasonable endeavours to obtain any regulatory approvals (including ASIC or ASX relief or waivers), and keep Mosaic informed of progress in obtaining any such regulatory approvals and must consult with Mosaic in relation to the foregoing;
- (d) **(Update AGL Information)** If at anytime after the despatch of the Scheme Booklet, AGL becomes aware:
  - (i) of new information which, were it known at the time of despatch, should have been included in any AGL Information provided previously to Mosaic; or
  - (ii) that any part of the AGL Information provided previously to Mosaic is misleading or deceptive in any material respect (whether by omission or otherwise),

it must advise Mosaic so that Mosaic can determine whether supplementary disclosure to Mosaic Shareholders is required.

- (e) **(Deed Poll)** Prior to the first Court hearing referred to in clause 5.1(e), enter into the Deed Poll in favour of the Scheme Shareholders substantially in the form of annexure B.
- (f) **(official quotation)** apply to ASX for official quotation by ASX of the New AGL Shares to be issued pursuant to the Scheme.
- (g) **(Court representation)** Procure that it is represented by counsel at the Court hearings referred to in clauses 5.1(e) and (k).
- (h) **(Scheme Consideration)** If the Scheme becomes Effective, pay (or issue) the Scheme Consideration in the manner and amount contemplated by clause 4.2 and 4.3 on the Implementation Date.
- (i) AGL must not act in a manner inconsistent with obtaining Court approval for the Scheme.

### 5.3 AGL Information

AGL:

- (a) consents to the inclusion of the AGL Information in the Scheme Booklet; and
- (b) acknowledges that:
  - (i) it is responsible for ensuring that the AGL Information is not misleading and deceptive in any material respect (whether by omission or otherwise) and that Mosaic will not verify or audit that information and will disclaim responsibility for that information in the Scheme Booklet; and
  - (ii) the Scheme Booklet will state that AGL is responsible for the AGL Information.

### 5.4 Conduct of business

- (a) From the date of this deed up until and including the Implementation Date, Mosaic must ensure that it and the other members of the Mosaic Group:
  - (i) conduct their businesses in the ordinary and proper course;
  - (ii) make all reasonable efforts to:
    - (A) keep available the services of their officers and employees; and
    - (B) preserve their relationships with Government Agencies, customers, suppliers, landlords, trade unions, licensors, licensees and others with whom they have business dealings;
  - (iii) not enter any lines of business or other activities in which members of the Mosaic Group are not engaged at the date of this deed;
  - (iv) respond to any reasonable request from AGL for information concerning the Mosaic Group and its business and operations; and
  - (v) subject to the confidentiality undertakings in clause 9, provide AGL and its Representatives reasonable access to officers and employees, offices and other facilities, and books and records of members of the Mosaic Group,

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and otherwise provide reasonable co-operation to AGL and its Representatives, for the purpose of doing all things necessary or desirable under this deed or in connection with the Transaction, any financing undertaken by AGL in connection with the Transaction and any plans for the integration of the Mosaic Group into the AGL Group following the Implementation Date.

- (b) Subject to the overriding obligation of the directors and officers of Mosaic to exercise their powers and discharge their duties in the best interests of Mosaic, Mosaic must consult with AGL in good faith:
  - (i) immediately after executing this deed to discuss and agree a transition and integration plan; and
  - (ii) from the date of this deed up until and including the Implementation Date, in relation to the conduct of material aspects of the Mosaic Group's businesses and operations and consider in good faith AGL's views in relation to the same.

#### **5.5 Appointment of directors**

- (a) Mosaic must, on or immediately following implementation of the Scheme on the Implementation Date, ensure that all directors on the Mosaic Board resign from that office without liability to Mosaic and that AGL's nominees are appointed as directors of Mosaic subject to and immediately following implementation of the Scheme.
- (b) Mosaic must also, if requested by AGL, on or immediately following implementation of the Scheme on the Implementation Date, take such steps as are necessary to reconstitute the boards of other members of the Mosaic Group.

#### **5.6 Mosaic Board recommendation**

- (a) Subject to clause 5.6(b), Mosaic undertakes that the Mosaic Board will unanimously recommend that Mosaic Shareholders vote in favour of the Scheme at the Scheme Meeting (in the absence of a superior proposal and subject to the Independent Expert concluding (and not altering or withdrawing that conclusion) that the Scheme is in the best interests of Mosaic Shareholders), and the Scheme Booklet must include a statement by the Mosaic Board to that effect and to the effect that each director of Mosaic who is a Mosaic Shareholder or who controls Mosaic Shares intends (in the absence of a superior proposal and subject to the Independent Expert concluding (and not altering or withdrawing that conclusion) that the Scheme is in the best interests of Mosaic Shareholders) to vote (or procure the voting) of all such Mosaic Shares in favour of the Scheme.
- (b) A director of Mosaic must not change, withdraw or modify his or her recommendation in favour of the Scheme unless:
  - (i) the Independent Expert concludes (either initially or subsequently) that the Scheme is not in the best interests of Mosaic Shareholders;



- (ii) the Mosaic Board, acting in good faith, determines (after taking written advice from its external financial and legal advisers) that a Competing Proposal constitutes a Superior Proposal; or
- (iii) that director is acting in good faith and has first obtained written advice from Mosaic's external legal advisers that he or she or the Mosaic Board, is by virtue of his, hers or its fiduciary or statutory duties, required to change, withdraw or modify his or her recommendation.

## 6. Representations and Warranties

### 6.1 AGL Representations and Warranties

AGL represents and warrants to Mosaic (in its own right and separately as trustee or nominee for each of the other Mosaic Indemnified Parties) that, except as expressly consented to by Mosaic in writing, each AGL Representation and Warranty is true and correct.

### 6.2 Mosaic Representations and Warranties

- (a) Mosaic represents and warrants to AGL (in its own right and separately as trustee or nominee for each of the other AGL Indemnified Parties) that, except as expressly consented to by AGL in writing, each Mosaic Representation and Warranty is true and correct.
- (b) Each Mosaic Representation and Warranty is subject to the matters fairly disclosed in the Disclosure Letter.

### 6.3 Timing of representations and warranties

- (a) Unless expressed to be given at a particular time (in which case it is given at that time):
  - (i) each AGL Representation and Warranty is given at the date of this deed; and
  - (ii) each Relevant AGL Representation and Warranty is given:
    - (A) at 8.00 am on the Second Court Date; and
    - (B) immediately prior to implementation of the Scheme.
- (b) Unless expressed to be given at a particular time (in which case it is given at that time):
  - (i) each Mosaic Representation and Warranty is given at the date of this deed; and
  - (ii) each Relevant Mosaic Representation and Warranty is given:
    - (A) at 8.00 am on the Second Court Date; and
    - (B) immediately prior to implementation of the Scheme.

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#### **6.4 Survival of representations**

Each AGL Representation and Warranty and Mosaic Representation and Warranty:

- (a) is severable; and
- (b) survives the termination of this deed (but does not survive, and will be taken to have no further force or effect following implementation of the Scheme).

### **7. Releases**

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#### **7.1 Mosaic Indemnified Parties**

- (a) Without limiting AGL's rights under clause 12, to the fullest extent permitted by law, AGL releases its rights against, and agrees with Mosaic that it will not make a Claim against, any Mosaic Indemnified Party (other than Mosaic) in connection with:
  - (i) any breach of any representation, covenant and warranty of Mosaic in this deed; or
  - (ii) any disclosure made by any Mosaic Indemnified Party that contains any statement which is false or misleading whether in content or by omission, except to the extent the relevant Mosaic Indemnified Party has not acted in good faith or has engaged in wilful misconduct.
- (b) Mosaic receives and holds the benefit of this clause as trustee for each other Mosaic Indemnified Party.

#### **7.2 AGL Indemnified Parties**

- (a) Without limiting Mosaic's rights under clause 12, to the fullest extent permitted by law, Mosaic releases its rights against, and agrees with AGL that it will not make a Claim against, any AGL Indemnified Party (other than AGL) in connection with:
  - (i) any breach of any representation, covenant and warranty of AGL in this deed; or
  - (ii) any disclosure made by any AGL Indemnified Party that contains any statement which is false or misleading whether in content or by omission, except to the extent that the relevant AGL Indemnified Party has not acted in good faith or has engaged in wilful misconduct.
- (b) AGL receives and holds the benefit of this clause as trustee for each other AGL Indemnified Party.

### **8. Public Announcements**

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#### **8.1 Announcement of the Transaction**

Immediately after the execution of this deed, AGL and Mosaic must issue public announcements in a form previously agreed to in writing between them. The Mosaic

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announcement must include a unanimous recommendation by the directors of Mosaic to Mosaic Shareholders that, in the absence of a superior proposal and subject to the Independent Expert concluding (and not altering or withdrawing that conclusion) that the Scheme is in the best interests of Mosaic Shareholders, Mosaic Shareholders vote in favour of the Scheme; and a statement that, in the absence of a superior proposal and subject to the Independent Expert concluding and continuing to conclude that the Scheme is in the best interests of Mosaic Shareholders, all the members of the Mosaic Board will vote (or will procure the voting of) all Mosaic Shares held or controlled by them in favour of the Scheme.

## 8.2 Other public announcements

Subject to clause 8.3, no public announcement or disclosure of the Transaction or any other transaction the subject of this deed or the Scheme may be made other than in a form approved by each party (acting reasonably), but each party must use all reasonable endeavours to provide such approval as soon as practicable.

## 8.3 Required announcement

Where a party is required by applicable law (including the Listing Rules) to make any announcement or to make any disclosure in connection with the Transaction or any other transaction the subject of this deed or the Scheme, it must use reasonable endeavours, to the extent practicable and lawful and to the extent that time permits, to consult with the other party prior to making the relevant disclosure.

# 9. Confidentiality

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## 9.1 Confidentiality Obligation

Subject to clause 9.2, each party will use reasonable endeavours to keep confidential any confidential information of the other party which has been provided to it by the other party prior to or after the date of this deed.

## 9.2 Exceptions to confidentiality

Nothing in clause 9.1 restricts any party (the **Recipient**) from disclosing any confidential information of the other party (the **Discloser**) where that disclosure is required for the purpose of implementing the Transaction or any other transaction the subject of this deed or the Scheme, or where that information:

- (a) is or becomes generally available to the public other than as a result of a breach by the Recipient of any of its obligations under this deed;
- (b) is already known to the Recipient at the date of this deed and was not acquired directly or indirectly from the Discloser;
- (c) was independently developed by the Recipient without reference to the confidential information of the Discloser;

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- (d) is required to be disclosed in order to comply with any applicable law or legally binding order of any court or Government Agency or the applicable rules of any stock exchange; or
- (e) is at any time after the date of this deed acquired from any third person legally entitled to possess the information and provide it to the Recipient, if the use or disclosure (as appropriate) is in accordance with the rights or permission lawfully granted to the party by the third person.

## 10. Exclusivity

### 10.1 Termination of existing discussions

- (a) At the commencement of the Exclusivity Period, Mosaic will cease any existing negotiations or discussions in respect of any Competing Proposal with any Third Party .
- (b) If, in the six months prior to the commencement of the Exclusivity Period, Mosaic has provided any confidential information to a Third Party (or to any current or former adviser to a Third Party) in connection with a Third Party's consideration of a possible Competing Proposal, Mosaic will at the commencement of the Exclusivity Period promptly request in writing the immediate return or destruction by the Third Party (and such relevant adviser) of such confidential information.

### 10.2 No shop restriction

During the Exclusivity Period, except with the prior written consent of AGL, Mosaic must not, and must ensure that none of its Representatives, directly or indirectly solicit, invite, facilitate, encourage or initiate any Competing Proposal or any enquiries, negotiations or discussions with any Third Party in relation to, or that may reasonably be expected to lead to, a Competing Proposal, or communicate any intention to do any of those things.

### 10.3 Notification by Mosaic

During the Exclusivity Period, Mosaic must promptly notify AGL:

- (a) if it is approached, directly or indirectly, by any Third Party to enter into or participate in negotiations or discussions with any Third Party in relation to, or that may reasonably be expected to lead to, a Competing Proposal;
- (b) if it proposes to enter into such negotiations or discussions; and
- (c) if it proposes to enter into any agreement or understanding in relation to a Competing Proposal.

Those notices must include all material terms of the Competing Proposal (including any update where those terms have changed from a previous notice), including the identity of the Third Party which has made the Competing Proposal, details of the proposed price or implied value, conditions, timing and break fee (if any).

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#### 10.4 Normal provision of information

Nothing in this clause prevents a party from:

- (a) providing information to its Representatives;
- (b) providing information to any Government Agency;
- (c) providing information to its auditors, customers, joint venturers and suppliers acting in that capacity in the ordinary course of business;
- (d) providing information required to be provided by law, including to satisfy its obligations of disclosure under the Listing Rules or to any Government Agency; or
- (e) making presentations to brokers, portfolio investors, analysts and other third parties in the ordinary course of business.

#### 10.5 Acknowledgement

AGL has required Mosaic to agree to the obligations set out in this clause in consideration of it proceeding with the Scheme and incurring significant costs in doing so. In the absence of obtaining these obligations from Mosaic, AGL would not have entered into this deed.

### 11. Break Fee

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#### 11.1 Background

This clause has been agreed to in circumstances where:

- (a) AGL and Mosaic believe the implementation of the Scheme will provide significant benefits to Mosaic and its shareholders, and AGL and Mosaic acknowledge that, if they enter into this deed and the Scheme is subsequently not implemented, AGL will have incurred significant costs, including significant opportunity costs;
- (b) AGL requested provision be made for the payments outlined in this clause, without which AGL would not have entered into this deed;
- (c) the Mosaic Board believes that it is appropriate for it to agree to the payment referred to in this clause to secure AGL's entry into this deed; and
- (d) Mosaic has received legal advice in relation to this deed and the operation of this clause.

The parties acknowledge and agree that the costs actually incurred by AGL under paragraph (a) will be of such nature that they cannot be accurately ascertained, but that the Break Fee is a genuine and reasonable pre-estimate of the cost and loss that would actually be suffered by AGL.

#### 11.2 Payment of Break Fee

Subject to clauses 11.3 and 11.6, Mosaic must pay AGL the Break Fee if at any time prior to the End Date either:

- (a) a Competing Transaction of any kind is announced by a Third Party; or

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- (b) a Third Party, who at the date of this deed does not have voting power of 10% or more in Mosaic, comes to have such voting power,

and, within six months after that occurring, that Third Party or an associate of that Third Party:

- (c) completes in all material respects a transaction of the kind referred to in paragraph (a), (c) or (d) of the definition of Competing Proposal; or
- (d) without limiting paragraph (c) above, has a relevant interest in at least 35% of Mosaic Shares.

### **11.3 Payment conditions**

- (a) Notwithstanding the occurrence of any event under clause 11.2, no amount is payable under clause 11.2 if the Scheme becomes Effective.
- (b) Mosaic can only ever be liable to pay the Break Fee once.

### **11.4 Timing of payment**

If the Break Fee is payable under this deed, Mosaic must pay the Break Fee without set-off or withholding within 5 Business Days of receipt of a demand for payment from AGL.

### **11.5 Nature of payment**

The amount payable by Mosaic to AGL under clause 11.2 is an amount to compensate AGL for:

- (a) advisory costs (including costs of Advisers other than success fees);
- (b) costs of management and directors' time;
- (c) out-of-pocket expenses; and
- (d) opportunity costs incurred in pursuing the Transaction or in not pursuing other alternative acquisitions or strategic initiatives which could have been developed to further business and objectives,

incurred by the members of the AGL Group.

### **11.6 Compliance with law**

This clause 11 imposes obligations on Mosaic only to the extent that the performance of all or part of those obligations:

- (a) do not constitute unacceptable circumstances as declared by the Australian Takeovers Panel;
- (b) do not breach the fiduciary or statutory duties of the Mosaic Board; and
- (c) are not otherwise unlawful or held to be unenforceable by a court.

If and to the extent any of the above apply, AGL must reimburse all or part of the Break Fee (as the case may be) within 5 Business Days of receipt of a demand for reimbursement from Mosaic.

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## 12. Termination

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### 12.1 General rights

Either AGL or Mosaic may terminate this deed by written notice to the other:

- (a) at any time before 8am on the Second Court Date, if:
  - (i) the other has materially breached any provision of this deed (including any material breach of any Mosaic Representation and Warranty or AGL Representation and Warranty);
  - (ii) the party wishing to terminate has given written notice to the other in a timely manner setting out the relevant circumstances and stating an intention to terminate this deed; and
  - (iii) the relevant circumstances continue to exist for ten Business Days from the time the notice of intention to terminate is given (or any shorter period ending at 5pm on the Business Day before the Second Court Date);
- (b) in the circumstances set out in, and in accordance with, clause 3.4; or
- (c) if a majority of the Mosaic Board has changed, withdrawn or modified their recommendation as permitted under clause 5.6.

### 12.2 Termination rights between Effective Date and Implementation Date

- (a) AGL may terminate this deed by written notice to Mosaic if at any time after 8am on the Second Court Date and prior to implementation of the Scheme on the Implementation Date:
  - (i) Mosaic is in material breach of any provision of this deed (including any Relevant Mosaic Representation and Warranty);
  - (ii) a Mosaic Material Adverse Change is announced, or is otherwise discovered by AGL (whether or not it becomes public);
  - (iii) a Mosaic Prescribed Occurrence occurs; or
  - (iv) a Relevant Mosaic Representation and Warranty is not true and correct.
- (b) Mosaic may terminate this deed by written notice to AGL if at any time after 8am on the Second Court Date and prior to implementation of the Scheme on the Implementation Date:
  - (i) AGL is in material breach of any provision of this deed (including any Relevant AGL Representation and Warranty); or
  - (ii) AGL suffers an Insolvency Event.

### 12.3 Effect of termination

If this deed is terminated by a party under clauses 3.4, 12.1 or 12.2, except to the extent that the termination results from a breach by a party of its obligations under this deed, this deed will be of no force or effect, without any liability or obligation on the part of any party, other than in relation to rights and obligations that accrued prior to termination and

the provisions of this clause and of clauses 1, 6.4, 7.1, 7.2, 9, 11, 13, 14 and 15, which will remain in force after the termination.

**12.4 Termination by written agreement**

The parties may terminate this deed by another written agreement between them.

**13. GST**

**13.1 Recovery of GST**

If GST is payable, or notionally payable, on a supply made under or in connection with this deed, the party providing the consideration for that supply must pay as additional consideration an amount equal to the amount of GST payable, or notionally payable, on that supply (the *GST Amount*). Subject to the prior receipt of a tax invoice, the GST Amount is payable at the same time that the other consideration for the supply is provided. This clause does not apply to the extent that the consideration for the supply is expressly stated to be GST inclusive or the supply is subject to reverse charge.

**13.2 Liability net of GST**

Where any indemnity, reimbursement or similar payment under this deed is based on any cost, expense or other liability, it shall be reduced by any input tax credit entitlement, or notional input tax credit entitlement, in relation to the relevant cost, expense or other liability.

**13.3 Adjustment events**

If an adjustment event occurs in relation to a supply under or in connection with this deed, the GST Amount will be recalculated to reflect that adjustment and an appropriate payment will be made between the parties.

**13.4 Survival**

This clause will continue to apply after expiration or termination of this deed.

**13.5 Definitions**

Unless the context requires otherwise, words used in this clause that have a specific meaning in the GST law (as defined in the *A New Tax System (Goods and Services Tax) Act 1999* (Cth)) shall have the same meaning in this clause.

**14. Notices**

Any notice, demand, consent or other communication (a *Notice*) given or made under this deed:

- (a) must be in writing and signed by a person duly authorised by the sender;
- (b) must be delivered to the intended recipient by prepaid post (if posted to an address in another country, by registered airmail) or by hand or fax to the address or fax number below or the address or fax number last notified by the intended

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recipient to the sender with a copy in each case sent to the email address (if any) below or last notified by the intended recipient to the sender:

(i) to AGL: Address: Level 22,  
101 Miller St  
North Sydney NSW 2060

Attention: Company Secretary

Facsimile: +61 2 9921 2301

with a copy to:

Guy Alexander

Partner

Allens Arthur Robinson

Cnr Hunter and Phillip Streets

Sydney NSW 2000

Email: [guy.alexander@aar.com.au](mailto:guy.alexander@aar.com.au)

(ii) to Mosaic: Address: 6<sup>th</sup> Floor,  
6-8 Underwood Street  
Sydney NSW 2000

Attention: Chief Executive Officer

Facsimile: +61 2 9241 1655

with a copy to:

Mark Pistilli

Partner

Chang, Pistilli & Simmons

Plaza Building, Australia Square

Level 13, 95 Pitt Street

Sydney NSW 2000

Email: [mpistilli@cpscorplaw.com.au](mailto:mpistilli@cpscorplaw.com.au)

(c) will be conclusively taken to be duly given or made:

(i) in the case of delivery in person, when delivered;

(ii) in the case of delivery by post, two Business Days after the date of posting (if posted to an address in the same country) or seven Business Days after the date of posting (if posted to an address in another country); and

(iii) in the case of fax, on receipt by the sender of a transmission control report from the despatching machine showing the relevant number of pages and the correct destination fax number or name of recipient and indicating that the transmission has been made without error,

but if the result is that a Notice would be taken to be given or made on a day that is not a business day in the place to which the Notice is sent or is later than 5pm

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(local time) it will be taken to have been duly given or made at the start of business on the next business day in that place.

## **15. General Provisions**

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### **15.1 Amendment**

This deed may be amended only by another deed executed by all the parties.

### **15.2 Assignment**

A party cannot assign, charge, encumber or otherwise deal with at law or in equity any of its rights or obligations under this deed, or attempt or purport to do so, without the prior consent of each other party.

### **15.3 Costs and stamp duty**

Each party must bear its own costs arising out of the negotiation, preparation and execution of this deed. All stamp duty (including fines, penalties and interest) payable on or in connection with this deed and any instrument executed under or any transaction evidenced by this deed must be borne by AGL.

### **15.4 Counterparts**

This deed may be executed in any number of counterparts. All counterparts together will be taken to constitute one instrument.

### **15.5 Entire agreement**

This deed contains the entire agreement between the parties with respect to its subject matter. It sets out the only conduct relied on by the parties and supersedes all earlier conduct and prior agreements and understandings between the parties in connection with its subject matter.

### **15.6 Further assurances**

Each party must do anything necessary (including executing agreements and documents) to give full effect to this deed and the transactions contemplated by it.

### **15.7 Governing law and jurisdiction**

This deed is governed by the laws of New South Wales. In relation to it and related non-contractual matters each party irrevocably submits to the non-exclusive jurisdiction of courts with jurisdiction there.

### **15.8 No merger**

The rights and obligations of the parties will not merge on the completion of any transaction contemplated by this deed. They will survive the execution and delivery of any assignment or other document entered into for the purpose of implementing a transaction.

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**15.9 No third party beneficiary**

This deed is binding upon and inures solely to the benefit of each party to it and each of their respective permitted successors and assigns, and nothing in this deed, express or implied, is intended to or will confer upon any other person, other than the AGL Indemnified Parties and the Mosaic Indemnified Parties (to the extent set out in clauses 6 and 7), any third party beneficiary rights.

**15.10 No waiver**

A failure to exercise or a delay in exercising any right, power or remedy under this deed does not operate as a waiver. A single or partial exercise or waiver of the exercise of any right, power or remedy does not preclude any other or further exercise of that or any other right, power or remedy. A waiver is not valid or binding on the party granting that waiver unless made in writing.

**15.11 Severability of provisions**

Any provision of this deed that is prohibited or unenforceable in any jurisdiction is ineffective as to that jurisdiction to the extent of the prohibition or unenforceability. That does not invalidate the remaining provisions of this deed nor affect the validity or enforceability of that provision in any other jurisdiction.

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**Schedule 1 – AGL Representations and Warranties**

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1. **(Status)** It is a corporation duly incorporated and validly existing under the laws of the place of its incorporation.
2. **(Solvency)** It is not insolvent and no receiver has been appointed over any part of its assets and no such appointment has been threatened.
3. **(Power)** It has the power to enter into and perform its obligations under this deed to carry out the transactions contemplated by this deed.
4. **(Corporate authorisations)** It has taken all necessary corporate action to authorise the entry into and performance of this deed and to carry out the transactions contemplated by this deed.
5. **(Documents binding)** This deed is its valid and binding obligation enforceable in accordance with its terms, subject to any necessary stamping and registration.
6. **(Transactions permitted)** The execution and performance by it of this deed and each transaction contemplated under this deed did not and will not violate in any respect a provision of:
- (a) a law or treaty or a judgment, ruling, order or decree of a Governmental Agency binding on it;
  - (b) its constitution or other constituent documents; or
  - (c) any other document which is binding on it or its assets.
7. **(AGL Information)** The AGL Information provided to Mosaic:
- (a) at the time it was provided, was provided in good faith and on the understanding that each of the Mosaic Indemnified Parties will rely on that information to prepare the Scheme Booklet or supplementary disclosure to Mosaic Shareholders (as applicable) and to propose and implement the Scheme in accordance with the Corporations Act;
  - (b) at the time Mosaic commenced despatch of the Scheme Booklet or supplementary disclosure (as applicable) to Mosaic Shareholders, does not contain any statement which is materially misleading or deceptive (including by way of omission); and
  - (c) complies in all material respects with relevant laws (including the Corporations Act, Listing Rules and relevant ASIC Regulatory Guides).
8. **(Funding)** AGL will have funding in place to pay the Scheme Consideration on the Implementation Date and to satisfy all of its other payment obligations under this deed as and when such payment obligations become due.
9. **(Continuous disclosure)** AGL has complied in all material respects with its continuous disclosure obligations under Listing Rule 3.1. There is no information that it is withholding pursuant to a carve-out under Listing Rule 3.1 that has not been disclosed to Mosaic.

10. **(Pending or threatened litigation)** AGL's Board and management are not aware of any pending or threatened litigation, regulatory investigation or action or other dispute which could materially impact the earnings or financial position of the AGL Group.
11. **(Tax)** AGL's Board and management are not aware of any investigations, inquiries or other correspondence with taxation authorities, or any other fact or circumstance, which could result in a tax liability for any member of the AGL Group which could materially impact the earnings or financial position of the AGL Group.

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## Schedule 2 - Mosaic Representations and Warranties

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1. **(Status)** It is a corporation duly incorporated and validly existing under the laws of the place of its incorporation.
2. **(Solvency)** It is not insolvent and no receiver has been appointed over any part of its assets and no such appointment has been threatened.
3. **(Power)** It has the power to enter into and perform its obligations under this deed to carry out the transactions contemplated by this deed.
4. **(Corporate authorisations)** It has taken all necessary corporate action to authorise the entry into and performance of this deed and to carry out the transactions contemplated by this deed.
5. **(Documents binding)** This deed is its valid and binding obligation enforceable in accordance with its terms, subject to any necessary stamping and registration.
6. **(Transactions permitted)** The execution and performance by it of this deed and each transaction contemplated under this deed did not and will not violate in any respect a provision of:
- (a) a law or treaty or a judgment, ruling, order or decree of a Governmental Agency binding on it;
  - (b) its constitution or other constituent documents; or
  - (c) any other document which is binding on it or its assets.
7. **(Accounts)** The Accounts:
- (a) comply with the requirements of the Corporations Act and of applicable Accounting Standards (as stated therein); and
  - (b) give a true and fair view of the financial position as at the respective balance dates of the Accounts and of the performance of the Mosaic Group for the respective periods ended on those respective balance dates.
8. **(Capital structure)** Mosaic's capital structure, including all securities issued and outstanding at the date of this deed is as set out in schedule 4. Except for the issue of the Taipan Farmin Scrip, no member of the Mosaic Group is subject to any obligation (including any contingent obligation) to issue or have transferred to any person securities in or of it or any other member of the Mosaic Group.
9. **(Taipan Farmin)**
- (a) the Taipan Disclosure Materials are true and complete in all material respects and there are no other material agreements or documents in relation to the issue of the Taipan Farmin Scrip under the Taipan Farmin Agreement; and
  - (b) no right to terminate the Taipan Farmin Agreement has arisen under clause 3.1(c) of the Taipan Farmin Agreement.
10. **(Continuous disclosure)** Mosaic has complied in all material respects with its continuous disclosure obligations under Listing Rule 3.1. There is no information that it is

withholding pursuant to a carve-out under Listing Rule 3.1 that has not been disclosed to AGL.

11. **(Adviser fees)** The aggregate fees (including any success fees) paid, or payable in the future, by Mosaic to Advisers engaged by Mosaic in relation to the Transaction, does not (or will not) exceed the amount set out in the Disclosure Letter.
12. **(Scheme Booklet)** At the date the Scheme Booklet is despatched to Mosaic Shareholders, the information contained in the Scheme Booklet (other than the AGL Information) is true and correct in all material respects, complies with all applicable laws and does not contain any statement which is misleading or deceptive in any material respect (whether by omission or otherwise).
13. **(No change of control under material contracts)** No person has or will have any right under any material contract (whether subject to conditions or not) as a result of the Transactions to:
  - (a) acquire, or require the disposal of, or require any member of the Mosaic Group to offer to dispose of, any material asset of any member of the Mosaic Group; or
  - (b) terminate, or vary the terms or performance of, any material agreement with any member of the Mosaic Group.
14. **(Environmental liabilities)** Mosaic's Board and management are not aware of any existing or potential material environmental liabilities to which a member of the Mosaic Group is exposed.
15. **(Health and safety)** Mosaic's Board and management are not aware of any existing or potential material liabilities to which a member of the Mosaic Group is exposed as a result of any health and safety laws.
16. **(Pending or threatened litigation)** Mosaic's Board and management are not aware of any pending or threatened litigation, regulatory investigation or action or other dispute which could materially impact the earnings or financial position of the Mosaic Group.
17. **(Tax)** Mosaic's Board and management are not aware of any investigations, inquiries or other correspondence with taxation authorities, or any other fact or circumstance, which could result in a tax liability for any member of the Mosaic Group which could materially impact the earnings or financial position of the Mosaic Group.

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### Schedule 3 – Mosaic Prescribed Occurrences

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1. Mosaic converting all or any of its shares into a larger or smaller number of shares.
2. Any member of the Mosaic Group (other than a direct or indirect wholly-owned subsidiary of Mosaic) resolving to reduce its share capital in any way or reclassifying, combining, splitting or redeeming or repurchasing directly or indirectly any of its shares.
3. Any member of the Mosaic Group (other than a direct or indirect wholly-owned subsidiary of Mosaic):
  - (a) entering into a buy-back agreement; or
  - (b) resolving to approve the terms of a buy-back agreement under the Corporations Act.
4. Any member of the Mosaic Group (other than a direct or indirect wholly-owned subsidiary of Mosaic) declaring, paying or distributing any dividend, bonus or other share of its profits or assets or agreeing to return any capital to its members.
5. Except for the issue of the Taipan Farmin Scrip, any member of the Mosaic Group issuing securities or incurring any obligation (including any contingent obligation) to issue or have transferred to any person securities in or of it or any other member of the Mosaic Group, other than to Mosaic or a direct or indirect wholly-owned subsidiary of Mosaic.
6. A member of the Mosaic Group:
  - (a) acquiring or disposing of;
  - (b) agreeing to acquire or dispose of; or
  - (c) offering, proposing, announcing a bid or tendering for, any business, assets, entity or undertaking, the value of which exceeds \$500,000.
7. A member of the Mosaic Group entering into any agreement or understanding restraining any member of the Mosaic Group from competing with any person or conducting activities in any market.
8. A member of the Mosaic Group creating, or agreeing to create, any mortgage, charge, lien or other encumbrance over the whole, or substantially all, of its business or property otherwise than:
  - (a) in the ordinary course of business; or
  - (b) a lien which arises by operation of law securing an obligation that is not yet due.
9. A member of the Mosaic Group:
  - (a) entering into any agreement or understanding (including in respect of Finance Debt) requiring payments, the incurring of expenditure or the foregoing of revenue by members of the Mosaic Group in excess of \$250,000 or involving a commitment of greater than 12 months;
  - (b) agreeing to any variation to the terms of any agreement or understanding (including any variation made pursuant to a right or obligation in an agreement to



vary or renegotiate terms of that agreement) which is material to the business, operations or financing arrangements of the Mosaic Group;

- (c) incurring or agreeing or committing to incur any individual capital expenditure item which is in excess of \$250,000;
  - (d) waiving any third party default where the financial impact on the Mosaic Group will be in excess of \$100,000;
  - (e) accepting as a compromise of a matter less than the full compensation due to a member of the Mosaic Group where the result of the compromise is that the member will receive an amount which is in excess of \$100,000 less than the amount of full compensation; or
  - (f) entering into any gas storage agreement with any third party.
10. A member of the Mosaic Group providing financial accommodation other than to members of the Mosaic Group (irrespective of what form of Finance Debt that accommodation takes) in excess of \$100,000.
  11. A member of the Mosaic Group entering into any agreement with respect to derivative instruments (including swaps, futures contracts, forward commitments, commodity or currency derivatives or options) or similar instruments.
  12. A member of the Mosaic Group suffering an Insolvency Event.
  13. A member of the Mosaic Group entering into a transaction with any related party of Mosaic as defined in section 228 of the Corporations Act.
  14. A member of the Mosaic Group, other than in the ordinary course of business:
    - (a) materially increasing the remuneration of, or paying any bonuses or issuing any securities to;
    - (b) accelerating any rights to benefits of any kind of;
    - (c) paying or agreeing to pay a termination payout (including a 'golden parachute') to; or
    - (d) materially amending any employment, consulting, board appointment, indemnification, severance or similar arrangement of or with, any of its officers or employees.

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**Schedule 4 - Mosaic Capital Structure**

<b>Security</b>	<b>Number on issue at the date of this deed</b>
Ordinary shares (fully paid)	821,710,775
Ordinary shares (partly paid) ("Mosaic Ordinary Contributing Shares")	19,235,000
Mosaic Employee Options	1,707,818

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**Executed and delivered as a deed** in Sydney.

Each attorney executing this deed states that he or she has no notice of revocation or suspension of his or her power of attorney.

**Signed Sealed and Delivered for AGL Energy Limited** by its attorney under power of attorney in the presence of:

\_\_\_\_\_  
Witness Signature

\_\_\_\_\_  
Attorney Signature

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Print Name

**Executed** as a deed in accordance with section 127 of the *Corporations Act 2001* by **Mosaic Oil NL**:

\_\_\_\_\_  
Director Signature

\_\_\_\_\_  
Director/Secretary Signature

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Print Name

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## Annexure 1 – Form of Scheme

<b>Date</b>	2010
<b>Parties</b>	<p><b>Scheme of Arrangement</b> under Part 5.1 of the Corporations Act.</p>
1.	<b>Mosaic Oil NL</b> (ACN 003 329 084) of Level 6, 6-8 Underwood St, Sydney NSW 2000 ( <i>Mosaic</i> ).
2.	The holders of: <ul style="list-style-type: none"> <li>(a) fully paid ordinary shares in Mosaic; and</li> <li>(b) Mosaic Ordinary Contributing Shares, at the Scheme Record Date (other than Excluded Shareholders).</li> </ul>

### 1. Definitions and interpretation

#### 1.1 Definitions

The meanings of the terms used in this scheme of arrangement are set out below.

**AGL** means **AGL Energy Limited** (ACN 115 061 375) of Level 22, 101 Miller St, North Sydney NSW 2060 (*AGL*).

**AGL Group** means AGL and each of its subsidiaries (excluding, at any time, Mosaic and its subsidiaries to the extent that Mosaic and its subsidiaries are subsidiaries of AGL at that time). A reference to a *member of the AGL Group* is a reference to AGL or any such subsidiary.

**AGL Register** means the register of members of AGL.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited (ABN 98 008 624 691) or, as the context requires, the financial market known as the Australian Securities Exchange operated by it.

**Business Day** means a business day as defined in the Listing Rules.

**Cash Consideration** means:

- (a) for each Scheme Share which, at the Scheme Record Date, is a Mosaic fully paid ordinary share - \$0.15 cash (provided that in the event that Mosaic declares or determines to pay or provide any dividend or distribution after the date of the Scheme Implementation Deed and prior to the Implementation Date, that amount will be reduced by the value of that dividend or distribution (as determined by AGL, acting reasonably, in the case of a non-cash dividend or distribution)); and

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- (b) for each Scheme Share which, at the Scheme Record Date, is a Mosaic Ordinary Contributing Share - \$0.15 in cash (provided that in the event that Mosaic declares or determines to pay or provide any dividend or distribution after the date of the Scheme Implementation Deed and prior to the Implementation Date, that amount will be reduced by the value of that dividend or distribution (as determined by AGL, acting reasonably, in the case of a non-cash dividend or distribution)), minus the unpaid amount (if any) on that partly paid share as at the Scheme Record Date, provided that if this results in no amount or a negative amount payable, the consideration offered for that partly paid share is \$0.001.

**CHES** means the clearing house electronic sub-register system of share transfers operated by ASX Settlement and Transfer Corporation Pty Ltd (ABN 49 008 504 532).

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Court** means the Federal Court of Australia, New South Wales Registry.

**Deed Poll** means the deed poll dated [\*] executed by AGL in favour of the Scheme Shareholders.

**Effective** means the coming into effect under section 411(10) of the Corporations Act of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to this scheme.

**Effective Date** means the date on which this scheme becomes Effective.

**Election Form** means a form which forms part of the Scheme Booklet and is to be completed by Mosaic Shareholders to record their election in relation to the Scheme Consideration.

**End Date** means 30 November 2010.

**Excluded Shareholder** means any Mosaic Shareholder who is a member of the AGL Group.

**Implementation Date** means the fifth Business Day after the Scheme Record Date or such other date agreed to in writing between AGL and Mosaic.

**Ineligible Foreign Holder** means a Scheme Shareholder whose address shown in the Mosaic Share Register at the Scheme Record Date is a place outside of Australia and its external territories or New Zealand unless AGL determines that it is lawful and not unduly onerous or impracticable to issue that Scheme Shareholder with New AGL Shares.

**Listing Rules** means the official listing rules of ASX.

**Marketable Parcel** means a marketable parcel as defined by the Market Rules of ASX.

**Mosaic Employee Incentive Plan** means the plan of that name established in respect of the Mosaic Employee Options.

**Mosaic Employee Options** means options to subscribe for fully paid ordinary shares in Mosaic, issued under the Mosaic Employee Incentive Plan.

**Mosaic Employee Share Scheme** means the Mosaic Employee Share Scheme established in 1992, as amended at the Mosaic General Meeting dated 28 November 2001.

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**Mosaic Ordinary Contributing Shares** means partly paid ordinary shares in Mosaic issued under the Mosaic Employee Share Scheme.

**Mosaic Registry** means Registries Limited (ABN 14 003 209 836) or any replacement provider of share registry services to Mosaic.

**Mosaic Share** means:

- (a) a fully paid ordinary share in Mosaic; or
- (b) a Mosaic Ordinary Contributing Share.

**Mosaic Shareholders** means each person who is registered as the holder of Mosaic Shares from time to time.

**Mosaic Share Register** means the register of members of Mosaic maintained in accordance with the Corporations Act.

**New AGL Share** means an ordinary share in the capital of AGL to be issued as fully paid to Scheme Shareholders under the Scheme.

**Registered Address** means, in relation to a Mosaic Shareholder, the address shown in the Mosaic Share Register.

**Scheme Booklet** means the information to approved by the Court and despatched to Mosaic Shareholders (other than Excluded Shareholders) including the scheme, an explanatory statement complying with the requirements of the Corporations Act, an independent expert's report, the Deed Poll, notice of the Scheme Meeting and proxy form for the Scheme Meeting.

**Scheme Consideration** means;

- (a) for each Scheme Shareholder who has not submitted a valid Election Form to the Mosaic Registry prior to the Scheme Record Date, Cash Consideration for each Scheme Share held by that Scheme Shareholder;
- (b) for each Scheme Shareholder who has not made a Scrip Election, Cash Consideration for each Scheme Share held by that Scheme Shareholder; and
- (c) for each Scheme Shareholder who has made a Scrip Election, Scrip Consideration for each Scheme Share held by that Scheme Shareholder.

**Scheme Implementation Deed** means the Scheme Implementation Deed dated 14 July 2010 between AGL and Mosaic.

**Scheme Meeting** means the meeting of Mosaic Shareholders (other than Excluded Shareholders) ordered by the Court to be convened under section 411(1) of the Corporations Act.

**Scheme Record Date** means 7pm on the fifth Business Day after the Effective Date or such other date agreed to in writing between AGL and Mosaic.

**Scheme Share** means a Mosaic Share held by a Scheme Shareholder at the Scheme Record Date.

**Scheme Shareholders** means Mosaic Shareholders (other than Excluded Shareholders) at the Scheme Record Date.

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**Scrip Consideration** means:

- (a) for each Scheme Share which, at the Scheme Record Date, is a Mosaic fully paid ordinary share – 0.0101 New AGL Shares for every one Scheme Share (provided that in the event that Mosaic declares or determines to pay or provide any dividend or distribution after the date of the Scheme Implementation Deed and prior to the Implementation Date, that number of New AGL Shares will be reduced by the proportion which the value of that dividend or distribution (as determined by AGL, acting reasonably, in the case of a non-cash dividend or distribution) bears to \$0.15); and
- (b) for each Scheme Share which, at the Scheme Record Date, is a Mosaic Ordinary Contributing Share, a number of New AGL Shares for every one Scheme Share determined in accordance with the following formula:

$$A = \frac{B}{C} \times D$$

where:

A = the number of New AGL Shares to be issued for every one such Scheme Share;

B = C, minus the unpaid amount (if any) on that partly paid share as at the Scheme Record Date, provided that if this results in no amount or a negative amount payable, then B is \$0.001;

C = 0.15 (provided that in the event that Mosaic declares or determines to pay or provide any dividend or distribution after the date of the Scheme Implementation Deed and prior to the Implementation Date, that amount will be reduced by the value of that dividend or distribution (as determined by AGL, acting reasonably, in the case of a non-cash dividend or distribution)); and

D = the scrip ratio, 0.0101, provided that in the event that Mosaic declares or determines to pay or provide any dividend or distribution after the date of this deed and prior to the Implementation Date, that scrip ratio will be reduced by the proportion which the value of that dividend or distribution (as determined by AGL, acting reasonably, in the case of a non-cash dividend or distribution) bears to \$0.15).

**Scrip Election** means a valid election under clause 5.4(a) by way of Election Form by a Scheme Shareholder (who is not an Ineligible Foreign Holder or Unmarketable Parcel Shareholder) to receive Scrip Consideration for all of that Scheme Shareholder's Scheme Shares.

**Second Court Date** means the first day on which an application made to the Court for an order under section 411(4)(b) of the Corporations Act approving the Scheme is heard.

**Trustee** means Mosaic as trustee for the Scheme Shareholders.

**Unmarketable Parcel** means a number of AGL Shares which is less than a "marketable parcel" under the market rules of the ASX (currently, a parcel of less than \$500), calculated based on the closing price for AGL Shares on the Scheme Record Date.

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**Unmarketable Parcel Shareholder** means a Scheme Shareholder whose holding of Scheme Shares is such that, if they made a valid Scrip Election, the total number of AGL Shares which that shareholder would be entitled to receive as Scrip Consideration would be an Unmarketable Parcel.

## 1.2 Interpretation

Headings are for convenience only and do not affect interpretation. The following rules apply unless the context requires otherwise.

- (a) The singular includes the plural, and the converse also applies.
- (b) A gender includes all genders.
- (c) If a word or phrase is defined, its other grammatical forms have a corresponding meaning.
- (d) A reference to a person, corporation, trust, partnership, unincorporated body or other entity includes any of them.
- (e) A reference to a clause or schedule is a reference to a clause of or schedule to this scheme.
- (f) A reference to an *agreement* or *document* (including a reference to this scheme) is to the agreement or document as amended, supplemented, novated or replaced, except to the extent prohibited by this scheme or that other agreement or document, and includes the recitals, schedules and annexures to that agreement or document.
- (g) A reference to a party to this scheme or another agreement or document includes the party's successors, permitted substitutes and permitted assigns (and, where applicable, the party's legal personal representatives).
- (h) A reference to legislation or to a provision of legislation includes a modification or re-enactment of it, a legislative provision substituted for it and a regulation or statutory instrument issued under it.
- (i) A reference to conduct includes an omission, statement or undertaking, whether or not in writing.
- (j) A reference to an *agreement* includes any undertaking, deed, agreement and legally enforceable arrangement, whether or not in writing, and a reference to a *document* includes an agreement (as so defined) in writing and any certificate, notice, instrument and document of any kind.
- (k) A reference to *dollars* and \$ is to Australian currency.
- (l) All references to time are to Sydney, Australia time.
- (m) Mentioning anything after *includes*, *including*, *for example*, or similar expressions, does not limit what else might be included.
- (n) Nothing in this scheme is to be interpreted against a party solely on the ground that the party put forward scheme or a relevant part of it.



- (o) A term or expression which is defined in the Corporations Act but is not defined in this scheme, has the meaning given in the Corporations Act.

### 1.3 Business Day

Where the day on or by which any thing is to be done is not a Business Day, that thing must be done on or by the next Business Day.

### 1.4 Listing requirements included as law

A listing rule or business rule of a financial market will be regarded as a *law*, and a reference to such a rule is to be taken to be subject to any waiver or exemption granted to the compliance of those rules by a party.

## 2. Preliminary

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### 2.1 Mosaic

- (a) Mosaic is a public no liability company, registered in New South Wales.
- (b) Mosaic Shares are officially quoted on ASX and the stock exchange for Papua New Guinea ("PoMSOX"). As at 14 July 2010, Mosaic had the following securities on issue:
  - (i) 821,710,775 Mosaic fully paid ordinary shares;
  - (ii) 19,235,000 Mosaic Ordinary Contributing Shares; and
  - (iii) 1,707,818 Mosaic Employee Options.

### 2.2 AGL

AGL is a public company limited by shares and admitted to the official list of ASX.

### 2.3 Consequence of this scheme becoming Effective

- (a) If this scheme becomes Effective:
  - (i) AGL will provide the Scheme Consideration to Scheme Shareholders in accordance with this scheme; and
  - (ii) all the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares, will be transferred to AGL, and Mosaic will enter AGL in the Mosaic Share Register as the holder of the Scheme Shares with the result that Mosaic will become a wholly-owned subsidiary of AGL.
- (b) AGL and Mosaic have entered into the Scheme Implementation Deed to facilitate the proposal of this scheme by Mosaic and its implementation.

## 3. Conditions

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- (a) This scheme is conditional on all the conditions precedent in clause 3.1 of the Scheme Implementation Deed (other than the condition in clause 3.1(d) (Court approval) of the Scheme Implementation Deed) having been satisfied or waived in

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accordance with the terms of the Scheme Implementation Deed by 8am on the Second Court Date.

- (b) The satisfaction of clause 3(a) is a condition precedent to the operation of clauses 4.2 and 5.
- (c) This scheme will lapse and be of no further force or effect if:
  - (i) the Effective Date does not occur on or before the End Date or any later date agreed in writing between AGL and Mosaic; or
  - (ii) the Scheme Implementation Deed is terminated prior to implementation of this scheme on the Implementation Date.

## **4. Implementation**

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### **4.1 Lodgement of Court orders**

Mosaic must lodge with ASIC office copies of any Court orders under section 411 of the Corporations Act approving this scheme by 5pm on the Business Day the Court approves this scheme or by 5pm on the Business Day on which the Court orders are entered, whichever is the later.

### **4.2 Transfer of Scheme Shares**

On the Implementation Date:

- (a) subject to the provision of the Scheme Consideration in the manner contemplated by clause 5, the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares at the Implementation Date, will be transferred to AGL, without the need for any further act by any Scheme Shareholder by:
  - (i) Mosaic delivering to AGL a duly completed and executed share transfer form to transfer all the Scheme Shares to AGL; and
  - (ii) AGL duly executing such transfer form and delivering it to Mosaic for registration; and
- (b) immediately after receipt of the transfer form in accordance with paragraph (a)(ii), Mosaic must enter the name of AGL in the Mosaic Share Register in respect of the Scheme Shares.

## **5. Scheme Consideration**

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### **5.1 Amount of Scheme Consideration**

- (a) Subject to clause 5.1(b), each Scheme Shareholder is entitled to receive Cash Consideration in respect of each Scheme Share held by that Scheme Shareholder.
- (b) Each Scheme Shareholder who has made a valid Scrip Election under clause 5.4(a) is entitled to receive Scrip Consideration (in lieu of Cash Consideration) in respect of each Scheme Share which is held by that Scheme Shareholder and is the subject of that election.

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## 5.2 Joint holders

In the case of Scheme Shares held in joint names:

- (a) Cash Consideration (or any other cheque required to be sent under this scheme) will be made payable to, and sent to, the holder whose name appears first in the Mosaic Share Register at the Scheme Record Date;
- (b) Scrip Consideration will be provided by the relevant New AGL Shares being issued to and registered in the names of the joint holders; and
- (c) any other document required to be sent under this scheme will be forwarded to the holder whose name appears first in the Mosaic Register as at the Scheme Record Date.

## 5.3 Cash Consideration

- (a) On implementation of this scheme on the Implementation Date, AGL must deposit an amount equal to the aggregate amount of the Cash Consideration payable to those Scheme Shareholders who are entitled to receive the Cash Consideration in cleared funds in an Australian dollar denominated trust account operated by the Trustee, to be held on trust for those Scheme Shareholders, except that any interest on the amount deposited (less bank fees and other charges) will be to AGL's account.
- (b) Subject to Mosaic having complied with paragraph (a), as soon as practicable following implementation of this scheme on the Implementation Date, the Trustee must pay from the account referred to in paragraph (a) to each relevant Scheme Shareholder who is entitled to receive Cash Consideration such amount of cash as is due to that Scheme Shareholder under clause 5.1 as Scheme Consideration in respect of all that Scheme Shareholder's Scheme Shares.
- (c) The amount referred to in paragraph (b) must be paid by the Trustee doing any of the following at its election:
  - (i) sending (or procuring the Mosaic Registry) to send it to the Scheme Shareholder's Registered Address by cheque in Australian currency drawn out of the trust account established in accordance with paragraph (a); or
  - (ii) depositing (or procuring the Mosaic Registry) to deposit it into an account with any Australian ADI (as defined in the Corporations Act) notified to Mosaic (or the Mosaic Registry) by an appropriate authority from the Scheme Shareholders.
- (d) If there is any surplus in the amount held by the Trustee in the trust account, that surplus must be paid by the Trustee to AGL following the satisfaction of the Trustee's obligations under this clause 5.3.

## 5.4 Scrip Election procedure

- (a) Subject to this clause 5.4 and clause 5.5, each Scheme Shareholder may elect to receive Scrip Consideration (rather than the default Cash Consideration) by completing the Election Form and returning it to the address specified in the

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Election Form so that it is received by the Mosaic Registry prior to the Scheme Record Date.

- (b) An Ineligible Foreign Holder or Unmarketable Parcel Shareholder is not entitled to make any election pursuant to clause 5.4(a) and any election purportedly made by it will be invalid.
- (c) An election under clause 5.4(a) must be made in accordance with the terms and conditions on the Election Form.
- (d) Subject to clause 5.4(e), a valid election made or deemed to be made by a Scheme Shareholder under clause 5.4(a) will be deemed to apply in respect of the Scheme Shareholder's entire holding of Scheme Shares, regardless of whether the Scheme Shareholder's holding of Scheme Shares is greater or less than the Scheme Shareholder's holding at the time it made its election.
- (e) A Scheme Shareholder who is noted on the Mosaic Register as holding one or more parcels of Mosaic Shares as trustee or nominee for, or otherwise on account of, another person, may make separate elections under clause 5.4(a) in relation to each of those parcels of Mosaic Shares (subject to it providing to Mosaic and AGL any substantiating information they require), and an election made in respect of any such parcel, or an omission to make an election in respect of any such parcel, will not be taken to extend to other parcels.
- (f) A Scheme Shareholder may vary or withdraw any election made by it under clause 5.4(a) prior to the Scheme Record Date. To vary such an election, a Scheme Shareholder must lodge a replacement Election Form by the Scheme Record Date. To withdraw such an election, a Scheme Shareholder must follow the procedure set out in the Election Form.
- (g) Subject to clause 5.4(h), an election which is not made or deemed to have been made in accordance with clause 5.4(a) will not be a valid election for the purpose of this scheme and will not be recognised by Mosaic or AGL for any purpose.
- (h) Mosaic may, with the agreement of AGL, settle as it thinks fit any difficulty, matter of interpretation or dispute which may arise in connection with determining the validity of any election, and any such decision will be conclusive and binding on Mosaic, AGL and the relevant Scheme Shareholder.

## 5.5 Provision of Scrip Consideration

The obligation of AGL to provide the Scrip Consideration to Scheme Shareholders who have made a valid election in accordance with clause 5.4(a) will be satisfied by AGL procuring that:

- (a) the name and address of each such Scheme Shareholder is entered into the AGL Register on the Implementation Date in respect of the New AGL Shares to which it is entitled; and
- (b) a share certificate or holding statement (or equivalent document) is sent to the Registered Address of each such Scheme Shareholder representing the number of New AGL Shares issued to the Scheme Shareholder pursuant to this scheme.

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## 5.6 Fractional entitlements

Where the calculation of the number of AGL Shares to be issued to a particular Scheme Shareholder would result in the issue of a fraction of an AGL Share, the fractional entitlement will be rounded down to the nearest whole number of New AGL Shares. In relation to any such fractional entitlement which is lost through rounding down, AGL will pay the holder of that fractional entitlement a cash amount equal to the equivalent fractional amount of the Cash Consideration.

## 5.7 Issue and trading of New AGL Shares

- (a) The New AGL Shares will be issued fully paid and will rank equally in all respects with all other AGL Shares then issued and outstanding.
- (b) Each Scheme Shareholder who is entitled to receive New AGL Shares in accordance with clause 5.4(a) agrees to be bound by AGL's constitution and authorises AGL to enter its name in the AGL Register in respect of those AGL Shares.
- (c) Each Scheme Shareholder shall be deemed to have irrevocably appointed AGL and each of its directors and officers (jointly and severally) as its attorneys for the purpose of executing any form of application, letter of transmittal or other instruments or documents required for the New AGL Shares.

## 6. Dealings in Mosaic Shares

- (a) To establish the identity of the Scheme Shareholders, dealings in Mosaic Shares will only be recognised if:
  - (i) in the case of dealings of the type to be effected using CHESSE, the transferee is registered in the Mosaic Share Register as the holder of the relevant Mosaic Shares on or before the Scheme Record Date; and
  - (ii) in all other cases, registrable transmission applications or transfers in respect of those dealings are received on or before the Scheme Record Date at the place where the Mosaic Share Register is kept.
- (b) Mosaic must register registrable transmission applications or transfers of the kind referred to in clause 6(a)(ii) on the Scheme Record Date (provided that for the avoidance of doubt nothing in this clause 6(b) requires Mosaic to register a transfer that would result in a Mosaic Shareholder holding a parcel of Mosaic Shares that is less than a Marketable Parcel).
- (c) Mosaic will not accept for registration or recognise for any purpose any transmission application or transfer in respect of Mosaic Shares received after the Scheme Record Date.
- (d) For the purpose of determining entitlements to the Scheme Consideration, Mosaic must maintain the Mosaic Share Register in accordance with the provisions of this clause 6 until the Scheme Consideration has been provided to the Scheme Shareholders. The Mosaic Share Register in this form will solely determine entitlements to the Scheme Consideration.

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- (e) All statements of holding for Mosaic Shares will cease to have effect from the Scheme Record Date as documents of title in respect of those shares (other than statements of holding in favour of any member of the AGL Group and its successors in title). As from the Scheme Record Date, each entry current at that date on the Mosaic Share Register (other than entries in respect of any member of the AGL Group and its successors in title) will cease to have effect except as evidence of entitlement to the Scheme Consideration in respect of the Mosaic Shares relating to that entry.
- (f) As soon as possible after the Scheme Record Date and in any event at least two Business Days before the Implementation Date, Mosaic will ensure that details of the names, Registered Addresses and holdings of Mosaic Shares for each Scheme Shareholder are available to AGL in the form AGL reasonably requires.

## 7. Quotation of Mosaic Shares

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- (a) It is expected that suspension of trading on ASX in Mosaic Shares will occur from the close of trading on the day Mosaic notifies ASX that the Court has approved this scheme under section 411(4)(b) of the Corporations Act.
- (b) On a date after the Implementation Date to be determined by AGL, Mosaic will apply:
  - (i) for termination of the official quotation of Mosaic Shares on ASX; and
  - (ii) to have itself removed from the official list of ASX.

## 8. General Scheme Provisions

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### 8.1 Consent

If the Court proposes to approve this scheme subject to any alterations or conditions, Mosaic may, by its counsel, consent on behalf of all persons concerned to those alterations or conditions to which AGL has given its prior written consent.

### 8.2 Agreement of Scheme Shareholders

- (a) Scheme Shareholders agree to the transfer of their Mosaic Shares in accordance with this scheme and agree to the variation, cancellation or modification of the rights attached to their Mosaic Shares constituted by or resulting from this scheme.
- (b) Each of the Scheme Shareholders acknowledges that this scheme binds Mosaic and all Scheme Shareholders (including those who do not attend the Scheme Meeting or do not vote at that meeting or vote against this scheme at that Scheme Meeting).



### 8.3 Warranties by Scheme Shareholders

Each Scheme Shareholder is deemed to have warranted to Mosaic, in its own right and for the benefit of AGL that:

- (a) all of its Mosaic Shares which are transferred to AGL under this scheme will, on the date on which they are transferred to AGL, be free from all mortgages, charges, liens, encumbrances and interests of third parties of any kind;
- (b) all of its Mosaic Shares which are transferred to AGL under this scheme will, on the date on which they are transferred to AGL, be fully paid (or, for each Mosaic Share which is a Mosaic Ordinary Contributing Share, paid up to at least the amount disclosed by Mosaic in the latest ASX announcement which discloses the amount paid up on that partly paid share); and
- (c) it has full power and capacity to sell and (subject to the removal of the transfer restrictions pursuant to the Mosaic director and member resolutions referred to in clauses 5.1(o) and 3.1(b)(ii) of the Scheme Implementation Deed respectively) to transfer its Mosaic Shares to AGL.

### 8.4 Beneficial entitlement to Mosaic Shares

From the Implementation Date, AGL will be beneficially entitled to the Mosaic Shares transferred to it under this scheme pending registration by Mosaic of AGL in the Mosaic Share Register as the holder of the Mosaic Shares.

### 8.5 Authority given to Mosaic

- (a) Scheme Shareholders will be deemed to have authorised Mosaic to do and execute all acts, matters, things and documents on the part of each Scheme Shareholder necessary to implement the scheme, including executing, as agent and attorney of each Scheme Shareholder, a share transfer or transfers in relation to Scheme Shares as contemplated by clause 8.5(b).
- (b) Each Scheme Shareholder, without the need for any further act, irrevocably appoints Mosaic and all of its directors, secretaries and officers (jointly and severally) as its attorney and agent for the purpose of executing any document necessary to give effect to this scheme including, a proper instrument of transfer of its Scheme Shares for the purposes of section 1071B of the Corporations Act which may be a master transfer of all the Scheme Shares and for enforcing the Deed Poll against AGL.

### 8.6 Appointment of sole proxy

Upon this scheme becoming Effective and until Mosaic registers AGL as the holder of all Mosaic Shares in the Mosaic Share Register, each Scheme Shareholder:

- (a) is deemed to have irrevocably appointed AGL as that Scheme Shareholder's attorney and agent (and directed AGL in such capacity) to appoint an officer or agent nominated by AGL as its sole proxy and, where applicable, corporate representatives to attend shareholders' meetings of Mosaic, exercise the votes

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attaching to the Scheme Shares registered in its name and sign any shareholders' resolutions, whether in person, by proxy or by corporate representative; and

- (b) must take all other actions in the capacity of a registered holder of Scheme Shares as AGL reasonably directs.

## **9. General**

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### **9.1 Stamp duty**

AGL will pay all stamp duty payable in connection with the transfer of the Scheme Shares to AGL.

### **9.2 Definition of 'sending'**

For the purposes of clauses 5.2, 5.3 and 5.5 the expressions 'sending' means, in relation to each Scheme Shareholder:

- (a) sending by ordinary pre-paid post or courier to the Registered Address of that Scheme Shareholder as at the Scheme Record Date; or
- (b) delivery to the Registered Address of that Scheme Shareholder as at the Scheme Record Date by any other means at no cost to the recipient.

### **9.3 Notices**

- (a) If a notice, transfer, transmission application, direction or other communication referred to in this document is sent by post to Mosaic, it will not be taken to be received in the ordinary course of post or on a date and time other than the date and time (if any) on which it is actually received at the place where Mosaic's Share Registry is kept.
- (b) The accidental omission to give notice of the Scheme Meeting or the non-receipt of such a notice by any Shareholder shall not, unless so ordered by the Court, invalidate the Scheme Meeting or the proceedings of the Scheme Meeting.

### **9.4 Governing law and jurisdiction**

This scheme is governed by the laws of New South Wales. In relation to it and related non-contractual matters each party irrevocably submits to the non-exclusive jurisdiction of courts with jurisdiction there.

### **9.5 Further assurances**

Mosaic must do anything necessary (including executing agreements and documents) to give full effect to this scheme and the transactions contemplated by it.

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## Annexure 2 - Deed Poll

<b>Date</b>	2010
<b>1.</b>	<p><b>Deed Poll</b> by</p> <p><b>AGL Energy Limited</b> (ACN 115 061 375) of Level 22, 101 Miller St, North Sydney NSW 2060 (<i>AGL</i>).</p> <p><b>in favour of</b> the <b>Scheme Shareholders</b>.</p>
<b>Recitals</b>	
A	On 14 July 2010, AGL and Mosaic entered into the Scheme Implementation Deed to provide for the implementation of the Scheme.
B	The effect of the Scheme will be to transfer all of the Scheme Shares to AGL in return for the Scheme Consideration.
C	AGL enters into this deed poll to covenant in favour of Scheme Shareholders to pay or procure payment of the Scheme Consideration in accordance with the Scheme.

**It is declared** as follows.

### 1. Definitions and interpretation

#### 1.1 Definitions

The following definitions apply unless the context requires otherwise.

***Scheme Implementation Deed*** means the scheme implementation deed dated 14 July 2010 between AGL and Mosaic Oil NL (ACN 003 329 084) (*Mosaic*).

***Trustee*** means Mosaic as trustee for the Scheme Shareholders.

#### 1.2 Terms defined in Scheme Implementation Deed

Words defined in the Scheme Implementation Deed and not in this deed poll have the same meaning in this deed poll as in the Scheme Implementation Deed unless the context requires otherwise.

#### 1.3 Incorporation by reference

The provisions of clauses 1.2, 1.3, 1.4 and 1.5 of the Scheme Implementation Deed form part of this deed poll as if set out at length in this deed poll but with 'deed poll'

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substituted for 'deed' and with any reference to 'party' being taken to include the Scheme Shareholders.

#### 1.4 Nature of this deed poll

AGL acknowledges that:

- (a) this deed poll may be relied on and enforced by any Scheme Shareholder in accordance with its terms even though the Scheme Shareholders are not a party to it; and
- (b) under the Scheme, each Scheme Shareholder has irrevocably appointed Mosaic and all of its directors, secretaries and officers (jointly and severally) as its attorney and agent, inter alia, to enforce this deed poll against AGL.

## 2. Conditions

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### 2.1 Conditions

AGL's obligations under clause 3 are subject to all conditions precedent to the Scheme being satisfied or waived.

### 2.2 Termination

AGL's obligations under this deed poll will automatically terminate and this deed poll will be of no further force or effect if:

- (a) the Scheme Implementation Deed is terminated in accordance with its terms; or
- (b) the Scheme is not Effective by the End Date.

### 2.3 Consequences of termination

If this deed poll terminates under clause 2.2, in addition and without prejudice to any other rights, powers or remedies available to them:

- (a) AGL is released from its obligations to further perform this deed poll; and
- (b) Scheme Shareholders retain the rights they have against AGL in respect of any breach of this deed poll which occurred before it terminated.

## 3. Payment of the Scheme Consideration

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- (a) Subject to clause 2, AGL undertakes in favour of each Scheme Shareholder to:
  - (i) pay the Cash Consideration; or
  - (ii) provide the Scrip Consideration(as applicable) to each Scheme Shareholder in accordance with the terms of the Scheme.
- (b) **(Cash Consideration)** The obligation of AGL to pay the Cash Consideration (and amounts payable for fractional entitlements with respect to the Scrip

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Consideration) will be satisfied if, on or before implementation of the Scheme, AGL pays an amount at least equal to the aggregate amount of:

- (i) the Cash Consideration payable to those Scheme Shareholders who are entitled to receive the Cash Consideration; and
- (ii) amounts payable in respect of fractional entitlements to those Scheme Shareholders who are entitled to receive the Scrip Consideration and hold a fractional entitlement which is lost through rounding down,

in cleared funds in an Australian dollar denominated trust account operated by the Trustee, on trust for those Scheme Shareholders, except that any interest on the amount deposited (less bank fees and other charges) will be to AGL's account.

- (c) **(Scrip Consideration)** AGL covenants in favour of each Scheme Shareholder that the New AGL Shares which are to be issued to each Scheme Shareholder who is entitled to receive the Scrip Consideration in accordance with the Scheme will:
  - (i) rank equally with all existing AGL Shares; and
  - (ii) be issued fully paid and free from any mortgage, charge, lien, encumbrance or other security interest.

#### 4. Warranties

AGL represents and warrants to each Scheme Shareholder that:

- (a) **(status)** it is a corporation duly incorporated and validly existing under the laws of the place of its incorporation;
- (b) **(power)** it has the power to enter into and perform its obligations under this deed poll and to carry out the transactions contemplated by this deed poll;
- (c) **(corporate authorisations)** it has taken all necessary corporate action to authorise the entry into and performance of this deed poll and to carry out the transactions contemplated by this deed poll;
- (d) **(documents binding)** this deed poll is its valid and binding obligation enforceable in accordance with its terms; and
- (e) **(transactions permitted)** the execution and performance by it of this deed poll and each transaction contemplated under this deed poll did not and will not violate in any respect a provision of:
  - (i) a law or treaty or a judgment, ruling, order or decree of a Governmental Agency binding on it;
  - (ii) its constitution or other constituent documents; or
  - (iii) any other document which is binding on it or its assets.



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## **7. General Provisions**

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### **7.1 Amendment**

This deed poll may be amended only by another deed poll entered into by AGL, and then only if the amendment is agreed to by Mosaic in writing and the Court indicates that the amendment would not itself preclude approval of the Scheme.

### **7.2 Assignment**

The rights of each Scheme Shareholder under this deed poll are personal and cannot be assigned, charged, encumbered or otherwise dealt with at law or in equity without the prior written consent of AGL.

### **7.3 Counterparts**

This deed poll may be executed in any number of counterparts. All counterparts together will be taken to constitute one instrument.

### **7.4 Cumulative rights**

The rights, powers and remedies of AGL and each Scheme Shareholder under this deed poll are cumulative and do not exclude any other rights, powers or remedies provided by law independently of this deed poll.

### **7.5 Governing law and jurisdiction**

This deed poll is governed by the laws of New South Wales. In relation to it and related non-contractual matters AGL irrevocably submits to the non-exclusive jurisdiction of courts with jurisdiction there.

### **7.6 Further assurances**

AGL must do anything necessary (including executing agreements and documents) to give full effect to this deed and the transactions contemplated by it.

### **7.7 No waiver**

If a Scheme Shareholder does not exercise a right arising from a breach of this deed poll at a given time, it may, unless it has waived that right in writing, exercise the right at a later point in time.

### **7.8 Stamp duty**

AGL must:

- (a) pay or procure the payment of all stamp duty (including fines, penalties and interest) in respect of the Scheme and this deed poll, the Scheme Implementation Deed, the performance of this deed poll, the Scheme Implementation Deed and each transaction effected by or made under the Scheme, this deed poll and the Scheme Implementation Deed; and
- (b) indemnify each Scheme Shareholder against any liability arising from failure to comply with clause 7.8(a).

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**Executed and delivered as a deed poll** in Sydney.

Each attorney executing this Deed states that he or she has no notice of revocation or suspension of his or her power of attorney.

**Signed Sealed and Delivered for AGL Energy Limited** by its attorney in the presence of:

\_\_\_\_\_  
Witness Signature

\_\_\_\_\_  
Attorney Signature

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Print Name

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**Annexure 3 - Indicative Timetable**

<b>Event</b>	<b>Mosaic completion date</b>
Announcement and signing of this deed	14 July 2010
Scheme Booklet provided to ASIC	18 August 2010
First Court hearing	3 September 2010
Despatch Scheme Booklet	7 September 2010
Deadline for receipt of proxy forms for Scheme Meeting	7pm on 5 October 2010
Time and date for determining eligibility to vote at Scheme Meeting	7pm on 5 October 2010
Scheme Meeting (to approve the Scheme and the Employee Share Scheme Amendment Resolution).	7 October 2010
Second Court hearing	8 October 2010
Effective Date	8 October 2010
Scheme Record Date	7pm on 15 October 2010
Implementation Date	18 October 2010

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