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RELEASE

COST REDUCTION FOR CORNEA-3 EXPLORATION/APPRAISAL WELL

Moby Oil & Gas Limited ("Moby" or "the Company") ***(ASX code: MOG)*** advises that the WA-342-P joint venturers (and Moby as farminee) have received a revised Authority for Expenditure ("AFE") from the drilling manager, Australian Drilling Associates Pty Ltd, relating to the drilling of the Cornea-3 exploration/ appraisal well. The revised AFE reflects decisions to modify both the vertical well design and well testing procedures, including the conduct of hydrocarbon sampling using a modular dynamic testing (MDT) tool.

The financial consequence is that the revised estimated cost of the Cornea-3 exploration/appraisal well is now AUD$17.36 million, of which Moby's presumptive share has reduced from AUD$10.8 million to AUD$7.77 million. The revised AFE, for a total of $17.36 million, still includes a contingency factor of approximately three days drilling costs (20%).

This reduction has a significant and positive effect for the Company, as Moby will now only need to raise a net AUD$15.87 million to meet its aggregate drilling obligations for the Braveheart-1 and Cornea-3 wells.

On 16 November 2009, the Company placed 11,925,822 ordinary fully paid shares to clients of RBS Morgans Corporate Limited at an issue price of $0.21 to raise $2.5 million, as announced to ASX on that date. This was a 15% placement permitted under ASX Listing Rule 7.1.

As announced by the Company on 18 November 2009, RBS Morgans has agreed to place a further 8,074,178 shares at the same price, conditional upon Member approval being obtained. This will raise an approximate $1.7 million.

In recognition of the revised AFE estimate, the Cornea Farmors and Moby have agreed an adjustment to the farmin obligations to accord with this latest AFE, which means Moby's expenditure cap for drilling the Cornea-3 exploration/appraisal well is AUD$7.77 million, in lieu of the previous AUD$10.80 million, a reduction of more than AUD$3.03 million. This agreement to amend the farmin obligations will be effected by consequent modification of both the Cornea Farmin Agreement and the Rankin Trend Acquisition Deed by a reduction of the farmin expenditure cap for the Cornea Farmin.

By Order of the Board

J.G. Tuohy
Company Secretary

26 November 2009