MOBY OIL & GAS LIMITED

ABN 17 106 653 794

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED

30 JUNE 2011

CORPORATE DIRECTORY

Directors
E Geoffrey Albers (Chairman)
Lance E Coburn
Robert J Coppin
Graeme A Menzies

Company Secretary
John G Tuohy

Registered Office
and Principal Administration Office
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Melbourne, Victoria 3000, Australia

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BDO Audit (NSW-VIC) Pty Ltd
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Share Registry
Link Market Service Limited
Level 1, 333 Collins Street
Melbourne, Victoria 3000 Australia

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Stock Exchange Listing
ASX Limited
Level 45, South Tower, Rialto
525 Collins Street
Melbourne, Victoria 3000 Australia

ASX Code: MOG: Ordinary Shares
MOGOA: 30 June 2013 Options

Incorporated in the State of Victoria
13 October 2003

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FORWARD LOOKING STATEMENTS

This Annual Financial Report includes certain forward-looking statements that have been based on current expectations about future acts, events and circumstances. These forward-looking statements are, however, subject to risks, uncertainties and assumptions that could cause those acts, events and circumstances to differ materially from the expectations described in such forward-looking statements.

These factors include, among other things, commercial and other risks associated with the meeting of objectives and other investment considerations, as well as other matters not yet known to the company or not currently considered material by the company.

RISK FACTORS

Exploration for oil and gas is speculative, expensive and subject to a wide range of risks. There can be no assurance that any well drilled by the company will result in the discovery of oil or gas, nor that any discovery will prove to be commercially viable. Individual investors should consider these matters in light of their personal circumstances (including financial and taxation affairs) and seek professional advice from their accountant, lawyer or other professional adviser as to the suitability of an investment in the Company.

DIRECTORS' REPORT

The directors present their report on the results and state of affairs of Moby Oil & Gas Limited ("the company" or "Moby") and its wholly-owned subsidiary, Rankin Trend Pty Ltd, ("consolidated entity" or "group") for the year ended 30 June 2011. Moby is a company limited by shares that is incorporated and domiciled in Australia.

PRINCIPAL ACTIVITY

The principal activity of the consolidated entity during the financial year ended 30 June 2011 was oil and gas exploration, which has remained unchanged since incorporation of the company.

FINANCIAL RESULTS FOR THE YEAR

The consolidated entity recorded an operating loss after income tax for the year ended 30 June 2011 of $16,585,778 (2010: loss $10,407,410).

STATE OF AFFAIRS

The group is involved in exploration for oil and gas in the offshore waters of Australia. The interests and exploration programmes of the group set out below are not mature and can be regarded as highly speculative. There has been no significant change in the state of affairs of the company or the group during the year.

DIVIDENDS

No dividend has been paid, provided or recommended during the financial year and to the date of this report.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The likely developments in the group's operations in future years and the expected result from those operations are dependent on exploration success in the permit areas in which the group holds an interest, as described in the Review of Operations section of this report.

REVIEW OF FINANCIAL POSITION

At 30 June 2011, the consolidated entity had a working capital (current assets less current liabilities) surplus of $3,294,182 (2010: deficit of $2,904,513).

CORPORATE ACTIVITY

Issue of Shares and Grant of Options

In March 2011, Exoil Limited ("Exoil") indicated to the company that it would put a proposal to its shareholders and optionholders that they consider two schemes of arrangement ("schemes"). Under the schemes, the participating Exoil shareholders (being all Exoil shareholders other than Mr EG Albers and interests associated with him) and all the Exoil optionholders were to approve the cancellation of their Exoil shares and options and, in return, receive shares and options issued and granted respectively by Moby.

The schemes received the necessary regulatory and Court approvals and the condition, that Moby enter into a farmin agreement with Exoil in relation to the WA-359-P permit (as detailed in the Review of Operations section of this report), was also fulfilled when the company received the approval of Members to enter into these arrangements. Consequently, all of these arrangements became unconditional on 27 May 2011.

The first of the schemes, between Exoil and its shareholders, resulted in each Exoil shareholder (other than Mr EG Albers and interests associated with him) having their Exoil shares cancelled and on 7 June 2011 they received 1.35 new Moby shares (33,823,269 shares were issued by Moby) for every Exoil share held.

Under the second of the schemes, all Exoil optionholders had their Exoil options cancelled and on 7 June 2011 received 1.35 new Moby options (40,662,280 options were granted by Moby) for every Exoil option cancelled. The options are exercisable on or before 30 June 2013 at an exercise price of 12 cents each and they are listed on ASX under the code MOGOA.

Appointment of Director

On 1 March 2011, Mr Robert J Coppin was appointed as a director of the company. Details of Mr Coppin's qualifications and career are provided in the Directors section of this report.

REVIEW OF OPERATIONS

The company, by itself and through its wholly-owned subsidiary, continues to hold working interests in six petroleum exploration permits in the offshore basins of Australia. Three are located in the Carnarvon Basin (WA-359-P, WA-360-P and WA-409-P), one in the Browse Basin (WA-342-P) and two in the Gippsland Basin (Vic/P41 and Vic/P47). Details of these permits and the work activities undertaken in each one during the financial year are provided in this section.

During the financial year, the initial terms of the WA-333-P, Vic/P45 and EPP 34 permits ended and they were not renewed and the company surrendered its interests in the WA-332-P, Vic/P53 and EPP 35 permits and they were cancelled.

Carnarvon Basin Interests

The company's interests in the WA-359-P, WA-360-P and WA-409-P permits are displayed below in the *Carnarvon Basin Permit Location Map*.

WA-359-P – Carnarvon Basin

The WA-359-P Joint Venture consists of the following parties (subject to approval of various farmin arrangements):

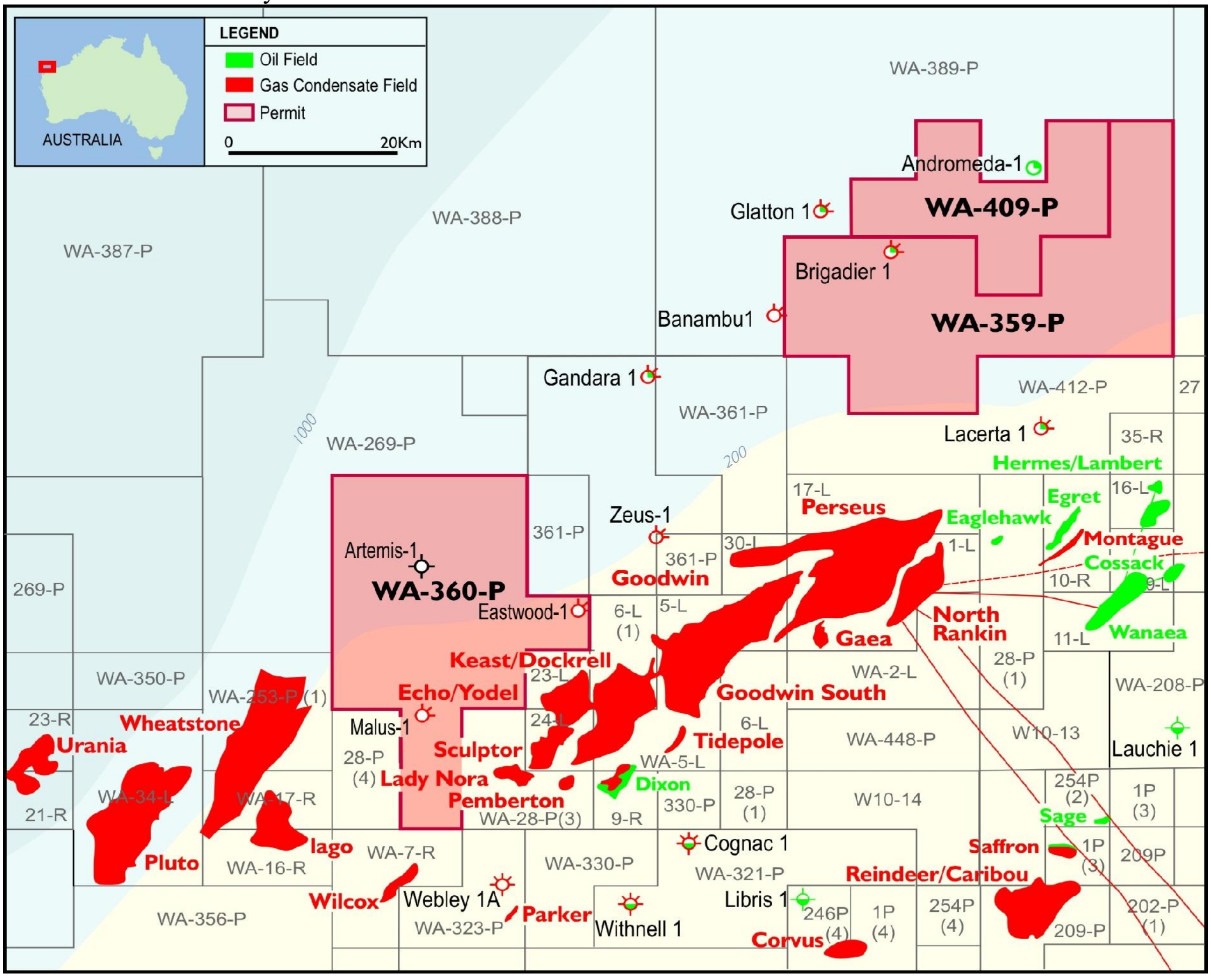
Apache Northwest Pty Ltd	40.0% and Operator
Cue Exploration Pty Ltd	30.0%
(subsidiary of Cue Energy Resources Limited)	
Moby Oil & Gas Limited	28.5%
Exoil Pty Ltd	1.5%

WA-359-P is in the Dampier Sub-basin offshore from Western Australia and covers an area of approximately 1,212 km^2 in water depths of less than 500 metres – see the following *Carnarvon Basin Permit Location Map*.

On 7 March 2011, Moby announced that it planned to enter into a conditional farmin agreement with Exoil in relation to Exoil's interest in the WA-359-P permit. The proposal was for the company to earn a 95% interest in Exoil's then 30% residual interest in the WA-359-P permit by meeting 100% of Exoil's costs through to the end of its current term and any renewed term of the permit.

The farmin by the company was subject to obtaining all necessary regulatory approvals and to the terms of the Apache farmin, (as detailed below) and conditional on Moby obtaining the approval of Members in general meeting. It was also conditional on approval being obtained for the schemes (as described in the Corporate

Activity section of this report) between Exoil and its participating shareholders and all of its optionholders. As noted above, all regulatory, Court and Member approvals were obtained and all of these arrangements became unconditional on 27 May 2011.



Carnarvon Basin Permit Location Map

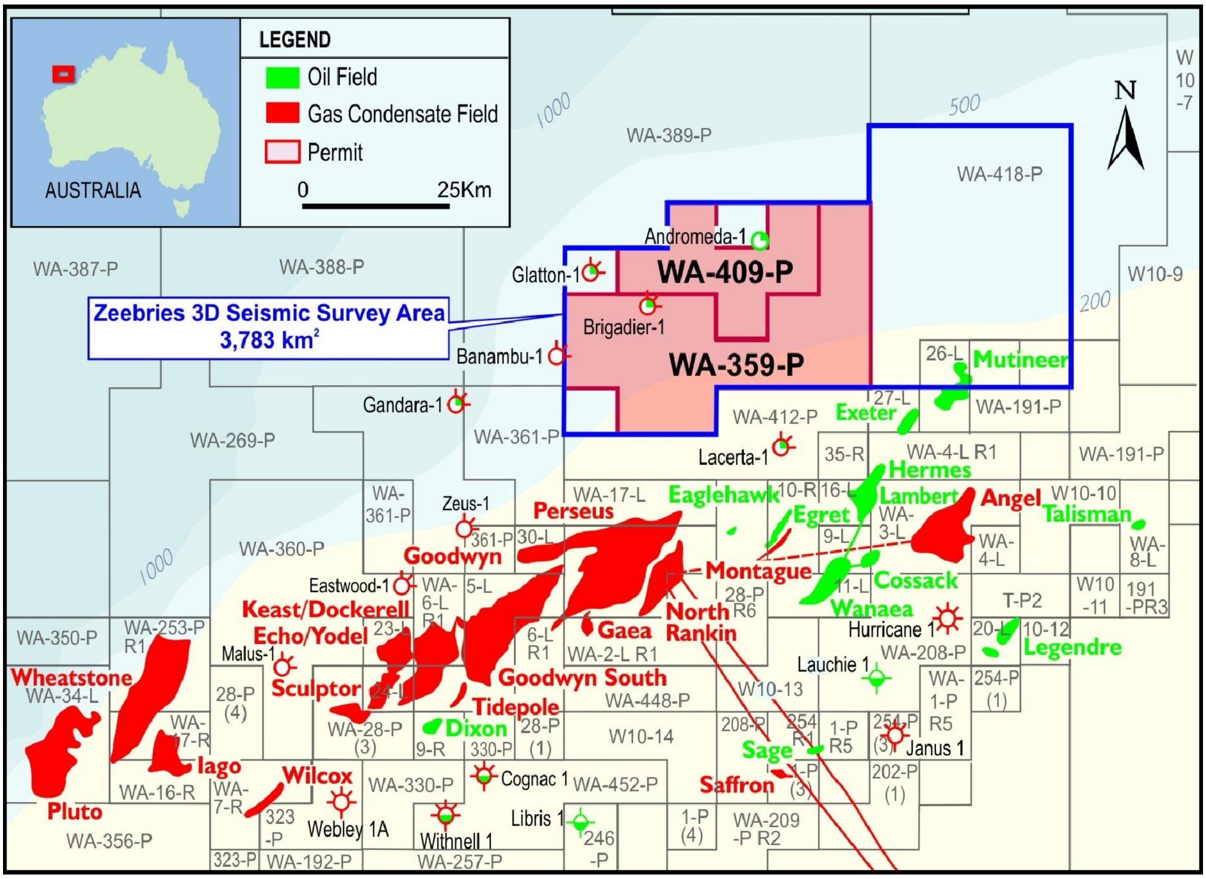
Previous to the company announcing the WA-359-P farmin arrangements with Exoil, that company had entered into a farmout agreement with a subsidiary of Apache Corporation ("Apache") under which Apache agreed to fund the acquisition, processing, mapping and interpretation of a 3D seismic survey across the whole of the area of WA-359-P and the adjoining permit, WA-409-P. This commitment will earn Apache a 40% equity interest and operatorship in each of WA-359-P and WA-409-P, with Moby and Exoil's interests in WA-359-P reducing to 28.3% and 1.5% respectively.

Apache has a further right to elect to earn additional interests in WA-359-P and WA-409-P by funding up to 100% of the costs of the first well to be drilled in either of the permits. If Apache elects to drill a well in WA-359-P, Moby will be free carried through the costs of the well but will retain a 14.25% carried interest. Moby's obligation to meet Exoil's 1.5% share of the costs of the well will also be free carried by Apache and Exoil will retain a 0.75% carried interest.

If Apache drills a well in the adjoining permit, WA-409-P, Apache will have completed its right to acquire a 70% interest in each of WA-359-P and WA-409-P, with Moby retaining a 14.5% interest and an obligation to fund its participating interest share (plus Exoil's 0.75% participating interest share) of any well the parties subsequently agree to drill within WA-359-P.

By farming in to WA-359-P, Moby has removed the significant risk of Apache drilling a well (and therefore earning a 70% interest in both WA-359-P and WA-409-P) in the permit Moby did not have an interest in, prior to the farmin.

Moby and Exoil have collectively retained the right to elect to fund 5% (on a 95% and 5% basis) of the costs of any well in WA-359-P and, by so doing, to maintain their potential interest in the permit at 19% and 1% respectively.
In furtherance of its farmin obligations, Apache acquired a new 3,783 km² 3D seismic survey called Zeebries. The aim of the Zeebries 3D survey is to define several new, potentially drillable, leads and prospects and Moby is free carried through the acquisition, processing, mapping and interpretation of the survey. The Zeebries 3D survey incorporated the entire 1,212 km² area of the WA-359-P permit, plus the entire 566 km² area of the WA-409-P permit and two other adjoining permits – see the following *Zeebries 3D Seismic Survey Map*.



Zeebries 3D Seismic Survey of 3,783 km²

WA-409-P – Carnarvon Basin

The WA-409-P Joint Venture consists of the following parties (subject to approval of various farmin arrangements):

Apache Northwest Pty Ltd	40% and Operator
Rankin Trend Pty Ltd *(subsidiary of Moby)*	30%
Cue Exploration Pty Ltd *(subsidiary of Cue Energy Resources Limited)*	30%

The WA-409-P permit is displayed in the *Carnarvon Basin Permit Location Map* above.

In October 2010 and as detailed above, Rankin Trend Pty Ltd ("Rankin Trend") entered into a farmout agreement with a subsidiary of Apache Corporation ("Apache") under which Apache agreed to fund the

acquisition, processing, mapping and interpretation of a 3D seismic survey across the whole of the area of WA-409-P and the adjoining permit, WA-359-P. This commitment will earn Apache a 40% equity interest and operatorship in each of WA-409-P and WA-359-P, with Rankin Trend's interest in WA-409-P reducing to 30%.
Apache has a further right to elect to earn additional interests in WA-409-P and WA-359-P by funding up to 100% of the costs of the first well to be drilled in either of the permits. If Apache elects to drill a well in WA-409-P, Rankin Trend will be free carried through the costs of the well but will retain a 15% carried interest. If Apache drills a well in the adjoining permit, WA-359-P, Apache will have completed its right to acquire a 70% interest in each of WA-409-P and WA-359-P, with Rankin Trend retaining a 15% interest and an obligation to fund its participating interest share of any well the parties subsequently agree to drill within WA-409-P.

The company, through Rankin Trend, has retained the right to elect to fund 5% of the costs of any well in WA-409-P and, by so doing, to maintain its potential interest in the permit at 20%.

The Zeebries 3D seismic survey, that was acquired over the entire 566 km² area of the WA-409-P permit and other adjoining permits, was detailed in the previous section – see the *Zeebries 3D Seismic Survey Map* above.

WA-360-P – Carnarvon Basin

This permit is held by a Joint Venture consisting of the following parties:

Petrobras International Braspetro BV	50%
North West Shelf Exploration Pty Ltd *(subsidiary of MEO Australia Limited)*	25%
Rankin Trend Pty Ltd *(subsidiary of Moby)*	10%
Cue Exploration Pty Ltd *(subsidiary of Cue Energy Resources Limited)*	15%

The Operator of the Joint Venture is MEO Australia Limited ***(ASX Code: MEO) ("MEO")***.

In June 2010, Moby announced that Rankin Trend had agreed to sell a 5% interest in WA-360-P to MEO's subsidiary, North West Shelf Exploration Pty Ltd, for US$7million. The necessary regulatory approvals for the sale of the interest were obtained and settlement of the sale effected. Rankin Trend retained a 10% interest in the WA-360-P permit and this interest was fully carried through the drilling of the Artemis-1 well.

Beginning on 25 November 2010, the Artemis-1 exploration well was drilled into the Artemis prospect by the Songa Venus semi-submersible rig from a location within the WA-360-P permit. The well failed to encounter hydrocarbons, was plugged and abandoned and the rig released on 26 December. Since then, the Joint Venture has continued to analyse the drilling results from Artemis-1. The WA-360-P permit and the Artemis-1 well are displayed in the *Carnarvon Basin Permit Location Map* above.

On 22 September 2011, Petrobras International Braspetro BV advised the other Participants of its intention to withdraw from WA-360-P and the Joint Venture at the end of the permit's current term on 31 January 2012.

Browse Basin Interests

WA-342-P – Browse Basin

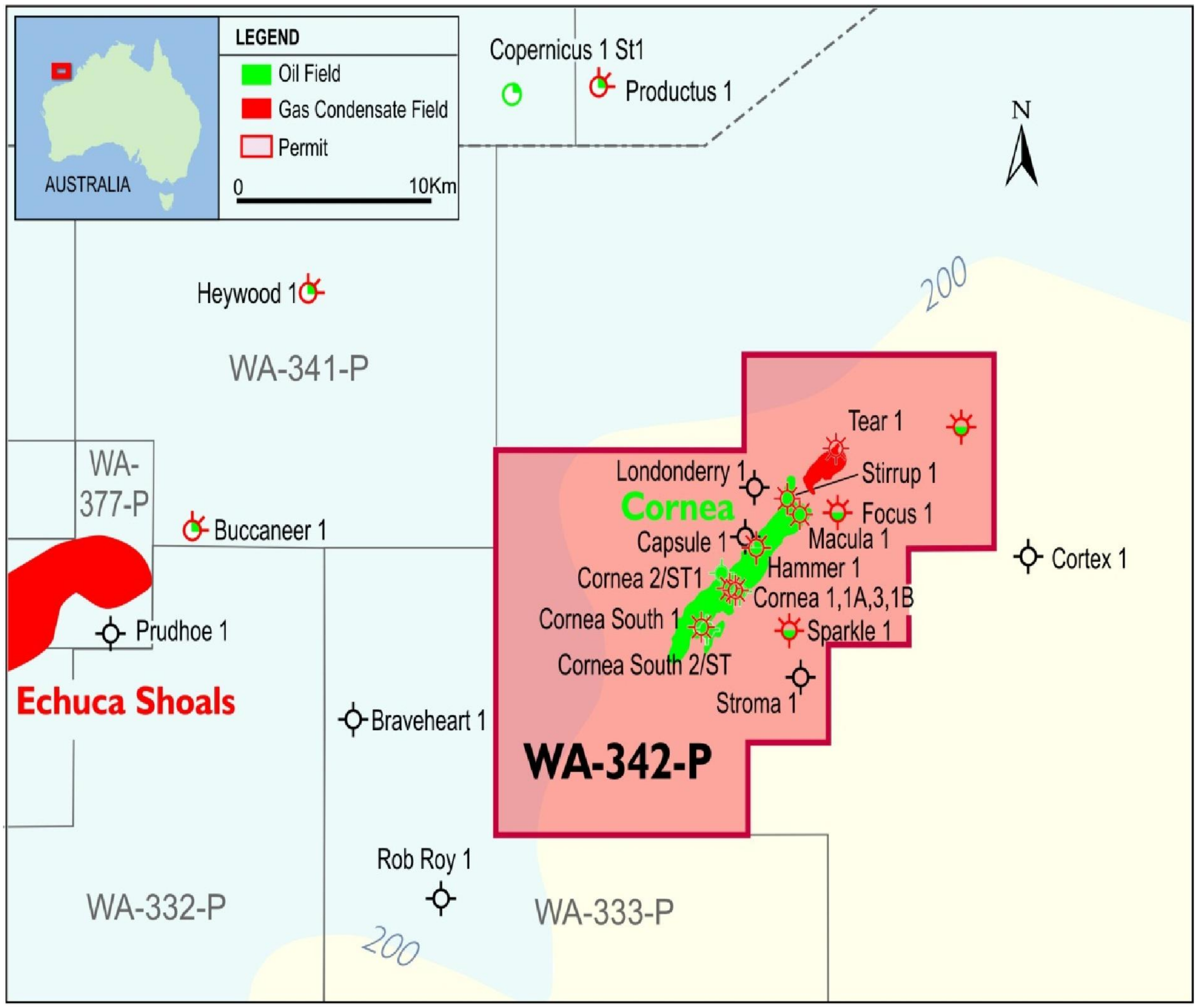
This permit is held by the Cornea Joint Venture which consists of the following parties:

Coldron Pty Ltd	29.100%
Moby Oil & Gas Limited	22.375%

Octanex Group *(ASX Code: OXX)*	18.750%
Cornea Petroleum Pty Ltd	14.875%
Cornea Oil & Gas Pty Ltd	8.500%
Auralandia N.L.	6.400%

The Operator of the Cornea Joint Venture is Hawkestone Oil Pty Ltd ("Hawkestone"), a subsidiary of Exoil.

On 4 January 2011, the Joint Venture was granted a renewal of the WA-342-P permit for a 5 year term – see the following *Location Map*. The committed work programme in the first three years of the renewed term calls for studies and an exploration well; followed by reprocessing of 3D seismic and further studies in the last two years of the term.



WA-342-P Location Map

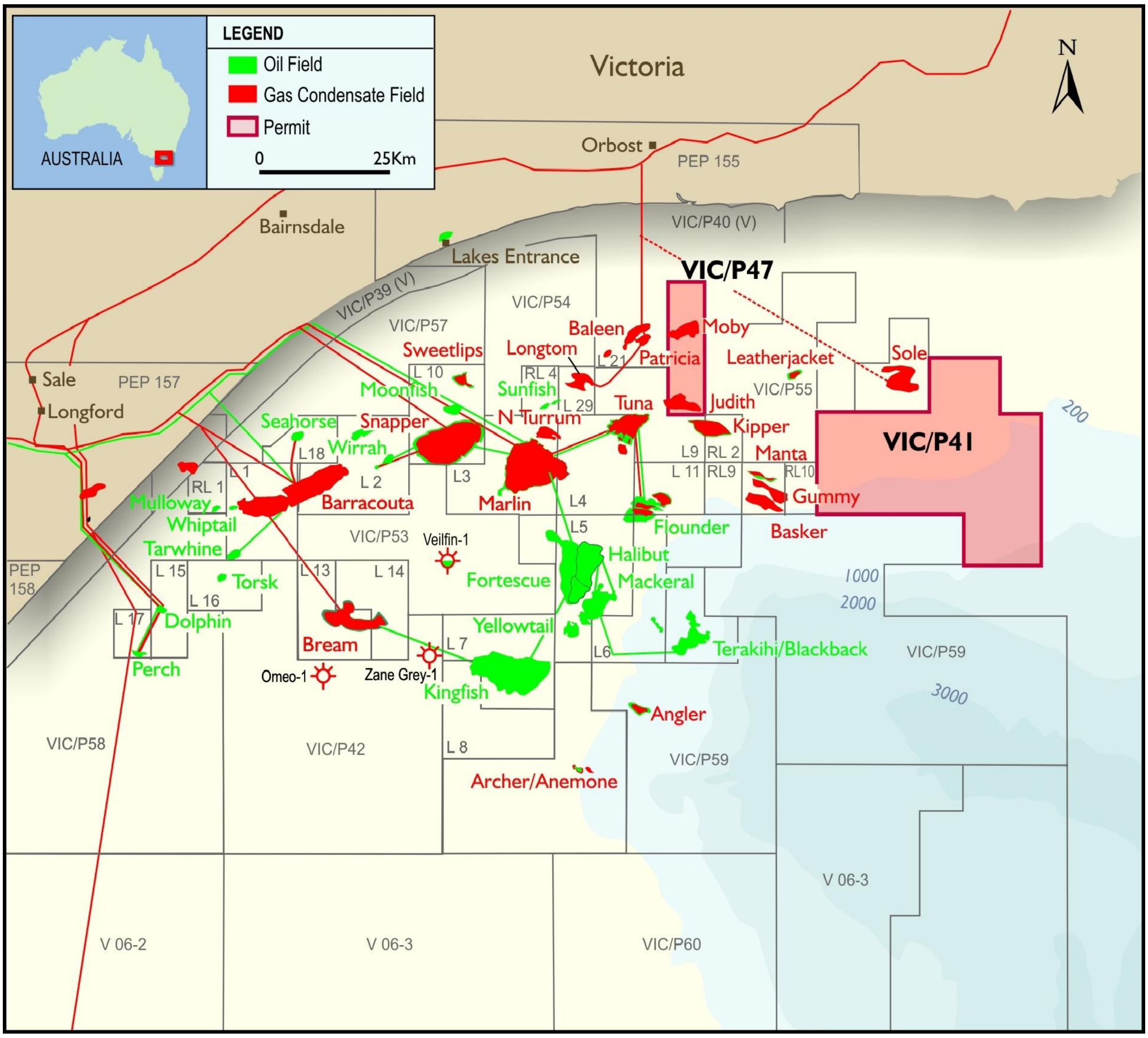
The Cornea oil and gas accumulation was discovered by Shell within the early exploration wells Cornea-1, 1B and 2. The wells are considered to have established the presence of a 25m gas column and a 22.2m oil column in the Albian sandstones of the Jamieson Formation. The field is a large drape feature. It accumulated 22 to 24 degree API oil derived from Early Cretaceous, Echuca Shoals Formation and possibly Late Jurassic source rocks in the Heywood Graben, located over 60 km to the west. The field is split into three main structural components – Cornea South and Cornea Central, both with gas and oil, and Cornea North with gas and no underlying oil presence.

In December 2009, Cornea-3 was drilled into the known oil and gas accumulation by the Songa Venus semi-submersible rig. The objectives of the well were to define the location of the hydrocarbon contacts and obtain data on the potential reservoir qualities of the Middle Albian and Lower Jamieson Formation.

The well penetrated the targeted Middle Albian and Lower Jamieson Formation B and C sand reservoir interval (2.2 metres deeper than predicted) but, as planned, just below the predicted gas oil contact. The well was then deepened to penetrate exploration targets in the Early Albian and Aptian of the Lower Heywood Formation, before terminating at a total depth of 910.6m MDRT (measured depth below rotary table).

Gippsland Basin Interests

At the end of the financial year, Moby held interests in two petroleum exploration permits in the offshore Gippsland Basin, namely Vic/P41 and Vic/P47 - see following *Gippsland Basin Permit Location Map.*



Gippsland Basin Permit Location Map

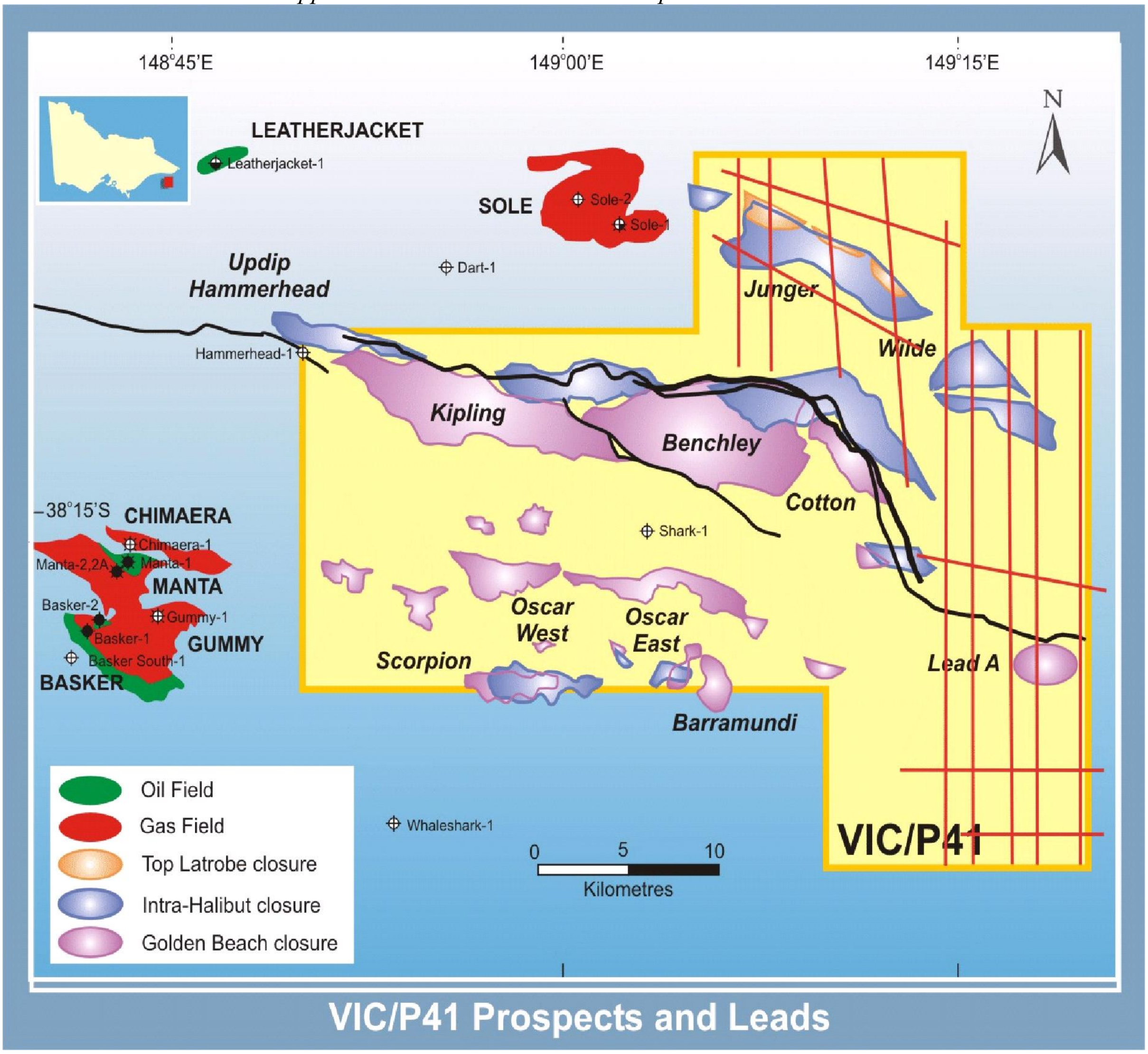
Vic/P41 – Gippsland Basin

The Vic/P41 Joint Venture consists of:

Bass Strait Oil Company Ltd *(ASX Code: BAS)* 45.0% and Operator

Moby Oil & Gas Limited	30.0% (reducing to 25% subject to farmin by OBL)
Strategic Energy Resources Ltd	25.0% (reducing to 17.5% subject to farmin by OBL)
Oil Basins Limited ***(ASX Code: OBL)***	12.5% (subject to earning pursuant to farmouts by Moby and Strategic ***(ASX Code: SER)***)

The Vic/P41 permit is located in the offshore Gippsland Basin, approximately 40 km south of the eastern Victorian coast – see the *Gippsland Basin Permit Location Map* above.



VIC/P41 Prospects and Leads

A 2D survey carried out in 2008 recorded a total of 295 km of new seismic data in the east of the permit and fulfilled the year-3 work programme commitment, which called for a 250 km 2D seismic survey to be acquired by September 2009. The Joint Venture accelerated the completion of the 2D seismic commitment in order to better define the eastern area of the permit, where several leads were defined only on sparse existing data – refer to the *Vic/P41 Prospects and Leads Map* above.

Interpretation and mapping of the 2008 2D seismic data and re-processed older data has confirmed the potential of the eastern area of the permit. The Lead A feature, previously defined only on sparse older data, demonstrates structural closure based on the updated mapping. Lead A also exhibits anomalous amplitude responses that may be indicative of hydrocarbons and warrant further investigation.

The Joint Venture has mapped extensions of two productive trends across the Vic/P41 permit:

- the eastward extension Rosedale Fault system sets up prospects analogous to the Kipper oil and gas field to the west of the permit, where development drilling in the Kipper field has been carried out ahead of first production scheduled for 2012; and
- a second trend extension is analogous to the Basker/Manta/Gummy oil and gas fields (located to the west of the permit and south of Kipper) which have been in production since December 2006.

As well as the feature defined in the eastern area of the permit, Vic/P41 contains a number of large prospects defined on modern 3D seismic, notably, Kipling, Benchley and Oscar – see the *Vic/P41 Prospects and Leads Map* above.
The ExxonMobil/BHP Billiton discovery at SE Remora-1 provided new impetus to exploration of these trends and the nearby investment in the Kipper development is directly relevant to the Kipling and Benchley prospects in Vic/P41.

To further define and 'de-risk' these opportunities, two new technical studies were completed by the Joint Venture during the financial year. A seismic inversion project analysed both 2D and 3D seismic over the Rosedale trend prospects and leads (i.e. Kipper analogues) for indications of hydrocarbon anomalies and other factors.

Also, a basin modelling study was undertaken with the aim of defining the nature of hydrocarbon charge into the east Gippsland area (i.e. the existence of oil versus gas), as well as the timing and migration pathways of this charge. It shows the area immediately south of the permits is mature. It is modelled as having generated and expelled hydrocarbons at a time where they could migrate towards the basin margin and be trapped in the structures identified in Vic/P41.

Subsequent to the end of the financial year, the Joint Venture lodged an application to renew the permit for its second 5-year term. The term of the first 5-year renewal expired on 19 September 2011.

Vic/P47 – Gippsland Basin

The Vic/P47 Joint Venture consists of:

Bass Strait Oil Company Limited	40% and Operator
Moby Oil & Gas Limited	35%
Strategic Energy Resources Limited	25%

The Vic/P47 permit is located in the offshore Gippsland Basin, 14 km from the coast and south of the Victorian town of Orbost; with water depths ranging up to 80 metres – see the *Gippsland Basin Permit Location Map* above.

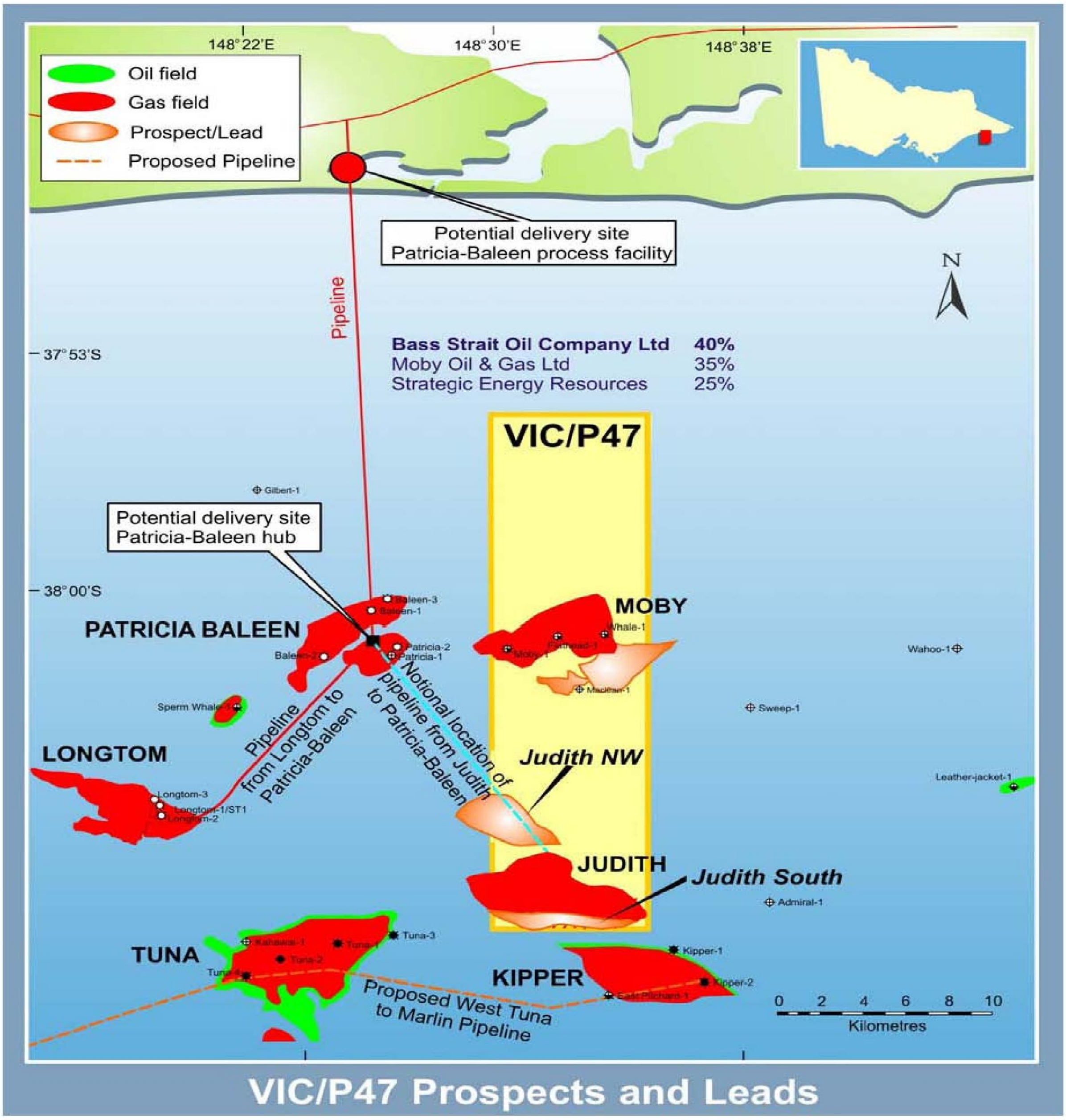
The permit is in year 2 of the first 5-year renewed term and it comprises 3 graticular blocks from the original permit area. Approximately 160 km² of existing 3D seismic data has been acquired within the area of the renewed Vic/P47 permit and the current year 2 work commitment is to reprocess this data.

Vic/P47 contains the Judith and Moby gas discoveries – see the *Vic/P47 Prospects and Leads Map* below.

The Judith gas resource was certified by international consultants Gaffney Cline & Associates ("GCA") (see details below) and both the Judith and Moby gas resources are in close proximity to existing and planned infrastructure in adjacent licences. The Longtom Field to the west commenced gas production in late 2009 and the Kipper Field to the south is being developed for first gas production in 2012.

During June 2008, GCA completed an independent resource certification of the Judith gas discovery and associated prospects in Vic/P47. GCA reported that a gross gas column of 290m can be interpreted from Judith-1 electric log data and GCA's petrophysical analysis indicated 135.5m of net gas pay in the Judith-1 well. GCA's certification provides independent confirmation that, subject to successful appraisal, the Judith gas discovery has the resource volume potential to underpin a commercial development.

The Judith gas discovery is located 22 km east of the Longtom Gas Field where Nexus Energy holds a 100% interest and, as noted above, commenced production late in 2009. Longtom is the first commercial production from the Emperor Subgroup, a geological unit which also forms the potential reservoir at Judith. The Longtom Field has been developed on the basis of a contract to sell 350 PJ (approximate conversion = 325 BScf) of sales gas.



DIRECTORS

The directors in office during the entire year and to the date of this report:

E Geoffrey Albers LL.B, FAICD
Chairman and Chief Executive Officer
Executive Director

Mr Albers has over 35 years experience as a director and administrator in corporate law, petroleum exploration and resource sector investment. He is a law graduate of the University of Melbourne and, after being admitted in 1969 as a Solicitor of the Supreme Court of Victoria, held a corporate practicing certificate in Victoria until 2001.

Mr Albers first became involved in oil exploration in 1977 when companies associated with him applied for and were awarded exploration permits in the offshore Gippsland and Bass Basins. Exploration in one of these permits, T/14P, led directly to the discovery of the Yolla Gas/Condensate Field in Bass Strait, which is now being produced by Origin Energy Limited and others.
In the early 1980's Mr Albers formed Cue Energy Resources Limited and Southern Petroleum N.L. in New Zealand. Cue is ASX-listed and has a significant interest in the Maari oilfield development in New Zealand, the unitised SE Gobe oilfield in PNG and the Oyong oil and gas development in offshore Indonesia. Mr Albers was a director of Cue until August 2009. Southern Petroleum became a successful production company through its interest in the Waihapa oilfield and is now a subsidiary of Shell New Zealand.

Mr Albers founded ASX-listed Octanex N.L. and he is a director and a substantial shareholder in that company. Octanex has substantial offshore exploration interests in Australia and New Zealand. He was also a founder of ASX-listed MEO Australia Limited and is a former director of that company. MEO is pursuing the development of a $2 billion gas processing plant on Tassie Shoal in the Timor Sea, 300 kms north-west of Darwin. He then founded Bass Strait Oil Company Ltd, an ASX-listed company which has developed a portfolio of interests in the offshore Gippsland Basin and is a niche explorer in that basin. Mr Albers was a director of Bass from its formation until August 2009.

Mr Albers was instrumental in the formation of Moby in 2003 and in its listing on ASX in 2004. He is a substantial shareholder in the Company. In addition, Mr Albers is a director of Exoil Pty Ltd, that was listed on NSX until June 2011, and has interests in a number of unlisted public and private companies active in exploration for oil and gas in Australian offshore waters. He is a member of the Petroleum Exploration Society of Australia and has been a Director of Moby since its incorporation on 13 October 2003.

Lance E Coburn B.Comm (Hons), FCPA, GAICD
Non-Executive Director

Mr Coburn was employed by BHP Group for 37 years until July 2000. Some of the later positions he held in BHP were: President, BHP Steel USA, Vice President Minerals Services, Group General Manager Minerals Finance, Group General Manager Steel International, Managing Director BHP New Zealand Steel and BHP Group General Manager Petroleum Finance. Earlier in his career with BHP he held treasury and finance positions and during this time he was a director of the Whyalla Credit Union. From 1987 to 1989 he was a director of then US listed company, Hamilton Oil & Gas Inc.

Since leaving BHP, Mr Coburn has worked and consulted in a part-time capacity as well as holding roles in the not-for-profit sector. These including being a director and past chairman of the Advisory Board of the Parent-Infant Research Institute at the Austin Hospital and a member of the Audit Committee of the Anglican Diocese of Melbourne. Mr Coburn is a director of Big Sky Credit Union Ltd and he has been a Director of Moby since 17 March 2004.

Robert J Coppin B.Sc. (Hons)
Non-Executive Director

Mr Coppin graduated from the University of Adelaide in 1965 with a Bachelor of Science with Honours, majoring in Geology and Physics. For the next 45 years he worked in the petroleum exploration industry, beginning with the South Australian Department of Mines, then moving to Esso in Australia and Malaysia where, as Exploration Projects Manager, he was involved in several oil and gas discoveries in the Malay Basin.

After a period with Exxon USA in Houston, Mr Coppin returned to Esso Australia as Western Division Manager in charge of exploration in Western Australia and the Delhi interests in the South Australian Cooper Basin. He then joined Santos Limited as South East Asia Exploration Manager and in this position was responsible for Santos' exploration interests in Papua New Guinea and Malaysia and new venture activities in Vietnam, Cambodia, Thailand and Myanmar.

From 1994 to 2010, Mr Coppin was with Cue Energy Resources Limited where he oversaw that company's focus on Papua New Guinea, Indonesia, New Zealand and Australia. For the last 12 of those years he was Chief Executive Officer of Cue. Mr Coppin is a former member of the Australia Petroleum Production and Exploration Association where he was a councillor for 10 years and for 8 years was chairman of the APPEA exploration committee. He has been a Director of Moby since 1 March 2011.

Graeme A Menzies LL.B
Non-Executive Director

Mr Menzies is a barrister and solicitor. He graduated from Melbourne University in 1971 and qualified for admission to the degree of Master of Laws in 1975. He was admitted to practice in 1972. Since 1987 he has carried on practice as a sole practitioner under the name of Menzies & Partners. In the course of his legal practice Mr Menzies has been involved in a wide range of activities including takeovers, litigation in respect thereof, numerous capital raisings and corporate reconstructions. He has been involved as a lawyer in the listing of a large number of public companies ranging from junior explorers to substantial mining companies. Over recent years his activities have focused primarily on corporate reconstructions and capital raisings. Mr Menzies is a director of Octanex N.L. and Exoil Pty Ltd, as well as a number of private and unlisted public companies. He has been a Director of Moby since its incorporation on 13 October 2003.

COMPANY SECRETARY

J G (Jack) Tuohy BCA, CA

For all but two years since 1986, Mr Tuohy has acted as Company Secretary to public listed companies in New Zealand. The first half of that period he spent in the oil and gas sector, initially administering three oil and gas exploration companies in which Messrs Albers and Willis were directors and which they had originally taken to listing. He then acted for only one of them, Southern Petroleum N.L., when it became a successful production company. Following the privatisation of Southern Petroleum, Mr Tuohy acted in a forensic accounting capacity in a multi party legal action, then returning to a public company secretarial position in the motor vehicle industry where he spent 10 years. In these positions Mr Tuohy has been involved in the various aspects of public and private company administration, especially as this relates to the oil and gas exploration sector and to public listed company activities, obligations and requirements. In 2008 he relocated to Australia and acts as Company Secretary for a number of listed and unlisted public companies: including Octanex N.L. and Exoil Pty Ltd and is a director of Bass Strait Oil Company Limited. Mr Tuohy is a chartered accountant in New Zealand.

BOARD AND COMMITTEE MEETINGS

The following table sets out the number of meetings held during the year and the number of meetings attended by each director.

	Board of Directors		**Audit Committee**	
	Held	Attended	Held	Attended
EG Albers	5	5	3	3
LE Coburn *	5	3	3	2
RJ Coppin #	2	2	2	2
GA Menzies	5	5	3	3

* Pursuant to the company's constitution, Mr LE Coburn had been granted leave of absence for the Board and Audit Committee meetings he did not attend.

RJ Coppin appointed as a director on 1 March 2011.

DIRECTORS' INTERESTS

At the date of this report, the relevant beneficial and non-beneficial interests of each of the directors in the shares and options in the company were:

	Ordinary Shares	*08/11/2013 Unlisted Options*	*30/06/2013 Listed Options*
EG Albers	169,850,259	100,000	21,190,962
LE Coburn	1,255,700	400,000	54,000
RJ Coppin	-	-	-
GA Menzies	438,334	400,000	405,000

Details of the options granted as part of the remuneration of directors and the fair value of the options at the date of grant are set out in the Remuneration Report.

OPTIONS

Details of the options granted on 7 June 2011 and outstanding at the date of this report:

- *30 June 2013 Listed Options – Exercise price 12 cents – 40,662,280 Options (2010: Nil).*

Details of the options granted on 1 October 2010 and outstanding at the date of this report:

- *8 November 2013 Unlisted Options – Exercise price 25 cents –* 2,700,000 Options (2010: Nil)

REMUNERATION REPORT

This report is audited.

Directors / Executives	**Position Held**
EG Albers	Chairman and Chief Executive Officer
LE Coburn	Non-Executive Director
RJ Coppin	Non-Executive Director
GA Menzies	Non-Executive Director
JG Tuohy	Company Secretary

All directors and executives held their position for all of the year ended 30 June 2011 and to the date of signing this report, except for RJ Coppin who was appointed a director on 1 March 2011.

During the year there were no employees or consultants to the company that meet the definition of key management personnel, other than the directors and the company secretary. Remuneration levels for company officers are competitively set to attract and retain experienced directors and executives. The remuneration structure explained below is designed to attract suitably qualified candidates, reward the achievement of strategic objectives and achieve the broader outcome of creation of value for shareholders. The remuneration structure takes into account:

- the capability and experience of the directors and senior executives;
- the ability of directors and senior executives to control the entity's performance; and
- the requirement that directors apply a portion of their remuneration to the purchase of shares in the company at market price, so as to align the interests of directors with that of shareholders.

Remuneration levels are reviewed annually through a process that considers the performance of individual directors and the overall performance of the entity.

REMUNERATION REPORT (Continued)

Director Remuneration
In accordance with the company's constitution, directors' non-executive remuneration was approved by shareholders on 13 November 2008 at $250,000 per annum. During the year under review, directors were remunerated a total of $176,457 (2010: $111,200) which included shareholder-approved non-executive remuneration of $106,718 (2010: $67,600).

There is no performance related remuneration for directors. Directors' remuneration paid covers all board activities including serving on committees.

The directors do not receive employee benefits, including annual leave and long service leave, but remuneration may include the grant of options (share based payments) over shares of the company to align directors' interests with that of the shareholders.

The company aims to reward directors with a level and mix of remuneration commensurate with their position and responsibilities within the company. There is no direct relationship between remuneration of directors and the company's performance for the last five years.

Components of directors' compensation are disclosed below.

		Short Term		*Post Employment*	*Equity Settled*	*Total*	
	Year	*Directors Fees*	*Other Fees*	*Super-annuation*	*Options*		*Options as percentage of Total*
		$	*$*	*$*	*$*	*$*	
EG Albers	**2011**	**20,600**	**-**	**23,000**	**26,139**	**69,739**	**37.5%**
	2010	20,600	-	23,000	-	43,600	-
LE Coburn	**2011**	**15,000**	**-**	**17,700**	**26,139**	**58,839**	**44.4%**
	2010	-	-	32,700	-	32,700	-
RJ Coppin (1)	**2011**	**-**	**-**	**10,840**	**-**	**10,840**	-
	2010	-	-	-	-	-	-
JMD Willis (2)	**2011**	-	**-**	-	-	**-**	-
	2010	**-**	24,000	**-**	**-**	24,000	**-**
GA Menzies	**2011**	**10,000**	**-**	**900**	**26,139**	**37,039**	**70.6%**
	2010	10,000	-	900	-	10,900	-
Total Directors	**2011**	**45,600**	**-**	**52,440**	**78,417**	**176,457**	**44.4%**
	2010	30,600	24,000	56,600	-	111,200	-
Company Secretary							
JG Tuohy	**2011**	**-**	**35,700**[3]	**-**	**26,139**	**61,839**	**42.2%**
	2010	**-**	52,525[3]	**-**	**-**	52,525	**-**
TOTAL	**2011**	**45,600**	**35,700**	**52,440**	**104,556**	**238,296**	
	2010	30,600	76,525	56,600	-	163,725	

[1] RJ Coppin was appointed as a director on 1 March 2011.

[2] JMD Willis was a director of Rankin Trend Pty Ltd, a wholly-owned subsidiary company acquired by Moby on 23 December 2009. He was not a director of the parent company. He was not paid any fees in his capacity as a director of Rankin Trend Pty Ltd. The fees paid to him were for consulting services to the parent company. He resigned as a director of Rankin Trend Pty Ltd on 20 July 2010.

[3] Of the $35,700 paid in 2011 (2010: $52,525), $11,917 (2010: $17,500) was for company secretarial services and $23,833 (2010: $35,025) was for general consulting services.

REMUNERATION REPORT (Continued)

8 November 2013 Options granted as share based payments (exercisable at 25 cents)

	Held at **1 July 2010**	Granted as compensation	Exercised	Other Changes	Held at 30 June **2011**	Vested during the year	Vested and exercisable at 30 June **2011**
EG Albers	-	400,000	-	(300,000) (1)	100,000	100,000	100,000
LE Coburn	-	400,000	-	-	400,000	400,000	400,000
GA Menzies	-	400,000	-	-	400,000	400,000	400,000
JG Tuohy	-	400,000	-	-	400,000	400,000	400,000
	-	1,600,000	-	(300,000)	1,300,000	1,300,000	1,300,000

(1) EG Albers assigned 300,000 of his options to an unrelated party in November 2010.

On 1 October 2010, the options were granted pursuant to the approval of members, which was given at the annual general meeting on 15 November 2010. The options have no performance conditions as they were a reward for past service and were fully vested on grant date.

The options were valued using the Binomial Option Valuation model. The follow inputs were used:

Exercise price:	25 cents
Share price at grant date:	18 cents
Maximum option life	3.0 years
Expected volatility	78%
Risk free interest rate	4.9%

Expected volatility was based on the average volatility of a peer group of six companies within the oil and gas exploration industry. The implied volatility of the six companies was in the range of 54% to 100%. The fair value of this share based payment on the shareholder approval date was $104,556 or $0.0653 per option. At grant date the value per option was $0.0561 per option.

End of Remuneration Report

INDEMNIFICATION OF OFFICERS AND AUDITORS

During the year and to the date of this report, the company did not pay premiums in respect of contracts insuring officers or auditors of the company against liabilities arising from their position of officers or auditor of the company.

ENVIRONMENT, HEALTH AND SAFETY

The company has adopted an environmental, health and safety policy and conducts its operations in accordance with the APPEA Code of Practice.

The company's petroleum exploration and development activities are subject to environmental conditions specified in the Offshore Petroleum Act 2006, associated Regulations and Directions, as well as the Environment Protection and Biodiversity Conservation Act 1999. During the year, neither the company nor its wholly-owned subsidiary acted as operator of any of the exploration tenements in which interests were held. There were no known contraventions of any relevant environmental regulations by the company, its subsidiary or by the operator of any of the permits in which an interest is held.
The company believes all injuries are avoidable and has policies and procedures to ensure employees and contractors manage safety accordingly. The company monitors and evaluates its procedures. During the year there were no known contraventions of health and safety by the company or reported health and safety incidents.

CORPORATE GOVERNANCE

The ASX Corporate Governance Council has issued "Corporate Governance Principles and Recommendations" (the CGC Paper) requiring ASX listed companies to report their corporate governance practices against those principles and recommendations. The board has elected that the company adopt those principles and recommendations set out in the CGC Paper that are appropriate to a company of the size and stage of development of Moby.

WEBSITE

The company has a website that can be found at www.moby.com.au where relevant company documents and information are displayed.

EVENTS SINCE BALANCE DATE

On 18 July 2011 the operator, Bass Strait Oil Company Limited, on behalf of the joint venture, applied to renew the permit Vic/P41. Aside from that there are no significant after balance date events up to the signing of this report.

PROCEEDINGS ON BEHALF OF THE COMPANY

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the Corporations Act 2001.

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

A copy of the auditor's independence declaration, as required under Section 307C of the Corporations Act 2001, is attached and forms part of the Directors' Report for the year ended 30 June 2011.

No fees were paid to the auditor for non-audit services.

Signed in accordance with a resolution of the directors in Melbourne on 28 September 2011.

G A Menzies
Director

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements, comprising the statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and accompanying notes, are in accordance with the Corporations Act 2001 and

   (a) comply with Accounting Standards and the Corporations Regulations 2001; and

   (b) give a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date.

   (c) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(a).

2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

3. The remuneration disclosures included in pages 13 to 15 of the directors' report, (as part of the audited Remuneration Report), for the year ended 30 June 2011, comply with section 300A of the Corporations Act 2001.

4. The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

GA Menzies
Director

Melbourne, 28 September 2011

**STATEMENT OF COMREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011**

	NOTE	Consolidated 2011 $	2010 $
Revenue - interest received		30,999	31,808
Other income	2	263,922	-
Expenses	3	(16,766,718)	(10,423,889)
Finance costs		(113,981)	(15,329)
Loss before income tax expense		(16,585,778)	(10,407,410)
Income tax expense	4	-	-
Loss for the year		(16,585,778)	(10,407,410)
Other comprehensive income		-	-
Total comprehensive income for the year		(16,585,778)	(10,407,410)
Basic earnings per share (cent per share)	16	($0.0571)	($0.0552)
Diluted earnings per share (cent per share)	16	($0.0571)	($0.0552)

The above Statement of Comprehensive Income is to be read in conjunction accompanying notes.

STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2011

	NOTE	Consolidated 2011 $	Consolidated 2010 $
CURRENT ASSETS			
Cash and cash equivalents	5	3,531,578	2,674,605
Trade and other receivables	6	49,595	148,347
TOTAL CURRENT ASSETS		3,581,173	2,822,952
NON-CURRENT ASSETS			
Exploration and evaluation assets	7	13,027,638	34,312,847
TOTAL NON-CURRENT ASSETS		13,027,638	34,312,847
TOTAL ASSETS		16,608,811	37,135,799
CURRENT LIABILITIES			
Trade and other payables	8	286,991	5,727,465
TOTAL CURRENT LIABILITIES		286,991	5,727,465
TOTAL LIABILITIES		286,991	5,727,465
NET ASSETS		16,321,820	31,408,334
EQUITY			
Issued capital	9	50,647,744	49,314,748
Option reserve		275,646	109,378
Accumulated losses		(34,601,570)	(18,015,792)
TOTAL EQUITY		16,321,820	31,408,334

The above Statement of Financial Position is to be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2011

Consolidated 2011	**Issued Capital $**	**Option Reserves $**	**Accumulated Losses $**	**Total Equity $**
At 1 July 2010	49,314,748	109,378	(18,015,792)	31,408,334
Transactions with owners in their capacity as owners				
Issue of shares (Note 20(a))	1,332,996	-	-	1,332,996
Shared based payment expense	-	166,268	-	166,268
	50,647,744	275,646	(18,015,792)	32,907,598
Loss after tax for the period	-	-	(16,585,778)	(16,585,778)
Total comprehensive income for the year	-	-	(16,585,778)	(16,585,778)
At 30 June 2011	50,647,744	275,646	(34,601,570)	16,321,820

Consolidated 2010	**Issued Capital $**	**Option Reserves $**	**Accumulated Losses $**	**Total Equity $**
At 1 July 2009	11,599,972	109,378	(7,608,382)	4,100,968
Transactions with owners in their capacity as owners				
Issue of shares	38,622,696	-	-	38,622,696
Cost of issue	(907,920)	-	-	(907,920)
	49,314,748	109,378	(7,608,382)	41,815,744
Loss after tax for the period	-	-	(10,407,410)	(10,407,410)
Total comprehensive income for the year	-	-	(10,407,410)	(10,407,410)
At 30 June 2010	49,314,748	109,378	(18,015,792)	31,408,334

The above Statement of Changes in Equity is to be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2011

	NOTE	Consolidated 2011 $	2010 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers		(862,249)	(554,587)
Interest received		30,999	31,808
Deposit for permit sale	21	-	1,759,944
Net cash (outflow) / inflow in operating activities(i)		(831,250)	1,237,165
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments to suppliers - exploration		(2,893,004)	(15,048,677)
Proceeds from sale of exploration assets		5,559,677	-
Cash from share based payment(ii)		-	3,636
Net cash inflow /(outflow) in investing activities		2,666,673	(15,045,041)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowing		(615,284)	600,000
Proceeds from issue of ordinary shares		-	16,318,755
Share issue costs		-	(907,920)
Net cash (outflow) / inflow from financing activities		(615,284)	16,010,835
Net increase in cash and cash equivalents		1,220,139	2,202,959
Effect of exchange rate changes		(363,166)	-
Cash and cash equivalents at the beginning of the year		2,674,605	471,646
CASH AND CASH EQUIVALENTS AT YEAR END	5	3,531,578	2,674,605

(i) RECONCILIATION OF LOSS TO NET CASH (OUTFLOW) INFLOW IN OPERATING ACTIVITIES

	2011	2010
Loss after income tax	(16,585,778)	(10,407,410)
Non Cash Items		
Impairment of exploration assets	15,568,292	9,760,007
Shared based payment expense	166,268	-
Effect of exchange rates on balances held in a foreign currency	363,166	-
Changes in Assets and Liabilities:		
(Decrease) / increase in payables	(332,978)	2,002,983
Increase in receivables	(10,220)	(118,415)
Net cash (outflow) inflow from operating activities	(831,250)	1,237,165

(ii) The share based payment as disclosed in note 20(c) was affected by a share issue and the assets received from Rankin Trend Pty Ltd included cash and cash equivalents to the value of $3,636.

The above Statement of Cash Flows is to be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2011

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

Moby Oil & Gas Limited ("Moby" or 'the company") is a company incorporated and domiciled in Australia with its registered office and principal place of business located at Level 21, 500 Collins Street, Melbourne, Victoria 3000. The consolidated financial report of the company for the year ended 30 June 2011 comprises the company and a subsidiary (together referred to as the 'consolidated entity' or 'the group") and the consolidated entity's interest in jointly controlled ventures.

The principal activity of the company during the year was exploration for petroleum in Australia and has remained unchanged since incorporation.

Separate financial statements for Moby Oil & Gas Limited as an individual entity are no longer presented as the consequence of a change to the *Corporations Act 2001*, however, limited financial information for Moby Oil & Gas Limited as an individual entity are included in Note 22.

The financial report was authorised for issue by the directors on 28 September 2011.

(a) Statement of compliance
The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, including the Accounting Interpretations, issued by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*. The financial report of the company complies with International Financial Reporting Standards and interpretations adopted by the International Accounting Standards Board.

(b) Basis of preparation
The financial report is presented in Australian dollars which is the company's functional currency and is prepared on the accrual and historical cost basis.

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of Australian Accounting Standards that have a significant effect on the financial report and estimates with a significant risk of material adjustment in the next year are discussed in note 1(o).

The accounting policies set out below have been applied consistently to all periods presented in the financial report.

Going concern
The company has a surplus in working capital of $3,294,182 (2010: deficit of $2,904,513) and the financial report for the year ended 30 June 2011 has been prepared on a going concern basis. This basis has been adopted as the directors believe the company will be able to generate sufficient cash flows to satisfy its debts as and when they fall due.

The company's future activities are dependent upon obtaining additional funds for exploration commitments and company operations. The directors believe such funding will be available when required.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2011

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (continued)
(b) Basis of preparation (continued)

Going concern (continued)
Expenditure commitments include obligations arising from farm-in arrangements, and minimum work obligations for the initial 3 year period of exploration permits and thereafter annually. Minimum work obligations, may, subject to negotiation and approval, be varied. They may also be satisfied by farmout, sale, relinquishment or surrender of a permit.

The company has limited financial resources and will need to raise additional capital from time to time. Any such fund raisings will be subject to factors beyond the control of the company and its directors. When Moby requires further funding for its programs, then it is the company's intention that the additional funds would be raised in a manner deemed most expedient by the Board of directors at the time, taking into account working capital, exploration results, budgets, share market conditions, capital raising opportunities and the interest of industry in co-participation in the company's programs. It is the company's plan that this capital will be raised by any one or a combination of the following: placement of shares to excluded offerees, pro-rata issue to shareholders, the exercise of outstanding options, and/or a further issue of shares to the public.

Should these methods not be considered to be viable, or in the best interests of shareholders, then it would be the company's intention to meet its obligations by either partial sale of the company's interests or farmout, the latter course of action being part of the company's overall strategy.

(c) Exploration and evaluation expenditure
Exploration and evaluation assets are capitalised as exploration and evaluation assets on an area of interest basis.

Exploration and evaluation costs are only recognised when the rights to tenure of the area of interest are current and either:
(i) the expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively by its sale, or partial sale, or
(ii) activities in the area of interest have not at the reporting date, reached a stage which permits a reasonable assessment of the existence or other wise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment if the facts and circumstances suggest that the carrying amount exceeds the recoverable amount (see impairment, accounting policy (g)).

Proceeds form the sale of exploration permits or recoupment of exploration costs from farmin arrangements are credited against exploration costs previously capitalised. Any excess of the proceeds over costs recouped are accounted for as a gain on disposal.

(d) Restoration, rehabilitation and environmental expenditure
Restoration, rehabilitation and environmental costs necessitated by exploration and evaluation activities are provided for as part of the cost of those activities. Costs are estimated on the basis of current legal requirements, anticipated technology and future costs that have been discounted to their present value. Estimates of future costs are reassessed at each reporting date

(e) Trade and other receivables
Trade receivables are recognised at original invoice amounts less an allowance for uncollectible amounts and have repayment terms between 30 and 90 days. Collectability of trade receivables is assessed on an ongoing basis. Debts which are known to be uncollectible are written off. An allowance is made for doubtful debts where there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the company will not be able to collect all amounts due according to the original terms.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2011

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Cash and cash equivalents
Cash and cash equivalents comprise cash balances and at call bank deposits. Bank overdrafts that are repayable on demand and form an integral part of the company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(g) Impairment of assets
The carrying amounts of the company's assets are reviewed at each statement of financial position date to determine whether there are indicators of impairment. At each reporting date the company assesses whether there is any indication that individual assets are impaired. Where impairment indicators exist, recoverable amount is determined and impairment losses are recognised in the statement of comprehensive income where the asset's carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Where it is not possible to estimate recoverable amount for an individual asset, recoverable amount is determined for the cash-generating unit to which the asset belongs.

(h) Share capital
Ordinary share capital is recognised at the fair value of the consideration received by the company. Transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the consideration received, net of any related income tax benefit.

(i) Share-based payment transactions
The company provides benefits to executive, non-executive directors of the company and eligible persons in the form of share-based payment transactions, whereby officers and eligible persons render services in exchange for shares or rights over shares ('equity-settled transactions').

Arrangements that provide these benefits:

(i) the Senior Executives and Officers Option Plan, which provides benefits to directors and senior executives, and
(ii) the contractual arrangements with individual employees, consultants and senior executives.

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. A valuation model is used to determine the fair value of equities with no active market.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the company ('market conditions').

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects
(i) the extent to which the vesting period has expired and
(ii) the number of awards that, in the opinion of the directors of the company, will ultimately vest.

This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2011

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (continued)
(i) Share-based payment transactions (continued)

Where the terms of an equity-settled award are modified, an expense is recognised as if the terms had not been modified. In addition, the company recognises the effect of modifications that increase the total fair value of the share-based payment arrangement as an increased expense.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled
award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

(j) Provisions
A provision is recognised in the statement of financial position when the company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(k) Trade and other payables
Trade, accruals and other payables are recorded initially at fair value and subsequently at amortised cost. Trade payables are non-interest bearing and are normally settled on 60-day terms.

(l) Revenue
Revenue is recognised at the fair value of consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. The following specific recognition criteria must also be met before revenue is recognised:

Interest
Revenue is recognised as interest accrues using the effective interest method. The effective interest method uses the effective interest rate which is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial asset.

(m) Income tax
Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the statement of financial position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The initial recognition of assets or liabilities that do not affect accounting nor taxable profit is not provided for in determining deferred tax amounts. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be applied. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2011

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Income tax(continued)

Tax Consolidation
The company and its wholly owned resident entities are part of a tax-consolidated group. As a consequence, all members of the tax-consolidated group are taxed as a single entity. The head entity within the tax-consolidated group is Moby Oil & Gas Limited.

Current tax expense / income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach by reference to the carrying amounts of the assets and liabilities in the separate financial statements of each entity and the tax values applying under tax consolidation.

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the subsidiaries are assumed by the head entity in the tax-consolidated group and are recognised by the Company as amounts payable (receivable) to / (from) other entities in the tax-consolidated group in conjunction with any tax funding arrangement amounts. Any difference between these amounts is recognised by the Company as an equity contribution or distribution.

The Company recognises deferred tax assets arising from unused tax losses of the tax-consolidated group to the extent that is probable that future taxable profits of the tax-consolidated group will be available against which the asset can be utilised.

Any subsequent period adjustments to deferred tax assets arising from unused tax losses as a result of revised assessments of the probability of recoverability is recognised by the head entity only.

(n) Goods and services tax
Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(o) Accounting estimates and judgements
Management determine the development, selection and disclosure of the company's critical accounting policies and estimates and the application of these policies and estimates. There are no estimates and judgements that are considered to have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

There is, however, a risk that actual expenditure to achieve minimum work obligations could differ from estimates disclosed in the notes to the financial statements (Note 13). The estimated amounts represent the higher end of possible future expenditure. Work requirements achieved by farm-ins materially reduce the level of expenditure incurred by the company to comply with work program commitments.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2011

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Accounting estimates and judgements (continued)

Management has determined that realisation of the estimated deferred tax asset arising from tax losses and temporary differences is not probable and has not brought to account the asset at balance date (Note 4).

Per Note 1(c) and 1(g) management exercise judgement as to the recoverability of exploration expenditure. Any judgement may change as new information becomes available. If, after having capitalised exploration and evaluation expenditure, management concludes that the capitalised expenditure is unlikely to be recovered by future sale or exploitation, then the relevant capitalised amount will be written off through the statement of comprehensive income.

(p) Joint Venture Operations
Interest in joint venture operations is brought to account, by including in the respective classifications, the company's share of individual assets employed, liabilities, income and expenses incurred. Where the company is acquiring or disposing of a joint venture interest the company's share of joint venture assets is based on the contributions made to the joint venture.

(q) Fair value
Fair values may be used for financial asset and liability measurement as well as for sundry disclosures. Fair values for financial instruments traded in active markets are based on quoted market prices at statement of financial position date. The quoted market price for financial assets is the current bid price and the quoted market price.

The fair value of financial instruments that are not traded in an active market are determined using valuation techniques. Assumptions used are based on observable market prices and rates at balance date. Estimated discounted cash flows are used to determine fair value of the remaining financial instruments.

The carrying value (less impairment provision of trade receivables and payables) are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the company for similar financial instruments

(r) Foreign Currency Translation
The functional and presentation currency of the company is Australian dollars (A$).

Foreign currency transactions are translated into the functional currency using the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the statement of financial position date. Foreign exchange gains and losses resulting from settling foreign currency transactions, as well as from restating foreign currency denominated monetary assets and liabilities, are recognised in the statement of comprehensive income, except when they are deferred in equity as qualifying cash flow hedges or where they relate to differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2011

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Earnings per Share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to members of Moby, adjusted for the after-tax effect of preference dividends on preference shares, if any, classified as equity, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares during the year.

The weighted average number of issued shares outstanding during the financial year does not include shares issued as part of the Employee Share Loan Plan that are treated as in-substance options.

Diluted earnings per share

Earnings used to calculate diluted earnings per share are calculated by adjusting the basic earnings by the after-tax effect of dividends and interest associated with dilutive potential ordinary shares. The weighted average number of shares used is adjusted for the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

(t) Accounting standards issued not yet effective

The following new/amended accounting standards and interpretations have been issued, but are not mandatory for financial years ended 30 June 2011.They have not been adopted in preparing the financial report for the year ended 30 June 2011 and may impact the company in the period of initial application. In all cases the company intends to comply with these standards from application date as indicated in the table below.

AASB reference	Title and Affected Standard(s):	Nature of Change	Application date:	Impact on Initial Application
AASB 7	Financial Instruments: Disclosures	Deletes various disclosures relating to credit risk, renegotiated loans and receivables and the fair value of collateral held.	Periods commencing on or after 1 January 2011	There will be no impact on initial adoption to amounts recognised in the financial statement as the amendments result in fewer disclosures only.
AASB 11 (issued August 2011)	Joint Arrangements	Joint arrangements will be classified as either 'joint operations' (where parties with joint control have rights to assets and obligations for liabilities) or 'joint ventures' (where parties with joint control have rights to the net assets of the arrangement). Joint arrangements structured as a separate vehicle will generally be treated as joint ventures and accounted for using the equity method (proportionate consolidation no longer allowed).	Annual reporting periods commencing on or after 1 January 2013	Initial adoption of this amendment will have no impact as all joint venture permit interest held by the group are held as joint operations.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2011

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Accounting standards issued not yet effective (continued)

AASB reference	Title and Affected Standard(s):	Nature of Change	Application date:	Impact on Initial Application
AASB 13 (issued September 2011)	Fair Value Measurement	Currently, fair value measurement requirements are included in several Accounting Standards. AASB 13 establishes a single framework for measuring fair value of financial and non-financial items recognised at fair value in the statement of financial position or disclosed in the notes in the financial statements.	Annual reporting periods commencing on or after 1 January 2013	Due to the recent release of this standard, the entity has yet to conduct a detailed analysis of the differences between the current fair valuation methodologies used and those required by AASB 13. However, when this standard is adopted for the first time for the year ended 30 June 2014, there will be no impact on the financial statements because the revised fair value measurement requirements apply prospectively from 1 July 2013.
Amendments to IAS 1 (issued June 2011)	Presentation of Items of Other Comprehensive Income	Amendments to align the presentation of items of other comprehensive income (OCI) with US GAAP. Various name changes as follows: 1 statement of comprehensive income – to be referred to as 'statement of profit or loss and other comprehensive income' 2 statements – to be referred to as 'statement of profit or loss' and 'statement of comprehensive income'. OCI items must be grouped together into two sections: those that could subsequently be reclassified into profit or loss and those that cannot.	Annual periods commencing on or after 1 January 2013	When this standard is first adopted for the year ended 30 June 2014, there will be no impact on amounts recognised for transactions and balances for 30 June 2014 (and comparatives). However, the statement of comprehensive income will include name changes and include subtotals for items of OCI that can subsequently be reclassified to profit or loss in future (e.g. foreign currency translation reserves) and those that cannot subsequently be reclassified (e.g. fixed asset revaluation surpluses).

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2011

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Accounting standards issued not yet effective (continued)

AASB reference	Title and Affected Standard(s):	Nature of Change	Application date:	Impact on Initial Application
AASB 9 (issued December 2009 and amended December 2010)	Financial Instruments	Amends the requirements for classification and measurement of financial assets. The following requirements have generally been carried forward unchanged from AASB 139 Financial Instruments: Recognition and Measurement into AASB 9. These include the requirements relating to: • Classification and measurement of financial liabilities; and • Derecognition requirements for financial assets and liabilities. However, AASB 9 requires that gains or losses on financial liabilities measured at fair value are recognised in profit or loss, except that the effects of changes in the liability's credit risk are recognised in other comprehensive income.	Annual periods commencing on or after 1 January 2013	Due to the recent release of these amendments and that adoption is only mandatory for the 31 December 2013 year end, the entity has not yet made an assessment of the impact of these amendments. The entity does not have any financial liabilities measured at fair value through profit or loss. There will therefore be no impact on the financial statements when these amendments to AASB 9 are first adopted.

	NOTE	2011 $	2010 $
NOTE 2 OTHER INCOME			
Recovery of exploration costs previously written off		259,192	-
Foreign exchange		4,730	-
		263,922	-

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2011

		NOTE	Consolidated 2011 $	2010 $
NOTE 3 EXPENSES				
Audit and other related fees		17	44,537	46,402
Directors' remuneration			98,040	111,200
Consultants fees			87,100	208,718
Impairment of exploration assets		18	15,568,292	9,760,007
Foreign exchange loss			232,231	42,994
Management fees			98,662	117,805
Office costs			36,136	25,468
Printing and stationery			31,836	26,480
Scheme costs (1)			308,670	-
Share based payments: fair value of options at grant date	- directors		78,417	-
	- company secretary		26,139	-
	- eligible persons	20(b)	61,712	-
Stock exchange and registry costs			86,533	58,051
Other expenses			8,413	26,764
			16,766,718	10,423,889

(1) Costs associated with the WA-359-P Farmin (Note 20(a)).

	2011 $	2010 $
NOTE 4 INCOME TAX EXPENSE		
Components of income tax expense		
Current tax expense (benefit)	1,588,271	(5,661,178)
Deferred tax relating to the origination and reversal of temporary differences	271,402	1,384,919
Deferred tax asset not brought to account	-	4,276,259
Deferred tax asset brought to account	(1,859,673)	-
Income tax expense	-	-
Reconciliation between tax expense and pre-tax loss		
Loss before tax	(16,585,778)	(10,407,410)
Income tax using statutory income tax rate of 30% (2010: 30%)	(4,975,733)	(3,122,223)
Costs of capital raising	(80,044)	(72,521)
Impairment of exploration asset non deductible for tax	4,495,413	-
Assessable gain on recovery of exploration costs	2,161,702	-
Non-deductible items	258,335	4,280
Deferred tax benefit recognised from prior periods	-	(1,085,795)
Tax expense (benefit)	1,859,673	(4,276,259)
Deferred tax asset brought to account	(1,859,673)	-
Deferred tax asset not brought to account	-	4,276,259
Income tax expense	-	-
Unrecognised deferred tax asset		
The estimated deferred tax asset arising from tax losses and temporary differences not brought to account at balance date as realisation of the benefit is not probable:		
Tax losses carried forward	7,705,989	9,294,260
Temporary differences	(3,871,738)	(3,600,336)
	3,834,251	5,693,924

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2011

	NOTE	Consolidated 2011 $	2010 $

NOTE 5 CASH AND CASH EQUIVALENTS

		2011 $	2010 $
Cash at bank and on hand		3,531,578	2,674,605
		3,531,578	2,674,605

Cash and cash equivalents are subject to interest rate risk as they earn floating rates. In 2011, the average floating rate for the company was 0.07% (2010: 0.37%). Details of interest rate sensitivity can be found in Note 14. The bank deposits are all at call in 2011, as they were in 2010.

NOTE 6 TRADE & OTHER RECEIVABLES

		2011 $	2010 $
Other receivables		49,595	148,347
		49,595	148,347

The carrying amount of all receivables is equal to their fair value as they are short term. None of the receivables are impaired or past due. The maximum credit risk for the company is the gross value of all receivables. All receivables are non-interest bearing.

NOTE 7 EXPLORATION AND EVALUATION ASSETS

	NOTE	2011 $	2010 $
Balance at beginning of year		34,312,847	3,735,702
Expenditure for the year		155,759	18,037,152
Exploration assets received from share based payment	20	1,332,996	22,300,000
Recovery of costs from permit sale	21	(7,205,673)	-
Impairment of exploration assets	18	(15,568,291)	(9,760,007)
Balance at end of year		13,027,638	34,312,847

Exploration and evaluation assets relate to the areas of interest in the exploration phase for petroleum exploration permits Vic/P41, Vic/P47, WA-360-P, WA-342-P, WA-359-P and WA-409-P. (2010: Vic/P41, Vic/P45, Vic/P47, Vic/P53, EPP34, EPP35, WA-360-P, WA-342-P and WA-409-P). The permits are held through joint ventures and details of interests in the permits can be found in Note 10.

Ultimate recovery of exploration costs is dependent upon the company maintaining appropriate funding to support continued exploration activities through success in its petroleum exploration activities or by capital raising, or sale or farmout of its petroleum exploration tenement interests.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2011

NOTE 8 TRADE AND OTHER PAYABLES

	NOTE	Consolidated 2011 $	Consolidated 2010 $
Director-related entities	12	74,659	2,279,681
Other trade payables and accrued expenses		212,332	3,447,784
		286,991	5,727,465

Trade payables are current liabilities which result in their fair value being equal to the current carrying amount. Information about the company's exposure to foreign exchange risk in relation to other trade payables and accrued expenses, including sensitivities to changes in foreign exchange rates, is provided in Note 14.

NOTE 9 ISSUED CAPITAL

	2011 Shares	2011 $	2010 Shares	2010 $
Issued Capital				
Ordinary shares fully paid	322,000,862	50,647,774	288,177,593	49,314,748
Ordinary Shares				
Movements during the year				
Balance at beginning of year	288,177,593	49,314,748	79,505,481	11,599,972
Shares issued:				
- Share based payment transaction (Note 20(a))	33,823,269	1,332,996	-	-
- Share based payment transaction (Note 20(c))	-	-	120,000,000	22,303,941
- Rights issue	-	-	88,672,112	16,318,755
- Cost of issue	-	-	-	(907,920)
Balance at end of year	322,000,862	50,647,744	288,177,593	49,314,748

Ordinary Shares

Ordinary shares entitle the holder to receive dividends as declared and, in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the company. The company does not have a limited authorised capital and issued shares have no par value.

Share Options

Each option entitles the holder to subscribe for a fully paid ordinary share that will from the date of issue rank equally in all respects with the then issued ordinary fully paid shares in the capital of the company, and will be subject to the provisions of the constitution of the company. The option does not entitle the holder to a vote at meeting of members of the company or to participate in new issues of ordinary shares offered to members of the company during the currency of the option.

	2011 Options	2010 Options
30 June 2013 Listed Options– exercisable at 12 cents		
Balance at beginning of year	-	-
Options granted 7 June 2011 (Note 20(a))	40,662,280	-
Balance at end of year	40,662,280	-

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2011

NOTE 9 ISSUED CAPITAL (Continued)

	2011 Options	2010 Options
Share Options (continued)		
10 November 2013 Unlisted Options– exercisable at 25 cents		
Balance at beginning of year	-	-
Options granted 1 October 2010 – Directors (1)	900,000	-
Options granted 1 October 2010 – Company Secretary (1)	400,000	-
Options granted 1 October 2010 – Eligible Persons	1,400,000	-
Balance at end of year	2,700,000	-

(1) Approved by shareholders at Annual General Meeting 15 November 2010.

See Note 11 for details of options issued to Directors.

NOTE 10 INTEREST IN JOINT VENTURE OPERATIONS

The company has an interest in the assets, liabilities and output of joint venture operations for the exploration and development of petroleum in Australia. The company has taken up its share of joint venture transactions based on the company's contributions to the joint ventures. Expenditure commitments in respect of the joint ventures are disclosed in Note 13. Details of the company's interests in the joint ventures are:

	Interest 30/6/2010	Interest Acquired (Disposed)	Interest 30/6/2011
EPP34(1)	20%	(20%)	-
EPP35(2)	20%	(20%)	-
Vic/P41(3)	25%	-	25%
Vic/P45(4)	50%	(50%)	-
Vic/P47	35%	-	35%
Vic/P53(5)	33.33%(2)	(33.33%)	-
Braveheart Joint Venture – WA 332-P & WA-333-P(6)	26.4375%	(26.4375%)	-
Cornea Joint Venture – WA-342-P	22.375%	-	22.375%
WA-359-P *	-	28.5%	28.5%
WA-360-P	10%	-	10%
WA-409-P(7)	50%	(20%)	30%

* Subject to Farmin Agreements (Note 12) and Note 20(a).

(1) Permit not renewed 21 June 2011.
(2) Permit cancelled 16 June 2011.
(3) Moby's interest is reducing from 30% to 25% subject to a farmin interest currently being earnt by Oil Basins Limited.
(4) Permit not renewed 21 June 2011.
(5) Permit relinquished 22 July 2010.
(6) WA-332-P cancelled 12 Nov 2010 and WA-333-P not renewed 21 March 2011.
(7) WA-409-P farmed out to Apache Northwest Pty Ltd 20 October 2011.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2011

NOTE 10 INTEREST IN JOINT VENTURE OPERATIONS (Continued)

Assets and liabilities of the joint venture operations are included in the financial statements as follows:

	Consolidated	
	2011	**2010**
	$	**$**
CURRENT ASSETS		
Cash and cash equivalents	29,104	813,226
Trade and other receivables	23,109	141,504
TOTAL CURRENT ASSETS	52,213	954,730
NON-CURRENT ASSETS		
Exploration costs	13,027,638	34,312,847
TOTAL ASSETS	13,079,851	35,267,577
CURRENT LIABILITIES		
Trade and other payables	36,815	1,668,838
TOTAL LIABILITIES	36,815	1,668,838

There are no contingent liabilities in any of the joint ventures.

NOTE 11 KEY MANAGEMENT PERSONNEL

Non-executive Directors
LE Coburn
GA Menzies
RJ Coppin

JMD Willis(1)

Executive Director
EG Albers

Company Secretary
JG Tuohy

(1) JMD Willis is not a director of Moby Oil & Gas Limited. He was a director of Rankin Trend Pty Ltd a fully owned subsidiary acquired by Moby on 23 December 2009 (Note 20(c)). He resigned as director of Rankin Trend Pty Ltd on 20 July 2010.

During the year the only persons that met the definition of key management personnel are the directors and company secretary. The company has no employees.

Fees paid to GA Menzies and JMD Willis in their capacity as consultants to Moby are disclosed below in the Related Party Note 12. Fees paid to GA Menzies and JMD Willis as directors are summarised in the table below and detailed in the Remuneration Report section of the Directors' Report.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2011

NOTE 11 KEY MANAGEMENT PERSONNEL (Continued)

Individual compensation disclosures
Information regarding individual director's compensation is provided in the Remuneration Report section of the Directors' Report. In summary form:

		Short Term		*Post Employment*	*Equity Settled*	*Total*
	Year	*Directors Fees*	*Other Fees*	*Super-annuation*	*Options* *$*	
		$	*$*	*$*		*$*
TOTAL	**2011**	**45,600**	**35,700**	**52,440**	**104,556**	**238,296**
	2010	30,600	76,525	56,600	-	163,725

Interests in Equity Instruments of Moby Oil & Gas Limited

Ordinary Shares
The movement during the reporting period in the number of ordinary shares and options over ordinary shares held directly, indirectly or beneficially, by each key management person, including their related parties, is detailed below. No shares were granted to directors during the reporting period as compensation.

Directors	**Held at 1 July 2010**	**Prospectus Issue**	**Options Exercised**	**Net Change Other**	**Held at 30 June 2011**
EG Albers	169,850,259	-	-	-	169,850,259
LE Coburn(1)	1,053,200	-	-	202,500	1,255,700
RJ Coppin	-	-	-	-	-
GA Menzies(1)	369,389	-	-	68,945	438,334
JMD Willis(2)	1,600,000	-	-	(1,600,000)	-
Company Secretary					
JG Tuohy	111,111	-	-	37,125	148,236
	172,983,959	-	-	(1,291,430)	171,692,529

(1) Issued in relation to Moby Farmin to WA-359-P (Note 20(a)).
(2) JMD Willis is not a director of Moby Oil & Gas Limited. He was a director of Rankin Trend Pty Ltd a fully owned subsidiary acquired by Moby on 23 December 2009 (Note 20(c)). He resigned as director of Rankin Trend Pty Ltd on 20 July 2010.

Directors	**1 July 2009**				**30 June 2010**
EG Albers	27,928,646	-	-	141,921,613(1)	169,850,259
LE Coburn	886,532	-	-	166,668	1,053,200
GA Menzies	254,388	-	-	115,001	369,389
JMD Willis	-	-	-	1,600,000	1,600,000
Company Secretary					
JG Tuohy	-	-	-	111,111	111,111
	29,069,566	-	-	143,914,393	172,983,959

(1) Participation in the rights issue and an issue of 120,000,000 shares to Gascorp Australia Pty Ltd for the acquisition of Rankin Trend Pty Ltd (Note 20(c)).

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2011

NOTE 11 KEY MANAGEMENT PERSONNEL (continued)

Options over Ordinary Shares - Listed

30 June 2013 Options (exercisable at 12 cents per share)

Directors	Held at 1 July 2010	Granted as compensation	Exercised	Net Change Other(1)	Held at 30 June 2011
EG Albers	-	-	-	21,190,962	21,190,962
LE Coburn	-	-	-	54,000	54,000
RJ Coppin	-	-	-	-	-
GA Menzies	-	-	-	405,000	405,000
Company Secretary					
JG Tuohy	-	-	-	-	-
	-	-	-	21,649,962	21,649,962

(1) Issued in relation to Moby Farmin to WA-359-P (Note 20(a))

Options over Ordinary Shares - Unlisted

10 November 2013 Options (exercisable at 25 cents per share)

Directors	Held at 1 July 2010	Granted as compensation	Exercised	Net Change Other	Held at 30 June 2011
EG Albers	-	400,000	-	(300,000) (1)	100,000
LE Coburn	-	400,000	-	-	400,000
RJ Coppin	-	-	-	-	-
GA Menzies	-	400,000	-	-	400,000
Company Secretary					
JG Tuohy	-	400,000	-	-	400,000
	-	1,600,000	-	(300,000)	1,300,000

(1) EG Albers assigned 300,000 options to an unrelated party in November 2010.

NOTE 12 RELATED PARTY TRANSACTIONS

Director-related Entities
Companies in which Moby or Rankin Trend Pty Ltd director holds office, that provide services to the group or to a joint venture in which the group has an interest, or that also hold an interest in those joint ventures or in which the group holds an investment.
(i) EG Albers resigned as a director of Cue Energy Resources Limited on 4 September 2009.
(ii) EG Albers resigned as a director of Bass Strait Oil Co Limited on 31 August 2009.
(iii) JMD Willis is not a director of Moby Oil & Gas Limited. He was a director of Rankin Trend Pty Ltd, a fully owned subsidiary acquired by Moby on 23 December 2009 (Note 20(a)). He resigned as director of Rankin Trend Pty Ltd on 20 July 2010.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2011

NOTE 12 RELATED PARTY DISCLOSURES (Continued)

(i)Providers of Services
During the year services were provided under normal commercial terms and conditions by:

Capricorn Mining Pty Ltd, (Capricorn), a director-related entity of EG Albers
Australis Finance Pty Ltd (Australis), a director-related entity of EG Albers
Exoil Limited, (Exoil), a director-related entity of EG Albers, JMD Willis and GA Menzies
Hawkestone Oil Pty Ltd, (Hawkestone), a director-related entity of EG Albers, JMD Willis and GA Menzies
Gresham Management Pty Ltd (Gresham), a director-related entity of GA Menzies
Gascorp Australia Pty Ltd(Gascorp), a director-related entity of EG Albers, JMD Willis and GA Menzies
National Gas Australia Pty Ltd (NGA), a director-related entity of EG Albers
Natural Resources Group Pty Ltd (NRG), a director-related entity of EG Albers
Octanex NL (Octanex), a director-related entity of EG Albers and GA Menzies
Setright Oil & Gas Pty Ltd, (Setright), a director-related entity of EG Albers
Upstream Consulting Pty Ltd, (Upstream), a director-related entity of JMD Willis

Consolidated	**Service Provided**	**2011**	**2010**
		$	**$**
Capricorn	Management and administration services to the Group	3,818	95,875
Capricorn	Management of exploration tenements	14,152	87,287
NRG	Management and administration services to the Group	56,134	-
NRG	Management of exploration tenements	31,086	-
Exoil	Office services and amenities in Melbourne	36,136	25,468
NGA	Provision of office services and amenities in WA	23,882	70,723
Gascorp	Short-term funding provided to joint ventures	-	424,626
Australis	Short-term funding provided to company	-	615,313
Gresham	Management and consulting services to the Group	221,880	105,068
Gresham	Consulting services to joint ventures	634	6,609
Upstream	Management and consulting services to the Group	-	38,400
Upstream	Management and consulting services to joint ventures	-	59,414
Octanex	Accounting services	21,760	-
Setright	Accounting, project and company secretarial services	16,950	21,930
Setright	Accounting, project management of joint ventures	6,512	34,139

The group holds interests in petroleum exploration joint ventures with certain director-related entities:

- As a participant of the Braveheart Joint Venture with operator Hawkestone Oil Pty Ltd, Braveheart Resources Pty Ltd, Braveheart Petroleum Pty Ltd, Braveheart Oil & Gas Pty Ltd, Browse Petroleum Ltd, Gascorp and Braveheart Energy Pty Ltd, all director-related entities of EG Albers. Hawkestone Oil Pty Ltd, Browse Petroleum Ltd and Braveheart Resources Pty Ltd are also a director-related entity of GA Menzies and JMD Willis.
- As a participant of the Cornea Joint Venture with operator Hawkestone Oil Pty Ltd, Cornea Petroleum Pty Ltd, Cornea Oil & Gas Pty Ltd, Coldron Pty Ltd, Cornea Energy Pty Ltd, Cornea Resources Pty Ltd, Octanex NL and Auralandia NL all director-related entities of EG Albers. Hawkestone Oil Pty Ltd, Coldron Pty Ltd, Cornea Resources Pty Ltd and Octanex NL are also director-related entities of GA Menzies and JMD Willis.
- As a participant of the Western Otway (EPP 34) Joint Venture with Exoil Limited, National Energy Pty Ltd , United Oil and Gas Pty Ltd and Gascorp Australia Pty Ltd all director-related entities of EG Albers. Exoil and Gascorp are director-related entities of GA Menzies and JMD Willis.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2011

NOTE 12 RELATED PARTY DISCLOSURES (Continued)

- As a participant of the Troas (EPP 35) Joint Venture with Exoil Limited, National Energy Pty Ltd and Gascorp Australia Pty Ltd all director-related entities of EG Albers. Exoil and Gascorp are director-related entities of GA Menzies and JMD Willis.

(ii) Amounts payable by and payable to related parties including those under joint venture arrangements:

	Consolidated	
	2011	**2010**
	$	**$**
Payables		
Capricorn Mining Pty Ltd	-	81,543
Natural Resources Group Pty Ltd	39,842	-
Exoil Limited	-	7,701
Setright Oil & Gas Pty Ltd	-	19,849
Hawkestone Oil Pty Ltd (as Operator of Cornea JV and Braveheart JV)	-	1,503,933
Upstream Consulting Pty Ltd	-	14,562
National Gas Australia Pty Ltd	13,057	36,769
Octanex NL	21,760	-
Australis Finance Pty Ltd	-	615,324
	74,659	2,279,681

(iii) Farmin Agreements with Director-Related Entities
On 7 June 2011, Moby entered into a farmin agreement with Exoil Limited (“Exoil”) to earn a 28.5% interest in Exoil’s 30% interest in the exploration permit WA359-P. Exoil is a director-related entity of EG Albers and GA Menzies. LE Coburn was a shareholder in Exoil at the time of the transaction. The farmin requires Moby to meet 100% of Exoil’s costs through to the end of the permit’s current term and any renewal of the permit.

On 18 September 2009 Moby signed a Farmin agreement with Browse Petroleum Pty Ltd and Braveheart Petroleum Pty Ltd to earn a 26.4375% interest in the exploration permits WA-332-P and WA-333-P in return for meeting the first $9,000,000 of the Famor’s share of the cost of drilling the Braveheart-1 well. Browse Petroleum Pty Ltd and Braveheart Petroleum Pty Ltd are director-related entities of EG Albers. The Farmin agreement was amended on 26 November 2009 to reduce the amount to be spent to $8,100,000.

On 18 September 2009 Moby signed a Farmin agreement with Cornea Petroleum Pty Ltd and Coldron Pty Ltd to earn a 22.375% interest in the exploration permit WA-342-P in return for meeting the first $12,000,000 of the Famor’s share of the cost of drilling the Cornea-3 well. Cornea Petroleum Pty Ltd and Coldron Pty Ltd are director-related entities of EG Albers. Coldron Pty Ltd is also a director-related entity of GA Menzies and JMD Willis. The Farmin agreement was amended on 26 November 2009 to reduce the amount to be spent to $7,769,840.

(iv) Braveheart and Cornea Omnibus Facility Agreement
On 7 May 2010 Moby signed the Braveheart/Cornea Omnibus Facility Agreement with Gascorp Australia Pty Ltd Coldron Pty Ltd and Hawkestone Oil Pty Ltd, all three companies being director-related entities of EG Albers, GA Menzies and JMD Willis and with Browse Petroleum Pty Ltd, a director-related entity of EG Albers. The facility was put in place to enable Moby to meet its share of cost overruns on the drilling of the Cornea-3 and Braveheart-1 wells in December 2009 and January 2010.

(v) Share based payments with Director-Related Entities
On 7 June 2011, Moby Oil & Gas Pty Ltd entered into an equity settled share based payment transaction to enable Moby to farm into and earn a 95% interest in the 30% participating interest Exoil Limited (“Exoil”) holds in the exploration permit WA-359-P. Exoil is a director-related entity of EG Albers and GA Menzies (Note 20(a)).

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2011

NOTE 12 RELATED PARTY DISCLOSURES (Continued)

On 23 December 2009, Moby Oil & Gas Pty Ltd entered into an equity settled share based payment transaction with Gascorp Australia Pty Ltd ("Gascorp") to acquire cash, receivables and interest in two offshore petroleum exploration permits from Gascorp's fully owned subsidiary, Rankin Trend Pty Ltd. Both of these companies are director-related entities of EG Albers and GA Menzies (Note 20(c)).

(vi) Funding from Director-Related Entity
On 1 July 2010, Moby Oil & Gas Pty Ltd repaid principal of $600,000 and interest of $15,313 to Australis Finance Pty Ltd ("Australis'), a director-related entity of EG Albers. Funds had been provided to Moby by Australis on a short term basis whilst the Braveheart/Cornea Omnibus Facility Agreement (Note 12 (iv)) was put in place.

(vii) Schemes of Arrangement involving Director-Related Entity
On 7 June 2011, the company issued 33,823,269 new Moby shares and granted 40,662,280 new Moby listed options pursuant to Exoil schemes of arrangement under which the participating shareholders of Exoil (being all Exoil shareholders other than EG Albers and interests associated with him) and all Exoil optionholders approved the cancellation of their Exoil shares and options and, in return, received shares and options issued and granted respectively by Moby. The schemes of arrangement were conditional on Moby entering into the farmin agreement with Exoil in relation to the WA-359-P permit, as described at (iii) above. EG Albers and associated parties of his retained 100% of the remaining shares in Exoil.

NOTE 13 EXPLORATION PERMIT COMMITMENTS

	2011 $	2010 $
Estimated expenditure to satisfy contractual and permit work obligations		
Not later than 1 year		
Vic/P41	21,875	62,500
Vic/P47	87,500	87,500
EPP34	-	30,000
WA-342-P	27,969	-
	137,344	180,000
Later than 1 year but not later than 5 years		
Vic/P47	350,000	437,500
WA-409-P	-	1,250,000
WA-342-P	4,530,938	-
	4,880,938	1,687,500

Expenditure commitments include obligations arising from farm-in arrangements, and minimum work obligations for the initial three year period of exploration permits and thereafter annually. Minimum work obligations, may, subject to negotiation and approval, be varied. They may also be satisfied by farmout, sale, relinquishment or surrender of a permit.

NOTE 14 FINANCIAL INSTRUMENTS

Regular way purchases and sales of financial assets and financial liabilities are recognised on trade date; the date on which the company commits to purchase or sell the financial assets or financial liabilities. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership.

Exposure to credit, interest rate, liquidity and currency risks arises in the normal course of the company's business. The company's overall risk management approach is to identify the risks and implement safeguards which seek to minimise potential adverse effects on the financial performance of the company.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2011

NOTE 14 FINANCIAL INSTRUMENTS (Continued)

Credit risk
Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. At balance date there were no significant concentrations of credit risk for the company. The maximum exposure to credit risk of financial assets is represented by the carrying amounts of each financial asset in the statement of financial position.

Interest rate risk
All financial liabilities and financial assets at floating rates expose the company to cash flow interest rate risk The company has no exposure to interest rate risk at balance date, other than in relation to cash and cash equivalents which attract an interest rate. Details of cash and cash deposits can be found in Note 5. At balance date a 1% (100 basis point) increase/ decrease in the interest rate would improve / worsen the company's post tax profit by $24,721 (2010: $18,722).

Liquidity risk
Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. Liquidity risk is monitored to ensure sufficient monies are available to meet contractual obligations as and when they fall due. All financial assets and liabilities have a maturity date of less than 12 months.

Foreign currency risk
The company is exposed to foreign currency risk arising on purchases that are denominated in a currency other than the Australian dollar functional currency. The company incurs seismic, exploration and well costs in US dollars. The risk is measured using sensitivity analysis and cash flow forecasting and monitored by management when seismic and drilling programs are current. To this extent, the company is exposed to exchange rate fluctuations between the Australian and US dollar.

As at 30 June 2011 the company has US$3,653,846 in cash at bank. A 1 cent increase/decrease in the USD / AUD exchange rate would decrease/ increase the Australian dollar conversion of these funds by $31,390 / $31,981. (2010 $20,410/$20,894).

Capital Management
When managing capital, directors' objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders.

It is the company's plan that capital will be raised by any one or a combination of the following manners: placement of shares to excluded offerees, pro-rata issue to shareholders, the exercise of outstanding options, and/or a further issue of shares. Should these methods not be considered to be viable, or in the best interests of shareholders, then it would be the company's intention to meet its exploration obligations by either partial sale of its interests or farmout, the latter course of action being part of its overall strategy.

The company is not subject to any externally imposed capital requirements.

NOTE 15 SEGMENT INFORMATION

The group has adopted AASB 8 Operating Segments from 1 July 2009 whereby segment information is presented using a 'management approach', i.e. segment information is provided on the same basis as information used for internal reporting purposes by the board of directors

At regular intervals the board is provided management information at a group level for the group's cash position, the carrying values of exploration permits and a group cash forecast for the next twelve months of operation.

On this basis, no segment information is included in these financial statements.

All interest received has been derived in Australia. All exploration and evaluation assets are held in Australia.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2011

NOTE 16 LOSS PER SHARE

The following reflects the loss and share data used in the calculation of basic and diluted loss per share:

		Consolidated
	2011	**2010**
	$	$
Net Loss	(16,585,778)	(10,407,410)

The weighted average number of shares used for the purposes of calculating diluted earnings per share reconciles to the number used to calculated basic earnings per share as follows:

	Weighted Average Number of Shares	**Weighted Average Number of Shares**
Basic and diluted loss per share	290,308,922	188,701,188

No options would be exercised at the share price of $0.032 at 30 June 2011.

	2011	**2010**
	$	$
NOTE 17 AUDITOR'S REMUNERATION		
Amounts received or due and receivable by the auditor of the Company for:		
Audit of the full year and review of the half year financial reports	44,537	46,402
	=======	=======

NOTE 18 IMPAIRMENT OF EXPLORATION AND EVALUATION ASSETS

The impairment loss recognised in the current reporting period relates to components of permits EPP34, EPP35 and WA-360-P. (2010 : WA-333-P, WA-342-P, Vic/P53, Vic/P61 and EPP36).

The impairment loss in the year ended 30 June 2011 for WA-360-P, the permit in which the Artemis-1 exploration well was drilled, was $14,984,710 and for EPP 34 $559,459. The impairment loss for EPP 35 was immaterial.

The impairment loss in the year ended 30 June 2010 for WA-333-P, the permit in which the Braveheart-1 well was drilled, was $9,368,777. Amounts in relation to the other permits written off were immaterial.

The impairment loss was determined by analysing current year costs and the costs previously capitalised with respect to each permit and identifying any costs that relate to previously identified prospects that are less commercially feasible than previously determined.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2011

NOTE 19 EVENTS SINCE BALANCE DATE

On 18 July 2011 the operator, Bass Strait Oil Company Limited, on behalf of the joint venture, applied to renew the permit Vic/P41. Aside from that there are no significant after balance date events up to the signing of this report.

NOTE 20 SHARE BASED PAYMENTS

(a) Scheme of Arrangement
On 7 June 2011, Moby Oil & Gas Limited entered into an equity settled share based payment transaction by issuing 33,832,265 ordinary shares and 40,662,280 listed options to acquire fully paid ordinary shares to non-associated shareholders and optionholders of Exoil Limited (“Exoil”). This satisfied a condition precedent relating to the farmin by Moby to WA-359-P to earn a 95% interest in the 30% participating interest Exoil holds in the exploration permit WA-359-P. Exoil is a director-related entity of EG Albers , GA Menzies and LE Coburn, who was a shareholder in Exoil (Note 11).

The fair value of the WA-359-P interest was:

	Fair Value $
Exploration and evaluation assets	1,332,996

A separate experts report was obtained for the valuation of the exploration permits held by Exoil.

On 21 October 2010 Exoil entered into a farmout agreement with a subsidiary of Apache Corporation (“Apache”) under which Apache agreed to fund the acquisition, processing, mapping and interpretation of 1,000 km2 of 3D seismic data within the area of permits WA-359-P and WA-409-P to earn Apache a 40% equity interest and operatorship in each of those permits. On completion of that earn-in Exoil’s interest in WA-359-P will reduce to 30%. The Authority for Expenditure for the 1,000 km2 of 3D seismic data contracted to be carried out to earn Apache’s 40% interest in each permit was an amount of A$6.81 million.

The valuation for WA-359-P was derived by the expert’s assessment of value by calculating the premium that the terms of the Apache farmin establishes for each of those blocks and used that premium to determine the value of the retained interests of 30% in each block subsequent to Apache having earned its interest in each block. The valuation of WA-359-P is based on the seismic farmin value attributable to each block.

(b) Eligible Persons Options

	2011 $	2010 $
Options issued to Eligible Persons	61,712	-

The directors may grant options to eligible persons. Eligible persons are defined as an executive officer whether in a full time or part time position, including any director, secretary, public officer, employee or consultant, who is concerned or takes part in the management of the company. No eligible persons granted options during the year are employees of Moby Oil and Gas Ltd.

The directors may in their sole discretion select eligible persons to whom options shall be granted and determine the number and the terms of grant of the options granted. The directors may have regard to the period of service or employment of the eligible person and the past and potential contribution of the eligible person to the company.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2011

NOTE 20 SHARE BASED PAYMENTS (Continued)

	2011 Options	2010 Options
30 June 2013 Unlisted Options– exercisable at 25 cents		
Balance at beginning of year	-	-
Options granted 1 November 20101	1,400,000	
Balance at end of year	1,400,000	-

The options were valued using the Binomial Option Valuation model. The follow inputs were used:

Exercise price:	25 cents
Share price at grant date:	16 cents
Maximum option life	3.0 years
Expected volatility	78%
Risk free interest rate	4.9%

Expected volatility was based on the average volatility of a peer group of six companies within the oil and gas exploration industry. The implied volatility of the companies was in the range of 54% to 100%. The fair value of this share based payment was $61,712.

(c) Acquisition of Rankin Trend Pty Ltd
On 23 December 2009, Moby Oil & Gas Pty Ltd entered into an equity settled share based payment transaction by issuing 120,000,000 ordinary shares to Gascorp Australia Pty Ltd ("Gascorp") to acquire cash, receivables and interest in two offshore petroleum exploration permits from Gascorp's fully owned subsidiary, Rankin Trend Pty Ltd ("Rankin Trend"), a private company based in Australia. Moby received a 15% interest in the permit WA-360-P and a 50% interest in WA-409-P.

The fair values of the assets received were:

	Fair Value $
Cash and Cash Equivalents	3,636
Trade and other receivables	305
Exploration and evaluation assets	22,300,000
Total	22,303,941

Cash and receivables are valued per Note 1 of the financial statements. A separate experts report was obtained for the valuation of the exploration permits held by Rankin Trend. The valuations have been determined based on the prospects available and the level of typical comparable market transactions within the petroleum exploration industry.

The expert set the major principles for the valuations as:

1. Transaction basis as described in the Valmin Code where value is the fair market value of a mineral or petroleum asset or security. It is the amount of money (or the cash equivalent of some other consideration) determined by the expert in accordance with the provisions of the Valmin Code for which the mineral or petroleum asset or security should change hands on the valuation date in an open and unrestricted market between a willing buyer and a willing seller in an "arm's length" transaction, with each party acting knowledgeably, prudently and without compulsion
2. Value must reflect unrisked prospective resources
3. Gas and oil are derived separately
4. Similar basin settings mean similar issues and costs
5. Gross comparative value accounts for all factors (legal, commercial, technical)

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2011

NOTE 21 SALE OF PERMIT INTEREST

On 21 October 2010 the final settlement payment of US$5.5million for the sale of the 5% interest in the WA-360-P permit was received from MEO Australia Limited ("MEO"). Moby had previously received a deposit payment in June 2010 of US$1.5million from MEO on entering into the sale agreement. Proceeds of A$7,205,763 from the sale have been treated as a recoupment of costs previously capitalised for WA-360-P on the acquisition of Rankin Trend Pty Ltd (Note 20(c)) and therefore no revenue or profit is shown for the sale.

NOTE 22 PARENT ENTITY INFORMATION

The following details information related to the parent entity, Moby Oil & Gas Limited at 30 June 2011. The information presented here has been prepared using consistent accounting policies as presented in Note 1.

	2011 $	2010 $
Current asset	3,581,171	2,841,572
Non-current assets	20,581,666	34,284,357
Total assets	24,162,837	37,125,929
Current liabilities	280,203	5,712,395
Non-current liabilities	7,158,077	-
Total liabilities	7,438,280	5,712,395
Contributed equity	50,647,744	49,314,748
Reserves	275,646	109,378
Retained earnings	(34,198,833)	(18,010,592)
Total equity	16,724,557	31,413,534
Loss for the year	(16,188,241)	(10,402,210)
Other comprehensive income for the year	-	-
Total comprehensive income for the year	(16,188,241)	(10,402,210)

The company has no contingent liabilities.

The company's share of minimum work requirements contracted for under exploration permit interests held in joint venture is estimated at balance date:

Payable not later than one year	137,344	180,000
Payable later than one year but not later than three years	4,880,938	437,500
	5,018,282	617,500

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INDEPENDENT AUDITOR'S REPORT

To the members of Moby Oil & Gas Limited

Report on the Financial Report

We have audited the accompanying financial report of Moby Oil & Gas Limited, which comprises the consolidated statement of financial position as at 30 June 2011, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the disclosing entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Moby Oil & Gas Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of Moby Oil & Gas Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included on pages 13 to 15 of the directors' report for the year ended 30 June 2011. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Moby Oil & Gas Limited for the year ended 30 June 2011 complies with section 300A of the *Corporations Act 2001*.

BDO

BDO Audit (NSW-VIC) Pty Ltd

Nicholas E. Burne
Director

Melbourne, Victoria

Dated this 28th day of September 2011

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DECLARATION OF INDEPENDENCE BY NICHOLAS BURNE TO THE DIRECTORS OF MOBY OIL & GAS LIMITED

As lead auditor of Moby Oil & Gas Limited for the year ended 30 June 2011, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Moby Oil & Gas Limited and the entities it controlled during the period.

Nicholas E. Burne
Director

BDO Audit (NSW-VIC) Pty Ltd

Melbourne, Victoria

Dated this 28th day of September 2011