

MOBY OIL & GAS LIMITED

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QUARTERLY ACTIVITY REPORT TO 30 SEPTEMBER 2012

Moby Oil & Gas Limited (**ASX Code: MOG**), by itself and through its wholly-owned subsidiary, held working interests at the end of the quarter in five petroleum exploration permits in the offshore basins of Australia. Two are located in the Carnarvon Basin (WA-359-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 quarter are provided below.

Subsequent to the end of the quarter, Moby, together with Apache, declined to accept the offer of a renewal of the WA-359-P permit.

The policy underlying the management of the Moby group's permits and related interests is a cohesive policy which, insofar as is practical and both legally and commercially expedient, does not differentiate between whether they are owned by Moby Oil & Gas Limited directly, or indirectly through its wholly-owned subsidiary, Rankin Trend Pty Ltd. These interests and assets are all referred to in this report as being held by "Moby" or "the Company".

OPERATIONAL MATTERS

Carnarvon Basin Interests

A *Carnarvon Basin Permit Location Map* of the Company's WA-409-P and WA-359-P permit interests is displayed below.

WA-409-P – Carnarvon Basin

The WA-409-P Joint Venture consists of the following parties:

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%

WA-409-P is in the Dampier Sub-basin offshore from Western Australia and covers an area of approximately 566 km² in water depths of less than 500 metres – see the following *Carnarvon Basin Permit Location Map*.

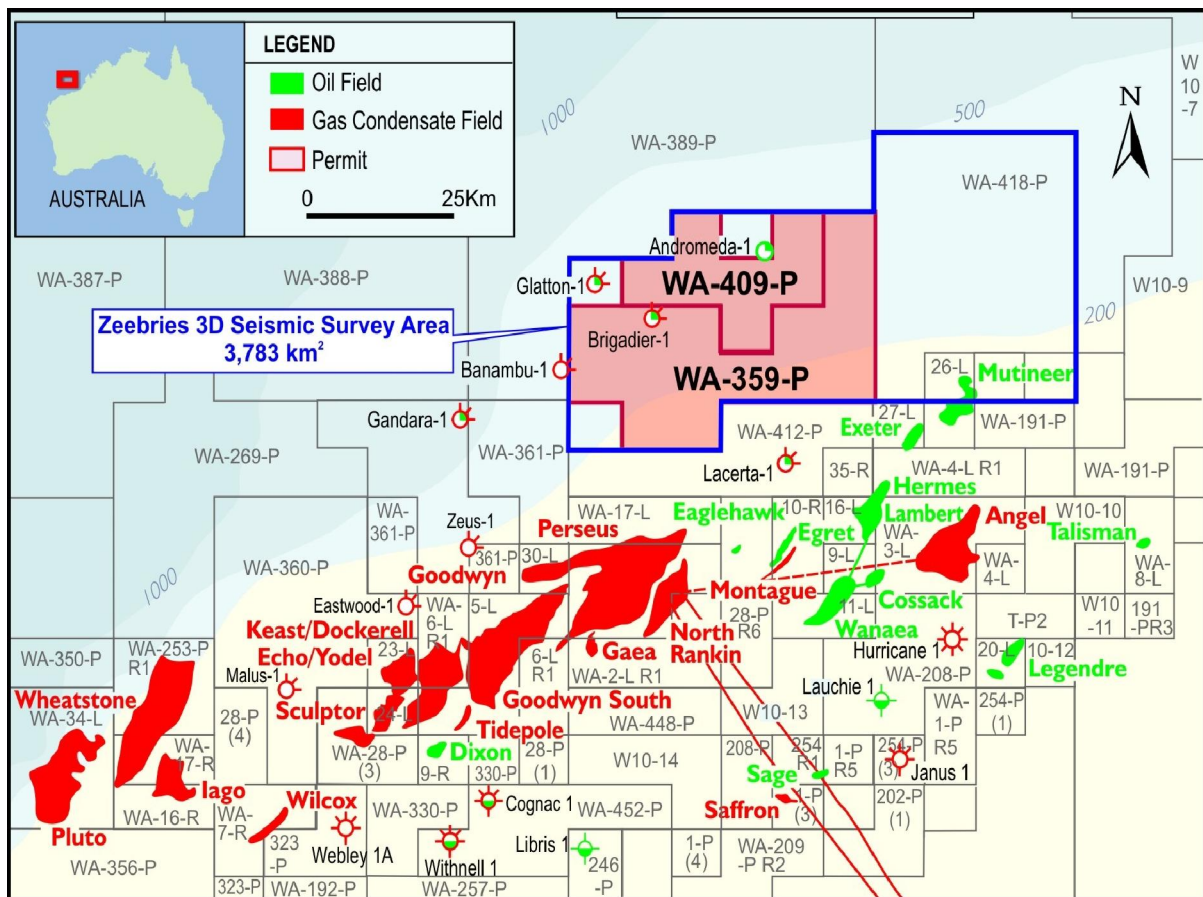
A subsidiary of Apache Corporation (**Apache**) farmed into the permit and has funded the acquisition of the Zeebries 3D seismic survey across the whole of the area of WA-409-P and the adjoining permit, WA-359-P. By acquiring, processing, mapping and interpreting the Zeebries 3D survey at its cost, Apache earned a 40% equity interest and operatorship of both WA-409-P and WA-359-P. The aim of the Zeebries 3D survey was to define several new, potentially drillable, leads and prospects.

The Zeebries 3D survey incorporated the entire 566 km² area of the WA-409-P permit, plus the entire 1,212 km² area of the WA-359-P permit and two other adjoining permits – see the *Zeebries 3D Seismic Survey Map* below.

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, Moby will be free carried through the costs of the well but will retain a 15% carried interest.

If Apache drilled a well in the adjoining permit, WA-359-P, Apache would have completed its right to acquire a 70% interest in each of WA-409-P and WA-359-P. However, and as detailed in the WA-359-P commentary below, Moby and Apache have withdrawn from WA-359-P subsequent to the end of the quarter.

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



Carnarvon Basin Permit Location and Zeebries 3D Seismic Survey Map

WA-359-P – Carnarvon Basin

During the previous quarter, the Joint Venture lodged an application to renew the permit for a 5-year term. The work programme proposed for the renewed term included rock physics, 3D inversion and geotechnical studies, with an exploration well in year-5. Prior to the end of the quarter, the Joint Venture received an offer of renewal from the regulatory authority that included a well obligation in year-3 of the renewed term. Accepting the offer in that form would commit the accepting parties to having to drill a well in the permit, as the work obligations in the first three years of a permit's term must be fulfilled.

As detailed in the WA-409-P commentary above, Apache farmed into WA-359-P and WA-409-P and, as part of the farmin terms, had agreed to carry 100% of Moby's costs of a well drilled in either of WA-359-P or WA-409-P, should Apache decide to drill a well in either permit. Subsequent to the end of the quarter, Apache advised the Joint Venture it would not accept the WA-359-P permit renewal with a commitment well, and would therefore withdraw from the permit and the Joint Venture.

With Apache's withdrawal, Moby lost the opportunity of the free carry through a well in WA-359-P. Additionally, Apache's withdrawal would increase Moby's interest in the permit and its obligation to fund a commitment well to a minimum of 50%, should Moby join any acceptance of the offer to renew the permit.

As the committed financial obligation that would be assumed by Moby in accepting the offer to renew the permit would be substantial, and require the Company to raise sufficient new capital to fund a well where there was currently no identified target, it was decided to withdraw from the permit and the Joint Venture. Once all of the acceptable documentation to formalise the withdrawal has been registered by the regulatory authority, the withdrawal will be effective from the expiry of the initial 6-year term of the permit on 31 July 2012.

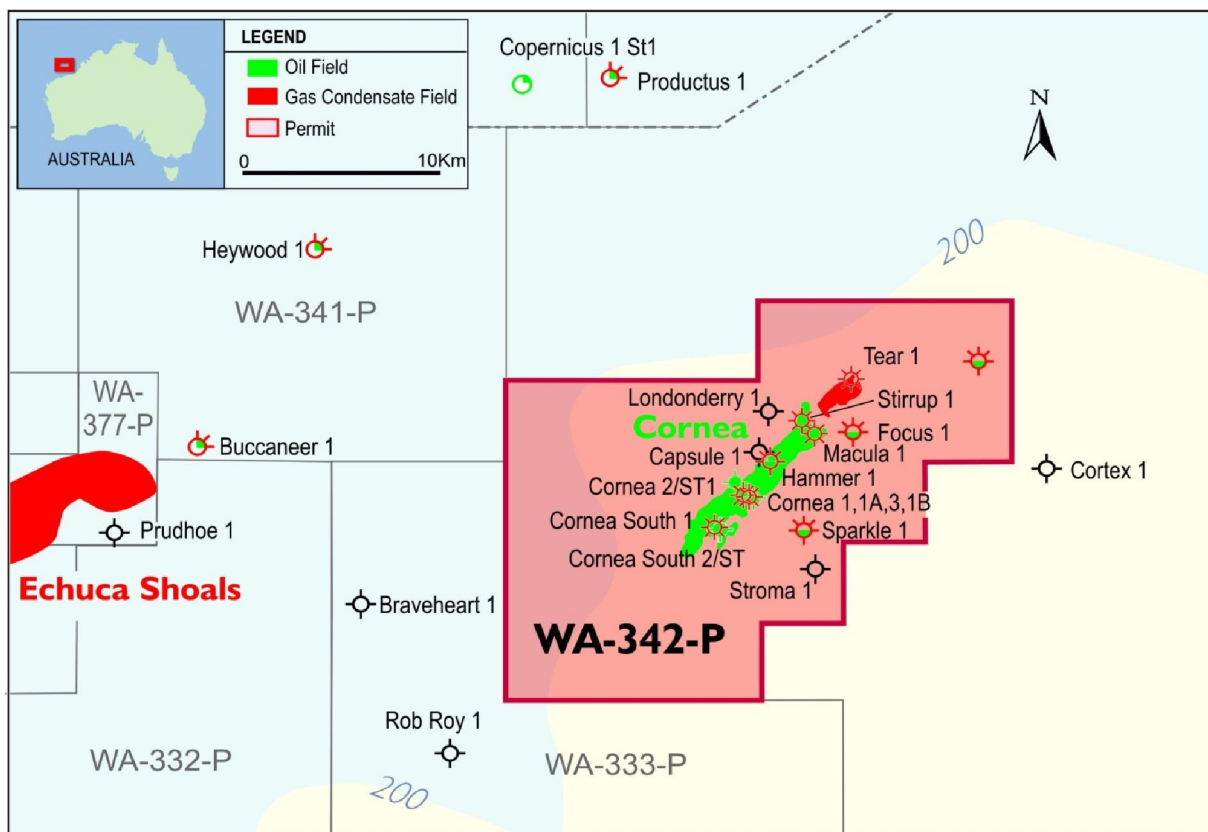
Cue Exploration Pty Ltd, a subsidiary of Cue Energy Resources Limited (OXX Code: CUE) has renewed the WA-359-P permit as the sole title holder.

Browse Basin Interest

WA-342-P – Browse Basin

The Operator of this permit is Cornea Resources Pty Ltd and the permit is held by the Cornea Joint Venture which consists of the following interests:

Coldron Group	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%



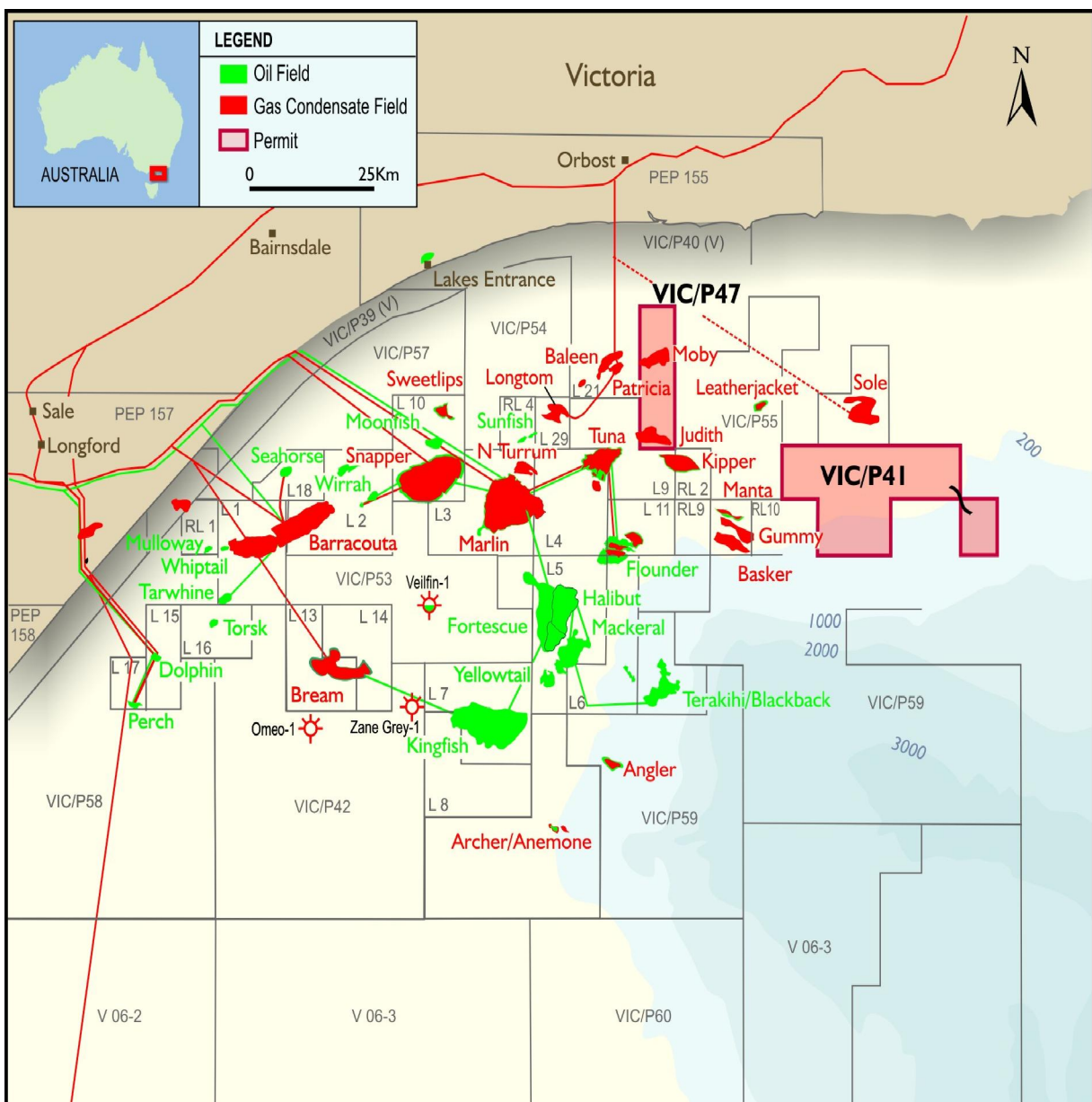
WA-342-P Location Map

The WA-342-P permit is currently in Year 2 of its first 5-year renewed term – see the *WA-342-P Location Map* above. 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.

Field appraisal studies in relation to the permit and the Cornea structure continue, as do discussions with potential farminees. The Joint Venture is also considering what would be the best permit arrangement and work programme under which to evaluate the Cornea structure and its known oil resource. Consideration is being given to possibly converting the current exploration permit into a retention lease. To this end, preliminary discussions have been held with the regulatory authorities on what might be achieved in this regard.

Gippsland Basin Interests

Moby holds interests in two petroleum exploration permits in the offshore Gippsland Basin, namely Vic/P41 and Vic/P47 – see the following *Gippsland Basin Permit Location Map*.



Gippsland Basin Permit Location Map

Vic/P41 – Gippsland Basin

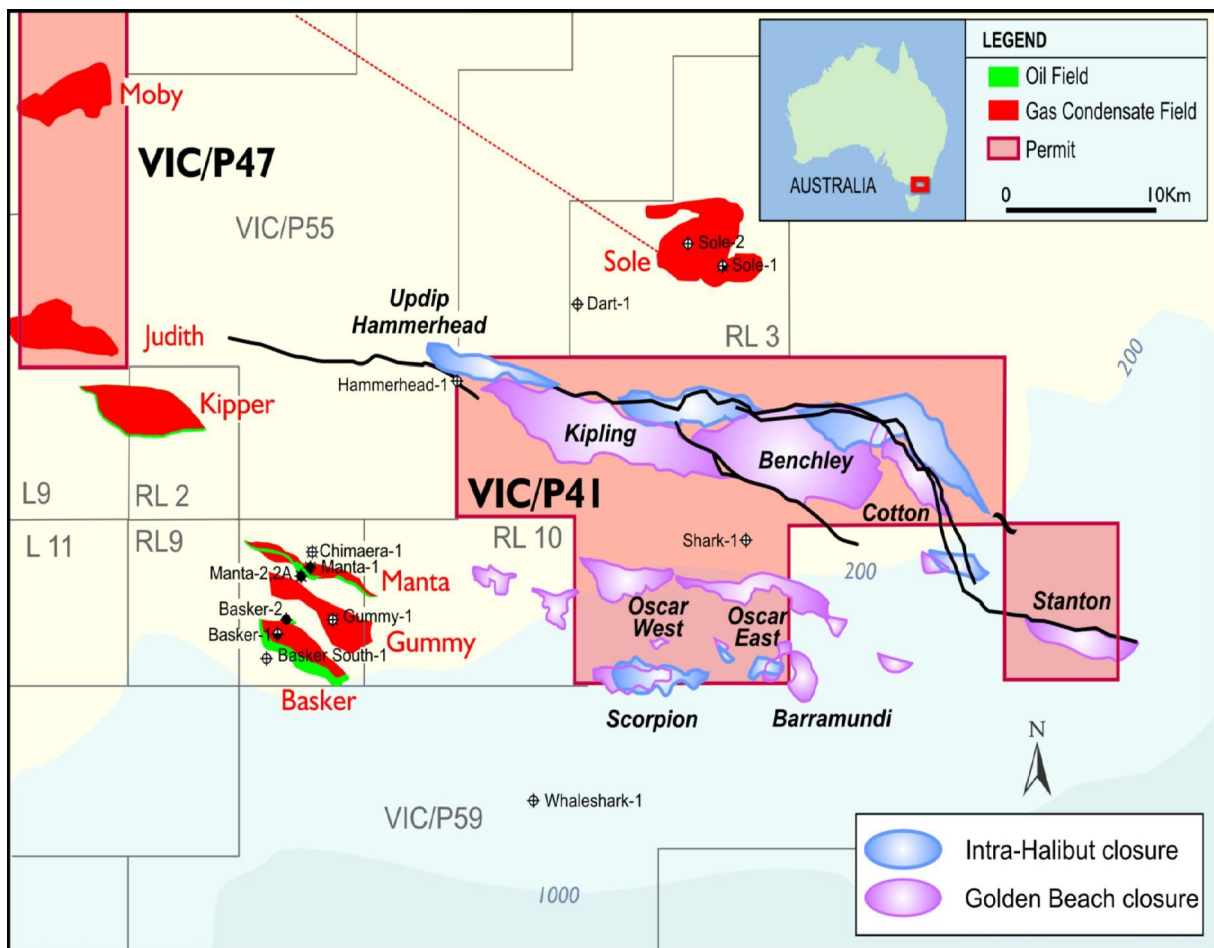
The Vic/P41 Joint Venture consists of:

Bass Strait Oil Company Ltd (ASX Code: BAS)	45.0% and Operator
Moby Oil & Gas Limited	25.0%
Strategic Energy Resources Ltd	17.5%
Oil Basins Limited (ASX Code: OBL)	12.5%

As shown in the *Gippsland Basin Permit Location Map*, Vic/P41 is located in the offshore Gippsland Basin, approximately 40 km south of the eastern Victorian coast. On 6 December 2011, the Joint Venture was granted a second and final 5-year renewal of the Vic/P41 permit, with a commencement date of 29 November 2011. The work programme for the guaranteed period of the renewed term (i.e. the first 3 years) includes the acquisition, processing, mapping and interpretation of 70 km² of new 3D seismic data.

The 540 km² area of the renewed permit includes the Kipling and Benchley prospects, along with Lead A (Stanton) – see the following *Vic/P41 Prospects and Leads Map*. All three of these features are on trend with and perhaps analogous to the Kipper Field, which is approximately 20-55 km to the west, respectively.

During the quarter, the Vic/P41 Operator continued preparations to acquire the Stanton 3D seismic survey over the Stanton prospect, situated in the south-eastern block of the permit. Stanton is a remote lead which is shared with Vic/P66, to the east the permit, in which Moby has no interest.



Vic/P41 Prospects and Leads Map

Tenders have been received and are being evaluated and an Environmental Plan is being prepared by the Operator for submission to the regulatory authorities. This work is currently aimed at acquiring the survey towards the end of 2012 or early 2013, but is entirely dependent on the availability of a suitable seismic vessel.

During the previous quarter, the Company completed the transfer of an undivided 5% Participating Interest in the permit to Oil Basin Limited pursuant to a farmout arrangement. The transfer has received the approval of the regulatory authorities.

The permit is the subject of on-going farmin reviews and the interested parties are continuing with their evaluation and assessments.

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 Orbest; with water depths ranging up to 80 metres – refer to the *Gippsland Basin Permit Location Map* above.

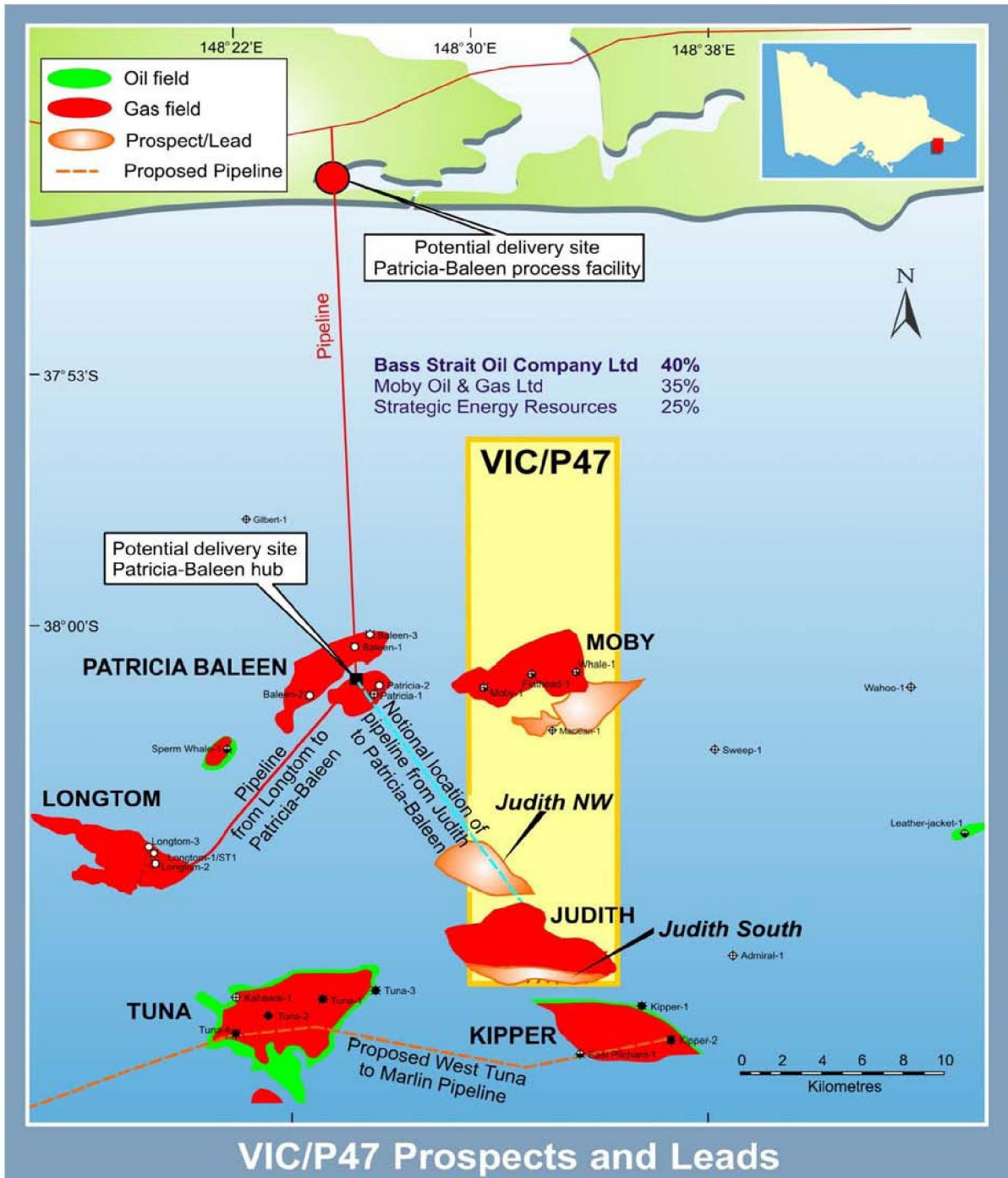
The permit is in Year 3 of the first 5-year renewed term where the work commitment is to carry out gas marketing studies and conceptual appraisal planning. During the quarter, the Joint Venture continued the interpretation of the simultaneous seismic inversions undertaken on the reprocessed Moby 3D seismic volume and 200 km² of the Northern Fields 3D seismic survey. The work covers the Moby and Judith Fields and is aimed at delineating the field boundaries as a precursor to the Year 5 well planning process.

Vic/P47 contains the Judith gas discovery – 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). The Judith gas resource is in close proximity to existing and planned infrastructure in adjacent licences. The Longtom Field to the west commenced gas production in late 2009.

During the quarter, the Vic/P47 Joint Venture completed the interpretation of the simultaneous seismic inversions undertaken on the reprocessed Moby 3D seismic volume and 200 square kilometres of the Northern Fields 3D seismic survey. The work covered the Moby, Flathead/Whale gas occurrence and Judith fields and was aimed at delineating the field boundaries with more certainty, as well as increasing the certainty that the seismic amplitudes surrounding the Judith gas discovery are representative of gas saturated sandstone reservoirs.

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.



By Order of the Board

J G Tuohy
Company Secretary

Melbourne, Australia

26 October 2012

Risk Factors

Various statements in this release constitute statements relating to intentions, future acts and events. Such statements are generally classified as forward looking statements and involve known and unknown risks, expectations, uncertainties and other important factors that could cause those future acts, events and circumstances to differ from the way or manner in which they are expressly or impliedly portrayed in this report.

Furthermore, exploration for oil and gas is speculative, expensive and subject to a wide range of risks. Summaries of some of the risks inherent in an investment in Moby Oil & Gas Limited are set out in the Company's latest information document (being the Explanatory Memorandum dated 27 November 2009) provided to Shareholders and lodged with the Australian Securities and Investment Commission. 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 for them of an investment in the Company.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10, 17/12/10.

Name of entity

MOBY OIL & GAS LIMITED

ABN

17 106 653 794

Quarter ended ("current quarter")

30 SEPTEMBER 2012

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from joint venture participant		
1.2 Payments for (a) exploration and evaluation (b) development (c) production (d) administration	(33)	(33)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received		
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other - Proceeds from Permit Sale	(145)	(145)
Net Operating Cash Flows	(178)	(178)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects (b)equity investments (c) other fixed assets		
1.9 Proceeds from sale of: (a)prospects (b)equity investments (c)other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material) –		
Net investing cash flows		
1.13 Total operating and investing cash flows (carried forward)	(178)	(178)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(178)	(178)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.		
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Share issue costs		
	Net financing cash flows		
	Net decrease in cash held	(178)	(178)
1.20	Cash at beginning of quarter/year to date	2,934	2,934
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	2,756	2,756

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	81
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

1.2(a)

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

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+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities		
3.2 Credit standby arrangements		

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	50
4.2 Development	
4.3 Production	
4.4 Administration	150
Total	200

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	98	96
5.2 Deposits at call	2,658	2,838
5.3 Bank overdraft	-	-
5.4 Other (provide details)		-
Total: cash at end of quarter (item 1.22)	2,756	2,934

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	See Activity Report Section		
6.2	Interests in mining tenements acquired or increased	See Activity Report Section		

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference + securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	322,000,862	322,000,862		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	2,700,000 40,662,282	- 40,662,282	<i>Exercise price</i> 25 cents 12 cents	<i>Expiry date</i> 10/11/2013 30/06/2013
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter	-	-		
7.11 Debentures <i>(totals only)</i>				

+ See chapter 19 for defined terms.

7.12	Unsecured notes (<i>totals only</i>)		
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Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here:
(Company Secretary)

Date: 26/10/2012

Print name: J.G. TUOHY

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

+ See chapter 19 for defined terms.