

MOBY OIL & GAS LIMITED

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QUARTERLY ACTIVITY REPORT TO 30 SEPTEMBER 2011

Moby Oil & Gas Limited (*ASX Code: MOG*) (**Moby** or **Company**), by itself and through its wholly-owned subsidiary, continue 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 quarter are provided below.

The policy underlying the management of the Moby group's permits, investments 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-359-P, WA-360-P and WA-409-P permit interests is displayed below.

WA-359-P – Carnarvon Basin

The WA-359-P Joint Venture now consists of the following parties:

Apache Northwest Pty Ltd	40.0% and Operator
Cue Exploration Pty Ltd (<i>subsidiary of Cue Energy Resources Limited</i>)	30.0%
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 km² in water depths of less than 500 metres – see the *Carnarvon Basin Permit Location Map*.

The Company has previously entered into a farmout agreement with a subsidiary of Apache Corporation ("Apache"). Under the farmin arrangements, 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, to earn Apache a 40% equity interest and operatorship in each of WA-359-P and WA-409-P.

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.

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

The Joint Venture has continued to analyse the drilling results from the Artemis-1 exploration well that was drilled during Q3 2010. The WA-360-P permit and Artemis-1 well are displayed in the *Carnarvon Basin Permit Location Map* above.

Late in the quarter, 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.

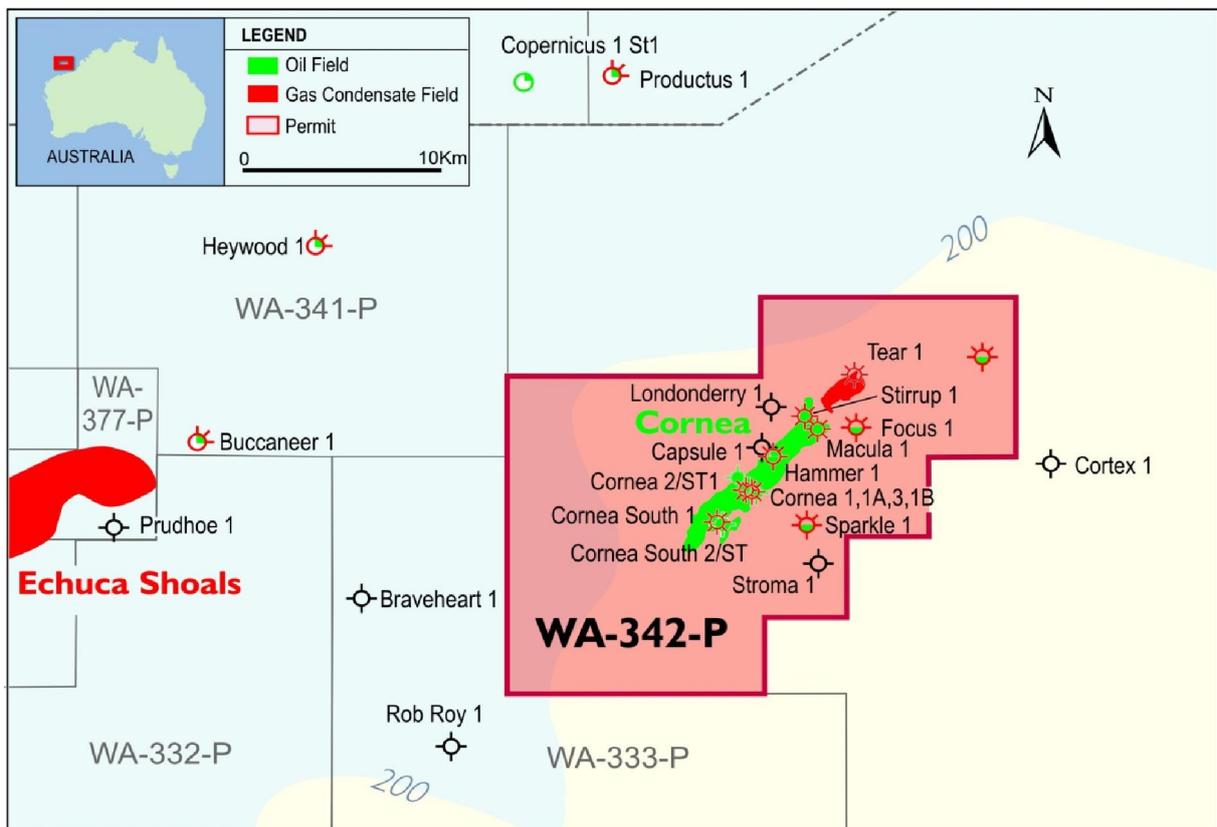
Browse Basin Interest

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.



WA-342-P Location Map

On 4 January 2011, the Joint Venture was granted a renewal of the WA-342-P permit for a 5 year 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.

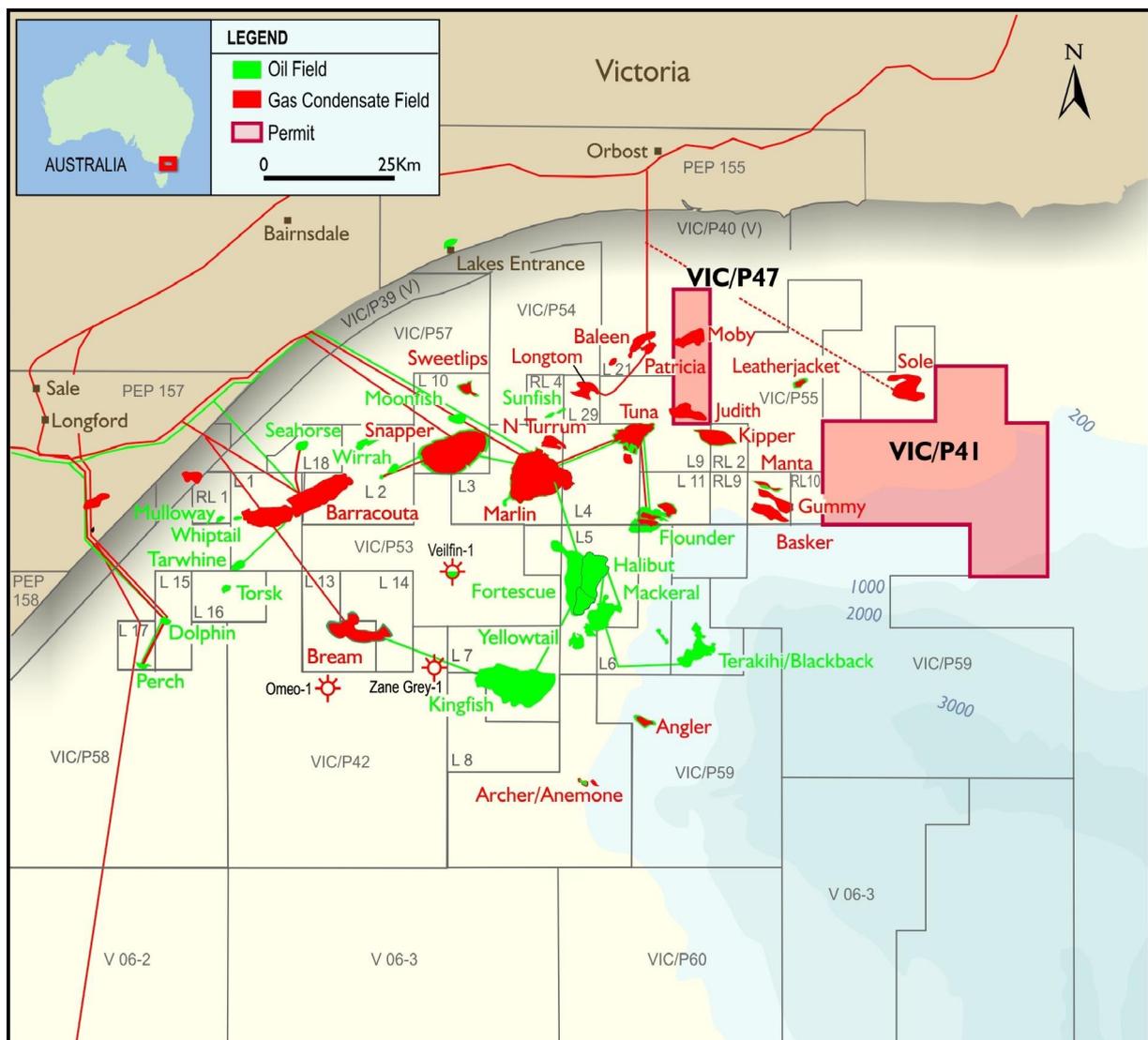
In December 2009, Cornea-3 was drilled by the Songa Venus semi-submersible rig. The objectives of the well were to define the location of the hydrocarbon contacts and obtain data on the potential reservoir qualities of the Middle Albian and Lower Jamieson Formation.

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).

Studies continue, as do discussions with potential farminees.

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:

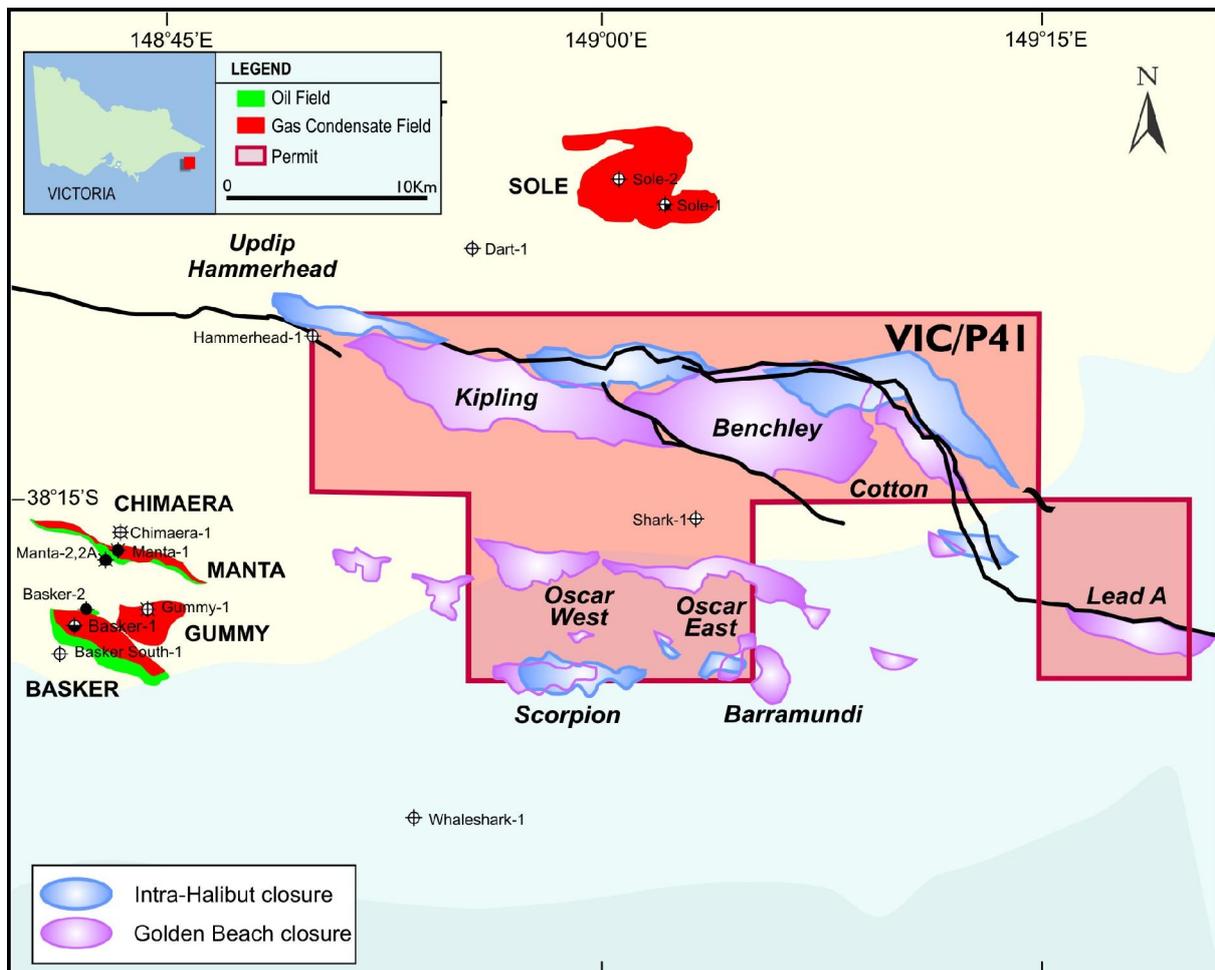
Bass Strait Oil Company Ltd (<i>ASX Code: BAS</i>)	45.0%	and Operator
Moby Oil & Gas Limited	30.0%	(reducing to 25% subject to farmin by OBL)
Strategic Energy Resources Ltd	25.0%	(reducing to 17.5% subject to farmin by OBL)
Oil Basins Limited (<i>ASX Code: OBL</i>)	12.5%	(subject to earning pursuant to farmouts by Moby and Strategic (<i>ASX Code: SER</i>))

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.

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 Lead A 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 following *Vic/P41 Prospects and Leads Map*.



Vic/P41 Prospects and Leads Map

The ExxonMobil/BHP Billiton discovery at SE Remora-1 provided new impetus to exploration of these trends and the investment in the nearby 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 last 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 permit 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.

The term of the first 5-year renewal of Vic/P41 expired during the quarter (on 19 September) and the Joint Venture lodged an application to renew the permit for its second (and final) 5-year term. The application for renewal was made over a reduced area of eight graticular blocks; as displayed in the *Vic/P41 Prospects and Leads Map* above. It included a work programme consistent with the Joint Venture's exploration and farmout objectives and negotiations were held with the Delegated Authority that have led to an offer to renew the permit, based on the terms applied for.

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%

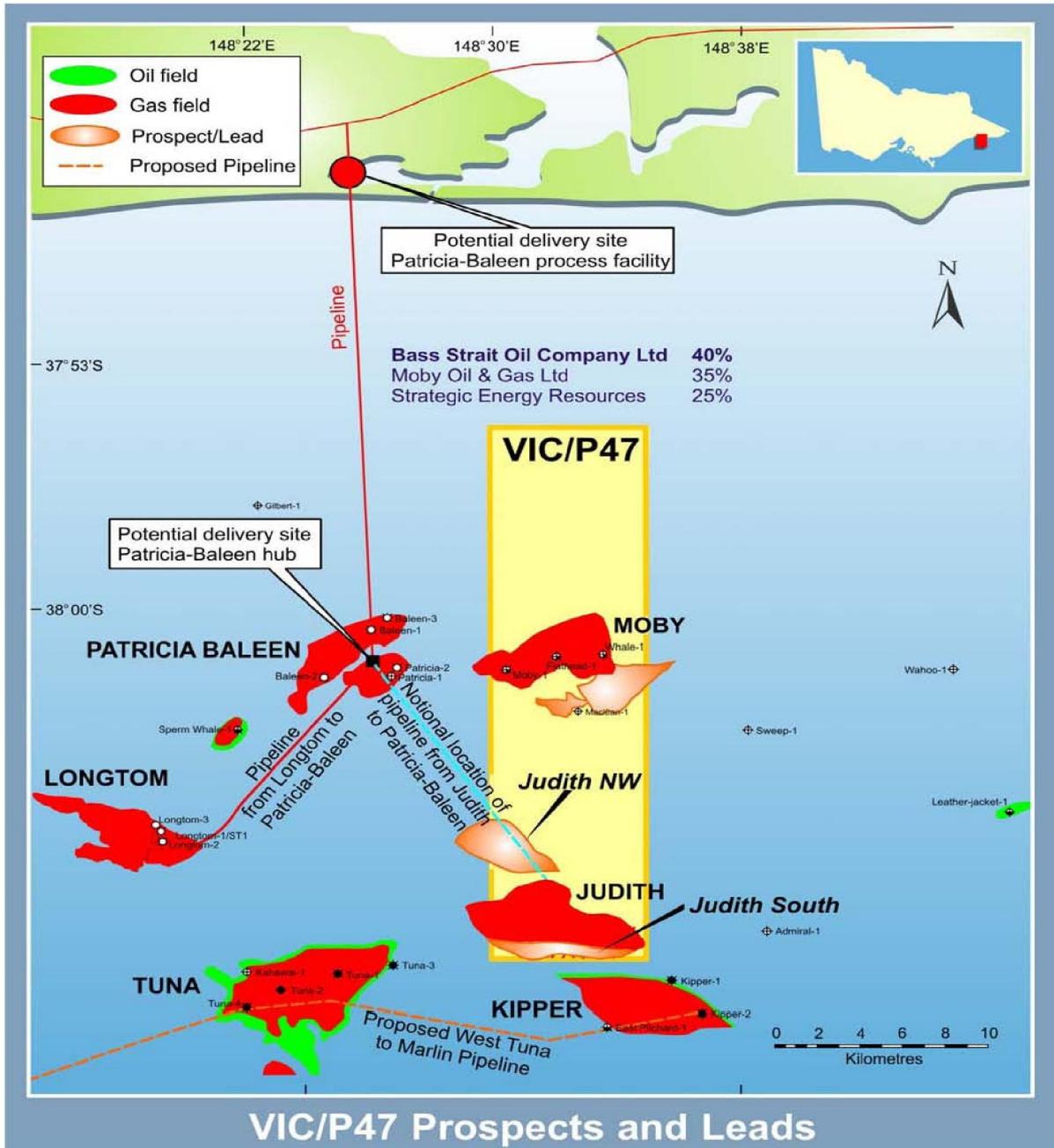
The Vic/P47 permit is located in the offshore Gippsland Basin, 14 km from the coast and south of the Victorian town of Orbost; with water depths ranging up to 80 metres – refer to the *Gippsland Basin Permit Location Map* above. The permit is in year-2 of the first 5 year renewed term and comprises 3 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 following *Vic/P47 Prospects and Leads Map*.

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.



By Order of the Board

J G Tuohy
Company Secretary

Melbourne, Australia

27 October 2011

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 2011

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	(128)	(128)
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	(166)	(166)
Net Operating Cash Flows	(294)	(294)
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)	(294)	(294)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(294)	(294)
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		(294)	(294)
1.20	Cash at beginning of quarter/year to date	3,532	3,532
1.21	Exchange rate adjustments to item 1.20	305	305
1.22	Cash at end of quarter	3,543	3,543

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	57
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

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

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

+ 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	100
4.2 Development	
4.3 Production	
4.4 Administration	200
Total	300

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	3,543	3,532
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)		-
Total: cash at end of quarter (item 1.22)	3,543	3,532

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: 27/10/2011

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.