MOBY OIL & GAS LIMITED

ABN 17 106 653 794

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED

30 JUNE 2012

CORPORATE DIRECTORY

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

Company Secretaries
John G Tuohy
Robert J Wright

Registered Office
and Principal Administration Office
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Auditor
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GPO Box 4736
Melbourne, Victoria 3001 Australia

Share Registry
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Website:	www.linkmarketservices.com.au

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, (collectively **the consolidated entity** or **the group**) for the year ended 30 June 2012. 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 2012 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 2012 of $330,835 (2011: loss $16,585,778).

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 2012, the consolidated entity had a working capital (current assets less current liabilities) surplus of $2,820,580 (2011: $3,294,182).

CORPORATE ACTIVITY

Retirement of Director

With effect from the date of Moby's last Annual General Meeting (**AGM**) that was held on 25 November 2011, Mr Lance E Coburn retired as a director of the company.

Change of Auditor

During the year the company was advised by BDO Audit (NSW-VIC) Pty Ltd (**BDO**) that, as a result of merging its audit activities into that of Grant Thornton Audit Pty Ltd, BDO intended to resign as auditor of the company, subject to BDO receiving the consent of the Australian Securities and Investments Commission (**ASIC**) that it may resign the position. The company therefore needed to change its auditor and the directors effected the change pursuant to the process that was prescribed by ASIC. The continuing appointment of Grant Thornton Audit Pty Ltd as Moby's auditor will be put to shareholders at the company's next AGM.

REVIEW OF OPERATIONS

The company, by itself and through its wholly-owned subsidiary, continues to hold working interests 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 financial year are provided in this section.

Together with Petrobras International Braspetro BV, the company withdrew from the WA-360-P permit and Joint Venture at the end of that permit's initial term on 31 January 2012.

Carnarvon Basin Interests

The company's interests in the WA-359-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:

Apache Northwest Pty Ltd	40.0% and Operator
Cue Exploration Pty Ltd (subsidiary of Cue Energy Resources Limited *(ASX Code: CUE)*	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 Location Map.

The initial 6-year term of the permit expired subsequent to the end of the financial year, on 31 July 2012. During May 2012, the Joint Venture finalised and lodged the application to renew the permit for the next 5-year term and is awaiting the outcome of that application. The work programme proposed for the renewed term includes rock physics, 3D inversion and geotechnical studies, with an exploration well in year-5.

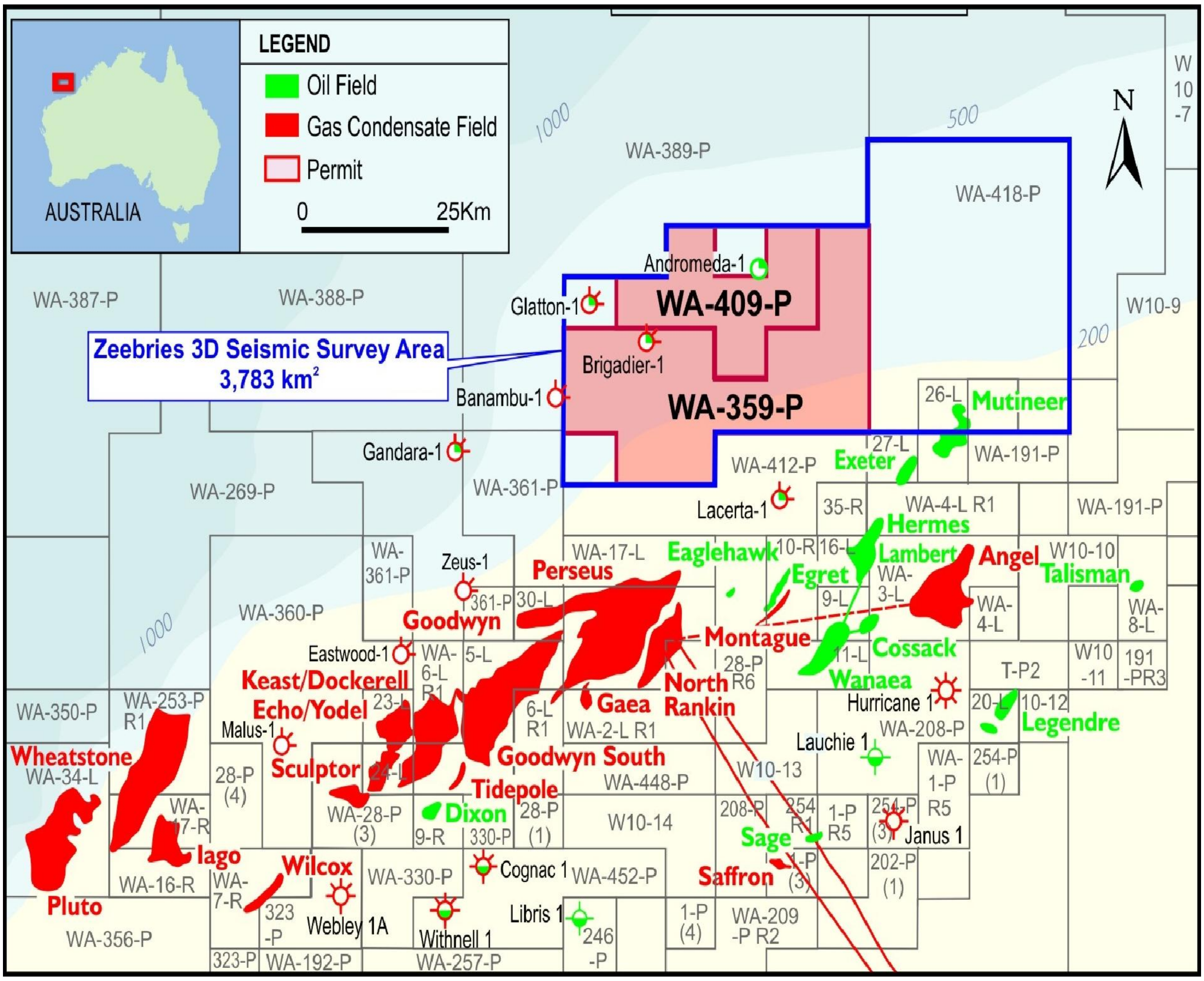
In the previous financial year a subsidiary of Apache Corporation (**Apache**) farmed into the permit and has since funded the acquisition of the Zeebries 3D seismic survey across the whole of the area of WA-359-P and the adjoining permit, WA-409-P – see the *Zeebries 3D Seismic Survey Map* below. The 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.

By acquiring, processing, mapping and interpreting the Zeebries 3D survey at its cost, Apache has earned a 40% equity interest and operatorship of both WA-359-P and WA-409-P. The aim of the Zeebries 3D survey was to define several new, potentially drillable, leads and prospects.

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.

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 14.25% interest and an obligation to fund its participating interest share (plus Exoil Pty Ltd's (**Exoil**) 0.75% participating interest share) of any well the parties subsequently agree to drill within WA-359-P.

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 doing so, to maintain their potential interest in the permit at 19% and 1% respectively.



Carnarvon Basin Permit Location and Zeebries 3D Seismic Survey Map

WA-409-P – Carnarvon Basin

This 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	30%

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

As detailed in the WA-359-P commentary above, Moby previously entered into a farmout agreement with a subsidiary of Apache under which Apache earned a 40% equity interest and operatorship in each of WA-409-P and WA-359-P by acquiring, processing, mapping and interpreting the Zeebries 3D seismic survey at its cost. 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, the company 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 Moby 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 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%.

Browse Basin Interest

WA-342-P – Browse Basin

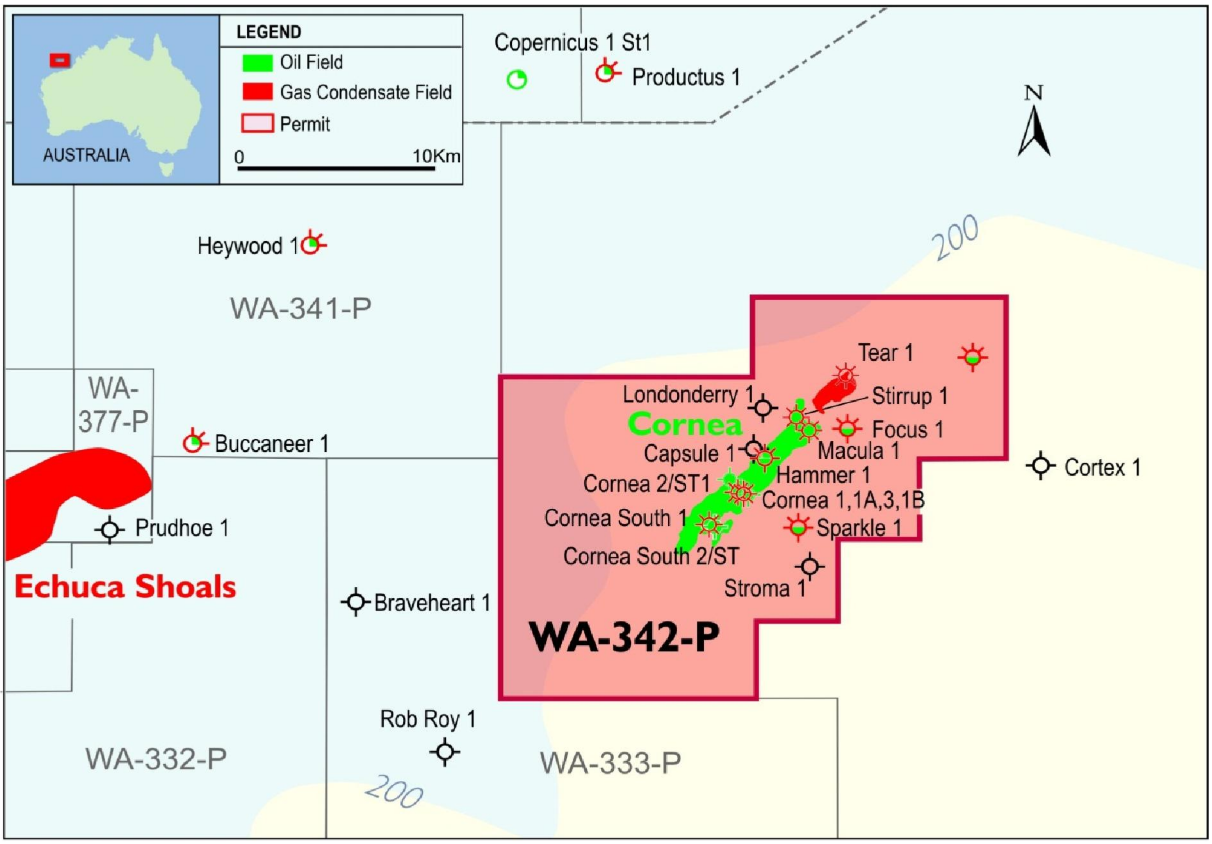
This permit is held by the Cornea Joint Venture which consists of the following interests:

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%

The Operator of the Cornea Joint Venture is now Cornea Resources Pty Ltd.

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* below. The committed work programme in the first three years of the renewed term calls for studies and an exploration well; followed in the last two years of the term by reprocessing of 3D seismic and further studies. The studies in relation to the permit and the Cornea structure continue, as do discussions with potential farminees.

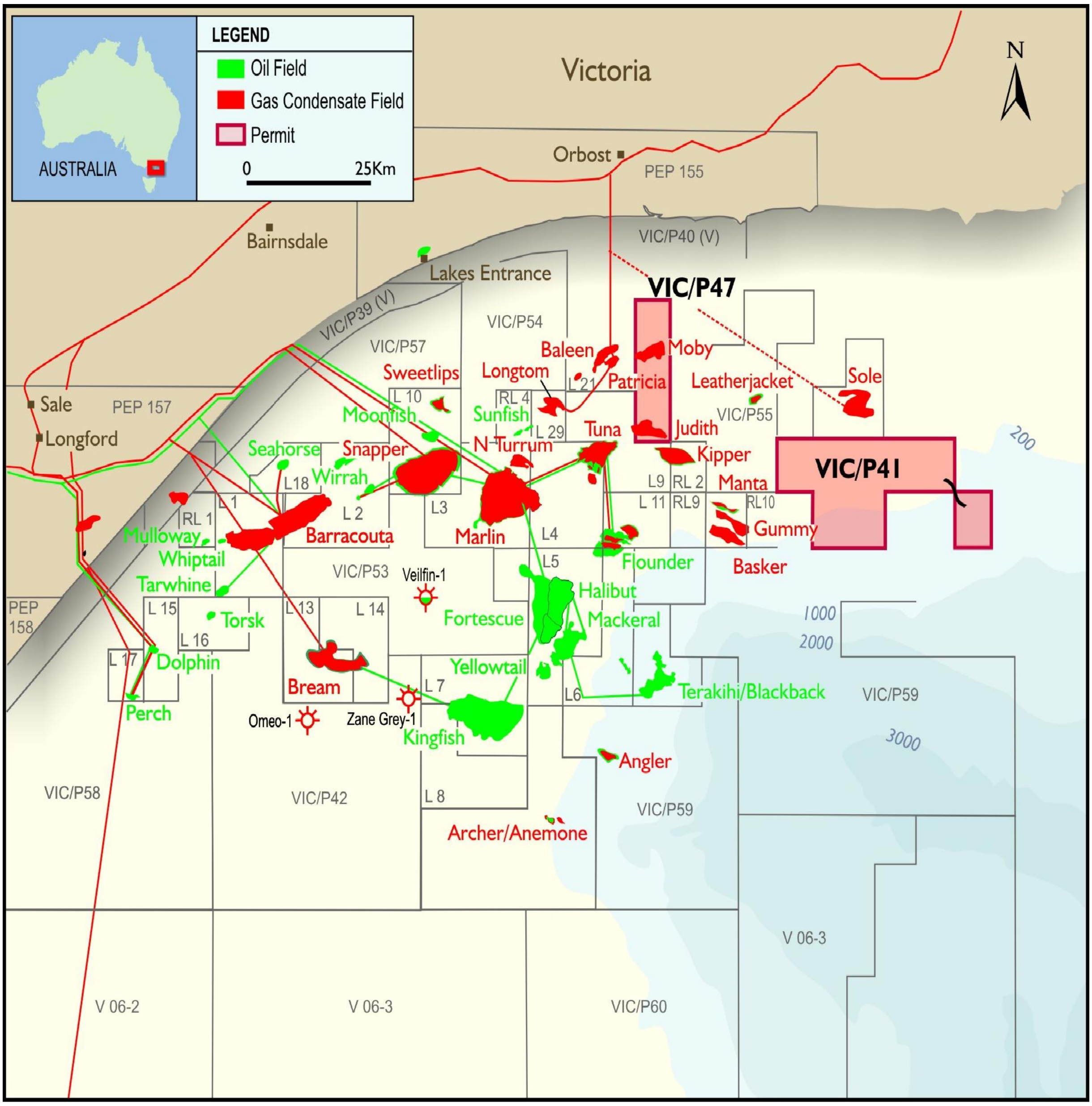
The Joint Venture is also considering what would be the best permit arrangement and work programme under which to evaluate the Cornea structure and its known oil resource. Consideration is being given to possibly converting the current exploration permit into a retention lease. To this end, preliminary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



WA-342-P Location Map

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 the following parties:

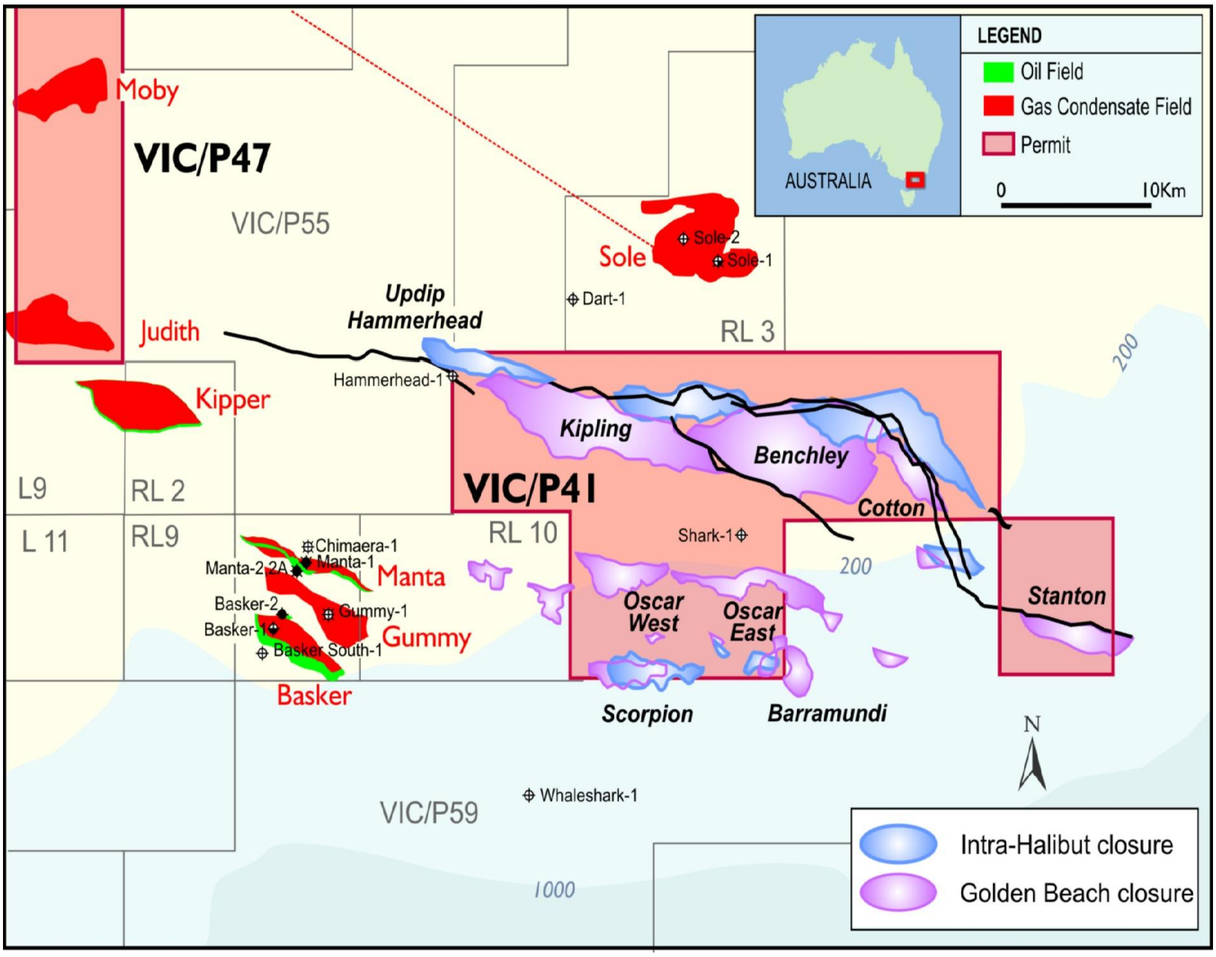
Bass Strait Oil Company Ltd *(ASX Code: BAS)*	45.0% and Operator
Moby Oil & Gas Limited	25.0%
Strategic Energy Resources Ltd	17.5%
Oil Basins Limited *(ASX Code: OBL)*	12.5%

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

In Q4 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, Benchley and Stanton prospects – 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 km to the west.

During the second half of the financial year, the Vic/P41 Joint Venture continued preparations to acquire the Stanton 3D seismic survey over the Stanton prospect, situated in the south-eastern block of the permit. Tenders have been received and are being evaluated and an Environmental Plan is being prepared 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.



Vic/P41 Prospects and Leads Map

In February 2012, 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.

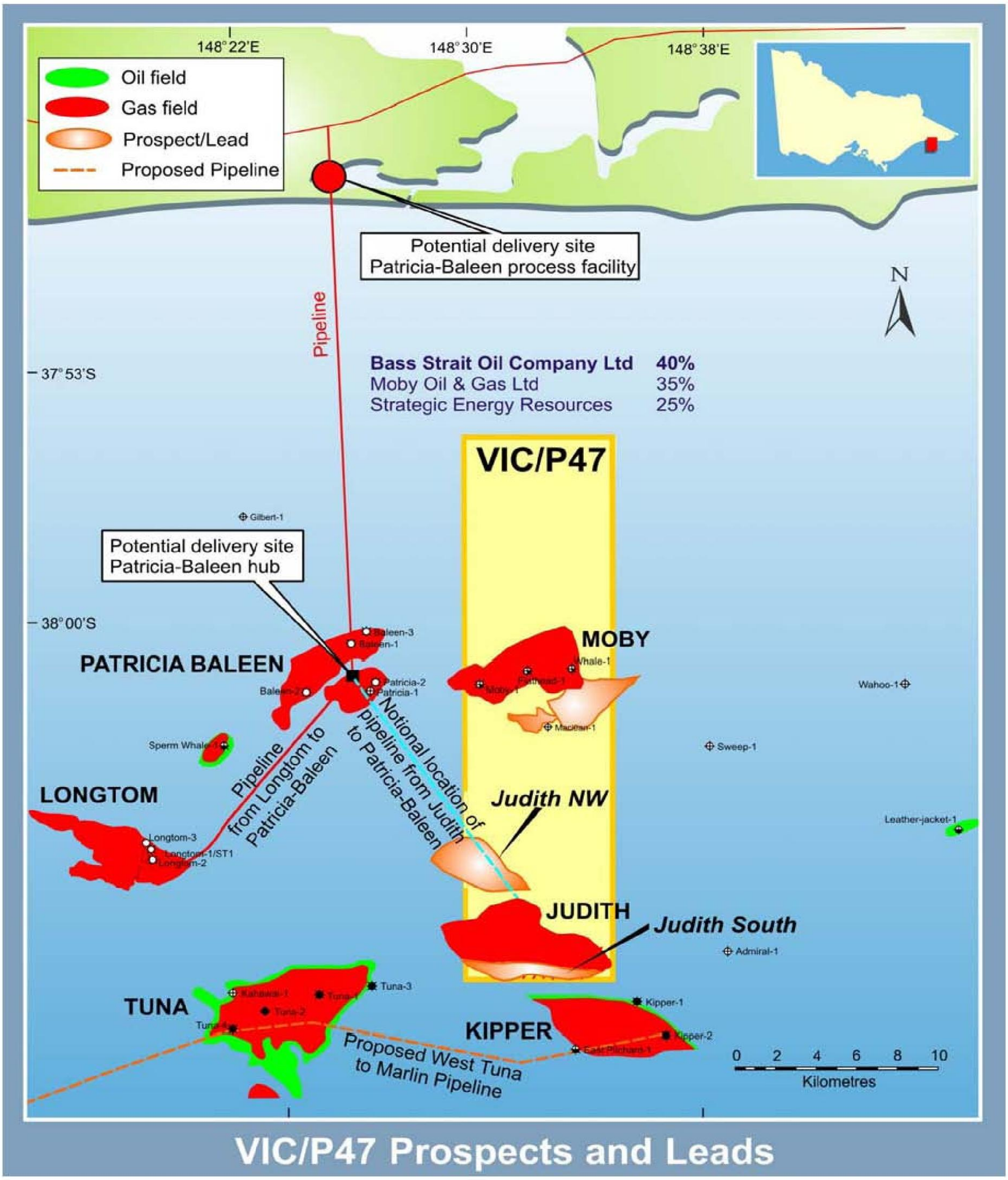
The permit is the subject of on-going farmin reviews and the interested parties are continuing with their evaluation and assessments.

Vic/P47 – Gippsland Basin

The Vic/P47 Joint Venture consists of the following parties:

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 3 of the first 5-year renewed term where the work commitment is to carry out gas marketing studies and conceptual appraisal planning.



Vic/P47 contains the Judith and Moby gas discoveries – see the *Vic/P47 Prospects and Leads Map* above. 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 Q2 2012, the Vic/P47 Joint Venture completed 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 covered the Moby 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. These objectives were met and the Vic/P47 Joint Venture is actively seeking farmin partners to fund future operations. The opportunity has attracted credible interest and the Joint Venture continues its evaluation and assessment activities.

In 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 financial year and to the date of this report were:

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 (**Cue**) and Southern Petroleum N.L. in New Zealand. Cue is now 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 and is a substantial shareholder in the company. In addition, Mr Albers 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 a Director of Moby from 17 March 2004 until he retired at the company's last AGM on 25 November 2011. Lance Coburn passed away on 7 April 2012.

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 and 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 NL, 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 SECRETARIES

J G (Jack) Tuohy BCA, CA

Mr Tuohy is a chartered accountant in New Zealand. For all but two years since 1986 he has acted as Company Secretary to a number of listed and unlisted public companies in New Zealand and then in Australia. The first half of this period he spent in the oil and gas sector, initially administering three oil and gas exploration companies in New Zealand. 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 returned 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.

He has acted as Company Secretary for a number of listed and unlisted public companies, including Octanex NL, Exoil Limited and Auralandia NL, and has been a director of Bass Strait Oil Company Limited and of various unlisted public and private companies.

Robert J Wright B Bus, CPA

Mr Wright is a senior financial professional with over 25 years commercial experience in the resource, energy and manufacturing industries gained at various companies and locations, including 14 years at BHP. As well as carrying out his secretarial duties for Moby, he is the company's Chief Financial Officer and the Company Secretary and CFO of several listed and unlisted exploration companies. Mr Wright is a member of CPA Australia.

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	4	4	3	3
LE Coburn *	3	-	2	-
RJ Coppin	4	4	3	3
GA Menzies	4	4	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 due to ill health. He retired as a director of Moby and its subsidiary with effect from the company's last AGM on 25 November 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	179,450,259	100,000	21,190,962
RJ Coppin	50,000	-	-
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

There were no options granted during the financial year and to the date of this report. Details of the listed options outstanding at the date of this report are:

- *30 June 2013 Listed Options – Exercise price 12 cents – 40,662,280 Options (2011: 40,662,280).*

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

- *8 November 2013 Unlisted Options – Exercise price 25 cents – 2,700,000 Options (2011: 2,700,000).*

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

All directors held their position for all of the year ended 30 June 2012 and to the date of signing this report, except for LE Coburn who retired as a director on 25 November 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.

Remuneration levels for company officers are competitively set to attract and retain experienced directors.

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;
- the ability of directors 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.

Director Remuneration

In accordance with the company's constitution, non-executive directors' remuneration was approved by shareholders on 13 November 2008 at a maximum of $250,000 per annum.

During the year under review, directors were remunerated a total of $100,351 (2011: $176,457) which included shareholder-approved non-executive remuneration of $56,751 (2011: $106,718).

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.

REMUNERATION REPORT (Continued)

		Short Term		*Post Employment*	*Equity Settled*	*Total*	
	Year	*Directors Fees* *$*	*Other Fees* *$*	*Super-annuation* *$*	*Options* *$*	*$*	*Options as percentage of Total*
EG Albers	**2012**	**20,600**	**-**	**23,000**	**-**	**43,600**	**-**
	2011	20,600	-	23,000	26,139	69,739	37.5%
LE Coburn (1)	**2012**	**-**	**-**	**13,151**	**-**	**13,151**	**-**
	2011	15,000	-	17,700	26,139	58,839	44.4%
RJ Coppin (2)	**2012**	**-**	**-**	**32,700**	**-**	**32,700**	-
	2011	-	-	10,840	-	10,840	-
GA Menzies	**2012**	**10,000**	**-**	**900**	**-**	**10,900**	**-**
	2011	10,000	-	900	26,139	37,039	70.6%
TOTAL	**2012**	**30,600**	**-**	**69,751**	**-**	**100,351**	**-**
	2011	45,600	-	52,440	78,417	176,457	44.4%

(1) LE Coburn retired as a director on 25 November 2011.
(2) RJ Coppin was appointed as a director on 1 March 2011.

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

	Held at	Granted as compensation	Exercised	Other Changes	Held at 30 June	Vested during the year	Vested and exercisable at 30 June
	1 July 2011				**2012**		**2012**
EG Albers	100,000	-	-	-	100,000	-	100,000
LE Coburn	400,000	-	-	(400,000) (1)	-	-	-
RJ Coppin	-	-	-	-	-	-	-
GA Menzies	400,000	-	-	-	400,000	-	400,000
	900,000	-	-	(400,000)	500,000	-	500,000

(1) LE Coburn retired as a director on 25 November 2011.
(2) RJ Coppin was appointed as a director on 1 March 2011.

On 1 October 2010, the 8 November 2013 unlisted options were granted pursuant to the approval of members, which was given at the AGM 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 approval 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 $78,417 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 financial 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 activities are subject to environmental conditions specified in the Offshore Petroleum and Greenhouse Gas Storage Act 2006, associated Regulations and Directions, as well as the Environment Protection and Biodiversity Conservation Act 1999. 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.

During the year, neither the company nor its wholly-owned subsidiary acted as operator of any of the exploration permits in which an interest is held.

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 directors have agreed the company adopt those principles and recommendations set out in the latest 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

There has been no significant after balance date event up to the date of signing 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 this Directors' Report for the year ended 30 June 2012.

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

Signed in accordance with a resolution of the directors in Melbourne on 20 September 2012.

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 2012 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 11 to 12 of the Directors' Report, (as part of the audited Remuneration Report), for the year ended 30 June 2012, 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, 20 September 2012

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2012

	NOTE	Consolidated 2012 $	Consolidated 2011 $
Revenue - interest received		14,201	30,999
Other income	2	247,166	263,922
Expenses	3	(592,194)	(16,766,718)
Finance costs		(8)	(113,981)
Loss before income tax expense		(330,835)	(16,585,778)
Income tax expense	4	-	-
Loss for the year		(330,835)	(16,585,778)
Other comprehensive income		-	-
Total comprehensive income for the year		(330,835)	(16,585,778)
Basic loss per share (cent per share)	16	($0.0010)	($0.0571)
Diluted loss per share (cent per share)	16	($0.0010)	($0.0571)

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

STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2012

	NOTE	Consolidated 2012 $	2011 $
CURRENT ASSETS			
Cash and cash equivalents	5	2,934,342	3,531,578
Trade and other receivables	6	22,943	49,595
TOTAL CURRENT ASSETS		2,957,285	3,581,173
NON-CURRENT ASSETS			
Exploration and evaluation assets	7	13,170,405	13,027,638
TOTAL NON-CURRENT ASSETS		13,170,405	13,027,638
TOTAL ASSETS		16,127,690	16,608,811
CURRENT LIABILITIES			
Trade and other payables	8	136,705	286,991
TOTAL CURRENT LIABILITIES		136,705	286,991
TOTAL LIABILITIES		136,705	286,991
NET ASSETS		15,990,985	16,321,820
EQUITY			
Issued capital	9	50,647,744	50,647,744
Option reserve		275,646	275,646
Accumulated losses		(34,932,405)	(34,601,570)
TOTAL EQUITY		15,990,985	16,321,820

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 2012

Consolidated 2012	Issued Capital $	Option Reserves $	Accumulated Losses $	Total Equity $
At 1 July 2011	50,647,744	275,646	(34,601,570)	16,321,820
Loss after tax for the period	-	-	(330,835)	(330,835)
Total comprehensive income for the year	-	-	(330,835)	(330,835)
At 30 June 2012	50,647,744	275,646	(34,932,405)	15,990,985
2011				
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

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 2012

	NOTE	Consolidated 2012 $	2011 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers		(550,710)	(862,249)
Interest received		3,004	30,999
Net cash outflow in operating activities(i)		(547,706)	(831,250)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments to suppliers - exploration		(210,000)	(2,893,004)
Proceeds from sale of exploration assets		-	5,559,677
Net cash (outflow) / inflow in investing activities		(210,000)	2,666,673
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowing		-	(615,284)
Proceeds from issue of ordinary shares		-	-
Share issue costs		-	-
Net cash outflow from financing activities		-	(615,284)
Net (decrease) / increase in cash and cash equivalents		(757,706)	1,220,139
Effect of exchange rate changes		160,470	(363,166)
Cash and cash equivalents at the beginning of the year		3,531,578	2,674,605
CASH AND CASH EQUIVALENTS AT YEAR END	5	2,934,342	3,531,578

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

	2012 $	2011 $
Loss after income tax	(330,835)	(16,585,778)
Non Cash Items		
Impairment of exploration assets	67,233	15,568,292
Shared based payment expense	-	166,268
Effect of exchange rates on balances held in a foreign currency	(160,470)	363,166
Changes in Assets and Liabilities:		
Decrease in payables	(150,286)	(332,978)
Decrease / (increase) in receivables	26,652	(10,220))
Net cash outflow from operating activities	(547,706)	(831,250)

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

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2012

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

Moby Oil & Gas Limited ("Moby" or 'the company") is a for-profit 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 2012 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 21.

The financial report was authorised for issue by the directors on 20 September 2012.

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2012

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (continued)
(c) Exploration and evaluation expenditure (continued)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2012

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

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.

**NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2012**

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2012

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

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.

Management have exercised judgement as to the carrying value of exploration permits WA-359-P which the group holds its interest through a joint venture (Note 10). There is a risk in this judgement in that if the permit is not renewed or if the permit is returned to the group by the current operator and the group is unable to farm the permit out again then the carrying value of the exploration asset would be written off by $1,332,996.

(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.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2012

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Fair value (continued)
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.

(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 2012.They have not been adopted in preparing the financial report for the year ended 30 June 2012 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 set out below.

AASB 9 Financial Instruments, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010-10 Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters
These standard and applicable amendments are applicable to annual reporting periods beginning on or after 1 January 2015 Note that the IASB deferred the mandatory effective date from annual periods beginning on or after 1 January 2013 to annual periods beginning on or after 1 January 2015. This was announced by the IASB in December 2011, but has not yet been released by the AASB. AASB 9 amends the classification and measurement of

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2012

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Accounting standards issued not yet effective (continued)
financial assets. The effect on the entity will be that more assets may be held at fair value and the need for impairment testing has been limited to financial assets held at amortised cost only. Minimal changes have been made in relation to the classification and measurement of financial liabilities, except that the effects of 'own credit risk' are recognised in other comprehensive income. The adoption of this standard and applicable amendments from 1 January 2015 will not have a material impact on the consolidated entity.

AASB 11 Joint Arrangements
This standard is applicable to annual reporting periods beginning on or after 1 January 2013. 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). The adoption of this standard from 1 January 2011 will have no impact as all joint venture permit interest held by the consolidated group are held as joint operations.

AASB 12 Disclosure of Interests in Other Entities
This standard is applicable to annual reporting periods beginning on or after 1 January 2013. AASB 12 combines the disclosure requirements for subsidiaries, joint arrangements, associates and structured entities within a comprehensive disclosure standard. It aims to provide more transparency on 'borderline' consolidation decisions and enhance disclosures about unconsolidated structured entities in which an investor or sponsor has involvement. The adoption of this standard from 1 January 2013 will not have a material impact on the consolidated entity.

AASB 13 Fair Value Measurement
This standard is applicable to annual reporting periods beginning on or after 1 January 2013. AASB 13 has been issued to establish a single source of guidance for all fair value measurements; clarify the definition of fair value and related guidance; and enhance disclosures about fair value measurements (new disclosures increase transparency about fair value measurements, including the valuation techniques and inputs used to measure fair value). The adoption of this standard from 1 January 2013 will not have a material impact on the consolidated entity.

AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards
These amendments are applicable to annual reporting periods beginning on or after 1 January 2013. This Standard makes consequential amendments to various Australian Accounting Standards arising from the issuance of AASB 10, AASB 11, AASB 12, AASB 127 (August 2011) and AASB 128 (August 2011). The adoption of these amendments from 1 January 2013 will not have a material impact on the consolidated entity.

AASB 2011-9
Amendments to Australian Accounting Standards – Presentation of Other Comprehensive Income [AASB 101]
These amendments are applicable to annual reporting periods beginning on or after 1 July 2012. The main change from the amendments will be the separation and classification of components within other comprehensive income between reclassification adjustments to profit or loss and those that will not be reclassified. The adoption of these amendments from 1 July 2012 will not have a material impact on the consolidated entity.

	NOTE	2012 $	2011 $
NOTE 2 OTHER INCOME			
Recovery of exploration costs previously written off		-	259,192
Foreign exchange		244,066	4,730
Other fees		3,100	-
		247,166	263,922

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2012

		NOTE	Consolidated 2012 $	Consolidated 2011 $
NOTE 3 EXPENSES				
Audit and other related fees		17	37,883	44,537
Directors' remuneration			100,351	98,040
Consultants fees			164,181	87,100
Impairment of exploration assets		18	67,233	15,568,292
Foreign exchange loss			-	232,231
Management fees			71,260	98,662
Office costs			22,216	36,136
Printing and stationery			27,491	31,836
Scheme costs (1)			18,657	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			78,741	86,533
Other expenses			4,181	8,413
			592,194	16,766,718

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

NOTE 4 INCOME TAX EXPENSE

	2012 $	2011 $
Components of income tax expense		
Current tax (benefit) expense	(301,929)	1,588,271
Deferred tax relating to the origination and reversal of temporary differences	47,689	271,402
Deferred tax asset not brought to account	254,240	-
Deferred tax asset brought to account	-	(1,859,673)
Income tax expense	-	-
Reconciliation between tax expense and pre-tax loss		
Loss before tax	(330,835)	(16,585,778)
Income tax using statutory income tax rate of 30% (2011: 30%)	(99,250)	(4,975,733)
Costs of capital raising	(81,443)	(80,044)
Impairment of exploration asset non deductible for tax	-	4,666,290
Assessable gain on recovery of exploration costs	-	2,161,702
Non-assessable income	(79,143)	-
Non-deductible items	5,596	87,458
Tax (benefit) expense	(254,240)	1,859,673
Deferred tax asset brought to account	-	(1,859,673)
Deferred tax asset not brought to account	254,240	-
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:

	2012 $	2011 $
Tax losses carried forward	8,007,918	7,705,989
Temporary differences	(3,919,427)	(3,871,738)
	4,088,491	3,834,251

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2012

NOTE 5 CASH AND CASH EQUIVALENTS

	NOTE	Consolidated 2012 $	Consolidated 2011 $
Cash at bank and on hand		2,934,342	3,531,578
		2,934,342	3,531,578

Cash and cash equivalents are subject to interest rate risk as they earn floating rates. In 2012, the average floating rate for the company was 4.36% (2011: 0.07%). Details of interest rate sensitivity can be found in Note 14. Bank deposits have an average maturity date of 152 days in 2012. The bank deposits were at call in 2011. Whilst the bank deposits have an average maturity of greater than three months they are classified as cash at bank as the company has the ability to use these funds at call, there is no risk of a change in value of the deposit and the company has and will use the bank deposits to meet it's short term cash commitments.

NOTE 6 TRADE & OTHER RECEIVABLES

	NOTE	2012 $	2011 $
Other receivables		22,943	49,595
		22,943	49,595

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	2012 $	2011 $
Balance at beginning of year		13,027,638	34,312,847
Expenditure for the year		210,000	155,759
Exploration assets received from share based payment	20	-	1,332,996
Recovery of costs from permit sale		-	(7,205,673)
Impairment of exploration assets	18	(67,233)	(15,568,291)
Balance at end of year		13,170,405	13,027,638

Exploration and evaluation assets relate to the areas of interest in the exploration phase for petroleum exploration permits Vic/P41, Vic/P47, WA-342-P, WA-359-P and WA-409-P. (2011: Vic/P41, Vic/P47, WA-359-P, 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 by sale or farmout of its petroleum exploration tenement interests, or by the recovery of previous exploration expenditure, or by the sale of geological and geophysical data and information.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2012

NOTE 8 TRADE AND OTHER PAYABLES

	NOTE	Consolidated 2012 $	Consolidated 2011 $
Director-related entities	12	47,353	74,659
Other trade payables and accrued expenses		89,352	212,332
		136,705	286,991

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

	2012 Shares	2012 $	2011 Shares	2011 $
Issued Capital				
Ordinary shares fully paid	322,000,862	50,647,774	322,000,862	50,647,774
Ordinary Shares				
Movements during the year				
Balance at beginning of year	322,000,862	50,647,774	288,177,593	49,314,748
Shares issued:				
- Share based payment transaction (Note 20(a))	-	-	33,823,269	1,332,996
Balance at end of year	322,000,862	50,647,744	322,000,862	50,647,744

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.

	2012 Options	2011 Options
30 June 2013 Listed Options– exercisable at 12 cents		
Balance at beginning of year	40,662,280	-
Options granted 7 June 2011 (Note 20(a))	-	40,662,280
Balance at end of year	40,662,280	40,662,280

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2012

NOTE 9 ISSUED CAPITAL (Continued)

Share Options (continued)	2012 Options	2011 Options
10 November 2013 Unlisted Options– exercisable at 25 cents		
Balance at beginning of year	2,700,000	-
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	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 30/6/2011	Interest Acquired (Disposed)	Interest 30/6/2012
Vic/P41	25%	-	25%
Vic/P47	35%	-	35%
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(1)	30%	-	30%

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

(1) WA-409-P farmed out to Apache Northwest Pty Ltd 20 October 2011.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2012

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	
	2012	**2011**
	$	**$**
CURRENT ASSETS		
Cash and cash equivalents	9,209	29,104
Trade and other receivables	2,481	23,109
TOTAL CURRENT ASSETS	11,690	52,213
NON-CURRENT ASSETS		
Exploration costs	13,170,405	13,027,638
TOTAL ASSETS	13,182,095	13,079,851
CURRENT LIABILITIES		
Trade and other payables	26,616	36,815
TOTAL LIABILITIES	26,616	36,815

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

NOTE 11 KEY MANAGEMENT PERSONNEL

Non-executive Directors
GA Menzies
RJ Coppin

Executive Director
EG Albers

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

Fees paid to GA Menzies in his capacity as a consultant to Moby are disclosed below in the Related Party Note 12. Fees paid to GA Menzies as director are summarised in the table below and detailed in the Remuneration Report section of the Directors' Report.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2012

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	**2012**	**30,600**	**-**	**69,751**	**-**	**100,351**
	2011	45,600	-	52,440	78,417	176,457

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 2011**	**Prospectus Issue**	**Options Exercised**	**Net Change Other**	**Held at 30 June 2012**
EG Albers	169,850,259	-	-	9,600,000	179,450,259
LE Coburn(1)	1,255,700	-	-	(1,255,700)	-
RJ Coppin	-	-	-	50,000	50,000
GA Menzies	438,334	-	-	-	438,334
	171,544,293	-	-	8,394,300	179,938,593

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	1,053,200	-	-	202,500	1,255,700
RJ Coppin	-	-	-	-	-
GA Menzies	369,389	-	-	68,945	438,334
JMD Willis	1,600,000	-	-	(1,600,000)	-
	172,872,848	-	-	(1,328,555)	171,544,293

(1) LE Coburn retired as a director 25 November 2011.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2012

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 2011	Granted as compensation	Exercised	Net Change Other(1)	Held at 30 June 2012
EG Albers	21,190,962	-	-	-	21,190,962
LE Coburn(1)	54,000	-	-	(54,000)	-
RJ Coppin	-	-	-	-	-
GA Menzies	405,000	-	-	-	405,000
	21,649,962	-	-	(54,000)	21,595,962

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
	-	-	-	21,649,962	21,649,962

(1) LE Coburn retired as a director 25 November 2011.

Options over Ordinary Shares - Unlisted

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

Directors	Held at 1 July 2011	Granted as compensation	Exercised	Net Change Other	Held at 30 June 2012
EG Albers	100,000	-	-	-	100,000
LE Coburn(1)	400,000	-	-	(400,000)	-
RJ Coppin	-	-	-	-	-
GA Menzies	400,000	-	-	-	400,000
	900,000	-	-	(400,000)	500,000

(1) LE Coburn retired as a director 25 November 2011.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2012

NOTE 11 KEY MANAGEMENT PERSONNEL (continued)

Options over Ordinary Shares - Listed

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
	-	1,200,000	-	(300,000)	900,000

(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)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
Exoil Pty Ltd, (Exoil), a director-related entity of EG Albers
Gresham Management Pty Ltd (Gresham), a director-related entity of 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

Consolidated	Service Provided	2012 $	2011 $
Capricorn	Management and administration services to the Group	-	3,818
Capricorn	Management of exploration tenements	-	14,152
NRG	Management and administration services to the Group	35,850	56,134
NRG	Management of exploration tenements	14,096	31,086
Exoil	Office services and amenities in Melbourne	22,216	36,136
NGA	Provision of office services and amenities in WA	11,430	23,882
Gresham	Management and consulting services to the Group	91,100	221,880
Gresham	Consulting services to joint ventures	224	634
Octanex	Accounting services	35,410	21,760
Setright	Accounting, project and company secretarial services	-	16,950
Setright	Accounting, project management of joint ventures	-	6,512

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2012

NOTE 12 RELATED PARTY DISCLOSURES (Continued)

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

- 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.

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

	Consolidated	
	2012	2011
	$	$
Payables		
Natural Resources Group Pty Ltd	23,823	39,842
Exoil Pty Ltd	5,925	-
National Gas Australia Pty Ltd	5,715	13,057
Octanex NL	11,890	21,760
	47,353	74,659

(iii) Farmin Agreements with Director-Related Entities
On 7 June 2011, Moby entered into a farmin agreement with Exoil Pty Ltd ("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. LE Coburn and GA Menzies were shareholders 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.

(iv) 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 (Note 20(a)).

(v) 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 all of the remaining shares in Exoil.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2012

	2012	2011
	$	**$**
NOTE 13 EXPLORATION PERMIT COMMITMENTS		
Estimated expenditure to satisfy contractual and permit work obligations		
Not later than 1 year		
Vic/P41	4,144	21,875
Vic/P47	32,690	87,500
WA-342-P	27,969	27,969
	64,803	137,344
Later than 1 year but not later than 5 years		
Vic/P47	250,000	350,000
WA-342-P	4,475,000	4,530,938
	4,725,000	4,880,938

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

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 2012

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 $20,540 (2011: 24,721)

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 2012 the company has no US dollars in cash at bank.

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 2012

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
	2012	**2011**
	$	$
Net Loss	(330,835)	(16,585,778)

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	322,000,862	290,308,922

No options would be exercised at the share price of $0.024 at 30 June 2012.

	2012	**2011**
	$	$
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	37,883	44,537
	=======	=======

NOTE 18 IMPAIRMENT OF EXPLORATION AND EVALUATION ASSETS

The impairment loss of $67,233 in the current reporting period relates to components of permits EPP34, EPP35, WA-333-P and WA-360-P. (2011: EPP34, EPP35 and WA-360-P).

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 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 2012

NOTE 19 EVENTS SINCE BALANCE DATE

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 33,832,269 ordinary shares and 40,662,280 listed options to acquire fully paid ordinary shares to non-associated shareholders and optionholders of Exoil Pty Ltd ("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

	2012 $	**2011** $
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 2012

NOTE 20 SHARE BASED PAYMENTS (Continued)

	2012 Options	2011 Options
10 November 2013 Unlisted Options– exercisable at 25 cents		
Balance at beginning of year	1,400,000	-
Options granted 1 October 2010	-	1,400,000
Balance at end of year	1,400,000	1,400,000

The options were valued using the Binomial Option Valuation model. The following 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.

NOTE 21 PARENT ENTITY INFORMATION

The following details information related to the parent entity, Moby Oil & Gas Limited at 30 June 2012. The information presented here has been prepared using consistent accounting policies as presented in Note 1.

	2012 $	2011 $
Current asset	2,957,283	3,581,171
Non-current assets	20,734,051	20,581,666
Total assets	23,691,334	24,162,837
Current liabilities	129,917	280,203
Non-current liabilities	7,131,865	7,158,077
Total liabilities	7,261,782	7,438,280
Contributed equity	50,647,744	50,647,744
Reserves	275,646	275,646
Retained earnings	(34,493,838)	(34,198,833)
Total equity	16,429,552	16,724,557
Loss for the year	(295,005)	(16,188,241)
Other comprehensive income for the year	-	-
Total comprehensive income for the year	(295,005)	(16,188,241)

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2012

NOTE 21 PARENT ENTITY INFORMATION (Continued)

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	64,803	137,344
Payable later than one year but not later than three years	4,725,000	4,880,938
	4,789,803	5,018,282

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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 (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2012, the consolidated statement of comprehensive income, consolidated statement of changes in equity and 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 Company are responsible for the preparation of the financial report that gives a true and fair view of the financial report in accordance with Australian Accounting Standards and the Corporations Act 2001. This responsibility includes such internal controls as the Directors determine are necessary to enable the preparation of the financial report to be free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies 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 which require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 Company'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 Company'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.

Auditor's 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 2012 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 the notes to the financial statements.

Report on the remuneration report
We have audited the remuneration report included in pages 11 to 12 of the directors' report for the year ended 30 June 2012. 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.

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of Moby Oil & Gas Limited for the year ended 30 June 2012, complies with section 300A of the Corporations Act 2001.

GRANT THORNTON AUDIT PTY LTD

Nicholas E. Burne
Partner - Audit & Assurance

Melbourne, 20 September 2012

Grant Thornton
An instinct for growth™

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Auditor's Independence Declaration
To the Directors of Moby Oil & Gas Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Moby Oil & Gas Limited for the year ended 30 June 2012, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

N Burne

Nicholas E. Burne
Director - Audit & Assurance

Melbourne, 20 September 2012