



MOBY OIL & GAS LIMITED

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RELEASE

**MOBY GRANTS OPTION TO ENTER INTO FARMIN AGREEMENT
VIC/P41 – GIPPSLAND BASIN, AUSTRALIA**

Moby Oil & Gas Limited (“Moby”) (ASX Code : MOG) advises that it has granted an option (“Option”) to Saxon Investment Group Ltd (“Saxon”) (ASX Code : SXO) which would enable it to earn a 5% interest in Vic/P41.

The Option terms require Saxon to pay \$333,333 to Moby on exercise of the Option which must occur on or before 31 July 2006.

If the Option is exercised, Saxon will be entitled to enter into a farmin agreement with Moby in relation to Vic/P41, whereby Saxon will be required to:

- (1) fund 12.5% of the costs associated with the drilling of the next well in Vic/P41, and
- (2) pay pro rata (5%) of the Vic/P41 joint venture costs incurred between 1 May 2006 and the date of commitment to drill the next well in Vic/P41.

The farmin well promote costs due by Saxon will be capped at an amount of \$1,650,000. Thereafter, such well costs shall be funded pro rata as to 5% by Saxon.

Any subsequent farmin transaction is subject to the pre-emptive rights of the parties to the Vic/P41 joint venture and to the necessary consents pursuant to the Petroleum (Submerged Lands) Act.

The present participants in Vic/P41 are:

Bass Strait Oil Company Ltd (Operator)	40%
Moby Oil & Gas Limited	30%
Eagle Bay Resources N.L.	25%

D.B. Hill
Company Secretary

11 May 2006