



Octanex N.L.

ABN 61 005 632 315

Level 21
500 Collins Street
Melbourne Victoria 3000 Australia

Tel: +61 (0)3 8610 4702
Fax: +61 (0)3 8610 4799
Email: admin@octanex.com.au
Website: www.octanex.com.au

OCTANEX SIGNS AGREEMENTS WITH NZOG

relating to

THREE OFFSHORE TARANAKI PERMITS

KEY POINTS:

- Octanex and NZOG have signed sale and farmout agreements in respect of PEP 51906, PEP 53473 and PEP 52593
- Octanex has agreed to sell to NZOG a 12.5% carried interest in PEP 51906 for an aggregate cash sum of US\$12,500,000;
- The sale agreement includes a put and call option arrangement if a decision is made to drill Matuku-2 in the event of a discovery at Matuku-1;
- If the option is exercised, NZOG would acquire a further 5% interest in PEP 51906 by carrying all of Octanex's then remaining 17.5% of the costs of drilling Matuku-2;
- NZOG also has an alternative call option to earn a further 5% interest in PEP 51906 if a second exploration well, rather than Matuku-2, is the next well drilled in the permit - this alternative option is not in addition to the option arrangement in respect of Matuku-2;
- Under the alternative option, NZOG would earn the additional 5% by funding all of Octanex's then 17.5% share of costs through that well;
- In relation to PEP 53473, Octanex has agreed to assign a 50% interest in the permit in consideration of NZOG funding 75% of the costs of a planned 3D seismic programme within PEP 53473;
- In relation to PEP 52593, Octanex has agreed to assign a 50% interest in the permit in consideration of NZOG funding 60% of the costs of further exploration in that permit, including any seismic programmes that may be undertaken.

Octanex N.L. (**ASX Code: OXX**) is pleased to advise that its wholly-owned subsidiary, Octanex NZ Limited, has signed agreements with New Zealand Oil and Gas Limited (**NZOG**) (**ASX code: NZO**) whereby NZOG is farming in to three of the four offshore Taranaki permits held by Octanex, namely PEP 51906, PEP 53473 and PEP 52593. The permits are displayed in the following *Location Map of the Octanex Taranaki Basin Permit Interests* (Figure 1).

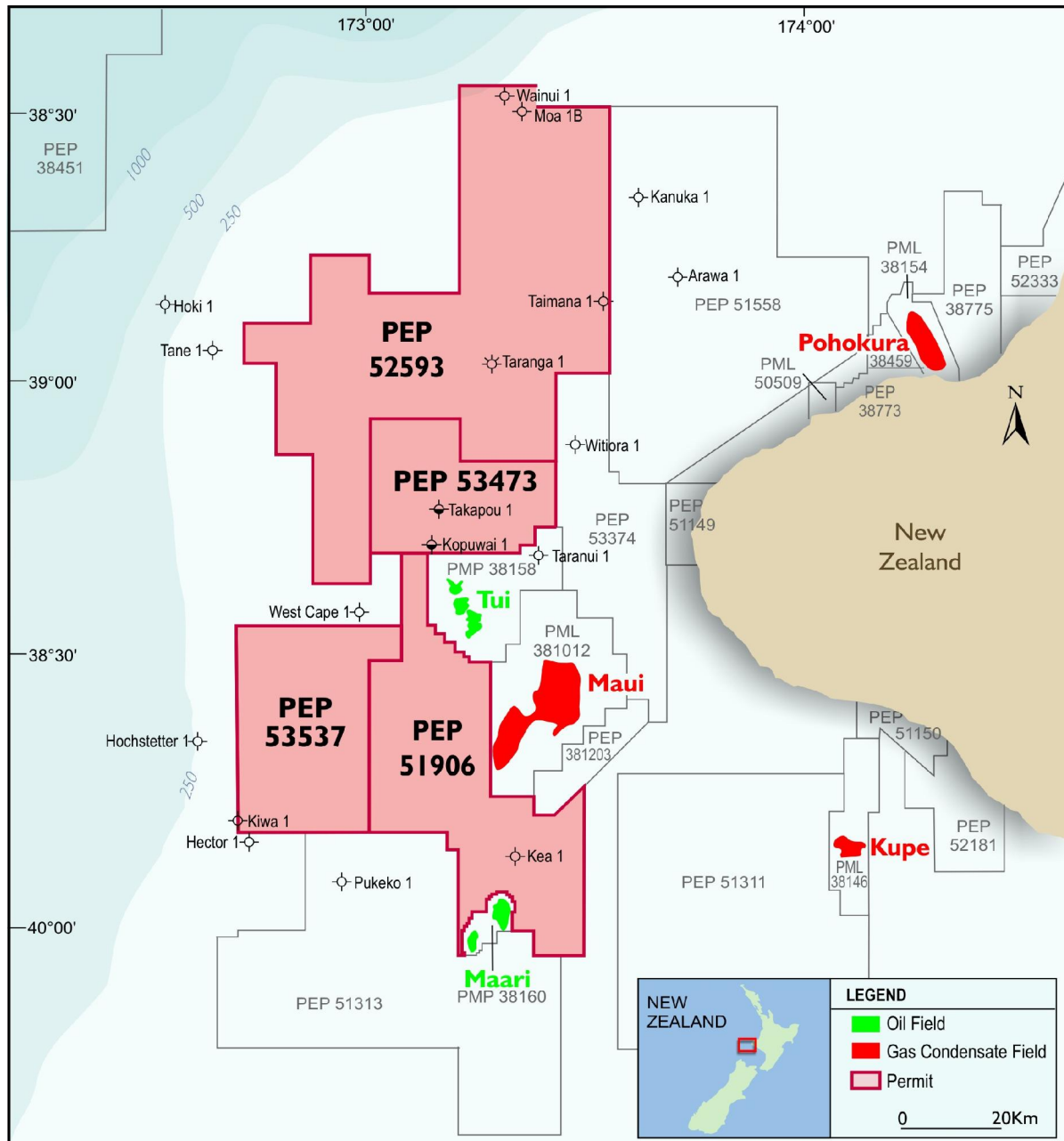


Figure 1 – Location Map of the Octanex Taranaki Basin Permit Interests

Sale of Interest in PEP 51906

Octanex presently holds a 35% participating interest in PEP 51906. Under the terms of the executed agreement, NZOG has agreed to pay Octanex an aggregate cash sum of US\$12,500,000 for the assignment to NZOG of a 12.5% interest in PEP 51906.

The amount is payable to Octanex in three tranches:

- the first, when regulatory consent for the transfer of the 12.5% interest is received from the Minister of Energy and joint venture approvals are received from OMV New Zealand Limited (**OMV**);
- the second, when all drilling consents have been received; and
- the third, when the rig to be used to drill Matuku-1 arrives on location.

On 16 November 2012, Octanex announced it had received a commitment from OMV, whereby OMV confirmed its intention to drill Matuku-1 in PEP 51906 – see the following *Matuku-1 Well Location Map* (Figure 2). OMV is the Operator of PEP 51906 and holds a 65% participating interest in the permit.

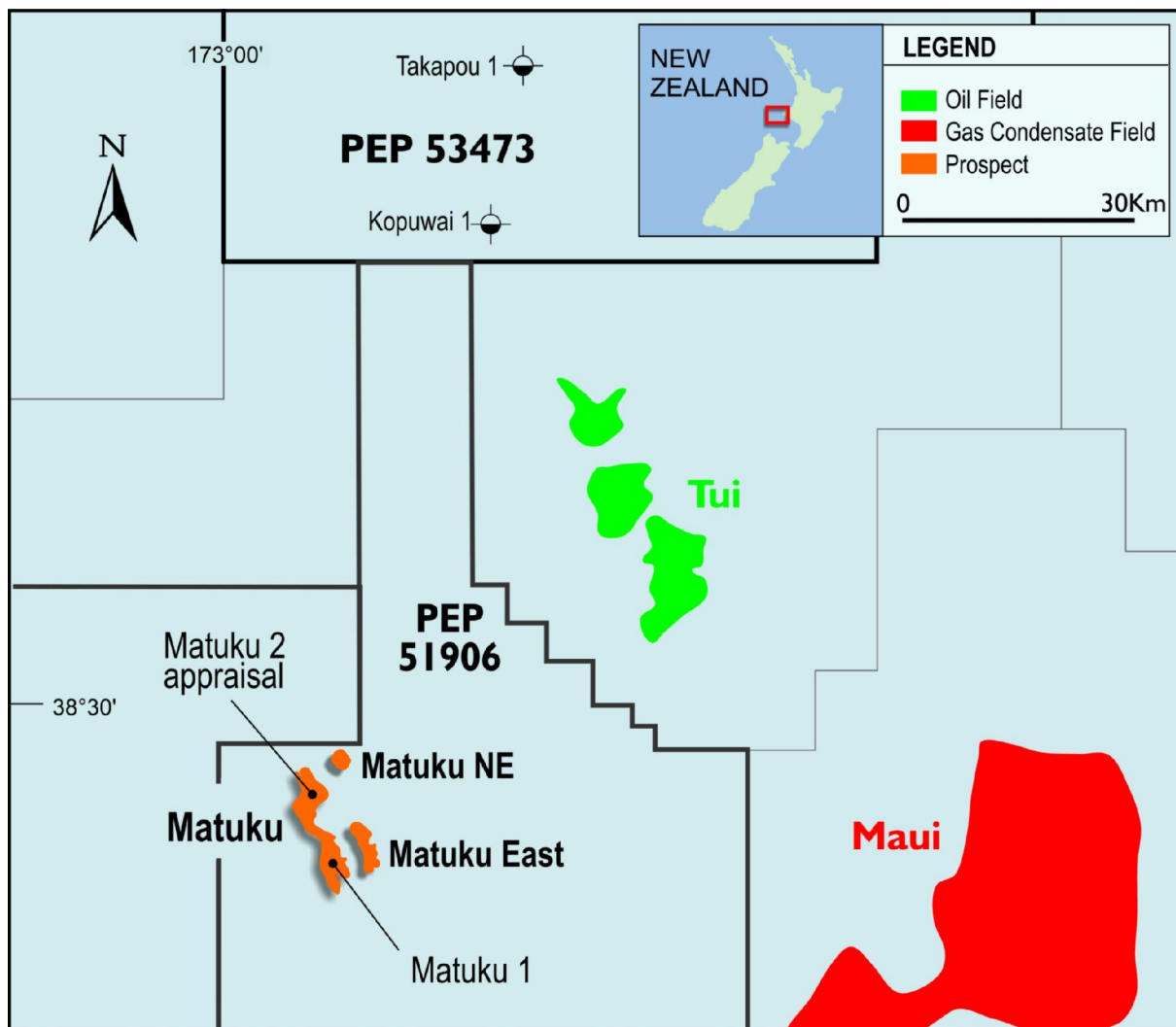


Figure 2 – Matuku-1 and Potential Matuku-2 Well Locations Map

Under the terms of an earlier farmout agreement between OMV and Octanex, OMV was assigned its 65% interest by agreeing to fund 100% of all exploration costs within PEP 51906, including the costs of drilling Matuku-1.

Accordingly, the funds to be received from NZOG for the sale of the 12.5% carried interest in PEP 51906 are not required to fund Matuku-1 drilling costs, as Octanex is fully carried through the costs of the well.

The farmin agreement with NZOG also includes a put and call option arrangement (exercisable by either Octanex or NZOG) if a decision is made to drill Matuku-2 in the event of a discovery at Matuku-1. If the option is exercised, NZOG will earn an additional 5% interest in PEP 51906 (increasing its interest in the permit to 17.5%) by meeting all of the costs otherwise payable by Octanex and related to the drilling of Matuku-2.

Finally, the agreement also includes a possible call option exercisable by NZOG (but only if neither the put nor call option relating to Matuku-2 has been exercised), whereby NZOG can earn a further 5% interest in PEP 51906 by meeting all of Octanex's costs associated with the drilling of a second exploration well in PEP 51906.

The sale agreement is subject to receipt of required approvals from the Minister of Energy and to OMV consenting to NZOG becoming a participant in the PEP 51906 Joint Venture.

Farmout of a 50% Interest in PEP 53473

Octanex and NZOG have also signed a Farmin Agreement relating to PEP 53473 (located as shown in Figure 1).

Under the terms of this agreement, Octanex has agreed to assign a 50% interest in PEP 53473 to NZOG in consideration of NZOG agreeing to fund 75% of all ongoing exploration costs in the permit until such time as the permit is either surrendered, or a commitment is made to the Secretary of Energy to drill a well in the permit.

NZOG will become the Operator of the permit.

Octanex and NZOG are now actively advancing plans to acquire new 3D seismic data across approximately 600 km² within and adjacent to the area of the permit. The intention is to have this new 3D data acquired before the end of Q2 2013. Further details of the proposed seismic programme will be announced when contractual arrangements are confirmed and the survey area settled.

The farmin agreement is subject to receipt of required approvals from the Minister of Energy.

Farmout of a 50% Interest in PEP 52593

Finally, Octanex and NZOG have signed a further farmin agreement relating to PEP 52593 (located as shown in Figure 1).

Under the terms of this agreement, Octanex has agreed to assign a 50% interest in PEP 52593 to NZOG in consideration of NZOG agreeing to fund 60% of all ongoing exploration costs in the permit until such time as the permit is either surrendered or a commitment is made to the Secretary of Energy to drill a well in the permit.

NZOG will become the Operator of the permit.

No firm plans have yet been made to acquire new seismic data within the permit area but this is now a matter being actively investigated by Octanex and NZOG.

Octanex Comment

Octanex is delighted to have been able to conclude these agreements with NZOG.

The agreements reflect the Octanex Board's objective to de-risk the Company's investment in PEP 51906 and of its overall New Zealand exploration acreage. The agreement with NZOG achieves the following outcomes which the Board considers are beneficial to shareholders.

First, Octanex will receive a material aggregate cash sum (US\$12,500,000) for part of its interest in PEP 51906. This will allow Octanex to pursue other exploration opportunities, including, in the short term, providing additional funds for the planned 3D seismic acquisition in PEP 53473, of which Octanex must pay 25% of the costs.

Second, and as announced previously, OMV has indicated that if Matuku-1 is a success then OMV intends to quickly follow up on that success by drilling Matuku-2. The put and call option arrangements described above mean Octanex will have its share of the cost of drilling Matuku-2 met by NZOG. Octanex will, nevertheless, still enjoy a material 17.5% interest in PEP 51906 and have no requirement to raise new capital to fund its share of the possible Matuku-2 drilling costs.

Third, as a result of the Farmin Agreements relating to PEP 53473 and PEP 52593, Octanex has been able to reduce the cash outlay required in respect of a substantial planned 3D seismic programme within PEP 53437 and in respect of the costs of exploring PEP 52593.

Finally, Octanex is pleased to be able to align itself in a formal joint venture relationship with NZOG across the three permits. NZOG has a lengthy history of exploration effort and success in the offshore Taranaki Basin and Octanex is pleased to be able to draw on that expertise in the on-going efforts to explore PEP 53473 and PEP 52593.

These agreements are the end result of a considerable amount of effort on the part of the Octanex management team and, in particular, are a tribute to the Company's Exploration Manager (Dr Simon Sturrock) and his technical team who have identified and developed several leads and potential prospects in PEP 534743 and PEP 52593.

By Order of the Board

J.G. Tuohy
Company Secretary

28 November 2012