Octanex N.L.
ABN 61 005 632 315

Level 21
500 Collins Street
Melbourne Victoria 3000 Australia

Tel: +61 (0)3 8610 4703
Fax: +61 (0)3 8610 4799
Email: admin@octanex.com.au
Website: www.octanex.com.au

PEP 51906 – OFFSHORE TARANAKI BASIN, NEW ZEALAND

OCTANEX RECEIVES THIRD TRANCHE PAYMENT

KEY POINTS:

- **Octanex has received the third tranche payment towards the aggregate US$12,500,000 for the sale to New Zealand Oil & Gas of a 12.5% carried interest in PEP 51906**

- **The third tranche payment is the final instalment payable to Octanex by New Zealand Oil & Gas**

Octanex N.L. ***(ASX Code: OXX)*** (**Company**) is pleased to advise that the third and final payment, of US$6,250,000, due from the sale of a 12.5% interest in PEP 51906 to New Zealand Oil & Gas Limited (**NZOG**) (***ASX code: NZO***), has been received.

Sale of 12.5% Interest in PEP 51906

The third and final payment is part of the terms of a sale agreement signed with NZOG in November 2012. NZOG acquired the 12.5% participating interest in PEP 51906 from the Company's wholly-owned subsidiary, Octanex NZ Limited (**Octanex NZ**) – see the Figure 1 *Location Map* of the PEP 51906 permit.

Prior to completing of the sale of the interest in PEP 51906 to NZOG, Octanex NZ held a 35% participating interest in the permit (now reduced to 22.5% as a result of the sale). Under the terms of the agreement, NZOG agreed to pay Octanex NZ an aggregate cash sum of US$12,500,000 for the assignment of a 12.5% interest in the permit.

Drilling of Matuku-1 in PEP 51906

As announced earlier today (Monday, 2 December 2013), the Matuku-1 well spudded on 30 November 2013 – see the Figure 1 *Location Map* for the Matuku-1 well.

OMV New Zealand Limited (**OMV**) is the Operator of the Matuku-1 well and the PEP 51906 Joint Venture and holds a 65% participating interest in the permit.

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

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

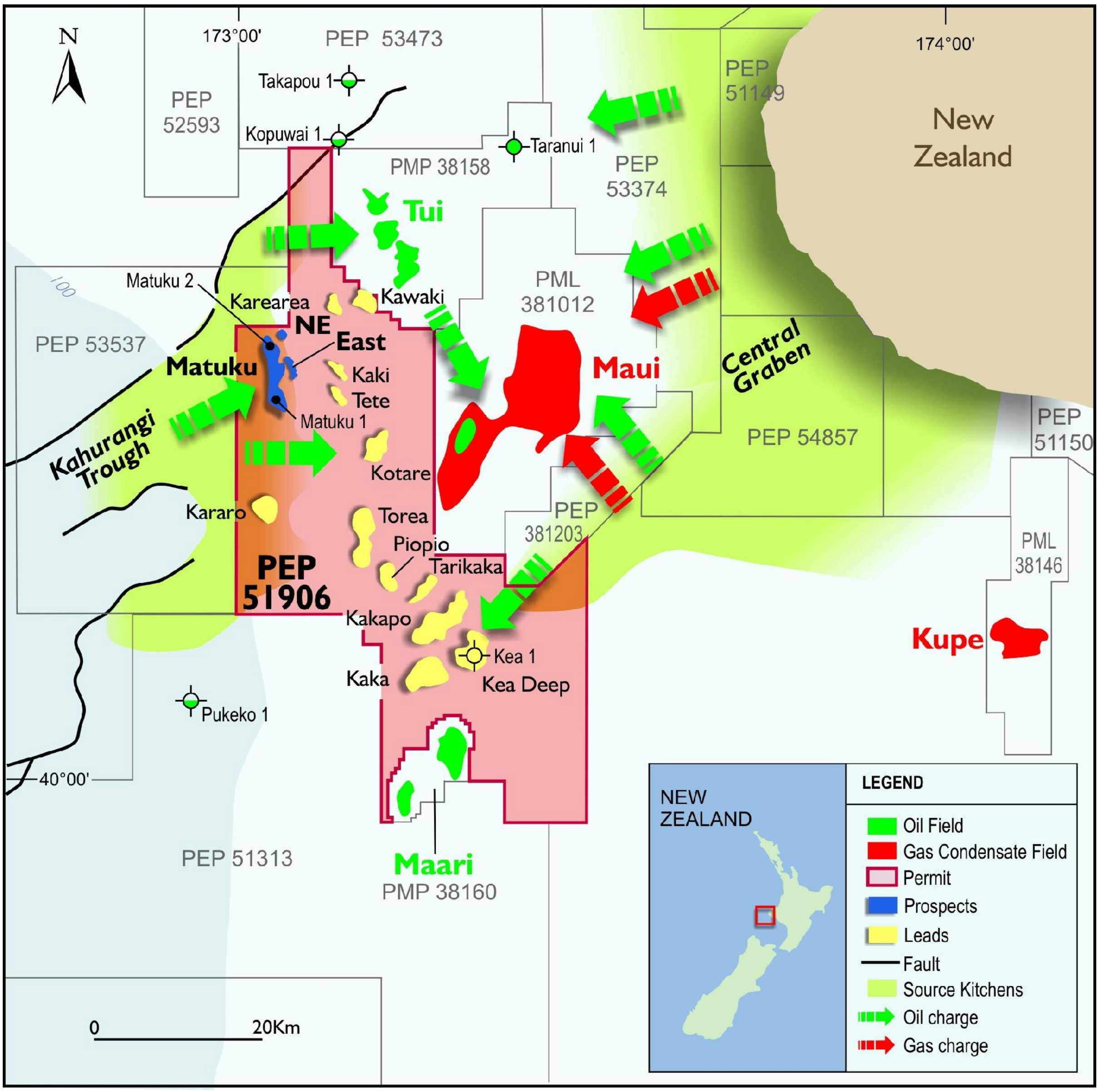

Figure 1: ***Location Map of PEP 51906 and of Matuku-1 and Potential Matuku-2 Wells***

The sale agreement with NZOG also includes a put and call option arrangement, exercisable by either Octanex NZ or NZOG, if a decision is made to drill a follow up well in the event of a discovery at Matuku-1. The follow up well, Matuku-2, would be an exploration well on the Matuku North culmination – see the Figure 1 *Location Map* for the Matuku-2 well.

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 NZ related to the drilling of Matuku-2.

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

By Order of the Board

J.G. Tuohy
Company Secretary

2 December 2013