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WEEKLY DRILLING PROGRESS REPORT OPHIR DRILLING CAMPAIGN

Octanex Limited (**ASX Code: OXX**) provides the following weekly update for the three well development Ophir drilling campaign with respect to operations up to 06:00hrs on Friday 4 August 2017.

Weekly Operations Summary

The Ophir A2 and A3 wells have been flowed to clean-up the drilling and completion fluids, prior to being shut-in for the impending tie-in works to the FPSO.



Flow-back to Naga-2 flare boom

Forward Plan

The forward plan for the week ahead is to demobilize the Naga-2 drilling rig.



Naga2 Drilling Rig over Ophir Platform (support vessel in foreground)

About the Ophir Drilling Campaign

The Ophir drilling campaign comprises three horizontal production wells. The wells targeted the J Group stacked oil reservoir of the regionally prolific Lower Miocene Tapis formation.

The Ophir field is a four-way dip closed structure defined by 3D seismic, previously discovered and tested by the discovery well, Ophir-1 and appraised by four additional well penetrations.

Ophir A1 and A2 wells were batch drilled by the Naga 2 jack up drilling rig. The Ophir A1 well spudded on 2 June 2017 and Ophir A2 well spudded on 5 June 2017. The Ophir A3 well spudded on 11 July 2017.

The horizontal section of the A1 well was side-tracked (A1ST) in order to improve alignment and trajectory. A1ST was drilled to a total depth of 3,275m MD with a horizontal length of over 1,280m placed in the target J20 oil reservoir.

The A2 well was drilled to a total depth of 3,070m MD with a horizontal length of 1,000m placed in the target J20 oil reservoirs.

The A3 well was drilled to a total depth of 3,332m MD with a horizontal length of over 1,100m placed in the target J20 oil reservoir.

Completions have been run in A1ST, A2 and A3 wells and Wellhead Christmas Trees installed. All wells have been flowed to clean-up the drilling and completion fluids, prior to being shut-in for the impending tie-in works to the FPSO.

Participating Interests

The Ophir field is being developed by Ophir Production Sdn Bhd, an incorporated joint venture company with ownership interests as follows

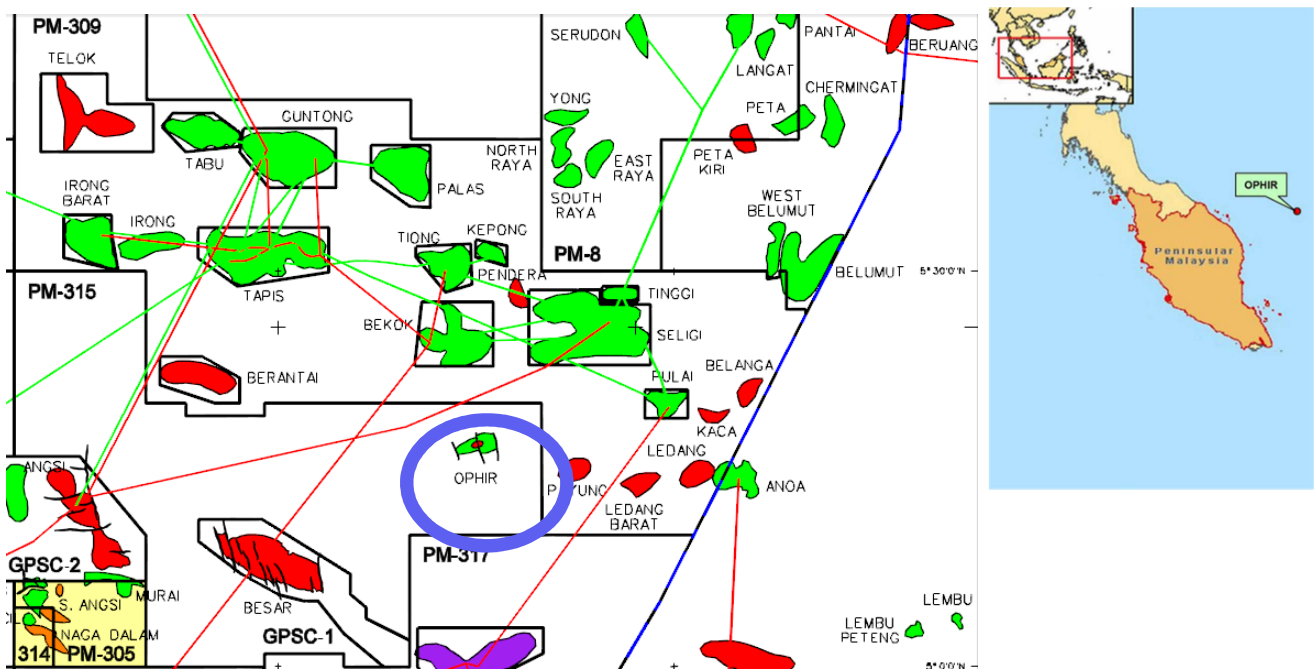
Octanex	50%
Scomi	30%
Vestigo	20%

About the Ophir Project

The Ophir field is located offshore Peninsular Malaysia, with a water depth of approximately 70m and is being developed via three production wells, a well head platform (WHP) and Floating Production Storage and Offload (FPSO) vessel.

The Ophir field is being developed pursuant to a Risk Service Contract granted in 2014 to Ophir Production Sdn Bhd (OPSB). Octanex holds a 50% interest in OPSB and its joint venture shareholders in OPSB are Scomi with 30% and Vestigo with 20%. Scomi is a wholly-owned subsidiary of Scomi Energy Services Bhd, a Malaysian downstream oil and gas services company listed on the Main Board of Bursa Malaysia. Vestigo is a wholly-owned subsidiary of Petronas focused on the development of small, marginal and mature fields.

Petronas introduced the Risk Service Contract (RSC) as a petroleum arrangement designed with the objective of intensifying upstream Malaysian oil and gas activities and developing smaller, stranded oil and gas resources. The RSC model balances the sharing of risks with fair returns for the development and production of discovered small fields. Under the terms of the RSC, the Contractor is the service provider and Operator of the field, while Petronas is the resource owner. Upfront investment of capital is contributed by the Contractor, with the Contractor compensated via the reimbursement of costs plus a remuneration fee for services rendered. The remuneration fee is linked to production volume and capital cost key performance indicators.



Ophir Field Location Map

About Octanex

Octanex is an Australian-based oil and gas company seeking to increase its exposure to production and development. Octanex's portfolio includes interests in the Ophir oil development offshore Malaysia, interests in two pre-development assets offshore Western Australia and five exploration permits offshore Western Australia.

Octanex's share of the Ophir project is fully funded via OPSB's 75% project financing from a consortium of three banks and Octanex's US\$12Million Convertible Note facility (drawn to US\$8Million) with Sabah International Petroleum, which is wholly owned by Sabah Development Bank Berhad ("SDB"). SDB itself is wholly owned by the Ministry of Finance of the Malaysian state of Sabah.