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OPHIR FIELD ACHIEVES 'FIRST OIL'

Octanex Limited (**ASX Code: OXX**) advises that 'First Oil' has been achieved at the Ophir field following commencement of production from the field on 20 October. 'First Oil' is contractually defined as 20 days production from a consecutive 25 days.

Production during this period has been constrained to a maximum of 3,000 bopd. A de-bottle necking phase of commissioning is underway. Octanex expects that the first lifting of Ophir crude will occur in December 2017.



About the Ophir Project

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

The Ophir field has been developed pursuant to a Risk Service Contract granted in 2014 by PETRONAS to Ophir Production Sdn Bhd (OPSB) as Contractor. Octanex holds a 50% interest in OPSB and its joint venture shareholders in OPSB are Scomi with 30% and Vestigo Petroleum Sdn Bhd with 20%. Scomi is a wholly-owned subsidiary of Scomi Energy Services Bhd, a Malaysian downstream oil and gas services company. Vestigo Petroleum Sdn Bhd is a wholly-owned subsidiary of PETRONAS Carigali Sdn Bhd 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. Under the terms of the Ophir RSC, the Contractor (OPSB) is the service provider and Operator of the field, while PETRONAS remains the resource owner. Upfront investment of capital is contributed by the Contractor, with the Contractor compensated by PETRONAS 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, and paid from proceeds of Ophir crude sales.

About Octanex

Octanex is an Australian-based oil and gas company seeking to increase its exposure to production and development. Octanex's portfolio includes interest in the Ophir oil development offshore Malaysia, interests in two pre-development assets offshore Western Australia and four 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 Berhad ("SDB"). SDB itself is wholly owned by the Ministry of Finance of the Malaysian state of Sabah.