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OPHIR OPERATION UPDATE

Octanex Limited (**ASX Code: OXX**) provides the following update in relation to activities by Ophir Production Sdn Bhd (OPSB) at the Ophir Field.

Nitrogen equipment will shortly be mobilized to the Ophir Field with the objective of restarting production following the non-routine production shut-in announced on 8 January 2018. As previously announced, production startup was unsuccessful following rectification of a power fault which triggered a full process shut-in.

Wireline surveys have now confirmed the mechanical integrity of well completion equipment and confirmed the wellbores were free of obstruction. The surveys obtained other valuable data including well bore fluid pressure gradients and reservoir pressure to inform various options aimed at restarting production.

Nitrogen, because of its low density and high pressure characteristics, is commonly deployed in production operations to displace well fluids in order to initiate flow, and has been selected for the Ophir Field following completion of the surveys.

Nitrogen lifting operations will commence following mobilisation of equipment and pending suitable weather conditions for platform access.

Production commenced at the Ophir field in October 2017 following commissioning of the FPSO and wellhead platform. Initial facilities debottlenecking activities were implemented to address facilities constraints identified during commissioning. Assessment of mitigation strategies for higher than predicted gas production, which was constraining oil production below anticipated levels, has been challenged by the non-routine production shut-in. OPSB's primary focus since the shut-in has been completion of diagnostic activities with the aim of restarting production.

About the Ophir Project

The Ophir field, which is owned by PETRONAS, 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 by PETRONAS to OPSB, as Contractor. Octanex holds a 50% shareholding interest in OPSB and its co- 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 for the Ophir field) is the service provider and Operator of the field, while PETRONAS is the resource owner. Upfront investment of capital is contributed by OPSB, who is compensated from the

proceeds of petroleum sales from the field made by PETRONAS, via the reimbursement of costs plus a remuneration fee. The remuneration fee is linked to production volume and capital cost key performance indicators. Reimbursement of capital and operating costs is guaranteed to OPSB by PETRONAS pursuant to the RSC.

About Octanex

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