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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 lifting operations at the Ophir Field have been unsuccessful in restarting production. OPSB is discussing next steps for the field with PETRONAS.

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. Higher than predicted gas production was observed, with oil production below anticipated levels. Assessment of mitigation strategies commenced, but was interrupted when production startup was unsuccessful after a full process shut-in triggered by a power fault. OPSB's focus since the shut-in has been completion of diagnostic and intervention activities with the aim of restarting production.

### About the Ophir Project

The Ophir field, 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 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 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 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.