



Octanex N.L. ABN 61 005 632 315
Level 21, 500 Collins Street
Melbourne Vic 3000
Australia

Tel: + 61 (0)3 8610 4702
Fax: + 61 (0)3 8610 4799
Email: admin@octanex.com.au
Website: octanex.com.au

28 November 2014

ANNUAL GENERAL MEETING CHAIRMAN'S ADDRESS

Last year I highlighted our concern at our ability to continue to successfully implement our corporate strategy, particularly in relation to attracting farminees into our acreage. Because of these doubts we made the decision to broaden our strategy to include the acquisition of near-term production assets which have the capacity to provide future cashflow generation.

Since last year's AGM we have advanced the acquisition of Peak Oil & Gas Limited, which holds an attractively located onshore exploration block in North Sumatra. We have also secured a Risk Service Contract with Petronas for the development of the Ophir field offshore Malaysia, together with project funding for the development and funding of our own equity contributions to the project via a strategic alliance with the State of Sabah.

We are intent on increasing our exposure to development, with our Cornea Oil Project also high on the list.

Review of Activities Let me quickly take you through our past year.

Offshore Taranaki Basin, NZ Matuku-1 was drilled by OMV in PEP 51906 during the year and was unsuccessful. The Kaka seismic survey of 403 km² of new 3D data was acquired from within and adjacent to PEP 51906. As a result of this and earlier 3D seismic acquisitions, the Joint Venture holds an extensive modern database over a number of attractive leads and prospects.

In April we were granted PEP 55790 over an area of approximately 518 km² nearby to Octanex's other Taranaki Basin interests.

Our interests in PEPs 53473 and 52593 were relinquished during the year when faced with the decision point of whether to commit to the drilling of a well or relinquish the permits.

The Greater Cornea Fields In May, a Retention Lease was granted over the Greater Cornea Fields in the Browse Basin offshore from Western Australia.

The Greater Cornea Fields are seen as an economic value opportunity and the path to early development is to overcome the technical challenges to unlock that value. The work programme calls for engineering and complementary studies in the first three years. In the main, the studies are a lead-up to the drilling of a production test well in Year 4.

Winchester, Dampier Sub-basin In the two Dampier Sub-basin permits, WA-323-P and WA-330-P, we hold 25% and are joint ventured with Santos. Following drilling of the Winchester-1 well, reprocessing and re-interpretation of the 720 km² Winchester 3D seismic data set is ongoing.

Southern Bonaparte Basin We now hold a 100% interest in three adjacent exploration permits in the southern Bonaparte Basin following the relinquishment during the year of three permits. A farmout campaign was conducted during the year but was not successful and accordingly three permits were relinquished while renewal applications and variations of permits terms have been sought for WA-320-P, WA-321-P and WA-407-P

On the **Exmouth Plateau**, Octanex remains free carried by Eni through the next well in each of WA-362-P and WA-363-P permits.

Peak Oil & Gas In January we acquired shares in Peak Oil & Gas via their entitlement issue which we underwrote, and following an Implementation and loan agreement in May, we have funded Peak a further \$2 million. These monies have been used by Peak largely to fund the acquisition of 2D seismic data in the South Block A PSC block in North Sumatra, Indonesia. The acquisition of this seismic data was not without difficulty in rugged jungle terrain. The data acquired was of good quality and the processing is complete with interpretation underway. During the seismic acquisition activities we observed a number of items of interest; a 600km gas pipeline to Medan is being constructed and travels through our block (of benefit for any future gas discoveries); the construction of the pipeline has resulted in new roads being built in our permit (of benefit for any oil discoveries); and locals were observed extracting oil from hand drilled bore holes. This oil was sampled and sent away for analysis with the analysis showing it to be very light (50 deg api) crude.

In the first half of next year an exploration well in South Block A will be drilled. This well will target oil in a deeper formation from a structure which previously produced oil from shallow wells in the early 1900s.

Meanwhile, seismic interpretation activities are underway to define a large gas/condensate prospect for subsequent drilling.

Malaysia In June, a joint venture company in which Octanex holds a 50% interest, was awarded a Risk Service Contract (RSC) by Petronas for the Ophir oil field offshore Malaysia. The RSC is a contract with Petronas for the development of oil from three production wells via an unmanned wellhead processing platform producing into a leased FSO. Octanex's fellow joint venturers are Scomi Energy Services, a large Malaysian downstream services company and Vestigo Petroleum,

a subsidiary of Petronas. The Ophir joint venture has secured 75% project finance for the development and Octanex has secured funding for its equity contributions via an investment from, and strategic alliance with the State of Sabah. As part of this alliance two directors from Sabah will join the board of Octanex and we look forward to working on future SE Asian projects together.

Corporate In October, Mrs Rae Clark, who has been Octanex's Commercial Manager for the past two years was appointed as Chief Operating Officer and joined the Board of Octanex.

The last financial year has seen an expansion of our focus. In addition to our strategy of participating in the drilling of offshore wells, while limiting the Company's exposure to the high costs of that participation, we have broadened our strategy to include near-term production assets with the potential to generate future cash-flows.

Our Power-Point Presentation will follow.

E.G. Albers

Chairman

28th November, 2014