

Form 603
Corporations Act 2001
Section 671B

Notice of initial substantial holder

To Company Name/Scheme Octanex N.L.

ACN/ARSN 005 632 315

1. Details of substantial holder (1)

Name Sabah International Petroleum Ltd

ACN/ARSN (if applicable) N/A

The holder became a substantial holder on 4/2/15

2. Details of voting power

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate (2) had a relevant interest (3) in on the date the substantial holder became a substantial holder are as follows:

Class of securities (4)	Number of securities	Person's votes (5)	Voting power (6)
Fully paid ordinary shares	40,332,663	40,332,663	14.95%

3. Details of relevant interests

The nature of the relevant interest the substantial holder or an associate had in the following voting securities on the date the substantial holder became a substantial holder are as follows:

Holder of relevant interest	Nature of relevant interest (7)	Class and number of securities
Sabah International Petroleum Ltd	Relevant interest under section 608(1)(a) of the Corporations Act as holder of the securities	40,332,663 fully paid ordinary shares
Ekuiti Yakinjaya Sdn Bhd	Relevant interest under section 608(3)(a) as a holder of more than 20% of the voting power in Sabah International Petroleum Ltd	40,332,663 fully paid ordinary shares
Sabah Development Bank Berhad	Relevant interest under section 608(3)(b) as it controls Sabah International Petroleum Ltd	40,332,663 fully paid ordinary shares
Ministry of Finance, Sabah	Relevant interest under section 608(3)(b) as it controls Sabah International Petroleum Ltd	40,332,663 fully paid ordinary shares

4. Details of present registered holders

The persons registered as holders of the securities referred to in paragraph 3 above are as follows:

Holder of relevant interest	Registered holder of securities	Person entitled to be registered as holder (8)	Class and number
Sabah International Petroleum Ltd	Sabah International Petroleum Ltd	Sabah International Petroleum Ltd	40, 332, 663 fully paid ordinary shares
Ekuiti Yakinjaya Sdn Bhd	Sabah International Petroleum Ltd	Sabah International Petroleum Ltd	40, 332, 663 fully paid ordinary shares
Sabah Development Bank Berhad	Sabah International Petroleum Ltd	Sabah International Petroleum Ltd	40, 332, 663 fully paid ordinary shares

Ministry of Finance, Sabah	Sabah International Petroleum Ltd	Sabah International Petroleum Ltd	40, 332, 663 fully paid ordinary shares
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5. Consideration

The consideration paid for each relevant interest referred to in paragraph 3 above, and acquired in the four months prior to the day that the substantial holder became a substantial holder is as follows

Holder of relevant interest	Date of acquisition	Consideration (9)		Class and number of securities
		Cash	Non-cash	
Sabah International Petroleum Ltd	4 February 2015	USD\$5,000,000 cash		40,332,663 fully paid ordinary shares
Ekuiti Yakinjaya Sdn Bhd	4 February 2015	N/A – deemed relevant interest under section 608(3)(a)		40,332,663 fully paid ordinary shares
Sabah Development Bank Berhad	4 February 2015	N/A – deemed relevant interest under section 608(3)(b)		40,332,663 fully paid ordinary shares
Ministry of Finance, Sabah	4 February 2015	N/A – deemed relevant interest under section 608(3)(b)		40,332,663 fully paid ordinary shares

6. Associates

The reasons the persons named in paragraph 3 above are associates of the substantial holder are as follows:

Name and ACN/ARSN (if applicable)	Nature of association
Ekuiti Yakinjaya Sdn Bhd	Ekuiti Yakinjaya Sdn Bhd holds all the issued shares in, and controls, Sabah International Petroleum Ltd, and is therefore an associate of Sabah International Petroleum Ltd under section 12(2)(a)(ii)
Sabah Development Bank Berhad	Sabah Development Bank Berhad holds all the issued shares in Ekuiti Yakinjaya Sdn Bhd and indirectly controls Sabah International Petroleum Ltd, and is therefore an associate of Sabah International Petroleum Ltd under section 12(2)(a)(ii)
Ministry of Finance, Sabah	Ministry of Finance, Sabah holds all the issued shares in Sabah Development Bank Berhad and indirectly controls Sabah International Petroleum Ltd, and is therefore an associate of Sabah International Petroleum Ltd under section 12(2)(a)(ii)

7. Addresses

The addresses of persons named in this form are as follows:

Name	Address
Sabah International Petroleum Ltd	25 th Floor, Wisma UOA II, 21 Jalan Pinang, 50450 Kuala Lumpur, Malaysia
Ekuiti Yakinjaya Sdn Bhd	10th Floor, SDB Tower, Wisma Tun Fuad Stephens, Kilometre 2.4, Jalan Tuaran, 88300 Kota Kinabalu, Sabah
Sabah Development Bank Berhad	10th Floor, SDB Tower, Wisma Tun Fuad Stephens, Kilometre 2.4, Jalan Tuaran, 88300 Kota Kinabalu, Sabah
Ministry of Finance, Sabah	Kementerian Kewangan Negeri Sabah, Wisma Kewangan, 88999 Kota Kinabalu, Sabah

Signature

print name Kevin How Kow

capacity Director
Sabah International
Petroleum Ltd

sign here

KG. How

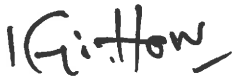
date 6/2/15

DIRECTIONS

- (1) If there are a number of substantial holders with similar or related relevant interests (eg. a corporation and its related corporations, or the manager and trustee of an equity trust), the names could be included in an annexure to the form. If the relevant interests of a group of persons are essentially similar, they may be referred to throughout the form as a specifically named group if the membership of each group, with the names and addresses of members is clearly set out in paragraph 7 of the form.
- (2) See the definition of "associate" in section 9 of the Corporations Act 2001.
- (3) See the definition of "relevant interest" in sections 608 and 671B(7) of the Corporations Act 2001.
- (4) The voting shares of a company constitute one class unless divided into separate classes.
- (5) The total number of votes attached to all the voting shares in the company or voting interests in the scheme (if any) that the person or an associate has a relevant interest in.
- (6) The person's votes divided by the total votes in the body corporate or scheme multiplied by 100.
- (7) Include details of:
 - (a) any relevant agreement or other circumstances by which the relevant interest was acquired. If subsection 671B(4) applies, a copy of any document setting out the terms of any relevant agreement, and a statement by the person giving full and accurate details of any contract, scheme or arrangement, must accompany this form, together with a written statement certifying this contract, scheme or
 - (b) any qualification of the power of a person to exercise, control the exercise of, or influence the exercise of, the voting powers or disposal of the securities to which the relevant interest relates (indicating clearly the particular securities to which the qualification applies).See the definition of "relevant agreement" in section 9 of the Corporations Act 2001.
- (8) If the substantial holder is unable to determine the identity of the person (eg. if the relevant interest arises because of an option) write "unknown."
- (9) Details of the consideration must include any and all benefits, moneys and other, that any person from whom a relevant interest was acquired has, or may, become entitled to receive in relation to that acquisition. Details must be included even if the benefit is conditional on the happening or not of a contingency. Details must be included of any benefit paid on behalf of the substantial holder or its associate in relation to the acquisitions, even if they are not paid directly to the person from whom the relevant interest was acquired.

ANNEXURE A

This is page 1 of Annexure A of 39 pages referred to in Form 603, Notice of initial substantial holder, signed by me and dated 6 February 2015.

A handwritten signature in black ink, appearing to read 'K. How Kow', with a stylized flourish at the end.

Kevin How Kow

Director

Sabah International Petroleum Ltd

Share Placement and Convertible Note Deed

Octanex NL ABN 61 005 632 315 (**Company**)

Sabah International Petroleum Ltd (**Subscriber**)

Contents	Page
Background	4
1 Defined terms and interpretation	4
1.1 Definitions in the Dictionary	4
1.2 Interpretation	4
1.3 Dictionary	5
2 Placement	13
2.1 Subscription	13
2.2 Time and place for Placement Completion	13
2.3 Obligations prior to Placement Completion	13
2.4 Obligations at Placement Completion	14
2.5 Obligations immediately following Placement Completion	15
2.6 Reappointment of director of the Company	15
2.7 Constitution	15
2.8 Equal ranking	15
2.9 Participation in distributions	15
2.10 Interdependence of Placement Completion obligations	16
3 Subscription for Convertible Notes	16
3.1 Agreement to subscribe	16
3.2 Subscription	16
3.3 Obligations prior to Subscription of Tranche A Notes	17
3.4 Note Completion	17
3.5 Directors and the Note Terms	17
3.6 Interdependence	18
4 Conditions precedent	18
4.1 Conditions precedent prior to Completion	18
4.2 Obligation to satisfy Conditions precedent	19
4.3 Satisfaction, waiver or failure of Conditions	19
5 Use of funds	20

5.1	Use of funds	20
5.2	Matching funds	20
5.3	Excess funds	21
6	Company Warranties	21
6.1	Giving of Company Warranties	21
6.2	Company Warranties	21
6.3	Company's indemnity	25
6.4	Notification of breach	26
7	Subscriber Warranties	26
7.1	Giving of Subscriber Warranties	26
7.2	Subscriber Warranties	26
8	Undertakings by the Company	27
8.1	Undertakings prior to Maturity Date	27
8.2	Undertakings in relation to OPSB	29
8.3	Undertaking as to purpose	30
9	Trustee Shares	30
10	Events of Default	30
10.1	Events of Default	30
10.2	Consequents of Default	31
11	Successor company and voting intention	31
12	Inspection rights	31
13	Confidentiality	32
14	Expenses and Duty	32
14.1	Expenses and Duty	32
14.2	Expenses if transactions do not proceed	32
15	GST	33
15.1	Consideration exclusive of GST	33
15.2	Tax Invoice	33
15.3	Payments	33
15.4	Adjustment Event	33

16	General	34
16.1	Notices	34
16.2	Third Party Rights	35
16.3	Jurisdiction	35
16.4	Invalidity	35
16.5	Amendments and Waivers	35
16.6	Legal advice	35
16.7	Cumulative rights	35
16.8	Non-merger	35
16.9	Payments	36
16.10	Further assurances	36
16.11	Entire deed	36
16.12	No assignment	36
16.13	Counterparts	36
Schedule 1	Convertible Note Terms	37
Schedule 2	Data Room Index	59
	Execution page	63

Parties

- 1 **Octanex NL** ABN 61 005 632 315 of Level 21, 500 Collins Street, Melbourne, Victoria 3000 (**Company**).
- 2 **Sabah International Petroleum Ltd** (a company registered in Labuan) of 25th Floor, Wisma UOA II, 21 Jalan Pinang, 50450 Kuala Lumpur, Malaysia (**Subscriber**).

Background

The Company proposes to issue, and the Subscriber proposes to subscribe for, the Placement Shares and the Convertible Notes on the terms and conditions of this Deed.

The parties agree:

1 Defined terms and interpretation

1.1 Definitions in the Dictionary

Unless the context requires otherwise, a term or expression starting with a capital letter:

- (a) which is defined in the Dictionary set out in clause 1.3 (**Dictionary**), has the meaning given to it in the Dictionary; and
- (b) which is defined in the Corporations Act, but is not defined in the Dictionary, has the meaning given to it in the Corporations Act; and
- (c) which is defined in the GST Law, but is not defined in the Dictionary or the Corporations Act, has the meaning given to it in the GST Law.

1.2 Interpretation

In this Deed the following rules of interpretation apply unless the contrary intention appears:

- (a) headings are for convenience only and do not affect the interpretation of this Deed;
- (b) the singular includes the plural and vice versa;
- (c) words that are gender neutral or gender specific include each gender;
- (d) where a word or phrase is given a particular meaning, other parts of speech and grammatical forms of that word or phrase have corresponding meanings;
- (e) the words 'such as', 'including', 'particularly' and similar expressions are not used as nor are intended to be interpreted as words of limitation;
- (f) a reference to:
 - (i) a person includes a natural person, partnership, joint venture, government agency, association, corporation or other body corporate;

- (ii) a thing (including but not limited to a chose in action or other right) includes a part of that thing;
 - (iii) a party includes its transferees, successors and permitted assigns;
 - (iv) a document includes all amendments or supplements to that document;
 - (v) a clause, term, party, schedule or attachment is a reference to a clause or term of, or party, schedule or attachment to this Deed;
 - (vi) this Deed includes all schedules and attachments to it;
 - (vii) a law includes a constitutional provision, treaty, decree, convention, statute, regulation, ordinance, by-law, judgment, rule of common law or equity and is a reference to that law as amended, consolidated or replaced; and
 - (viii) an agreement other than this Deed includes an undertaking, or legally enforceable arrangement or understanding whether or not in writing.
- (g) an agreement on the part of two or more persons binds them severally;
 - (h) when the day on which something must be done is not a Business Day, that thing must be done on the following Business Day; and
 - (i) in determining the time of day where relevant to this Deed, the relevant time of day is:
 - (i) for the purposes of giving or receiving notices, the time of day where a party receiving a notice is located; or
 - (ii) for any other purpose under this Deed, the time of day in the place where the party required to perform an obligation is located; and
 - (iii) no rule of construction applies to the disadvantage of a party because that party was responsible for the preparation of this Deed or any part of it.

1.3 Dictionary

In this Deed:

Account Bank means Oversea-Chinese Banking Corporation Limited, Singapore Branch.

Account Security Acknowledgement means the acknowledgement to be issued pursuant to the Account Security Deed to be executed by the Account Bank and in such form as to be agreed by the Subscriber.

Account Security Deed means the account security deed in relation to the SBA executed or to be executed by the Company and the Subscriber.

Additional Amount has the meaning give in clause 15.1.

Application means an application for a Note substantially in the form set out in Attachment B.

Asset Portfolio means all of the Group's rights and interests, to working, interests in, to and under, and certain geophysical and other data concerning:

- (a) the RSC, Australian Petroleum Retention Lease WA-54-R, Australian Petroleum Explorations Permits WA-323-P, WA-330-P, WA-362-P, WA-363-P, WA-386-P, WA-387-P, WA-407-P, WA-420-P and WA-421-P and New Zealand Petroleum Exploration Permits PEP 51906, PEP 53537 and PEP 55790 Concessions;
- (b) certain petroleum concession agreements covering certain portions of the onshore and offshore territory of the State of Western Australia in relation to Exploration Permit 487; and
- (c) the exploration and production sharing agreements and the other agreements listed in (a) above, in each case subject to any relinquishments of the acreage subject to the foregoing agreements to the granting authorities made from time to time in accordance with the provisions of those agreements.

ASX means ASX Limited ACN 008 624 691 or the Australian Securities Exchange operated by it (as the context requires).

ASX Listing Rules means the official listing rules of ASX.

Authorisation means all authorisation, consent, approval, resolution, license, exemption, filing, registration, notarisation and legalisation.

A\$ means Australian dollars.

Board means the board of directors of the Company.

Bridge Facility means the Bridge Term Facility between the Company and the Subscriber dated on or about the date of this Deed.

Business Day means a day on which banks are open for business in Melbourne, Victoria, excluding a Saturday, Sunday or public holiday.

Cash Dividend means:

- (a) any Dividend which is to be paid or made in cash (in whatever currency); and
- (b) any Dividend determined to be a Cash Dividend pursuant to paragraph (a) of the definition of Dividend.

Certificate means a convertible note certificate in the form of Attachment C issued to the Subscriber in accordance with paragraph 1.1 of the Note Terms.

Change of Control means a person acquiring Voting Power in the Company of more than 20%.

Company Warranties means the warranties in clause 6.2.

Concession means a concession, production sharing agreement, permit or other contract or licence referred to in or comprising part of the Asset Portfolio.

Conditions means the conditions precedent set out in clause 4.1

Confidential Information includes:

- (a) all trade secrets, ideas, concepts, know-how, technology, operating procedures, processes, knowledge and other information of any kind which is not in the public domain;

- (b) all notes and reports incorporating or derived from information referred to in clause (a); and
- (c) all copies of the information, notes and reports referred to in clauses (a) and (b).

Conversion means the conversion of a Note into Shares pursuant to paragraph 8 of the Note Terms and **Convert** and **Converted** has a corresponding meaning.

Conversion Notice means a notice given by the Subscriber substantially in the form set out in Attachment D.

Conversion Price means:

- (a) in respect of a Tranche A Note, US\$0.126 (representing A\$0.15 at the Exchange Rate) per Share;
- (b) in respect of a Tranche B Note, US\$0.168 (representing A\$0.20 at the Exchange Rate) per Share; and
- (c) in respect of a Tranche C Note, US\$0.210 (representing A\$0.25 at the Exchange Rate) per Share,

as may be adjusted under paragraph 10 of the Note Terms.

Convertible Note means the Tranche A Notes, the Tranche B Notes and the Tranche C Notes, either individually or collectively as the context requires, title to which is recorded in and evidenced by entry in the Register.

Convertible Note Arrangement Fee means a fee equal to US\$240,000, less any arrangement or similar fee paid by the Company to SDB Asset Management under the Bridge Facility.

Corporations Act means *Corporations Act 2001* (Cth).

Data Room Index means the index set out in Schedule 2.

Deed means this Share Placement and Convertible Note Deed including the Note Terms.

Directors means the directors of the Company

Dollars, A\$ and \$ means the lawful currency of Australia.

Due Diligence Information means:

- (a) all information about a Group Company or its business provided to the Subscriber pursuant to the Data Room Index; and
- (b) all information about a Group Company or its business that has been released to ASX by the Company up to and including the date of this Deed.

Duty means any stamp duty or other like duty imposed on documents or transactions by a Government Agency, including any interest, fine, penalty, charge, fee or other amount imposed in addition to those amounts.

Event of Default has the meaning given in clause 10.1.

Exchange Rate means the exchange rate of US\$1 to A\$0.8407 being the prevailing US\$/A\$ exchange rate on the last practicable business date prior to the date of this Deed.

Finance Document has the same meaning as in the Bridge Term Facility Agreement, but also includes this Deed.

Government Agency means a government or any governmental, semi-governmental, legislative, administrative, fiscal, quasi-judicial or judicial entity, authority, department or other body, whether foreign, federal, State, Territorial or local (including any self-regulatory organisation established under statute or any stock exchange).

Group means the Company, each of its Subsidiaries and OPSB, and **Group Company** means each of them. For the avoidance of doubt, once the Peak Transaction has completed, Peak will be a Group Company.

GST means a goods and services tax, or a similar value added tax, levied or imposed under the GST Law.

GST Law has the meaning given to it in the *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

Guarantee means any guarantee, indemnity or other assurance against financial loss except does not include guarantees, indemnities or other assurances against loss:

- (a) entered into in the ordinary course of business and not exceeding US\$100,000 in aggregate; or
- (b) approved by the Subscriber; or
- (c) provided by any parent company of a company having shares in OPSB pursuant to certain field development plans set out in the RSC (and as previously disclosed to the Subscriber) provided that any change to the terms and liabilities of such guarantee, indemnities or other assurance shall require the prior written consent of the Subscriber.

Holder means a holder of Convertible Notes, which shall initially be the Subscriber.

Immediately Available Funds means cash, bank cheque or electronic funds transfer.

Insolvency Event means the occurrence of any one or more of the following events in relation to any person:

- (a) an application is made to a court for an order, or an order is made, that it be wound up, declared bankrupt or that a provisional liquidator or receiver or receiver and manager be appointed, and the application is not withdrawn, struck out or dismissed within 15 Business Days of it being made;
- (b) a liquidator or provisional liquidator is appointed;
- (c) an administrator is appointed to it under sections 436A, 436B or 436C of the Corporations Act;
- (d) a Controller (as defined in section 9 of the Corporations Act) is appointed to it or any of its assets;
- (e) a receiver is appointed to it or any of its assets;

- (f) it enters into an arrangement or composition with one or more of its creditors, or an assignment for the benefit of one or more of its creditors, in each case other than to carry out a reconstruction or amalgamation while solvent;
- (g) it proposes a winding-up, dissolution or reorganisation, moratorium, deed of company arrangement or other administration involving one or more of its creditors;
- (h) it is insolvent as disclosed in its accounts or otherwise, states that it is insolvent, is presumed to be insolvent under an applicable law (including under sections 459C(2) or 585 of the Corporations Act) or otherwise is, or states that it is, unable to pay all its debts as and when they become due and payable;
- (i) it is taken to have failed to comply with a statutory demand as a result of section 459F(1) of the Corporations Act;
- (j) a notice is issued under sections 601AA(5) or 601AB(5) of the Corporations Act and not withdrawn or dismissed within 15 Business Days;
- (k) a writ of execution is levied against it or a material part of its property which is not dismissed within 15 Business Days; or
- (l) it ceases to carry on business or threatens to do so,

or any analogous event or circumstance occurs under the laws of any jurisdiction.

Initial Matched Funds means USD4,200,000, which shall be deemed to include the value of all cash calls paid by the Company into the SBA or to OPSB, as the case may be, at any time (but for the avoidance of doubt excluding any amounts received from the Subscriber under this Deed or the Bridge Term Facility Agreement).

Issue Notice means a notice given by the Company substantially in the form set out in Attachment A.

Matching Funds means together, the Initial Matched Funds and the Subsequent Matched Funds.

Material Adverse Effect means an event, matter or circumstance which, if it were to occur would, or would be likely to result in:

- (a) a material adverse effect on the financial position, operations, Asset Portfolio and liabilities of the Group; or
- (b) a material adverse effect on the Company's ability to perform its obligations under this Deed.

Maturity Date means 30 June 2017.

Noteholder means a person entered into the Register as the holder of a Convertible Note.

Note Terms means the terms and conditions of the Convertible Notes as set out in Schedule 1.

Octanex Singapore means Octanex Pte Ltd, a wholly owned Subsidiary of the Company.

Octanex Singapore Shares means fully paid ordinary shares in Octanex Singapore.

OPSB means Ophir Production Sdn Bhd.

OPSB Shareholders Agreement means the shareholders agreement entered into in March 2014 between Octanex Singapore, Scomi D&P Sdn. Bhd, Vestigo Petroleum Sdn. Bhd and with OPSB;

Peak means Peak Oil & Gas Limited ABN 61 005 632 315.

Peak Arbitration means the dispute between Peak Oil & Gas Philippines Limited (a wholly-owned subsidiary of Peak) and Cadlao Development Company Limited, relating to the Production Sharing Contract 6 Cadlao with the Government of The Philippines, that is subject to arbitration proceedings (and litigation stayed subject to the outcome of the arbitration proceedings) under the laws of Western Australia, Australia.

Peak Transaction means the proposed transaction under which the Company will acquire all the shares in Peak by way of a scheme of arrangement in respect of which an implementation agreement has been entered into by the Company and Peak as announced by the Company on ASX on 20 May 2014.

Petronas means Petroliaam Nasional Berhad (Petronas) (Company No.20076 K), a company incorporated under the Malaysian Companies Act 1965 and having its registered office at Tower 1, PETRONAS Twin Towers, Kuala Lumpur City Centre, 50088 Kuala Lumpur, Malaysia.

Placement means the issue of the Placement Shares to the Subscriber in consideration for the Placement Amount.

Placement Amount means US\$5,000,000.

Placement Arrangement Fee means a fee equal to US\$100,000 less any arrangement or similar fee paid by the Company to SDB Asset Management under the Bridge Facility.

Placement Completion means completion of the Placement.

Placement Completion Date means the date 5 Business Days after satisfaction or waiver of all of the Conditions, or such other date as the parties may agree.

Placement Shares means 40,332,663 Shares to be issued to the Subscriber under the Placement.

PPS Act means the *Personal Property Securities Act 2009* (Cth).

PPS Law means:

- (a) the PPS Act;
- (b) any regulations made at any time under the PPS Act;
- (c) any legislative instrument made at any time under the PPS Act;
- (d) any amendment to any of the above, made at any time; or
- (e) any amendment made at any time to any other legislation as a consequence of a PPS Law referred to in paragraphs (a) to (d).

PPS Security Interest means a security interest as defined in the PPS Act.

Prescribed Occurrence means in relation to a Group Company, the events set out in section 652C of the Corporations Act but substituting “target” with the Group Company provided that:

- (a) the issue of the Placement Shares and the Convertible Notes; or
- (b) the cancellation of all of the shares in the capital of the Company held by Doravale Enterprises Pty Ltd for no consideration via a selective capital reduction; or
- (c) the on-market share buy-back announced by the Company on 1 April 2014,

shall not constitute a Prescribed Occurrence.

Redemption Date means in respect of a Convertible Note:

- (a) in the event of redemption under paragraph 9.1 of the Note Terms, the date 2 Business Days after the date on which the Noteholder exercises its redemption right by giving a Redemption Notice to the Company; or
- (b) in the event of a mandatory redemption under paragraph 9.2 of the Note Terms, the Maturity Date.

Redemption Notice means a redemption notice in the form, or substantially in the form, contained in Attachment E.

Register means the register of noteholders to be kept under paragraph 2.1 of the Note Terms.

Related Party has the meaning given to that term in the Corporations Act.

Relevant Currency means the lawful currency of United States of America.

RSC means the Ophir Small Field Risk Service Contract entered into between OPSB and Petronas on 11 June 2014.

RSC Shareholders Agreement means the shareholders agreement between Octanex Singapore, SCOMI D&P Sdn Bhd, Vestigo Petroleum Sdn Bhd and Ophir dated 25 March 2014.

Sabah Ministry of Finance Group means Sabah Ministry of Finance Group and its subsidiaries and any other entity required to be treated as a subsidiary in its consolidated accounts in accordance to International/Malaysian Financial Reporting Standards, GAAP and/or any applicable law.

SBA means an account in Singapore with the Account Bank in the name of the Company and having persons nominated by the Company and the Subscriber as co-signatories.

SBD Asset Management means SDB Asset Management Sdn Bhd, an asset management company licensed under Section 58 of the Capital Markets and Services Act of Malaysia to provide fund management services, incorporated in Malaysia with company registration number 357216-W, whose registered office is at Block B, 8th Floor, SDB Tower Wisma Tun Fuad Stephens KM 2.4, Jalan Tuaran Kota Kinabalu, Sabah Malaysia.

Securities means any securities including, without limitation, Shares, or options, warrants or other rights to subscribe for or purchase or acquire Shares.

Security means the Share Charge, the Account Security Acknowledgment and the Account Security Deed.

Security Interest means:

- (a) any third party rights or interests including a mortgage, bill of sale, charge, lien, pledge, trust, encumbrance, power or title retention arrangement, right of set-off, assignment of income, garnishee order or monetary claim and flawed deposit arrangements or any arrangement having a similar effect; and
- (b) a PPS Security Interest,

and includes any agreement to create any of them or allow them to exist.

Senior Facility means the facility agreement entered or to be entered into between (inter alia) OPSB (as borrower), Malayan Banking Berhad, RHB Bank (L) Ltd and United Overseas Bank Limited, Labuan branch (as lenders, the "**OPSB Lenders**") whereby the OPSB Lenders agree to make a facility of up to US\$132,260,000 available to OPSB;

Share Charge means the Singapore law charge over shares held by the Company in Octanex Singapore.

Shareholders means the shareholders of the Company from time to time.

Shareholders Agreement means a shareholders agreement for Octanex Singapore in the form set out in Attachment G.

Shares means ordinary shares in the capital of the Company or any Successor Company (as the context requires).

Subsequent Matched Funds means USD800,000, which shall be deemed to include the value of all cash calls paid by the Company into the SBA or to OPSB, as the case may be, at any time (but for the avoidance of doubt excluding any amounts received from the Subscriber under this Deed or the Bridge Term Facility Agreement).

Subscription Amount means:

- (a) in respect of the Tranche A Notes, US\$4,000,000;
- (b) in respect of the Tranche B Notes, US\$4,000,000;
- (c) in respect of the Tranche C Notes, US\$4,000,000.

Subscription Date means the date on which a Convertible Note is issued, or will be issued, to the Subscriber, as specified in the Issue Notice in accordance with clause 3.2(b).

Subsidiary has the meaning given in the Corporations Act.

Successor Corporation has the meaning given to it in clause 11.

Sunset Date means 31 March 2015.

Trading Day means a day determined by ASX to be a trading day in accordance with the ASX Listing Rules.

Tranche A Notes means the secured convertible loan notes issued by the Company with the terms set out in Schedule 1 and with a Conversion Price of A\$0.15 per Share.

Tranche B Notes means the secured convertible loan notes issued by the Company with the terms set out in Schedule 1 and with a Conversion Price of A\$0.20 per Share.

Tranche C Notes means the secured convertible loan notes issued by the Company with the terms set out in Schedule 1 and with a Conversion Price of A\$0.25 per Share.

US\$ means United States dollars.

Voting Power has the meaning given to that term in section 610 of the Corporations Act.

1st Company Nominee Director has the meaning given to that term in clause 2.3(a)(i).

1st Octanex Singapore Nominee Director has the meaning given to that term in clause 2.3(a)(iii).

2nd Company Nominee Director has the meaning given to that term in clause 2.3(a)(ii).

2nd Octanex Singapore Nominee Director has the meaning given to that term in clause 2.3(a)(iv).

2 Placement

2.1 Subscription

Subject to satisfaction or waiver of the Conditions, the Subscriber must subscribe for, and the Company must issue, the Placement Shares:

- (a) for the Placement Amount;
- (b) on the Placement Completion Date; and
- (c) free of any Security Interest.

2.2 Time and place for Placement Completion

Placement Completion will take place at 1.00pm (Melbourne time) on the Placement Completion Date at the offices of the Company or any other time and place agreed between the parties.

2.3 Obligations prior to Placement Completion

- (a) Upon and from the date of this Deed, the Subscriber shall, have the right to appoint, remove and replace by written notice to the Company:
 - (i) a director of the Company (the "**1st Company Nominee Director**");
 - (ii) a further director of the Company (the "**2nd Company Nominee Director**"), subject to clauses 3.5(a) and 3.5(b)(iii);
 - (iii) a director of Octanex Singapore (the "**1st Octanex Singapore Nominee Director**"); and

- (iv) a further director of Octanex Singapore (the “**2nd Octanex Singapore Nominee Director**”) subject to clause 3.5(a);

and in each case subject to clause 4.3(d).

- (b) Within 5 days following the date of this Deed, the Company must ensure that the Board holds a meeting at which the directors resolve:
 - (i) to issue the Placement Shares to the Subscriber (or its nominee) at and subject to Placement Completion in consideration of the Placement Amount;
 - (ii) to appoint each of the 1st Company Nominee Director and the 2nd Company Nominee Director (in each case nominated by the Subscriber and being a Malaysian citizen) as a director of the Company with immediate effect (subject to the relevant nominee providing written consent to act); and
 - (iii) to procure the appointment of each of the 1st Octanex Singapore Nominee Director and the 2nd Octanex Singapore Nominee Director as directors of Octanex Singapore with immediate effect (subject to the relevant nominee providing a written consent to act).
- (c) The Subscriber must give to the Company written consents from:
 - (i) each of the 1st Company Nominee Director and 2nd Company Nominated Director nominated under clauses 2.3(a)(i) and 2.3(a)(ii) to act as a director of the Company; and
 - (ii) each of the 1st Octanex Singapore Nominee Director and 2nd Octanex Singapore Nominee Director nominated under clause 2.3(a)(iii) and 2.3(a)(iv) to act as a director of Octanex Singapore.
- (d) Subject to the terms of this Deed, the Company shall procure that nominees and their replacements appointed by the Subscriber pursuant to clause 2.3(a)(iii) and 2.3(a)(iv) are so appointed to the board by Octanex Singapore.

2.4 Obligations at Placement Completion

At Placement Completion and in accordance with the terms of this Deed:

- (a) the Company must give to the Subscriber a certified copy of the resolution referred to in clause 2.3(a);
- (b) the Subscriber must elect to either:
 - (i) pay to the Company the Placement Amount in Immediately Available Funds into the SBA; or
 - (ii) by written notice to the Company, agree that the Placement Amount shall be offset against monies owed by the Company to the Subscriber under the Bridge Facility as at the date of Placement Completion;
- (c) simultaneously with the Subscriber complying with its obligations under clause 2.4(b)(i) or 2.4(b)(ii) (as the case may be), the Company must:
 - (i) issue the Placement Shares to the Subscriber (or its nominee); and

- (ii) register the Placement Shares in the Company's register of members, or ensure that the Company's share registry does so, in the name of the Subscriber (or, if applicable, the Subscriber's nominee), free from any Security Interest; and
- (d) the Company must pay SDB Asset Management the Placement Arrangement Fee in Immediately Available Funds.

2.5 Obligations immediately following Placement Completion

Immediately following Placement Completion, the Company must:

- (a) apply for and use its best endeavours to obtain Official Quotation of the Placement Shares by ASX;
- (b) release on ASX a cleansing notice that complies with the requirements under section 708A(6) of the Corporations Act in respect of the Placement Shares; and
- (c) deliver to the Subscriber (or, if applicable, the Subscriber's nominee), a holding statement for the Placement Shares.

2.6 Reappointment of director of the Company

The Company must put to its shareholders at the Company's first annual general meeting to be held following the date of this Deed, a resolution to reappoint each of the 1st Company Nominee Director and the 2nd Company Nominee Director nominated under clauses 2.3(a)(i) and 2.3(a)(ii) to the Board in accordance with the Constitution, the ASX Listing Rules and any other applicable laws.

Notwithstanding any other provision of this Deed, save for clause 4.3(d), if any resolution to reappoint any Subscriber's nominee to the Board fails to be passed by the requisite majority of Company Shareholders, or such nominee otherwise departs office, the Company will appoint an alternative Malaysian citizen nominee of the Subscriber to the Board to replace the 1st Company Nominee Director or, subject to clauses 3.5(a) and 3.5(b)(iii), the 2nd Company Nominee Director (as the case may be) and otherwise, in each case, subject only to receipt of the alternative nominee's consent to act.

2.7 Constitution

Upon the issue of the Placement Shares to the Subscriber, the Subscriber (or its nominee, as relevant) agrees to become a member of the Company and to be bound by the Constitution in respect of those Placement Shares.

2.8 Equal ranking

The Placement Shares will, upon their issue, rank equally with, and have the same voting rights, dividend rights and other entitlements as the other Shares.

2.9 Participation in distributions

The Placement Shares will only carry the right to participate in a distribution which is declared by the Company in respect of the Placement Shares after the date on which the Placement Shares are registered in the Company's register of members in accordance with clause 2.4(c)(ii).

2.10 Interdependence of Placement Completion obligations

- (a) The obligations of the Company and the Subscriber under clauses 2.1 and 2.4 are interdependent. Unless otherwise stated, all actions required to be performed by a party at Placement Completion are taken to have occurred simultaneously on the Placement Completion Date.
- (b) Placement Completion will not occur unless all of the obligations of the Company and the Subscriber under clauses 2.1 and 2.4 are complied with and fully effective.
- (c) If one action does not take place under clauses 2.1 and 2.4, then without prejudice to any rights available to any party as a consequence:
 - (i) there is no obligation on any party to undertake or perform any of the other actions;
 - (ii) to the extent that such actions have already been undertaken, the parties must do everything reasonably required to reverse those actions; and
 - (iii) each party must return to the other party all documents delivered to it under this clause 2, without prejudice to any other rights any party may have in respect of that failure.

3 Subscription for Convertible Notes

3.1 Agreement to subscribe

- (a) Subject to satisfaction or waiver of the Conditions, the Company must, at any time after the satisfaction or waiver of the Conditions and before 9 June 2015, and in the following order:
 - (i) deliver an Issue Notice to the Subscriber requiring the Subscriber to subscribe for 4,000,000 Tranche A Notes;
 - (ii) deliver an Issue Notice to the Subscriber requiring the Subscriber to subscribe for 4,000,000 Tranche B Notes; and
 - (iii) deliver an Issue Notice to the Subscriber requiring the Subscriber to subscribe for 4,000,000 Tranche C Notes.
- (b) The Company will be deemed to have issued Issue Notices for the Tranche A Notes, Tranche B Notes and Tranche C Notes on 9 June 2015 to the extent it has not already done so on or before that date.

3.2 Subscription

- (a) Upon receipt of an Issue Notice from the Company, the Subscriber must, subject to clause 3.3, subscribe for, and the Company must issue, the Convertible Notes that are the subject of the Issue Notice, on the terms of this Deed and the Note Terms.
- (b) The Issue Notice must specify the Subscription Date for the issue of the Convertible Notes. The Subscription Date must be no later than 21 days from the date that the Issue Notice is received.
- (c) If an Issue Notice is deemed to have been issued pursuant to clause 3.1(b), the Subscription Date will be deemed to be 30 June 2015.

3.3 Obligations prior to Subscription of Tranche A Notes

Prior to the Subscription Date, the parties are required to have satisfied their obligations under clause 2.3(b) and 2.3(c).

3.4 Note Completion

On the Subscription Date:

- (a) the Subscriber must lodge an Application with the Company for the relevant Convertible Notes;
- (b) the Subscriber must elect to either:
 - (i) pay the relevant Subscription Amount to the Company into the SBA in Immediately Available Funds; or
 - (ii) by written notice to the Company, acknowledge and confirm that the relevant Subscription Amount shall be offset against monies owed by the Company to the Subscriber under the Bridge Facility as at the Subscription Date;
- (c) against payment of the relevant Subscription Amount, the Company must issue the relevant Convertible Notes by delivery to the Subscriber of the Subscriber Certificates evidencing the relevant Convertible Notes;
- (d) the Company must enter details of the issue and the Subscriber as the holder of the relevant Convertible Notes in the Register; and
- (e) the Company must pay SDB Asset Management the Convertible Note Arrangement Fee in Immediately Available Funds.

3.5 Directors and the Note Terms

- (a) If the Tranche A Notes are redeemed in accordance with paragraph 9 of the Note Terms, the Subscriber shall procure that the 2nd Company Nominee Director and the 2nd Octanex Singapore Nominee Director resign with immediate effect (and for the avoidance of doubt, this requirement shall not apply to the 1st Company Nominee Director or the 1st Octanex Singapore Nominee Director).
- (b) Simultaneous with the Company complying with its obligations under paragraph 8.2(b) of the Note Terms:
 - (i) the Company and the Subscriber shall execute and deliver to each other counterparts of the Shareholders Agreement;
 - (ii) the Company shall procure that OPSB holds a board meeting at which the directors resolve to appoint a nominee of the Subscriber's choosing, being a Malaysian citizen, as a director of OPSB with immediate effect (subject to the nominee providing written consent to act) and otherwise in accordance with the Shareholders Agreement; and
 - (iii) the Subscriber shall procure that the 2nd Company Nominee Director shall resign as a director of the Company with immediate effect.

3.6 Interdependence

The obligations of the Subscriber on the one hand, and the Company on the other hand, under clause 3.3 are interdependent.

4 Conditions precedent

4.1 Conditions precedent prior to Completion

The Subscriber and the Company are only obliged to perform their obligations in relation to subscribing for and issuing the Placement Shares and Convertible Notes if the following Conditions are satisfied or waived by the party or parties identified as being entitled to the benefit of that Condition:

Condition	Party entitled to benefit
(a) OPSB – the Subscriber receives confirmation that: <ul style="list-style-type: none">(i) a letter of offer in respect of senior debt financing for OPSB has been received and accepted by OPSB; and(ii) the Directors confirm that there is no litigation pending, threatened or otherwise outstanding in respect of OPSB.	The Subscriber
(b) Shareholder Approval - the Company validly convening and holding a Shareholders meeting and the Shareholders resolving at the meeting to approve the transactions contemplated by this Deed, including: <ul style="list-style-type: none">(i) the issue of the Placement Shares and Convertible Notes to the Subscriber for the purposes of Listing Rule 7.1 of the ASX Listing Rules and any other Listing Rule required; and(ii) the acquisition of relevant interests in the Company's voting shares by the Subscriber and its associates that may result from the issue of the Placement Shares and/or the conversion of the Convertible Notes in accordance with item 7 of section 611 of the Corporations Act.	The Subscriber and the Company
(c) Regulatory approvals – all necessary, governmental and regulatory approvals have been received (it being noted by each of the parties that as at the date of this Deed the Subscriber is not aware of any such approval being required).	The Subscriber and the Company
(d) Shareholders Agreement – the Company and the Subscriber agreeing on the form of the Shareholders Agreement, which must address withdrawal limits from the SBA.	The Subscriber and the Company
(e) Security – the parties execute and perfect the Security to the satisfaction of the Subscriber.	The Subscriber

Condition	Party entitled to benefit
(f) Material Adverse Effect – no Event of Default or any event having a Material Adverse Effect has occurred.	The Subscriber
(g) Singapore Bank Account – the Company: <ul style="list-style-type: none"> (i) establishes the SBA with the Account Bank in its name, with co-signatories nominated by each of the Company and the Subscriber; and (ii) provides the Subscriber with a letter from the Account Bank acknowledging that the account has co-signatories, and that the co-signatories cannot be changed without the consent of the Subscriber. 	The Subscriber and the Company
(h) Matching Funds – the Company deposits the Initial Matched Funds, into the SBA, provided that to the extent that the Matching Funds include cash calls paid by the Company to OPSB, the Company must provide evidence of such payments by the Company to OPSB to the Subscriber.	The Subscriber

4.2 Obligation to satisfy Conditions precedent

- (a) The Company must use best endeavours to ensure or procure that the Conditions in clauses 4.1(a), 4.1(b), 4.1(c), 4.1(f) and 4.1(h) are satisfied on or before the Sunset Date.
- (b) The Company and the Subscriber must use their respective best endeavours to ensure or procure that the Conditions in clauses 4.1(d), 4.1(e) and 4.1(g) are satisfied on or before the Sunset Date.

4.3 Satisfaction, waiver or failure of Conditions

- (a) The Issuer and the Subscriber must each promptly notify the other in writing if it becomes aware that a Condition is:
 - (i) satisfied; or
 - (ii) becomes incapable of being satisfied before the Sunset Date.
- (b) Subject to clause 4.3(c), a party with the benefit of a Condition may, at any time prior to the Sunset Date, waive a Condition by giving written notice to the other party specifying that it no longer requires the Condition to be fulfilled (provided such waiver is permitted by law).
- (c) If more than one party has the benefit of a Condition, that Condition may only be waived if each party with the benefit of the Condition gives written notice to the other party prior to the Sunset Date, specifying that it no longer requires the Condition to be fulfilled (provided such waiver is permitted by law).
- (d) A party entitled to the benefit of a Condition may terminate this Deed by giving not less than 2 Business Days written notice to the other party if at any time before Completion:

- (i) that Condition is not satisfied or waived by the party, or each party with the benefit of that Condition by the Sunset Date; or
- (ii) the Company or the Subscriber (as the case may be) has given a notice that the Condition is incapable of being satisfied by the Sunset Date (unless that Condition has actually been satisfied or waived before the notice is given)

in which case:

- (A) the Subscriber shall procure that each of the 1st Company Nominee Director, the 2nd Company Nominee Director, the 1st Octanex Singapore Nominee Director and the 2nd Octanex Singapore Nominee Director resign with immediate effect; and
- (B) this Deed shall terminate save for clauses 1, 13, 14, 15 and 16 which shall continue to apply; and
- (C) such termination shall be without prejudice to any accrued rights.

5 Use of funds

5.1 Use of funds

The Company must apply monies raised through the issue of the Placement Shares and the Convertible Notes for the following purposes, and in the following order:

- (a) repaying the Bridge Facility;
- (b) payment of the Arrangement Fee; and
- (c) subject to clause 5.2, funding Octanex Singapore's obligations to meet cash calls issued by OPSB pursuant to the OPSB Shareholders Agreement.

5.2 Matching funds

- (a) The Company may only use an amount up to an amount equal to the Initial Matched Funds raised through the issue of the Placement Shares and the Convertible Notes for the purpose referred to in clause 5.1(c) if:
 - (i) the Initial Matched Funds have been paid by the Company into the SBA;
 - (ii) a matching amount is withdrawn from the Initial Matched Funds deposited into the SBA by the Company for that purpose; or
 - (iii) the Company provides evidence satisfactory to the Subscriber that the matching amount has been paid to OPSB as a result of cash calls pursuant to the OPSB Shareholders Agreement.
- (b) the Company may use an amount in excess of an amount equal to the Initial Matched Funds raised through the issue of the Placement Shares and the Convertible Notes for the purpose referred to in clause 5.1(c) if:
 - (i) the Subsequent Matched Funds have been paid by the Company into the SBA (in addition to the amounts referred to in clause 4.1(h));

- (ii) a matching amount is withdrawn from the Matched Funds deposited into the SBA by the Company for that purpose; or
 - (iii) the Company provides evidence satisfactory to the Subscriber that the matching amount has been paid to OPSB as a result of cash calls pursuant to the OPSB Shareholders Agreement.
- (c) Subject to clause 8.9(b) of the Share Charge, the Company shall procure that unless and until the occurrence of an event of default under the Bridge Facility, all dividends or other distributions (in cash or in kind) in respect of the share capital of Octanex Singapore are paid into the SBA.
 - (d) The Company shall procure that unless and until the occurrence of an event of default under the Bridge Facility, all dividends or other distributions (in cash or in kind) in respect of the share capital of OPSB are paid into a bank account jointly held and operated by the Subscriber and Octanex Singapore.

5.3 Excess funds

If there are no further cash calls by OPSB under the RSC pursuant to the OPSB Shareholders Agreement, and funds remain in the SBA (**Remaining Funds**), the Company and the Subscriber shall, in good faith, agree the purpose(s) to which the Remaining Funds shall be put by the Company.

6 Company Warranties

6.1 Giving of Company Warranties

- (a) Subject to clause 6.1(b), the Company represents and warrants to the Subscriber that each of the Company Warranties is true and accurate as at:
 - (i) the date of this Deed; and
 - (ii) Placement Completion; and
 - (iii) on each Subscription Date.
- (b) Where a Company Warranty is given in relation to OPSB, the warranty is deemed to be qualified to the best of the Company's knowledge and belief after making due enquiry.
- (c) The Company acknowledges that it has made and given the Company Warranties with the intention of inducing the Subscriber to enter into this Deed and the Subscriber has entered into this Deed in full reliance on the Company Warranties.
- (d) Each Company Warranty must be construed independently and the interpretation of any statement made is not to be limited by reference to another Company Warranty.

6.2 Company Warranties

- (a) **corporate existence:** each Group Company is a body corporate validly existing under the laws of its place of incorporation;
- (b) **power and capacity:** the Company has the power and capacity to enter into and perform its obligations under or in connection with this Deed and each Group

Company has the power and capacity to own its assets and to carry on its business as it is now being conducted;

- (c) **disposal of assets:** subject to the disposal of assets in the ordinary course of business and except as previously consented to by the Subscriber (which consent shall not be unreasonably withheld or delayed), no Group Company has disposed of or agreed to dispose of any of the material assets of the Group since 30 June 2014;
- (d) **change in liabilities:** save for liabilities incurred in connection with the Peak Acquisition and for liabilities incurred by OPSB, there has been no material change to the liabilities of the Group as disclosed in the Company's 2014 annual financial report as published on ASX on 30 September 2014;
- (e) **no Security Interests:** except as disclosed to the Subscriber in the Due Diligence Information and pursuant to the Senior Facility, no Group Company has granted or created or agreed to grant or create any Security Interest in respect of the Asset Portfolio;
- (f) **due diligence information:** to the best of the Company's knowledge and belief, all the Due Diligence Information, including but not limited to, financial accounts, is accurate and complete and is not materially misleading (including by omission) and there is a reasonable basis for all forecasts or other forward looking statements in the Due Diligence Information;
- (g) **no litigation:** other than the Peak Arbitration, there is no pending or threatened proceeding affecting a Group Company before a court, authority, commission or arbitrator that would, if adversely determined against a Group Company, singularly or in the aggregate, have a Material Adverse Effect;
- (h) **no Insolvency Event:** no Insolvency Event has occurred in relation to a Group Company;
- (i) **necessary action:** the Company and its directors have taken all necessary action to authorise the signing, delivery and performance of this Deed and the documents required under this Deed in accordance with their respective terms;
- (j) **binding obligation:** this Deed constitutes valid and binding obligations upon the Company enforceable in accordance with its terms by appropriate legal remedy;
- (k) **signing and delivery:** the signing and delivery of this Deed and the performance by the Company of its obligations under it complies with and will not breach or conflict with:
 - (i) each applicable law and Authorisation relating to a Group Company;
 - (ii) the constituent documents of a Group Company;
 - (iii) the ASX Listing Rules; and
 - (iv) a Security Interest or document binding on any Group Company or any Group Company's assets;
- (l) **no restriction:** subject to the satisfaction of the Condition in clause 4.1(b), there is no restriction on the issue of the Placement Shares and Convertible Notes and the issue of the Placement Shares, the Convertible Notes and the shares to be issued

upon conversion of the Convertible Notes will not trigger any pre-emptive or similar right held by any person;

- (m) **compliance with laws:** the business and affairs of the Group have at all times been, and continue (as of the dates on which this Company Warranty is given) to be conducted in accordance with:
- (i) as regards the Group, all applicable law and such Group Company's constitutional documents (and no Group Company is in material breach of the same), and;
 - (ii) as regards the Company, the Corporations Act, the ASX Listing Rules and any legally binding requirement of ASIC or ASX and the Company is not in material breach of the same)

and all necessary corporate, governmental and regulatory approvals have been received for the transactions contemplated by this document.

- (n) **continuous disclosure:** the Company is, and has been at all material times in the past, in full compliance with its periodic and continuous disclosure obligations under the ASX Listing Rules and the Corporations Act and it is not withholding any excluded information for the purposes of section 708A(6)(e) of the Corporations Act;
- (o) **Shares:** when the Placement Shares are issued, and any Shares upon conversion of the Convertible Notes, they will, upon issue, be fully paid;
- (p) **capital structure:** the following table contains a true, complete and accurate description of all the issued shares and options in the Company as at the date of this Deed:

Issued Capital	Number
Shares	152,127,398
Partly paid shares	74,278,910
Trustee Shares	33,000,000
Granted Options*	18,100,000

** inclusive of options for which approval to grant has been received from shareholders but grant has not yet been made*

- (q) **obligation to issue:** the Company is not obliged to issue any Shares or other financial products or other equity interests or securities in or of the Company, and the Company has not granted any person the right to call for the issue of any Shares or other financial products or other equity interests or securities in or of the Company except in respect of the Peak Transaction and as set out in clause 6.2(p) above or elsewhere in this Deed;
- (r) **waivers and approvals:** any necessary waivers and approvals (if any) from ASX have been obtained for the Placement and the issue of the Convertible Note;

- (s) **ASIC determination:** no ASIC determination under sub-section 708A(2) of the Corporations Act is in force in respect of the Company for contravention by the Company of any of the provisions listed in sub-section 708A(2) of the Corporations Act;
- (t) **exemptions:** no exemption under sections 111AS or 111AT of the Corporations Act covered the Company, or any person as director or auditor of the Company at any time during which the Shares have been quoted;
- (u) **order:** no order under sections 340 or 341 of the Corporations Act covered the Company, or any person as director or auditor of the Company during which the Shares have been quoted;
- (v) **no other oil/gas assets:** as at the date of this Deed, the Asset Portfolio comprises the only oil and gas assets owned, held or operated by any Group Company. There are no outstanding applications made by any Group Company for the acquisition of any oil or gas interest, other than in respect of any renewals of any existing permits;
- (w) **concessions validly granted:** the Concessions have been validly granted and will, after the execution and Completion under this Deed, continue in full force and effect;
- (x) **no production pledged:** save in respect of Service Contract 6 Cadlao, no entitlement of any Group Company to any production from any Concession is pledged to the reimbursement of any loans or has been pledged to any third parties;
- (y) **no outstanding options:** except as disclosed to the Subscriber in the Due Diligence Information and, save in respect of Service Contract 6 Cadlao, there are no outstanding options, pre-emptive rights or rights of first refusal in respect of any participating interest of a Group Company in any Concession and the execution of or Completion under this Deed will not cause any such rights to become operative;
- (z) **no forced assignment or transfer:** save in respect of Service Contract 6 Cadlao, no circumstances exist which are likely to give rise to a forced assignment or transfer or forfeiture by any Group Company of its or part of its participating interest in a Concession;
- (aa) **full compliance with obligations:** each party to a Concession or a joint operating agreement has fully complied with all material obligations of such party in each such Concession and agreement, including any minimum spend obligations and obligations to undertake surveys or drill exploration wells within any set deadlines;
- (bb) **no obligation to share profits:** save for (i) OPSB in accordance with the OPSB Shareholders Agreement and (ii) Peak in connection with Renco Elang Energy Pte Ltd, no Group Company is subject to an obligation to share the profits of its business with a third party;
- (cc) **no sole risk provision exercised or to be exercised:** except as consented to by the Subscriber (which consent shall not be unreasonably withheld or delayed) no Group Company or any other party to a Concession has exercised or proposes to exercise a "sole risk" provision such that that party will assume the sole responsibility to undertake a particular project or expenditure in accordance with the terms of an operating agreement or otherwise;

- (dd) **subsisting licences:** in relation to each operated and non-operated exploration and appraisal license and Concession held or operated by the Group:
 - (i) the Group has all necessary licences (including statutory licences), permits and concessions for the proper and effective carrying on of the business of the Group;
 - (ii) no Group Company has carried out any activity without the necessary consents and no necessary consent has been refused nor is the Company aware that any such necessary consent will be indefinitely withheld in each case which would have a material adverse effect upon the ability of a Group Company to carry on its business;
 - (iii) each such licence or Concession is valid and subsisting and has not been terminated and is enforceable in accordance with its terms;
 - (iv) save in respect of Article 14.1 of the RSC, and in respect of Service Contract 6 Cadlao, there are no grounds upon which any person other than any Group Company could terminate its obligations under such licences or Concessions; and
 - (v) the entry by the Company into this Deed and Completion will not:
 - (A) relieve any other party to such licences or Concessions of its obligations thereunder or enable it to terminate its obligations thereunder; or
 - (B) cause any such licence or Concession to be determined or not continued;
- (ee) **authorisations:** all Authorisations required to make the Deed admissible in evidence in its jurisdiction of incorporation have been obtained;
- (ff) **rank equally:** its payment obligations under this Deed will rank at least equally with the claims of all its other unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law applying to companies generally;
- (gg) **no filing or stamp taxes:** under the laws of any State or Territory of the Commonwealth of Australia, it is not necessary that this Deed be filed, recorded or enrolled with any court or other authority in the Commonwealth of Australia or that any stamp, registration or similar tax be paid on or in relation to this Deed or the transactions contemplated by this Deed;

6.3 Company's indemnity

The Company indemnifies the Subscriber against any loss to the Subscriber's investment in the Company (including a loss in the value of the Placement Shares or the Shares issued upon conversion of Convertible Notes) which the Subscriber suffers or is liable for arising directly or indirectly from:

- (a) a Company Warranty being untrue and inaccurate or misleading in any material respect when made or regarded as made under this Deed; or
- (b) a material breach by the Company of this Deed.

6.4 Notification of breach

The Company agrees that it must at all times prior to the Maturity Date notify the Subscriber immediately:

- (i) if it becomes aware of anything (**Circumstance**) which would cause a Company Warranty to not be true and accurate in all material respects, or to be misleading in a material respect, detailing the nature and effect of the Circumstance; or
- (ii) of any breach of any Company Warranty or undertaking given by it under this Deed or the occurrence of any event as set out in clauses 4.3(d) and 7.

7 Subscriber Warranties

7.1 Giving of Subscriber Warranties

- (a) The Subscriber represents and warrants to the Company that each of the warranties set out in clause 7.2 is true and accurate as at:
 - (i) the date of this Deed; and
 - (ii) Placement Completion; and
 - (iii) on each Subscription Date.

7.2 Subscriber Warranties

The Subscriber represents and warrants that:

- (a) **corporate existence:** it is a body corporate validly existing under the laws of its place of incorporation;
- (b) **power and capacity:** it has the power and capacity to enter into and perform its obligations under this Deed;
- (c) **authority:** it and its directors have taken all necessary action to authorise the signing, delivery and performance of this Deed and the documents required under this Deed in accordance with their respective terms;
- (d) **validity of obligations:** this Deed constitutes valid and binding obligations upon it enforceable in accordance with its terms;
- (e) **no breach:** the signing and delivery of this Deed and the performance by the Subscriber of its obligations under it complies with:
 - (i) each applicable law and Authorisation;
 - (ii) the Subscriber's constitution;
- (f) **own account:** it is acquiring the Placement Shares for its own account and not with a view to any distribution of the Placement Shares;
- (g) **securities law restrictions:** it is aware of all applicable securities law restrictions in the jurisdictions in which it is located and of which it is a resident (**relevant jurisdictions**), and is acquiring the Placement Shares, Convertible Notes and

Shares to be issued on conversion of Convertible Notes in compliance with all applicable securities law restrictions in the relevant jurisdictions;

- (h) **Risks of Investment:** it is capable of evaluating the merits and risks of its investment in the Shares, Convertible Notes and the Shares to be issued on conversion of the Convertible Notes, and the Company is not making any recommendations to it or advising it regarding the suitability or merits of buying the Shares, Convertible Notes and the Shares to be issued on conversion of the Convertible Notes;
- (i) **Assessment of Investment:** that (i) it has made its own assessment and has satisfied itself concerning the tax, legal, regulatory and financial considerations relevant to its investment in the Shares, Convertible Notes and Shares to be issued on conversion of the Convertible Notes; and (ii) it has made its investment decision based solely upon the Due Diligence Information and its own review, judgment and analysis and not upon any view expressed or information provided (other than the Due Diligence Information) by or on behalf of the Company or any of its affiliates;
- (j) **Exemption from Registration:** that it understands that the Shares, Convertible Notes and the Shares to be issued on conversion of the Convertible Notes are being offered to it pursuant to an exemption from or in a transaction not subject to the registration requirements of the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**") and that the Shares, Convertible Notes and Shares to be issued on conversion of the Convertible Notes have not been and will not be registered under the U.S. Securities Act or with any state or other jurisdiction of the United States; and
- (k) **Corporations Act:** it is subscribing for the Shares, Convertible Notes and shares to be issued on conversion of the Convertible Notes pursuant to a private placement which does not constitute an offer or invitation for which disclosure is required to be made to investors under Part 6D.2 of the Corporations Act, and it is not a "retail client" within the meaning of Section 76G of the Corporations Act.

8 Undertakings by the Company

8.1 Undertakings prior to Maturity Date

Subject to clause 8.2, the Company agrees that (unless the Subscriber agrees otherwise in writing), prior to the Maturity Date it will:

- (a) **debt:** not (and shall procure that no member of the Group will) incur or permit to subsist any finance debt (other than the Senior Facility) without the prior written consent of the Subscriber, such consent not to be unreasonably withheld or delayed;
- (b) **duties:** pay when due any Duties in relation to this Deed, the Convertible Notes or the Placement Shares;
- (c) **constitution:** not vary any term of the Constitution without the prior written consent of the Subscriber to the terms of the variation, such consent not to be unreasonably withheld or delayed;
- (d) **breach:** not commit, be involved in or acquiesce in any activity which materially breaches:
 - (i) the Corporations Act;

- (ii) any other applicable laws;
- (iii) the ASX Listing Rules;
- (iv) the Constitution; or
- (v) any legally binding requirement of ASIC or ASX,

where such breach may be reasonably likely to have a Material Adverse Effect;

- (e) **business:** conduct its business and procure that each other member of the Group conducts its business in the ordinary course and will not:

- (i) dispose (or permit any other member of the Group to dispose) of any material part of its (or their) business or property (save in respect of Service Contract 6 Cadlao);
- (ii) acquire or agree to acquire (or permit any other member of the Group to acquire or agree to acquire) any material asset;
- (iii) grant (or permit any other member of the Group to grant) any Security Interest over any material part of its (or their) business or property; or

except in the ordinary course of business or with the prior written consent of the Subscriber;

- (g) **announcements:** not make any public announcement or release in relation to any matter relating to this Deed without consulting with, and obtaining the prior written consent of the Subscriber, such consent not to be unreasonably withheld or delayed unless the Company is required by law or the ASX Listing Rules to make an announcement and is unable to first consult with, and obtain consent from the Subscriber within the required timeframe, in which case, the Company must use its reasonable endeavours (having regard to its obligations under such law or the ASX Listing Rules) to provide the Subscriber with a copy of the statement before it is made;
- (h) **Prescribed occurrence:** not permit a Prescribed Occurrence to occur in respect of it (or any other member of the Group) at any time after the date of this Deed;
- (i) **impairment:** in accordance with its usual procedures, and by its Board, review Group assets for the purposes of determining the need for impairment;
- (j) **information:** promptly upon request, provide such information within its possession or control or available to it regarding the Group as the Subscriber may reasonably request and, in any event, promptly provide with the Subscriber with all material information (in written form or otherwise) provided or made available to any of the
- (k) **related party transactions:** not (or permit any other member of the Group to) enter into any agreement, transaction or other arrangement with or for the benefit

of a Related Party other than in the ordinary course of business or in respect of the Peak Transaction;

(l) **authorisations:** ensure that each Authorisation required for:

- (i) the execution and delivery (if applicable) and the performance by it of this Deed; and
- (ii) the development, conduct and operation of the Group's business,

is obtained and maintained in full force and effect and that any breach is promptly rectified;

(m) **moratorium on new issues:** not, without the prior written consent of the Subscriber (such consent not to be unreasonably withheld or delayed), at any time after the date of this Deed and before the expiration of 18 months after the Placement Completion Date, issue or agree to issue, or indicate in any way that it may or will issue or agree to issue, any Shares or other securities that are convertible or exchangeable into equity securities or that represent the right to receive equity securities of the Company, other than:

- (i) the issue of the Placement Shares, Convertible Notes or Shares on conversion of Convertible Notes pursuant to this Deed;
- (ii) the conversion of any convertible securities (as that term is defined in the ASX Listing Rules) which are on issue as of the date of this Deed;
- (iii) an issue of equity securities by the Company pursuant to a dividend reinvestment plan or employee incentive scheme (as those terms are defined in the ASX Listing Rules), or as a result of the conversion or exercise of any securities issued pursuant to such plan or scheme; or
- (iv) an issue of securities pursuant to an agreement or arrangement which has been disclosed (together with the maximum proposed number of securities to be issued) by the Company on ASX prior to the date of this Deed;

(n) **moratorium on new issues by Octanex Singapore:** procure that Octanex Singapore does not, without the prior written consent of the Subscriber (such consent not to be unreasonably withheld or delayed), at any time after the date of this Deed and before the expiration of 18 months after the Placement Completion Date, issue or agree to issue, or indicate in any way that it may or will issue or agree to issue, any securities, other than as contemplated by this Deed; and

(o) **guarantees:** no Group Company will grant or permit to subsist any Guarantee other than as granted under a Finance Document or with the prior consent of the Subscriber.

8.2 Undertakings in relation to OPSB

Where an undertaking in clause 8.1 is given in relation to OPSB, the undertaking is deemed to be qualified to the extent that the Company has the ability to procure the satisfaction of the undertaking in relation to OPSB, or if it does not have the ability to procure the satisfaction of the undertaking, it will use reasonable endeavours to procure the satisfaction of the undertaking.

8.3 Undertaking as to purpose

The Company undertakes that its sole purpose for making the Placement is for the purposes referred to in clause 5 and its purpose does not include any or all of the Placement Shares being offered for the purpose of the Subscriber selling or transferring them, or granting, issuing or transferring interests in, or options over, them.

9 Trustee Shares

The Company and the Subscriber agree that any decision of the board of the Company in any way related to the Trustee Shares will require the unanimous consent of the Company's board, and the consent of each director of the Company must not be unreasonable withheld.

10 Events of Default

10.1 Events of Default

It is an **Event of Default** if, at any time:

- (a) **failure to pay:** the Company fails to pay or repay an amount due under this Deed within 10 Business Days following receipt of notice from the Subscriber that the amount is due under this Deed and has not been paid by the date due for payment;
- (b) **material breach:** the Company commits a material breach of this Deed (including failing to procure the appointment of the nominee contemplated by clause 2.3(a) to the Board or failing to comply with the undertakings under clause 7) and that breach is incapable of remedy, or if capable of remedy, is not remedied by the Company within 15 Business Days of receiving written notice from the Subscriber specifying the breach and stating an intention to terminate the agreement;
- (c) **cross-default:** the Company commits an event of default (howsoever described) under the Bridge Facility and/or the Share Pledge or any other financing agreement;
- (d) **Insolvency Event:** an Insolvency Event occurs in relation to the Company;
- (e) **misrepresentation:** any warranty, representation or statement by the Company is or becomes false, misleading or incorrect in any material respect when made or regarded as made by the Company under this Deed;
- (f) **material adverse effect:** a Material Adverse Effect occurs;
- (g) **change in control:** there is a Change in Control of the Company or a decision is made by the Company (without the prior written consent of the Subscriber) to undertake a transaction which would result in a Change in Control of the Company;
- (h) **revocation:** an Authorisation, approval or consent which is material to the Group or its business is cancelled, repealed, revoked or terminated or has expired, or is modified or amended or conditions are attached to it in a manner which is likely to have a Material Adverse Effect;
- (i) **breach of law:** a Group Company is in material breach of an applicable law, regulation, Authorisations, the ASX Listing Rule, or court order, official directive or ruling of any Government Agency binding on it;

(j) **vitiating:**

- (i) it is or becomes unlawful for a party to perform any of its obligations under this Deed or this Deed is otherwise repudiated, terminated, rescinded, or become void, unenforceable or otherwise of limited force and effect;
- (ii) any person becomes entitled to repudiate, terminate, rescind or avoid any material provision of this Deed; or
- (iii) any person, alleges or claims on reasonable grounds that an event described in clause (i) above has occurred or that it is entitled as described in clause (ii) above;

(k) **expropriation:** any person with competent jurisdiction takes any step with a view to the seizure, compulsory acquisition, expropriation or nationalisation of any asset(s) of the Group, or any of the shares of any member of the Group.

10.2 Consequents of Default

- (a) The Subscriber may give notice to the Company that an Event of Default has occurred at any time after the occurrence of the Event of Default (**Default Notice**).
- (b) For a period of 3 months from the date of a Default Notice, the Subscriber shall be entitled to redeem the Convertible Notes by notice to the Company. The Convertible Notes shall be redeemed by the Company paying the Subscriber an amount which represents the face value plus a 12% internal rate of return per annum yield inclusive of interest payments on the face value of the Convertible Notes.

11 Successor company and voting intention

- (a) In the case of an acquisition, consolidation, amalgamation, merger or transfer of all or substantially all of the Shares, undertaking or assets of the Company to another corporation (**Successor Corporation**), the Successor Corporation shall expressly assume, by supplemental deed, in satisfactory form to the Subscriber (acting reasonably), executed and delivered to the Subscriber, the due and punctual performance and observance of each and every condition of this Deed (including the Note Terms) to be performed by the Company, including for avoidance of doubt the issue of Shares in itself or Octanex Singapore on conversion.
- (b) As at the date of execution of this Deed, the Subscriber has a present intention, based on the information available to it as at the date of this deed, to vote any Shares it controls at the relevant time in favour of the Company's proposed acquisition of Peak Oil & Gas Limited ABN 79 131 843 868, if such a vote occurs; however, the Subscriber retains its right to vote any Shares it controls in its absolute discretion.

12 Inspection rights

The Company shall, on the request of the Subscriber, with reasonable notice allow the Subscriber and representatives appointed by the Subscriber:

- (a) access to the property, plant, premises books and records (including its corporate and financial records) of the Group; and
- (b) access to Group personnel to discuss the Group's business and finances,

during reasonable business hours and shall provide reasonable assistance to them.

13 Confidentiality

A party may not disclose the provisions of this Deed or Confidential Information about the other party, except:

- (a) after getting the written consent of the other party;
- (b) to an officer, employee, professional adviser, consultant or financier of that party who needs to know such information in the conduct of his or her duties provided that party must use its best endeavours to ensure all permitted disclosures under this clause are kept confidential;
- (c) as required by an applicable law, legal process, any order or rule of any Government Agency or the rules of a recognised stock exchange, provided that, where practical, the disclosing party will first consult with the other party about the form and content of the disclosure;
- (d) to the shareholders of that party if required for the purposes of seeking approval from shareholders related to this Deed;
- (e) if the information is, for the purpose of complying with the provisions of the Corporations Act, contained in a document issued for a party for the offer for subscription or purchase, or the issue of invitations to subscribe for or buy, its securities or securities of another corporation as the case may be; or
- (f) in connection with legal or other proceedings relating to this Deed.

14 Expenses and Duty

14.1 Expenses and Duty

Subject to clause 14.2:

- (a) the Company must pay or reimburse the Subscriber for all reasonable costs and expenses including legal fees (other than in connection with the Subscriber's due diligence incurred prior to the execution of this Deed) in connection with this Deed and the matters contemplated within it; and
- (b) the Company must pay or reimburse the Subscriber for any Duty which arises from signing, delivering, registering, performing, amending, releasing or enforcing this Deed.

14.2 Expenses if transactions do not proceed

If the transactions the subject of this Deed is cancelled or terminated or aborted at any time through no fault of the Subscriber, the Company must pay to the Subscriber on a full indemnity basis all costs, fees and expenses reasonably and properly incurred, registration fees and any Duty, abortive costs, out of pocket expenses and legal costs including the Subscriber's legal fees incurred on:

- (a) due diligence, negotiation and documentation in connection with or incidental to the transactions the subject of this Deed or the Share Charge, Account Security Deed, Account Security Acknowledgment or the Shareholders Agreement;

- (b) preservation of the Security, protection and realisation of the Security and the processing implementation and recovery of moneys owing under this Deed or in connection with the transactions the subject of this Deed;
 - (c) the contesting of and involvement in any legal proceedings of any nature by the Subscriber for the protection of or in connection with any account(s) or assets of the Subscriber; and
 - (d) interest from the date the costs and expenses are incurred to the date of full payment at such rate as the Subscriber may reasonably prescribe (both before and after judgment).
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15 GST

15.1 Consideration exclusive of GST

- (a) Any consideration or payment obligation in this Deed is exclusive of GST unless stated otherwise.
- (b) If a Supply made under or in connection with this Deed is a Taxable Supply the consideration for the Supply is increased by an additional amount equal (**Additional Amount**) to the amount of that consideration multiplied by the relevant GST rate.
- (c) The Additional Amount under paragraph (b) is payable at the same time and in the same manner as the consideration for the Supply to which the additional amount relates.

15.2 Tax Invoice

A party who receives consideration for a Taxable Supply, whether monetary or otherwise, must give the other party a Tax Invoice in a form which complies with the GST Law within 10 Business Days after the end of the month in which any consideration is paid, or an invoice issued, in relation to the Supply, whichever occurs first.

15.3 Payments

Unless otherwise stated in this Deed, the following principles apply when determining the amount of a payment under this Deed:

- (a) if a party is entitled under this Deed to be reimbursed or indemnified by another party for an expense, claim, loss, liability or cost incurred in connection with this Deed, the reimbursement or indemnity payment must not include any GST component of the expense, claim, loss, liability or cost for which an Input Tax Credit may be claimed; and
- (b) if a party sets off an amount under this Deed, the same principles apply to calculate the amount to be set-off, as if the amount had been paid in accordance with paragraph (a).

15.4 Adjustment Event

If an Adjustment Event occurs, the Additional Amount will be increased or decreased (as the case may be) to reflect the Increasing Adjustment or Decreasing Adjustment (as the case may be) and the Supplier must issue an Adjustment Note to the Recipient.

16 General

16.1 Notices

- (a) Any notice or other communication given under this Deed including, but not limited to, a request, demand, consent or approval, to or by a party to this Deed:
 - (i) must be in legible writing;
 - (ii) must be addressed to the addressee at the address or facsimile number set out below or to any other address or facsimile number a party notifies the other under this clause:
 - (A) if to the Company:

Address: Level 21
500 Collins Street
Melbourne VIC 3000
Australia

Attention: The Company Secretary

Facsimile: +61 3 8610 4799
 - (B) if to the Subscriber:

Address: 25th Floor, Wisma UOA II
21, Jalan Pinang
50450 Kuala Lumpur
Malaysia

Attention: The Company Secretary

Facsimile: +603 20300908
 - (iii) must be signed by an Officer of a sender which is a body corporate; and
 - (iv) is deemed to be received by the addressee in accordance with clause (b).
- (b) Without limiting any other means by which a party may be able to prove that a notice has been received by another party, a notice is deemed to be received:
 - (i) if sent by hand, when delivered to the addressee;
 - (ii) if by post, 3 Business Days from and including the date of postage/on delivery to the addressee; or
 - (iii) if by facsimile transmission, on receipt by the sender of an acknowledgment or transmission report generated by the machine from which the facsimile was sent,

but if the delivery or receipt is on a day which is not a Business Day or is after 4.00pm (addressee's time) it is regarded as received at 9.00am on the following Business Day.

- (c) A facsimile transmission is regarded as legible unless the addressee telephones the sender within 2 hours after transmission is received or regarded as received under clause (b)(iii) and informs the sender that it is not legible.
- (d) In this clause a reference to an addressee includes a reference to an addressee's Officers, agents or employees or a person reasonably believed by the sender to be an Officer, agent or employee of the addressee.

16.2 Third Party Rights

The Parties intend that no provision of this Deed shall by virtue of the Contracts (Rights of Third Parties) Act 1999 confer any benefit on nor be enforceable by any person who is not a party to this Deed, and this Deed may be rescinded, amended or varied by the Parties without notice to or consent of any third party.

16.3 Jurisdiction

This Deed, and any non-contractual obligations arising out of or in connection therewith, is governed by the laws of England, and each party irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of Singapore.

16.4 Invalidity

- (a) If a provision of this Deed, or a right or remedy of a party under this Deed is invalid or unenforceable in a particular jurisdiction:
 - (i) it is read down or severed in that jurisdiction only to the extent of the invalidity or unenforceability;
 - (ii) it does not affect the validity or enforceability of that provision in another jurisdiction or the remaining provisions in any jurisdiction.
- (b) This clause is not limited by any other provision of this Deed in relation to severability, invalidity or unenforceability.

16.5 Amendments and Waivers

- (a) This Deed may be amended only by a written document signed by the parties.
- (b) A waiver of a provision of this Deed or a right or remedy arising under this Deed, including this clause, must be in writing and signed by the party granting the waiver.

16.6 Legal advice

Each party acknowledges that it has received legal advice about this Deed or has had the opportunity of receiving legal advice about this Deed.

16.7 Cumulative rights

The rights and remedies of a party under this Deed do not exclude any other right or remedy provided by law.

16.8 Non-merger

No provision of this Deed merges on completion of any transaction contemplated by this Deed.

16.9 Payments

A payment which is required to be made under this Deed must be in cash or by bank cheque or in other immediately available funds and in Australian dollars.

16.10 Further assurances

Each party must do all things necessary to give full effect to this Deed and the transactions contemplated by this Deed.

16.11 Entire deed

This Deed supersedes all previous agreements about its subject matter (including, without limitation the term sheet dated 24 October 2014) and embodies the entire agreement between the parties.

16.12 No assignment

The Company may not assign this Deed or otherwise transfer the benefit of this Deed or a right or remedy under it, without the prior written consent of the Subscriber.

16.13 Counterparts

This Deed may be signed in any number of counterparts and all those counterparts together make one instrument.

Execution page

Executed as a deed.

Signed and delivered by **Octanex NL** in
accordance with section 127 of the *Corporations*
Act 2001 (Cth) and by:



Signature of director



Name of director (print)



Signature of director/secretary




Name of director/secretary (print)

Executed and delivered as a deed by **Sabah**
International Petroleum Ltd in the
presence of:



Signature of witness




Name of witness (print)

(Seal)



Signature of authorised signatory



Name of authorised signatory (print)