

**OCTANEX N.L.**  
ABN 61 005 632 315

**HALF YEAR FINANCIAL REPORT**

**31 DECEMBER 2014**

**DIRECTORY****BOARD OF DIRECTORS**

E.G. Albers (Chairman)  
R.L. Clark  
J.M.D. Willis  
D.C. Coombes  
G Guglielmo  
S Kler  
K How Kow

**COMPANY SECRETARIES**

J.G. Tuohy  
R.J. Wright

**REGISTERED OFFICE**

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500 Collins Street,  
Melbourne, Victoria 3000

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**AUDITOR**

Grant Thornton Audit Pty Ltd  
Level 30  
525 Collins Street  
Melbourne, Victoria 3000 Australia

**SHARE REGISTRY**

Link Market Service Limited  
Level 1,  
333 Collins Street,  
Melbourne, Victoria 3000  
Telephone: +61 (0)3 9615 9947  
Facsimile: +61 (0)3 9633 8495  
Website: [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

**STOCK EXCHANGE LISTING**

ASX Ltd  
Level 4, North Tower, Rialto,  
525 Collins Street,  
Melbourne, Victoria 3000

**ASX Codes:**

OXX Ordinary Shares – Fully Paid  
OXXCB Ordinary Shares – Partly Paid

**INCORPORATED**

Incorporated in Victoria on 13 March 1980

**CONTENTS**

Directors' Report .....	1
Directors' Declaration .....	15
Statement of Profit or Loss and Other Comprehensive Income .....	16
Statement of Financial Position .....	17
Statement of Cash Flows .....	18
Statement of Changes in Equity .....	19
Notes to the Financial Statements .....	21
Independent Auditor's Review Report.....	29
Auditor's Independence Declaration .....	31

**CURRENCY**

The company's functional and presentation currency is Australian Dollars

**FORWARD LOOKING STATEMENTS**

This report includes certain forward-looking statements that have been based on current expectations about future acts, events and circumstances. These forward-looking statements are, however, subject to risks, uncertainties and assumptions that could cause those acts, events and circumstances to differ materially from the expectations described in such forward-looking statements.

These factors include, among other things, commercial and other risks associated with the meeting of objectives and other investment considerations, as well as other matters not yet known to the company or not currently considered material by the company.

## DIRECTORS' REPORT

The directors of Octanex N.L. (**Octanex** or **the company**) submit their report on the consolidated results of the company and its wholly-owned subsidiaries (**controlled entities**) or (**the group**) for the half year ended 31 December 2014.

### Directors

The names of the company's directors in office during the half year and until the date of this report are as follows:

*E Geoffrey Albers – Executive Chairman and Chief Executive Officer*  
*Raewyn Clark – Executive Director and Chief Executive Officer*  
*(appointed 17 October 2014)*  
*James Willis – Non-Executive Director*  
*Giustino Guglielmo – Non-Executive Director (appointed 18 December 2014)*  
*David Coombes – Non-Executive Director*  
*Suhnylla Kler – Non-Executive Director (appointed 18 December 2014)*  
*Kevin How Kow – Non-Executive Director (appointed 18 December 2014)*  
*Graeme Menzies – Non-Executive Director (resigned 18 December 2014)*

### Financial Results For The Half Year

The consolidated entity, being the company and its controlled entities, recorded a consolidated loss for the year of \$4,066,853 (31/12/2013: profit of \$5,725,320).

### Dividends

No dividend was declared or paid during the half year.



Figure 1 Octanex location of interests

## **OCTANEX STRATEGY**

Octanex has pursued a grassroots exploration strategy over many years. Its business has been to seek prospective acreage and to upgrade that acreage through seismic acquisition and the development of attractive targets, with the general intention of attracting international companies as farminees.

Octanex is implementing a change in strategy so as to reduce its exposure to exploration and to include the acquisition or development of near-term production assets which have the capacity to provide future cashflow generation.

Octanex has interests in two development assets, the Ophir oil field, offshore Malaysia, and the Cornea oil field, offshore Western Australia, in addition to its portfolio of exploration acreage in Australia and New Zealand. The location of Octanex's interests are shown in Figure 1 and information follows regarding each and including current activities.

## **ASSETS AND ACTIVITIES OVERVIEW**

### **Ophir Oil Field Risk Service Contract, Malaysia**

Octanex has a 50% interest in Ophir Production Sdn Bhd (OPSB), the joint venture company that holds the Risk Service Contract (RSC) for the development of the Ophir oil field, offshore Peninsular Malaysia.

Octanex's joint venture shareholders in OPSB are Scomi with 30% and Vestigo with 20%. Scomi is a wholly-owned subsidiary of Scomi Energy Services Bhd, a Malaysian petroleum industry services company listed on the Main Board of Bursa Malaysia. Vestigo is a wholly-owned subsidiary of the Malaysian state owned PETRONAS and focussed on the development of small, marginal and mature fields.

The RSC model was introduced 2011 as a new petroleum arrangement designed with the objective of intensifying upstream Malaysian oil and gas activities and developing smaller, stranded oil and gas resources. The RSC model balances the sharing of risks with fair returns for the development and production of discovered small fields. Under the terms of an RSC, the Contractor (in this case OPSB) is the service provider and operator of the field, while PETRONAS is the resource owner.

Upfront investment of capital is contributed by the Contractor, with the Contractor compensated via the reimbursement of costs plus a remuneration fee for services rendered. The remuneration fee is linked to production volumes as well as certain key performance indicators.

Following the decline in oil price, OPSB's project cost reduction efforts have intensified and OPSB expects that such savings should enable it to generate returns for its client, PETRONAS, and shareholders, even if oil prices remain low.

Field development activities commenced during the half year ended 31 December 2014. Vintage seismic data was reprocessed to improve the imaging of the target reservoir and seismic interpretation of the reprocessed dataset commenced. Petrophysical and reservoir characterisation activities aimed at building a static geological model of the field were carried out. The static model of the reservoir has been input to the dynamic model and final development planning has commenced.

Drilling basis of design and completions design work was progressed with well trajectories created and mud program under development. Initial well costings have been determined. Facilities engineering activities were undertaken including review of strategies for further cost reductions. The oil price decline has provided opportunities for additional savings as industry participants compete for reduced work.

### Financing

Octanex's share of the Ophir project is fully funded via a combination of project finance by OPSB and Octanex's financing arrangements with Sabah International Petroleum (refer page 12). OPSB has term loan facilities with a syndicate of three banks (Malayan Banking Berhad (Maybank), RHB Bank (L) Ltd and United Overseas Bank Limited Offer) for 75% of the planned capital expenditure for the development of the Ophir Oil Field as well as 75% of the first three quarters of the planned operating expenditure, and a bank guarantee in favour of PETRONAS. The tenure of the term loan facilities is up to four years.

### Cornea Retention Lease, Browse Basin

Octanex holds an aggregate 18.75% interest in the Cornea Retention Lease, WA-54-R (Lease), granted for an initial 5-year term in May 2014 and located in the Browse Basin offshore from Western Australia.

The Lease covers the Cornea Location Area of six graticular blocks (approximately 497 km<sup>2</sup>) located within what was the WA-342-P Exploration Permit and incorporates the Cornea oil and gas accumulations (Greater Cornea Fields) – see Figure 2. The Greater Cornea Fields include the Cornea (Central and South), Focus and Sparkle Oil Fields and the Cornea North (Tear) Gas Field.

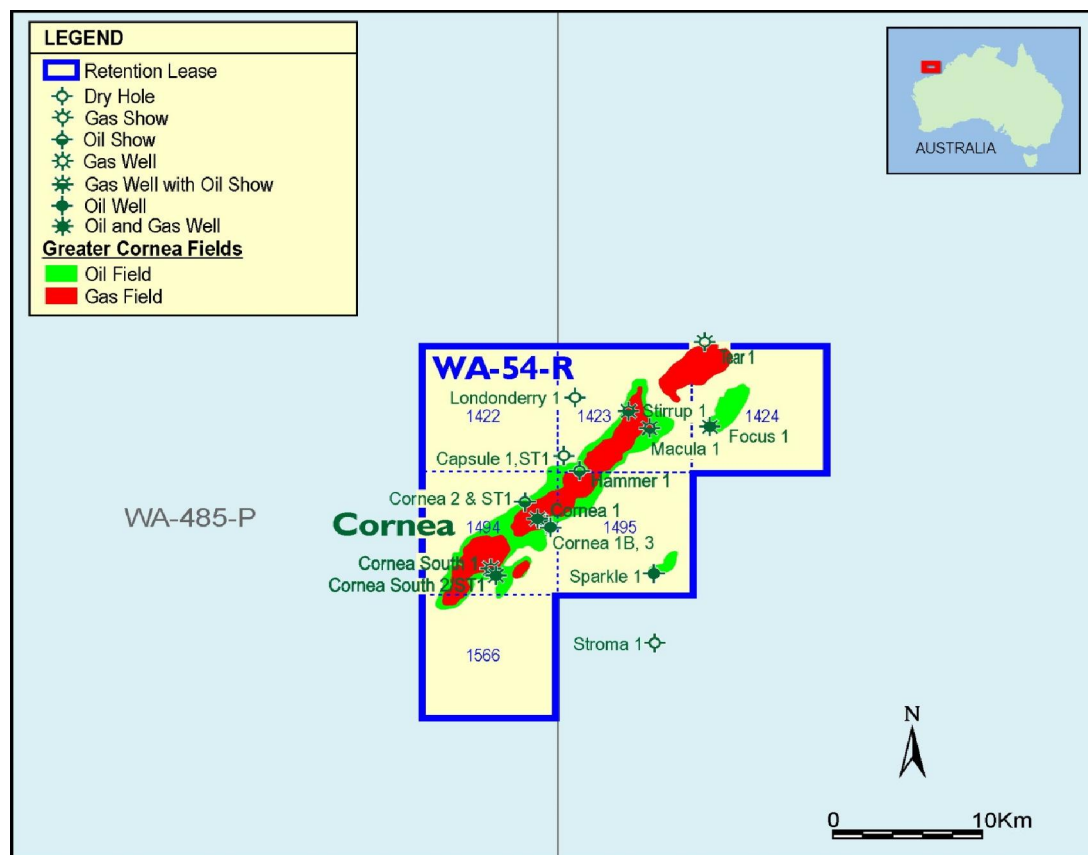


Figure 2 Cornea Retention Lease Location Map

### **Work Programme**

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 as quickly as possible. The recent steep oil price decline has added another challenge to development.

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. The studies are aimed at overcoming various technical challenges likely to be faced in bringing the Greater Cornea Fields into commercial production. The oil and gas volumes in the Greater Cornea Fields are such that, if threshold production flow rates can be demonstrated, dependent on oil price, the economics should be attractive and provide a reasonable expectation of commercial development.

### **Contingent Oil Resources – Cornea Central and South Fields**

Table 1 presents the probabilistically derived In-place and Contingent Oil Resources for the Cornea Central and South Oil Fields, with no development risk having been applied in deriving these volumes.

<b>Middle Albian B &amp; C Sands</b>	<b>Low Estimate (P90)</b>	<b>Best Estimate (P50)</b>	<b>High Estimate (P10)</b>	<b>Units</b>
<b>Total Oil In-place</b>	<b>298.0</b>	<b>411.7</b>	<b>567.2</b>	<b>mmbbl</b>
Recovery Factor	2	7	25	%
<b>Contingent Oil Resources</b>	<b>7.9</b>	<b>28.8</b>	<b>101.9</b>	<b>mmbbl</b>
<b>Octanex Economic Interest (18.75%)</b>	<b>1.48</b>	<b>5.40</b>	<b>19.11</b>	<b>mmbbl</b>

*Table 1 In-place and Contingent Oil Resources for Cornea Central and South Fields*





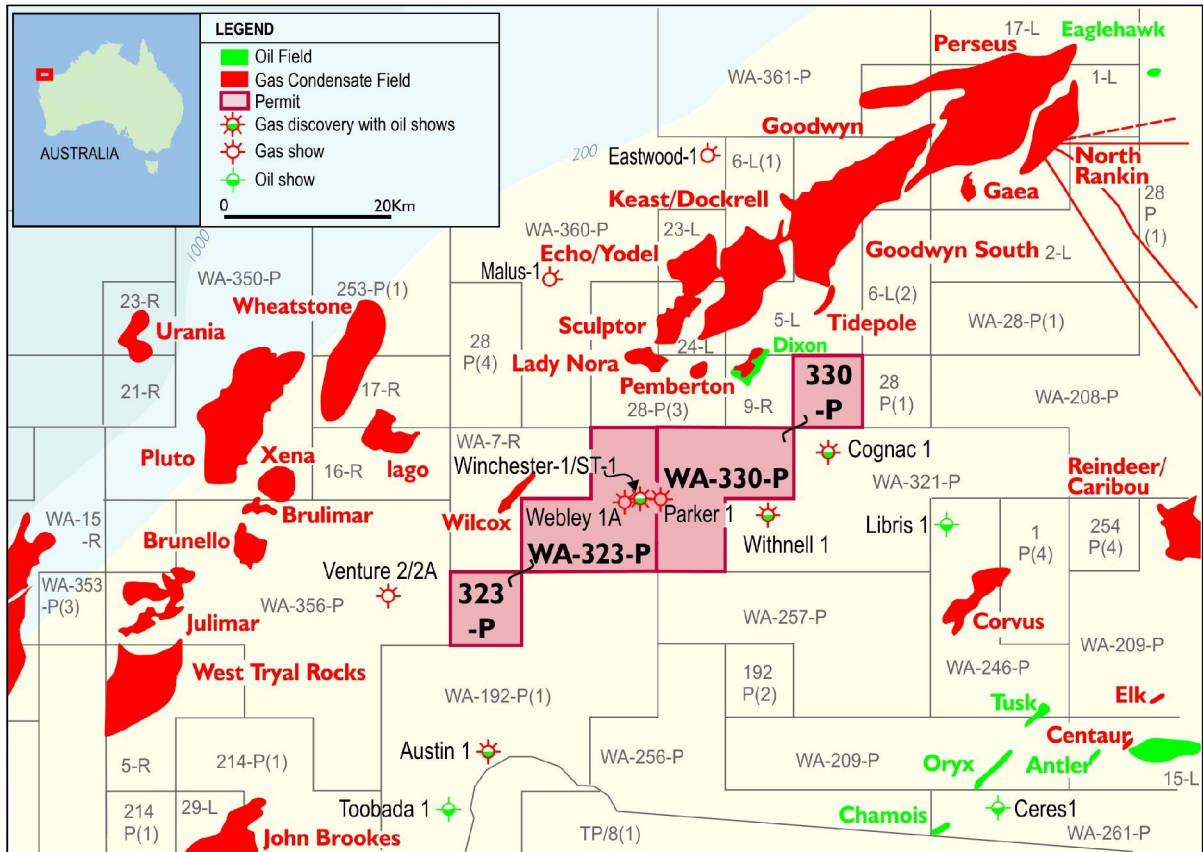


Figure 4 WA-323-P and WA-330-P and Winchester-1/ST1 Location Map

Reprocessing and re-interpretation of the 720 km<sup>2</sup> Winchester 3D seismic data set is ongoing. This work has been designed to enable better definition of the Winchester structure, in the vicinity of the Parker-1 well in particular, and over additional Triassic targets in the north of WA-330-P.

## Exmouth Plateau interests

Octanex has interests in three permits in the Exmouth Plateau as shown in Figure 5. The high-impact potential of these interests is highlighted by the recent award of WA-506-P to Statoil with a significant work commitment involving 2,000 line km of 2D seismic and 3,500 km<sup>2</sup> of 3D seismic data. WA-506-P adjoins Octanex's WA-362-P permit. In commenting on the award, Statoil noted that "this is an untested part of a prolific basin, offering significant upside potential"



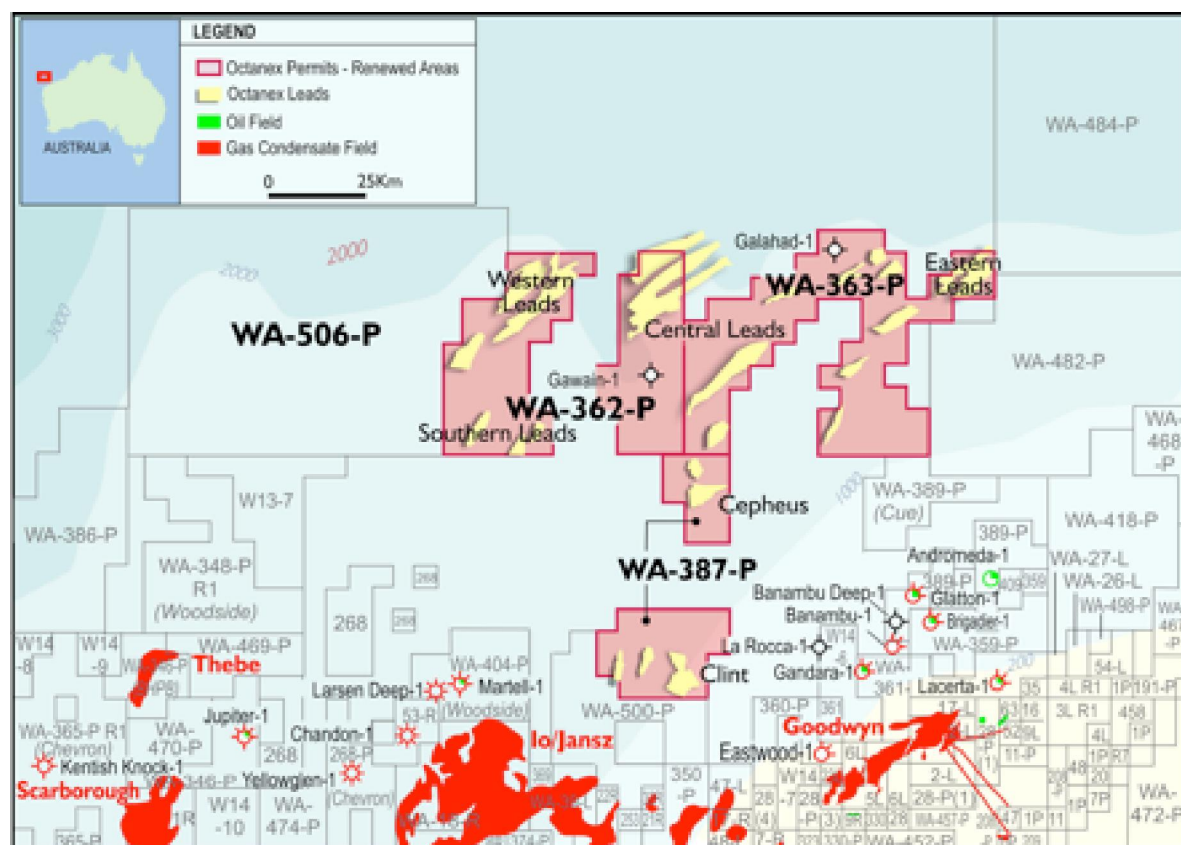


Figure 5 Location Map Exmouth Plateau Permits

## WA-362-P & WA-363-P – Exmouth Plateau

The WA-362-P and WA-363-P Joint Ventures each consist of:

ENI Australia Ltd (Eni)	66.667% and Operator
Octanex	33.33%

The WA-362-P and WA-363-P permits are located on the northern margin of the Exmouth Plateau, 300 – 400 km northwest of the Western Australian coastline and comprise a combined exploration area of approximately 10,956 km<sup>2</sup> – see Figure 5. The work programme in both permits calls for seabed coring and studies to be followed by a new 3D seismic survey and an exploration well in the last two years of each permit's term.

Octanex remains fully carried by Eni though all exploration activity, including the next well in each permit, should a well be drilled in either or both of the permits.

## WA-387-P – Exmouth Plateau

Octanex has a 100% interest in the WA-387-P permit which comprises an exploration area of approximately 2,419 km<sup>2</sup>.

The current work programme calls for the acquisition of 2D seismic surveys and studies. Octanex is seeking the interest of other exploration companies to join with it in this work.

## WA-386-P – Exmouth Plateau

During the half-year, Octanex executed a sales and purchase agreement with Shell Australia Pty Ltd in respect of WA-386-P for consideration of \$350,000. The sale was subject to satisfaction of certain conditions precedent which were satisfied in February 2015.

## Bonaparte Basin Exploration Interests

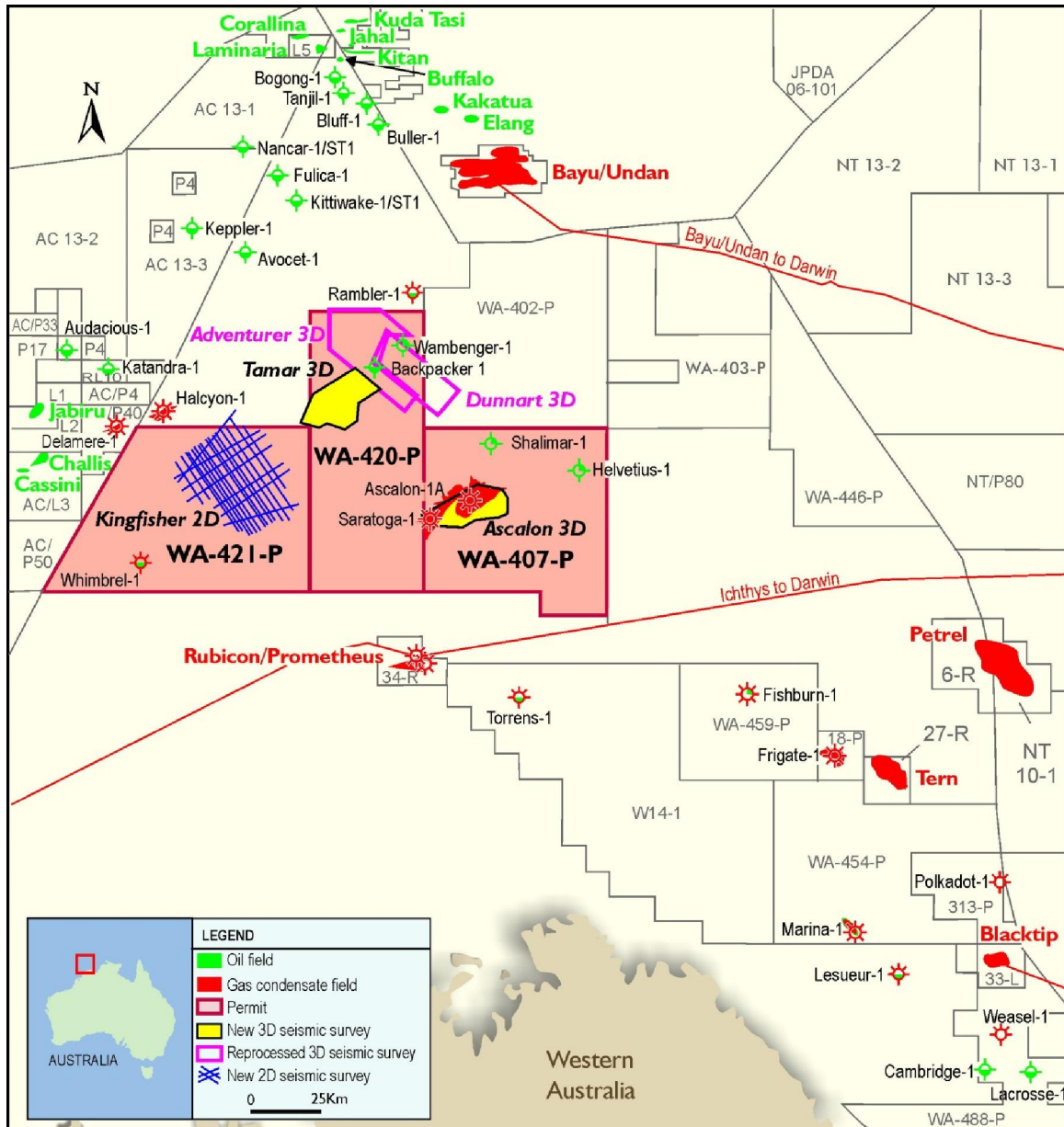


Figure 6 Location map of Bonaparte Basin Permits and Completed Seismic Surveys

## WA-407-P, WA-420-P and WA-421-P

Octanex holds 100% interests in three adjacent petroleum exploration permits in the offshore Southern Bonaparte Basin (located predominantly offshore of the north-western coast of Australia) that comprise an area of approximately 15,535 km<sup>2</sup> in total. Those permits are WA-407-P, WA-420-P and WA-421-P and they are displayed in Figure 6.

During the half-year a number of permit administration matters were effected.

Variation of the year 6 work program for WA-420-P was sought in order to replace a well obligation with seismic inversion and geotechnical studies. The varied work program was approved in January 2015.

A twelve month suspension and corresponding extension to year five of WA-407-P was sought during the half year to 31 December 2014. The suspension and extension was approved in January 2015. In February 2015 an application for a Declaration of Location over the Ascalon Gas discovery in WA-407-P was lodged with the regulator.

An application to renew WA-421-P for a further 5 year term was lodged during the quarter. Octanex is in discussion with the authorities in regards to the work program for a renewed term.

### Taranaki Basin Exploration Interests

Octanex holds interests in two petroleum exploration permits that cover approximately 2,759 km<sup>2</sup> in the offshore Taranaki Basin of New Zealand; PEP 51906 and PEP 53537 (refer Figure 7 Location Map of the Taranaki Basin Permits).

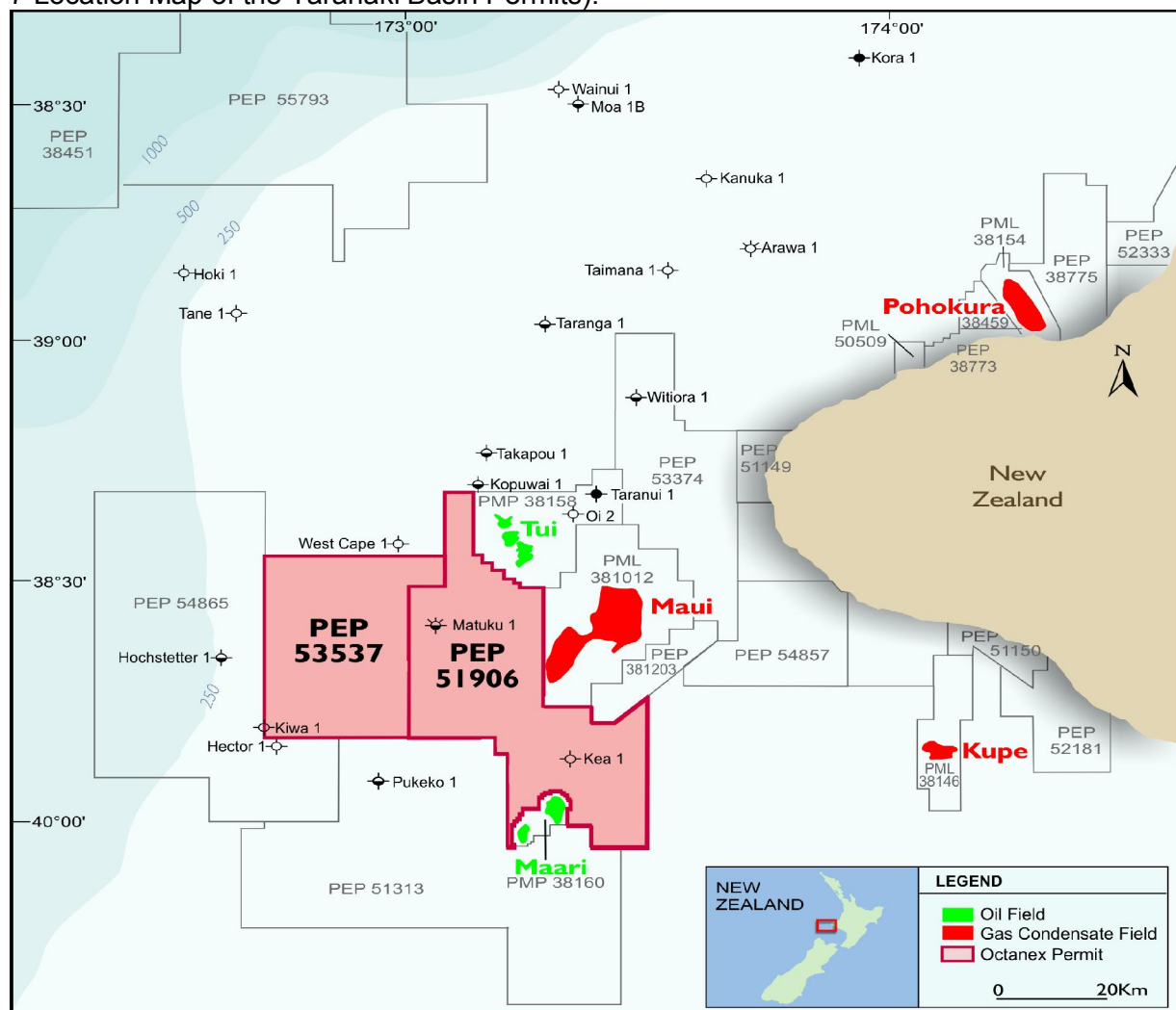


Figure 7 Location Map of the Taranaki Basin Permits

## PEP 51906 – Taranaki Basin

The PEP 51906 Joint Venture consists of:

OMV New Zealand Limited (OMV)	65% and Operator
Octanex	22.5%
New Zealand Oil & Gas Limited (NZOG)	12.5%

The PEP 51906 permit covers an area of 1,613 km<sup>2</sup> and is adjacent to three producing fields; the Maui gas/condensate field to the east (which has been in production since 1979), the Tui oil field to the northeast (which has been producing since 2008) and the Maari/Manaia fields to the south (which commenced production in 2009) – see Figure 8 PEP 51906, Kaka 3D Survey Location Map.

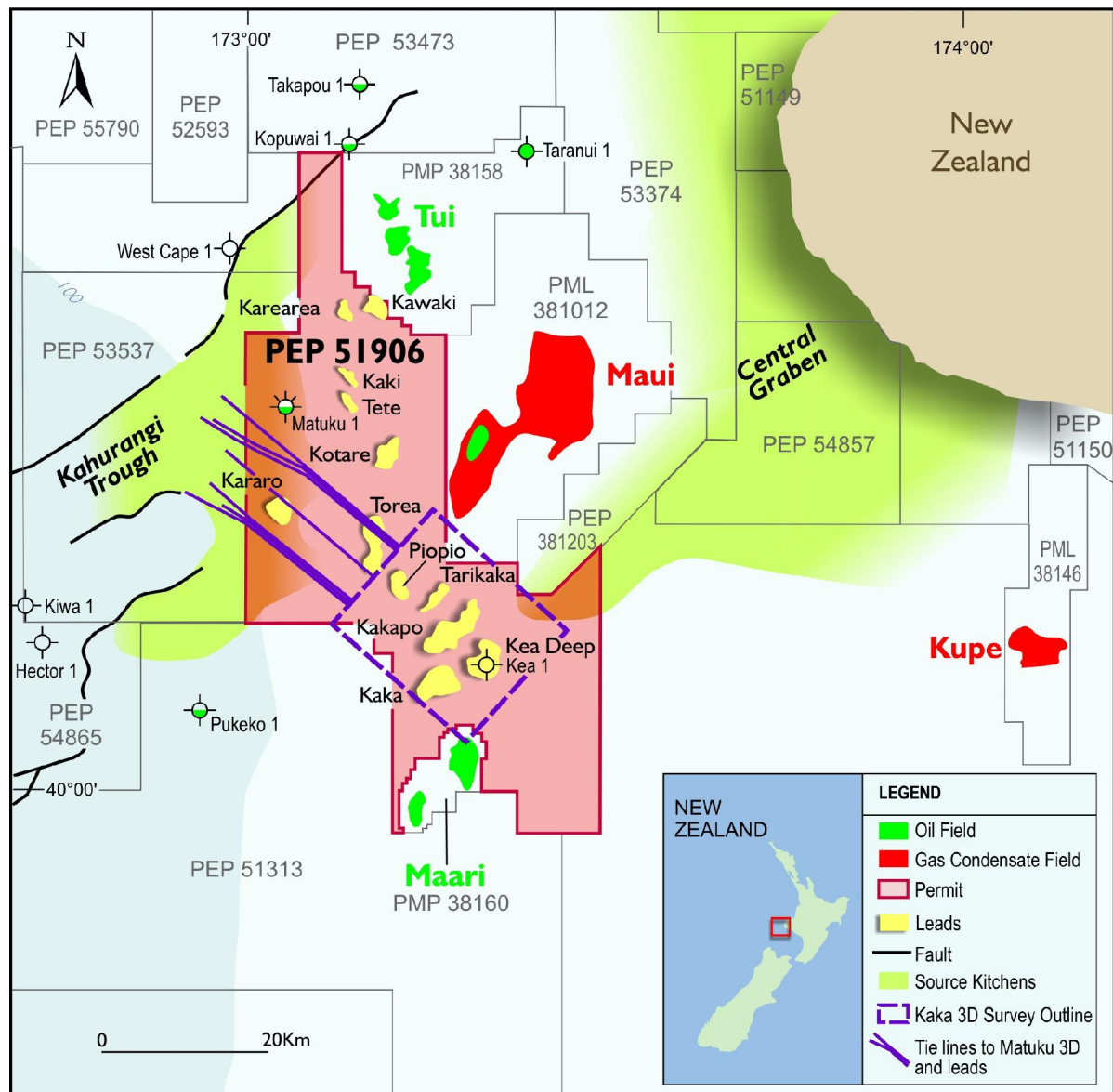


Figure 8 PEP 51906, Kaka 3D Survey Location Map

Earlier in 2014, the Kaka seismic survey acquired 403.8 km<sup>2</sup> of new 3D data from within and adjacent to PEP 51906 – see Figure 8 PEP 51906, Kaka 3D Survey Location Map. A further 67.4 km<sup>2</sup> of 3D tie lines were acquired as part of the overall survey. Interpretation of this data is ongoing with a view to selecting a drilling target for a prospective well to be drilled in 2017.

### **PEP 53537 – Taranaki Basin**

The PEP 53537 Joint Venture consists of:

OMV New Zealand Limited (OMV)	65% and Operator
Octanex	35%

The PEP 53537 permit adjoins the western boundary of PEP 51906. It covers an area of 1,146 km<sup>2</sup> and has an extensive grid of 2D seismic data of various vintages. A critical review of the assessment of the prospectivity of the permit is underway.

### **PEP 55790 – Taranaki Basin**

Following a prospectivity review the Directors have decided to fully impair this asset at 31 December 2014.

## **CORPORATE MATTERS**

### **Board Composition**

The composition of Octanex's board changed during the half year ended 31 December 2014, with the appointment of four new directors.

Rae Clark was appointed as an Executive Director and Chief Operating Officer. Mrs Clark was previously Octanex's Commercial Manager and brought a wide range of operational, commercial and project development knowledge, as well as oil and gas industry experience, to the Board.

As part of the Company's widened strategy to acquire and develop near term production assets, Tino Guglielmo was appointed as a director, Mr Guglielmo is a petroleum engineer with more than 30 years experience including project development experience.

In conjunction with company's strategic alliance with, and funding from Sabah International Petroleum (SIP), Kevin How and Suhnylla Kler were appointed as directors of Octanex. Both were nominated by SIP pursuant to the SIP funding arrangements.

The Octanex Board has been strengthened by each of these appointments, with a greater diversity and complement of skills now represented on the Board.

During the half year ended 31 December 2014 Graeme Menzies, a director of the company since 2003, resigned. He is thanked sincerely for his service.

### **Strategic Review – Response to Oil Price Decline**

The Board conducted a strategic review of its exploration assets and strategies in response to the decline in oil price. Following this review, a decision was made to rein in exploration activity and to avoid future potential work program liabilities.

Octanex's asset portfolio was reviewed with actions implemented as outlined throughout this report. Cost reduction measures to reduce corporate overheads and expenditure have also been implemented. Octanex believes that the measures taken following the strategic review will stand the company in good stead to face the challenges posed by a low oil price environment, a situation which may persist until a worldwide oil supply/consumption equilibrium is reached.



### **Strategic Alliance with and Funding from Sabah International Petroleum (SIP)**

In December 2014, Octanex and SIP completed documentation for transactions effecting a strategic alliance between Octanex and SIP, including funding from SIP. SIP is wholly owned by Sabah Development Bank Berhad which in turn is wholly owned by the Ministry of Finance of the State of Sabah, a state in the Malaysian Federation.

In December, Octanex drew \$6,000,000 from the SIP bridge loan facility. \$5,000,000 of the bridge facility was satisfied via the issue of 40,332,663 shares to SIP on 4 February 2015. The balance of the bridge facility outstanding following the issue of shares (\$1,000,000) will be repaid on the facility maturity date of 31 March 2015. SIP will further subscribe for US\$12,000,000 in Convertible Notes in three equal tranches with conversion prices of 15, 20 and 25 cents per share for each of the tranches. The Notes will have a redemption date of 30 June 2017 and an alternative conversion option until June 30, 2016 into a 35% shareholding in Octanex Pte Ltd, the holder of Octanex's 50% interest in OPSB.

### **On Market Share Buy-back**

On 1 April 2014, Octanex announced an on market share buy-back for up to 7,500,000 of the Company's fully paid ordinary shares. The buy-back was launched to exercise effective capital management for the benefit of Octanex shareholders and will run for a period 12 months. As at 31 December 2014, a total of 194,500 shares had been acquired for a total consideration of \$20,300.

### **Termination of Peak Proposed Schemes of Arrangement and Peak Loan**

During the quarter, and as a result of a review conducted by the Board, Octanex decided not to extend the implementation end date for the proposed Schemes of Arrangement between Peak Oil & Gas Limited (Peak) and its members and option holders. The Schemes could not be completed by the agreed end date, and the application to the Supreme Court in relation to the Schemes was accordingly withdrawn by Peak.

In May 2014, Octanex and Peak had entered into a loan facility agreement with associated security documentation, pursuant to which Octanex funded Peak's budgeted outgoings until the end of 2014. These outgoings were substantially to fund Peak's share of 2D seismic acquisition activities in the South Block A Production Sharing Contract in North Sumatra, Indonesia.

On 31 December 2014 Octanex agreed to reschedule Peak's debt due to Octanex of \$1,952,815 million. As a first step in that process, Octanex agreed to extend the due date for repayment of the debt until 1 March 2015 in order for detailed agreements to be entered into. These documents were executed in March 2015 (refer events after balance date).

Peak's debt to Octanex may be able to be satisfied, repaid or otherwise discharged in whole or part or progressively over the remaining 16 month period including by way of, but not limited to, proceeds of sale of assets and/or future capital raisings by Peak or any combinations thereof.

### **Octanex**

Octanex is used through this report to refer to Octanex N.L. and its subsidiaries.

## INVESTMENTS

### **Oil Basins Limited (ASX Code: OBL)**

The group holds 23,027,778 fully paid ordinary shares. OBL holds interests in various petroleum exploration permits in the offshore Gippsland and Carnarvon and onshore Canning Basins.

Information about OBL may be obtained from OBL, from documents lodged by OBL with the ASX and from the OBL website [www.oilbasins.com.au](http://www.oilbasins.com.au).

### **Peak Oil and Gas Limited (ASX Code: PKO)**

The group holds 142,448,684 fully paid ordinary shares and in PKO. PKO has an effective 38.25% interest in the South Block A Production Sharing Contract in North Sumatra Indonesia, and various interests in the Cadlao Redevelopment Project offshore the Philippines.

Information about PKO may be obtained from PKO, from documents lodged by PKO with the ASX and from the PKO website [www.peakoil-gas.com](http://www.peakoil-gas.com)

### **Ophir Production Sdn Bhd**

The group holds 1,600,000 fully paid ordinary shares in Ophir Production Sdn Bhd, a Malaysian joint venture company. Further details of this investment can be found in the Review of Operations.

## SUBSEQUENT EVENTS

Subsequent to the end of the half year:

### WA-386-P

In February 2015 Conditions Precedent to the sale of Octanex's interest in WA-386-P were satisfied, completing the sale of this interest to Shell as outlined earlier in this report.

### SIP Placement US\$5m

On 3 February 2015, following shareholder approval, the company completed a placement of 40,332,663 shares with Sabah International Petroleum Limited for US\$5 million.

### Canning Basin

In January 2015 Octanex terminated a conditional agreement made two years earlier with Oil Basins Limited (OBL) to acquire a 25% participating interest in a permit to be issued in respect of an onshore Western Australian petroleum exploration permit application area. Octanex had conditionally agreed to acquire the interest in January 2013. EP 487 (Derby Block) was subsequently granted to OBL and Back Reef Oil Limited. However, a number of conditions precedent to the acquisition were not satisfied by the required date of 23 January 2014. Despite Octanex granting a further period of 365 days (to 23 January 2015) to satisfy the conditions precedent, remaining conditions were not met and the termination made.

### Peak Loan

In March 2015 Octanex executed an amended loan agreement and associated security documentation with Peak and its subsidiary (Peak Oil & Gas (Australia) Pty Ltd) (POGA) (Peak Group) in relation to Peak's debt due to Octanex of \$1,952,815. The key principles of these documents are summarised below.



- a) Peak Group's indebtedness to Octanex is fixed as at 31 December 2014 at \$1,952,815 which, from 1 January 2015, will bear interest at the RBA cash rate from time to time. Unpaid interest will be capitalised.
- b) The revised terms provide for extensions of the due date for payment of Peak Group's debt to Octanex on a recurring 60 day cycle with possible extensions on a rolling basis for a maximum of 18 months from 31 December 2014 to 30 June 2016, subject to Octanex not terminating the arrangement at any time during a 60 day period.
- c) During each 60 day extension period Peak Group and Octanex will consult as to action being taken or steps available to Peak Group to repay its indebtedness to Octanex.
- d) Peak and POGA have assumed joint and several liability to Octanex to repay all such moneys which were advanced by Octanex to Peak Group and which were used substantially by POGA to fund its obligations in relation to South Block A in Indonesia.
- e) the loan documentation has been revised with an Amended and Restated Loan Agreement being entered into and both Peak and POGA have, pursuant to a further ASX waiver granted on 27 February 2015, granted charges over their assets to secure repayment of the Peak Group's indebtedness.

#### **AUDITOR'S INDEPENDENCE DECLARATION**

We have obtained an independence declaration as required under section 307C of the Corporations Act 2001 from our auditor, Grant Thornton Audit Pty Ltd, a copy of which is included at page 31.

Signed in accordance with a resolution of the directors



EG Albers  
Director

Melbourne, 16 March 2015

## **DIRECTORS' DECLARATION**

In accordance with a resolution of the directors of Octanex NL, I state that:

In the opinion of the directors:

- (a) the financial statements of the group, comprising the statement of profit or loss and comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and accompanying notes are in accordance with the Corporations Act 2001 including:
  - (i) giving a true and fair view of the financial position of the group as at 31 December 2014 and of its performance for the half year ended on that date; and
  - (ii) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) at the date of this declaration there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board.



E.G. Albers  
Director

Melbourne 16 March 2015

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

	NOTE	31/12/2014 \$	CONSOLIDATED 31/12/2013 \$
Profit from sale of permit interest		-	10,211,175
Net foreign exchange gain		490,688	177,153
Other income		309,530	335,471
Consulting		(297,873)	(280,309)
Exploration		(5,000)	(57,047)
Finance expenses		(371,039)	-
Impairment of exploration assets	5	(3,328,526)	(1,274,008)
Impairment of investment in associate		(457,466)	-
Management fees		(75,000)	(53,941)
Office costs		(354,523)	(215,605)
Other expenses		(269,989)	(288,856)
Pre feasibility		-	(542,249)
Reporting, registry and stock exchange		(45,045)	(47,441)
Salaries		(149,315)	(100,976)
Share of loss in associate		(592,942)	-
Share based payments		<u>(184,522)</u>	<u>-</u>
(Loss) / profit before income tax		(5,331,022)	7,863,367
Income tax benefit / (expense)		<u>1,264,169</u>	<u>(2,138,047)</u>
Net (Loss) / profit for the half year		<u>(4,066,853)</u>	<u>5,725,320</u>
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operation		562,445	481,203
Income tax effect		-	-
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Changes in financial assets at fair value through other comprehensive income		(92,111)	137,110
Income tax effect		<u>27,633</u>	<u>(41,133)</u>
Other comprehensive income for the half year net of tax		<u>(64,478)</u>	<u>95,977</u>
Total comprehensive income for the half year		<u>(3,568,886)</u>	<u>6,302,500</u>
Basic earnings (cents per share)		(2.068)	2.911
Diluted earnings (cents per share)		(2.068)	2.911

The above Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the accompanying notes.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2014**

	NOTE	31/12/2014 \$	CONSOLIDATED 30/6/2014 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	6	8,043,349	8,506,574
Trade and other receivables		<u>495,569</u>	<u>303,173</u>
		8,538,918	8,809,747
Exploration asset held for sale	7	<u>350,000</u>	<u>-</u>
<b>TOTAL CURRENT ASSETS</b>		<u>8,888,918</u>	<u>8,809,747</u>
<b>NON-CURRENT ASSETS</b>			
Loans receivables	9	6,679,821	954,613
Financial assets at fair value through other comprehensive income		195,914	288,025
Investments in an associate and a joint venture		1,667,286	1,854,783
Property, plant and equipment		22,676	26,281
Exploration and evaluation assets	10	<u>45,960,919</u>	<u>48,842,991</u>
<b>TOTAL NON-CURRENT ASSETS</b>		<u>54,526,616</u>	<u>51,966,693</u>
<b>TOTAL ASSETS</b>		<u>63,415,534</u>	<u>60,776,440</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		1,067,806	1,107,819
Borrowings	11	7,323,305	-
Current tax liabilities		<u>34,566</u>	<u>33,605</u>
<b>TOTAL CURRENT LIABILITIES</b>		<u>8,425,677</u>	<u>1,141,424</u>
<b>NON-CURRENT LIABILITIES</b>			
Provisions		97,238	72,791
Deferred tax liabilities		<u>10,140,227</u>	<u>11,405,475</u>
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>10,237,465</u>	<u>11,478,266</u>
<b>TOTAL LIABILITIES</b>		<u>18,663,142</u>	<u>12,619,690</u>
<b>NET ASSETS</b>		<u>44,752,392</u>	<u>48,156,750</u>
<b>EQUITY</b>			
Issued capital		61,582,965	61,602,959
Reserves		2,141,491	1,459,002
Accumulated losses		<u>(18,972,064)</u>	<u>(14,905,211)</u>
<b>TOTAL EQUITY</b>		<u>44,752,392</u>	<u>48,156,750</u>

The above Statement of Financial Position is to be read in conjunction with the accompanying notes.

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

	<b>31/12/2014</b>	<b>CONSOLIDATED 31/12/2013</b>
	<b>\$</b>	<b>\$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Administration fees received	217,931	7,470
Payments to suppliers - other	(1,887,353)	(1,290,565)
Interest received	<u>10,382</u>	<u>235,011</u>
Net cash outflow from operating activities	<u>(1,659,040)</u>	<u>(1,048,084)</u>
<b>INVESTING ACTIVITIES</b>		
Payments to suppliers - exploration	(571,617)	(968,917)
Loans to related parties	(5,342,848)	-
Proceeds from sale of permit interest	<u>-</u>	<u>11,325,355</u>
Net cash (outflow) / inflow from investing activities	<u>(5,914,465)</u>	<u>10,356,438</u>
<b>FINANCING ACTIVITIES</b>		
Proceeds from borrowings	6,637,990	-
Share buy back	<u>(19,994)</u>	<u>-</u>
Net cash inflow from investing activities	<u>6,617,996</u>	<u>-</u>
Net (decrease) / increase in cash assets	(955,509)	9,308,354
Effect of exchange fluctuations on cash and cash equivalents	492,284	29,549
Cash assets at the beginning of the half year	<u>8,506,574</u>	<u>11,696,194</u>
Cash assets at the end of the half year	<u>8,043,349</u>	<u>21,034,097</u>

The above Statement of Cash Flows is to be read in conjunction with the accompanying notes.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

	Contributed equity	Accumulated losses	Financial assets at fair value through other comprehensive income	Foreign currency translation reserve	Option reserve	Total
	\$	\$	\$	\$	\$	\$
<b>CONSOLIDATED ENTITY</b>						
At 1 July 2014	61,602,959	(14,905,211)	111,332	584,176	763,494	48,156,750
Loss after tax		(4,066,853)	-	-	-	(4,066,853)
<i>Other comprehensive income</i>						
Exchange differences of translation of foreign operations net of tax	-	-	-	562,445	-	562,445
Changes in fair value on financial assets at fair value through other comprehensive income net of tax	-	-	(64,478)	-	-	(64,478)
Total comprehensive income for the year	-	(4,066,853)	(64,478)	562,445	-	(3,568,886)
Transactions with owners in their capacity as owners						
Share buy back	(19,994)	-	-	-	-	(19,994)
Share-based payments expense	-	-	-	-	184,522	184,522
At 31 December 2014	61,582,965	(18,972,064)	46,854	1,146,621	948,016	44,752,392

The above Statement of Changes in Equity is to be read in conjunction with the accompanying notes.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

	Contributed equity	Accumulated losses	Financial assets at fair value through other comprehensive income	Foreign currency translation reserve	Option reserve	Total
	\$	\$	\$	\$	\$	\$
<b>CONSOLIDATED ENTITY</b>						
At 1 July 2013	61,603,609	(11,459,304)	212,929	-	670,451	51,027,685
Profit after tax		5,725,320	-	-	-	5,725,320
<i>Other comprehensive income</i>						
Exchange differences of translation of foreign operations net of tax	-	-	-	481,203	-	481,203
Changes in fair value on financial assets at fair value through other comprehensive income net of tax	-	-	95,977	-	-	95,977
Total comprehensive income for the year	-	5,725,320	95,977	481,203	-	6,302,500
At 31 December 2013	61,603,609	(5,733,984)	308,906	481,203	670,451	57,330,185

The above Statement of Changes in Equity is to be read in conjunction with the accompanying notes.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

**NOTE 1 CORPORATE INFORMATION**

Octanex NL (“Octanex” or “the company”) is a for-profit company incorporated and domiciled in Australia with its registered office and principal place of business located at Level 21, 500 Collins Street, Melbourne, Victoria 3000. The consolidated financial report of the company for the half year ended 31 December 2014 comprises the company and its subsidiaries (together referred to as the “consolidated entity” or “the group”) and the consolidated entity’s interest in joint operations.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The half year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the annual financial report.

The half year financial report should be read in conjunction with the Annual Financial Report of Octanex NL as at 30 June 2014.

It is also recommended that the half year financial report be considered together with any public announcements made by Octanex NL and its controlled entities during the half year ended 31 December 2014 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001 and the Listing Rules of the ASX.

**(a) Basis of preparation**

These general purpose financial statements for the half year reporting period ended 31 December 2014 have been prepared in accordance with Australian Accounting Standard 134 Interim Financial Reporting and the Corporations Act 2001.

The half year financial report has been prepared on an historical cost basis less impairment losses, except for financial assets at fair value through other comprehensive income that are measured at fair value. For the purpose of preparing the half year financial report, the half year has been treated as a discrete reporting period.

***Going concern***

The Company’s future activities are dependent upon obtaining additional funds for development and exploration commitments and for general company operations. The directors believe such funding will be available, as and when required, and have prepared the financial report on a going concern basis which contemplates the development and use of assets and discharge of liabilities in the ordinary course of business. Expenditure commitments include obligations associated with the development of the Ophir Oil Field, minimum work obligations for exploration permits and working capital.

The Ophir development is directly project financed through the incorporated joint venture company, Ophir Production Sdn Bhd (OPSB), by a package of senior debt facilities made available by a syndicate of banks comprised of Malayan Banking Berhad (Maybank), RHB Bank (L) Ltd and United Overseas Bank Limited. In this regard, OPSB has signed agreements for term loan facilities of up to US\$118.76 million and the provision of a guarantee in favour of Petronas for US \$13.5 million. The facilities are structured to meet 75% of the planned capital expenditure for the development of the Ophir Oil Field, 75% of the first three quarters of the operating expenditure and the cost of a bank guarantee facility of US\$13.5 million.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(a) Basis of preparation (continued)**

***Going concern (continued)***

The tenure of the term loan facilities is up to four years. Securing project financing was an important milestone for the development of the Ophir Oil Field. Octanex has provided a proportionate corporate guarantee and undertaking in respect of these facilities and to the contract performance obligations of OPSB.

The balance of funding required by Octanex for the Ophir development is being provided by Sabah International Petroleum ("SIP") pursuant to a share placement and convertible note subscription agreement executed in December 2014 and approved by Shareholders in February 2015. SIP is wholly owned by Sabah Development Bank Berhad which in turn is wholly owned by the Ministry of Finance of the State of Sabah

Working capital for the minimum work obligations for exploration permits and general purposes, will require the Company to raise additional equity capital or undertake borrowings from time to time. It is the Company's intention that the additional funds would be raised in the manner deemed most expedient by the board of directors at the time, taking into account existing working capital, exploration results, budgets, share market conditions, capital raising opportunities and the interest of industry and others in participation in the company's programs. It is the Company's plan that this capital will be raised by any one or a combination of the following methods: partial sale of the company's interests or farmout, placement of shares, issue of debt instruments, issue of shares to shareholders or a further issue of shares to the public. Minimum work obligations for exploration may also be satisfied by variation, farmout or sale. Should these options not occur, the carrying value of the exploration assets would not be realised and it would likely result in the relinquishment or surrender of the permits and may impact the ability of the group to continue normal business operations.

**(b) Summary of significant accounting policies**

The half year consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2014.

**(c) Accounting estimates and judgements**

Management has assessed recoverability of the loan to Peak Oil & Gas Limited ("Peak") and has decided its carrying value to be appropriate (Refer Note 9). It is management's view that the value of the South Block A interest in Peak supports the carrying value of the loan. In March 2015 Octanex executed an amended loan agreement and associated security documentation with Peak and its subsidiary Peak Oil & Gas Australia Pty Ltd (POGA) (together Peak Group) in relation to Peak's debt due to Octanex. The revised terms provide for extensions of the due date for payment of Peak Group's debt to Octanex on a recurring 60 day cycle with possible extensions on a rolling basis for a maximum of 18 months from 31 December 2014 to 30 June 2016. Peak's debt to Octanex may be able to be satisfied, repaid or otherwise discharged in whole or part progressively over the remaining 16 month period including by way of, but not limited to, proceeds of sale of assets and/or future capital raisings by Peak or any combinations thereof.

**(d) New and revised accounting standards applicable for the first time to the current half-year reporting period**

The group has adopted all new and revised Australian Accounting Standards and Interpretations that became effective for the first time and are relevant to the group. The adoption of the new and revised

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(d) New and revised accounting standards applicable for the first time to the current half-year reporting period (continued)**

Australian Accounting Standards and Interpretations has had no significant impact on the group's accounting policies or the amounts reported during the current half-year period.

**NOTE 3 SEGMENT INFORMATION**

Segment information is presented using a 'management approach', i.e. segment information is provided on the same basis as information used for internal reporting purposes by the board of directors.

At regular intervals the board is provided with management information at a group level for the group's cash position, the carrying values of exploration permits and a group cash forecast for the next twelve months of operation.

On this basis, no segment information is included in these financial statements.

**NOTE 4 EXPLORATION EXPENDITURE COMMITMENTS**

	<b>31/12/2014</b>	<b>CONSOLIDATED 31/12/2013</b>
	\$	\$
The group's estimated expenditure to satisfy contractual and/or permit work requirements:		
Not later than 1 year	683,157	3,858,909
Payable later than one year but not later than three years	<u>1,743,750</u>	<u>2,383,750</u>
	<u>2,426,907</u>	<u>6,242,659</u>

**NOTE 5 IMPAIRMENT OF EXPLORATION AND EVALUATION ASSETS**

Subsequent to the end of the half year (Note 7 and 8), the WA-386-P permit was sold to Shell Australia Pty Ltd for \$350,000. As a consequence, the carrying value of \$3,510,091 was written down by \$3,160,091 to \$350,000 at 31 December 2014. PEP 55790 was impaired by \$181,565 following a critical review of the permit's prospectivity post year end.

	<b>31/12/2014</b>	<b>CONSOLIDATED 30/06/2014</b>
	\$	\$

**NOTE 6 CASH**

Cash at bank and on hand	8,043,349	7,487,474
Bank deposits at call	<u>-</u>	<u>1,019,100</u>
	<u>8,043,349</u>	<u>8,506,574</u>

Cash at bank and on hand includes \$6,655,313 held with the OCBC Bank in Singapore. As required by the financing arrangement with Sabah International Petroleum Ltd these funds can only used to fund cash calls for the Ophir project or to repay borrowings from SIP.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

<b>CONSOLIDATED</b>	
<b>31/12/2014</b>	<b>30/06/2014</b>
<b>\$</b>	<b>\$</b>

**NOTE 7 EXPLORATION ASSETS HELD FOR SALE**

Exploration permit – WA-386-P	<u>350,000</u>	<u>-</u>
-------------------------------	----------------	----------

On 23 February 2015, Octanex received \$350,000 from Shell Australia Pty Ltd proceeds from the sale of the exploration permit WA-386-P, following the conditions precedent in the sale agreement dated 17 December 2014 being met. The permit has been impaired down to this value at 31 December 2014 (Note 5 and 8).

**NOTE 8 EVENTS SUBSEQUENT TO BALANCE DATE**

SIP Placement

On 3 February 2015, following shareholder approval, the company completed a placement of 40,332,663 shares with Sabah International Petroleum Limited for US\$5 million. This satisfied \$5,000,000 of the amount borrowed under the SIP bridge facility in December 2014.

WA-386-P Sale

On 23 February 2015 the company completed the sale of WA-386-P to Shell Australia Pty Ltd for \$350,000.

Canning Basin

In January 2015 Octanex terminated a conditional agreement made two years earlier with Oil Basins Limited (OBL) to acquire a 25% participating interest in a permit to be issued in respect of an onshore Western Australian petroleum exploration permit application area. Octanex had conditionally agreed to acquire the interest in January 2013. EP 487 (Derby Block) was subsequently granted to OBL and Back Reef Oil Limited. However, a number of conditions precedent to the acquisition were not satisfied by the required date of 23 January 2014. Despite Octanex granting a further period of 365 days (to 23 January 2015) to satisfy the conditions precedent the conditions were not met.

Peak Loan

In March 2015 Octanex executed an amended loan agreement and associated security documentation with Peak and its subsidiary (Peak Oil & Gas (Australia) Pty Ltd) (POGA) (Peak Group) in relation to Peak's debt due to Octanex of \$1,952,815. The key principles of these documents are summarised below.

- a) Peak Group's indebtedness to Octanex is fixed as at 31 December 2014 at \$1,952,815 which, from 1 January 2015, will bear interest at the RBA cash rate from time to time. Unpaid interest will be capitalised.
- b) The revised terms provide for extensions of the due date for payment of Peak Group's debt to Octanex on a recurring 60 day cycle with possible extensions on a rolling basis for a maximum of 18 months from 31 December 2014 to 30 June 2016, subject to Octanex not terminating the arrangement at any time during a 60 day period.
- c) During each 60 day extension period Peak Group and Octanex will consult as to action being taken or steps available to Peak Group to repay its indebtedness to Octanex.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

**NOTE 8 EVENTS SUBSEQUENT TO BALANCE DATE (Continued)**

- d) Peak and POGA have assumed joint and several liability to Octanex repay all such moneys which were advanced by Octanex to Peak Group and which were used substantially by POGA to fund its obligations in relation to South Block A in Indonesia.
- e) the loan documentation has been revised with an Amended and Restated Loan Agreement being entered into and both Peak and POGA have, pursuant to a further ASX waiver granted on 27 February 2015, granted charges over their assets to secure repayment of the Peak Group's indebtedness.

	<b>CONSOLIDATED</b>	
	<b>31/12/2014</b>	<b>30/06/2014</b>
	<b>\$</b>	<b>\$</b>

**NOTE 9 LOANS RECEIVABLE – NON CURRENT**

Loans receivable	<u>6,679,821</u>	<u>954,613</u>
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(i) Loan to Peak Oil & Gas Limited

During the half year ended 31 December 2014, the company lent Peak Oil & Gas Limited \$937,805 (June 2014 \$954,613). The funds have not been repaid at 31 December 2014 and the balance of \$1,952,815 includes accrued interest income of \$60,397 at 31 December 2014 (June 2014 \$10,027) (refer Note 2(c) and 8).

In March 2015 Octanex executed an amended loan agreement and associated security documentation with Peak and its subsidiary (Peak Oil & Gas (Australia) Pty Ltd) (POGA) (Peak Group) in relation to Peak's debt due to Octanex. The key principles of these documents are summarised at Note 8.

(ii) Advance to Ophir Production Sdn Bhd

During the half year ended 31 December 2014, the company advanced Ophir Production Sdn Bhd \$4,727,006 (June 2014 \$nil). The funds have not been repaid at 31 December 2014 and are expected to be recovered from capital return and revenue in the form of dividends from production from the development of the Ophir oil field.

	<b>CONSOLIDATED</b>	
	<b>31/12/2014</b>	<b>30/06/2014</b>
	<b>\$</b>	<b>\$</b>

**NOTE 10 EXPLORATION AND EVALUATION ASSETS**

Carrying balance at beginning of the period	48,842,991	51,950,629
Impairment of exploration assets (Note 5)	(3,328,526)	(11,757,478)
Transfer to asset held for sale (Note 7)	(350,000)	-
Revaluation of NZD exploration and evaluation assets*	95,008	526,583
Costs incurred during the period	<u>701,446</u>	<u>8,123,257</u>
Carrying balance at end of the period	<u>45,960,919</u>	<u>48,842,991</u>

\* Exchange rate adjustment

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

**NOTE 10 EXPLORATION AND EVALUATION ASSETS (Continued)**

Exploration and evaluation assets relate to the areas of interest in the exploration phase for petroleum exploration permits and a retention lease.

<b>31/12/2014</b>	<b>30/06/2014</b>
<b>Permits</b>	<b>Permits</b>
WA-323-P	WA-323-P
WA-330-P	WA-330-P
WA-362-P	WA-362-P
WA-363-P	WA-363-P
-	WA-386-P
WA-387-P	WA-387-P
WA-407-P	WA-407-P
WA-420-P	WA-420-P
WA-421-P	WA-421-P
PEP 51906	PEP 51906
PEP 53537	PEP 53537
-	PEP 55790
<b>Retention Lease</b>	<b>Retention Lease</b>
WA-54-R	WA-54-R

Ultimate recovery of exploration and evaluation assets is dependent upon exploration success and/or the company maintaining appropriate funding to support continued exploration activities.

<b>CONSOLIDATED</b>	
<b>31/12/2014</b>	<b>30/06/2014</b>
\$	\$

**NOTE 11 BORROWINGS - CURRENT**

Borrowings - Current	<u>7,323,305</u>	<u>-</u>
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On the 4th December 2014 the company signed a bridge loan facility with Sabah International Petroleum Ltd for an amount of US\$12,000,000. On 26 December 2014 the company drew down US\$6,000,000 (A\$7,315,289) from the facility. Accrued interest on the loan at 31 December 2014 was A\$8,016. US\$5,000,000 of the bridge facility was satisfied by the issue of 40,332,663 shares to SIP on 4 February 2015 (Refer Note 8). The balance of the bridge facility outstanding following the issue of shares (US\$1,000,000) will be repaid on the facility maturity date of 31 March 2015.

**NOTE 12 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

AASB 13 requires disclosure of fair value measurements by level of the fair value hierarchy, as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

**NOTE 12 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Continued)**

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The consolidated entity's financial assets measured and recognised at fair value at 31 December 2014 and 30 June 2014 on a recurring basis are as follows:

31 December 2014	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Assets				
Listed securities and debentures	138,170	-	-	138,170
Unlisted securities and debentures	-	-	57,744	57,744
Total	138,170	-	57,744	195,194
30 June 2014	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Assets				
Listed securities and debentures	230,281	-	-	230,281
Unlisted securities and debentures	-	-	57,744	57,744
Total	230,281	-	57,744	288,025

*Measurement of fair value of financial instruments*

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

a) Listed securities, debentures and money market funds

Fair values have been determined by reference to their quoted bid prices at the reporting date.

The consolidated entity's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

The consolidated entity did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at 31 December 2014.

The carrying amounts of cash and cash equivalents, current receivables and current payables are considered to be a reasonable approximation of their fair value.

**NOTE 13 CONTINGENT LIABILITY**

*Performance Guarantee*

Octanex has provided a proportionate corporate undertaking to PETRONAS for the contract performance obligations of OPSB in relation to the Ophir RSC.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

**NOTE 13 CONTINGENT LIABILITY (Continued)**

*Corporate Guarantee*

Octanex has provide a proportionate corporate guarantee to OPSB's lenders in connection with OPSB's term loan facilities with a syndicate of three banks (Malayan Banking Berhad (Maybank), RHB Bank (L) Ltd and United Overseas Bank Limited Offer) for 75% of the planned capital expenditure for the development of the Ophir Oil Field as well as 75% of the first three quarters of the planned operating expenditure, and a bank guarantee in favour of PETRONAS.

*Consulting Agreement*

A former consultant engaged by Octanex has commenced action against the company claiming that his termination of contract is null and void and in breach of Octanex's obligations to the consultant. The case is yet to be heard. Octanex believe they have complied with all obligations pursuant to the consulting agreement.

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## **Independent Auditor's Review Report To the Members of Octanex N.L.**

We have reviewed the accompanying half-year financial report of Octanex N.L. ("Company"), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2014, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement or description of accounting policies, other explanatory information and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

### **Directors' responsibility for the half-year financial report**

The directors of Octanex N.L. are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

### **Auditor's responsibility**

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Octanex N.L. consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Octanex N.L., ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Independence**

In conducting our review, we complied with the independence requirements of the Corporations Act 2001.

### **Conclusion**

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Octanex N.L. is not in accordance with the Corporations Act 2001, including:

- a giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

### **Material uncertainty regarding continuation as a going concern**

Without qualifying our opinion, we draw attention to Note 1(a) in the financial report which describes the consolidated entity's cash commitments. The ability of the consolidated entity to fund these obligations, as set forth in Note 1(a), indicate the existence of a material uncertainty which may cast doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



Adrian Nathanielsz  
Partner - Audit & Assurance

Melbourne, 16 March 2015

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### **Auditor's Independence Declaration To The Directors of Octanex N.L.**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Octanex N.L. for the half-year ended 31 December 2014, I declare that, to the best of my knowledge and belief, there have been:

- a No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b No contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



Adrian Nathanielsz  
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