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REVISED OPHIR DEVELOPMENT APPROVED

KEY POINTS:

- **PETRONAS approves Revised Oil Field Development Plan (FDP)**
- **Development costs reduced by 30%, improving forecast project returns**
- **50% Octanex ownership of incorporated joint venture**
- **Octanex share of development fully funded**

Octanex N.L. (**ASX Code: OXX (Octanex)**) advises that PETRONAS has approved the revised field development plan (FDP) for the Ophir Oil Field. Development activities will commence immediately.

Located offshore Peninsular Malaysia, the Ophir Oil Field is being developed under a Risk Service Contract (RSC) granted in 2014 to Ophir Production Sdn Bhd (OPSB) a joint venture company in which Octanex has a 50% interest.

Following the decline in oil price, comprehensive project cost optimization work was undertaken with cost savings of approximately 30% identified as a result of the reduced industry costs offered by this low oil price environment. The FDP was revised to take advantage of these savings, resulting in a revised capital budget of US\$90M.

The Ophir oil field will be developed via three production wells, a well head platform (WHP) and leased Floating Production Storage and Offload (FPSO) vessel.

Octanex's share of the Ophir project is fully funded via OPSB's 75% project financing and Octanex's strategic alliance and funding arrangements with major shareholder, Malaysian, Sabah International Petroleum (SIP). SIP is wholly owned by Sabah Development Bank Berhad ("SDB"). SDB itself is wholly owned by the Ministry of Finance Sabah.

Octanex COO, Rae Clark said "This is a significant milestone for Octanex representing the successful culmination of a two year effort at repositioning Octanex as a future oil producer. The revised project plan enhances the economic potential of the Ophir development reflecting the reduced costs offered by the current low oil price environment".

OPSB was formed by Octanex together with its two Malaysian joint venturers, Scomi Energy Services Bhd (Scomi) and Vestigo Petroleum Sdn Bhd (Vestigo). Octanex holds a 50% interest in OPSB with Scomi 30% and Vestigo 20%. Scomi is a Malaysian upstream oil and gas services company listed on the Main Board of Bursa Malaysia. Vestigo is a wholly owned subsidiary of PETRONAS Carigali Sdn Bhd with a focus on marginal field development.