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ASCALON LOCATION EXTENDED

WA-420-P – SOUTHERN BONAPARTE BASIN

KEY POINTS:

- A Location has been declared over the Ascalon gas discovery within WA-420-P
- The Location adjoins the existing Ascalon Location declared in WA-407-P
- Octanex holds a 100% interest in both of the Permits
- Retention Leases are to be sought
- The Ascalon discovery is in proximity to an existing LNG pipeline

Octanex N.L. (**ASX Code: OXX**) (**Company**) advises that a further 'Location' has been declared over the Ascalon gas discovery. Ascalon is situated in the Southern Bonaparte Basin, offshore from Western Australia in proximity to other undeveloped gas discoveries and to the recently completed Icythys-Darwin LNG pipeline.

This second Location covers two graticular blocks within petroleum exploration permit WA-420-P, adding to the immediately adjacent eleven block Location area within WA-407-which was declared in July 2015. The expanded 13 block Location area covers 1,084km². Octanex holds a 100% interest in both permits. Having a Location declared is the necessary initial step towards obtaining a Retention Lease over a discovery.

Ascalon represents a significant gas discovery and is well-located to be of future value in the emerging ex-Darwin (two LNG plants) Australian LNG market. The commerciality of Ascalon is dependent on cost-competitive development concepts and gas market factors (both gas market demand, and pricing) as well as access to market. Located offshore from northern Australia, the most likely market for Ascalon's gas is LNG; which would necessitate access to pipeline and LNG infrastructure. The P50 estimate of the contingent resource at Ascalon is 3TCF of natural gas, which, at current LNG gas prices, is insufficient to support a standalone LNG development.

Ascalon is located in proximity to a number of gas discoveries, some of which may be commercialised in coming years. The development of other nearby gas discoveries can be expected to provide opportunities for Ascalon to be developed to tie-back to another development.

The Ascalon-1A discovery well is located within the Ascalon Location area. The well was drilled by Mobil in 1995 and intersected a gross gas column of 146m. The expanded 13 block Location area also encompasses the separate discovery made by the Saratoga-1 well.

Work has commenced on the lease applications by which the Company will seek to be able to retain the acreage until access to an LNG market develops.

“The expansion of the Ascalon Location to include an additional two blocks is a further step in positioning Octanex as a future participant in the growing global LNG market” Octanex’s COO, Ms Rae Clark, said today.

“The proximity of the discovery to the Ichthys gas pipeline to Darwin, and to other nearby undeveloped gas fields, enhances this market position and is an important commercial factor for a future development. The next step is to secure the necessary Retention Leases over the Locations to enable Octanex to retain its interest in the discovery”, she said.

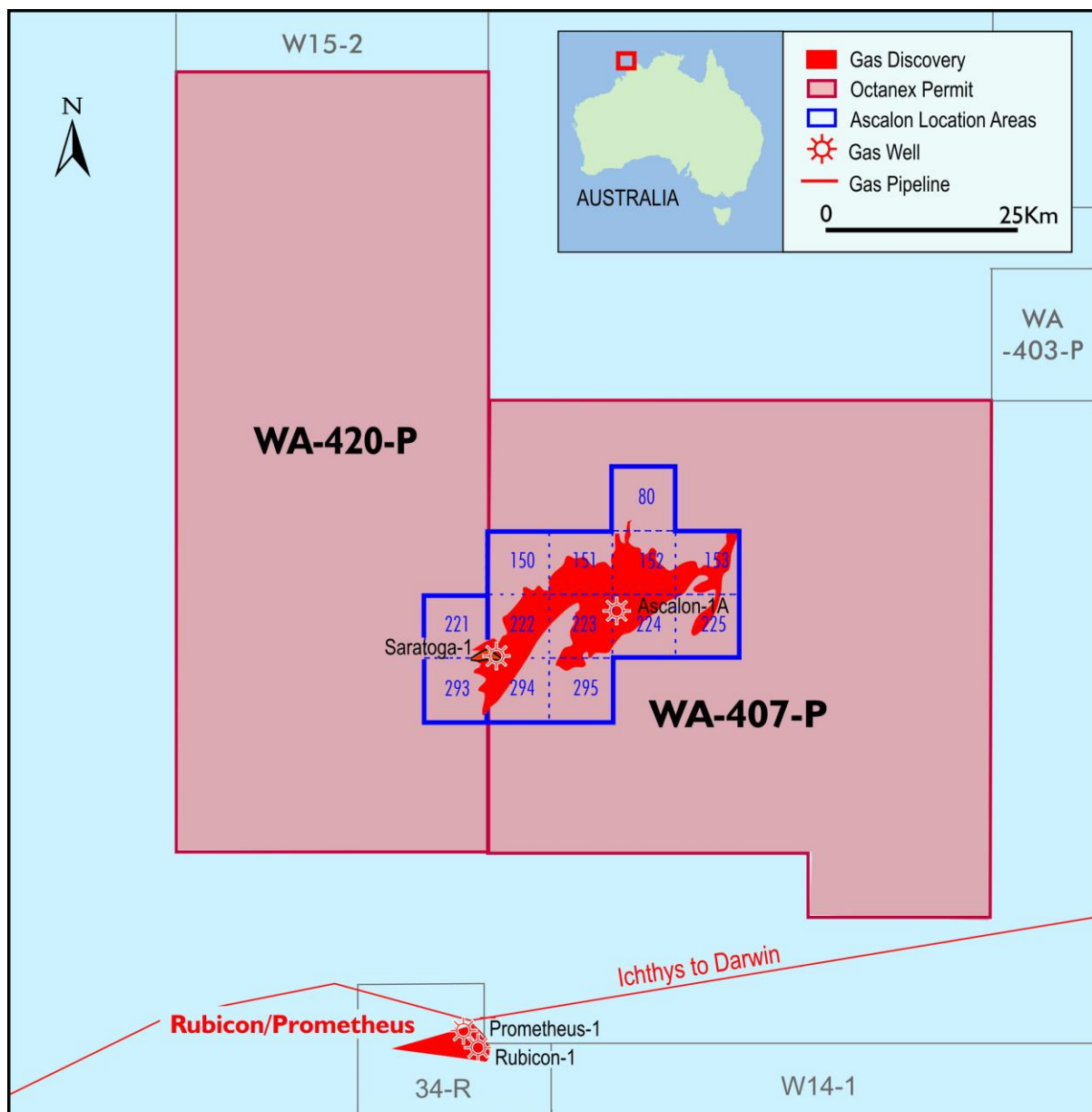


Figure 1: Location Blocks and the Ascalon Gas Discovery