

OGI GROUP LTD

ASX / MEDIA ANNOUNCEMENT

2 December 2014

OGI Secures Agreement to Sell US Oil Assets

- **OGI enters agreement to sell US oil assets for \$US575,000**
- **Further boost to balance sheet after recent \$6 million capital raising**
- **Company focussed on developing diamond & graphite assets in Mozambique**

2 December 2014: OGI Group Limited (ASX: OGI) (OGI, the Company), is pleased to announce that it has entered into an agreement with Grand Gulf Energy Ltd (ASX: GGE) (GGE) to sell one of its US-based subsidiaries, Birdwood Louisiana, LLC, to GGE for a total consideration of US\$575,000 (subject to certain conditions precedent). The bid was one of three received and considered to deliver the best value for OGI shareholders. Mr Freeman, who is a director of GGE, took no part in the evaluation.

The move reflects OGI's new structure and focus following its recent acquisition of a significant portfolio of highly prospective diamond and graphite tenements in Mozambique. As reported to shareholders on 28 November 2014, the Company has just raised \$6 million via an equity loan issue, and will soon proceed with a prospectus to raise a further \$3.5 million.

The sale involves Birdwood's 3.99% working interest in the Hensarling #1 well, the 15.3% working interest in the Dugas & Leblanc wells, the 14-42 leases and facilities and the leases and facilities within the 14-149 AMI at the Napoleonville project.

The economic effect of the transaction is 31 October 2014 and the Company (subject to shareholder approval of the Mozambique transactions) expects to settle with GGE within 5 business days of the Company's EGM to be held in January 2015.

OGI is now working closely with GGE to ensure that the conditions precedent to the sale are met and to prepare a formal Sale and Purchase Agreement for the transaction.

In addition to the cash received, OGI will be relieved of its liability to plug and abandon the Fausse Point Project and a US\$100,000 farm in exposure to GGE. The Company will also be able to close down its US operations, saving costs and enabling the Company to focus on its Mozambique operations.

OGI's Executive Director, Chris Ritchie, commented: "This divestment not only strengthens our balance sheet, but also allows us lower our cost base by closing our operations in the US."

"We are now well capitalised and can move forward with developing our Mozambique assets in order to deliver maximum value for our shareholders."

"Following this divestment we will be left with only one non-core oil investment in the US, which we are currently assessing."

- ENDS -

For further information contact:

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COMPANY INFORMATION

OGI Group Ltd
ABN 34 090 074 785

COMPANY DIRECTORS

Chris Ritchie – Exec. Director
Ian Daymond – Director
Mark Freeman – Director

MANAGEMENT

Chris Ritchie – CFO / Co Sec

STOCK EXCHANGE LISTING

Australian Stock Exchange
ASX Code: OGI

Current Shares on Issue:

483,856,094

Market Capitalization as at

1 December 2014 based on a

share price of \$0.01 per share:

AUD \$4.8 million

CURRENT PROJECTS

Diamonds

- Save River Project
- Sese Project

Graphite

- Balama Project

Oil & Gas

- Dugas & Leblanc #3
- Hensarling #1
- Sugar Valley #1

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