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PAYMENT OF THE SPECIAL DIVIDEND

OPERATIONS REVIEW

Octanex N.L. (**ASX Code: OXX**) (**Company**) advises that the dividend statements in relation to the fully franked special dividend (**Dividend**) are scheduled to be mailed to Shareholders on Tuesday, 10 April 2012.

The Dividend comprises the distribution of Cue Energy Resources Limited shares and Petrel Energy Limited shares, or their equivalent value in cash.

Full details of the Dividend are set out in the Letter to Shareholders that is attached to this announcement.

Following distribution of this in-specie special dividend, the Company will have a franking credit balance of approximately \$1.7 million.

Also attached to this announcement is an Operations Review.

Both the Letter to Shareholders and the Operations Review will be mailed to Shareholders with the dividend statements.

By Order of the Board

A handwritten signature in black ink, appearing to read "J.G. Tuohy", is written over a faint, illegible printed name.

J.G. Tuohy
Company Secretary

5 April 2012



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Dear Shareholder,

SPECIAL DIVIDEND

Accompanying this letter is a dividend statement (or statements) in relation to the special dividend ("**dividend**") declared by Octanex NL ("**Octanex**") on 20 January 2012 and payable to all shareholders in Octanex as at 7:00 pm (AEDT) on the 28th day of March 2012, being the Record Date to determine entitlements to participate in the dividend.

Octanex presently holds 43,656,168 ordinary shares ("**Cue Shares**") in Cue Energy Resources Ltd ("**Cue**") and 11,325,000 ordinary shares ("**Petrel Shares**") in Petrel Energy Limited ("**Petrel**"). The dividend comprises the distribution of the majority of those Cue Shares and Petrel Shares (or their equivalent value, as referred to below) to Octanex members.

Nature of the Dividend

The dividend will entitle members to receive:

- (a) one (1) Cue Share (or the equivalent value thereof) for every five (5) Octanex Shares held by members on the Record Date provided that, if the distribution of Cue Shares would have resulted in the distribution to you of less than 1,000 Cue Shares, then you will be paid the cash equivalent of the gross value of the Cue Shares to which you would otherwise have been entitled;
- (b) one (1) Petrel Share (or the equivalent value thereof) for every twenty (20) Octanex shares held by members on the Record Date provided that, if the distribution of Petrel Shares would have resulted in the distribution to you of less than 2,000 Petrel Shares, then you will be paid the cash equivalent of the gross value of the Petrel Shares to which you would otherwise have been entitled;

PROVIDED FURTHER THAT, if your address on the Octanex share register is outside of Australia or New Zealand, you will be paid the cash equivalent of the gross value of the Cue Shares and/or Petrel Shares to which you would have been entitled.

The dividend is payable on all ordinary shares in Octanex ("**Octanex Shares**"), whether fully or partly paid, with partly paid shares trading under ASX Code "**OXXCB**" ranking equally for this purpose with fully paid shares trading under ASX Code "**OXX**". Section 254W (4) of the Corporations Act 2001 specifically provides that dividends are payable to the shareholders in a *no liability* company in proportion to the number of shares held by them, irrespective of the amount paid up, or credited as paid up, on the shares.

Fractional Entitlements

Fractional entitlements to Cue Shares and to Petrel Shares have been rounded up in determining the number of any Cue Shares and any Petrel Shares distributed to you and in calculating the gross payment payable to you, to the extent that you receive the dividend (or any part thereof) as a money amount. Where part of a dividend payment is a money amount, fractional entitlements to cents have been rounded to the nearest whole cent.

Transfer of Cue Shares and Petrel Shares

Octanex executed transfers of the Cue Shares and the Petrel Shares being distributed by way of this dividend into the names of all members entitled prior to the opening of the ASX stock market on 29 March 2012. The transfers were also executed at the same time on your behalf by a director of Octanex as your attorney and agent under Rule 4.3 of Octanex's constitution. All Cue Shares and Petrel Shares to which you were entitled under the dividend were entered into your name on the Cue and Petrel Share registers on 29 March 2012.

Transaction Confirmation Statements

If you received Cue Shares and/or Petrel Shares as part of the dividend payable to you, Transaction Confirmation Statements will be mailed to you by Computershare Investor Services Pty Ltd ("**Computershare**"), as the Share Registrar for Cue, and by Boardroom Pty Limited ("**Boardroom**"), as the Share Registrar for Petrel on 10 April 2012. Computershare's address is "*Yarra Falls*", 452 Johnston Street, Abbotsford, Vic, Australia, 3067: telephone 1300 787 272. Boardroom's address is Level 7, 207 Kent Street, Sydney, NSW, Australia, 2000: telephone (02) 9290 9600.

Sale of Cue Shares and Petrel Shares

Before you make any decision as to whether you retain or sell any of the Cue Shares or Petrel Shares distributed to you as part of the dividend, you should have regard to the current position of each of those companies and to their current and proposed activities and operations, so that your decision to retain, or sell, any of your shareholdings is an informed decision. Both companies are focussed on oil & gas exploration and/or production and you can access information on each of them on ASX by reference to their ASX Codes. Cue's ASX Code is **CUE** and Petrel's ASX Code is **PRL**. You should contact your stockbroker or other professional adviser in this regard. Before you sell any such shares, you should make sure of your entitlement to those shares, the number of shares you have acquired in either company and you should be able to provide your broker with the Shareholder Reference Number in relation to the shares you may wish to sell. These details will be on any Transaction Confirmation Statement(s) you receive.

Composition of the Dividend

As a corollary to the above, you will receive payment of the dividend as follows:

- (a) if you hold 40,000 or more Octanex Shares in aggregate in the same name and under the same SRN or HIN (whether those shares are OXX or OXXCB), you will be paid the dividend wholly in Cue Shares and Petrel Shares.
- (b) If you hold 5,000 or more Octanex Shares but less than 40,000 Octanex Shares in aggregate in the same name and under the same SRN or HIN (whether those shares are OXX or OXXCB), you will be paid the dividend partly in Cue Shares and partly as a money amount by a cheque attached to one of the two accompanying dividend statements you receive. You will not receive any Petrel Shares as a component of the dividend.
- (c) If you hold less than 5,000 Octanex Shares in aggregate in the same name and under the same SRN or HIN (whether those shares are OXX or OXXCB), you will be paid the dividend wholly as a money amount by a cheque attached to the accompanying dividend statement.
- (d) If you are a foreign shareholder, with your address in Octanex's share register being outside Australia or New Zealand, you will be paid the dividend wholly as a money amount by a cheque attached to the accompanying dividend statement.

Dividend Statements

Accompanying this letter is a dividend statement (or statements) in relation to the dividend receivable by you. Octanex members who receive:

- (a) Cue Shares and Petrel Shares, and no money amount, will receive one (1) accompanying dividend statement;
- (b) Cue Shares and a money amount, by way of a cheque for the value of Petrel Shares to which they would have otherwise been entitled, will receive two (2) accompanying dividend statements. One dividend statement will relate to the Cue Shares transferred to you and the other will relate to the money amount of the dividend which you will receive by way of the cheque forming part of that dividend statement.
- (c) only a money amount in payment of the dividend, will receive one (1) accompanying dividend statement with an attaching cheque for that amount.

Each dividend statement will set out the value of the dividend (or part thereof) to which it relates, together with the franking credits attributable to it. If you are in category (b) above, and receive two (2) dividend statements, your dividend is the aggregate of the two amounts set out in those dividend statements.

Amount of the Dividend

The amount of the dividend depends on the value of the Cue Shares and the Petrel Shares. The last price of Cue Shares traded on ASX on 28 March 2012 was \$0.265 (26.5 cents) per Cue Share. The last sale price of Petrel Shares traded on ASX before close of trading on 28 March 2012 was \$0.077 (7.7 cents) per Petrel Share. Based on those share values, the amount of the dividend is approximately \$0.05685 (5.685 cents) for each Octanex share. That amount of 5.685 cents per Octanex Share incorporates an amount of 5.3 cents attributable to each Cue Share distributed and an amount of 0.385 cents attributable to each Petrel Share distributed.

New Zealand Members

For their convenience, the money amount of the dividend payable to New Zealand members will be paid in New Zealand currency at the Reserve Bank exchange rate of A\$1.00 = NZ\$1.2741 on 28 March 2012.

Dividend is Fully Franked

The dividend is fully franked at the company tax rate of 30%. Full details of the amount of the dividend and the franking credits attributable thereto are set out in the accompanying dividend statement(s).

Please refer to the dividend statement(s) and, if you have any queries in relation to the above, please contact the Company Secretary, Jack Tuohy, on +61 (0)3 8610 4712 or by email to admin@octanex.com.au during normal business hours.

Current Octanex Activities

Although not related to the dividend, it is recommended that you read the attached "Operations Review" which contains a summary of Octanex's current operations. You may access additional information about these matters on the ASX website www.asx.com.au under Octanex's ASX Code: OXX.

Yours faithfully



E G Albers
Chairman and CEO

10 April 2012



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Dear Shareholder

This report is an update on Octanex's operational and related activities since the last Annual General Meeting and for the remainder of the calendar year. 2012 will continue to be an active year for the Company.

OVERVIEW

Since the November 2011 AGM Octanex has:

- participated in the Winchester 3D seismic survey carried out by Santos in WA-323-P and WA-330-P;
- acquired multiple new 2D and 3D seismic surveys in the six Southern Bonaparte Basin permits;
- been advised that Shell plans to drill the Palta-1 exploration well in WA-384-P in the third quarter and seen Shell acquire the Tortilla 2D survey in WA-385-P;
- increased its interests in WA-362 and WA-363-P and sought a five year renewal of both of these permits; and
- been awarded a fourth permit in the offshore Taranaki Basin of New Zealand.

On the corporate front the Company has:

- completed a call of 10 cents per share on the 75,201,909 partly paid ordinary shares to raise in excess of \$7.52 million. The partly paid ordinary shares are now paid to 15 cents and trade under the ASX code of OXXCB; and
- paid shareholders two fully franked Special Dividends. The first dividend, of 4 cents per ordinary share, was paid on 10 December 2011. The second dividend is being paid as set out in the accompanying dividend statement. These dividends have returned shareholders a value of approximately 9.5 cents per ordinary share, exclusive of the value of the attached franking credits.

Between now and the end of 2012 we expect:

- OMV to make a decision on whether to drill a well in PEP 51906 in the offshore Taranaki Basin;
- Shell to drill the Palta-1 well in WA-384-P in the third quarter;
- Shell to process and interpret the new Tortilla 2D survey acquired in WA-385-P; and
- Santos to fix on a date for the drilling of the Winchester-1 well.

FINANCIAL POSITION

Octanex continues to be in a strong financial position, with present cash deposits of approximately \$18 million. This is after taking into account:

- payment of the 4 cents per share dividend in December 2011 and the cash component of the dividend paid in accordance with the accompanying dividend statement: both dividends being fully franked;
- funding all exploration activities, including the 2D and 3D seismic acquisition programmes across the six South Bonaparte Basin permits — Octanex's primary exploration commitment for 2012;
- funding all corporate and overhead costs; and
- receipt of the call moneys due on 31 December 2011 on the partly paid ordinary shares.

In addition, Octanex has in excess of \$500,000 of value in financial instruments (shares in listed companies) on hand.

Apart from the cost of processing and interpreting the new seismic data acquired by the six 2D and 3D surveys, Octanex has little further exploration expenditure to fund in 2012. The financial position is therefore forecast to remain strong, with in excess of \$17 million in cash at the end of the calendar year. This is prior to taking into account any call money due by 31 December 2012 on the partly paid ordinary shares.

CAPITAL STRUCTURE

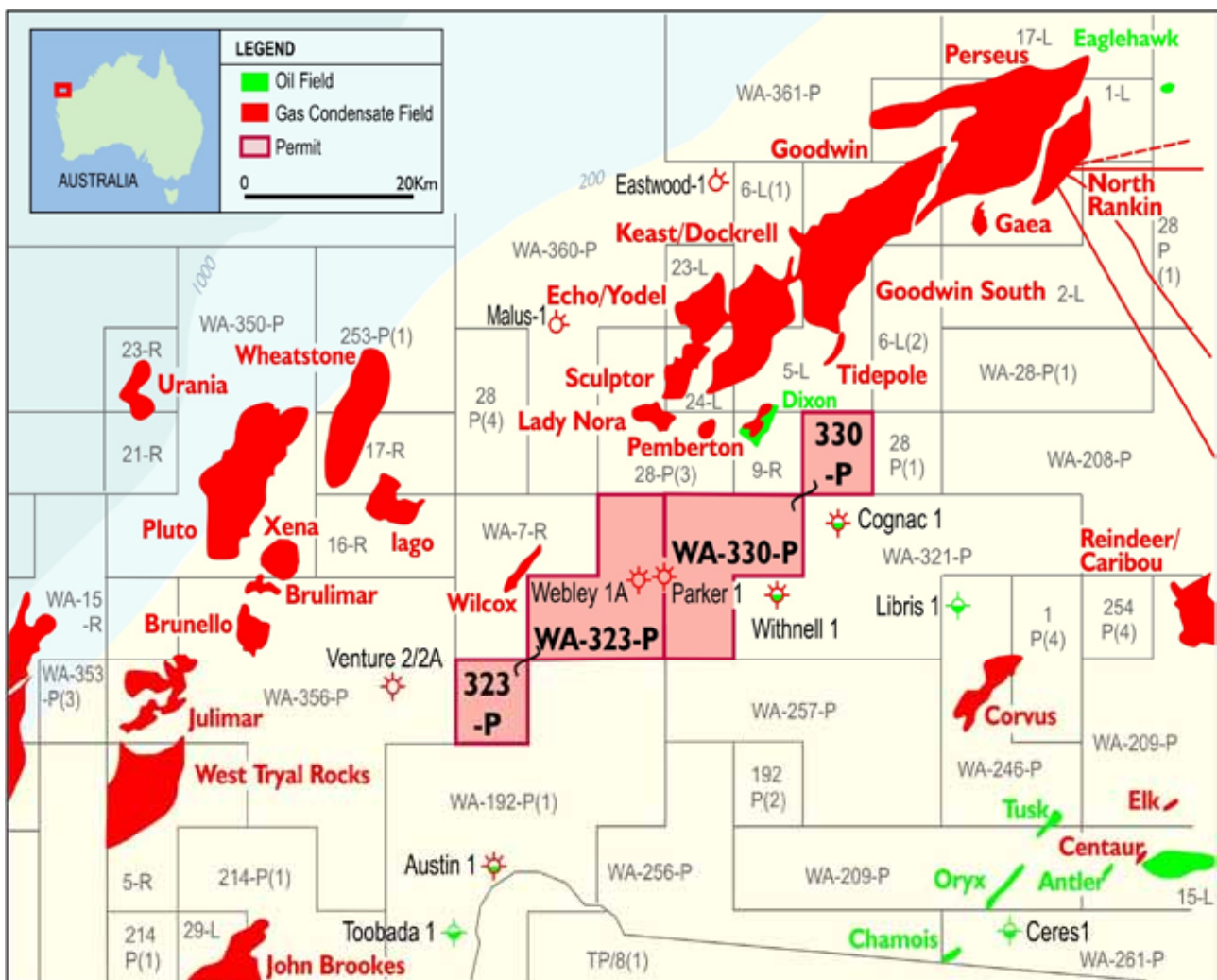
Octanex has 151,204,399 fully paid ordinary shares and 75,201,909 partly paid ordinary shares on issue and listed under the ASX codes OXX and OXXCB respectively. The partly paid ordinary shares are paid to 15 cents and have a final 10 cent call due on 31 December 2012. There are also 33,000,000 unlisted Trustee Stock ordinary shares on issue and on which no monies have been paid up.

PERMIT OPERATIONS

WA-323-P & WA-330-P and Winchester

The 720 km² Winchester 3D seismic survey has been acquired across both of WA-323-P and WA-330-P, with processing expected to be completed during the second quarter. The two permits are shown in Location Map 1.

Interpretation of the new 3D data is expected to assist in identifying an optimum location for the Winchester-1 well that Santos has committed to drill. The well is currently scheduled for the first quarter of 2013. Santos is meeting all of the seismic and drilling costs in relation to Octanex's 25% interest in the two permits.



Location Map 1: WA-323-P and WA-330-P

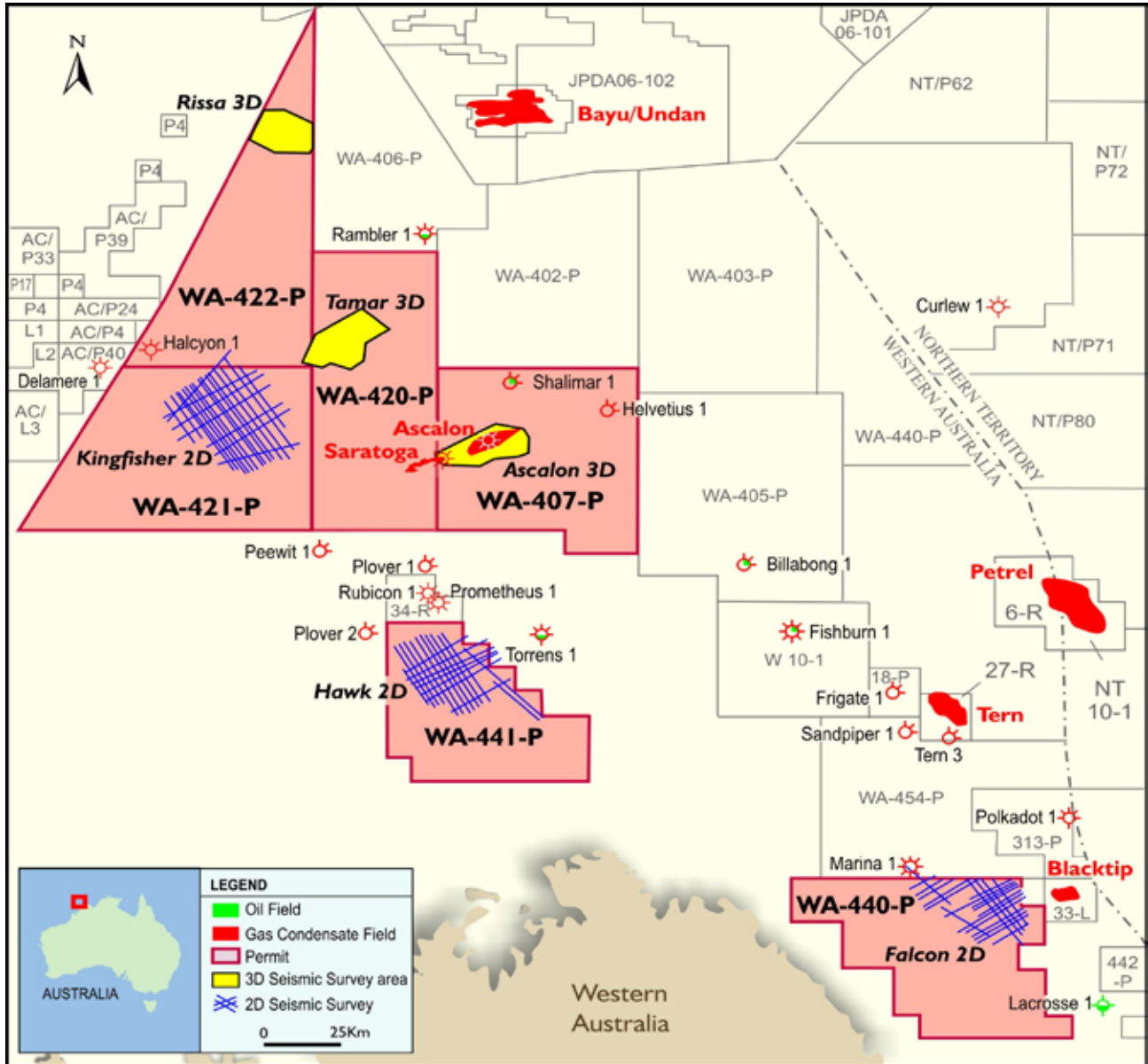
Increased Interests in WA-362-P and WA-363-P – Exmouth Plateau

Octanex's 20% interest in the WA-362-P and WA-363-P permits has increased to 33.33%. The other participant in the permits is Eni Australia Ltd, which holds the remaining 66.67%. A well was drilled in each of the permits during 2011 but neither was successful. Eni will carry Octanex's costs through the next well in each permit, should a well be drilled in either or both of them. Renewal of the permits for further five year terms is being sought by Octanex and Eni.

South Bonaparte Basin Permits

Octanex has completed three 2D and three 3D seismic surveys across areas of its six Southern Bonaparte Basins permits. The Company's wholly-owned subsidiary, Goldsbrough Energy Pty Ltd, holds a 100% participating interest in five of the permits (WA-407-P, WA-420-P, WA-421-P, WA-440-P and WA-441-P) and, by carrying out the Rissa 3D survey, acquired a 60% interest in the sixth permit, WA-422-P. The overall programme acquired a total of 2168 km of new 2D data and 1186 km² of new 3D data.

The sites of the polygons for the 3D surveys and grids of the 2D surveys are displayed in Location Map 2.



Location Map 2: Southern Bonaparte Basin Permits and Seismic Surveys

Shell to Drill Palta-1, completes Tortilla 2D Seismic Survey

The Palta-1 gas exploration well is expected to be drilled by Shell in WA-384-P in the third quarter. The well will be drilled in water depths of approximately 1,350m and to a total depth of 5,325m – 5,675m.

Octanex has the right to discovery payments in relation to the WA-384-P, WA-385-P and WA-394-P permits held by Shell. Should discoveries be made, payments of up to US\$10 million, for a maximum of three discoveries in each permit, may be received. Octanex also has a 1% royalty over production from the three permits and certain rights of re-conveyance.

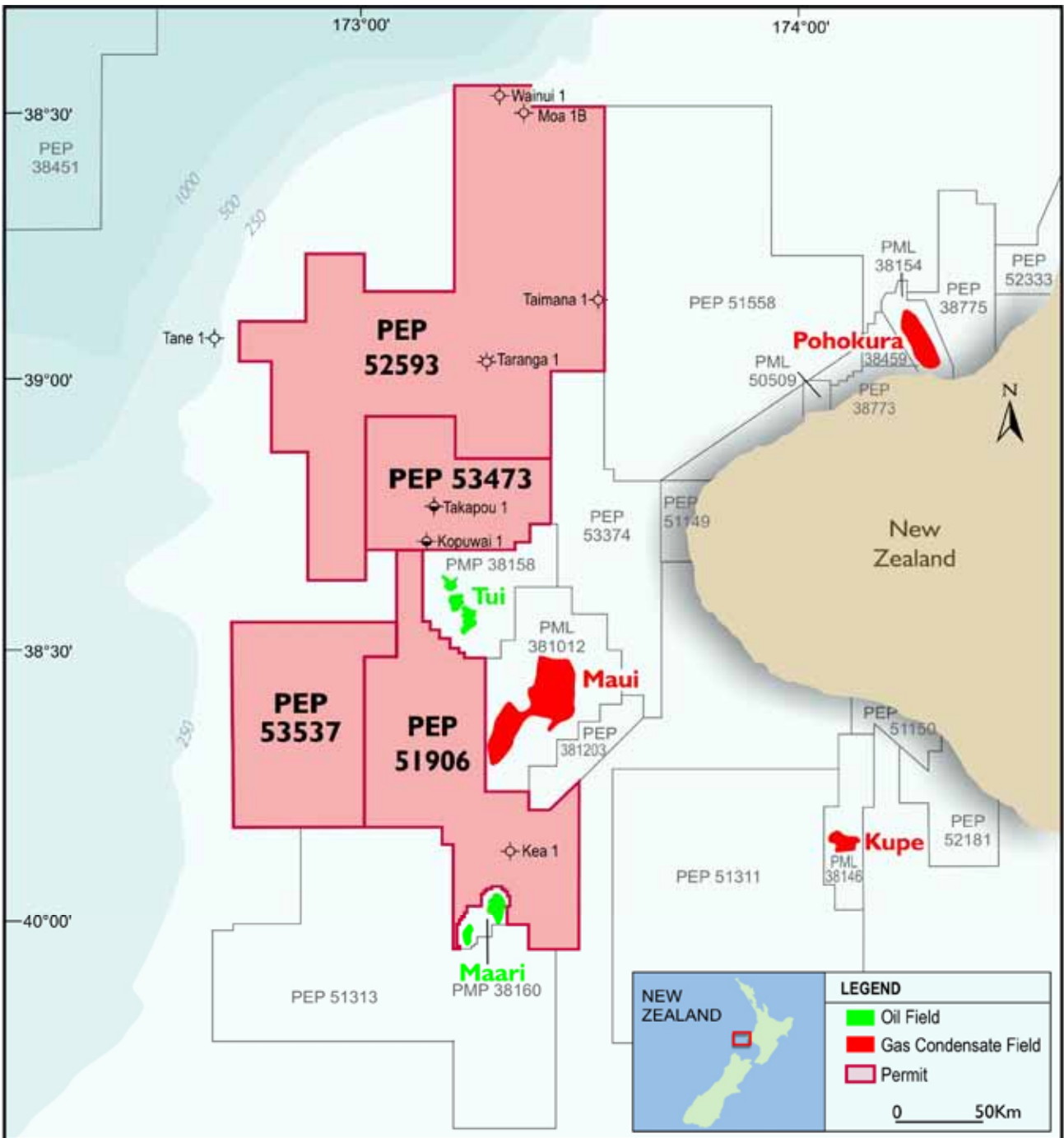
Shell completed the new 783 km Tortilla 2D seismic survey in the WA-385-P permit in late March.

Offshore Taranaki Basin Permits

With the grant of a fourth offshore Taranaki Basin permit, PEP 53473, Octanex now holds interests over a contiguous area of in excess of 7,000 km². The four permits are shown in Location Map 3.

In PEP 51906, OMV New Zealand Ltd is processing the new Matuku 2D and 3D data acquired in the third quarter of 2011 with a view to making a decision on whether to commit to drilling the Matuku feature in the permit. Early indications from the basin modelling suggest that Matuku is ideally located adjacent to a potential hydrocarbon source 'kitchen'. OMV is meeting all of the seismic and drilling costs in relation to Octanex's 35% interest in PEP 51906.

New Zealand has an excellent fiscal regime for petroleum exploration, established exploration and production infrastructure and ready availability of a skilled work force. All of the permit interests held by Octanex are well located for the potential discovery of hydrocarbons and the New Zealand acreage now forms an important part of the Company's overall exploration portfolio.



Location Map 3: Taranaki Basin Permit Portfolio Map