



## **Octanex N.L.**

ABN 61 005 632 315

Level 21  
500 Collins Street  
Melbourne Victoria 3000 Australia

Tel: +61 (0)3 8610 4702  
Fax: +61 (0)3 8610 4799  
Email: [admin@octanex.com.au](mailto:admin@octanex.com.au)  
Website: [www.octanex.com.au](http://www.octanex.com.au)

## **OCTANEX RECEIVES SECOND TRANCHE PAYMENT**

### **PEP 51906 – OFFSHORE TARANAKI BASIN, NEW ZEALAND**

#### **KEY POINTS:**

- **Octanex has received the second tranche payment towards an aggregate US\$12,500,000 for the sale to NZOG of a 12.5% carried interest in PEP 51906**
- **The third tranche payment is expected by mid to late September 2013**

Octanex N.L. (**ASX Code: OXX**) (**Company**) is pleased to advise that the second tranche payment of US\$3,250,000, due from the sale of a 12.5% interest in PEP 51906 to New Zealand Oil and Gas Limited (**NZOG**) (**ASX code: NZO**), has been received.

NZOG acquired the 12.5% participating interest in PEP 51906 from the Company's wholly-owned subsidiary, Octanex NZ Limited (**Octanex NZ**).

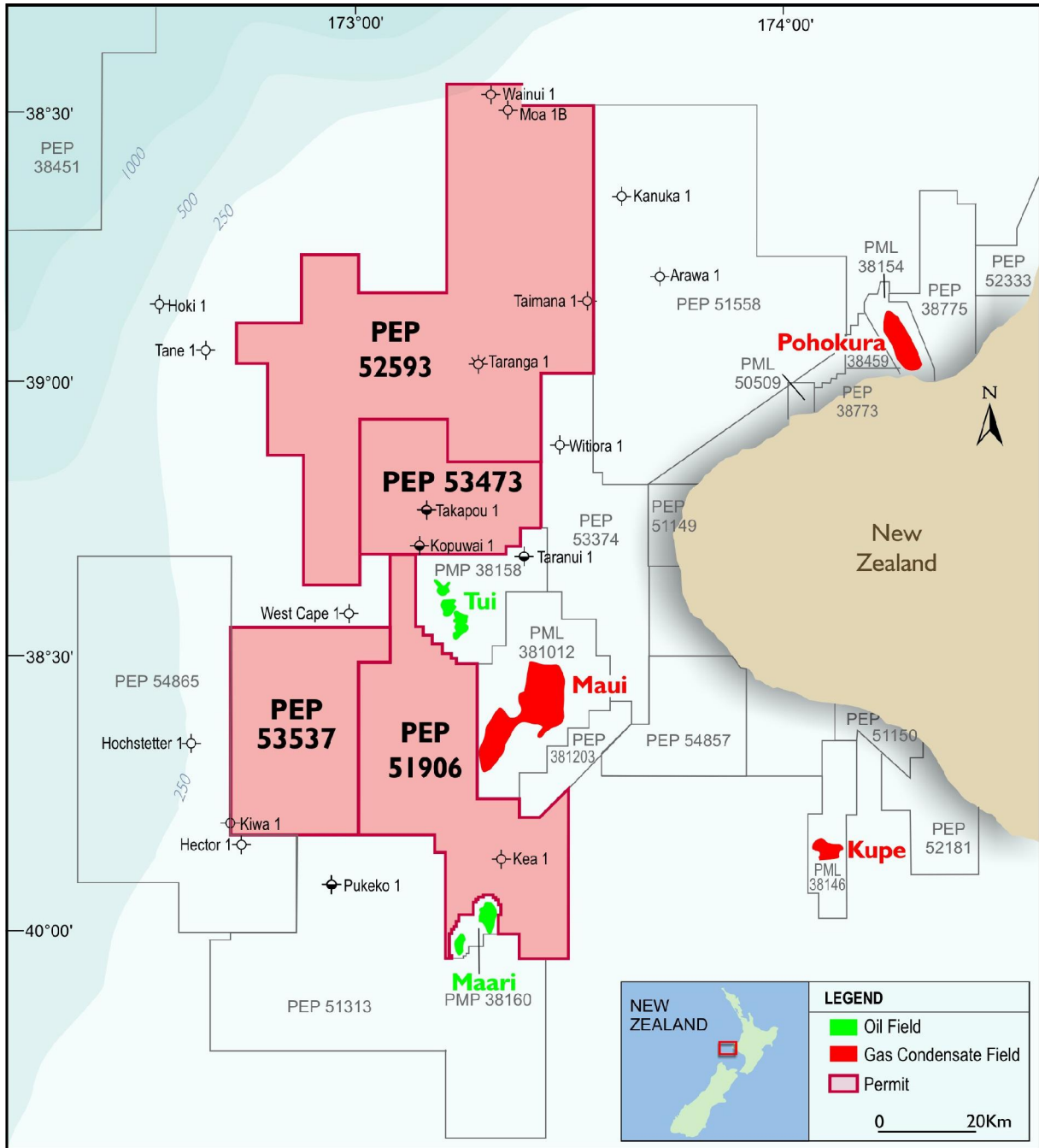
The payment is part of the terms of the sale and farmout agreements that were signed with NZOG in November 2012. The agreements relate to three of Octanex NZ's four permits in the offshore Taranaki Basin of New Zealand. The sale agreement relates to PEP 51906, while the farmouts cover PEP 52573 and PEP 53473 – see the following *Location Map* of Octanex NZ's Taranaki Basin permit interests (Figure 1).

#### **Sale of 12.5% Interest in PEP 51906**

Prior to completing of the sale of the interest in PEP 51906 to NZOG, Octanex NZ held a 35% participating interest in the permit. Under the terms of the agreement, NZOG agreed to pay Octanex NZ an aggregate cash sum of US\$12,500,000 for the assignment of a 12.5% interest in the permit.

The amount of US\$12,500,000 is payable to Octanex NZ in three tranches:

- the first, of US\$3,000,000, was paid in February 2013 following Ministerial consent to the transfer of the permit interest;
- the second, of US\$3,250,000, was paid on 19 August 2013 after all drilling consents for Matuku-1 had been received; and
- the third, of US\$6,250,000, will be paid when the Kan Tan IV drilling rig is on the Matuku-1 well location, which is currently scheduled to be in mid to late September.



**Figure 1: Location Map of Taranaki Basin Permit Interests**

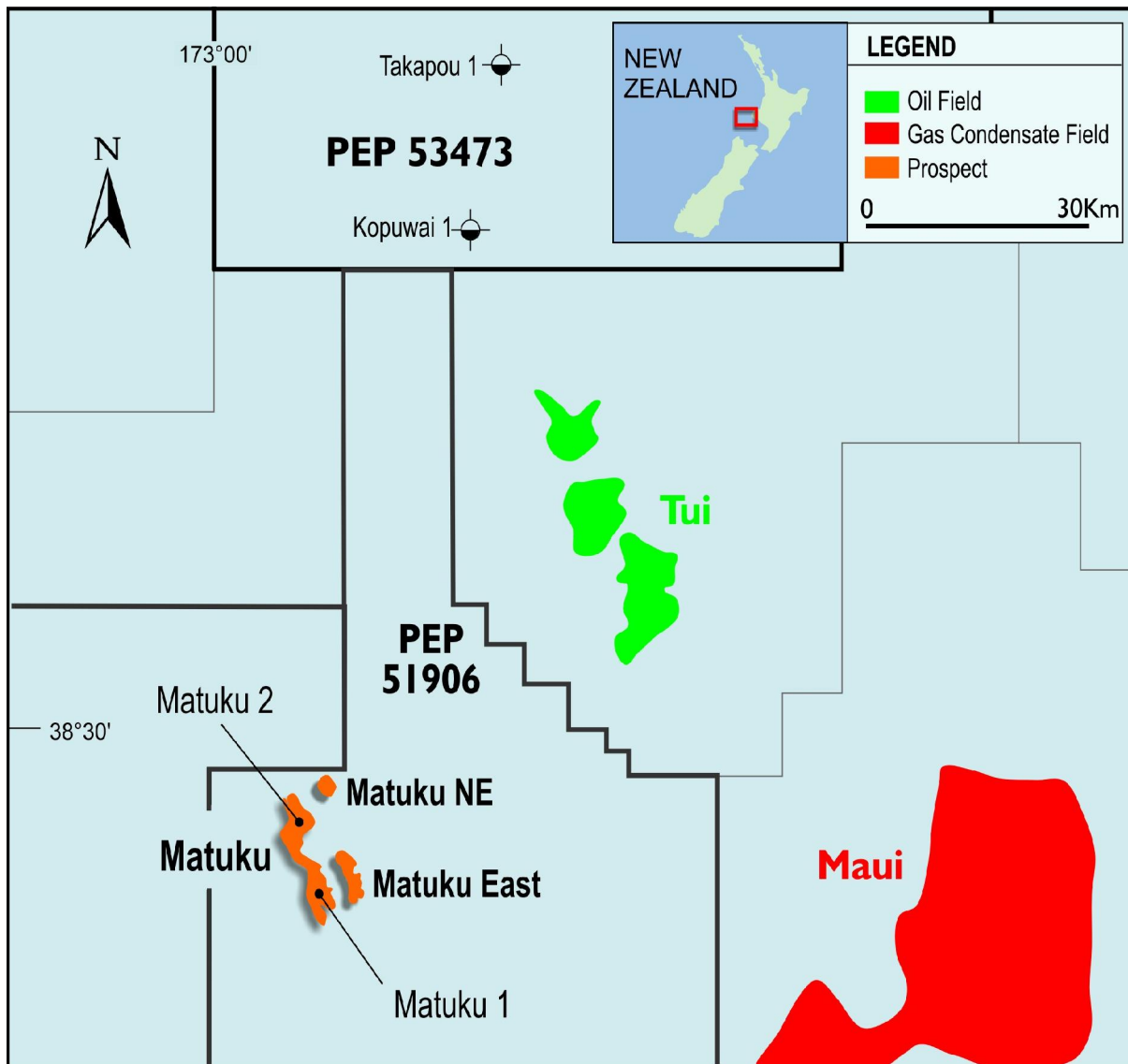
### Drilling of Matuku-1 in PEP 51906

Just prior to the announcement of the agreements with NZOG, the Company announced it had received a commitment from OMV, whereby OMV confirmed its intention to drill Matuku-1 in PEP 51906 – see the following *Location Map* of the Matuku-1 well (Figure 2).

OMV is the Operator of PEP 51906 and holds a 65% participating interest in the permit.

Under the terms of an earlier farmout agreement between OMV and Octanex NZ, OMV was assigned its 65% interest by agreeing to fund 100% of all exploration costs within PEP 51906, including the costs of drilling Matuku-1.

Accordingly, the US\$12.5 million received from NZOG for the sale of the 12.5% carried interest in PEP 51906 is not required to fund Matuku-1 drilling costs, as Octanex NZ is fully carried through the costs of the well.



**Figure 2 – Matuku-1 and Potential Matuku-2 Well Locations Map**

The sale agreement with NZOG also includes a put and call option arrangement (exercisable by either Octanex NZ or NZOG) if a decision is made to drill Matuku-2 in the event of a discovery at Matuku-1. Matuku-2 would be an exploration well on the Matuku North culmination (see Figure 2).

If the option is exercised, NZOG will earn an additional 5% interest in PEP 51906 (increasing its interest in the permit to 17.5%) by meeting all of the costs otherwise payable by Octanex NZ related to the drilling of Matuku-2.

Finally, the sale agreement also includes a call option that is exercisable by NZOG (but only if neither the put nor call option relating to Matuku-2 has been exercised), whereby NZOG can earn a 5% interest in PEP 51906 by meeting all of Octanex NZ's costs associated with the drilling of a second exploration well in PEP 51906.

**By Order of the Board**

A handwritten signature in black ink, appearing to read 'J.G. Tuohy', written in a cursive style.

**J.G. Tuohy**  
Company Secretary

19 August 2013