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## INVESTOR UPDATE

Octanex N.L. (**ASX Code: OXX**) is pleased to provide an Investor Update of its activities as of January 2011, in particular the two well drilling programme about to commence in the Exmouth Plateau permits WA-362-P and WA-363-P.

By Order of the Board

A handwritten signature in black ink, appearing to read "J.G. Tuohy", is written over a light grey circular stamp.

**J.G. Tuohy**  
Company Secretary

27 January 2011

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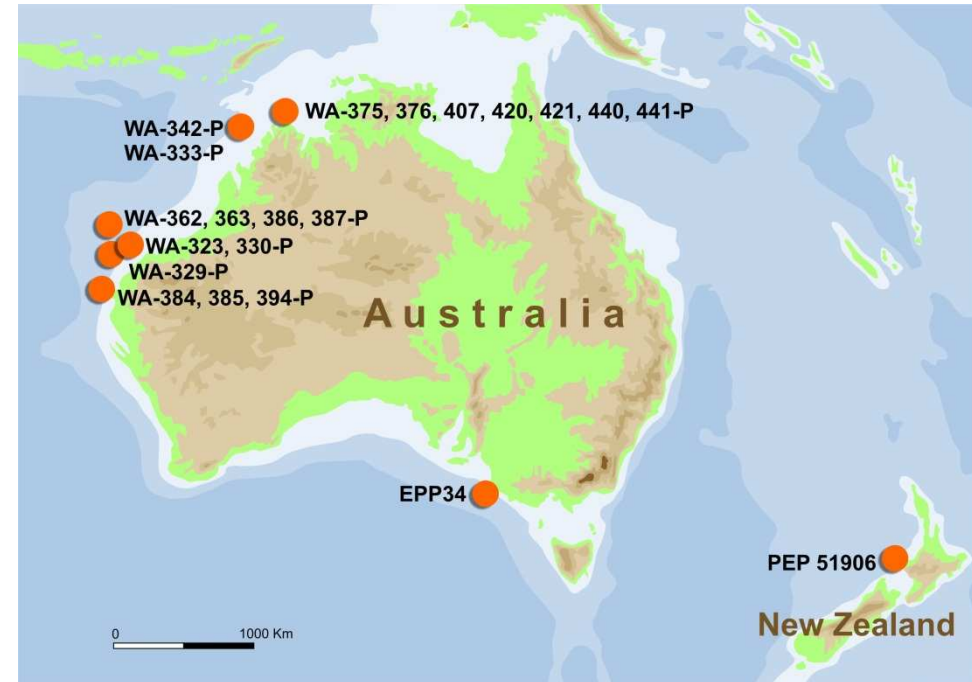


# **INVESTOR UPDATE JANUARY 2011**

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- **This presentation may contain forward looking statements, not based on historical fact, that are subject to risk factors associated with oil and gas businesses. Forward looking statements include those identified by the use of forward looking terminology such as the words “believes”, “may”, “will”, “estimates”, “continue”, “anticipates”, “intends”, “expects”, “should”, or the negatives thereof and other words of similar import.**
- **While it is believed the expectations reflected in these statements are reasonable, they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results or trends to differ materially, including but not limited to: price fluctuations, actual demand, currency fluctuations, drilling and production results, reserve estimates, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, economic and financial market conditions in various countries and regions, political risks, project delay or advancement, approvals and cost estimates.**
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- **The views expressed within this document are solely those of Octanex NL and do not necessarily reflect the opinions of its joint venture participants.**
- **Investors should undertake their own analysis and obtain independent advice before investing in Octanex NL securities.**
- **All references to dollars, cents or \$ in this presentation are to Australian currency, unless otherwise stated.**

- **Octanex is an oil and gas exploration company based in Melbourne**
- **Substantial existing cash resources and liquid assets**
- **Limited funding obligations for forward exploration**
- **Holds a portfolio of offshore petroleum exploration permits which have the potential for transformational impact in the event of exploration success**
- **Low cost operator committed to creating shareholder value**
- **Long-seasoned, experienced management with a track record of successful deal making**



**About to participate in two high impact wells**

**Free carried by large international companies in LNG scale exploration activities – fully carried through multiple wells**

**Success with the drill bit has the potential for transformational impact**

**Substantial further carried interests involving wells in other permits**

**ONLY BY DRILLING ARE DISCOVERIES MADE**

## **Geoffrey Albers – Executive Chairman**

Company founder - majority shareholder  
Extensive oil & gas exploration experience  
Involved with resource sector investment over 30 years

## **Graeme Menzies – Executive Director**

Extensive commercial legal experience - particularly resource  
company corporate reconstructions, takeovers and capital raising

## **James Willis – Executive Director**

High level specialised oil & gas industry experience  
Responsible for the day to day activities of the company  
Long involvement in the oil and gas sector

## **Dr Simon Sturrock**

Exploration Manager based in Perth office and responsible for all  
exploration activities and supported by a team of independent  
consultants

## **Jack Tuohy**

Industry experienced Company Secretary, based in Melbourne



# SHARES/OPTIONS ON ISSUE

|   |             |
|---|-------------|
| • Fully paid ordinary shares (ASX Code: OXX)  | 151,204,399 |
| • Partly paid ordinary shares (paid to \$0.05)<br>(ASX Code: OXXCA)<br>- paid to 5 cents with 20 cents yet to pay | 75,201,909  |
| • Trustee Stock Scheme (no monies yet paid)   | 33,000,000  |
| • Unlisted executive options – various exercise prices; 36.36 cents to 70 cents                                   | 3,000,000   |

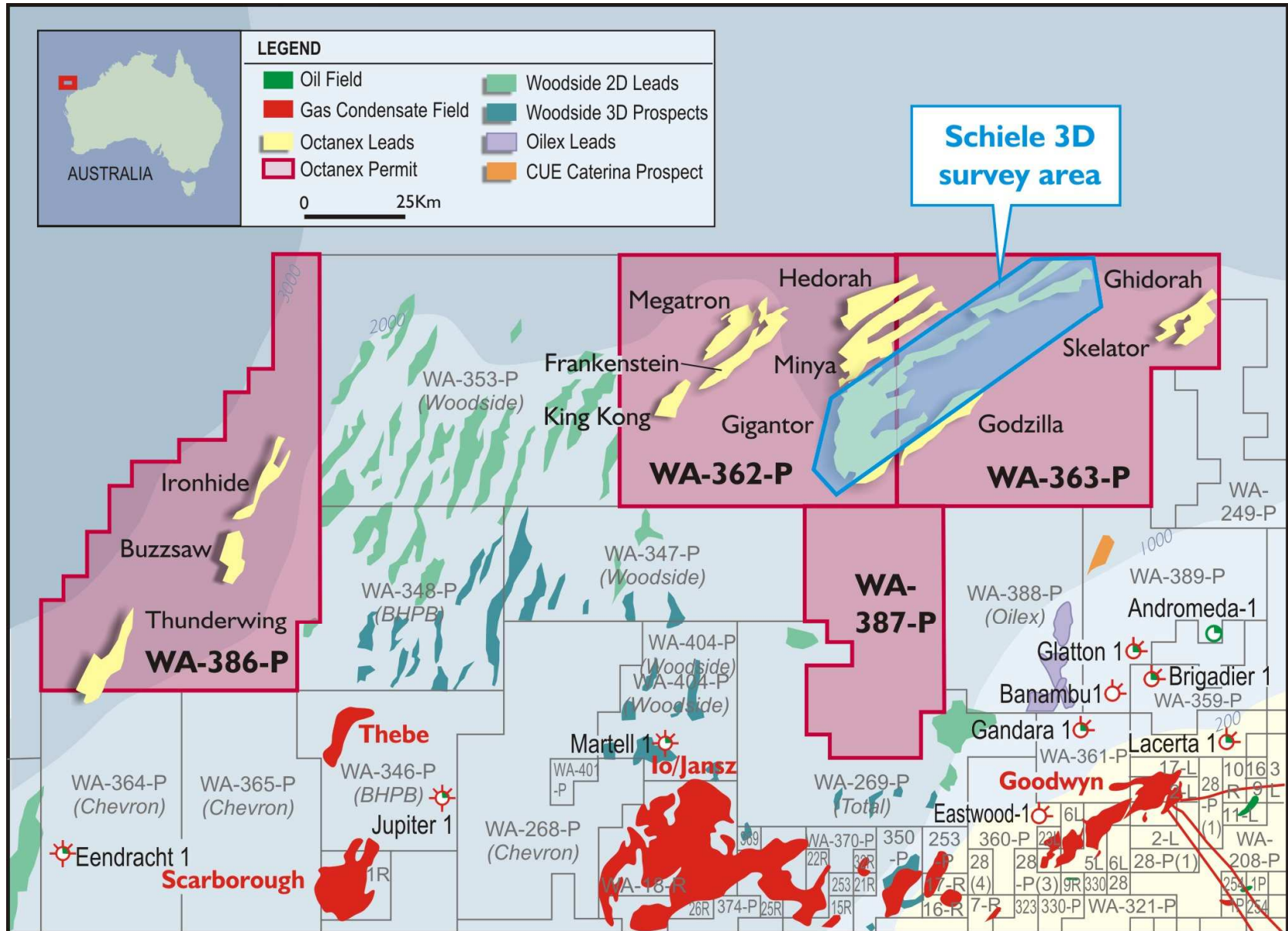
# STRONG FINANCIAL POSITION

- **As at 25 January 2011 Octanex had cash deposits in excess of \$22.5m.**
- **Issued capital includes 75,201,909 partly paid shares (OXXCA). Uncalled amount (\$0.20) on these shares is payable in two 10 cent calls on 31 December 2011 (as to \$7.2m) and 31 December 2012 (as to \$7.52m). These two cash calls will raise \$15m over the next two years without any further share issue.**
- **Octanex also has an investment portfolio: Value ~\$17m which includes 43,656,168 shares in Cue Energy Resources Limited (ASX code: CUE) valued at ~\$14.46m and 11,548,806 shares in Moby Oil & Gas Limited (ASX code: MOG) valued at ~\$0.67m .**
- **Cue and Moby hold interests respectively in WA-359-P – where they are being carried through a permit wide 3D seismic acquisition programme by Apache Corporation and where Apache has the right to earn a further interest by drilling a well.**



# EXMOUTH PLATEAU

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# EXMOUTH PLATEAU

WA-362-P, WA-363-P, WA-386-P & WA-387-P

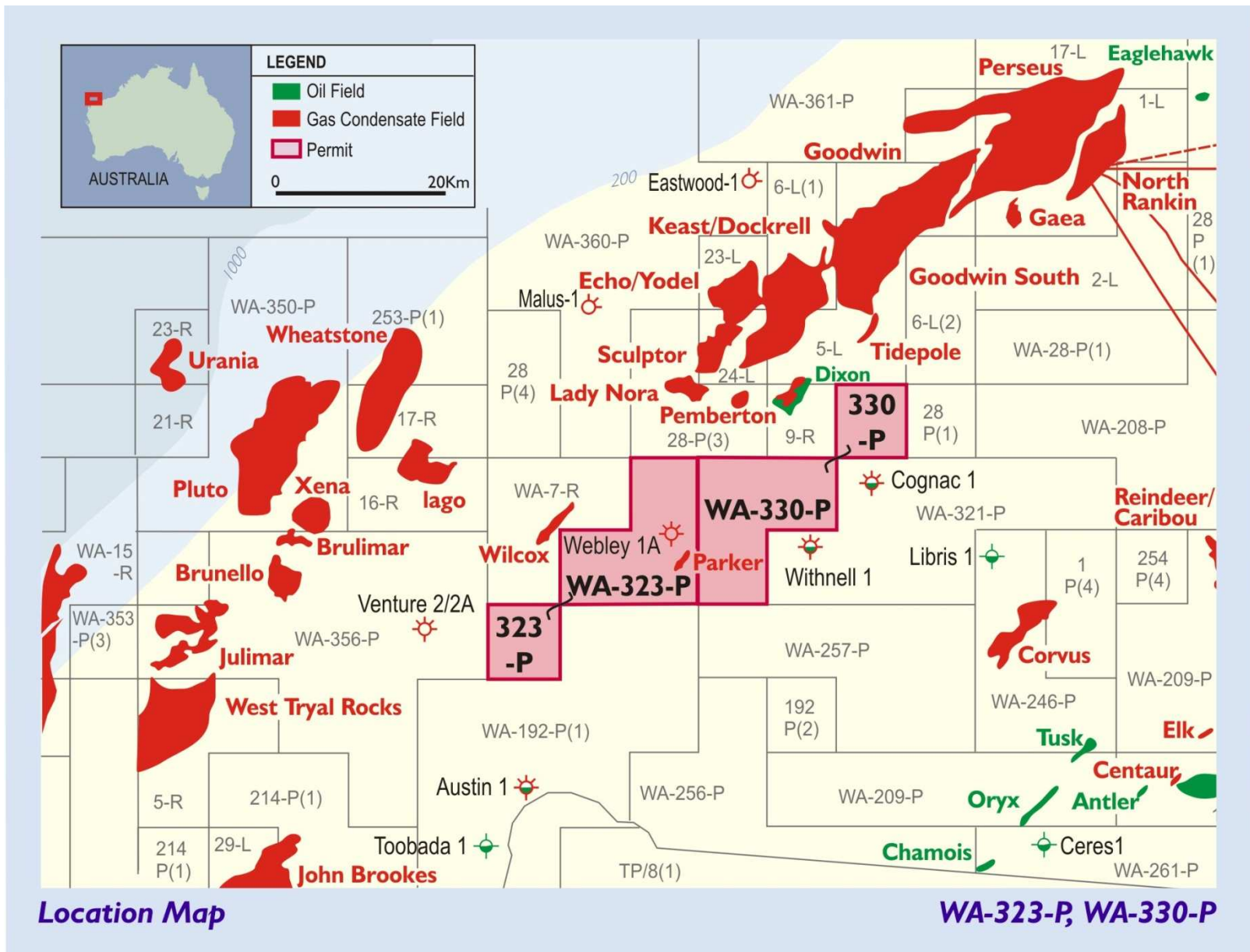
**OCTANEX interest: 20% in WA-362-P and WA-363-P and 40% in WA-386-P and WA-387-P**

- **Permits operated by Eni Australia Limited (holding 30%). OMV Australia holds 30%**
- **Two well drilling campaign, one well in WA-362-P and the other in WA-363-P expected to commence early February 2011 and will last approximately 60 days. Octanex is fully carried through both wells and one further well in each permit (if drilled).**
- **The first well, Gawain-1, located in WA-362-P, is targeting Triassic Mungaroo Fm. channel sands, within a horst on the Gigantor structure.**
- **Galahad-1, located in WA-363-P, will also target Triassic Mungaroo Fm. channel sands, within a horst structure.**
- **The size of the features identified and the potential for multiple follow up targets means a discovery in either well has the potential for transformational impact on Octanex.**
- **Further details about both wells are in the Appendix to this presentation**

*Investor Update: January 2011*

# DAMPIER SUB-BASIN

## WA-323-P & WA-330-P



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# DAMPIER SUB-BASIN

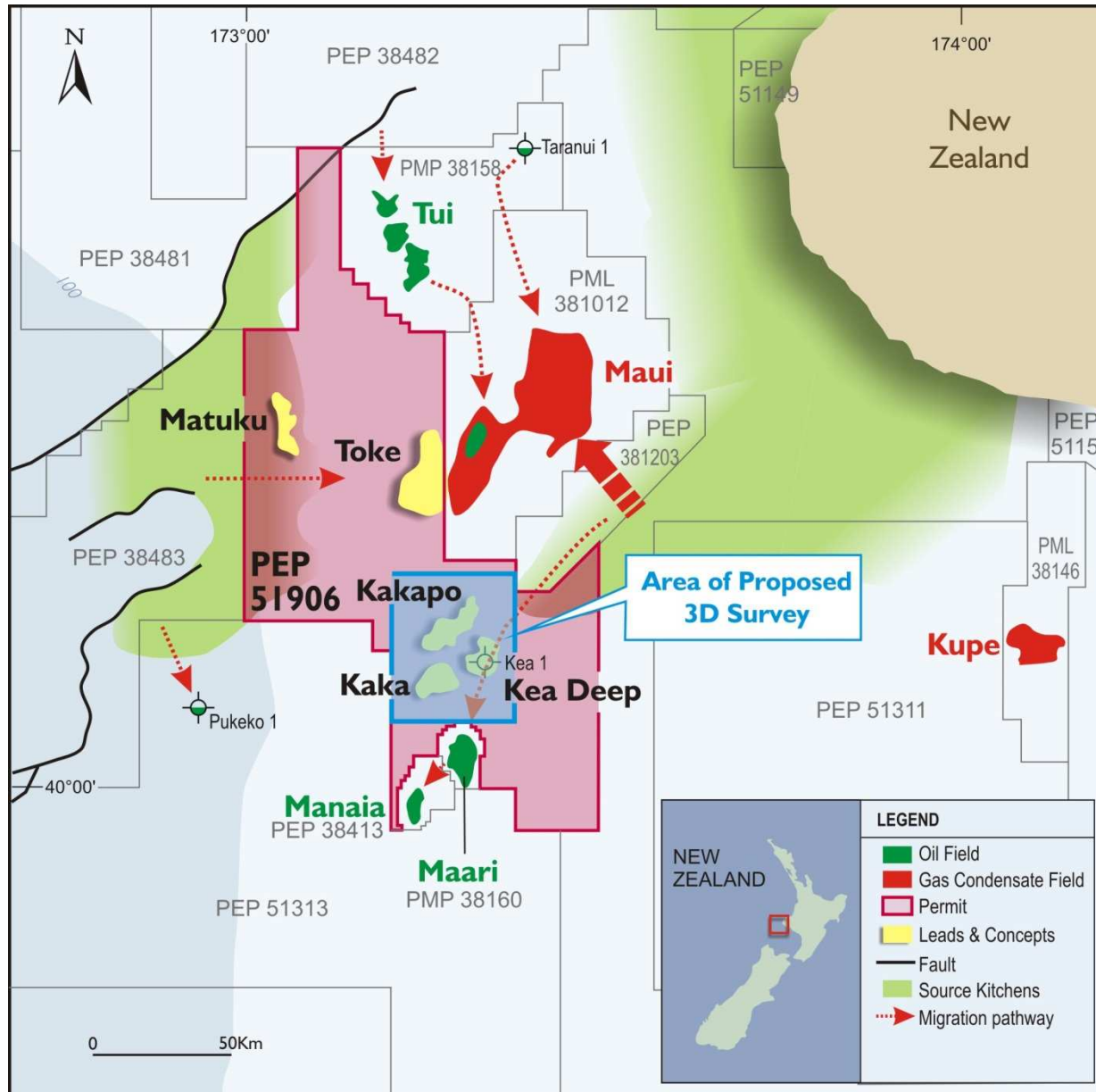
WA-323-P & WA-330-P

**OCTANEX INTEREST: 100% reducing to 25% when farmout to Santos approved**

- **On 23 November 2010 Octanex entered into a farmout agreement with Santos. Santos has agreed to acquire 500km<sup>2</sup> of new 3D data across both permits and to drill a well in WA-323-P.**
- **Under the agreement, Octanex will assign a 75% interest to Santos - Octanex will have no obligation to fund any exploration expenditure, including the costs of the first well, through the life of the renewed terms of the permits. Octanex will be obligated to fund 25% of the costs of a second well, if and when drilled.**
- **Octanex will also be reimbursed for \$7m of its back costs in WA-323-P and WA-330-P.**
- **The permits contain the Winchester prospect which straddles both permits. Winchester is a large prospect with scope to be liquids rich.**
- **Agreement with Santos is subject to renewal of both permits and the usual regulatory approvals. Upon renewal, Santos intends to immediately acquire the promised 3D and is planning a well in 2012.**

# TARANAKI BASIN – PEP 51906

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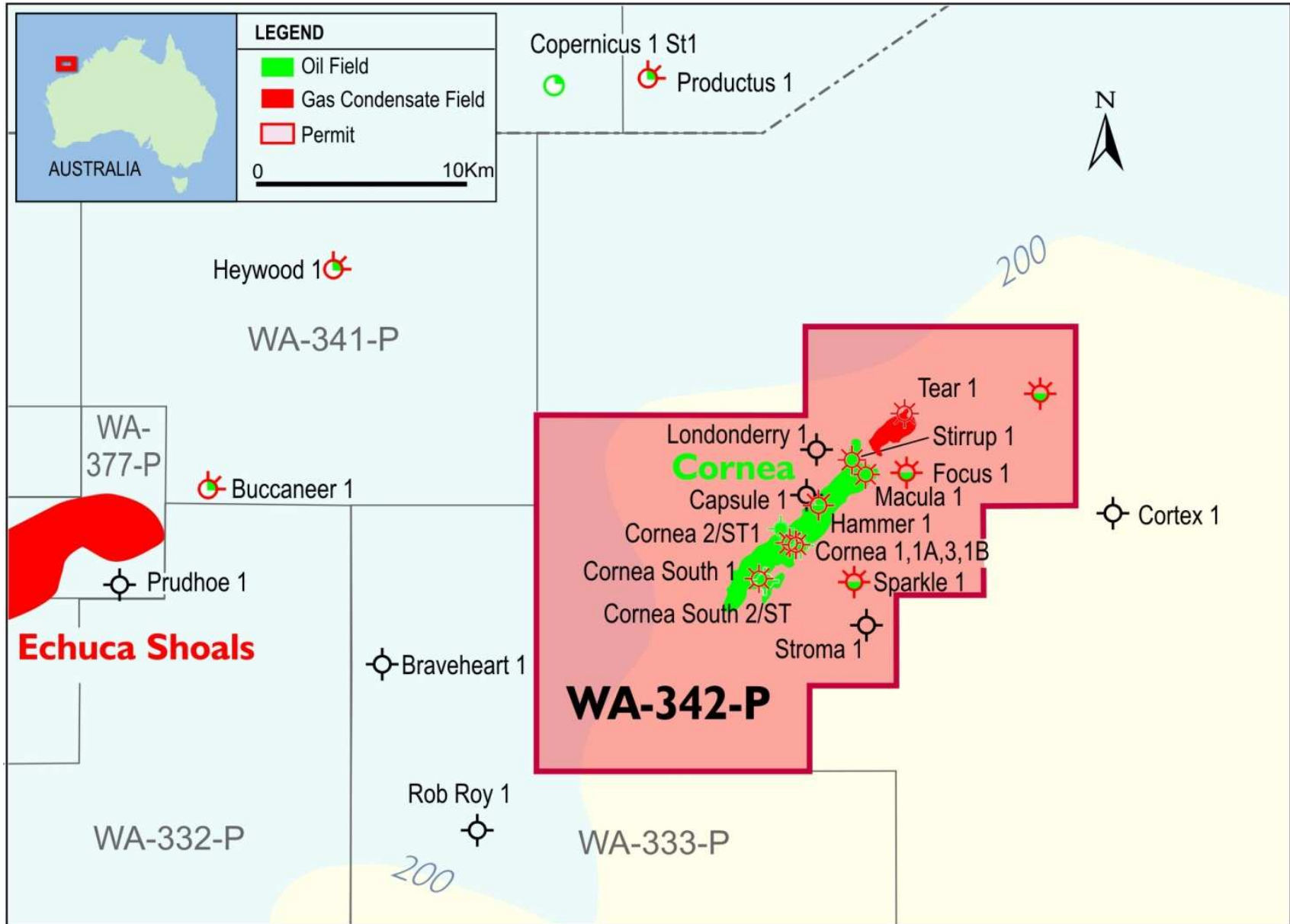


## OCTANEX INTEREST: 100%

- **PEP 51906 awarded 19 November 2009.**
- **Permit adjacent to three producing oil or gas/condensate fields - Maui, Tui and Maari/Manaia.**
- **Permit area contains at least four leads (Kea Deep, Kakapo, Kaka and Matuku) all prospective for oil.**
- **The 270km<sup>2</sup> Kakapo 3D seismic survey commenced in August 2010 but was suspended because of mechanical difficulties with the survey vessel. The survey is now expected to resume in March 2011.**
- **Additional 2D data to be acquired over the Matuku lead.**

# WA-342-P - CORNEA

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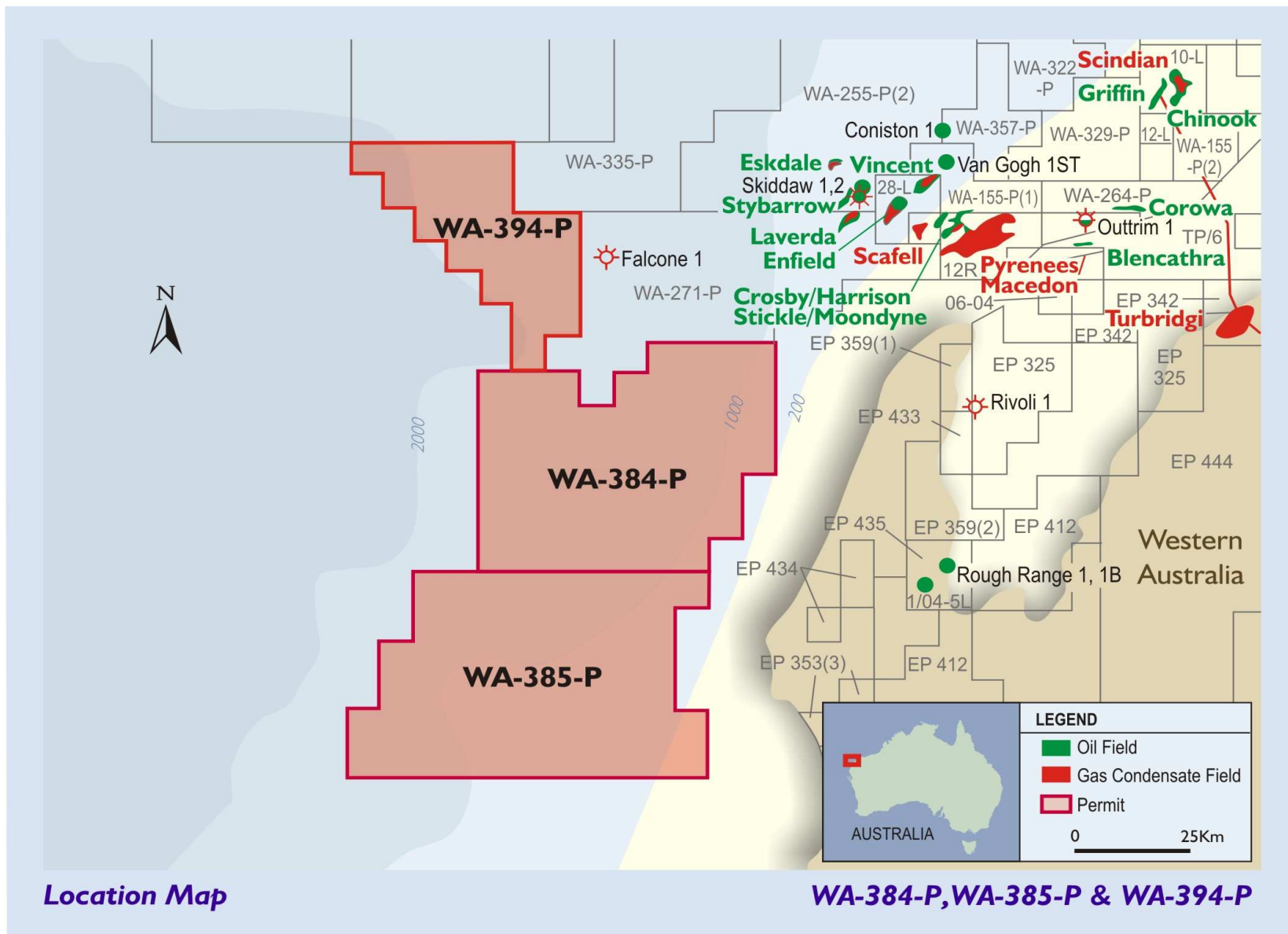
## Octanex Group interest: 18.750%

- Cornea-3 drilled late 2009.
- An oil column of 20.4m was intersected between the gas oil contact at 788m MDRT and the free water level (as defined by pressure data) at 808.4m MDRT. The logging has established a clear oil and water gradient – a significant improvement on the position known before the well was drilled.
- Cornea is a rare example of a known, undeveloped contingent oil and gas resource – albeit with complications.
- Cornea has the scope for the recovery of contingent resources of between 60 and 80 MMBBLS.
- Permit renewed on 4 January 2011 for a further 5 year term.
- Discussions with potential co-developers underway.

# SOUTHERN EXMOUTH SUB-BASIN

## WA-384-P, WA-385-P & WA-394-P

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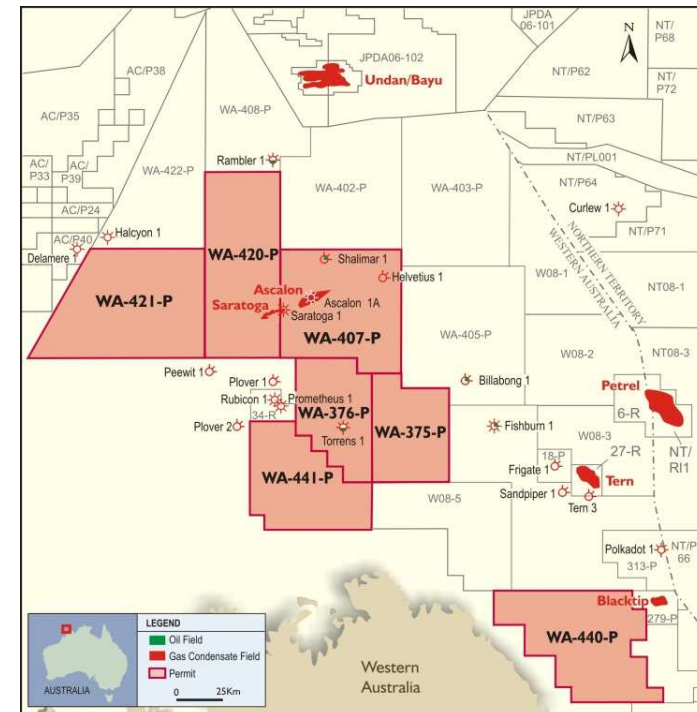
### **SHELL HAS 100% PERMIT OWNERSHIP:**

- **Significant residual commercial rights retained - discovery payment entitlements (up to US\$10 million per discovery in respect of up to 3 discoveries per permit) and a 1% overriding royalty on all production from each of the permits. In the event of a discovery, the overriding royalty has significant value potential.**
- **Shell has committed to drill a well in WA-384-P which is now expected to be drilled in Q4 of 2011. An 80km<sup>2</sup> site survey over the well location is nearly complete.**
- **While Shell has only provided limited information concerning its drilling plans, Octanex is encouraged by the obvious depth of commitment Shell has to the exploration of WA-384-P.**



# BONAPARTE GULF

- Octanex holds 75% - 100% interest in seven large blocks through recent acquisition of Goldsbrough Limited
- Goldsbrough holds 8.5% of WA-342-P (Cornea), 75% of WA-375-P and WA-376-P and 100% of a further 5 permits, all in the South Bonaparte Basin – an area which has multiple potential hydrocarbon bearing formations and where there is evidence of working hydrocarbon systems.
- Acreage covers about 28,600 km<sup>2</sup> and contains known hydrocarbon occurrences/accumulations.
- Adjacent to ENI's Blacktip development and proposed Santos development of Petrel/Tern.
- 11,000 km of older 2D data currently being reprocessed as one project from a wide variety of vintages and surveys.



# SUMMARY

- **Strong financial position and tightly held shares.**
- **An exciting phase is about to begin:**

**Two wells soon to be drilled—one in each of WA-362-P and WA-363-P.**

**WA-323-P and WA-330-P successfully farmed out to Santos with a well commitment and new 3D – Octanex will retain a fully carried 25% interest.**

**Shell to drill a well in WA-384-P – Octanex entitled to potential discovery payments and a 1% overriding royalty.**

**New 3D seismic survey in PEP51906 (NZ).**

**Merger with Goldsborough has significantly expanded the exploration interests of Octanex particularly in the Bonaparte Basin.**

## **FURTHER DETAILS ABOUT TWO WELL DRILLING PROGRAMME IN WA-362-P AND WA-363-P**

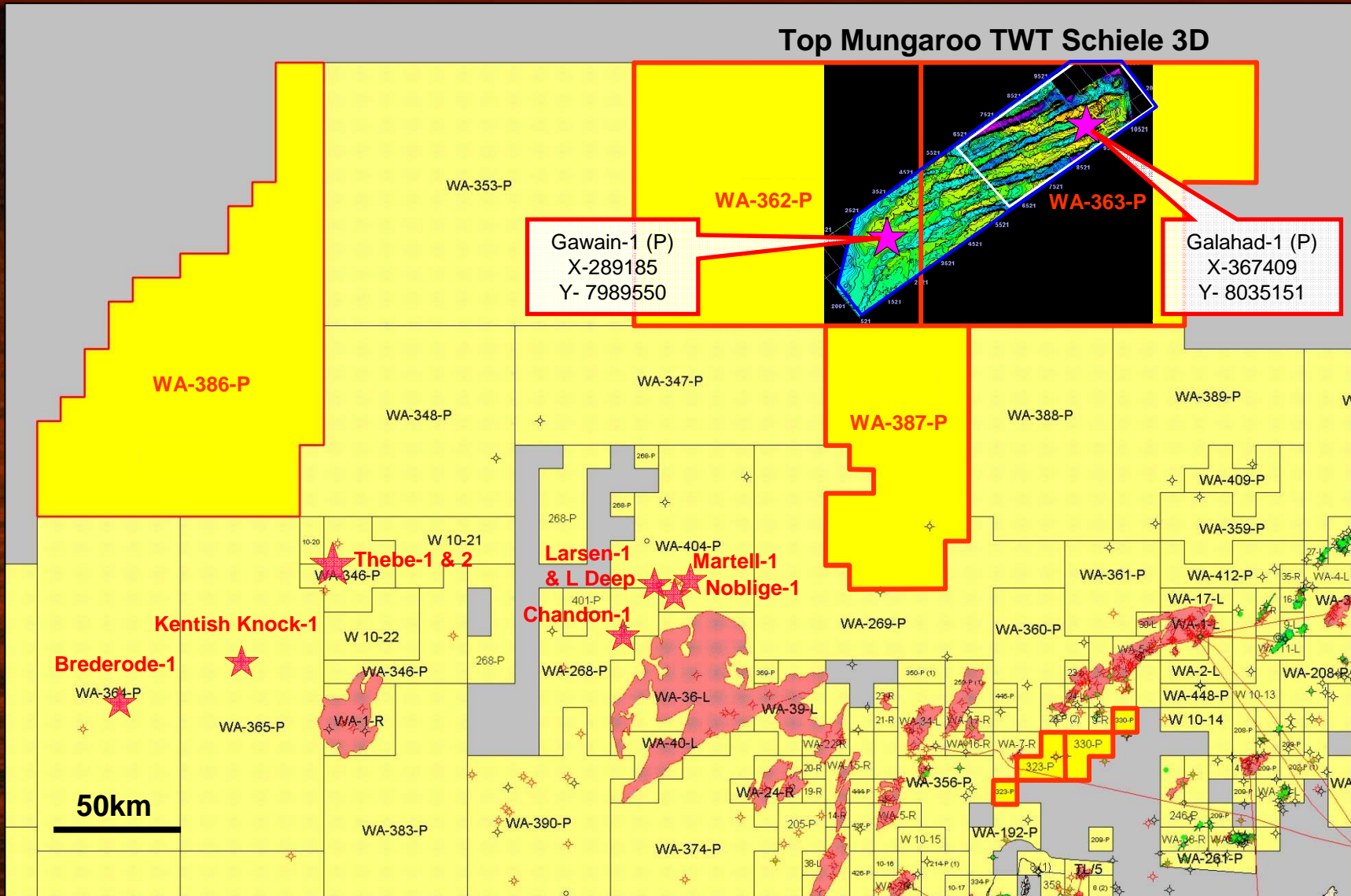
# DRILLING PLANS

- **Two wells to be drilled – one in each of WA-362-P and WA-363-P.**
- **Wells will be drilled using the Saipem 10000 (pictured below).**
- **Current expectation is for drilling operations to commence in early February 2011.**





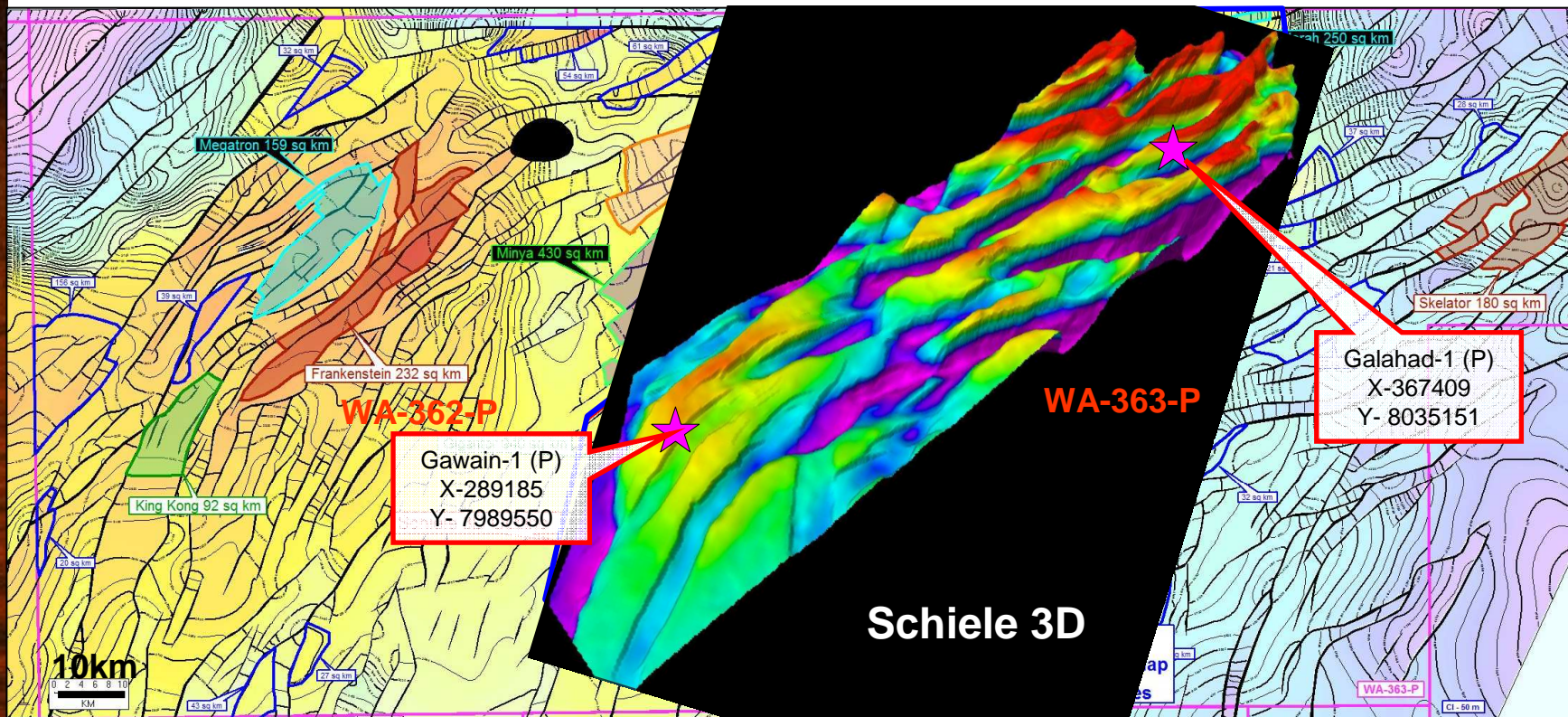
# Permit & Well Locations



- Both wells targeting Triassic Mungaroo channel sand reservoirs



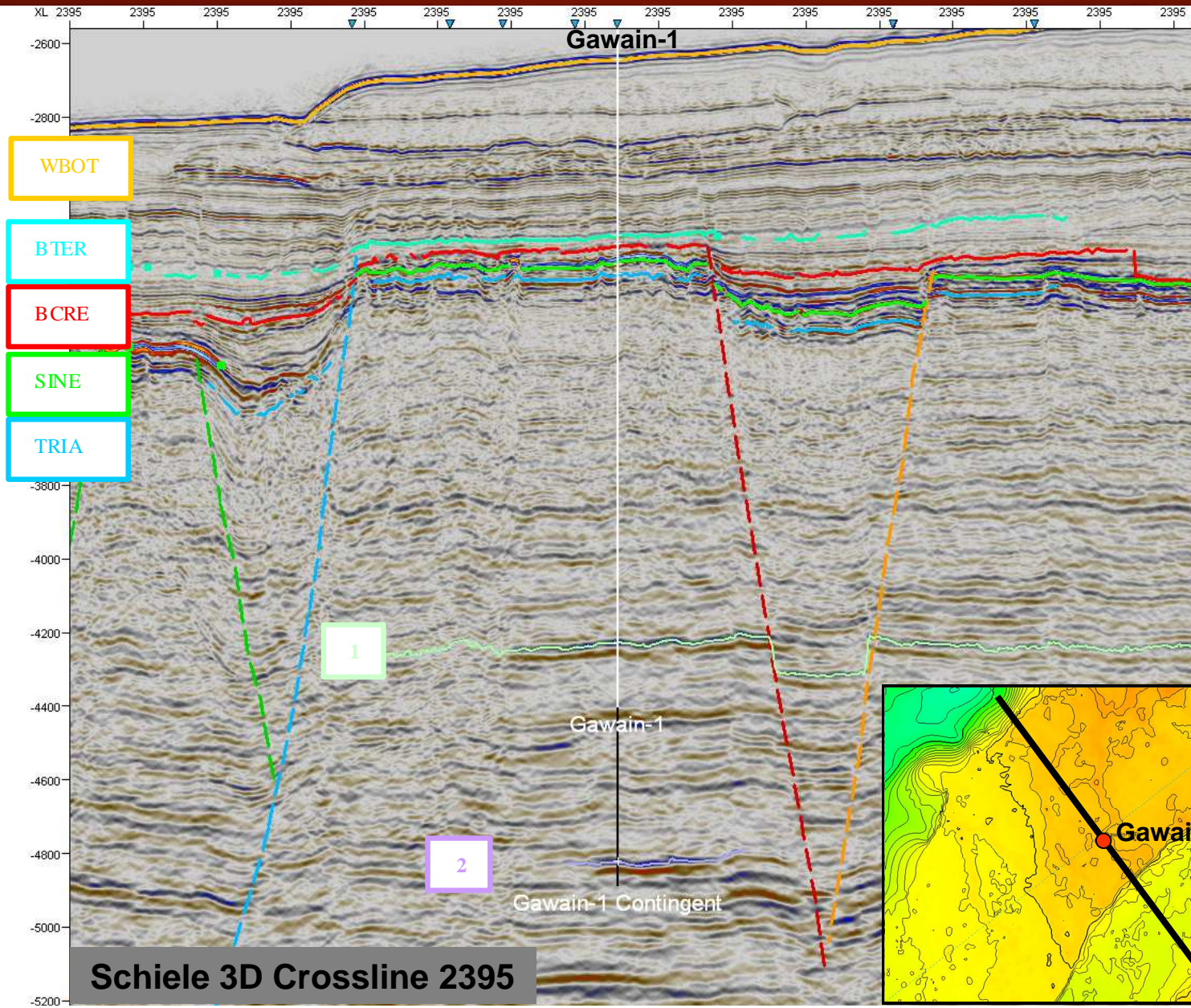
# Schiele 3D: Triassic Mungaroo Leads



- Leads identified from 2D now better defined by the Schiele 3D.
- Other large leads outside 3D area still exist, but are covered by 2D seismic only.



# Proposed Gawain-1 Location



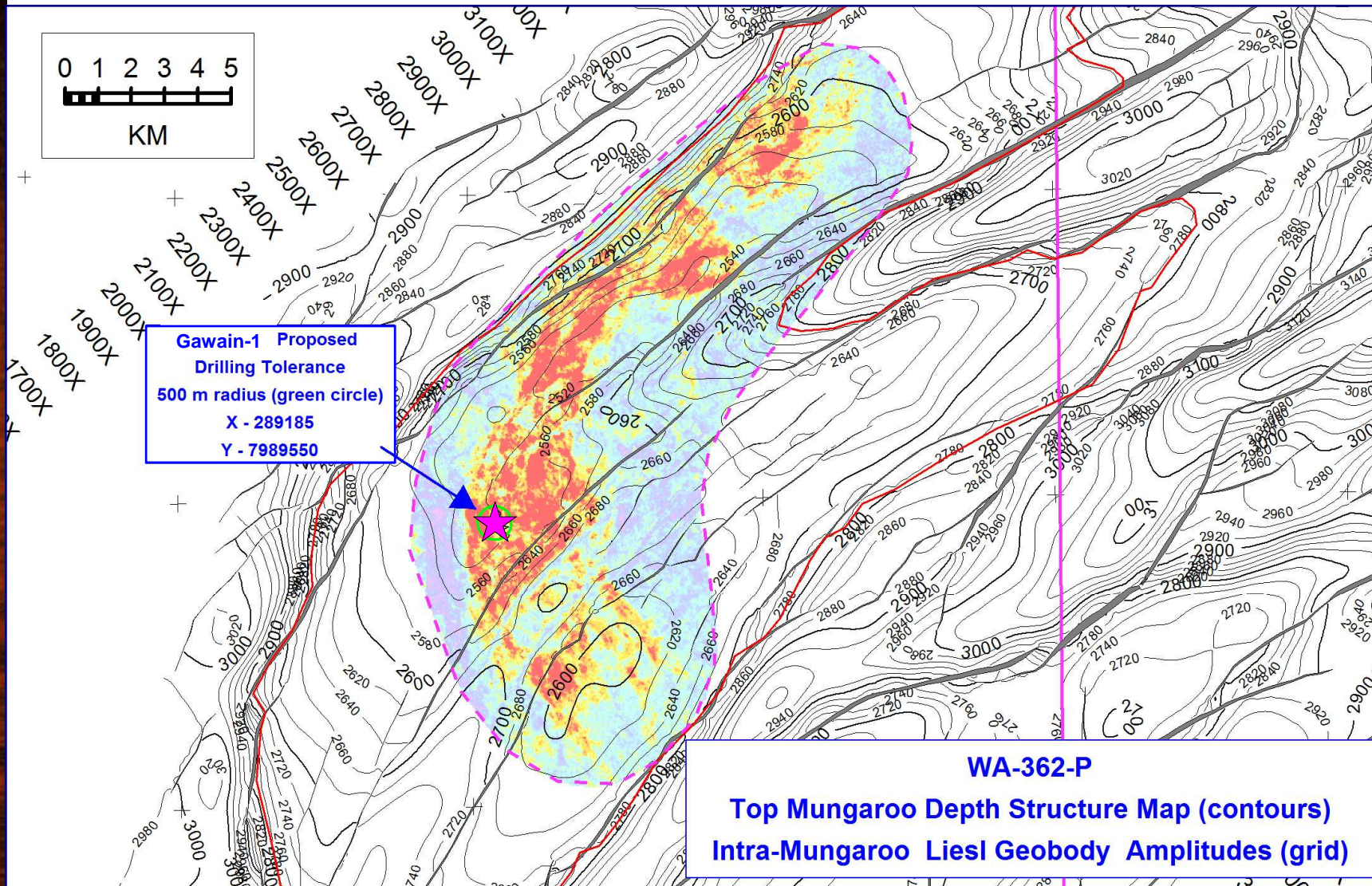
Schiele 3D Crossline 2395

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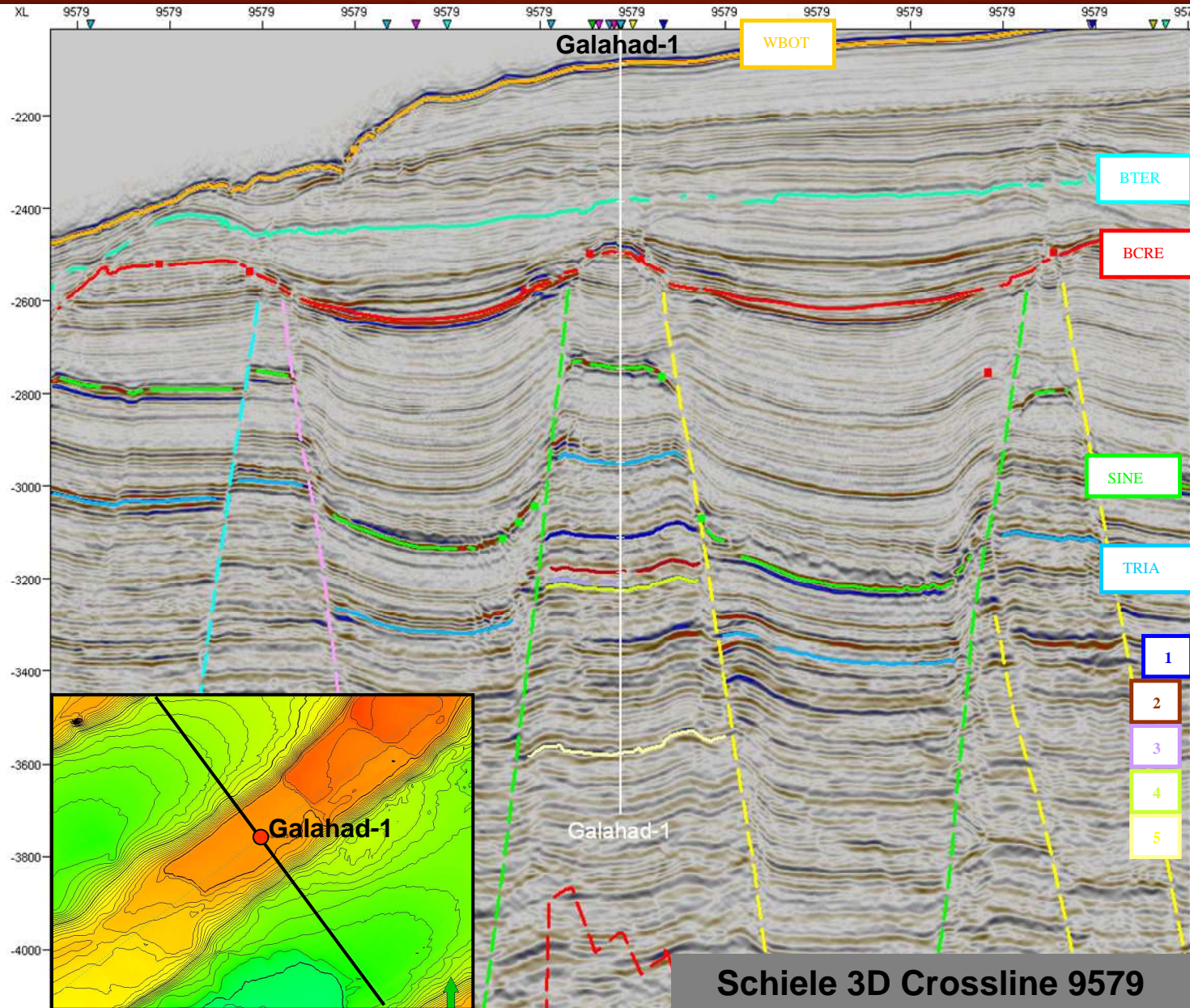
# Gawain-1: Mungaroo Channel Sand



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# Proposed Galahad-1 Location

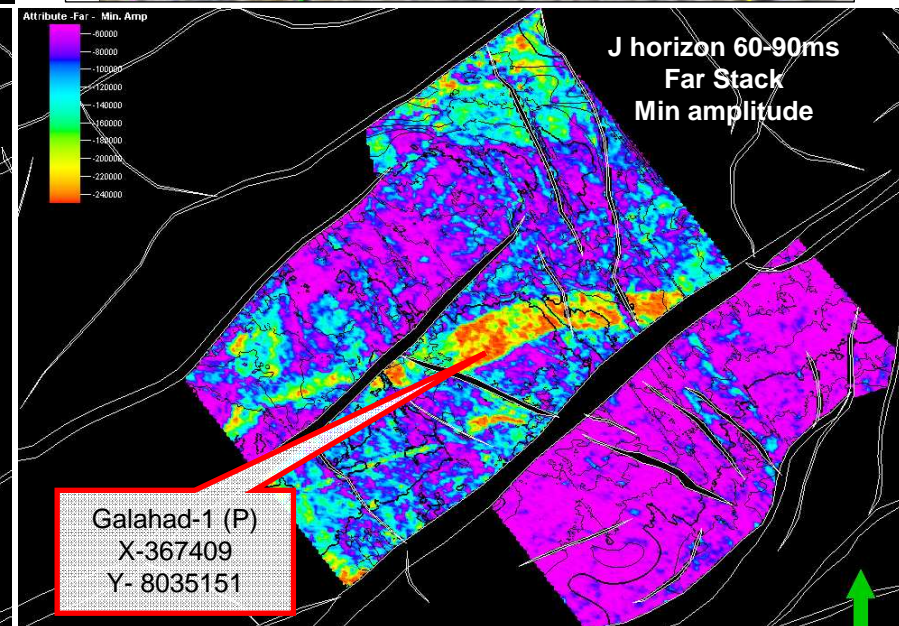
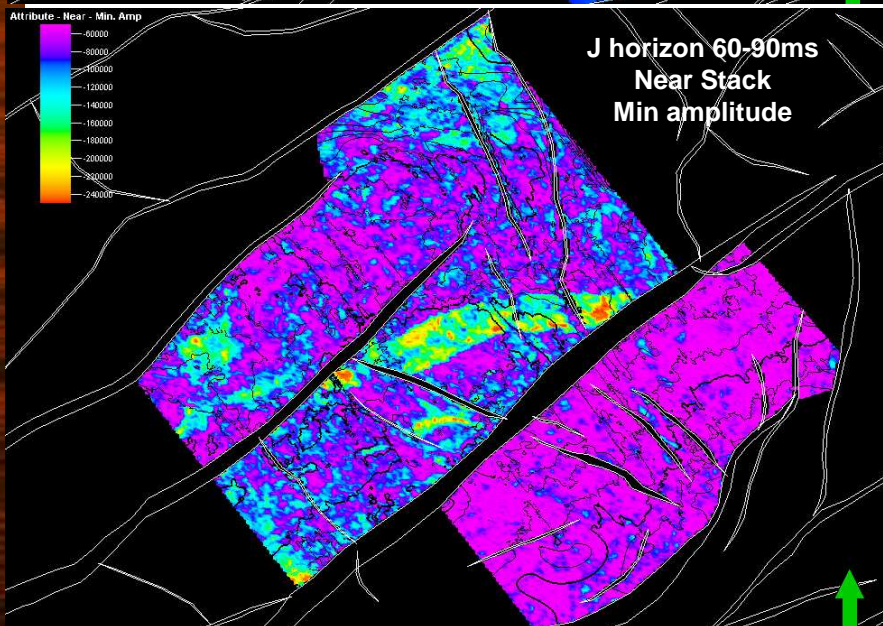
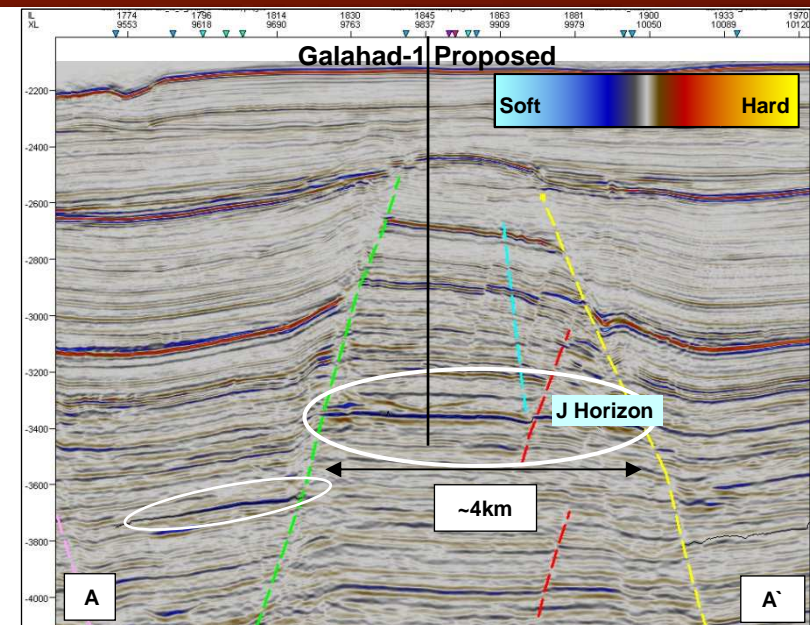
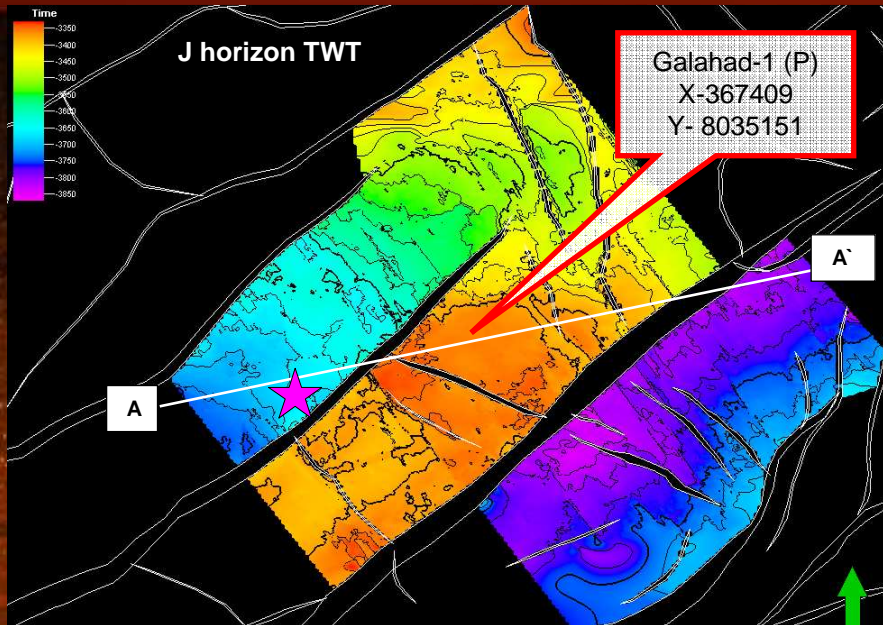


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# Galahad: Mungaroo J Channel Sand

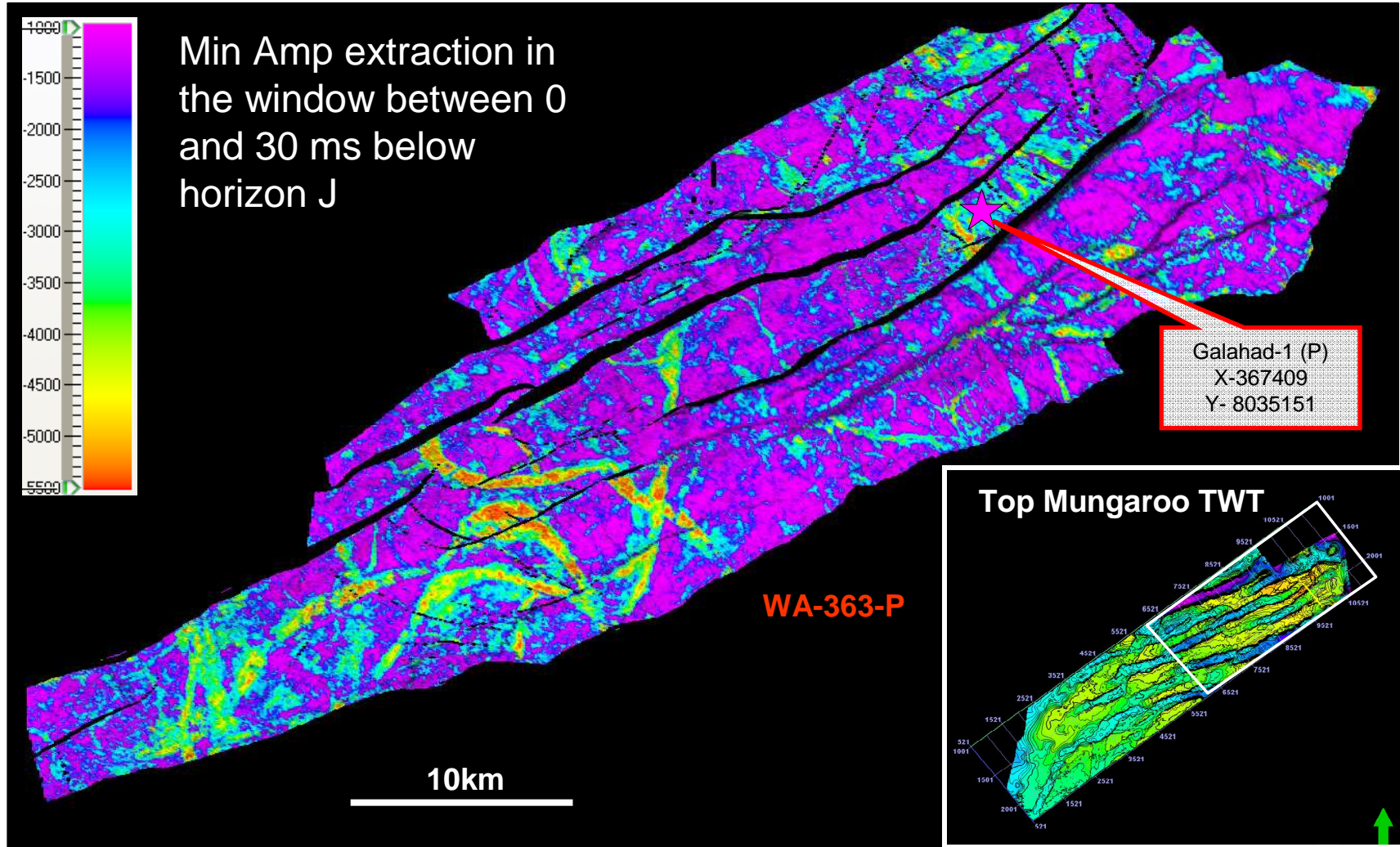


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# Galahad: Mungaroo Fm. Channel Sand

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# Gawain Geological Prognosis

| Formation/Horizon   | Depth (mrt) |
|---|-------------|
| Sea Bed (WBOT Seismic Marker)                                       | 2005        |
| Top Miria/Withnell Fm (BTER Seismic Marker)                         | 2488        |
| Top Athol Fm (BCRET Seismic Marker)                                 | 2517        |
| Top North Rankin Fm (SINE Seismic Marker)                           | 2563        |
| Top Mungaroo Fm (TRIA Seismic Marker)                               | 2599        |
| Intra- Mungaroo Target  | 3832        |
| Intra Mungaroo Target (contingent)                                  | 4924        |
| <b>Total Depth</b> (not including contingent Intra Mungaroo target) | <b>4025</b> |

# Galahad Geological Prognosis

| Formation/Horizon                           | Depth (mrt) |
|---|-------------|
| Sea Bed (WBOT Seismic Marker)               | 1640        |
| Top Miria/Withnell Fm (BTER Seismic Marker) | 1943        |
| Top Athol Fm (BCRET Seismic Marker)         | 2060        |
| Top North Rankin Fm (SINE Seismic Marker)   | 2316        |
| Top Mungaroo Fm (TRIA Seismic Marker)       | 2526        |
| Intra-Mungaroo 1                            | 2696        |
| Intra-Mungaroo 2                            | 2801        |
| Intra-Mungaroo 3                            | 2834        |
| Intra-Mungaroo 4                            | 2859        |
| Intra-Mungaroo 5                            | 3361        |
| <b>Total Depth</b>                          | <b>3524</b> |

## Gawain

Estimated undiscovered HIIP = 5 TCF

POS Top Mungaroo = 13%

POS Intra Mungaroo = 27%

## Galahad

Estimated undiscovered HIIP = 4 TCF

POS Top Mungaroo = 22%

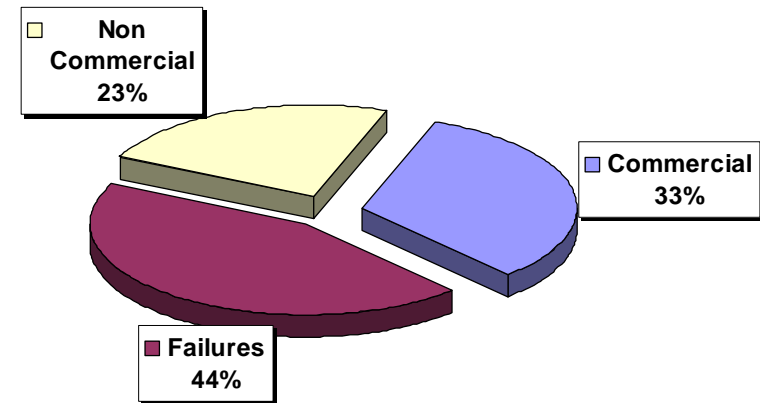
POS Intra Mungaroo = 30%

- \* **HIIP** means the undiscovered hydrocarbons estimated to be initially in place in a naturally occurring reservoir
- \* **POS** means the probability of success



## Exmouth Plateau Wells

|                                   |          |
|-----------------------------------|----------|
| Exploration Wells                 | 43       |
| Discoveries                       | 24       |
| Potentially Commercial            | 14       |
|                                   |          |
| Success Rate, Discovery           | 56%      |
| Success Rate, Commercial          | 33%      |
|                                   |          |
| Discoveries with DHI (pre-drill)  | 16 (67%) |
| % Commercial with DHI (pre-drill) | 93%      |



*Almost all potentially commercial fields were recognised pre-drill via DHI's*