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FARMOUT OF PEP 51906 TO OMV NEW ZEALAND LIMITED

KEY POINTS:

- Farmout agreement becomes unconditional
- OMV New Zealand Limited to commence Matuku 3D seismic survey

Octanex N.L. (**ASX code: OXX**) ("**Company**" or "**Octanex**") is pleased to announce that the farmout agreement made with OMV New Zealand Limited ("**OMV NZ**"), in relation to the PEP 51906 permit, has received the consent of the New Zealand Minister of Energy under the Crown Minerals Act. As a result, the farmout agreement is now unconditional.

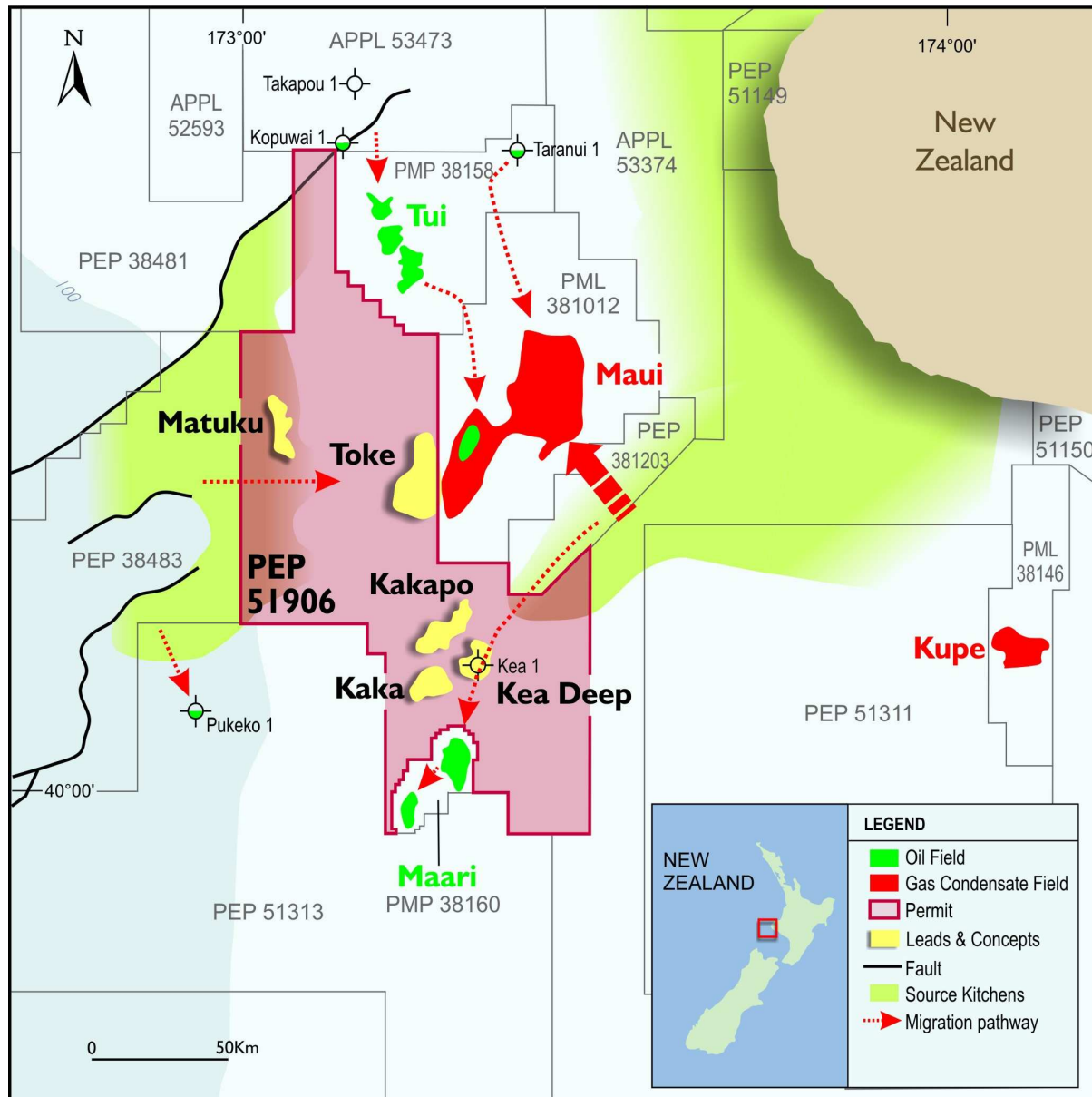
OMV NZ entered into the farmout agreement with a wholly-owned subsidiary of Octanex, Octanex NZ Limited ("**Octanex NZ**"), in respect of the 100% interest in the PEP 51906 permit ("**Permit**") then held by Octanex NZ. The Permit is located in the offshore Taranaki Basin of New Zealand - see the *Location Map* on the following page.

FARMOUT TERMS

Under the terms of the farmout agreement (that were subject to the consent that has now been received from the New Zealand Minister of Energy):

- Octanex NZ has assigned a 65% Participating Interest in the Permit to OMV NZ;
- Octanex NZ retains a 35% Participating Interest in the Permit and will be free carried through certain agreed phases of exploration, as described at (v) and (vii) below;
- OMV NZ becomes the Operator of the Permit and of the Joint Venture formed to explore the Permit;
- OMV NZ will now reimburse Octanex NZ the agreed NZ\$1,000,000 of exploration costs incurred by Octanex NZ in relation to the Permit;
- OMV NZ will pay for 100% of the costs of a new 3D seismic survey of not less than 270 km² in an area within the Permit surrounding the Matuku Prospect, plus acquire approximately 120 km of new 2D seismic data;
- On or before 19 November 2012, OMV NZ must commit to the drilling of a well within the area of the Permit or re-assign all of its 65% Participating Interest back to Octanex NZ; and

- (vii) Until the earlier of the date a well has been drilled or OMV NZ re-assigns its 65% Participating Interest in the Permit back to Octanex NZ, OMV NZ will meet 100% of the costs of all exploration activities in the Permit, including 100% of the costs of a well, if and when drilled;



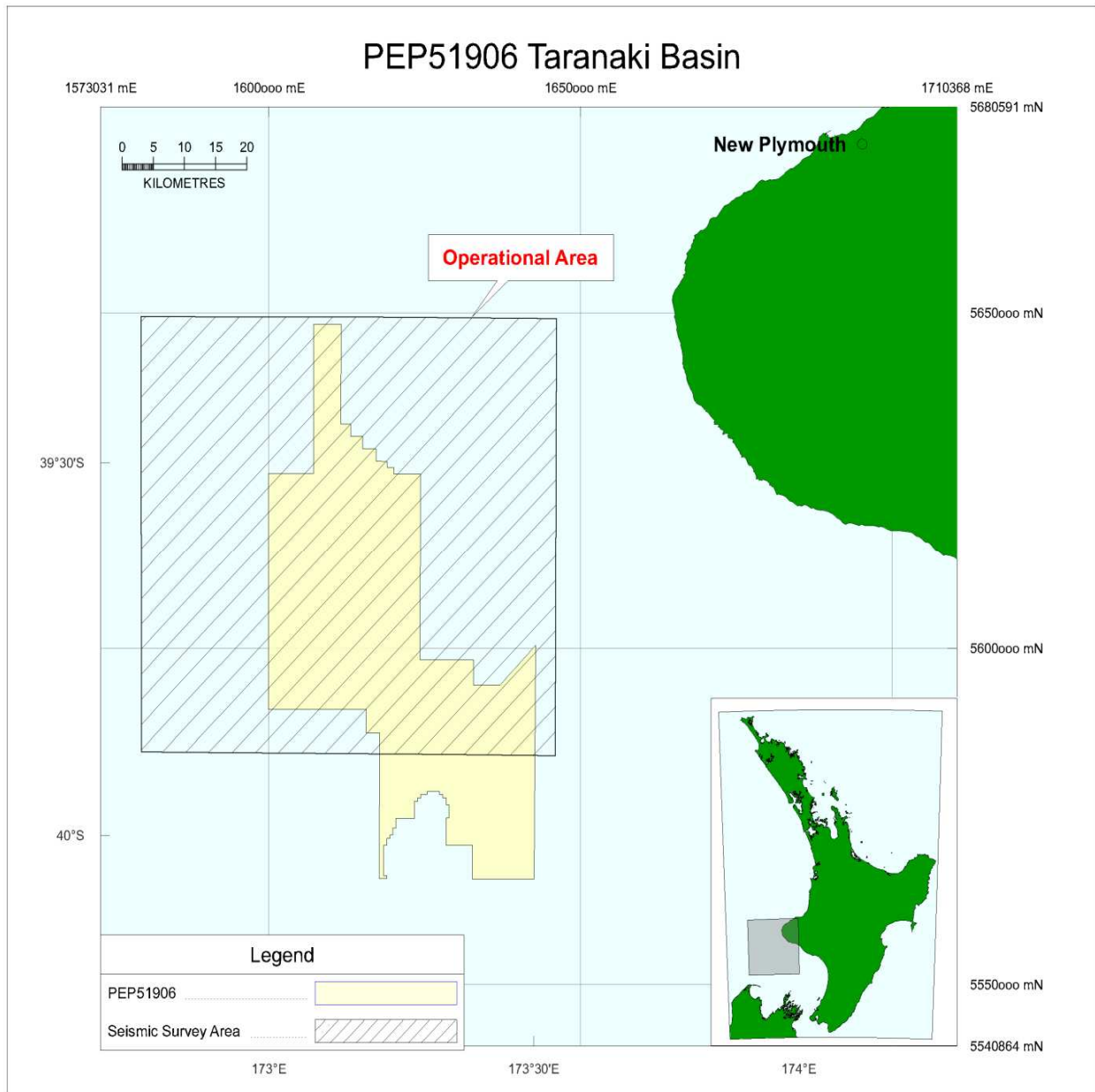
PEP 51906 Location Map

MATUKU 3D SEISMIC SURVEY

Part of the farmout agreement terms described above are that OMV NZ will acquire (and pay for 100% of the acquisition, processing, mapping and interpretation costs) a new 3D seismic programme within the Permit surrounding the Matuku Prospect. OMV NZ has confirmed that it expects to commence acquisition of the 270 km² Matuku 3D seismic survey within the next 24 hours. The survey will be carried out by Reflect Geophysical Pte Ltd ("**Reflect**") and be conducted by the seismic acquisition vessel *Orient Explorer*. The survey will take approximately 35 days to complete.

OMV NZ also intends to acquire additional 2D data across parts of the Permit and that 2D data will be acquired on completion of the Matuku 3D survey.

The following map displays the operational area within which the Matuku 3D survey and the 2D seismic data will be acquired.



Operational Area of the Matuku 3D Seismic Survey and 2D acquisition

OMV NZ has confirmed that the 3D and 2D surveys will comply with the guidelines issued by the New Zealand Department of Conservation for seismic surveying within New Zealand waters. OMV NZ has also completed a detailed Environmental Impact Assessment for the survey area and has reiterated its strong commitment to not only meeting legislative requirements but to also maintaining its own high environmental, health and safety standards.

Octanex Comment

OMV NZ has substantial existing New Zealand permit interests, including being the operator of the Maari oil field (PMP 38160) that is located to the immediate south of PEP 51906 and in which it holds a 69 percent interest. OMV NZ also holds a 10 percent interest in the Maui gas/condensate field (PML 381012) and a 26 percent interest in the Pohokura gas/condensate field. All of these permits are located in the offshore Taranaki Basin.

Octanex is confident OMV NZ will bring to bear a considerable amount of exploration and operational experience, knowledge and expertise regarding the hydrocarbon potential within PEP 51906. Octanex considers the Permit to have the potential to contain a number of discrete oil accumulations and the Company is therefore delighted to have secured a Joint Venturer and Operator of the substance and experience of OMV NZ in relation to the on-going exploration of PEP 51906.

By Order of the Board

J.G. Tuohy
Company Secretary

10 May 2011