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Chairman's Address to Shareholders at Annual General Meeting – 13 November 2008

Welcome to our Annual General Meeting.

The focus of our activity in the past year has been our acreage offshore from Western Australia.

In the early part of 2007/2008 we farmed down our interests in two large permits, WA-362-P and WA-363-P, on the northern margin of the Exmouth Plateau to OMV and ENI. OMV and ENI have already shot more than 8,000 km of new 2D seismic in these and two other nearby and adjacent permits, WA-386-P and WA-387-P, and are already planning infill surveys.

BHP and Apache reconveyed WA-322-P and WA-329-P in the Exmouth Sub-basins to us, as the previous holders. We have now re-offered these permits for farmout.

In the Dampier Sub-basin permits, WA-323-P and WA-330-P, we developed a significant play in the Parker/Webley Trend. We believe that the Parker 1 well in WA-330-P was a significant gas discovery in the Triassic, thus opening up potential for a major gas/condensate/oil play in our two permits. We were able to secure the services of Geokinetics to undertake a high quality OBC 3D seismic survey over the most prospective parts of the Parker/Webley horst block.

In the Southern Exmouth Basin we concluded an agreement with Shell Development Australia Pty Ltd who acquired 100% working interests in our three Southern Exmouth permits WA-384-P, WA-385-P and WA-394-P. We received a cash consideration for the conveyance as well as the potential for discovery bonus payments and a royalty payment.

In the Otway Basin we had planned to shoot two surveys; one in EPP34 and the other in Vic/P61. In both cases we encountered environmental issues and, in the case of Vic/P61, because of extreme environmental conditions, we were unable to shoot the survey. We were able to complete our EPP34 survey in the South Australia offshore section, with some compromises. We are reviewing our position in Vic/P61, given the environmental difficulties associated with this survey.

We have spent a considerable amount of time planning and are well-advanced in the process of a merger of interest with our joint venture participant, Strata. Strata holds identical exploration interests to Octanex. We plan to offer shares in the Company as consideration for the acquisition of all the shares in Strata by way of a Scheme of Arrangement. Any action will be subject to shareholder and court approval. As part of the merger we are looking at acquiring the interest of Gascorp Australia Pty Ltd in the WA-386-P and WA-387-P permits, which are also subject to farmouts to OMV and ENI on the same terms as those which apply to WA-362-P and WA-363-P.

Our main immediate objective is the merger of Octanex and Strata, giving us the critical mass and working capital to be able to undertake more expansive moves.

Despite the inhospitable environment in which we now find ourselves, we remain committed to the aim of generating significant value for shareholders in the medium to long term.

We thank you for your attendance.

A handwritten signature in black ink, appearing to read 'E.G. Albers', with a stylized, cursive script.

E.G. Albers
Chairman
13 November 2008